



County Offices
Newland
Lincoln
LN1 1YL

4 July 2017

Council

A meeting of the Council will be held on **Wednesday, 12 July 2017 in the Council Chamber, County Offices, Newland, Lincoln LN1 1YL, commencing at 10.30 am** for the transaction of the business set out on the attached Agenda. The attendance of all Councillors is requested.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Tony McArdle', written over a horizontal line.

Tony McArdle
Chief Executive

Membership of the Council
(70 Members of the Council)

Councillors A G Hagues (Chairman), C R Oxby (Vice-Chairman), B Adams, W J Aron, T R Ashton, Mrs A M Austin, M D Boles, Mrs W Bowkett, Mrs P A Bradwell, D Brailsford, C J T H Brewis, T Bridges, Mrs J Brockway, M Brookes, R D Butroid, L A Cawrey, K J Clarke, Mrs K Cook, Mrs P Cooper, P E Coupland, G E Cullen, C J Davie, R G Davies, B M Dobson, S R Dodds, M T Fido, I G Fleetwood, R L Foulkes, M A Griggs, R Grocock, M J Hill OBE, R J Kendrick, P M Key, Mrs J E Killey, S R Kirk, Mrs C J Lawton, C S Macey, C E H Marfleet, C Matthews, A P Maughan, D McNally, Mrs A M Newton, Mrs M J Overton MBE, R B Parker, N H Pepper, Mrs C L Perraton-Williams, E J Poll, Mrs S Rawlins, C E Reid, R P H Reid, R A Renshaw, S P Roe, P A Skinner, Mrs E J Sneath, A J Spencer, H Spratt, A N Stokes, M J Storer, C L Strange, E W Strengiel, Mrs C A Talbot, Dr M E Thompson, A H Turner MBE JP, M A Whittington, R H Woolley, Mrs S Woolley, L Wootten, R Wootten, C N Worth and B Young

**COUNCIL AGENDA
WEDNESDAY, 12 JULY 2017**

Item	Title	Pages
1	Apologies for Absence	
2	Declarations of Councillors' Interests	
3	Minutes of the meeting of the Council held on 19 May 2017	5 - 16
4	Submission of Petitions	
5	Chairman's Announcements	
6	Statement by the Leader of the Council	
7	Questions to the Chairman, the Leader, Executive Councillors, Chairmen of Committees and Sub-Committees	
8	Lobbying for a Fairer Funding Deal for Lincolnshire	17 - 34
9	Bourne Town Hall Trust Management Committee - change of membership	35 - 36
10	Executive Support Councillors on Scrutiny Committees	37 - 42
11	Review of Financial Performance 2016/17	43 - 54
12	Motions on notice submitted in accordance with the Council's Constitution	

Democratic Services Officer Contact Details

Name: **Rachel Wilson**

Direct Dial **01522 552107**

E Mail Address rachel.wilson@lincolnshire.gov.uk

Please note: for more information about any of the following please contact the Democratic Services Officer responsible for servicing this meeting

- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details set out above.

Please note: This meeting will be broadcast live on the internet and access can be sought by accessing <http://www.lincolnshire.gov.uk/local-democracy/council-webcasts/>

All papers for council meetings are available on:
www.lincolnshire.gov.uk/committeerecords



**COUNCIL
19 MAY 2017**

PRESENT:

Councillors B Adams, W J Aron, T R Ashton, Mrs A M Austin, M D Boles, Mrs W Bowkett, Mrs P A Bradwell, D Brailsford, C J T H Brewis, T Bridges, Mrs J Brockway, M Brookes, R D Butroid, L A Cawrey, K J Clarke, Mrs K Cook, Mrs P Cooper, P E Coupland, G E Cullen, C J Davie, R G Davies, B M Dobson, S R Dodds, M T Fido, I G Fleetwood, R L Foulkes, M A Griggs, R Grocock, A G Hagues, M J Hill OBE, R J Kendrick, P M Key, S R Kirk, Mrs C J Lawton, C S Macey, C E H Marfleet, C Matthews, A P Maughan, D McNally, Mrs M J Overton MBE, C R Oxby, Mrs A M Newton, R B Parker, N H Pepper, Mrs C L Perraton-Williams, E J Poll, Mrs S Rawlins, C E Reid, R P H Reid, R A Renshaw, S P Roe, P A Skinner, Mrs E J Sneath, A J Spencer, H Spratt, A N Stokes, M J Storer, C L Strange, E W Strengiel, Dr M E Thompson, A H Turner MBE JP, M A Whittington, R H Woolley, Mrs S Woolley, L Wootten, R Wootten, C N Worth and B Young

1 TO ELECT THE CHAIRMAN OF THE COUNTY COUNCIL FOR THE ENSUING YEAR

On the nomination of Councillor M J Hill OBE, seconded by Councillor B Young, and there being no other nominations, it was

RESOLVED

That Councillor A G Hagues be elected as Chairman of the County Council for the year 2017/18.

Councillor Hagues signed the declaration of acceptance of office, was invested with the Chain of Office by the immediate past Chairman, took the Chair and thanked the Council for electing him.

COUNCILLOR A G HAGUES IN THE CHAIR

CHAIRMAN'S LADY

Mrs L Hagues was invested with the Chairman's Lady's Chain of Office.

IMMEDIATE PAST CHAIRMAN

The Chairman presented a past Chairman's Badge to Mr T M Trollope-Bellew. Members of the County Council paid tribute to Mr Trollope-Bellew's service to the Council.

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2 TO ELECT THE VICE-CHAIRMAN OF THE COUNTY COUNCIL FOR THE ENSUING YEAR

On the nomination of Councillor Mrs P A Bradwell, seconded by Councillor D Brailsford, and there being no other nominations, it was

RESOLVED

That Councillor C R Oxby be elected Vice-Chairman of the County Council for the year 2017/18.

Councillor Oxby signed the declaration of acceptance of office, was invested with the Vice-Chairman's Chain of Office and thanked the Council for electing him.

3 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Mrs J E Killey and Mrs C A Talbot.

4 DECLARATIONS OF COUNCILLORS' INTERESTS

Councillors were reminded that there was no need to declare an interest if it had already been recorded on the register of disclosable pecuniary interests (DPI's) or notified to the Monitoring Officer in accordance with the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. However, councillors declaring interests must state what the DPI was and accordingly not speak or vote on the item. Those who hadn't yet completed their DPI form were reminded that this was required within 28 days of taking office. Members were also advised that in future, should they have any queries about declarations, to please seek advice from officers in advance of the meeting.

There were no declarations of interest at this point in the meeting.

5 MINUTES OF THE MEETING OF THE COUNCIL HELD ON 24 FEBRUARY 2017

RESOLVED

That the minutes of the meeting held on 24 February 2017 be approved and a correct record and signed by the Chairman.

6 APPOINTMENT OF RETURNING OFFICER FOR BY-ELECTIONS: 2017 - 2021

A report by the Executive Director responsible for Democratic Services had been circulated.

It was moved, seconded and

RESOLVED

That Mr Tony McArdle, the Chief Executive of Lincolnshire County Council, be appointed as the Returning Officer for any County Council by-elections that might arise during the current Council term (2017 – 2021).

7 LINCOLNSHIRE COUNTY COUNCIL ELECTION - RETURN OF PERSONS ELECTED - 4 MAY 2017

The Council received the return of Persons Elected following the Lincolnshire County Council on 4 May 2017.

8 CHAIRMAN TO SIGNIFY THE APPOINTMENT OF CHAIRMAN'S CHAPLAIN

The Chairman advised that he would confirm the name of his Chaplain in due course.

9 CHAIRMAN'S ANNOUNCEMENTS

The Chairman welcomed all the newly elected County Councillors to the Chamber and congratulated both new and returning councillors on their success.

133rd Lincolnshire Show

Members of the Council were asked to note that this year's Lincolnshire Show would be held at the Lincolnshire Showground on Wednesday 21 and Thursday 22 June 2017. It was hoped that as many members of the Council as possible would be able to attend what was always an enjoyable event. The Chairman advised that all Members would have received an email from the civic Office inviting them to take part in the 'Meet Your Councillor' sessions, which gave members of the public the opportunity to meet and talk to their local member. The marquee for this would be located at the front of the County Council stand. Members were reminded that entrance tickets for the Lincolnshire Show would only be issued to those members taking part in these sessions.

Civic Engagements

The Chairman informed members that a list of civic engagements relating to the immediate past Chairman and Vice-Chairman were available from the Civic Officer.

