

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	Overview and Scrutiny Management Board
Date:	25 January 2018
Subject:	2018/19 Budget for Support Service Areas

Summary:

The report describes the budget proposals for the next two financial years based on the four year funding deal announced by Government and updated by the 2018/19 Provisional Local Government Finance Settlement. This report specifically looks at the budget implications for the following commissioning strategies:-

- How we do our business
- Enablers and support to council outcomes

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 6 February 2018.

Actions Required:

The Overview and Scrutiny Management Board 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 6 February 2018.

1. Background

1.1 The Executive are currently consulting on a two year financial plan for revenue and capital budgets to take the Council to the end of the four year funding deal from government. This is the first time in four years the Council has been able to develop budget plans for more than the next financial year. The Council continues to face 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. Uncertainty around government funding beyond the four year funding deal (which runs from 2016/17 to 2019/20) means the Council doesn't consider it practicable, at present, to develop sustainable long term financial plans into the next decade.

1.2 In developing its two year financial plan the Council has considered all areas of current spending, levels of income and council tax plus use of one off funding

(including use of reserves and capital receipts) to set a balanced budget. All areas of service expenditure have been reviewed to identify cost pressures which must be funded and savings which can be made, through efficiencies and by reducing the level of service provided.

1.3 At its meeting on 19 December 2017 the Executive agreed proposals for the Council's revenue and capital budgets, and Council Tax level for 2018/19 to be put forward as a basis for consultation.

How We Do Our Business

1.4 Table A shows the proposed revenue budget changes for the commissioning strategy 'How We Do Our Business '.

TABLE A

Change of Previous Year	£'000
Original Budget	8,621
<u>Changes for 2018/19</u>	
Pay Inflation	66
Cost Pressures	0
Savings	-1,263
Proposed Budget 2018/19	7,424
<u>Changes for 2019/20</u>	
Pay Inflation	66
Cost Pressures	0
Savings	0
Proposed Budget 2019/20	7,491
Percentage Change	-13.1%

1.5 This strategy is proposing to make savings of £1.263m in 2018/19, there are no proposed savings for 2019/20. The large proportion of this saving is the removal of the budget required to conduct the County Council elections (£1.100m) which was added to the budget in 2017/18 as a one off pressure.

1.6 Other savings in this strategy include, the removal of the funding to pay the Local Government Association (LGA) subscription (£0.067m) as appropriate notice has been given to withdraw support to the LGA. A saving has been identified on the Finance Contract relating to a reduced volume of expected Adult Care payments processing (£0.050m) and from the flexible retirement of the County Finance Officer (£0.045m).

1.7 Table B shows the impact of these changes on the activities included within this commissioning strategy.

TABLE B

HOW WE DO OUR BUSINESS	Original budget	Changes 2018/19	Proposed Budget 2018/19	Changes 2019/20	Proposed Budget 2019/20	% Change
	£000	£000	£000	£000	£000	
1 Budget and Policy Framework - Finance & Audit Corporate Standards and Culture, Chief Executive	4,862	-50	4,812	45	4,857	-0.11%
2 Decision Making including Democratic Processes - Elections	531	-65	466	3	468	-11.78%
3 Decision Making including Democratic Processes	1,109	-1,100	9	0	9	-99.19%
4 Decision Making including Democratic Processes	2,119	19	2,137	19	2,156	1.78%
Total	8,621	-1,197	7,424	66	7,491	-13.11%

Enablers and Support to Council's Outcomes

1.8 Table C shows the proposed revenue budget changes for the commissioning strategy Enablers and Support to Council's Outcomes '.

TABLE C

Change of Previous Year	£'000
Original Budget	35,747
<u>Changes for 2018/19</u>	
Pay Inflation	214
Cost Pressures	5,305
Savings	-842
Proposed Budget 2018/19	40,424
<u>Changes for 2019/20</u>	
Pay Inflation	216
Cost Pressures	493
Savings	-15
Proposed Budget 2019/20	41,118
Percentage Change	15.0%

1.9 This strategy is proposing to make savings of £0.842m in 2018/19 and £0.015m in 2019/20. Within this strategy there are also proposed cost pressures of £5.305m in 2018/19 and £0.493m in 2019/20.

1.10 Property Strategy and Support are proposing a saving in 2018/19 (£0.482m) and 2019/20 (£0.015m) through the continued rationalisation of the Council's

property portfolio, a reduction in the general maintenance budget for Council owned travellers sites, removal of exit costs budget for facilities management and a reduction to the Council's dilapidations budget.

