

Council Budget 2013/14 to 2014/15

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1. BUDGET RECOMMENDATIONS

It is recommended that the Council:

1. considers the responses to consultation on the Council's budget proposals as contained in **APPENDIX C** "Budget Consultation";
2. considers the Section 151 Officer's Statement on the Robustness of the Budget and the Adequacy of Reserves as set out in **Section 9** "Section 151 Officer's Statement on the Robustness of the Budget and Adequacy of Reserves";
3. agrees:
 - 3.1 the service revenue budgets for 2013/14 to 2014/15 contained in **Table 3** "Service Budgets";
 - 3.2 the capital programme 2013/14 to 2014/15 and Future Years and its funding contained in **Section 5** "Capital Programme" and **APPENDIX J** "Capital Programme";
 - 3.3 the County Council element of the council tax for a Band D property at £1,065.69 for 2013/14 contained in **APPENDIX B** "County Precept 2013/14";
 - 3.4 and that together these form the Council's Budget.
4. agrees the prudential targets for capital finance and notes the prudential indicators contained in **APPENDIX I** "Prudential Indicators";
5. agrees that the minimum revenue provision (MRP) be based on the asset life method and made in equal instalments over the estimated life of the assets acquired through borrowing as set out in **Section 7** "Minimum Revenue Provision".

Councillor K Smith
Executive Councillor
for Finance and HR

P Moore BA, CPFA
Executive Director for Resources
and Community Safety

2. THE FINANCIAL BACKGROUND

2.1 In February 2011 the County Council approved a revenue and capital budget up to and including 2014/15 based upon the outcome of a fundamental review of services undertaken in 2010/11. This review was necessary following the Chancellors Comprehensive Spending Review 2010 when it was announced significant savings in local authority spending were required and Central Government support for the Council would fall by some 25% over the four year period 2011/12 to 2014/15.

2.2 The Council is now due to confirm the third year of this four-year savings programme (locally termed "Core Offer"). A total of £125m was needed over 2011/12 to 2014/15 to re-invest in services to meet unavoidable cost pressures and the expected reduction in Government support. The Core Offer has delivered in excess of £57.3m of savings in 2011/12 and is projected to deliver a further £50.9m in the current year. Core Offer savings of £39.8m are now due to be delivered over 2013/14 to 2014/15.

2.3 The current budget was set using the existing national formula funding mechanism for local authorities. However, this mechanism will significantly change with effect from 1 April 2013 and therefore a new financial strategy is required to adapt to these changes. All of the changes that affect Lincolnshire County Council are described in detail below, together with the strategy the Council will adopt to meet the challenges they set.

2.4 The Core Offer has, therefore, ensured the Council is well placed to withstand the immediate uncertainty surrounding local government funding in 2013/14. However, future challenges remain and additional resources or further savings will need to be identified to deliver a balanced budget in later years. It is therefore expected that the Council will have to undertake a second fundamental review of its service priorities and related spending needs prior to setting a 2015/16 budget.

Local Government Finance Settlement

2.5 The main driver for the change in the funding mechanism, is the Government's overarching priority to reduce the national structural deficit and a number of proposals outlined in the Coalition's "Programme for Government" that are in the process of being implemented which will have extensive implications for local authorities. Changes being implemented in April 2013, include the transfer of responsibility for public health from the Health Service to upper tier authorities, localisation of Council Tax Support and the proposal to allow local authorities to retain a much greater proportion of locally generated business rates (the so-called "repatriation" of national non-domestic rates, NNDR).

2.6 The provisional Local Government Finance Settlement, issued on the 19 December 2012, provided the Council with revised levels of funding for both 2013/14 and 2014/15. These figures have now been confirmed within the final Local Government Finance Settlement announced on 4 February 2013. In addition to this confirmation, a new transitional grant for rural authorities was also announced. Lincolnshire County Council will receive £0.755m from this grant. Unfortunately, notification of some strands of funding such as Education Support Grant, are still outstanding, this grant is not set to be announced until March 2013.

2.7 Central Government have also indicated they will not provide 2015/16 information until after a further spending review due to take place in the first half of the new year. Due to the financial uncertainties this brings, the Council will only set a two year budget and will revert back to its usual three year budget setting process next financial year when the 2015/16 information is known.

2.8 The main points arising from the Finance Settlement are:

- Business rates receivable will be £97.373m comprising of £18.694m actual collected rates from our seven District Councils and a top up grant of £78.679m as the total business rates collected in Lincolnshire are not sufficient to cover local authority spending in the area.
- Revenue Support Grant (RSG) allocation of £146.366m. This includes a number of grants which were previously received separately.
 - £6.293m for 2011/12 Council Tax Freeze Grant;
 - £19.587m for Early Intervention Grant. The Council has also seen a significant reduction in funding in this area from the £26.394m which was received in 2012/13. However, some of this reduction is reallocated to Dedicated School Grant (DSG) and some included in RSG;
 - £0.239m for Lead Local Flood Authority, a further £0.451m is expected to be received within the Local Services Support Grant; and
 - £6.101m for Learning Disabilities and Health Reform Grant.

The RSG also includes a new element for Council Tax Support Grant, which the Council previously received through the council tax precept from the district councils (£32.912m).

2.9 Lobbying of the Government by the Council has continued in relation to the higher cost of providing services in rural areas. The Government have taken this on-board and acknowledged that further work is required on this area of support. The Government have announced within its final settlement that transitional grant of £8.5m will be provided to help rural authorities. Lincolnshire County Council will receive £0.755m of this funding in 2013/14.

3. THE COUNCIL'S OVERALL REVENUE BUDGET

3.1 In addition to the reduction in funding levels detailed above, the Council also has to deal with a number of unavoidable cost pressures, including a general increase in population incorporating an increase in the number of older people within the county, landfill tax increase of £8 per tonne and general inflationary price increases. These additional costs have had to be taken into account, as well as the reduction in overall funding whilst setting this budget.

3.2 To address the increasing costs of landfill and to meet the EU Landfill Directive, the Council is currently constructing an Energy from Waste plant to dispose of household waste rather than sending this to landfill. The Energy from Waste Project is scheduled to be completed and become operational in 2013/14. Revenue savings are planned and are included within the Council's revenue budgets from this date.

3.3 An additional budget contribution of £4.0m will be made for Adult Social Care to address some of the cost pressures in this area.

3.4 There are also a number of changes to the Council's budgets with new services being provided by the Council:

- From April 2013, the provision of public health services will transfer from Primary Care Trusts to upper tier local authorities. The Council will receive a ring fenced grant to tackle the public health responsibilities of the Council. A balanced budget will be set in this area, with no further funding being required from existing Council budgets.
- Following the Welfare Reform Act 2012, the Council will take on the support of vulnerable people who would previously have been assessed for support from the Social Fund (Community Care Grants and Crisis Loans). The Council will be given the 'funding and flexibility to redesign the emergency provision for vulnerable groups according to local circumstances, in order to meet severe hardship in the way they think best'. The Executive has approved a policy in this regard and work is currently underway to implement this policy for 1 April 2013.

Additional Government Grant Income

3.5 The Government has also announced that it will provide grant income in addition to the settlement for:

- New Homes Bonus – £2.039m will be provided in 2013/14 relating to the increase in the number of new properties built in Lincolnshire;
- New Home Bonus Return of Top Slice – In 2013/14, a total of £500m for year three of the New Homes Bonus was top sliced from overall funding. This, when combined with the additional £250m already announced by Government, was more than the national total of 2013/14 New Homes Bonus allocations of £668m. The "spare" £82m funding has been redistributed back to authorities. Lincolnshire County Council has been allocated £0.825m;
- Efficiency Support for Services in Sparse Areas Transitional Grant (see 2.9 above) – The Council has been allocated £0.755m for 2013/14. This is one off funding for this financial year only;
- Public Health Grant – On 10 January 2013, the Department of Health announced the County Council will receive a ring fenced grant of £27.542m for 2013/14 (and £28.506m for 2014/15) for a number of Public Health services transferring to the County Council from 1 April 2013 (currently delivered by NHS Lincolnshire);
- Welfare Reform Grant – The Council has been awarded £1.801m for 2013/14; and
- Dedicated Schools Grant (DSG) – Lincolnshire has been awarded £478.138m of DSG, which is for all schools in Lincolnshire including local authority schools and Academies. Approximately half of all pupils attend academy schools. It is, therefore, expected that this figure will be revised down by half for funding to academy schools. DSG is a ringfenced grant that is passed directly through to schools. Therefore, the actual split between academies and local authority schools has no financial risk to the Council.

3.6 The Council may also receive funding from the following grants. However, the amount to be received has not yet been announced:

- Provisional 2013/14 Education Services Grant allocations for local authorities will be confirmed in March 2013 based on the number of pupils in maintained schools and academies at that time. The Department for Education has issued information on pupil numbers and per pupil funding rates that will be used to calculate this grant. Using this information, the projected income for Education Services Grant is £7.096m for the County Council. This has been reflected in the budget assumptions. It is also worth noting, that this grant will be paid on quarterly basis and each payment will be adjusted, where appropriate, to account for further academies opening during 2013/14.
- Adoption Reform Grant – The Government have announced that the £150m top sliced from Early Intervention Grant will be returned to local authorities as Adoption Reform Grant. £50m as ringfenced grant to address structural problems with adopter recruitment and £100m as non-ringfenced grant. No changes have been made to the budget as the actual amount allocated to the County Council has not been announced yet.
- Returned Safety Net Top slice – The Government top sliced an amount from the business rates funding allocations to councils to act as a safety net in future years for councils losing funding from business rates. In the early years of the scheme, this safety net may not be fully required and any surplus returned to authorities. To date, the Council has not been notified of any amount we may expect to receive and therefore, this grant has not been included within the budget assumptions.

Business Rates Pooling

3.7 The County Council has agreed to pool business rates with South Holland and North Kesteven District Councils. Additional income of £0.276m has been included within the budget. It is presently estimated that £0.552m will accrue to the pool over 2013/14, half of which is attributable to the district council's in question.

Council Tax Base

3.8 From 1 April 2013, there are significant changes to the Council Tax System with the localisation of Council Tax Support. Local schemes will be established by each of the District Council's in Lincolnshire. The change in system will result in a significant reduction in the precept payable by billing authorities to the County Council. Previously, households qualifying for Council Tax Benefit would be included in the Council Tax base and government grant for these properties paid over to the County Council with the precept. From 2013/14, only the actual council tax collected from households will be paid over, with the grant for Council Tax being paid directly to the County Council as part of its total funding. This grant has been reduced by 10% before it is paid to the County Council.

3.9 Figures received from the District Councils show a decrease in the tax base of 27,619.49 (band D equivalent properties) and hence the tax yield of -11.6%. This will provide the Council with £224.247m of income per annum at the current council tax levels. This is a reduction of £29.143m from that received in the previous year. As reported above, the Council will receive, within the Revenue Support Grant, £32.912m of Council Tax Support Grant from Central Government to meet the difference in funding.

3.10 All seven District Councils have declared the position on their collection funds and there is a net surplus attributable to the County Council of £0.418m. This is a one off addition to income for 2013/14.

Financial Impact of Funding changes on the overall Council's Budget

3.11 The table below (**TABLE 1**) describes the impact all of the changes have on the Councils existing budget assumptions together with the strategy it will undertake to overcome them.

TABLE 1 – Financial Strategy to meet 2013/14 and 2014/15 budget

	2013/14 £'000	2014/15 £'000
Shortfall arising from changes in funding regime:	-24,846	-39,023
<u>Additional Cost Pressures:</u>		
Additional underlying service cost pressures	-4,817	-4,000
Actuarial review increase in employers contribution (1%)	0	-1,275
Additional 2% savings required (as announced in the Autumn Statement)	0	-4,500
	-4,817	-9,775
Total budget shortfall:	-29,663	-48,798
<u>To be funded by:</u>		
Increase in Council Tax Base	8,826	9,011
Reduction to Council's contingency provision from £4.633m to £3.633m	1,000	1,000
Additional Revenue Budget Savings	8,137	26,787
Use of Council Earmarked Reserves (One Off Funding)	11,700	12,000
	29,663	48,798

NOTE: All costs shown as a change from the existing Council budget agreed February 2012.

3.12 There will be a £24.846m reduction in funding in 2013/14, rising to £39.023m in 2014/15 which is due to the changes to the funding mechanism highlighted above, together with a number of reductions in grants either now included in the revenue support grant or stopping altogether i.e. 2012/13 Council Tax Freeze Grant.

3.13 Additional service cost pressures of £4.817m in 2013/14 and £4.000m in 2014/15 arise predominantly from underlying cost pressures in Adult Social Care. A provision for a 1% increase in employers pension contribution arising from the Actuarial review of the pension fund (£1.275m) and the additional 2% saving announced by the Chancellor in the Autumn Statement (£4.500m).

3.14 District Councils are providing new council tax schemes and there will be a small growth in the base due to a general increase in housing numbers. These changes are expected to generate an additional £8.826m in 2013/14 rising to £9.011m in 2014/15.

3.15 The current Council Contingency is set at £4.633m p.a. This will be reduced by £1.000m and set at £3.633m p.a.

3.16 Directorates will make additional savings of £8.137m in 2013/14 and a further £18.650m in 2014/15. These include savings in Children's Services – Home to School Transport, Adult Social Care and capital financing arising from the rephasing of the programme and use of internal borrowing. In 2014/15, Directorates will be required to identify a further saving of 1% of their overall spend.

3.17 The Council also proposes to use reserves of £11.700m in 2013/14 and a further £12.000m in 2014/15. However, this is a one off contribution to the Council's budget shortfall and it is expected that the reductions in funding will be permanent. Therefore, the Council will be required to find base budget solutions to this issue. With the scale of reductions required, a second fundamental review of service priorities will be necessary to formulate a sustainable budget in the medium to long term. This will take time, so the strategy is to use short term or one off funding to balance the budget in 2013/14 and 2014/15 and then create a sustainable budget from 2015/16 onwards.

Council Tax

3.18 It is proposed that the Council sets the 2013/14 council tax at the same level as in 2011/12 and 2012/13 (i.e. no increase). On this condition, the Government will again provide a Council Tax Freeze Grant. This is calculated as the equivalent to the extra income which the Council would have received if it had increased council tax by 1%. It is estimated that the Council will receive £2.238m Council Tax Freeze Grant for 2013/14, the final grant awarded will be notified to the County Council in March 2013. This Grant is for two years only.

3.19 The Council Tax Freeze Grant received in 2011/12 will continue to be provided for at least the four years of the current spending review and has been incorporated into the Council's Revenue Support Grant (RSG). This is worth £6.293m per annum to the Council. However, the Freeze Grant which was received for 2012/13 was for one year only. This funding will not be received in 2013/14 and has in effect left a budget shortfall of £6.332m.

3.20 Council tax increases are projected at 2% for 2014/15.

4. SERVICE REVENUE BUDGETS

4.1 The overall service revenue budget position is shown in **TABLE 2** below:

TABLE 2 – Summary Revenue Budget

SUMMARY REVENUE BUDGET	2013/14 £'000	2014/15 £'000
EXPENDITURE:		
Base Budget	464,728	482,663
Cost Pressures	60,837	17,243
Savings	-27,600	-39,691
Total Expenditure	497,965	460,215
Change in Use of Reserves	-15,302	-300
Budget Requirement	482,663	459,915
INCOME:		
Local Retention of Business Rates	97,649	100,668
Revenue Support Grant	146,366	117,866
Other Grants	14,401	13,076
County Precept	224,247	228,305
Total Income	482,663	459,915

4.2 A more detailed analysis of the movement in budget for 2013/14 is shown at **APPENDIX M**.

4.3 The service revenue budgets for each of the following two years are summarised in **TABLE 3**. **APPENDIX A** details the revenue budget for 2013/14 and movement from 2012/13.

TABLE 3 – Service Budgets

Revenue Budgets	2012/13 £'000	2013/14 £'000	2014/15 £'000
Adult Social Care	131,546	138,629	134,190
Public Health	18,366	18,211	18,366
Children's Social Care	43,328	44,018	44,219
Education Services	36,898	59,472	58,195
Highways & Transportation	48,136	48,922	49,399
Environment, Planning & Customer Services	28,624	26,541	24,846
Economy & Culture	12,884	13,007	10,927
Finance & Resources	16,023	15,915	14,877
Fire & Rescue	19,995	20,219	20,241
Community Safety	18,919	18,810	18,808
Performance & Governance	22,544	21,746	20,571
Other Budgets	68,909	73,919	62,322
Delegated Schools Budget	417,458	430,865	430,865
Dedicated Schools Grant	-464,731	-478,138	-478,138
Central Services within the Dedicated Schools Budget	42,227	42,227	42,227
Total Net Expenditure	461,126	494,363	471,915
Transfer to/from Reserves	3,602	-11,700	-12,000
Budget Requirement	464,728	482,663	459,915

4.4 The percentage net change in service budgets over the next two years is shown in **TABLE 4** below. This includes both additions to budgets as well as savings, summarises the movements on a year by year basis and also over the two year budget period.

