

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

REVENUE BUDGET 2013/14 AND FINANCIAL PLAN 2013/17

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The report provides information on the financial position of the council and the resources it expects over the period 2013/17.
- 1.2 It gives assurance on the council's financial resilience and confirms that the estimates presented in the report are robust. It provides a basis for council to set a balanced budget as required by law.
- 1.3 The key decisions in this report are:
 - To decide the council's revenue budget for 2013/14
 - To set the council tax for 2013/14
 - To approve the financial strategy for 2013/17
 - To approve other technical items required by the Local Government Act, 2003, Localism Act 2011 and Local Government Finance Act 2012.

2. BACKGROUND INFORMATION

FINANCIAL RESOURCES

Revenue Support Grant and Business Rates

- 2.1 The Financial Strategy report outlines the state of the economy, the Government's deficit reduction plan and the consequences for local government funding. It provides the basis for an assessment of what resources will be available to North Lincolnshire Council over the next four years; and it includes a detailed analysis of the 2013/14 local government finance settlement.
- 2.2 The paper also explains the fundamental changes to the local government finance regime which take effect in 2013/14, including: the partial re-localisation of business rates, a new schools funding formula, the replacement of Council Tax Benefit with a local Council Tax Support Scheme, and the consequences this has for a reduced council tax taxbase.

- 2.3 The local government finance settlement was confirmed on 4 February 2013. Government has allocated to North Lincolnshire Council a **start –up funding assessment of £72.536m in 2013/14 and a provisional £65.715m in 2014/15. This is a combination of revenue support grant and the local share of business rates (baseline funding level)**. Over the plan period the business rate element will be updated for inflation (RPI); the revenue support grant will be progressively reduced in line with Government targets for reduced public spending.

Council Tax

- 2.4 The other element of local government funding is the **council tax, which is a local decision**. There is a reduction in the council tax taxbase caused by replacing council tax benefit with a discount on the council tax bill for those in need of help. The start up funding assessment includes a compensating allowance of approximately 90% of the estimated loss. This has the permanent effect of reducing the amount generated for every £ levied on the taxbase. Council at its meeting on 27 November 2012 set the **taxbase** for 2013/14 at **44,030.2** Band D equivalent properties. This is a reduction from 52,292.0 band D equivalent properties before the discount is applied.
- 2.5 This reduction does not only affect North Lincolnshire Council. As billing authority for the area it is responsible for levying a council tax not only to meet its own demands, but also to meet **the precepts of lower and higher tier authorities in the area**. The precepting bodies are:
- Parish and town councils in North Lincolnshire
 - Humberside Police and Crime Commissioner
 - Humberside Fire Authority

Each precepting body decides its own budget and council tax requirement.

Special expenses for Scunthorpe, which are equivalent to the parish precept, are also set by the council. This meets the cost of those services provided by the council to Scunthorpe residents (including parks, playgrounds and community centres) which elsewhere are provided by town or parish councils.

- 2.6 As indicated the Council, Police and Fire receive compensation for the reduced taxbase, but parishes and town councils do not. Government has indicated that a proportion of the Council's start up funding provides for up to 90% of council tax benefit foregone in respect of parish precepts and the special expense. Following consultation the Council has decided to offer grant support to those parish councils which make no increase in their band D charge in 2013/14, except where the precept is under £10,000, in which case grant is payable as if no increase in precept has taken place. Details of the combined grant and precept requested parish by parish are included at **Appendix C**. The Fire Authority and Police and Crime Commissioner precepts will be available for the council meeting.
- 2.7 The government is keen that local authorities implement a **council tax freeze** for a third year. Council tax freeze grant is offered as an incentive equivalent to 1% on the council tax base. At the same time the Localism Act requires a local referendum on councils which set an increase above 2%. The 2011/12 freeze grant continues to be

available for the whole spending review period 2011/15 and is factored into our planning figures. The 2012/13 offer was for one year and has been removed. The 2013/14 offer is for two years 2013/15. It is for Council to determine at what level to set the council tax. The indicative budget presented in this report assumes that council will take the freeze grant on offer with modest increases of 1.75%, 1.4% and 1.4% in the next three years which is consistent with the previous approach to resource planning.

- 2.8 There is an estimated surplus on the Collection Fund of which the North Lincolnshire share is £308k. This also forms part of the resource picture. When taken together with a number of available non-ringfenced specific grants this provides the resource envelope shown in the following table and at appendix B1:

| Table 1 Estimate of Revenue Funding | 2013-14 | 2014-15 | 2015-16 | 2016-17 |
|---|----------------|----------------|----------------|----------------|
| | £000's | £000's | £000's | £000's |
| Revenue Support Grant | 43,558 | 35,848 | 31,633 | 27,592 |
| Base Line Funding Level (NNDR) | 28,978 | 29,867 | 30,763 | 31,685 |
| Start-Up Funding Assessment | 72,536 | 65,715 | 62,396 | 59,277 |
| Additional NNDR | 987 | 2,862 | 3,298 | 3,889 |
| Council Tax: Frozen, 1.75%, 1.4%, 1.4% | 56,539 | 57,816 | 58,918 | 60,040 |
| Council tax freeze grant 13/14 | 672 | 670 | 0 | 0 |
| Grant for Council Tax Support scheme | 267 | 0 | 0 | 0 |
| New Homes Bonus | 1,769 | 2,411 | 3,051 | 3,691 |
| Efficiency Support for Services in Sparse Areas | 31 | 0 | 0 | 0 |
| Collection Fund Surplus | 308 | 0 | 0 | 0 |
| Business Rate Retention: Tariff & Levies | 9,775 | 10,314 | 10,744 | 11,235 |
| Education Services Grant | 1,986 | 1,986 | 1,986 | 1,986 |
| Use of reserves | 1,609 | 416 | 348 | 35 |
| Total Funding | 146,478 | 142,190 | 140,741 | 140,153 |

3. OPTIONS FOR CONSIDERATION

FINANCIAL STRATEGY

- 3.1 When formulating the financial strategy the available resources need to be matched to the statutory and other spending priorities of the council. A wider range of issues also need to be addressed:

- a. The resilience of the current financial position
- b. The robust costing of spending plans
- c. A balanced budget

- d. The arrangements for effective financial control and management of risks
- e. The strategy for the prudent use of reserves
- f. An appreciation of the implications of spending decisions for service outcomes

a) FINANCIAL RESILIENCE

- 3.2 Before considering the financial strategy for 2013/17 it is important to review our current finances. The council has been commended for its financial management over a period of years, with external auditors reporting a clear embedded financial management culture and a stable financial position.
- 3.3 Cabinet on 24th January 2012 approved changes to the senior management structure and new arrangements for service delivery. From 1st June 2012 the structure was reduced to three directorates, consisting of the People, Places and Policy & Resources Directorates. The revenue & capital budgets were aligned to the new structure.
- 3.4 The budget review report to cabinet on 29 January 2013 confirmed that spending in 2012/13 would be contained within budget. Contingency funds were used for income recession issues and to support the airport as a key part of the area's economic infrastructure. The People directorate applied £1.2m of grants held as earmarked reserves to finance transformation and increased residential care cost. Funds for Building Schools for the Future were set aside to meet programme costs in 2013-14, reducing the council's net budget in 2012/13 to £132.82m.

b) ROBUST SPENDING PLANS

- 3.5 Planning ahead, it is a legal requirement for the council to have assurance that service activity in the plan period 2013/17 is properly costed, that proposals for additional or reduced spending are quantified and deliverable, and that risks are properly evaluated. The council is required to set **a balanced budget**, that is it may not budget for a deficit.
- 3.6 The analysis at **Appendix A1** tests in detail the assumptions made in putting the budget together to demonstrate its robustness. It covers
 - Pay and Inflation
 - Forecast interest rates
 - Capital, maintenance and major contract risks
 - Resilience of income budgets to recession
- 3.7 This shows that
 - Pay and inflation assumptions are consistent with government and market assumptions

- Interest rate assumptions are consistent with the median of market forecasts
- Capital, maintenance and major contract risks have been evaluated and can be covered from reserves
- A prudent view has been taken on the recovery of income budgets after the recession.

The budget estimates presented in this report have therefore been made on a prudent basis. Taken together with the provisions and controls detailed in sections c) to f) below it is my view that the estimates presented here are robust.

c) A BALANCED BUDGET

- 3.8 The starting point for this year's financial planning exercise was the four year budget approved by council in February 2012 and restated following the June 2012 structural review. Financial planning is, of its nature, a dynamic exercise and annual review is essential to ensure that changes of circumstance and changes of policy can be factored in. The purpose is to provide members with a reliable and up-to-date basis for budget and council tax decisions. This report presents the outcome of that exercise.
- 3.9 The exercise was conducted within specified parameters. In particular:
- i. Funding: A number of amendments were required to expected resources resulting from;
 - Changes to the formula grant
 - The introduction of 50% business rate retention
 - The rolling in to the funding settlement of a number of former Specific grants
 - The localisation of council tax support
 - Council tax freeze grant replacing a planned increase in council tax
 - ii. Cash limits were reaffirmed for 2013/14 and 2014/15 and aligned to the new service structure
 - iii. Further reductions were made to the 2015/16 target and the plan was rolled forward to include 2016/17
 - iv. Pressures and base adjustments from 2012/13 were addressed
 - v. Each spending or saving proposal was reviewed for cost, timing and deliverability
 - vi. Recovery in income levels was reassessed
 - vii. Inflation and pay assumptions were reviewed
 - viii. Services were asked for new proposals, where necessary, to reach or exceed the cash limit.
- 3.10 The outcome of the exercise is shown at **Appendix B1**. This shows that some changes were necessary to service cash limits but that a modest shortfall remains in three of the four years. The council will need to consider how to bridge the remaining gap when determining its preferred mix of saving and spending proposals for the period 2013/17.

3.11 The following table provides an analysis of how the net budget figure for 2013/14 has been reached. The spending and saving categories bring together the detailed list of budget proposals at **Appendix B2**.

| Table 2 Budget Reduction | 2013-14 |
|----------------------------------|----------------------|
| | £m |
| Base Budget 2012-13 | 132.82 |
| Changes In funding arrangements | 19.43 |
| Pressures & Service Developments | <u>2.75</u> |
| Sub-total | <u>154.99</u> |
| Adjustments | -3.23 |
| Capital Financing Changes | -0.03 |
| Efficiencies | -2.88 |
| Service Transformation | -0.95 |
| Income including Grant Changes | <u>-1.32</u> |
| Net budget | <u>146.58</u> |

3.12 The additional costs resulting from **changes in funding arrangements and responsibilities** relate to;

- Business rates will now be shared locally and nationally on a 50/50 basis. There will continue to be a redistribution of income between high-income authorities and those of high need. North Lincolnshire council as a high-income authority will be required to pay a tariff of £9.5m from its 50% share. This is a technical increase to the reported net budget figure as the funding is simply passed through the council's general fund and on to government rather than taken directly from the collection fund as before.
- In future years local authorities will be allowed to retain a proportion of any increase in business rates. To avoid disproportionate growth and to ensure stability across the country a proportion of any increase will be recouped centrally by levy. The estimated levy for North Lincolnshire Council is based on our assumption of growth in the business rate taxbase over the four years compared to the business rates baseline set by Government. It is projected that the council will achieve a net surplus after levy of £1m in 2013/14 rising to £3.9m in 2016/17. The levy for 2013/14 is £0.3m rising to £0.9m in 2016/17
- The following former specific grants have now been rolled into the start –up funding assessment: Early Intervention Grant (EIG), Learning Disability & Health Reform grant, Homelessness Prevention and Lead Flood Authority funding. This also has the effect of increasing the reported net budget by £9.5m. whereas in reality it is simply a reclassification of spending which already takes place. In fact the true impact is a reduction in income of £1.8m, the result of a government decision to top-slice EIG and deploy the funding for other purposes.

From April 2013 the delivery of the Public Health function will transfer from the Primary Care Trust to the Council. The council will receive ring fenced grant funding of £8.1m in 2013/14 to fund this additional responsibility. Because this is ring-fenced funding it is not part of the general funding analysis in table 2.

3.13 Allowing for the technical adjustments in 3.12 the council has seen a cash reduction of £5.66m from the base budget in 2012/13 to the net budget for 2013/14; but **real savings of £8.41m** are needed to deliver it.

d) THE MANAGEMENT OF RISKS

3.14 The council has a duty to ensure it can deliver effective services in line with its statutory duties and its priorities. There are a wide range of potential risks it can face: safeguarding children and vulnerable adults, ensuring health and safety for its workforce and the general public, or being prepared for emergencies which affect local people and disrupt local services. The council manages its risk through a Risk Management Strategy, ensuring appropriate controls are in place and responsibilities identified at all levels of the organisation.

3.15 After taking a balanced approach to manage and minimise risk there is always a possibility that adverse events arise, which have to be addressed. Many of these can bring a financial cost. The financial plan addresses the **financial risk** in several ways:

- Budget assumptions are tested to ensure plans are properly costed (section b)
- Each service manages to a cash limited budget
- The council buys insurance cover for its activities where available and cost effective
- It builds in a contingency each year for cost increases which can be foreseen, but not precisely estimated, such as pay and energy costs
- It keeps general reserves to meet the cost of unforeseen events
- And earmarked reserves for some specific liabilities which will or may arise in the future – see section (e) below.

