

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

Report to:	Executive
Date:	20 December 2017
Subject:	Council Budget 2018/19
Decision Reference:	I014285
Key decision?	Yes

Summary:

This report describes the Council's budget proposals for the next two financial years based on the four year funding deal announced by Government as part of the 2016/17 Local Government Financial Settlement. Details of the Provisional Local Government Finance Settlement for 2018/19 have not yet been issued but it is anticipated these will follow the previously announced funding levels.

The Executive are asked to make proposals for the Council's budget for 2018/19 and 2019/20 as a budget for internal and external consultation.

This report describes the basis on which proposals have been developed and their impact on services.

If the Council is not awarded a business rate pilot. The Executive are asked to delegate authority to the Leader to decide whether to go ahead with the proposed business rate pooling arrangement for 2018/19.

Recommendation(s):

That the Executive:

1. agree the budget proposals described in this report as its preferred option for the purposes of further consultation; and
2. delegate authority to the Leader to review the Council's participation in a business rates pooling arrangement with the seven Lincolnshire District Council's in light of the Provisional Local Government Finance Settlement and notify the Government four weeks after the notification of the Provisional Local Government Finance Settlement.

Alternatives Considered:	
1.	The proposals for the revenue budget and council tax as described in this report.
2.	Higher levels of spending and consequently higher levels of council tax in future years.
3.	Lower levels of spending and consequently lower levels of council tax in future years.

Reasons for Recommendation:

The recommended option reduces the Council's spending to reflect reducing government grant income to the Council. It also allows for an increase in council tax of 3.95% (1.95% general council tax, plus a further 2.00% for the adult social care 'precept').

The Council has in place a memorandum of understanding with all seven of the Lincolnshire District Council's relating to pooling business rates 2018/19. Following receipt of the Provisional Local Government Finance Settlement, the Council may withdraw from this arrangement on condition they notify Government 28 days after the Settlement date.

1. Background

1.1 This report sets out 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 some 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.

1.3 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. The Council remains aware of its high priority areas, but no service has been exempted from helping the Council to deliver its savings target. These high priority areas are:

- Safeguarding children and adults;
- Maintaining and developing highways and infrastructure;
- Managing flood risks;

- Supporting communities to support themselves; and
- Fire and rescue services.

1.4 On an annual basis the Council has the opportunity to review the level of Council Tax. Central government sets thresholds above which a local authority would be required to hold a referendum for Council Tax increases. For 2018/19 and 2019/20 it is anticipated that this threshold would be a 2.00% increase for general council tax, plus a further 2.00% for authorities with adult social care responsibilities to deal with pressures in this area including demographic pressures and the impact of the national living wage. A council tax increase of 3.95% (1.95% for general council tax, plus a further 2.00% for the social care 'precept') is proposed in each of the two years.

The Outlook Beyond 2019/20

1.5 The pre-June 2017 Government was engaged in a substantial exercise to rebase local government funding. That initiative was based on 100% localisation of business rates by 2020 together with a resetting of the funding baselines for all local authorities – this was known as the fair funding initiative. Legislation to deliver this initiative was progressing through Parliament at the time the June 2017 General Election was declared. That legislation fell by the way as Parliament was wound down and there was no replacement legislation in the Queens Speech which sets the legislative programme for the next two sessions of Parliament. However, subsequent communications from the Department for Communities and Local Government (DCLG) confirmed the department's commitment to work towards a new Local Government Finance Bill continuing towards giving local government greater control over their business rate income.

1.6 The basis of funding local authorities has not materially changed since the introduction of partial business rate localisation in 2013. It is widely accepted that both absolute and relative changes in demography and other key cost drivers means that the current distribution of resources is no longer a fair reflection of underlying need.

1.7 There are two distinct issues which need to be addressed. Firstly, the issue as to whether the total amount of funding allocated to local government is sufficient given increased service pressures coupled with ongoing reductions in government funding. Secondly, there is the case for an additional share of the national funding to be allocated to this Council.

1.8 At the July County Council this authority launched a campaign to lobby government to increase the funding coming to the sector and specifically requesting central government look at the distribution of funding to this County Council with a view to addressing past inequalities between authorities, and to address the relative allocations to reflect the needs of this area.

Provisional Local Government Settlement and Multi Year Settlement Funding

1.9 The Provisional Local Government Settlement for 2018/19 has not yet been received from central government. Any information received in advance of this meeting will be analysed and tabled at the meeting. This paper has been prepared based on the Multi Year Settlement (four year funding deal), confirmed by the Secretary of State for Communities and Local Government on 16 November 2016 and as set out in the Final Settlement for 2016/17 and 2017/18.

1.10 The Multi Year Funding Settlement provides the Council with confirmed minimum funding for Revenue Support Grant, Transitional Grant and Rural Services Delivery Grant from 2016/17 to 2019/20 (**TABLE 1**). This level of funding for 2018/19 and 2019/20 has been built into the Council's budget proposals set out below.

TABLE 1: Multi Year Settlement Funding Levels

Funding Summary	2016/17	2017/18	2018/19	2019/20
	£'m	£'m	£'m	£'m
Revenue Support Grant	70.351	48.292	33.964	20.139
Transitional Grant	0.011	0.009	0.000	0.000
Rural Services Delivery Grant	6.892	5.565	4.281	5.565
TOTAL	77.254	53.866	38.245	25.704

1.11 When comparing the level of Revenue Support Grant (RSG) received for 2017/18 to 2018/19, the Council has seen a reduction of £14.328m or 29.67% in funding between the two financial years. Taking this forward based on the four year funding deal there will be a reduction between 2018/19 and 2019/20 of £13.825m or 40.70%. Over the four year period there will be a reduction to RSG of 71.37%

1.12 Rural Services Delivery Grant of £4.281m for 2018/19 and £5.565m for 2019/20 has been awarded as part of the multi-year settlement. This is in recognition of the higher costs of providing services in rural areas.