TABLE 4 – % Change in Service Revenue Budgets over Two Years

Revenue Budgets	2013/14	2014/15	2 year Change
Change over previous year - %	%	%	%
Adult Social Care (*1)	5.4%	-3.2%	2.0%
Public Health	-0.8%	0.9%	0.0%
Children's Social Care	1.6%	0.5%	2.1%
Education Services (*2)	61.2%	-2.1%	57.7%
Highways & Transportation	1.6%	1.0%	2.6%
Environment, Planning & Customer Services (*3)	-7.3%	-6.4%	-13.2%
Economy & Culture	1.0%	-16.0%	-15.2%
Finance & Resources	-0.7%	-6.5%	-7.2%
Fire & Rescue	1.1%	0.1%	1.2%
Community Safety	-0.6%	0.0%	-0.6%
Performance & Governance	-3.5%	-5.4%	-8.8%
Other Budgets	7.3%	-15.7%	-9.6%
Delegated Schools Budget	3.2%	0.0%	3.2%
Dedicated Schools Grant	2.9%	0.0%	2.9%
Central Services within the Dedicated Schools Budget	0.0%	0.0%	0.0%
Total Net Expenditure	7.2%	-4.5%	2.3%
Transfer to/from Reserves	-424.8%	2.6%	-433.1%
Budget Requirement	3.9%	-4.7%	-1.0%

(*1) Increase in the Adult Social budget is due to the amalgamation of Learning Disability and Health Reform Grant into the Revenue Support Grant where previously, this was shown in the Adult Social Care Budget as income.

(*2) Increase in budget on the Education Services line is due to the amalgamation of Early Intervention Grant into the Revenue Support Grant where previously, this was shown in the Education Services Budget as income.

(*3) Decrease in the Environment, Planning and Customer Services budget is due to the reduction in waste disposal costs (including landfill tax) as a result of the opening of the Energy from Waste Plant.

Adult Social Care

4.5 Significant cost pressures have been present in the Adult Social Care Budget for a number of years. These pressures have been confirmed by a recent independent benchmarking review undertaken by KPMG. To address the issues raised by the KPMG review, the Council has allocated £4m of additional funding for Adult Social Care for next year. In addition, health bodies have been allocated £12.054m for assisting the County Council with Adult Social Care pressures which also have a health benefit and for transformational work in 2013/14. The amount of this allocation, actually transferring to the County Council, will be the subject of discussions with local health bodies over the coming months. Hence, it is not presently appropriate to incorporate any of this funding into the budget for 2013/14 at this time.

4.6 Adult Social Care has been successful in making further predicted savings in 2012/13 of £9.5m having already delivered a £12m saving in 2011/12. Independent research and a benchmarking exercise undertaken by KPMG, also highlight that Adult Social Care delivers good performance against a low budget base when compared to our Local Authority Comparator Group. In previous years, efficiencies were delivered as a result of a 25% staffing reduction, the externalisation of in-house services and the removal of services to people with moderate levels of need. This has continued into 2012/13, with the closure of the last three remaining in-house residential units and the externalisation of the Community Supported Living Service. At the same time, processing times for such things as Direct Payments and financial assessments have improved markedly as has overall performance – notably for the number of people receiving a Personal Budget or Direct Payment and the number of new placements being made into residential care settings for which we are amongst the best performing. It should also be noted that Adult Social Care has the lowest cost of management and non-front-line staff when compared to similar Local Authorities – as such, the overheads when compared to service, are very low.

4.7 However, the analysis is clear: that further significant savings from reducing residential placements and the overall number of older people being served, cannot be sustained. This is because, although the overall number of older people being served has reduced (in-line with national trends), the intensification of need has grown substantially. Therefore, far more very old people aged between 90 and 94 are being supported and this is expected to rise in line with our demographic profile. At the same time, the numbers of people with a profound learning disability is growing as a result of young people moving into adulthood, people becoming ordinarily resident in Lincolnshire and there are over a hundred very old people caring for an adult person with a learning disability.

4.8 Further savings can and will be made but what is increasingly clear is that the overall business model – the way Adult Social Care is organised cannot be sustained and accordingly a complete transformation is required. This will be a feature of the Adult Social Care landscape into 2014/15. In addition, how we work with our health partners will be a critical component of our combined ability to support the most vulnerable in our society and, in line with national policy, the work not just to co-ordinate but integrate services will continue.

Public Health

4.9 To ensure transparency of the incoming NHS responsibilities and accountability for savings identified as part of the Council's core offer are followed through appropriately, existing Public Health Directorate budgets, within the County Council, are being presented separately from the new Public Health responsibilities that will transfer to the Council from 1 April 2013.

4.10 The proposed budget for 2013/14 for the existing Public Health services is £18.2m. This includes a planned reduction on Supported Housing of £0.5m, which will be achieved by delivering the Well Being support model at lower unit costs.

4.11 As part of the requirements of the Health & Social Care Act 2012, a number of Public Health services currently delivered by NHS Lincolnshire, will be transferring to be the responsibility of the County Council. The ring-fenced grant that has been notified by the Department of Health for these transferring responsibilities is £27.542m for 2013/14 and £28.506m for 2014/15. The Council will undertake to spend up to a maximum of the grant received.

4.12 As part of Welfare Reform Act 2012, the responsibility for providing Local Welfare Assistance will transfer to the County Council from April 2013. This will replace the current Crisis Loans and Community Care Grants currently provided by the Department of Work and Pensions through the Discretionary Social Fund. Services are currently being designed in accordance with the decision made by Executive on 4 December. These services will be funded by £1.8m of external non-ringfenced grant. The Grant includes an element for the administration of the scheme, as identified under the new burdens provision.

Children's Services

4.13 Children's Services has successfully delivered the Comprehensive Spending Review (CSR) savings for 2011/12 and 2012/13, which totalled £22.517m. Children's Services decided to front-load these savings through the Core Offer and have plans in place to deliver the remaining two years' savings totalling £2.713m. Whilst the Directorate has responded to the challenges of the CSR, it is continuing to deliver outstanding services.

4.14 Children's Services face significant financial challenges over the coming financial years in addition to the CSR. These are due to Central Government announcements on reductions to the Early Intervention Grant (EIG) and the Local Authority Central Spend Equivalent Grant (LACSEG) following school conversions to academy status. The reduction in LACSEG funding also has an impact on support service budgets outside Children's Services. Children's Services has responded to these recent announcements by offering to deliver savings beyond the CSR of £3.3m in 2013/14 and a further £0.6m in 2014/15, to the support the Local Authority in meeting these budget challenges.

4.15 Children's Services is also meeting budget pressures internally of £0.400m relating to Looked After Children & Leaving Care Services (due to increase in numbers, connected persons and the Southwark judgement) and the Local Authority responsibility for young people of remand (£0.150m), from savings delivered through early intervention and investment through in-house provision.

4.16 Children's Services has worked hard to deliver a significant level of budget reductions through proactive and robust budget management, whilst continuing to deliver outstanding services.

Communities

4.17 Highways and Transportation are on target to successfully deliver a further savings target of £1.4m for 2012/13, in addition to the £7.8m that was achieved in 2011/12. These savings have been made through Managing Workforce Change reductions and the reallocation of budgets to deal with inflation pressures within the Roads Maintenance budget without effecting service provision significantly. During 2012/13, the Council took on responsibility for Civil Parking Enforcement with this commencing in early December. This service is budgeted to be self-funding. In 2013/14, work will continue to seek out alternative available efficiencies in order to counteract the negative effect that the levels of construction industry inflation are having on the service area's buying power (£0.4m). In addition, a further £0.069m of savings are planned through the reduction in corporate mileage rates.

4.18 Environment, Planning and Customer Services are on target to achieve their 2012/13 savings target of £2.3m, in addition to the £2.0m achieved in 2011/12. Due to lower than anticipated waste tonnage and increased contract efficiencies, a further £0.6m was removed from the base budget in 2012/13. There are plans in place to deliver a further £12m over the years 2013/14 and 2014/15. These, in the main, relate to the significant reduction in waste disposal costs following the start of the Energy from Waste Plant in 2013/14.

4.19 Having achieved savings of £2.1m in 2011/12, Economy and Culture are on target to achieve further savings of £1.0m in 2012/13, almost half of which is from reductions to the Outreach Team and its activities. Plans will be prepared to achieve the remaining savings target of £2.2m over the years 2013/14 and 2014/15.

Resources and Community Safety

4.20 Resources: Core offer related savings have already been substantially delivered and there are no new additions for the Resources budget, with all cost pressures being managed within existing service budgets. Property still has £1.040m of their core offer savings to achieve during 2013/14 and 2014/15 – proposals are in hand for this.

4.21 Community Safety: Business Support will self-fund an offsite storage cost pressure, £0.090m by 2014/15. A cost pressure of £0.193m relating to the reformation of the youth remand framework is to be considered in the future. Other small pressures are to be managed within the services.

4.22 £0.650m of the Community Safety earmarked reserve is planned to be utilised in 2013/14. £0.500m of the reserve is allocated towards Council wide pressures and £0.150m to assist with co-responder services in Fire and Rescue.

4.23 Fire and Rescue: There are no budget additions for 2013/14 and 2014/15. The outcomes of the service delivery review continue to be implemented.

4.24 An additional £0.300m is required for the co-responder service due to the withdrawal of support from the Health and Wellbeing Fund. This will be funded in 2013/14 from health re-ablement funds and use of the Community Safety Reserve. See paragraph 4.22 above.

4.25 There is also an impending one off pressure around backdated pension claims for retained fire-fighters; this is to be considered in the future when the exact cost is known.

Performance and Governance

4.26 The Council's budget, as agreed in February 2012, included £0.570m for the County Council elections in 2013, an additional cost of £0.373m is to be funded from within the Directorate. The cost is higher than usual due to the election being standalone so all costs are borne by the County Council.

4.27 Information Management and Technology are still on target to achieve the significant element of their core offer reductions in 2013/14 and 2014/15, £2.500m over these two years.

4.28 £0.480m of the Community Budgets held within Performance and Governance is being transferred to Children's Services for Families Working Together.

4.29 Some £0.300m has been declared surplus to Performance and Governance requirements in 2013/14, this is proposed to be earmarked for transitional work across the whole Council.

Schools

4.30 The Schools Budget is funded via the Dedicated Schools Grant (DSG). The Government's school funding reforms will categorise the DSG into the Schools block, the Early Year's block and the High Needs block.

4.31 Work is underway to finalise the centrally held budgets relating to early years, special educational needs, etc. With regard to the Individual Schools Budgets, it is expected that there will be no growth in Government funding other than for the pupil premium.

4.32 In June 2012, the Government announced details of the school funding reform arrangements which are to be implemented in April 2013. Officers have worked with school representatives to respond to these changes and although school funding is likely to be distributed in a different way from April 2013, protection arrangements will be in place through the minimum funding guarantee (individual schools budgets will be protected on a per pupil basis, i.e. at 98.5% of the previous year's funding level).

4.33 Full details on the plans for the DSG were considered by the Schools Forum on the 23 January 2013.

Other Budgets

4.34 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 and to fully fund the Energy from Waste project, thus eliminating the requirement for an earmarked Waste Reserve.

4.35 The Council's Contingency Budget for 2013/14 will be reduced from £4.633m to £3.633m. This reduction is being used to offset some of the Council's overall budget shortfall.

5. CAPITAL PROGRAMME

5.1 The existing capital programme runs to 2014/15 and also includes major schemes for the County Council stretching into future years (including a number of major highways schemes and the rolling programme of renewal and replacement of fire fleet vehicles). The gross capital programme is now set at £423.996m from 2013/14 onwards, with grants and contributions of £173.745m giving a net programme of £250.251m to be funded by the County Council

5.2 The new overall capital programme and its funding is shown in **TABLE 5**.

TABLE 5 – Capital Programme

	2012/13 £'000	2013/14 £'000	2014/15 £'000	Future Years £'000
Highways and Transportation:	33,128	67,574	86,935	70,796
Economy and Culture:	18,855	21,264	14,812	10,633
Environmental, Planning & Customer Services:	68,189	35,057	-	-
Children's Services:	61,189	13,495	299	-
Adult Social Care:	2,213	2,786	2,706	-
Corporate services:	15,545	20,131	12,300	18,208
Performance and Governance:	6,100	21,403	16,348	2,749
Other programmes:	-	-	6,500	-
Gross Programme:	205,219	181,710	139,900	102,386
Revenue Funding	8,221	4,500	4,500	-
Use of Capital Receipts	5,275	2,000	2,000	-
Borrowings	97,708	91,213	72,372	73,666
Use of Capital Grants Unapplied	15,328	-	-	-
Use of Reserves (for purchase of the Fire Fleet Vehicles)	5,825	-	-	-
Government Grants & Contributions	72,862	83,997	61,028	28,720
Total Funding:	205,219	181,710	139,900	102,386

5.3 Only minor changes have been made to the capital programme as part of the budget setting process. These include the following changes in the 2013/14 programme:

- The addition of £0.177m to County Farms to allow holdings to be amalgamated;
- The removal of £0.148m from Environment, Planning and Customer Services, from Customer Service Centre;
- Reallocation of £0.700m from the Property Contingency Budget to Environment, Planning and Customer Services for a new Household Waste Recycling Centre at Sleaford;
- Reallocation of £5.0m from the New Developments Capital Contingency Fund to Performance and Governance for a new Data Centre. This leaves no unallocated funding for other projects in 2013/14; and
- Movement of the Broadband project from Economy and Culture to Performance and Governance to match management responsibility for delivery of the scheme.

5.4 The Council receives government grant funding to support the capital programme. The following grants have been announced and incorporated into the capital programme for 2013/14:

- Highways Maintenance Block £27.535m. The initial three year award included £23.330m for 2013/14, plus a further £4.205m announced in the Chancellors Autumn Statement. The Autumn Statement also announced an additional award for 2014/15 of £2.246m taking the Highways Maintenance Grant in this year up to £24.175m;
- Integrated Transport Grant of £4.136m;
- Fire Capital Grant of £0.885m in 2013/14 with a further £0.885m in 2014/15. This Grant is awarded on population. A bid was made by Fire and Rescue to secure additional capital funding. Unfortunately, the County Council were not successful in securing any further capital grant for 2013/14 or 2014/15;
- Adult Social Care Community Capacity Grant of £1.811m has been awarded for 2013/14 and £1.848m 2014/15. The Grant is given to support development of personalisation, reform and efficiency;
- The Department for Education recently announced 2012/13 capital support funding allocations for free early education for disadvantaged two year olds to support the policy. The County Council has been allocated £0.887m. This funding is eligible to be spent in 2013/14; and
- Capital grant to be received by the Council from the Local Sustainability Transport Fund for improvement in LN6 (£1.283m between 2012/13 and 2014/15), has been added to the programme.

5.5 The capital funding for schools maintenance and provision for schools places (basic needs) is subject to annual grant notification. The Council has not yet been notified of the grant expected for 2013/14.

6. PRUDENTIAL INDICATORS

6.1 The Council is required to agree targets for specified prudential indicators in relation to capital financing and other treasury management matters. The Council also sets its own targets in addition to the statutory ones. The main purpose of these targets is to ensure that the Council's capital financing, in particular its long term borrowing, is prudent, affordable and sustainable. The proposed targets are set out in **APPENDIX I**.

6.2 One of the key targets in the Council's Financial Strategy is that "the repayment of external debt including interest will be less than 10% of annual income from general government grants, Dedicated Schools Grant and council tax." This is projected to increase to 7.90% by 2015/16 from 6.35% in 2012/13.

7. MINIMUM REVENUE PROVISION

7.1 The Council has a duty to set a minimum revenue provision (MRP) which “it considers prudent”. The aim is to ensure that debt is repaid over a period reasonably commensurate with the period over which the capital expenditure funded by borrowing provides benefits.

7.2 The Council’s current policy is to apply the asset life method for calculating MRP. This is a prudent approach which is consistent with the Council’s Financial Strategy. It is proposed to continue this method in 2013/14.

8. RESERVES

8.1 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. General reserves at 31 March 2013 are estimated to be £15.900m which is 3.5%. No changes are proposed to general reserves over the two year budget period and the level will remain at £15.900m which is 3.5%.

8.2 The Council’s proposed financial strategy to overcome reduced funding levels, is to use reserves created from expected underspends in 2012/13 arising from such factors as the Council’s current policy to utilise internal balances to fund the capital programme. A decision on the actual amount will be required as part of the outturn process when actual figures are known. This budget proposes utilising £11.700m from Earmarked Reserves in 2013/14.