10 ELECTION OF THE LEADER OF THE COUNTY COUNCIL

On the nomination of Councillor Mrs P A Bradwell, seconded by Councillor C J Davie, and there being no further nominations, it was

RESOLVED

That Councillor M J Hill OBE be elected as Leader of the County Council in accordance with Article 5.03 of the Constitution.

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19 MAY 2017

11 THE LEADER TO REPORT ON EXECUTIVE PORTFOLIOS AND APPOINTMENTS TO THE EXECUTIVE AND EXECUTIVE SUPPORT COUNCILLORS

In accordance with Article 5.02 of the Council's Constitution the Leader notified the Council of the appointments to the Executive and for the purposes of Part 3 (Responsibilities for Functions) the responsibilities of each portfolio holder. The Leader also notified the Council of the executive Support Councillors he had appointed in accordance with Article 5.07.

12 CHANGES TO THE CONSTITUTION

A report by the Monitoring Officer had been circulated.

In addition, since the writing of the report, it had been suggested by Group Leaders that membership of the Definitive Map and Public Rights of Way Sub-Committee was not restricted to members of the Planning and Regulation Committee, and that membership of the Flood and Water Management Scrutiny Committee was not restricted to members of the Environment and Economy Scrutiny Committee.

It had also been suggested that the names of the Adults and Public Health Scrutiny Committee and Community and Public Protection Scrutiny Committee be changes to Adults and Community Wellbeing and Public Protection and Communities Scrutiny Committee respectively.

It was moved, seconded and

RESOLVED

1. That the amendments to the Constitution at part 1 (Summary), Part 2 (Articles) and Part 4 (Rules of Procedure), attached at Appendix A to the report be approved.
2. That the amendments to Part 3 (Responsibility for Functions) attached at Appendix B to the report be approved.
3. That the amendments to Part 1 (Summary) and Part 2 (Articles) of the Constitution attached at Appendix C of the report be agreed.
4. That the first paragraph under the heading "membership" in Article 6.07 in Part 2 (Articles) be replaced with the following:-

"The County Council will determine the number of members of the Council who will serve on the Flood and Water Management Scrutiny Committee along with seven co-opted non-executive district councillors, one to be nominated by each of Lincolnshire's seven district councils"

5. That the first paragraph of Article 7.03.01 of Part 2 (Articles) of the Constitution be amended by the deletion of the words "who are members of the Planning and Regulation Committee" so that it reads:-

"There will be a Definitive Map and Statement of Public Rights of Way Sub-Committee. The Sub-Committee shall comprise seven councillors who shall represent the political balance of the Council overall in accordance with the terms of the Local Government and Housing Act 1989"

6. That the names of Adults and Public Health Scrutiny Committee and Community and Public Protection Scrutiny Committee be changed to Adults and Community Wellbeing Scrutiny Committee and Public Protection and Communities Scrutiny Committee respectively.

13 POLITICAL BALANCE ON COMMITTEES AND SUB-COMMITTEES AND ALLOCATION OF PLACES TO POLITICAL GROUPS

A report by the Executive Director responsible for Democratic Services had been circulated.

It was moved, seconded and

RESOLVED

1. That the reduction in the number of councillors on the council from 77 to 70 be noted.
2. That the changes in the political make-up of the Council following the election on 4 May 2017 be noted.
3. That the changes to the committee structure since the last review be noted.
4. That the political balance of committees and sub-committee as circulated with the Order of Proceedings be adopted by the Council.

14 APPOINTMENT OF CHAIRMEN AND VICE-CHAIRMEN OF COMMITTEES AND SUB-COMMITTEES (EXCEPT THE HEALTH AND WELLBEING BOARD, THE HEALTH SCRUTINY COMMITTEE FOR LINCOLNSHIRE AND THE BOURNE TOWN HALL TRUST MANAGEMENT COMMITTEE)

A report by the Executive Director responsible for Democratic Services had been circulated.

It was moved, seconded and

RESOLVED

That the appointment of Chairmen and Vice-Chairman as circulated with the Order of Proceedings and attached as Appendix A be approved.

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19 MAY 2017**

15 APPOINTMENTS TO OUTSIDE BODIES

A report by the Executive Director responsible for Democratic Services had been circulated.

It was moved, seconded and

RESOLVED

That the Council appoint to the organisations detailed in the report and attached as Appendix B to these minutes.

16 CALENDAR OF MEETINGS 2017/18

A report by the Executive Director responsible for Democratic Services had been circulated.

Members were asked to note the additional Council meeting which had been scheduled for Wednesday 12 July 2017 at 10.30am.

It was moved, seconded and

RESOLVED

That the calendar of meeting dates 2017/18, as shown in Appendix A to the report, be approved.

17 RECOMMENDATIONS FROM THE INDEPENDENT REMUNERATION
PANEL

A report by the Executive Director Responsible for Democratic Services had been circulated.

It was moved, seconded and

RESOLVED

1. That the Chairman of the Scrutiny Panels be eligible for a Special Responsibility Allowance in Band 6 of the Council's Members' Allowance Scheme.
2. That the Vice-Chairman of the Scrutiny Panels be eligible for a Special Responsibility Allowance of one third of Band 6 of the Council's Members' Allowance Scheme.
3. That the Members Allowance Scheme attached at Appendix A to the report be approved for 2017/18.

18 MONITORING OFFICER'S ANNUAL REPORT 2016-17

A report by the Monitoring Officer had been circulated.

It was moved, seconded and

RESOLVED

That Council receive the report.

19 FINANCE UPDATE 2017/18

A report by the Executive Director Finance and Public Protection had been circulated.

It was moved, seconded and

RESOLVED

1. That the Council budget approved on 24 February 2017 be amended:-
 - To show £15.266m of Supplementary improved Better Care Funding; and
 - To allocate the funding to adult social care services in accordance with Table 2 of the report.
2. That the Section 151 officer be authorised to certify to the Secretary of State that the Council will use the additional funding of £15.266m in 2017/18 to fund adult social care services; and
3. That the Executive Director for Finance and Public Protection be authorised to make such changes to the budget book as necessary to give effect to the amendments approved at paragraph 1 above.

The meeting closed at 11.20 am

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LINCOLNSHIRE COUNTY COUNCIL**CHAIRMEN / VICE-CHAIRMEN AND GROUP LEADERS / DEPUTY GROUP LEADERS**

COMMITTEES & SUB-COMMITTEES	CHAIRMAN	VICE-CHAIRMAN
Adult Care and Public Health Scrutiny Committee	C E H Marfleet	Mrs E J Sneath
Appointments Committee	M J Hill OBE	Mrs P A Bradwell
Audit Committee	Mrs S Rawlins	A Spencer
Children and Young People Scrutiny Committee	R L Foulkes	R J Kendrick
Communities and Public Protection Scrutiny Committee	N H Pepper	A Stokes
County Council	A G Hagues	C R Oxby
Definitive Map & Statement of Public Rights of Way Sub-Committee	C L Strange	H Spratt
Environment and Economy Scrutiny Committee	A Bridges	B M Dobson
Flood & Water Management Scrutiny Committee	D McNally	P A Skinner
Health Scrutiny Committee for Lincolnshire	<i>(Appointed by Committee)</i>	<i>(Appointed by Committee)</i>
Lincolnshire Health and Wellbeing Board	<i>(Appointed by Committee)</i>	<i>(Appointed by Committee)</i>
Overview & Scrutiny Management Board	R B Parker	L A Cawrey
Pay Policy Sub-Committee	M J Hill OBE	Mrs P A Bradwell
Pensions Committee	E Strengiel	P E Coupland
Planning and Regulation Committee	I G Fleetwood	T R Ashton
Highways and Transport Scrutiny Committee	M Brookes	C J T H Brewis
Scrutiny Panel A	Mrs J Brockway	S R Dodds
Scrutiny Panel B	Mrs A M Newton	S R Kirk

CHIEF WHIP

Mrs J Brockway

GROUP LEADERS**Conservative** Group Leader
Deputy Group LeaderM J Hill OBE
Mrs P A Bradwell**Labour** Group Leader
Deputy Group LeaderR B Parker
S R Dodds**Independent** Group Leader
Deputy Group LeaderMrs A M Newton
C J T H Brewis

STATUTORY ORGANISATIONS

<u>NAME OF BODY</u>	<u>NUMBER OF APPOINTMENTS</u>
Anglian (Northern) Regional Flood Defence Committee	3 + 1 jointly with North Lincolnshire Council <i>(each for a 1 year period – Lincolnshire County Council to make the joint appointment for 2017 - 2018)</i>
Eastern Inshore Fisheries & Conservation Authority <i>(politically balanced)</i>	P E Coupland TBC
Lincolnshire Police and Crime Panel <i>(politically balanced)</i>	<i>Membership to be delegated to the Leader</i>
Lincolnshire Standing Advisory Council for Religious Education (SACRE)	TBC (3)
Secure Accommodation Review Panel	TBC (2) (+ 2 substitutes)

