

**Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection and Tony Hill, Executive Director for Public Health**

Report to:	<b>Community and Public Safety Scrutiny Committee</b>
Date:	<b>13 January 2016</b>
Subject:	<b>Revenue &amp; Capital Budget Proposals 2016/17</b>

**Summary:**

The report describes the budget proposals arising from the Local Government Finance Settlement, issued on 17 December 2015 and its implications for the following commissioning strategies;

Community Resilience & Assets

Wellbeing

Public Protection

Sustaining & Developing Prosperity Through Infrastructure (Heritage Services only)

The budget proposals are now open to consultation and members of the Committee have the opportunity to scrutinise them, and make comment prior to the Executive making its final budget proposals on 2 February 2016.

**Actions Required:**

The Community and Public Safety Scrutiny Committee is asked to consider this report and members of the committee are invited to make comments on the budget proposals and for these to be passed on to the Executive prior to its meeting on 2 February 2016.

**1. Background**

1.1 At its meeting on 5 January 2016, the Executive agreed proposals for the Council's revenue and capital budgets and an increase in council tax of 3.95% (1.95% plus a further 2.00% for the social care 'precept') for 2016/17. For the second year running the Council is only able to set a one year budget. This is due to the continued significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care and the Council's responsibility from 2016/17 to pay staff and contractors the National Living Wage. These pressures mean the Council has been unable, at present, to develop sustainable long term financial plans beyond the next twelve months.

1.2 In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax and use of one off funding (including use of reserves and capital receipts) to set a balanced budget.

1.3 The budget proposals made by the Executive take a mixed approach to meeting the current challenges of reduced levels of local government funding. Savings identified from service and corporate budgets, plus a proposed increase in Council Tax, the use of reserves and the use of capital receipts to fund the cost of transformation will be used to set a balanced budget for 2016/17. During the next twelve months the Council will need to explore further opportunities to bridge the gap between the funding available and levels of expenditure.

1.4 At its meeting on 5 January the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2016/17 to be put forward as a basis for consultation.

1.5 The Commissioning Strategies reporting to the Community and Public Safety Scrutiny Committee and their associated activities are detailed below.

#### Community Resilience & Assets

- Advice, information & support services from community & voluntary sector infrastructure organisations
- Community Grants
- Big Society Fund
- Chance to Share (sports centre) contributions
- Financial Inclusion (including CAB)
- Library & Information Services
- Local Welfare Support
- Customer Operations

#### Wellbeing

- Health Improvement, prevention & self-management
- Public Health Statutory Service
- Registration, Celebratory & Coroners Services
- Wellbeing Service
- Sexual Health
- Housing Related Support
- Prevention & Treatment of Substance Misuse

#### Protecting the Public

- Community Safety (including PCSO's)
- Fire & Rescue Service
- Emergency Planning
- Road Safety
- Trading Standards
- Youth Offending Service

#### Sustaining & Developing Prosperity Through Infrastructure

- Heritage Service

1.6 The revenue budget proposals for the commissioning strategies are shown in Tables A to D below.

1.7 Table A – Proposed Revenue Budgets 2016/17

### Community Resilience & Assets

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>12,669</b>
Pay Inflation	50
Cost Pressures	493
Savings	-3,031
<b>Proposed Budget 2016/17</b>	<b>10,181</b>
Percentage Change	-19.6%

### Community Resilience and Assets

1.8 Savings of £3.031m for 2016/17 have been proposed from the Community Resilience and Assets strategy (or 24% of the 2015/16 original budget of £12.669m). The savings reflect that a number of the activities within this strategy are discretionary and therefore the proposal is to reduce the funding to zero for the **Community Grants** programme and the **Members Big Society Fund**. It is proposed that the grants to voluntary sector organisations will be focused on supporting volunteers who play a crucial role in supporting communities.

1.9 **Library and Information Services** have savings of £1.000m. These are savings that were originally agreed as part of 'core offer', but have been delayed to align with the implementation of the new model of delivery for the Library Service. The procurement process of the library provision will also deliver further efficiencies which will be built into the 2017/18 budget.

