

NORTH LINCOLNSHIRE COUNCIL

COUNCIL

REVENUE BUDGET 2017/18 AND FINANCIAL PLAN 2017/20

1. OBJECT AND KEY POINTS IN THIS REPORT

- 1.1 The purpose of this paper is to consider budget proposals for the period 2017/20 and to provide Council with the information and analysis necessary to set a revenue budget and Council tax for the next financial year 2017/18.
- 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 2017/18
 - To set the Council tax for 2017/18
 - To approve the financial strategy for 2017/20

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 Strategic Direction

- 2.1. North Lincolnshire Council has a transformative vision for the Council and the area it serves. It is taking the financial retrenchment of the current decade as the opportunity for fundamental change, both in raising public expectations and aspirations and in the way the Council sees its role and the way it works. It is about delivering better outcomes for all in the local community while ruthlessly driving out cost to ensure the burden of local taxation is kept to a minimum.

The renewed Council Strategy approved in February 2016, under the banner of ‘aspiring people, inspiring places’ sets five priorities to:

- **Enable** communities to thrive and live active healthy and fulfilled lives
- **Support** safeguard and protect the vulnerable
- **Shape** the area into a more prosperous place to live, work, invest and play
- **Commission** to improve outcomes for individuals and communities
- **Transform** and refocus, ensuring we remain a dynamic and innovative Council.

This is underpinned by the Medium Term Financial Plan considered here which provides the essential cornerstone for sustainable public service delivery. The key objective of the plan is to secure the financial resilience which provides the platform to deliver the best possible quality of life for the people of the area.

The Financial Framework

- 2.2. 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.
- 2.3. 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 and business rates 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 a medium term financial plan (MTFP) as well as a detailed one-year budget. This year a three year plan has been produced rather than the usual four years, because of the uncertainties in 2020/21 around the start of 100% Business Rates retention by local government, and any service changes that might accompany this change.
- 2.4. 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**.
- 2.5. **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.
- 2.6. 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.
- 2.7. 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, this becomes CPI from 2020
 - 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 from 2017/18 a lower, 10% 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 2017/18 this is 2%.
 - iv. There is additional flexibility for social care authorities to raise up to a 3% annual precept to be used for adult social care without triggering the referendum limit as long as the increase over the next three years is no more than 6%. The Council's Chief Financial Officer has to certify that this funding is used solely for Adult Social Care, in a format determined by government.
- 2.8. 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 and Rescue Authority
- 2.9. 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 December 2016, 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**.
- 2.10. 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 2017/20

The Local Government Finance Settlement

- 2.11. As part of the 2016/17 Local Government Finance Settlement the Secretary of State offered Local Authorities certainty about the main elements of their financial settlement until

2019/20. To qualify for this four year settlement each Council had to publish an efficiency statement which demonstrated its plans to deliver efficiencies and how having firm settlement funding figures for three years would facilitate effective forward planning. North Lincolnshire Council published its statement on the Council website in October and CLG confirmed that the Council had met the requirements. The table below shows the two elements – Revenue Support Grant (RSG) and the local share of business rates (NNDR). RSG has been confirmed in the provisional settlement; and the element for the NNDR Baseline has increased marginally in line with inflation.

- 2.12. The normal process established by law is that when Settlement Funding is announced in December for the next financial year it is on a provisional basis and subject to consultation. The final Settlement is then laid before Parliament and confirmed in early February. This year the Parliamentary timetable means that confirmation is not now expected until after Parliament returns from recess on 20 February. That is after the date of this Council meeting to set the budget. Given the guarantee of settlement funding referred to in 2.11 a change is not expected. However, if there is a change it is proposed that the Chief Financial Officer is authorised to make any necessary adjustment to the agreed budget once the final local government settlement position is notified, by adjusting the use of the revenue account support reserve.

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
Settlement funding	£000	£000	£000	£000	£000	£000	£000	£000	£000
Revenue Support Grant	(14,291)	(14,291)	-	(10,215)	(10,215)	-	(6,098)	(6,098)	-
NNDR Baseline Funding	(30,955)	(30,977)	(22)	(31,868)	(31,974)	(106)	(32,886)	(33,111)	(225)
Total	(45,246)	(45,268)	(22)	(42,083)	(42,189)	(106)	(38,984)	(39,209)	(225)

Other grants

- 2.13. Alongside settlement funding the Council also receives a range of other grants. Some grants can be used to support Council general spending; some are ring-fenced for a particular purpose. Public Health Grant is ring-fenced to public health activities. The grant falls from £9.8m in 2016/17 to £9m by 2019/20 and efficiencies will be required to ensure costs remain within the funding available. It is likely that the ring-fencing of this grant will be removed in or after the plan period.
- 2.14. Other grants are shown in the table below and considered in turn. By 2019/20 there is a combined reduction of £2.3m in these funding sources.
- New Homes Bonus is a reward for housing development, which matches the Council tax generated with grant for a set period of years. The government has reviewed the working of the scheme and set new parameters, which make the scheme less generous. 'Normal' growth of 0.4% a year will not attract the bonus; in addition the period of payment falls from six to five years in 2017/18 and to four years from 2018/19. This costs the Council £1.2m in 2017/18 and £1.9m by 2019/20 including an additional shortfall which takes account of a later rephasing of the Lincolnshire Lakes development.

- The Improved Better Care Fund is a guaranteed sum which comes direct to Councils from 2017/18. This grows from £0.3m to £5.2m by 2019/20 and is intended to be pooled with NHS funds through the BCF mechanism to develop more effective joint working to meet the social care and health needs of the older population.
- Rural Services Delivery Grant (£0.2m) is a grant awarded to Council areas which have a significant rural element. This recognises the extra costs associated with rural service delivery. This grant figure was also confirmed as part of the settlement funding guarantee.
- Education Services Grant has in the past been paid to Councils towards the cost of the support services, educational and other, which they provide to maintained schools. From 2017/18 this grant will end, and Councils will be expected to fund these costs from other sources. However, an element will be transferred into Dedicated Schools Grant for 'retained duties', estimated to be £0.35m, and with the agreement of the Schools Forum this comes to the Council. There will be an interim general grant to August 2017, and a new grant towards school improvement duties for a transitional period. These are combined into a single line in the table.
- Adult Social Care Grant is a one-off grant in 2016/17 to help Councils address pressures in the social care system of an ageing population (£0.76m). This combines with the additional Council tax flexibility and the Better Care Fund considered elsewhere in the paper.

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
Other Grant Funding									
New Homes Bonus	(3,231)	(2,009)	1,222	(2,299)	(1,256)	1,043	(3,190)	(1,260)	1,930
Improved Better Care Fund	(330)	(330)	-	(2,875)	(2,875)	-	(5,189)	(5,189)	-
Rural Services Delivery Grant	(165)	(165)	-	(127)	(127)	-	(165)	(165)	-
Education Services Grant	(1,240)	(755)	485	(1,040)	(352)	688	(740)	(352)	388
Adult Social Care Support Grant	-	(764)	(764)	-	-	-	-	-	-
Total	(4,966)	(4,023)	943	(6,341)	(4,610)	1,731	(9,284)	(6,966)	2,318

Local Resources

Council tax

2.15. Council set its Council tax base at 48,147.19 on 15th December 2016. There is growth in the taxbase of 3.5% from 2016/17, which is more than previously planned. It gives an increased yield of £0.9m compared to previous plans. The main reasons for growth are increases in the taxbase as new houses are built or empty properties brought back into use; and falling numbers of people eligible for local Council tax support due to improving economic circumstances. It is further increased by the decision to remove empty property relief and changes made to the Local Council Tax Support scheme from 2017/18.

2.16. Taking this taxbase and projecting growth forward, the plan presented here assumes that the Council will take advantage of the 3% Social Care Precept in the first two years in addition to the general increase of 1.99% a year projected in the plan. This means the Council can increase Council tax by 3% for social care purposes in 2017/18 and 2018/19

rather than by 2% a year for three years. 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 2017/18.

Business Rates (NNDR)

- 2.17. The Valuation Office Agency (VOA) has undertaken the first full revaluation of English business properties for the purposes of business rates since 2010. These new valuations come into effect from 1st April 2017. The Council's tax base has reduced by around 10%, but the Government has made changes to the scheme which aims to make the effect financially neutral for Councils. However there is a benefit to North Lincolnshire as this reduces the tariff the Council pays for being a high value business rate area (neutral from a budget perspective) and it reduces the percentage rate of the levy on growth (a positive benefit).
- 2.18. The forecast net **business rate** yield has been confirmed at £76.455m of which the Council will retain funding of £38.045m. This is after deduction of the central government half share, the Fire Authority share, a tariff payment of £3.5m and a levy payment of £0.419m. That gives the Council £7.068m more than the Council's inflation adjusted NNDR Baseline Funding Level, and this additional sum is factored into the financial plan and is better than the forecast made this time last year.
- 2.19. Future prospects for the area are positive now that the Scunthorpe steelworks has been sold and operates as British Steel. Although development of the South Humber Bank site will be slower, some underlying growth is expected as well as larger scale development such as the potential construction of a new power station at Keadby. However it is vital existing high value sites in the area are retained. The loss of any one of the seven highest valued sites would lose the Council significant funding. It is evident that localisation of business rates has brought some benefits, but it also increases the risks to the Council's finances. Experience shows that the tax yield can be volatile, in particular in circumstances of recession or economic decline.
- 2.20. The MTFP approved in February 2016 provided for the use of all available balances to compensate for grant reductions coming earlier than growth in other income sources and a longer lead time before transformation initiatives deliver their target savings. The table below assumes an intention to continue this policy with use of reserves of £3.6m over the first two years with a modest contribution back to reserves in 2019/20

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
Local Funding									
Council Tax: 1.99%,1.99%,1.99%	(62,224)	(63,092)	(868)	(64,259)	(64,953)	(694)	(66,480)	(66,939)	(459)
Social Care Precept: 2%, 2%, 2%	(2,475)	(2,478)	(3)	(3,867)	(3,811)	56	(5,225)	(5,222)	3
Social Care Precept: 3%, 3%, 0%	-	(626)	(626)	-	(1,306)	(1,306)	-	59	59
Collection Fund Surplus (-)/Deficit (+)	(1,000)	(233)	767	-	-	-	-	-	-
NNDR Rate Retention Income	(5,821)	(7,068)	(1,247)	(7,034)	(7,177)	(143)	(7,805)	(8,481)	(676)
Use of Reserves	(4,033)	(3,269)	764	(1,464)	(370)	1,094	790	280	(510)
Total	(75,553)	(76,766)	(1,213)	(76,624)	(77,617)	(993)	(78,720)	(80,303)	(1,583)

- 2.21 Overall, the resource position shown here and at Appendix B1 brings increased resources of £0.3m in 2017/8, and reductions of £0.6m and £0.5m in 2018/9 and 2019/20. They match the spending proposals presented here to deliver a balanced draft budget. Issues affecting spending proposals are considered later in this report.

