

COUNTY COUNCIL MEETING – 19 DECEMBER 2014

Statement from: Councillor M S Jones – Executive Councillor for Finance and Property

Finance Matters

Fundamental Budget Review & Future Revenue Budgets/Capital Programmes

Members will be aware that an exercise is underway to undertake a fundamental review of the Council's service priorities and underlying budgets in light of the anticipated sustained reduction in government funding over the medium term. A seminar on the subject was held in early October and attended by over 30 members of the Council. The process includes a consultation exercise with external stakeholders on the Council's future priorities. This exercise is now complete and the output will be fed into the budget process for next year and beyond, having first been considered by the Overview & Scrutiny Committee at its meeting earlier this week.

Work is now well advanced to set a revenue budget and capital programme for next year. The ongoing uncertainty surrounding the funding regime for local government suggests it is prudent to only look at a short term budget. The May 2015 General Election will inevitably be followed by a spending review likely to cover the 3/4 year period commencing April 2016 as no Government spending targets have yet been set beyond March 2016. Key financial issues in addition to the amount of grant funding likely to be made available to local government will emerge from that review – for example, the amount of health available to adult care, the additional funding for Care Act changes and potential changes to the parameters surrounding the setting of council tax increases.

The Chancellor delivered his Autumn Statement on 3rd December and other than emphasising the ongoing restraint on funding for the non-protected public services there were no announcements impacting directly on the Council's budget. The related provisional local government finance settlement is expected sometime in the week of this meeting. The initial budget proposals will be informed by these announcements together with the priorities consultation and will be considered by the Executive 6th January 2015. They will then be the subject of a one month consultation exercise which will include consideration by each Scrutiny Committee, a meeting with all external stakeholders, and views from the public via the web and some public meetings where invited by the relevant District.

Business Rate Pooling 2015/16

The present financial regime for local government allows groups of local authorities, generally a County Council and some (or all) its Districts, to pool business rate income in their area as a means of collectively avoiding paying a levy to Government on excess rates collected above Government predictions. The mechanics of the arrangement are quite complicated but in 2013/14 the County Council entered a pooling arrangement with South Holland and North Kesteven. In the current year a pool was established with North Kesteven, South Kesteven, East Lindsey, City of

Lincoln and Boston Borough. Taking both years together an additional net income stream of around £1m will be generated for the County Council. For next year a provisional agreement has been reached with six Districts to form a business rate pool which is predicted to generate an additional £1.2m of retained rates for the County Council. Only South Holland will not be in the pool as a consequence of the uncertainty surrounding the outcome of some high value rate appeals in that area. The agreement will be affirmed (or withdrawn) after publication of the provisional grant settlement details.

Corporate Property Rationalisation Programme

The reduction of office accommodation continues with the relinquishing of the lease on City Hall and the consolidation and renegotiation of leases at Witham Park, Lincoln. City Hall will be vacated by June 2015 and the reorganisation of Witham Park will be completed in the Spring.

Corporate Property are also working to make the existing office estate more efficient so that further leasehold properties can be released in the future. One example of this is the reconfiguration of Orchard House Level 5 (Lincoln), where walls are being removed to allow more staff to use the floor as an office base.

This culminates in savings of £500k in year 2016/17 and will achieve a total of £755,000 by 2018/19. This contributes significantly towards the Fundamental Budget Review savings required to be met by the service.

Corporate Property is working with services to plan the relocation of staff to other properties.