

COUNCIL BUSINESS PLAN AND FINANCIAL STRATEGY 2016-21



EAST RIDING LEISURE, BRIDLINGTON



EAST RIDING
OF YORKSHIRE COUNCIL

FOREWORD

We are pleased to present the 2016-21 Council Business Plan which sets out the Council's priorities that reflect some of the challenges the East Riding faces over the coming years, the needs of local people and supports the wider ambitions for the area as set out in the East Riding Community Plan 2016-21. Also included in the plan is information on how we will use our resources effectively to achieve this.

We hope you can take the time to read this Plan which, in this period of change and challenge explores how we all need to do things differently to ensure we can continue to deliver our priorities and maintain the quality of life we value in the East Riding of Yorkshire.

In the plan, we refer to a number of other documents or webpages that you may find helpful. If you have any problems with accessing any of these, please contact:

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Councillor Stephen Parnaby OBE
Leader of the Council

Nigel Pearson
Chief Executive



INTRODUCTION: Our challenges

The public sector, and in particular local government, has experienced a period of unprecedented change and uncertainty, with no indication of when this period may end. The pressure on resources, brought about by the largest public sector budget cuts in history, is immense, and comes at a time of continuing increases in demand from vulnerable people, a substantial growth in the number of older people living in and moving to the East Riding, and an increase in extreme climate related events.

Our ability to continue to deliver services and the key actions we plan to prioritise during the life of this Plan is dependent on how well we address the enormous financial pressure the sector is facing. We have made savings of £118m since 2010 and need to find at least a further £60.5m from our base budget (i.e. permanent savings) over the next four years. Despite this pressure, the Council is continuing to meet the challenges it faces head-on. Our approach to the reductions in public spending has been to take early action to reduce costs so that savings can be fully realised when the funding cuts are made. We began to make planned savings as early as 2009 and we have a strong track record of delivering both planned budget reductions and budget efficiencies through business transformation and sound management. However, this becomes increasingly difficult over time.

The enormity of the challenges faced by the Council require us to develop new models for service delivery if we are to maintain those services vital to the quality of life in the East Riding and address the needs of the most vulnerable in our communities.

There are continued significant pressures on adult social care budgets. The Government has recognised this national pressure and allowed Councils to increase council tax by 2% to support adult social care. However, this increase meets only 55% of the estimated increase in costs in adult social care, as a result of demographic changes and the introduction of the national minimum wage.

Support will continue to be provided from ear-marked reserves whilst further savings are found through for example, the Better Care programme by the closer integration of health and social care budgets.

Our children generally achieve good educational attainment, above regional and in line with national averages, despite a long history of being one of the worst funded education authorities nationally. However, there is still a significant gap in attainment for some groups of young people, such as those entitled to free school meals or children who are looked after.

For some services, their longer term future may mean that they need to adopt a more commercial approach to delivering services to cover their operating costs. For example, our 11 leisure centres, including The Spa, Bridlington, will soon be breaking even. Other services, such as libraries and community transport, are asking the public their views on reshaping provision to achieve savings. Children's services continue to sustain the early help offer, delivered through our 18 children's centres, which contributes to the savings within statutory services through prevention.

The Government's programme for the year ahead includes a programme of Bills affecting the local Government sector. The Cities and Local Devolution Act was brought forward and will have far

reaching implications for local councils. More specifically, this Act will provide the legal basis to implement the Government's 'northern powerhouse' ambitions, which seeks to devolve powers to cities with elected 'metro mayors' and will empower towns and counties by building on local Growth Deals.

There may also be potential implications for the Council from the roll out of Universal Credit into the East Riding and the new Housing Bill and the Education and Adoption Bill.

The area's propensity to both flooding and coastal erosion due to our complex geography, combined with increasing impacts of extreme weather events, poses a substantial risk to the local infrastructure and the economy. In response, a number of flood alleviation schemes have been successfully delivered together with a significant programme of capital investment planned for the future.

The East Riding economy, whilst relatively diverse, remains heavily dependent on small businesses, a limited number of major employers (mainly in manufacturing) and the public sector. These factors contribute to a low 'productivity' rate which is not keeping up with the national average. There are, however, a number of opportunities for promoting sustainable economic growth in the East Riding.



