

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection; Richard Wills, Executive Director for Environment and Economy ; and Glen Garrod Executive Director for Adult Care and Community Wellbeing

Report to:	Community and Public Safety Scrutiny Committee
Date:	25 January 2017
Subject:	Revenue & Capital Budget Proposals 2017/18

Summary:

The report describes the budget proposals arising from the Provisional Local Government Settlement, announced on 15 Decemembr 2016 and the implications for the following commissioning strategies;

- Community Resillience & Assets
- Wellbeing
- Protecting the Public
- Sustaining & Developing Prosperity Through Infrastructure (Heritage Services Only)

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

Actions Required:

The Community & Public Safety Scrutiny Committee is asked to consider this report and 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 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
- Chance to Share (sports centre) contributions
- Financial Inclusion (including CAB)
- Library & Information Services
- Customer Operations

Wellbeing

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

Protecting the Public

- Community Safety
- Fire & Rescue Service
- Emergency Planning
- Road Safety
- Trading Standards
- Registration, Celebratory & Coroners Services

Sustaining & Developing Prosperity Through Infrastructure

- Heritage Service

- 1.5 The revenue budget proposals for the commissioning strategies are shown in Tables A to D below.
- 1.6 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.
- 1.7 Table A – Proposed Revenue Budgets 2017/18

Community Resilience & Assets

Change of Previous Year	£'000
Revised Original Budget	11,112,670
Pay Inflation	10,216
Cost Pressures	0
Transfers	-18,433
Savings	-1,257,058
Proposed Budget 2017/18	9,847,395
Percentage Change	-11.4%

Community Resilience and Assets

- 1.7 The **Advice, Information and support from Community and Volunteer Sector** have proposed savings of £0.172m in 2017/18 (or 23.24% of the 2016/17 original budget). This saving is mainly the full year effect of the recommissioning of the Volunteer Infrastructure Support commissioned by the Council (£0.141m) and from the cessation of the Service Level Agreement (SLA) with Just Lincolnshire which was required to secure Big Lottery funding (£0.031m).
- 1.8 **Library and Information Services** have proposed savings of £0.400m for 2017/18 (or 6.91% of the 2016/17 original Budget). These savings are part of the planned operating model of the library service contract and do not require any changes to the contracted service provision.
- 1.9 **Financial Inclusion** has a proposed saving of £0.684m in 2017/18 (or 100.00% of the 2016/17 original budget). This budget currently funds the activities commissioned with the Citizens Advice Bureau. Whilst this budget proposal will remove 100% of the base budget for this activity, the activity will continue to be supported for at least two years with the use of reserves, whilst fully reviewing the impact of this budget change.
- 1.10 Table B – Proposed Revenue Budgets 2017/18

Wellbeing

Change of Previous Year	£'000
Revised Original Budget	31,044,477
Pay Inflation	17,286
Cost Pressures	0
Transfers	-36,380
Savings	-3,277,739
Proposed Budget 2017/18	27,747,644
Percentage Change	-10.6%

Wellbeing

- 1.11 **Health Improvement, Prevention and Self-Management** has a proposed saving of £1.339m (or 32.74% of the 2016/17 original budget). This proposed saving is the full year effect of the significant reduction in Health Improvement activities implemented during 2016/17. This ceased our commissioning of activities such as adult weight management, health trainer programme, sports co-ordination, food and health programmes, walking programmes, master gardener, health support for offenders and reduced support for the smoking cessation programme.
- 1.12 **Housing Related Support (HRS)** has a proposed saving of £0.994m for 2017/18 (or 24.94% of the 2016/17 original budget), these savings are planned to be realised through reviewing the budget required to deliver the existing Housing Related Support contracts and the Wellbeing Service in 2017/18 and making efficiencies across these services.
- 1.13 **Prevention and Treatment of Substance Misuse** has a proposed saving of £0.944m (or 14.19% of the 2015/16 original budget). This proposed saving is the full year effect of the 25% reduction implemented during 2016/17. The service has been through a re-procurement of its substance misuse contracts to achieve this saving, moving to a single provider, reducing the number of people who can be treated by the service, and focusing on those for whom the most impact can be achieved in terms of outcomes.
- 1.14 Table C – Proposed Revenue Budgets 2017/18

Protecting the Public

Change of Previous Year	£'000
Revised Original Budget	23,408,720
Pay Inflation	210,759
Cost Pressures	100,000
Transfers	-129,120
Savings	-1,149,769
Proposed Budget 2017/18	22,440,590
Percentage Change	-4.1%

Protecting the Public

- 1.15 **Fire and Rescue** have a proposed budget saving of £1.005m in 2017/18 (or by 5.17% of the 2016/17 original budget). An element of these savings is the full year effect of changes already implemented during 2016/17 primarily around changes to the crewing arrangements at Lincoln North Fire Station. Savings will also be delivered following implementation of the changes highlighted in the Integrated Risk Management Planning consultation 2016/17. This will include changes to the duty systems on all whole time fire stations, a further reduction in management posts and changes in a number of operational support activities.
- 1.16 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.
- 1.17 The **Registration, Celebratory and Coroners Service** has a proposed budget saving of £0.060m in 2017/18 (or 4.52% of the 2016/17 original budget). This saving is proposed from opportunities for the Registrars Service to generate additional income. We now have agreement to move forward with the new model of delivery for the Coroners Service, however, until this model is fully in place there is a cost pressure of £0.100m proposed to be funded.
- 1.18 **Community Safety** has a proposed budget reduction of £0.037m in 2017/18 (or by 9.00% of the 2016/17 original budget), this is the full year effect of reductions in Community Safety Initiatives.
- 1.19 **Road Safety** has a proposed budget reduction of £0.047m in 2017/18 (or by 13.58% of the 2016/17 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.

1.20 Table D – Proposed Revenue Budgets 2017/18
Heritage Service

Change of Previous Year	£'000
Revised Original Budget	1,755,498
Pay Inflation	22,111
Cost Pressures	0
Transfers	-57,358
Savings	-801,680
Proposed Budget 2017/18	918,571
Percentage Change	-47.7%

Sustaining and Developing Prosperity Through Infrastructure

1.21 **Heritage Operation and Development** has proposed savings of £0.802m in 2017/18 (or 45.70% of the 2016/17 original budget). The Executive have approved the review of the model of delivery of this service, which will ultimately reduce significantly the council budget required for supporting these facilities maximising the income generation opportunities available.

County Council Capital Programme

1.22 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.

1.23 As part of the budget setting process there has been an addition of a maintenance block budget for the replacement of short life equipment assets for Fire & Rescue £0.527m in 2017/18.

1.24 Table E below shows the proposed capital programme for 2017/18 relating to these strategies:-

Table E

Capital Programme	£'000
Libraries	200
Fire & Rescue	2,017
Fire Fleet Vehicles & Equipment	971

Further Consultation

- 1.25 The Council will meet with representatives of businesses, District Councils, Police and other partner organisations on 27 January 2017.
- 1.26 The proposals will be publicised on the Council website together with the opportunity for the public to comment.
- 1.27 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 7 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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