Other Revenue Government Grants

1.13 It is anticipated that the following non-specific grants will be received in addition to those forming part of the multi-year settlement:

- New Homes Bonus Grant of £2.523m is estimated for 2018/19 and £2.421m for 2019/20 (actual £3.804m in 2017/18). This reflects the reduction to the number of payment years for the New Homes Bonus from five years for 2017/18 to four years from 2018/19. The grant is now also limited so Councils only receive money from the scheme for homes built above the 0.4% national housing growth baseline.

- Lead Local Flood authority grant has been confirmed for the next two years at £0.118m for 2018/19 and £0.125m in 2019/20.
- Special Education Needs and Disability (SEND) grant award has been announced nationally. It is estimated that the County Council will receive £0.386m in 2018/19. This is £0.146m less than the award for 2017/18;
- It is assumed that the following grants will continue at the same level for the next two financial years:
 - Inshore Fisheries Conservation Authorities from the Department for Environment, Food and Rural Affairs of £0.128m; and
 - Extended Rights to Free Travel from the Department for Education of £0.632m.
- It is assumed that the Independent Living Fund will continue for the next two years but at a reduced rate: £1.584m in 2018/19 and £1.505m in 2019/20.

1.14 The Public Health Grant will continue as a separate ring-fenced grant for the next two financial years. Notional allocations from government indicate that the grant will reduce by 2.60% in both finance years in cash terms. On this basis it is estimated that the Public Health Grant will be £32.662m for 2018/19 and £31.799m for 2019/20.

1.15 Better Care Fund comes to the County Council in three streams. An element from the Lincolnshire Clinical Commissioning Groups (CCGs) and two grants coming directly to the Council from central government known as Improved Better Care Fund and the (Supplementary) Improved Better Care Fund. These funding streams combined will provide the Council with £40.044m in 2018/19 and £46.343m in 2019/20 to fund Adult Care Services. Further details on its utilisation are set out below in the Adult Care and Community Wellbeing comments (paragraph 1.46 to 1.66).

Council Tax

1.16 It is proposed that Council Tax will be increased by 3.95% in both 2018/19 and 2019/20. It is anticipated that the Secretary of State will announce that the Government's referendum threshold will remain at 2.00% for general Council Tax. The Local Government Finance Settlement for 2017/18 allowed authorities with adult social care responsibilities to increase their Council Tax by up to 6.00% over a three year period from 2017/18 to 2019/20. In 2017/18 this authority chose to increase the adult social care element by 2.00%. It is now proposed to increase the 2018/19 and 2019/20 adult social care are element of the precept by 2.00%. It is estimated that an increase of 3.95% will generate additional income of £10.338m in 2018/19 and £10.746m in 2019/20.

1.17 The final figures on the council tax base and any surpluses or deficits on the council tax element of the collection fund will not be received from Lincolnshire District Councils until 31 January 2018. In the previous financial year the growth in

the Council Tax base across the whole County was 1.44%. If there is growth at a similar level in the next two financial years this will generate additional income of £3.918m in 2018/19 and £4.131m in 2019/20. The council tax collection fund surplus in 2017/18 was £3.156m. Therefore the Council could receive additional income from this announcement of over £7.0m in 2018/19. The final information on base growth and the surplus/deficit on the council tax collection fund will be reported to the Executive at its meeting on 6 February 2018, together with the funding this will generate for the County Council.

1.18 An Equality Impact Analysis will be completed for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 6 February 2018.

Business Rates

1.19 The multi-year settlement deal estimated the business rates receivable over the four year period to 2019/20. This estimated income from business rates to be £107.441m in 2018/19 and £111.263m in 2019/20. This is made up of two elements, an amount actually collected by the seven District Council's in Lincolnshire and a top up grant from Central Government as the total business rates collected in Lincolnshire are not sufficient to cover local authority spending in the area. In 2018/19 this is split as: £19.557m collected locally and £87.884m top up from central government.

1.20 Comparing business rates funding received for 2018/19 to 2017/18, the Council has seen an increase of £2.513m or 2.39% in Business Rates funding between the two financial years. The growth between 2019/20 and 2018/19 is £3.822m or 3.56%.

1.21 Any surpluses or deficits on the business rates element of the collection fund will not be received from the Lincolnshire District Councils until 31 January 2018. In 2017/18 this was a deficit of £0.967m for the County Council. This will be reported to the Executive at its meeting on 6 February 2018. It is worth noting that only 10% of the business rates collected locally is passed to Lincolnshire County Council and any share of surpluses or deficits will also be on this basis.

1.22 In addition to the above business rates funding in previous financial years the Council received section 31 grant as compensation of central government RPI cap and relief's offered to small and rural businesses. It is anticipated that Government will continue to compensate local authorities in full for the extension of small business rate relief and new rural rate relief. At the time of preparing this paper the Council is awaiting announcement of the value of this grant (the value of this grant in 2017/18 was £2.753m). This will be built into the budget assumptions reported to the Executive at its meeting on 6 February 2018.

Business Rates Pooling and Pilot Bids 2018/19

1.23 The County Council has made two bids to government. The first is for a Business Rates Pilot for the 100% retention of business rates scheme. If this bid is

not successful the County Council have a bid to continue with Business Rates Pooling in 2018/19. At the time of preparing this budget paper the Council is still awaiting notification from government regarding pilot bids.

1.24 The Business Rates Pilot bid is made with the seven Lincolnshire District Council's and North Lincolnshire Council. This is the second year that government has asked local authorities to put forward pilot bids to trial the new regime. Initial calculations indicate the potential gain from this arrangement could be an additional £14.0m income to the Pilot area. This additional funding is proposed to be split, 40% to the County Council, 60% to the Lincolnshire District Councils and North Lincolnshire would see their local share increase from 49% to 99%. The bid to government includes details of proposed schemes to be funded, for this authority additional monies would be channelled to cover two distinct areas of spending: pressures already identified in Children's Social Care and to fund highways advanced design work to develop the county's infrastructure and encourage economic growth.

