

Open Report on behalf of Andrew Crookham, Executive Director - Resources

Report to:	Executive
Date:	07 January 2020
Subject:	Medium Term Financial Strategy and Council Budget 2020/21
Decision Reference:	I018713
Key decision?	Yes

Summary:

This report outlines budget proposals for the next financial year 2020/21. The Provisional Local Government Finance Settlement for 2020/21 has not been issued at the time of writing this report, but it is expected that the settlement will be in line with the funding announced in the Local Government Finance Settlement 2020/21 Technical Consultation released on 9 October 2019. The budget proposals for 2020/21 are therefore estimated at this stage.

The Executive is asked to approve the proposals for the Council's budget for 2020/21, set out in this report and based on these estimates, for internal and external consultation.

This report describes the basis on which budget proposals have been developed.

The report also sets out the results of a review of the Council's Medium Term Financial Strategy. The Strategy forms part of the Policy Framework and the final proposed Strategy will be presented to Executive at its meeting in February alongside the final budget proposal for recommendation to the Full Council.

The draft Strategy will in the meantime be kept under review in the light of responses to consultation on the budget itself.

Recommendation(s):

1. That the Executive approves the budget proposals described in this report as its preferred option for the purposes of further consultation.

Alternatives Considered:

1. The proposals for the Revenue Budget, Capital Programme and Council

	Tax as described in this report.
2.	Higher levels of spending and consequently higher levels of Council Tax in future years.
3.	Lower levels of spending and consequently lower levels of Council Tax in future years.

Reasons for Recommendation:

The recommended option takes account of the anticipated levels of Government grant and Business Rates funding to the Council and allows for an increase in Council Tax of 3.50% (1.50% general Council Tax plus a further 2.00% for the Adult Social Care "precept").

The recommended option identifies a reasonable and proportionate balance of funded budget pressures and savings to support the delivery of Council services, while maintaining a balanced budget and mitigating the impacts of continuing uncertainty about the future of Council funding.

1. Background

The Medium Term Financial Strategy

- 1.1 The Council's Financial Strategy forms part of the Policy Framework and is due for review. It is opportune to review the Strategy alongside the budget setting process so that the budget can be aligned with the strategic financial objectives of the Council.
- 1.2 The Financial Strategy, referred to as the Medium Term Financial Strategy (MTFS), is attached to this report as Appendix A, and covers the next three years (2020/21 to 2022/23). It provides an update on the current financial context for the Council. The purpose of this strategy is to set out how we intend to manage the financial resources available to deliver our priorities for our communities. The MTFS will be refreshed annually to take account of changing circumstances affecting our finances.
- 1.3 The MTFS underpins a Medium Term Financial Plan (MFTP), maintained by the Executive Director – Resources, which sets out our expectation of what our budget will look like over the next three years.
- 1.4 The MTFS contains six sections, which broadly cover the topics set out below:
 - i. Introduction – this references the Council's new Corporate Plan and the continued uncertainty over future funding;
 - ii. Objectives – this section sets out the ten objectives which the MTFS is aiming to fulfil;
 - iii. Current financial context – provides a brief summary of recent funding challenges and the current economic climate;

- iv. Forward view – this is a high level summary of how we believe our budget will look over the next three years; the budget process this year; and a summary of our proposed budgets for 2020/21 for both Revenue and Capital;
- v. Delivery – this section covers how we intend to deliver the MTFS and monitor our financial performance;
- vi. Key considerations – includes some information about each of the significant funding streams as well as governance, risk and opportunities.

1.5 This Report attaches the draft MTFS at Appendix A for the information of the Executive. This draft MTFS has then been used to guide the development of the proposed budget for 2020/21 and will be kept under review alongside feedback from the budget consultation. A proposed final version of the MTFS will be reported alongside final budget proposals at the Executive meeting in February for onward recommendation to the full Council if approved by Executive. The key information in the MTFS and the MTFP relating to the 2020/21 budget is highlighted in this report.

The Budget Process

1.6 This year's budget process started earlier than usual, to recognise that our early forecasts showed a budget shortfall over the medium term period to 2022/23 of around £27m. The process was treated as a project, to recognise its wide-reaching impacts across the Council, and a project board was set up to manage it. Budgets have been examined in detail and budget holders were asked to deliver efficiency savings for 2020/21 which have no or minimal impact on service users. Our budget assumptions were re-examined and have been amended during the year as new information has emerged.

1.7 In terms of budget holder input, the budget process has finished and the project board has completed its work. We now await confirmation of next year's funding from central Government – this is expected to come as the Provisional Local Government Finance Settlement some time in December 2019, followed by the Final Local Government Finance Settlement in February 2020 - as well as confirmation of Council Tax base and Collection Fund balances from our local District Councils. Once all of this information has been received, the budget proposals for 2020/21 will be confirmed at the meeting of the Executive on 4 February 2020.

The Medium Term Financial Plan

1.8 The MTFP is built up to take account of our expected spending requirements and our expected sources of funding over the next three years. Our funding for 2020/21 is estimated, but based on the Local Government Finance Settlement 2020/21 Technical Consultation which was released on 9 October 2019. Our funding beyond 2020/21 is based on our reasonable assumptions about the future. Our key assumptions for this are shown in MTFS Appendix I. This is an area of uncertainty – we had expected that reforms to local government finance would be implemented from April 2020 but the Government has delayed them by a year.

- 1.9 A Government Spending Review is due to take place in 2020 to determine the amounts to be allocated to each Government spending department. It is not yet known what period of time the Spending Review outcomes will cover. We expect that in the Autumn of 2020 we will start to understand what the impact of the Government's Fair Funding Review and Business Rates Retention reforms will be when they are implemented in April 2021, and the MTFP will then be updated.
- 1.10 Due to the uncertainties outlined in paragraphs 1.7 and 1.8, we are proposing a Revenue Budget for one year only – 2020/21.
- 1.11 On an annual basis the Council has the opportunity to review the level of Council Tax. Central Government sets thresholds above which a local authority would have to hold a referendum for Council Tax increases. The Technical Consultation on the Local Government Finance Settlement proposed that for 2020/21 this threshold might be set at a 2.00% increase for general Council Tax, plus a further 2.00% for authorities with Adult Social Care responsibilities to deal with pressures in this area including demographic pressures and the impact of the National Living Wage. The referendum threshold for 2020/21 will be confirmed in the Provisional Local Government Finance Settlement and we have assumed that Council Tax increases from 2021/22 onwards will be limited to 2.00%.
- 1.12 At this point in time, our MTFP shows that our budget for 2020/21 will be balanced (but this is subject to confirmation of funding for 2020/21). For 2021/22 there will be a budget shortfall of £13.037m, which reduces to a £6.096m budget shortfall in 2022/23. In these latter two years, the deficit could be covered by calling on our Financial Volatility reserve, which currently stands at £55.769m, although we expect to deliver further savings which will reduce the deficits. The position for 2020/21 is shown in the following table:

Table A – Summary Revenue Budget (Medium Term Financial Plan)

SUMMARY REVENUE BUDGET	2020/21 £m
EXPENDITURE:	
Net Base Budget	461.283
Cost Pressures (<i>including inflation</i>)	44.123
Savings & Additional Income	-14.842
Other Movements (PH Grant & BCF Grant)	-1.221
Total Expenditure	489.343
Use of Reserves	-
Contribution to Development Fund	1.800
Transfer to/from General Reserve	0.200
Budget Requirement	491.343
INCOME:	
Business Rates Local Retention	122.119
Revenue Support Grant	20.501
Other Grants	34.357
County Precept	314.367
Total Income	491.343

- 1.12 During this year's budget process we identified a number of areas where an In Depth Review (also referred to as "Deep Dive Review") was required and / or where transformational work could be done. Although these initiatives will only start in the next calendar year, it is expected that these projects will deliver further savings from 2021/22 onwards in addition to the savings shown in the MTFP, or will help us to avoid future increased costs. A list of these projects is shown in Appendix B for information and, as they complete, the results will feed into next year's budget process.
- 1.13 We expect to be able to review some of our budget assumptions on funding for 2021/22 onwards as the Government releases information about the impacts of the April 2021 funding reforms on individual councils. We consider that our current budget assumptions on funding, particularly for Social Care grants, are prudent.

Revenue Budget 2020/21

- 1.14 Table A above shows our overall proposed budget for 2020/21, with a budget requirement of £491.343m (the budget requirement was £458.396m in 2019/20 so this is an increase of 7.2%). The changes in our anticipated funding are explained in paragraphs 1.18 to 1.28 below.
- 1.15 A number of unavoidable cost pressures have been added into the proposed budget, totalling £44.123m, and these are summarised in Appendix C. The most significant of these are in Adult Care; due to increasing demand, complexity of cases and the impact of the National Living Wage, and in Other Budgets; due to increasing capital financing charges and the removal of capital receipts income from the budget (this was previously used flexibly to fund transformation projects).
- 1.16 Budgetary savings are summarised in Appendix D, and total £14.842m. The most significant of these relate to increased income from higher numbers of Adult Social Care service users; the majority of other savings are efficiency savings, increased income or the realignment of budgets to current expenditure levels.
- 1.17 The table below shows the Net Revenue Budget by service area for 2020/21, with comparative budgets for 2019/20. Whilst we continue to follow commissioning principles in the delivery of our services, this year we are reporting our budgets in line with management responsibility to provide greater clarity. The 2019/20 budgets have therefore been restated in the 2020/21 format. This is supported by Appendix E, which shows in more detail how each service area's budget has moved from its 2019/20 approved budget to its 2020/21 proposed budget, by way of inflationary increases, cost pressures and savings or increased income.

Table B – Net Revenue Budgets by Service

Revenue Budgets	2019/20 £m	2020/21 £m
Children's Services		
Commissioning and Health Services	42.306	43.522
Early Help Services	18.234	18.383
Education & SEND Services	11.996	12.435
Children Safeguarding	40.344	40.717
Adult Care and Community Wellbeing		
Adult Frailty & Long Term Conditions	119.933	120.653
Adult Specialities	76.291	80.418
Public Health & Community Wellbeing	29.669	28.787
Public Health Grant Income	-31.800	-32.341
Better Care Funding	-46.343	-47.023
Place		
Communities	47.350	46.532
Lincolnshire Local Enterprise Partnership	0.406	0.413
Growth	3.429	3.494
Highways	23.191	22.549
Fire and Rescue & Public Protection		
Fire and Rescue & Emergency Planning	19.872	21.894
Public Protection	3.391	3.459
Resources		
Resources	20.460	22.547
Commercial		
Commercial	32.067	34.139
Corporate Services		
Corporate Services	2.176	2.490
Other Budgets		
Other Budgets	50.987	68.951
Schools		
Schools Block	428.021	451.754
High Needs Block	84.418	91.285
Central School Services Block	4.257	3.710
Early Years Block	40.708	41.373
Dedicated Schools Grant	-560.080	-590.797
Total Net Expenditure	461.283	489.344
Transfer to/from Earmarked Reserves	-3.087	-
Contribution to Development Fund	-	1.800
Transfer to/from General Reserves	0.200	0.200
Budget Requirement	458.396	491.343

Note: detailed budgets are still being worked on so there may be some changes on individual lines in the above table. These will be finalised in the Council Budget 2020/21 report to Executive in February.

Revenue Support Grant 2020/21

1.18 For the four financial years 2016/17 to 2019/20 we received a multi-year settlement in 2015. Our Revenue Support Grant, which is the Government's General Grant funding for councils, was £70.351m in 2016/17 and fell to

£20.139m in 2019/20. We are currently assuming that we will receive this same level plus a 1.8% inflationary increase in 2020/21 i.e. £20.501m.

Other Revenue Government Grants 2020/21

1.19 The table below summarises our other Revenue Grants and the amounts we have assumed for these in 2020/21. This is based on the Local Government Finance Settlement 2020/21 Technical Consultation as well as some subsequent information.

Table C – Other Government Grants

GRANT	Amount 2019/20 £000's	Amount 2020/21 £000's
Rural Services Delivery Grant	6,935	7,060
New Homes Bonus Grant	2,144	2,182
InShore Fisheries Conservation	128	128
Extended Rights to Free Travel	639	639
SEND Implementation	259	0
School Improvement Grant	0	649
Independent Living Fund	1,594	1,554
Lead Local Flood Authority	125	125
Virtual Schools Head Grant	0	98
Social Care Support Grant	5,754	5,754
New Social Care Support Grant	0	14,732
Fire Pension Grant	1,437	1,437
TOTAL	19,014	34,357

1.20 In the Technical Consultation it was announced that the Social Care Support Grant of £5.754m, provided for the first time in 2019/20 for one year only, would continue for a further year. It was also announced that a new Social Care Support Grant of £14.732m would be provided, in 2020/21 only. There remains uncertainty around how Adult Social Care will be funded in the future and we hope that the next Government will address this issue as a matter of urgency.

