

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

Report to:	<b>Executive</b>
Date:	<b>18 December 2018</b>
Subject:	<b>Council Budget 2019/20</b>
Decision Reference:	<b>IO16571</b>
Key decision?	<b>Yes</b>

**Summary:**

This report outlines the Council's 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. Details of the Provisional Local Government Finance Settlement for 2019/20 have not yet been issued at the time of writing this report but it is expected that the settlement will be in line with the previously announced funding for this Council.

The Executive is asked to make proposals for the Council's budget for 2019/20 and to refer these proposals for internal and external consultation.

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

In the current year, 2018/19, the Council is in a Business Rates Pilot arrangement and has made an application to be in a further Pilot in 2019/20. It is anticipated that successful Pilot applications will be confirmed at the same time as the Provisional Local Government Finance Settlement. This report does not assume that the 2019/20 bid will be successful. The Executive is asked to delegate authority to the Leader to either confirm Pilot status if the application is successful or, if unsuccessful, confirm that the Council will revert to a pooling arrangement with the seven Lincolnshire District Councils in line with the Business Rates pooling arrangement in place prior to 2018/19.

**Recommendation(s):**

That the Executive:

1. agrees the budget proposals described in this report as its preferred option for the purposes of further consultation; and
2. delegates authority to the Leader to confirm either participation in a Business Rates Pilot in 2019/20 or participation in a Business Rates Pool in 2019/20

depending upon the outcome of the Council's application for Pilot status.

**Alternatives Considered:**

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|----|--|
| 1. | The proposals for the revenue budget, capital programme 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 takes account of the reducing government grant income to the Council, allows for an increase in council tax of 3.95% (1.95% general council tax plus a further 2% for the adult social care "precept"), and acknowledges that earmarked reserves will be used to balance the budget in 2019/20 in line with the Council's medium term financial plan.

Prior to 2018/19 the Council participated in a Business Rates Pool with up to seven Lincolnshire District Councils, which generated additional income for the Council. In 2018/19 the Council has participated in a Pilot scheme to retain additional Business Rates income, following a successful application. It is hoped that the Council can continue to be in a Pilot scheme in 2019/20, but if the application is not successful then it is proposed that the Council and the seven District Councils will revert to a Pooling scheme.

**1. Background**

1.1 This report sets out a financial plan for revenue and capital budgets in 2019/20 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 that the Council has not considered 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 the light of 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 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. The technical consultation on the Local Government Finance Settlement proposed that for 2019/20 this threshold might be set at a 3.00% 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') was proposed by the Council for 2019/20 last year, and this remains the basis for the budget set out in this report. The referendum threshold will be confirmed in the Provisional Local Government Finance Settlement.

### **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 then 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 business rate income, albeit that it is now proposed that only 75% of business rates will be retained by local authorities from 2020 rather than the previously announced 100% retention.

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 2017 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.

1.9 The Ministry of Housing, Communities and Local Government has been working with local government representatives on both business rates localisation and the fair funding review and it is anticipated that consultations on each of these significant funding reforms will be issued at the same time as the Provisional Local Government Finance Settlement. In addition, central government will be conducting a Spending Review in 2019 to determine the quantum amounts to be allocated to each government spending department. It is not yet known what period of time the Spending Review outcomes will cover but this will certainly influence the overall total amount to be allocated to local government.

1.10 The Better Care Fund, which significantly supports Adult Services spending, will end on 31 March 2020 and there is uncertainty around how Adult Social Care will be funded in the future. A green paper is expected to address this issue early in 2019.

### **Provisional Local Government Settlement and Multi Year Settlement Funding**

1.11 The Provisional Local Government Financial Settlement for 2019/20 had not been received from central government at the time of writing this report, but is expected to allocate funding largely in line with the anticipated funding for 2019/20 as set out in the four year funding deal covering the years 2016/17 to 2019/20.

1.12 The table below sets out government grants received in each of the years from 2016/17 to 2018/19 as well as the government grants expected for 2019/20 as per the four year funding deal (**TABLE 1**). The figures for 2018/19 show what the Council's funding would have been as per the four year deal, rather than what it actually was as a result of being in the Business Rates Pilot Scheme, to enable a like for like comparison to be made. The level of funding for 2019/20 has been built into the Council's budget proposals set out below and assumes that the Council's application for Business Rates Pilot status in 2019/20 is not successful.

**TABLE 1: Multi Year Settlement Funding Levels**

<b>Funding Summary</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
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	6.935	5.565
<b>TOTAL</b>	<b>77.254</b>	<b>53.866</b>	<b>40.899</b>	<b>25.704</b>

1.13 When comparing the level of Revenue Support Grant (RSG) received for 2016/17 and expected for 2019/20, the Council has seen a reduction of £50.212m or 71.37% over the four year period.