1.25 If the pilot bid is not successful the Council are proposing a pooling arrangement for 2018/19 including the County Council plus all seven of the Lincolnshire Districts Council's. Initial calculations show the County Council could benefit by some £1.600m from being in the pool (current projections for 2017/18 indicate that the County Council is likely to benefit by £1.543m in this financial year from this arrangement).

1.26 Following notification from government the additional income from either a successful pilot bid or pooling arrangement will be built into the Council's budget.

The Council's Overall Revenue Budget

1.27 The table below (**TABLE 2**) sets out the overall changes in budget, the cost pressures which the Council proposes to fund, the savings to be made and the current proposed use of reserves to bridge the gap between current funding available and service costs.

TABLE 2: Summary Revenue Budget

SUMMARY REVENUE BUDGET	2018/19	2019/20
	£m	£m
EXPENDITURE:		
Base Budget	454.775	453.931
Cost Pressures (<i>including inflation</i>)	26.888	33.314
Savings	-23.048	-10.594
Other Movements (PH Grant & BCF Grant)	-4.684	-5.437
Total Expenditure	453.931	471.214
Use of Reserves	-30.875	-46.456
Transfer to the General Fund	0.050	0.200
Budget Requirement	423.106	424.958
INCOME:		
Local Retention of Business Rates	107.441	111.263
Revenue Support Grant	33.964	20.139
Other Grants	9.652	10.761
County Precept	272.049	282.795
Total Income	423.106	424.958

1.28 The Council proposes to allocate £1.684m of resources in 2018/19 and £1.384m in 2019/20 to fund pay inflation. In 2018/19 this provides an allowance of 3.0% for firefighters, plus 1.0% for all employment groups and in 2019/20 1.0% for all employment groups. Details on all other cost pressures and savings included within the Council's budget for 2018/19 and 2019/20 are set out in the Commissioning Strategy narratives below.

1.29 The Council's current budget proposals include use of reserves of £30.875m (£23.375m from the Financial Volatility Reserve and £7.500m from Adult Care Reserves to cover Adult Care service costs) in 2018/19 and £46.456m (£38.956m from the Financial Volatility Reserve and £7.500m from Adult Care Reserves) in 2019/20 to balance the budget and keep the Council's general reserves at 3.5% of the Council's total budget. These are one off contributions to the Council's budget shortfall and are planned to smooth the effect of reductions in funding on implementing service changes and reductions.

Revenue Budgets

1.30 Revenue budgets for 2018/19 and 2019/20 are shown in **TABLE 3** below together with the actual comparison for 2017/18. The Council services are delivered on the Commissioning Model and as such the budgets are presented on this basis. **Appendix A** to this report provides further details of the services undertaken in each Commissioning Strategy.

TABLE 3: Net Service Revenue Budget 2018/19 and 2019/20

Commissioning Strategy Revenue Budgets	2017/18	2018/19	2019/20
	£m	£m	£m
Readiness for School	4.949	4.766	4.778
Learn & Achieve	33.183	33.857	34.691
Readiness for Adult Life	5.047	6.733	6.780
Children are Safe & Healthy	62.757	65.441	66.937
Adult Safeguarding	4.146	4.167	4.189
Adult Frailty, Long Term Conditions & Physical Disability	120.296	120.598	122.123
Carers	2.304	2.464	2.389
Adult Specialities	62.114	65.510	68.259
Wellbeing	27.131	27.152	26.992
Community Resilience & Assets	9.996	10.082	10.137
Sustaining & Developing Prosperity Through Infrastructure	40.220	40.654	40.119
Protecting & Sustaining the Environment	25.077	24.869	25.141
Sustaining & Growing Business & the Economy	1.274	1.291	1.308
Protecting the Public	22.441	22.921	23.107
How We Do Our Business	8.621	7.424	7.491
Enablers & Support to Council Outcomes	35.747	40.424	41.118
Public Health Grant Income	-33.524	-32.662	-31.799
Better Care Funding	-34.497	-40.044	-46.343
Other Budgets	60.169	50.960	66.473
Schools Block	391.879	406.287	406.287
High Needs Block	79.688	81.265	81.265
Central School Services Block	4.109	4.179	4.179
Early Years Block	36.698	36.886	36.886
Dedicated Schools Grant	-515.050	-531.293	-531.293
Total Net Expenditure	454.775	453.931	471.214
Transfer to/from Earmarked Reserves	-17.870	-30.875	-46.456
Transfer to/from General Reserves	-0.100	0.050	0.200
Budget Requirement	436.805	423.106	424.958

Children's Services

1.31 Children's Services commissioning strategies include: Readiness for School, Learn and Achieve, Readiness for Adult Life and Children are Safe and Healthy.

1.32 **Readiness for School** strategy is proposing to make savings of £0.196m in 2018/19. There are no savings proposed for 2019/20. The proposed reduction of £0.196m provides the full year effect of the cost savings from the 2017/18 budget decision to commission a new model of delivery based on a single Early Year's Service. The new model of delivery was implemented in July 2017 and combined elements of the Locality Services and Early Years activities in Children's Centre Communities.

1.33 The initial budget proposals for 2016/17 included savings linked to tier three children's centres (£0.421m). At the County Council meeting in February 2016 it was agreed that no saving would be made in this area in 2016/17 and 2017/18. The Council has reconsidered delivering savings in tier three children's centres and is still not proposing any savings in this area in the next two financial years (2018/19 and 2019/20).

1.34 **Learn and Achieve** strategy is proposing to make savings of £0.146m in 2018/19. There are no savings proposed for 2019/20. Within this strategy there are also proposed cost pressures of £0.736m in 2018/19 and £0.749m in 2019/20.

