

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

REVENUE BUDGET 2016/17 AND FINANCIAL PLAN 2016/20

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The purpose of this paper is to consider budget proposals for the period 2016/20 and to provide Council with the information and analysis necessary to set a revenue budget and council tax for the next financial year 2016/17.
- 1.2 The paper and its appendices identify options for continuing to deliver high quality services while meeting the challenges of the current financial climate. A separate paper on this agenda provides details of a proposed capital programme for the same period.
- 1.3 It gives assurance on the council's financial resilience, confirms that the estimates presented in the report are robust and that reserves are adequate. This meets the requirements of section 25 of the Local Government Act 2003 and provides a basis for council to set a balanced budget.
- 1.4 The key decisions in this report are:
 - To determine the council's revenue budget for 2016/17
 - To set the council tax for 2016/17
 - To approve the financial strategy for 2016/20

This meets the requirements of Sections 31 to 52 of the Local Government Finance Act 1992 as modified by subsequent legislation.

2. BACKGROUND INFORMATION

The Financial Framework

- 2.1. The Council operates with legally defined powers to deliver a range of local services. These include powers to raise funding to meet the costs of delivery, but funding brings accountability. The following paragraphs explain the current financial framework for local government bodies.

2.2. There is a legal requirement to set a **revenue budget** each year. This provides for the cost of running council services. The council must decide the level of spending it can afford. It must take account of how much government grant it will receive and the level of **council tax** it wishes to set. The council must make sure that it sets a balanced budget – that it has identified adequate finance to pay for its spending plans. The revenue budget is by law set one year at a time. However, it needs to fit the longer –term strategic vision and in practice the council sets an indicative four year financial plan as well as a detailed one-year budget.

2.3. It is an established principle that the costs of running local authority services are met partly from local taxation and partly from government grant. The components change over time, as well as the balance between local and central funding. Starting in 2013/14 there has been a partial re-localisation of business rates, with government and local authorities taking a 50% share each. This means that there are again two local taxes to support council spending, the **local share of business rates and council tax**.

2.4. The **Settlement Funding Assessment (SFA)** determines the government's general contribution to the cost of local services, and includes revenue support grant and the local share of business rates. The key feature of this government funding is that it will be progressively reduced over time as the government addresses the public sector deficit.

2.5. It is also established practice for government to provide specific grants for specific purposes and most of these are ring-fenced and paid separately. The most significant grants are **Dedicated Schools Grant (DSG)** which can only be spent in schools or on defined support services for schools; and **Public Health Grant**, which supports a range of public health initiatives.

2.6. There are constraints on council's power to raise **local taxation**:

- i. The increase in Business Rates is set by the Secretary of State. This is tied to the increase in RPI.
- ii. The council shares the business rate income with government (50%) and the Fire Service (1%), and because North Lincolnshire historically has a high business rate tax base it must also pay an additional tariff to government for authorities with a lower taxable capacity, and a 25% levy on any growth
- iii. The Localism Act 2011 also requires a council to conduct a **local referendum** if an increase is proposed which is above an 'Excessive' level determined by the Secretary of State. For 2016/17 this is 2%.
- iv. There is a new flexibility for social care authorities to raise a 2% annual precept to be used for adult social care without triggering the referendum limit.

2.7. In addition, as billing authority for the area, the Council 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**, and to collect that tax on their behalf. The precepting bodies are:

- Parish and town councils in North Lincolnshire
- Humberside Police and Crime Commissioner
- Humberside Fire Authority

2.8. 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. At its meeting in November 2015, Council approved grant support to compensate parishes for the loss of tax due to the Council Tax Reduction Scheme. The precept decision and grant entitlement for each parish and town council is shown at **Appendix C**.

- 2.9 At the time of the Settlement the government publishes a year on year 'Spending Power' comparison to illustrate the combined impact on resources available to councils taking account of settlement funding, most non-schools specific grants and local tax resources. It believes this provides a more complete picture of the overall resources available to councils. A new definition of '**Core Spending power**' has been used this time.
- 2.10 The council has a separate **capital programme** for longer-term investment in services. This is spending on the construction and improvement of assets such as schools, roads and other council-run facilities. It also includes grants for investment in community facilities and home improvements, and government funding allocated for economic regeneration and infrastructure development. It can fund this spending from grant, borrowing, capital receipts from asset sales, or direct from the revenue budget. The cost of borrowing to pay for capital investment is a call on the revenue budget, and the Council must ensure its level of borrowing is prudent and affordable.

Financial Resources 2016/20

The Local Government Finance Settlement

- 2.11 On 8th February 2016 the Secretary of State confirmed the Settlement Funding Assessment for 2016/17, with indicative figures for the next three years. He confirmed
- a. The change to the method of distributing Settlement funding to take account of councils' relative ability to raise council tax
 - b. That core spending power in 2019/20 is virtually the same as in 2015/16 in cash terms (0.4% less)
 - c. That it includes additional funding for adult social care, through the Better Care Fund and the option of a 2% adult social care precept each year
 - d. That the referendum limit will continue at 2% with an additional dedicated 2% precept for councils with adult social care responsibilities
 - e. The offer of a four year settlement offer, with a deadline of 14th October 2016 to respond
 - f. That from 2020 local authorities will essentially be funded from local resources: with the full localisation of business rates, general government grant will end.
 - g. A review of the needs formula in preparation for the introduction of 100 per cent business rates retention.
- 2.12 In response to feedback on the provisional settlement published in December he announced some additional funding:

- a) Transitional grant of £150 million in both 16/17 and 17/18 for the councils most adversely affected by the change in revenue support grant
- b) Extra funding in the first two years for rural areas through an increased Rural Services Delivery Grant (now £204k for NLC in 2016/17)

Public Health and Independent Living Fund allocations have now been announced:

- a) Public Health funding reduces from £10m in 2016/17 to £9.56m in 2017/18
- b) ILF allocations fall from £0.63m in 2015/16 to £0.54m by 2019/20.

Change in Core Spending Power	16/17	19/20	Change 2016/20
	£m	£m	%
England	44,501.3	44,318.1	-0.4%
NLC	119.2	116.7	-2.1%

- 2.13 The projection of core spending power shown in the table makes a number of assumptions.
- a) That the business rates base grows, the cost of appeals reduces, and rates increase with inflation up to 2020
 - b) That councils with social care responsibility get extra funding through the Better Care Fund
 - c) That the same councils take full advantage of a 2% annual precept for social care
 - d) And that all councils increase the council tax for inflation at an average of 1.75% a year
- 2.14 In other words to achieve the same spending power in 2019/20 as in 2015/16 requires councils to increase their council tax year on year. This is a change to the council tax freeze policy adopted in the last Parliament, and is a response to cost pressures which face the sector. It is expected that in real terms council tax levels at the end of the four year period will still be lower than in 2009/10 even with the proposed increases.

On the assumption that North Lincolnshire Council increases council tax by a combined 3.75% year on year its **core spending power** falls from £119.2m in 2015/16 to £114.8m, to £112.6m before recovering to £116.7m in 2019/20.

The assumptions on local council tax decisions are offset by a reduction of £13.1m in Settlement Funding (SFA) over the four years compared to the plan approved by council in February 2015:

Change in Settlement Funding (SFA)	16/17	17/18	18/19	19/20	Total 2016/20
	£m	£m	£m	£m	£m
Council February 2015	52.130	48.533	46.116	46.116	52.130
Final Settlement	50.869	45.246	42.083	38.985	38.985
	-1.261	-3.287	-4.033	-7.131	-13.145

- 2.15 Considering the Settlement in more detail shows that within the SFA the figure for Revenue Support Grant falls significantly more than expected:
- Core RSG falls from £20.5m in 15/16 to £6.1m in 19/20, **£5m** less than expected
 - Council tax freeze grant of **£2m** from three previous settlements disappears
 - By 2020 the retained element of business rates is the major part of the Settlement
- 2.16 The scale of cuts to RSG are greater than expected. In part it reflects the change to the distribution formula to better reflect the local resource base. This council fares less well than the national average.
- 2.17 The Core spending power definition contains some other general grant streams, taken to be available for general support to the budget. These bring down the overall reduction of **£13.1m** by 2019/20 to **£8.9m**:
- £5.2m more BCF funding, earmarked for local government
 - £1.2m less New Homes Bonus, as the scheme is revised to transfer funding to support Adult Social Care
 - An increase in Rural Services Delivery Grant to £204k
- 2.18 In essence the reduction in Revenue Support Grant of £5m, is compensated by £5.2m of BCF by the end of the period. This replaces a general grant, which the council is free to use as it chooses, with a funding stream for specific use on Adult Social Care/Health, and potentially some further conditionality. The New Homes Bonus reduction is based on a specific view of government consultation options for the future of NHB which may change, and plays in expected growth at Lincolnshire Lakes.

Local Resources

- 2.19 Council set its **council tax** base on 10 November 2015. There is growth in the taxbase of 3.1% from 2015/16, which gives an increased yield of £1.7m at the tax level. The main reasons for growth are increases in the taxbase and falling numbers of people eligible for local council tax support due to improving economic circumstances. It is further increased by the decision to increase the minimum contribution towards council tax support to 23%.
- 2.20 Taking this taxbase and projecting growth forward, the plan presented here assumes that the council will take advantage of the 2% Social Care Precept each year in addition to the general increase of 1.8% a year projected in the February 2015 plan. The council will need to demonstrate that the social care precept is spent on adult social care. An assessment has been made of the spending plans presented here and this requirement is met for 2016/17.
- 2.21 The Forecast net **business rate** yield has been confirmed at £89.244m of which the council will retain funding of £36.592m. This is after deduction of the central government half share, the Fire Authority share, a tariff payment of £9.902m and a levy payment of £1.137m. That gives the council £6.234m more than the council's inflation adjusted NNDR Baseline Funding

Level, and this additional sum is factored into the financial plan and is in line with the forecast made this time last year.

3. OPTIONS FOR CONSIDERATION

Financial planning is, of its nature, a dynamic exercise and regular review is essential to ensure that changes of circumstance and changes of policy can be factored in. The aim is to provide members with a reliable and up-to-date basis for budget and council tax decisions.

When formulating the financial strategy available resources need to be matched to the statutory and other spending priorities of the council. There are a number of conditions to be met to ensure the Medium Term Financial Plan (MTFP) is viable:

- a. **The resilience of the current financial position**
- b. **The robust costing of spending plans**
- c. **The arrangements for effective financial control and management of risks**
- d. **The strategy for the prudent use of reserves**
- e. **An appreciation of the implications of spending decisions for service outcomes and workforce impact**
- f. **A balanced budget**

a) FINANCIAL RESILIENCE

- 3.1 Before considering the financial strategy for 2016/20 it is important to review our current finances. The council has been commended for its financial management over a period of years, with independent external auditors reporting a clear embedded financial management culture and a stable financial position.
- 3.2 Auditors gave a clean bill of health on the council's accounts for 2014/15 as they have for each year since the inception of North Lincolnshire Council. **The financial outturn for 2014/15 was positive, with net expenditure £1.4m (1%) below the cash limited budget, contributing to an increase to the balance on the Revenue Support Reserve of £2.9m.** This reflected:
- a) Short-term savings including vacancy management
 - b) Savings on the contingency fund of £0.7m largely from careful management of staff reductions, and
 - c) Lower insurance costs
 - d) No need for a planned call on corporate reserves
 - e) While 69% of key performance indicators showed improvement on the previous year, and 81% were above target or within tolerance.
- 3.3 Some areas of spending are managed separately:
- a) Schools manage their own budgets under Local Management of Schools. Collectively there was a modest call of £46k on school reserves
 - b) Public Health spending was within budget and unspent grant of £730k was automatically carried forward.

