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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 2012/13 to 2014/15 contained in **Table 4** Service Budgets;
  - 3.2 the capital programme 2012/13 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 2012/13 contained in **APPENDIX B** County Precept 2012/13;
  - 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**

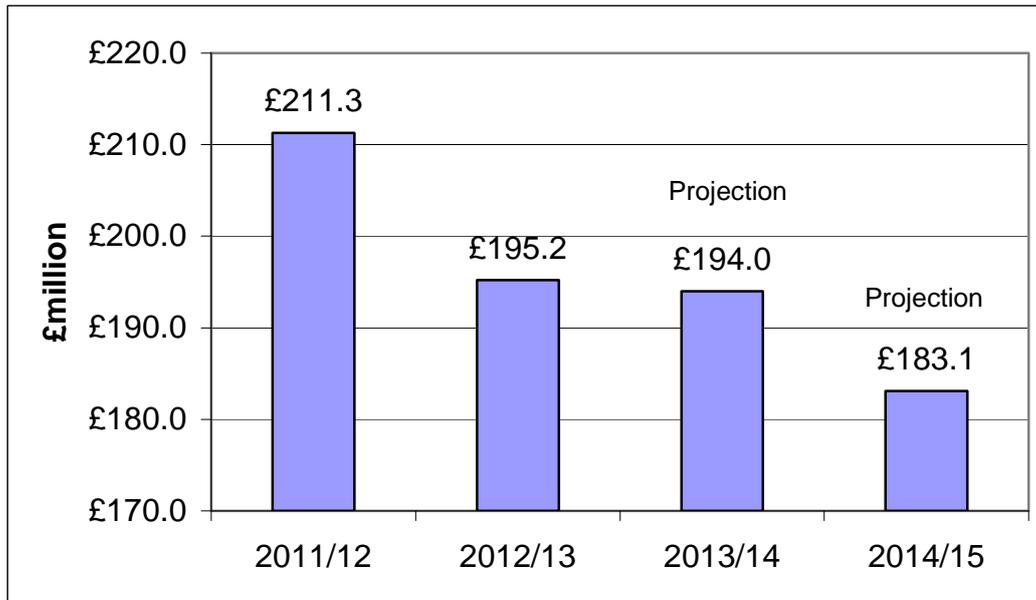
2.1 The County Council approved a four year revenue budget in February 2011 based upon the outcome of a core offer review of services. The revenue budget was based upon a two year grant settlement from government covering 2011/12 and 2012/13 with estimates for the remaining two years. This has formed the basis of the budget setting work undertaken and the proposals set out here are essentially fine tuning of the four year budget approved in February 2011.

### Local Government Finance Settlement

2.2 The Local Government Finance Settlement was announced on December 8 and confirmed 31 January 2012. The main points arising from this announcement are:

- The Council's formula grant allocation for 2012/13 of £201.5m (including 2011/12 council tax freeze grant of £6.3m) was confirmed as unchanged from that announced in last year's settlement. This represents an 7.6% reduction in formula grant from that in 2011/12 (excluding council tax freeze grant);
- The settlement includes £6.3m of Council Tax Freeze Grant relating to the 2011/12 freeze in Council Tax;
- The damping reduction of £13.8m remains a major factor;
- Formula grant has not been amended further in 2012/13 to reflect the changes in the funding arrangements for academy schools; and
- The Government has announced that, from April 2013, formula grant will be replaced by a funding model based upon the retention. Consultations on the detailed mechanics of the process are expected over the coming months.

TABLE 1 – LCC Formula Grant (excluding Council Tax Freeze Grant)



	2012/13	2013/14	2014/15
Annual Change	-7.6%	-0.6%	-5.6%
Change over 2011/12	-7.6%	-8.9%	-14.6%

### 3. THE COUNCIL'S OVERALL REVENUE BUDGET

3.1 Government grants – the Council's main source of income – have been reduced substantially in increments from 2011/12 to 2014/15 and it is expected that the grant will remain at its reduced level for a prolonged period of time. The Council's other main source of income – council tax – is set by the Council and can be increased. However, the Council does not wish to increase the council tax substantially particularly as it aims “to keep the level of council tax one of the lowest in the country”. The Secretary of State also has powers to determine a maximum council tax increase beyond which a public referendum on the increase is required. For 2012/13 that maximum increase is 3.5% for this Council.

TABLE 2 – Revenue Grants

REVENUE GRANTS	2011/12	2012/13
	£000	£000
Formula Grant (exc. Council Tax Freeze Grant)	211,339	195,219
Council Tax Freeze Grant 2011/12	6,293	6,293
Council Tax Freeze Grant 2012/13	0	6,332
Dedicated Schools Grant	466,679	466,679
Other Specific Grants	32,311	36,392
New Homes Bonus Grant	785	1,495
<b>Total</b>	<b>717,407</b>	<b>712,410</b>

Notes:

*The Dedicated Schools Grant for 2012/13 has not yet been determined.  
Further details are shown in Appendix G.*

3.2 The Council's total income has therefore reduced and its spending strategy must reduce accordingly.

3.3 The Council also faces pressures due to increased costs. Some of these can be accommodated within existing budgets but some external pressures will add to the Council's costs. These include the county's increasing population and, in particular, the impact on the Council's social care budgets of increasing numbers of older people. Price increases, including energy price increases, will also impact on the Council's costs as will other costs such as the annual increase of £8 per tonne in landfill tax.

3.4 Substantial savings are necessary in order to bridge the funding gap between spending plus unavoidable cost pressures and the income available to the Council. Proposed savings of £125m were identified over the 2011/12 to 2014/15 period in a thorough review of all the Council's services and activities last year and these have now been fine tuned to reflect changes to funding (e.g. Council Tax Freeze Grant) and changes to spending to allow for the cost pressures highlighted above.

#### Council tax base

3.5 The Council has received final figures from Lincolnshire district councils on the council tax base and on council tax collection funds. The final figures show an increase in the tax base – and hence the tax yield – of 0.61%. This will provide the Council with additional income of £1.542m per annum at the current council tax levels. All seven district council's have declared the position on the collection fund and there is a net surplus attributable to the County Council of £0.127m on council tax collection funds, this is a one off addition to income for 2012/13.

#### Additional revenue income

3.6 The Council has now been notified that it will receive £1.495m of income under the New Homes Bonus Scheme for 2012/13.

3.7 The increase in council tax base and receipt of the New Homes Bonus Grant has increased the Council's income for 2012/13 by £3.037m. Children's Services have reviewed the funding made available from the Extended Rights to Free Travel Grant and have determined that the service does not require £0.565m of this non-ring fenced grant as sufficient base budget provision had been made prior to the notification of the grant allocation. This is also additional revenue income to the Council.

3.8 It is proposed that this additional income is used to create an earmarked reserve to help the council manage future uncertainties in funding. £3.602m will be added into a Financial Volatility Reserve to help manage any future funding shortfalls which arise from the proposed changes in the funding regime for local government from 2013/14 onwards. These changes being the localisation of business rate income together with the devolvement of funding for council tax benefit to all local authorities.

3.9 This additional income will be included in the base budget for 2013/14 onwards. The additional £3.602m is used to offset the shortfall in council tax funding of £6.332m which will arise in 2013/14 from the acceptance of the Council Tax Freeze Grant in 2012/13.

## Council Tax

3.10 It is proposed that the Council sets the 2012/13 council tax at the same level as in 2011/12 (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 2.5%. However, this grant is for one year only and will effectively create a budget pressure of the full 2.5% (£6.332m) in 2013/14 as the indicative budget set for 2013/14 assumes an ongoing income from the 2.5% increase in Council Tax in 2012/13.

3.11 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 period as part of formula grant. This is worth £6.293m per annum to the Council.

3.12 Beyond 2012/13 council tax increases are projected at 2.5% for 2013/14 and 2014/15.

## 4. SERVICE REVENUE BUDGETS

4.1 The overall service revenue budget position is shown in **TABLE 3** below:

TABLE 3 – Summary Revenue Budget

<b>SUMMARY REVENUE BUDGET</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>EXPENDITURE:</b>			
Base Budget	463,278	448,608	453,594
Cost Pressures	26,791	25,672	12,009
Savings	-50,936	-23,416	-16,419
Council Tax Freeze Grant	-6,332	6,332	0
New Homes Bonus Grant	-1,495	0	0
<b>Total Expenditure</b>	<b>431,306</b>	<b>457,196</b>	<b>449,184</b>
Change in Use of Reserves	17,302	-3,602	0
<b>Budget Requirement</b>	<b>448,608</b>	<b>453,594</b>	<b>449,184</b>
<b>INCOME:</b>			
Formula Grant	195,219	194,000	183,100
County Precept	253,389	259,594	266,084
<b>Total Income</b>	<b>448,608</b>	<b>453,594</b>	<b>449,184</b>
<b>PERCENTAGE ANNUAL CHANGES:</b>			
Budget Requirement	-3.2%	1.1%	-1.0%
Formula Grant	-7.6%	-0.6%	-5.6%
County Precept	0.6%	2.4%	2.5%

4.2 A more detailed analysis of the movement in budget for 2012/13 is shown at **APPENDIX M**.

4.3 The service revenue budgets for each of the following three years are summarised in **TABLE 4**. **APPENDIX A** details the revenue budget for 2012/13 and movement from 2011/12.

TABLE 4 – Service Budgets

Service Budgets	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000
Adult Social Care	130,087	129,119	126,320	126,936
Public Health	18,584	18,367	18,228	18,566
Children's Social Care	44,240	43,110	43,972	44,647
Education Services	45,885	36,730	35,633	35,461
Highways & Transportation	47,132	47,502	48,429	49,390
Environment, Planning & Customer Services	29,039	28,626	26,596	25,151
Economy & Culture	13,935	13,027	12,431	11,271
Finance & Resources	16,247	15,722	15,636	14,713
Fire & Rescue	21,898	21,978	22,412	22,677
Community Safety	19,532	18,210	18,550	18,723
Performance & Governance	25,194	23,176	22,454	21,515
Other Budgets	70,250	54,484	67,978	65,179
Delegated Schools Budget	406,576	406,576	406,576	406,576
Dedicated Schools Grant	-466,679	-466,679	-466,679	-466,679
Central Services within the Dedicated Schools Budget	55,058	55,058	55,058	55,058
<b>Total Net Expenditure</b>	<b>476,978</b>	<b>445,006</b>	<b>453,594</b>	<b>449,184</b>
Transfer to/from Reserves	-13,700	3,602	0	0
<b>Budget Requirement</b>	<b>463,278</b>	<b>448,608</b>	<b>453,594</b>	<b>449,184</b>

4.4 The net change in service budgets over the next three years is shown in **TABLE 5** below. This includes both additions to budgets as well as savings, and summarises the movements on a year by year basis and also over the three year budget period.

TABLE 5 – % Change in Service Revenue Budgets over Three Years

Service Budgets	2012/13	2013/14	2014/15	3 year Change
Change over previous year - %	%	%	%	%
Adult Social Care	-0.7%	-2.2%	0.5%	-2.4%
Public Health	-1.2%	-0.8%	1.9%	-0.1%
Children's Social Care	-2.6%	2.0%	1.5%	0.9%
Education Services	-20.0%	-3.0%	-0.5%	-22.7%
Highways & Transportation	0.8%	2.0%	2.0%	4.8%
Environment, Planning & Customer Services	-1.4%	-7.1%	-5.4%	-13.4%
Economy & Culture	-6.5%	-4.6%	-9.3%	-19.1%
Finance & Resources	-3.2%	-0.5%	-5.9%	-9.4%
Fire & Rescue	0.4%	2.0%	1.2%	3.6%
Community Safety	-6.8%	1.9%	0.9%	-4.1%
Performance & Governance	-8.0%	-3.1%	-4.2%	-14.6%
Other Budgets	-22.4%	24.8%	-4.1%	-7.2%
Delegated Schools Budget	0.0%	0.0%	0.0%	0.0%
Dedicated Schools Grant	0.0%	0.0%	0.0%	0.0%
Central Services within the Dedicated Schools Budget	0.0%	0.0%	0.0%	0.0%
<b>Total Net Expenditure</b>	<b>-6.7%</b>	<b>1.9%</b>	<b>-1.0%</b>	<b>-5.8%</b>
Transfer to/from Reserves	-126.3%	-100.0%		-100.0%
<b>Budget Requirement</b>	<b>-3.2%</b>	<b>1.1%</b>	<b>-1.0%</b>	<b>-3.0%</b>

### Adult Social Care

4.5 Adult Social Care continues to focus on delivering personalisation and there is a huge ongoing effort around rolling out personal budgets. The independent sector remains crucial to the delivery of good value services, and continuing internal improvements are being made in the areas of commissioning and contract management.

4.6 The proposed 2012/13 budget for Adult Social Care is £129.119m, a net reduction from the 2011/12 base budget of £0.968m. Funding for demographic pressures of £4m in 2012/13 (£10m over the coming three years) has been allocated, to be utilised across all service user groups.