1.35 The proposed reduction of £0.146m relates to the estimated reduction in funding from the government for the Special Education Needs and Disability (SEND) Reform Grant from £0.532m in 2017/18 to £0.386m in 2018/19. The grant funding was to recognise the programmes of change underway in the area of SEND to streamline the system of SEN assessment, support and provision for children and young people 0-25, bringing together the provisions of a variety of Acts covering education, health and care as well as introducing new provisions, statutory implementation of associated duties, regulations and a new SEND Code of Practice. These changes have had a significant impact on the service with a 52% increase (or 247) in pupil assessment compared to the year before implementation (2013/14).

1.36 Within this strategy there are also proposed cost pressures for Home to School/College Transport of £0.736m in 2018/19 and £0.749m in 2019/20. The government's pledge to deliver living wage rises to £9 per hour by 2020 through a continued annual increase from the current rate of £7.50 per hour will have a financial impact on the Home to School/College Transport budget.

1.37 The Home to School/College Transport is a challenging and volatile budget with unfavourable economic conditions, and changing legislation (incorporation new guidelines relating to safety, Disability Discrimination Act (DDA) passenger access and ERO6 emissions standards by 2020), and the impact of school reorganisations. The budget therefore remains a financial risk to the Council.

1.38 **Readiness for Adult Life** strategy is not proposing to make any savings. Within this strategy there is a proposed cost pressure of £1.641m in 2018/19. The cost pressure relates to the Local Authority's legal duty to provide supported accommodation for homeless young people over 16 years. This is due in part to case law, referred to the Southwark judgement, and the complex needs of this age group where parents are refusing to continue to provide care for them and also due to care leavers. The complexity of an individual's needs and an increase in demand has contributed to this pressure.

1.39 A transformational group was established to consider ways of controlling the level of demand through more suitable and cost effective provision to best meet the needs of the young people. Measures are being implemented, however the budget pressure is to align the budget to anticipated demand and recommended commissioning arrangements.

1.40 **Children are Safe and Healthy** strategy is proposing to make savings of £0.200m in 2018/19. Within this strategy there are also proposed cost pressures of £2.585m in 2018/19 and £1.194m in 2019/20. The proposed reduction of £0.200m in 2018/19 relates to a fall in insurance premiums costs for Children's Services considering historic activity of numbers and value of claims.

1.41 A number of cost pressures exist within children's social care where the Local Authority has a statutory duty to protect children and take action when thresholds are met. Financial shortfalls have been identified for the future years based on the growth trends on the number of looked after children placements and Special Guardianships Orders.

1.42 The national increase in looked after children is currently considered by the sector to be at 8% due to a number of reasons, for example case law, the impact of austerity, and the increasing complex nature of family life as a result of substance use, mental health and domestic abuse. Growth of 5% in looked after children has been forecast locally, which identifies a proposed budget pressure of £0.887m in 2018/19, and a further budget pressure of £0.948m in 2019/20.

1.43 The increasingly complex needs looked after children have, has resulted in a higher demand for out of county specialist placements also. The proposed budget pressure of £1.264m in 2018/19 is to rebase the budget to anticipated demand levels (24 placements), and the service is optimistic that they can take measures to contain costs in this area. Lincolnshire remains one of the most successful Local Authorities in providing value for money as evidenced in the CIPFA benchmarking report due to the high percentage of looked after children managed through internal foster carers, which is forecast to continue.

1.44 Special Guardianship Orders (SGOs) are increasingly being seen by the Courts as an important option for permanency for children who need to be removed from their birth parents which is endorsed by officers. The Local Authority is however required to fund SGOs (subject to means testing) so whereas we would once have seen children adopted, we are seeing increased SGO's which must be funded until the child reaches the age of 18 years. The expected increases are based on average numbers of SGO's being granted per month, which identifies a proposed budget pressure of £0.434m in 2018/19, and a further budget pressure of £0.246m in 2019/20.

1.45 The government's direction of travel appears to be placing additional responsibilities onto Local Authorities, however the financial implications to the authority are unclear presently.

Adult Care and Community Wellbeing

1.46 There are five Commissioning Strategies led by Adult Care and Community Wellbeing (AC&CW), these are: Adult Frailty and Long Term Conditions, Specialist Adult Services, Carers, Safeguarding Adults and Wellbeing.

1.47 The Adult Care budget is set in the context of increasing demographic and cost pressures related to service provider fee increases in order to accommodate the increasing cost of employment as a result of the National Living Wage and 'sleep-in' rates. The council is currently in the process of reviewing fees which will have an impact for the next three years with the challenge of ensuring that the financial impact of any increases are set within the available budget and remove the risk of the Council having to use its own budget.

1.48 The Lincolnshire Better Care Fund (BCF) is a framework agreement between Lincolnshire County Council and the Lincolnshire Clinical Commissioning Groups (CCGs) and looks to pool funds from those organisations to help support the national and local objective of closer integration between the Council and the CCGs. The total pooled amount in 2017/18 was £226m which includes £54.817m that was allocated to the Lincolnshire BCF from the Department of Health. In 2018/19 the total pooled fund will be in the region of £235m with £56.165m being the national allocation to the Lincolnshire BCF. Allocations for 2019/20 are still to be determined although it is anticipated they will be of a similar value to 2018/19.

1.49 Lincolnshire's fund is one of the largest in the country and includes pooled budgets for Learning Disabilities, Children and Adolescence Mental Health Services (CAMHS) and Community Equipment plus 'aligned' Mental Health funds from the County Council and the four Clinical Commissioning Groups (CCGs).

