

Open Report on behalf of Andy Gutherson, Acting Executive Director for Place

Report to:	Environment and Economic Scrutiny Committee
Date:	15 January 2019
Subject:	Council Budget 2019/20

Summary:

The report describes the budget proposals for the next financial year 2019/20, based on the four year funding deal announced by Government as part of the 2016/17 Local Government Finance Settlement. This report specifically looks at the budget implications for the Environment & Economic activities within the following commissioning strategies:-

- a) Protecting & Sustaining the Environment
- b) Sustaining and Growing Business and the Economy and
- c) Sustaining & Developing Prosperity Through Infrastructure (Economic Infrastructure and Regeneration).

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 5 February 2019 when it will make its final budget proposals for 2019/20.

Actions Required:

The Environment & Economy 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 5 February 2019.

1. Background

1.1 The Executive are currently consulting on a single year financial plan for revenue and capital budgets to take the Council to the end of the four year funding deal from government. 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, to develop sustainable long term financial plans into the next decade. Work on this has started and will

continue next year as information starts to emerge about the future funding framework.

1.2 The budget process carried out a year ago considered budgets for both 2018/19 and 2019/20. This year, the 2019/20 budgets have been reviewed in light of the latest available information to arrive at the proposals set out in this report. In developing its 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.

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. In the provisional Local Government Finance Settlement, the Secretary of State announced that the referendum threshold for general council tax would be 3.00% for 2019/20. Together with a 2% council tax increase for Adult Social Care allowed for a final year in 2019/20, this means that Lincolnshire County Council may increase council tax in 2019/20 by up to 5%.

1.5 At its meeting on 18 December 2018 the Executive agreed proposals for the Council's revenue and capital budgets to be put forward as a basis for consultation and made the decision to consult on a proposed council tax increase of 4.95% for 2019/20.

Protecting & Sustaining the Environment

1.6 Table A shows the total proposed revenue budget for the commissioning strategy 'Protecting & Sustaining the Environment'.

TABLE A

PROTECTING AND SUSTAINING THE ENVIRONMENT	Original budget	Pay Inflation	Cost Pressures	Savings	Other Changes	Proposed Budget 2019/20	% Change
	£000	£000	£000	£000	£000	£000	
1 Reducing Carbon Emissions	185	5	0	0	0	190	2.49%
2 Flood Risk Management	1,350	5	7	0	-35	1,326	-1.78%
3 Protecting & Enhancing the Natural & Built Environment	99	5	0	0	0	103	4.80%
4 Waste Management	22,292	24	272	-41	35	22,582	1.30%
5 Sustainable Planning	954	25	0	0	0	979	2.63%
Total	24,879	63	279	-41	0	25,180	1.2%

1.7 The budget proposals for this strategy have allowed for a pay inflation increase of 2% for 2019/20.

1.8 The Lead Local Flood Authority grant has been confirmed at £0.125m for 2019/20 (an increase of £0.007m from 2018/19)

1.9 The JCB's used in the waste transfer stations have been supplied under a lease arrangement. As these leases expire there is a proposal to move to a capital purchase to replace them. This has generated savings in 2018/19 (£0.123m), and further savings will be generated 2019/20 (£0.041m).

1.10 Within this strategy there are cost pressures of £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.

Sustaining & Growing Business & the Economy

1.11 Table B shows the total proposed revenue budget for the commissioning strategy 'Sustaining & Growing Business & the Economy' and for Economic infrastructure and regeneration.

TABLE B

SUSTAINING AND GROWING BUSINESS AND THE ECONOMY	Original budget	Pay Inflation	Cost Pressures	Savings	Other Changes	Proposed Budget 2019/20	% Change
	£000	£000	£000	£000	£000	£000	
1 Improving Skills and Employability	113	8	0	0	-3	118	4.39%
2 Encourage Enterprise Through Support to Business & Our Growth Sectors	467	8	0	0	-182	292	-37.42%
3 Attracting & Expanding Business Investment	80	4	0	0	196	280	247.92%
4 Lobbying & Attracting Funding for Lincolnshire	506	13	0	0	-10	509	0.69%
Total	1,166	33	0	0	0	1,199	2.8%
SUSTAINING & DEVELOPING PROSPERITY THROUGH INFRASTRUCTURE	Original budget	Pay Inflation	Cost Pressures	Savings	Other Changes	Proposed Budget 2019/20	% Change
5 Economic infrastructure and regeneration	298	6	0	0	4	308	3.41%

1.12 The budget proposals for this strategy have allowed for a pay inflation increase of 2% for 2019/20.

1.13 There are no service specific savings or cost pressures for 2019/20 for this strategy.

County Council Capital Programme

1.14 The proposed capital programme covers the remainder of the current year and 2019/20, as well as 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, gritters fleet and vehicles at the Waste

Transfer Stations; improvements and review of property portfolio; information technology (IT) developments and rephrasing of existing schemes.

1.15 The gross programme is set at £381.315m from 2019/20 onwards, with grants and contributions of £110.308m giving a net programme of £271.007m to be funded by the County Council.

1.16 Table C shows the proposed net capital programme for these commissioning strategies.

TABLE C

Capital Programme	Net Programme 2018/19 £000's	Net Programme 2019/20 £000's	Total Net Programme Including Future Years £000's
Protecting & Sustaining the Environment	3,680	1,128	18,905
Sustaining and Growing Business and the Economy	1,855	2,000	3,855

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

- Support to the programme of local flood improvement schemes in relation to the Council's responsibility as Lead Local Flood Authority to undertake improvement measures - £0.650m in 2019/20 and £1.950m in future years.
- Budget for the development of Business Units to safeguard employment - £2.000m in 2019/20. Independent research shows that there is demand for these centres, and income would be received from renting the facilities to tenants.

Further consultation

1.18 A consultation meeting with local business representatives, trade unions and other partners will take place on 25 January 2019.

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

1.20 All consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 5 February 2019.

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 2019/20 by 2.95%. The Adult Social Care "Precept" is proposed to increase by 2.00% in 2019/20 and this will give a total council tax increase of 4.95%.

2.2 A thorough review of Council's services was carried out during last year's budget process, which covered both the 2018/19 and 2019/20 financial years. This year further unavoidable cost pressures as well as some savings have been identified, and the capital programme has been reviewed – the 2019/20 budget has therefore been refined this year. 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 5 February 2019.

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 2019/20 - Executive Report 18 December 2018	Democratic Services, County Offices , Newland, Lincoln

This report was written by Michelle Grady, who can be contacted on 01522 553235 or Michelle.Grady@Lincolnshire.gov.uk

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