3.16 **Appendix A1** examines the **budget assumptions** and associated risks in more detail. It tests the degree of risk in the budget, considers fall –back plans, and the adequacy of reserves to cover costs which cannot be met within the budget. The scale and pace of reduction in funding for council services for 2013/17 increases potential risk.

3.17 One key area of risk is managing **demand-led budgets through a period of service transformation**. These risks have been addressed in a number of ways:

- i. Demand for **adult services** has generated a budget pressure of £1.2m in 2012/13. This includes the delayed transformation of older people and learning disability day care, additional costs of externally commissioned services and personalised care packages. The service can contain this in the short-term through vacancy savings and the use of specific grants held in reserve. The plan envisages service transformation happening over a longer time-scale with support from reserves as necessary. The underlying vision remains the same, transformation through: investment in preventative services to maintain and restore health; a move to personal budgets which give better value for money; a review of high cost arrangements; partnership working and use of the new NHS social care grant. The main areas of risk are around the rate of market development, commissioning capacity, maintaining service provision through the transition, the take up of individual budgets and the capacity of the third sector. The extended rate of change will ensure the organisation has capacity

to manage the transition and to redeploy the workforce to minimise redundancies.

- ii. **Children's social care.** The impact of family breakdown and the need for high-cost care for children and young people remains a risk on resource allocation. The strategies being deployed within the service to minimize this risk include: increasing the capacity of targeted services at the locality level; transforming services around the needs of the child; and prioritizing services for the most vulnerable in the areas of greatest need. In 2012/13 the costs of social care placements are expected to exceed budgets by £0.54m and grants in reserve will be used to offset that proportion of cost which cannot be contained within the overall budget. However the longer term strategy is to increase family-based provision as a preferred approach to accommodating those children who require to be brought in to the care of the council. This has financial as well as care benefits, as it is generally less costly. However, additional complex, challenging cases can quickly bring about a financial risk.
- iii **Recession impact on Income.** The recession has had a significant impact on a range of income budgets including leisure facilities, car parking and planning income, and commercial property rents. Previous assumptions that income budgets would recover to pre-recession levels have been re-examined. For some, such as commercial property this is still achievable though delayed; for others expected income levels have been adjusted downwards and offset by alternative saving and commercial income proposals in setting a budget for 2013/14 and beyond. As a result this report assumes that, after use in 2012/13, the recession provision in contingency can be withdrawn.

3.18 There are a number of other variables which are harder to measure on which the plan has made best estimates:

- i. The transfer of schools from council control to independent **Academies**

To date 23 schools have transferred or signalled their intention to transfer to Academy status, with 57 schools remaining as part of the maintained sector. The national policy direction is that of schools assuming greater independence, through the Academy conversion agenda. This is a radical change which has financial implications for the council. The forward plan factors in the impact of the loss of those schools which have transferred to date.

However transfer does not mean breaking all links with the council. The council retains certain statutory responsibilities relating to all schools and pupils which include; strategic commissioning of school places; co-ordination of school admissions; statutory assessments for statements of educational need; home to school transport and certain aspects of school attendance. In addition the council must ensure the highest possible standards of education for all children and young people. The council still has a great deal of expertise to offer schools, and its services are being actively promoted through to all schools in the area. The range and scale of support services the council offers will now depend on the attractiveness of that offer on quality and price; assumptions have been made on potential income.

- ii. The purchase of a **long-term waste disposal solution** which diverts waste from landfill

The tax on waste volumes sent to landfill increases each year, and councils must meet target reductions in waste volumes to landfill year on year or buy permissions to exceed them. To mitigate the steep increase in costs the council needs to procure a long-term waste solution to provide alternative treatment of waste. In the light of changes to the national waste strategy the council has reviewed its own Municipal Waste Management Strategy. This envisages a solution which generates energy from waste through a local residual waste treatment facility. The consequence of taking no action would be to increase landfill tax penalties by a further £0.8m to £1.7m per annum by 2016/17. Cabinet authorised the necessary procurement exercise and the funding of that procurement at its meeting on 29 January 2013. £1.5m has been provided from the Revenue Support Account reserve.

- iii. The risks associated with construction **projects**, maintenance of the council's building stock and long-term revenue **contracts** are addressed in Appendix A1.

3.19 There are also a number of risks from the changes to **local government funding regime**. These are covered in the Strategy report.

3.20 **The overall conclusion is that the financial plan presented here delivers most, but not all, of the savings required to address the budgetary challenge. The scale of budget cuts is substantial and it is imperative that services ensure they have clear implementation plans and monitor progress closely through the year. Any divergence from plan needs to be addressed promptly and in full by the service to ensure the financial plan remains on track. That means services need specific contingency plans as to how they will deliver compensating savings to meet an increase in demand, fall in income or delay in implementing agreed savings so that they keep strictly within their cash limited budget. This could include bringing forward proposals from later years of the plan.**

3.21 Corporate scrutiny must also focus on key saving proposals as well as the headline performance of service budgets month by month, so that collectively cabinet members and service directors have early intelligence of issues which need to be addressed.

3.22 As a further hedge against risk the Council does have **other options** which can be used, but not without consequences:

- i. Temporary use of general balances to be reimbursed the following year. This simply defers the problem
- ii. A review of uncommitted or discretionary spending
- iii. A reduction in property and road maintenance budgets (combined value £4m), taking account of the risk of higher costs later and the in-year loss of design and project management income to services

- iv. A mid-year increase in charges for services (subject to an assessment of price/demand volatility)

3.23 However some risks still remain which are not in the council's control. As covered in the Financial Strategy report **the state of the economy and of financial markets** can have significant implications for council income and the demand for council services. As discussed below the general balances are there to cover just these kinds of unquantifiable risk.

e) THE USE OF RESERVES

3.24 The council keeps a number of reserves (see **appendix A2**):

- i. General reserves are to meet unforeseen spending pressures
- ii. The revenue account support reserve facilitates the council's transformation strategy
- iii. Schools keep their own reserves under local management arrangements established by the Education Reform Act 1988
- iv. Other earmarked reserves are set aside for particular purposes
- v. And reserves to carry forward revenue grants not fully spent in the year of receipt.

3.25 The council requires a strategy for the use of reserves and this section proposes what that strategy should be. Reserves should be set at a prudent level to meet potential demands not covered in the budget, but should not be at a level which unnecessarily ties up resources. This is a matter of judgement, but given the scale of reduction in public sector finances over the next four years, and the impact of low growth and recession, the need to maximise reserves has been paramount. In the discussion which follows it is important to distinguish between those reserves the council can potentially deploy to meet budgetary challenges (e.g. the revenue account support reserve and the collection fund) and those which it cannot (e.g. school and earmarked reserves).

Available reserves

3.26 General Fund Reserves (£6.858m)

These are the council's safety net for unforeseen or other circumstances that cannot be addressed by management or policy action during the year and are not covered by earmarked reserves. This level of general reserves is close to the best practice benchmark of 5% of current net spending which has served well in less challenging times. A review of the level of balances has taken place and it is recommended that the level of balances is maintained. The most significant additional risk that the council now faces is the potential loss of Business Rates income if one or more of the businesses with the top ten largest Rateable Values were to close. Whilst the

Government has set up a safety net scheme the council could lose around £2.2m plus any growth achieved since the start of the scheme. In 2013/14 the potential loss of funding, including growth would be £3.2m, with a recurring deficit in subsequent years if not addressed. This would impact on the council's 2014/15 budget.

3.27 Revenue Support Account (£10.4m)

This reserve has a key role in supporting the council's transformation programme and in facilitating a smooth transition to a future with a lower level of resource.

The balance on this reserve was £10.4m at 31 March 2012. £2.6m is earmarked for use in 2012/13. This comprises £1.986m to cover commitments carried forward from 2011/12 (agreed at cabinet July 2012); funding for the management of the BSF programme; funding for council transformation initiatives and initial funding for the waste procurement project. The balance of **£5.4m** is available to support one-off spending on major projects and new transformation initiatives.

3.28 Collection Fund (£0.3m)

This reserve is the council's share of the balance of the Fund through which the council collects the council tax and business rates. The modest surplus brought forward will be applied, along with the estimated surplus being generated in 2013/14, to support the 2013/14 and a **nil balance** is predicted in future years.

Unavailable reserves

3.29 School balances (£2.9m)

These are the combined balances for all maintained schools in North Lincolnshire. How they are applied is a matter for individual schools. There are a number of drivers affecting these balances over the period of the plan:

- Each school decides on its level of balances within best practice guidelines and guidance from the council. It is free to set funding aside for spending in a later year and to draw on balances according to need.
- The effective cash freeze on grant funding per pupil over the period of the Spending Review (2011/15) means there is likely to be downward pressure on balances as schools reduce their current cost base.
- The transfer of schools to Academy status: where the transfer is voluntary schools take any surplus or deficit with them; the council is reimbursed by YPLA for deficits. Should a school which is failing be required to transfer, the liability for any deficit may lie with the council.

For these reasons balances are predicted to fall to £1.7m by 31 March 2013 reflecting the transfer of schools to Academy status; and are then assumed to remain at 2% of the schools budget share for the foreseeable future or **£1.0m**.

The council manages its exposure to the risk of school overspends through its Scheme for Financing Schools. This provides for a school to run a licensed deficit once it has

agreed a strategy to recover its financial position. The scheme sets a guideline such that combined school deficits should not exceed 30% of combined school surpluses. The local authority remains the ultimate back-stop for maintained schools in difficulty and if combined schools balances were inadequate general balances would be used as cover. However this would be a temporary measure as the principle is that schools recover their own deficit.

3.30 **Dedicated Schools Grant reserve (£3.1m)**

A proportion of this reserve has been allocated to schools in 2012/13, reducing the balance to an estimated £1.4m. There is a further planned allocation in 2013/14, with the remaining balance of **£1m** retained in reserves to cover future year funding pressures. That includes the impact of the move towards a national schools' funding formula over a transitional period, and volatility in early years spending as the market develops. The reserve can only be used for school-related and early years spending.

3.31 **Other Earmarked Reserves**

The council keeps a number of other reserves for particular purposes. As part of the budget exercise the call against each of these reserves has been reassessed to ensure that the balances held are sufficient but not excessive.

a. **Insurance reserves (£1.63m)**

These reserves are to cover any significant uninsurable costs that the Council may incur. The level is partly dependant on the council's risk management strategy but is also subject to judgement. The minimum balance judged to be adequate for this reserve is £1m, which equates to the current excess on the council's flood and storm damage policy. Cover is also needed for potential costs associated with the insolvent run-off of the insurer MMI, who were the council's insurers in the late 1990s.

b. **Investment Impairment Reserve (£2.0m)**

This reserve was established to meet a potential loss of cash the council placed with Landsbanki and Heritable banks. It is also available to cover the impairment of other council assets. The council has to date recognised an impairment of its Icelandic investments of £0.853m and applied part of the reserve, leaving a balance of £2m. It is proposed that the reserve is maintained at this level.

c. The **Property Trading Account** carries forward any surplus income earned by this service area above the income target it has been set to support the council's budget. This can be used to cover costs in future years.

d. The **HRA Closure Account** is required to settle any outstanding liabilities after the transfer of the council's housing stock to North Lincolnshire Homes. This reserve will be fully utilised on the plan period.

e. The **Performance Reward Grant** reserve will be fully applied to finance capital spend in 2012/13.

f. The **Scunthorpe Special Expense Reserve** carries forward under and overspends against the special expense. This is the equivalent charge in Scunthorpe

to parish and town council precepts elsewhere in North Lincolnshire and supports community and play facilities in the town. A call will be made on the reserve in 2012/13 reducing the balance to £145k.

3.32 Revenue grant carry forward reserve (£7.3m)

This reserve holds revenue grants that have not yet been applied and have no unfulfilled conditions which would require repayment of the grant, such as not meeting the terms on which the grant was awarded. Under previous accounting requirements the grants would have been shown as creditors: under IFRS requirements they are classified as reserves. Most of this grant funding **has already been allocated** for particular purposes. The estimated spending profile means the balance will be fully utilized in the plan period, except for s106 monies provided by developers to pay for longer-term maintenance. It includes:

- NHS social care grant (s256)
- Planning delivery grant and new homes bonus for use on regeneration projects
- Section 106 monies, developer contributions for specified purposes, and
- A range of other specific grants to be applied for designated purposes such as adult community learning, community transport and Sport England initiatives.

3.33 Following the strategy outlined above useable reserves fall from £10.4m at 31 March 2013 to £5.4m at 31 March 2017. General reserves of £6.9m are maintained at current levels. On the basis of this strategy I consider the council's reserves to be adequate.

F) IMPACT AND OUTCOMES

3.34 This section of the report considers the impact of the proposals on services to the public and on the council's workforce.