4.7 The savings target for 2012/13 is £18.67m and over the coming three years is £31.125m (24% of the net budget). The savings requirement reflects the original savings target for 2012/13 plus additional savings to fund existing base budget pressures (£5.7m) and also to fund an anticipated overspend in the 2011/12 financial year which will be carried forward to 2012/13.

4.8 Detailed plans are in place to deliver the required savings and the council's Infohub is being utilised to support sound project management arrangements.

### Public Health

4.9 The Public Health Directorate provides a range of services to local people which protect and promote their well being.

4.10 In order to reduce the impact of forecast increases in demand for higher level and more costly services, preventative services within Public Health have been protected. The aim being to keep people well and independent for as long as possible.

4.11 The proposed 2012/13 budget for Public Health is £18.4m. This includes plans to reduce expenditure on supported housing by £0.5m with a further reduction £0.5m planned for 2013/14. This will be achieved by delivering the Well Being Support model at lower unit costs than existing rates.

### Children's Services

4.12 Children's Services is on track to achieve the budget reductions required for 2011/12. Plans have been implemented to deliver savings of £11.3m across management, back office functions, schools support, school improvement, home to school transport, and preventative services.

4.13 The majority of staffing reductions were made as part of the core offer and, as a consequence, most of the £9.5m budget reductions for 2012/13 have also been implemented. More modest savings of £1.5m and £0.5m are required in the following two financial years.

4.14 A number of proposals have been made to vary the original plans for budget reductions in 2012/13, mainly due to emerging and changing government policy and priorities. Key challenges include sustaining low numbers of young people not in education, employment or training; maintaining outstanding safeguarding services within a fragmented system; providing adequate support for care leavers; providing support to small vulnerable schools, and; facilitating the community to deliver positive outcomes for young people. These can be managed within the previously agreed base budget and with access to some of this year's projected underspending.

4.15 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

4.16 Highways and Transportation are on target to make all of their £7.8m savings for 2011/12 and have plans in place to deliver further savings of £1.3m in 2012/13. These will be achieved through Managing Workforce Change reductions already agreed and the reallocation of inflation pressures within the Roads Maintenance budget. For 2012/13 the

Council will take on the responsibility for Civil Parking Enforcement with an additional £0.2m funding provided for initial set up costs.

4.17 Environment, Planning & Customer Services are on target to achieve their £2.0m target savings for 2011/12 and have plans in place to deliver a further £13.8m in future years. In addition to this, due to lower than forecast waste tonnage and better than expected contract efficiencies, another £0.6m has been removed from the base budget. Future savings will, in the main, relate to the significant reduction in waste disposal costs following the start of the Energy from Waste plant in 2013/14. Other reductions include £0.5m at the Customer Service Centre arising from a change in service standards.

4.18 Economy has achieved all of their £1.0m savings required from the core offer. £1.5m savings have already been achieved in Libraries and Heritage for 2011/12 including some that were planned for 2012/13 from the Management and Outreach Team. This is in anticipation of managing more significant changes to the Library Service to achieve core offer savings of a further £2.0m in 2013/14 and 2014/15.

### Resources and Community Safety

4.19 The main changes to Finance and Resources budgets are within the property service area. The proposed budget includes £0.150m addition for 2 years, 2012/13 and 2013/14 to deal with pressure on the disposals budget, i.e. the costs of maintaining premises awaiting disposal. There is also a transfer of the Carbon Reduction Commitment (CRC) allowances budget to Property from Environmental Services, the CRC allowances budget is proposed to be £0.177m from 2012/13. Within the financial services work stream, negotiations with Mouchel are ongoing as to how the core offer savings can best be achieved.

4.20 For Fire and Rescue there are no proposed budget additions or savings included for 2012/13 to 2014/15. The outcomes of the service delivery review will be implemented over the next three years, as well as progressing a collaborative command and control function following the cancellation of the national regional control centre project.

4.21 The key proposed change to the Community Safety budgets are the Business Support savings that have been brought forward. All of the £0.790m savings are now included in 2012/13 instead of being spread over the period 2012/13 to 2014/15.

### Performance and Governance

4.22 The Council's budget as agreed in February 2011 included a £1.850m reduction in 2012/13 from the Programme Centre budget for transformation support. A bid to retain £0.500m was made which is not currently included in the budget. It is expected that should specific proposals be agreed the funding would be allocated from the contingency budget.

4.23 The key change in Information Management and Technology is the rephasing of the savings. The four year budget set in February 2011 had £2.000m base budget savings included, the proposals now include £2.875m to 2014/15 and the allocation in each year has been changed.

4.24 The proposals include an addition of £0.570m in 2013/14 for the costs of running county council elections in that year.

## Schools

4.25 The schools budget is funded via the Dedicated Schools Grant (DSG). The 2012/13 DSG will be calculated by reference to the number of children recorded on the schools' census in January 2012 and so the total grant available is not yet known.

4.26 Work is underway to finalise the centrally held budgets relating to early years, special educational needs, etc. With regard to the Individual Schools Budgets as expected, there will be no growth in funding other than for the pupil premium. Officers have been working with school representatives to respond to the Government's mainstreaming of grants in to the DSG and although those funds are likely to be distributed in a different way next year, protection arrangements are likely to be in place. Indeed, as expected, the government will enforce a minimum funding guarantee, whereby individual schools budgets will be protected on a per pupil basis at 98.5% of the previous year's funding level.

4.27 Full details on the plans for the DSG were considered by the Schools Forum on 25 January 2012.

## Other Budgets

4.28 Other budgets have been set at a level to reflect the revenue implications from the phasing of capital programme.

4.29 It is proposed to increase the in-year contingency budget for 2012/13 from £6.5m to £6.9m in light of the continuing uncertainty and risk in the economic and financial outlook.

4.30 The Council's corporate redundancy budget reduces from £15.0m in 2011/12 to £2.0m, the majority of staffing reviews will be complete by 2012/13 and additional funds no longer required in this area.

## **5. CAPITAL PROGRAMME**

5.1 Last year the capital programme included significant unallocated provisions for 2013/14 and 2014/15. A review of capital commitments has been undertaken and these amounts have now been assigned to proposed projects. The programme has also been extended beyond 2014/15 to provide for the total cost of major schemes outlined in paragraph 5.3. The gross capital programme is now set at £517.710m from 2012/13, with grants and contributions of £209.460m giving a net programme of £308.250m to be funded by the County Council.

5.2 The new overall capital programme and its funding is shown in **TABLE 6**.

TABLE 6 – Capital Programme

	2011/12	2012/13	2013/14	2014/15	Future Years
	£'000	£'000	£'000	£'000	£'000
Highways and Transportation:	39,174	38,798	55,956	82,445	69,796
Economy and Culture:	33,727	29,396	27,286	22,532	7,034
Environmental, Planning & Customer Services:	42,015	65,713	26,000	-	-
Children's Services:	94,209	36,014	306	-	-
Adult Social Care:	6,646	1,778	975	858	-
Corporate services:	6,586	19,908	3,850	5,850	1,500
Performance and Governance:	8,229	3,015	3,600	3,600	-
Other programmes:	-	-	5,000	6,500	-
<b>Gross Programme:</b>	<b>230,586</b>	<b>194,622</b>	<b>122,973</b>	<b>121,785</b>	<b>78,330</b>
Revenue Funding	8,591	4,800	4,500	4,500	-
Use of Capital Receipts	8,000	3,000	2,000	2,000	-
Borrowings	73,172	113,239	48,689	59,651	54,171
Use of Waste Management Reserve	-	-	11,700	-	-
Use of Capital Grants Unapplied	37,648	-	-	-	-
Use of Reserves	214	-	-	-	-
Government Grants	102,109	69,212	56,084	55,634	24,159
Contributions	852	4,371	-	-	-
<b>Total Funding:</b>	<b>230,586</b>	<b>194,622</b>	<b>122,973</b>	<b>121,785</b>	<b>78,330</b>

5.3 The following major schemes are now fully incorporated into the capital programme:

- Lincoln Eastern Bypass (2012/13 to 2017/18) at £48m (£14m direct contribution and £34m underwriting external contributions);
- Lincoln East-West Link (2013/14 to 2016/17) at £15m (gross scheme cost, final council contribution to be determined – see paragraph 5.4 below);
- Spalding Relief Road Phase II (2017/18 to 2019/20) at £10m (gross scheme cost, final council contribution to be determined – see paragraph 5.4 below);
- Grantham East-West Link Road (2013/14 to 2016/17) at £30m (gross scheme cost, final council contribution to be determined – see paragraph 5.4 below);
- Next Generation Broadband (2012/13 to 2014/15) at £10m; and
- Teal Park (2012/13 to 2013/14) at £8m.

5.4 Please note for the following projects Lincoln East-West Link; Spalding Relief Road Phase II; and Grantham East-West Link Road. These are the estimated gross costs for completion of these schemes. The Council will initially provide funding to enable construction to start quicker than would otherwise be the case. Developer and other contributions will be received over time to offset the cost to the Council. Once all external contributions have been received the final cost to the Council is expected to be significantly less than the gross cost stated.

5.5 Other schemes have also been added to the programme and these are set out at **APPENDIX K**. This includes a Capital Development budget in 2013/14 and 2014/15 of £5.0m and £6.5m respectively to allow for funding of further projects with sound business cases. IT capital spend has also been consolidated into one £5.0m budget to ensure central oversight and control of all development spend within the authority.

5.6 There is an ongoing commitment of £145.0m to the Energy from Waste project, this scheme is on schedule for completion in 2013/14.

5.7 Last year, the Council, as part of the Local Government Finance Settlement, was notified that capital support for roads and schools, previously provided as supported borrowing, would be awarded as grant.

5.8 This has allowed the Council to increase capital spending on roads whilst reducing the impact on its revenue budget. The award of this grant is expected to continue to be allocated for these purposes in future years.

5.9 Capital funding for schools is included within Children's Services block and is subject to annual grant allocations from Government. At present these allocations are announced for one year only and £15.9m is included in **TABLE 6** above for 2012/13. This is a reduction from the £23.6m allocated to the Council in 2011/12 due to top slicing of the grant for schools moving to academy status. However, there is an additional £600m of capital funding available nationally for schools which is still to be allocated by central government. It is planned that any additional grant monies received for school capital will be passported directly into the schools capital programme.

5.10 In 2011/12 the Council received £1.1m of capital grant for fire and rescue. The value of this grant for 2012/13 has not yet been announced. However, the method of allocation of this grant will remain the same as in 2011/12.

## **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 5.83% by 2014/15 from 4.60% in 2011/12.

## **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 2012/13.

## **8. RESERVES**

8.1 The Council's target is to maintain general reserves within a range of 2.5% to 3.5% of the Council's total budget. Reserves at 31 March 2012 are estimated to be £15.9m or 3.5% of the total budget. No use of or addition to general reserves is proposed in 2012/13.

8.2 A new earmarked reserve will be created to help the council manage future uncertainties in funding. £3.602m to be added into a Financial Volatility Reserve to help manage any future funding shortfalls which arise from the proposed changes in the funding regime for local government from 2013/14 onwards.

## **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 2011, informed by the Government's October 2010 Spending Review and the four year 'core offer' budget formulated thereafter. 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 2012/13 budget. Similarly, at present, there are no further proposals to add to general reserves in either the provisional 2013/14 or 2014/15 budgets. Equally there are no proposals to apply reserves in 2012/13 or the two following years to balance the revenue budget.

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.

9.5 The November 2011 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, etc

Financial management arrangements including –

- The recent history of financial management performance
- Current financial management arrangements

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 contingency budget which has been disaggregated between a general provision and one set aside to deal with the estimated impact of emerging pressures related to real or potential legislative change or other unforeseen impacts upon the Council. The general contingency has been increased modestly for 2012/13 in light of potential pay and price inflation risks that may emerge during the year.
- 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 2012/13 gives rise to a 7.6% reduction in formula grant for the County Council in line with expectations. Further reductions are expected, but not yet quantified, for 2013/14 and 2014/15 but will be delivered via the proposed new funding regime based upon local retention of business rate income. This presents a significant challenge to the Council in balancing service delivery needs with the resources available. The 2012/13 budget therefore includes a reduction in total net expenditure of £30m. For the most part the areas that have been targeted to deliver these savings were identified last year as part of the 'core offer' process. Close monitoring of the delivery of these 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. In addition, a specific budget delivery risk assessment exercise started in 2011/12 will be continued into 2012/13.

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 is likely to overspend again in 2011/12 but has a strategy to bring its budget into balance by the end of 2012/13.