8.3 The Council previously set aside £11.745m of revenue budget to fund part of the capital costs of the construction of the Energy from Waste Plant. Due to future uncertainties in revenue funding, it is now planned to defer this contribution to the capital programme. This will give the Council future revenue budget flexibility as future Government funding levels become known. The balance from the Waste Reserve has now been transferred into the Financial Volatility Reserve. The revenue budget has been adjusted to account for the cost of borrowing this sum.

9. SECTION 151 OFFICER’S STATEMENT ON THE ROBUSTNESS OF THE BUDGET AND ADEQUACY OF RESERVES

9.1 The Local Government Act 2003 includes a statutory duty for the Council’s Section 151 officer to report to the Council when it is calculating the council tax on “the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves.” The Council has a statutory duty to “have regard to the report when making decisions about the calculations.”

9.2 The Financial Strategy requirement in relation to reserves is based on a full assessment of the Council’s potential financial risks undertaken in November 2012, informed by the Government’s October 2010 Spending Review and the four year ‘core offer’ budget formulated thereafter. The likely impact of the fundamental changes taking place to the funding basis of local government from April 2013 were also factored into that review. A key aspect of that strategy is that Council will maintain its general reserves within a range of 2.5% to 3.5% of its annual budget requirement.

9.3 Currently the Council’s projected year end general reserves stand at £15.9m or 3.5% of the budget requirement (i.e. towards the top of the target range). There are no proposals to add further to general reserves as part of the 2013/14 budget. Similarly, at present, there are no further proposals to add to general reserves in the provisional 2014/15 budget. There are

proposals to apply some earmarked reserves in both 2013/14 (£11.7m) and 2014/15 (£12m) to deliver balanced budgets in both years in preparation for further government funding restraint expected from 2015/16 onwards.

9.4 The new business rate funding regime for local authorities is scheduled to commence in April 2013 as are revised arrangements for funding local welfare benefits related to the Council Tax. These measures are likely to introduce an element of volatility into the income base of the Council which, acting prudently, has required the establishment of an earmarked reserve to assist with the management of funding risk. That reserve is estimated to be £6.7m at 31st March 2013.

9.5 The November 2012 risk assessment encompassed a full assessment of the potential financial risks facing the Council included the following:

The realism of budget estimates for –

- Pay awards
- Price increases (in particular related to social care contracts)
- Income, including higher risk areas such as capital receipts
- Savings
- Provision for demand led services including Children's Services, Waste Disposal, Adult Social Care, Home to School Transport, Concessionary Fares, Support for the Council Tax, etc.
- Public health responsibilities transferring to the County Council from April 2013

Financial management arrangements including –

- The recent history of financial management performance

Potential Losses including –

- Claims against the Council
- Bad debts or failure to collect income
- Major emergencies or disasters
- Failure to deliver budget savings
- Default on loans made by the Council for cash management purposes

9.6 An assessment was also made of the provision against these financial risks including:

- A provision in the form of a contingency budget to deal with pressures related to real or potential legislative change or other unforeseen impacts upon the Council. The general contingency has been reduced modestly for 2013/14 in order to assist in alleviating general funding pressures faced by the Council. From 2013/14 onwards, only one contingency budget will be maintained.
- Specific provisions in the accounts and earmarked reserves
- Provision for the funding of capital which provides additional financial flexibility
- The potential for slippage and underspending of the capital programme
- The level of the Council's general reserves

9.7 The Government grant settlement for 2013/14 is not comparable with that for previous years as it has been compiled in an entirely new way. The finance settlement from government places additional funding pressures on the County Council when compared to 2012/13. A strategy of making further modest budget reductions, allied with the use of

earmarked reserves, has been used to produce balanced budgets for the next two years. Thereafter, a further fundamental review of service priorities and related spending will be undertaken, during 2013/14 to produce a sustainable budget for 2015/16 and beyond. Close monitoring of the delivery of savings will be undertaken and, if necessary, corrective action will be initiated to examine alternative options should this be necessary. The delivery of the detailed schedule of planned savings will be monitored and reported regularly to senior management teams and to Executive Councillors as part of the formal, published reports.

9.8 Financial management remains an important consideration. Spending pressures continue to arise in Adult Social Care relating to a range of factors such as a demographic growth of the client base. The service may overspend again in 2012/13 but has been supplemented with the additional of £4m in its base budget from 2013/14 onwards.

9.9 In general terms, budget pressures in 2012/13 are at, or slightly below, those experienced in recent years. However, it is still expected that service related spending over the whole Council, will be at least in balance at the current year end with no need to apply the available general reserves of the Council.

9.10 In relation to the 2013/14 budget, Assistant Directors have provided brief notes on the realism of their proposed budgets and their ability to manage within these budgets. In that context, the following points are relevant:

- All Assistant Directors are aware that the savings target that has been set is a significant one and will demand sustained and rigorous management action to ensure it is delivered on target. All have affirmed their commitment to achieving the demanding targets set with appropriate caveats as necessary.
- Funding pressures will continue to exist in a number of service areas. The key pressure areas are as follows:
 - (i) Adult Social Care – ongoing demographic factors continue to place increasing pressure on service demand. These relate in particular to younger people with learning disabilities moving into adulthood and older people with high intensity homecare needs. Additional base budget funding has been allocated to the service next year in part recognition of these issues. A fundamental review of service provision is presently underway with the outcome due to be implemented from April 2014 onwards. Work is also ongoing to ensure the County Council maximises the amount of social care funding available from NHS sources.
 - (ii) Council Tax Support Schemes – new local schemes are to be established by all the District Councils from April 2013. The County Council is, in effect, responsible for around 75% of the financial liability arising from these schemes. Whilst a great deal of work has been undertaken with the Districts to establish financially robust arrangements there remain financial risks to the County Council from their operation. These comprise a general demand risk for local support in a recessionary environment and a risk of poorer than expected collection rates where increased levels of tax are being collected from individuals when compared to present arrangements. The County Council maintains a financial volatility reserve to mitigate the risks in this regard.
 - (iii) Public Health –the County Council inherits a new range of functions from NHS Lincolnshire on 1st April 2013 for which a new ring-fenced grant of £27.5m will be received next year. The need to establish new contractual arrangements

with providers presents a risk to the Council as does the demand led nature of certain services (e.g. prescription costs).

(iv) Children's Services – this service has been impacted by significant grant reductions next year relating to early intervention and support services for academies. These grant reductions impact on certain corporate services in addition to school and other support services delivered by the Directorate. Some action has been taken in 2013/14 to produce additional savings, but further savings will be required within the Directorate and corporately as part of the impending further review of service priorities to establish robust budgets from April 2015 onwards.

The capital programme has been reviewed as part of the current budget cycle and only minor changes are envisaged to the programmes for 2013/14 and 2014/15. Decisions relating to new capital spending for 2015/16 onwards will depend upon the aforementioned fundamental review of services priorities and related spending.

9.11 Taking into account all these factors, the Section 151 officer is satisfied that the budget is realistic and that the level of reserves is adequate but notes that the assessment relies heavily on:

- Continued improvement of financial management across the Council.
- Achievement of expected savings that rely on the timing of the delivery of initiatives arising from the budget core offer review.
- Delivery of a fundamental review of service priorities and related spending to enable a sustainable revenue budget and capital programme to be in place for 2015/16 onwards.

10. CONSULTATION

10.1 A Member Budget Briefing Meeting was held on 29 November 2012 to discuss the current state of the economy and budgets for the Council.

10.2 Individual Scrutiny Committees have received a report and presentation on their respective budget and have had chance to comment on its appropriateness. The Value for Money Scrutiny Committee also considered the proposals as a whole. These comments were collated and presented to the Executive when it considered the Council's final budget.

10.3 Businesses, Trade Unions and other public organisations were consulted at a meeting on 25 January 2013. Comments made at this meeting were collated and presented to the Executive when it considered the Council's final budget.

10.4 The Council invited comments on its budget through its website following a trailer in County News.

10.5 The Council participated in three consultation events in conjunction with North Kesteven District Council. Members of the public were provided with information about the budget and had the opportunity to comment and vote on the proposals together with their level of satisfaction with Council services. The Executive were presented with a summary of this voting when it considered the Council's final budget.

10.6 A summary of all comments received via the consultation process can be found at **APPENDIX C**.

REVENUE EXPENDITURE				
LINE REF	2012/13 BUDGET £	REVENUE BUDGETS	2013/14 BUDGET CHANGES £	2013/14 ORIGINAL ESTIMATE £
		SERVICE BUDGETS		
1	131,546,347	Adult Social Care	7,082,213	138,628,560
2	18,366,191	Public Health	-155,673	18,210,518
3	43,328,409	Children's Social Care	689,214	44,017,623
4	36,897,890	Education Services	22,573,848	59,471,738
5	48,135,993	Highways & Transportation	786,390	48,922,383
6	28,623,668	Environment, Planning & Customer Services	-2,082,969	26,540,699
7	12,883,847	Economy & Culture	122,924	13,006,771
8	16,022,553	Finance & Resources	-107,429	15,915,124
9	19,995,136	Fire & Rescue	224,054	20,219,190
10	18,918,532	Community Safety	-108,404	18,810,128
11	22,544,160	Performance & Governance	-798,271	21,745,889
12	397,262,726	TOTAL SERVICE BUDGETS	28,225,897	425,488,623
		SCHOOLS BUDGETS		
13	417,458,421	Delegated Schools Budget	13,406,716	430,865,137
14	-464,731,284	Dedicated Schools Grant	-13,406,716	-478,138,000
15	42,227,073	Central Services within the Dedicated Schools Budget	0	42,227,073
16	-5,045,790	TOTAL SCHOOLS BUDGETS	0	-5,045,790
		OTHER BUDGETS		
17	4,632,829	Contingency	-1,000,000	3,632,829
18	61,142,690	Capital Financing Charges	5,511,446	66,654,136
19	3,133,421	Other	500,007	3,633,428
20	68,908,940	TOTAL OTHER BUDGETS	5,011,453	73,920,393
21	461,125,876	TOTAL NET EXPENDITURE	33,237,350	494,363,226
22	3,602,138	Transfer to/from Earmarked Reserves	-15,302,138	-11,700,000
23	0	Transfer to/from General Reserves	0	0
24	464,728,014	BUDGET REQUIREMENT	17,935,212	482,663,226
		MET FROM:		
25	0	Local Retention of Business Rates	97,649,164	97,649,164
26	0	Revenue Support Grant	146,365,703	146,365,703
27	195,218,724	Formula Grant	-195,218,724	0
28	0	Education Services Grant	7,096,000	7,096,000
29	6,293,000	*Council Tax Freeze Grant 2011/12	-6,293,000	0
30	6,331,569	*Council Tax Freeze Grant 2012/13	-6,331,569	0
31	0	Council Tax Freeze Grant 2013/14	2,238,257	2,238,257
32	1,495,170	*New Homes Bonus Grant	543,539	2,038,709
33	0	New Homes Bonus Grant-Return of Top Slice	825,356	825,356
34	0	Efficiency Support for Services in Sparse Areas	755,273	755,273
35	1,999,969	*Local Services Support Grant	-551,953	1,448,016
36	253,389,582	County Precept	-29,142,834	224,246,748
37	464,728,014	TOTAL MET FROM	17,935,212	482,663,226

**Please note that these Grants were presented in Other Budgets in 2012/13.*

COUNTY PRECEPT 2013/14

Council Tax Requirement	£
Total Budget Requirement	482,663,225.97
less Government Support	258,416,478.30
County Precept	<u>224,246,747.67</u>
less Net Surplus on District Council Collection Funds	417,820.18
Council Tax Requirement	<u>223,828,927.49</u>

Precepts to be levied on District Councils	Number of Band D Equivalent Properties	Council Tax Requirement £	Collection Fund +Surplus/ -Deficit £	County Precept £
City of Lincoln	22,004.49	23,449,964.95	0.00	23,449,964.95
Boston	17,313.36	18,450,674.62	14,160.00	18,464,834.62
East Lindsey	40,609.00	43,276,605.21	-330,035.00	42,946,570.21
West Lindsey	27,656.36	29,473,106.29	385,257.00	29,858,363.29
North Kesteven	33,750.00	35,967,037.50	109,984.00	36,077,021.50
South Kesteven	43,786.72	46,663,069.64	238,454.18	46,901,523.82
South Holland	24,912.00	26,548,469.28	0.00	26,548,469.28
Total	210,031.93	223,828,927.49	417,820.18	224,246,747.67

County Council Element of Council Tax by Property Band		
Property Band	Proportion of Band D	Council Tax per Property £
Band A	6 / 9	710.46
Band B	7 / 9	828.87
Band C	8 / 9	947.28
Band D	9 / 9	1,065.69
Band E	11 / 9	1,302.51
Band F	13 / 9	1,539.33
Band G	15 / 9	1,776.15
Band H	18 / 9	2,131.38

BUDGET CONSULTATION**Budget Consultation Feedback January 2013**

This appendix sets out the feedback from a range of budget consultation events that took place during January 2013. The material comprises the comments of the Council's Scrutiny Committees, a summary of three joint public consultation meetings held, at their invitation, with North Kesteven District Council and the minutes of the Council's own consultation meeting with external stakeholders held on 25th January 2013.

Budget Comments from Scrutiny Committees**Adults Scrutiny Committee – 30 January 2013**

There were two elements to the Adults Scrutiny Committee's consideration of the budget. Firstly, the Committee considered the *KPMG Adult Social Care Review*, which had been commissioned in September 2012. This provided context to the overall budget for Adult Social Care, including comparisons of expenditure and outcomes in similar local authorities. The Committee explored some of the complexities of funding for services such as learning disabilities, where contributions are made by the NHS and Supporting People. The Committee recognised the increasing importance of joint working with Clinical Commissioning Groups and the continued development of the commissioning role in adult social care.

As part of its consideration of the *KPMG* item, the Committee highlighted that following its previous consideration of the overspend of £3.5 million in 2011/12, the County Council had subsequently written off the 2011/12 overspend in full - a decision which had been supported by the Adults Scrutiny Committee. The Committee noted that recurrent savings of £21.5 million had already been achieved, during 2011/12 and 2012/13.

Secondly, the Committee considered the specific budget proposals for adult social care for 2013/14, including the proposed capital programme totalling £6.6 million. The Committee was advised that the overall adult social care budget would increase from £129.12 million in 2012/13 to a proposed budget of £138.42 million in 2013/14, to reflect demographic and other service pressures as well as increases in rates by nursing and residential care providers. In addition to the core budget of £138.42 million, there was specific funding from the Department of Health for health and social care matters which would total £12.05 million in 2013/14. Decisions on how this additional funding would be spent would be made jointly with the Clinical Commissioning Groups. The Committee supported the increase in core funding to £138.12 million, as this represented a positive step in recognition of the pressures on the adult social care budget.

Children and Young People Scrutiny Committee – 11 January 2013

The Children and Young People Scrutiny Committee supported the budget proposals and recognised the budget pressures on Children's Services. However, concerns were raised about the capital programme due to the increase in the number of children in the county, especially in the south. The Executive Director for Children's Services agreed to bring a further report to the Committee once more information on the Local Government Finance Settlement and the Department for Education capital grant allocation had been received.

Communities Scrutiny Committee – 23 January 2013

Communities Scrutiny Committee supported the budget proposals for Fire & Rescue, Community Safety and Libraries & Heritage. The Committee considered that although savings had to be made, officers were doing their best to protect front line services. Members also considered that the property rationalisation programme could provide significant savings across all service areas of the County Council.

- Fire & Rescue - The Committee praised Lincolnshire Fire & Rescue for their commitment to providing a co-responder service, but felt strongly that a funding contribution should be forthcoming from the National Health Service.
- Community Safety - The Committee welcomed the continued commitment to funding for PCSOs and the Citizens Advice Bureaux.
- Libraries & Heritage - The Committee welcomed the news that the income from digital items, such as e-books, was greater than expected. The Committee praised officers for maintaining a high standard of service, particularly in libraries, whilst making significant savings. However, the Committee recognised that further savings were necessary in the coming years.

Economic Scrutiny Committee – 29 January 2013

The Economic Scrutiny Committee praised the Economic Regeneration team for managing the budget so effectively. The Committee considered that a breakdown on the costs of individual projects and options for where savings could be made would have been beneficial. Officers agreed to bring further information on the costs of individual projects to the Committee at its next meeting on 12 March 2013.

Environmental Scrutiny Committee – 18 January 2013

The Environmental Scrutiny Committee supported the budget proposals and praised officers for achieving their savings targets.

Highways, Transport and Technology Scrutiny Committee – 21 January 2013

The Highways, Transport and Technology Scrutiny Committee supported the budget proposals. The Committee welcomed the additional £6 million of funding received from Government for road maintenance.