Impact on services

3.35 The common thread in budget proposals is to deliver more efficient and effective services through changes in how they are delivered, managed and targeted. The strategy aims to focus on delivering better outcomes for customers, even with a reduction in resources. Each service has a set of unique challenges to overcome and these are being dealt with in different ways:

There are a wide range of other efficiencies proposed which are also about maintaining or improving service while spending less. These include:

- Service restructures which reduce staffing costs, including a reduction in senior manager posts
- Stream-lining back office services through re-engineering business processes and to serve a smaller council
- Improved energy management and the rationalisation of council buildings
- Rationalisation and retendering of waste collection arrangements

- Better procurement practice including e-tendering, collaborative procurement and category management to continually drive down costs.

People Directorate

The service is at a time of rapid change in policy direction for education, children's services and adult social care with far-reaching legislation including the Academies Act 2010, the Education Act 2011, the Health and Social Care Act 2012 (NHS reforms) and the Dilnot review into the long-term funding of social care.

It faces a number of challenges including increasing demand from an aging population and for greater intervention in child protection. Many of these services are statutory. A new management structure has been put in place to improve accountability and focus on resource allocation issues. A whole service review of processes, policies, procedures and practices is taking place.

Services to Children and Young People

The transformation strategy continues to be focussed on three main themes:

- **Universal Services:** These are non statutory and low risk services and therefore there is a presumption of external provision. The directorate will take an enabling role to ensure delivery of integrated services that are community based and include provision by voluntary organisations and other partners.
- **Targeted Services:** There will be a focus on good quality prevention and targeted interventions with effective management of cases to prevent the need for high cost, specialist services. For this reason there is a presumption of internal provision.
- **Specialist Services:** These are the high risk, statutory and regulatory services which can be expensive and will be directly provided by the council to ensure the risks associated with failure can be managed effectively.

Social Care Services for Adults

The transformation strategy for adult social care is similar:

- **Universal Services:** Building early intervention services based on community engagement.
- **Targeted Services:** The service will focus resources on targeted and high level prevention to enable independence. It will build capacity for reablement services and the integration of services.

- **Specialist Services:** The service will refocus on the provision of high risk needs. There will be more clarity on options for care packages and better efficiencies within the offer of services.

Places Directorate

This Directorate's plans feature a number of initiatives which will not impact on service delivery whilst reducing costs. For example alternative approaches are considered for customer services such as libraries, adult education and local links, while maintaining service presence.

There are also proposals to pursue commercial opportunities in community services, including transport/fleet, cleaning and catering services

Other parts of the service, such as waste and public transport, are tied to medium and long-term contracts. This can make securing short-term savings difficult and puts an onus on getting the contract on the right terms.

Policy and Resources

Proposals for this Directorate focus on service restructures and service transformation aligned to the overall smaller council. The Directorate aims to achieve this by increasing investment in electronic solutions to enable channel migration, reducing failure demand, duplication, rekeying of data and implementing self-service systems where appropriate. The Directorate is also aiming to generate additional income by offering services to external bodies.

- 3.36 There some modest proposals to reduce service levels (see **Appendix B2**)

Impact on the workforce

- 3.37 When the current four year plan was approved in February 2012 the report to council made clear the likely impact on the workforce as this was substantial. A key objective was to minimise job losses while also protecting front-line services. There was a reasonable expectation that most reductions could be made in ways which did not put employees at risk of redundancy. The combination of the vacancy freeze, retirements, changes to staff working arrangements, normal levels of staff turnover and redeployment could potentially cover all the posts to be deleted. However there was a possibility of some redundancies if turnover rates fell, if savings had to be found over short timescales or if the grade or nature of the role meant there were no realistic redeployment opportunities.
- 3.38 **Appendix D** shows the position for 2012/13: the planned reduction in posts of 341 and the actual number of 72. This equates to 187.0 full-time equivalent posts (fte) compared to 59.6fte. This essentially reflects the decision to defer implementation of the adult transformation programme in particular the re-provision of day centre services. The plan assumes that planned changes now take place during 2013/14. Of the 72 posts lost in 2012/13 only 5 led to compulsory redundancies, the balance being voluntary redundancies (37), redeployment (12) and normal turnover (18).
- 3.39 The new plan for 2013/17 presented in this report includes some new saving proposals and others have been deleted or re-phased, based on an up-to-date assessment of

deliverability by service directors. A further year has been added with some new proposals for 2016/17. If approved, the plan will require the deletion of 364 posts (209.3fte) over the plan period. The graph shows 147.96FTE (282 posts) as being lost in 2013/14, but of these 76.42FTE (113 posts) will already be vacant by the end of 2012/13. There remains an ambition to minimise redundancies and to achieve most of the reduction through turnover and redeployment (see **Appendix D** for 2013/17 targets). Nonetheless, prudent provision has been made for voluntary redundancies in service budgets and for compulsory redundancies in contingency. The contingency provision is covered by a call on the Revenue Account Support reserve. This reflects an expectation that not all redeployees will find a suitable alternative post.

- 3.40 Comparing the previous 2012/16 plan to the plan for 2013/17 presented in this report, there is a reduction in the number of posts at risk: 453 posts down to 364 posts.

4. ANALYSIS OF OPTIONS

- 4.1 It is for the council to decide its spending priorities within the resources it has available. The investment in different services is at its discretion. The issues to be considered when determining the budget are discussed in Section 3. Council will also wish to take account of feedback from consultation which is reported separately in the Financial Strategy paper.
- 4.2 The scale of public expenditure reductions over the plan period and beyond means that the council must make some difficult choices. These choices affect what services are provided to the public and how. They also have significant implications for the council's own workforce. In a time of austerity the council needs to determine how it can best deploy limited resources.
- 4.3 **The council is invited to consider the proposals listed at Appendix B2, and any alternative proposals, and to decide which it wishes to pursue. They include the revenue implications of the capital investment programme which is covered by a separate paper on this agenda. It is important to keep in mind the legal requirement to set a balanced budget so that in each year spending does not exceed the resources available. Reserves can be used to facilitate change, but unless earmarked for a one-off purpose, these need to be replenished at a later date.**
- 4.4 The legal requirement to set a balanced budget and council tax applies to 2013/14. The regulatory framework for proper financial management expects to see robust long-term financial planning. The proposals in this paper therefore cover the four years 2013/17.

5. RESOURCE IMPLICATIONS (FINANCIAL, STAFFING, PROPERTY, IT)

Financial

- 5.1 These are covered in the body of the report and in the appendices.

Staffing, Property and IT

- 5.2 The workforce impact is summarised in section 3 and at **Appendix D**. There are specific proposals for the use of Property and IT in the plan.

6. OTHER IMPLICATIONS (STATUTORY, ENVIRONMENTAL, DIVERSITY, SECTION 17 - CRIME AND DISORDER, RISK AND OTHER)

- 6.1 The budget process requires an assessment of each saving proposal. Where a proposal requires a change of policy an Integrated Impact Assessment is made across a number of dimensions: statutory, environmental, diversity, health, community safety, distributional, economic and social inclusion, and risk.
- 6.2 When setting the budget for 2013/14 the council has the power to decide the level of the revenue budget and the necessary council tax to support it. Under the Local Government Act, 1988 this must be a **balanced budget**. That is the council must not run a deficit.
- 6.3 Additionally, under the Local Government Act 2003, the Chief Financial Officer must report to the council when it is considering its budget and council tax on
- The **robustness of the budget estimates** being considered (Part 2 Section 25 (1)(a) of the Act);and
 - The **adequacy of reserves** allowed for in the budget proposals the council has to ensure that its budget makes allowances for reserves at least equal to the statutory minimum (Part 2 Section 25 (1) (b) of the Act).
- 6.4 The Director of Policy and Resources is the council's Chief Financial Officer under Section 151 of the Local Government Act, 1972. His advice is contained in **Section 3 and Appendix A**. The Act at Part 1, Section 25 (2) requires that members of the council take account of these factors in making their decisions.
- 6.5 Sections 31 to 36 of the Local Government Finance Act 1992 define what the council needs to determine as part of its budget and council tax decision, as modified by the Local Government Finance Act 2012 and the Localism Act 2011. As the billing authority for the North Lincolnshire area the Council incorporates in its resolution the precept requirements of the Police and Crime Commissioner for Humberside, the Humberside Fire Authority and local town and parish councils. It also includes the Scunthorpe Special Expense. Parish and town council precepts are shown at **Appendix C**. The precept requirements for Fire and Police will be available on the day of Council.

7. OUTCOMES OF CONSULTATION

- 7.1 In preparing for the meeting of the council today there has been consultation on the budget. The outcomes are reported in the Financial Strategy report on this agenda.

8. RECOMMENDATIONS

- 8.1 To set a revenue budget for **2013/14**
- 8.2 To confirm that all budgets are strictly cash limited to the figures set by the Council, and to require services to ensure tight control of expenditure during the year and to take immediate action to contain cost pressures
- 8.3 To note that at its meeting held on 29 November 2012 the council calculated the following amounts for the year **2013/14**. These are as required by regulations made under Section 33(5) of the Local Government Finance Act 1992:-
- (a) **44,030.2** as its Council Tax Base for the year [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act") (regulation 3)
 - (b) the Council Tax Base for each part of the area as shown in **Appendix C**, column 2 (regulation 6).
- 8.4 To calculate the following amounts for **2013/14**, as required by Sections 31 to 36 of the Local Government Finance Act 1992 as amended.
- (i) The **Council Tax requirement for the Council's own purposes** for 2013/14 (excluding Parish precepts)
 - (ii) The following amounts for the year 2013/14 in accordance with Sections 31 to 36 of the Act:
 - (a) £X being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act taking into account all precepts issued to it by Parish Councils. (**gross expenditure including parish precepts and special expenses**)
 - (b) £X being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act. (**gross income**)
 - (c) £X being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its **Council Tax requirement** for the year. (Item R in the formula in Section 31B of the Act).
 - (d) £X being the amount at (c) above Item R, divided by Item T (8.3(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts). (**Band D council tax including parish precepts and special expenses**)

- (e) £X being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix C). **(Total of all Parish Precepts and Special Expenses)**
- 8.5 To note that for the year **2013/14** the major precepting authorities have stated the amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act, 1992 **(police and fire precepts)**
- 8.6 To set the amounts of council tax for the year **2013/14** for each of the categories of dwellings. Having calculated the aggregate in each case of the amounts at 8.4 and 8.5 above in accordance with Section 31B of the Local Government Finance Act, 1992 as amended **(council tax including police, fire and parish precept for each band and each parish)**
- 8.7 To confirm the robustness of the estimates used in setting the level of council tax in accordance with the Local Government Act, 2003 requirements (Part 2 Section 25 (1)(a) of the Act)
- 8.8 To confirm the adequacy of reserves included in the budget in accordance with the Local Government Act, 2003 requirements (Part 2 Section 25 (1) (b) of the Act), and the policy for use of reserves as set out in Section 3 of the report and at Appendix A2.
- 8.9 To confirm the grant award to parishes detailed at **Appendix C**
- 8.10 To approve the financial strategy for 2013/17
- 8.11 To authorise the Director of Policy and Resources to produce the necessary taxpayer information.

DIRECTOR OF POLICY AND RESOURCES

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North Lincolnshire
DN16 1AB
Author: Peter Fijalkowski / Mike Wedgewood
Date: 8 February 2013

Background Papers used in preparation of this report:

The Local Government Finance Settlement at
<http://www.local.communities.gov.uk/finance/1314>

‘Calculating the Council Tax base for 2013/14’, Report to Council 27 November 2012

This section explains and sets out forecasts and assumptions made in setting the budget.

Pay Related Costs**Pay**

Local government pay has been frozen for three years (and four for chief officers). This freeze started earlier than for other public sector workers. The government has now announced a public sector pay cap of 1% in 2013/14 and 2014/15, and Comprehensive Spending Review totals will be adjusted for this. It is unlikely that public sector pay will recover to the levels seen before this period of austerity. Therefore pay is provided at the level implied by the government's inflation target or pay cap:

| | Increase |
|---------|----------|
| 2013/14 | 1% |
| 2014/15 | 1% |
| 2015/16 | 1% |
| 2016/17 | 1% |

National Insurance

There are no changes to the employers' contribution rate and the budget continues to assume that, an average 7.2%, of pay, is sufficient to cover these costs.

Pension Costs

As part of its deficit reduction strategy government is pushing through reform of public sector pensions, with the Public Sector Pension Bill 2013 currently being considered by Parliament. The changes aim to rebalance the cost risk more fairly between members and employers. Nationally it is forecast to save £65 billion over the next fifty years. In particular the reforms include:

- Linking the retirement age for public sector workers to the state pension age
- Changing the basis of defined benefit schemes from final salary to career average earnings
- Changing from the Retail Prices Index to the lower Consumer Prices Index for uprating pension entitlements
- Phasing in increased contributions from teachers, NHS workers and civil servants (up by 3.2%)

However, unlike most other public sector schemes, the local government scheme is a funded scheme. That means that contributions are invested in stock markets, property and gilts to generate an income from which pension entitlements can be paid. It is not simply paid into and out of public taxation. It has therefore been agreed that local government scheme members will not be subject to the increase.

The scheme still needs to be affordable and a range of changes will be made from 2014 to make the scheme sustainable. There remains a possibility of increased employer and employee contributions under earlier agreements to share rising costs due to demographic changes.