OTHER ORGANISATIONS

<u>NAME OF BODY</u>	<u>NUMBER OF APPOINTMENTS</u>
Central Lincolnshire Joint Strategic Planning Committee <i>(politically balanced)</i>	E J Poll H Spratt TBC (+ 1 substitute)
Eastern Shires Purchasing Organisation - Management Committee (ESPO) <i>(politically balanced)</i>	Mrs S Rawlins R D Butroid
Eastern Shires Purchasing Organisation - (ESPO) Finance and Audit Sub-Committee	1 <i>(Appointment to be made from the members of the ESPO Management Committee)</i>
Gibraltar Point Joint Advisory Committee <i>(politically balanced)</i>	C J Davie S R Kirk Mrs Bowkett G E Cullen
Lincolnshire Wolds Area of Outstanding Natural Beauty (AONB) Member Joint Advisory Committee <i>(politically balanced)</i>	C L Strange E J Poll
Snipe Dales Joint Advisory Committee <i>(politically balanced)</i>	C E H Marfleet C Matthews W J Aron S R Dodds
South East Lincolnshire Joint Strategic Planning Committee <i>(politically balanced)</i>	E J Poll M Brookes A M Austin (+ 3 substitutes)

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

Report to:	County Council
Date:	12 July 2017
Subject:	Lobbying for a Fairer Funding Deal for Lincolnshire

Summary:

The County Council has experienced consistently low relative levels of central government financial support over a long time period. Campaigns have operated in the past to engage government and a wide range of stakeholders to gain support for a better financial deal for the County Council. The last such initiative was two years ago in the build up to the four year funding deal offered by central government to local authorities. With a new government now in place the time is considered right to re-engage with relevant stakeholders to lobby for additional funding for the County Council.

This report seeks endorsement from the full Council on this approach and sets out the underlying case for additional funding. It also presents some suggested lobbying material which will be developed and refined as the initiative progresses.

Recommendation(s):

That the County Council support the proposal to engage in a lobbying strategy to achieve an improved funding deal for the County Council going forward.

1. Background

1. The pre-June 2017 Government was engaged in a substantial exercise to rebase local government funding. That initiative was based on 100% localisation of business rates by 2020 together with a resetting of the funding baselines for all local authorities – this was known as the fair funding initiative. Legislation to deliver this initiative was progressing through Parliament at the time the June 2017 General Election was declared. That legislation fell by the way as Parliament was wound down and no replacement legislation has featured in the recent Queens Speech which sets the legislative programme for the next two sessions of Parliament.
2. The basis of funding local authorities has not materially changed since the introduction of partial business rate localisation in 2013. It is widely accepted

that such matters as both absolute and relative changes in demography and other key cost drivers means that the current distribution of resources is no longer a fair reflection of underlying need.

3. There are, in effect, two distinct issues on which lobbying is required. Firstly, there is the issue as to whether the total amount of funding allocated to the local government sector is sufficient given increased service pressures coupled with ongoing reductions in government funding. It is suggested that on these matters lobbying is best undertaken at a national level with cross sector bodies such as the LGA, CNN and the Society of County Treasurer's being best placed to lead on that work. In a report titled 'Future Funding Outlook for Councils 2019/20' published earlier this year the LGA estimates a cross local government funding gap of £9.5bn by 2019/20 if nothing changes. Secondly, there is the case for an additional share of the national funding allocation for this County Council. It is in that regard that the proposals set out in this paper are framed as this Council needs to be proactive in making its case with the relevant stakeholders.
4. The DCLG have made the following statement regarding their intentions for reviewing local government funding in the new Parliament:

'I am emailing because as you will have no doubt seen, the Queen's Speech did not include a new Local Government Finance Bill and so it will not form part of the Parliamentary timetable for this session. However, Ministers remain committed to local government taking greater control of their income, as outlined in the Manifesto. We are engaging Ministers on the options for future reform without an immediate Bill and we will be touch once we are in a position to resume working with you on the future of local government finance reform. In the meantime, I wanted to thank you for all your constructive work on this issue, and I look forward to working with you in future.'

'Ministers also remain determined to address concerns about the fairness of current funding distributions. They have reaffirmed their commitment to a thorough, evidence-based review and we will continue to work with the LGA and local government on this.'

5. The DCLG's timeframe for undertaking this work is not presently clear but an element of clarity is expected over the next few weeks. The County Council needs to be prepared to make its contribution into whatever process emerges.
6. The County Council is presently in the second year of a four year funding deal secured with Government in 2016. The funding available under that deal is detailed in the table below.

Funding Summary	2016/17	2017/18	2018/19	2019/20
	£'m	£'m	£'m	£'m
Revenue Support Grant	70.351	48.292	33.964	20.139
Transitional Grant	0.011	0.009	0.000	0.000
Rural Service Delivery Grant	6.892	5.565	4.281	5.565
Top Up Grant	82.426	84.047	86.526	89.292
TOTAL	159.680	137.913	124.771	114.996

7. Factoring that funding into the future funding model for the Council gives a budget shortfall of £18m this year (funded by reserves) and predicted shortfalls of £29m in 2018/19 increasing marginally to £30m in 2019/20.
8. The scope for funding that £30m shortfall from further revenue budget savings is suggested as limited given the extensive programme of efficiency savings and service budget reductions that have been in place since 2011/12. Since then and up to the current year total savings of £288m have been made from the revenue budget. At the same time the Council has had to fund unavoidable cost pressures of £246m like the growth in demand for adult and children's care services. Simultaneously Government funding in form of revenue support grant (RSG) has declined from £146m in 2013/14 to £48m this year and will decline to £20m by 2019/20.
9. Given this situation and the intention expressed in the above DCLG comment regarding acceptance of the need to undertake an evidence based review of funding distribution, it is considered essential that this Council adopts a proactive approach to lobbying for a fair share of government funding.
10. Attached as Appendix A is an initial draft lobbying document that will be both customised for different audiences and developed further as the initiative progresses. Within that document there are specific examples of how the current funding regime disadvantages the County Council, especially in relation to other classes of local authority.
11. It is therefore suggested that the County Council fully engages, as appropriate, with national initiatives being undertaken by the Local Government Association, County Council's Network, etc. regarding the total amount of government funding allocated to local government services. In addition, more locally based activity is proposed that will lobby the groups listed below to facilitate their support in making the case for a fair funding settlement specifically for the County Council:
 - Government Ministers
 - Local MP's
 - Other public sector bodies

- Local businesses
- The general public

12. It is also suggested that the County Council would wish to work constructively with other public sector organisations within the County area in order to secure improved funding outcomes for all such bodies to the ultimate benefit of local residents.

13. In parallel the Council will work with the CNN and LGA to press the case for increases in the overall funding level for local government.

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

These matters have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The paper is aimed at lobbying for an improved funding package for the Council and, if successful, should provide additional funding to deal with equality related matters. Funding decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken.

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

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

The Joint Strategic Needs Analysis have been considered and there is not considered to be any direct impact on this matter as a result of the decisions called for by this Report. The paper is aimed at lobbying for an improved funding package for the Council and, if successful, should provide additional funding to assist with these obligations. Funding decisions will continue to have regard to JSNA/JHWS obligations and the various strategies and obligations referred to as they are taken.

Crime and Disorder

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

Section 17 of the Crime and Disorder Act 1998 have been considered and there is not considered to be any direct impact on this matter as a result of the decisions called for by this Report. The paper is aimed at lobbying for an improved funding package for the Council and, if successful, should provide additional funding to assist with these obligations. Funding decisions will continue to have regard to Section 17 obligations and the various strategies and obligations referred to as they are taken.

3. Conclusion

The County Council continues to face significant budget shortfalls in future years exacerbated by reducing funding from Government. There is clear evidence that the County Council is not presently funded on a fair basis compared to other local authorities. Given the Government is undertaking to review the funding basis for local government going forward now is an appropriate time to undertake proactive lobbying activity to ensure a better financial deal for the people Lincolnshire

4. Legal Comments:

The Council has the power to press its case in relation to fair funding.

In issuing communications to the public or a section of the public the Council will need to have regard to the Code of Recommended Practice on Local Authority Publicity.

5. Resource Comments:

There are no material financial implications from accepting the recommendations in this report. Clearly the recommendation is, in itself, important in seeking to achieve an improved funding settlement from Government for the County Council.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

n/a

c) Scrutiny Comments

There has been no pre-decision scrutiny of this matter.