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 2017/20 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 2015/16 as they have for every year since the inception of North Lincolnshire Council. **The financial outturn for 2015/16 was positive, with net expenditure £0.596m (0.5%) below the cash limited budget, contributing to a higher than budgeted balance on the Revenue Support Reserve of £10.5m.** This reflected:
- a) Short-term savings including vacancy management
 - b) Savings on the contingency fund of £0.5m largely from careful management of staff reductions, and
 - c) Some savings being realised before expected
 - d) A lower than planned call on corporate reserves
- 3.3 The review of the 2016/17 revenue budget contained in the January budget review shows spending pressures of £1.28m. Council Directorates are working to contain these, but the Council is expected to be able to withstand a short-term overspend of this size. Other highlights of the report are:

- Schools are forecast to use £1.5m of balances to meet expenditure challenges.
- Positive progress has been made in the achievement of approved savings.
- A review of the capital programme has been made, with re-phasing of schemes to reflect the latest position, delays in delivery, some reprioritisation and adjustments where the funding position has changed.
- The report confirms that cash balances and debt are being managed in line with the Council's planned treasury strategy.

b) ROBUST SPENDING PLANS

- 3.4 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.
- 3.5 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.
 - b) Contractual price inflation is provided where appropriate
 - c) Pension costs have reduced following the recent triennial review
 - d) The planned contingency includes £0.5m per annum to cover transformation costs.
 - e) The MTFP includes the projected growth in Council tax from the Lincolnshire Lakes developments. This has been re-profiled to reflect the latest projected timeline. It means that the benefits come later in the plan period than previously assumed. A more prudent approach has been taken to the South Humber Bank development and the projected additional income from this site has not been included in the budget as the development anticipated last year has not taken place. The position on this site will be reviewed as the plan period progresses.
- 3.6 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) In the Places directorate operational cost pressures and income shortfalls in customer services and community services evident in 2016/17 are largely addressed in 2017/18, and fully by 2018/19
 - d) In central budgets provision is made for the later phasing of savings from corporate transformation projects and to fund additional capital investment

e) And a contingency to provide for

- (i) Inflationary related pressures on major contracts and increased energy costs.
- (ii) The impact of a 1% pay award for Council employees, in addition to the impact on the Council of the increase in the National Living Wage to £7.50 from April 2017, which will increase pay costs for lower level Council employees
- (iii) The impact of increasing National Living Wage costs faced by external providers, particularly providers within residential and home care services.
- (iv) New costs from April 2017 relating to the apprenticeship levy, which requires the Council to pay an additional levy, which it will then receive back to spend on training.
- (v) A modest buffer against a possible fall in income for the Council. The Council now receives over 80% of its income from local sources and is therefore exposed to greater risk.

3.7 New or revised **saving proposals** have also been included for each directorate, updating the plan approved in February 2016. They include:

- a) A review of Council-wide administration
- b) Maximising the benefits of service integration such as public health
- c) Recommissioning services
- d) Reconfiguring service delivery including co-location
- e) Increasing income substantially through the sale of services commercially
- f) A move towards a self-financing model in sports, leisure and culture
- g) Reducing capital financing costs by changing the minimum revenue provision for pre-2008 capital expenditure to a more prudent basis.

3.8 These and other detailed costings are shown in **Appendix B2**, and summarised at **Appendix B1**.

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

- a) 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 reductions in subsidy for leisure and culture
- e) The continued delivery of substantial savings through a wide scale programme of transformation and service efficiencies for a further three years, after a long period of retrenchment
- f) Pay and price inflation

- g) The predictability of government funding, and the flexibility to determine its use at a local level with no strings attached
- h) Generating sufficient capital receipts to allow their use to fund transformation costs in the revenue budget in 2017/18 and 2018/19, as well as their use to support capital spending.

c) THE MANAGEMENT OF RISKS

General approach

- 3.10 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.
- 3.11 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.
- 3.12 **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

- 3.13 Council resources are set out in section 2 of the report. This section considers the risks associated with that funding.
- 3.14 The Government provides Settlement Funding as a general support to Council expenditure, which includes Revenue Support grant and business rates baseline funding. It has provided certainty on settlement funding for the plan period 2017/20 to those Councils which provide it with an efficiency plan as noted above.
- 3.15 However other grant funding streams are subject to change and these are also crucial to the Council's financial health. The largest of these are Public Health Grant (£9.8m), New Homes Bonus (NHB) (£2m) and the Improved Better Care Fund (£5.2m by 19/20). Taken together

with other grants identified in section 2 there is a reduction of £3.1m to be managed over the plan period.

- 3.16 The conditions attached to these grants also have implications for the Council's overall financial planning. For example NHB will now only be paid for four years instead of six years and there is an assumption of baseline growth that will reduce the amount to be paid.
- 3.17 Government has signalled that it expects the local authority role in education to be modest by the end of this Parliament. Education Services Grant will end, and the Council will need to secure funding from the Dedicated Schools Grant via the Schools Forum for residual statutory duties, and from its general resources to the extent it provides a higher level of support to schools. The plan therefore now assumes education support funding will be £0.5m less in 2017/18 and it will halve by 2020.
- 3.18 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 and as noted above a three year plan has been prepared this year because of this uncertainty. 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

- 3.19 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, petro-chemical and power industries.
 - 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.
 - 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 £3.5m of its share in 2017/18, and a further levy of £0.5m on expected growth.
 - d) Future prospects for growth depend heavily on the successful development of the South Humber bank and the construction of two new power stations. The plan allows for further slippage compared to previous forecasts.
 - e) Business rate revaluations take place normally on a five year cycle, and one becomes effective in 2017. The total rateable value of all the business properties in

the Council's area has reduced by around 6.7%. This is in contrast to the national position where rateable values have increased by around 9.6%. The effect of this reduction has been to reduce the tariff to be paid from £10m to £3.5m. There has also been a reduction in the levy rate the Council must pay from 25% to 10%.

- f) Full relocalisation of business rates in 2019/20 increases the local share from 50% to 100%, potentially doubling the local impact of taxbase increases and reductions.

3.20 There is a safety net mechanism, but the Council would have to lose up to £7.6m under the current part localisation of business rates before this took effect- a substantial impact on its resources.

3.21 The plan factors in the demolition of gas-fired power stations at Killingholme A and B and other forecast movements in the NNDR Tax base. It also provides £5.9m for outstanding appeals by the end of 2017/18.

Council Tax

3.22 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 above a threshold level. 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 3% more than the referendum limit is welcome, and generates £1.9m in 2017/18 and £2m in 2018/19, a cumulative £3.9m. The constraint is that this additional income can only be spent on Adult Social Care.

Capital Receipts Flexibility

3.23 The Government has recently provided an additional financial freedom for local Councils. This is in the form of an additional use for capital receipts. These are receipts generated by the sale of property, plant and equipment. Previously they could only be used to finance capital expenditure or repay debt. They may now be spent on "any activity forecast to generate ongoing savings to an authorities', or several authorities, and/or to another public sector body's net service expenditure". This flexibility may only be used from 1 April 2016 to

31 March 2019 so in the financial years 2016/17 to 2018/19. It is planned to activate the Council's ability to use this flexibility, more detail can be found in **Appendix A3**.

Capital investment risk

- 3.24 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.
- 3.25 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.
- 3.26 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

- 3.27 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. There are £2.6m of reserves not yet applied to specific use in the plan period. All of these reserves are ring-fenced for specific purposes in normal circumstances.
 - 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 2017/18 is £7.6m 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

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

3.29 General Fund Reserves (£6.9m)

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

3.30 Revenue Support Account (£3.1m)

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 2015/16 was £10.5m. The MTFP set in February 2016 envisaged that this reserve would be full used over a three year period primarily for:

- Service transformation costs (including redundancies)
- To fund a temporary shortfall while saving initiatives are implemented, and
- To fund the capital programme

The plan presented here reduces the call on the reserve in each year and ensures that there is a balance of £2.8m at the end of 2018/19 and a balanced budget in 2019/20 with a small

contribution to balances increasing the reserve to £3.1m. A summary of the Council's reserves is at Appendix A2.

3.31 Other Earmarked Reserves (£1.6m)

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 (£0.2m 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 2016/17. In the next three years contributions to the reserve are expected to be made as the trading environment in which the PTA operates recovers. The Council also has plans to extend its investment portfolio to generate an additional £1m contribution to the revenue budget by 2020.

b. The Safety Camera Partnership (£0.7m potentially unutilised by 2019/20) represents funding set aside for the Safer Roads Humber partnership. From 2015/16 the partnership became self-funding 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 will reduce in value to £0.7m over the plan period. This reserve is not generally usable as the cash is held by the partnership and not the Council and can only be spent by the Council following negotiation.

c. The Scunthorpe Special Expense Reserve (£0.2m unused balance) carries forward underspends 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.

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.

3.32 **Revenue grant carry forward reserve (£1.0m)**

This reserve holds revenue grants received that have yet to be applied 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 £1.0m 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
- Grants for adult community learning, community transport and Sport England initiatives.

School Reserves

3.33 School balances (£1.8m)

These are the combined balances for all maintained schools in North Lincolnshire. How they are applied is a matter for individual schools according to their individual circumstances. 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.
- Constraints on school funding and the redistributive effect of a national funding formula for all schools from 2018/19 (an overall benefit to North Lincolnshire), requires schools to make intelligent use of reserves to smooth changes
- 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 £1.5m of the school reserves in 2016/17 to leave £1.8m. At this stage school balances are forecast to level out in the later years of the plan.

3.34 Dedicated Schools Grant reserve (£2.5m)

This reserve can only be used for school-related and early years spending. There is planned use of £0.3m in 2016/17 to cover funding pressures.

3.35 Following the strategy outlined above available reserves fall from £17.4m at 31 March 2016 to £9.9m at 31 March 2020, after reduced use of the revenue account support reserve and some reallocation of funds previously held for other purposes. Within this figure general reserves of £6.9m are maintained at current levels. On the basis of this strategy I consider that at this point Council reserves are at the minimum level necessary to 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. It is important that Council finances are robust in times of uncertainty and continuing retrenchment in the public finances. It also puts the Council in a stronger position to navigate the radical change to Council funding which full localisation of business rates will bring in 2020.

e) AN APPRECIATION OF THE IMPLICATIONS OF SPENDING DECISIONS FOR SERVICE OUTCOMES

Impact on services

3.36 The continuing need to address the deficit in public finances means that funding available to local government remains tight. North Lincolnshire Council is taking the opportunity to transform the way it delivers services, looking to drive cost efficiencies in all that it does. This section sets out the levers the Council will use to deliver its strategy.

Reducing dependency

- 3.37 The Council strategy sets out a clear direction to reduce dependence on Council services and redefine the relationship with citizens. It aims to achieve this through a focus on preventative activity, increasing independence by modernising channels of service delivery, working more effectively with partners and by delivering a prosperous economy which offers good employment opportunities.
- 3.38 It includes helping people to help themselves through providing pathways into employment for those of working age on benefits; early intervention strategies to improve public health and the health and well-being of the elderly which keeps them independent for longer; preventative strategies which ensure child protection is effective so that more expensive later interventions are reduced; looking to citizens to take greater personal responsibility.

Transforming service delivery

- 3.39 The plan contains a number of cross-Council initiatives around transforming customer access; consolidating Council wide administration; business process redesign; and more effective asset utilisation.
- 3.40 This includes a digital first approach in engaging with the Council's customers the first phase of which has already delivered:
- A highly commended refresh of the Council's website rebuilt to focus on facilitating electronic transactions with the Council across the range of services.
 - A substantial redesign of Taxation and Benefits to make on line the primary method of contact, integrating call centre and local link staff with the specialist tax and benefit teams to offer the customer an end to end service, removing double handling.

Expanding shared service arrangements

- 3.41 The Council has a track record of delivering financial savings and robust outcomes through shared services with North East Lincolnshire Council (NELC). This has developed from earlier initiatives in Procurement and on a much larger scale with a shared Taxation and Benefits Service (2012). Building on these successes from 2016 shared services now cover the bulk of Council support services including Finance, HR and IT. The two Councils secured Transformation Challenge Award monies to facilitate the change.
- 3.42 Now further opportunities to join up front-line services are being explored with NELC which can deliver further efficiencies.