- 3.4 The latest projection for council net expenditure in 2015/16, identifies spending pressures of up to £0.9m which Directorates expect to resolve in year (January Budget Review 2015/16, report to cabinet 25/01/16). These include care costs for children and adults, shortfalls against increased income targets in community services, and some delay to channel shift initiatives. If corrective action does not contain costs in full by year end there is an unspent balance of £0.5m available in contingency. Where these cost pressures recur in 2016/17 or beyond the financial plan recognises them and makes a budget adjustment.
- 3.5 The 2015/16 budget includes target savings of £6.6m compared to the previous financial year. Progress towards delivering savings is positive. As mentioned above £0.2m of increased income targets and channel shift savings have yet to be fully realized in Customer Services. The part year saving from changes to staff terms and conditions (£1m) is covered by in year corporate savings until planned implementation in full from April 2016.

b) ROBUST SPENDING PLANS

- 3.6 It is a legal requirement for the council to have assurance that service activity in the plan period 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.
- 3.7 The analysis at **Appendix A1** tests the assumptions made in putting the budget together to demonstrate its robustness.
- a) Pay inflation is provided in line with the 2.4% offer over two years made by local government employers for 2016/18; a further 1% is provided in each of the last two years. However the budget also assumes that the 2016 award will be reduced by 1% by local agreement
 - b) Contractual price inflation is provided at 2%
 - c) There is provision for increased pension and national insurance costs, following the last triennial review and the changes to the state pension from 1 April 2016
 - d) Based on an assessment of the workforce impact of the changes proposed in the plan the contingency includes £0.5m per annum to cover transformation/redundancy costs.
 - e) The Financial Plan includes the projected growth in business rates and council tax from the South Humber Bank and Lincolnshire Lakes developments. Both have been reprofiled to reflect the latest projected timeline. It means that the benefits come later in the plan period than previously assumed. A prudent approach would be not to commit in advance the projected additional income, and to continue to review the position as the plan period progresses.
- 3.8 In addition the plan provides for specific **additional spending pressures**:
- a) There are demographic pressures in adult social care with more older people needing care; and more people with a learning disability living into adulthood as their conditions are better managed, and costs associated with introducing new Care Act requirements
 - b) Children's Services face additional cost pressures in the care of looked after children including the costs of legal processes, the duty to provide support to age 21 under the Staying Put initiative and the costs of special guardianships
 - c) Provision is made for the increased costs of waste treatment and disposal as waste is diverted from landfill

- d) The programme of investment in council facilities is extended to 2019/20 and increases financing costs where financed by borrowing
- e) The contingency provides for
 - a. The phased introduction of the statutory Living Wage starting in April 2016 increases pay for lower paid council workers
 - b. The estimated impact of the Living Wage on costs faced by external contractors, particularly providers of residential and home care services
 - c. Increased costs associated with the introduction of a single state pension
 - d. A new apprenticeship levy to fund the government programme from 2017/18

3.9 New or revised **saving proposals** have also been included for each directorate, updating the plan approved in February 2015. They include:

- a) Sharing support services with North East Lincolnshire Council from April 2016 to deliver combined HR, IT Finance and legal services to release savings of £12.6m over a ten year period
- b) Setting an efficiency target of 2.5% (£2.6m) for council services taking the benefit of careful cost and vacancy management which has delivered a council underspend year on year
- c) A review of council-wide administration
- d) Maximising the benefits of service integration such as public health
- e) Recommissioning services
- f) Reconfiguring service delivery including co-location
- g) Increasing income substantially through the sale of services commercially (a net £0.5m surplus on increased sales by 2019/20)
- h) A move towards a self-financing model in sports, leisure and culture
- i) Reducing capital financing costs by moving to annuity loans from fixed term loans
- j) Implementing revised terms and conditions of service to deliver of savings in budgeted staff costs.

3.10 These and other detailed costings are shown in **Appendix B2**, and summarised at **Appendix B1**. Taken together with the proposed council tax increases this delivers a balanced budget in 2016/17 and a small surplus in 2019/20. However there is a significant shortfall in 2017/18 and in 2018/19 since the reductions in government funding are front-loaded. The expected benefit of increases in the local taxbase from major developments, Able UK and Lincolnshire Lakes, comes later in the plan period.

3.11 Achieving balance by 2019/20 is therefore contingent on a number of factors:

- a) Substantial growth in the local economy benefitting the local taxbase. Major developments have yet to deliver and economic conditions can change
- b) Making use of the opportunities to raise council tax after an extended freeze, including the precept for adult social care pressures
- c) Successful management of demand pressures

- d) Successful delivery of the commercial policy and increased income in leisure and culture
- e) The continued delivery of substantial savings through a wide scale programme of transformation and service efficiencies for a further four years
- f) Low pay and price inflation, and
- g) The predictability of government funding, and the flexibility to determine its use at a local level with no strings attached.

c) THE MANAGEMENT OF RISKS

General approach

- 3.12 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.
- 3.13 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 (d) below.
- 3.14 **Appendix A1** examines the budget assumptions and associated risks in more detail. It tests the degree of risk in the budget.

Approach to Financial Planning

Funding Risk: Grant

- 3.15 Council resources are set out in section 2 of the report. This section considers the risks associated with that funding.
- 3.16 The reductions in **government grant** following the Comprehensive Spending Review 2015 were significantly higher than expected, a further reduction of £13.1m in revenue support grant than was expected this time last year. This included an end to ring-fenced council tax freeze grant; a change to the distribution formula which penalises those with a stronger local taxbase; and a switch of funding from general to targeted grant through the Better Care Fund (BCF).

- 3.17 Effective financial planning is difficult when funding changes at short notice. The government has therefore proposed certainty on RSG funding to those councils which provide it with an efficiency plan.
- 3.18 Other grant funding streams are becoming more important. They include Public Health Grant, New Homes Bonus (NHB) and Education Services Grant (ESG) which are currently worth £13m. All are subject to reductions and consultation has started or is planned on reforming NHB and ESG.
- 3.19 The plan builds in New Homes Bonus at the level notified for 2016/17, £3.155m, which represents the cumulative total of the last six years housing development, the maximum possible under the old scheme. For the future the scheme will be less generous, and an assessment has been made of the options. A fall in grant is expected compared to previous forecasts of £0.7m in 2017/18 and £2.1m in 2018/19; but with a recovery in 2019/20 to £1.2m lower than previously forecast. This assumes the Lincolnshire Lakes development delivers as expected, and adds to normal levels of growth from 2017/18 onwards.
- 3.20 Government has signalled that it expects the local authority role in education to be minimal by the end of this Parliament; and that all schools will by then have become Academies. The consultation on local authority duties has yet to begin; and the rate of transfer to academy status is unclear. At this stage, therefore, the plan assumes ESG funding will halve by 2020; with any further reduction met by reductions in service.
- 3.21 The government's intention to fully localise business rates by 2020 and end RSG means that local government will become fully self-funded; through council tax and business rate. It will also assume additional responsibilities, still to be confirmed. There is no way of measuring the likely impact on this council at this stage. However the new funding regime will retain some key features of the old: the redistribution of resources from higher resource to higher need councils. This means the system of tariffs and top-ups which redistribute business rate income from North Lincolnshire are likely to continue. Local tax revenues will depend on the fortunes of the local economy and there will need to be a safety net arrangement for times of economic downturn.

Funding Risk: Local Resources

Business Rates

3.22 Business rates in North Lincolnshire are substantial and can be volatile:

- a) Over half the tax base is concentrated in a small number of large-scale industrial enterprises which are exposed to national and international economic conditions over which the council has little control. These are predominantly the steel, petrochemical and power industries. The current uncertainty over the prospects for the local steel industry is a good example.
- b) Large scale appeals against rateable values by large enterprises can be expensive, with back-dated refunds and a reduction in future collectable business rates. The recent cost of refunds to Tata and Lindsey Oil was £14m.
- c) The current business rates retention scheme redistributes business rates between local authorities based on need. It locks in the historic redistribution of funding from councils judged to have a surplus (tariff authorities) to those judged to have a shortfall in resources (top-up authorities). As a tariff authority North Lincolnshire

must pay over £9.9m of its share in 2016/17, and a further levy of £1.1m on expected growth.

- d) Future prospects for growth depend heavily on the successful development of the South Humber bank. The plan allows for further slippage compared to previous forecasts.
- e) Business rate revaluations take place normally on a five year cycle, and the next revaluation is 2017. This could have a redistributive effect between areas of the country, both positive and negative.
- f) Full relocation of business rates in 2019/20 increases the local share from 50% to 100%, potentially doubling the local impact of taxbase increases and reductions.

3.23 There is a safety net mechanism, but the council would have to lose up to £7m before this took effect- a substantial impact on its resources.

3.24 The plan factors in the closure of gas-fired power stations at Killingholme A and B; and the bringing on-line of green power at Brigg and Hibaldstow. It provides for the recent successful appeals and the on-going reduction in the taxbase. It provides £6.5m for other outstanding appeals; and an estimated reduction for the currently announced closures on the Tata Steel site. This means that business rates growth is £2.5m below previous expectations in 2017/18, and £1m by 2019/20. This assumes no further closures on the Tata site, and that the current initiatives to secure the future of the plant are successful.

Enterprise Zone

3.25 In the Autumn Statement the Chancellor announced 26 new or extended Enterprise Zones, including the Humber. This will see an extension of the area covered by the Zone to encompass the whole of the Able Marine Park and, for the first time, the Logistics Park. That means local retention of 100% of the business rate growth for 25 years for these areas, compared to 37% current retention rate in North Lincolnshire.

3.26 The budget assumes that all the growth within the original EZ (most of the Marine Energy Park) is used for LEP priorities, and is therefore outside the Council's mainstream budgets. It also anticipates 37% of the rates for the Able Logistics Park to support council general spending, as this was outside the Enterprise Zone when the financial plan was developed. The inclusion of the Logistics Park in the EZ potentially withdraws this sum for use by the LEP, but at this stage that is not certain.

Council Tax

3.27 The council tax taxbase is subject to less volatility, but has its own set of risks and rewards:

- a) Although a local tax, government sets the statutory framework and the secretary of state currently requires a referendum to be held where a local council wishes to increase the tax by more than 2% a year.
- b) Its health depends on the local economy and in a downturn more households attract a tax discount funded locally. This shifts the risk and cost from national to local taxation as the previous Council Tax Benefit was funded nationally.
- c) The plan is formulated around an expectation of growth above trend with the Lincolnshire Lakes development. This is an important part of delivering the

budget strategy, but is subject to decisions by developers and general economic conditions which affect market demand.

- d) New Homes Bonus is linked to the successful growth of the local economy and is paid by government for every house added to the taxbase. The terms of the scheme are less generous going forward, but still make a significant contribution to resources
- e) The new flexibility to raise an Adult Social Care precept by up to 2% more than the referendum limit is welcome, and could generate up to £4.8m by 2019/20. The constraint is that this additional income can only be spent on Adult Social Care.

Capital investment risk

- 3.28 A separate paper on this agenda considers the council's capital investment programme. This pays for the building or improvement of assets such as schools, roads, housing, flood defences and leisure facilities; as well as grants to community groups for community facilities.
- 3.29 It considers the sources of funding the council can access; the need to ensure capital investment is prudent and affordable; the measures which help make that judgement; and the implications for the council's revenue budget which picks up the cost of borrowing over typically 25 years or more. New facilities also bring additional running costs which need to be funded.
- 3.30 Its conclusion is that the capital programme presented to Council is affordable, but that there is a trade-off between spending on investment and on the resource requirements of running council services day by day.

Strategy for addressing significant in year pressures

- 3.31 It is important to have a strategy to deal with exceptional resource reductions or spending pressures which might arise during a year. It would be inappropriate to provide for these in the budget because of the degree of uncertainty and the distortion it could cause to the funding of council priorities in a 'business as usual' scenario. The following bullet points outline the elements of a contingency plan should this situation arise:
 - a) It is proper practice for councils to maintain general reserves of a prudent level to provide cover for significant risks which may emerge at short notice. These are currently set at £6.9m. If used they need to be replenished at the earliest opportunity.
 - b) There may in addition be an opportunity to redirect reserves earmarked for particular purposes. This could include use of the Revenue Support Reserve planned for future years, and other earmarked reserves such as the Insurance Reserve. There are **£7m** of reserves not yet committed to specific use.
 - c) In the case of business rate volatility there is also the government safety net scheme. The government will guarantee a minimum level of funding for each council if actual receipts are lower than their Baseline Funding level. Councils are guaranteed to receive 92.5% of the baseline funding level, so for North Lincolnshire Council the maximum loss for 2016/17 is £6.9m equivalent to a 12% increase in council tax. If receipts fall by more than this amount, the council will receive a payment from government under its Safety Net scheme.

- d) Much of the revenue budget is committed on an on-going basis to fund the day to day running costs of the council and its services, the larger portion of which is staffing costs. There are some areas, however, where spending can be curtailed either at short notice or over a longer period, though not without consequences. This includes areas such as: highway and property maintenance programmes; subsidised public transport; public street scene services; and community grants.
- e) All the options at a) to d) are short-term and not permanent solutions. Where the financial shock leads to a permanent loss of resource a fundamental service spending review would be necessary. This could involve the acceleration of planned savings, but would also need a more fundamental reassessment of the Council's service offer, to determine a sustainable level and standard of activity across services, including those which are statutory.

d) THE USE OF RESERVES

- 3.32 An important element in the budget strategy is to consider what level of reserves it is prudent to carry and how far they can be deployed to support council spending plans. There is always a judgement to be made about what constitutes an adequate level of reserves and this depends significantly on the scale and range of risks the council faces; and the application of reserves must always take account of the fact that they can only be spent once and may need to be replenished. The general principle followed by this council is that reserves are used for one- off and short term purposes and are not used to support on-going service delivery, which would undermine the robustness and sustainability of the financial plan.

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, the impact of low economic growth and the additional risks associated with the localisation of business rates, the need to maximise reserves has been paramount.