1.14 Rural Services Delivery Grant of £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**

1.14 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 £2.104m is estimated for 2019/20 (actual £2.342m in 2018/19).
- Lead Local Flood authority grant has been confirmed as £0.125m in 2019/20.
- Special Education Needs and Disability (SEND) grant will cease, with the final amount being £0.259m in 2018/19.
- It is assumed that the following grants will continue at the same level next year:
  - 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 £0.639m.
- Independent Living Fund grant is estimated to be £1.594m in 2019/20.

1.15 The Public Health Grant will continue as a separate ring-fenced grant for next year. It is estimated that the Public Health Grant will be £31.800m for 2019/20.

1.16 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 £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 1.47 to 1.52).

1.17 The Chancellor announced in his Budget statement in October that additional revenue grant funding for Adult Care winter pressures would be made available in 2019/20 as a one year only grant £3.368m. In addition, he announced additional one year revenue grant funding for adults and children's social care of £5.754m.

### **Council Tax**

1.18 It is proposed that Council Tax will be increased by 3.95% in 2019/20. This comprises 1.95% for general council tax plus a further 2.00% for the social care 'precept'. 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 and in

2018/19 this authority chose to increase the adult social care element by 2.00% in each year, which means that a final increase of 2% can be implemented in 2019/20. The technical consultation on the Local Government Finance Settlement for 2019/20 proposed that the referendum threshold for general council tax might be set at a 3.00% increase which would be the same as the referendum threshold set for 2018/19. If this is confirmed in the Provisional Local Government Financial Settlement for 2019/20 then the Council could choose to increase general council tax by 2.95% which would give a total council tax increase of 4.95%.

1.19 It is estimated that a council tax increase of 3.95% will generate additional income of £10.986m in 2019/20. If the Council were to raise council tax by a further 1% to a total of a 4.95% increase (this would be subject to the referendum limit which is yet to be confirmed) the additional income would be £2.783m making a total additional council tax income of £13.769m.

1.20 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 2019. In the previous financial year the growth in the Council Tax base across the whole County was 1.27%. If there is growth at a similar level in the next financial year this will generate additional income of £3.672m in 2019/20 based on a 3.95% council tax increase. There would be additional income over and above this of £0.035m if the council tax increase were to be set at 4.95%. The council tax collection fund surplus in 2018/19 was £2.641m. If it is assumed that there will be a surplus of a similar amount, the Council would receive additional income from tax base growth and a collection fund surplus of over £6.000m in 2019/20. 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 5 February 2019, together with the funding this will generate for the County Council.

1.21 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 5 February 2019.

### **Business Rates**

1.22 The multi-year settlement deal estimated the business rates receivable over the four year period to 2019/20, with estimated income from business rates expected to be £109.598m in 2019/20. This is made up of two elements, an amount actually collected by the seven District Councils 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 2019/20 this is split as: £19.824m collected locally and £89.774m top up from central government.

1.23 It is difficult to compare business rates funding from 2018/19 to 2019/20 as in 2018/19 the Council had Business Rates Pilot status, which resulted in Revenue Support Grant being incorporated into the baseline funding figure. Nevertheless the trend is that business rates income has increased over the four year term of the funding deal by at least the rate of inflation each year.

1.24 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 2018/19 this was a deficit of £0.174m for the County Council. This will be reported to the Executive at its meeting on 5 February 2019. 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.

1.25 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 reliefs 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 2018/19 was £10.178m, although this was higher than its usual level due to the Council's participation in the Business Rates Pilot). This will be built into the budget assumptions reported to the Executive at its meeting on 5 February 2019.

#### Business Rates Pilot Bids 2019/20

1.26 The County Council is currently in a one year Business Rates Pilot Scheme whereby 100% of business rates are retained. The Council has made a bid to government to continue to be in a Pilot Scheme in 2019/20, with the other Lincolnshire District Councils and North Lincolnshire Council. The 2019/20 Pilot Scheme would be on the basis of 75% retention of business rates with this Council allocated 30% and the District Councils 45%. If the bid is successful then there will be some gains accruing from the scheme, estimated at around £3.000m for the Council however it is less likely that the bid will be successful next year as there are fewer Pilot places and more authorities have applied to join the scheme. 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. If this bid is not successful it is proposed that the County Council would revert to Business Rates Pooling in 2019/20. At the time of preparing this budget paper the Council is still awaiting notification from government regarding Pilot bids.