Council Tax 2020/21

1.21 It is proposed that Council Tax will be increased by 3.50% in 2020/21. This comprises 1.50% for general Council Tax plus a further 2.00% for the Social Care 'precept'. As set out in paragraph 1.10, this is within the expected referendum threshold limit for 2020/21 which will be confirmed in the Final Local Government Finance Settlement.

1.22 It is estimated that a Council Tax increase of 3.50% will generate additional income of £14.979m in 2020/21. If the Council were to raise Council Tax by a further 0.5% to a total of a 4.00% increase (in line with the proposed referendum limit) the additional income would be £1.489m, making a total additional Council Tax income of £16.468m.

- 1.23 The final figures on the Council Tax base and any surpluses or deficits on the Council Tax element of the Collection Fund will not be received from Lincolnshire District Councils until 31 January 2020. We have assumed tax base growth at 1.5% in the next financial year, and the additional income which is generated from this is included in the figures for additional Council Tax income in paragraph 1.22. The Council Tax Collection Fund surplus in 2019/20 was £2.670m and we have assumed that it will be at the same level in 2020/21. The final information on base growth and the surplus/deficit on the Council Tax Collection Fund will be reported to the Executive at its meeting on 4 February 2020, together with the funding this will generate for the County Council.
- 1.24 An Equality Impact Analysis will be completed for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 4 February 2020.

Business Rates 2020/21

- 1.25 Our Business Rates funding is made up of two elements; an amount actually collected by the seven District Councils in Lincolnshire, and a top up Grant from central Government, as the total Business Rates collected in Lincolnshire are not sufficient to cover Local Authority spending in the area. We have assumed an increase in total Business Rates funding in line with inflation at 1.8% and in 2020/21 this is split as: £21.437m collected locally and £91.456m top up Grant from central Government.
- 1.26 Notification of any surpluses or deficits on the Business Rates element of the Collection Fund will not be received from the Lincolnshire District Councils until 31 January 2020. In 2019/20, this was a surplus of £6.157m for the County Council for one-off reasons, but was a deficit in the previous year 2018/19. The surplus from 2019/20 was transferred to a Business Rates Volatility Earmarked Reserve and will be used to cover any deficit for 2020/21. We have therefore assumed a neutral position for the Business Rates element of the Collection Fund. The actual position will be reported to the Executive at its meeting on 4 February 2020.
- 1.27 In addition to the above Business Rates funding, in previous financial years we have received Section 31 Grant as compensation of the Government's RPI cap, and reliefs offered to small and rural businesses. It is expected that Government will continue to compensate local authorities in full for the extension of Small Business Rate Relief and Rural Rate Relief. At the time of preparing this report the Council is awaiting announcement of the value of this grant - in 2019/20 it was £6.313m and we have assumed that it will be increased by 1.8% to £6.427m in 2020/21). The actual figure will be built into the budget assumptions reported to the Executive at its meeting on 4 February 2020.
- 1.28 After participating in a Business Rates Pilot scheme during 2018/19, we were unsuccessful in our bid to continue as a pilot authority during 2019/20. There are no new pilot schemes in 2020/21 so we have reverted to being in a Business Rates Pool. Pooling provides us with additional Business Rates growth income and we have assumed that this will be £2.800m for 2020/21.

Reserves

- 1.29 Our General Reserves currently stand at £15.850m. We carried out a financial risk assessment earlier this year which determined that General Reserves should be increased to £16.000m in 2020/21 which would require a contribution of £0.150m in the 2020/21 budget. Our budget proposals currently include a contribution to reserves of £0.200m which allows for last minute adjustments when funding is confirmed.
- 1.30 Our Earmarked Reserves currently stand at £189.234m and have undergone a thorough review this year. As a result of this review, some reserves of a similar nature have been amalgamated so that we have fewer reserves, and some funding has been released from reserves because it is no longer required. The amount of funding released is £10.180m and it is proposed that a new Earmarked Reserve is created, called "Development Fund", which is used to fund the development initiatives shown in Appendix G. The Executive is asked to approve this as part of the proposed budget for consultation.
- 1.31 MTFS Appendix VI shows the proposed list of Earmarked Reserves with estimated balances, following the review referred to in paragraph 1.30 and the Executive is asked to approve this as part of the proposed budget for consultation.
- 1.32 We have a Financial Volatility Reserve within Earmarked Reserves, which exists to deal with volatility in costs and to support the budget over the medium term whilst savings are being delivered. The Financial Volatility Earmarked Reserve currently stands at £55.769m. The MTFP shown in MTFS Table 1 indicates that we will need to draw down £13.037m from this reserve in 2021/22 and a further £6.096m in 2022/23. This will leave a balance in the Financial Volatility reserve of £36.636m by the end of the medium term period.
- 1.33 There will be an annual review of Earmarked Reserves as part of the budget setting process, which will aim to ensure that the reserves we hold are appropriate for the future, and will help to support the Section 151 Officer's assessment of the adequacy of reserves levels.

Capital Programme

- 1.34 A ten year Capital Programme has been compiled in line with the principles set out in our Capital Strategy, including the principle of Affordability. The full Gross Programme is shown at Appendix F and totals £170.077m for 2020/21 plus a further £364.159m for future years. The revenue impact of the Capital Programme (capital financing charges to the Revenue Budget) fluctuates from year to year and it is proposed that fluctuations above and below the base budget are dealt with in future by using an Earmarked Reserve for Capital Financing. The Executive is asked to approve the creation of a Capital Financing Earmarked Reserve as part of the proposed budget for consultation.
- 1.35 As part of our work to continuously improve our financial processes and procedures, governance arrangements around the Capital Programme are currently being assessed. We expect to be able to set out new key principles for managing the Capital Programme in the Council Budget 2020/21 report to full Council in February.

1.36 The table below provides a summary of the proposed Capital Programme and how it will be funded:

	2019/20 £m	2020/21 £m	Future Years £m
Gross Capital Programme	243.743	170.077	364.159
Funded By:			
Grants and Contributions	105.092	67.839	60.025
Revenue Funding	0.625	0.030	1.105
Use of Reserve	4.201	0.000	0.000
Borrowing	133.825	102.208	303.029
Funding by LCC	138.651	102.238	304.134
Total Funding	243.743	170.077	364.159

1.37 A number of new projects have been added to the Capital Programme. These are summarised below:

- Schools:
 - Provision of School Places (Basic Need) - A programme of expansion and new build construction of school buildings.
- Place:
 - Replacement of two Household Waste Recycling Centres.
 - Heritage/Archives (Cultural Services) - Future development of the Heritage service.
 - Economic Development - Horncastle Industrial Estate Extension.
 - Boston Development Schemes (Infrastructure & Economic) - A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston. These schemes will replace the previous capital scheme for the Boston Barrier.
 - North Hykeham relief road - A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway. This scheme is reliant on receiving contributions from Government.
 - Spalding Western Relief Road - Completion of Spalding West Relief Road - Section 1 and Section 5.
 - Local Highways Improvements (Pinch-points) to support Coastal Route - This project will improve the transport corridor to the Lincolnshire Coast by improving pinch-points along the route (A57, A46, and A158).

Flexible Use of Capital Receipts Strategy

1.38 The Council has approved the strategy of using Capital Receipts flexibly to fund Revenue transformation projects since 2016/17, in line with the Government's amended policy. This flexibility is due to end in March 2022 but we are proposing that from 2020/21 we will revert to using Capital Receipts only to repay loans or fund new Capital expenditure. We will be funding transformation projects by using a new Earmarked Reserve. The executive is asked to note this amended strategy for the use of capital receipts and approve it as part of the proposed budget for consultation.

2. Legal Issues:

Equality Act 2010

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

- * Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- * Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- * Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- * The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.
- * Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:
 - * Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - * Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - * Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

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

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

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

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is

identified consideration must be given to measures to avoid that impact as part of the decision making process.

These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated. It is clear that the current and future financial challenges facing local authorities and the need for budget savings may result in changes to service provision and to some reduction in Council services. These may apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

In order to meet its obligations, Equality Impact Analyses will be carried out in relation to any proposed changes to services on an individual basis. The specific impacts on people with a protected characteristic will be investigated and the potential mitigation, if any, will be made clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be regularly reported to the Executive as part of the decision making processes. Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the public sector equality duty.

As part of its decision-making, the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision; such as making reductions in other areas which do not have the same impacts, including, particularly, equality impacts. The result could be to require additional resources to be used in certain areas than has been budgeted for.

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

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

In particular, in the event that any of the proposed reductions cannot be achieved, the usual budget management processes such as the use of Earmarked Reserves, or virement, would be followed, and approval sought at the appropriate levels in accordance with Financial Regulations, including full Council where necessary. Furthermore, a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is currently £55.769m) and the annual Contingency budget of £3.000m for 2020/21, for when additional funding cannot be found by way of Earmarked Reserves or virement from other service areas.

A full Equality Impact Analysis will be developed in respect of the final budget proposal and in particular any Council Tax proposals in the light of feedback received during the consultation process.

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

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

Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy.

Crime and Disorder

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

Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the duty under section 17 of the Crime and Disorder Act 1998.

3. Conclusion

3.1. These budget proposals reflect the level of Government funding available to the Council and a proposal to increase general Council Tax in 2020/21 by 1.50%. The Adult Social Care "precept" is proposed to be set at 2.00% in 2020/21 and this gives a total Council Tax increase of 3.50%.

3.2. A thorough review of Council services was carried out during this year's budget process. Unavoidable cost pressures as well as savings have been identified, and the Capital Programme has been reviewed. The budget proposals aim to reflect the Council's priorities whilst operating with the resources available to it.

3.3. The budget proposals have been developed alongside and in accordance with the draft Medium Term Financial Strategy attached at Appendix A and a proposed final version of this Strategy will be reported to Executive in February alongside final budget proposals.

4. Legal Comments:

The Executive is responsible for publishing initial budget proposals for the budget for the purposes of consultation before determining the budget it will recommend to the full Council.

It is the function of the Executive to recommend documents forming part of the

Policy Framework such as the proposed Medium Term Financial Strategy to the Full Council for adoption.

The matters to which the Executive must have regard in reaching its decision are set out in the body of the report.

The recommendations are within the remit of the Executive and are lawful. The Executive has the power to accept the Recommendation, or to agree one of the alternative approaches referred to in the report, subject to the limits on Council Tax increases referred to in the report.

5. Resource Comments:

These budget proposals incorporate the level of funding available to the Council from central Government plus an increase in Council Tax of 3.50% (1.50% general Council Tax plus a further 2.00% for the Adult Social Care 'precept').

Although the budget proposals are estimated at this stage, the funding assumed is in line with the Technical Consultation received in October 2019, and we have been able to propose a balanced budget.

The Medium Term Financial Plan from 2021/22 onwards still shows an underlying deficit position. We expect to be able to resolve this once our future funding is known and further savings are built into the budget after a number of "In Depth Reviews" and development initiatives are delivered.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

Overview and Scrutiny Management Board:

The Overview and Scrutiny Management Board considered the Council's Financial Risk Assessment for the year 2020/21 at its meeting on 24 October 2019. The Overview and Scrutiny Management Board supported the Council's Financial Risk Register and the assessment of the appropriate level of General Reserves.

Councillor Budget Briefings:

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

Further Scrutiny and Consultation:

A consultation meeting with local business representatives, trade unions and other partners will take place on 24 January 2020.

The Council's scrutiny committees will have the opportunity to scrutinise proposals in detail during January.

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

Consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 4 February 2020.

d) Have Risks and Impact Analysis been carried out?

Yes

e) Risks and Impact Analysis

An Equality Impact Analysis will be complete for the proposed increase in Council Tax. This will be reported back to the Executive at its meeting on 4 February 2020.