3.33 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 a 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 general reserves is maintained and that consideration is given to increasing them if risks grow in the forward years of the plan, particularly risks associated with NNDR and the safety net mechanism. It should be noted that, if used, general fund reserves would need to be replenished to the current level.

Corporate Reserves

3.34 Revenue Support Account (£3.4m available)

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 closing balance at the end of 2014/15 is £12.294m, there is planned use of £2.797m in 2015/16, and £8.914m over the plan period, reduced by £0.48m in the proposals at Appendix B2. This leaves a balance of £3.38m by 2019/20. The main uses are:

- Support to the Waste procurement
- Funding of community grant aid
- Funding for the Imagination Library
- Funding of the capital programme
- Service transformation costs (including redundancies), and
- Use of reserves to fund a temporary shortfall while saving initiatives are implemented. The financial plan presented here assumes use for this purpose in 2015/16 and 2016/17.

3.35 Other Corporate Reserves (£3.6m available)

The **Insurance fund reserve (£1.172m)** exists 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. Alternatively this reserve could be released for other use, to be part of the cover provided through general reserves, but with the risk that, if used for this purpose, general reserves would need to be replenished.

A review has taken place of the appropriateness of the non-ringfenced corporate grants that the council holds and it is considered that £0.973m could be released from several no longer required for their original purpose. Also, £1.513m can be released from non-ringfenced grants held by services. These, together with the Revenue Account Support Reserve and the Insurance Reserve, means that **£7.0m of reserves are potentially available for use over the plan period.**

3.36 Collection Fund

This reserve holds the council's share of any surplus or deficit on the Collection Fund through which the council collects the council tax and business rates. A surplus of £0.4m is forecast for 2015/16 which has been applied in the 2016/17 budget. In setting the council tax base for 2016/17 a prudent view was taken regarding growth and it is now anticipated that a further surplus of £1m will be achieved in 2016/17 which has been applied in the budget plan in 2017/18. It is a legal requirement to apply any surplus or take any deficit in the following financial year and therefore is already factored into the plan.

3.37 **Revenue grant carry forward reserve (£1.352m unused)**

This reserve holds revenue grants received that have yet to be applied (totaling £7.658m at the end of 2014/15) and which have no unfulfilled conditions which would require repayment of the grant, such as not meeting the terms on which the grant was awarded. Most of this grant funding is earmarked for particular purposes and will be applied over the plan period, leaving £1.352m unused by 2019/20. These balances include:

- A range of social care grants such as the Better Care Fund, troubled families and adoption reform grants
- Grants for use on housing and regeneration projects
- Funding allocated for flood relief to businesses
- Grants for adult community learning, community transport and Sport England initiatives.

There are also funds to be retained over the longer term such as Section 106 funds from developer contributions for grounds maintenance, air quality and other purposes.

3.38 Service Specific 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. These include:

- a. The Property Trading Account (£0.276m cumulative surplus forecast by 2019/20) carries forward any surplus income earned above the budgeted income target from the council's commercial property portfolio. It can be used to cover the operational costs of the Trading Account in future years. No use of this reserve is expected in 2015/16. In the next three years contributions to the reserve are expected to be made as the trading environment in which the PTA operates recovers.
- b. The Safety Camera Partnership (£0.864m applied in full) represents funding set aside for the Safer Roads Humber partnership. From 2015/16 the partnership will work to a self-funding model using the accumulated reserves and councils will no longer be required to make an annual financial contribution. The Partnership has development plans that will mean this reserve is fully utilised over the plan period.
- c. The Scunthorpe Special Expense Reserve (£0.125m unused balance) 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. The reserve is available to fund parks, playgrounds and community centre initiatives in Scunthorpe.

School Reserves

3.39

School balances (£2.549m available)

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 which will continue in the 2016/20 period
- 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 central government for deficits. Should a school which is failing be required to transfer, the liability for any deficit may lie with the council.

There is currently a forecast use of £0.5m of the school reserves in 2015/16 to leave £2.549m. At this stage school balances are forecast to level out in the later years of the plan.

3.40 Dedicated Schools Grant reserve (£1.191m available)

This reserve can only be used for school-related and early years spending. There is planned use of £1.663m in 2015/16 to cover funding pressures.

3.41 Following the strategy outlined above useable reserves fall from £12.3m at 31 March 2015 to £7.0m at 31 March 2020, after some reallocation of funds previously held for other purposes. General reserves of £6.9m are maintained at current levels. On the basis of this strategy I consider that at this point council reserves provide adequate cover for current and projected risks, although the Council may need to reconsider their planned use in future years if any significant reduction to NNDR income takes place.

e) An appreciation of the implications of spending decisions for service outcomes

Impact on services

3.42 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 (see **Appendix B2** proposals listed by directorate and service area). Key elements of each directorate's proposed strategy are considered in the following paragraphs.

Policy and Resources

3.43 This is the corporate core which provides strategic support to the Council and operational support to the front-line services provided by the People and Places Directorates; and to its own front-line services including Local Taxation and Benefits. These services include IT systems and support; management of human resources; financial and risk management; payroll, payment and income collection services; information management; legal support; and support to members in fulfilling their democratic role through Council, cabinet and committee and other decision-making mechanisms. Taken together these services are key to good governance in the organisation and fulfil a range of statutory responsibilities.

3.44 In the current economic climate it is essential that councils continue to seek and deliver efficiencies to maximise resources for the delivery of front-line services. The council's central services have already implemented a significant programme of operational efficiencies and now need to look elsewhere for sustainable, achievable and transformational efficiencies.

3.45 The identified solution is a shared service arrangement with North East Lincolnshire Council for all appropriate corporate functions. Shared services will provide the transformational platform for achieving further efficiencies as well as enabling the sharing of skills and knowledge, facilitating the creation of centres of expertise, increasing resilience and enabling future expansion or commercial development.

3.46 Together the two councils successfully bid for DCLG 'Transformation Challenge Award' (TCA) funding of **£1.9m** to support implementation of the proposed shared services. This includes investment in standardised IT infrastructure as well as key HR and Financial systems. It is envisaged that this programme will achieve combined savings of **£12.6m** over a 10 year period, enabling both councils to protect essential front-line services

- 3.47 Business Plans were finalised in summer 2015; service redesign has been approved by the Joint Committee of both authorities which will oversee the shared service; and with staff appointments almost complete implementation is on track for 'go-live' on 1 April 2016. The new arrangements will cover Finance, Information Technology, Human Resources and Legal Services and add to Local Taxation and Benefits, Procurement and Digital Print which already operate successfully.
- 3.48 Included within the Policy and Resources budget is the cost of members allowances. At the annual meeting of the Council on 21 May 2015 (minute 2372 refers) it was agreed that the Members' Allowance Scheme should be retained unchanged for the following four years: 2015/16 to 2018/19. In line with the Local Authorities (Members' Allowances) (England) Regulations 2003, it is necessary for Council to approve the scheme for 2016/17 as detailed in paragraph 1 of minute 2372 referred to above.

People Directorate

- 3.49 The People Directorate is clear about the outcomes it wants for the people of North Lincolnshire: safe children and vulnerable adults; supported families and carers; transformed lives. Its transformation plan aims to ensure that people receive the right services, in the right place at the right time. The directorate has therefore organised services around levels of need: universal, targeted and specialist with a clear focus on early help and early intervention. Services and interventions are identified through effective assessment.
- 3.50 But the challenges it faces are substantial:
- a) New legislative requirements are extensive
 - The Care Act 2014 with its radical reform agenda: health and social care integration; well-being and prevention; commissioning and provider failure; wider assessment and eligibility; greater support to carers. Extended responsibilities for young people in care; challenging reforms to adoption processes
 - The drive for improved educational achievement: to secure better outcomes; better support for children with special needs; wider participation in early years and full participation in education and training up to age 18
 - And the potential impacts of radical reforms to welfare
 - b) Changing population profiles and needs
 - Including the rate of growth in number of older residents and those with learning disabilities living longer lives
 - c) Increased external scrutiny
 - In the light of failures of care in a number of local authorities and government intervention, the need to operate a safe child protection system requires effective management, including assessments and reviews
 - d) Delivery of council priorities
 - As outlined above, and
 - e) Delivery of council budget savings

- Securing better value for money through personal budgets; early intervention; developing community based services; and integration with health services through the Better Care Fund
- While at the same time securing efficiencies in business processes and through service re-procurement

3.51 The continued partnership work with the Schools Forum allows combined resources to be used more effective and effective to improve education

Places Directorate

3.52 The Directorate provides a wide range of front-line services with high visibility to the public. This includes highway maintenance; waste collection and disposal; transport for school pupils, social care, subsidised bus services and the council's vehicle fleet; catering, mainly in schools, and cleaning; libraries, sport and leisure, cultural venues and adult community learning; environmental health, trading standards, housing and community safety; planning and regeneration and management of the council's operational buildings and commercial properties.

3.53 In discharging these responsibilities the Directorate must secure some important outcomes:

- a) Prosperity and economic growth through regeneration, development and effective planning
- b) A workforce with the right skills and training
- c) A better quality of life by securing leisure and cultural opportunities, appropriate housing, community safety
- d) The sustainable management of waste by diversion from landfill and recycling
- e) Maintaining and developing the local highway network
- f) Meeting the transport needs of residents of all ages

3.54 Local residents have high expectations of these services and, with a growing population and changing demographics, the challenge is to deliver the same or better outcomes with fewer resources. The government's deficit reduction plan will continue to reduce the available resources year on year for the rest of the decade therefore the response has to be radical and transformational.

3.55 The Directorate proposes to do this in a number of ways:

- a) New ways of working
- b) Maximising commercial income from services including fleet, catering and cleaning and neighbourhood services.
- c) Integration and streamlining of services
- d) Channel shift from face to face or telephone to digital contact services
- e) Delivering public health benefits through leisure.
- f) Rationalisation from various establishment reviews.
- g) Recommissioning of services and shared services

Impact on Workforce

3.56 Council services are staff intensive whether in the provision of personal services such as social care, in environmental services such as waste collection and street scene, or support functions such as Customer Services or Taxation and Benefits. Typically two thirds of council spending is on employee related costs. This means that transformation of service delivery and cost saving initiatives inevitably has an impact on the workforce. This can be in two

ways: the recruitment of additional staff to priority services, and the reduction of staffing levels in non-priority areas.

- 3.57 For example, from 2016 an additional Community Support Team of 13 will provide reablement services where demand has grown rapidly. This will deliver better value over the social care economy by reducing the length of stay in hospital, lower admissions /readmissions and reduce the need for longer term interventions such as residential care; and allow individuals to increase their independence.
- 3.58 A further significant change to the workforce in 2016/17 will be the introduction of the new Shared Service with NELC covering the corporate support functions of Finance, HR, Legal and IT. Appointment to the shared service are almost complete and it is projected that, when the initial phase is complete, this council's share of the staffing reduction will be achieved in full through normal turnover, voluntary redundancy and redeployment.
- 3.59 It remains a key council objective to minimise job losses where these are necessary. It has a very good record of minimising compulsory redundancies. As far as possible reductions are achieved through normal staff turnover, early retirement, voluntary redundancy and redeployment. In 2015/16 the expected reduction was 57fte posts across the council. Of these 40.8fte posts have been lost to date: 25.4fte through the deletion of vacant posts, 12.5fte's through redundancy and retirement (mainly voluntary), and 2.9fte's through redeployment.
- 3.60 Many of the other proposals to reshape services over the next four years will require further changes to the workforce. It is not always possible to determine precisely the scale of potential job reductions. However the plan presented here continues a policy of phased change programmes which will help to ensure that where posts reduce this is largely through normal turnover and voluntary means.
- 3.61 Provision has been made for the cost of redundancies including a £0.5m in contingency each year over the period of the plan.

f) BALANCED BUDGET

- 3.62 To recap, this paper takes as its starting point the 2015/19 plan approved in February 2015 and tracks the changes made to that plan after a review of spending pressures and saving opportunities. It incorporates the revised funding position regarding government grant and local resources considered earlier, and it rolls the plan forward into 2019/20. The financial analysis is provided at Appendix B1 and B2, in summary and in detail for each Directorate.
- 3.63 Overall the Financial Plan proposals present a balanced position in 2016/17. Balance is achieved again in 2019/20 when it is assumed that Lincolnshire Lakes and the South Humber Bank development are both being developed and delivering significant additional council tax and NNDR receipts. The position is more difficult in 2017/18 and 2018/19, with gaps of **£3.5m** and **£2.1m** respectively.
- 3.64 The council needs to consider its financial position carefully. On the one hand it is possible to foresee continuation and improvement of existing services and policies after some short term difficulty, perhaps covered through one-off savings or the use of balances. On the other, there are significant risks if new developments don't deliver resources as planned, or if the steelworks fails to find a buyer and faces closure or significant rationalisation. In this case, the council could face a loss of up to £7m of NNDR revenues before safety net provisions apply.