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

<b>SUMMARY REVENUE BUDGET</b>	<b>2019/20 £m</b>
<b>EXPENDITURE:</b>	
Base Budget	<b>457.104</b>
Cost Pressures ( <i>including inflation</i> )	25.317
Savings	-18.138
Other Movements (PH Grant & BCF Grant)	-5.437
<b>Total Expenditure</b>	<b>458.846</b>
Use of Reserves	-23.292
Transfer to/from General Reserve	0.200
<b>Budget Requirement</b>	<b>435.754</b>
<b>INCOME:</b>	
Business Rates Local Retention	116.062
Revenue Support Grant	20.139
Other Grants	10.415
County Precept	289.138
<b>Total Income</b>	<b>435.754</b>

1.28 The Council proposes to allocate £2.977m of resources in 2019/20 to fund pay inflation. This provides an allowance of 2.0% for all employment groups. Details on all other cost pressures and savings included within the Council's budget for 2019/20 are set out in the Commissioning Strategy narratives below.

1.29 The Council's current budget proposals include using £23.292m from the Financial Volatility Reserve in 2019/20 to balance the budget and keep the Council's general reserves at 3.5% of the Council's total budget. This is a one off contribution to the Council's budget shortfall and is planned to smooth the effect of reductions in funding on implementing service changes and reductions.

### **Revenue Budgets**

1.30 The revenue budget for 2019/20 is shown in **TABLE 3** below together with the actual comparison for 2018/19. 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 2019/20**

Commissioning Strategy Revenue Budgets	2018/19 £m	2019/20 £m
Readiness for School	4.846	4.872
Learn & Achieve	34.075	34.285
Readiness for Adult Life	6.519	6.313
Children are Safe & Healthy	65.627	67.283
Adult Safeguarding	4.187	4.229
Adult Frailty, Long Term Conditions & Physical Disability	120.733	120.804
Carers	2.464	2.389
Adult Specialities	65.594	71.637
Wellbeing	27.174	27.279
Community Resilience & Assets	10.097	10.498
Sustaining & Developing Prosperity Through Infrastructure	43.057	40.635
Protecting & Sustaining the Environment	24.879	25.18
Sustaining & Growing Business & the Economy	1.166	1.199
Protecting the Public	22.835	23.596
How We Do Our Business	7.463	7.882
Enablers & Support to Council Outcomes	41.381	42.13
Enablers & Support to Key Relationships	0	0
Public Health Grant Income	-32.662	-31.8
Better Care Funding	-40.044	-46.343
Other Budgets	50.387	49.453
Schools Block	410.616	410.616
High Needs Block	81.133	81.133
Central School Services Block	3.929	3.929
Early Years Block	40.503	40.503
Dedicated Schools Grant	-538.857	-538.857
<b>Total Net Expenditure</b>	<b>457.102</b>	<b>458.845</b>
Transfer to/from Earmarked Reserves	-5.076	-23.292
Transfer to/from General Reserves	-0.8	0.2
<b>Budget Requirement</b>	<b>451.226</b>	<b>435.754</b>

### 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 no savings or cost pressures for 2019/20.

1.33 **Learn and Achieve** strategy is proposing to make a saving of £0.259m in 2019/20. Within this strategy there is also a proposed cost pressure of £0.306m in 2019/20.

1.34 The proposed savings reduction of £0.259m relates to the removal of the funding from the government for the Special Education Needs & Disability (SEND) Reform Grant. The grant funding was to recognise the programmes of change 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 38% (or 1,260) increase in young people with an Education Health Care plan compared to the year before implementation (2013/14). Local Authorities continue to make representation at a national level of the increasing demands on the administration, assessment, co-ordination and monitoring of SEND services.

1.35 Within this strategy there are also a proposed cost pressures for Home to School / College Transport of £0.306m in 2019/20. The government's desire to deliver living wage rises to £9 per hour by 2020 has increased the hourly rate from £7.83 to £8.21 from April 2019. A large proportion of the individuals delivering transport services are paid on the national living wage causing this proposed cost pressure.

1.36 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 passenger access and ERO6 emissions standards by 2020), the impact of school reorganisations, growth in special school numbers, added with the challenges of Lincolnshire being a rural county. The budget therefore remains a financial risk to the Council, although the service is taking every step to achieve efficiencies to manage such pressures where possible.

1.37 **Readiness for Adult Life** strategy is proposing to make a saving of £0.300m in 2019/20. There is no cost pressure proposed for 2019/20.

1.38 The proposed saving of £0.300m relates to the Local Authority's legal duty (defined under Section 17 of the Children Act 1989) to safeguard and promote the welfare of all young people by providing supported accommodation for those young people of 16 and 17 years at risk of homelessness (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 all looked after children and care leavers up to the age of 21 years.