Our Area - Some Key Facts

337,100 people live in the East Riding of Yorkshire



80,611 adults aged 65+



143,000 households in an area covering approximately 930 square miles



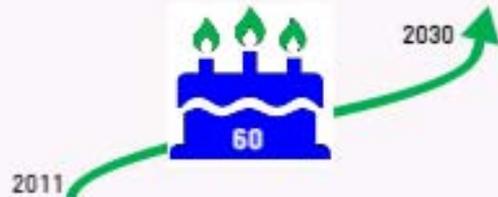
48,020 school pupils



201,327 adults of working age



62% increase expected in people over the age of 60 between 2011 and 2030



About our services

11.7 million bins collected



Over 3,400 km of road network maintained by the Council



11,300 Council homes managed and over 60,000 repairs carried out



5 million visits a year to our leisure centres



1.3 million library visits



99,887 tonnes of waste recycled with 59,473 tonnes of household waste sent for refuse derived fuel



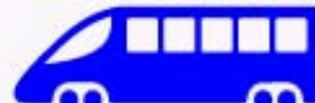
157,615 enquires to Revenue & Benefits service



2,007 children receiving a social care service



76,476 concessionary bus passes held by East Riding residents



Achievements from Our Last Plan (2011-16)

- Siemens Energy and AB Ports joint investment of £310m in offshore wind industry operations from sites on Alexandra Dock (Greenport Hull) and at Paull, East Riding of Yorkshire, creating 1,000 direct jobs across the two sites, with many more in the supply chain.
- Successful integration of public health and establishment of the Health & Wellbeing Board.
- Adult smoking rates now the 7th lowest in the country.
- East Riding Leisure Haltemprice, has undergone a £7m refurbishment, providing an integrated library and Customer Service Centre, a doctors' surgery, a 3G all-weather pitch, Tone Zone fitness suite, leisure facilities and a café, boosting health and wellbeing in the area.
- Lead the largest flood and coastal risk management programme in the country, with 6% of the national budget and 11% of the national outcome measures.
- High levels of resident satisfaction, with 97% satisfied with the East Riding as a place to live and over 80% pleased with the services we provide (2014)
- Over £100 million has been secured, over recent years, for much needed transport and highways improvement schemes following the submission of successful funding bids.
- 77.7% of our schools have achieved an OfSTED rating of 'good' or better
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- The introduction of a single access point for referrals to children's services, with 95% of contacts responded to within 24 hours.
- In partnership with Hull City Council, we have awarded four waste and recycling contracts worth a combined 200 million to jointly manage waste and recycling from April 2015.
- Investors in People Gold has been held and maintained since 2012, one of only 9 organisations to achieve this standard

OUR VALUES

In these testing times, it is important that we do not lose sight of our values which drive the way we do things and shape our services. It is the responsibility of all our Members and staff to uphold the values of our organisation:

- We respect differences and put our customers first
- We protect the vulnerable and promote independence
- We communicate well
- We value our employees
- We work together
- We find value for money ways to work

OUR VISION

Despite the challenging financial climate, we continue to have high ambitions for the area and its significant opportunities and potential. We also continue to strive to remain one of the top

councils in the country. To focus on this aspiration, we established, in 1996, a simple and powerful vision for the East Riding:

To improve the quality of life for our community; earn the respect of the people we serve and build pride in belonging to the East Riding of Yorkshire.

Our Corporate Priorities

With the increasing pressures on budgets, it is more important than ever that we focus on the things that matter most in the East Riding. We agreed five corporate priorities in 2012 to ensure we gained the most use from our limited resources. They have been reviewed, and as they remain as relevant today as in 2012, our priorities remain unchanged:



- **Maximising our potential** - working with others to support sustainable economic growth and strong communities, ensuring the East Riding is a great place to invest in, live, work and visit
- **Valuing our environment** – responding to climate change, developing our infrastructure and safeguarding our heritage
- **Supporting vulnerable people, reducing inequalities** – supporting in times of need, protecting from harm and improving the quality of life
- **Promoting health, wellbeing and independence** – helping people to stay healthy, strong and fit for the future
- **Reducing costs, raising performance** – developing our workforce and working with partners to provide excellent service, effective governance and value for money

The following section outlines the key actions we will take to deliver these priorities in 2016/17. In planning our actions, we have undertaken equality analyses of key policies and strategies which underpin these priorities to ensure that any potential impact is identified. All equality analyses for the Council Business Plan can be found on our website.

Maximising our potential

- Support economic growth by attracting new investment and enable existing local businesses to survive grow and prosper
- Maintain and enhance our towns and villages as attractive and safe centres for business, homes, services and facilities and good transportation links
- Maximise the area's tourism opportunities
- Transformation of Bridlington town centre and the harbour & marina
- Progress the rollout of superfast broadband
- All schools to become good or better by the end of academic year 2016/17
- Improve the achievement and attainment of vulnerable children
- Widen access to good, impartial advice about skills development and employment opportunities
- Ensure the devolution framework will benefit the area

Valuing our environment

- Provide for the sustainable development of the East Riding and protect the built and natural environment in order to support our aspirations for economic growth
- Deliver the Local Transport Plan, source external funding and develop key transport infrastructure
- Maintain the highways and transport network
- Reduce the risk of flooding by developing flood protection infrastructure
- Provide a sustainable approach to managing the impacts of coastal change on communities and businesses
- Review energy supply options for the benefit of the area
- Manage the environmental impact of our activities and improve our environmental performance
- Promote and encourage improved recycling rates