Commercial

- 3.43 The Council has the ambition to deliver an additional financial return of up to £1m from property investment by 2020. It already has a successful Property Trading Account which runs on commercial lines, generating an annual net revenue surplus of £2m and targeting £16.5m capital receipts over the next three years from the Council's property portfolio.
- 3.44 Service areas across the directorates also have targets to sell to the public and private sector. This builds on an existing commercial income base of £7m, if which schools and

academies are a significant part, which already takes the Council beyond its geographical area and into non local authority sectors to trade good quality services.

- 3.45 The Council is also taking a more commercial approach to existing income generating services including Leisure Services. This is underpinned by a set of charging principles which start from the position that discretionary services should aim to recover their costs in full, with any subsidy to prices justified because of their fit with Council strategic priorities. In addition services should aim to stimulate or better manage customer demand; in leisure services for example through flexible service delivery and programming, with promotions and pricing initiatives designed to maximise usage and income.
- 3.46 To provide the flexibility to act commercially and respond to market conditions it is therefore proposed that in future Directors be authorised to set fees and charges for Council services. This includes making any necessary changes to service delivery to achieve the income targets and policy requirements set in this budget resolution; together with the power to undertake any necessary consultation, carry out promotional campaigns and take such other actions as maybe appropriate to achieve those targets

Secure further efficiencies

- 3.47 Efficiency savings are a constant element of the strategy. The largest proportion of Council spending is staff cost. This reflects the nature of Council services where a substantial proportion of delivery is in-house. A series of rolling structure reviews which change service delivery models continue to drive out cost. The Council is also undertaking a senior management review which to date is forecast to save around £200k per annum.
- 3.48 There is also a substantial spend on contracted services of over £110m where cost reductions can be made. The Council has a successful and award winning Procurement team which offers its expertise across the Council to deliver cost reductions through: better market intelligence; demand management to reduce volume and specification; strategic sourcing; and more active contract management to mitigate inflationary or other cost pressures.

Impact on Workforce

- 3.49 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.
- 3.50 Many of the 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 losses. 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, redeployment and voluntary means.
- 3.51 Provision has been made for the cost of redundancies including a £0.5m in contingency each year over the period of the plan.

Members Allowances

3.52 Included within the 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, and in so doing authorises the Chief Financial Officer to make such amendments to the scheme as are necessary as a consequence of minute 2477 of the Council.

f) BALANCED BUDGET

- 3.53 To recap, this paper takes as its starting point the 2016/20 plan approved in February 2016 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. As noted above it is a three year plan due to the uncertainties that exist from the introduction of 100% business rate retention in 2020/21 and the potential for the Council to become responsible for additional services. The financial analysis is provided at **Appendix B1 and B2**, in summary and in detail for each Directorate.
- 3.54 Overall the MTFP presents a balanced position in 2017/18, 2018/19 and 2019/20. The use of reserves provides temporary support to the revenue position until service spending comes into line with resources in 2019/20, a position which is therefore potentially sustainable into the future.
- 3.55 The call on reserves over the period reduces compared to the previous plan as the Council makes use of capital receipts flexibility, with a potential £3.1m available at the end of the plan period. However to maximise the benefit of this flexibility requires £2.9m of new capital receipts in the period, increasing the capital programme requirement to £14.8m. If there is a shortfall in receipts then there would be a need to consider increasing the use of reserves to maintain the revenue budget.
- 3.56 The Council's resources are now more dependent on the state of the local economy than on government grants, and it is important to consider the risks that this position poses. On the one hand, the sale of the steelworks and its operation as British Steel is a positive development that will underpin the local economy. On the other, new developments on the South Humber Bank have not proceeded as planned, and the broader economic situation is uncertain. Significant shocks to the local economy are still possible, and the Council could face a loss of up to £7.6m of NNDR revenues before safety net provisions apply. And in such circumstances the reducing demand experienced recently for Local Council Tax Support could be reversed, further impacting on Council resources at a time when service demand may increase.
- 3.57 The latter 'negative' scenario would represent a very difficult situation which might require the Council to revisit its existing service delivery strategy. The Council has successfully maintained and improved services during six years of financial restraint at national level, through a programme of transforming service delivery and seeking efficiencies, while not increasing the general Council tax demand. Under the 'negative' scenario it is questionable

whether this approach can be maintained, more likely service redesign or reductions would be needed. So a careful approach to budget strategy in this period is needed.

3.58 Setting a robust budget in 2017/8, together with robust plans for 2018/9 and 2019/20, and then delivering all the transformational and commercial initiatives contained within them is vital to the Council's financial health. The risks associated with the overall financial position, and the significant use of remaining balances planned in 2017/8, demand that the Council should reinforce its financial base. This means increasing Council tax as much as possible, as this source of income is more certain and reliable than any other local source of income. In this respect, it should be noted that government expectations are for a 3% increase to support Adult Social Care, and a 1.99% general increase. So it is important that the 2017/18 budget is set in a way which reflects these risks and does not compromise future levels of Council tax income or balances. So the suggested approach, which I recommend to Council is as follows. Council is of course free to set a robust budget in a different way.

- (a) Maximise income through all sources, in particular the budgeted Council tax increases of 1.99% (worth £1.2m in each of 2017/8, 2018/9 and 2019/20), the 3% Adult Social Care precept (worth £1.9m in 2017/8 and £2m more in 2018/9), and income generation from existing services, e.g. Leisure, and commercial investments.
- (b) Ensure that the planned level of capital receipts is generated, to support the capital programme, the commercial property initiative, and support to transformational projects in the revenue budget
- (c) Begin a process of building revenue reserves from 2019/20, to protect the Council's future position in the face of increased risks now faced, and the uncertainty around the potential impact of the introduction of 100% business rate retention in 2020/21.
- (d) Focus on delivering the budgeted transformation programme, to ensure that service delivery improves, cost and demand is reduced, and revenue savings are achieved.

Summary

3.59 **The Council faces a challenging financial position. It is important to set a robust budget in 2017/18 that does not compromise future taxbase income, and to plan to replenish available reserves. The suggested approach above and the spending and income proposals set out at Appendices B1 and B2 are robust and satisfy these requirements, while maintaining and improving services and reducing costs. It also considers and takes account of likely risks. In particular, it prioritises strengthening the Council's financial position to give confidence that the Council's successful approach to service delivery in difficult times can continue into the future.**

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.

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 2017/18. The regulatory framework for proper financial management expects to see robust long-term financial planning. The proposals in this paper therefore cover the three years 2017/20.

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 integrated impact assessment to be made for all key decisions. A key decision is one taken by the executive which is 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. Integrated impact assessments will be carried out as necessary at the point that detailed proposals for implementation are considered.

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 2017/18 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 As part of its medium term financial planning the Council carried out an extensive public consultation on its budget plans for the four years 2016/20 at the end of 2015. This was an on-line consultation which attracted 520 responses from a good cross section of residents; businesses; town and parish Councils; and charities. It confirmed that adult social care, economic growth and prosperity and safer stronger communities were top priorities. A majority also considered value for money and the quality of service they received were more important to them than the level of Council tax.
- 7.2 As last year's consultation covered Council plans for four years there is no need to repeat it for this budget round. However, legislation does require the Council to seek the views of business on its budget plans each year. A short survey was therefore circulated through established business networks. The response (18 returns) was strongly supportive of the Council Strategy for securing its finances, growing the economy, infrastructure investment, reducing dependency and transforming service delivery.

8. RECOMMENDATIONS

- 8.1 To set a revenue budget for **2017/18**
- 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 15 December 2016 the Council calculated the following amounts for the year **2017/18**. These are as required by regulations made under Section 33(5) of the Local Government Finance Act 1992:-
- (a) **48,147.19** 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 **2017/18**, 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 2017/18 (Council Tax requirement for the Council's own purposes excluding Parish precepts)
 - (ii) The following amounts for the year 2017/18:
 - (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 **2017/18** 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 **2017/18** 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 approve the use of the capital receipts flexibility enabling spending charged to the revenue budget on service transformation to be capitalised as set out at **Appendix A3**
- 8.10 To confirm the grant award to parishes detailed at **Appendix C**
- 8.11 To approve the Members Allowance Scheme for 2017/18 as detailed in Council minute 2372, subject to any amendments made pursuant to paragraph 3.52 of this report.
- 8.12 To amend the Constitution to authorise Directors to set fees and charges for Council services, including making any necessary changes to service delivery to achieve income targets and policy requirements included in the approved budget, together with the power to undertake any necessary consultation, carry out promotional campaigns and take such other actions as maybe appropriate to achieve those targets.
- 8.13 To approve the financial strategy for **2017/20**.
- 8.14 To authorise the Council's Chief Financial Officer to allocate to service budgets in **2017/18** the contingency provision for pay and inflation, and to realign budgets to the new management structure.
- 8.15 To authorise the Chief Financial Officer to make any necessary adjustments to the agreed budget consequent on the final local government settlement position being notified, any net amendment being made to the use of the revenue account support reserve.
- 8.16 To authorise the Council's Chief Financial Officer 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/Adam Hopley

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Background Papers used in the preparation of this report

The Local Government Settlement at

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2017-to-2018>

January Budget Review 2016/17, report to cabinet 31 January 2017

Statutory Guidance on the Flexible Use of Capital Receipts (updated) published by the DCLG
March 2016

Under section 25 of the Local Government Act 2003 the Chief Financial Officer 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 Area	Detail and Mitigation
<p>1. Funding</p>	<p>Business Rates</p>	<p>Business Rates have become an increasingly important funding source for the authority, with £38.1m income due to the Council from business rates in 2017/18.</p> <p>The independent Valuation Office Agency sets a rateable value for each business. The latest revaluation takes effect from 1st April 2017, and this has been used as the basis for calculating business rates income.</p> <p>In North Lincolnshire, the total rateable value has reduced from £208.9m to £195.6m. However, the Government has ensured a neutral financial impact for Council's by amending tariff's and top-ups. North Lincolnshire's tariff has reduced by around £6.3m.</p> <p>Revaluation may trigger business rates appeals. There are also ongoing appeals against the 2010 list which will continue to be provided for by the Council and settled by the Valuation Office Agency. An estimate has been made of the likely impact of appeals based on past experience, and uncertainties about the new appeals process.</p> <p>The Council's business rate base is heavily dependent on a small number of large businesses, and this makes NNDR funding sensitive to any changes due to national and international economic conditions that may affect businesses in the area.</p> <p>All of these elements present a medium risk to the Council's financial plan, and requires regular monitoring to ensure that the latest business rates position is reflected in the budget.</p>
	<p>Council Tax</p>	<p>The Council assumes that it will collect £66.2m (2017/18), £70.1m (2019/20) and £72.1m (2019/20). It represents 57.1% of core funding by 2019/20.</p> <p>This is based on expected growth in the taxbase and Council tax increases of 1.99% for general purposes in 2017/18, 2018/19 and 2019/20, plus 3% for Adult Social Care purposes in 2017/18 and 2018/19.</p> <p>There is a risk that the Council tax base does not</p>