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

No

e) Risks and Impact Analysis

N/A

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Draft Fair Funding Lobbying Pack

8. Background Papers

Document title	Where the document can be viewed
Future Funding Outlook for Councils 2019/20	Available from the LGA Web-site Published 11/01/2017 Ref: L15-260

This report was written by David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk.

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Lobbying for a Fairer Funding Deal for Lincolnshire

Introduction

Lincolnshire County Council has experienced consistently low relative levels of central government financial support over a long period of time. This has been exasperated during the current decade with central government's desire to repay the national deficit.

The County Council wish to address both the level of funding coming to local government and the methodology by which this funding is allocated within the sector.

Background

Lincolnshire County Council has seen sustained and significant reductions in government funding since the beginning of the decade. This, along with growing cost pressures from demand led services such as adult and children's social care, waste disposal and the Council's responsibility to pay staff and contractors the National Living Wage has placed a significant pressure on the Council delivering services within budget.

The Council has invested significant amounts of time and effort into developing robust financial plans which match levels of spending with the funding available to the authority. During the period from the beginning of the decade the Council has undertaken a number of far-reaching service delivery and spending reviews to reduce spending and redirect monies to priority service areas.

All areas of service expenditure have been reviewed to identify cost pressures which must be funded and savings which can be made, through efficiencies and by reducing the level of service provided. The Council's high priority areas are:

- Safeguarding children and adults;
- Maintaining and developing highways and infrastructure;
- Managing flood risks;
- Supporting communities to support themselves; and
- Fire and rescue services.

No service has been exempted from helping the Council to deliver its savings target but spending has focused on these areas while we have disinvested in other areas and taken spending down to what is determined as a statutory minimum in other areas (such as trading standards and planning).

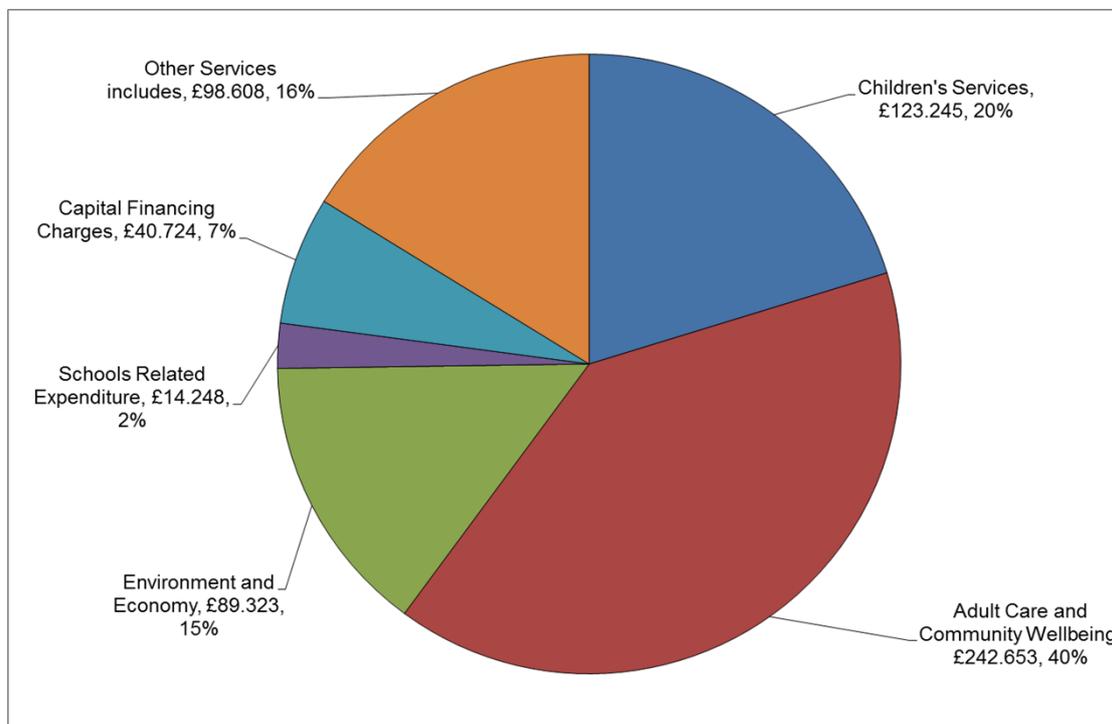
The Lincolnshire Context – some facts, figures and challenges

- Lincolnshire is the fourth largest county geographically, with nearly 9,000 kilometres of road to maintain, but no motorways and few dual carriageways. We have a limited public transport network.
- Six main population centres, with other market towns or small, evenly spread, rural communities. This poses challenges in terms of the costs of service access and delivery and in recruiting key staff in less accessible parts of the county. Our home to school transport costs are £24m per annum alone.
- Lincolnshire has a fast growing elderly population, with the 75+ age group expected to increase by more than 45% over the next 10 years, with the inevitable increased pressures on adult social care and other services.
- The County has the 4th most popular tourist resort, 550km² of area classed as being of outstanding beauty and attracts 17 million visitors per year. These people bring demands on services provided by the County Council.
- Lincolnshire is the largest arable and horticultural producer, producing a quarter of the country's vegetables, and contains a quarter of England's Grade 1 agricultural land.
- As well as the County Council, we have 7 District Councils, nearly 500 Town / Parish Councils, a single Police organisation, a single Lincolnshire Enterprise Partnership and within the Health system we have 4 CCGs and 3 principal Providers.
- Approximately a third of Lincolnshire is below sea level with the associated challenges of flood prevention and emergency management.

What we spend and the services we provide

The pie chart below shows the Council's gross expenditure of over £0.6 billion per annum (this excludes money which is passed directly onto schools).

Gross Expenditure on Services £608.8m (excluding Schools)



As well as supporting schools Children's Services also includes services such as children's centres, child protection, fostering and adoption.

The Council's Adult Care and Community Wellbeing services cover older people support, including that for people with physical disability and learning disabilities. Wellbeing includes public health treatment and prevention programmes.

Environment and Economy includes public transport (including concessionary fares), highways asset improvement and maintenance and waste disposal and management.

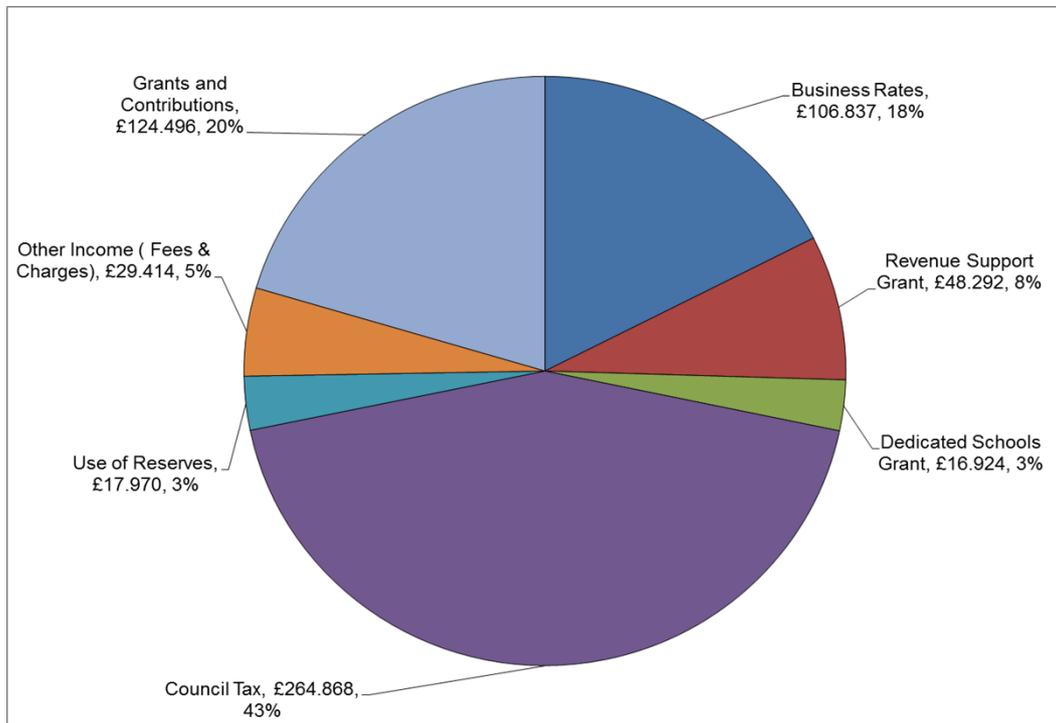
Other Services includes a wide range of services such as fire and rescue, registration and coroners service, community safety partnerships and back office services to the whole Council and most schools.