9.9 In general terms budget pressures in 2011/12 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 2012/13 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. There are also historic base funding pressures of up to £5.7m which are targeted for elimination next year. These contribute to a very demanding savings target of £19m next year. Around £8m of this targeted is of a high risk nature at this time in relation to its deliverability during 2012/13. Additional funding is available from NHS funds and this amounts to £8.7m in 2012/13. Use of this funding is the subject of a formal agreement with Health and it will be targeted towards preventative activity.
  - (ii) Highways & Transport – the service inherited responsibility for two new service areas during 2011/12 – namely concessionary fares and highways related aspects of the Council’s new responsibilities under the Floods and Water Act. In both cases budget provision has been made to deal with those responsibilities but their nature may mean this allocation may prove insufficient. The service has absorbed a high level of inflation that is prevalent in the highways sector.
  - (iii) Public Health – the service experiences service demand pressures due to demographic pressures and other features. There is a particular risk next year that funding may be inadequate with regard to the services provided in relation to substance misuse. In the event this risk materialises consideration will be given to providing additional funding to the service.
  - (iv) Academies – The number and timing of Lincolnshire schools who will seek to attain academy status continues to present a financial risk to the Council in terms of the loss of funding for education specific and general support service costs. Relevant services will be required to realign provision in the light of the take-up of academy status by schools albeit that the Government have provided a stable funding base for 2012/13. National funding is likely to be realigned in 2013/14.
- The capital programme has been reviewed as part of the current budget cycle. Previously unallocated provisions for future years have now been attributed to particular schemes including four major highways projects. The programmes for 2013/14 and 2014/15 include the establishment of a new developments contingency fund, the use of which will be based upon the approval of viable business cases.

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.

## **10. CONSULTATION**

10.1 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.

10.2 Businesses, Trade Unions and other public organisations were consulted at two meetings held with them on 1 December 2011 and 20 January 2012. Comments made at these meetings were collated and presented to the Executive when it considered the Council's final budget.

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

10.4 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.

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

REVENUE EXPENDITURE				
LINE REF	2011/12 BUDGET £	SERVICE BUDGETS	2012/13 BUDGET CHANGES £	2012/13 ORIGINAL ESTIMATE £
		<b>SERVICE BUDGETS</b>		
1	130,087,052	Adult Social Care	-967,675	129,119,377
2	18,583,506	Public Health	-216,275	18,367,231
3	44,240,249	Children's Social Care	-1,130,341	43,109,908
4	45,885,072	Education Services	-9,155,367	36,729,705
5	47,131,899	Highways & Transportation	369,621	47,501,520
6	29,039,485	Environment, Planning & Customer Services	-413,807	28,625,678
7	13,934,516	Economy & Culture	-907,387	13,027,129
8	16,246,531	Finance & Resources	-524,566	15,721,965
9	21,897,730	Fire & Rescue	79,892	21,977,622
10	19,532,289	Community Safety	-1,322,427	18,209,862
11	25,193,789	Performance & Governance	-2,018,052	23,175,737
12	<b>411,772,118</b>	<b>TOTAL SERVICE BUDGETS</b>	<b>-16,206,384</b>	<b>395,565,734</b>
		<b>SCHOOLS BUDGETS</b>		
13	406,575,535	Delegated Schools Budget	0	406,575,535
14	-466,679,219	Dedicated Schools Grant	0	-466,679,219
15	55,057,894	Central Services within the Dedicated Schools Budget	0	55,057,894
16	<b>-5,045,790</b>	<b>TOTAL SCHOOLS BUDGETS</b>	<b>0</b>	<b>-5,045,790</b>
		<b>OTHER BUDGETS</b>		
17	3,450,000	Contingency	400,000	3,850,000
18	3,000,000	Emerging Pressures Contingency	0	3,000,000
19	54,851,142	Capital Financing Charges	3,981,400	58,832,542
20	-6,293,000	Council Tax Freeze Grant 2011/12	0	-6,293,000
21	0	Council Tax Freeze Grant 2012/13	-6,331,569	-6,331,569
22	0	New Homes Bonus Grant	-1,495,170	-1,495,170
23	15,243,305	Other	-12,319,884	2,923,421
24	<b>70,251,447</b>	<b>TOTAL OTHER BUDGETS</b>	<b>-15,765,223</b>	<b>54,486,224</b>
25	<b>476,977,775</b>	<b>TOTAL NET EXPENDITURE</b>	<b>-31,971,607</b>	<b>445,006,168</b>
26	-13,700,000	Transfer to/from Earmarked Reserves	17,302,138	3,602,138
27	0	Transfer to/from General Reserves	0	0
28	<b>463,277,775</b>	<b>BUDGET REQUIREMENT</b>	<b>-14,669,469</b>	<b>448,608,306</b>
		<b>MET FROM:</b>		
29	211,338,500	Formula Grant	-16,119,776	195,218,724
30	251,939,275	County Precept	1,450,307	253,389,582
31	<b>463,277,775</b>	<b>TOTAL MET FROM</b>	<b>-14,669,469</b>	<b>448,608,306</b>

**COUNTY PRECEPT 2012/13**

<b>Council Tax Requirement</b>	<b>£</b>
Total Budget Requirement	448,608,306.09
less                      Formula Grant	195,218,724.00
County Precept	<u>253,389,582.09</u>
less                      Net Surplus on District Council Collection Funds	126,840.31
Council Tax Requirement	<u>253,262,741.78</u>

<b>Precepts to be levied on District Councils</b>	<b>Number of Band D Equivalent Properties</b>	<b>Council Tax Requirement</b>	<b>Collection Fund +Surplus/-Deficit</b>	<b>County Precept</b>
		<b>£</b>	<b>£</b>	<b>£</b>
City of Lincoln	26,757.43	28,515,125.58	32,232.00	28,547,357.58
Boston	19,689.42	20,982,818.00	8,086.69	20,990,904.69
East Lindsey	47,955.00	51,105,163.95	0.00	51,105,163.95
West Lindsey	30,732.77	32,751,605.66	396,497.00	33,148,102.66
North Kesteven	36,950.00	39,377,245.50	0.00	39,377,245.50
South Kesteven	47,105.80	50,200,180.00	9,275.62	50,209,455.62
South Holland	28,461.00	30,330,603.09	-319,251.00	30,011,352.09
<b>Total</b>	<b>237,651.42</b>	<b>253,262,741.78</b>	<b>126,840.31</b>	<b>253,389,582.09</b>

<b>County Council Element of Council Tax by Property Band</b>		
<b>Property Band</b>	<b>Proportion of Band D</b>	<b>Council Tax per Property</b>
		<b>£</b>
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****Consultation Responses****Budget comments from scrutiny committees****Children and Young People Scrutiny Committee – 5 January 2012**

The Children and Young People Scrutiny Committee considered the budget proposals but noted that it was extremely difficult to set budgets, accurately project budgets and plan on a long-term basis when so many changes were imposed nationally on the service areas that came under the responsibility of the Children's Services Directorate. A number of examples were reported as part of this item whereby levels of funding the County Council would receive from central government had not yet been confirmed, which added to the challenge of setting this year's budget for Children's Services.

**Communities Scrutiny Committee – 25 January 2012**

The Communities Scrutiny Committee considered the budget proposals. The Committee recognised the significance of the Library Needs Assessment in ensuring the development of an affordable library service to meet the needs of the people of Lincolnshire.

**Economic Scrutiny Committee – 17 January 2012**

The Economic Scrutiny Committee considered the budget proposals but was concerned about a possible reduction in external funding from the European Regional Development Fund (ERDF) in future. It was noted that there was a risk that it could be perceived by national government that local authorities have no money and so would be unable to provide match funding, and that the Department for Business, Innovation and Skills (BIS) and Department for Communities and Local Government (DCLG) could take the funding and distribute it themselves. The Committee agreed that Economic Regeneration would need to work with DCLG and BIS to let them know that Lincolnshire was able to deliver important schemes.

**Environmental Scrutiny Committee – 6 January 2012**

The Environmental Scrutiny Committee considered the budget proposals but was concerned about the additional pressure on future budgets when the Council Tax Freeze Grant ended. The Committee agreed that innovation to increase income in the present financial climate was important.

**Highways, Transport and Technology Scrutiny Committee – 9 January 2012**

The Highways, Transport and Technology Scrutiny Committee considered the budget proposals. Concerns were raised about the impact on future budgets of the potential loss of income from land search charges and the additional pressure on the Transport budget when the Bus Service Operators Grant ends. It was also noted that Highways and Transportation had additional duties under the Flood and Water Management Act 2010.

## **Value for Money Scrutiny Committee – 24 January 2012**

The Value for Money Scrutiny Committee considered the budget proposals relating to Performance & Governance, Resources and Customer Service.

The Committee congratulated finance officers on the extensive consultation that was offered to external partners as part of the Council's overall budget setting process each year and noted that this level of consultation exceeded that offered by many similar councils across the country.

The Committee encouraged officers and councillors to continue to lobby for a fair share for Lincolnshire in terms of the national funding it receives. Members highlighted the extra support that Lincolnshire deserves given its rural nature and the importance of ensuring that Lincolnshire is not disadvantaged as a result of the damping system proposed under the new Government funding regime. In relation to proposals for the Customer Service Centre, it was recognised that all areas of the Council were required to make savings but Members emphasised the importance of maintaining the high quality of call-handling that this Centre provides.

## **Adults Scrutiny Committee – 1 February 2012**

The Adults Scrutiny Committee was advised that the Executive had set a savings targets for Adult Social Care of £18.67 million for 2012/13, after taking into account inflation and costs pressures. The Committee accepted that this target had been set against a background of continuing restraint in the public sector.

During the Committee's consideration of the budget proposals, two key recurring themes emerged: -

- the drive towards 100% personalisation by 1 April 2013; and
- the assessment and development of the residential care market, in particular the recent report by consultants, *Lang and Buisson*.

The Committee noted that proposals for meeting the savings target were being developed. The Committee requested more information on these details, and it was agreed that these would be sent to the Committee as soon as possible after the meeting. Details were sent on 3<sup>rd</sup> February, but no additional comments were received.

## **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 of the Council attended the Sleaford and Leadenham events with the Portfolio Holder for Finance and HR attending the Hykeham event. A number of local County Councillors also attended the sessions. Officers from finance, highways and waste services also attended each session.

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

- The merits and consequences of the personalisation agenda in Adult Social Care.
- The actions already taken and future proposals regarding residential care homes and day centre provision by the County.
- The future proposals regarding the Leadenham and Whisby Household Waste Recycling Centres.
- Specific highways related matters relevant to the area in question.
- Economic development activity by the County Council.

In all some 146 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 budget priorities?**

Strongly Agree	9%
Agree	37%
Neither Agree nor Disagree	32%
Disagree	17%
Strongly Disagree	5%

### **How would you describe the value for money delivered by the County Council?**

Good	41%
Satisfactory	44%
Poor	15%

### **Does the County Council deliver quality services?**

Good	42%
Satisfactory	40%
Poor	18%

## **Budget Consultation with Business Community, Trade Unions and other Public Organisations – 20<sup>th</sup> January 2012**

A presentation on the budget was made and during the course of discussion the following points were noted:-

- It was queried why the Council owned farms in the County. The Leader of the Council advised that this was historical following the inheritance of 20,000 acres of land in 1974, which provided an income of over £1m per year which the Councils use to provide services. It was explained that the Authority was able to sell off parcels of this land when opportunities became available. At the moment, freehold agricultural land was valued at approximately £10,000 per acre. The land would be sold as vacant possession (usually due to the retirement or death of the tenant). However, in some cases tenancies would be extended.
- The number of staff employed had reduced by around 1000. Over £22m had been paid out in redundancy payments. The cost of the senior management restructure had already been recovered;
- Officers were aware that more savings may be required, but so far local government had made the savings which had been required;
- The way that the proposal for the changes for the business rates retention system had come about was discussed, and it was noted that it was likely that the majority of local authorities were not in favour of this system. However, the principle that the rates raised locally should be spent on local services was agreed with. It was commented that lower rates in Lincolnshire may attract more businesses to the area;
- Officers provided reassurance that business rates in Lincolnshire would not be raised in order to counteract the shortfall which was likely when this system was introduced. It was noted that these rates were set by central government and this would continue. Any shortfall should be topped up by tariffs which would be applied to local authorities where their income from business rates surpassed the level of the current formula grant;
- Charges for car parking was a district council matter;
- It was confirmed that in terms of the overall budget, there had been no significant difference to what was expected;
- It was also confirmed that for 2012/13 there were no planned changes to funding for support services that the County Council provided to academies;
- The Authority was trying to deliver services in the most cost effective and quality of service way;
- The County Council had a statutory duty to transport children under 16;
- Charges had been introduced for post 16 home to school transport. Reassurance was given that the children from less affluent families would not be adversely affected by these changes as colleges were given money through a bursary fund which could

be spent helping those pupils most in need. The funding went straight to the schools/colleges and was not ring fenced;