Further Equality Impact Analyses will need to be undertaken on a service by service basis.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Medium Term Financial Strategy (MTFS) 2020/21 to 2022/23
Appendix B	List of In Depth (Deep Dive) Reviews
Appendix C	Cost Pressures 2020/21
Appendix D	Savings 2020/21
Appendix E	Budget Movements 2019/20 to 2020/21
Appendix F	Capital Programme
Appendix G	Development Fund Initiatives
Appendix H	Councillor Comments from the Budget Briefings held on 2 and 4 December 2019

8. Background Papers

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

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

The Medium Term Financial Strategy

1. Introduction

- 1.1. Local government has been in a period of austerity since 2010 and has seen its funding reduced in real terms over this time. We will reach the end of a four year funding deal from the Government in 2019/20 which has seen a reduction in General Grant funding and more reliance on one-off specific grants and on local taxation to fund essential services. Council Tax income now represents almost 65% of our net expenditure (it was 51% in 2010/11).
- 1.2. In this context, it is essential that we plan for the future to ensure our financial sustainability, and this Medium Term Financial Strategy (MTFS) aims to help us do this.
- 1.3. This Medium Term Financial Strategy covers the next three years (2020/21 to 2022/23) and provides an update on the current financial context for the Council. The MTFS will be refreshed annually to take account of changing circumstances affecting our finances. The purpose of this strategy is to set out how we intend to manage the financial resources available to deliver our priorities for our communities.
- 1.4. In December 2019 the Council approved a new Corporate Plan. This MTFS will underpin the Corporate Plan by ensuring that financial resources are identified and made available to deliver its ambitions. The work to link these resources to priorities will be done over the next few months. The Corporate Plan sets out four key priorities, which are that People and Communities will have:
 - a) High aspirations;
 - b) The opportunity to enjoy life to the full;
 - c) Thriving environments; and
 - d) Good value Council services.
- 1.5. It must be recognised that over the past few years funding to all councils has been constrained. There is therefore a need to balance our aspirations with affordability and this is a key principle of our financial strategy.
- 1.6. As detailed within this strategy, there is still a large element of uncertainty over our future funding from Government, which makes it difficult to plan for the future. The financial year 2019/20 was the final year of a four year funding settlement and it had been hoped that a new multi-year settlement would be delivered by Government for 2020/21 onwards. We now know that this will not be in place for 2020/21; nevertheless, it is important that we do make plans using our best estimates of future funding as these plans will support the achievement of our ambitions and objectives as set out in the Corporate Plan. The principles within this strategy will apply over the longer term however the current uncertainties around future Government funding mean that it is not practicable to prepare a financial plan for a long term period, so our financial plans cover the medium term at this point in time. We aim to extend our financial planning to cover a longer term period once funding reforms are in place.

2 The Objectives of the Medium Term Financial Strategy

2.1 The MTFS is a flexible strategy which will allow us to forecast our future financial resources and then plan to use these to both deliver core services and to invest in future improvements to service delivery. The objectives of the strategy are to:

- a) Ensure that we are financially resilient now and in the future and can respond positively to adverse financial impacts;
- b) Support the provision of Value for Money services to our communities;
- c) Support sustainable service delivery using a combination of Revenue and Capital Budgets and Reserves;
- d) Maintain Council Tax in the lowest quartile for county councils;
- e) Support other Council strategies;
- f) Deliver assets to improve and maintain services and also to achieve future savings;
- g) Enable the setting of an annual balanced budget. The annual Revenue Budget must be affordable and can be supported by the use of Reserves, but only as part of a medium term plan moving towards a future budget which is balanced without the support of reserves;
- h) Support good decision making;
- i) Recognise financial risks and identify how these will be managed; and
- j) Allow for emerging opportunities to be exploited within the affordable budget.

3 The Current Financial Context

3.1 The past ten years have been a period of austerity for councils, with Government funding reducing significantly over this period. Councils like ours, with Social Care responsibilities, have seen new Government grants introduced to help deal with increasing Social Care pressures, but, over this time, the balance of our sources of funding has changed – we are now more reliant on Council Tax and Business Rates funding to support the provision of services, and less reliant on Government grants, than we were ten years ago (see section 6 for details on funding).

3.2 The table below shows a summary of how our funding has changed since 2011/12 and the cost pressures built into our budget and savings achieved over this same period:

Financial Trends							
Year	General Government Grant £m	Other Govt. Grants received £m	Total Govt. Grant income £m	Savings £m	Cost Pressures £m	Council Tax Increase	Planned Use of Reserves £m
2011/12	211	16	227	57	52	0.00%	0
2012/13	195	17	212	51	23	0.00%	0
2013/14	146	19	165	28	61	0.00%	12
2014/15	125	22	147	40	22	0.00%	8
2015/16	95	25	120	31	31	1.90%	22
2016/17	70	28	98	42	31	3.95%	20
2017/18	48	42	90	39	26	3.95%	18
2018/19	34	49	83	23	30	4.95%	5
2019/20	20	61	81	16	26	4.95%	3

3.3 The current regime for funding councils has been in place since 2013 and is now out-dated. The Government is proposing two major reforms to the system: the Fair Funding Review and Business Rates Retention. Reforms were due to be implemented from April 2020 but have now been deferred until April 2021.

3.4 A Government Spending Review will take place in 2020 to determine the amounts to be allocated to each Government spending department. It is not yet known what period of time the Spending Review outcomes will cover, but this review will certainly influence the overall total amount to be allocated to the local government sector.

3.5 The economic outlook is currently uncertain, with the issue of the United Kingdom's exit from the European Union still in progress and a new Government in place following the General Election on 12 December 2019. In the context of this uncertainty the Government announced in October that funding for Councils in 2020/21 would be "rolled forward", meaning that it would be largely in line with that in 2019/20 plus some additional grants. Economic forecasts show that inflation is likely to remain close to 2% over the next two years although wage inflation is currently running above this level. Economic growth is expected to remain at a low level and all of these forecasts assume that a Brexit deal will be achieved.

4 The Forward View

4.1 With regard to the proposed funding reforms, we have lobbied Government to increase the total amount of funding coming to the sector as a whole and have specifically requested that Government look at the distribution of funding to this Council with a view to addressing past inequalities between authorities. Whilst we believe that the Government understands the challenges of delivering services in a large rural county, we are still cautious about future funding levels given the amount of uncertainty outlined above.

4.2 We expect that next Autumn (2020) will see the release of more information about the impact of the funding reforms on individual councils, which will enable us to have a clearer picture of our future Government support over the medium term period. In the meantime, we are setting a budget for one year only, whilst still planning for the

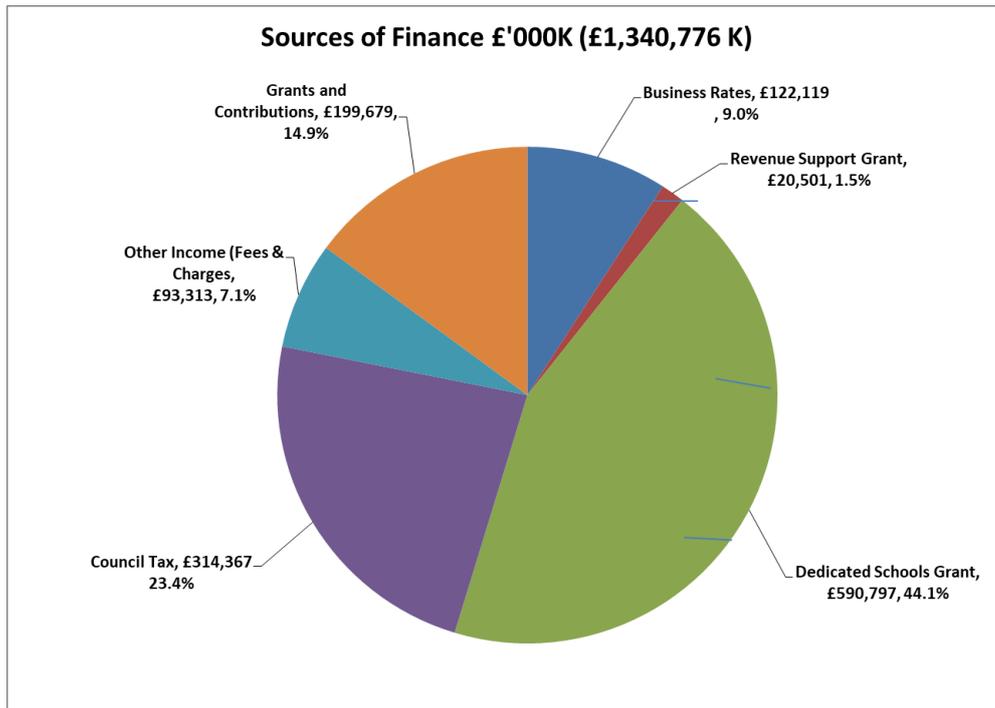
medium term. MTFS Table 1 below sets out our expected medium term budgetary position and proposed budget requirement for each year:

MTFS TABLE 1 - Summary Revenue Budget 2020/21 Onwards

SUMMARY REVENUE BUDGET	2020/21 £m	2021/22 £m	2022/23 £m
EXPENDITURE:			
Net Base Budget	461.283	489.344	501.660
Cost Pressures (<i>including inflation</i>)	44.123	17.514	7.772
Savings & Additional Income	-14.842	-5.198	-0.628
Other Movements (PH Grant & BCF Grant)	-1.221	0.000	0.000
Total Expenditure	489.343	501.660	508.804
Use of Reserves	-	-13.037	-6.096
Contribution to Development Fund	1.800	-	-
Transfer to/from General Reserve	0.200	0.200	0.200
Budget Requirement	491.343	488.823	502.908
INCOME:			
Business Rates Local Retention	122.119	124.267	126.454
Revenue Support Grant	20.501	20.870	21.246
Other Grants	34.357	18.316	18.446
County Precept	314.367	325.370	336.762
Total Income	491.343	488.823	502.908

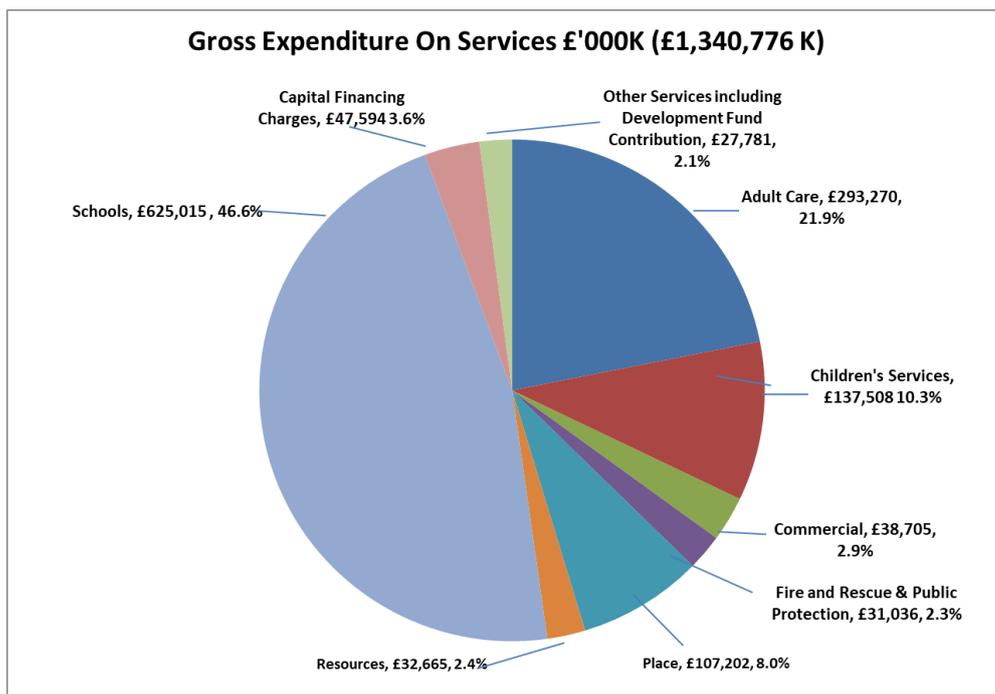
- 4.3 Our funding for 2020/21 is estimated, but based on the Local Government Finance Settlement 2020/21 Technical Consultation which was released on 9 October 2019. Our funding beyond 2020/21 is based on assumptions about the future and our key assumptions are shown in MTFS Appendix I. Until we receive the final settlement we will not know how accurate our assumptions are and MTFS Appendix I includes a sensitivity analysis which shows the impact of our assumptions on the budget.
- 4.4 We have been through a detailed budget exercise this year which aimed to resolve the forecast deficit over the next three years. As contracts are renewed over the next two to three years we will need to continue to review cost pressures for Adult Social Care.
- 4.5 The table above shows how our base budget each year is increased by cost pressures and reduced by savings or additional income. MTFS Appendix II provides more detail to support the total amount of cost pressures added to our budget in 2020/21, whilst MTFS Appendix III provides more detail to support the total amount of savings or additional income added to our budget in the same year.
- 4.6 We expect our total funding next year to be £1,340.776m. MTFS Pie Chart 1 below shows where this funding will come from.