Capital financing charges represents the repayment of longer term loans to cover major capital projects or assets – roads, buildings, equipment, etc.

Where does our money come from?

The pie chart below shows all our sources of income.

Sources of Funding £608.8m (excluding Schools)



In 2017/18 nearly half of our non-schools spend is funded by council tax. The council tax in Lincolnshire is set so it is in the lowest quartile and it is currently the third lowest of all counties. The amount the Council can increase council tax by annually to limited by government to a maximum of 2.0% per annum without a local referendum. Government has provided further allowances for local authorities with Adult Care responsibilities to further increase their council tax but these monies need to be directed into Adult Social Care services only.

Since the introduction of Business Rates Localisation regime in 2013/14 the Council has seen significant reductions in funding from government. The Settlement Funding Assessment is made up of Revenue Support Grant (RSG) and Business Rates. From 2013/14 to the end of the decade government funding in the form of RSG has decreased from £146m in 2013/14 to an estimated £20m by 2019/20 (or by 86.3%). The other element of funding business rates has only shown modest amounts of growth of between £2-3m per year from £97m in 2013/14.

There are also national prescriptions on increases for many direct charges for services.

These reductions in funding plus the caps placed on us increasing Council Tax and fees and charges leaves little flexibility and scope for increasing income. Therefore this has forced significant reductions to spending and services in recent years and will continue until the end of the decade if things do not change.

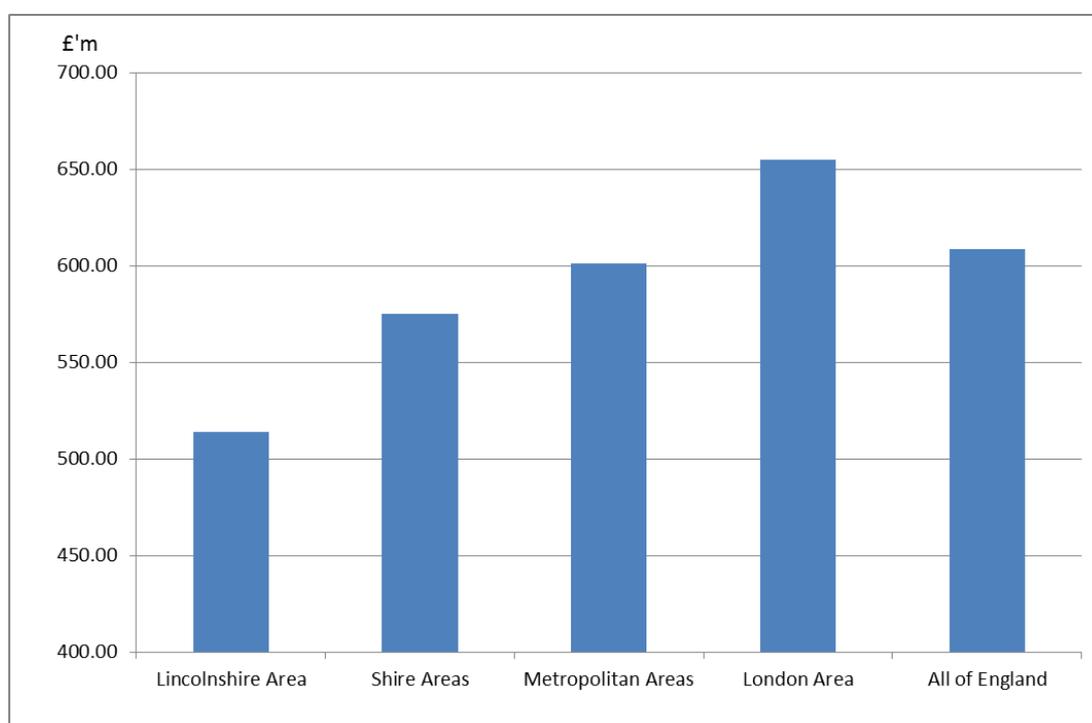
How does our funding compare with other authorities?

'Core Spending Power' measures the **total** revenue resources available to a council – revenue support grants, business rates, council tax and some specific grants (including the improvement Better Care Fund, New Homes Bonus and Rural Services Delivery Grant).

Revenue core spending power for Lincolnshire County Council in 2017/18 is: £1,272 per dwelling in the county. The average for shire counties with fire responsibilities shows an average of £1,407 per dwelling. Out of the 10 counties with fire, Lincolnshire is the lowest funded. If we were funded at the average level this would mean an additional £45m coming to the County Council.

The table below shows the total funding for the county of Lincolnshire (upper tier, lower tier and fire responsibilities) compared to the level of funding we would receive if we were funded at the average level for each of authority.

Core Spending Power based on the number of Dwellings in Lincolnshire



Based on our current number of dwellings, if Lincolnshire was funded at the average core spending power for each of the different classes of authorities we would receive additional funding of:

- Shire Areas – an additional £57m per annum
- Metropolitan areas – an additional £87m per annum
- London Areas – an additional £141m per annum

Managing the Financial and Service Challenges

The Council has **already** found savings of £288m in its base budget up until the current year. These include all the significant areas of efficiency savings that can be achieved from within the Council and considerable savings from commissioning and contracting services externally. However we have also had to make reductions to the level of service provided in some areas and removed some services altogether.

Only 26% of our non-school budget relates to direct staffing costs – a low proportion for counties, from 2011/12 we have reduced significantly our management and other costs. Those contracted services include major strategic partnerships for roads improvement / maintenance and a range of back office services. All these have driven out significant efficiency savings. We have also driven down contract rates so we pay some of the lowest in certain sectors but this may not be sustainable in the future – for example in adult social care provision, particularly in rural areas.

We also provide or combine with other councils for services such as legal, procurement and pension's administration and we will continue to explore further opportunities with other public sector bodies such as police (through the blue light property collaboration) and health.

The Council in making savings has also redirected a significant amount of this towards unavoidable additional expenditure, including meeting the challenges of increasing numbers of older people in the County, raising numbers in children's social care, increased costs from price inflation, the cost of disposal of waste and the requirement to pay the national living wage to Council employees and some contractors.

In recent years the Council has also adopted the strategy of using balances in reserves (namely the financial volatility reserve) to bridge the gap between funding levels and current expenditure. This, however, is not a permanent solution and will need to be replaced by further savings or income in the future.

The table below summaries our recent financial history:

Year	Net Revenue Budget	Main General Gov't Funding		Savings Actioned	Cost Pressures Funded	Council Tax Increases	Use of Reserves to Balance Budget
		RSG	Business Rates				
2011/12	£463m	£211m		£57m	£52m	0.00%	£0m
2012/13	£449m	£195m		£51m	£23m	0.00%	£0m
2013/14	£460m	£146m	£97m	£28m	£61m	0.00%	£15m
2014/15	£469m	£125m	£100m	£40m	£22m	0.00%	£8m
2015/16	£454m	£95m	£102m	£31m	£31m	1.90%	£22m
2016/17	£445m	£70m	£104m	£42m	£31m	3.95%	£21m
2017/18	£437m	£48m	£107m	£39m	£26m	3.95%	£18m

In 2017/18 the Council only set a one year budget. Looking forward we estimate that the budget shortfall in 2018/19 and 2019/20 will require a further £30m of savings to be made or additional income generated.

Savings already made

Savings from the beginning of the decade have come from:

- Two senior management restructurings removing around 35% of the posts paid around £50k and above.
- Removal of all essential and casual user mileage allowances rates and move to the HMRC approved AMAP rates.
- Agreed long term rate stabilisation mechanism with the pension fund actuary to limit annual increases in the employer's rate.
- Significant reductions in sick pay and other locally negotiated allowances.
- Major property rationalisations moving from leasehold to freehold premises and cutting numbers of sites.
- Minimisation of external borrowing by use of 'internal borrowing' utilising own cash flow.
- Substantial revisions to minimum revenue provision to free up revenue budget contribution to capital financing charges.
- Re-provision of all central support service provision from a single collective contract to a series of new contracts, in-sourcing and partnership/collaboration arrangements designed to minimise cost and maximise resilience.
- Only allocating inflation for pay. Prices inflation to be managed by services within existing budgets.
- Reviewing levels of contingency budgets and reserves, including reviewing balances held in reserves to release monies.
- Managing national living wage pressures centrally and only allocating monies after pressures have been incurred (hence encouraging services to manage pressures internally before being allocated additional funding)

The Challenge from Adult Social Care

The biggest single source of budget pressure for this Council is around adult care services.