1.50 In addition to the continuation of existing pooled funds, there are a number of other funding streams, these increases result from:

- Inflationary increases in CCG funding and as a result in the CCG funding for the Protection of Adult Care Services;
- The addition of the iBCF funding that was announced in the Chancellor's November 2015 budget totalling £42.126m over three years (£14.249m in 2018/19 and £25.771m in 2019/20); and
- The announcement of iBCF supplementary funding in the Chancellor's March 2017 budget. This provides an additional £28.985m in three years (£9.607m in 2018/19 and £4.111m in 2019/20)

1.51 There is a requirement to ensure that the funding has a positive impact on performance in the areas of Delayed Transfers of Care and Non-Elective Admissions. This has been reflected in our plans with NHS colleagues and thus in the two year BCF Plan.

1.52 The resulting Narrative Plan and the related Planning Templates for the two years 2017-2019 were submitted to NHS England on in September 2017 and approved without conditions on 30 October 2017.

1.53 Work continues between the Council and the Lincolnshire CCG's ('The Partners') to agree the overarching Framework Agreement. This agreement out the terms on which the Partners have agreed to collaborate and to establish a framework through which the Partners can secure the future position of health and social care services over the two years that the plan is in place.

1.54 The increasing strategic importance of the BCF has meant that the impact to AC&CW now has to be reflected in service finances, with a detailed exercise undertaken over the summer and autumn months to incorporate all schemes funded via the BCF into the AC&CW budget. This reflects the fact that BCF has a growing influence on how AC&CW pressures are funded in the Council with it being the only means in which the vast majority of pressures identified below will be funded over this budgeting period.

1.55 The **Adult Safeguarding** strategy is proposing to make savings of £1.000m related to Deprivation of Liberty Safeguards in 2019/20 (there are no savings proposed for 2018/19). Within this strategy there are also proposed cost pressures of £0.006m in 2018/19 and £1.006m in 2019/20.

1.56 The recent increase in investment within this strategy is as a direct result of the Cheshire West ruling in March 2014 with regards to Deprivation of Liberty Safeguards (DoLs). The assumption has always been that secondary legislation would be passed that would significantly mitigate the impact of the ruling from 2019/20 onwards, however the impact of the recent General Election has meant that such legislation is now less likely to be implemented quickly and as such it is prudent to assume that current levels of activity will now continue beyond 2019/20.

1.57 The **Adult Frailty and Long Term Conditions** strategy is proposing to make savings of £6.471m in 2018/19 and £5.007m in 2019/20. Within this strategy there are also proposed cost pressures of £6.639m in 2018/19 and £6.397m in 2019/20.

1.58 Of the total savings identified in 2018/19 £5.398mm reflect the removal of non-recurrent schemes funded via the BCF in 2017/18 and to reflect a reduction in the minimum expected CCG BCF contribution. The remaining £1.073m is a result of increased income derived from increases in service user contributions (£0.853m) and the removal of unallocated budgets (£0.220m).

1.59 2019/20 savings also relate to the removal of non-recurrent schemes funded via the BCF in 2018/19 (£4.635m) and increases in income derived from increases in service user contributions (£0.372m)

1.60 Cost pressures funded in 2018/19 and 2019/20 relate to increased demographic growth and additional pressure on provider unit costs brought about by increases in the National Living Wage, largely impacting upon residential and community based services.

1.61 The **Carers** strategy is proposing to make savings of £0.415m in 2018/19 and £0.075m in 2019/20. Within this strategy there are also proposed cost pressures of £0.575m in 2018/19. Both result from additional non recurrent BCF funding and then the subsequent withdrawal of those funds in the following year.

1.62 The **Adult Specialities** strategy is proposing to make savings of £0.647m in 2018/19 and £2.656m in 2019/20. Within this strategy there are also proposed cost pressures of £3.994m in 2018/19 and £5.354m in 2019/20.

1.63 Of the total savings identified in 2018/19 £0.547m is a result of increased income derived from increases in service user contributions (£0.227m) and the removal of one off BCF funds (£0.320m). £0.100m relates to reduction in waking nights and sleep in costs via the increased use of assistive technology in service users homes.

1.64 Pressures funded in 2018/19 and 2019/20 relate to increased demographic growth and additional pressure on provider unit costs brought about by raises in the National Living Wage for residential and community based services.

1.65 An element of the cost pressures for the Adult Frailties and Adult Specialities strategies relates to an increase in contract costs for Social Care Transport services, which have a direct relationship to national living wage levels. There are proposed cost pressures of £0.075m in both financial years to meet the Council's obligation to pay staff and some contractors the central government set national living wage.

1.66 The **Wellbeing** strategy is proposing to make savings of £0.181m in 2019/20 (there are no savings proposed for 2018/19). Savings identified in 2019/20 are based on assumed savings following a proposed redesign and procurement of Housing related support services.

Environment and Economy

1.67 Environment and Economy commissioning strategies include: Community Resilience and Assets, Sustaining and Developing Prosperity Through Infrastructure, Protecting and Sustaining the Environment and Sustaining and Growing Business and the Economy.

1.68 **Community Resilience and Assets** within this strategy there are proposed cost pressures of £0.073 in 2018/19 which relate to on-going commitments within the Library service (£0.012m) and a pressure with the Chance to Share agreement with North Kesteven District Council (this SLA is due to finish in March 2021). Cost pressures of £0.042m in 2019/20 will meet committed inflationary increases in the Library Service contract.

1.69 The approved model of delivery for the Library Service agreed to support Community Groups with an annual revenue grant for period of four years. The Council is not proposing to remove the funding for the Community Hubs as a saving.

1.70 Sustaining and Developing Prosperity Through Infrastructure strategy is proposing to make savings of £0.186m in 2018/19 and £1.019m in 2019/20. Within this strategy there are also proposed cost pressures of £0.450m in 2018/19 and £0.312m in 2019/20.