The latest triennial review has yet to conclude. For now, therefore, the plan retains the assumption from the 2010 valuation that, combined with investment returns and increases in employee contributions, employer contributions to the pension fund can be stabilised within a +/- 1% band and meet long-term fund requirements. A prudent 1% increase (£696k) is budgeted for 2014/15.

For teachers, the employer's contribution of 14.1% of pensionable pay is set nationally and has been allowed for in the schools budget.

Non-pay Costs

The Office of Budget Responsibility forecasts currently suggest that CPI inflation will fall back to the governments' target level of 2% by 2015. This is in contrast however to the Bank of England who forecast that the target level will be achieved by 2014 and the IMF who project CPI as low as 1.9% by 2013. Uncertainty concerning the future level of CPI poses an added risk to the councils' budget which has been taken into account in assessing the provision of inflation.

Office of Budget Responsibility

| | Per cent | | | | | |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| OBR (Nov 2011) | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| GDP Growth | -0.1 | 1.2 | 2.0 | 2.3 | 2.7 | 2.8 |
| CPI Inflation | 2.8 | 2.5 | 2.2 | 2.0 | 2.0 | 2.0 |

Some council contracts are linked to RPI, which is generally higher. Therefore in the financial plan, inflation has been applied to major contracts and commitments at 2% CPI or 2.5% RPI. On other spending budgets services are expected to make efficiency savings year on year and no inflation is provided. On a range of specified budgets such as vehicle hire and provisions there are target cash reduction.

Separate consideration has been given to energy and fuel budgets. Potential price rises are covered by an allowance in contingency. This is £200k in each financial year or on average a 5% annual increase.

Fees & Charges

The council's general objective is to keep income budgets in step with cost rises to avoid increasing subsidy to service provision. Fees and charges have been considered on an individual basis and increases of 2.5% are proposed; or at the level specified by regulation. In

some cases no increase is planned: this includes car parking charges to the public and sports and leisure services effected by the recession.

Forecast interest rates

Interest rate forecasts for return on short-term cash investments are based on Treasury and a cross section of commentators' projections. The bank base rate has remained at 0.5% since March 2009, which is the context for the projections below. There is therefore little return on council cash balances for some time to come.

The council's policy is to borrow only for capital investment or for temporary shortfalls in cashflow. For planning purposes the average interest rate assumed for the cost of long-term borrowing for capital investment is 5%. This is an indicative 25 year fixed rate and equates to a prudent average expected life for council assets.

At present there are financial benefits to the council not borrowing, as long as the differential between short and long-term rates continues, and while council cash balances are in surplus. It should be possible to continue to support the capital programme with internal borrowing until 2014/15, when balances are projected to reduce to zero.

Capital, Maintenance and Major Contract Risks

Directorates have assessed progress of work on major capital projects, the likelihood of cost overruns and risks associated with delays. The same has been done for potential unforeseen costs in maintaining council roads and buildings, cost increases in major contracts and costs arising from contract failure. The key elements are considered here:

Capital programme

The council's current programme of capital investment between 2013-17 is £147m. This substantial four year programme includes major investment projects which span several years: The main projects include Building Schools for the Future (BSF) £27m and School & Children Centre investment £22m. There are also a range of smaller schemes and rolling programmes.

Two **BSF** schools have already been completed and High Ridge and Invenio Academies are planned for completion in 2013-14. The three remaining schools are at the final business case stage. Programme delays mean that the programme is now forecast to be completed in 2015-16.

A successful bid for 'Priority Schools Building Programme' funding for six council schools and one academy has allowed existing programme funding from the **School & Children Centre investment** to be redirected. The change in programme content has delayed progress as schemes are brought forward and new proposals developed. The programme funding has now been phased to 2016-17.

The council's capital programme is set to reduce significantly as projects are completed and, on current plans, reduces from £53m in 2013/14 to £14m by 2016/17. The associated financial risks will reduce correspondingly. Past experience suggests there is a low risk of an overspend, and in fact that programme slippage can be expected. In making the budget estimate therefore the costs of capital financing have been reduced to anticipate a degree of re-phasing.

Maintenance spending

The extent of underinvestment in the stock of councils' assets has been reviewed.

The backlog of maintenance on council buildings is gradually being addressed over time. To achieve this there are a range of tools the council is using: capital programme investment (e.g. schools); the rationalisation of council offices through the Worksmart programme; the demolition of properties no longer fit for purpose or requiring substantial investment (e.g. Brumby); and the disposal of surplus assets. These sales in turn generate capital receipts for reinvestment.

The Department of Transport have allocated an additional £1m to the Council for the renewal and repair of the road network. This is in addition to the existing Local Transport Plan rolling programme which has historically invested approximately £5m annually in the road and transport infrastructure. This is supplemented by an annual programme for the replacement and upgrading of street lighting and flood defence measures funded from the council's own resources.

Long term revenue contracts

The council has annual commitments on long-term revenue contracts of over £51.67m a year. These include:

| <u>Contract</u> | Amount £m |
|---|--------------------------|
| Residential, Home Care & Care in the Community | 32.13 |
| Foster care, Family Support | 7.06 |
| Waste Disposal | 5.83 |
| Home to school & Passenger Transport, Concessionary Fares | 2.54 |
| Insurance | 1.56 |
| School Meals & Catering Supplies | 1.37 |
| Highways & Street Lighting | 1.18 |
| Total | <hr/> 51.67 <hr/> |

Consideration has also been given to the impact and risk of capital investment and major contracts not delivering their intended outcomes whether due to delayed implementation, underachievement of savings, or the cost of re-provision in the event of contract failure.

Resilience of income budgets to recession

Previous plans projected income recovery to pre-recession levels, but the timescale has been extended beyond the three years originally envisaged. Recovery continues to be slow and while progress has been seen with some recovery on planning fees and commercial properties, other areas such as sports & leisure facilities, highways development and licensing continue to feel the effects. In putting together this four year plan a view has been taken that some income streams will not recover to pre-recession levels and alternative savings have been identified to compensate for this shortfall. As a result it is proposed that the £0.5m provision held in contingency is no longer needed.

Retention of Business Rates

The change to council finances which allows the partial retention of Business rates comes into effect from April 2013. The scheme not only changes the basis on which councils are funded but provides an incentive for councils to grow their local economy as they can retain a portion of any additional tax generated.

In establishing funding levels the government has determined an estimated business rate aggregate (EBRA) which represents an estimate of the amount of business rates councils in England are expected to collect in 2013/14. The EBRA is allocated to individual councils on the basis of each council's proportionate share. The proportionate share is based on the average amount collected, both locally and nationally, over the previous two financial years. This becomes the council's NNDR baseline. The baseline is then split according to the central and local share with each receiving 50%. The local share is then used to calculate the total amount of Revenue Support Grant for 2013-14 and to derive a baseline for the calculation of tariffs and top-ups. The impact of the new funding regime is outlined at paragraph 3.12 of the report.

In calculating the extent of business rate to be received, assumptions have been made with regard to potential growth and reductions from business closures and appeals against business rate valuations.

- A prudent approach on growth has been applied in assessing 2013-14 recovery with increases being based on past growth achieved between September and December 2012.
- Against this the recent closure of a major factory at Barton and academy transfers have been factored in
- Further assumptions have been made on growth in 2014/15 including developments in the renewable energy sector. For later years account has been taken of several retail developments.
- Offsetting this it is anticipated that 25% of rate appeals will be upheld resulting in a 30% reduction in rateable values.

If the council can generate growth in its NNDR taxbase it will retain half, reduced by a levy for 'excessive' growth. The balance is paid to government to create a safety net to compensate authorities whose business rate income drops by more than 7.5%.

The risk here is that the area has a concentration of large industrial enterprises and the council will be exposed to any major changes in its tax base. A major closure would have a substantial effect on business rates income, before government safety nets were triggered. Alternatively future economic growth could provide significant financial reward to council funding.

**APPENDIX
A2**

RESERVES

| RESERVES | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--------------------------------|-----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Closing Balance | Closing Balance | Closing Balance | Closing Balance | Closing Balance | Closing Balance |
| | Actual £'000 | Estimated £'000 | Estimated £'000 | Estimated £'000 | Estimated £'000 | Estimated £'000 |
| General Reserves | | | | | | |
| General Fund | (6,858) | (6,858) | (6,858) | (6,858) | (6,858) | (6,858) |
| Collection Fund-NLC element | (176) | 0 | 0 | 0 | 0 | 0 |
| Schools Balances | (2,901) | (1,700) | (1,000) | (1,000) | (1,000) | (1,000) |
| Earmarked Reserves | | | | | | |
| Revenue account support | (10,440) | (7,796) | (6,187) | (5,771) | (5,423) | (5,388) |
| Insurance Reserve | (1,273) | (1,073) | (1,073) | (1,073) | (1,073) | (1,073) |
| Insurance Fund Profit/Loss | (312) | (312) | (312) | (312) | (312) | (312) |
| PTA Revenue Reserve | (359) | (283) | (283) | (283) | (283) | (283) |
| HRA Closure Reserve | (125) | (105) | (85) | (65) | (45) | (20) |
| Corporate Reserve | (90) | (90) | (30) | (30) | (30) | (30) |
| Crematorium enhancement | (32) | (33) | (34) | (35) | (36) | (37) |
| Dedicated Schools Grant | (3,139) | (1,400) | (1,000) | (1,000) | (1,000) | (1,000) |
| NLH Pumping Station | (91) | (96) | (101) | (106) | (111) | (116) |
| Investment Impairment | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) | (2,000) |
| PRG Reserve | (88) | 0 | 0 | 0 | 0 | 0 |
| Scunthorpe Special Expenses | (190) | (145) | (145) | (145) | (145) | (145) |
| Grant carry forwards | (7,342) | (6,129) | (5,324) | (3,658) | (1,992) | (326) |
| REVENUE RESOURCES | (35,416) | (28,020) | (24,432) | (22,336) | (20,308) | (18,588) |

APPENDIX B1

Budget 2013-17

| | 2013-14 £000's | 2014-15 £000's | 2015-16 £000's | 2016-17 £000's |
|---|-------------------|-------------------|-------------------|-------------------|
| <u>PEOPLE SERVICES</u> | | | | |
| School Improvement | 3,438 | 3,358 | 3,403 | 3,348 |
| Commissioning & Localities | 8,761 | 8,707 | 8,707 | 8,707 |
| Specialist Services | 16,029 | 16,029 | 15,929 | 15,679 |
| Adult Services | 37,567 | 35,059 | 33,517 | 32,669 |
| Total People services | 65,795 | 63,153 | 61,556 | 60,403 |
| <u>PLACES</u> | | | | |
| Customer Services | 5,876 | 5,213 | 5,001 | 4,879 |
| Community Services | 25,921 | 25,698 | 24,373 | 24,120 |
| Technical and Environmental Services | 5,062 | 4,591 | 4,468 | 4,363 |
| Planning & Regeneration | 2,760 | 1,719 | 1,450 | 1,120 |
| Total Places | 39,618 | 37,221 | 35,292 | 34,483 |
| <u>POLICY & RESOURCES</u> | | | | |
| Human Resources | 1,941 | 1,808 | 1,678 | 1,634 |
| Legal Services | 3,234 | 3,208 | 3,084 | 3,002 |
| Financial Services | 3,329 | 3,123 | 3,008 | 2,915 |
| Business Support | 3,723 | 3,436 | 3,318 | 3,228 |
| Total Policy & Resources | 12,227 | 11,574 | 11,087 | 10,778 |
| <u>CENTRAL BUDGETS</u> | | | | |
| Corporate Budgets & Levies | 13,926 | 13,805 | 13,910 | 14,401 |
| Capital Financing | 13,347 | 13,444 | 13,712 | 13,615 |
| Contingency | 1,670 | 3,501 | 5,077 | 6,610 |
| Total Central Budgets | 28,943 | 30,750 | 32,699 | 34,626 |
| Total Net Budget | 146,583 | 142,699 | 140,634 | 140,290 |
| Estimated Funding | | | | |
| Revenue Support Grant | 43,558 | 35,848 | 31,633 | 27,592 |
| Base Line Funding Level (NNDR) | 28,978 | 29,867 | 30,763 | 31,685 |
| Start-Up Funding Assessment | 72,536 | 65,715 | 62,396 | 59,277 |
| Additional NNDR | 987 | 2,862 | 3,298 | 3,889 |
| Council Tax: Frozen, 1.75%, 1.4%, 1.4% | 56,539 | 57,816 | 58,918 | 60,040 |
| Council tax freeze grant 13/14 | 672 | 670 | 0 | 0 |
| Grant for Council Tax Support scheme | 267 | 0 | 0 | 0 |
| New Homes Bonus | 1,769 | 2,411 | 3,051 | 3,691 |
| Efficiency Support for Services in Sparse Areas | 31 | 0 | 0 | 0 |
| Collection Fund Surplus | 308 | 0 | 0 | 0 |
| Business Rate Retention: Tariff & Levies | 9,775 | 10,314 | 10,744 | 11,235 |
| Education Services Grant | 1,986 | 1,986 | 1,986 | 1,986 |
| Use of reserves | 1,609 | 416 | 348 | 35 |
| Total Funding | 146,478 | 142,190 | 140,741 | 140,153 |
| Funding Gap (+) / Saving (-) | 105 | 509 | -106 | 137 |