1.10 **The Local Welfare Support Scheme-** the Lincolnshire Community Assistance Scheme (LCAS) was supported by a specific grant when the responsibility transferred from the Department for Work and Pensions. This grant has now ceased so it is proposed that the scheme should reduce to operate on residual grant that has been reserved from previous underspends.

1.11 **Chance to Share** (shared use of sports facilities) proposed saving of £0.223m can be delivered by ceasing the current Service Level Agreement for Yarborough Sports Centre, when it comes to an end in March 2016.

1.12 Cost pressures of £0.493m include the additional employers National Insurance contribution requirements effective from April 2016 (£0.095m) and the delaying of savings from the Customer Service Centre (CSC) which require channel shift implementation to be realised.

## 1.13 Table B – Proposed Revenue Budgets 2016/17

### Wellbeing

Change of Previous Year	£'000
<b>Revised Original Budget</b>	<b>38,328</b>
Pay Inflation	31
Cost Pressures	92
Savings	-6,045
<b>Proposed Budget 2016/17</b>	<b>32,406</b>
Percentage Change	-15.5%

### Wellbeing

1.14 Savings of £6.045m for 2016/17 have been proposed from the Wellbeing Strategy (from a 2015/16 original budget of £38.287m). The savings have been proposed from the following activities:

1.15 **Health Improvement, Prevention and Self-Management** (£3.224m or 44% of the 2015/16 original budget), this proposed saving would cease our commissioning of many of the health improvement activities we currently fund, such as adult weight management, health trainer programme, sports co-ordination, food and health programmes, walking programmes, master gardener and health support for offenders. There would also be reduced support for a smoking cessation programme. Further savings would be realised in 2017/18 when these proposed changes are fully implemented.

1.16 **Public Health Statutory Service** (£0.396m or 10% of the 2015/16 original budget), this budget supports the mandatory function of providing Public Health advice to the NHS and other professionals. The service underwent a restructure in 2015, and this saving will be met from the full year effect of these changes.

1.17 **Registration, Celebratory and Coroners Service** (£0.060m or 4% of the 2015/16 original budget). This saving is proposed from efficiencies within the Coroners Service including a move to one office base. There are also opportunities for the Registrars Service to generate additional income to meet this saving.

1.18 **Wellbeing Service** (£0.815m or 10% of the 2015/16 original budget), these savings will be realised from the changes that have already been implemented for the Wellbeing Service.

1.19 **Sexual Health Services** (£0.591m or 10% of the 2015/16 original budget) this is a mandated responsibility for the Council; the saving would be delivered from a procurement exercise that has recently been undertaken. Any further reduction in service provision is likely to increase charges from out of county providers.

1.20 **Prevention and Treatment of Substance Misuse** (£0.958m or 13% of the 2015/16 original budget), the service has begun a redesign and procurement of its substance misuse contracts and is aiming to do this with a 25% smaller funding envelope, the remaining savings will be realised when the changes are fully implemented. This would reduce the number of people who can be treated by the service, but would focus on those for whom the most impact can be achieved in terms of outcomes.

1.21 Cost pressures of £0.092m are for the additional employers National Insurance contribution requirements effective from April 2016.

1.22 Table C – Proposed Revenue Budgets 2016/17

### Protecting the Public

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>24,801</b>
Pay Inflation	209
Cost Pressures	426
Savings	-2,580
<b>Proposed Budget 2016/17</b>	<b>22,856</b>
Percentage Change	-7.8%

### Protecting the Public

1.23 **Fire and Rescue** have a proposed budget reduction of £0.850m in 2016/17 (or by 4.3% of the 2015/16 original budget) with further savings expected in 2017/18. The 2015/16 original budget for this service is £19.764m. Plans to deliver part of these savings were agreed last year following a public consultation. To find the remaining savings a number of additional options will need to be considered all of which will further affect the level of service provided. These could range from changes to the organisational structure to the closure of fire stations. The impact of each potential option will be assessed and a further consultation undertaken before any decisions are made.

1.24 The service is currently receiving funding from the Better Care Fund (£0.150m) towards the costs of Co-Responding. There will be a financial risk to the service if this funding cannot be secured for future years.