- It was highlighted that even with the increased charges, Lincolnshire still had one of the most cost effective home to school transport programmes in the country and it was still a subsidised programme;
- In relation to Public Health, preventative services had been protected. There was also more joint working on initiatives such as Excellent Ageing taking place;
- With the development of personalisation and personal budgets, it was hoped there would be increased working with Clinical Commissioning Groups (CCG's) with a more localised focus. It was hoped this would lead to a reduction in the number of professionals working with each service user. The Authority wanted to develop more joint working in the area of reablement, and so reduce the number of people going into acute or residential care;
- Officers were aware that there had been individual legal challenges in other parts of the country in relation to the change to rates paid to external care providers, but these were mostly around the processes of implementation rather than the actual change;
- In relation to the projected overspend for adult social care, it was expected to be around £4m. However, this figure was coming down;
- The Authority was very mindful of the potential impact of these changes on the vulnerable;
- In relation to the proposed changes to business rates, there would be no changes for the businesses, but there could be changes to where the money goes. However, these changes would not be introduced until April 2013.
- It was important that all the different agencies considered potential economic development, as a lot of development depended on infrastructure which was not necessarily confined to just one district. Government infrastructure could influence business growth on a very local level;
- There was a need to ensure that land owners contributed properly to infrastructure through Section 106 agreements;
- The Energy from Waste plant would have a finite capacity. However, this may be supplemented with commercial waste if there was a shortfall of domestic waste to start with. The plant would also generate steam which could be sold to provide further income. It was thought that this would be capable of heating approximately 10,000 homes. It was noted that this potential income was not included as part of the business plan for the project;
- An issue to consider for the future of adult social care was that people were living longer and their needs were becoming more complex;
- It was advised that individual contributions for personal budgets would be capped at £35,000. Locally, officers were very mindful about the increasing demand on services, as this demographic increased every year;

- Nationally, adult social care was a big issue as people were living longer, and in 10 years time it would be a massive issue, but the County Council was doing its best to cope with the budget which it had. A national policy solution would be required;
- In relation to a query regarding the Grantham Relief Road, it was noted that significant sums would be recovered from developers over the lifetime of the development through CIL or Section 106 agreements;
- The County Council was contributing £14m to the Lincoln Eastern Bypass, and had underwritten the remaining amount which would be made up from developer contributions;
- It was unlikely that the County Council would receive any more money from central government for road schemes;
- In relation to a query about Stamford, it was reported that there were no immediate plans to improve the road system in the town. However, if Stamford could produce a scheme which was locally funded, the County Council would consider what could be done to help;
- £10m had been allocated from the capital programme for the BDUK project which would provide super fast broadband to most of the county. This project had attracted £40m of funding from central government. This would enable a huge increase in infrastructure and benefit residents and businesses alike;
- Contributions would be sought from districts for the BDUK project which would be proportionate to the size of the district and sparsity. Places such as Lincoln would already be fairly well served by broadband, so the focus would be more on the rural areas;
- In the areas where superfast broadband was not possible, it was hoped that speeds between 2-8MB would be offered. In areas where there was no service at all, other options would be looked at;
- It would be at least six months until providers of this service were announced.

## FINANCIAL STRATEGY

1	<b>Spending and council tax</b>
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"> <li>• the impact on Lincolnshire service users</li> <li>• the impact on Lincolnshire council tax payers</li> <li>• the impact on the local economy</li> <li>• and government requirements, in particular likely council tax capping limits or other government constraints.</li> </ul> <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	<b>Financial standing</b>
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	<b>Financial management standards</b>
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	<b>Financial decision making</b>
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	<b>Budget management</b>
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"> <li>• Monitor and report financial performance monthly</li> <li>• Control expenditure and income within their area against approved budgets</li> <li>• And take any action necessary to avoid exceeding approved budgets.</li> </ul>
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"> <li>• Promote budget ownership</li> <li>• Establish clear responsibility and accountability</li> <li>• Recognise budget management as an essential part of good management.</li> </ul>
6	<b>Budget changes</b>
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"> <li>• Reallocations of up to £250k may be approved by the relevant executive director</li> <li>• 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</li> <li>• Reallocations over £500k will be considered by the Executive and must be approved by the full Council.</li> </ul>
7	<b>Carry forward of over and under spendings</b>
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	<b>Expenditure</b>
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"> <li>• Deliver year on year efficiencies but not at the cost of quality</li> <li>• 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.</li> </ul>
8.2	<p>Undisputed invoices will be paid in line with either contracted terms or within 30 days on a reasonable endeavours basis.</p> <p>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><b>Income</b></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><b>External funding and partnerships</b></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"> <li>• The project contributes to the Council's corporate objectives</li> <li>• Matched funding is available within existing budgets</li> <li>• Partner contributions are confirmed</li> <li>• Risks are assessed and minimized including : <ul style="list-style-type: none"> <li>○ Where funding is linked to the achievement of specific outcomes</li> <li>○ Where success relies on others</li> </ul> </li> <li>• The Council has the capacity to deliver the outcomes and timescales required</li> <li>• There is a clear exit strategy where external funding is for a limited period,</li> </ul> <p>And <u>must consider</u> :</p> <ul style="list-style-type: none"> <li>• The probability of success in obtaining funding, particularly in relation to the resource costs of preparing bids</li> <li>• Co-ordination of bids and initiatives within the Council and with partners</li> <li>• Whether the project represents value for money.</li> </ul>
10.3	<p>Approval for external funding bids should be sought from :</p> <ul style="list-style-type: none"> <li>• the appropriate Executive councillor or the Executive – for projects costing more than £250,000</li> </ul>

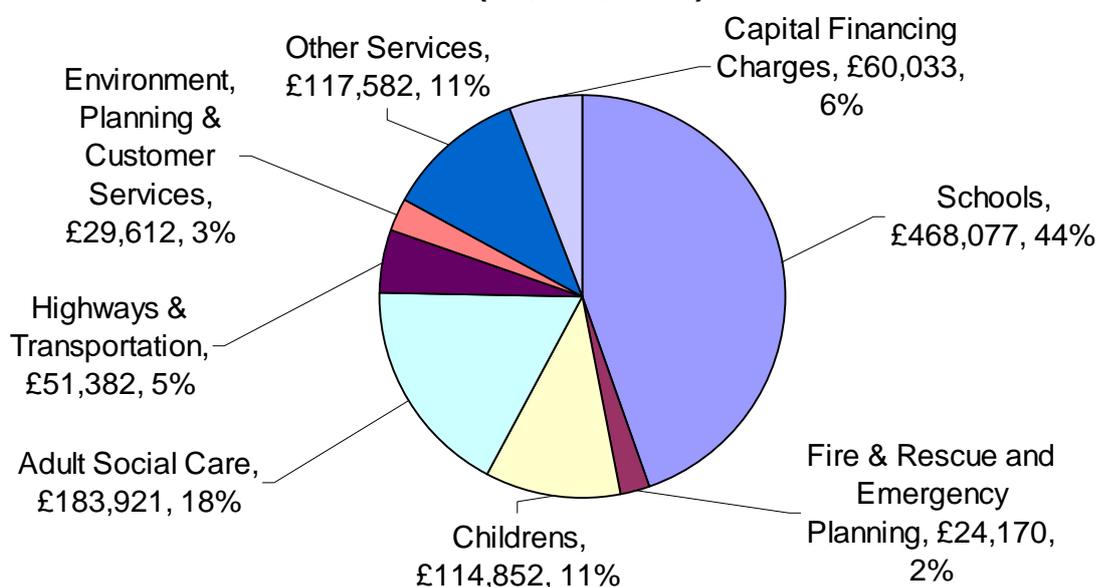
	<ul style="list-style-type: none"> <li>officers authorised to bid for external funding under directorate Schemes of Authorisation – for projects costing less than £250,000.</li> </ul>
10.4	<p>The Assistant Director - Finance and Resources must</p> <ul style="list-style-type: none"> <li>ensure that costs, benefits and risks are assessed fully before partnership agreements are made</li> <li>He/she must ensure that governance, accountability and reporting arrangements are appropriate and clear</li> <li>and he/she must ensure that financial arrangements are appropriate and safeguard the Council's interests.</li> </ul>
11	<b>Funding the capital programme</b>
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	<b>Accounting and financial processes</b>
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	<b>Treasury management</b>
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	<b>Performance measures and targets</b>
14.1	Implementation of the Financial Strategy will be monitored and managed with reference to the measures of financial health and performance attached at <b>APPENDIX E</b> .
14.2	The Financial Strategy will be reviewed every four years at the start of each new Council.

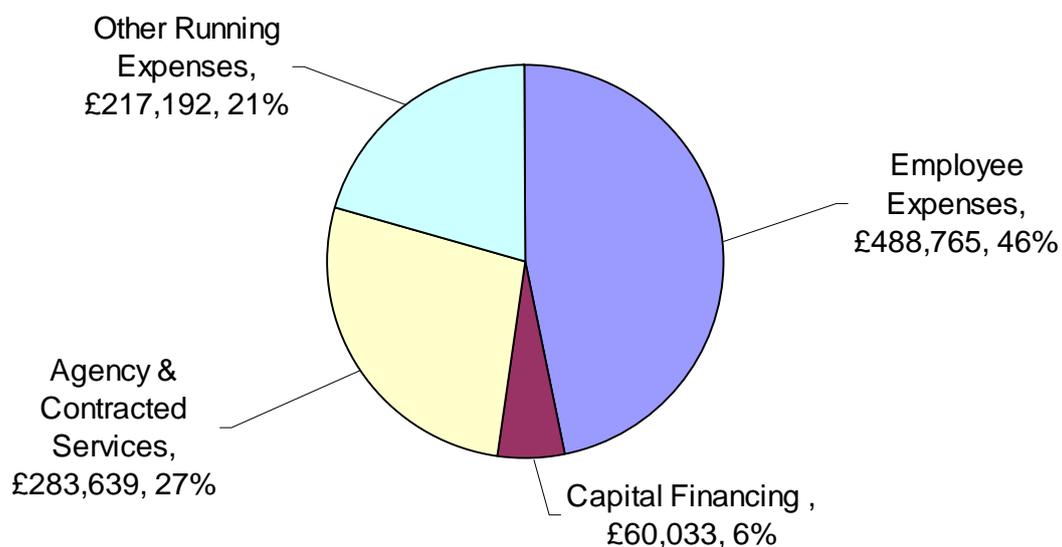
## Key Financial Performance Measures: Financial Health &amp; Performance

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2011/12 Estimate	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	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	Yes
3	Capital receipts	At least £15m over four years 2011/12 to 2014/15.	£8.0m	£3.0m	£2.0m	£2.0m
4	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	4.60%	5.03%	5.72%	5.83%
5	Accounting	Unqualified external audit opinion.	Yes	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	Within range
7	Internal control	None of the processes audited receive a "no assurance" opinion from internal audit	Yes	Yes	Yes	Yes
8	Income collection	Overall top quartile performance compared with other counties (100 = top quartile)	85.0	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%	92.5%
10	Treasury management	Risk adjusted return comparison	Weighted Benchmark	Weighted Benchmark	Weighted Benchmark	Weighted Benchmark

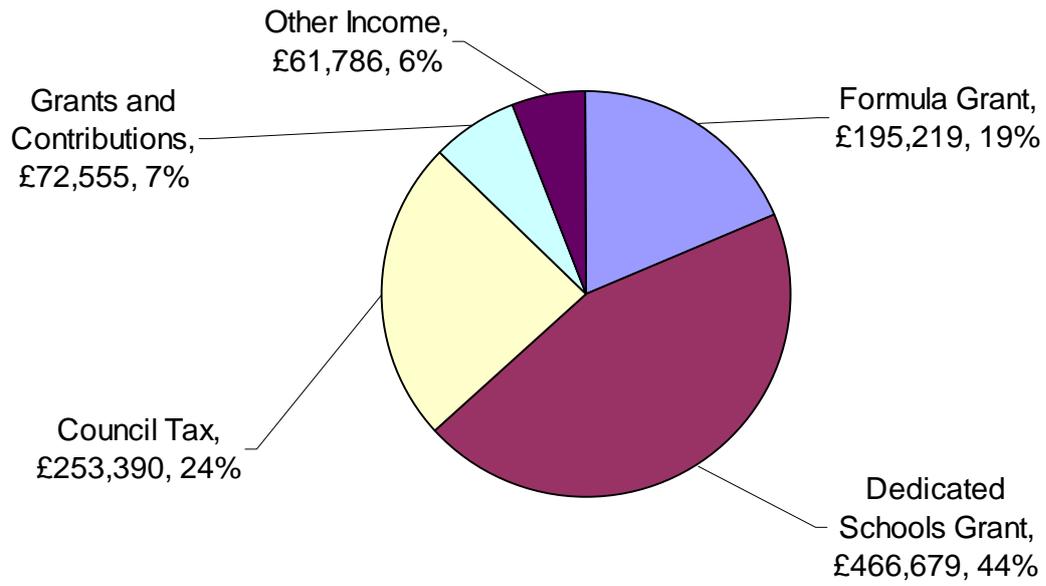
**GROSS EXPENDITURE SERVICE ANALYSIS £'000k  
(£1,049,629k)**