Budget Plan Proposals 2013-17

| Items | Budget | Proposed | Variance | Budget | Proposed | Variance | Budget | Proposed | Variance | Proposed |
|---|----------------|----------------|---------------|----------------|----------------|------------|----------------|----------------|---------------|----------------|
| | 2013/14 | Budget | | 2014/15 | Budget | | 2015/16 | Budget | | Budget |
| | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's | £000's |
| Base Budget | 129,589 | 129,589 | 0 | 145,832 | 146,583 | 751 | 145,579 | 142,699 | -2,880 | 140,634 |
| Expenditure inflation | 1,044 | 1,123 | 79 | 1,043 | 1,063 | 20 | 1,044 | 1,064 | 20 | 1,061 |
| Income Inflation | -474 | -304 | 170 | -473 | -473 | 0 | -473 | -473 | 0 | -473 |
| Corporate Contracts | -50 | -67 | -17 | -50 | -70 | -20 | -50 | -70 | -20 | -67 |
| Energy Inflation | 200 | 200 | 0 | 200 | 200 | 0 | 200 | 200 | 0 | 200 |
| Pay Award 1% 13/14 ,1% 14/15, 1% 15/16,16/17 1% | 830 | 830 | 0 | 805 | 805 | 0 | 893 | 893 | 0 | 902 |
| Pay Award 2012/13 2% | 0 | -1,590 | -1,590 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increment allowances | 0 | 0 | 0 | 292 | 292 | 0 | 292 | 292 | 0 | 0 |
| Pension Increase | 0 | 0 | 0 | 696 | 696 | 0 | 0 | 0 | 0 | 0 |
| Recession Contingency Provision | 212 | -289 | -501 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transformation Provision | -707 | 82 | 789 | -181 | -463 | -282 | -338 | -38 | 300 | -90 |
| Contribution to Balances- Revenue Reserve | 328 | 0 | -328 | -94 | 0.00 | 94 | -234 | 0 | 234 | 0 |
| Impact of Council Tax Benefit Changes | 0 | 142 | 142 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Hardship Funding | 0 | 57 | 57 | 0 | 73 | 73 | 0 | 0 | 0 | 0 |
| Revenue Consequences of Capital Investment | 0 | -56 | -56 | 0 | -237 | -237 | 0 | -6 | -6 | 0 |
| Rolled In Grants | 9,478 | 9,478 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Revised Net Base | 140,450 | 139,194 | -1,256 | 148,070 | 148,469 | 399 | 146,913 | 144,561 | -2,352 | 142,167 |
| PEOPLE DIRECTORATE | | | | | | | | | | |
| School Improvement | | | | | | | | | | |
| 1.Pressures and Service Developments | | | | | | | | | | |
| Short Breaks Provision | 0 | 75 | 75 | 0 | -75 | -75 | 0 | 0 | 0 | 0 |
| Roll out of Imagination Library Book Scheme (0 year olds first) | 0 | 45 | 45 | 0 | 45 | 45 | 0 | 45 | 45 | 45 |
| | 0 | 120 | 120 | 0 | -30 | -30 | 0 | 45 | 45 | 45 |
| 2.Efficiencies | | | | | | | | | | |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -21 | -21 | 0 | -21 | -21 | 0 |
| Education Division - alignment of service teams efficiencies | 0 | -38 | -38 | 0 | -50 | -50 | 0 | 0 | 0 | 0 |
| | 0 | -38 | -38 | 0 | -71 | -71 | 0 | -21 | -21 | 0 |
| 3.Service Transformation | | | | | | | | | | |
| Education & School Improvement Services | 0 | 0 | 0 | 0 | 0 | 0 | -56 | 0 | 56 | -100 |
| Review transformation of inclusion services | -38 | 0 | 38 | -50 | 0 | 50 | 0 | 0 | 0 | 0 |
| | -38 | 0 | 38 | -50 | 0 | 50 | -56 | 0 | 56 | -100 |
| Total | -38 | 82 | 120 | -50 | -101 | -51 | -56 | 24 | 80 | -55 |
| Commissioning & Localities | | | | | | | | | | |
| 1.Pressures and Service Developments | | | | | | | | | | |
| Development of Voluntary & Community Sector to provide youth activities in the community | 50 | 0 | -50 | 40 | 0 | -40 | 0 | 0 | 0 | 0 |
| Troubled Families co-ordinator | 75 | 75 | 0 | 75 | 75 | 0 | 0 | 0 | 0 | 0 |
| | 125 | 75 | -50 | 115 | 75 | -40 | 0 | 0 | 0 | 0 |
| 2.Efficiencies | | | | | | | | | | |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -23 | -23 | -44 | -23 | 21 | 0 |
| Rationalisation of Service Management Teams and Functions | -50 | -50 | 0 | -50 | -50 | 0 | -50 | 0 | 50 | 0 |
| | -50 | -50 | 0 | -50 | -73 | -23 | -94 | -23 | 71 | 0 |
| 3.Service Transformation | | | | | | | | | | |
| Transformation of Universal Youth Service | -200 | -150 | 50 | -200 | 0 | 200 | 0 | 0 | 0 | 0 |
| | -200 | -150 | 50 | -200 | 0 | 200 | 0 | 0 | 0 | 0 |
| 4.Income | | | | | | | | | | |
| Troubled families grant | -75 | -75 | 0 | -75 | -75 | 0 | 0 | 0 | 0 | 0 |
| | -75 | -75 | 0 | -75 | -75 | 0 | 0 | 0 | 0 | 0 |
| Total | -200 | -200 | 0 | -210 | -73 | 137 | -94 | -23 | 71 | 0 |
| Specialist Services | | | | | | | | | | |
| 1.Efficiencies | | | | | | | | | | |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -35 | -35 | 0 | -35 | -35 | 0 |
| Children in Care Agency Placements | 0 | 240 | 240 | 0 | 0 | 0 | -264 | -100 | 164 | -100 |
| | 0 | 240 | 240 | 0 | -35 | -35 | -264 | -135 | 129 | -100 |
| 2.Service Reductions | | | | | | | | | | |
| Children's Social Care | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -150 |
| | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -150 |
| Total | 0 | 240 | 240 | 0 | -35 | -35 | -264 | -135 | 129 | -250 |
| Adult Services | | | | | | | | | | |
| 1.Pressures and Service Developments | | | | | | | | | | |
| Demographic Growth/Transition - Increased Cost of Rehabilitation / Personal Budgets | 0 | 0 | 0 | 279 | 0 | -279 | -279 | 0 | 279 | 0 |
| Scotter House Residual Costs | -22 | -22 | 0 | -17 | -17 | 0 | -17 | -17 | 0 | 0 |

| Items | Budget | Proposed | Variance | Budget | Proposed | Variance | Budget | Proposed | Variance | Proposed |
|---|---------------|-------------|--------------|---------------|---------------|---------------|---------------|---------------|------------|---------------|
| | 2013/14 | Budget | | 2014/15 | Budget | | 2015/16 | Budget | | Budget |
| | £000's | 2013/14 | £000's | £000's | 2014/15 | £000's | £000's | 2015/16 | £000's | 2016/17 |
| | | | | | | | | | | £000's |
| Investment in community based activities for Universal Day Services | 0 | 200 | 200 | 0 | -100 | -100 | 0 | -100 | -100 | 0 |
| Transitional cost of moving from Brumby site | 19 | 19 | 0 | 31 | 31 | 0 | 0 | 0 | 0 | 0 |
| Transitional Costs | -343 | 0 | 343 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | -346 | 197 | 543 | 293 | -86 | -379 | -296 | -117 | 179 | 0 |
| 2.Efficiencies | | | | | | | | | | |
| Community Support Team staff retirements & rationalisation of service | -125 | -125 | 0 | 0 | 0 | 0 | -125 | -125 | 0 | 0 |
| Mental Health Joint Commissioning | -150 | -150 | 0 | 0 | 0 | 0 | -160 | -160 | 0 | 0 |
| Supporting People Provision, efficiencies | 0 | -380 | -380 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -43 | -43 | 0 | -43 | -43 | 0 |
| Adult Service efficiencies and use of external funding | 0 | 0 | 0 | 0 | -965 | -965 | 0 | 187 | 187 | 22 |
| Worksmart Project Adults | -56 | -56 | 0 | -44 | -25 | 19 | 0 | 0 | 0 | 0 |
| | -331 | -711 | -380 | -44 | -1,033 | -989 | -285 | -141 | 144 | 22 |
| 3.Service Transformation | | | | | | | | | | |
| Reduce Service Management | 0 | -175 | -175 | -175 | -13 | 162 | -125 | -125 | 0 | 0 |
| Reduce size of Operational Support to reflect reconfigured service | -75 | 0 | 75 | 0 | -62 | -62 | 0 | 0 | 0 | 0 |
| Transformation of Day Services Older People | -291 | 808 | 1,099 | -60 | 0 | 60 | 0 | 0 | 0 | 0 |
| Transformation of Residential Care Services | -500 | -570 | -70 | -1,410 | -550 | 860 | -300 | -170 | 130 | -170 |
| Transformation of Day Services Learning Disability | -225 | 675 | 900 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transformation of practice | 0 | -230 | -230 | 0 | -230 | -230 | 0 | 0 | 0 | 0 |
| Transformation of targeted and Specialist Day Service Provision | 0 | 0 | 0 | 0 | -77 | -77 | 0 | -129 | -129 | 0 |
| Transform transport provision to targeted and specialist day services | 0 | 0 | 0 | 0 | -100 | -100 | 0 | -100 | -100 | 0 |
| Apply personal budgets to universal day service users | 0 | -150 | -150 | 0 | -150 | -150 | 0 | 0 | 0 | 0 |
| Transformation of Universal Offer for Day Service Activities | 0 | -200 | -200 | 0 | -100 | -100 | 0 | -100 | -100 | 0 |
| Fairer charging in Service Contributions Policy | 0 | -150 | -150 | 0 | -150 | -150 | 0 | 0 | 0 | 0 |
| Reduce equipment allocation for low need requests | 0 | -50 | -50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | -1,091 | -42 | 1,049 | -1,645 | -1,432 | 213 | -425 | -624 | -199 | -170 |
| 5.Reduction | | | | | | | | | | |
| Change in service entitlement thresholds from moderate to critical | 0 | 0 | 0 | 0 | 0 | 0 | -500 | -500 | 0 | -500 |
| Reduction in Assessment Services | 0 | 0 | 0 | 0 | 0 | 0 | -33 | -200 | -167 | -200 |
| | 0 | 0 | 0 | 0 | 0 | 0 | -533 | -700 | -167 | -700 |
| 6.Income | | | | | | | | | | |
| Fund Older People Day Service Reprovision through NHS Support | -102 | -102 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | -102 | -102 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | -1,870 | -658 | 1,212 | -1,396 | -2,551 | -1,155 | -1,539 | -1,582 | -43 | -848 |
| TOTAL PEOPLE DIRECTORATE | -2,108 | -536 | 1,572 | -1,656 | -2,760 | -1,104 | -1,953 | -1,716 | 237 | -1,153 |
| POLICY & RESOURCES DIRECTORATE | | | | | | | | | | |
| Human Resources | | | | | | | | | | |
| 1.Pressures and Service Developments | | | | | | | | | | |
| Reduced Income from SLA's | 0 | 40 | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | 40 | 40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2.Efficiencies | | | | | | | | | | |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -8 | -8 | 0 | -8 | -8 | 0 |
| Human Resources - Service restructures | -75 | -75 | 0 | -133 | -133 | 0 | -130 | -130 | 0 | -44 |
| Corporate Strategy Review | -26 | -26 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | -101 | -101 | 0 | -133 | -141 | -8 | -130 | -138 | -8 | -44 |
| 3.Income | | | | | | | | | | |
| Income from Traded Services - Human Resources | 0 | -40 | -40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 0 | -40 | -40 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | -101 | -101 | 0 | -133 | -141 | -8 | -130 | -138 | -8 | -44 |
| Legal Service | | | | | | | | | | |
| 1.Efficiencies | | | | | | | | | | |
| Democratic Services - Staffing Review | -75 | -85 | -10 | -26 | -26 | 0 | -41 | -41 | 0 | -28 |
| Stronger Communities Review & Commissioning Model | -38 | -63 | -25 | 0 | 0 | 0 | -50 | -68 | -18 | -52 |
| Legal Services Review /Shared Service | -75 | -38 | 37 | 0 | 0 | 0 | -5 | -5 | 0 | 0 |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -8 | -8 | 0 | -8 | -8 | 0 |
| Resources management - Civic Centre | -18 | 0 | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | -206 | -186 | 20 | -26 | -34 | -8 | -96 | -122 | -26 | -80 |