Supporting vulnerable people, reducing inequalities

- Protect children from harm, including early identification and preventative help for children at risk and children being cared for by the Council
- Develop capacity in communities to support vulnerable families
- Provide robust assessment, review and support services to ensure vulnerable adults are provided with choice over their care and are protected from harm
- Embed the Special Educational Needs and Disability (SEND) reforms
- Target housing and cultural services to support the needs of the most vulnerable
- Deliver the Council's Housing Revenue Account Business Plan

Promoting health, wellbeing and independence

- Develop effective commissioning with partners to deliver health and wellbeing priorities
- Promote wellbeing and community safety through the reduction of drug and alcohol misuse
- Work with local communities to maximise the skills and experience available to support the development of local, integrated health and social care responses to meet emerging needs
- Monitor, and further embed, the Care Act, in particular assessment and services for carers, market development and prevention
- Implement the national Transforming Care Agenda – Building the Right Support
- Monitor and implement the actions arising out of the Mental Health Crisis Care Concordat in the East Riding
- In partnership with the local health and social care economy, deliver the Better Care Programme for the integration of health and social care in the East Riding

Reducing costs, raising performance

- Improve access to Council services through innovative online developments
- Generate income to protect and enhance services
- Transform services and deliver savings
- Rationalise the use of assets, including the provision of new Multi Service Centres, to improve service delivery and reduce running costs
- Recruit and retain an appropriately skilled and motivated workforce to meet service needs

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| Corporate Priority | Maximising our potential | | |
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| Our Values | We respect differences and put our customers first | We protect the vulnerable and promote independence | We communicate well |
| | We value our employees | We work together | We find value for money ways to work |

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| Stakeholders | Local Businesses | Local Training and Education Providers | Neighbouring Local Authorities | Job Centre Plus |
| | Local Enterprise Partnerships | Residents | Voluntary & Community Sector | |

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| Strategic Outcome | Working with others to support sustainable economic growth and strong communities, ensuring the East Riding is a great place to invest in, live, work and visit |
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| Priorities for 2016/17 | Support economic growth by attracting new investment and enable existing local businesses to survive grow and prosper | Maintain and enhance our towns and villages as attractive and safe centres for business, homes, services and facilities and good transportation links | Maximise the area's tourism opportunities |
| | Transformation of Bridlington town centre and the harbour & marina | Progress the rollout of superfast broadband | All schools to become good or better by the end of academic year 2016/17 |
| | Improve the achievement and attainment of vulnerable children | Widen access to good, impartial advice about skills development and employment opportunities | Ensure the devolution framework will benefit the area |

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| Strategies/ Plans | Economic Development Strategy and Local Economic Assessment | Improving Schools, Improving Lives | Hull & Humber City Deal | Local Transport Plan |
| | The Humber Strategic Economic Plan | Employment & Skills Strategy | Local Plan | York, North Yorkshire and East Riding Strategic Economic Plan |

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| Strategic Enablers | Growth Deals | Greenport Hull | City of Culture |
| | Devolution | European Funding opportunities | Broadband Delivery UK |

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| Performance Indicators | <p>Rate of enterprise births per 10,000 working age population</p> <p>Rate of enterprise deaths per 10,000 working age population</p> <p>Amount of development on allocated land</p> <p>Increase in Gross Value Added per head in the East Riding (percentage of national rate)</p> | <p>Employment growth in SMEs across the East Riding</p> <p style="text-align: center;">UK Broadband take up</p> <p>Value of external funding attracted into the area</p> <p style="text-align: center;">City of Culture indicator (to be developed)</p> | <p>Percentage of school age children looked after achieving 5 or more A* - C grades (including English and Maths)</p> <p>16 to 18 year olds who are not in education, employment or training (NEET)</p> |
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| Corporate Priority | Valuing our environment | | |
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| Stakeholders | Residents | DEFRA | Neighbouring Local Authorities | Environment Agency |
| | Highways Agency | Town & Parish Councils | Voluntary & Community Sector | Businesses |

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| Strategic Outcome | Responding to climate change, developing our infrastructure and safeguarding our heritage |
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| Priorities for 2016/17 | Provide for the sustainable development of the East Riding and protect the built and natural environment in order to support our aspirations for economic growth | Develop the area's key transport infrastructure |
| | Maintain the highways and transport network | Reduce the risk of flooding by developing flood protection infrastructure |
| | Provide a sustainable approach to managing the impacts of coastal change on communities and businesses | Review energy supply options for the benefit of the area |
| | Manage the environmental impact of our activities and improve our environmental performance | Promote and encourage improved recycling rates |

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| Strategies/ Plans | Local Plan | Local Transport Plan | Joint Sustainable Waste Management Strategy |
| | Shoreline Management Plan | Local Flood Risk Management Strategy | Biodiversity Action Plan Strategy |
| | Corporate Environmental Management System | Environmental Policy Delivery Plan | |