The challenges in this area include:

- Demographic pressures. The table below demonstrates the projected increase in the older population over the next 10 years, and in particular the increase of the aged 75+ population. These increasing numbers will lead to an increase in demand for our services.

Age group	Lincolnshire			
	2016	2026	Change	% change
65 to 74	96,036	98,058	2,022	2.10%
75 to 84	53,795	78,157	24,362	45.30%
85 or over	22,302	32,685	10,383	46.60%
All ages	738,418	788,930	788,930	6.80%

2014-based Subnational Population Projections

- Increasing levels of people presenting themselves for support with multiple long term conditions resulting in a significant growth in the number of cases requiring complex support solution.
- The vulnerability of the provider market and our legal obligation as a result of the Care Act 2014 to facilitate and shape the market for adult care and support as a whole including securing supply in the market and assuring its quality.
- Additional cost we continue to incur as a direct impact of the Deprivation of Liberties judgement expected to add up to £2.2m per annum to costs.
- The continuing burden resulting from increases in the minimum living wage.
- The importance of extending the Better Care Fund (BCF) for integrating services with Health and recognising that an ongoing and significant element of this needs to be directed at ASC to support critical community based services.
- The BCF continues to be seen as a means of supporting areas of growth within Adult Care, however an increasing proportion of funding required to support system pressures and market stabilisation will result in the majority of the fund (£40.3m) supporting ongoing base costs in 2019/20 with little indication of how funding will continue beyond this point.

The Government needs to recognise the financial impact of these changes to adult social care and **fully fund** them as well as providing clarity on future funding proposals.

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Open Report on behalf of Richard Wills, Director responsible for Democratic Services

Report to:	County Council
Date:	12 July 2017
Subject:	Bourne Town Hall Trust Management Committee – change of membership

Summary:

Lincolnshire County Council is the sole corporate trustee of Bourne Town Hall. Following receipt of specialist legal advice the County Council agreed at its meeting on 20 February 2015 that the trustee function in relation to the Town Hall should be delegated from the full Council to a committee. The Bourne Town Hall Trust Management Committee was duly established with a membership of five councillors. Two of those councillors retired as county councillors at the election in May 2017 and this report seeks agreement from the County Council to change the membership.

Recommendation(s):

That the County Council approves the change to the membership of the Bourne Town Hall Trust Management Committee as outlined below;

Remove:

Former county councillors G J Ellis and S M Tweedale

Add:

Councillors B M Dobson and R H Woolley

1. Background

Bourne Town Hall Trust Management Committee

When Lincolnshire County Council acquired Bourne Town Hall in 1974 on local government reorganisation it acquired it as a trust of which the Council became the sole corporate trustee.

A report was presented to the meeting of the County Council on 20 February 2015 proposing that the trustee function in relation to the Hall should be delegated from the full Council to a committee. That report invited the County Council to agree to establish a committee on the following basis;

'A membership of 5 is recommended as appropriate for the committee to allow a range of views to be put forward. The individuals appointed by the full Council to the committee should so far as possible be un-conflicted i.e. individuals who have no personal interest in or loyalties to any other body with whom the interests of the Trust would conflict. This principle is essential to ensure good governance. On external legal advice the committee should not include members who are elected by the town of Bourne.'

Following the election on 4 May 2017 former councillors G J Ellis and S M Tweedale are no longer county councillors and are therefore ineligible to sit on the Bourne Town Hall Trust Management Committee. It has been proposed that Councillors B M Dobson and R H Woolley should be added to the membership of the Committee.

2. Conclusion

It is therefore recommended that Councillors B M Dobson and R H Woolley are appointed to sit on the Bourne Town Hall Trust Management Committee.

3. Legal Comments:

The appointment of members to the Bourne Town Hall Trust Management Committee is a decision for the full Council in its capacity as sole corporate trustee of the Trust. The legal advice governing the decision is set out in the Report.

4. Resource Comments:

There are no financial implications arising from acceptance of the recommendation in this report.

5. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

n/a

c) Scrutiny Comments

n/a

d) Have Risks and Impact Analysis been carried out?

No

e) Risks and Impact Analysis

n/a

6. Background Papers

Document	Where it can be viewed
Bourne Town Hall – report to the meeting of Lincolnshire County Council on 20 February 2015	http://lincolnshire.moderngov.co.uk/documents/s9225/Bourne%20Town%20Hall.pdf

This report was written by Nigel West, who can be contacted on 01522 552840 or nigel.west@lincolnshire.gov.uk .

Open Report on behalf of Richard Wills, Executive Director Responsible for Democratic Services

Report to:	County Council
Date:	12 July 2017
Subject:	Executive Support Councillors on Scrutiny Committees

Summary:

This report requests that councillors consider whether Executive Support Councillors should be permitted to sit on any scrutiny committee of the Council.

Recommendation(s):

- 1) That Council decides whether or not to maintain the existing restrictions on the scrutiny committees to which the Council's Executive Support Councillors can be appointed.
- 2) Delegate to the Monitoring Officer the authority to make any changes to the Council's Constitution necessary to give effect to the Council's decision under paragraph 1.

1. Background

Paragraph 2 of the Overview and Scrutiny Procedure Rules of the Council's Constitution (Part 4, Page 42,) states that no councillor can be involved in scrutinising a decision in which he/she has been directly involved. The same paragraph goes on to state that Executive Support Councillors may not be members of an Overview and Scrutiny Committee relating to their portfolio area.

A copy of the Role Description of Executive Support Councillors is attached at Appendix A.

The first of these prohibitions represents what may be considered to be a minimum level of protection for the integrity and perceived integrity of the Council's scrutiny and decision-making processes, by enforcing a separation between those councillors scrutinising a decision and those directly involved in taking that decision.

The second prohibition may be considered to go beyond this minimum protection by prohibiting membership of certain scrutiny committees for all purposes. While this enforces a very clear separation of scrutiny and executive functions , there is a

view that this prohibition may be depriving scrutiny committees of a useful source of expertise, information and insight which could inform its wider work which does not relate to the scrutiny of decisions as such. This may be considered particularly to be the case as the role of scrutiny changes in relation to early involvement and a focus on policy and options, and more in-depth consideration of policy areas.

There is no legal prohibition against Executive Support Councillors being members of scrutiny committees relating to their portfolio area. All Councillors are required to consider such issues as bias, pre-determination and confidentiality in relation to their involvement in Council committees and Executive Support Councillors who are members of a Scrutiny Committee relating to their portfolio area would need to assess and manage these issues in relation to their involvement in individual Scrutiny meetings and Agenda items.

They would also need to manage any conflicts between their membership of a Scrutiny Committee and the requirements of the Executive Support Councillor Role Description. In particular, an individual member could not be in attendance at a Committee as a member of the Committee and represent the Executive Councillor at that Committee as provided for in the third bullet point of the Role Description.

Councillors are requested to consider whether or not they wish to lift the restriction on Executive Support Councillors being members of a Scrutiny Committee relating to their Portfolio area

2. Legal Issues:

Equality Act 2010

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

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

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

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

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

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

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

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

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

The Equality Act duty has been considered and there are no equalities implications of the matter being considered

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

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

The JSNA and JHWS have been considered and there are no implications in relation to the JSNA or the JHWS of the matter being considered

Crime and Disorder

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

The matters referred to have been considered and there are no implications in relation to those matters of the matter being considered

3. Conclusion

It is a matter for councillors to decide whether they wish to amend the Constitution to allow Executive Support Councillors to sit on committees relating to their portfolio area

4. Legal Comments:

Changes to the Council's constitution are a matter for the full Council. There is no legal prohibition against membership by Executive Support Councillors of Scrutiny Committees relating to their portfolios.

Issues which would need to be managed by individual councillors are referred to in the Report.

5. Resources Comments:

There are no financial implications arising from acceptance of the recommendation in this report.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

This has not been considered by a scrutiny committee.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

The risks associated with this decision are covered in the Report.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Executive Support Councillor Role Description

8. Background Papers

Document title	Where the document can be viewed
The Constitution	Democratic Services and Lincolnshire County Council website

This report was written by Nigel West, who can be contacted on 01522 552840 or nigel.west@lincolnshire.gov.uk

COUNCILLOR ROLE DESCRIPTION

Executive Support Councillor

To advise and assist individual Executive Councillors with specific aspects of their portfolio and provide a link between the Executive and the Scrutiny function.