- 3.65 The latter ‘negative’ scenario would represent a very difficult situation which would require the council to revisit its existing service delivery strategy. The council has successfully maintained and improved services during five years of financial restraint at national level, through a programme of transforming service delivery and seeking efficiencies, while not increasing council tax. Under the ‘negative’ scenario it is questionable whether this approach can be maintained, more likely a turning point has been reached that requires service redesign or reductions. So a careful approach to budget strategy in this period is needed.
- 3.66 The forward budget position should become clearer in 2016/17. This includes the position on a key risk, the future of the steelworks which will influence the development of other initiatives, particularly Lincolnshire Lakes. So it is important that the 2016/17 budget is set in a robust way which reflects future uncertainty and does not compromise future levels of council tax income or balances. This would give time for work to be done on strategy, service redesign and reductions during 2016/17, and allow the council to better face financial problems, or allow it to further improve service delivery and outcomes if the expected developments deliver. So the suggested approach, which will be recommended to council in February, is as follows.

For 2016/17:

- (a) Maximise income through all sources, in particular the planned council tax increase of 1.8% (worth £1m), the 2% Adult Social Care precept (worth £1.2m), and income generation from existing services, e.g. Leisure.
- (b) Avoid the use of revenue reserves, which are now limited to £7.0m being available for use. These will be needed to support investment in transformation initiatives or other service reduction from 2017/18 onwards, or to support spending in 2017/18 and 2018/19 if a balanced budget is achieved in 2019/20 without use of reserves
- (c) Implement the 2.5% reduction across the board on gross spending, as a one off tightening of budgets eg through vacancy management

And in 2016/17, for 2017/18 onwards:

- (a) Determine a transformation programme that will further improve service delivery and reduce cost and demand, using revenue reserves or the new capital receipt freedoms if investment is needed
- (b) With a further examination of possibilities for raising additional income
- (c) Together with a ‘plan B’ of service reductions, making choices about priorities that will ensure financial balance should sufficient savings not result from transformational activity or income generation. In this respect, it is important to recognise that the council currently delivers some services free that are charged for elsewhere; delivers significant levels of non-statutory services, or delivers statutory services above minimum levels.

Summary

- 3.67 The council faces a difficult financial position. It is important to set a robust budget in 2016/17 that does not compromise future taxbase income and levels of available reserves. The suggested approach above allows some time in which to develop an action plan to either deal with reduced income if risks materialise, or to improve service delivery and outcomes if they do not. Sufficient balances are available to support spending in 2017/18

and 2018/19 before the budget returns to balance in 2019/20 to permit a balanced four year plan.

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, except where funding comes as a ring-fenced grant such as for Schools and Public Health. The issues to be considered when determining the budget are discussed in Section 3. Council will also wish to take account of feedback from public consultation at paragraphs 7.1 and 7.2.
- 4.2 **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 or bridge gaps in funding, but unless earmarked for a one-off purpose, these need to be replenished at a later date.**
- 4.3 The legal requirement to set a balanced budget and council tax applies to 2016/17. 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 2016/20.

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. There are specific proposals for the use of Property and IT in the plan.

6. OUTCOMES OF INTEGRATED IMPACT ASSESSMENT (IF APPLICABLE)

- 6.1 Council protocols require an impact assessment to be made for all key decisions. A key decision is one which likely –
 - (a) To result in the council incurring expenditure which is, or the making of savings (including the receipt or loss of income) over £350,000 in any one financial year; or
 - (b) To be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral decisions in the area of the council
- 6.2 It is a method for screening or checking policies, plans and projects to determine how any negative impact or risk can be removed or mitigated, and positive impact enhanced. It covers a number of dimensions: how the decision would impact, if at all, on individuals, families, communities and the workforce; on the local environment and economy; and on the council's

responsible delivery of its statutory duties including equality, social responsibility and reputation.

- 6.3 The budget and council tax decision itself must meet a number of statutory requirements. These are summarized here and provide the basis for the report's recommendations.
- 6.4 When setting the budget for 2016/17 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.
- 6.5 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).
- 6.6 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 A1**. The Act at Part 1, Section 25 (2) requires that members of the council take account of these factors in making their decisions.
- 6.7 Sections 31 to 52 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.
- 6.8 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, which forms part of the Council's own council tax allocation.
- 6.9 Precepts which have been set are shown at **Appendix C**; any outstanding precepts will be available on the day of Council.

7. OUTCOMES OF CONSULTATION AND CONFLICTS OF INTERESTS DECLARED

- 7.1 Consultation on the council's budget strategy took place in November/December 2015 and the outcomes are reported at **Appendix A3**.

8. RECOMMENDATIONS

- 8.1 To set a revenue budget for **2016/17**
- 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 10 November 2015 the council calculated the following amounts for the year **2016/17**. These are as required by regulations made under Section 33(5) of the Local Government Finance Act 1992:-

- (a) **46,498.1** 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 **2016/17**, as required by Sections 31 to 52 of the Local Government Finance Act 1992 as amended.

(i) The **relevant basic amount of council tax** for 2016/17 (Council Tax requirement for the Council's own purposes excluding Parish precepts)

(ii) The following amounts for the year 2016/17:

(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 **2016/17** 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 **2016/17** 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 Members Allowance Scheme for 2016/17 as detailed in paragraph 1 of Council minute 2372
- 8.11 To approve the financial strategy for **2016/20**
- 8.12 To authorise the Director of Policy and Resources to allocate to service budgets in **2016/17** the contingency provision for pay and inflation
- 8.13 To authorise the Director of Policy and Resources to produce the necessary taxpayer information.

DIRECTOR OF POLICY AND RESOURCES

Civic Centre
Ashby Road
SCUNTHORPE
North Lincolnshire
DN16 1AB
Author: Peter Fijalkowski/ Mark Kitching/Heather Graham
Date: 15th February 2016

Background Papers used in the preparation of this report

The Local Government Settlement at

<https://www.gov.uk/government/collections/final-local-government-finance-settlement-england-2016-to-2017>.

January Budget Review 2015/16, report to cabinet 26/01/16

Under section 25 of the Local Government Act 2003 the Chief Financial Officer of a Local Authorities must report to members on the robustness of estimates used in the annual budget setting process and the adequacy of reserves. This appendix sets out in more detail the assumptions made in the budget and the way the risks involved are managed.

Budget Area	Risk	Mitigation
1. Pay	That actual increases in pay will differ materially from that assumed in the budget. Estimates for later years are more uncertain.	<p>The Government have affirmed their aim to limit to Public Sector pay to 1% increase per annum for the next four years. Budget assumptions are that locally no increase to pay, except for those on the lowest pay, will take place in 2016/17 as part of a package of savings from Terms and Conditions changes and then increases will be 1% per annum for the next three years.</p> <p>Pension costs were set for 2016/17 at the last triennial review. The impact of these changes has been assessed within the budget plan and it is anticipated that the provision in the budget will remain sufficient to cover cost in 2016/17, however for 2017/18 and 2018/19 an additional £0.2m has been included in each year, within the contingency, to cover potential shortfalls.</p> <p>At present for teachers the employer's contribution of 14.1% of pensionable pay is set nationally and has been allowed for in the schools budget.</p>
2. Other inflation	That actual increases will differ materially from that assumed in the budget. Estimates for later years are more uncertain.	<p>A provision has been made in the contingency for future inflation. The size of the provision is as follows:-</p> <p>2016/17 £865k 2017/18 £1,150k 2018/19 £1,150k 2019/20 £1,150k</p> <p>Consumer Price Index Inflation estimates included in the Comprehensive Spending Review 2015 are as follows:-</p> <p>2016 1.0% 2017 1.8% 2018 1.9% 2019 2.0%</p> <p>On the basis of these projections provision has been made in 2016/17 at 1% (unless specific contracts have a different requirement) and 2% in future years.</p>
3. Interest Rates for investment and borrowing	Future Interest rates vary materially from those forecast in the budget.	<p>Interest rates on investment are assumed to be 0.4% in 2016/17. The budget for interest receipts is not a material budget in the plan period as cash balances are assumed to be low.</p> <p>Interest rates for borrowing have been based on maturity loans. For 2016/17 the interest rates are based on annuity loans. Interest rates for annuity loans have historically been lower than for maturity loans as they involve less risk for the lender.</p>

		Interest rates over the plan period are likely to remain lower than the pre 2008 historic average of 5%. Current projections are that the bank rate will not increase until late 2016 and then will increase slowly.
4. Demand led budgets	For a range of services there is a risk that demand increases beyond the level assumed in the budget.	Budgets are reviewed by budget holders before they are set. Services are expected to, in the first instance, take actions to manage pressures to their budgets. Only where management action is planned or has been taken and pressures remain is additional provision made within the budget. A small number of these pressures have been identified and included within service budgets as well as within the contingency. These include Adult Social Care, Children's Services and Waste Collection budgets.
5. Capital Spending and estimates of the value and timing of Capital Receipts	<p>There is a risk that capital schemes will cost more than the estimates and any assumed external funding is not received.</p> <p>In addition there is a risk that the value of capital receipts and the value of other external funding are materially different to those assumed in the budget and those receipts are not received until later than anticipated. This therefore requires capital to be financed from other sources, probably borrowing. Increasing capital financing costs to revenue.</p>	<p>The councils proposed capital programme for 2016/20 is £108.2m. Of this £67.0m is dependent on securing grant and external funding to finance expenditure. Should schemes fail to secure planned funding it is expected that scheme costs and project expectations are reduced or the project discontinued.</p> <p>The requirement for borrowing to finance the programme is significantly weighted towards 2016/17 where £14.6m is required.</p> <p>Past experience suggest that there is a low risk of overspend, however, re-phasing of the programme can be expected. This has been taken into account in making the budget estimate and the costs of capital financing have been reduced in 2017/18 financial year to allow for an element of re-phasing.</p> <p>Financing</p> <p>The Property Trading Account (PTA) supports the council's strategic objective of area regeneration, its role includes the management and disposal of all council land and property. As part of this remit £3m of capital receipts is to be generated annually from 2017/18 to support expenditure in the general capital programme with a higher 2016/17 target of £4.5m. These are challenging targets but should be achievable and disposals for the next 4 years of the plan have already been identified within the PTA rolling plan.</p> <p>Schemes</p> <p>The Council has a number of new developments within its capital programme which are essential to the improvement of services and economic development within the region. The content of the programme is also mindful of the councils need to generate additional income and to meet the requirements of new legislation.</p> <p>In particular the Local Enterprise Partnership (LEP) are to partially fund a number of schemes within the capital programme all of which are designed to improve infrastructure within the region and meet local needs. These include the A18 Melton Ross Road Bridge £4.8m,</p>

		<p>Gauge Enhancement £5.1m, Lincolnshire Lakes Blue Offer £5.7m and the Lincolnshire Lakes Flood Prevention £12.5m.</p> <p>The council is also investing £6.43m towards the provision of a Waste Transfer Station at the former Midland Road landfill site. By undertaking the sorting of waste at the site prior to submission for processing it is estimated that approximately 90% of the waste will be recyclable. This will significantly reduce the level of the council's waste being taken to landfill, which is essential if the council is to meet new legislative targets for the reduction of landfill in 2020 and avoid significant financial penalties. Other large schemes include Ongo Offices £4.6m, Disabled Facilities Grants £4.1m, Trent and Humber Flood Defence Works £5m, LTP £19.1m, North Axbolme Sports Centre £5m and the School and Children's Centre Investments £9.6m.</p> <p>The Council also continues to support programmes of investment within the local community with schemes and funding being made available for Community Capital Grants, Disabled facilities grants; towards community service infrastructure; Westcliffe Regeneration; Housing and Town Centre developments; the development of skate parks and multi games areas etc. These are essential to improve the lives of the residents within the region.</p>																				
6. Long Term Contracts	There is a risk that long term contract prices will rise more than the budget provision.	<p>The council has an annual commitment on long term revenue contracts of over £55m a year. These include;</p> <table border="1"> <thead> <tr> <th>Contract</th><th>Value (£m)</th></tr> </thead> <tbody> <tr> <td>Residential and Home Care</td><td>33.7</td></tr> <tr> <td>Community and Education Transport</td><td>6.6</td></tr> <tr> <td>Waste Disposal</td><td>5.9</td></tr> <tr> <td>Foster Care, Adoption, Children and Family Support</td><td>4.3</td></tr> <tr> <td>Catering & Cleaning</td><td>1.6</td></tr> <tr> <td>Leisure & Other Contracts</td><td>1.0</td></tr> <tr> <td>Insurance</td><td>1.0</td></tr> <tr> <td>Information Technology</td><td>0.9</td></tr> <tr> <td>Total</td><td>55.0</td></tr> </tbody> </table> <p>Contract price increases have been included within the budget. 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.</p> <p>A provision has been made in the budget for the anticipated costs to the council of the introduction of the living wage, which will need to be met by external contractors.</p>	Contract	Value (£m)	Residential and Home Care	33.7	Community and Education Transport	6.6	Waste Disposal	5.9	Foster Care, Adoption, Children and Family Support	4.3	Catering & Cleaning	1.6	Leisure & Other Contracts	1.0	Insurance	1.0	Information Technology	0.9	Total	55.0
Contract	Value (£m)																					
Residential and Home Care	33.7																					
Community and Education Transport	6.6																					
Waste Disposal	5.9																					
Foster Care, Adoption, Children and Family Support	4.3																					
Catering & Cleaning	1.6																					
Leisure & Other Contracts	1.0																					
Insurance	1.0																					
Information Technology	0.9																					
Total	55.0																					