Overview and Scrutiny Management Committee – 24 January 2013

The Overview and Scrutiny Management Committee considered Public Health Budget Proposals for 2013/14 and made the following comments;

- The Committee was made aware of cost pressures arising within the service around new responsibilities in relation to Healthwatch (£230k), the Independent NHS Complaints Advocacy Service (ICAS) (£199k) and the Independent Mental Health Advocacy Service (IMAS) (£118k). The Committee was advised that these pressures would be met by a Government non-ring fenced grant and the Committee recommended that this grant money should be ring-fenced at a local Lincolnshire level to ensure these services were properly funded.

- The Committee was advised of four key savings areas that had been identified which included re-provision of the adult weight management contract (£453k), review of the School Nursing contract (£550k), reduced costs for Emergency Planning & Infection Control (£146k) and a reduction in office and overhead costs (£150k). The Committee was assured by officers that rather than diminish the services offered, the resulting reconfiguration of services would actually protect and improve the services offered.
- In relation to the Local Welfare Provision, the Committee expressed concern that the budget allocated for this purpose would not be sufficient and that the Council would be inundated with applications for assistance.

Value for Money Scrutiny Committee – 22 January 2013

The Value for Money Scrutiny Committee considered both the Council's overall budget proposals for 2013/14 and proposals for the Resources element of the Resources and Community Safety Budget and the Performance and Governance Budget. The Committee highlighted the following issues;

- Concerns remain regarding the difference in funding levels between urban and rural areas and that Lincolnshire continues to be disadvantaged. The Committee was advised that Government is attempting to rectify this situation and that it was hoped that actions to remedy the situation would be introduced in the forthcoming financial year 2013/14 rather than later on.
- The change from a national council tax benefit system to a local council tax support system was noted as having an immediate and on-going adverse impact on the finances of the County Council. Local schemes set by the Districts would mean reduced support for many low income households. The Committee recognised that a dilemma arose for collection authorities as between maximising collection of this element of council tax and the future welfare of these low income households.
- The Customer Service Centre (CSC) was likely to see a considerable increase in customer contact because of the new responsibility of providing Local Welfare Provision and changes to the delivery of adult social care. The Committee was concerned this could put an unreasonable strain on the CSC particularly in light of recent reductions in its budget.
- The revenue budget for the next two years requires the use of significant sums of earmarked reserves. The Committee noted this necessarily had to be a short term measure given the finite nature of such reserves. It was therefore critical that the envisaged fundamental review of service and spending priorities took place as planned.

Joint Public Consultation Meetings with North Kesteven District Council

North Kesteven District Council invited the County Council to participate in three public consultation meetings they held on their own budget proposals in late January. Evening events were held in North Hykeham and Sleaford and an afternoon event was held in Leadenham. The events took the form of officer presentations, an open forum for questions and comments and a vote on the budget proposals. The Leader attended the Sleaford event with the Portfolio Holder for Finance and HR attending the Hykeham event. The Executive Support Councillor for Finance and HR attended the Leadenham event. A number of local County Councillors also attended the sessions. Officers from finance and highways also attended each session.

A range of issues were raised during the open forums with the most common being:

- Whether there was a need for public money to be invested in the superfast broadband initiative.
- Whether further savings were likely in the short term from measures such as bus subsidy reductions and library closures.
- The action the Council is taking to stimulate the local economy.
- The impact of parking enforcement responsibilities on the finances of the Council.
- A range of specific highways related queries covering the North Kesteven area.

In all some 65 members of the public attended the events and were asked to vote on three specific issues for each authority. The questions posed and responses received in respect of the County Council were as follows:

Has the County Council set the right priorities for 2013/14?

Strongly Agree	8%
Agree	56%
Neither Agree nor Disagree	26%
Disagree	8%
Strongly Disagree	2%

How well do you think the Council performs with the money it has available?

Good	48%
Satisfactory	40%
Poor	12%

How would you rate the quality of services provided?

Good	48%
Satisfactory	35%
Poor	17%

Overall, how satisfied are you with the Council's services?

Very Satisfied	8%
Fairly Satisfied	57%
Neither	17%
Fairly Dissatisfied	17%
Very Dissatisfied	1%

Budget Consultation Meeting held on 25 January 2013

A list of attendees is detailed below these notes.

The Executive Councillor for Finance and HR, Councillor K J Smith, and the Executive Director Resources and Community Safety, Pete Moore, welcomed everyone to the meeting. Attendees were informed that this meeting was part of the normal consultation process which the Authority undertook when setting its budget, and provided an opportunity for partners and other organisations to take part in the consultation. It was reported that the proposed budget was also examined by each of the County Council's Scrutiny Committees who would look in more detail at the budgets for individual service areas. Recommendation would then be made to the full Council at its meeting on 22 February 2013, where the budget would be formally approved.

David Forbes, Assistant Director Finance and Resources and Dave Simpson, Head of Finance (Corporate and Communities), gave a presentation on "Budget Consultation, 25 January 2013", which was a consultation exercise led by the County Council to highlight the Council's current budget and financial outlook for public services over the coming years. The presentation highlighted the following main points:

- Expenditure on schools accounted for 44% of the total budget followed by Adult Social Care with 18% of the Budget, and Children's Services with 11%;
- In terms of how the Council was financed, 44% was through the Dedicated Schools Grant, 24% was through Council tax and 19% was through the Formula Grant which came from Central Government;
- Lincolnshire had the third lowest council tax charge for a Band D property out of the 27 'Shire' counties;
- Since the Spending Review of 2010, Lincolnshire will have received a reduction in its formula grant of £55m by 2014/15;
- The Autumn Statement was delivered on 5 December 2012, and the County Council received its provisional financial settlement on 19 December 2012;
- The Autumn Statement set the total government spending for the 3 years beyond the period covered by the 2010 Spending Review (i.e. for the years 2015/16 to 2017/18);
- There would continue to be a reduction of overall Government spending over the present spending review period, and an estimated 5% per annum on going reduction in Government support for the next Spending Review period was expected;
- A further fundamental review of service priorities and associated budgets would be required by the end of 2014/15;
- Central government had allocated an additional £5.5bn for capital infrastructure spend over the next two years, with Lincolnshire to get £4.2m in 2013/14 and £2.2m in 2014/15 to spend on the roads;
- A further Council Tax freeze grant for the year had been confirmed, but it would only be 1%, and not 2.5% as in the previous two years;

- The Provisional Local Authority Finance Settlement had been received very late and was incomplete. It had been calculated on a completely new basis and so was not comparable with previous years;
- £14.3m had been removed for funding support services costs for academies. However, around £7m was likely to be returned, which was less than the previously expected £8-9m;
- Improved funding for rural authorities had been expected, but it did not materialise;
- A new funding strategy would be required for the next two years;
- Spending power per head was less in rural areas than urban areas, but council tax was higher per head in rural areas than urban areas;
- The formula grant was considerably lower per head in rural areas than urban areas, and the gap had got wider with the 2013/14 Settlement;
- Additional pressures had arisen for 2013/14 and 2014/15 when compared with 2012/13 which would be driven by the loss of one year council tax freeze grant (£6.3m); reduction in the Early Intervention Grant (£7m); underlying service cost pressures (£4m); net impact of academies (£4m – but it was possible that this could rise to £6-7m) and the loss of council tax income due to localisation of the benefit regime (£4m);
- These would be addressed in 2013/14 by additional council tax income from District Council local schemes (£4.6m); reduction in corporate contingency budget (£1.0m); Additional revenue budget savings (£9.2m); use of reserves (£10.5m);
- Original core offer savings across all services of £23m for 2013/14 and £16m for 2014/15 were on target;
- On-going service pressures in Adult Social Care would require additional funding - £4m had been allocated next year;
- Responsibility for public health had been inherited from the health service with ring-fenced funding of £27.5m next year;
- There would be further savings in Children's Services in the coming two years;
- The savings from the Energy from Waste project would start to be seen in late 2013/14;
- School funding levels were in line with expectations, with the new distribution arrangements in place;
- Use of reserves would be required to balance the budget in 2013/14 and 2014/15;
- In terms of the Capital Programme for 2013/14 and 2014/15, there was on-going expenditure for the Energy from Waste plant and associated infrastructure of £145m, there were also six major infrastructure projects which were Lincoln Eastern by-pass; Lincoln East-West Link Road; Spalding Western Relief Road Phase 2; Grantham East-West Link Road; Next Generation Broadband and Teal Park;

- Schools capital funding was determined by the grant awarded;
- New schemes for 2013/14 included a data centre to enhance business robustness (£5m) and new household waste recycling centre in Sleaford;
- A pool for business rates had been formed between the County Council, North Kesteven and South Holland, and a Memorandum of Understanding had been put in place. The arrangements would be reviewed each year, and a new agreement would be required if the pool membership changed year to year. Any extra income was likely to be modest – circa £300K in total;
- It was proposed to freeze council tax for a third consecutive year by accepting a new tranche of freeze grant;
- Consultations on the proposed budget had taken place with the public via the website; scrutiny committees throughout January 2013; Businesses, trade Unions and public sector partners via this meeting; three public consultation meetings with North Kesteven District Council in January 2013 and a central panel meeting with Trade Unions on 10 January 2013;
- An additional budget issue was the service transfer of Public Health from NHS Lincolnshire by statute on 1 April 2013, which would include a ring-fenced grant of £27.5m and comprised both mandatory and discretionary elements;
- The new Local Government Pension Scheme which would be introduced on 1 April 2014 would also be a budget issue, as the final salary basis would be abolished and replaced by a career average salary, all rights up to that point would be protected. A half rate benefits package would be available for half rate contributions. Employees would make a larger contribution and the amount of the employer would be capped (details on this were still being negotiated). This new scheme should save employers the equivalent of 2% of their pay bill going forward;
- There would be a new method of funding support services for academies from April 2013. It was estimated that by the end of 2013, 60% of pupils in Lincolnshire would be in academies.

During the course of discussion the following points were noted;

- It was acknowledged that this was clearly a difficult time for the Council, but it was queried how long the Council could afford to dip into its reserves in order to balance the budget. The Leader of the Council advised that it was only planned to use reserves for two years. When the 4 year comprehensive spending review was set out in 2010, Lincolnshire County Council frontloaded the savings in order to provide flexibility in which to look at how to go forward for the next spending review;
- Over the next decade there would be a need for a fundamental reform of services in social care in order to meet future pressures. The County Council would always seek to improve services;
- The government needed to address some of the issues around funding social care in the future, some of the issues would need to be addressed at a national level;

- As the County Council had frontloaded its savings programme, there would be an underspend in this year, and possibly again next year;
- It was commented that the capital programme contained a lot of expenditure on roads, and it was queried whether they would all be going ahead. It was confirmed that the projects would all be going ahead. It was also noted that roads maintenance had had additional grant support from the government;
- Good progress was being made on the four major schemes, and the planning application for the single carriageway for the Lincoln Eastern Bypass. The Lincoln East-West Link road had received planning permission as well as the Conservation Order Consent, and so was very much on track. It was hoped that an application for the Grantham scheme would be submitted in March 2013;
- Budgets had been protected as much as possible, and it was fortunate that the County Council had been awarded the extra funding for roads maintenance;
- Generally the issue with maintenance budgets was absorbing the inflation costs of materials, but this was managed by making use of the Highways Alliance;
- Lincolnshire was quite successful at bidding for funding for major schemes, as the Council had invested in getting the schemes ready. However, there were plans to devolve funding to local planning boards. The problem with this process would be that the devolution model would devolve capital on a per head of population basis, and this would not be beneficial to a large county like Lincolnshire;
- It was commented that Lincolnshire was suffering again as it was a rural county, compared to an urban area;
- The Leader of the Council assured attendees that he would be strongly lobbying government to ensure that Lincolnshire got as much funding as possible and to ensure that government understood the issues which affected rural counties;
- There was a need to ensure that landowners made appropriate contributions to infrastructure schemes;
- There was a concern in terms of economic regeneration and economic strategies, that city centre businesses had to try harder just to maintain their position;
- The Lincoln Eastern Bypass, East-West Link Road and broadband infrastructure were all major schemes which would have a beneficial impact on the economic regeneration in the county. Procurement Lincolnshire had been working hard to make county council contracts more accessible to local businesses such as by lowering thresholds;
- Lincolnshire County Council would continue to maintain its economic development activity around the county;
- There was also likely to be increased economic activity around the Teal Park area and also following the opening of the A46 dual carriageway between Lincoln and Newark. £20m was being invested in the Lincoln Castle project. It was the job of the County Council to put the infrastructure in place which would encourage economic growth. The city of Lincoln had transformed over the past 20 years;

- It was hoped that government would realise the role that big councils had to play;
- It was reported that the County Council had been successful in its bid for funding for sustainable transport in the LN6 area, due to the investment in the Teal Park area;
- It was commented that it was encouraging to see the level of enthusiasm and support for economic development from the County Council;
- It was reported that the County Council was not allowed to set a local rate for business rates, and under the new arrangements, only a surplus from excess growth would be shared via pooling. The authority had taken a view to try and encourage district councils to go for growth. However, there was a concern that in encouraging districts to go for growth, permission would have to be given for projects and schemes that residents may not want. It was noted that it would be some time before the county saw any benefit;
- It was acknowledged that business rates were a huge cost to businesses, but it was noted that the government was not planning to review the rateable values of property;
- It was possible that in the future more districts may want to join the pooling arrangements for business rates;
- It was important that public sector organisations collaborated where possible;
- The transfer of public health responsibility to the County Council would be a significant change for 2013/14;
- It was likely that there would be some changes to the public health service over the following two years, as there was an overlap of some existing and new services. For example, some services provided by Children's Services and Adults Services were also provided by Public Health. This was a good opportunity to work together more effectively. There would be big savings if health and adult services could commission more effectively.

RESOLVED

That the points made at this meeting be submitted to the meeting of the Executive scheduled to be held on 5 February 2013.

The meeting closed at 11.50am.

Present	Representing
Paula Pilkington	NHS Lincolnshire
Doug Balderson	Federation of Small Businesses
Michael Self	Federation of Small Businesses
Darren Mahon	Voice the Union for Education Professionals
Councillor K Smith	Lincolnshire County Council
David Forbes	Lincolnshire County Council
Dave Simpson	Lincolnshire County Council
Pete Moore	Lincolnshire County Council
Paul Coathup	Lincolnshire County Council
Councillor Mrs C M H Farquharson	Lincolnshire County Council
Matt Corrigan	Lincoln BIG
David Laws	Lincolnshire County Council
Gillian Holder	Lincolnshire County Council
Tony Warnock	Lincolnshire County Council
Louise Allison	City of Lincoln Council
Councillor M Hill OBE	Lincolnshire County Council
Rachel Wilson	Lincolnshire County Council

FINANCIAL STRATEGY

1	Spending and council tax
1.1	Resources will be allocated in revenue and capital budgets to support and promote achievement of the Council's Business Plan.
1.2	<p>Total spending and the council tax will be set with regard to :</p> <ul style="list-style-type: none"> • the impact on Lincolnshire service users • the impact on Lincolnshire council tax payers • the impact on the local economy • and government requirements, in particular likely council tax capping limits or other government constraints. <p>The Council will aim to keep the level of council tax one of the lowest in the country.</p>
1.3	<p>The Council will implement a planned programme of major improvement, efficiency and transformation projects.</p> <p>The programme will aim to achieve substantial savings to keep the Council's spending within the funding available from government grants and the council tax , and to allow modest development and improvement of priority services where possible.</p> <p>Savings will be achieved through improved efficiency wherever possible.</p>
1.4	There will be a rolling programme of strategic service reviews focussing on value for money.
1.5	Revenue and capital budgets, covering at least three years, will be prepared and set realistically, taking into account the outcomes of strategic service reviews.
2	Financial standing
2.1	The Council will maintain its general reserves within a range of 2.5% to 3.5% of its annual budget requirement.
2.2	The Council will implement its Risk Management Strategy and keep it under review, including the maintenance and regular review of a Corporate Risk Register.
2.3	The Council will annually review and report on its governance arrangements including the system of internal control and address any significant governance issues.
2.4	The Audit Committee will monitor the effectiveness of risk management and governance arrangements.
2.5	The Council will maintain an internal audit function operating in accordance with

	the CIPFA Code of Practice.
2.6	The Council will operate a combination of self and external insurance arrangements. The balance between self and external insurance will be reviewed regularly. The Council's external insurance needs will be tendered at least triennially and on each occasion the opportunity will be taken to examine the cost effectiveness of alternative combinations of self and external insurance.
3	Financial management standards
3.1	Training and information will be provided appropriate for the financial skills required of councillors, including treasury management.
3.2	The financial competencies of managers and staff will be identified, reviewed and tested regularly, and training and development needs identified.
3.3	The Assistant Director - Finance and Resources must ensure that appropriate training and development in financial competencies is provided to meet agreed needs.
3.4	He/she must also ensure that appropriate, specialist financial expertise is available to provide high quality financial advice to the Council and to manage its financial affairs.
3.5	The Assistant Director - Finance and Resources will seek actively to improve financial performance in any poorer performing areas of the Council.
4	Financial decision making
4.1	The Executive Director for Resources and Community Safety will provide comments on financial implications, compliance and value for money as necessary for all decisions to be taken by the Council, Executive or Executive councillors.
4.2	Business cases and option appraisals, in the format agreed by the Assistant Director - Finance and Resources, will be completed and agreed before all major revenue and capital projects, developments and change programmes are commenced.
5	Budget management
5.1	The Executive and officers discharging executive functions must manage within approved budgets.
5.2	Executive directors and budget holders must : <ul style="list-style-type: none"> • Monitor and report financial performance monthly • Control expenditure and income within their area against approved budgets • And take any action necessary to avoid exceeding approved budgets.
5.3	Executive members will monitor financial performance on a monthly basis. The Value for Money Scrutiny Committee and the Executive will receive detailed quarterly reports on performance and spending.