**GROSS EXPENDITURE SUBJECTIVE ANALYSIS £'000k  
(£1,049,629k)**



### SOURCES OF FINANCE £'000k (£1,049,629k)



## APPENDIX G

<b>REVENUE GOVERNMENT GRANTS 2012/13</b>	
	<b>£'000</b>
Formula Grant	195,219
Council Tax Freeze Grant 2011/12	6,293
Council Tax Freeze Grant 2012/13	6,332
Dedicated Schools Grant (ringfenced)	466,679
Early Intervention Grant	26,394
Extended Rights to Free Travel	870
Learning Disability and Health Reform Grant	5,911
Fire Revenue Grant - Fire Link	281
Fire Revenue Grant - New Dimensions	961
New Homes Bonus	1,495
Lead Local Flood Authorities	689
Inshore Fisheries Conservation Authorities	128
PFI Grant	1,158
<b>Total Revenue Grants</b>	<b>712,410</b>

<b>CAPITAL GOVERNMENT GRANTS 2012/13</b>	
	<b>£'000</b>
Adult's Personal Social Services Capital Grant	1,778
Highways Asset Maintenance	24,038
Highways Integrated Transport	4,136
Fire Capital Grant	TBA
Schools Basic Needs	4,426
Capital Maintenance	9,650
Schools Devolved Capital	1,865
Academies Grant	10,663
<b>Total Capital Grants</b>	<b>56,556</b>

REVENUE BUDGET SAVINGS BY SERVICE				
	2012/13	2013/14	2014/15	3 year cumulative savings
	£000	£000	£000	£000
Adult Social Care	-18,670	-8,381	-4,074	-31,125
Public Health	-555	-507	-10	-1,072
Children's Social Care	-1,615	0	0	-1,615
Education Services	-9,418	-1,651	-786	-11,855
Highways & Transportation	-1,389	-69	-104	-1,562
Environment, Planning & Customer Services	-2,345	-6,492	-5,493	-14,330
Economy & Culture	-1,030	-856	-1,295	-3,181
Finance & Resources	-960	-413	-1,059	-2,432
Fire & Rescue	-11	-5	-7	-23
Community Safety	-1,390	-39	-36	-1,465
Performance & Governance	-553	-1,755	-758	-3,066
<b>Total Service Budgets</b>	<b>-37,936</b>	<b>-20,168</b>	<b>-13,622</b>	<b>-71,726</b>
Other Budgets	-13,000	-3,249	-2,798	-19,047
<b>Total Expenditure</b>	<b>-50,936</b>	<b>-23,417</b>	<b>-16,420</b>	<b>-90,773</b>

PRUDENTIAL INDICATORS		2011/12	2012/13	2013/14	2014/15
<b>PRUDENTIAL INDICATOR TARGETS</b>					
<b>External Debt:</b>					
1	<b><u>Authorised limit for external debt -</u></b> 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>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
	borrowing	559.88	634.720	660.154	693.194
	other long term liabilities	23.739	24.127	23.124	21.867
	<b>Total</b>	<b>583.619</b>	<b>658.847</b>	<b>683.278</b>	<b>715.061</b>
2	<b><u>Operational boundary -</u></b> 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>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
	borrowing	535.88	610.720	636.154	669.194
	other long term liabilities	21.739	22.127	21.124	19.867
	<b>Total</b>	<b>557.619</b>	<b>632.847</b>	<b>657.278</b>	<b>689.061</b>
<b>Treasury Management Indicators:</b>					
<b>Interest Rate Exposures</b>					
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	<b><u>Upper limit for fixed interest rate exposure</u></b> Net principal re fixed rate borrowing less investments	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
		661.245	661.245	661.245	661.245
4	<b><u>Upper limit for variable rate exposure</u></b> Net principal re variable rate borrowing less investments				
		198.374	198.374	198.374	198.374
<b>Gross and Net Debt</b>					
The Authority will set for the forthcoming financial year and the following three years upper limits on the proportion of net debt compared to gross debt.					
5	<b><u>Upper limit for net debt as percentage of gross debt</u></b>	100%	100%	100%	100%
6	<b><u>Borrowing in advance of need limited to percentage of the expected increase in CFR over 3 year budget period. (Voluntary Indicator).</u></b>	25%	25%	25%	25%
<b>Total principal sums invested for periods longer than 364 days</b>					
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					
7	<b><u>Upper limit for total principal sums invested for over 364 days</u></b> (per maturity date)	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
		40.000	40.000	40.000	40.000



## APPENDIX J

<b>NET CAPITAL PROGRAMME 2011/12 TO 2014/15 PLUS FUTURE YEARS</b>	<b>Net Programme 2011/12 £000's</b>	<b>Grants and Contributions 2011/12 £000's</b>	<b>Gross Programme 2011/12 £000's</b>	<b>Net Programme 2012/13 £000's</b>	<b>Grants and Contributions 2012/13 £000's</b>	<b>Gross Programme 2012/13 £000's</b>
<b>Highways and Transportation:</b>						
Lincoln Eastern Bypass (Council Contribution)	0	0	0	850	3,125	3,975
Lincoln Eastern Bypass (Underwriting Developer Contributions)	0	0	0	2,022	0	2,022
Lincoln East-West Link (*1)	0	0	0	0	3,394	3,394
Spalding Relief Road (Phase II) (*1)	0	0	0	0	0	0
Grantham East-West Link Road (*1)	0	0	0	0	0	0
A16/A1073 Spalding to Eye Road Improvement	2,309	0	2,309	313	0	313
Other Road Improvement Schemes	0	0	0	0	0	0
Asset Protection	2,815	25,068	27,883	131	24,038	24,169
Integrated Transport	4,215	4,523	8,738	789	4,136	4,925
Other Highways and Transportation	244	0	244	0	0	0
<b>Sub Total</b>	<b>9,583</b>	<b>29,591</b>	<b>39,174</b>	<b>4,105</b>	<b>34,693</b>	<b>38,798</b>
<b>Economy and Culture:</b>						
Broadband UK (Next Generation Broadband)	153	0	153	2,300	3,720	6,020
Lincoln Castle Revealed	1,434	5,154	6,588	328	3,329	3,657
Other Enterprise Schemes	1,509	0	1,509	545	0	545
<b>Sub total - Enterprise</b>	<b>3,096</b>	<b>5,154</b>	<b>8,250</b>	<b>3,173</b>	<b>7,049</b>	<b>10,222</b>
Teal Park, Lincoln	9,315	0	9,315	6,733	0	6,733
Boston Barrier	0	0	0	0	0	0
Other Regeneration Schemes	6,238	8,680	14,918	8,356	3,459	11,815
<b>Sub total - Regeneration</b>	<b>15,553</b>	<b>8,680</b>	<b>24,233</b>	<b>15,089</b>	<b>3,459</b>	<b>18,548</b>
Libraries and Heritage	744	500	1,244	626	0	626
<b>Sub Total</b>	<b>19,393</b>	<b>14,334</b>	<b>33,727</b>	<b>18,888</b>	<b>10,508</b>	<b>29,396</b>
<b>Environment, Planning &amp; Customer Services:</b>						
Energy from Waste	39,964	0	39,964	58,713	0	58,713
Flood Defence	0	0	0	6,000	0	6,000
Customer Services	310	0	310	0	0	0
Other Environment and Planning	1,741	0	1,741	1,000	0	1,000
<b>Sub Total</b>	<b>42,015</b>	<b>0</b>	<b>42,015</b>	<b>65,713</b>	<b>0</b>	<b>65,713</b>
<b>Children's Services:</b>						
Devolved Capital	11,906	2,348	14,254	0	1,865	1,865
Provision of School Places (Basic Need)	600	12,851	13,451	2,472	4,426	6,898
School Condition / Maintenance Capital	1,054	146	1,200	1,000	200	1,200
Schools Modernisation / Condition Capital	0	8,461	8,461	3,891	9,450	13,341
Early Years Sufficiency / Extended Provision	1,207	989	2,196	1,000	0	1,000
Schools Access Initiative	472	0	472	347	0	347
Foster Capital	222	0	222	200	0	200
Short Breaks for Disabled Children	0	394	394	0	0	0
Other Children's Services	1,324	45	1,369	500	0	500
Lincolnshire Secure Unit	0	458	458	0	0	0
Lincoln Priory Academies	6,404	4,284	10,688	0	0	0
Skegness Academy	300	11,404	11,704	0	7,710	7,710
Sleaford - St George's Academy	3,667	13,243	16,910	0	2,953	2,953
Other Academies	834	0	834	0	0	0
Previous Project and Programmes	10,053	1,543	11,596	0	0	0
<b>Sub Total</b>	<b>38,043</b>	<b>56,166</b>	<b>94,209</b>	<b>9,410</b>	<b>26,604</b>	<b>36,014</b>
<b>Adult Social Care:</b>						
Adult Social Care	4,915	1,731	6,646	0	1,778	1,778
<b>Sub Total</b>	<b>4,915</b>	<b>1,731</b>	<b>6,646</b>	<b>0</b>	<b>1,778</b>	<b>1,778</b>
<b>Corporate services:</b>						
Property	4,702	0	4,702	3,200	0	3,200
Property Rationalisation Programme	745	0	745	5,883	0	5,883
Crown Court	0	0	0	8,198	0	8,198
Fire & Rescue and Emergency Planning	0	1,139	1,139	2,627	0	2,627
<b>Sub Total</b>	<b>5,447</b>	<b>1,139</b>	<b>6,586</b>	<b>19,908</b>	<b>0</b>	<b>19,908</b>
<b>Performance and Governance:</b>						
ICT Related	8,229	0	8,229	3,015	0	3,015
<b>Sub Total</b>	<b>8,229</b>	<b>0</b>	<b>8,229</b>	<b>3,015</b>	<b>0</b>	<b>3,015</b>
<b>Other programmes:</b>						
New Developments Capital Contingency Fund	0	0	0	0	0	0
<b>Sub Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b>	<b>127,625</b>	<b>102,961</b>	<b>230,586</b>	<b>121,039</b>	<b>73,583</b>	<b>194,622</b>

(\*1) In advance of developers contributions.

Net Programme 2013/14 £000's	Grants and Contributions 2013/14 £000's	Gross Programme 2013/14 £000's	Net Programme 2014/15 £000's	Grants and Contributions 2014/15 £000's	Gross Programme 2014/15 £000's	Net Programme Future Years £000's	Grants and Contributions Future Years £000's	Gross Programme Future Years £000's
1,608	7,794	9,402	4,184	15,372	19,556	7,358	23,659	31,017
5,042	0	5,042	9,944	0	9,944	16,992	0	16,992
5,213	3,393	8,606	8,000	0	8,000	1,787	0	1,787
0	0	0	0	0	0	10,000	0	10,000
5,000	0	5,000	15,000	0	15,000	10,000	0	10,000
0	0	0	0	0	0	0	0	0
0	0	0	2,000	0	2,000	0	0	0
0	23,330	23,330	0	21,929	21,929	0	0	0
0	4,136	4,136	0	5,816	5,816	0	0	0
340	100	440	100	100	200	0	0	0
<b>17,203</b>	<b>38,753</b>	<b>55,956</b>	<b>39,228</b>	<b>43,217</b>	<b>82,445</b>	<b>46,137</b>	<b>23,659</b>	<b>69,796</b>
5,331	8,370	13,701	3,500	6,510	10,010	0	0	0
327	6,455	6,782	0	4,107	4,107	0	0	0
353	0	353	365	200	565	234	200	434
<b>6,011</b>	<b>14,825</b>	<b>20,836</b>	<b>3,865</b>	<b>10,817</b>	<b>14,682</b>	<b>234</b>	<b>200</b>	<b>434</b>
3,000	0	3,000	0	0	0	0	0	0
0	0	0	5,000	0	5,000	6,000	0	6,000
800	2,200	3,000	800	1,600	2,400	300	300	600
<b>3,800</b>	<b>2,200</b>	<b>6,000</b>	<b>5,800</b>	<b>1,600</b>	<b>7,400</b>	<b>6,300</b>	<b>300</b>	<b>6,600</b>
450	0	450	450	0	450	0	0	0
<b>10,261</b>	<b>17,025</b>	<b>27,286</b>	<b>10,115</b>	<b>12,417</b>	<b>22,532</b>	<b>6,534</b>	<b>500</b>	<b>7,034</b>
26,000	0	26,000	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<b>26,000</b>	<b>0</b>	<b>26,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
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0	306	306	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
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0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<b>0</b>	<b>306</b>	<b>306</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
975	0	975	858	0	858	0	0	0
<b>975</b>	<b>0</b>	<b>975</b>	<b>858</b>	<b>0</b>	<b>858</b>	<b>0</b>	<b>0</b>	<b>0</b>
3,200	0	3,200	3,200	0	3,200	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
650	0	650	2,650	0	2,650	1,500	0	1,500
<b>3,850</b>	<b>0</b>	<b>3,850</b>	<b>5,850</b>	<b>0</b>	<b>5,850</b>	<b>1,500</b>	<b>0</b>	<b>1,500</b>
3,600	0	3,600	3,600	0	3,600	0	0	0
<b>3,600</b>	<b>0</b>	<b>3,600</b>	<b>3,600</b>	<b>0</b>	<b>3,600</b>	<b>0</b>	<b>0</b>	<b>0</b>
5,000	0	5,000	6,500	0	6,500	0	0	0
<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>6,500</b>	<b>0</b>	<b>6,500</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>66,889</b>	<b>56,084</b>	<b>122,973</b>	<b>66,151</b>	<b>55,634</b>	<b>121,785</b>	<b>54,171</b>	<b>24,159</b>	<b>78,330</b>