MTFS PIE CHART 1 - Sources of Funding Revenue Budget 2020/21



4.7 The following pie chart shows how this total of £1,340.776m will be used to fund our services.

MTFS PIE CHART 2 - Gross Expenditure on Services – Revenue Budget 2020/21



MTFS Table 2 below shows our proposed Revenue Budget by service delivery area:

MTFS TABLE 2 - Net Service Revenue Budgets

Revenue Budgets	2019/20 £m	2020/21 £m
Children's Services		
Commissioning and Health Services	42.306	43.522
Early Help Services	18.234	18.383
Education & SEND Services	11.996	12.435
Children Safeguarding	40.344	40.717
Adult Care and Community Wellbeing		
Adult Frailty & Long Term Conditions	119.933	120.653
Adult Specialities	76.291	80.418
Public Health & Community Wellbeing	29.669	28.787
Public Health Grant Income	-31.800	-32.341
Better Care Funding	-46.343	-47.023
Place		
Communities	47.350	46.532
Lincolnshire Local Enterprise Partnership	0.406	0.413
Growth	3.429	3.494
Highways	23.191	22.549
Fire and Rescue & Public Protection		
Fire and Rescue & Emergency Planning	19.872	21.894
Public Protection	3.391	3.459
Resources		
Resources	20.460	22.547
Commercial		
Commercial	32.067	34.139
Corporate Services		
Corporate Services	2.176	2.490
Other Budgets		
Other Budgets	50.987	68.951
Schools		
Schools Block	428.021	451.754
High Needs Block	84.418	91.285
Central School Services Block	4.257	3.710
Early Years Block	40.708	41.373
Dedicated Schools Grant	-560.080	-590.797
Total Net Expenditure		
	461.283	489.344
Transfer to/from Earmarked Reserves	-3.087	-
Contribution to Development Fund	-	1.800
Transfer to/from General Reserves	0.200	0.200
Budget Requirement		
	458.396	491.343

4.8 We have a ten year Capital Programme, which is a budget set aside to deliver new or improved assets and to maintain existing assets used to deliver services. The proposed Capital Programme is affordable over the longer term, within the context of our budget assumptions and in line with our Capital Strategy, which also covers a

longer term period up to ten years. The table below is a summary of our proposed Capital Programme and its proposed funding:

	2019/20 £m	2020/21 £m	Future Years £m
Gross Capital Programme	243.743	170.077	364.159
Funded By:			
Grants and Contributions	105.092	67.839	60.025
Revenue Funding	0.625	0.030	1.105
Use of Reserve	4.201	0.000	0.000
Borrowing	133.825	102.208	303.029
Funding by LCC	138.651	102.238	304.134
Total Funding	243.743	170.077	364.159

4.9 A summary Capital Programme is shown in MTFS Appendix IV.

4.10 The Medium Term Financial Plan shows that we can balance the budget in 2020/21, but this is mainly because we will receive an additional grant of £14.732m next year to support Social Care pressures. Beyond 2020/21 we do not expect to be able to set a balanced budget without using our reserves to bridge the deficit each year; however, this is subject to change depending on the future of Government funding for Social Care and for local government generally. We believe our funding assumptions to be realistic, but cautious. The Government was due to have published a green paper on the reform of Adult Social Care funding by now but there is still no prospect of this in the near future.

4.11 We still have to plan to bridge the budget gap in the event that additional Social Care funding does not transpire. A programme of transformation is starting now, with a number of fundamental service reviews and some development initiatives to be identified in the budget setting reports during the life of this MTFS. It is expected that this programme will start to deliver savings by 2021/22 onwards.

5 Delivering the Medium Term Financial Strategy

5.1 The Strategy provides a framework within which we can manage the financial resources available to deliver our priorities for our communities over the medium term. To deliver this successfully requires a culture of good financial management within the Council, which is led by the Executive Director of Resources (the Section 151 Officer) and the Leadership Team, which includes our elected Members as well as Chief Officers. The Section 151 Officer has certain responsibilities for financial management which are set out in regulations, and must follow CIPFA's Codes of Practice.

- 5.2 To support this culture we have a set of financial regulations and procedures, as well as schemes of authorisation, which give guidance to Officers about their financial responsibilities.
- 5.3 The Strategy supports the Council's other key strategies, by setting the financial context for the Council and by clarifying the levels of investment that we can make in the future to deliver services and improve and maintain our assets.
- 5.4 We have an Earmarked Reserve, called the Financial Volatility Reserve, which can be used to support the Revenue Budget in any given year if the requirement to spend is higher than the resources available. Our strategy is that this will only be a temporary solution to balance the budget whilst we work towards finding budget savings or increased funding to ensure that our budgetary position is sustainable. We also have General Reserves which can be called upon to meet any unexpected financial pressures in the year, if these cannot be funded from any other source.
- 5.5 The Strategy is supported by financial performance indicators, which are shown in MTFs Appendix V. These are monitored during the year and performance is reported at the end of the year.
- 5.6 During each financial year, the approved Revenue Budget and the approved Capital Programme are monitored and performance against each is regularly reported to the Corporate Leadership Team and the Executive, with scrutiny applied by the Overview and Scrutiny Management Board.

6 Key Considerations for the Medium Term Financial Strategy

Council Tax

- 6.1 As part of its Technical Consultation released on 9 October, the Government has proposed a referendum limit for general Council Tax of 2%, and is once again allowing the raising of local tax to support Adult Social Care with an additional 2% precept. This gives a potential total Council Tax increase of 4%.
- 6.2 We are proposing to implement the Adult Social Care precept at 2.00% in addition to a 1.50% general Council Tax increase, giving a total increase of 3.50% for 2020/21 (i.e. 0.5% lower than the proposed referendum limit). Our modelling assumes that beyond 2020/21 our Council Tax increases will be 2% each year.

Business Rates

- 6.3 Our Business Rates funding is made up of two elements, an amount actually collected by the seven District Councils in Lincolnshire, and a top up Grant from central Government, as the total Business Rates collected in Lincolnshire are not sufficient to cover Local Authority spending in the area.
- 6.4 Any surpluses or deficits on the Business Rates element of the Collection Fund are not received from the Lincolnshire District Councils until 31 January each year. In 2019/20 this was a surplus of £6.157m for the County Council, for one-off reasons, but was a deficit in the previous year. The surplus from 2019/20 was transferred to a Business Rates Volatility Earmarked Reserve and will be used to cover any deficit in future years. We have therefore assumed a neutral position for the Business Rates element of the Collection Fund. It is worth noting that only 10% of the Business

Rates collected locally are passed to Lincolnshire County Council and any share of surpluses or deficits will also be on this basis.

- 6.5 In addition to the above Business Rates funding in previous financial years, the Council received Section 31 Grant as compensation of central Government RPI cap, and reliefs offered to small and rural businesses. It is anticipated that Government will continue to compensate local authorities in full for the extension of Small Business Rate Relief and new Rural Rate Relief.
- 6.6 After participating in a Business Rates Pilot scheme during 2018/19, we were unsuccessful in our bid to continue as a pilot authority during 2019/20. There are no new pilot schemes in 2020/21 so we have reverted to being in a Business Rates Pool. Pooling provides us with additional Business Rates growth income and we have assumed that this will be £2.800m for 2020/21.

Government Funding

- 6.7 We receive General Grant from the Government in the form of Revenue Support Grant. This grant has reduced from its level of £70.351m in 2016/17 to £20.139m in 2019/20. The future of Revenue Support Grant is uncertain given the Government's funding reform agenda, but we have assumed that it will continue at the 2019/20 level, plus inflation, for 2020/21.
- 6.8 In addition to Revenue Support Grant we receive a number of other specific Government grants to support our expenditure, the largest of these being the Better Care Fund and the Public Health grants.

Fees and Charges

- 6.9 The charges made to service users form a significant part of our total gross income, and therefore make an important contribution to the funding of services. MTFS Pie Chart 1 (paragraph 4.6 above) shows that fees, charges and other income is expected to be £92.194m in 2020/21. This income relates to a number of our services, with over half of it coming from users of Adult Social Care services.

Reserves

- 6.10 We hold two types of reserves: General Reserves, which are held as a fund of last resort to cover unexpected and unbudgeted costs which cannot be funded from our Revenue Budget, and Earmarked Reserves, which are funds held for specific purposes and to cover future costs relating to those purposes. Earmarked Reserves are either created from grants and financial contributions received by the Council, or from underspends in the Revenue Budget at year end.
- 6.11 Our General Reserves currently stand at £15.850m, and our strategy is to maintain these reserves at a level which is between 2.5% and 3.5% of the budget requirement each year. The current level is 3.5% of the 2019/20 budget requirement. We carry out an annual risk assessment to ensure that the General Reserves are at a level which is appropriate to cover known risks and the financial risk register used for this assessment is at MTFS Appendix VII.
- 6.12 We will budget for an estimated contribution to or from General Reserves each year to ensure that the level of these reserves keeps pace with the budget requirement and the updated risk assessment.

6.13 Our Earmarked Reserves are currently valued at £189.234m, which includes an Earmarked Reserve which is ring-fenced for Schools of £12.540m. The

Council approves the creation of any new Earmarked Reserves. Our strategy is to regularly review Earmarked Reserves so that they are used for the purposes originally intended, or removed if no longer required, with the funding diverted for a new agreed purpose.

6.14 Within Earmarked Reserves there is a Financial Volatility Reserve which exists to deal with volatility in costs and to support the budget whilst savings are being delivered. There are a number of other Earmarked Reserves which are also used to cover volatility in costs and these support our financial resilience.

6.15 The Financial Volatility Earmarked Reserve currently stands at £55.769m. The MTFP in MTFS Table 1 (paragraph 4.2) indicates that we will need to draw down £13.037m from this reserve in 2021/22 and a further £6.096m in 2022/23. This will leave a balance in the Financial Volatility reserve of £36.636m by the end of the medium term period. Proposed Earmarked Reserves are shown at MTFS Appendix VI.

Flexible Use of Capital Receipts

6.16 In September 2016 the Council approved the Efficiency Plan, and the flexible use of Capital Receipts, to fund transformation for the three year period from 2016/17 to 2018/19. This plan allowed the Council to sign up to the four year funding deal offered by Government for the period 2016/17 to 2019/20. In December 2017, the Government set out further measures to support councils to deliver services. One of these measures was an extension to the use of Capital Receipts to help meet the Revenue costs of transformation for a further 3 years to April 2022.

6.17 From next year, 2020/21, we no longer plan to use Capital Receipts to fund transformation projects. Instead, we plan to use our Earmarked Reserves for this purpose. This will allow us to revert to using Capital Receipts to repay borrowing or to finance new Capital expenditure.

Financial Performance

6.18 We have a strong financial foundation upon which to build future years' budgets. Indicators of this are:

- We have prepared for this eventuality by setting aside money in reserves to help smooth the transition to a lower budget base;
- We have a culture of financial management which generally results in expenditure being contained within budgets;
- Prompt action has been taken to reduce budgets in the early years of austerity;
- A prudent approach has been taken to budgeting and this often results in underspends at the end of the year. This in turn has allowed for Earmarked Reserves levels to be increased;
- The CIPFA Financial Resilience Index has just been made available, and early indications are that this Council has a reasonable level of financial resilience;

- The Leader of the Council is the Executive Portfolio Holder for finance and has a good understanding of financial issues. The Executive is involved in the budget process.

Governance, Risk and Opportunities

6.19 As set out in section 5 above, we have a strong culture of good financial management and this is supported by a governance framework as follows:

Constitution and Financial Regulations

All Council business is conducted in accordance with the policies and procedures set out in our Constitution, which defines how we operate, how decisions are made, and the procedures that must be followed.

Financial Procedures

In order to conduct our business efficiently, we need to ensure that we have sound financial management policies and procedures in place and this is done through our Financial Procedures. These set out the financial accountabilities of individuals and the procedures to be followed.

Council

The Council's financial affairs are operated through a number of Member committees which have delegated powers. Decisions that cannot be delegated are taken at meetings of full Council.

The Executive

Each year, the Council agrees a policy framework and budget, and it is the responsibility of the Executive to implement the framework and budget. The Executive has special responsibilities for financial matters.

Scrutiny Committee

The Overview and Scrutiny Management Board reviews and scrutinises any decision made by the Executive, Executive Councillor or key decision made by an officer.

The key aim of scrutiny is to:

- Provide healthy and constructive challenge
- Give voice to public concerns
- Support improvement in services
- Provide independent review

Audit Committee

The Council's Audit Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done. It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and make sure the right processes are in place. It works closely with both internal audit and senior

management to continually improve the Council's governance, risk and control environment.

Internal Audit

The Council maintains an adequate and effective system of internal audit of the accounting records and the systems of internal control in line with the requirements of the Accounts and Audit (Amendment) (England) Regulations 2011.

External Audit

An external audit service to the Council is currently provided by Mazars, who report on an annual basis to the Audit Committee on their findings in respect of the Statement of Accounts and on the Council's Value for Money arrangements.

Chief Finance Officer

The Council has designated the Executive Director – Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. He leads and directs the financial strategy of the Council. He is a member of the Leadership Team and has a key responsibility to ensure that the Council controls and manages its money well. He is able to operate effectively and perform his core duties, complying with the CIPFA Statement on the role of the Chief Finance Officer.

Monitoring Officer

The Chief Legal Officer is the designated Monitoring Officer, with responsibility for ensuring the lawfulness of decisions taken by us as detailed in the Constitution. The Monitoring Officer is responsible for ensuring the Council complies with its duty to promote and maintain high standards of conduct by Members and co-opted Members of the authority.

Risk Management Strategy

The Audit Committee has overall responsibility for ensuring that the Council's risk management framework is robust, and provides assurance that strategic and operational risks which the Council faces have been identified and managed. Our financial risk register is at MTFS Appendix VII.