		<p>grow in line with current expectations. However, the Council has demonstrated good growth to date, and its assumptions match the Government's projections for North Lincolnshire.</p> <p>Part of the growth relates to changes in the reliefs offered and to local Council tax support, and is based on a realistic appraisal of their effects using current experience.</p> <p>Collection rates continue to be good, therefore a 98.5% collection rate has been assumed.</p>
	New Homes Bonus	<p>The New Homes Bonus is a Government scheme which is aimed at encouraging local authorities to grant planning permissions for the building of new houses in return for additional revenue.</p> <p>The provisional Local Government Finance settlement released in December 2016 has outlined some key changes to the operation of the scheme.</p> <p>Firstly a baseline of expected growth of 0.4% per annum will be introduced from 2017/18 for all Councils. This means that New Homes Bonus (NHB) payments will only be paid above this level.</p> <p>Secondly the number of legacy payments we receive for previous years bonus allocations will be reduced from 6 years currently to 5 years in 2017/18 and 4 years from 2018/19 onwards.</p> <p>These have reduced our expectations of funding from this source over the period of the MTFP and this is factored into the plan. Overall reductions to our initial budgeted position are: 2017/18 £1.2m, 2018/19 £1.0m, 2019/20 £1.9m.</p>
2. Inflation	Contract Inflation	<p>A provision has been made in the contingency for future inflation on specific types of contracted expenditure including energy. The size of the provision is as follows:-</p> <p>2017/18 £0.958m 2018/19 £1.150m 2019/20 £1.150m</p> <p>This reflects current expectations of inflation, CPI and RPI as appropriate</p>
	Pay Inflation	<p>A provision has been made in the contingency for future inflation. The size of the provision is as follows:-</p> <p>2017/18 £0.905m 2018/19 £1.052m 2019/20 £1.060m</p>

		<p>This reflects the agreed 2.4% pay award for the two year period 2016/8 and an assumed 1% increase thereafter which is based on the Government's recommended rate of increase to 2020.</p> <p>In addition, this includes separate allowances for increases at the lower end of the pay scale necessitated by increases to the National Living Wage.</p>
3. Treasury	Security, Liquidity and Yield	<p>The Authority has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.</p> <p>In addition, the Council has invested in a treasury system to provide additional intelligence and governance around treasury activity.</p> <p>The authority resumed borrowing to fund the capital programme in 2015/16, and continues to have an underlying need to borrow to replace previous internal borrowing and to fund the capital investment programme.</p> <p>The estimated cost of this borrowing has been factored into the Medium Term Financial Plan taking account of projected annuity loan rates from the PWLB.</p> <p>The UK bank rate is projected to remain steady throughout 2017/18 at 0.25%. Borrowing rates are likely to see more volatility, but are expected to follow a modest upward trend. The impact of political risk over financial markets remains significant over the next year, specifically around Brexit.</p>
4. Capital	Delivery, Phasing and Cost	<p>The budget papers propose a capital programme of £122.7m over the current plan, with an internal funding requirement of £60.8m.</p> <p>The Council funds part of its capital programme through the generation of capital receipts. This would require the property disposal programme to generate £14.9m over the plan period. Potential sales have been identified which exceed this value.</p> <p>Should insufficient capital receipts be generated to finance both the capital receipt flexibility and the assumed level in the capital programme there will be a requirement to undertake additional borrowing with an impact on the revenue budget and on prudential</p>

		<p>indicators.</p> <p>It is also proposed to re-commence the leasing of vehicles, where analysis shows this to represent good value for money compared to other forms of financing. It would also free up capital receipts for other planned uses.</p>
5. Adult Social Care	Demand and cost pressures	<p>The provision of Adult services within the public sector is one of increasing demand against a backdrop of financial constraint. Delivering safe and effective Adult Social Care services within this context presents an ongoing challenge in maintaining service quality and also sustainable care markets to meet need. The Council has a good track record of providing effective social care within the budget allocated.</p> <p>Pressures in the social care system have been provided for in budget and the government has introduced increased flexibility to levy a 3% Adult Social Care precept on Council tax in 2017/18 and 2018/19. The budget proposes to use this flexibility in full in 2017/18 and in 2018/19. Spending plans in the budget meet the criteria for demonstrating this supports additional spending on adult social care.</p>
6. Children's Services	Demand and cost pressures	<p>Significant budget pressures have been encountered within Children's service during 2016/17 as a result of increased numbers of looked after children, with increased placement and support costs, and legal costs associated with taking children into care .</p> <p>These pressures have been recognised through additional resources being allocated to the service area as part of the Medium Term Financial Plan.</p>
7. Savings	Not delivered to the timescale or value required	<p>The Medium Term Financial Plan requires £18.9m of savings to be made across the Council to deliver a balanced budget. This includes £7.9m of transformation savings; £5.5m of efficiencies; and £5.5m of additional income.</p> <p>Whilst delivering savings of this scale carries a significant risk, the Council has a good track record on delivery. There is a robust governance and assurance process. This includes regular monitoring through the year, with reports to directorate and senior leadership teams. This generates intervention to ensure the programme remains on track. Where savings proposals are identified as undeliverable, alternative proposals must be identified to maintain the current net position in the financial plan.</p> <p>The MTFP includes a series of cross-Council</p>

		schemes which have not progressed as quickly as originally expected. To address this a number of capital investments are proposed (see appendix C of the capital paper); with an increase in the staffing and resources of the Strategic Projects team (see appendix A3). The phasing of savings has also been reprofiled for later delivery.
8. Income Generation	Not Achieved	<p>The Medium Term Financial Plan requires £5.5m of additional income to be generated across Council activities by the end of the period.</p> <p>This includes ambitious plans to grow the Council's income stream from commercial property investment from £2m to £3m by 2020. The balance is from fees and charges for services underpinned by a set of charging principles which start from a presumption of full cost recovery.</p> <p>Both bring a risk of non-achievement for a range of reasons. Where the risk is significant, budget monitoring will focus attention on income generation and highlight any areas of major concern early to enable the Council to take corrective action.</p>
9. Maintenance Spending	There is a risk that insufficient maintenance spending causes assets to deteriorate	Past underinvestment in the Council's 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.
10. Financial Management and Reporting Arrangements	That the financial position of the Council is not understood and reported appropriately	<p>The Council has a well-established financial reporting framework covering both revenue and capital at both service and corporate level. These are set out in the Council's Finance Manual and provide significant assurance as to the strength of financial management and control arrangements throughout the Council.</p> <p>The Council's budget monitoring arrangements require services to prepare budget action plans to deal with spending variations on budgets. Each reporting period the Cabinet and Senior Leadership Team receive a report covering each service setting out spending to date and projected to the year-end. Action plans are utilised to manage and minimise any significant variations to approved budgets.</p>
11. Reasonableness	That the underlying	As part of the budget process, services undertake a

<p>of the underlying budget assumptions</p>	<p>assumptions are not reasonable</p>	<p>thorough review of their budgets on an annual basis. The reasonableness of the underlying budget assumptions is challenged throughout the budget processes by service management teams and the accountancy team. Specific considerations when testing the reasonableness of budget assumptions include:</p> <ul style="list-style-type: none"> • Financial pressures experienced in the previous financial year • Provisions for inflationary pressures; • Extent to which known trends and pressures have been provided for; • Achievability of changes built into the budget; • Realism of income targets; and • Alignment of resources with the Council's service and organisational priorities. <p>The overall level of risk in the 2017/18 budget is considered to be high in relative terms. This level of risk is considered manageable, if all proposed initiatives are effectively implemented; and where delayed compensating savings are found.</p>
<p>12. New Management Structure and s.151 Officer</p>	<p>That the transition to the new structure is anything less than desired</p>	<p>The Council has initiated a senior management review to better equip the Council for future challenges. It gives greater emphasis on delivering service transformation and the Council's commercial agenda and provides for a flatter leadership structure. Appointments have been made but with a period of transition where existing directorate structures continue to operate until the end of the financial year. This ensures continuity for key deliverables, including the retention of the current s151 officer to deliver a robust budget and MTFP to Council.</p>

Reserves

Appendix A2

	2015/16 Closing Balance Actual £'000	2016/17 Closing Balance Estimate £'000	2017/18 Closing Balance Estimate £'000	2018/19 Closing Balance Estimate £'000	2019/20 Closing Balance Estimate £'000
REVENUE RESERVES					
Available Reserves					
General Fund	(6,858)	(6,858)	(6,858)	(6,858)	(6,858)
Revenue Support Account	(10,508)	(11,437)	(8,168)	(2,798)	(3,078)
	(17,366)	(18,295)	(15,026)	(9,656)	(9,936)
Unavailable Reserves					
Earmarked Reserves					
Insurance Reserve	(1,173)	-	-	-	-
Safety Camera Partnership	(1,157)	(813)	(726)	(711)	(699)
Carry Forwards	(1,898)	-	-	-	-
Scunthorpe Special Expenses	(209)	(180)	(180)	(180)	(180)
Legal Reserve	(172)	-	-	-	-
Insurance Fund Profit/Loss	(284)	(284)	(284)	(284)	(284)
NLH Pumping Station	(187)	-	-	-	-
Flood Reserve	(101)	-	-	-	-
BDUK Reserve	-	-	-	-	-
Shared Service Development	(113)	(75)	(38)	-	-
PTA Revenue Reserve	(205)	(205)	(205)	(205)	(205)
DSG-Delegated	(182)	(182)	(182)	(182)	(182)
Crematorium enhancement	(4)	(4)	(4)	(4)	(4)
Developers Contributions	(580)	(142)	(23)	(23)	(23)
	(6,264)	(1,883)	(1,641)	(1,588)	(1,576)
Grants Reserves					
Grant carry forwards	(12,828)	(5,563)	(3,279)	(2,210)	(1,004)
	(12,828)	(5,563)	(3,279)	(2,210)	(1,004)
Schools Balances					
Schools Balances	(2,929)	(1,836)	(1,836)	(1,836)	(1,836)
Dedicated Schools Grant	(2,858)	(2,524)	(2,466)	(2,466)	(2,466)
	(5,787)	(4,360)	(4,303)	(4,303)	(4,303)
TOTAL RESERVES	(42,244)	(30,102)	(24,248)	(17,757)	(16,818)

As part of the Government’s 2016/20 financial settlement to Local Government, it provided local authorities with the opportunity to use capital receipts to fund revenue costs of transformation, which ultimately result in a lower cost base for the organisation. The definition of expenditure which qualifies to be funded from capital receipts is:

“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”

As part of the 2016/20 Medium Term Financial Plan, the Council did not plan to take advantage of the flexibility provided to it by Government. However, as the year has progressed, the Council has identified an opportunity to make use of the flexibility to support the movement towards a lower future cost base, which also preserves revenue balances which can be used to help smooth the reduction in Government funding and protect vital services.

In the guidance issued by Government, local authorities should prepare a strategy prior to the start of the financial year (the “initial strategy”) listing as a minimum the projects which plan to make use of the capital receipt flexibility and that details of the expected savings/service transformation are provided on a scheme by scheme basis. The “initial strategy” may then be replaced at any point during the financial year with a “revised strategy”, which should reflect an up to date position.

However, as the Council did not envisage making use of the flexibility prior to 2016/17, it does not have an “initial strategy” for 2016/17. Therefore, this appendix serves two purposes. The first is to act as a “revised strategy” for 2016/17, and also set out the “initial strategy” for 2017/18. Both elements require Council approval, with notification then being sent to the Department for Communities and Local Government (DCLG).

Finally, the “initial strategy” for 2017/18 should also provide an update containing details on projects approved in previous years, including commentary on whether the planned savings or service transformation have been/are being realised as originally expected.

The Council’s assumed use of capital receipt flexibility is:

	2016/17	2017/18	2018/19	Total
Planned Use of Capital Receipt Flexibility	1,782	1,563	-	3,345
Anticipated Use of Capital Receipt Flexibility	-	-	1,284	1,284
Total	1,782	1,563	1,284	4,629

The table below sets out the schemes which the Council will be applying capital receipts against in 2016/17, and this includes analysis on progress to date of schemes. This reflects the fact that the current “revised strategy” for 2016/17 is the first strategy to be produced.