### SUMMARY OF CAPITAL SCHEMES FROM THE 2012/13 PROGRAMME

The Council's Capital Programme includes the following schemes which are due to be undertaken in 2012/13:

#### 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

#### Economy and Culture:

- Lincolnshire Broadband Plan - a programme to trigger the installation of digital infrastructure in communities and businesses
- Lincoln Castle Revealed - redevelopment of the Castle
- Tentercroft Street regeneration purchases
- Grantham Market Place – phase II

#### Environment, Planning and Customer Services:

- Ongoing development of the Energy from Waste scheme
- Waste transfer stations at Grantham and Sleaford
- Coastal country park

#### 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
- Academy programmes including: Sleaford – St Georges Academy and Skegness Academy

#### Adult Social Care:

- Extra care scheme - Barratt Court Skegness
- Reablement including: Telecare, E-Market Place and Community Hubs

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

- Replacement fire station at Sleaford
- Replacement of fire-fighters' personal protective equipment
- Repairs and maintenance of council properties
- Property rationalisation programme, projects throughout County

### **Performance and Governance (including ICT):**

- IT development (including: library management system).
- Replacement of PC's and other IT equipment
- ICT infrastructure

The Council's Capital Programme includes the following new schemes added into 2013/14, 2014/15 and future years:

### **Highways and Transportation:**

- Lincoln Eastern Bypass
- Lincoln East-West Link
- Spalding Relief Road (Phase II)
- Grantham Southern Relief Road
- Rural Gain Grant
- Replace 7 Call Connect Buses

### **Economy and Culture:**

- Lincolnshire Broadband Plan
- Teal Park, Lincoln Employment Development Site
- Grantham Business Incubation Centre
- Lincolnshire Waterways
- Historic Lincoln Lighting Scheme
- Capital Maintenance for Sports Centres
- Capital Enablers to deliver a redesigned and reshaped library service

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

- Property Repairs and Maintenance to keep premises maintained and operational
- County Farms
- Asbestos, Disabled Access and Work Place Regulations
- New Fire Station at Leverton and Gainsborough
- Fire and Rescue PPE & General Equipment

### **Performance and Governance (including ICT):**

- Corporate ICT (including: desktop refresh and infrastructure refresh)
- ICT Developments

### **Other Programmes:**

- New Developments Capital Contingency Fund

<b>EARMARKED RESERVES</b>					
	<b>Actual Balance at 31-Mar-11 £000's</b>	<b>Planned use in /Contribution to 2011/12 £000's</b>	<b>Estimated balance at 31-Mar-12 £000's</b>	<b>Planned use in /Contribution to 2012/13 £000's</b>	<b>Estimated balance at 31-Mar-13 £000's</b>
<b>Balances held by Schools under a scheme of delegation</b>	21,909	-13,120	8,789		8,789
<b>Other Earmarked Reserves:</b>					
Other Services budgets carried forward	560	0	560		560
Children's Fund	16	-16	0		0
Adverse Weather	1,053	0	1,053		1,053
Economic Regeneration	438	-438	0		0
Insurance	2,023	0	2,023		2,023
Invest to Save	185	-71	114		114
Schools Sickness Insurance Scheme	687	-213	474		474
Purchase on Museums Exhibits	145	0	145		145
Salix Carbon Management	322	-19	303		303
Carbon Management	49	-49	0		0
Waste Disposal	25,445	-13,700	11,745		11,745
Development	3,364	-1,532	1,832		1,832
Legal Service	350	250	600		600
Teal Park	50	0	50		50
LAT's	194	0	194		194
Health and Wellbeing	6,430	-1,279	5,151		5,151
Safer Communities Commissioning Project	1,643	-605	1,038		1,038
Safer Communities Positive Future	685	0	685		685
Youth Service Positive Activities Development Fund	0	178	178		178
Financial Volatility Fund	0	0	0	3,602	3,602
<b>Revenue Grants and Contributions</b>	43,709	-26,928	16,781		16,781
<b>Total earmarked reserves</b>	<b>109,257</b>	<b>-57,542</b>	<b>51,715</b>	<b>3,602</b>	<b>55,317</b>

<b>CHANGES BETWEEN THE 2011/12 BUDGET AND THE 2012/13 BUDGET</b>		
	<b>£'000</b>	<b>Impact on budget requirement</b>
<b>COST PRESSURES:</b>		
Inflation	5,829	1.3%
<b>Adult Social Care</b>		
Increasing numbers of older people and other demographic changes	4,000	0.9%
Ongoing costs pressures in learning disabilities and physical disabilities	5,700	1.2%
Other cost pressures in Adult Social Care	6,117	1.3%
<b>Children's Services</b>		
Increase in Early Intervention Grant	-2,342	-0.5%
Other cost pressures in Children's Services	1,366	0.3%
<b>Communities</b>		
Roads Maintenance	1,110	0.2%
Increase in landfill tax and other waste disposal costs	1,486	0.3%
Other cost pressures in Communities	66	0.0%
<b>Resources and Community Safety</b>		
Cost pressures in Resources and Community Safety	247	0.1%
<b>Performance &amp; Governance</b>		
Programme Centre Transformation Support - removal of cost pressure	-1,850	-0.4%
<b>Other Budgets</b>		
Capital Financing Charges	3,182	0.7%
Other cost pressures in Other Budgets	1,880	0.4%
<b>TOTAL COST PRESSURES:</b>	<b>26,791</b>	<b>5.8%</b>
<b>SAVINGS:</b>		
<b>Adult Social Care</b>		
Shaping Care (including Respite)	-2,356	-0.5%
Community Supported Project	-3,152	-0.7%
Eligibility Criteria	-1,718	-0.4%
Other savings in Adult Social Care	-11,444	-2.5%
<b>Public Health</b>		
Savings in Public Health	-555	-0.1%
<b>Children's Services</b>		
Preventative Services	-4,716	-1.0%
Home to School & College Transport	-2,530	-0.5%
Other savings in Children's Services	-3,787	-0.8%
<b>Communities</b>		
Efficiency Savings in household waste recycling centre contract	-1,215	-0.3%
Other savings in Communities	-3,549	-0.8%
<b>Resources and Community Safety</b>		
Business Support	-790	-0.2%
Other savings in Resources and Community Safety	-1,571	-0.3%
<b>Performance &amp; Governance</b>		
Savings in Performance and Governance	-553	-0.1%
<b>Other Budgets</b>		
Redundancy Costs	-13,000	-2.8%
<b>TOTAL SAVINGS:</b>	<b>-50,936</b>	<b>-11.0%</b>
<b>Other Movements:</b>		
Transfer to Earmarked Reserve:	17,302	3.7%
Council Tax Freeze Grant	-6,332	-1.4%
New Homes Bonus Grant	-1,495	-0.3%
<b>TOTAL OTHER MOVEMENTS:</b>	<b>9,475</b>	<b>2.0%</b>
<b>TOTAL CHANGE IN BUDGET REQUIREMENT:</b>	<b>-14,670</b>	<b>-3.2%</b>
Reduction in general government grants	-16,120	-3.5%
Increase in council tax base i.e. number of council tax payers	1,542	0.3%
Reduction in council tax collection fund surpluses	-92	0.0%
<b>TOTAL CHANGE IN GENERAL GRANT AND COUNCIL TAX INCOME:</b>	<b>-14,670</b>	<b>-3.2%</b>



**SUMMARIES OF SERVICE REVENUE ESTIMATES**

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	130,087,052	Ref 1 Base Budget 2011/12
	BUDGET CHANGES:		
2	Inflation	1,885,083	Ref 2 An allocation of 2% towards inflation has been applied to non pay budgets
3	Demography	4,000,000	Ref 3 Pressure relating to more clients joining the service than leaving in 2012/13
4	Learning Disability Health Reform	5,873,372	Ref 4 Expenditure relating to the transfer of responsibility of Learning Disability from Health 2012/13
5	Learning Disability Health Reform Grant	- 5,873,372	Ref 5 Income relating to the transfer of responsibility of Learning Disability from Health for 2012/13
6	Telecare	83,000	Ref 6 Increase in the number of people benefitting from Telecare
7	Prevention	- 100,000	Ref 7 Change in level of investment to prevention from previous years
8	Further Demography pressures	5,155,280	Ref 8 Additional funding to cover additional demographic pressures from 2011/12 carried fwd
9	Additional Funding for Learning Disability	3,700,000	Ref 9 Additional funding to Learning Disability to cover reduction in NHS income and additional demographic pressure
10	Additional Funding for Physical Disability	1,700,000	Ref 10 Additional funding to Physical Disability to cover additional demographic pressures
	Additional Funding for Integrated		Additional Integrated Community Equipment Service funding to cover increased usage of integrated
11	Community Equipment Service	300,000	Ref 11 community equipment
12	Order of St Johns income funding	278,400	Ref 12 Funding to cover loss of rental income
13	Rephasing	471,600	Ref 13 Rephasing of required savings
14	Homecare re purchase	229,000	Ref 14 Funding for the repurchase of Homecare from Independent Sector
15	Reduction to future service levels	- 18,670,038	Ref 15 Efficiencies and other savings within the service
<b>16</b>	<b>2012/13 BUDGET</b>	<b>129,119,377</b>	
	BUDGET CHANGES:		
17	Inflation	2,582,388	Ref 17 An allocation of 2% towards inflation has been applied to all budgets
18	Demography	3,000,000	Ref 18 Pressure relating to more clients joining the service than leaving in 2013/14
19	Reduction to future service levels	- 8,381,476	Ref 19 Efficiencies and other savings within the service
<b>20</b>	<b>2013/14 BUDGET</b>	<b>126,320,289</b>	
	BUDGET CHANGES:		
21	Inflation	2,160,910	Ref 21 An allocation of between 1% and 2% towards inflation has been applied to all budgets
22	Demography	3,000,000	Ref 22 Pressure relating to more clients joining the service than leaving in 2014/15
23	Rephasing	- 471,600	Ref 23 Rephasing of required savings
24	Reduction to future service levels	- 4,073,712	Ref 24 Efficiencies and other savings within the service
<b>25</b>	<b>2014/15 BUDGET</b>	<b>126,935,887</b>	

REVENUE EXPENDITURE - ADULT SOCIAL CARE

ADULT SOCIAL CARE DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	OLDER PEOPLE/PHYSICAL DISABILITIES	75,822,955	- 3,611,036	72,211,919	70,075,802	70,898,017
2	LEARNING DISABILITIES	17,671,314	527,275	18,198,589	17,777,420	18,372,174
3	COMMISSIONING	7,920,893	6,721,257	14,642,150	15,574,519	15,262,403
4	OTHER SERVICES	28,671,890	- 4,605,171	24,066,719	22,892,548	22,403,293
<b>5</b>	<b>NET TARGET BUDGET</b>	<b>130,087,052</b>	<b>- 967,675</b>	<b>129,119,377</b>	<b>126,320,289</b>	<b>126,935,887</b>

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	18,583,506	
	BUDGET CHANGES:		
2	Inflation allocation	338,250	Ref 2 An allocation of 2% towards inflation has been applied to non pay budgets.
3	Review of housing related support	- 499,000	Ref 3 Efficiencies resulting from implementing the Well Being model at lower unit costs.
4	Partnerships and communities	- 47,000	Ref 4 Full year effect of reduction in Partnerships and Community Empowerment.
5	Business mileage savings	- 8,525	Ref 5 Savings resulting from changes to mileage rates paid to staff.
<b>6</b>	<b>2012/13 BUDGET</b>	<b>18,367,231</b>	
7	Inflation allocation	367,345	Ref 7 An allocation of 2% has been applied to all budgets.
8	Review of housing related support	- 500,000	Ref 8 Efficiencies resulting from implementing the Well Being model at lower unit costs.
9	Business mileage savings	- 6,567	Ref 9 Savings resulting from changes to mileage rates paid to staff.
<b>10</b>	<b>2013/14 BUDGET</b>	<b>18,228,009</b>	
11	Inflation allocation	347,516	Ref 11 An allocation of between 1% and 2% towards inflation has been applied to all budgets.
12	Business mileage savings	- 9,848	Ref 12 Savings resulting from changes to mileage rates paid to staff.
<b>13</b>	<b>2014/15 BUDGET</b>	<b>18,565,677</b>	