- 6.20 Our strategy is to take account of risk when preparing the MTFP. We have a number of budgets which are volatile because the amount we spend in each year depends on either demand for services or on other factors which we do not control e.g. the weather. We forecast the amount required for such budgets based on the most likely scenarios and hold amounts in contingencies and earmarked reserves to support these budgets if expenditure is higher than expected.
- 6.21 Our MTFP is supported by assumptions about a number of factors affecting the budget, and we model scenarios based on differing levels of risk for each major assumption: high risk (the outcome which results in a higher risk to our financial position); medium risk (the most realistic outcome); low risk (the outcome which results in a lower risk to our financial position). This provides us with a range of possible financial positions for the future, which we can take account of when making major decisions. We update the MTFP as detailed information about our future costs, income and funding is confirmed.

6.22 We need to ensure that we can grow and develop as a Council, as well as maintain existing core services. To do this we need to be able to make the most of opportunities when they arise. The MTFS allows us to do this by establishing funding for investing in new ideas. Examples of this are:

- Budget holders can bid for investment in new opportunities (either revenue or capital) as part of the annual budget process. These will be considered in the context of the business case and affordability.
- Council Directorates can carry forward up to 1% of their budgets to the following year to the extent that they have delivered a budget underspend..
- We have a New Development Capital Fund of £7.5m each year. Budget Holders can bid for funding from this to spend on new capital schemes.
- There are a number of earmarked reserves which can be used to fund investment in new opportunities.

MTFS APPENDIX I

Funding / Expenditure Area	Assumption	2020/21 £000's	Impact of 1% Change £000's	Impact of 5% Change £000's
Funding				
Revenue Support Grant	2019/20 level plus 1.8% inflation pa	-20,501	-205	-1,025
Rural Services Delivery Grant	2019/20 level plus 1.8% inflation pa	-7,060	-71	-353
New Homes Bonus Grant	2019/20 level plus 1.8% inflation pa	-2,182	-22	-109
Independent Living Fund	Reduction of 2.5% pa	-1,554	-16	-78
Public Health Grant	2019/20 level plus 1.8% inflation 2020/21, then flat-lined	-32,341	-323	-1,617
Better Care Funding	2019/20 level plus £680,000 for 2020/21, then flat-lined	-47,023	-470	-2,351
Council Tax Collection Fund Surplus	2019/20 surplus with no growth	-2,670	-27	-133
Council Tax	Taxbase growth 1.5% pa * Band D increase 3.5% / 2% / 2%	311,709	N/A	N/A
BR Collection Fund Surplus	Deficit can be eliminated using volatility reserve	0	0	0
BR collected locally	2019/20 plus growth of 1.8% pa	-21,437	-214	-1,072
BR Top Up Grant	2019/20 plus growth of 1.8% pa	-91,456	-915	-4,573
BR S31 Grant	2019/20 plus growth of 1.8% pa	-6,427	-64	-321
BR Pooling Gain	£2.799m pa based on latest estimate	-2,799	-28	-140
Social Care Grant	2019/20 amount rolled forward for 3 years	-5,754	-58	-288
Social Care Grant (New)	New grant confirmed for 2020/21 only	-14,732	N/A	N/A
Expenditure			-2,412	-12,060
Pay Inflation	2% pa	3,287	33	164
LGPS Employers Contribution	1.1% increase pa	1,688	17	84
LGPS Lump Sum Deficit	18% increase per annum	1,172	12	59
Total			61	307

MTFS APPENDIX II

COST PRESSURES 2020/21			
Service Area	Anticipated Cost Pressures 2020/21 £000's	Anticipated Cost Pressures 2021/22 £000's	Anticipated Cost Pressures 2022/23 £000's
COST PRESSURES ADULT CARE & COMMUNITY WELLBEING	12,150	5,008	0
COST PRESSURES CHILDREN'S SERVICES	2,311	1,790	1,487
COST PRESSURES PLACE	254	42	42
COST PRESSURES FIRE AND RESCUE & PUBLIC PROTECTION	1,793	0	11
COST PRESSURES COMMERCIAL	2,873	945	218
COST PRESSURES RESOURCES	2,639	80	0
COST PRESSURES CORPORATE SERVICES	286	0	0
TOTAL COST PRESSURES SERVICES	22,306	7,865	1,758
TOTAL COST PRESSURES: OTHER BUDGETS	18,778	6,560	2,864
TOTAL COST PRESSURES SERVICES AND OTHER BUDGETS	41,084	14,425	4,622
INFLATIONARY COST PRESSURES	3,040	3,089	3,150
TOTAL COST PRESSURES INCLUDING INFLATION	44,123	17,513	7,772

MTFS APPENDIX III

SAVINGS 2020/21			
Service Area	Proposed savings 2020/21 £	Proposed savings 2021/22 £	Proposed savings 2022/23 £
SAVINGS ADULT CARE & COMMUNITY WELLBEING	-8,708	-3,901	-100
SAVINGS CHILDREN'S SERVICES	-1,232	-131	-22
SAVINGS PLACE	-2,020	-159	0
SAVINGS FIRE AND RESCUE & PUBLIC PROTECTION	-115	0	0
SAVINGS COMMERCIAL	-950	0	0
SAVINGS RESOURCES	-1,004	0	0
TOTAL SAVINGS SERVICES	-14,030	-4,191	-122
TOTAL SAVINGS OTHER BUDGETS	-812	-1,006	-506
TOTAL SAVINGS SERVICES AND OTHER BUDGETS 2020/21	-14,842	-5,198	-628

Capital Programme

Capital Programme (2019/20 plus Future Years)	Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
ADULT CARE AND COMMUNITY WELLBEING			
Adult Care and Community Wellbeing	6,149	2,800	0
SCHOOLS			
Schools	31,118	32,047	114,125
CHILDREN'S SERVICES			
Children's Services	857	425	1,979
PLACE			
Communities	3,955	5,222	9,685
Growth & Economy	21,013	4,600	1,500
Highways	142,487	90,720	126,203
FIRE AND RESCUE & PUBLIC PROTECTION			
Public Protection	98	0	0
Fire and Rescue & Emergency Planning	8,590	6,656	6,489
COMMERCIAL			
Property	9,755	5,970	30,227
ICT	10,990	10,000	13,951
OTHER BUDGETS			
Other Budgets	8,732	11,638	60,000
Total Budget	243,743	170,077	364,159

Funding of the Capital Programme

	2019/20 £'m	2020/21 £'m	Future Years £'m
Grants and Contributions	105.092	67.839	60.025
Borrowing	133.825	102.208	303.029
Use of Reserve	4.201	0.000	0.000
Revenue Funding	0.625	0.030	1.105
Total Funding	243.743	170.077	364.159

Key Financial Performance Measures: Financial Health & Performance

REF	PERFORMANCE INDICATOR	MEDIUM TERM TARGET	2019/20 Estimate	2020/21 Estimate
1	Council tax compared with other counties	In lowest quartile of all English county councils (out of 27 county councils)	Yes	Yes
2	Government grants	Lobby for annual increases in general government grants to be above the county average	Yes	Yes
3	Minimum Revenue Provision and Interest	MRP and Interest repayments not to exceed 10% of net income	5.68%	6.26%
4	Accounting	Unqualified external audit opinion	Yes	Yes
5	General Reserves	Maintained within the range of 2.5% to 3.5% of the annual budget requirement net of Dedicated Schools Grant	Within range 3.5%	Within range 3.5%
6	Internal control	None of the processes audited receive a "no assurance" opinion from internal audit	Yes	Yes
7	Expenditure - prompt payment	At least 90% of undisputed invoices paid within 30 days	90.00%	90.00%
8	Treasury management	Risk adjusted return comparison	Weighted Benchmark	Weighted Benchmark

Earmarked Reserves

	Directorate	Reserve	Actual Balance as at 31 March 2019 £'000	Transfer from "Earmarked Reserves - Approved by Council" £'000	Transfer from existing reserve to amalgamated reserve £'000	Total planned use from 2019/20 onwards £'000	Amount of Reserve to be Released to Development Fund £'000	Balance on reserve after planned future use and proposed changes £'000
1	Children's Services - Education	Balances from dedicated schools budget including those held by Schools under a scheme of delegation	12,540	20,638	0	-33,178	0	0
Other Earmarked Reserves								
2	Children's Services - Education	Schools Sickness Insurance Scheme	519	362	0	-881	0	0
3	Children's Services - Education	S77 Poplar Farm School Project	0	344	0	-344	0	0
Children's Services - Education Total Other Earmarked Reserves			473	0	-473			0
4	Children's Services	Youth Offending Service	512	0	0	0	312	200
5	Children's Services	Young People in Lincolnshire	252	0	0	-252	0	0
6	Children's Services	Families Working Together	599	0	0	-599	0	0
7	Children's Services	Music Service Reserve (carry forward)	148	0	0	-148	0	0
Children's Services - Total Other Earmarked Reserves								200
8	Place	Museum Exhibits	133	0	0	-133	0	0
9	Place	Development - Economic Development Reserve PROPOSED TO RE-NAME AS "GROWTH" RESERVE	215	0	665	-880	0	0
10	Place	Salix Carbon Management PROPOSED TO RE-NAME AS "CARBON MANAGEMENT RESERVE"	40	0	0	-40	0	0
11	Place	Heritage Services Earmarked Reserve PROPOSED TO RE-NAME AS "CULTURAL SERVICES"	262	0	94	-312	0	44
12	Place	Highways Permitting Reserve Income PROPOSED TO RE-NAME AS "TRAFFIC MANAGEMENT"	394	0	879	-950	0	323
Place - Total Other Earmarked Reserves								367
13	Fire and Rescue and Public Protection	Safer Communities Development Fund PROPOSED TO RE-NAME AS "COMMUNITY SAFETY"	556	0	310	-846	0	20
14	Fire and Rescue and Public Protection	Co-Responders Services	450	0	400	-519	31	300
Fire and Rescue and Public Protection - Total Other Earmarked Reserves								320
15	Commercial	Procurement	1,063	52	65	-966	162	52
16	Commercial	Support Service Contract Reserve PROPOSED TO RE-NAME AS "CSSC TRANSFORMATION INCLUDING BW RE-BUILD AND DEVELOPMENT"	2,296	0	1,100	-3,396	0	0
17	Commercial	Property Management	130	0	50	-155	25	0
Commercial - Total Other Earmarked Reserves								52
18	Resources	Legal	843	738	0	0	0	1,581
Resources - Total Other Earmarked Reserves								1,581
19	Corporate Services	Local Welfare Provision Reserve PROPOSED TO RE-NAME AS "COMMUNITY ENGAGEMENT RESERVE"	15	0	76	-91	0	0
Corporate Services - Total Other Earmarked Reserves								0
20	Other Budgets	1% carry forwards transfer to revenue	36,834	0	0	-33,360	0	3,474
21	Other Budgets	Insurances	5,237	500	0	-5,737	0	0
22	Other Budgets	Financial Volatility Reserve	45,595	10,174	0	0	0	55,769
23	Other Budgets	Business Rates Volatility Reserve	1,683	0	0	-1,683	0	0
24	FORMERLY Place NOW "OTHER BUDGETS"	Energy from Waste Lifecycles	4,987	0	0	-4,987	0	0
25	Other Budgets	Development Fund						10,180
Other Budgets - Total Other Earmarked Reserves (excluding Development Fund)								59,243
Total Other Earmarked Reserves			113,322	12,722	655	-56,870	8,066	61,763