	<p>The Value for Money Scrutiny Committee and the Executive will seek detailed explanations from executive directors where expenditure is not being managed within approved budgets.</p> <p>The Value for Money Scrutiny Committee and the Executive will review financial performance at each year end.</p>
5.4	<p>The Council's organisational arrangements will reflect the principles of good financial management. They will:</p> <ul style="list-style-type: none"> • Promote budget ownership • Establish clear responsibility and accountability • Recognise budget management as an essential part of good management.
6	Budget changes
6.1	<p>The Council's Constitution requires that decisions can only be taken in line with the Council's approved budget. Decisions which would be contrary to, or not wholly in accordance with, the budget approved by full Council will only be taken by full Council following a recommendation from the Executive.</p>
6.2	<p>Changes to the budget which increase the Council's total expenditure and require either the use of the Council's general reserves or increased borrowing must be referred by the Assistant Director - Finance and Resources to the Executive for consideration before being referred to the full Council for approval.</p>
6.3	<p>Subject to the above, budgets can be reallocated between service headings as follows :</p> <ul style="list-style-type: none"> • Reallocations of up to £250k may be approved by the relevant executive director • Reallocations of between £250k and £500k may be approved by the relevant Executive councillor/s in consultation with the Assistant Director - Finance and Resources and the relevant executive directors • Reallocations over £500k will be considered by the Executive and must be approved by the full Council.
7	Carry forward of over and under spendings
7.1	<p>All under and overspendings on service revenue budgets of up to 1% will be carried forward without exception.</p> <p>The use of all underspendings on service budgets in excess of 1% will be considered by the Executive and decided by the full Council.</p> <p>The means of funding all overspendings on service budgets in excess of 1% will be considered by the Executive and decided by the full Council.</p>
7.2	<p>All under and overspendings on capital budgets and on the Dedicated Schools Budget will be carried forward.</p>
8	Expenditure
8.1	<p>The Council will acquire goods and services to achieve best value in accordance with Procurement Lincolnshire's Sustainable Procurement Strategy in order to :</p>

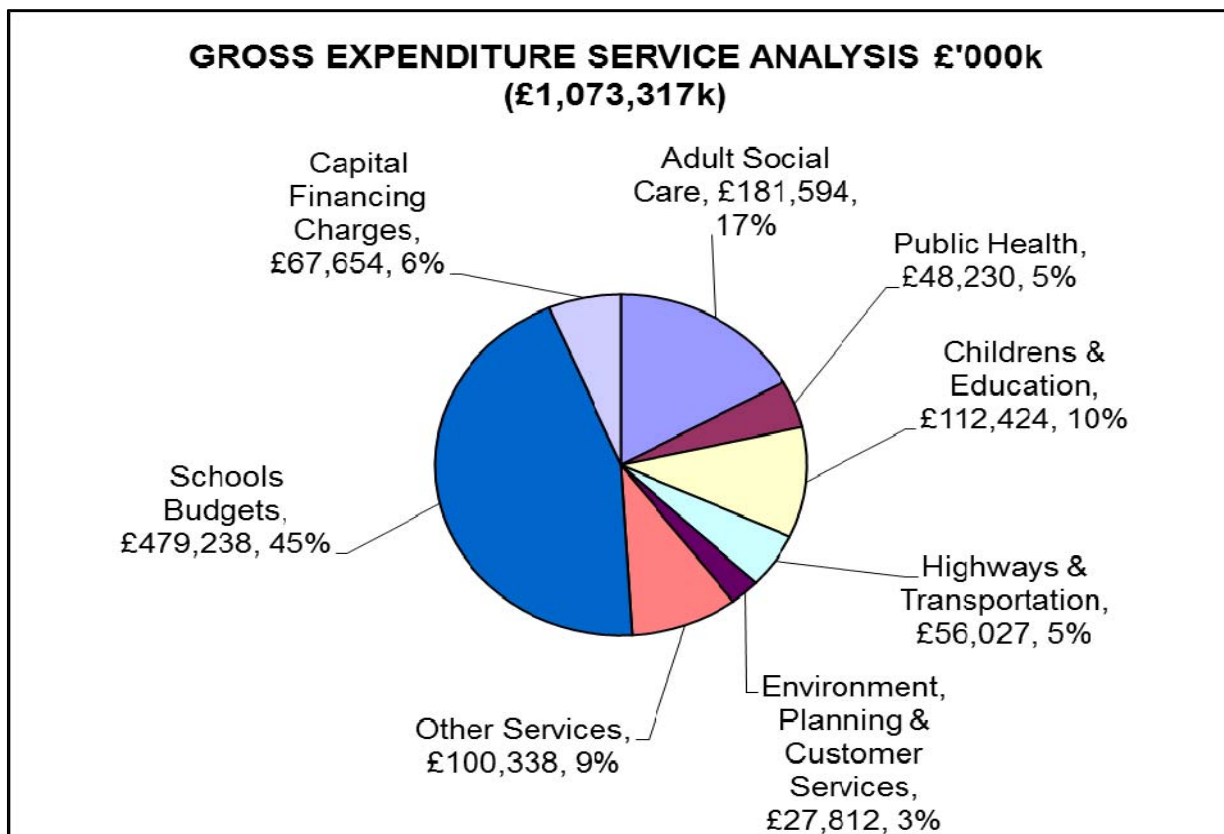
	<ul style="list-style-type: none"> • Deliver year on year efficiencies but not at the cost of quality • Develops and embraces socially responsible procurement that delivers value for money, promotes the local economy, and takes into account the social and environmental impact of spending decisions.
8.2	<p>Undisputed invoices will be paid in line with either contracted terms or within 30 days on a reasonable endeavours basis. The Council will seek actively to resolve disputed invoices.</p>
8.3	<p>Procurement and payment processes will utilise available technology where appropriate including e-procurement and the use of procurement cards.</p>
9	<p>Income</p>
9.1	<p>The Council will review its policies on fees and charges for discretionary services bearing in mind the impact on both service users and council tax payers.</p>
9.2	<p>The Council will aim to collect all the income owed to it, to collect it promptly, and to take effective action to pursue non-payment, taking into account the circumstances of the individual debtor.</p>
9.3	<p>Income collection processes will utilise available technology where appropriate including the use of the on-line payments and credit cards.</p>
9.4	<p>The Council will not seek to use the discretionary power to set a Supplementary Business Rate unless there is general support from Lincolnshire businesses.</p>
10	<p>External funding and partnerships</p>
10.1	<p>The Council will work with partners and national bodies to ensure that Lincolnshire receives appropriate levels of government grant.</p>
10.2	<p>In deciding whether or not to make a bid for external funding directors, Executive councillors or the Executive <u>must ensure</u> that :</p> <ul style="list-style-type: none"> • The project contributes to the Council's corporate objectives • Matched funding is available within existing budgets • Partner contributions are confirmed • Risks are assessed and minimized including : <ul style="list-style-type: none"> ○ Where funding is linked to the achievement of specific outcomes ○ Where success relies on others • The Council has the capacity to deliver the outcomes and timescales required • There is a clear exit strategy where external funding is for a limited period, <p>And <u>must consider</u> :</p> <ul style="list-style-type: none"> • The probability of success in obtaining funding, particularly in relation to the resource costs of preparing bids • Co-ordination of bids and initiatives within the Council and with partners • Whether the project represents value for money.
10.3	<p>Approval for external funding bids should be sought from :</p> <ul style="list-style-type: none"> • the appropriate Executive councillor or the Executive – for projects costing more than £250,000 • officers authorised to bid for external funding under directorate Schemes of

	Authorisation – for projects costing less than £250,000.
10.4	The Assistant Director - Finance and Resources must <ul style="list-style-type: none"> • ensure that costs, benefits and risks are assessed fully before partnership agreements are made • He/she must ensure that governance, accountability and reporting arrangements are appropriate and clear • and he/she must ensure that financial arrangements are appropriate and safeguard the Council's interests.
11	Funding the capital programme
11.1	The Council will actively dispose of surplus assets where appropriate in order to reinvest in capital assets.
11.2	A proportion of capital programme will be funded directly from revenue income so as to qualify for Dedicated Schools Grant and to provide an element of flexibility.
11.3	Capital spending will be funded largely through long-term borrowing in accordance with government policy.
11.4	Annual provision will be made for the repayment of long term borrowing. The amount repaid will be related directly to the useful life of the assets acquired through borrowing so that debt is not outstanding after an asset's useful life.
11.5	Provision for the repayment of long term borrowing including interest will not exceed a long term limit of 10% of annual income from general government grants, Dedicated Schools Grant and council tax.
12	Accounting and financial processes
12.1	Strong financial controls will be maintained with the Assistant Director - Finance and Resources responsible for determining or agreeing all financial processes, systems and financial records used by the Council.
12.2	Accounting policies will comply fully with International Financial Reporting Standards and statutory regulations as set out in the Code of Practice on Local Authority Accounting in the UK. The annual statement of accounts will give a true and fair view of the financial position and transactions of the Council in the opinion of its external auditor.
13	Treasury management
13.1	The Council will comply at all times with the CIPFA Code of Practice on Treasury Management and related locally determined statements, strategies and practices.
13.2	The Council will employ external treasury management advisors and will outline the service received and the arrangements in place with the advisors within the Annual Treasury Management Strategy. The overall responsibility for risk management and control of the treasury operation rests with the Council.
13.3	The committee responsible for the scrutiny of the treasury management function is the Value For Money Scrutiny Committee, which will receive the Treasury Management Strategy and Annual Report on an annual basis and also quarterly

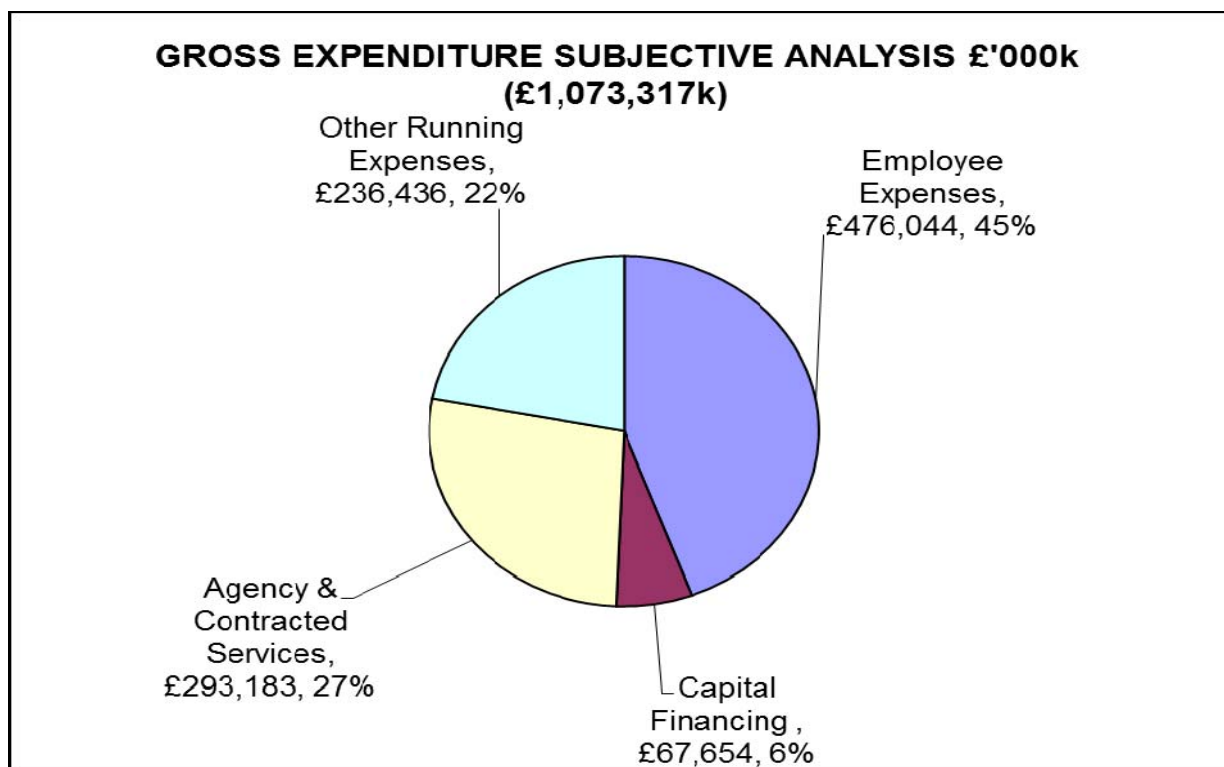
	monitoring reports throughout the year that will compare activity against approved strategy.
13.4	The Council will finance long term debt relating to capital expenditure at periods and interest rate levels that minimise the cost to the Council. The total level of long term debt will be managed within prudential levels pre-determined by the Council. The maturity profile of long term debt will also be managed with the aim of achieving an even maturity structure.
13.5	The Council will actively pursue debt rescheduling to the extent that it will generate financial savings without adding significantly to the overall debt burden.
13.6	The Council will operate a lending strategy in line with best professional practice that seeks to minimise the risk of capital loss while maximizing the income return to the Council. Priority will be given to security and liquidity over return within the lending strategy at all times.
13.7	When making investments, the Council will make use of a wide range of information, including credit ratings, financial press, market data and other relevant information, when determining an appropriate counterparty creditworthiness policy. Limits which diversify investments over country, sector and counterparty group will be applied.
14	Performance measures and targets
14.1	Implementation of the Financial Strategy will be monitored and managed with reference to the measures of financial health and performance attached at APPENDIX E.
14.2	The Financial Strategy will be reviewed every four years at the start of each new Council.

KEY FINANCIAL PERFORMANCE MEASURE: FINANCIAL HEALTH AND PERFORMANCE

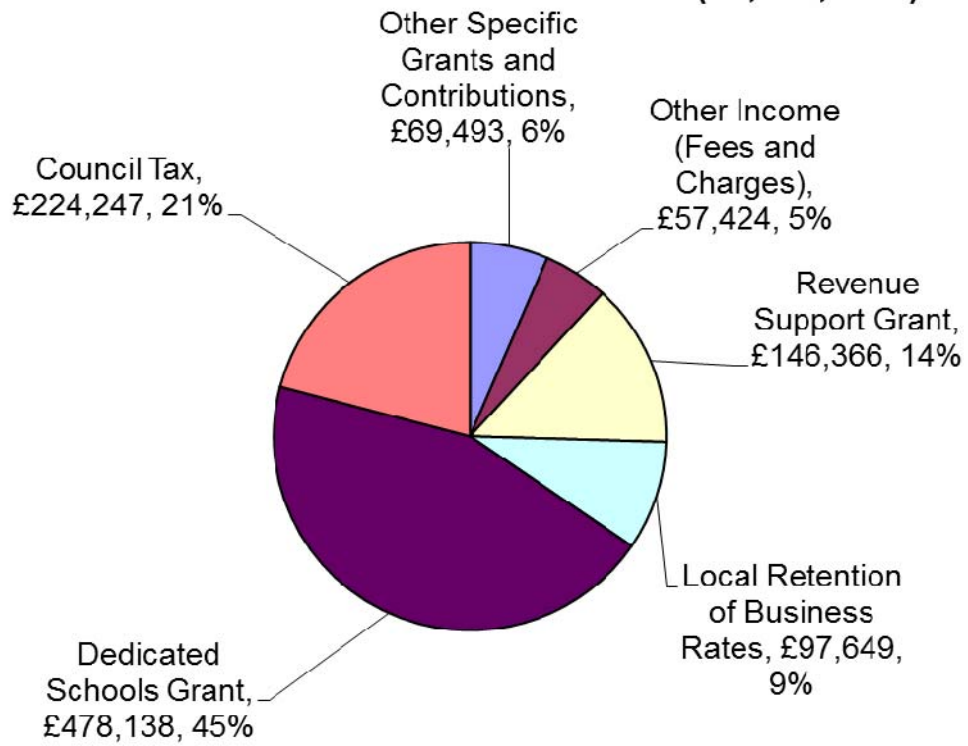
REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate
1	Council tax compared with other counties	In lowest quartile of all English county councils (out of 27 county councils).	Yes	Yes	Yes
2	Government grants (excluding area based grant)	Lobby for annual increases in general government grants to be above the county average.	Yes	Yes	Yes
3	Capital receipts	At least £15m over four years 2011/12 to 2014/15.	£5.3m	£2.0m	£2.0m
4	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	6.35%	6.62%	7.43%
5	Accounting	Unqualified external audit opinion.	Yes	Yes	Yes
6	General Reserves	Maintained within the range of 2.5% to 3.5% of the annual budget requirement net of Dedicated Schools Grant.	Within range	Within range	Within range
7	Internal control	None of the processes audited receive a "no assurance" opinion from internal audit.	Yes	Yes	Yes
8	Income collection	Overall top quartile performance compared with other counties (100 = top quartile).	85.0	85.0	85.0
9	Expenditure - prompt payment	At least 90% of undisputed invoices paid within 30 days.	92.5%	92.5%	92.5%
10	Treasury management	Risk adjusted return comparison.	Weighted Benchm'k	Weighted Benchm'k	Weighted Benchm'k



Other Services include – Economy & Culture, Finance & Resources, Fire & Rescue, Community Safety and Performance & Governance.