1.25 **Emergency Planning** has a proposed budget reduction of £0.119m in 2016/17 (or by 25% of the 2015/16 original budget) to include some reductions in exercise, command training and equipment budgets.

1.26 **Community Safety** has a proposed budget reduction of £1.237m in 2016/17 (or by 69% of the 2015/16 original budget), which would require a reduction in support for PCSO's and Community Safety Initiatives.

1.27 **Road Safety** has a proposed budget reduction of £0.119m in 2016/17 (or by 27% of the 2015/16 original budget) which would be met by the Lincolnshire Road Safety Partnership becoming part self-funding. There are no planned reductions to school crossing patrol budgets.

1.28 **Trading Standards** have a 10% proposed budget reduction of £0.254m in 2016/17. An element of this saving is the full year effect of their staffing restructure which was implemented during 2015. This saving would require the service to focus on a narrower set of priorities where there is most harm to communities and consumers e.g. doorstep crime which targets elderly and vulnerable residents. The service would also need to develop its cost recovery model for a number of its services provided to businesses.

1.29 **Youth Offending Service** has already made significant reductions due to previous reductions in their external funding. Their budgets will be reviewed in the light of any further changes in partnership funding.

1.30 Cost pressures of £0.426m are for the additional employers National Insurance contribution requirements effective from April 2016 (£0.394m) and additional firefighter employers pension contributions (£0.032m).

1.31 Table D – Proposed Revenue Budgets 2016/17

**Heritage Service**

<b>Change of Previous Year</b>	<b>£'000</b>
<b>Revised Original Budget</b>	<b>1,714</b>
Pay Inflation	16
Cost Pressures	31
Savings	0
<b>Proposed Budget 2016/17</b>	<b>1,761</b>
Percentage Change	2.7%

1.32 **Heritage Operation and Development**, whilst no reductions are being budgeted for in 2016/17 we will be investigating models of delivery for the service to deliver future reductions in budget. The cost pressure is for the increase in employers National Insurance contributions effective from April 2016.

## County Council Capital Programme

1.33 The proposed capital programme matches the revenue budget and runs until 2016/17, plus major schemes which stretch into future years (including a number of highways schemes and the rolling programme of renewal and replacement of fire fleet vehicles). In relation to these commissioning strategies, the following amendments have been made to the capital programme in 2016/17 as part of the budget setting process:-

- The addition of a maintenance block budget for the replacement of short life equipment assets for Fire & Rescue: £0.585m in 2016/17
- Transfer of £1.019m into 2016/17 from the Fire & Rescue block budget from the fleet vehicle budget. This aligns funding with current service requirements.

1.34 The programme includes a new capital developments budget of £7.5m in 2016/17 to fund any emerging schemes identified.

1.35 At the time of preparing this paper the Council is awaiting announcements on a number of capital grants for 2016/17 including the grant for Fire & Rescue capital.

1.36 Table E below shows the proposed 2016/17 capital programme for these strategies:-

TABLE E

<b>Capital Programme</b>	<b>£'000</b>
Fire and Rescue	5,208
Fire Fleet Vehicles	624
<b>Proposed Capital Programme 2016/17</b>	<b>5,832</b>

### Other Consultation

1.37 The Council will meet with representatives of businesses, District Councils, Police and other partner organisations on 22 January 2016.

1.38 A series of seven public budget consultation meetings will take place in various locations around the County in January 2016.

1.39 The budget proposals have been published on the Council's website at [www.lincolnshire.gov.uk](http://www.lincolnshire.gov.uk) and members of the public are invited to comment on the proposals accordingly.

1.40 The key committee dates for budget proposals are:

Executive – 2 February 2016  
Full Council – 19 February 2016

## **2. Conclusion**

2.1 These budget proposals reflect the level of government funding available to the Council and the proposal to increase Council Tax in 2016/17 by 3.95%. They are based on a thorough and comprehensive review of the Council's services. The budget proposals aim to reflect the Council's priorities whilst operating with the resources available to it.

## **3. Consultation**

### **a) Policy Proofing Actions Required**

n/a

## **4. Background Papers**

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Council Budget 2016/17 - Executive 5 <sup>th</sup> January 2016	Democratic Services, County Offices, Lincoln

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