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| Strategic Enablers | National and European Funding opportunities | Greenport Hull |
| | Devolution | Strategic Housing Assessment |

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| Performance Indicators | Net additional homes provided | Percentage of household waste sent for reuse, recycling and composting | Residual household waste per household |
| | Supply of ready to develop housing sites | Percentage of municipal waste land filled | Percentage of actionable defects repaired within 24 hours |
| | Energy usage indicator (to be developed) | Percentage of principal roads where maintenance should be considered | Number of households at risk of flooding |
| | | ISO 14001 certification maintained | Percentage of parishes with an Emergency Plan which has moved up at least 1 level |

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| Corporate Priority | Supporting vulnerable people, reducing inequalities |
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| Our Values | We respect differences and put our customers first | We protect the vulnerable and promote independence | We communicate well |
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| Stakeholders | OfSTED/CQC | Voluntary & Community Sector | Residents | NHS Clinical Commissioning Groups |
| | National Probation Service | Humberside Police | Humberside Fire & Rescue | NHS Hospital Trusts and Humber NHS Foundation Trust |
| | Local Healthwatch | Children's Safeguarding Board | Adult Safeguarding Board | Developers and housing providers (registered providers of social housing and private landlords). |

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| Strategic Outcome | Supporting in times of need, protecting from harm and improving the quality of life |
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| Priorities for 2016/17 | Protect children from harm, including early identification and preventative help for children at risk and children being cared for by the Council | Develop capacity in communities to support vulnerable families | Provide robust assessment, review and support services to ensure vulnerable adults are provided with choice over their care and are protected from harm |
| | Embed the Special Educational Needs and Disability (SEND) reforms | Target housing and cultural services to support the needs of the most vulnerable | Deliver the Council's Housing Revenue Account Business Plan |

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| Strategies/ Plans | Children & Young People's Plan (and supporting plans) | Early Intervention Strategy | Joint Health and Wellbeing Strategy | Strategies for Libraries, Museums and Sport, Play & Arts |
| | Older People's Strategy (and supporting plans) | Housing Strategies | Special Educational Needs and Disability Strategy | Affordable Warmth Strategy |

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| Strategic Enablers | National guidance, including Working Together 2015 | Supporting Families initiative |
| | Joint Strategic Needs Assessment | Pupil Premium |

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| Performance Indicators | Percentage of children becoming the subject of a child protection plan for a second or subsequent time | Percentage of those who are eligible and take up Personal Budget | The number of households in fuel poverty New Education and Health Care Plans issued within 20 weeks, excluding exceptions Ket Stage 4 SEN cohort in education, training or employment at 17 |
| | Percentage of child protection plans lasting 2 years or more | Overall satisfaction of people who use services with their care and support | |
| | The rate of first time entrants into the Youth Justice System aged 10 – 17 | The percentage of referrals to adult safeguarding services which are repeat referrals | |

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| Corporate Priority | Promoting health, wellbeing and independence | | |
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| | We value our employees | We work together | We find value for money ways to work |

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| Stakeholders | NHS Clinical Commissioning Groups | Humberside Fire & Rescue | Neighbouring Local Authorities |
| | Humberside Police | Residents | Voluntary & Community Sector |
| | NHS Hospital Trusts & Humber NHS Foundation Trust | Developers and housing providers (registered providers of social housing and private landlords). | Local GP Practices |

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| Strategic Outcome | Helping people to stay healthy, strong and fit for the future |
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| Priorities for 2016/17 | Develop effective commissioning with partners to deliver health and wellbeing priorities | Promote wellbeing and community safety through the reduction of drug and alcohol misuse | Work with local communities to maximise the skills and experience available to support the development of local, integrated health and social care responses to meet emerging needs | Monitor, and further embed, the Care Act, in particular assessment and services for carers, market development and prevention |
| | Implement the national Transforming Care Agenda – Building the Right Support | Monitor and implement the actions arising out of the Mental Health Crisis Care Concordat in the East Riding | In partnership with the local health and social care economy, deliver the Better Care Programme for the integration of health and social care in the East Riding | |

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| Strategies/ Plans | Better Care Programme | Joint Health & Wellbeing Strategy | Alcohol Strategy |
| | Local Sustainability & Transformation Plan (<i>in development</i>) | Unplanned Care Strategy | Commissioning Strategies |

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| Strategic Enablers | NHS Five Year Forward View | National Transforming Care Agenda | Joint Strategic Needs Assessment |
| | Better Care Fund | Direct Payments/Personal Budgets/Commissioned Services | |

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| Performance Indicators | Proportion of older people (65 and over) who were still at home 91 days after discharge from hospital into reablement/ rehabilitation services (effectiveness of the service) | Percentage of those using social care who have control over their daily life | Rate of hospital admissions per 100,000 for alcohol related harm |
| | Social Care Quality of Life | Proportion of adults in contact with secondary mental health services living independently with or without support | Proportion of social care clients receiving Self Directed Support Proportion of people using social care who receive direct payments |