1.39 Transformational work has resulted in a new accommodation pathway for young people who require support or who are experiencing homelessness (and where family and wider network is not a suitable option) by providing suitable and more cost effective accommodation. A pilot involving in-house provision as a pathway into other accommodation is delivering value for money and improved individual outcomes, which the service are planning to roll this out further across the Council, as properties become available.

1.40 **Children are Safe and Healthy** strategy is proposing to make a saving of £0.250m in 2019/20. Within this strategy there are also proposed cost pressures of £1.194m in 2019/20.

1.41 The proposed saving relates to Children's Services insourcing of the 0-19 health services in October 2017. This decision has allowed a more effective and integrated support for families as part of the overall delivery of Children's Services with teams working closely together to give quick, effective and joint support where it is needed. Savings have been delivered by having a lower cost base infrastructure and through utilisation of existing Children's Services sites, and a realisation of new ways of delivery.

1.42 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 supporting looked after children and Special Guardianships Orders.

1.43 The national increase in looked after children is currently considered by the sector to be at 5% due to a number of reasons: 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. The cost pressure in Lincolnshire relates more to the increasing complexity, costs rises and demand-led nature of providing specialist services for looked after children. This cost pressure of £0.948m will support the costs in fostering, kinship care, and residential home arrangements.

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 has identified a proposed budget pressure of £0.246m in 2019/20.

### **Adult Care and Community Wellbeing**

1.45 There are 5 Commissioning Strategies led by Adult Care and Community Wellbeing, these are: Adult Frailty and Long Term Conditions, Specialist Adult Services, Carers, Safeguarding Adults and Wellbeing.

1.46 The Adult Care budget is set in the context of an ongoing savings requirement, increasing demographic and, cost pressures related to service provider fee increases in order to accommodate the additional cost of employment as a result of the National Living Wage.

1.47 The budget also includes funding for schemes that form a part of the Lincolnshire Better Care Fund (BCF). The current plan which ends in March 2019 totals £232.123m of which £56.165m was the national allocation, this includes Disabled Facilities Grant payments to Districts.

1.48 Lincolnshire's fund is one of the largest in the country and includes pooled budgets for Learning Disabilities, CAMHS and Community Equipment plus 'aligned' Mental Health funds from the County Council and the four CCGs.

1.49 In addition to the continuation of existing pooled funds, there are a number of additional funding streams. These increases result from:

- BCF funding via Lincolnshire Clinical Commissioning Groups (CCG's) for the Protection of Adult Care Services.
- Improved BCF funding that was announced in the Chancellor's November 2015 budget. Lincolnshire received £14.249m in 18/19 and will receive £25.771m in 19/20.
- Supplementary iBCF funding that was announced in the Chancellor's March 2017 budget. Lincolnshire received £9.607m in 18/19 and will receive £4.111m in 19/20.

1.50 Agreement for the 2019/20 Lincolnshire BCF plan is subject to the conditions yet to be set out by the Department of Health and Social Care, including the value of the national allocation, however indications suggests the 2019/20 plan will be an extension of the existing arrangements with an opportunity to review schemes.

1.51 The 2019/20 iBCF allocation will also include an additional £3.368m for winter pressures which was announced by the Chancellor in the October Budget Statement.

1.52 The total value of the 2019/20 Lincolnshire BCF is expected to be £242.285m (including winter pressures), on the basis that the national allocation is estimated to total £57.561m, as such these values are subject to change.

1.53 **The Adult Safeguarding** strategy is proposing to make savings of £1.000m related to Deprivation of Liberty Safeguards (DoLs). Within this strategy there are also proposed cost pressures of £1.006m in 2019/20 the majority also linked to DoLs.

1.54 The recent increase in investment within this strategy is as a direct result of the Cheshire West ruling in March 2014 with regards to DoLs. The assumption has always been that secondary legislation that is currently going through parliament will be passed at the end of this financial year and will mitigate the increase in demand brought about by the ruling. However current indications suggest that the new legislation will not have the desired impact on current levels of activity until much later and as such funding is still required.

1.55 **The Adult Frailty and Long Term Conditions** strategy is proposing to make savings of £6.015m in 2019/20.

1.56 Of the total savings identified in 19/20 £4.635m reflect the removal of non-recurrent schemes funded via the BCF in 2018/19. The remaining £1.380m is a result of increased income derived from increases in service user contributions.

1.57 Pressures funded in 19/20 (£5.768m) 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.

1.58 **The Carers** strategy is proposing to make savings £0.075m in 2019/20. Within this strategy there are no proposed cost pressures 2019/20.