	Directorate	Reserve	Actual Balance as at 31 March 2019 £'000	Transfer from "Earmarked Reserves - Approved by Council" £'000	Transfer from existing reserve to amalgamated reserve £'000	Total planned use from 2019/20 onwards £'000	Amount of Reserve to be Released to Development Fund £'000	Balance on reserve after planned future use and proposed changes £'000
Revenue Grants and Contributions Unapplied								
1	Children's Services - Education	Schools Grant & Contribution Reserve	6,075	0	0	-6,075	0	0
Children's Services Education - Total Revenue Grants and Contributions Unapplied								
0								
2	Adults and Community Wellbeing	Public Health Grant PROPOSED TO RE-NAME AS "PUBLIC HEALTH RESERVE"	3,746	0	1,152	0	0	4,897
3	Adults and Community Wellbeing	Adult Care Reserve	0	0	35,045	-13,079	0	21,966
Adults and Community Wellbeing - Total Revenue Grants and Contributions Unapplied								
26,864								
4	Children's Services	Children's Grant & Contribution	8,455	0	0	-8,066	389	0
5	Children's Services	LSCB Grants & Contributions	335	0	0	-335	0	0
Children's Services - Total Revenue Grants and Contributions Unapplied								
0								
6	Place	Section 38 Agreement G & C Reserve	2,068	0	0	0	0	2,068
7	Place	Growth Points Lincoln	73	0	0	-73	0	0
8	Place	Growth Points Grantham	1,001	0	0	-1,001	0	0
9	Place	Road Safety - Lincs Police	56	0	0	0	0	56
10	Place	Highways & Transport Grants & Contributions PROPOSED TO RE-NAME AS "TRANSPORT SERVICES"	447	-261	0	-186	0	0
11	Place	Environment, Planning & Cust Services PROPOSED TO RE-NAME AS "ENVIRONMENT PROJECTS"	262	0	-50	-212	0	0
12	Place	Traffic Commissioner Threshold	0	261	0	0	0	261
Place - Total Revenue Grants and Contributions Unapplied								
2,385								
13	Fire and Rescue and Public Protection	Safer Communities Revenue Grant & Contribution	172	0	0	-172	0	0
14	Fire and Rescue and Public Protection	Fire and Rescue Grant PROPOSED TO RE-NAME AS "FIRE AND RESCUE"	51	0	399	-430	0	20
15	Fire and Rescue and Public Protection	Trading Standards EM G&C Earmarked Reserve	448	0	0	-448	0	0
Fire and Rescue and Public Protection - Total Revenue Grants and Contributions Unapplied								
20								
			65	0	-65	0	0	0
16	Corporate Services	Community Resilience Grant and Contribution Earmarked Reserve	215	0	0	-215	0	0
Corporate Services - Total Revenue Grants and Contributions Unapplied								
0								
17	Other Budgets	EU Exit Fund	88	0	0	0	0	88
Other Budgets - Total Revenue Grants and Contributions Unapplied								
88								
Total Revenue Grants and Contributions Unapplied			63,371	0	-655	-31,245	2,114	29,357
Total Earmarked Reserves (excluding Schools)			176,693	12,722	0	-88,115	10,180	91,120

Financial Risk Register 2020/21

Risk	Consequences	Controls & Contingencies	Residual Risk			Estimated value of reserve needed £m	
			Impact - Annual Cost £m	Likelihood			
Inflation							
Pay	Pay awards are 1.0% higher than assumed in the budget.	leading to increased costs	There is a 2.0% provision in 2020/21 budgets for pay awards. The Council has also made a budget provision for the National Pay Spine negotiations.	3.3	2	35%	1.155
Price Increases	Inflation for general price increases is 1.0% more than allowed in budget.	leading to increased costs	There is a 0.0% provision in 2020/21 budgets for price increases.	4.4	3	75%	3.300
Income	Increase is 1.0% less than provided for in budget.	leading to reduced income	There is some provision in 2020/21 for certain income increases e.g. Adult Social Care. In other areas there is no provision for increases.	1.8	3	75%	1.350
Interest rates	Longer term interest rates are 1.0% higher than assumed in the budget.	leading to increased costs on long term borrowing	The budget assumes longer term rates of 2.525% for 2020/21.	1.2	2	35%	0.420
Other Budget Assumptions							
Demand-led Services	Demand for social care, waste disposal, home to school transport, property repairs and maintenance, highways winter maintenance, fire and rescue, coroners: increase in total cost terms by (say) £15m more than budget.	leading to increased costs	Budget prepared on latest projections, but, for example, a bad winter could lead to significant additional winter road maintenance or social care.	15.0	3	75%	11.250
Fair Funding Review and Business Rates Retention Reforms are less advantageous than anticipated from April 21	The Fair Funding Review and Business Rates Retention reforms were due to be implemented from April 20 and have been pushed back to April 21 amid great political uncertainty. Assumptions about increased funding may not be realistic. One-off social care funding of £5.7m has been repeated for 20/21 but may then cease.	leading to less government funding	Assumptions about increases have been fairly cautious.	8.3	3	75%	6.229
Estimated savings	Target savings not achieved fully in 2020/21.	leading to increased costs	Achieving fully the high level of savings required within the year will be very challenging. The Council's 2020/21 budget includes an estimated savings target of £16.3m. Monthly budget monitoring arrangements should highlight any potential budget pressures to allow corrective actions to be taken. Savings are generally low impact.	16.3	2	35%	5.720
Income budgets	Income from charges is 10% less than estimated.	leading to reduced income	Budgets are set on past experience and future expectations.	16.2	2	35%	5.670
Costs of change	A provision has been made within the Council's budget for redundancy costs. The Council will no longer use Capital Receipts flexibly to fund transformation in 2020/21. Some transformation costs are included within service budgets, and earmarked reserves can be used to fund transformation. However the full cost of transformation is not yet known. Provision for service transformation is insufficient by (say) £2m.	leading to increased costs	The current budget savings required for the 2020/21 budget are unlikely to lead to significant redundancies; however service transformation is expected to happen in some areas. If costs are in excess of the current budget the additional costs could be funded from the Council's Contingency Budget, Financial Volatility Reserve or from other earmarked reserves.	2.0	3	75%	1.500
Capital Programme	The programme exceeds by (say) £10m the funding available, leading to use of additional revenue funding.	leading to increased costs	It is normal for the Capital Programme to be underspent, not overspent. An overspend would be funded by taking additional borrowing.	10.0	1	10%	1.000

Risk	Consequences	Controls & Contingencies	Residual Risk			Estimated value of reserve needed £m	
			Impact - Annual Cost £m	Likelihood			
Financial Management Arrangements							
Current financial management arrangements	Overspend of 2% in Budget Requirement.	leading to increased costs	There are clear, written financial management procedures; regular staff training; good financial systems including monitoring information; and regular reporting to budget-holders, directorate management teams and the Executive. There have not been substantial overspendings in recent years other than on demand led services; however, as budgets are tightened, overspending may be more	9.7	3	75%	7.268
Schools Expenditure	Overspend of 1% in Schools budget expenditure.	leading to increased costs	Schools expenditure covered by Dedicated Schools Grant. The County Council could be required to provide financial support if there were a major problem.	4.3	1	10%	0.430
Potential Losses							
General Claims against the Council	Claims total £5m more than provided for in budget.	leading to increased costs	Extent of loss is limited by insurance arrangements. There is also an Insurance Reserve; the balance of this stood at £5.237m at 31 March 2019.	5.0	3	75%	3.750
Bad Debts	Write-off of debts of 1%.	leading to reduced income	The Council has a good record of income collection with a low level of debt write-offs.	1.3	1	10%	0.130
Treasury management	Default on loans from the Council.	Reduction in the Council's cash balances	Authorised lending for Treasury Investments list restricted to lowest risk institutions with individual limits. The Council's lending policy is low risk.	25.0	1	10%	2.500
Loans to Other Bodies for Service Purposes	Default on loans from the Council.	Reduction in the Council's cash balances	The Council has made loans to other bodies for service purposes and these carry a higher risk of default than Treasury loans, particularly given IFRS9 implications.	2.4	2	35%	0.840
Major emergencies or disasters	Such an event with a cost of (say) £5m	leading to increased costs	The government provides financial support under the Bellwin scheme for major emergencies or disasters. However, there is no automatic entitlement to financial assistance and where it is given it will not normally cover all the costs incurred.	5.0	1	10%	0.500
						53.011	
Provisions Against Financial Risk							
Contingency Provision	The contingency provision may offset some of the increased costs noted above e.g. price increases above that allowed in budgets.		Budgets include a contingency provision of £3.0m p.a.	-3.0	4	100%	-3.000
Financial Volatility Reserve	At the end of 2011/12 the Council established a financial volatility reserve to help the Council deal with the future uncertainties around local government funding.		At the end of 2019/20 it is estimated that the balance in the FVR will stand at £55m. It is currently estimated that we will need around £7m from the reserve to balance future years' budgets, which means that there will be approximately £48m left to fund these risks. In addition, there may be an underspend in the current year which could be applied to the FVR at the year end.	-48.0	3	75%	-36.000
						-39.000	
Net Total Value of Risks						14.011	
Key To Likelihood Scores:							
1	Very unlikely	10% of impact					
2	Possible but unlikely	35%					
3	Possible for example in view of current higher levels of risk	75%					
4	Very probable or certain	100%					

End of Medium Term Financial Strategy

End of Appendix A

IN DEPTH REVIEWS	
IN DEPTH (DEEP DIVE) REVIEWS	Service Area
Place	Transport
Place	Waste
Place	Heritage & Cultural
Place	Traffic Service and Streetworks/ Permitting team
Children's	Children's Centres
Children's	Home to School transport
Adults	Adult Frailty
Adults	Adult Care Specialities
Adults	Public Health
Fire Rescue & Public Protection	Public Protection
Fire Rescue & Public Protection	Fire Control
Commercial	IMT
Commercial	Corporate Cross Council Review
Resources	Review of Business Support
Resources	Democratic Services

APPENDIX C

COST PRESSURES 2020/21	
Service Area	Anticipated Cost Pressures 2020/21 £000's
COST PRESSURES ADULT CARE & COMMUNITY WELLBEING	12,150
COST PRESSURES CHILDREN'S SERVICES	2,311
COST PRESSURES PLACE	254
COST PRESSURES FIRE AND RESCUE & PUBLIC PROTECTION	1,793
COST PRESSURES COMMERCIAL	2,873
COST PRESSURES RESOURCES	2,639
COST PRESSURES CORPORATE SERVICES	286
TOTAL COST PRESSURES SERVICES	22,306
TOTAL COST PRESSURES: OTHER BUDGETS	18,778
TOTAL COST PRESSURES SERVICES AND OTHER BUDGETS	41,084
INFLATIONARY COST PRESSURES	3,040
TOTAL COST PRESSURES INCLUDING INFLATION	44,123

APPENDIX D

SAVINGS 2020/21	
Service Area	Proposed savings 2020/21 £
SAVINGS ADULT CARE & COMMUNITY WELLBEING	-8,708
SAVINGS CHILDREN'S SERVICES	-1,232
SAVINGS PLACE	-2,020
SAVINGS FIRE AND RESCUE & PUBLIC PROTECTION	-115
SAVINGS COMMERCIAL	-950
SAVINGS RESOURCES	-1,004
TOTAL SAVINGS SERVICES	-14,030
TOTAL SAVINGS OTHER BUDGETS	-812
TOTAL SAVINGS SERVICES AND OTHER BUDGETS 2020/21	-14,842

Budget Movement 2019/20 – 2020/21

Adult Care and Community Wellbeing

Adult Frailty & Long Term Conditions				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	120,804,125		
	BUDGET CHANGES:	- 833,987		
2.0	<u>Inflation</u>	328,174	Ref 2.0	An allocation for Inflation
3.0	<u>Cost Pressures</u>			
3.1	Demographic Growth & Inflation	3,160,993	Ref 3.1	Demographic Growth pressures and inflation in rates for Residential/Nursing and Homecare.
3.2	Service Development	2,500,000	Ref 3.2	Broadening the Service of Homecare within the re-procurement of the Homecare service in 20/21.
4.0	<u>Savings</u>			
4.1	Budget 2020 Savings Programme	- 209,715	Ref 4.1	Reduction in Director's Consolidated Running Costs.
4.2	Growth in Service User Contributions	- 1,594,578	Ref 4.2	Proportionate increase in Service User Contributions from increase in benefits.
4.3	Home Based Service	- 319,929	Ref 4.3	Reablement Service efficiencies.
4.4	Increase in Income	- 575,000	Ref 4.4	Increase in Direct Payment Refund Income.
4.5	Increase in Income	- 1,000,000	Ref 4.5	Increase in Debtor Income.
4.6	Peak Demand Efficiencies	- 800,000	Ref 4.6	Improvement in Peak Demand efficiencies.
4.7	Assessment & Care Management Frailty	- 579,000	Ref 4.7	Savings from gaps in posts being filled from staff turnover.
4.8	Transport	- 100,000	Ref 4.8	Reduction in service demand.
4.9	Residential/Nursing Placements	- 500,000	Ref 4.9	Reduction in service demand as more requirement for Community Based Services.
4.10	Other Expenditure Budget - Frailty	- 90,000	Ref 4.10	Reduction in service demand.
4.11	Adult Care Charging	500,000	Ref 4.11	Impact of legislative changes.
5.0	2020/21 BUDGET	120,691,083		

Adult Specialities				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	75,865,468		
	BUDGET CHANGES:	425,267		
2.0	<u>Inflation</u>	137,814	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Demography and National Living Wage	1,613,822	Ref 3.1	Demographic Pressures & increase in National Living Wage Residential and Nursing Care (LD).
3.2	Demography and National Living Wage	3,025,554	Ref 3.2	Demographic Pressures & increase in National Living Wage Community Based Services (LD).
3.3	Demography	1,400,000	Ref 3.3	Demographic Pressures Residential Care & Community Based Services (MH).
4.0	<u>Savings</u>			
4.1	Increased Income	- 250,000	Ref 4.1	Increase in Direct Payment Audit Income.
4.2	CHC Income	- 1,800,000	Ref 4.2	Additional CHC Funding from CCGs.
5.0	2020/21 BUDGET	80,417,925		