| Items | Budget | Proposed | Variance | Budget | Proposed | Variance | Budget | Proposed | Variance | Proposed |
|--|-------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|
| | 2013/14 | Budget | | 2014/15 | Budget | | 2015/16 | Budget | | Budget |
| | £000's | 2013/14 | £000's | £000's | £000's | £000's | £000's | 2015/16 | £000's | 2016/17 |
| The Angel Shared Service Customer Service Facility | -12 | -12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | -12 | -12 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Efficiencies | | | | | | | | | | |
| Communities & Customers Management Review | 0 | 0 | 0 | -13 | 0 | 13 | -6 | 0 | 6 | 0 |
| Administration & Management Savings | -48 | -30 | 18 | -18 | 0 | 18 | 0 | 0 | 0 | 0 |
| Staffing Establishment/Review Savings in Sport, Leisure & Culture | -28 | -23 | 5 | -35 | -65 | -30 | -49 | -91 | -42 | 0 |
| Procurement Savings - Leisure Services | -10 | -10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -15 |
| Cultural Services review / restructure | 0 | 0 | 0 | -15 | -40 | -25 | 0 | 0 | 0 | 0 |
| Transfer Sporting Facilities to community management | -40 | -10 | 30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Customer Services, & Registration Modernisation | -3 | -8 | -5 | -39 | -31 | 8 | -18 | -17 | 1 | -15 |
| Additional Commercial Activities - sports facilities | 0 | -53 | -53 | 0 | -53 | -53 | 0 | 0 | 0 | 0 |
| SMG Reduced Management Fee | 0 | -30 | -30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Debits - In-House Service | 0 | -18 | -18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -29 | -29 | 0 | -29 | -29 | 0 |
| | -129 | -182 | -53 | -120 | -218 | -98 | -73 | -137 | -64 | -30 |
| 4. Service Transformation | | | | | | | | | | |
| Customer Services - Integration/Channel Shift | 0 | -10 | -10 | 0 | -34 | -34 | -15 | -15 | 0 | 0 |
| Customer Services - Senior Management Integration | 0 | -36 | -36 | 0 | 0 | 0 | 0 | 0 | 0 | -75 |
| Customer Services - Service Transfer/Partnerships | -15 | -15 | 0 | -15 | -10 | 5 | -15 | -15 | 0 | -17 |
| Sports Facilities - Efficiencies from partnerships | -355 | 0 | 355 | -96 | -341 | -245 | -25 | -25 | 0 | 0 |
| Libraries, Information Services & Local Links | -110 | -98 | 12 | -30 | -65 | -35 | -10 | -10 | 0 | 0 |
| Local Link & Contact centre management | -54 | -38 | 16 | 0 | -12 | -12 | -20 | -18 | 2 | 0 |
| Grant Aid Reconfiguration | 0 | -52 | -52 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Withdraw /Reconfigure Encore music service | 0 | 0 | 0 | 0 | -6 | -6 | 0 | 0 | 0 | 0 |
| | -535 | -249 | 286 | -141 | -468 | -327 | -85 | -83 | 2 | -92 |
| Total | -790 | -443 | 347 | -366 | -686 | -320 | -172 | -241 | -69 | -122 |
| Community Service | | | | | | | | | | |
| 1. Pressures and Service Developments | | | | | | | | | | |
| Increased Landfill Tax & Volumes | 373 | 445 | 72 | 373 | 381 | 8 | 0 | 0 | 0 | 0 |
| Rural Transport and Highways | 125 | 64 | -61 | 600 | 600 | 0 | -600 | -600 | 0 | 0 |
| Composting increased tonnage | 0 | 44 | 44 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Street Lighting Energy | -14 | 149 | 163 | | | | | | | |
| Waste JV Procurement | 0 | 950 | 950 | 0 | -750 | -750 | 0 | -50 | -50 | 50 |
| Recession related income pressures Highway Development income | -25 | 50 | 75 | -43 | -25 | 18 | 0 | -19 | -19 | 0 |
| | 459 | 1,702 | 1,243 | 930 | 206 | -724 | -600 | -669 | -69 | 50 |
| 2. Efficiencies | | | | | | | | | | |
| Efficiencies within Adults & Childrens Transport | -30 | 0 | 30 | -20 | 0 | 20 | 0 | 0 | 0 | 0 |
| Road Safety Savings through Partnership with Safer Roads Humber | -7 | -7 | 0 | -4 | -4 | 0 | -3 | -3 | 0 | 0 |
| Staff & Miscellaneous Savings within Resources & Business Services | -37 | -6 | 31 | -26 | -19 | 7 | -32 | -25 | 7 | 0 |
| Bus Subsidies ,procurement savings | -16 | -16 | 0 | -68 | -68 | 0 | 0 | 0 | 0 | 0 |
| Explore Alternative Service Provision | 0 | 0 | 0 | -79 | 0 | 79 | -276 | 0 | 276 | -95 |
| Staff Savings Within CATS | -24 | 0 | 24 | -40 | 0 | 40 | -32 | 0 | 32 | 0 |
| Improve identification of trade waste to HRC sites | 0 | 0 | 0 | 0 | -40 | -40 | 0 | 0 | 0 | 0 |
| Transport Passes | -11 | -11 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -61 | -61 | 0 | -61 | -61 | 0 |
| Concessionary Fares Savings | 0 | 0 | 0 | 0 | -17 | -17 | 0 | -70 | -70 | 0 |
| | -124 | -40 | 84 | -238 | -209 | 29 | -343 | -159 | 184 | -95 |
| 3. Service Transformation | | | | | | | | | | |
| Transforming the delivery of Highways Services | 0 | 0 | 0 | -49 | -38 | 11 | -121 | -183 | -62 | 0 |
| Operations Service Review | -235 | 0 | 235 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Options around residual waste treatment from 2016 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -150 |
| Transfer Shopmobility to 3rd sector organisation | -20 | -20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Community Service Reviews | 0 | 0 | 0 | -13 | -43 | -30 | -6 | -40 | -34 | 0 |
| Performance & Partnerships review | -18 | 0 | 18 | -30 | 0 | 30 | 0 | 0 | 0 | 0 |
| Waste Review Savings | 0 | -30 | -30 | -74 | 0 | 74 | -70 | 0 | 70 | 0 |
| 3rd tier management review savings | 0 | -99 | -99 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Streetscene & Landscapes - Review of all activities | 0 | 0 | 0 | -22 | -22 | 0 | 0 | 0 | 0 | 0 |
| Additional FYE of recycling contract | 0 | -310 | -310 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

| Items | Budget | Proposed | Variance | Budget | Proposed | Variance | Budget | Proposed | Variance | Proposed |
|---|-------------|-------------|------------|-------------|-------------|-------------|---------------|---------------|------------|-------------|
| | 2013/14 | Budget | | 2014/15 | Budget | | 2015/16 | Budget | | Budget |
| | £000's | 2013/14 | £000's | £000's | 2014/15 | £000's | £000's | 2015/16 | £000's | 2016/17 |
| | | | | | | | | | | |
| | -273 | -458 | -185 | -188 | -104 | 84 | -197 | -223 | -26 | -150 |
| 4.Reductions | | | | | | | | | | |
| Concessions Rail Review | 0 | 0 | 0 | 0 | 0 | 0 | -45 | -45 | 0 | 0 |
| 5% reduction in the Operations Service | 0 | 0 | 0 | 0 | -38 | -38 | -147 | -183 | -36 | 0 |
| Reduction in the level of bus subsidies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -50 | -50 | 0 |
| | 0 | 0 | 0 | 0 | -38 | -38 | -192 | -278 | -86 | 0 |
| 5. Income | | | | | | | | | | |
| Market test bulky household items collections | 0 | -72 | -72 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charges for use of HRC network by non NL residents | 0 | -30 | -30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Maximise capital fee income with Better Routes | -32 | -32 | 0 | -47 | -47 | 0 | 0 | 0 | 0 | 0 |
| Controlled waste regulations 2012 implementation | 0 | -35 | -35 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase in charge for Road Closures | -5 | -5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Commercial income generation | 0 | -56 | -56 | 0 | -58 | -58 | -58 | -58 | 0 | -58 |
| | -37 | -230 | -193 | -47 | -104 | -57 | -58 | -58 | 0 | -58 |
| Total | 25 | 974 | 949 | 458 | -249 | -707 | -1,390 | -1,386 | 4 | -252 |
| Technical & Environmental Services | | | | | | | | | | |
| 1. Pressures and Service Developments | | | | | | | | | | |
| Carbon tax penalty - now no recycling, delayed one year (£12 per tonne, then £16 per tonne) | 50 | 50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Licensing Income - Recession Related Shortfall | 0 | 25 | 25 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Recession related income pressures Agricultural stewardship income shortfall | -13 | -13 | 0 | -15 | -15 | 0 | 0 | 0 | 0 | 0 |
| Crime Prevention Activities | 125 | 125 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 162 | 187 | 25 | -15 | -15 | 0 | 0 | 0 | 0 | 0 |
| 2. Capital Bid Consequences | | | | | | | | | | |
| Energy management: renewable heating | -20 | -20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | -20 | -20 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 3. Efficiencies | | | | | | | | | | |
| Restructure of NRT, Food & Safety & EP Team | -12 | 0 | 12 | -32 | -32 | 0 | 0 | 0 | 0 | 0 |
| Health Improvements - Efficiencies - Staffing Review | -22 | -22 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Housing - Review of Housing Division | 0 | 0 | 0 | -47 | -47 | 0 | 0 | 0 | 0 | 0 |
| Safer Neighbourhoods Review | -18 | -25 | -7 | -2 | -9 | -7 | -12 | -28 | -16 | 0 |
| Service Reviews & Deletion Of Posts | 0 | 0 | 0 | 0 | 0 | 0 | -66 | -66 | 0 | -102 |
| Environment Team Review | -42 | -56 | -14 | -25 | -22 | 3 | -10 | 4 | 14 | -3 |
| Review of Strategic Housing | -75 | -33 | 42 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Trading Standards - Management restructure | -32 | -90 | -58 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carbon Reduction Strategy; Savings & Reinvestments | -41 | -41 | 0 | -70 | -70 | 0 | -33 | -33 | 0 | 0 |
| Environment issues | -7 | -7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LSP Budget Reductions | -17 | -17 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Carbon Reduction Efficiencies | 0 | 0 | 0 | 0 | -250 | -250 | 0 | 0 | 0 | 0 |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -15 | -15 | 0 | -15 | -15 | 0 |
| Trading Standards - Reduce sampling budget | 0 | 0 | 0 | -25 | -25 | 0 | 0 | 0 | 0 | 0 |
| | -266 | -291 | -25 | -201 | -470 | -269 | -121 | -138 | -17 | -105 |
| Total | -125 | -125 | 0 | -216 | -485 | -269 | -121 | -138 | -17 | -105 |
| Planning & Regeneration | | | | | | | | | | |
| 1. Pressures and Service Developments | | | | | | | | | | |
| Reduced income Waters Edge (loss of tenant) | -38 | -38 | 0 | -38 | -38 | 0 | 0 | 0 | 0 | 0 |
| Wave 3 BSF; removal of set up costs | -240 | -240 | 0 | -195 | -195 | 0 | 0 | 0 | 0 | -120 |
| Neighbourhood Planning | 30 | 0 | -30 | 25 | 0 | -25 | 0 | 0 | 0 | 0 |
| Raising the Profile of North Lincolnshire | 0 | 0 | 0 | -45 | -45 | 0 | 0 | 0 | 0 | 0 |
| Continued Secondment of Maintenance Services Manager to BSF & Programme Slippage | 0 | 54 | 54 | 45 | 167 | 122 | 0 | -47 | -47 | -174 |
| Housing Planning Delivery Grant Initiatives | 0 | 0 | 0 | 45 | 45 | 0 | 0 | 0 | 0 | 0 |
| Additional Apprentices | 0 | 65 | 65 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Support for GAP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 9 | 0 |
| | -248 | -159 | 89 | -163 | -66 | 97 | 0 | -38 | -38 | -294 |
| 2. Efficiencies | | | | | | | | | | |
| Local Development Fund Savings | -10 | -10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Staff Savings | -12 | -49 | -37 | -10 | -111 | -101 | -55 | -55 | 0 | 0 |
| Micellaneous Savings | -33 | -33 | 0 | -20 | -20 | 0 | 0 | 0 | 0 | 0 |
| Reduction in OS Data,use of Google and 3D imagery | -10 | -10 | 0 | -25 | -25 | 0 | 0 | 0 | 0 | 0 |
| Remove Humberside Economic Partnership & Economic Assessments | -15 | -15 | 0 | -59 | -59 | 0 | 0 | 0 | 0 | 0 |
| Subscriptions and Events | 0 | 0 | 0 | -12 | -12 | 0 | 0 | 0 | 0 | 0 |