Savings occur as a result of the withdrawal of non-recurrent BCF funds.

1.59 **Adult Specialities** strategy is proposing to make savings of £2.891m in 2019/20. Within this strategy there are also proposed cost pressures of £8.833m in 2019/20.

1.60 Of the total savings identified in 2019/20 £0.669m is a result of increases in service user contributions and £2.222m due the removal of one off BCF funds.

1.61 Pressures funded in 2019/20 relate to increased demographic growth and additional pressure on provider unit costs brought about by an increase in the National Living Wage for residential and community based services for those with a learning disability (£6.471m). £1.000m replaces the additional cost of increases to "Sleep-in" and "Waking Night" costs that have increased as a result of a HRMC ruling; these were previously funded via the BCF. £0.600m is to fund the additional cost borne by Lincolnshire Partnership Healthcare Trust for the delivery of community mental health services on behalf of the Council.

1.62 **The Wellbeing** strategy is proposing to make savings of £0.181m in 2019/20, with a cost pressure of £0.242m

1.63 Savings identified in 2019/20 are based on assumed savings following a proposed redesign and procurement of Housing related support services, with the cost pressures relating to a gap in the budget for the delivery of community equipment services against the contract value.

## **Environment and Economy**

1.64 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.

1.65 **Community Resilience and Assets** within this strategy there are proposed cost pressures of £0.371m in 2019/20. These relate committed inflationary increases in the Library service contract (£0.042m); support to Lincolnshire Association of Local Councils (LALC) (£0.005m); and a new cost pressure to replace temporary funding for a Prevent Officer to meet the responsibility of the Council under the Counter Terrorism and Security Act 2015 (£0.046m).

1.66 The budget to support the Citizens Advice Bureaux (CAB) in Lincolnshire was removed in February 2017 by the Council, and the service has received support by use of reserves during the last two years. The proposal is to re-instate a budget to support the core services of CAB (£0.278m).

**1.67 Sustaining and Developing Prosperity Through Infrastructure** - within this strategy there are proposed savings of £4.319m and cost pressures of £1.562m in 2019/20.

1.68 Due to the Department for Transport re-designation of Lincoln as a 'PTE like' area, there was an expected increase in the cost of concessionary fares of £0.145m. £0.100m was added to the base budget for this during 2018/19, with the remaining £0.045m proposed in 2019/20 to give a full year effect.

1.69 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 £0.267m in 2019/20 to meet the Council's obligation to pay staff and some contractors the central government set national living wage.

1.70 The Heritage service is moving towards a self-financing model of delivery so savings of £1.019m have been proposed to move the service to a zero budget in 2019/20. To the extent that the full level of proposed savings cannot be achieved in 2019/20 for any reason, the service has earmarked reserves to the value of £0.880m which can be drawn down to support this transition.

1.71 The Highways Asset protection budget has a number of cost pressures proposed, which reflect the impact on Lincolnshire Highways of previous service reductions. These changes include; returning to two full cycles for weed spraying (£0.150m); reinstating the grass cutting 3<sup>rd</sup> flail and amenity cuts (£0.300m) and returning to a full cycle of gulley cleansing (£0.370m). There is also a need to have available additional Mobile Maintenance Teams (MMT's) to manage the peak in demand for pot hole repairs over the autumn and winter period (£0.220m). The current arrangement the Council has for the Highways Asset Management 'CONFIRM' software is coming to an end. New licence costs and a move to an on-demand system has created a cost pressure of £0.210m.

1.72 The saving in this budget reflects the removal of the additional 'one-off' budget provided to Highways Asset Maintenance in 2018/19 (£3.300m).

**1.73 Protecting and Sustaining the Environment** within this strategy there are proposed savings of £0.041m and cost pressures of £0.272m 2019/20.

1.74 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).

1.75 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.

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

### **Finance and Public Protection**

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

1.78 **Protecting the Public** strategy is proposing to make savings £0.100m in 2019/20 and has proposed cost pressures of £0.449m.

1.79 The Fire & Rescue Service have total cost pressures of £0.331m. These pressures relate to increased rates costs of fire stations (£0.023m); Emergency Services Network costs (Airwave replacement) (£0.029m); increased software costs for recording operational training records (£0.022m) and operational mobilising technology enhancement (move to Vision 4) (£0.057m) . Changes in legislation have increased the number of Retained Duty System (RDS) Firefighters opting into the pension scheme, creating a cost pressure for the service (£0.120m). In order to meet the services risk based inspection programme for fire prevention a capacity issue has been highlighted by HMICFRS, a cost pressure of £0.080m has been identified to recruit to Fire Protection posts to meet these requirements.