REVENUE EXPENDITURE - PUBLIC HEALTH

PUBLIC HEALTH DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	COMMUNITY ENGAGEMENT MANAGEMENT COSTS	204,820	124,139	328,959	328,971	326,327
2	CHILDREN & MATERNITY	102,000		102,000	104,040	106,121
3	COMMUNITY ENGAGEMENT	256,880	- 61,492	195,388	199,296	201,289
4	COMMUNITY INITIATIVES	430,012	3,749	433,761	442,436	446,860
<b>5</b>	<b>TOTAL FOR COMMUNITY ENGAGEMENT</b>	<b>993,712</b>	<b>66,396</b>	<b>1,060,108</b>	<b>1,074,743</b>	<b>1,080,597</b>
6	SERVICE INTERVENTIONS PERFORMANCE & DEVELOPMENT	290,923	112,665	403,588	411,660	415,777
7	CONTRACTING	498,838	200,715	699,553	713,544	720,679
8	SUPPORTED HOUSING	16,800,033	- 596,051	16,203,982	16,028,062	16,348,624
<b>9</b>	<b>TOTAL FOR SERVICE INTERVENTIONS</b>	<b>17,589,794</b>	<b>- 282,671</b>	<b>17,307,123</b>	<b>17,153,266</b>	<b>17,485,080</b>
<b>10</b>	<b>TOTAL FOR PUBLIC HEALTH</b>	<b>18,583,506</b>	<b>- 216,275</b>	<b>18,367,231</b>	<b>18,228,009</b>	<b>18,565,677</b>

## REVENUE EXPENDITURE - CHILDREN'S SOCIAL CARE

## CHILDREN'S SERVICES DIRECTORATE

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	44,240,249	
	BUDGET CHANGES:		
2	Inflation	484,659	Ref 2 Inflation based on 0% for pay and 2% for prices and income.
3	Residential Care	- 344,400	Ref 3 Savings achieved through reducing out county placements for looked after children.
4	Fostering Services	- 243,640	Ref 4 Saving achieved through reducing out county placements (£-84,270) plus savings in allowances that have been utilised to fund additional Regulation 24 costs (£-157,490).
5	Other Looked After Children Services	466,326	Ref 5 Includes the provision of 30 weeks of home tuition for looked after children in order to improve attainment levels in this area (£325,060) plus an increase in Regulation 24 costs (£157,490).
6	Other Children & Family Services	110,440	Ref 6 An increase in provision for special guardianship support. This is where support is provided by family members rather than foster parents, residential care or out-county provision.
7	Central Commissioning Function	408,461	Ref 7 Additional funding for the central commissioning function funded by the Early Intervention Grant.
8	Other changes	- 2,012,187	Ref 8 This includes the 2012-2013 efficiencies which were met by Children's Services in 2011-2012 as part of the core service review.
<b>9</b>	<b>2012/13 BUDGET</b>	<b>43,109,908</b>	
	BUDGET CHANGES:		
10	Inflation	862,198	Ref 10 Inflation based on 2% for pay, prices and income.
<b>11</b>	<b>2013/14 BUDGET</b>	<b>43,972,106</b>	
	BUDGET CHANGES:		
12	Inflation	675,367	Ref 12 Inflation based on 1% for pay and 2% for prices and income.
<b>13</b>	<b>2014/15 BUDGET</b>	<b>44,647,473</b>	

## REVENUE EXPENDITURE - CHILDREN'S SOCIAL CARE

## CHILDREN'S SERVICES DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	COMMISSIONING & SOCIAL WORKERS	11,848,057	14,314	11,862,371	12,099,621	12,285,459
2	RESIDENTIAL CARE	5,231,929	- 344,400	4,887,529	4,985,279	5,061,848
3	FOSTERING SERVICES	7,318,680	- 243,640	7,075,040	7,216,540	7,327,379
4	OTHER LOOKED AFTER CHILDREN SERVICES	3,733,633	270,705	4,004,338	4,084,418	4,147,151
5	FAMILY SUPPORT SERVICES	8,901,231	466,326	9,367,557	9,554,907	9,701,661
6	YOUTH JUSTICE	- 268,140	18,140	- 250,000	- 255,000	- 258,917
7	CHILDREN'S & YOUNG PEOPLE'S STRATEGY	2,002,377	61,003	2,063,380	2,104,640	2,136,965
8	OTHER CHILDREN'S & FAMILIES SERVICES	2,019,730	110,440	2,130,170	2,172,770	2,206,142
9	CENTRAL COMMISSIONING FUNCTION	945,133	408,461	1,353,594	1,380,674	1,401,880
10	MANAGEMENT & SUPPORT SERVICES	2,507,619	- 1,891,690	615,929	628,257	637,905
<b>11</b>	<b>NET TARGET BUDGET</b>	<b>44,240,249</b>	<b>- 1,130,341</b>	<b>43,109,908</b>	<b>43,972,106</b>	<b>44,647,473</b>

REVENUE EXPENDITURE - EDUCATION SERVICES

CHILDREN'S SERVICES DIRECTORATE

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	45,885,072	
	BUDGET CHANGES:		
2	Inflation	1,238,222	Ref 2 Inflation based on 0% for pay and 2% for prices and income.
3	Early Years	- 2,348,056	Ref 3 A reallocation of Early Intervention grant funding and changes brought about by the core service review.
4	Home to School/College Transport	- 2,064,463	Ref 4 Proposed efficiency savings plus an increase in income from post-16 transport charges that are being phased over two years.
5	Services to Young People	1,264,463	Ref 5 This includes provision for a Careers Guidance Service.
6	Learner Support	- 904,842	Ref 6 This includes savings on Foundation Learning (£-220,000), savings and additional income from schools in the Education Welfare Service (£-316,554) and savings as a result of the restructuring of the Inclusion and Attendance and Schools Admin Teams (£-342,408).
7	Access	- 293,782	Ref 7 Removal of academy set up costs.
8	Local Authority Education Functions	- 380,644	Ref 8 This includes savings on Education legal costs (£-171,401) which have been used to offset the additional legal costs in Children's Social Care and the removal of the contributions towards Playing for Success (£-50,000) and Primary National Strategy (£-90,000).
9	Management & Support Services	- 3,283,994	Ref 9 This includes the 2012-2013 efficiencies which were met by Children's Services in 2011-2012 as part of the core service review.
10	Early Intervention Grant	- 2,341,968	Ref 10 Anticipated increase in the grant.
11	Other changes	- 40,303	
<b>12</b>	<b>2012/13 BUDGET</b>	<b>36,729,705</b>	
	BUDGET CHANGES:		
13	Inflation	1,262,473	Ref 13 Inflation based on 2% for pay, prices and income.
14	Savings	- 2,358,897	Ref 14 Reductions to future service levels.
<b>15</b>	<b>2013/14 BUDGET</b>	<b>35,633,281</b>	
	BUDGET CHANGES:		
16	Inflation	1,169,243	Ref 16 Inflation based on 1% for pay and 2% for prices and income.
17	Savings	- 1,341,614	Ref 17 Reductions to future service levels.
<b>18</b>	<b>2014/15 BUDGET</b>	<b>35,460,910</b>	

REVENUE EXPENDITURE - EDUCATION SERVICES

CHILDREN'S SERVICES DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	EARLY YEARS	15,617,370	- 2,348,056	13,269,314	13,278,627	13,230,294
2	HOME TO SCHOOL/COLLEGE TRANSPORT	28,903,000	- 2,064,463	26,838,537	26,314,317	26,951,166
3	SERVICES TO YOUNG PEOPLE	4,060,036	1,264,923	5,324,959	5,399,459	5,500,382
4	SPECIAL EDUCATION SERVICES & ADMINISTRATION	3,166,184	- 40,763	3,125,421	3,187,931	3,247,518
5	LEARNER SUPPORT	5,803,608	- 904,842	4,898,766	4,996,746	5,090,142
6	ACCESS	1,730,351	- 293,782	1,436,569	1,464,559	1,491,330
7	LOCAL AUTHORITY EDUCATION FUNCTIONS	5,020,681	- 380,644	4,640,037	4,610,837	4,681,020
8	MANAGEMENT & SUPPORT SERVICES	5,635,842	- 2,045,772	3,590,070	3,302,912	2,730,648
9	EARLY INTERVENTION GRANT	- 24,052,000	- 2,341,968	- 26,393,968	- 26,922,107	- 27,461,590
<b>10</b>	<b>NET TARGET BUDGET</b>	<b>45,885,072</b>	<b>- 9,155,367</b>	<b>36,729,705</b>	<b>35,633,281</b>	<b>35,460,910</b>

## REVENUE EXPENDITURE - HIGHWAYS AND TRANSPORTATION

COMMUNITIES DIRECTORATE

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	47,131,899	
	BUDGET CHANGES:		
2	Inflation	648,662	Ref 2 A contribution of 2% towards prices & income inflation
3	Roads Maintenance	1,109,800	Ref 3 Energy prices inflation (£0.246m), a reduction to winter damage repair funding from £2.7m to £2.5m (-£0.217m), construction prices inflation (£0.763m), a shortfall relating to tourism signage (£0.030m), growth in number of assets to maintain, eg road length (£0.088m) and start-up costs relating to the transfer of civil parking enforcement powers (£0.200m)
4	Savings	- 1,388,841	Ref 4 Savings in line with the Council's core offer review of services (-£1.308m) and a reduction in business mileage (-£0.081m)
<b>5</b>	<b>2012/13 BUDGET</b>	<b>47,501,520</b>	
6	Inflation	950,030	Ref 6 A contribution of 2% towards pay, prices & income inflation.
7	Savings and Cost Pressures	- 23,012	Ref 7 Energy prices inflation, removal of civil parking enforcement start-up budget and a reduction in business mileage
<b>8</b>	<b>2013/14 BUDGET</b>	<b>48,428,538</b>	
9	Inflation	818,643	Ref 9 A contribution of 1% towards pay and 2% towards prices & income inflation.
10	Savings and Cost Pressures	142,482	Ref 10 Energy prices inflation and a reduction in business mileage
<b>11</b>	<b>2014/15 BUDGET</b>	<b>49,389,663</b>	

REVENUE EXPENDITURE - HIGHWAYS AND TRANSPORTATION

COMMUNITIES DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
	HIGHWAYS & TRANSPORTATION					
1	ROADS MAINTENANCE	23,716,258	428,336	24,144,594	24,873,486	25,539,949
2	DIVISIONAL SERVICES	5,429,871	- 317,066	5,112,805	5,171,575	5,193,766
3	HIGHWAYS CLIENT	2,195,865	112,929	2,308,794	2,151,504	2,182,673
4	TRANSPORTATION	13,713,580	178,595	13,892,175	14,163,086	14,392,102
5	FINANCIAL PROVISIONS	2,076,325	- 33,173	2,043,152	2,068,887	2,081,173
<b>6</b>	<b>NET TARGET BUDGET</b>	<b>47,131,899</b>	<b>369,621</b>	<b>47,501,520</b>	<b>48,428,538</b>	<b>49,389,663</b>

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	29,039,485	
	BUDGET CHANGES:		
2	Inflation	445,193	Ref 2 A contribution of 2% towards prices & income inflation
3	Waste	1,486,000	Ref 3 Increase in waste disposal costs including a landfill tax increase of £8 to £72 per tonne
4	Savings	- 2,345,000	Ref 4 Savings in line with the Council's core offer review of services (-£2.327m) and a reduction in business mileage (-£0.018m)
<b>5</b>	<b>2012/13 BUDGET</b>	<b>28,625,678</b>	
6	Inflation	572,514	Ref 6 A contribution of 2% towards pay, prices & income inflation.
7	Savings and Cost Pressures	- 2,602,690	Ref 7 Reduction in waste disposal costs following the opening of the Energy from Waste plant and a reduction in business mileage
<b>8</b>	<b>2013/14 BUDGET</b>	<b>26,595,502</b>	
9	Inflation	462,756	Ref 9 A contribution of 1% towards pay and 2% towards prices & income inflation.
10	Savings and Cost Pressures	- 1,907,035	Ref 10 Reduction in waste disposal costs following the opening of the Energy from Waste plant and a reduction in business mileage
<b>11</b>	<b>2014/15 BUDGET</b>	<b>25,151,223</b>	

REVENUE EXPENDITURE - ENVIRONMENT, PLANNING & CUSTOMER SERVICES

COMMUNITIES DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	PLANNING	1,138,183		1,138,183	1,160,947	1,181,147
2	ENVIRONMENTAL MANAGEMENT	1,253,250	- 62,703	1,190,547	1,214,358	1,235,488
3	WASTE MANAGEMENT	22,896,157	121,968	23,018,125	20,875,798	19,331,997
4	FLOOD DEFENCE PRECEPT	596,426	11,928	608,354	620,521	631,318
5	CUSTOMER OPERATIONS	3,155,469	- 485,000	2,670,469	2,723,878	2,771,273
<b>6</b>	<b>NET TARGET BUDGET</b>	<b>29,039,485</b>	<b>- 413,807</b>	<b>28,625,678</b>	<b>26,595,502</b>	<b>25,151,223</b>