1.11 An element of the cost pressures for Property Strategy and Support relates to an increase in contract costs, which have a direct relationship to national living wage levels. There are proposed cost pressures of £0.309m in 2018/19 and £0.391m in 2019/20 to meet the Council's obligation to pay staff and some contractors the central government set national living wage. There are also cost pressures relating to increasing property rates and utility costs (£0.165m in 2018/19 and an additional £0.181m in 2019/20) and a one off pressure for concluding archaeological costs of West Deeping minerals site (£0.321m).

1.12 People Management activity is proposing to make savings of £0.360m in 2018/19. The proposed budget savings relate to a reduction in activity-led budgets to match the current levels of expenditure (£0.250m), and the legacy savings of the 2016/17 budget decisions to end the graduate programme for new entrants and cessation of the leadership management development programme (£0.110m).

1.13 There are cost pressures in 2018/19 within Strategic Communications relating to increasing costs of the Lincolnshire Show (£0.015m), the publication and delivery of County News (£0.040m) and the development of the Council's digital platform (£0.020m).

1.14 Information Management Technology (IMT) have cost pressures in 2018/19 of £4.436m and £0.200m in 2019/20. These pressures relate to increasing Open Text and other license costs (£1.388m); the requirement for a Data Protection Officer to ensure compliance with the General Data Protection Regulation (£0.048m); additional Technical Architect and Business Analyst posts (£0.200m) and the improvement of the technology enablers to improve the IMT supporting the Council's services (£3.000m).

1.15 Table D below shows the impact of these changes on the activities included within this commissioning strategy.

TABLE D

ENABLERS AND SUPPORT TO THE COUNCIL'S OUTCOMES	Original budget	Changes 2018/19	Proposed Budget 2018/19	Changes 2019/20	Proposed Budget 2019/20	% Change
	£000	£000	£000	£000	£000	
1 ICT Strategy and Support	11,161	4,451	15,611	215	15,827	41.81%
2 Property Strategy and Support - County Farms	-1,535	-31	-1,566	0	-1,566	2.01%
3 Property Strategy and Support - other	9,833	355	10,188	290	10,478	6.56%
4 People Strategy and Support	3,754	-353	3,401	8	3,408	-9.20%
5 Legal	-491	34	-457	34	-423	-13.81%
6 Commissioning	3,408	31	3,439	32	3,471	1.85%
7 Business Support	8,810	108	8,918	109	9,027	2.47%
8 Strategic Communications	808	81	889	6	896	10.86%
Total	35,747	4,677	40,424	694	41,118	15%

1.16 The budget proposals above assume inflation increases of 1% for pay for the next two financial years with some additional limited flexibility for awards in excess of that level.

County Council Capital Programme

1.17 The proposed capital programme matches the revenue budget and runs until 2019/20, plus major schemes which stretch into future years. Schemes comprise: a number of major highways schemes, the rolling programme of renewal and replacement of fire fleet vehicles, and the new rolling programmes to replace the gritters fleet and equipment and vehicles at the Waste Transfer Stations). The gross programme is set at £322.647m from 2018/19 onwards, with grants and contributions of £132.088m giving a net programme of £190.559m to be funded by the County Council.

1.18 Table E shows the proposed net capital programme for the 'Enablers and Support to Council's Outcomes' commissioning strategy. The net contributions relate mainly to the IMT Refresh, broadband and development programmes and Property rationalisation and maintenance (including County Farms).

TABLE E

Capital Programme	Net Programme 2018/19 £000's	Net Programme 2019/20 £000's
Enablers and Support to the Council's Outcomes	12,183	3,800

Further consultation

1.19 A consultation meeting with local business representatives, trade unions and other partners will take place on 26 January 2018.

1.20 The proposals will be publicised on the Council website together with the opportunity for the public to comment.

1.21 All consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 6 February 2018.

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 2018/19 by 1.95% and in 2019/20 by 1.95%. The option to increase this element of the Council Tax to 2.95% for 2018/19 without triggering a referendum was made available by Government after the Executive considered their budget proposals as a basis of

consultation on the 19th December 2017. The Executive have now included the option of recommending the higher level of increase in the council tax for the next year as part of the on-going consultation exercise. Adult Care Premium is proposed to increase by 2.00% in 2018/19 and 2.00% in 2019/20. The budget proposals are based on a thorough and comprehensive review of the Council's services. They 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 6 February 2018.

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 2018/19 - Executive Report 19 December 2017	Democratic Services, County Offices , Newland, Lincoln

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