7. Fees & Charges	There is a risk that fees and charges do not increase at the same rate as the costs of the related service provision, creating or increasing a subsidy.	Fees and charges have been reviewed on an individual basis. Increases have been made to either reflect an increase in the cost of delivery, or CPI & RPI Inflationary rises or at a level specified by regulation. In some cases no increases are planned.
8. Maintenance Spending	There is a risk that insufficient maintenance spending causes assets to deteriorate	<p>Past underinvestment in the councils stock of assets, continues to be addressed. The backlog of maintenance on council buildings is gradually being dealt with over time, with a range of investment being used to achieve this. In particular capital programme investment (e.g. schools); funding through the Priority Schools Building programme; the rationalisation of council offices; the demolition of properties no longer fit for purpose or redevelopment of existing sites and the disposal of surplus assets to provide capital receipts for reinvestment.</p> <p>Over the next four years £19.1m is to be invested in the Local Transport Plan towards road and transport infrastructure; £18.6m of this is to be funded by the Department of Transport. In addition the Council is supplementing this investment through its annual capital programme for the replacement and upgrading of street lighting and flood defence measures, including pumping stations, funded from the council's own resources.</p> <p>Investment of £3.5m from the councils own resources is also being put in place to upgrade the councils aging vehicle fleet. This is necessary in order to continue the delivery of essential services such as waste disposal; home to school transport; grounds maintenance; highways maintenance and neighbourhood services etc. However this level of funding is currently insufficient to replace all necessary vehicles leading to higher maintenance costs.</p>
9. Budget Savings Initiatives, Transformation and Commercial Activities	There is a risk that the savings initiatives designed to deliver a balanced budget will not be delivered on-time and/or achieve the required level of savings.	<p>Managers are expected to regularly review progress on major savings initiatives within their service throughout the year. Any variances are reported and action is taken to ensure delivery or the identification of alternative savings.</p> <p>Transformation There are a range of operational service transformational initiatives in place designed to deliver operational efficiencies and financial savings. Careful management will be required to ensure these projects achieve the desired outcomes.</p> <p>Commercial The council continues to develop its commercial trading activities and the budget reflects extra income from this source. The figures included represent the council's aspirations of the level of income potentially achievable.</p>

10. Business rates retention	Business rates receipts can vary materially year on year. This can be due to the opening or closure of businesses and as the result of appeals by businesses against the rateable value of their properties.	<p>A prudent approach has been taken to the forecasting of business rates. General growth in the business rates taxbase is only built into the estimates when it is achieved. Intelligence from a number of sources is used to forecast other large scale movements. These sources include the Valuation Office Agency, the council's Planning and Regeneration department and the local and national press. These movements are only incorporated into the council's budgets when a high level of certainty has been achieved.</p> <p>The risk of material reductions in Business Rates from appeals is partially mitigated by the setting aside of a provision to meet the estimated in-year costs of these appeals.</p> <p>The Business Rates Retention Scheme has an in-built risk mitigation mechanism. This is known as the Safety Net. This mechanism ensures a council cannot receive less than 92.5% of its baseline funding.</p>
-------------------------------------	---	--

Reserves

Appendix A2

	<u>2014/15</u> <u>Closing</u> £'000	<u>2015/16</u> <u>Closing</u> £'000	<u>2016/17</u> <u>Closing</u> £'000	<u>2017/18</u> <u>Closing</u> £'000	<u>2018/19</u> <u>Closing</u> £'000	<u>2019/20</u> <u>Closing</u> £'000
General Fund Balance	-6,858	-6,858	-6,858	-6,858	-6,858	-6,858
<u>Corporate Reserves</u>						
Revenue Support EMR	-12,294	-9,496	-3,515	-3,380	-3,380	-3,380
Corporate Grants Reserve	-794	-700	-700	-700	-700	-700
Corporate Ringfenced Grants	0	0	0	0	0	0
General Carry forward EMR	-2,736	0	0	0	0	0
Flooding EMR	-101	-101	-101	-101	-101	-101
Legal Services EMR	-172	-172	-172	-172	-172	-172
Insurance Funds	-1,456	-1,172	-1,172	-1,172	-1,172	-1,172
	<u>-17,553</u>	<u>-11,641</u>	<u>-5,660</u>	<u>-5,525</u>	<u>-5,525</u>	<u>-5,525</u>
<u>Unutilised Grants Reserve-Non-Ringfenced</u>						
People's Directorate	-1,497	-1,239	-969	-956	-943	-568
Policy and Resources	-857	-661	-581	-531	-481	-431
Places Directorate	-1,683	-1,019	-718	-594	-554	-514
	<u>-4,037</u>	<u>-2,919</u>	<u>-2,268</u>	<u>-2,081</u>	<u>-1,978</u>	<u>-1,513</u>
<u>Unutilised Grants Reserve-Ringfenced</u>						
People's Directorate	-3,145	-1,729	-980	-980	-980	-980
Policy and Resources	-167	-39	-39	0	0	0
Places Directorate	-2,037	-1,489	-754	-556	-458	-372
Public Health Grant	-2,309	-2,084	-1,084	0	0	0
	<u>-7,658</u>	<u>-5,341</u>	<u>-2,857</u>	<u>-1,536</u>	<u>-1,438</u>	<u>-1,352</u>
<u>Service Specific Reserves</u>						
Property Trading EMR	-41	-41	-15	-37	-66	-276
Crematorium Enhancement EMR	-37	-2	-2	-2	-2	-2
DSG-Delegated Items EMR	-240	0	0	0	0	0
Shared Service Development EMR	-113	-75	-37	0	0	0
NLH Pumping Station EMR	-156	-156	-156	-156	-156	-156
S106 Revenue Contributions EMR	-70	-70	-70	-70	-70	-70
Safety Camera Partnership EMR	-1,064	-864	-664	-464	-264	0
Scunthorpe Special Expenses EMR	-205	-125	-125	-125	-125	-125
	<u>-1,926</u>	<u>-1,333</u>	<u>-1,069</u>	<u>-854</u>	<u>-683</u>	<u>-629</u>
<u>Schools Reserves</u>						
Dedicated Schools Grant EMR	-3,022	-1,359	-1,191	-1,191	-1,191	-1,191
Schools Carry forward-EMR	-3,049	-2,549	-2,549	-2,549	-2,549	-2,549
	<u>-6,071</u>	<u>-3,908</u>	<u>-3,740</u>	<u>-3,740</u>	<u>-3,740</u>	<u>-3,740</u>
Grand Total	<u>-44,103</u>	<u>-32,000</u>	<u>-22,452</u>	<u>-20,594</u>	<u>-20,222</u>	<u>-19,617</u>

Cabinet team agreed in November to carry out a public consultation on budget plans for the next four years 2016/20. The guiding principles for the exercise included:

- a) Continuity with previous consultation, using 'in-house' resources
- b) A fresh presentation to encourage engagement
- c) Compliance with the Council's Community Engagement Plan
- d) Providing a basis for renegotiation of the contract between the Council and local citizens over what they can expect the Council to deliver

Consultation subsequently took place between 9 November and 21 December 2015 using an online questionnaire on the Council's website.

The Communications Team promoted it on the Council's website and through social media at various points during the consultation. The Economic Development section did the same through the North Lincolnshire Business Network. The Stronger Communities team tracked responses by post code throughout to ensure they were representative. These initiatives proved successful in increasing the number of participants. In total there were 520 responses compared to 302 in the 2013 consultation; and included responses from businesses, parish councils and the voluntary sector.

Methodology

Respondents were given information on the current financial context:

- a) Council success over the past five years in reducing the cost of services and freezing council tax, while preserving or improving the service
- b) Further reductions in public spending to be made by government to remove the deficit completely and to ensure that the State in future is a smaller state
- c) The need to change the way the council delivers services, to make them more sustainable.
- d) That could be charging for a service to ensure it can continue; contracting for someone else to deliver it; changing the way the service is run; or leaving it to others to provide if the council does not have to by law.

The questionnaire invited respondents

- a) To review a list of 23 council services in 8 groupings and indicate an opinion as to whether the level of spend on that service should be kept the same, reduced or increased. An indication was also given as to the relative scale of spending on each
- b) For the same list of 23 services, to indicate a preference for changing the way the council delivers that service
- c) To select 3 service groupings as the most important and similarly to select 3 services as the least important
- d) To consider the relative importance to them of quality of service, value for money and the level of council tax, and rank them accordingly.
- e) An opportunity was also provided to feed back further comments on the Council's budget priorities.

Summary of responses

A total of 520 responses were received. The majority of these were responding as residents (467) but responses were also received from non-resident council employees (20), businesses (14), town or parish councils (6) and charities (3).

Ranking of Services

The service groupings which were considered the three most important were:

1. Social Care for adults and older people
2. Economic growth and prosperity
3. Safer and Stronger Communities

This reaffirms the top priority given to adult social care in the last consultation; as well as the high priority given to economic growth and safer stronger communities. Spending on young people has fallen from second to fifth, below Public Health.

The service groupings which were considered the three least important priorities were:

1. Customer Services
2. Sport, leisure and culture
3. Roads and footpaths

With the first two considerably lower priority than all other services, with roads and footpaths much closer to the scores attracted by higher priority services.

Other Key Findings

- a) For almost all services respondents indicated that they preferred spending to be kept at current levels.
- b) Respondents viewed Social care for adults and older people as the most important service. This was with a preference to see increased spending on care at home and in the community.
- c) 'Economic growth and prosperity' and 'Safer and stronger communities' were seen as the second and third most important priorities respectively.
- d) There was support for an increase in spending on 'Investing in skills, creating and promoting apprenticeships'.
- e) In most cases the preference for the method of service delivery was 'Change the way the service works' rather than contracting out or leaving for others to deliver
- f) For Cultural venues the preference was to reduce subsidy or charge more.
- g) Value for money was highest in priority to respondents, with quality of service second and the level of Council Tax third. This was echoed by a number of comments in the 'Additional Comments' section that respondents would support an increase in Council Tax in order to maintain services.
- h) The services seen as least important were Customer Services, Sport, leisure and culture and Roads and footpaths.

Taxpayer priorities

Respondents ranked their preferences on quality of service, value for money and level of council tax in order of importance.

Both **Value for money** and **quality of service** ranked as significantly higher priorities than the **level of Council Tax**, and in that order.

Additional Comments

Respondents were given the opportunity to provide additional comments. By their nature responses, where given, were wide-ranging and not representative. The main themes which received multiple comments were as follows -

- A number of respondents commented that they would be prepared to accept an increase in Council Tax in order to protect front line services and jobs.
- Others suggested that further spend on leisure facilities should be funded by user charging rather than taxpayer subsidies.
- Comments were made that all services are important, and more details are required in order to make an informed choice as to how the service should change.

Demographic of Respondents

A number of questions were asked of respondents so that the representative nature of the survey could be assessed. This included postcode, type of respondent, gender and age range. These questions were kept to a minimum to avoid being unnecessarily intrusive. All questions were voluntary and those who did not choose to complete the survey in full are included in the analysis. The key demographic characteristics were:

- Of the 520 responses received the majority were residents (467) but responses were also received from self- identifying council employees (20), businesses (14), town and parish councils (6) and charities (3).
- 349 completed the survey in full.
- There were responses from across all council wards but with a slightly higher proportion of respondents in rural than urban wards relative to population, but not significantly so.
- Of those who provided their gender there were slightly more females (164) than males (147).
- Responses were received from all age ranges covering 17 to 85 years of age, with the largest proportion from people in the 46 to 55 age range.