1.71 Due to the Department for Transport re-designation of Lincoln as a 'PTE like' area, there is an expected increase in the cost of concessionary fares of £0.100m in 2018/19 rising by £0.045m in 2019/20 to give a full year effect. There is a proposed saving of £0.060m in 2018/19 from the removal of temporary funding supporting the Lincoln to Nottingham Rail Service.

1.72 An element of the cost pressures for this strategy (mainly within the Transport activity) relates to an increase in contract costs, which have a direct relationship to national living wage levels. There are proposed cost pressures of £0.250m in 2018/19 and £0.267m in 2019/20 to meet the Council's obligation to pay staff and some contractors the central government set national living wage.

1.73 It is proposed to fund a cost pressure of increased rates costs on revalued Heritage sites (£0.100m). The Heritage service is moving towards a self-financing model of delivery and this increase of rates costs, will in turn increase the expected savings from the service which have been included in the budget proposals for 2019/20 (£1.019m)

1.74 Winter maintenance vehicles are currently supplied under a lease arrangement. As these leases expire, there is a proposal to move to a capital purchase of these vehicles. This proposed saving in 2018/19 (£0.126m) for four vehicles is reliant upon the approval of the appropriate capital programme spend which is included in these budget proposals. Further budget savings can be realised in line with further lease expiry dates, the majority of which are in 2020 and beyond.

1.75 As part of the initial budget proposals for 2016/17 a potential saving of £2.235m was identified by removing bus subsidies and the saving was profiled as £1.200m in 2016/17 and £1.035m in 2017/18. When the Executive made its budget proposals for the 2016/17 year, the saving of £1.200m for bus subsidies was included. At this time, it was highlighted that the delivery of this saving, was likely to result in a cost shunt to Children's Services of an estimated £0.750m as provision would need to be made for school children travelling on public service routes. At the County Council meeting in February 2016 it was agreed to defer the saving of £1.200m and the subsequent £1.035m for two years. The Council has reconsidered delivering savings on bus subsidies and is still not proposing any savings in this area in the next two financial years (2018/19 and 2019/20).

1.76 Protecting and Sustaining the Environment strategy is proposing to make savings of £0.518m in 2018/19 and £0.041m in 2019/20. In 2018/19, these savings are proposed to be delivered from; removing the one-off funded cost pressure required due to the delay in developing the new Boston Household Waste Recycling Centre (£0.300m); reduction in business rates costs relating to waste sites (£0.050m), and a reduction in funding for the natural and built environment partnership grants and projects (£0.045m).

1.77 Like the winter maintenance vehicles, the JCB's used in the waste transfer stations are also currently supplied under a lease arrangement. As these leases expire there is a proposal to move to a capital purchase to replace them. The savings generated in 2018/19 (£0.123m) and in 2019/20 (£0.041m) are reliant upon the approval of the appropriate capital programme spend which is included in these budget proposals.

1.78 Within this strategy there are also cost pressures of £0.270m in 2018/19 and £0.272m in 2019/20. These pressures relate wholly to waste disposal costs in the increase in volumes of waste being collected for disposal and the inflationary increases of the waste management contract.

1.79 **Sustaining and Growing Business and the Economy** there are no savings or cost pressures for 2018/19 and 2019/20.

Finance and Public Protection

1.80 Finance and Public Protection commissioning strategies include: Protecting the Public, How We Do Our Business and Enablers and Support to Council's Outcomes.

1.81 **Protecting the Public** strategy is proposing to make savings of £0.114m in 2018/19 and £0.100m in 2019/20. In 2018/19 this saving is proposed from the Fire and Rescue Service, by withdrawing funding for the Group Manager post supporting the Blue Light project, and reducing the use of 'bank' operational staff to support Retained Duty System availability. In 2019/20 the saving is to recognise the new model of delivery for the Coroners Service (£0.100m)

1.82 Within this strategy there are also proposed cost pressures of £0.085m in 2018/19 within the Fire and Rescue Service relating to increased rates costs of fire stations and in 2019/20 for Emergency Services Network costs (£0.029m). There are also cost pressures in 2019/20 within Trading Standards relating to the increased costs of product safety testing (£0.020m) and safeguarding checks required for scams on vulnerable victims (£0.040m).

1.83 **How we do our Business** 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.

1.84 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).

1.85 **Enablers and Support to Council's Outcomes** 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.

1.86 Property Strategy and Support are proposing a saving in 2018/19 of £0.482m and 2019/20 of £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.

1.87 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).

1.88 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).

1.89 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).

1.90 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).

Schools

1.91 The Schools Budget is funded via the Dedicated Schools Grant (DSG). In 2018/19, the DSG will comprise of four blocks: schools, central school services, high needs, and early years block. Each of the four blocks of the DSG will be determined by a separate national funding formula.

1.92 Lincolnshire's DSG indicative allocation for 2018/19 is £531.293m, and will be used to support all schools in Lincolnshire including local authority schools and academies. Over half of Lincolnshire pupils attend academy schools; therefore the

DSG figure for the Schools block will be revised down for the academy schools budget share allocations. The DSG is a ring-fenced grant and the actual split between academies and local authority schools has no financial risk to the Council from the DSG schools delegated budget perspective.

1.93 The government is to implement a national funding formula in 2018/19 to ensure a fairer settlement for each school. The government however plan to transition to the national funding formula through a 'soft' approach in 2018/19 and 2019/20, whereby Local Authorities will continue to be responsible for calculating schools' funding allocations.

1.94 For 2018/19, the Schools block that is used for the purposes of funding all mainstream schools budget shares will be determined by aggregating the schools' notional allocations under the national funding formula determined by the government. Through the introduction of the national funding formula the government has provided additional investment in 2018/19 and 2019/20. This will ensure all schools notional allocations will receive at least 0.5% per pupil increase in 2018/19 and at least 1% per pupil by 2019/20 in respect of all schools compared to their 2017/18 baselines, and gains of up to 3% per-pupil in 2018/19, and then up to a further 3% in 2019/20 depending on each schools' circumstance.