SOURCES OF FINANCE £'000k (£1,073,317k)



REVENUE GOVERNMENT GRANTS 2013/14	
	£'000
Revenue Support Grant (*1)	146,366
Council Tax Freeze Grant 2013/14 (*2)	2,238
Dedicated Schools Grant (ring-fenced) (*3)	478,138
Pupil Premium	TBA
Education Support Grant (*4)	TBA
PFI Revenue Grant	1,158
Adult Social Care Local Reform and Community Voices Grant	590
Public Health Grant (ring-fenced)	27,542
Social Fund	1,801
Local Sustainable Transport Fund	1,834
Local Enterprise Partnerships Core Funding	250
Fire Revenue Grant - Fire Link	313
Fire Revenue Grant - New Dimensions	965
Community Right to Challenge	9
Lead Local Flood Authorities (Local Services Support Grant)	451
Inshore Fisheries Conservation Authorities (Local Services Support Grant)	128
New Homes Bonus	2,039
Returned Amount of New Homes Bonus Top slice	825
Efficiency Support For Services in Sparse Areas	755
Total Revenue Grants	665,402

(*1) Revenue Support Grant now includes the following grants which were awarded to the Council separately last year: Early Intervention Grant, Council Tax Freeze Grant 2011/12, Learning Disability and Health Reform Grant and part of the Lead Local Flood Authority Grant (£0.239m, with £0.451m remaining as separate grant). RSG also includes an element for Council Tax Support Funding.

(*2) Council Tax Freeze Grant 2013/14 indicative amount, actual grant to be confirmed in March 2013.

(*3) Dedicated Schools Grant. Lincolnshire has been awarded £478.138m, which is for all schools in Lincolnshire including local authority schools and Academies. Approximately half of all pupils attend academy schools, therefore it is expected that this figure will be revised down by half for funding to academy schools. DSG is a ring-fenced grant that is passed directly through to schools.

(*4) Education Support Grant final allocations have not been announced. The County Council's budget assumptions include an estimate of £7.096m.

CAPITAL GOVERNMENT GRANTS 2013/14

	£'000
Adult's Social Care Community Capacity Grant	1,811
Highways Asset Maintenance	23,330
Additional Highways Maintenance	4,205
Highways Integrated Transport	4,136
Local Sustainable Transport Fund	942
Fire Capital Grant	885
Schools Basic Needs (*1)	TBA
Schools Capital Maintenance (*1)	TBA
Schools Devolved Capital (*1)	TBA
Academies Grant	10,046
Total Capital Grants	45,355

(*1) The capital funding for schools maintenance, provision for schools places (basic needs) and devolved schools capital is subject to annual grant notification. The Council has not yet been notified of the grant expected for 2013/14.

APPENDIX H

REVENUE BUDGET SAVINGS BY SERVICE

	2013/14	2014/15	2 year cumulative savings
	£'000	£'000	£'000
Adult Social Care	-11,504	-12,812	-24,316
Public Health	-507	-192	-699
Children's Social Care	-600	-440	-1,040
Education Services	-5,063	-2,129	-7,192
Highways & Transportation	-69	-593	-662
Environment, Planning & Customer Services	-6,492	-5,758	-12,250
Economy & Culture	-98	-2,243	-2,341
Finance & Resources	-413	-1,218	-1,631
Fire & Rescue	-5	-209	-214
Community Safety	-94	-247	-341
Performance & Governance	-1,755	-975	-2,730
Total Service Budgets	-26,600	-26,816	-53,416
Other Budgets	-1,000	-12,875	-13,875
Total Expenditure	-27,600	-39,691	-67,291

PRUDENTIAL INDICATORS		2012/13	2013/14	2014/15	2015/16
PRUDENTIAL INDICATOR TARGETS					
External Debt:					
1	<u>Authorised limit for external debt -</u> The authority will set for the forthcoming financial year and the following three years an authorised limit for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities <u>Authorised limit for external debt -</u> borrowing other long term liabilities Total	£m 543.315 23.220 566.535	£m 602.729 17.126 619.855	£m 648.924 16.321 665.245	£m 652.673 15.481 668.154
2	<u>Operational boundary -</u> The authority will set for the forthcoming financial year and the following three years an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities <u>Operational boundary -</u> borrowing other long term liabilities Total	£m 519.315 21.220 540.535	£m 578.729 15.126 593.855	£m 624.924 14.321 639.245	£m 628.673 13.481 642.154
Treasury Management Indicators:					
Interest Rate Exposures The Authority will set for the forthcoming financial year and the following three years upper limits to its exposures to the effects of changes in interest rates. These prudential indicators relate to both fixed and variable interest rates.					
3	<u>Upper limit for fixed interest rate exposure</u> Net principal re fixed rate borrowing less investments	£m 678.761	£m 678.761	£m 678.761	£m 678.761
4	<u>Upper limit for variable rate exposure</u> Net principal re variable rate borrowing less investments	203.628	203.628	203.628	203.628
Gross Debt The Authority will ensure that gross debt does not, except in the short term, exceed the total of Capital Financing Requirement (CFR) in the preceding year plus the estimates of any additional CFR for the current and next two financial years. This is to ensure that over the medium term debt will only be for a capital purpose.					
5	<u>Gross Debt and the Capital Financing Requirement</u>	✓	✓	✓	✓
Borrowing in Advance of Need The Authority will set for the forthcoming financial year and the following three years upper limits to its Borrowing in Advance of need.					

PRUDENTIAL INDICATORS		2012/13	2013/14	2014/15	2015/16
6	<u>Borrowing in advance of need limited to percentage of the expected increase in CFR over 3 year budget period. (Voluntary Indicator).</u>	25%	25%	25%	25%
	Total principal sums invested for periods longer than 364 days Where a local authority plans to invest, for periods longer than 364 days the local authority will set an upper limit for each forward year period for the maturing of such investments				
		£m	£m	£m	£m
7	<u>Upper limit for total principal sums invested for over 364 days (per maturity date)</u>	40.000	40.000	40.000	40.000
PRUDENTIAL INDICATORS TO NOTE					
8	Repayment of minimum revenue provision and interest will not exceed 10% of Net Revenue Stream & Dedicated Schools Grant (Voluntary Indicator)	6.35%	6.61%	7.43%	7.90%
9	Estimates of capital expenditure - The Authority shall make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the two following years. Reported in the Revenue Budget and Capital Programme to Full Council	✓	✓	✓	✓
10	Ratio of Financing Costs to Net Revenue Stream The Authority will estimate for the forthcoming financial year and the following three years the ratio of financing costs to Net Revenue Stream.	6.28%	6.66%	7.46%	7.76%
11	Capital Financing Requirement The Authority shall make reasonable estimates of the total of capital financing requirement at the end of the forthcoming financial year and the following three years.				
		£m	£m	£m	£m
	Estimate of the Capital Financing Requirement for the Authority	561.464	626.383	671.108	678.761
	Estimate of Gross External Borrowing	460.853	527.706	574.378	583.836
12	Estimate of the incremental impact of Capital Investment decisions on the Council Tax The Authority will calculate the addition or reduction to Council Tax that results from any proposed changes to the capital programme Band D Council Tax	£2.58	£22.78	£20.27	£17.05
13	Treasury Management: The Authority has adopted the CIPFA's Code of Practice for Treasury Management in Public Services	✓	✓	✓	✓
14	Treasury Management Indicator: Maturity structure of new fixed rate borrowing The Authority will set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of borrowing				
		upper limit		lower limit	
	under 12 months	25%		0%	
	12 months and within 24 months	25%		0%	
	24 months and within 5 years	50%		0%	
	5 years and within 10 years	75%		0%	
	10 years and above	100%		0%	

APPENDIX J

<u>CAPITAL PROGRAMME 2012/13 TO 2014/15</u> <u>PLUS FUTURE YEARS</u>	Net Programme £'000	Grants and Contributions £'000	Gross Programme £'000	Net Programme £'000	Grants and Contributions £'000	Gross Programme £'000	Net Programme £'000	Grants and Contributions £'000	Gross Programme £'000	Net Programme £'000	Grants and Contributions £'000	Gross Programme £'000	Net Programme £'000	Grants and Contributions £'000	Gross Programme £'000
	2012/13	2012/13	2012/13	2013/14	2013/14	2013/14	2014/15	2014/15	2014/15	2015/16	2015/16	2015/16	2015/16	2015/16	2015/16
Highways and Transportation:															
Lincoln Eastern Bypass (Council Contribution)	0	0	0	2,458	10,919	13,377	4,184	15,372	19,556	7,358	23,659	31,017			
Lincoln Eastern Bypass (Underwriting Developers)	0	0	0	7,064	0	7,064	9,944	0	9,944	16,992	0	16,992			
Lincoln East-West Link	0	0	0	5,213	6,787	12,000	8,000	0	8,000	1,787	0	1,787			
Spalding Relief Road (Phase II)	0	0	0	0	0	0	0	0	0	10,000	0	10,000			
Grantham East-West Link Road	0	0	0	2,000	0	2,000	17,000	0	17,000	11,000	0	11,000			
A16/A1073 Spalding to Eye Road Improvement	(3,104)	0	(3,104)	0	0	0	0	0	0	0	0	0			
Other Road Improvement Schemes	0	0	0	0	0	0	2,000	0	2,000	0	0	0			
Asset Protection	4,968	24,038	29,006	0	27,535	27,535	0	24,175	24,175	0	0	0			
Integrated Transport	2,834	4,233	7,067	65	5,078	5,143	0	6,060	6,060	0	0	0			
Other Highways and Transportation	131	0	131	355	100	455	100	100	200	0	0	0			
Other Major Schemes	28	0	28	0	0	0	0	0	0	0	0	0			
Sub Total	4,857	28,271	33,128	17,155	50,419	67,574	41,228	45,707	86,935	47,137	23,659	70,796			
Economy and Culture:															
Historic Lincoln	1,668	2,993	4,661	189	5,901	6,090	0	6,339	6,339	0	3,952	3,952			
Other Enterprise Schemes	857	0	857	785	0	785	1,029	0	1,029	81	0	81			
Sub total - Enterprise	2,525	2,993	5,518	974	5,901	6,875	1,029	6,339	7,368	81	3,952	4,033			
Teal Park, Lincoln	7,800	0	7,800	1,740	0	1,740	0	0	0	0	0	0			
Boston Barrier	0	0	0	0	0	0	5,000	0	5,000	6,000	0	6,000			
Grantham Incubation Centre	50	50	100	1,214	2,200	3,414	500	894	1,394	0	0	0			
Grantham Station Approach	247	0	247	6,500	0	6,500	0	0	0	0	0	0			
Lincoln Growth Point	300	0	300	1,500	0	1,500	0	0	0	0	0	0			
Lincolnshire Waterways	202	0	202	0	0	0	300	300	600	300	300	600			
Other Regeneration Schemes	3,174	723	3,897	480	0	480	0	0	0	0	0	0			
Sub total - Regeneration	11,773	773	12,546	11,434	2,200	13,634	5,800	1,194	6,994	6,300	300	6,600			
Libraries and Heritage	355	436	791	755	0	755	450	0	450	0	0	0			
Sub Total	14,653	4,202	18,855	13,163	8,101	21,264	7,279	7,533	14,812	6,381	4,252	10,633			
Environment, Planning & Customer Services:															
Energy from Waste	67,034	0	67,034	27,757	0	27,757	0	0	0	0	0	0			
Flood Defence	0	0	0	6,000	0	6,000	0	0	0	0	0	0			
Customer Services	95	0	95	0	0	0	0	0	0	0	0	0			
Other Environment and Planning	1,060	0	1,060	1,300	0	1,300	0	0	0	0	0	0			
Sub Total	68,189	0	68,189	35,057	0	35,057	0	0	0	0	0	0			

CAPITAL PROGRAMME 2012/13 TO 2014/15 PLUS FUTURE YEARS																				
	£'000	Grants and Contributions 2012/13	Gross Programme 2012/13	£'000	Net Programme 2013/14	Grants and Contributions 2013/14	£'000	Gross Programme 2013/14	£'000	Net Programme 2014/15	Grants and Contributions 2014/15	£'000	Gross Programme 2014/15	£'000	Net Programme 2015/16 and future years	Grants and Contributions 2015/16 and future years	£'000	Gross Programme 2015/16 and future years	£'000	
Children's Services:																				
Devolved Capital	3,300	1,865	5,165	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Provision of School Places (Basic Need)	3,600	6,232	9,832	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
School Condition / Maintenance Capital	647	200	847	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Schools Modernisation / Condition Capital	4,860	9,950	14,810	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Early Years Sufficiency / Extended Provision	477	0	477	550	0	0	550	0	0	0	0	0	0	0	0	0	0	0	0	0
Schools Access Initiative	200	0	200	383	0	0	383	0	0	0	0	0	0	0	0	0	0	0	0	0
Foster Capital	330	0	330	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Short Breaks for Disabled Children	350	0	350	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Children's Services	814	887	1,701	350	0	0	350	0	0	0	0	0	0	0	0	0	0	0	0	0
Lincolnshire Secure Unit	2	357	359	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Lincoln Priory Academies	455	0	455	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Skegness Academy	2,420	6,140	8,560	0	306	0	306	0	0	0	0	0	0	0	0	0	0	0	0	0
Sleaford - St George's Academy	3,502	0	3,502	200	0	0	200	0	0	0	0	0	0	0	0	0	0	0	0	0
University Academy Holbeach	0	6,477	6,477	274	2,325	0	2,599	0	0	0	0	0	0	0	0	0	0	0	0	0
Priory Ruskin Academy	0	5,336	5,336	0	7,414	0	7,414	0	299	0	299	0	299	0	0	0	0	0	0	0
Other Academies	0	0	0	493	0	0	493	0	0	0	0	0	0	0	0	0	0	0	0	0
Previous Project and Programmes	2,760	28	2,788	1,200	0	0	1,200	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub Total	23,717	37,472	61,189	3,450	10,045	0	13,495	0	299	0	299	0	299	0	0	0	0	0	0	0
Adult Social Care:																				
Adult Social Care	435	1,778	2,213	975	1,811	0	2,786	858	1,848	0	1,848	0	2,706	0	0	0	0	0	0	0
Sub Total	435	1,778	2,213	975	1,811	0	2,786	858	1,848	0	1,848	0	2,706	0	0	0	0	0	0	0
Corporate services:																				
Property	3,437	0	3,437	3,377	0	0	3,377	3,200	0	3,200	0	3,200	0	0	0	0	0	0	0	0
Property Rationalisation Programme	608	0	608	1,000	0	0	1,000	5,000	0	5,000	0	5,000	0	0	0	0	0	0	0	0
Property Contingency	0	0	0	7,498	0	0	7,498	0	0	0	0	0	0	0	0	0	0	0	0	0
Fire & Rescue and Emergency Planning	2,497	1,138	3,635	1,650	885	0	2,535	2,650	885	3,535	1,500	5,035	1,500	1,500	0	1,500	0	1,500	0	1,500
Fire Fleet Vehicles and Associated Equipment	7,865	0	7,865	5,721	0	0	5,721	565	0	565	16,708	16,708	16,708	16,708	0	16,708	0	16,708	0	16,708
Sub Total	14,407	1,138	15,545	19,246	885	0	20,131	11,415	885	12,300	18,208	18,208	18,208	18,208	0	18,208	0	18,208	0	18,208
Performance and Governance:																				
Broadband	155	0	155	68	12,735	0	12,803	7,992	4,756	12,748	1,940	14,688	14,688	14,688	0	14,688	0	14,688	0	14,688
New Data Centre	0	0	0	5,000	0	0	5,000	0	0	0	0	0	0	0	0	0	0	0	0	0
ICT Related	5,945	0	5,945	3,600	0	0	3,600	3,600	0	3,600	0	3,600	0	0	0	0	0	0	0	0
Sub Total	6,100	0	6,100	8,668	12,735	0	21,403	11,592	4,756	16,348	1,940	18,288	18,288	18,288	0	18,288	0	18,288	0	18,288
Other programmes:																				
New Developments Capital Contingency Fund	0	0	0	0	0	0	0	6,500	0	6,500	0	6,500	0	0	0	0	0	0	0	0
Sub Total	0	0	0	0	0	0	0	6,500	0	6,500	0	6,500	0	0	0	0	0	0	0	0
TOTAL	132,358	72,861	205,219	97,714	83,996	0	181,710	78,872	61,028	139,900	73,666	213,566	213,566	213,566	0	213,566	0	213,566	0	213,566

SUMMARY OF CAPITAL SCHEMES FROM THE 2013/14 PROGRAMME

The Council's Capital Programme includes the following schemes which are due to be undertaken in 2013/14:

Highways and Transportation:

- Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.
- Integrated transport schemes across the County including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.
- Lincoln Eastern Bypass and Lincoln East-West Link Road – two major new road projects.