2016/17			
Theme	Activity	Amount (£)	Notes
Funding the cost of service reconfiguration, restructuring or rationalisation	Service Changes and Reductions	850,000	The Council has incurred restructuring related expenditure which will lead to ongoing efficiency savings and service transformation. The costs incurred qualify as the Council only conducts reviews in order to save money over the long-term. Redundancy costs are only be granted where exit costs are repaid back within a two year period.
	Transformation Team	152,000	The Council has created a transformation team which is responsible for the delivery of a number of cross cutting major transformation schemes. This includes; ensuring better utilisation of Council assets, reviewing and re-structuring the way administration is provided across the Council, and transforming customer access to the Council through channel shift initiatives. This is a temporary team which is responsible for delivering £3.9m worth of ongoing savings.
	Shared Service Project Management	12,000	The Council has worked in partnership with North-East Lincolnshire Council to form a shared service covering a wide range of support services (e.g. IT, HR), which went live on 01/04/2016. The project manager was responsible for implementation.
	Organisational Development	45,000	In order to support the emerging commercial and transformative vision, the Council has invested in organisational change support which is designed to improve management capabilities and enable them to support the change which the Council is going through.
Setting up commercial or alternative delivery models	Property development company	20,000	The Council has been exploring ways to generate additional income from property, with the ultimate aim being to raise £1m additional income from property. External specialists have been engaged to advise the Council on the best ways to achieve its aims, and potential sites to acquire have been identified. The Council has committed capital funding to the project, and will achieve additional income from 2017/18.
Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities	Transforming Customer Access	360,000	The Council has a bold ambition to transform the way in which the public interact with the Council, with a strong emphasis being placed on a digital first approach. This has been implemented in Local Taxation and Benefits and in Leisure Services.
	New Planning System	143,000	The Council wants to improve the planning process for its residents and businesses, and as such is investing in a new planning system. It is envisaged that the improved system will lead to a reduced cost of administration, and also encourage further applications due to simpler use.
Transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners	Action Station Transformation	200,000	<p>The Council has a one stop shop for skills and employment. The Council is investing in support for local people in finding work and to help progress their career.</p> <p>The investment will enable an improved service to be offered, which will result in lower unemployment than would have been without the Action Station. This inevitably benefits public sector partners, including the Job Centre and the Department for Work and Pensions (DWP) through lower cost of providing benefits.</p>
Total		1,782,000	

The table below sets out the schemes which the Council intends to apply capital receipts against in 2017/18, and therefore forms the basis for the “initial strategy” for 2017/18:

2017/18			
Theme	Activity	Amount (£)	Notes
Funding the cost of service reconfiguration, restructuring or rationalisation	Shared service expenditure not funded from TCA monies	98,000	The Council received £1.9m grant funding from Government which was used to fund the set up costs for Northern Lincolnshire Business Connect, which is the name given for the shared back office hub with North East Lincolnshire Council. However, each Council also committed to investing more in the implementation phase to ensure a successful implementation and thus achieve the £12.9m to be saved over ten years. The cost relates to project managers within the shared service who are responsible for harmonising systems (e.g. one financial ledger across both Councils).
	Service changes and reductions	750,000	Where there is a need to make redundancies as part of service restructures, the initial cost could be funded by capital receipts flexibility. This will facilitate services moving to a lower cost base, and achieving savings targets. Redundancies are only permitted where the financial costs of doing so are repaid within a two year time period.
	Strategic Projects Team	302,000	The Council has created a Strategic Projects Team to deliver a number of cross cutting transformation schemes. This includes; ensuring better utilisation of Council assets, reviewing and re-structuring the way administration is provided across the Council, and transforming customer access through channel shift initiatives. This temporary team is responsible for delivering £3.9m worth of ongoing savings.
	Costs to Achieve Transformation Savings	413,000	To secure delivery of the £3.9m of cross-cutting transformation savings, the Council proposes to invest in additional capacity for the Strategic Projects Team including additional IT support.
	Total	1,563,000	

Circumstances under which a “revised strategy” may be prepared:

In order to be able to continue providing high quality and effective services to residents and businesses, North Lincolnshire Council needs to undergo a significant transformation programme to enable it to operate within a reduced fiscal envelope. Making use of capital receipt flexibility will support this process, as detailed above.

However, the nature of transformation means that deliverability could be to a different timescale as originally expected. Alternatively, other transformation opportunities may emerge during the financial year which could deliver significant revenue savings. This therefore means that a “revised strategy” should be produced in either of the two following scenarios:

- If the projects which capital receipts are planned to be applied against change
- If the total value of capital receipts to be applied against transformation projects changes

There could be other circumstances which necessitate a “revised strategy” being produced, and the “revised strategy” will explain the need if it is not due to one or both of the circumstances above.

Impact on Prudential Indicators

The intention is that the additional flexibility should be funded through the generation of additional capital receipts, over and above those factored into the Council’s financial plan. Therefore, at this stage, there is not expected to be any impact on Prudential Indicators.

Appendix B1

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PEOPLE									
Education	5,451	5,451	-	5,401	5,401	-	5,401	5,401	-
Prevention & Commissioning	9,071	9,071	-	9,071	9,071	-	9,071	9,071	-
Children's Services	15,924	16,590	666	15,924	16,390	466	15,924	16,190	266
Adult Services	31,628	32,079	451	31,157	31,666	509	30,830	31,350	520
Schools	-	-	-	-	-	-	-	-	-
Total People	62,074	63,191	1,117	61,553	62,528	975	61,226	62,012	786
POLICY & RESOURCES									
Human Resources	1,521	1,573	52	1,423	1,489	66	1,373	1,462	89
Legal Services	2,364	2,363	(1)	2,288	2,285	(3)	2,238	2,233	(5)
Financial Services	2,621	2,581	(40)	2,474	2,434	(40)	2,424	2,384	(40)
Business Support	3,434	3,423	(11)	3,247	3,224	(23)	3,197	3,153	(44)
Total Policy & Resources	9,940	9,940	-	9,432	9,432	-	9,232	9,232	-
PLACES									
Customer Services	3,758	3,910	152	3,386	3,241	(145)	3,378	3,233	(145)
Community Services	23,911	24,478	567	23,508	23,788	280	23,325	23,555	230
Technical & Environmental	3,707	3,623	(84)	3,551	3,467	(84)	3,543	3,459	(84)
Planning & Regeneration	2,114	1,514	(600)	1,938	1,338	(600)	1,930	1,230	(700)
Strategic Projects	145	342	197	139	226	87	131	226	95
Total Places	33,635	33,867	232	32,522	32,060	(462)	32,307	31,703	(604)
CENTRAL BUDGETS									
Corporate & Miscellaneous	2,283	3,676	1,393	314	1,132	818	(56)	(431)	(375)
Capital Financing	14,000	12,791	(1,209)	14,338	13,561	(777)	14,322	13,929	(393)
Contingency	3,833	2,592	(1,241)	6,889	5,703	(1,186)	9,957	10,033	76
Public Health	-	-	-	-	-	-	-	-	-
Total Central Budgets	20,116	19,059	(1,057)	21,541	20,396	(1,145)	24,223	23,531	(692)
TOTAL NET BUDGET	125,765	126,057	292	125,048	124,416	(632)	126,988	126,478	(510)
Use of Reserves	(4,033)	(3,269)	764	(1,464)	(370)	1,094	790	280	(510)
SETTLEMENT FUNDING									
Revenue Support Grant	(14,291)	(14,291)	-	(10,215)	(10,215)	-	(6,098)	(6,098)	-
NNDR Baseline Funding	(30,955)	(30,977)	(22)	(31,868)	(31,974)	(106)	(32,886)	(33,111)	(225)
Total Settlement Funding	(45,246)	(45,268)	(22)	(42,083)	(42,189)	(106)	(38,984)	(39,209)	(225)
OTHER GENERAL FUNDING									
Council Tax: 1.99%, 1.99%, 1.99%	(62,224)	(63,092)	(868)	(64,259)	(64,953)	(694)	(66,480)	(66,939)	(459)
Social Care Precept: 2%, 2%, 2%	(2,475)	(2,478)	(3)	(3,867)	(3,811)	56	(5,225)	(5,222)	3
Social Care Precept: 3%, 3%, 0%	-	(626)	(626)	-	(1,306)	(1,306)	-	59	59
Collection Fund Surplus (-) / Deficit (+)	(1,000)	(233)	767	-	-	-	-	-	-
NNDR Rate Retention Income	(5,821)	(7,068)	(1,247)	(7,034)	(7,177)	(143)	(7,805)	(8,481)	(676)
New Homes Bonus	(3,231)	(2,009)	1,222	(2,299)	(1,256)	1,043	(3,190)	(1,260)	1,930
Improved Better Care Fund	(330)	(330)	-	(2,875)	(2,875)	-	(5,189)	(5,189)	-
Rural Services Delivery Grant	(165)	(165)	-	(127)	(127)	-	(165)	(165)	-
Education Services Grant	(1,240)	(755)	485	(1,040)	(352)	688	(740)	(352)	388
Adult Social Care Support Grant	-	(764)	(764)	-	-	-	-	-	-
Total Base Funding	(76,486)	(77,520)	(1,034)	(81,501)	(81,857)	(356)	(88,794)	(87,549)	1,245
TOTAL FUNDING	(125,765)	(126,057)	(292)	(125,048)	(124,416)	632	(126,988)	(126,478)	510
Funding Gap (+) / Savings (-)	0	(0)	(0)	0	0	-	0	0	-

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PEOPLE									
Education									
Base Budget	5,731	5,731	-	5,451	5,451	-	5,401	5,401	-
Permanent Virements	(30)	(30)	-	-	-	-	-	-	-
Future Base Budget	5,701	5,701	-	5,451	5,451	-	5,401	5,401	-
Pressures and Service Developments									
Schools Improvement Investment (Prior Year Adjustment)	(150)	(150)	-	-	-	-	-	-	-
Children's Literacy Trust (Prior Year Adjustment)	(100)	(100)	-	(50)	(50)	-	-	-	-
LDC Running Costs Above Budget	-	60	60	-	-	-	-	-	-
	(250)	(190)	60	(50)	(50)	-	-	-	-
Efficiencies									
Use of external funding and efficiencies to offset identified pressures.	-	(60)	(60)	-	-	-	-	-	-
	-	(60)	(60)	-	-	-	-	-	-
Total Adjustments	(250)	(250)	-	(50)	(50)	-	-	-	-
Total Budget (Zero Variance Required to Balance)	5,451	5,451	-	5,401	5,401	-	5,401	5,401	-

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PEOPLE									
Prevention & Commissioning									
Base Budget	9,306	9,306	-	9,071	9,071	-	9,071	9,071	-
Permanent Virements	(110)	(110)	-	-	-	-	-	-	-
Future Base Budget	9,196	9,196	-	9,071	9,071	-	9,071	9,071	-
Pressures and Service Developments									
Software Maintenance	-	40	40	-	-	-	-	-	-
	-	40	40	-	-	-	-	-	-
Efficiencies									
Business Process Efficiencies	(50)	(50)	-	-	-	-	-	-	-
Re-procurement of various contracts across the directorate	(75)	(75)	-	-	-	-	-	-	-
Efficiencies/Funding to offset software maintenance cost	-	(40)	(40)	-	-	-	-	-	-
	(125)	(165)	(40)	-	-	-	-	-	-
Total Adjustments	(125)	(125)	-	-	-	-	-	-	-
Total Budget (Zero Variance Required to Balance)	9,071	9,071	-	9,071	9,071	-	9,071	9,071	-