1.95 Local Authorities are encouraged to move towards the national funding formula so that schools' allocations are on a sensible trajectory towards the move to a 'hard' national funding formula from 2020/21. Lincolnshire schools overall are gaining through the introduction of the national funding formula compared to the government's historic funding that was used for the current local funding formula. A consultation exercise has taken place with schools on the proposed 2018/19 funding formula (ending 22 November 2017), and this will be considered by committee and Schools Forum before approval by the Executive Councillor in early January 2018.

1.96 The government is also moving to a basis for distributing funding to Local Authorities for children and young people with high needs, taking into account an up-to-date assessment of the level of need in each area as opposed to funding on the basis of historic spending. Local Authorities will be protected under the formula by seeing a minimum increase of 0.5% per head in 2018/19 and 1% per head in 2019/20, on their planned high needs spending levels from their 2017/18 DSG.

1.97 Lincolnshire's pupil premium indicative allocation for 2018/19 is £29.368m. Pupil premium funding nationally is at £2.399 billion, and will grow for increases in pupils meeting the eligibility criteria. Similarly to the DSG, the pupil premium allocation for Lincolnshire covers both the allocations for Local Authority schools and academy schools. The Education and Skills Funding Agency will continue to allocate pupil premium for academy schools, so the grant will be reduced accordingly. However, this has no financial risk to the Council. Publication of 2018/19 allocations will be released in year.

Other Budgets

1.98 Other Budgets includes: Capital Financing Charges, Other Budgets and Contingency budgets.

1.99 **Capital financing charges**, within other budgets have been set at a level to reflect the revenue implications of the revised capital programme set out below (paragraphs 1.106 to 1.110). The revenue implications of the capital programme are estimated to cost the Council £41.626m in 2018/19 and £47.967m in 2019/20. The overall affordability of the capital programme has been reviewed to ensure the impact on the revenue budget remain affordable. The Council is also budgeting for £1.000m of receipts from investment of cash balances in 2018/19 and £1.500m in 2019/20.

1.100 The Council also proposes the following savings from **other budgets**:

- A reduction of £8.240m to £0.500m per annum is proposed in relation to National Living Wage. This is following allocation of budgets to the various strategies to meet the Council's obligation to pay staff and some contractors the central government set national living wage;
- A reduction of £0.500m to the Council's redundancy budget to £1.500m for both financial years. This budget funds any redundancies arising from the Council reshaping services;
- The creation of a £0.400m income budget in both 2018/19 and 2019/20 to reflect the Council's estimated dividend from its investment in ESPO; and
- A reduction of £2.054m in 2018/19 on employers pensions secondary payment to pension fund to £5.503m to reflect the advice from the actuary, Hymans Robertson, upon receipt of additional schools pensionable payroll information. This budget will then see an increase of £1.007m in 2019/20 to take the budget for that year to £6.510m.

1.101 The following cost pressures are proposed within **other budgets**:

- Creation of £1.200m budget in 2018/19 and a further £0.600m in 2019/20 to cover further pay inflationary increases which may arise in the event that the central government remove pay cap; and
- Two small increases to the Apprentice Levy Budget (£0.006m in both financial years) and to the Eastern Inshore Fisheries and Conservation Association (EIFCA) precept budget (£0.002m in 2018/19 and £0.059m in 2019/20).

1.102 The Council's **contingency budget** for 2018/19 and 2019/20 will remain at £3.000m. This budget is available to fund any pressures which arise during the financial year.

1.103 The Autumn Statement 2016 and the Provisional Local Government Settlement of that year provided local authorities with some flexibilities around the use of capital receipts in 2016/17 and for the following two financial years. Under previous regulations these were required to be utilised to fund capital expenditure, or pay down debt. Under these new flexibilities the Council will be able to use capital receipts to fund the cost of transformation of which the key criteria is the expenditure will generate ongoing revenue savings to the authority.

1.104 It is currently proposed that an amount of £8.000m will be used from income generated from capital receipts to fund these types of schemes in 2018/19. Details of the schemes to be funded and the Council's updated Efficiency Plan will be presented to Executive at its meeting on 6 February 2018.

Reserves

1.105 The Council's current financial strategy is to maintain general reserves within a range of 2.5% to 3.5% of the Council's total budget, at 31 March 2017 the balance stood at £15.300m. General reserves, at 31 March 2018, are estimated to be £14.800m which is 3.5%. To maintain the Council's general fund balance at 3.5% at 31 March 2019 requires a balance of £14.850m. In 2018/19, this will require an additional £0.050m to be added into the general fund to maintain this level. To continue to maintain the general fund balance at 3.5% at 31 March 2020 a balance of £15.050m is needed, which will require a transfer of £0.200m into the general fund in 2019/20.

Capital Programme

1.106 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.

1.107 The overall capital programme and its funding are shown in **TABLE 4** over page.

TABLE 4: Summary Capital Programme 2017/18 plus future year's commitments.

	2017/18 £m	2018/19 £m	2019/20 £m	Future Years £m
Gross Capital Programme	141.871	158.688	106.313	57.646
Less: Grants and Contributions	-96.576	-74.012	-29.038	-29.038
Net Programme Funded by LCC	45.295	84.676	77.275	28.608
Funded By:				
Revenue Funding	0.850	0.600	0.600	0.000
Borrowing	36.548	84.076	76.675	28.608
Use of Capital Grants Unapplied	5.456	0.000	0.000	0.000
Use of Revenue Grant Reserves	1.655	0.000	0.000	0.000
Use of Other Earmarked Reserves	0.786	0.000	0.000	0.000
Total Funding by LCC	45.295	84.676	77.275	28.608

1.108 The following additions have been made to the net capital programme in 2018/19 and 2019/20 as part of the budget setting process:

- Developments Capital Contingency budgets of £7.500m for both years, to fund any emerging schemes identified in these financial years;
- The maintenance of existing property assets and essential property works linked to Asbestos, work place regulations and disabled access: £3.200m in both years;
- The ICT infrastructure and IT refresh programme: £0.600m in both years;
- A new rolling programme to replace the gritters fleet following decision to purchase these vehicles: £0.420m in 2018/19 and £5.088m spread over 8 years from 2020/21; and
- A new rolling programme for the replacement of equipment and vehicles which operate at the Waste Transfer Station: £0.441m in 2018/19, £0.138m in 2019/20 and £0.957m spread over 6 years from 2020/21.