Economy and Culture:

- Historic Lincoln – redevelopment of the Castle and other associated projects, including Magna Carta pavilion and refurbishment of the prison.
- Completion of Teal Park, a 37 hectare (90 acre) business park on the western side of Lincoln.
- Development of Grantham Station Approach and associated Business Incubation Centre.

Environment, Planning and Customer Services:

- On-going development of the Energy from Waste scheme.
- Flood defence schemes in Louth and Horncastle.
- New Household Waste Recycling Centre at Sleaford.

Children's services:

- Programme of modernisation in schools to meet the statutory responsibility for provision of educational places.
- Programme to improve the condition of school buildings.
- Academies programmes including: University Academy Holbeach and Priory Ruskin Academy Grantham.

Adult Social Care:

- Extra Care Housing – Barratt Court.

Corporate Services (including Property and Fire and Rescue Services):

- Repairs and maintenance to council properties.
- Property rationalisation programme, projects throughout County.
- Replacement of fire-fighters' personal protective equipment.
- New fire station build and improvement works.
- Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.

Performance and Governance (including ICT):

- Provision of a new data centre.
- Broadband – a programme to trigger the installation of digital infrastructure in communities and businesses.
- General IT programmes including: IT development; Replacement of PC's and other IT equipment and ICT infrastructure.

EARMARKED RESERVES					
	Actual Balance at 31 March 12 £'000	Planned Use / Contribution in 2012/13 £'000	Estimated balance at 31 March 13 £'000	Planned Use / Contribution in 2013/14 £'000	Estimated balance at 31 March 14 £'000
Balances from dedicated schools budget including those held by schools under a scheme of delegation	46,705	-10,758	35,947	0	35,947
Other Earmarked Reserves:					
Other Services	2,232	-2,232	0	0	0
Adverse Weather	1,053	-1,053	0	0	0
Insurance	3,023	0	3,023	0	3,023
Invest to Save	114	0	114	0	114
School's Sickness Insurance Scheme	942	572	1,514	0	1,514
Purchase of Museums Exhibits	139	0	139	0	139
Salix Carbon Management	203	90	293	0	293
Waste Disposal	11,745	-11,745	0	0	0
Development	1,460	-232	1,228	0	1,228
Legal Services	832	107	939	0	939
Teal Park	50	0	50	0	50
Health and Well Being	5,312	-1,258	4,054	0	4,054
Safer Communities Development Fund	1,168	0	1,168	-500	668
Community Development Fund	685	0	685	0	685
Fire Fleet	9,000	-5,975	3,025	0	3,025
Support Services contract	500	-377	123	0	123
Financial volatility	4,356	19,955	24,311	-11,200	13,111
South Lincolnshire Sports fund	171	0	171	0	171
Roads Maintenance	2,000	-2,000	0	0	0
Youth Service	400	-94	306	0	306
Temporary Service Reserve	3,634	8	3,642	0	3,642
Revenue Grants and Contributions Unapplied	37,123	-8,083	29,040	0	29,040
Total Earmarked Reserves	132,847	-23,075	109,772	-11,700	98,072

CHANGES BETWEEN THE 2012/13 BUDGET AND THE 2013/14 BUDGET		
	£'000	Impact on budget requirement
COST PRESSURES:		
Inflation	7,026	1.5%
Adult Social Care		
Demography Pressures (in Older People, Physical and Learning Disabilities)	3,000	0.6%
Other cost pressures in Adult Social Care	7,123	1.5%
Children's Services		0.0%
Cost pressures in Children's Social Care and Education Services	801	0.2%
Communities		
Increase in landfill tax	2,459	0.5%
Operation of new waste transfer stations associated with the Energy from Waste Plant	1,390	0.3%
Other cost pressures in Communities	146	0.0%
Resources and Community Safety		
Cost pressures in Resources and Community Safety	129	0.0%
Performance & Governance		
County Council Elections	570	0.1%
Other Budgets		
Capital Financing Charges	5,707	1.2%
Other cost pressures in Other Budgets	700	0.1%
TOTAL COST PRESSURES:	29,051	6.0%
SAVINGS:		
Adult Social Care		
Learning Disability savings through Supporting People	-1,700	-0.4%
Ongoing Learning Disabilities Efficiencies	-1,300	-0.3%
Intermediate Care Redesign	-2,000	-0.4%
Other savings in Adult Social Care	-6,504	-1.3%
Public Health		
Savings in Public Health	-507	-0.1%
Children's Services		
Home to School Transport Efficiencies	-1,762	-0.4%
Early Years (transfer of disadvantaged two year old monies and budgets to dedicated schools grant)	-1,491	-0.3%
Decommissioning Preventative Project	-978	-0.2%
Other savings in Children's Services	-1,432	-0.3%
Communities		0.0%
Reduction to landfill tax and disposal costs from operation of the Energy from Waste Plant	-6,475	-1.3%
Other savings in Communities	-184	0.0%
Resources and Community Safety		
Savings in Resources and Community Safety	-825	-0.2%
Performance & Governance		
Savings from Information Management and Technology improvement programmes	-1,750	-0.4%
Other savings in Performance and Governance	-5	0.0%
Other Budgets		
Reduction to Contingency Budget	-1,000	-0.2%
Other savings in Other Budgets	-396	-0.1%
TOTAL SAVINGS:	-28,309	-5.9%

Other Movements:		
Transfer of Health Reform Grant from service grants into Revenue Support Grant	6,101	1.3%
Transfer of Early Intervention Grant from service grants into Revenue Support Grant	26,394	5.5%
Transfer to Earmarked Reserve	-15,302	-3.2%
TOTAL OTHER MOVEMENTS:	17,193	3.6%
TOTAL CHANGE IN BUDGET REQUIREMENT:	17,935	3.7%
Change in local government finance mechanism	57,465	11.9%
Change in council tax base (arising from new Council Tax Support Schemes and increased number of Council Tax Payers)	-29,434	-6.1%
Increase/Reduction in council tax collection fund surpluses	291	0.1%
Removal of one off 2012/13 Council Tax Freeze Grant	-6,332	-1.3%
Transfer of 2011/12 Council Tax Freeze Grant into Revenue Support Grant	-6,293	-1.3%
Council Tax Freeze Grant 2013/14 Income	2,238	0.5%
TOTAL CHANGE IN GENERAL GRANT AND COUNCIL TAX INCOME:	17,935	3.7%

SUMMARIES OF SERVICE REVENUE ESTIMATES

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	131,546,347	Ref 1 Base Budget 2012/13
	BUDGET CHANGES:		
2	Inflation	2,362,321	Ref 2 An allocation for inflation.
3	Demography	3,000,000	Ref 3 Pressure relating to more clients joining the service than leaving in 2013/14
4	Service pressures from 12/13	7,033,851	Ref 4 Additional funding to cover additional service pressure
5	LD Health reform grant tran to RSG	6,101,368	Ref 5 Additional budget following DoH funding transfer for Learning Disability expenditure
6	EDT Additional cost	150,000	Ref 6 Additional costs of EDT Service for 2013/14
7	ERM Additional cost	45,000	Ref 7 Running costs associated with the operation of an electronic rostering management system
8	Emarket pressures to revenue budget	54,672	Ref 8 Running costs associated with the operation of an Emarket place system
9	Service reviews	15,000	Ref 9 Independent service reviews and consultations with service users and carers
10	Safeguarding independent chair	24,000	Ref 10 Additional funding requirements.
11	Carers service pressures	110,000	Ref 11 Carers service pressures on the Big Society expenditure and reductions in S256 income
12	12/13increase in residential/transitions	898,265	Ref 12 Additional expenditure on residential/transitions not funded through demography
13	Shaping Care	438,000	Ref 13 Efficiencies and savings following service re-provision
14	Diversion from long stay resid care	452,000	Ref 14 Reducing our reliance on residential placements
15	Intermediate care service redesign	2,000,000	Ref 15 Efficiencies and other savings within the service
16	LD Savings through SP funding	1,700,000	Ref 16 Efficiencies and savings through consolidation of cases through Supporting People
17	Ongoing Learning Disability efficiencies	1,300,000	Ref 17 Transfer of funding of cases in Out Of County Placements
18	Community supported living savings	556,000	Ref 18 6 month savings of the externalisation of the in house supported living service
19	Review of S75 contract	600,000	Ref 19 Reduction in the Section 75 funding from Health for 2013/14
20	DoH funding for Adult Social Care	5,020,789	Ref 20 DoH funding to relieve Base budget pressures
21	Reductions in existing schemes	294,475	Ref 21 Efficiencies and other savings within the service
22	ICES Savings	299,000	Ref 22 Efficiencies and other savings within the service
23	Workforce Development review	52,000	Ref 23 Efficiencies and other savings within the service
24	2013/14 BUDGET	138,628,560	
25	Inflation	2,501,279	Ref 25 An allocation for inflation.
26	Demography	5,810,878	Ref 26 Additional funding to cover additional demographic pressure
27	Intermediate care service redesign	1,500,000	Ref 27 Efficiencies and other savings within the service
28	Savings in LD	472,000	Ref 28 Efficiencies and other savings within the residential service
29	Savings from Supported People	2,000,000	Ref 29 Efficiencies and savings through consolidation of cases through Supporting People
30	Reduction to future service levels	6,053,382	Ref 30 Savings incl 1% reduction to future service budgets to match overall levels of Council funding
31	Transformation savings	1,000,000	Ref 31 Efficiencies and other savings within the service
32	DoH funding for Adult Social Care	1,000,000	Ref 32 DoH funding to relieve Base budget pressures
33	S75 reduction	725,000	Ref 33 Reduction in the Section 75 funding from Health for 2014/15
34	2014/15 BUDGET	134,190,335	

REVENUE EXPENDITURE - ADULT SOCIAL CARE

ADULT SOCIAL CARE DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	OLDER PEOPLE	67,915,102	1,616,768	69,531,870	67,810,845
2	PHYSICAL DISABILITIES	11,848,065	459,681	12,307,746	12,725,550
3	LEARNING DISABILITIES	26,038,266	15,919,303	41,957,569	41,650,196
4	MENTAL HEALTH	6,445,602	-	6,339,602	5,596,544
5	INFRASTRUCTURE	17,876,712	-	6,872,173	4,803,615
6	CARERS	1,422,600	197,000	1,619,600	1,603,585
7	NET TARGET BUDGET	131,546,347	7,082,213	138,628,560	134,190,335

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	18,366,191	
	BUDGET CHANGES:		
2	Inflation	350,893	Ref 2 An allocation for inflation.
3	Review of housing related support	-	Ref 3 Efficiencies resulting from implementing the Well Being model at lower unit costs.
4	Business mileage savings	-	Ref 4 Savings resulting from changes to mileage rates paid to staff.
5	Public Health responsibilities	27,542,400	Ref 5 Funding available for the new Public Health responsibilities transferring to LCC in April 2013
6	Welfare Provision - Programme	1,487,187	Ref 6&7 New responsibilities for LCC to provide emergency provision for vulnerable groups
7	Welfare Provision - Administration	314,254	
8	Public Health Grant	-	Ref 8 Government grant funding for the new Public Health responsibilities.
9	Welfare Provision Grant	-	Ref 9 Government grant funding for the new Welfare provision responsibilities.
10	2013/14 BUDGET	18,210,518	
11	Inflation	347,616	Ref 11 An allocation for inflation.
12	Savings	-	Ref 12 Savings including a 1% reduction to future service budgets to match overall levels of Council funding.
13	Additional Public Health expenditure	963,500	Ref 13 Increase in the Public Health ring fenced grant as LCC moves towards it's target allocation.
14	Additional Public Health grant	-	Ref 14
15	Welfare Provision - Administration	-	Ref 15 Planned efficiency savings in the administration of local welfare support.
16	Welfare Provision grant	26,207	Ref 16 Reduced government grant to reflect efficiency savings above.
17	2014/15 BUDGET	18,366,181	

REVENUE EXPENDITURE - PUBLIC HEALTH

PUBLIC HEALTH DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	EXISTING LCC PUBLIC HEALTH SERVICES COMMUNITY ENGAGEMENT & VULNERABLE PEOPLE	1,060,108	-	1,046,828	1,052,203
2	PUBLIC HEALTH COMMISSIONING	17,306,083	-	17,163,690	17,313,978
3	TOTAL FOR EXISTING LCC PUBLIC HEALTH SERVICES	18,366,191	-	18,210,518	18,366,181
4	LOCAL WELFARE PROVISION PROGRAMME FUNDING		1,487,187	1,487,187	1,487,187
5	ADMINISTRATIVE FUNDING		314,254	314,254	288,047
6	GOVERNMENT GRANT FUNDING		1,801,441	1,801,441	1,775,234
7	TOTAL FOR LOCAL WELFARE PROVISION	0	0	0	0
8	TRANSFERRING PUBLIC HEALTH SERVICES EXPENDITURE ON NEW PUBLIC HEALTH SERVICES		27,542,400	27,542,400	28,505,900
9	GOVERNMENT GRANT FUNDING		27,542,400	27,542,400	28,505,900
10	TOTAL FOR TRANSFERRING PUBLIC HEALTH SERVICES	0	0	0	0
11	NET TARGET BUDGET	18,366,191	-	18,210,518	18,366,181

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	43,328,409	
	BUDGET CHANGES:		
2	Inflation	629,814	Ref 2 An allocation for inflation.
3	Residential Care	-	Ref 3 Savings achieved through reducing out county placements for looked after children.
4	Fostering Services	150,000	Ref 4 The establishment of a remand fostering scheme to help reduce the numbers of children and young people remanded into custody by the courts.
5	Other Looked After Children Services	400,000	Ref 5 An increase in the Leaving Care Support Service to reflect the increased number of looked after children (£0.150m), additional costs associated with The Care Planning, Placement and Case Review Regulations implemented in April 2011 (£0.100m) and an increased demand on staff due to the effect of the Southwark judgement (£0.150m).
6	Family Support Services	109,400	Ref 6 Transfer of budget from Education Services to help fund the regrading of Family Support Workers.
7	Other changes	-	Ref 7 The decommissioning of preventative projects.
8	2013/14 BUDGET	44,017,623	
9	Inflation	641,231	Ref 9 An allocation for inflation.
10	Savings	-	Ref 10 Savings including a 1% reduction to future service budgets to match overall levels of Council funding.
11	2014/15 BUDGET	44,219,272	

REVENUE EXPENDITURE - CHILDREN'S SOCIAL CARE

CHILDREN'S SERVICES DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	COMMISSIONING AND SOCIAL WORKERS	11,678,792	-	11,677,627	11,806,227
2	RESIDENTIAL CARE	4,887,229	-	4,671,379	4,732,029
3	FOSTERING SERVICES	7,075,040	350,840	7,425,880	7,559,860
4	OTHER LOOKED AFTER CHILDREN SERVICES	3,997,718	-	3,496,316	3,561,256
5	FAMILY SUPPORT SERVICES	9,841,807	156,210	9,998,017	10,153,837
6	YOUTH JUSTICE	-	250,250	-	270,370
7	CHILDREN'S & YOUNG PEOPLE'S STRATEGY	2,063,380	131,532	2,194,912	2,235,332
8	OTHER CHILDREN'S & FAMILIES SERVICES	2,130,170	130,710	2,260,880	2,297,920
9	CENTRAL COMMISSIONING FUNCTION	1,353,594	254,495	1,608,089	1,631,009
10	MANAGEMENT & SUPPORT SERVICES	550,929	383,844	934,773	512,172
11	NET TARGET BUDGET	43,328,409	689,214	44,017,623	44,219,272