APPENDIX B1

Budget 2016-20

Item	Proposed Budget 2016/17 £000's	Proposed Budget 2017/18 £000's	Proposed Budget 2018/19 £000's	Proposed Budget 2019/20 £000's
PEOPLE SERVICES				
Education	5,546	5,496	5,496	5,496
Prevention & Commissioning	9,267	9,142	9,042	9,042
Childrens Services	16,509	16,343	16,343	16,343
Adult Services	30,767	30,742	30,271	29,944
Total People Services	62,089	61,723	61,152	60,825
POLICY & RESOURCES				
Human Resources	1,406	1,339	1,241	1,191
Legal Services	2,707	2,670	2,594	2,544
Financial Services	2,565	2,467	2,320	2,270
Business Support	3,653	3,525	3,338	3,288
Total Policy & Resources	10,331	10,001	9,493	9,293
PLACES				
Customer Services	4,519	4,033	3,636	3,628
Community Services	24,549	24,187	23,784	23,601
Technical and Environmental Services	3,902	3,852	3,696	3,688
Planning & Regeneration	2,450	2,231	2,055	2,047
Special Projects	155	148	142	134
Total Places	35,575	34,451	33,313	33,098
CENTRAL BUDGETS				
Corporate Budgets & Levies	2,990	2,680	2,356	2,056
Capital Financing	14,205	13,916	13,777	13,631
Contingency	84	3,276	6,162	9,070
Public Health	0	0	0	0
Total Central Budgets	17,279	19,872	22,295	24,757
Total Net Budget	125,274	126,047	126,253	127,973
Use of Reserves	981	135	0	0
Estimated Funding				
Revenue Support Grant	20,511	14,291	10,215	6,098
Base Line Funding Level (NNDR)	30,358	30,955	31,868	32,886
Total Settlement Funding Assessment	50,869	45,246	42,083	38,984
Base Funding Assumptions				
Council Tax: 1.8%,1.8%,1.8%,1.8%	60,789	62,871	64,835	66,964
Social Care Precept: 2%, 2%, 2%, 2%	1,185	2,475	3,867	5,225
Collection Fund Surplus	400	1,000	0	0
NNDR	6,234	5,821	7,034	7,805
New Homes Bonus	3,155	3,231	2,299	3,190
Improved Better Care Fund	0	330	2,875	5,189
Rural Services Delivery Grant	204	165	127	165
Education Services Grant	1,457	1,240	1,040	740
Total Base Funding	73,424	77,133	82,077	89,278
Total Funding	125,274	122,514	124,160	128,262
Funding Gap (+) / Savings (-)	0	3,533	2,093	-289

Appendix B2

People Directorate

Service: Education

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	5,949	5,949	0	5,646	5,546	-100	5,596	5,496	-100	5,496
Permanent Virements	47	47	0	0	0	0	0	0	0	0
Future Base Budget	5,996	5,996	0	5,646	5,546	-100	5,596	5,496	-100	5,496
1. Pressures and Service Developments										
Schools Improvement Investment (Prior Year Adjustment)	-150	-150	0	0	0	0	0	0	0	0
Children's Literacy Trust (Prior Year Adjustment)	-100	-100	0	-50	-50	0	0	0	0	0
Reverse additional revenue investment in 2015-16 budget resolution	0	-100	-100	0	0	0	0	0	0	0
	-250	-350	-100	-50	-50	0	0	0	0	0
2. Service Transformation										
Integrated Service for Disabled Children	-100	-100	0	0	0	0	0	0	0	0
	-100	-100	0	0	0	0	0	0	0	0
Total adjustments	-350	-450	-100	-50	-50	0	0	0	0	0
Total Budget (Zero Variance Required to Balance)	5,646	5,546	-100	5,596	5,496	-100	5,596	5,496	-100	5,496

Service: Prevention & Commissioning

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	9,429	9,429	0	9,267	9,267	0	9,142	9,142	0	9,042
Permanent Virements	71	71	0	0	0	0	0	0	0	0
Future Base Budget	9,500	9,500	0	9,267	9,267	0	9,142	9,142	0	9,042
1. Pressures and Service Developments										
Activities for Young People	0	0	0	0	0	0	-100	-100	0	0
	0	0	0	0	0	0	-100	-100	0	0
2. Efficiencies										
Business Process Efficiencies	-50	-50	0	-50	-50	0	0	0	0	0
Re-procurement of various contracts across the directorate	-183	-183	0	-75	-75	0	0	0	0	0
	-233	-233	0	-125	-125	0	0	0	0	0
Total adjustments	-233	-233	0	-125	-125	0	-100	-100	0	0
Total Budget (Zero Variance Required to Balance)	9,267	9,267	0	9,142	9,142	0	9,042	9,042	0	9,042

Service: Childrens Services

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	16,292	16,292	0	16,143	16,509	366	16,043	16,343	300	16,343
Permanent Virements	-9	-9	0	0	0	0	0	0	0	0
Future Base Budget	16,283	16,283	0	16,143	16,509	366	16,043	16,343	300	16,343
1. Pressures and Service Developments										
Staying Put cost of Foster care provision to age 21	90	106	16	0	179	179	0	0	0	0
Supporting Young People (Prior Year Adjustment)	-100	-100	0	0	0	0	0	0	0	0
Legal Fees - Increased Legal Costs & Use of Barristers	0	100	100	0	0	0	0	0	0	0
Special Guardianships, review during 16/17 with cost savings in 17/18	0	150	150	0	-150	-150	0	0	0	0
	-10	256	266	0	29	29	0	0	0	0
2. Efficiencies										
Social Enterprise for Young People's Accommodation Service	-30	-30	0	0	0	0	0	0	0	0
Children in Care Agency Placements	-100	0	100	-100	0	100	0	0	0	0
Contractual savings to offset 'staying put' foster carers 16/17	0	0	0	0	-195	-195	0	0	0	0
	-130	-30	100	-100	-195	-95	0	0	0	0
Total adjustments										
	-140	226	366	-100	-166	-66	0	0	0	0
Total Budget (Zero Variance Required to Balance)	16,143	16,509	366	16,043	16,343	300	16,043	16,343	300	16,343

Service: Adult Services

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	30,925	30,925	0	30,358	30,767	409	29,908	30,742	834	30,271
Permanent Virements	-19	-19	0	0	0	0	0	0	0	0
Future Base Budget	30,906	30,906	0	30,358	30,767	409	29,908	30,742	834	30,271
1. Pressures and Service Developments										
Care for the Elderly (Prior Year Adjustment)	-100	-100	0	0	0	0	0	0	0	0
Additional prevention team (CST)	0	274	274	0	0	0	0	0	0	0
Additional Learning Disability Transitions	0	306	306	0	306	306	0	306	306	306
Care Act Implementation	0	73	73	0	31	31	0	26	26	26
Demographic Pressures	0	111	111	0	111	111	0	111	111	111
Efficiencies due to CST Team	0	-81	-81	0	-125	-125	0	-156	-156	-178
	-100	583	683	0	323	323	0	287	287	265
2. Efficiencies										
Adult Service use of external funding	22	22	0	0	0	0	0	0	0	0
	22	22	0	0	0	0	0	0	0	0
3. Service Transformation										
Increase Extra Care Services	0	0	0	-350	0	350	-350	-350	0	-350
Re-organise services that support vulnerable adults to remain independent	-100	-100	0	-100	-100	0	0	0	0	0
Transformation of Residential Care Services	-170	-170	0	0	0	0	0	0	0	0
Reduced cost of legacy cases	0	0	0	0	-522	-522	0	-408	-408	-242
Use of earmarked reserve to fund first year of CST Team	0	-274	-274	0	274	274	0	0	0	0
	-270	-544	-274	-450	-348	102	-350	-758	-408	-592
4. Service Reductions										
Re-organisation of Assessment Service	-200	-200	0	0	0	0	0	0	0	0
	-200	-200	0	0	0	0	0	0	0	0
5. Income										
Health Service Grant Funding (BCF)	-1,000	-1,000	0	0	0	0	0	0	0	0
Section 256 Funding (Prior Year Adjustment)	1,000	1,000	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total adjustments										
	-548	-139	409	-450	-25	425	-350	-471	-121	-327
Total Budget (Zero Variance Required to Balance)	30,358	30,767	409	29,908	30,742	834	29,558	30,271	713	29,944

People Total	61,414	62,089	675	60,689	61,723	1,034	60,239	61,152	913	60,825
--------------	--------	--------	-----	--------	--------	-------	--------	--------	-----	--------

Total Budget (Zero Variance Required to Balance)

Policy and Resources

Service: Human Resources

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	1,615	1,615	0	1,464	1,406	-58	1,351	1,339	-12	1,241
Permanent Virements	-1	-1	0	0	0	0	0	0	0	0
Future Base Budget	1,614	1,614	0	1,464	1,406	-58	1,351	1,339	-12	1,241
1.Efficiencies										
Human Resources - Service restructures	-58	-58	0	0	0	0	-34	-34	0	0
	-58	-58	0	0	0	0	-34	-34	0	0
2.Service Transformation										
Shared Service Savings	-58	-116	-58	-82	-40	42	0	0	0	0
Additional Efficiency/Transformation Savings Required	0	0	0	0	0	0	0	-23	-23	0
Shared Services Savings/Increased Income	0	0	0	-31	-27	4	-31	-31	0	-50
	-58	-116	-58	-113	-67	46	-31	-54	-23	-50
3.Income										
Commercial Income	-34	-34	0	0	0	0	-10	-10	0	0
	-34	-34	0	0	0	0	-10	-10	0	0
Total adjustments	-150	-208	-58	-113	-67	46	-75	-98	-23	-50
Total Budget (Zero Variance Required to Balance)	1,464	1,406	-58	1,351	1,339	-12	1,276	1,241	-35	1,191

Service: Legal Services

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	3,114	3,114	0	2,591	2,707	116	2,550	2,670	120	2,594
Permanent Virements	-1	-1	0	0	0	0	0	0	0	0
Future Base Budget	3,113	3,113	0	2,591	2,707	116	2,550	2,670	120	2,594
1.Pressures and Service Developments										
Council Elections (Prior Year Adjustment)	-100	-100	0	0	0	0	0	0	0	0
	-100	-100	0	0	0	0	0	0	0	0
2.Efficiencies										
Democratic Services staffing review (Group Office)	-46	25	71	0	0	0	0	0	0	0
Review management structure of Legal Service and Commercial Practice	-70	-70	0	-10	-10	0	0	0	0	0
Shared Service Saving	-20	-20	0	0	0	0	0	0	0	0
Legal & Democratic Services - Staffing Review	-45	-45	0	0	0	0	0	0	0	0
Stronger Communities Review & Commissioning Model	-231	-231	0	0	0	0	0	0	0	0
Additional Efficiency/Transformation/Commercialisation Required	0	0	0	0	0	0	0	-45	-45	0
	-412	-341	71	-10	-10	0	0	-45	-45	0
3.Service Transformation										
Shared Services Savings/Increased Income	0	0	0	-31	-27	4	-31	-31	0	-50
	0	0	0	-31	-27	4	-31	-31	0	-50
4.Income										
Income from Traded Services - legal Services	-10	-10	0	0	0	0	0	0	0	0
15/16 Base Income Pressure	0	45	45	0	0	0	0	0	0	0
	-10	35	45	0	0	0	0	0	0	0
Total adjustments	-522	-406	116	-41	-37	4	-31	-76	-45	-50
Total Budget (Zero Variance Required to Balance)	2,591	2,707	116	2,550	2,670	120	2,519	2,594	75	2,544

Service: Financial Services

Items	Budget 2016/17	Proposed Budget 2016/17	Variance	Budget 2017/18	Proposed Budget 2017/18	Variance	Budget 2018/19	Proposed Budget 2018/19	Variance	Proposed Budget 2019/20
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Base Budget	2,800	2,800	0	2,531	2,565	34	2,470	2,467	-3	2,320
Permanent Virements	4	4	0	0	0	0	0	0	0	0
Future Base Budget	2,804	2,804	0	2,531	2,565	34	2,470	2,467	-3	2,320
1. Pressures and Service Developments										
Grant Changes	0	55	55	0	65	65	0	65	65	65
Shared Service Set Up Costs	0	89	89	0	-61	-61	0	-28	-28	0
	0	144	144	0	4	4	0	37	37	65
2. Efficiencies										
Restructure Accountancy	-220	-220	0	0	0	0	0	0	0	0
Restructure Audit	-11	0	11	0	0	0	-29	0	29	0
Local Taxation & Benefits, shared service savings on management costs (net)	-55	-55	0	0	-65	-65	0	-65	-65	-65
Miscellaneous other efficiency savings (Prior Year Adjustment)	50	50	0	0	0	0	0	0	0	0
Additional Transformation/Efficiency Savings Required	0	0	0	0	0	0	0	-24	-24	0
	-236	-225	11	0	-65	-65	-29	-89	-60	-65
3. Service Transformation										
Shared service opportunities Accountancy	-50	-105	-55	-20	0	20	-70	-40	30	0
Shared service opportunities Audit	-25	-41	-16	-10	-10	0	0	-24	-24	0
Shared Services Savings/Increased Income	0	0	0	-31	-27	4	-31	-31	0	-50
	-75	-146	-71	-61	-37	24	-101	-95	6	-50
4. Income										
Commercial income generation	-12	-12	0	0	0	0	0	0	0	0
Additional General income (Prior Year Adjustment)	50	50	0	0	0	0	0	0	0	0
LT&B Specific grants	0	-50	-50	0	0	0	0	0	0	0
	38	-12	-50	0	0	0	0	0	0	0
Total adjustments	-273	-239	34	-61	-98	-37	-130	-147	-17	-50
Total Budget (Zero Variance Required to Balance)	2,531	2,565	34	2,470	2,467	-3	2,340	2,320	-20	2,270