1.109 The Council receives government grant funding to support large parts of the capital programme, including schools and roads maintenance. The following grants have been announced and incorporated into the capital programme for 2018/19, 2019/20 and future years:

- An indicative award of £24.995m per annum for three years, 2018/19 to 2020/21, Highways Asset Protection Maintenance Block;
- An indicative three year award for Integrated Transport Grant of £3.312m per annum from 2018/19 to 2020/21;

- An award of £2.000m in 2018/19 from the National Productivity Investment Fund. This is for the A46 Lincoln Road, Welton, Lincoln scheme, which will convert the priority "T" junction to a roundabout to cater for extra traffic from proposed local housing developments; and
- The second year award for Provision of Schools Place Basic Need Grant £11.026m in 2018/19. This will allow the Council to plan strategically for the places needed in schools;
- A new three year award of Special Provision Fund allocations £0.771m per annum from 2018/19 to 2020/21, total of £2.314m. This will allow the Council to make capital investments in provision for pupils with special education needs and disabilities. This can be invested in new places and improvements to facilities for pupils with education, health and care (EHC) plans in mainstream and special schools, nurseries, colleges and other provision.

1.110 The Council funds the net capital programme primarily from borrowing £84.076m in 2018/19, £76.675m in 2019/20, and revenue contribution of £0.600m for both years.

2. Legal Issues:

Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic
- * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it
- * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding

Compliance with the duties in section 149 may involve treating some persons more favourably than others

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process

These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated. It is clear that the current and future financial challenges facing local authorities and the need for budget savings will result in changes to service provision and to some reduction in Council services. These will apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

In order to meet its obligations equality impact analyses will be carried out in relation to any proposed changes to services on an individual basis. The specific impacts on people with a protected characteristic will be investigated and the potential mitigation if any will be made clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be, regularly reported to the Executive as part of the decision making processes.

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the public sector equality duty.

As part of its decision-making the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision such as making reductions in other areas which do not have the same impacts, including particularly equality impacts. The result could be to require additional resources to be used in certain areas than has been budgeted for. In this event the usual budget management processes such as virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including full Council where necessary. In particular a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is estimated to be £31.083m after use to balance the 2018/19 budget and £14.641m after use to balance the 2019/20 budget) and the annual Contingency

budget of £3.000m for 2018/19 and 2019/20, for when additional funding cannot be found by way of virement from other service areas.

A full Equality Impact Analysis will be developed in respect of the final budget proposal in the light of feedback received during the consultation process.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the Joint Strategic Needs Assessment and Joint Health and Well-being Strategy.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the duty under section 17 of the Crime and Disorder Act 1988.

3. Conclusion

2.1 These budget proposals reflect the level of government funding available to the Council and the proposal to increase general Council Tax in 2018/19 by 1.95% and in 2019/20 by 1.95%. Adult Care Premium is proposed to increase by 2.00% in 2018/19 and 2.00% in 2019/20. 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.

4. Legal Comments:

The Executive is responsible for publishing initial budget proposals for the budget for the purposes of consultation before determining the budget it will recommend to the full Council.

The matters to which the Executive must have regard in reaching its decision are set out in the body of the report.

The recommendations are within the remit of the Executive and are lawful. The Executive has the power to accept the recommendation 1 or to agree one of the alternative approaches referred to in the report. Subject to the limits on Council Tax increases referred to in the report.

The proposed delegation in recommendation 2 is lawful.

5. Resource Comments:

These budget proposals incorporate the level of funding available to the Council from Central Government plus an increase in council tax of 3.95% (1.95% general council tax plus a further 2.00% for the adult social care 'precept'). The Council's Financial Strategy for 2018/19 includes one off use of reserves of £30.875m, plus a £0.050m addition to the General Fund balance, to produce a balanced budget and £46.456m in 2019/20, plus a £0.200m addition to the General Fund balance, to produce a balanced budget.

To achieve a sustainable budget from 2020/21 a further review of budgets will be required.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

Overview and Scrutiny Management Board

The Overview and Scrutiny Management Board considered the Council's Financial Risk Assessment for the year 2018/19 at its meeting on 26 October. The Overview and Scrutiny Management Board supported the Council's Financial Risk Register. This followed assurances provided at the meeting that the residual risk ratings for Item 1 (Pay) and Item 6 (Estimated Savings) were adequate.

Councillor Budget Briefings

At the beginning of December two budget briefings were held for all Councillors to attend. Comments from these meetings will be tabled at the Executive meeting (Appendix B).

Further Scrutiny and Consultation

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

The Council's scrutiny committees will have the opportunity to scrutinise proposals in detail during January.

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

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

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

Yes

e) Risks and Impact Analysis

An Equality Impact Analysis will be complete for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 6 February 2018.

Further Equality Impact Analysis will need to be undertaken on a service by service basis.

7. Appendices

These are listed below and attached at the back of the report	
Appendix 1	Commissioning Strategies Glossary
Appendix 2	Councillor Comments from the Budget Briefings held on 4 and 6 December 2017 - to follow

8. Background Papers

Document title	Where the document can be viewed
Provisional Local Government Finance Settlement announcements	Executive Director of Resources and Public Protection
Council Budget 2017/18	Executive Director of Resources and Public Protection

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