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PEOPLE									
Children's Services									
Base Budget	16,156	16,156	-	15,924	16,590	666	15,924	16,390	466
Permanent Virements	(66)	(66)	-	-	-	-	-	-	-
Future Base Budget	16,090	16,090	-	15,924	16,590	666	15,924	16,390	466
Pressures and Service Developments									
Staying Put cost of Foster care provision to age 21	179	179	-	-	-	-	-	-	-
Special Guardianships, Increased Costs	(150)	295	445	-	-	-	-	-	-
Cost of care placements	-	126	126	-	(200)	(200)	-	(200)	(200)
	29	600	571	-	(200)	(200)	-	(200)	(200)
Efficiencies									
Contractual savings to offset 'staying put' foster carers 16/17	(195)	(100)	95	-	-	-	-	-	-
	(195)	(100)	95	-	-	-	-	-	-
Total Adjustments	(166)	500	666	-	(200)	(200)	-	(200)	(200)
Total Budget (Zero Variance Required to Balance)	15,924	16,590	666	15,924	16,390	466	15,924	16,190	266

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PEOPLE									
Adult Services									
Base Budget	30,782	30,782	-	31,628	32,079	451	31,157	31,666	509
Permanent Virements	871	871	-	-	-	-	-	-	-
Future Base Budget	31,653	31,653	-	31,628	32,079	451	31,157	31,666	509
Pressures and Service Developments									
Additional Learning Disability Transitions	306	306	-	306	306	-	306	306	-
Care Act Implementation	31	31	-	26	26	-	26	26	-
Demographic / Demand Pressures	111	311	200	111	111	-	111	111	-
16/17 NLW Contingency Shortfall	-	69	69	-	-	-	-	-	-
Services funded through Earmarked Reserves	-	725	725	-	-	-	-	-	-
Funding of Legal Post through Earmarked Reserves	-	23	23	-	47	47	-	-	-
Contract Values Exceed Budget	-	96	96	-	-	-	-	-	-
Changes to Staff T&Cs	-	59	59	-	-	-	-	-	-
Deprivation of Liberty Legal Costs	-	11	11	-	11	11	-	11	11
65+ Mental Health - Residential Care	-	411	411	-	-	-	-	-	-
Efficiencies due to CST Team	(125)	(125)	-	(156)	(156)	-	(178)	(178)	-
	323	1,917	1,594	287	345	58	265	276	11
Efficiencies									
2016 Management Review	-	(234)	(234)	-	-	-	-	-	-
General Budget Review	-	(156)	(156)	-	-	-	-	-	-
	-	(390)	(390)	-	-	-	-	-	-
Service Transformation									
Increase Extra Care Services	-	-	-	(350)	(350)	-	(350)	(350)	-
Re-organise services that support vulnerable adults to remain independent	(100)	(100)	-	-	-	-	-	-	-
Reduced cost of legacy cases	(522)	(522)	-	(408)	(408)	-	(242)	(242)	-
Use of earmarked reserve to fund first year of CST Team (Reversal)	274	274	-	-	-	-	-	-	-
	(348)	(348)	-	(758)	(758)	-	(592)	(592)	-
Income									
Use of Earmarked Reserves to support transformation and efficiency development	-	(403)	(403)	-	-	-	-	-	-
Care Funding	-	(350)	(350)	-	-	-	-	-	-
	-	(753)	(753)	-	-	-	-	-	-
Total Adjustments	(25)	426	451	(471)	(413)	58	(327)	(316)	11
Total Budget (Zero Variance Required to Balance)	31,628	32,079	451	31,157	31,666	509	30,830	31,350	520

PEOPLE Total	62,074	63,191	1,117	61,553	62,528	975	61,226	62,012	786
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	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
POLICY & RESOURCES									
Human Resources									
Base Budget	1,524	1,524	-	1,521	1,573	52	1,423	1,489	66
Permanent Virements	64	64	-	-	-	-	-	-	-
Future Base Budget	1,588	1,588	-	1,521	1,573	52	1,423	1,489	66
Efficiencies									
Human Resources - Service restructures	-	-	-	(34)	-	34	-	-	-
	-	-	-	(34)	-	34	-	-	-
Service Transformation									
Shared Service Savings	(40)	-	40	-	-	-	-	-	-
Additional Efficiency/Transformation Savings Required	-	-	-	(23)	-	23	-	-	-
Shared Services Savings/Increased Income	(27)	-	27	(31)	(74)	(43)	(50)	(27)	23
	(67)	-	67	(54)	(74)	(20)	(50)	(27)	23
Income									
Commercial Income	-	(15)	(15)	(10)	(10)	-	-	-	-
	-	(15)	(15)	(10)	(10)	-	-	-	-
Total Adjustments	(67)	(15)	52	(98)	(84)	14	(50)	(27)	23
Total Budget (Zero Variance Required to Balance)	1,521	1,573	52	1,423	1,489	66	1,373	1,462	89

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
POLICY & RESOURCES									
Legal Services									
Base Budget	2,681	2,681	-	2,364	2,363	(1)	2,288	2,285	(3)
Permanent Virements	(280)	(280)	-	-	-	-	-	-	-
Future Base Budget	2,401	2,401	-	2,364	2,363	(1)	2,288	2,285	(3)
Efficiencies									
Review management structure	(10)	(38)	(28)	-	(12)	(12)	-	-	-
Additional Efficiency/Transformation/Commercialisation Required	-	-	-	(45)	-	45	-	-	-
	(10)	(38)	(28)	(45)	(12)	33	-	-	-
Service Transformation									
Shared Services Savings/Increased Income	(27)	-	27	(31)	(33)	(2)	(50)	(52)	(2)
Employment Advice to NELC	-	-	-	-	(33)	(33)	-	-	-
	(27)	-	27	(31)	(66)	(35)	(50)	(52)	(2)
Total Adjustments	(37)	(38)	(1)	(76)	(78)	(2)	(50)	(52)	(2)
Total Budget (Zero Variance Required to Balance)	2,364	2,363	(1)	2,288	2,285	(3)	2,238	2,233	(5)

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
POLICY & RESOURCES									
Financial Services									
Base Budget	2,398	2,398	-	2,621	2,581	(40)	2,474	2,434	(40)
Permanent Virements	321	321	-	-	-	-	-	-	-
Future Base Budget	2,719	2,719	-	2,621	2,581	(40)	2,474	2,434	(40)
Pressures and Service Developments									
Benefits Administration Grant Changes	65	65	-	65	65	-	65	65	-
Shared Service Set Up Costs	(61)	(61)	-	(28)	(28)	-	-	-	-
	4	4	-	37	37	-	65	65	-
Efficiencies									
LT&B, reduction in costs to match grant changes	(65)	(65)	-	(65)	(65)	-	(65)	(65)	-
Additional Transformation/Efficiency Savings Required	-	-	-	(24)	-	24	-	-	-
Recurrent Savings (LT&B)	-	(40)	(40)	-	-	-	-	-	-
	(65)	(105)	(40)	(89)	(65)	24	(65)	(65)	-
Service Transformation									
Shared service opportunities Accountancy	-	-	-	(40)	(40)	-	-	-	-
Shared service opportunities Audit	(10)	(10)	-	(24)	(24)	-	-	-	-
Shared Services Savings/Increased Income (Accountancy)	(27)	(27)	-	-	(10)	(10)	(40)	(40)	-
Shared Services Savings/Increased Income (LT&B)	-	-	-	(31)	(45)	(14)	(10)	(10)	-
	(37)	(37)	-	(95)	(119)	(24)	(50)	(50)	-
Total Adjustments	(98)	(138)	(40)	(147)	(147)	-	(50)	(50)	-
Total Budget (Zero Variance Required to Balance)	2,621	2,581	(40)	2,474	2,434	(40)	2,424	2,384	(40)

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
POLICY & RESOURCES									
Business Support									
Base Budget	3,602	3,602	-	3,434	3,423	(11)	3,247	3,224	(23)
Permanent Virements	(40)	(40)	-	-	-	-	-	-	-
Future Base Budget	3,562	3,562	-	3,434	3,423	(11)	3,247	3,224	(23)
Pressures and Service Developments									
Cost of MS Enterprise Agreement	-	-	-	-	160	160	-	-	-
	-	-	-	-	160	160	-	-	-
Efficiencies									
Restructure of the Business Support Teams	-	(39)	(39)	(131)	(102)	29	-	(18)	(18)
IT Contract Renegotiation & Rationalisation	-	-	-	-	(70)	(70)	-	-	-
Additional Efficiency/Transformation Savings Required	-	-	-	(24)	-	24	-	-	-
	-	(39)	(39)	(155)	(172)	(17)	-	(18)	(18)
Service Transformation									
IT Shared Services - Systems	(100)	(100)	-	-	-	-	-	-	-
IT Shared Services Staffing	(28)	-	28	(32)	(81)	(49)	(50)	(50)	-
	(128)	(100)	28	(32)	(81)	(49)	(50)	(50)	-
Income									
Records Store Income	-	-	-	-	-	-	-	(3)	(3)
Capitalisation of IT Expenditure	-	-	-	-	(70)	(70)	-	-	-
Commercial Unit Rebate	-	-	-	-	(36)	(36)	-	-	-
	-	-	-	-	(106)	(106)	-	(3)	(3)
Total Adjustments	(128)	(139)	(11)	(187)	(199)	(12)	(50)	(71)	(21)
Total Budget (Zero Variance Required to Balance)	3,434	3,423	(11)	3,247	3,224	(23)	3,197	3,153	(44)
POLICY & RESOURCES Total	9,940	9,940	-	9,432	9,432	-	9,232	9,232	-

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PLACES									
Customer Services									
Base Budget	4,373	4,373	-	3,758	3,910	152	3,386	3,241	(145)
Permanent Virements	(179)	(179)	-	-	-	-	-	-	-
Future Base Budget	4,194	4,194	-	3,758	3,910	152	3,386	3,241	(145)
Pressures and Service Developments									
Sports, Leisure & Culture									
Axholme North Staffing	-	90	90	-	70	70	-	-	-
Commercial income targets	-	380	380	-	-	-	-	-	-
Quibell Park operation	-	27	27	-	(10)	(10)	-	-	-
Public Health grant income	-	42	42	-	-	-	-	-	-
Staff establishment shortfall	-	18	18	-	-	-	-	-	-
NNDR	-	14	14	-	-	-	-	-	-
Customer & Information Services									
NNDR	-	27	27	-	-	-	-	-	-
Premises running costs / utilities	-	60	60	-	-	-	-	-	-
Staffing shortfalls	-	175	175	-	-	-	-	-	-
Security guard	-	6	6	-	-	-	-	-	-
	-	839	839	-	60	60	-	-	-
Efficiencies									
Efficiencies Arising From Previous Staffing Reviews	(30)	(20)	10	(31)	-	31	-	-	-
Procurement Savings - Leisure Services	-	(5)	(5)	(10)	(10)	-	-	-	-
Facility Costs	(25)	(12)	13	(50)	-	50	-	-	-
Staffing reviews - Management	-	(190)	(190)	-	(100)	(100)	-	-	-
Service review/reconfiguration/new delivery models	-	(120)	(120)	-	(40)	(40)	-	-	-
	(55)	(347)	(292)	(91)	(150)	(59)	-	-	-
Service Transformation									
Co-location of customer services sites	(25)	(55)	(30)	-	(10)	(10)	-	-	-
Channel Shift Efficiencies	(60)	(35)	25	-	(40)	(40)	-	-	-
Further Co-location of libraries/local links/leisure centres (part of TCA)	(70)	(135)	(65)	-	-	-	-	-	-
Commissioning Review - Directorate wide (20%)	(6)	(6)	-	(6)	(6)	-	(8)	(8)	-
Contract review	(50)	(50)	-	(150)	(150)	-	-	-	-
Shared services (Contact Centre/Reg Service)	-	(25)	(25)	-	(15)	(15)	-	-	-
Improved Governance of Leisure & Cultural Facilities	-	-	-	-	(88)	(88)	-	-	-
	(211)	(306)	(95)	(156)	(309)	(153)	(8)	(8)	-
Income									
New Leisure Facilities met through commercial focus	-	(90)	(90)	-	(70)	(70)	-	-	-
Sports, Leisure & Culture Increased Income	(170)	(350)	(180)	(125)	(200)	(75)	-	-	-
Delivery of IAG - digital / telephone	-	(30)	(30)	-	-	-	-	-	-
	(170)	(470)	(300)	(125)	(270)	(145)	-	-	-
Total Adjustments	(436)	(284)	152	(372)	(669)	(297)	(8)	(8)	-
Total Budget (Zero Variance Required to Balance)	3,758	3,910	152	3,386	3,241	(145)	3,378	3,233	(145)