Service: Business Support

Items	Budget 2016/17	Proposed Budget 2016/17	Variance	Budget 2017/18	Proposed Budget 2017/18	Variance	Budget 2018/19	Proposed Budget 2018/19	Variance	Proposed Budget 2019/20
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Base Budget	3,959	3,959	0	3,745	3,653	-92	3,630	3,525	-105	3,338
Permanent Virements	117	117	0	0	0	0	0	0	0	0
Future Base Budget	4,076	4,076	0	3,745	3,653	-92	3,630	3,525	-105	3,338
1. Efficiencies										
Restructure of the IT service	-20	0	20	0	0	0	-109	0	109	0
Restructure of the Business Improvement, Commercial & Information Governance Teams	-179	-159	20	0	0	0	-131	-131	0	0
Reduction in Centralised IT budgets	-10	0	10	0	0	0	0	0	0	0
Additional Efficiency/Transformation Savings Required	0	0	0	0	0	0	0	-24	-24	0
	-209	-159	50	0	0	0	-240	-155	85	0
2. Service Transformation										
IT Shared Services & IT Change savings	-122	0	122	-83	0	83	0	0	0	0
IT Shared Services - Staffing	0	-244	-244	0	0	0	0	0	0	0
IT Shared Services - Systems	0	-20	-20	0	-100	-100	0	0	0	0
Shared Services Savings/Increased Income	0	0	0	-32	-28	4	-32	-32	0	-50
	-122	-264	-142	-115	-128	-13	-32	-32	0	-50
Total adjustments	-331	-423	-92	-115	-128	-13	-272	-187	85	-50
Total Budget (Zero Variance Required to Balance)	3,745	3,653	-92	3,630	3,525	-105	3,358	3,338	-20	3,288

Total Budget (Zero Variance Required to Balance) 10,331 10,331 0 10,001 10,001 0 9,493 9,493 0 9,293

Places Directorate

Service: Customer Services

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	4,943	4,943	0	4,379	4,519	140	4,189	4,033	-156	3,636
Permanent Virements	13	13	0	0	0	0	0	0	0	0
Future Base Budget	4,956	4,956	0	4,379	4,519	140	4,189	4,033	-156	3,636
1. Pressures and Service Developments										
Baths Hall (Prior Year Adjustment)	-10	-10	0	0	0	0	0	0	0	0
Normanby Zoo (Prior Year Adjustment)	-10	-10	0	0	0	0	0	0	0	0
Unresolved Base Budget Pressure	0	250	250	0	0	0	0	0	0	0
	-20	230	250	0	0	0	0	0	0	0
2. Efficiencies										
Develop 'Digital First' Library (Prior Year Adjustment)	-20	-20	0	0	0	0	0	0	0	0
Efficiencies Arising From Various Staffing Reviews Etc (incl Homelink)	-82	-52	30	-50	-30	20	-25	-31	-6	0
Procurement Savings - Leisure Services	-10	-10	0	0	0	0	-10	-10	0	0
Vacancy Management	37	0	-37	0	0	0	0	0	0	0
Facility Cost Efficiencies / Rationalisation	0	-38	-38	0	-25	-25	-50	-50	0	0
	-75	-120	-45	-50	-55	-5	-85	-91	-6	0
3. Service Transformation										
Co-location of customer services sites	-25	-25	0	0	-25	-25	0	0	0	0
Transformation of Library Service Management Arrangements	-45	0	45	-30	0	30	0	0	0	0
Channel Shift Efficiencies	-77	-77	0	-60	-60	0	0	0	0	0
Shared services (Customer Contact Centre & Registration Services)	-55	-55	0	0	0	0	0	0	0	0
Alternative management of Sports, Leisure & Culture Facilities	-125	-125	0	-50	-50	0	-25	-25	0	0
Sports, leisure & cultural centres - programme review	-80	-80	0	0	0	0	0	0	0	0
Further Co-location of libraries/local links/leisure centres (part of TCA)	0	-65	-65	0	-70	-70	0	0	0	0
Commissioning Review - Directorate wide (20%)	0	0	0	0	-6	-6	0	-6	-6	-8
Contract review, entertainments facilities	0	0	0	0	-50	-50	0	-150	-150	0
	-407	-427	-20	-140	-261	-121	-25	-181	-156	-8
4. Income										
Increase commercial and commissioning income	-75	-75	0	0	0	0	-6	0	6	0
Move Towards Self Financing Model in Sports, Leisure & Culture	0	-45	-45	0	-170	-170	0	-125	-125	0
	-75	-120	-45	0	-170	-170	-6	-125	-119	0
Total adjustments	-577	-437	140	-190	-486	-296	-116	-397	-281	-8
Total Budget (Zero Variance Required to Balance)	4,379	4,519	140	4,189	4,033	-156	4,073	3,636	-437	3,628

Service: Community Services

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
	Base Budget	24,674	24,674	0	24,599	24,549	-50	24,463	24,187	-276
Permanent Virements	374	374	0	0	0	0	0	0	0	0
Future Base Budget	25,048	25,048	0	24,599	24,549	-50	24,463	24,187	-276	23,784
1.Pressures and Service Developments										
Extra Funding for Highways (prior year adjustment)	-200	-200	0	0	0	0	0	0	0	0
Concessionary Fares - Subsidised Bus Routes	-50	-50	0	0	0	0	0	0	0	0
Waste Treatment & Disposal Contract	538	538	0	44	44	0	45	45	0	0
Community Champions (Prior Year Adjustment)	-10	-10	0	0	0	0	0	0	0	0
	278	278	0	44	44	0	45	45	0	0
2.Efficiencies										
Efficiencies From Various Staffing Reviews Etc	-127	-127	0	0	0	0	0	0	0	0
Contractual Efficiencies linked to Transfer Station	-30	-30	0	-40	-40	0	0	0	0	0
Vehicle Maintenance Savings - Residual Waste Contract	-40	-40	0	0	0	0	0	0	0	0
Vacancy Management Savings (Prior Year Adjustment)	37	37	0	0	0	0	-62	-62	0	0
Northampton Road Depot Savings	0	0	0	-100	-100	0	0	0	0	0
Review of contractor's concessionary fares reimbursement rate	-250	-250	0	0	0	0	0	0	0	0
	-410	-410	0	-140	-140	0	-62	-62	0	0
3.Service Transformation										
Introduce Dedicated Trade Waste Service	-115	-115	0	-30	-30	0	-160	-160	0	0
Various Waste Savings	0	0	0	0	0	0	-50	-50	0	0
Development of In House Traffic Management Service	0	0	0	0	0	0	-30	-30	0	0
Repayment of community transport funding	-75	-75	0	0	0	0	0	0	0	0
Expand shared service arrangements to include more services	0	0	0	0	0	0	0	0	0	-75
Vehicle Utilisation Review	0	0	0	0	-50	-50	0	0	0	0
Community Service Staffing/Income Review	0	0	0	0	0	0	0	0	0	-100
Commissioning Review - Directorate wide (20%)	0	0	0	0	-6	-6	0	-6	-6	-8
Efficiency review of home to school transport	0	0	0	0	-120	-120	0	-80	-80	0
	-190	-190	0	-30	-206	-176	-240	-326	-86	-183
4.Income										
Additional Commercial Activity	-127	-127	0	-10	-10	0	-10	-10	0	0
Internalise Design Services - Highways Development	0	0	0	0	0	0	-20	-20	0	0
Skip Service	0	0	0	0	0	0	-30	-30	0	0
Increase service income	0	-50	-50	0	-50	-50	0	0	0	0
	-127	-177	-50	-10	-60	-50	-60	-60	0	0
Total adjustments	-449	-499	-50	-136	-362	-226	-317	-403	-86	-183
Total Budget (Zero Variance Required to Balance)	24,599	24,549	-50	24,463	24,187	-276	24,146	23,784	-362	23,601

Service: Technical & Environmental Services

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	4,168	4,168	0	3,913	3,902	-11	3,880	3,852	-28	3,696
Permanent Virements	1	1	0	0	0	0	0	0	0	0
Future Base Budget	4,169	4,169	0	3,913	3,902	-11	3,880	3,852	-28	3,696
1. Pressures and Service Developments										
Security Centre - One Year Income Pressure (Prior Year Adjustment)	-148	-148	0	0	0	0	0	0	0	0
Additional Defibrillators running costs - now at CCTV centre	0	0	0	-10	-10	0	0	0	0	0
North Lincolnshire Landscape Assessment (Prior Year Adjustment)	-50	-50	0	0	0	0	0	0	0	0
	-198	-198	0	-10	-10	0	0	0	0	0
2. Efficiencies										
Efficiencies Arising From Various Staffing Reviews Etc	-3	-3	0	0	0	0	0	0	0	0
Efficiency savings by the Calibration Test Centre	-6	-6	0	0	0	0	0	0	0	0
Carbon Reduction Strategy; Savings & Reinvestments	-20	-20	0	-16	-16	0	0	0	0	0
Vacancy Management Savings (Prior Year Adjustment)	37	37	0	0	0	0	0	0	0	0
	8	8	0	-16	-16	0	0	0	0	0
3. Service Transformation										
Community volunteer scheme for assisting with upkeep of green spaces, nature reserves and footpaths	0	0	0	-5	-5	0	0	0	0	0
Develop a community tree Warden scheme pilot to assess how the community can support the existing tree service	0	0	0	-2	-2	0	0	0	0	0
Introduce a Selective Licensing Scheme for Private Rented Sector	-10	-10	0	0	0	0	0	0	0	0
Explore opportunities for Shared Services	0	0	0	0	0	0	-50	-50	0	0
Commissioning Review - Directorate wide	0	0	0	0	-6	-6	0	-6	-6	-8
	-10	-10	0	-7	-13	-6	-50	-56	-6	-8
4. Service Reductions										
Environmental Health Communities and Commercial Teams - enforcement changes	-56	-56	0	0	0	0	0	0	0	0
	-56	-56	0	0	0	0	0	0	0	0
5. Income										
Expand Commercial Activity	0	0	0	0	0	0	-50	-50	0	0
Increase charges for services	0	-11	-11	0	-11	-11	0	0	0	0
Develop a New Commercial Offer for Telehealth & Telecare services	0	0	0	0	0	0	-50	-50	0	0
	0	-11	-11	0	-11	-11	-100	-100	0	0
Total adjustments	-256	-267	-11	-33	-50	-17	-150	-156	-6	-8
Total Budget (Zero Variance Required to Balance)	3,913	3,902	-11	3,880	3,852	-28	3,730	3,696	-34	3,688

Service: Planning & Regeneration

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	3,063	3,063	0	2,493	2,450	-43	2,323	2,231	-92	2,055
Permanet Virements	-556	-556	0	0	0	0	0	0	0	0
Future Base Budget	2,507	2,507	0	2,493	2,450	-43	2,323	2,231	-92	2,055
1. Pressures and Service Developments										
North Lincolnshire Enterprise (HPDG) (Prior Year Adjustment)	50	50	0	-200	-200	0	0	0	0	0
Development of 'gold service' commercial offer (HPDG) (Prior Year Adjustment)	0	0	0	-50	-50	0	0	0	0	0
Enforcement/Planning Developments (Prior Year Adjustment)	0	0	0	-50	-50	0	0	0	0	0
Trentside Villages Investment (HPDG) (Prior Year Adjustment)	-50	-50	0	0	0	0	0	0	0	0
Promoting North Lincolnshire (HPDG)	0	0	0	0	0	0	-45	-45	0	0
	0	0	0	-300	-300	0	-45	-45	0	0
2. Efficiencies										
Efficiencies Arising From Various Staffing Reviews Etc	0	0	0	0	0	0	-64	-64	0	0
Vacancy Management Savings	37	37	0	0	0	0	0	0	0	0
Building Control/Development Control - Cost Reductions	0	0	0	0	0	0	-15	-15	0	0
	37	37	0	0	0	0	-79	-79	0	0
3. Service Transformation										
Further service transformation particularly back office	-10	-10	0	-10	-10	0	0	0	0	0
Shared Services Opportunities	0	0	0	-40	-40	0	0	0	0	0
Further service transformation – bringing together all policy within the P&R function	0	0	0	-40	-40	0	0	0	0	0
Opportunities for substantial changes to service delivery	0	0	0	-20	-20	0	0	0	0	0
Commissioning Review - Directorate wide (20%)	0	0	0	0	-6	-6	0	-6	-6	-8
	-10	-10	0	-110	-116	-6	0	-6	-6	-8
4. Income										
Charging for requested pre-application advice	0	0	0	0	0	0	-10	-10	0	0
Increase charges for services	0	-43	-43	0	-43	-43	0	0	0	0
Expand Commercial Activity	-5	-5	0	-60	-60	0	-36	-36	0	0
Income from Property Trading Account	-36	-36	0	0	0	0	0	0	0	0
Income from Earmarked Reserves (HPDG) (Prior Year Adjustment)	0	0	0	300	300	0	0	0	0	0
	-41	-84	-43	240	197	-43	-46	-46	0	0
Total adjustments	-14	-57	-43	-170	-219	-49	-170	-176	-6	-8
Total Budget (Zero Variance Required to Balance)	2,493	2,450	-43	2,323	2,231	-92	2,153	2,055	-98	2,047