Role and Responsibilities

- To support the Executive Councillor in undertaking his/her responsibilities.
- To deputise for the relevant Executive Councillor at meetings of the Executive and Full Council when the Executive Councillor cannot attend and to answer questions at those meetings on behalf of the Executive Councillor.
- To attend and contribute at meetings of the relevant Overview and Scrutiny Committee and deputise for the Executive Councillor, answer questions on the Executive Councillors behalf when they cannot attend and report back pertinent points to the Executive Councillor.
- To represent the relevant Executive Councillor at other appropriate meetings including those with outside organisations/bodies.
- To liaise with Overview and Scrutiny Officers and members ensuring the Executive Councillor is aware of all issues which are of concern.
- To liaise with senior officers on a regular basis in order to keep fully informed of any service issues and advise the Executive Councillor of any implications relevant to their area of responsibility.
- To attend conferences, seminars and meetings as requested by the Executive Councillor.
- To undertake specific tasks, research and investigations as directed by the relevant Executive Councillor within their area of responsibility.
- To keep informed of current policy and development issues and advise the relevant Executive Councillor on policy development in relation to decision making.

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

Report to:	County Council
Date:	12 July 2017
Subject:	Review of Financial Performance 2016/17

Summary:

This report:

- Describes the Executive's recommendations on budget carry forwards of over and under spending from 2016/17 into the current financial year and seeks approval for those proposals not set out under Financial Regulations;
- Reports the use made of flexible capital receipts to fund revenue expenditure on transformation during 2016/17; and
- Sets out performance against Prudential Indicators for 2016/17.

Recommendation(s):

The County Council is recommended to:

1. Note the carry forwards set out in paragraph 1.2 and 1.3 of the report, which are made in line with the Council's Financial Regulations;
2. Approve the proposed use of carry forwards of over and under spending in excess of 1.0% as set out in paragraph 1.4 of the report;
3. Note the transfers to and from reserves summarised in Table A of this report and the position of earmarked reserves as at 31 March 2017 summarised in Table B of this report;
4. Note the position in relation to general reserves set out in paragraph 1.8 and Table C of this report;
5. Note the Flexible Use of Capital Receipts in 2016/17 as set out in paragraph 1.9 to 1.11; and
6. Note performance against the Prudential Indicators for 2016/17 as set out in paragraph 1.12 to 1.13 and Table D of this report.

1. Background

1.1 The Council's policy on carrying forward over and under spendings as set out in its Financial Strategy is that:

- All under and overspendings on service revenue budgets of up to 1.0% will be carried forward without exception.
- The use of all underspendings on service budgets in excess of 1.0% will be considered by the Executive and decided by the full Council.
- The means of funding all overspendings on service budgets in excess of 1.0% will be considered by the Executive and decided by the full Council.
- All under and overspendings on capital budgets and on the dedicated schools budget and shared services will be carried forward.
- All under and overspendings on revenue budgets where the spend is of an uneven nature will be transferred to reserves.

1.2 Under paragraph B18 of the Council's Financial Regulations, forming part of the Constitution, all under and overspendings on service revenue budgets of up to 1.0% will be carried forward without exception. The effect of the up to 1.0% carry forward on service budgets is £3.144m.

1.3 Under paragraph B19 of the Council's Financial Regulations the following budgets will also be carried forward. The effect of this for 2016/17, which full Council is asked to note, is as follows:

- The full carry forward of underspendings relating to Schools is £12.575m. Any underspendings in relation to schools must be spent on schools and so is carried forward in its entirety;
- The full carry forward of underspendings relating to Shared Services is £0.952m; and
- Transfers from earmarked reserves linked to revenue budgets where the spend is of an uneven nature is £0.302m. Made up of: a transfer to the Schools Sickness Insurance Fund (this provides reimbursement to schools, who are members of the scheme, when staff are absent from work) (£0.108m), a transfer from Insurance Fund reserve (£0.408m), and a transfer from the Museums Exhibits reserve (£0.002m).

1.4 Again, under paragraph B18 of the Financial Regulations the use of all underspendings and the funding of all overspendings on service budgets in excess of 1.0% will be considered by the Executive and decided by full Council. Having considered the matter, the Executive recommends that the Council approve the following allocations in respect of underspendings in excess of the 1.0%:

- A year end transfer of £20.327m into the financial volatility reserves. £17.870m is required for the planned contribution to Council's revenue budgets in 2017/18. The balance of £32.339m will be available to fund future uncertainties in local government funding in 2018/19 and beyond;
- Additions to existing reserves for:
 - Civil Parking Enforcement (£0.023m) and Fixed Penalty Notices (£0.023m); and
 - Health and Wellbeing (£0.007m).
- Creation of new reserves for:
 - Contract Development (£1.000m) to provide the Council with flexibility to develop contracts and their management processes going forwards;
 - Environmental Improvement and Sustainability Reserve (£5.000m) to will allow the Council to fund and contribute to a number of environmental and highways schemes across the County for the life of the current Council;
 - Highways Advanced Design (£2.000m) to invest in feasibility work which will keep the development of Lincolnshire's road network a priority and facilitate economic growth projects;
 - Horncastle Salt Barn (£0.495m) for the construction of a new salt barn at Horncastle Depot;
 - Financial Strategy Staffing (£0.100m) to support the upgrade of Agresso to Milestone 6; and
 - Corporate Property Business Case for developing a separate commercial entity to utilise the property assets of the Council (£0.100m).

Transfers to and from reserves

1.5 The Council has a number of reserves earmarked for specific purposes. Transfers are made to or from these earmarked reserves at each year end dependent on actual expenditure and income during the year. These transfers include:

- transfers to reflect the carry forward of over and underspendings; and
- a variety of transfers to or from other earmarked reserves reflecting actual expenditure and income in 2016/17.

1.6 In 2016/17 the Council's total income was £8.071m more than expenditure. The transfers to and from reserves resulting from the proposals described above and from in year transfers reflecting actual expenditure and income are shown in **TABLE A**.

TABLE A – Transfers to and from reserves

	£	£
Schools Carry Forward		-2,500,231
Other Service Carry Forwards		
Use of 2015/16 Service Carry Forward		-4,294,995
Executive Director - Children's Services	1,028,466	
Executive Director - Adult Care	644,289	
Executive Director - Environment and Economy	955,786	
Executive Director - Finance and Public Protection	485,849	
Chief Executive	29,861	3,144,251
Other Earmarked Reserves		
Adverse Weather	-500,000	
Insurances	-1,907,999	
Schools Sickness Insurance Scheme	-39,563	
Museum Exhibits	-1,763	
Development - Economic Development Reserve	-155,000	
Health and Wellbeing	-240,584	
Development - Lincs Coastal Country Park	-9,949	
Legal	244,017	
Procurement	170,454	
Salix Carbon Management	-14,033	
Financial Volatility Reserve - Budget Shortfall	-2,295,163	
Financial Volatility Reserve	8,673,812	
Civil Parking Enforcement	46,470	
Support Service Contract Reserve (FDSS)	-909,415	
Roads Maintenance Reserve	-86,000	
Adoption Reform Reserve	-157,449	
Local Welfare Provision Reserve	-525,778	
Property Management	-120,000	
Energy from Waste Lifecycles	1,097,368	
Flood and Water Risk Management	-31,681	
Young People in Lincolnshire	-107,747	
Members Big Society	-7,625	
Unsuitable Transport Routes	-100,000	
Enterprise Schemes	-83,000	
Horncastle Salt Barn	495,000	
Corporate Property Business Case	100,000	
Agresso Milestone 6 Finance Staffing	100,000	
Contract Development	1,000,000	
Highways Advanced Design	2,000,000	
Environmental Improvement and Sustainability	5,000,000	
Waste Management Earmarked Reserve	-1,000,000	10,634,372
Revenue Grants Reserve		1,387,973
General Fund		-300,000
		8,071,369