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	36,897,890	
	BUDGET CHANGES:		
2	Inflation	573,407	Ref 2 An allocation for inflation.
3	Early Years	- 2,395,206	Ref 3 A reduction in the two year old funding previously funded by the Early Intervention Grant that has now transferred to the Dedicated School Grant (-£1,491m) plus savings due to the decommissioning of care contracts (-£0.316m) and preventative projects (-£0.588m).
4	Home to School/College Transport	- 1,762,000	Ref 4 Savings achieved through efficiencies.
5	Services to Young People	- 646,324	Ref 5 Savings resulting from the closure of Connexion Centres not owned by the Authority (-£0.189m), from Youth Centres transferring to community groups (-£0.167m), from the decommissioning of various projects including volunteering in Children's Centres (-£0.123m) and the transfer of budget to fund the regrading of Family Support Workers the budget for which is in Children's Social Care (-£0.109m).
6	Access	- 445,436	Ref 6 The planned phased removal of investment in academy set up costs (-£0.300m), a reduction in Provision Planning staff (-£0.070m) and the centralisation of the management fee for the Music Service now within Management & Support Services (-£0.075m).
7	Local Authority Education Functions	259,488	Ref 7 Additional costs of on-going commitments as a result of teacher redundancies.
8	Early Intervention Grant	26,921,847	Ref 8 Removal of the income budget from Children's Services following the transfer of Early Intervention Grant into Revenue Support Grant and Dedicated School Grant.
9	Other changes	68,072	
10	2013/14 BUDGET	59,471,738	
11	Inflation	1,023,238	Ref 11 An allocation for inflation.
12	Home to School/College Transport	- 603,000	Ref 12 Further savings expected to be achieved through efficiencies.
13	Learner Support	- 641,700	Ref 13 Reduction in the management costs associated with the School Improvement contract (-£0.250m), the removal of the two year funding for investment in the LLDD strategy (-£0.300m) and 14-19 capacity (-£0.092m).
14	Other savings	- 1,055,442	Ref 14 Savings including a 1% reduction to future service budgets to match overall levels of Council funding.
15	2014/15 BUDGET	58,194,834	

REVENUE EXPENDITURE - EDUCATION SERVICES

CHILDREN'S SERVICES DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	EARLY YEARS	13,213,749	-	10,514,434	10,698,684
2	HOME TO SCHOOL/COLLEGE TRANSPORT	27,143,537	-	25,873,061	25,787,131
3	SERVICES TO YOUNG PEOPLE	5,264,869	-	4,647,345	4,704,585
4	SPECIAL EDUCATION SERVICES & ADMINISTRATION	3,125,221	118,069	3,243,290	3,281,400
5	LEARNER SUPPORT	4,894,766	-	4,885,500	4,326,070
6	ACCESS	1,436,569	-	918,774	814,990
7	LOCAL AUTHORITY EDUCATION FUNCTIONS	4,640,037	271,543	4,911,580	4,992,900
8	MANAGEMENT & SUPPORT SERVICES	3,573,110	904,644	4,477,754	3,589,074
9	EARLY INTERVENTION GRANT	-	26,393,968		
10	NET TARGET BUDGET	36,897,890	22,573,848	59,471,738	58,194,834

REVENUE EXPENDITURE - HIGHWAYS & TRANSPORTATION

COMMUNITIES DIRECTORATE

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	48,135,993	
	BUDGET CHANGES:		
2	Inflation	809,402	Ref 2 An allocation for inflation.
3	Roads Maintenance	46,000	Ref 3 Roads Maintenance electricity price increases (£0.246m) less the removal of start-up funding for the Civil Parking Enforcement service (-£0.200m).
4	Savings	- 69,012	Ref 4 Savings resulting from changes to mileage rates paid to staff.
5	2013/14 BUDGET	48,922,383	
6	Inflation	823,597	Ref 6 An allocation for inflation.
7	Savings and Cost Pressures	- 346,742	Ref 7 Savings including a 1% reduction to future service budgets to match overall levels of Council funding.
8	2014/15 BUDGET	49,399,238	

REVENUE EXPENDITURE - HIGHWAYS & TRANSPORTATION

COMMUNITIES DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	HIGHWAYS NORTH	1,707,452	103,613	1,811,065	1,768,375
2	HIGHWAYS EAST	881,370	-	853,177	832,355
3	HIGHWAYS WEST	1,520,988	-	1,490,904	1,460,869
4	HIGHWAYS SOUTH	1,683,918	-	1,655,095	1,625,309
5	HIGHWAYS CLIENT	2,306,394	-	2,082,928	2,056,899
6	ROADS MAINTENANCE	24,144,594	637,877	24,782,471	25,201,141
7	TRANSPORTATION	13,855,395	184,731	14,040,126	14,104,685
8	FINANCIAL PROVISIONS & SUPPORT SERVICES	2,035,882	170,735	2,206,617	2,349,605
9	NET TARGET BUDGET	48,135,993	786,390	48,922,383	49,399,238

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	28,623,668	
	BUDGET CHANGES:		
2	Inflation	519,721	Ref 2 An allocation for inflation.
3	Waste	3,889,000	Ref 3 Increase in Waste disposal costs (£2.459m), Energy from Waste Operations Manager (£0.040m) and operating costs of Waste Transfer Stations (£1.390m).
4	Savings	- 6,491,690	Ref 4 Savings following the opening of the Energy from Waste plant, namely, Landfill disposal costs (-£1.827m) and Landfill Tax (-£4.648m) plus savings resulting from changes to mileage rates paid to staff (-£0.017m).
5	2013/14 BUDGET	26,540,699	
6	Inflation	477,534	Ref 6 An allocation for inflation.
7	Savings and Cost Pressures	- 2,172,442	Ref 7 Savings including a 1% reduction to future service budgets to match overall levels of Council funding and a reduction in waste disposal costs following the opening of the Energy from Waste plant.
8	2014/15 BUDGET	24,845,791	

REVENUE EXPENDITURE - ENVIRONMENT, PLANNING & CUSTOMER SERVICES

COMMUNITIES DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	PLANNING	1,136,173	-	1,134,776	1,122,003
2	ENVIRONMENTAL MANAGEMENT	1,190,547	6,850	1,197,397	1,192,410
3	WASTE MANAGEMENT	23,018,125	-	20,863,603	19,153,010
4	FLOOD DEFENCE PRECEPT	608,354	12,167	620,521	626,726
5	CUSTOMER OPERATIONS	2,670,469	1,180	2,671,649	2,646,137
6	FINANCIAL PROVISIONS		52,753	52,753	105,505
7	NET TARGET BUDGET	28,623,668	-	26,540,699	24,845,791

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	12,883,847	
	BUDGET CHANGES:		
2	Inflation	161,860	Ref 2 An allocation for inflation.
3	Savings	- 38,936	Ref 3 Savings relating to Sports Centre agreements (-£0.019m) and savings resulting from changes to mileage rates paid to staff (-£0.020m).
4	2013/14 BUDGET	13,006,771	
5	Inflation	163,360	Ref 5 An allocation for inflation.
6	Other Savings	- 2,242,695	Ref 6 Savings including a 1% reduction to future service budgets to match overall levels of Council funding together with other saving initiatives.
7	2014/15 BUDGET	10,927,436	

REVENUE EXPENDITURE - ECONOMY AND CULTURE

COMMUNITIES DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	REGENERATION	956,510	-	939,788	918,138
2	ENTERPRISE	3,125,059	1,524	3,126,583	2,969,081
3	LIBRARIES & HERITAGE	8,802,278	42,305	8,844,583	6,848,583
4	FINANCIAL PROVISIONS		95,817	95,817	191,634
5	NET TARGET BUDGET	12,883,847	122,924	13,006,771	10,927,436

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	16,022,553	
	BUDGET CHANGES:		
2	Inflation	305,092	Ref 2 An allocation for inflation.
3	Savings	- 412,521	Ref 3 Facilities Management rent, rates and utilities cost reductions (-£0.2m). Reduction in Mouchel contract payments as property base falls (-£0.2m). Savings resulting from changes to mileage rates paid to staff (-£0.013m).
4	2013/14 BUDGET	15,915,124	
5	Inflation	329,642	Ref 5 An allocation for inflation.
6	Cost Pressures	- 150,000	Ref 6 Removal of short term budget for the unavoidable costs of vacant properties awaiting disposal.
7	Savings	- 1,217,933	Ref 7 Facilities Management rent, rates and utilities cost reductions (-£0.84m). Reduction in Mouchel contract payments as property base falls (-£0.2m). Savings including a 1% reduction to future service budgets to match overall levels of Council funding (-£0.178m).
8	2014/15 BUDGET	14,876,833	

REVENUE EXPENDITURE - FINANCE AND RESOURCES

RESOURCES AND COMMUNITY SAFETY DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	TREASURY & FINANCIAL SERVICES	4,506,563	76,184	4,582,747	4,642,489
2	CORPORATE AUDIT & RISK MANAGEMENT	1,029,105	5,798	1,034,903	1,029,229
3	STRATEGIC ASSET MANAGEMENT	10,530,128	-	10,331,877	9,234,010
4	PARTNERSHIP MANAGERMENTS	-	3,451	462,644	454,216
5	PROCUREMENT LINCOLNSHIRE	827,052	11,511	838,563	840,722
6	LEGAL LINCOLNSHIRE	-	6,122	410,322	415,401
7	NET TARGET BUDGET	16,022,553	-	15,915,124	14,876,833

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	19,995,136	
	BUDGET CHANGES:		
2	Inflation	228,748	Ref 2 An allocation for inflation.
3	Savings	- 4,694	Ref 3 Savings resulting from changes to mileage rates paid to staff
4	2013/14 BUDGET	20,219,190	
5	Inflation	231,518	Ref 5 An allocation for inflation.
6	Savings	- 209,231	Ref 6 Savings including a 1% reduction to future service budgets to match overall levels of Council funding.
7	2014/15 BUDGET	20,241,477	

REVENUE EXPENDITURE - FIRE & RESCUE AND EMERGENCY PLANNING

RESOURCES AND COMMUNITY SAFETY DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	FIRE AND RESCUE	19,561,641	228,137	19,789,778	19,818,557
2	EMERGENCY PLANNING	433,495	-	429,412	422,920
3	NET TARGET BUDGET	19,995,136	224,054	20,219,190	20,241,477

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	18,918,532	
	BUDGET CHANGES:		
2	Inflation	229,089	Ref 2 An allocation for inflation
3	Cost Pressure	70,000	Ref 3 Off site storage costs in Business Support
4	Savings	-	Ref 4 Savings resulting from changes to mileage rates paid to staff (£0.024m) and other savings within Business Support (£0.07m)
5	Other Movements	-	Ref 5 Withdrawal of Home Office Safety Fund Grant
6	2013/14 BUDGET	18,810,128	
7	Inflation	225,428	Ref 7 An allocation for inflation
8	Cost Pressure	20,000	Ref 8 Off site storage costs in Business Support
9	Savings	-	Ref 9 Savings including a 1% reduction to future service budgets to match overall levels of Council funding (£0.191m), other savings within Business Support (£0.02m) and savings resulting from changes to mileage rates paid to staff (£0.036m)
10	2014/15 BUDGET	18,808,109	

REVENUE EXPENDITURE - COMMUNITY SAFETY

RESOURCES AND COMMUNITY SAFETY DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	SAFER COMMUNITIES	5,024,563	-	4,799,796	4,809,867
2	YOUTH OFFENDING	760,536	-	756,354	741,816
3	SUPPORT TO THE BUSINESS	11,748,165	106,394	11,854,559	11,857,112
4	CORONERS	1,076,065	18,295	1,094,360	1,102,044
5	REGISTRATION SERVICE	309,203	-	305,059	297,270
6	NET TARGET BUDGET	18,918,532	-	18,810,128	18,808,109

Ref No	Main Area of Expenditure	2013/14 Estimate £	Notes
1	2012/13 BUDGET	22,544,160	
	BUDGET CHANGES:		
2	Inflation	386,941	Ref 2 An allocation for inflation.
3	Cost Pressures	570,000	Ref 3 May 2013 County Council Election costs.
4	Savings	- 1,755,212	Ref 4 Savings from the Next Generation Platform programme and implementing new technologies to reduce support costs (-£1.75m). Savings resulting from changes to mileage rates paid to staff (-£0.005m).
5	2013/14 BUDGET	21,745,889	
6	Inflation	370,336	Ref 6 An allocation for inflation.
7	Cost Pressures	- 570,000	Ref 7 Removal of cost pressure for County Council Election.
8	Savings	- 975,277	Ref 8 The implementing of new technologies to reduce support costs (-£0.75m). Savings including a 1% reduction to future service budgets to match overall levels of Council funding (-£0.225m).
9	2014/15 BUDGET	20,570,948	

REVENUE EXPENDITURE - PERFORMANCE & GOVERNANCE

PERFORMANCE & GOVERNANCE DIRECTORATE

(1) Line No	(2) Description	(3) 2012/13 Budget £	(4) Budget Changes £	(5) 2013/14 Original Estimate £	(6) 2014/15 Original Estimate £
1	INFORMATION MANAGEMENT & TECHNOLOGY	11,598,153	-	10,163,402	9,482,765
2	PEOPLE MANAGEMENT	3,935,299	34,907	3,970,206	3,996,504
3	DEMOCRATIC SERVICES	2,463,981	576,155	3,040,136	2,115,887
4	STRATEGIC COMMUNICATIONS	818,037	4,020	822,057	825,388
5	PERFORMANCE & PROGRAMMES	2,873,506	18,028	2,891,534	3,286,649
6	CHIEF EXECUTIVE'S OFFICE	855,184	3,370	858,554	863,755
7	NET TARGET BUDGET	22,544,160	-	21,745,889	20,570,948

GLOSSARY OF TERMS

Budget carry forward - The actual under/overspending at the end of the financial year compared with the revised budget target which is allowed to be carried forward into the next financial year.

Budget requirement - Net revenue expenditure to be financed from Business Rates, Revenue Support Grant, other non-ring fenced Government Grants and Council Tax Income.

Budget Target - A corporately determined spending limit for an individual service.

Capital Grants - Government grants received that contribute towards capital expenditure incurred on a particular service or project e.g. Highways Asset Protection Grant received from the government which contributes towards planned capital expenditure on roads.

Capital Receipts - Proceeds received from the sale of property and other fixed assets (assets which have a value beyond one financial year). These can be used to contribute towards the cost of capital expenditure, but not revenue expenditure.

Central support - A charge to a service which is the service's share of the cost of the central administration and professional departments which support direct service provision.

Contingency - A sum of money set aside to provide for foreseen but unquantifiable commitments and for unforeseen expenditure that may occur at any time in the future.

County precept - The income which District Councils collect on the County Council's behalf from Council Tax payers.

Capital financing charges - Charges to the revenue account which fund capital expenditure. Such charges comprise debt charges, direct revenue financing and leasing payments.

Dedicated Schools Grant (DSG) - The main grant paid by central government to support schools within the county. This must all be spent on supporting schools.

Education Services Grant – New grant from 2013/14 non ring fenced grant paid by central government to local authorities. This grant is to cover central services costs of providing services to schools, e.g. admissions policy and administration.

Revenue Support Grant - The main grant paid by central government to local authorities to support the provision of all services, except for schools.

Interest on revenue balances - The money earned or paid in relation to the temporary investment of, or temporary borrowing to support, the County Council's cash balances.

Local retention of Business rates – Business rates set by central government and levied on business properties. This is collected by District Councils who pay this income over to the County Council.

Precept - An amount levied by one body on another e.g. the Environment Agency precepts on the County Council.

Reserves - The revenue reserves available to provide a working balance during the financial year, for example in periods when expenditure exceeds income.

Specific grants - Grants made to a local authority by central government for a particular project or service e.g. Private Finance Initiative.

Total Expenditure - Budget requirement plus expenditure financed by drawing from balances (or the budget requirement less contributions to balances).

DETAILED INFORMATION ON SERVICE BUDGETS

The information on revenue budgets provided in this booklet summarises the detailed estimates approved by individual services. If you require further detail please contact:-

Adult Social Care	01522 836480 & 01522 554243
Public Health	01522 836480 & 01522 554243
Children's Social Care	01522 836404
Education Services	01522 836404
Highways and Transportation	01522 836441
Environment, Planning and Customer Services	01522 836441
Economy and Culture	01522 836441
Finance and Resources	01522 836480
Fire and Rescue	01522 836480
Community Safety	01522 836480
Performance and Governance	01522 836480