1.80 There are 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).

1.81 There are also cost pressures identified within the Coroners Service (£0.058m) and savings (£0.100m) which relate to the new model of service delivery for the Coroners Service within Lincolnshire.

1.82 **How we do our Business** strategy is proposing cost pressures of £0.279m for 2019/20.

1.83 Whilst the notice to withdraw remains, it is proposed to reinstate the budget for the Local Government Association (LGA) subscription (£0.067m).

1.84 The Finance and Audit teams have recognised the need to establish training posts within the staff structure, to support the succession planning and resilience concerns that have been identified. It is proposed to start this with introducing apprenticeship posts within the Finance Team (£0.080m) and the Audit, Insurance & Risk Teams (£0.105m) with the aim that these training posts will become part of the core establishment in 3-4 years' time. A cost pressure of £0.026m is necessary to continue to deliver the Councils Counter Fraud Partnership. This is a joint initiative with the District Councils and the PCC and is generating significant savings for the Council.

1.85 **Enablers and Support to Council's Outcomes** strategy is proposing to make savings of £0.015m in 2019/20. Within this strategy there are also proposed cost pressures of £0.293m in 2019/20.

1.86 Property Strategy & Support are proposing a saving in 2019/20 (£0.015m) to support the capital programme. The remaining saving in this area relates to the removal of a one off pressure for concluding archaeological costs of West Deeping minerals site (£0.278m).

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 £0.391m 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 (£0.181m).

### **Other Budgets**

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

1.89 **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 1.102 to 1.111). The revenue implications of the capital programme are estimated to cost the Council £41.819m in 2019/20. The overall affordability of the capital programme has been reviewed to ensure that the impact on the revenue budget remains affordable. The Council is also budgeting for £2.000m of receipts from investment of cash balances in 2019/20.

1.90 There are cost pressures within **other budgets**, as follows:

- As reported last year, as advised by the actuary, Hymans Robertson, the employers' pensions secondary payment to the pension fund will be increased by £1.007m to £6.510m in 2019/20; and
- Two small increases to the Apprentice Levy Budget £0.006m and to Eastern Inshore Fisheries and Conservation Association (EIFCA) precept budget £0.059m.

1.91 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. This flexibility has been extended up to 01 April 2020. Under previous regulations these were required to be utilised to fund capital expenditure, or repay 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.

1.92 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 2019/20. Details of the schemes to be funded and the Council's updated Efficiency Plan will be presented to Executive at its meeting on 5 February 2019.

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

## **Schools**

1.94 The Schools Budget is funded via the Dedicated Schools Grant (DSG). In 2019/20, the DSG will continue to comprise of four blocks: schools, central school services, high needs, and early years block. Each of the four blocks of the DSG is determined by a separate national funding formula.

1.95 Lincolnshire's indicative DSG allocation for 2019/20 is £551.862m, 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.

1.96 The government implemented a new national funding formula in 2018/19 to ensure a fairer settlement for each school. The Council agreed to replicate the funding formula factors and monetary values along with the government's agreed floors and ceiling approach to enable incremental steps to move to the 'hard' formula. The introduction of the new national funding formula increased overall Lincolnshire mainstream school funding levels by c.3.7% in 2018/19, and is planned to grow by a further 2.9% in 2019/20.

1.97 The Local Authority will continue to be responsible for setting the mainstream school funding formula for all Lincolnshire schools including academies in 2019/20. The Local Authority's decision agreed to the direction of travel of replicating the government's national funding formula to ensure schools' allocations are on a sensible trajectory towards the move to the 'hard' formula. The Local Authority remains committed to continue replicating the national funding formula in 2019/20 with the protection arrangements (floors and ceiling) in place subject to affordability of the DSG from central government.

1.98 In 2019/20, 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. The government will ensure all schools notional allocations will receive at least 0.5% per pupil increase in 2019/20 in respect of all mainstream schools compared to their 2018/19 baselines, and gains of up to 3% per-pupil in 2019/20 depending on each schools' circumstance.

1.99 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 2019/20 compared to their 2018/19 High Need block.

1.100 Lincolnshire's indicative pupil premium allocation for 2019/20 is £30.677m. Pupil premium funding nationally is at £2.423 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. The final publication of 2019/20 allocations will be released in year.

**Reserves**

1.101 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 2018 the balance stood at £15.200m. General reserves, at 31 March 2018, are expected to remain at £15.200m which is 3.49% of the budget requirement for 2019/20 as set out in this report. The Overview Scrutiny and Management Board considered a report on Financial Risk in October 2018 and recommended to the Executive Councillor with responsibility for finance that the general reserves should be maintained at £15.200m for the forthcoming financial year

**Capital Programme**

1.102 The proposed capital programme covers the remainder of the current year and 2019/20, as well as major schemes for 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 and information technology (IT) developments.

