

**Open Report on behalf of Richard Wills,
Executive Director for Environment & Economy**

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| Report to: | Environmental Scrutiny Committee |
| Date: | 13 January 2017 |
| Subject: | Revenue and Capital Budget Proposals 2017/18 |

Summary:

The report describes the budget proposals arising from the Provisional Local Government Settlement, announced on 15 December 2016 and the implications for the commissioning strategy 'Protecting & Sustaining the Environment' which includes the following activities:-

- Reducing Carbon Emissions
- Flood Risk Management
- Protecting & Enhancing the natural and built environment
- Waste Management
- Sustainable Planning

The budget proposals are now open to consultation. Members of this committee have the opportunity to scrutinise them and make comment, prior to the Executive meeting on 7 February 2017.

Actions Required:

The Environmental Scrutiny Committee is asked to consider this report about the budget changes proposed for the commissioning strategy 'Protecting & Sustaining the Environment'

Members of the committee are invited to make comments on the budget proposals. These will be considered by the Executive at its meeting on 7 February 2017.

1. Background

- 1.1 The Executive are currently consulting on a one year financial plan for revenue and capital budgets. For the third 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, waste disposal and the Council's responsibility to pay staff and contractors the National Living

Wage. These pressures mean the Council does not consider it practicable, 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. The budget proposals 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 capital receipts to fund the cost of transformation will be used to set a balanced budget for 2017/18. 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.
- 1.3 At its meeting on 20 December the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2017/18 to be put forward as a basis for consultation.
- 1.4 The Commissioning Strategy ' Protecting & Sustaining the Environment' includes the activities and the current revenue budgets detailed in the table A below:

Table A

| Protecting & Sustaining The Environment | | Original budget 2016/17 |
|--|--|--------------------------------|
| | | £000 |
| 1 | Reducing carbon emissions | 163 |
| 2 | Flood risk management | 1,282 |
| 3 | Protecting & enhancing the natural & built environment | 284 |
| 4 | Waste management | 20,538 |
| 5 | Sustainable planning | 1,042 |
| | Total | 23,309 |

- 1.5 The savings proposed from this strategy are £0.353m for 2017/18 (or 1.51% of the 2016/17 original budget). These savings are proposed to be delivered by reducing the work supporting reduction in carbon emissions (£0.053m); reducing the spend on minor flood risk management schemes (£0.089m); reducing the funding for protecting and enhancing the natural and built environment partnerships e.g. the Wolds and GNLP (£0.067m); and reductions in the staff structure of the Sustainable Planning team.

- 1.6 Whilst savings had already been implemented during 2016/17 to meet the rising demand of waste disposal costs, it is proposed to fund an on-going cost pressure around Waste Disposal (£1.568m); supplementary services (£0.064m) and a short term pressure of responding to household waste facility requirements in Boston (£0.300m).
- 1.7 Lead Local Flood authority grant of £0.111m for 2017/18 has been confirmed.
- 1.8 The budget proposals assume inflation increases of 1.0% for pay for the next financial year. There is also a reduction in the employers pension contribution rate from 19.8% to 16.4%, removing costs from the service budget. This reduction in rate has been offset by an increase in the lump sum payment made annually by the Council to the Pension fund.
- 1.9 Table B shows the total proposed revenue budget for this commissioning strategy, which incorporates the budget changes detailed in the paragraphs above.

Table B – Proposed revenue budget 2017/18.

| Change of Previous Year | £'000 |
|--------------------------------|---------------|
| Revised Original Budget | 23,309 |
| Pay Inflation | 32 |
| Cost Pressures | 1,932 |
| Transfers | -75 |
| Additional Government Grant | 111 |
| Savings | -354 |
| Proposed Budget 2017/18 | 24,954 |
| Percentage Change | 7.1% |

County Council Capital Programme

- 1.10 The proposed capital programme matches the revenue budget and runs until 2017/18, 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). The gross programme is set at £332.816m from 2017/18 onwards with grants and contributions of £181.313m giving a net programme of £151.503m to be funded by the County Council.
- 1.11 The proposed net capital programme for this commissioning strategy is £13.09m, which mainly relates to enabling infrastructure work around the Boston Barrier (£11m). The remaining programme relates to expected investment required for Waste Services (£1.49m) and Flood Risk management (£0.6m).

Further Consultation

- 1.12 The Council will meet with representatives of businesses, District Councils, Police and other partner organisations on 27 January 2017.
- 1.13 The proposals will be publicised on the Council website together with the opportunity for the public to comment.
- 1.14 Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 7 February 2017.

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 2017/18 by 1.95% and Adult Care premium of 2.00%. They are based on a thorough and comprehensive review of the Council's services. The budget proposals therefore aim to reflect the Council's priorities whilst operating with the resources available to it.

3. Consultation

a) Have Risks and Impact Analysis been carried out??

No

b) Risks and Impact Analysis

An Equality Impact Assessment will be completed for the proposed increase in Council Tax. This will be reported to the Executive at its meeting on 7th February 2017.

Further Risk and Impact Assessments will need to be undertaken on a service by service basis.

4. Background Papers

| Document title | Where the document can be viewed |
|--|---|
| Council Budget 2017/18 - Executive report 20 December 2016 | Committee Services, County Offices, Lincoln |

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