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| Corporate Priority | Reducing costs, raising performance |
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| Stakeholders | East Riding 2020 Board | Businesses | Central Government |
| | Workforce | Residents | |

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| Strategic Outcome | Developing our workforce and working with partners to provide excellent service, effective governance and value for money |
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| Priorities for 2016/17 | Improve access to Council Services through innovative online developments | Generate income to protect and enhance services |
| | Improve services and deliver savings | Rationalise the use of assets, including the provision of new Multi Service centres, to improve service delivery and reduce running costs |
| | Recruit and retain an appropriately skilled and motivated workforce to meet service needs | |

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| Strategies/ Plans | Customer Contact Strategy | Asset Management Strategies | Workforce Strategy | Trading & Charging Programme |
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| Strategic Enablers | The Competency Framework | Transforming East Riding (TER) |
| | Devolution | Emerging ICT Strategy |

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| Performance Indicators | Accumulated savings identified from transformation projects (£m) Income generation indicator (to be developed) | Overall satisfaction with working for the Council | Channel Shift indicator (to be developed) |
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Financial Strategy

The Financial Strategy sets out how resources will be used to deliver our strategic key outcomes over the medium term, whilst taking account of developments in national priorities. It reflects the financial implications of other corporate strategies and is key to managing the financial impact of the risks to which the Council is exposed.

As a consequence of the Government's austerity measures, the Council's funding was reduced by £45.5m during the period 2010/11 to 2015/16. A further £35.7m of funding cuts are projected for the period 2016/17 to 2019/20, bringing the total to £81.2m. These funding reductions, together with budget pressures, e.g. increasing demand for services, means that the Council will need to make base budget savings of £60.5m over the next four years.

The Council's financial strategy has four core aspects:

- Transformation of the Council's business processes, utilising technology and enabling digital services to reduce costs.
- Maximising income – taking a more commercial approach to income generation to maximise existing and new income streams.
- Cost reduction and asset rationalisation
- Taking early action to reduce costs in order to generate underspends which can be placed in earmarked reserves to help manage future funding cuts and budget pressures by:
 - providing resources to fund the one-off costs of the Council's business transformation programme and other invest to save projects, thereby enabling investment in projects to review and redesign services to achieve reductions in annual running costs whilst continuing to meet service objectives;
 - providing resources to cushion the impact of funding cuts on service spending, allowing time for savings to be found without a disproportionate impact on service provision in any single year, and
 - providing resources to meet emerging budget pressures so that universal provision of priority services can be maintained whilst compensating savings are identified.

This planned strategic approach to managing the reductions in Government funding is enabling the Council to continue to meet both the ambitions set out in the East Riding Community Plan and the Council's own policies and priorities without imposing blanket cuts to services.

Projected budgets for 2016/17 through to 2019/20 are forecast in the Council's medium term financial plan. Currently, plans are focussed on achieving cost reductions in 2016/17 because the financial picture is much more uncertain for 2017/18 and beyond.

Setting the Budget and Council Tax

The Council faces significant pressures on its General Fund revenue budget, including continued funding reductions, increasing service demand (particularly from an ageing population), price inflation, including energy costs, and the impact of wider austerity on our sources of income. In setting the budget for 2016/17, the Council has assessed these pressures and determined where savings can be made so that it can continue to deliver effective services within budget constraints and continue to meet the Council's corporate priorities. For 2016/17, the Council has identified budget savings of £22.3m to meet cost pressures of £21m and budget reductions of £1.3m.

A key area of budget pressure is social care services, which have been and continue to be under significant financial pressure due to the ageing and growing population of older people in the East Riding, the rising costs of fees charged by care providers, and the increasing numbers of Children Looked After. Protecting vulnerable people is a core priority for the Council and underspends have been set aside in reserves whenever possible so that universal provision of these services can be maintained. However, social care budgets continue to receive significant support from earmarked reserves which are forecast to be exhausted in 2017/18.

The Council has set a balanced budget for 2016/17, although this position is supported by £12m from revenue reserves. The four-year financial plan currently shows a budget shortfall of £16.8m by 2019/20 mainly due to the pressures on social care spending.

Consultation

Consultation is undertaken with a variety of local people and businesses through our annual budget consultation events and online budget survey. The results of the 2016/17 budget consultations show that local people continue to identify the following as high priorities:

- Highway repairs and maintenance
- Flood prevention work affecting residents and businesses

Feedback from our budget consultations is taken account of when the Council sets its budget each year.

Council Tax

The 2016/17 General Fund revenue budget is based on an increase of 3.99% to the billing amount of council tax, the first increase for six years. 2% of this increase is attributable to new charge to help fund, in part, the increasing costs of adult social care. The cost of adult social care to the Council is estimated to increase by £20million over the next four years. The Government has recognised that this increased demand cannot be met without additional funding and have allowed all councils with adult social care responsibilities to introduce this new charge, to help meet the increasing costs. The new charge only meets 55% of the estimated increased costs in adult social care.