## REVENUE EXPENDITURE - ECONOMY AND CULTURE

## COMMUNITIES DIRECTORATE

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	13,934,516	
	BUDGET CHANGES:		
2	Inflation	56,537	Ref 2 A contribution of 2% towards prices & income inflation
3	Savings	- 963,924	Ref 3 Savings in line with the Council's core offer review of services
<b>4</b>	<b>2012/13 BUDGET</b>	<b>13,027,129</b>	
5	Inflation	260,543	Ref 5 A contribution of 2% towards pay, prices & income inflation
6	Savings	- 856,425	Ref 6 Savings in line with the Council's core offer review of services
<b>7</b>	<b>2013/14 BUDGET</b>	<b>12,431,247</b>	
8	Inflation	135,327	Ref 8 A contribution of 1% towards pay and 2% towards prices & income inflation
9	Savings	- 1,295,138	Ref 9 Savings in line with the Council's core offer review of services
<b>10</b>	<b>2014/15 BUDGET</b>	<b>11,271,436</b>	

REVENUE EXPENDITURE - ECONOMY AND CULTURE

COMMUNITIES DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	REGENERATION	811,398	- 4,258	807,140	818,773	820,920
2	ENTERPRISE	3,221,020	- 58,269	3,162,751	3,196,857	3,075,435
3	LIBRARIES AND HERITAGE	9,902,098	- 844,860	9,057,238	8,415,617	7,375,081
<b>4</b>	<b>NET TARGET BUDGET</b>	<b>13,934,516</b>	<b>- 907,387</b>	<b>13,027,129</b>	<b>12,431,247</b>	<b>11,271,436</b>

## REVENUE EXPENDITURE - FINANCE AND RESOURCES

## RESOURCES AND COMMUNITY SAFETY DIRECTORATE

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	16,246,531	
	BUDGET CHANGES:		
2	Inflation	258,622	Ref 2 A contribution to inflation based on 2% for prices and income
3	Cost Pressures		
4	Property	150,000	Ref 4 Short term budget addition for the unavoidable costs of vacant properties awaiting disposal
5	Property	27,000	Ref 5 Additional budget required to meet the Carbon Reduction Commitment Scheme
6	Savings		
7	Core Offer Savings - Mouchel	- 200,000	Ref 7 Reduction in Mouchel contract payments (as property base falls)
8	Core Offer Savings - Mouchel	- 652,000	Ref 8 Reduce accountancy, financial advice and exchequer services provided by LCC and Mouchel
9	Core Offer Savings - Audit	- 90,000	Ref 9 Reduce internal audit to 'adequate and effective' standard and reduce Health & Safety and Business Continuity work
10	Business Mileage	- 18,188	Ref 10 Removal of vehicle lump sum payments and reduced mileage rates
<b>11</b>	<b>2012/13 BUDGET</b>	<b>15,721,965</b>	
12	Inflation	326,439	Ref 12 A contribution to inflation based on 2% for pay, prices and income
13	Core Offer	- 200,000	Ref 13 Facilities Management reductions (rent, rates, utilities) as a result of property rationalisation
14	Core Offer - Mouchel	- 200,000	Ref 14 Reduction in Mouchel contract payments (as property base falls)
15	Business Mileage Savings	- 12,521	Ref 15 Removal of vehicle lump sum payments and reduced mileage rates
<b>16</b>	<b>2013/14 BUDGET</b>	<b>15,635,883</b>	
17	Inflation	285,630	Ref 17 A contribution to inflation based on 1% for pay and 2% for prices and income
18	Core Offer	- 150,000	Ref 18 Removal of short term budget as per Ref 4 above
19	Core Offer	- 840,000	Ref 19 Facilities Management reductions (rent, rates, utilities) as a result of property rationalisation
20	Core Offer - Mouchel	- 200,000	Ref 20 Reduction in Mouchel contract payments (as property base falls)
21	Business Mileage Savings	- 18,781	Ref 21 Removal of vehicle lump sum payments and reduced mileage rates
<b>22</b>	<b>2014/15 BUDGET</b>	<b>14,712,732</b>	

REVENUE EXPENDITURE - FINANCE AND RESOURCES

RESOURCES AND COMMUNITY SAFETY DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	TREASURY & FINANCIAL SERVICES	4,894,631	- 593,793	4,300,838	4,389,658	4,467,716
2	CORPORATE AUDIT & RISK MANAGEMENT	1,122,697	- 93,592	1,029,105	1,047,461	1,052,262
3	STRATEGIC ASSET MANAGEMENT	10,256,151	176,005	10,432,156	10,239,408	9,249,407
4	PARTNERSHIP MANAGERMENTS	- 491,069	28,083	- 462,986	- 472,246	- 484,649
5	PROCUREMENT LINCOLNSHIRE	859,533	- 32,481	827,052	841,924	847,500
6	LEGAL LINCOLNSHIRE	- 395,412	- 8,788	- 404,200	- 410,322	- 419,504
<b>7</b>	<b>NET TARGET BUDGET</b>	<b>16,246,531</b>	<b>- 524,566</b>	<b>15,721,965</b>	<b>15,635,883</b>	<b>14,712,732</b>

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	21,897,730	
	BUDGET CHANGES:		
2	Inflation	91,302	Ref 2 A contribution of 2% towards prices & income inflation
3	Savings	- 11,410	Ref 3 A reduction in business mileage budgets due to changes in LCC terms and conditions
<b>4</b>	<b>2012/13 BUDGET</b>	<b>21,977,622</b>	
5	Inflation	439,552	Ref 5 A contribution of 2% towards pay, prices & income inflation.
6	Savings	- 4,693	Ref 6 A reduction in business mileage budgets due to changes in LCC terms and conditions
<b>7</b>	<b>2013/14 BUDGET</b>	<b>22,412,481</b>	
8	Inflation	271,456	Ref 8 A contribution of 1% towards Pay and 2% prices & income inflation.
9	Savings	- 7,039	Ref 9 A reduction in business mileage budgets due to changes in LCC terms and conditions
<b>10</b>	<b>2014/15 BUDGET</b>	<b>22,676,898</b>	

REVENUE EXPENDITURE - FIRE & RESCUE AND EMERGENCY PLANNING

RESOURCES AND COMMUNITY SAFETY DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	FIRE AND RESCUE	21,406,793	91,302	21,498,095	21,937,647	22,209,103
2	EMERGENCY PLANNING	490,937	- 11,410	479,527	474,834	467,795
<b>3</b>	<b>NET TARGET BUDGET</b>	<b>21,897,730</b>	<b>79,892</b>	<b>21,977,622</b>	<b>22,412,481</b>	<b>22,676,898</b>

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	19,532,289	
	BUDGET CHANGES:		
2	Inflation	74,342	Ref 2 A contribution to inflation based on 2% for prices and inflation
3	Cost Pressures		
4	Registration	7,000	Ref 4 Expected loss of payment from General Register Office, other reduced income and removal of one off funding
5	Developments		
6	Registration	- 19,000	Ref 6 Removal of one off funding from 11/12 for both electronic indices project and service review
7	Registration - Office Accommodation	5,000	Ref 7 Improvements to office accommodation
8	Savings		
9	Support to the Business	- 790,000	Ref 9 Phasing of savings as a result of service review brought forward
10	Registration	- 33,000	Ref 10 Increase non statutory income 10%, reduce costs 5% and reductions from electronic indices project
11	Coroners	- 20,000	Ref 11 Savings made on the mortuary contract
12	Service Reviews	- 513,000	Ref 12 Savings from Trading Standards £381k, Safer Communities £49k and Youth Offending £83k
13	Business Mileage	- 33,769	Ref 13 Removal of vehicle lump sum payments and reduced mileage rates
<b>14</b>	<b>2012/13 BUDGET</b>	<b>18,209,862</b>	
15	Inflation	364,197	Ref 15 A contribution to inflation based on 2% for pay, prices and income
16	Registration	15,000	Ref 16 Reduced income and improvements to office accommodation
17	Registration - Repository	- 15,000	Ref 17 Reduction in repository costs
18	Business Mileage Savings	- 24,140	Ref 18 Removal of vehicle lump sum payments and reduced mileage rates
<b>19</b>	<b>2013/14 BUDGET</b>	<b>18,549,919</b>	
20	Inflation	209,684	Ref 20 A contribution to inflation based on 1% for pay and 2% for prices and income
21	Business Mileage Savings	- 36,213	Ref 21 Removal of vehicle lump sum payments and reduced mileage rates
<b>22</b>	<b>2014/15 BUDGET</b>	<b>18,723,390</b>	

REVENUE EXPENDITURE - COMMUNITY SAFETY

RESOURCES AND COMMUNITY SAFETY DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	SAFER COMMUNITIES	5,086,037	- 372,828	4,713,209	4,793,284	4,854,251
2	YOUTH OFFENDING	801,335	- 102,298	699,037	707,241	699,966
3	BUSINESS SUPPORT	12,190,425	- 786,978	11,403,447	11,628,177	11,733,757
4	CORONERS	1,081,105	- 5,040	1,076,065	1,097,586	1,116,247
5	REGISTRATION SERVICES	373,387	- 55,283	318,104	323,631	319,169
<b>6</b>	<b>NET TARGET BUDGET</b>	<b>19,532,289</b>	<b>- 1,322,427</b>	<b>18,209,862</b>	<b>18,549,919</b>	<b>18,723,390</b>

Ref No	Main Area of Expenditure	2012/13 Estimate £	Notes
1	2011/12 BUDGET	25,193,789	
	BUDGET CHANGES:		
2	Inflation	384,981	Ref 2 A contribution of 2% towards inflation on non-pay budgets.
3	Cost Pressures	- 1,850,000	Ref 3 Programme Centre - reduction in Transformation Support (-£1,850,000).
4	Savings	- 553,033	Ref 4 Agreed reduction to future service levels (-£546,000). Reduction in business mileage budgets due to changes in LCC terms and conditions (-£7,033).
<b>5</b>	<b>2012/13 BUDGET</b>	<b>23,175,737</b>	
	BUDGET CHANGES:		
6	Inflation	463,515	Ref 6 A contribution of 2% towards inflation on all budgets.
7	Cost Pressures	570,000	Ref 7 Democratic Services - cost of County Council election (£570,000).
8	Savings	- 1,755,212	Ref 8 Savings from the Next Generation Programme which includes implementing new technologies to reduce support costs (-£1,750,000). Reduction in business mileage budgets due to changes in LCC terms and conditions (-£5,212).
<b>9</b>	<b>2013/14 BUDGET</b>	<b>22,454,040</b>	
	BUDGET CHANGES:		
10	Inflation	388,444	Ref 10 A contribution of 1% towards inflation on pay budgets and 2% on non-pay budgets.
11	Cost Pressures	- 570,000	Ref 11 Democratic Services - cost of County Council election (-£570,000).
12	Savings	- 757,818	Ref 12 Savings from the Next Generation Programme which includes implementing new technologies to reduce support costs (-£750,000). Reduction in business mileage budgets due to changes in LCC terms and conditions (-£7,818).
<b>13</b>	<b>2014/15 BUDGET</b>	<b>21,514,666</b>	

## REVENUE EXPENDITURE - PERFORMANCE &amp; GOVERNANCE

## PERFORMANCE &amp; GOVERNANCE DIRECTORATE

(1) Line No	(2) Description	(3) 2011/12 Budget £	(4) Budget Changes £	(5) 2012/13 Original Estimate £	(6) 2013/14 Original Estimate £	(7) 2014/15 Original Estimate £
1	INFORMATION & MANAGEMENT TECHNOLOGY	11,260,281	244,994	11,505,275	9,983,990	9,416,099
2	PEOPLE MANAGEMENT	4,401,215	- 359,626	4,041,589	4,121,345	4,189,119
3	DEMOCRATIC SERVICES & COMMUNICATIONS	3,393,795	- 215,817	3,177,978	3,809,906	3,302,277
4	PROGRAMMES & PERFORMANCE	4,115,684	- 1,758,973	2,356,711	2,403,288	2,437,214
5	CHIEF EXECUTIVE'S OFFICE	2,022,814	71,370	2,094,184	2,135,511	2,169,957
<b>6</b>	<b>NET TARGET BUDGET</b>	<b>25,193,789</b>	<b>- 2,018,052</b>	<b>23,175,737</b>	<b>22,454,040</b>	<b>21,514,666</b>

## 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 National Non Domestic Rates, Formula Support Grant, Early Intervention Grant 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. Transport Supplementary 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.

**Corporate and democratic core** - The cost of those activities which the local authority is engaged in specifically because it is an elected multi-purpose authority. This includes the cost of democracy (such as local elections and payments to members) and corporate policy making committee costs.

**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.

**Early Intervention Grant** – new from 2011/12 non ring fenced grant paid by central government to local authorities. This replaces a number of previous specific grants e.g. Surestart, Early Years and Childcare.

**Formula 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.

**Non-domestic rates** - Rates set by central government and levied on business properties. This is collected by District Councils who pay it over to the government who then redistribute it amongst Local Authorities.

**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 554286
Public Health	01522 836480 & 01522 554286
Children's Social Care	01522 836404
Education Services	01522 836404
Highways and Transportation	01522 836437
Environment, Planning and Customer Services	01522 836437
Economy and Culture	01522 836437
Finance and Resources	01522 836437
Fire and Rescue	01522 836437
Community Safety	01522 836437
Performance and Governance	01522 836480