PLACES	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
Community Services									
Base Budget	24,018	24,018	-	23,911	24,478	567	23,508	23,788	280
Permanent Virements	380	380	-	-	-	-	-	-	-
Future Base Budget	24,398	24,398	-	23,911	24,478	567	23,508	23,788	280
Pressures and Service Developments									
Waste Treatment & Disposal Contract	44	-	(44)	45	-	(45)	-	-	-
Increased Gate Fee (residual waste interim arrangements)	-	120	120	-	(120)	(120)	-	-	-
Waste Management (increasing tonnages)	-	44	44	-	-	-	-	-	-
Subsidised Routes	-	71	71	-	-	-	-	-	-
Taxi Monitoring Post	-	24	24	-	-	-	-	-	-
Extended Rights To Travel Grant Reduction	-	20	20	-	-	-	-	-	-
Childrens Transport (Increased Demand)	-	250	250	-	-	-	-	-	-
Fleet Maintenance Cost	-	140	140	-	-	-	-	-	-
Driver Training	-	48	48	-	-	-	-	-	-
Reduced Fuel Mark-Up	-	19	19	-	-	-	-	-	-
Fleet Depot Maintenance	-	40	40	-	-	-	-	-	-
Building Cleaning/Catering	-	310	310	-	-	-	-	-	-
Public Conveniences (Cost/Income)	-	100	100	-	-	-	-	-	-
Increased Grass Cutting, Street Lighting Contract	-	258	258	-	-	-	-	-	-
Premises Cost (Midland Road)	-	40	40	-	-	-	-	-	-
	44	1,484	1,440	45	(120)	(165)	-	-	-
Efficiencies									
Contractual Efficiencies linked to Transfer Station	(40)	(40)	-	-	-	-	-	-	-
Vacancy Management Savings (Prior Year Adjustment)	-	-	-	(62)	(22)	40	-	-	-
Northampton Road Depot Savings	(100)	(56)	44	-	-	-	-	-	-
Staffing Efficiencies	-	(50)	(50)	-	-	-	-	-	-
Invest in Highways Roundabouts to Reduce Revenue Costs	-	(25)	(25)	-	-	-	-	-	-
Reduce Recycling Credits	-	(10)	(10)	-	-	-	-	-	-
Public Transport Contract Efficiencies	-	(206)	(206)	-	(142)	(142)	-	-	-
	(140)	(387)	(247)	(62)	(164)	(102)	-	-	-
Service Transformation									
Introduce Dedicated Trade Waste Service	(30)	(50)	(20)	(160)	(140)	20	-	-	-
Various Waste Savings	-	-	-	(50)	-	50	-	-	-
Repayment of community transport funding (Prior Year Adjustment)	(75)	(35)	40	-	-	-	-	-	-
Vehicle Utilisation Review	(50)	(50)	-	-	-	-	-	-	-
Efficiency review of home to school transport	(120)	-	120	(80)	-	80	-	-	-
Efficiencies from Educational Transport Contracts	-	(246)	(246)	-	-	-	-	-	-
Development of In House Traffic Management Service Transformation/ Automation of public convenience provision	(50)	(50)	-	(30)	(30)	-	-	-	-
Expand shared service arrangements to include more services (Permit Scheme NELC in 17/18, Later TBC)	-	(50)	(50)	-	-	-	(75)	(25)	50
Commissioning Review - Directorate wide (20%)	(6)	(6)	-	(6)	(6)	-	(8)	(8)	-
Post 16 transport redesign college provision	-	(150)	(150)	-	(100)	(100)	-	-	-
	(331)	(637)	(306)	(326)	(276)	50	(83)	(33)	50
Income									
Skip Service	-	-	-	(30)	-	30	-	-	-
Waste Income	-	(157)	(157)	-	-	-	-	-	-
Catering & Cleaning	-	(110)	(110)	-	(100)	(100)	-	(100)	(100)
Cemeteries & Crematoria marketing/partnership	(10)	(10)	-	-	-	-	-	-	-
Internalise Design Services - Highways Development	-	-	-	(20)	(20)	-	-	-	-
Increase charge for allotment rental	-	(3)	(3)	-	-	-	-	-	-
Street Permit Scheme - Commercial Income	-	(50)	(50)	-	-	-	-	-	-
Re-price existing SLAs and apply accordingly	(50)	(50)	-	-	-	-	-	-	-
Additional Commercial Activity	-	-	-	(10)	(10)	-	-	-	-
Community Service Income Review	-	-	-	-	-	-	(100)	(100)	-
	(60)	(380)	(320)	(60)	(130)	(70)	(100)	(200)	(100)
Total Adjustments	(487)	80	567	(403)	(690)	(287)	(183)	(233)	(50)
Total Budget (Zero Variance Required to Balance)	23,911	24,478	567	23,508	23,788	280	23,325	23,555	230

PLACES	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
Technical and Environmental Services									
Base Budget	3,876	3,876	-	3,707	3,623	(84)	3,551	3,467	(84)
Permanent Virements	(19)	(19)	-	-	-	-	-	-	-
Future Base Budget	3,857	3,857	-	3,707	3,623	(84)	3,551	3,467	(84)
Pressures and Service Developments									
Environmental Initiatives	(50)	(50)	-	-	-	-	-	-	-
Tree Maintenance	(50)	(50)	-	-	-	-	-	-	-
Recovery of Housing Bond/Rent Advance	-	50	50	-	-	-	-	-	-
	(100)	(50)	50	-	-	-	-	-	-
Efficiencies									
Carbon Reduction Strategy; Savings & Reinvestments	(16)	(16)	-	-	-	-	-	-	-
Additional Defibrillators running costs - now at CCTV centre	(10)	(10)	-	-	-	-	-	-	-
Use Discretionary Housing Payments rather than core budget	-	(30)	(30)	-	-	-	-	-	-
Use BCF for DFG revenue	-	(20)	(20)	-	-	-	-	-	-
	(26)	(76)	(50)	-	-	-	-	-	-
Service Transformation									
Community volunteer scheme for assisting with upkeep of green spaces, nature reserves and footpaths	(5)	(5)	-	-	-	-	-	-	-
Develop a community tree Warden scheme pilot to assess how the community can support the existing tree service	(2)	(2)	-	-	-	-	-	-	-
Explore opportunities for Shared Services	-	-	-	(50)	(50)	-	-	-	-
Transformational Review	-	(50)	(50)	-	-	-	-	-	-
Commissioning Review - Directorate wide (20%)	(6)	(6)	-	(6)	(6)	-	(8)	(8)	-
	(13)	(63)	(50)	(56)	(56)	-	(8)	(8)	-
Income									
Increase charges for services	(11)	(11)	-	-	-	-	-	-	-
Expand Commercial Activity	-	-	-	(50)	(50)	-	-	-	-
Develop a New Commercial Offer for Telehealth & Telecare services	-	-	-	(50)	(50)	-	-	-	-
Car Parking - Increased Income	-	(34)	(34)	-	-	-	-	-	-
	(11)	(45)	(34)	(100)	(100)	-	-	-	-
Total Adjustments	(150)	(234)	(84)	(156)	(156)	-	(8)	(8)	-
Total Budget (Zero Variance Required to Balance)	3,707	3,623	(84)	3,551	3,467	(84)	3,543	3,459	(84)

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PLACES									
Planning & Regeneration									
Base Budget	2,327	2,327	-	2,114	1,514	(600)	1,938	1,338	(600)
Permanent Virements	6	6	-	-	-	-	-	-	-
Future Base Budget	2,333	2,333	-	2,114	1,514	(600)	1,938	1,338	(600)
Pressures and Service Developments									
North Lincolnshire Enterprise (HPDG) (Prior Year Adjustment)	(200)	(200)	-	-	-	-	-	-	-
Development of 'gold service' commercial offer (HPDG) (Prior Year Adjustment)	(50)	(50)	-	-	-	-	-	-	-
Enforcement/Planning Developments (Prior Year Adjustment)	(50)	(50)	-	-	-	-	-	-	-
Reduced Planning Fee Income	-	200	200	-	-	-	-	(100)	(100)
Office Accommodation Energy Costs	-	30	30	-	-	-	-	-	-
Delayed Implementation of Corporate Landlord Model	-	170	170	-	-	-	-	-	-
Promoting North Lincolnshire (HPDG)	-	-	-	(45)	(45)	-	-	-	-
	(300)	100	400	(45)	(45)	-	-	(100)	(100)
Efficiencies									
Efficiencies Arising From Various Staffing Reviews Etc	-	-	-	(64)	(64)	-	-	-	-
Building Control/Development Control - Cost Reductions	-	-	-	(15)	(15)	-	-	-	-
Action Station (Cole Street Rent)	-	(50)	(50)	-	-	-	-	-	-
Energy Efficiency	-	(30)	(30)	-	-	-	-	-	-
Asset Rationalisation	-	(170)	(170)	-	-	-	-	-	-
	-	(250)	(250)	(79)	(79)	-	-	-	-
Service Transformation									
Further service transformation particularly back office	(10)	(10)	-	-	-	-	-	-	-
Shared Services Opportunities	(40)	-	40	-	-	-	-	-	-
Further service transformation - amalgamate policy functions	(40)	(40)	-	-	-	-	-	-	-
Opportunities for substantial changes to service delivery	(20)	(20)	-	-	-	-	-	-	-
Service Transformation	-	(250)	(250)	-	-	-	-	-	-
Commissioning Review - Directorate wide (20%)	(6)	(6)	-	(6)	(6)	-	(8)	(8)	-
	(116)	(326)	(210)	(6)	(6)	-	(8)	(8)	-
Income									
Charging for commercial pre-application advice	-	(183)	(183)	(10)	(10)	-	-	-	-
Market Modernisation	(43)	(50)	(7)	-	-	-	-	-	-
Expand Commercial Activity	(60)	(60)	-	(36)	(36)	-	-	-	-
Income from Earmarked Reserves (HPDG) (Prior Year Adjustment)	300	300	-	-	-	-	-	-	-
Apprenticeship Levy (Grade 1 - 4 + Training) - C/Wide	-	(200)	(200)	-	-	-	-	-	-
Externally Funded Grants	-	(150)	(150)	-	-	-	-	-	-
	197	(343)	(540)	(46)	(46)	-	-	-	-
Total Adjustments	(219)	(819)	(600)	(176)	(176)	-	(8)	(108)	(100)
Total Budget (Zero Variance Required to Balance)	2,114	1,514	(600)	1,938	1,338	(600)	1,930	1,230	(700)

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
PLACES									
Special Projects									
Base Budget	152	152	-	145	342	197	139	226	87
Permanent Virements	-	-	-	-	-	-	-	-	-
Future Base Budget	152	152	-	145	342	197	139	226	87
Pressures and Service Developments									
Additional BPR Post	-	40	40	-	-	-	-	-	-
Capital Income Target	-	116	116	-	(116)	(116)	-	-	-
Additional "project costs"	-	34	34	-	-	-	-	-	-
	-	190	190	-	(116)	(116)	-	-	-
Service Transformation									
Commissioning Review - Directorate wide (20%)	(6)	-	6	(6)	-	6	(8)	-	8
Increase charges for services	(1)	-	1	-	-	-	-	-	-
	(7)	-	7	(6)	-	6	(8)	-	8
Total Adjustments	(7)	190	197	(6)	(116)	(110)	(8)	-	8
Total Budget (Zero Variance Required to Balance)	145	342	197	139	226	87	131	226	95