Service: Special Projects

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	156	156	0	156	155	-1	156	148	-8	142
Permanent Virements	0	0	0	0	0	0	0	0	0	0
Future Base Budget	156	156	0	156	155	-1	156	148	-8	142
1. Service Transformation										
Commissioning Review - Directorate wide (20%)	0	0	0	0	-6	-6	0	-6	-6	-8
Increase charges for services	0	-1	-1	0	-1	-1	0	0	0	0
	0	-1	-1	0	-7	-7	0	-6	-6	-8
Total adjustments	0	-1	-1	0	-7	-7	0	-6	-6	-8
Total Budget (Zero Variance Required to Balance)	156	155	-1	156	148	-8	156	142	-14	134
Places Directorate Total	35,540	35,575	35	35,011	34,451	-560	34,258	33,313	-945	33,098

Total Budget (Zero Variance Required to Balance)

Corporate Services

Service: Corporate & Miscellaneous

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	3,607	3,607	0	2,998	2,990	-8	2,415	2,680	265	2,356
Permanent Virements	-1	-1	0	0	0	0	0	0	0	0
Future Base Budget	3,606	3,606	0	2,998	2,990	-8	2,415	2,680	265	2,356
1. Pressures and Service Developments										
Additional costs of IDB & Environment Agency Levies	0	20	20	0	0	0	0	0	0	0
	0	20	20	0	0	0	0	0	0	0
2. Capital Bid Consequences										
Electronic Document Management System	-72	0	72	0	0	0	0	-72	-72	0
Application Rationalisation	-100	0	100	0	0	0	0	0	0	0
	-172	0	172	0	0	0	0	-72	-72	0
3. Efficiencies										
Corporate Efficiency Savings	-186	0	186	-333	0	333	519	0	-519	0
Reduce the insurance provision to reflect experience	0	-156	-156	0	0	0	0	0	0	0
	-186	-156	30	-333	0	333	519	0	-519	0
4. Service Transformation										
Review of Council Wide Administration	-250	-322	-72	-250	-250	0	0	0	0	0
Councilwide - Transforming Customer Access - Service redesign & Demand Management	0	-68	-68	0	-60	-60	0	-252	-252	-300
	-250	-390	-140	-250	-310	-60	0	-252	-252	-300
5. Income										
Additional income	0	-90	-90	0	0	0	0	0	0	0
	0	-90	-90	0	0	0	0	0	0	0
Total adjustments	-608	-616	-8	-583	-310	273	519	-324	-843	-300
Total Budget (Zero Variance Required to Balance)	2,998	2,990	-8	2,415	2,680	265	2,934	2,356	-578	2,056

Service: Capital Financing

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
Base Budget	13,482	13,482	0	14,433	14,205	-228	14,267	13,916	-351	13,777
Permanent Virements	0	0	0	0	0	0	0	0	0	0
Future Base Budget	13,482	13,482	0	14,433	14,205	-228	14,267	13,916	-351	13,777
1. Pressures and Service Developments										
Rephasing/Existing Programme Changes	1,851	723	-1,128	-166	211	377	36	-139	-175	-146
	1,851	723	-1,128	-166	211	377	36	-139	-175	-146
2. Efficiencies										
Use of £5m of balances to reduce debt charges	-900	0	900	0	-500	-500	0	0	0	0
	-900	0	900	0	-500	-500	0	0	0	0
Total adjustments	951	723	-228	-166	-289	-123	36	-139	-175	-146
Total Budget (Zero Variance Required to Balance)	14,433	14,205	-228	14,267	13,916	-351	14,303	13,777	-526	13,631

Service: Contingency

Items	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
	Budget 2016/17 £000's	Proposed Budget 2016/17 £000's	Variance £000's	Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Proposed Budget 2019/20 £000's
	Base Budget	-300	-300	0	1,770	84	-1,686	3,764	3,276	-488
Permanent Virements	10	10	0	0	0	0	0	0	0	0
Future Base Budget	-290	-290	0	1,770	84	-1,686	3,764	3,276	-488	6,162
1.Pressures and Service Developments										
Expenditure inflation	1,000	865	-135	1,000	950	-50	1,000	950	-50	950
Energy Inflation	200	0	-200	200	200	0	200	200	0	200
Terms and Conditions	-1,000	1,000	2,000	0	0	0	0	0	0	0
Pay Award % 16/17, 1% in 17/18, 18/19 & 19/20	727	0	-727	774	774	0	782	782	0	790
Pension Increase	0	0	0	200	200	0	200	200	0	200
Growth in demand for services	300	0	-300	300	300	0	300	300	0	300
Single State Pension Additional N.I costs	1,313	583	-730	0	0	0	0	0	0	0
Living Wage impact on Council services	0	620	620	0	270	270	0	270	270	270
Impact of Living Wage on Cost of Residential Care	0	391	391	0	394	394	0	398	398	402
Impact of Living Wage on Cost of Home Care	0	442	442	0	403	403	0	403	403	403
Impact of Apprenticeship Levy	0	0	0	0	321	321	0	3	3	3
	2,540	3,901	1,361	2,474	3,812	1,338	2,482	3,506	1,024	3,518
2.Efficiencies										
Councilwide Efficiency Savings (2.5%)	0	-2,619	-2,619	0	0	0	0	0	0	0
	0	-2,619	-2,619	0	0	0	0	0	0	0
3.Service Transformation										
Staff Ts&Cs saving-to be distributed to services	0	-457	-457	0	0	0	0	0	0	0
	0	-457	-457	0	0	0	0	0	0	0
4.Income										
Income Inflation	-480	-451	29	-480	-450	30	-480	-450	30	-450
Additional Commercial Income	0	0	0	0	-170	-170	0	-170	-170	-160
	-480	-451	29	-480	-620	-140	-480	-620	-140	-610
Total adjustments	2,060	374	-1,686	1,994	3,192	1,198	2,002	2,886	884	2,908
Total Budget (Zero Variance Required to Balance)	1,770	84	-1,686	3,764	3,276	-488	5,766	6,162	396	9,070
Total Central Budgets	19,201	17,279	-1,922	20,446	19,872	-574	23,003	22,295	-708	24,757
TOTAL BUDGET	126,486	125,274	-1,212	126,147	126,047	-100	126,993	126,253	-740	127,973
Use of Reserves	1,461	981	-480	135	135	0	0	0	0	0
FUNDING										
Estimated Funding										
Revenue Support Grant	19,877	20,511	634	15,509	14,291	-1,218	12,301	10,215	-2,086	6,098
Base Line Funding Level (NNDR)	30,859	30,358	-501	31,630	30,955	-675	32,421	31,868	-553	32,886
Other Un-ring Fenced Grants	1,394	0	-1,394	1,394	0	-1,394	1,394	0	-1,394	0
Total Settlement Funding Assessment	52,130	50,869	-1,261	48,533	45,246	-3,287	46,116	42,083	-4,033	38,984
Base Funding Assumptions										
Council Tax: 1.8%, 1.8%, 1.8%, 1.8%	60,625	60,789	164	63,218	62,871	-347	65,805	64,835	-970	66,964
Social Care Precept: 2%, 2%, 2%, 2%	0	1,185	1,185	0	2,475	2,475	0	3,867	3,867	5,225
Collection Fund Surplus	500	400	-100	0	1,000	1,000	0	0	0	0
NNDR	6,237	6,234	-3	8,300	5,821	-2,479	8,734	7,034	-1,700	7,805
New Homes Bonus	3,367	3,155	-212	3,895	3,231	-664	4,372	2,299	-2,073	3,190
Other Grants	2,166	1,661	-505	2,066	1,735	-331	1,966	4,042	2,076	6,094
Total Base Funding	72,895	73,424	529	77,479	77,133	-346	80,877	82,077	1,200	89,278
Total Funding	125,025	124,293	-732	126,012	122,379	-3,633	126,993	124,160	-2,833	128,262
Total Funding and Reserves	126,486	125,274	-1,212	126,147	122,514	-3,633	126,993	124,160	-2,833	128,262
TOTAL NET BALANCE	0	0	0	0	3,533	3,533	0	2,093	2,093	-289

PRECEPTS 2016/17

Parish or Area	Local Tax Base	Precept	NLC Grant	Total Requirement	Band D
Alkborough	158.8	3,687	313	4,000	23.22
Amcotts	78.7	2,180	205	2,385	27.70
Appleby	220.1	8,364	386	8,750	38.00
Ashby Parkland	173.7	2,990	510	3,500	17.21
Barnetby-le-Wold	496.1	21,655	2,458	24,113	43.65
Barrow-on-Humber	971.6	41,500	1,449	42,949	42.71
Barton-upon-Humber	3,256.2	144,347	21,418	165,765	44.33
Belton	1,076.4	13,817	1,183	15,000	12.84
Bonby	186.2	10,649	772	11,421	57.19
Bottesford	3,527.8	92,529	7,421	99,950	26.23
Brigg	1,586.3	103,331	12,169	115,500	65.14
Broughton	1,614.2	109,081	10,799	119,880	67.58
Burrougham	200.4	10,134	1,866	12,000	50.57
Burton-upon-Stather	942.7	42,271	3,176	45,447	44.84
Cadney-cum-Howsham	152.7	7,576	424	8,000	49.61
Crowle	1,492.6	57,480	6,826	64,306	38.51
East Butterwick	42.8	613	137	750	14.32
East Halton	202.3	4,612	254	4,866	22.80
Eastoft	133.7	3,276	424	3,700	24.50
Elsham	162.1	7,707	293	8,000	47.54
Epworth	1,513.0	52,748	4,706	57,454	34.86
Flixborough	521.2	12,045	881	12,926	23.11
Garthorpe & Fockerby	126.6	6,239	912	7,151	49.28
Goxhill	767.9	41,466	3,985	45,451	54.00
Gunness	607.4	27,696	6,304	34,000	45.60
Haxey	1,614.6	37,436	2,564	40,000	23.19
Hibaldstow	732.2	13,304	1,696	15,000	18.17
Holme	39.5	0	0	0	0.00
Horkstow	55.7	1,402	98	1,500	25.17
Keadby with Althorpe	459.2	24,148	4,852	29,000	52.59
Kirmington & Croxton	120.0	7,170	1,460	8,630	59.75
Kirton-in-Lindsey	990.7	90,000	6,649	96,649	90.84
Luddington	113.9	3,598	602	4,200	31.59
Manton	42.8	0	0	0	0.00
Melton Ross	64.0	2,082	418	2,500	32.53
Messingham	1,253.0	51,432	3,568	55,000	41.05
New Holland	232.4	12,131	1,869	14,000	52.20
North Killingholme	81.3	4,425	575	5,000	54.43
Owston Ferry	417.7	12,580	1,420	14,000	30.12
Redbourne	154.4	9,255	745	10,000	59.94
Roxby-cum-Risby	148.9	5,124	402	5,526	34.41
Saxby-all-Saints	89.4	3,557	343	3,900	39.79
Scawby-cum-Sturton	784.2	34,544	2,456	37,000	44.05
Scunthorpe	* 14,710.2				
South Ferriby	192.7	10,907	1,864	12,771	56.60
South Killingholme	279.3	11,560	2,940	14,500	41.39
Thornton Curtis	95.7	2,450	164	2,614	25.60
Ulceby	505.5	11,590	1,910	13,500	22.93
West Butterwick	235.0	0	0	0	0.00
West Halton	113.0	4,658	536	5,194	41.22
Whitton	84.5	2,486	114	2,600	29.42
Winteringham	321.3	11,287	1,305	12,592	35.13
Winterton	1,308.5	109,050	17,069	126,119	83.34
Wootton	173.0	5,553	247	5,800	32.10
Worlaby	191.2	13,230	770	14,000	69.19
Wrawby	506.4	12,398	602	13,000	24.48
Wroot	176.4	9,823	677	10,500	55.69
	46,498.1	1,345,173	147,186	1,492,359	

Other Precepting Authority

Humberside Police	46,498.1	8,539,841	8,539,841	183.66
Humberside Fire and Rescue Service	46,498.1	3,668,235	3,668,235	78.89

* To be set at Council