| Items | Budget | Proposed | Variance | Budget | Proposed | Variance | Budget | Proposed | Variance | Proposed |
|---|----------------|----------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|
| | 2013/14 | Budget | £000's | 2014/15 | Budget | £000's | 2015/16 | Budget | £000's | Budget |
| | £000's | 2013/14 | | £000's | 2014/15 | | £000's | 2015/16 | | 2016/17 |
| | | £000's | | | £000's | | | £000's | | £000's |
| Reduction in public building repair and maintenance spending | -10 | -10 | 0 | -10 | -10 | 0 | 0 | 0 | 0 | 0 |
| Restructure, Staff Review, Vacancy Management savings in Asset & Estate Management division | -55 | -55 | 0 | -25 | -25 | 0 | -26 | -26 | 0 | 0 |
| Savings in Alliance House Costs | -13 | -13 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Savings within Construction & Technical Services division | -118 | -118 | 0 | -56 | -56 | 0 | -20 | -20 | 0 | 0 |
| Remove Funding for Increments | 0 | 0 | 0 | 0 | -24 | -24 | 0 | -24 | -24 | 0 |
| Car Parking Strategy | 0 | 0 | 0 | 0 | -57 | -57 | 0 | 0 | 0 | 0 |
| | -276 | -313 | -37 | -217 | -399 | -182 | -101 | -125 | -24 | 0 |
| 3. Service Transformation | | | | | | | | | | |
| Moved emphasis to e-books and brochures | 0 | 0 | 0 | -10 | -10 | 0 | 0 | 0 | 0 | 0 |
| Use of new web presence to provide online statutory consultation and documentation | -20 | -20 | 0 | -20 | -20 | 0 | 0 | 0 | 0 | 0 |
| | -20 | -20 | 0 | -30 | -30 | 0 | 0 | 0 | 0 | 0 |
| 4. Income | | | | | | | | | | |
| Recession related Car Parking income shortfall | -78 | -78 | 0 | -78 | -78 | 0 | 0 | 0 | 0 | 0 |
| Charge for Staff Parking | 0 | -30 | -30 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Charge for Disabled Parking | 0 | -8 | -8 | 0 | -8 | -8 | 0 | 0 | 0 | 0 |
| Pre-application Advice | -30 | 0 | 30 | -25 | 0 | 25 | 0 | 0 | 0 | 0 |
| Planning income | -205 | -118 | 87 | -221 | -100 | 121 | 0 | 0 | 0 | 0 |
| Security Centre - Market CCTV Service | 0 | 0 | 0 | -44 | -44 | 0 | 0 | 0 | 0 | 0 |
| Reduce funding for Town Centre regeneration (HPDG) | 0 | -57 | -57 | 0 | 57 | 57 | 0 | 0 | 0 | 0 |
| Income from Property Trading Account | -110 | -110 | 0 | -385 | -385 | 0 | -121 | -130 | -9 | -36 |
| Income from Commercial Activity | 0 | -20 | -20 | 0 | -11 | -11 | 0 | 0 | 0 | 0 |
| | -423 | -421 | 2 | -752 | -569 | 183 | -121 | -130 | -9 | -36 |
| | | | 0 | | | 0 | | | 0 | |
| Total | -968 | -913 | 55 | -1,163 | -1,064 | 99 | -222 | -293 | -71 | -330 |
| TOTAL PLACES DIRECTORATE | -1,858 | -506 | 1,352 | -1,287 | -2,484 | -1,197 | -1,905 | -2,059 | -154 | -809 |
| CENTRAL BUDGETS | | | | | | | | | | |
| Corporate Budgets & Levies | | | | | | | | | | |
| 1. Pressures and Service Developments | | | | | | | | | | |
| Business Rate; Tariff Payments | 9,452 | 9,452 | 0 | 290 | 290 | 0 | 299 | 299 | 0 | 309 |
| Business Rate ; Levy | 323 | 323 | 0 | 249 | 249 | 0 | 131 | 131 | 0 | 182 |
| Shortfall in Parsh Precepts | 178 | 178 | 0 | | | 0 | | | 0 | |
| | 9,953 | 9,953 | 0 | 539 | 539 | 0 | 430 | 430 | 0 | 491 |
| 2. Efficiencies | | | | | | | | | | |
| Reduced Staffing & Other Efficiencies | 0 | -100 | -100 | -20 | -20 | 0 | -25 | -25 | 0 | 0 |
| Insurance Contract Savings | 0 | -300 | -300 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Public Health Central Charge | 0 | 0 | 0 | 0 | -160 | -160 | 0 | 0 | 0 | 0 |
| Public Health Efficiencies | 0 | 0 | 0 | 0 | -330 | -330 | 0 | -300 | -300 | 0 |
| Training & Development Efficiencies | 0 | 0 | 0 | 0 | -150 | -150 | 0 | 0 | 0 | 0 |
| | 0 | -400 | -400 | -20 | -660 | -640 | -25 | -325 | -300 | 0 |
| TOTAL CORPORATE BUDGETS & LEVIES | 9,953 | 9,553 | -400 | 519 | -121 | -640 | 405 | 105 | -300 | 491 |
| Capital Financing | | | | | | | | | | |
| Reduced Interest from Balances | 50 | 0 | -50 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Bids | 0 | 0 | 0 | 0 | 291 | 291 | 0 | 222 | 222 | 22 |
| Savings from Not Borrowing | 0 | -339 | -339 | 0 | -541 | -541 | 0 | 0 | 0 | 0 |
| Slippage /Existing Programme Change | 148 | 20 | -128 | 393 | 347 | -46 | 236 | 47 | -189 | -119 |
| | 199 | -318 | -517 | 393 | 97 | -296 | 235 | 268 | 33 | -98 |
| TOTAL CAPITAL FINANCING | 199 | -318 | -517 | 393 | 97 | -296 | 235 | 268 | 33 | -98 |
| TOTAL BUDGET | 145,832 | 146,583 | 751 | 145,579 | 142,699 | -2,880 | 143,211 | 140,634 | -2,577 | 140,290 |
| USE OF RESERVES | | | | | | | | | | |
| Service Transformation Provision | 274 | 605 | 331 | 314 | 75 | -239 | 138 | 69 | -69 | 0 |
| Waste JV Procurement | | 950 | 950 | | 165 | 165 | | 150 | 150 | 35 |
| BSF | | 54 | 54 | | 176 | 176 | | 129 | 129 | 0 |
| Total Use of Reserves | 274 | 1,609 | 1,335 | 314 | 416 | 102 | 138 | 348 | 210 | 35 |
| FUNDING | | | | | | | | | | |
| Estimated Funding | | | | | | | | | | |
| Formula grant/NNDR | 65,163 | 0 | -65,163 | 62,464 | 0 | -62,464 | 59,846 | 0 | -59,846 | 0 |
| Revenue Support Grant | 0 | 43,558 | 43,558 | 0 | 35,848 | 35,848 | 0 | 31,633 | 31,633 | 27,592 |
| Base Line Funding Level (NNDR) | 0 | 28,978 | 28,978 | 0 | 29,867 | 29,867 | 0 | 30,763 | 30,763 | 31,685 |
| Council tax freeze grant 11/12 | 1,658 | | -1,658 | 1,658 | | -1,658 | 0 | 0 | 0 | 0 |
| Other Rolled In Grants | 2,133 | | -2,133 | 2,133 | | -2,133 | 2,133 | 0 | -2,133 | 0 |
| Early Intervention Funding | 7,345 | | -7,345 | 7,345 | | -7,345 | 7,345 | 0 | -7,345 | 0 |
| Start-Up Funding Assessment | 76,299 | 72,536 | -3,763 | 73,600 | 65,715 | -7,885 | 69,324 | 62,396 | -6,928 | 59,277 |

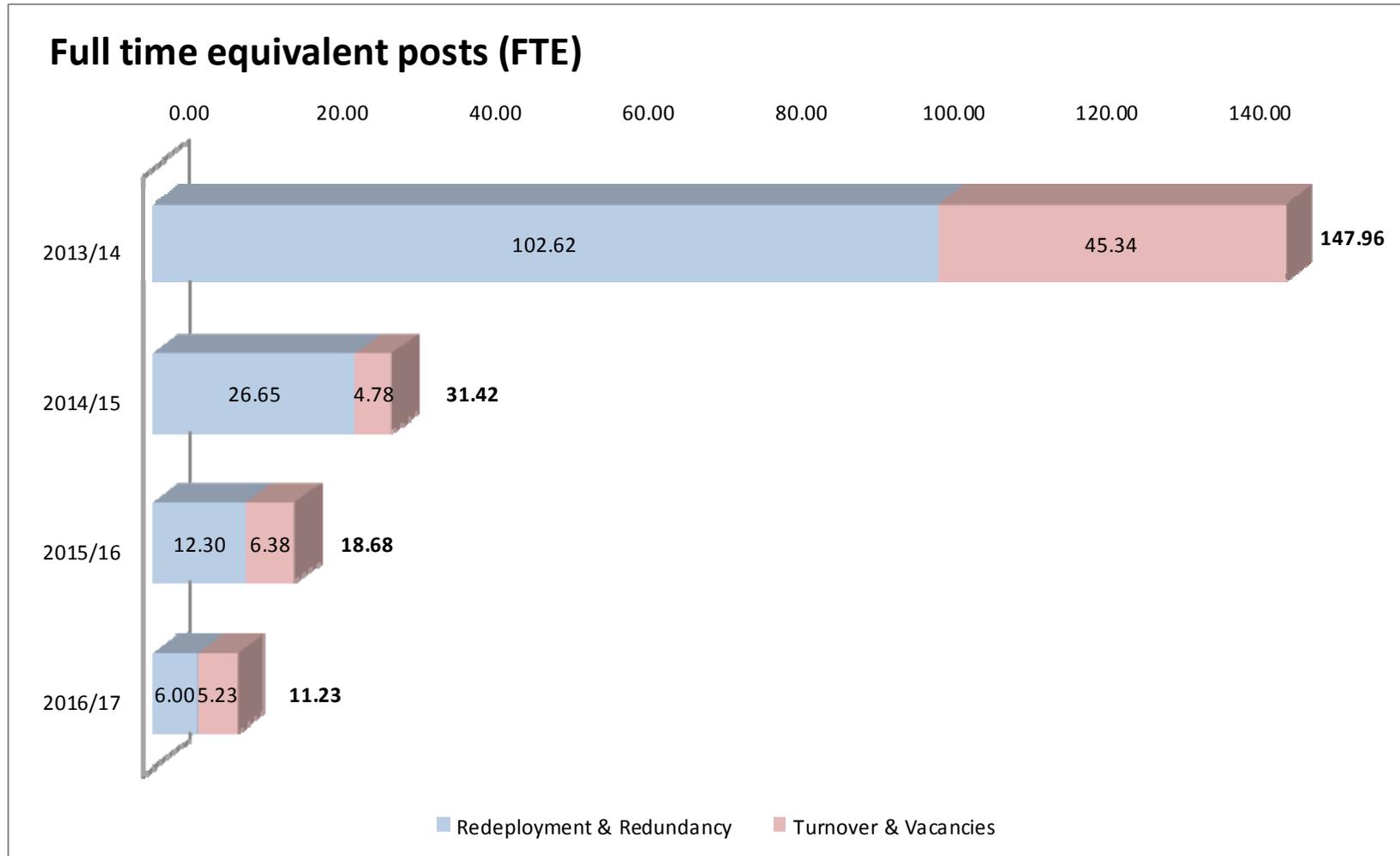
| Items | Budget | Proposed | Variance | Budget | Proposed | Variance | Budget | Proposed | Variance | Proposed |
|---|----------------|----------------|------------|----------------|----------------|---------------|----------------|----------------|---------------|----------------|
| | 2013/14 | Budget | | 2014/15 | Budget | | 2015/16 | Budget | | Budget |
| | £000's | 2013/14 | £000's | £000's | 2014/15 | £000's | £000's | 2015/16 | £000's | 2016/17 |
| Additional NNDR | 0 | 987 | 987 | 0 | 2,862 | 2,862 | 0 | 3,298 | 3,298 | 3,889 |
| Council Tax: Frozen,1.75%,1.4%,1.4% | 58,347 | 56,539 | -1,808 | 59,893 | 57,816 | -2,077 | 61,227 | 58,918 | -2,309 | 60,040 |
| Council tax freeze grant 13/14 | 0 | 672 | 672 | 0 | 670 | 670 | 0 | 0 | 0 | 0 |
| Grant for Council Tax Support scheme | 0 | 267 | 267 | 0 | | 0 | 0 | | 0 | |
| New Homes Bonus | 960 | 1,769 | 809 | 1,280 | 2,411 | 1,131 | 1,600 | 3,051 | 1,451 | 3,691 |
| Efficiency Support for Services in Sparse Areas | 0 | 31 | 31 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Collection Fund Surplus | 0 | 308 | 308 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business Rate Retention: Tariff & Levies | 9,953 | 9,775 | -178 | 10,492 | 10,314 | -178 | 10,922 | 10,744 | -178 | 11,235 |
| Education Services Grant | 0 | 1,986 | 1,986 | 0 | 1,986 | 1,986 | 0 | 1,986 | 1,986 | 1,986 |
| Total Funding | 145,833 | 146,478 | 645 | 145,579 | 142,190 | -3,389 | 143,211 | 140,741 | -2,470 | 140,153 |
| TOTAL NET BALANCE | 0 | 105 | 105 | 0 | 509 | 509 | 0 | -106 | -106 | 137 |