The following table provides a summary of how the council tax requirement is calculated.

Council Tax Calculation

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| Approved Revenue Budget 2016/17 | £m |
| Service Expenditure | |
| Base Budget 2015/16 | 225.1 |
| Projected Budget Pressures 2016/17 | 20.9 |
| Proposed Budget Savings 2016/17 | -22.3 |
| Service Expenditure Budget 2016/17 | 223.7 |
| Other Items | 34.0 |
| Approved Budget 2016/17 | 257.7 |
| Less: | |
| Government Grants | -52.7 |
| Retained Business Rates | -55.1 |
| Collection Fund Surplus | -9.3 |
| Income from Special Expenses | -0.4 |
| Council Tax Requirement | 140.2 |
| Council Tax Base | ##### |
| Band D Council Tax Amount | £1,260.57 |

Housing Revenue Account

The Housing Revenue Account shows all expenditure and income relating to the Council's responsibilities as a landlord of dwellings and associated property. It is maintained in accordance with the Local Government and Housing Act 1989, which also sets out the framework for ringfencing the Housing Revenue Account, preventing the subsidisation of rents from our general income.

The Localism Act formally abolished the HRA subsidy system and replaced it with a new self-financing system for local authority housing. This allows the Council to retain 100% of the rental income generated from its housing. As part of the new system, the Council was required to buy its way out of the central system with a payment to Government of £208m.

The introduction of self-financing for council housing and the associated debt allocation of £208m requires the implementation of a detailed HRA Business Plan which has now been completed. The plan aims to find a natural balance of investment between the competing demands for expenditure from the existing housing stock, investment in new affordable housing, servicing debt repayments and investment in housing management services.

Since the publication of the previous Business Plan, a number of significant policy changes have been announced that have wide ranging impacts on the HRA. However, the proposals contained in the Housing and Planning Bill and the Welfare Reform and Work Bill, have not been sufficiently detailed by Government to allow detailed modelling of the HRA Business Plan. They do however potentially have significant and wide ranging impacts on the housing sector, including stock retaining authorities such as the East Riding. Proposals relating to reductions in rent, introduction of a reduced benefit cap, a levy on high value housing and charging higher income tenants full market rent all have a direct financial impact to the HRA Business Plan. The reduction in HRA income, both actual and anticipated, has led to revisions in the investment strategy for future

years. However, key initiatives such as the sheltered housing review and existing planned capital and revenue investment in maintaining existing housing stock have been protected over the next five years

The key financial investment points within the HRA business Plan over the next five years are:

- £75.2m of planned capital investment, in improving existing council homes to maintain decent homes, through improved kitchens and bathrooms, re-roofing and windows replacement. This figure includes £11.3m to be used to improve energy efficiency;
- £43.3m to be invested, in responsive repairs, void properties and cyclical maintenance;
- £6m on remodelling and redevelopment of existing sheltered housing stock.

Whilst the focus of Government activity is currently moving towards ownership tenure in general, the Council must not lose sight of the core rented model, which will continue to play a fundamental role. The Council is the largest social landlord in the East Riding and as such has a major role in the future provision of affordable housing for rent to help address the needs of the 7,000 applicants currently on the housing waiting list.

Increasing the supply of affordable housing is therefore a priority for the Council locally and is seen as one of the critical elements in wider economic growth. The Council continues to pursue external grant funding for affordable housing and has been successful in bidding to the Homes & Communities Agency (HCA) for grant funding to deliver 131 affordable homes over the period 2015–2018. This has secured £3.275m in capital grant funding and together with match funding from HRA reserves and borrowing, totals £16.583m of investment in housing over the period.

The successful bid to the HCA for funding enables the Council to continue its delivery of affordable homes and the HCA funding is one delivery mechanism identified within the HRA Business Plan to do this.

Schools

The schools budget is funded by the ring-fenced Dedicated Schools Grant (DSG). The final level of DSG for 2016/17 is £209.6m, based on a pupil number count including pupils at academies. This represents a reduction of £1m compared to 2015/16. The Department for Education recoup an element of DSG from local authorities to fund academies. In 2016/17, £35.4m will be recouped for the 12 schools that have converted to academies and 1 free school.

In addition, the Schools budget receives funding of around £7.6m from the Education Funding Agency for school sixth forms. Furthermore, East Riding schools received £8.4m of pupil premium grant in 2015/16 and a similar level is expected in 2016/17.