1.7 This sets earmarked reserves at the amounts shown in **TABLE B** below:

TABLE B – Earmarked Reserves at 31 March 2016

	BALANCE AT 31 MARCH 2016 £'000
Schools Carry Forward	24,888
<u>Earmarked Reserves</u>	
Other Services	3,144
Adverse Weather	500
Insurances	4,487
Schools Sickness Insurance Scheme	1,103
Museum Exhibits	133
Development - Economic Development Reserve	268
Health and Wellbeing	914
Development - Lincs Coastal Country Park	357
Legal	1,651
Procurement	959
Salix Carbon Management	233
Safer Communities Development Fund	833
Co-Responders Services	150
Financial Volatility Reserve - Budget Shortfall	17,870
Financial Volatility Reserve	32,339
Teal Park	50
Youth Service Positive Activities Development Fund	20
Corby Glen/South Lincolnshire Sports Fund	171
Youth Offending Service	512
Domestic Homicide Reviews	100
Civil Parking Enforcement	909
Support Service Contract Reserve (FDSS)	800
Roads Maintenance Reserve	2
Adoption Reform Reserve	35
Community Advisors Reserve	156
Local Welfare Provision Reserve	15
Property Management	130
Energy from Waste Lifecycles	3,668
Broadband Project	135
Broadband Clawback	157
Flood and Water Risk Management	526
Young People in Lincolnshire	226
Lincoln Eastern Bypass (LEB)	500
Families Working Together	599
Enterprise Schemes	108
Asbestos Pressure	50
DAAT Pooled Budget	248
Street Lighting Earmarked Reserve	100
Heritage Services Earmarked Reserve	880
Horncastle Salt Barn	495
Corporate Property Business Case	100
Agresso Milestone 6 Finance Staffing	100
Contract Development	1,000
Highways Advanced Design	2,000
Environmental Improvement and Sustainability	5,000
	83,733
Revenue Grants and Contributions	50,698
Total Reserves	159,319

General Reserves

1.8 The Council's policy on general reserves is that they will be maintained within a range of 2.5% to 3.5% of its annual budget requirement. The impact of actual expenditure and income in 2016/17 and the proposals on the carry forward of over and under spendings is that the general reserves at 31 March 2017 is £15.300m or 3.5% as shown in **TABLE C** below.

TABLE C – General Reserves at 31 March 2016

GENERAL RESERVES	Balance at 31 March 2017 £'000
Balance at 1 April 2016	-15,600
Planned contribution to / use in year	800
Proposed contribution to / use of reserves	-500
Balance as at 31 March 2017	-15,300
Balance as a percentage of total budget	3.50%

Flexible Use of Capital Receipts

1.9 In September 2016 the County Council approved an Efficiency Plan and Flexible Use of Capital Receipts Strategy to fund transformation for the three year period from 2016/17 to 2018/19. For 2016/17 the Council planned to generate £4.500m from capital receipts which would be used to fund revenue transformation (during the year this target was increased by £0.098m to £4.598m). The actual capital receipts generated during 2016/17 were £3.601m. This income has been fully utilised in the financial year to fund revenue transformation projects.

1.10 The Strategy identified the following schemes which would be funded this way in 2016/17:

- Service changes and reductions (including redundancies);
- Property rationalisation;
- Efficiencies through contracting and procurement;
- Transforming technology; and
- Preventing and detecting fraud.

1.11 During the year the Council spent £4.432m on these transformation projects.

Prudential Indicators 2016/17

1.12 The Local Government Act 2003 gave authorities freedoms to borrow what they need to fund their capital programmes. The Act requires Local Authorities to comply with CIPFA's Prudential Code for Capital Finance in Local Authorities. The Code provides a framework to ensure that Local Authorities' capital programmes

are affordable, prudent and sustainable and that treasury management decisions are taken to support this.

1.13 In complying with the Code the indicators for 2016/17 were approved by County Council on 19 February 2016 along with the budget and council tax for that year. In accordance with the Code, the Executive Director has been monitoring the actual performance against the targets set and would have reported any issues of concern to members had there been a need to. The County Council should also be informed of the actual position compared with that estimated for any given year after the year end. **TABLE D** provides details of this comparison for 2016/17. It shows that Prudential Indicators have not been exceeded during the year and there have been no breach of limits set by the Authority.

TABLE D – Prudential Indicators actual compared to estimated 2015/16

PRUDENTIAL INDICATORS ACTUAL COMPARED TO ESTIMATED 2016/2017			
Original Estimate	2016/17 £000	Actuals	2016/17 £000
Capital Expenditure Net	86,408	Actual Capital Expenditure (Excl Sch RCCO & Leasing)	18,779
Capital Financing Requirement 31/3/2017	662,910	Actual Capital Financing Requirement 31/3/2017	557,773
Capital Financing Requirement Estimate at 31/3/2019	647,090	Capital Financing Requirement Estimate 31/3/2019	541,953
Gross External Borrowing	568,011	Actual Gross External Borrowing	478,195
Borrowing in Advance of Need Limit	-3,955	Actual Borrowing in Advance of Need Taken	0
Incremental Impact of Borrowing Plans on Council Tax -Band D	£30.63	Actual Incremental Impact of Borrowing Plans on Council Tax -Band D	-£17.59
MRP & Interest Repayments not to exceed 10% of Net Revenue Stream Estimate	6.96%	MRP & Interest Repayments not to exceed 10% of Net Revenue Stream Actual	5.27%
Ratio of Financing Costs To Net Revenue Stream	6.87%	Actual Ratio of Financing Costs To Net Revenue Stream	5.20%
External Debt:			
<u>Authorised limit for external debt -</u>		Actual external debt at 31/3/17	
borrowing	640,752	Borrowing	478,195
other long term liabilities	14,198	Other long term liabilities(Credit Arrangements)	11,613
TOTAL	654,950	TOTAL	489,808
<u>Operational boundary -</u>			
borrowing	616,752		
other long term liabilities	12,198		
TOTAL	628,950		
Treasury Management:			
<u>Upper limit for fixed interest rate exposure</u>		Actual exposure fixed interest	
Net principal re fixed rate borrowing less investments	647,090	Net Principal	277,404
<u>Upper limit for variable rate exposure</u>		Actual exposure variable interest	
Net principal re variable rate borrowing less investments	194,127	Net Principal	-45,122
<u>Upper limit for total principal sums invested for over 364 days</u> (per maturity date)	40,000	Actual sums invested > 364 Day	5,214
<u>Maturity structure of fixed rate borrowing during 2016/17</u>	upper limit	Actual maturity structure as at 31 March 2017	
under 12 months	25%	under 12 months	3.20%
12 months and within 24 months	25%	12 months and within 24 months	7.50%
24 months and within 5 years	50%	24 months and within 5 years	10.50%
5 years and within 10 years	75%	5 years and within 10 years	10.50%
10 years and above	100%	10 years and above	68.30%

2. Legal Issues:

Equality Act 2010

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

* Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act

* Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it

* Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

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

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

* Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic

* Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it

* Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low

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

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

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

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

These matters have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The Council set its budget for 2016/17 in February 2015 having had regard to these matters. The treatment of underspends and overspends in this Report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken. This includes decisions on the use of carried forward underspends.

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

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

The Joint Strategic Needs Analysis have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The Council set its budget for 2016/17 in February 2015 having had regard to these matters. The treatment of underspends and overspends in this Report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken. This includes decisions on the use of carried forward underspends.

Crime and Disorder

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

Section 17 of the Crime and Disorder Act 1998 have been considered and there is not considered to be any direct impact of the decisions called for by this Report on the Equality Act duty or any of these strategies and obligations. The Council set its budget for 2016/17 in February 2015 having had regard to these matters. The treatment of underspends and overspends in this Report do not impact on that budget or any individual decisions in relation to services. Those decisions will continue to have regard to equality act obligations and the various strategies and obligations referred to as they are taken. This includes decisions on the use of carried forward underspends.

3. Conclusion

3.1 The carry forwards of under and overspendings from 2016/17 in excess of 1% are proposed to County Council by the Executive for approval.

3.2 The Prudential indicators comply with CIPFA's Prudential Code of Capital Finance in Local Authorities and provide County Council with actual performance against the targets approved by County Council on 19 February 2016.

4. Legal Comments:

With regards to recommendation 1 the Council's Financial Regulations state that underspends up to 1% will be carried forward without exception.

With regards to recommendation 2 the Council's Financial Regulations provide that the use of all under-spending on service budgets in excess of 1% will be considered by the Executive and decided by the full Council.

With regard to recommendation 6 under Section 3 of the Local Government Act 2003 the authority must determine and keep under review how much money it can afford to borrow. Reporting on the Prudential Indicators assists the Council in discharging this function.

Otherwise the information contained in the Report informs the Council concerning performance against the budget and Financial Strategy it has set.

5. Resource Comments:

The Council has a sound financial base from which to manage the challenges of a difficult medium to long term outlook for public sector finances.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

n/a

c) Scrutiny Comments

On 29 June 2017 the Overview and Scrutiny Management Board considered the report on Financial Performance 2016/17.

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

No

e) Risks and Impact Analysis

N/A

7. Background Papers

Document title	Where the document can be viewed
Financial Strategy	Executive Director Finance and Public Protection
Executive Report - Review of Financial Performance 2016/17	Executive Director Finance and Public Protection

This report was written by David Forbes, who can be contacted on 01522 553642 or david.forbes@lincolnshire.gov.uk.

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