APPENDIX C

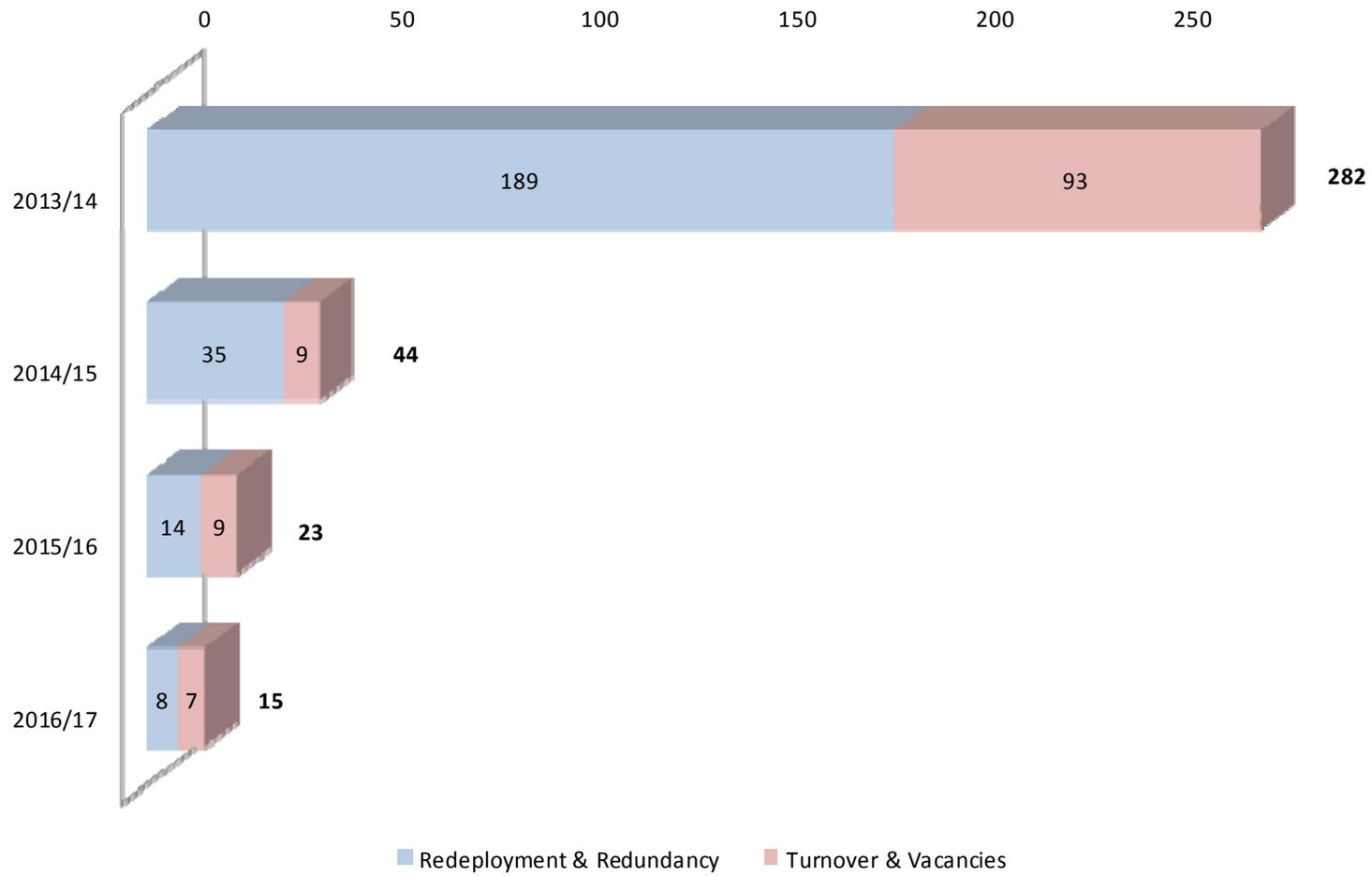
PARISH PRECEPTS

| Parish or Area | Local Tax Base | Precept | NLC Grant | Total Requirement | Band D |
|----------------------|-----------------|------------------|----------------|-------------------|--------|
| Alkborough | 147.2 | 3,505 | 495 | 4,000 | 23.81 |
| Amcotts | 71.2 | 1,742 | 258 | 2,000 | 24.47 |
| Appleby | 215.2 | 5,019 | 481 | 5,500 | 23.32 |
| Ashby Parkland | 162.2 | 1,431 | 569 | 2,000 | 8.82 |
| Barnetby-le-Wold | 481.7 | 21,028 | 2,972 | 24,000 | 43.65 |
| Barrow-on-Humber | 915.7 | 12,390 | 1,610 | 14,000 | 13.53 |
| Barton-upon-Humber | 2,944.5 | 134,736 | 27,311 | 162,047 | 45.76 |
| Belton | 1,039.1 | 13,529 | 1,471 | 15,000 | 13.02 |
| Bonby | 183.4 | 10,490 | 1,010 | 11,500 | 57.19 |
| Bottesford | 3,463.2 | 91,464 | 8,486 | 99,950 | 26.41 |
| Brigg | 1,513.8 | 99,790 | 18,210 | 118,000 | 65.92 |
| Broughton | 1,565.9 | 86,437 | 12,563 | 99,000 | 55.20 |
| Burringham | 191.4 | 9,657 | 2,343 | 12,000 | 50.46 |
| Burton-upon-Stather | 917.8 | 41,155 | 3,845 | 45,000 | 44.84 |
| Cadney-cum-Howsham | 146.7 | 5,939 | 561 | 6,500 | 40.50 |
| Crowle | 1,408.3 | 55,034 | 7,966 | 63,000 | 39.08 |
| East Butterwick | 40.0 | 589 | 161 | 750 | 14.73 |
| East Halton | 193.9 | 3,159 | 341 | 3,500 | 16.29 |
| Eastoft | 128.8 | 3,156 | 544 | 3,700 | 24.50 |
| Elsham | 156.1 | 6,131 | 369 | 6,500 | 39.28 |
| Epworth | 1,427.9 | 51,277 | 5,723 | 57,000 | 35.91 |
| Flixborough | 494.6 | 10,954 | 1,046 | 12,000 | 22.15 |
| Garthorpe & Fockerby | 122.1 | 5,882 | 1,118 | 7,000 | 48.18 |
| Goxhill | 725.9 | 39,119 | 4,736 | 43,855 | 53.89 |
| Gunness | 568.3 | 26,527 | 7,473 | 34,000 | 46.68 |
| Haxey | 1,564.6 | 31,964 | 3,036 | 35,000 | 20.43 |
| Hibaldstow | 708.3 | 13,046 | 1,954 | 15,000 | 18.42 |
| Holme | 38.0 | 228 | 22 | 250 | 6.00 |
| Horkstow | 52.0 | 1,398 | 102 | 1,500 | 26.88 |
| Keadby with Althorpe | 432.5 | 23,466 | 5,534 | 29,000 | 54.26 |
| Kirmington & Croxton | 117.7 | 7,557 | 1,443 | 9,000 | 64.19 |
| Kirton-in-Lindsey | 971.0 | 66,157 | 6,843 | 73,000 | 68.13 |
| Luddington | 106.2 | 3,264 | 736 | 4,000 | 30.75 |
| Manton | 40.7 | 0 | 0 | 0 | 0.00 |
| Melton Ross | 61.0 | 2,280 | 470 | 2,750 | 37.36 |
| Messingham | 1,220.9 | 42,660 | 4,340 | 47,000 | 34.94 |
| New Holland | 215.9 | 6,756 | 2,244 | 9,000 | 31.29 |
| North Killingholme | 79.4 | 4,567 | 683 | 5,250 | 57.50 |
| Owston Ferry | 394.4 | 10,545 | 1,554 | 12,099 | 26.74 |
| Redbourne | 151.9 | 6,593 | 657 | 7,250 | 43.41 |
| Roxby-cum-Risby | 146.6 | 5,013 | 487 | 5,500 | 34.20 |
| Saxby-all-Saints | 83.5 | 3,322 | 378 | 3,700 | 39.79 |
| Scawby-cum-Sturton | 760.6 | 26,218 | 2,782 | 29,000 | 34.47 |
| Scunthorpe | 13,655.1 | 0 | 0 | 0 | 0.00 |
| South Ferriby | 184.4 | 11,022 | 2,098 | 13,120 | 59.77 |
| South Killingholme | 254.8 | 11,287 | 3,213 | 14,500 | 44.29 |
| Thornton Curtis | 89.2 | 1,976 | 224 | 2,200 | 22.16 |
| Ulceby | 495.4 | 10,656 | 1,844 | 12,500 | 21.51 |
| West Butterwick | 225.0 | 0 | 0 | 0 | 0.00 |
| West Halton | 109.6 | 4,518 | 482 | 5,000 | 41.22 |
| Whitton | 81.2 | 2,435 | 165 | 2,600 | 29.99 |
| Winteringham | 311.0 | 11,225 | 1,275 | 12,500 | 36.10 |
| Winterton | 1,236.4 | 103,792 | 19,558 | 123,350 | 83.95 |
| Wootton | 167.6 | 3,233 | 367 | 3,600 | 19.29 |
| Worlaby | 189.2 | 10,103 | 897 | 11,000 | 53.40 |
| Wrawby | 494.6 | 12,034 | 966 | 13,000 | 24.33 |
| Wroot | 166.9 | 9,656 | 844 | 10,500 | 57.85 |
| | <u>44,030.2</u> | <u>1,187,111</u> | <u>176,860</u> | <u>1,363,971</u> | |

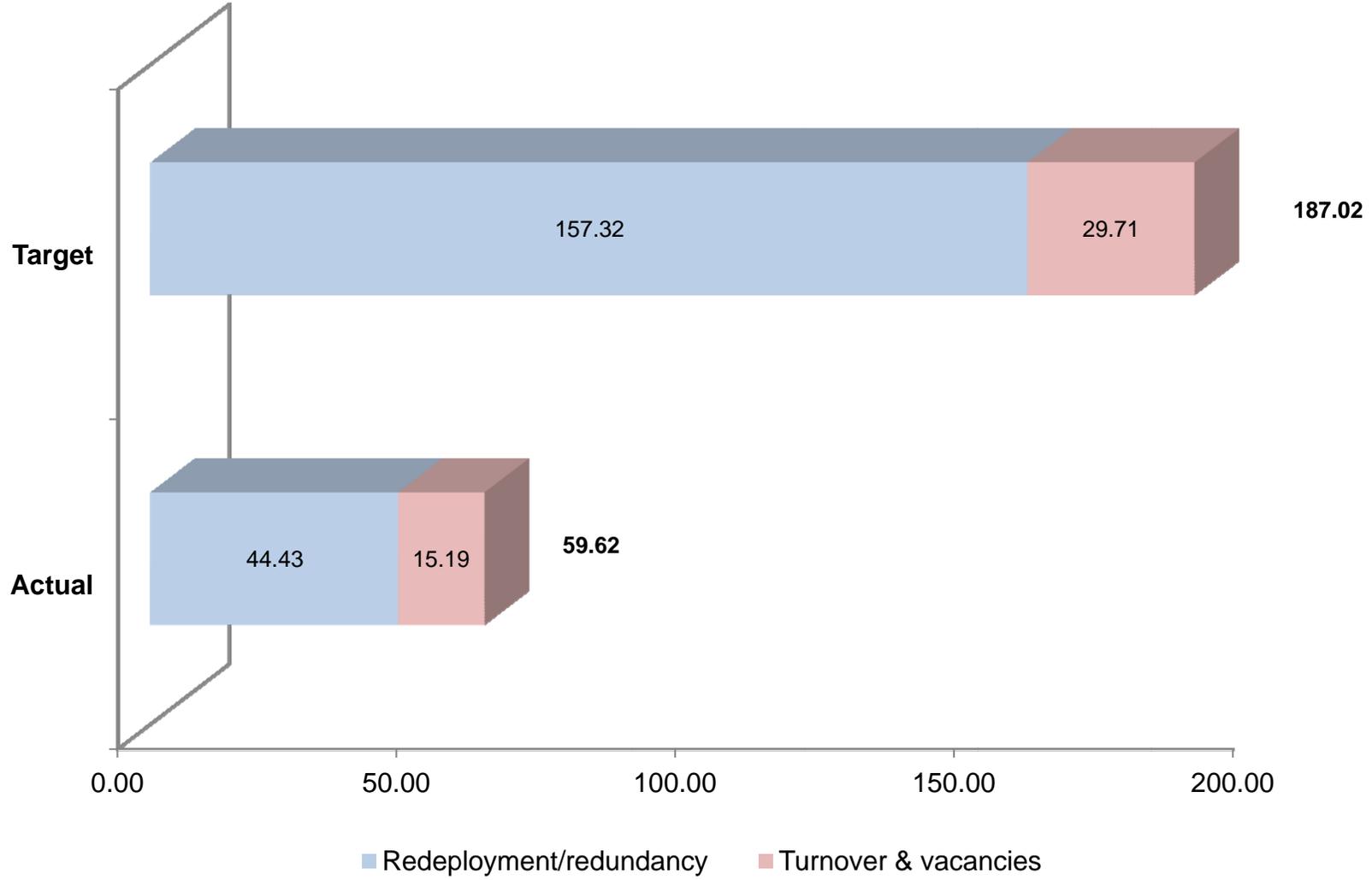
Planned workforce reductions 2013/14 to 2016/17



Number of posts affected



Workforce reduction during 2012/13
Full time equivalent



Workforce reduction during 2012/13

Number of posts