Gross Expenditure

The gross revenue expenditure budget for 2016/17 is £733.5m, including the General Fund, schools, and Housing Revenue Account budgets. The following table shows the allocation of the gross expenditure budget to services.

| | £m | % |
|---|--------------|---------------|
| Education | 269.1 | 36.7% |
| Adult Social Care | 144.3 | 19.7% |
| Children's Social Care | 28.4 | 3.9% |
| Public Health | 11.7 | 1.6% |
| Planning and Development Management | 4.9 | 0.7% |
| Economic Regeneration | 7.8 | 1.1% |
| Leisure Services | 8.3 | 1.1% |
| Tourism and Library Services | 11.7 | 1.6% |
| Housing Services | 44.4 | 6.1% |
| Public Protection | 6.3 | 0.8% |
| Streetscene Services - including waste, recycling, grounds maintenance and street cleansing services | 34.0 | 4.6% |
| Transport | 5.4 | 0.7% |
| Highways and Property Maintenance | 43.2 | 5.9% |
| Benefit Payments | 67.8 | 9.2% |
| Business Support - including customer service centres and legal, democratic, finance, human resources, procurement and income collection services | 46.2 | 6.3% |
| | 733.5 | 100.0% |

Capital Investment Programme

The Council has had continued success in securing funding through competitive bidding, allowing for a capital programme which increases the overall scale of investment within the East Riding. Priority for investment is now fully focused on an 'Invest to Save, Sustain and Service Improvement' approach, targeting both growth in economic development and sustainability, aligned to the delivery of corporate priorities.

This is in line with the need to reduce revenue expenditure whilst seeking to sustain, improve and grow, facilitating access to service provision and assisting in growth in the local economy recovery. Planned capital investment will not only sustain and improve our facilities and infrastructure, helping to support the local construction industry and maintain jobs, but will also attract match funding investment towards developing the local economy. In excess of £300m of investment has been secured for investment in the East Riding on Highways Infrastructure, Flood Risk Assets, Schools and Housing. The Council's future capital programme is substantial, with investment now totalling approximately £402m for 2016/17 and future years.

Competitive bidding for Capital Investment in Infrastructure

As part of the 2015 Autumn budget statement, significant long term capital investment in infrastructure and capital budgets have been set to 2020-21, although there continues to be unprecedented changes to the capital funding structure. The range and extent of national policy change has required considerable amounts of resource to ensure we continue to be successful in securing external funding into the area.

The introduction of the Single Local Growth Fund from 2015/16 has also meant that a number of capital grants, previously allocated on a formulaic basis, will now be subject to competition within the Local Enterprise Partnerships' (LEPs') framework. This has allowed more opportunity for bidding, resulting in achieving significant levels of investment for Transport, Highways and Flooding Infrastructure, ensuring continued future investment into the East Riding in excess of £180m.

Rationalisation of Property assets

The Council has continued with a significant programme of rationalising and aligning assets, along with co-locating and integrating services where possible, including working with our public sector partners such as Clinical Commissioning Groups and GPs. An overall reduction of £2.4m annual revenue expenditure is projected to be delivered through the asset rationalisation programme. Some 60 properties have now been released with around £1m already realised through transformation and efficiency measures. These in turn have also released further capital for reinvestment. We have been one of the few successful councils to receive a Transformation Challenge Grant Award towards investment in shared services with GPs within multi-purpose facilities of around £0.5m and further work around joint service provision with GPs is continuing. Additional bids to contribute towards shared facilities have achieved a number of awards in the order of £4m.

Flood Defence Infrastructure

We continue to have a very well developed Flood and Coastal Risk Investment programme, identifying future needs over a 20 year period. This has allowed us to submit a forward six year investment bidding programme at very short notice, resulting in an indicative allocation of over £100m over the next six years. In addition, we have instigated one of the largest flood and coastal alleviation programmes in the country, securing over 11% of national funding for schemes. In order to make the area sustainable for commerce, insurers must be convinced that an appropriate level

of investment is being made in flood risk infrastructure. We are working with the Humber LEP to develop a pipeline of schemes for Growth and European funding.

Highways Infrastructure

We have been recognised as one of nine top performing Highways authorities in respect of Strategic Asset management, which, it is understood, will attract additional investment funding. This is because national investment policy seeks to incentivise proactive asset management which secures best value for money to address the maintenance needs of the highways infrastructure.

In December 2014 the Secretary of State for Transport announced that £6 billion will be made available between 2015/16 and 2020/21 for local highways maintenance capital funding. Of this, £578 million has been set aside for an Incentive Fund scheme, to reward councils who demonstrate they are delivering value for money in carrying out cost effective improvements.

A programme of improvements has been identified and will be implemented over the next 12 months to ensure that the Council continues to receive 100% of available highway maintenance funding in future years.

Housing

We continue to support capital investment in new housing, including increasing the supply of affordable housing. Investment in housing is key for promoting health, wellbeing and independence and along with a new build programme, significant capital investment is being invested in existing housing stock, as set out in the Housing Revenue Account (HRA) Business Plan.