Public Health & Community Wellbeing				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	29,668,508		
	BUDGET CHANGES:			
2.0	<u>Inflation</u>	59,549	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Mosaic Costs	449,385	Ref 3.1	Transfer of costs from Serco to LCC in respect of Mosaic costs.
4.0	<u>Savings</u>			
4.1	Contract re-procurement and reduction in service requirements	- 1,390,000	Ref 4.1	Agreed reduction in budget based on current service requirements, and savings based on contract re-procurement.
5.0	2020/21 BUDGET	28,787,442		

Children's Services

Commissioning and Health Services

Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	42,286,869		
	BUDGET CHANGES:	86,250		
2.0	<u>Inflation</u>	207,642	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Home to School/College Transport	1,243,136	Ref 3.1	Additional school transport contract costs associated with National Living Wage rises, inflationary costs and an increase in the expected numbers of eligible pupils.
4.0	<u>Savings</u>			
4.1	Commissioning	- 52,482	Ref 4.1	A reduction in the cost of software and a reduction in funding to support market engagement as part of service reviews.
4.2	0-19 Health Services	- 182,000	Ref 4.2	A more effective clinic utilisation leading to a reduction in home visiting.
5.0	2020/21 BUDGET	43,589,415		

Early Help Services

Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	18,111,546		
	BUDGET CHANGES:	122,229		
2.0	<u>Inflation</u>	290,953	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
4.1	Early Years Service	- 4,050	Ref 4.1	A reduction in childcare so that it is solely focused on supporting short term access as part of a holistic family support plan.
4.2	Early Help Services	- 36,445	Ref 4.2	Budget reductions to meet current service requirements.
4.3	Targeted Support for Young People	- 38,303	Ref 4.3	Efficiencies as a result of the joint delivery of provision.
4.4	Youth Offending	- 59,971	Ref 4.4	Removal of Performance Officer post due to sufficient capacity in the Performance Team and budget reductions to meet current service requirements.
4.5	Virtual School	- 2,858	Ref 4.5	Budget reductions to meet current service requirements.
5.0	2020/21 BUDGET	18,383,101		

Education & SEND Services				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	12,627,221		
	BUDGET CHANGES:	- 630,874		
2.0	<u>Inflation</u>	179,265	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	SEND Services	529,350	Ref 3.1	Staffing restructure relating to SEND assessments.
4.0	<u>Savings</u>			
4.1	SEND Services	- 6,312	Ref 4.1	Additional income generation and budget reductions for training materials and legal costs.
4.2	Education Services	- 16,975	Ref 4.2	Additional income generation, a reduction in the cost of software and budget reductions to meet service requirements.
4.3	School Improvement	- 6,924	Ref 4.3	Budget reductions to meet service requirements.
4.4	Management and Admin	- 239,149	Ref 4.4	Budget reductions to meet service requirements.
5.0	2020/21 BUDGET	12,435,602		

Children Safeguarding				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	39,726,838		
	BUDGET CHANGES:	617,051		
2.0	<u>Inflation</u>	420,720	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Looked After Children	273,450	Ref 3.1	Estimated growth in looked after children numbers of 5%, plus cost increases resulting from living wage implications and general cost increases. This is based on 92% of looked after children being accommodated by the cost effective in-house foster carers.
3.2	Special Guardianship Orders	265,451	Ref 3.2	Estimated growth in Special Guardianship orders which are increasingly being seen by the Courts as an important option for permanency for children who need to be removed from their birth parents.
4.0	<u>Savings</u>			
4.1	Early Help Services	- 42,490	Ref 4.1	Budget reductions to meet service requirements.
4.2	Family Assessment and Support Teams	- 102,700	Ref 4.2	Utilisation of grant income and budget reductions to meet service requirements.
4.3	Adoption and Fostering Services	- 3,480	Ref 4.3	Budget reductions to meet service requirements.
4.4	Leaving Care Services	- 438,320	Ref 4.4	Savings on supported accommodation by increasing in-house provision.
5.0	2020/21 BUDGET	40,716,520		

Place

Communities				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	47,399,662		
	BUDGET CHANGES:			
2.0	<u>Inflation</u>	181,987	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Cultural Services	284,000	Ref 3.1	Inflationary costs for the libraries contract.
4.0	<u>Savings</u>			
4.1	Transport Services	- 425,000	Ref 4.1	Contract payments reviewed to provide more emphasis on reducing actual passenger numbers as eligibility age for a concessionary pass rises.
4.2	Cultural Services	- 201,050	Ref 4.2	Budget revision to library vehicles, staffing and associated expenses.
4.3	Environmental Services	- 66,151	Ref 4.3	Budget revisions to meet current service requirements.
4.4	Waste Services	- 590,900	Ref 4.4	Reduction in repairs, maintenance and transport costs, together with contract savings and reduced tonnages of compost and other materials at Household Waste Recycling Centres (HWRC).
5.0	2020/21 BUDGET	46,582,548		

Lincolnshire Local Enterprise Partnership				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	420,301		
	BUDGET CHANGES:	- 14,577		
2.0	<u>Inflation</u>	6,801	Ref 2.0	An allocation for Inflation
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	412,525		

Growth				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	3,202,228		
	BUDGET CHANGES:	226,785		
2.0	<u>Inflation</u>	64,594	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	3,493,607		

Highways				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	23,461,441		
	BUDGET CHANGES:	- 269,855		
2.0	<u>Inflation</u>	124,391	Ref 2.0	An allocation for Inflation
3.0	<u>Cost Pressures</u>			
3.1	Highways Asset Management	- 30,000	Ref 3.1	Reduction for 'Confirm' system licences.
4.0	<u>Savings</u>			
4.1	Design Services	- 38,780	Ref 4.1	Efficiency saving on system maintenance costs
4.2	Highways Services	- 663,541	Ref 4.2	Efficiency savings on winter maintenance operations (£178,000), with the remainder due to increased charges for a range of highway services including road closures, fixed penalty notices and searches.
4.3	Highways Asset Management	- 34,705	Ref 4.3	Increase in charges for skip and scaffold permits (£24,705) and a reduction in the scanner and scrim surveying contracts (£10,000).
5.0	2020/21 BUDGET	22,548,951		

Fire and Rescue & Public Protection

Fire and Rescue & Emergency Planning				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	19,872,372		
	BUDGET CHANGES:			
2.0	<u>Inflation</u>	343,481	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Fire and Rescue	1,793,429	Ref 3.1	Increase in employer pension contributions for Firefighter scheme, in line with government actuary requirements.
4.0	<u>Savings</u>			
4.1	Fire and Rescue	- 115,000	Ref 4.1	A reduction in costs associated with unwanted fire signals (false alarms policy) (£55k), and a reduction in budget to cover firefighter absence to maintain operational resilience (£60k).
5.0	2020/21 BUDGET	21,894,282		

Public Protection				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	3,402,525		
	BUDGET CHANGES:	- 11,874		
2.0	<u>Inflation</u>	67,986	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	3,458,637		

Resources

Resources				
Ref No	Main Area of Expenditure		2020/21 Estimate £	Notes
1.0	2019/20 BUDGET		20,333,687	
	BUDGET CHANGES:		195,694	
2.0	<u>Inflation</u>		453,214	Ref 2.0 An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Corporate Support Service Cost pressures		2,339,106	Ref 3.1 The additional cost for financial services (£1,659,405), Human Resources (£358,741), and Business Support (£320,960).
3.2	May 2021 Council Elections		300,000	Ref 3.2 The allocation of an annual budget to cover the cost of future county council elections.
4.0	<u>Savings</u>			
4.1	Human Resources	-	440,000	Ref 4.1 Restructure of Human Resources following the return of staff to LCC.
4.2	Legal Services	-	450,000	Ref 4.2 Realignment of Legal Lincolnshire surplus target in line with recent performance.
4.3	Financial Strategy	-	43,000	Ref 4.3 Increased income from services to schools.
4.4	Audit & Risk	-	22,180	Ref 4.4 Increased income from audit services.
4.5	Information Assurance	-	17,207	Ref 4.5 Increased income from services to schools.
4.6	Democratic Services	-	15,396	Ref 4.6 The permanent removal of a vacant position.
4.7	Business Support	-	16,380	Ref 4.7 The implementation of a paper reduction strategy.
5.0	2020/21 BUDGET		22,617,538	

Commercial

Commercial				
Ref No	Main Area of Expenditure		2020/21 Estimate £	Notes
1.0	2019/20 BUDGET		31,989,148	
	BUDGET CHANGES:		- 1,603	
2.0	<u>Inflation</u>		147,348	Ref 2.0 An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Corporate Services Support Contract		2,244,267	Ref 3.1 The additional cost of the Customer Services Centre.
3.2	Property Cost increases		628,295	Ref 3.2 Increase in utility and business rate costs on centrally managed accommodation and the impact on National Living Wage costs on the corporate property contract.
4.0	<u>Savings</u>			
4.1	Property Services	-	278,652	Ref 4.1 Reductions in building and programme costs and alignment of county farms income in line with current year performance.
4.2	Information Management	-	567,198	Ref 4.2 Budget revision to meet current service requirements.
4.3	Commercial Management	-	104,272	Ref 4.3 Budget revision to meet current service requirements.
5.0	2020/21 BUDGET		34,057,333	

Corporate Services

Corporate Services				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	2,186,429		
	BUDGET CHANGES:	- 153,792		
2.0	<u>Inflation</u>	25,848	Ref 2.0	An allocation for Inflation.
3.0	<u>Cost Pressures</u>			
3.1	Corporate Services	285,701	Ref 3.1	The funding of two new assistant directors (Transformation and Corporate Services), and a new head of service (Policy).
4.0	<u>Savings</u>			
5.0	2020/21 BUDGET	2,344,186		

Other Budgets

Other Budgets				
Ref No	Main Area of Expenditure	2020/21 Estimate £		Notes
1.0	2019/20 BUDGET	50,871,857		
	BUDGET CHANGES:	115,237		
2.0	<u>Inflation</u>		Ref 2.0	An allocation for Inflation
3.0	<u>Cost Pressures</u>			
	Capital Financing Charges	6,032,192	Ref 3.1	Increase in the cost to finance the capital programme.
	Capital Receipt	8,000,000	Ref 3.2	Removal of the flexible use of capital receipts.
	Insurance	1,303,000	Ref 3.3	Increase in insurance premium costs.
	Pension Deficit Contribution	2,859,600	Ref 3.4	Increase in employer's contribution towards pension deficit.
	Pay Negotiations	600,000	Ref 3.5	An allocation for cost relating to pay negotiations and national pay spine changes.
	Surplus Properties	64,000	Ref 3.6	Cost in maintaining surplus properties
	Lewy Payments	18,900	Ref 3.7	Increase in lewy payments
4.0	<u>Savings</u>			
	Commercial Discount	- 705,800	Ref 4.1	Reduction in contract payments.
	Dividend Income	- 206,000	Ref 4.2	Increase in dividend relating to investment.
5.0	2020/21 BUDGET	68,952,986		

Capital Programme 2019/20, 2020/21 and Future Years

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
ADULT CARE AND COMMUNITY				
Better Care Fund - Disabled Facility Grants	Integration and Better Card Fund Disabled Facilities Card Grant Programme 2018-19.	6,149	0	0
Extra Care Housing	Contribution towards De Wint Extra Care Housing Scheme.	0	2,800	0
Subtotals: Adult Care and Community Wellbeing		6,149	2,800	0
SCHOOLS				
Devolved Capital	Capital funding devolved to schools for improvements to buildings and school sites or investment in ICT hardware.	1,136	1,100	0
Provision of School Places (Basic Need)	A programme of expansion and new build construction of school buildings.	23,216	12,351	0
Provision of School Places (Basic Need) - New	A programme of expansion and new build construction of school buildings.	0	0	77,300
Provision of School Places (Basic Need) - New Section 106 expectation	Developer Contribution to fund a programme of expansion and new build construction of school buildings.	0	0	-4,200
Schools Modernisation / Condition Capital	Programme to improve the condition of the school estate.	4,982	4,150	0
SEND Provision Capital Funding for Pupils with EHC Plans	A programme of major investment in SEND provision.	1,856	14,446	41,025
Other Education & SEND Services	Capital funding for CWD short breaks and other education services	-65	0	0
Academy Projects		-8	0	0
Subtotals: Schools		31,118	32,047	114,125
CHILDREN'S SERVICES				
Phase 1 & 2 Children's IT	Investment in upgrading the ICT hardware for Children's Services staff.	164	0	0
Children's Services - Children's Homes	Two new small children's homes for children who are looked after.	0	375	1,125
Early Help Services	A programme to improve the Youth Centre buildings and to provide early years sufficiency	43	0	482
Safeguarding Services	Capital funding for in-house provision and other safeguarding services including foster carers and supported accommodation	549	50	372
Commissioning & Health Services	Capital funding for the 0-19 Health Services	100	0	0
Subtotals Children's Services		857	425	1,979
PLACE COMMUNITIES				
Waste				
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	393	72	885
Waste - Fire Suppression Systems at Transfer Stations	Installation of fire suppression systems.	824	0	0
Waste - replacement of HWRC x 2	Replacement programme for 2 Household Waste Recycling Centres.	0	2,000	2,000
Waste Total		1,217	2,072	2,885