1.103 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.

1.104 The overall capital programme and its funding are shown in **TABLE 4**.

**TABLE 4: Summary Capital Programme 2018/19 plus future year's commitments.**

	2018/19 £m	2019/20 £m	Future Years £m
Gross Capital Programme	186.303	178.500	202.815
Less: Grants and Contributions	-99.044	-59.547	-50.761
<b>Net Programme Funded by LCC</b>	<b>87.259</b>	<b>118.953</b>	<b>152.054</b>
Funded By:			
Revenue Funding	4.833	0.600	0.000
Borrowing	70.080	118.353	152.054
Use of Capital Grants Unapplied	12.335	0.000	0.000

Use of Revenue Grant Reserves	0.011	0.000	0.000
<b>Total Funding by LCC</b>	<b>87.259</b>	<b>118.953</b>	<b>152.054</b>

1.105 The following additions have been made to the net capital programme as part of the budget setting process:

#### 1.106 **Environment and Economy**

- Additional budget for Grantham Southern Relief Road £20.130m in future years as a result of increased costs of construction, archaeology, and additional scheme requirements.
- Additional budget for Lincoln Eastern Bypass £11.700m in 2019/20 and £14.578m in future years. This is due to an increase in archaeology costs and the need to re-let the main contract following the demise of Carillion.
- Additional budget for Spalding West Relief Road scheme section 5 - £3.291m in future years to complete this major scheme development. Advance design work is continuing for section 1 of the Spalding West Relief Road, but any future capital support for this scheme will be reliant on an agreed level of developer contribution.
- Major scheme development of Corringham Road in partnership with West Lindsey District Council (WLDC) – budget of £1.500m in 2019/20 and receipt of £1.000m contribution during 2020/21.
- Budget of £1.100m in 2019/20 for the A46 Dunholme/ Welton Roundabout, the scheme has been partly funded by £2.000m National Productivity Improvement Fund awarded in 2018/19 and £1.839m of Integrated Transport Grant.
- Improvement of Holdingham Roundabout £0.435m in 2019/20 and £2.115m in future years.
- To support 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.
- The Executive has approved the development of a business case for a North Hykeham Relief Road to enable bids for 70% of grant funding to be made. Future budgets for this scheme will be considered based on the outcome of this bid.

## 1.107 Finance and Public Protection

- Firefighters' personal protective equipment (PPE) and breathing apparatus and maintenance of fire safety programme - £0.325m in 2019/20 and £2.953m in future years. This is to replace damaged items, to provide PPE to new recruits, a full refresh of PPE, to support fitting of smoke detectors in the private homes of vulnerable members of the community, and ensure adequate water provision for firefighting across the county.
- Replacement of fire mobilising system for fire and rescue £0.875m in 2019/20. The mobilising system provides the mechanism for the Council's Fire Control function to alert and inform fire crews of an emergency incident on station.

The system provides remote alerting to the Lincolnshire Fire and Rescue 'On Call' staff, who have an Alerter (pager). The funding includes the replacement of Alerters, which are coming to the end of their life.

- Development of Cloud Navigator and support ICT innovation £5.000m in 2019/20 and £9.000m in future years. The Cloud Navigator will enable the digital transformation of services to citizens.
- Property Improvement Programme £0.250m in 2019/20 and £0.250m in future years. This funding will enable further opportunities for property rationalisation to release inefficient office accommodation and realise associated revenue savings; to continue to maximise the use of existing office space by implementing the 'next office' concept, which supports rationalisation; and to target specific improvements to the office estate where facilities have been identified as poor, e.g. sub-standard toilet and kitchen facilities.
- Improvement to County Farms £0.259m in 2019/20 and £0.367m in future years to include works on sewage treatment, private roads and grain stores.

This funding will ensure that the 17 dwellings on the County Farms Estate affected by new regulations implemented in January 2020 will have a new sewage treatment plan which will comply with legislation (General binding rules: small sewage discharge to a surface water). Non-compliance will be enforced by the Environment Agency.

Secondly, the funding will improve the condition of the private roads on the County Farms estate by undertaking resurfacing works.

Lastly, the funding will allow investment in modern agricultural buildings suitable for modern machinery and crop storage to Farm Assurance standards. This will increase the capital value of the holdings and improve the efficiency of farming operations in order to increase the rental value. The new buildings may make existing yards surplus, thereby creating potential capital receipts.