The Government has announced a number of policy changes on housing that will have wide ranging impacts on the Council's HRA, other registered social landlords and the future delivery of affordable housing for rent. Proposals contained in relevant Bills have not been sufficiently detailed to allow detailed modelling. Proposals relating to reductions in rent, introduction of a reduced benefit cap, a levy on high value housing and charging higher income tenants full market rent all have a direct financial impact to the HRA Business Plan.

The reduction in HRA income, both actual and anticipated, has led to revisions in the investment strategy for future years. However, key initiatives such as the sheltered housing review and existing planned capital and revenue investment in maintaining existing housing stock has been protected over the next five years. Proposals for a further 131 units of affordable housing have been approved by the HCA as part of the AHP 2015 – 2018 programme, securing £3.3m of grant leading to over £16m of investment in housing over the next 3 years.

Schools

The Priority Schools Building Programme (PSBP) was launched by the Government in July 2012. The capital funding announced under PSBP was to address the needs of those schools in the very worst condition in the country. The Council has been successful in securing investment of £60m for 4 schools as part of the first phase of the PSBP.

In addition to the Education Funding Agency (EFA) funding, the Council set aside a further £3m of investment to undertake additional works that would not have been delivered under the PSBP scheme. In the main, the contribution will be used to provide additional facilities at Withernsea and Wolfreton as part of the PSBP on works that would not have been provided under the original proposals. The total investment in the two schools is £35.5m. The remaining element of £0.430 will be used to fund improvements works at Market Weighton.

A second phase of PSBP was announced with £2bn of funding available. In 2014, the Council submitted bids for the second phase of the PSBP, and has been successful with three of these:

- Longcroft High School, Beverley;
- Withernsea Primary School; and
- Hilderthorpe Primary School, Bridlington.

The value of the funding is yet to be confirmed, but could be up to £20m, making the East Riding the third most successful of the 25 local authorities in the Yorkshire and Humber and North East region in terms of the number of schools to be awarded PSBP funding.

Despite significant reductions in education capital grants nationally, the Council remains committed to securing investment in East Riding schools and will continue to invest through its capital programme and attract additional grants via competitive bidding.

A programme of around £14m is committed to a number of special schools projects with works to improve facilities and provide replacement accommodation whilst advantage has also been taken of energy initiatives to address energy conservation measure within schools.

Digital Infrastructure

Developments in digital technologies over the last decade have generated a period of economic, social and cultural change. The Government has made a commitment to growth in the UK digital economy and one aspect is the provision of superfast broadband. A combined capital funding programme worth £14.6m from a range of funders has been confirmed and following investment 42,734 East Riding properties were scheduled to have access to superfast broadband services by December 2015 and around 2,500 properties that currently have less than 2Mbps will be given access to an enhanced broadband service.

Energy Investment

Energy infrastructure is essential for economic growth. A proactive approach has resulted in successful funding bids for alternative energy sources and measures. In 2014, the Council successfully secured funding from the Department of Energy and Climate Change to undertake feasibility studies to explore opportunities for developing heat networks within the authority.

We will continue to explore opportunities to invest in low carbon generation technologies such as renewables and have set aside a programme of £2m to invest in energy schemes. These will not only save on energy bills, but will attract a revenue return on the Council's capital investment. Programmes are also underway to address affordable warmth for housing tenants with the aim of addressing fuel poverty and tackling rising energy bills.

Economic Regeneration

The Council is working with both the Local Enterprise Partnerships in the area to attract investment which aims to address market failures as a result of the challenging economic climate with the purpose of boosting economic growth, job creation and facilitating development and town centre enhancements.

We will continue to seek external funding, prioritising future capital investment on the corporate priorities, particularly invest to save, self-sufficiency, sustainability, reduced energy usage and energy costs for local individuals and improving the aspect for economic growth.

Risk Management

The Council, in delivering its priorities, faces a number of risks which could prevent their achievement. These risks are managed by the Council through its risk management process which includes the management of the strategic risks (those which directly affect the corporate priorities) and operational risks (those which we face in the day-to-day delivery of services). Where appropriate we have developed an effective, efficient and economic control environment to help mitigate the threat from these risks down to an acceptable level. These risks and controls have been identified, assessed and are monitored by Directors and Heads of Service. Strategic risks are monitored by the Corporate Management Team and The Cabinet who will continue to review and manage these risks.

The financial plan makes certain assumptions in respect of key variables including new legislation, council tax, inflation, interest payable on borrowing, interest receivable on investments, and the local Government pay award. Sensitivity analysis is undertaken for these items as part of the financial risk assessment of the financial plan, and is used to inform decisions on the level of reserves required to sufficiently mitigate the Council's financial risks.

Budget reduction strategies have been developed for each service area to identify how costs can be reduced over the 2016 to 2021 period whilst continuing to deliver our policies and priorities. Savings proposals are risk assessed to ensure they are feasible, achievable and deliverable.