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Environment				
Flood Defence	Major project to alleviate flood risk.	1,100	0	0
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	477	0	0
Local Flood Defence Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	650	650	4,300
Other Environment and Planning (prev Other Protecting & Sustaining the Environment)	Block of small projects.	181	0	0
Environment Total		2,408	650	4,300
Culture				
Historic Lincoln	Improvement programme for Lincoln Castle.	72	0	0
Libraries	RFID replacement kiosks and library hub capital works.	259	0	0
Heritage / Archives	Future development of the Heritage service.	0	2,500	2,500
Culture Total		330	2,500	2,500
Subtotals - Communities		3,955	5,222	9,685
GROWTH & THE ECONOMY				
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	18,265	3,600	0
Head of Economic Infrastructure	Investment in Business Parks and Lincs. Coastal Observatory.	41	0	0
Economic Development - Business Unit Development	Development of business units.	1,000	500	500
Economic Development - Horncastle Industrial Estate Extension	Extension of Horncastle Industrial Estate Extension.	0	500	1,000
Holbeach Food Enterprise Zone	Contribution towards Holbeach Food Enterprise Zone.	339	0	0
LEP Skills Investment Programme	This project is aimed at increasing new apprenticeships and training places by refurbishing existing and creating new learning spaces.	1,367	0	0
Subtotals - Growth & Economy		21,013	4,600	1,500
HIGHWAYS				
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	35,638	24,955	0
Lincoln Eastern Bypass	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	42,863	20,707	0
Lincoln East-West Link	Completion of the new East-West link in Lincoln.	-2	0	0
Spalding Relief Road section 5	Completion of Spalding Relief Road Section 5.	11,994	11,000	3,291
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	29,986	21,417	24,817

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Corringham Road (development with WLDC)	Major scheme development of Corringham Road, in partnership with West Lindsey District Council.	716	1,000	0
Sleaford Rugby Club (Sleaford Growth Scheme)	Improvement to ease congestion and improve the traffic flow at the Sleaford Rugby Club junction.	1,315	0	0
A1084 Safer Road Fund	Improvement on A1084 under Safer Roads Funds.	1,245	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge, under Safer Roads Funds.	645	0	0
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen, under Safer Roads Funds.	0	2,725	0
A16/A1073 Spalding to Eye Road Improvement	Completion of A16/A1073 Spalding to Eye Road Improvement.	14	0	0
Holdingham Roundabout	Improvement on Sleaford Holdingham Roundabout.	1,988	2,115	0
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	4,939	0	0
Other Highways and Transportation	Block of smaller Highways projects.	1,161	0	0
Network Resilience	Replacement programme of gritter vehicles.	587	120	4,833
A46 Roundabouts	Improvements to Riseholme and Nettleham roundabouts by extending/adding extra lanes to increase capacity and reduce congestion.	4,525	0	0
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	4,137	3,312	0
Transforming Street Lighting	Programme of street lighting improvement.	458	0	0
Energy Efficiency Street Lighting Schemes	Replacement of SOX lanterns with more efficient LED bulbs to enable longer-term savings on energy.	248	209	683
Head of Highway Services - Minor Works	Block of miscellaneous small projects including drainage.	32	159	0
Boston Development Schemes (Infrastructure & Economic)	A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.	0	0	5,500
North Hykeham relief road (Scheme total £148m, DfT bid £100m)	A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway.	0	0	48,000

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Spalding Western Relief Road - section 1	Completion of Spalding Western Relief Road - Section 1.	0	0	27,800
Spalding Western Relief Road - section 1 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 1	0	0	-5,520
Spalding Western Relief Road - section 5 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 5	0	0	-4,200
Local Highways Improvements (Pinchpoints) to support Coastal Route (between £2m-£5m p.a)	This project will improve the transport corridor to the Lincolnshire Coast by improving pinchpoints along the route (A57, A46, and A158).	0	3,000	21,000
Subtotals - Highways		142,487	90,720	126,203
Subtotals Place		167,456	100,542	137,388
FIRE AND RESCUE & PUBLIC PROTECTION				
Registration Celebratory & Coroners Service	Coroners IT system for case management, and improvement to Gainsborough celebratory premises.	98	0	0
Subtotals - Public Protection		98	0	0
FIRE AND RESCUE & EMERGENCY PLANNING				
Fire and Rescue & Emergency Planning	Refurbishment of fire and rescue properties.	2,335	0	0
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	6,254	6,656	6,489
Subtotals - Fire and Rescue & Emergency Planning		8,590	6,656	6,489
Subtotals Fire and Rescue & Public Protection		8,688	6,656	6,489
COMMERCIAL PROPERTY				
Property	Maintenance and improvement programme for council properties, asbestos works and improvements to the County Farm estates.	5,105	4,700	0
Property Improvement Programme	Improvement to council properties including County Farms and upgrade of school mobiles.	605	570	2,227
Property Area Reviews	Programme of works for leased properties.	550	0	0
Lexicon House	Refurbishment of Lexicon House for office accommodation.	300	700	0
Bluelight - wider estates (other funding will support this)	Programme of works to support dual and tri service occupation throughout Lincolnshire.	2,695	0	0
County Emergency Centre	Modernisation of the County Emergency Centre.	500	0	0

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £'000	Revised Gross Programme 2020/21 £'000	Gross Programme Future Years £'000
Property maintenance		0	0	28,000
Subtotals - Property		9,755	5,970	30,227
ICT				
Broadband	Provision of superfast broadband across the county.	3,500	2,500	1,951
Replacement ERP Finance System	Improvements to the ERP Finance system.	502	0	0
Care Management System (CMPP)	Installation of the Mosaic system.	11	0	0
Windows 10 Refresh 2018	Upgrade of hardware to Windows 10 system.	2,321	0	0
Infrastructure and Refresh Programme	General IT programmes including: IT development, replacement of PCs, other IT equipment and ICT infrastructure.	1,261	0	0
Cloud Navigator & ICT Innovation	Development of Cloud Navigator to enable digital transformation of services to citizens.	2,500	7,500	12,000
ICT Development Fund	Improvements to ICT infrastructure and network.	895	0	0
Subtotals - ICT		10,990	10,000	13,951
Subtotals Commercial		20,745	15,970	44,178
OTHER BUDGETS				
New Developments Capital Contingency Fund	A council wide budget has been created to fund any schemes that are currently in the development stage. This funding will be awarded to these schemes on the approval of their Business Cases throughout 2019/20.	8,732	11,638	60,000
Subtotals Other Budgets		8,732	11,638	60,000
Total Budget		243,743	170,077	364,159
Funding:				
Revenue Funding		625	30	1,106
Use of Reserves		4,201	0	0
Government Grants & Contributions		105,092	67,839	60,025
Borrowing		133,825	102,208	303,028
TOTAL FUNDING		243,743	170,077	364,159

APPENDIX G

FINANCIAL STRATEGY		DEVELOPMENT BIDS		
SERVICE AREA	Proposed DEVELOPMENT BIDS	Summary of Proposals	Total One-off Investment (Revenue) required £000's	Total One-off Investment (Capital) required £000's
CHILDREN'S SERVICES DEVELOPMENT BIDS				
Children's Services - Strategic Commissioning	Education Transport Links to School (Route Sustainability)	Improvements to footways and public rights of way to enable four routes to schools which are currently identified as unavailable routes for use by children to access school, resulting in transport being provided. The projects would also have wider benefits than simply reducing transport costs in terms of enhancing access to amenities for local communities and businesses, meeting public health priorities, and promoting sustainable modes of transport. Proposed implementation period: 18 months.	0	440
SUBTOTAL CHILDREN'S SERVICES DEVELOPMENT BIDS			0	440
PLACE DEVELOPMENT BIDS				
Place - Environment	Green Masterplan	Specialist advice and implementation of initial projects to develop Green Masterplan for Lincolnshire, and to facilitate engagement with Lincolnshire partners and public consultation to drive forward wider programmes and projects to work together to achieve target of net zero carbon by 2050.	350	0
Place - Communities	Anaerobic Digestion Facilities - Business Case Viability	Development of full business case to investigate potential for construction of specialised Anaerobic Digestion facilities to enable significant improvements to food waste disposal and potential generation of income from production of biomethane fuel and renewable heat initiative (RHI) in Lincolnshire.	150	0
Place - Highways & Communities	Highways Advance Design/ Economic Development Pipeline Projects	To bring forward completion of Traffic Models and Transport Strategies for 8 key Lincolnshire locations and to provide funding to enable feasibility studies to be brought forward on a number of strategic, place-based and thematic Growth priorities across the County; accelerating them to a position to enable timely bids against future government funding rounds and increase ability to identify and respond quickly to other funding opportunities arising.	2,713	0
Place - Highways	Traffic Signals - Wireless Communications	Programme of preparatory work and installation of wireless communications at traffic signals, reducing reliance on fixed broadband and achieving long term savings on monthly rental costs.	5	80
Place - Highways	Community Maintenance Gangs	Provision of maintenance gangs in each Local Highways Area to carry out non-safety works such as street scene maintenance and signage; enhancing the experience of local communities and visitors to/ investors in Lincolnshire, and releasing capacity to complete improvements to footways and drainage facilities more swiftly.	0	3,981
Place - Highways	Drainage Investigation and Flood Repairs	Investment to significantly increase capacity to carry out drainage investigation and repair works; reducing deterioration and improving prevention of localised flooding issues. Anticipated additional benefits of reducing insurance claims and complaints.	200	2,000
SUBTOTAL PLACE DEVELOPMENT BIDS			3,418	6,061

FINANCIAL STRATEGY			DEVELOPMENT BIDS	
SERVICE AREA	Proposed DEVELOPMENT BIDS	Summary of Proposals	Total One-off Investment (Revenue) required £000's	Total One-off Investment (Capital) required £000's
FIRE AND RESCUE & PUBLIC PROTECTION DEVELOPMENT BIDS				
Fire Rescue & Public Protection - Fire and Rescue	Research Study - LFR prevention work	To commission independent research study through Lincoln University to measure impact of LFR's Home Fire Safety Checks and Safe and Well visits, and to evidence whether current prevention activities are effective in reducing fires and fire related incidents.	10	0
Fire Rescue & Public Protection - Fire and Rescue	Flood Management Pumps	Investment in additional Betsy Pumps (x 2) and 4 x4 vehicles (x 2) to be based at strategic locations near East Coast of County to enhance response to flooding incidents and release fire appliance capacity to attend other incidents. Proposal based on learning from recent events.	0	116
Fire Rescue & Public Protection - Public Protection	Replacement Trading Standards Metrology Equipment	To replace computer support system for Metrology Equipment, enabling Trading Standards to more effectively carry out statutory duties, and to support offer to local businesses for calibration of weighing and measuring equipment.	0	50
SUBTOTAL FIRE AND RESCUE & PUBLIC PROTECTION DEVELOPMENT BIDS			10	166
COMMERCIAL DEVELOPMENT BIDS				
Commercial - Transformation	Transformation Programme (Business Process Re-engineering)	External support for Business Process Re-engineering Programme to review processes supporting and impacting customer interaction, operational running of the Council, and day to day delivery of external services; identifying any changes required in staffing, processes and technologies.	280	0
Commercial - IMT	Broadband - 4G	Planning costs, capital investment and project management costs for joint venture programme with 4G provider, to enable extended 4G coverage to rural areas and provide a fast broadband option to more areas.	135	800
SUBTOTAL COMMERCIAL DEVELOPMENT BIDS			415	800
TOTAL DEVELOPMENT BIDS			3,843	7,467

APPENDIX H

On 2 December and 4 December 2019, presentations had been arranged for members of the County Council. Ten members of the Council attended each session, with senior officers and finance officers present to offer insight into specific budget areas.

The presentation pack, which comprised 33 slides, was circulated to those members of the Council who had attended. The pack provided detailed information on the background to the overall budget, including identified savings for each service area, as well as a programme of 'in depth' ('deep dive-') reviews.

No specific comments were agreed at either session by the members present for passing on into the budget process. However, a number of points of fact and clarifications were made, which included the following topics:

- Broadband Connectivity
- Winter Maintenance
- Highway Asset Management – Managing assets
- Street Works
- Home to School Transport
- Services for People with Dementia
- Suicide Prevention Strategy
- Sustainability of Rural Fire Stations
- Reclaiming Costs of Response to Flooding Incidents under the Bellwin Scheme and Contingency Reserves
- Raising Income from Property