- Schools Mobile Classroom Replacement Programme £0.300m in 2019/20 and £0.300m in future years to support the provision of schools places programme.
- Property Area Reviews £0.550m in 2019/20. This will support the relocation of staff as a result of property leases coming to an end.
- Modernisation of the County Emergency Centre £0.500m in 2019/20 to ensure the facility supports the Lincolnshire Resilience Forum (LRF) and all Emergency Planning requirements. The project will include upgraded information technology (IT) and resilience.
- To support the current priority condition works required over the next few years on Children's Homes - £0.250m in 2019/20 and £0.250m in future years. This will ensure lower disturbance and a comprehensive plan will be implemented to ensure that value for money is achieved for the works.

#### 1.108 Other Programmes

- Development Capital Contingency £37.500m in future years (i.e. £7.5m per annum) to fund emerging schemes identified at the time.

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

#### 1.109 Environment and Economy

- An indicative award of £24.995m per annum for 2019/20 and future years, for the Highways Asset Protection Maintenance Block;
- An indicative award for Integrated Transport Grant of £3.312m per annum 2019/20 and future years; and
- Successful bids from the Safer Roads Fund to improve some of the most dangerous stretches of 'A' roads were announced by Department of Transport.

Under this scheme the Council will receive £1.245m in 2019/20 for A1084 Brigg to Caistor; £0.645m in 2019/20 towards A1084 Middle Rasen to Bishops Bridge; and £2.725m in future years for A631 Louth to Middle Rasen;

#### 1.110 Children's Services

- An allocation for Provision of Schools Place Basic Need Grant is £22.971m in 2019/20, and £12.351m is planned for 2020/21. This will allow the

Council to plan strategically to fulfil its statutory duty to provide sufficient school places for the children of Lincolnshire;

- An indicative grant award for the Schools Condition Allocation is £4.511m for 2019/20. This will be updated based on the number of Local Authority maintained schools on or by 1 April 2019;
- An indicative allocation for Devolved Formula Capital is £1.136m for 2019/20. This will be updated based on the number of Local Authority maintained schools on or by 1 April 2019, and
- The award of the Special Provision Fund allocations of £0.771m per annum in both 2019/20 and 2020/21. This funding will support the implementation of the Building Communities of Specialist Provision Strategy, which is to make significant improvements to SEND provision, so pupils can access an integrated school system which meets All Needs, in the right place, at the right time as close to home as possible.

1.111 The Council funds the net capital programme primarily from borrowing £118.353m in 2019/20, £152.054m in future years, and revenue contributions of £0.006m in 2019/20.

## **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 may result in changes to service provision and to some reduction in Council services. These may 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. 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.

Consideration of the public sector equality duty and/or consultation may be necessary at the budget setting stage where a decision to reduce spending is significant, sufficiently focussed and in financial terms apparently rigid.

It is not considered that this applies to any of the proposed reductions set out in this Report.

In particular, in the event that any of the proposed reductions cannot be achieved, the usual budget management processes such as the use of earmarked reserves

or virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including full Council where necessary. Furthermore, a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is estimated to be £21.324m after use to balance the 2019/20 budget) and the annual Contingency budget of £3.000m for 2019/20, for when additional funding cannot be found by way of earmarked reserves or virement from other service areas.

A full Equality Impact Analysis will be developed in respect of the final budget proposal and in particular any Council Tax proposals 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

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

. 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**

3.1 These budget proposals reflect the level of government funding available to the Council and a proposal to increase general council tax in 2019/20 by 1.95%. The Adult Social Care "precept" is proposed to be set at 2.00% in 2019/20 and this gives a total council tax increase of 3.95%.

3.2 A thorough review of Council 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 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 2019/20 includes one off use of reserves of £23.292m to produce a balanced budget.

To achieve a sustainable budget from 2020/21 a comprehensive review of budgets will be required and the planning for this has started.

#### **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 2019/20 at its meeting on 25 October.

The Overview and Scrutiny Management Board supported the Council's Financial Risk Register and the assessment of the appropriate level of General Reserves.

#### Councillor Budget Briefings:

At the beginning of December two budget briefings were held for all Councillors to attend. Comments from these meetings are included within Appendix B.

#### Further Scrutiny and Consultation:

A consultation meeting with local business representatives, trade unions and other partners will take place on 25 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 5 February 2019.

#### **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 5 February 2019.

Further Equality Impact Analyses 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 A	Commissioning Strategies Glossary
Appendix B	Councillor Comments from the Budget Briefings held on 3 and 5 December 2018

### **8. Background Papers**

Document title	Where the document can be viewed
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Provisional Government Settlement announcements	Local Finance	Executive Director of Resources and Public Protection
Council 2019/20	Budget	Executive Director of Resources and Public Protection

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