PLACES Total	33,635	33,867	232	32,522	32,060	(462)	32,307	31,703	(604)
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	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
CENTRAL BUDGETS									
Corporate & Miscellaneous									
Base Budget	3,004	3,004	-	2,283	3,676	1,393	314	1,132	818
Permanent Virements	529	529	-	-	-	-	-	-	-
Future Base Budget	3,533	3,533	-	2,283	3,676	1,393	314	1,132	818
Pressures and Service Developments									
Recurrent costs of transformation schemes	-	80	80	-	110	110	-	-	-
One off revenue investment requirement for transformation schemes	-	413	413	-	(163)	(163)	-	(125)	(125)
	-	493	493	-	(53)	(53)	-	(125)	(125)
Capital Bid Consequences									
Electronic Document Management System	-	-	-	(72)	(107)	(35)	-	-	-
	-	-	-	(72)	(107)	(35)	-	-	-
Efficiencies									
Corporate Efficiency Savings	(190)	-	190	(250)	-	250	440	-	(440)
Management Efficiency Savings	-	(200)	(200)	-	-	-	-	-	-
	(190)	(200)	(10)	(250)	-	250	440	-	(440)
Service Transformation									
Review of Council Wide Administration	(250)	322	572	-	(572)	(572)	-	-	-
Councilwide - TCA - Service redesign & Demand Management	(60)	(10)	50	(252)	(222)	30	(300)	(344)	(44)
Councilwide Transformation	(400)	(73)	327	(400)	(227)	173	-	(378)	(378)
Asset Utilisation	-	(39)	(39)	(645)	(413)	232	(210)	(416)	(206)
	(710)	200	910	(1,297)	(1,434)	(137)	(510)	(1,138)	(628)
Income									
Commercial Income (property)	(350)	(350)	-	(350)	(350)	-	(300)	(300)	-
Council Tax Support Scheme, increased contribution from recipients	-	-	-	-	(600)	(600)	-	-	-
	(350)	(350)	-	(350)	(950)	(600)	(300)	(300)	-
Total Adjustments	(1,250)	143	1,393	(1,969)	(2,544)	(575)	(370)	(1,563)	(1,193)
Total Budget (Zero Variance Required to Balance)	2,283	3,676	1,393	314	1,132	818	(56)	(431)	(375)

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
CENTRAL BUDGETS									
Capital Financing									
Base Budget	14,046	14,046	-	14,000	12,791	(1,209)	14,338	13,561	(777)
Permanent Virements	-	-	-	-	-	-	-	-	-
Future Base Budget	14,046	14,046	-	14,000	12,791	(1,209)	14,338	13,561	(777)
Pressures and Service Developments									
Rephasing/Existing Programme Changes	211	140	(71)	(139)	449	588	(146)	67	213
	211	140	(71)	(139)	449	588	(146)	67	213
Capital Bid Consequences									
MRP and Borrowing interest charges - 2016/17 Bids	243	243	-	477	477	-	130	130	-
MRP and Borrowing interest charges - 2017/18 Bids	-	193	193	-	233	233	-	64	64
	243	436	193	477	710	233	130	194	64
Efficiencies									
Use of £5m of balances to reduce debt charges	(500)	-	500	-	(500)	(500)	-	-	-
MRP Technical Adjustment	-	(1,831)	(1,831)	-	111	111	-	107	107
	(500)	(1,831)	(1,331)	-	(389)	(389)	-	107	107
Total Adjustments	(46)	(1,255)	(1,209)	338	770	432	(16)	368	384
Total Budget (Zero Variance Required to Balance)	14,000	12,791	(1,209)	14,338	13,561	(777)	14,322	13,929	(393)

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
CENTRAL BUDGETS									
Contingency									
Base Budget	1,849	1,849	-	3,833	2,592	(1,241)	6,889	5,703	(1,186)
Permanent Virements	(1,378)	(1,378)	-	-	-	-	-	-	-
Future Base Budget	471	471	-	3,833	2,592	(1,241)	6,889	5,703	(1,186)
Pressures and Service Developments									
Expenditure inflation	950	705	(245)	950	950	-	950	950	-
Energy Inflation	200	200	-	200	200	-	200	200	-
Pay Award 1% 17/18, 1% 18/19 & 1% 19/20	774	958	184	782	782	-	790	790	-
Pension Increase	200	(568)	(768)	200	-	(200)	200	-	(200)
Growth in demand for services	300	-	(300)	300	-	(300)	300	300	-
Living Wage impact on Council services	270	-	(270)	270	270	-	270	270	-
Impact of Living Wage on Cost of Residential Care	394	394	-	398	398	-	402	402	-
Impact of Living Wage on Cost of Home Care	403	403	-	403	403	-	403	403	-
Impact of Apprenticeship Levy	321	321	-	3	3	-	3	3	-
Recession Related Provision	-	250	250	-	250	250	-	(250)	(250)
Care Act Funding (rolled in to RSG)	-	1,160	1,160	-	26	26	-	428	428
	3,812	3,823	11	3,506	3,282	(224)	3,518	3,496	(22)
Income									
Income Inflation	(450)	(139)	311	(450)	(450)	-	(450)	(450)	-
Use of Capital Receipt Flexibility	-	(1,563)	(1,563)	-	279	279	-	1,284	1,284
	(450)	(1,702)	(1,252)	(450)	(171)	279	(450)	834	1,284
Total Adjustments	3,362	2,121	(1,241)	3,056	3,111	55	3,068	4,330	1,262
Total Budget (Zero Variance Required to Balance)	3,833	2,592	(1,241)	6,889	5,703	(1,186)	9,957	10,033	76

	Original Budget 2017/18 £000's	Proposed Budget 2017/18 £000's	Variance £000's	Original Budget 2018/19 £000's	Proposed Budget 2018/19 £000's	Variance £000's	Original Budget 2019/20 £000's	Proposed Budget 2019/20 £000's	Variance £000's
CENTRAL BUDGETS									
Public Health									
Base Budget	-	-	-	-	-	-	-	-	-
Permanent Virements	-	-	-	-	-	-	-	-	-
Future Base Budget	-	-	-	-	-	-	-	-	-
Pressures and Service Developments									
Reduction in Public Health Grant	-	1,135	1,135	-	249	249	-	242	242
	-	1,135	1,135	-	249	249	-	242	242
Efficiencies									
Health Visitor/FNP/School Nursing Contract Efficiencies	-	-	-	-	(39)	(39)	-	(38)	(38)
Various Savings Initiatives in Places Directorate PH services	-	(191)	(191)	-	(206)	(206)	-	(29)	(29)
	-	(191)	(191)	-	(245)	(245)	-	(67)	(67)
Service Transformation									
Needle Exchange/Supervised Consumption Combined Contract	-	(10)	(10)	-	(2)	(2)	-	(2)	(2)
Further Service Efficiency/Transformation/Reduction/Use of Transformation Fund - TBC	-	(934)	(934)	-	(2)	(2)	-	(173)	(173)
	-	(944)	(944)	-	(4)	(4)	-	(175)	(175)
Total Adjustments	-	-	-	-	-	-	-	-	-
Total Budget (Zero Variance Required to Balance)	-	-	-	-	-	-	-	-	-

CENTRAL BUDGETS Total	20,116	19,059	(1,057)	21,541	20,396	(1,145)	24,223	23,531	(692)
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Parish or Area	Local Taxbase	Precept	NLC Grant	Total Requirement	Band D
Alkborough	159.3	4,199	301	4,500	26.36
Amcotts	80.4	2,407	158	2,565	29.94
Appleby	229.9	8,735	15	8,750	38.00
Ashby Parkland	178.6	3,074	426	3,500	17.21
Barnetby-le-Wold	515.3	22,494	1,619	24,113	43.65
Barrow-on-Humber	998.2	42,632	317	42,949	42.71
Barton-upon-Humber	3,407.1	151,037	14,728	165,765	44.33
Belton	1,119.6	14,375	625	15,000	12.84
Bonby	190.0	11,947	553	12,500	62.87
Bottesford	3,607.1	85,149	4,801	89,950	23.61
Brigg	1,664.0	112,896	7,104	120,000	67.84
Broughton	1,661.3	124,592	7,613	132,205	75.00
Burringham	205.7	10,401	1,599	12,000	50.57
Burton-upon-Stather	962.2	46,251	2,303	48,554	48.07
Cadney-cum-Howsham	153.9	7,636	364	8,000	49.61
Crowle	1,532.6	57,823	5,177	63,000	37.73
East Butterwick	44.2	633	117	750	14.32
East Halton	205.5	4,600	177	4,777	22.38
Eastoft	139.8	3,426	274	3,700	24.50
Elsham	164.7	7,832	168	8,000	47.54
Epworth	1,552.8	54,890	3,324	58,214	35.35
Flixborough	528.5	12,213	713	12,926	23.11
Garthorpe & Fockerby	135.4	7,019	481	7,500	51.86
Goxhill	777.0	45,913	3,494	49,407	59.09
Gunness	622.8	28,402	5,598	34,000	45.60
Haxey	1,653.4	38,343	1,657	40,000	23.19
Hibaldstow	757.0	13,755	1,245	15,000	18.17
Holme	41.9	0	0	0	0.00
Horkstow	56.1	1,412	88	1,500	25.17
Keadby with Althorpe	474.5	24,956	4,044	29,000	52.59
Kirmington & Croxton	126.5	7,557	1,073	8,630	59.75
Kirton-in-Lindsey	1,035.4	94,051	2,598	96,649	90.84
Luddington	117.7	3,918	482	4,400	33.29
Manton	43.4	0	0	0	0.00
Melton Ross	69.0	2,245	255	2,500	32.53
Messingham	1,277.1	52,924	2,576	55,500	41.44
New Holland	246.2	12,851	1,149	14,000	52.20
North Killingholme	87.5	4,763	237	5,000	54.43
Owston Ferry	439.4	17,625	766	18,391	40.11
Redbourne	155.2	11,305	695	12,000	72.83
Roxby-cum-Risby	152.0	5,231	295	5,526	34.41
Saxby-all-Saints	89.8	4,332	328	4,660	48.25
Scawby-cum-Sturton	794.9	35,017	1,983	37,000	44.05
Scunthorpe	* 15,398.9				
South Ferriby	207.1	12,263	1,047	13,310	59.20
South Killingholme	283.8	11,745	2,755	14,500	41.39
Thornton Curtis	96.6	2,473	141	2,614	25.60
Ulceby	520.4	13,433	1,567	15,000	25.81
West Butterwick	247.1	0	0	0	0.00
West Halton	117.1	4,827	367	5,194	41.22
Whitton	87.3	2,567	33	2,600	29.42
Winteringham	329.9	11,589	1,003	12,592	35.13
Winterton	1,342.7	111,898	14,221	126,119	83.34
Wootton	177.2	6,188	112	6,300	34.92
Worlaby	198.6	13,740	260	14,000	69.19
Wrawby	510.4	12,494	506	13,000	24.48
Wroot	177.4	9,877	623	10,500	55.69
	<u>48,147.2</u>	<u>1,413,955</u>	<u>104,155</u>	<u>1,518,110</u>	
Other Precepting Authority					
Humberside Police	48,147.2	8,842,712		8,842,712	183.66
Humberside Fire and Rescue Service	48,147.2	3,798,332		3,798,332	78.89