

# Budget Consultation Meeting with Key Stakeholders

Page 1 28<sup>th</sup> January 2021

Agenda Item 1

# AGENDA

- Welcome and Introduction
- The Spending Round 2020
- Covid19 Expenditure and Income Losses
- Lincolnshire County Council Revenue Budget 2021/22
- Capital Programme 2021/22 onwards
- Council Tax 2021/22
- Business Rate Pooling
- Budget Consultation & Timetable
- Comments & Questions

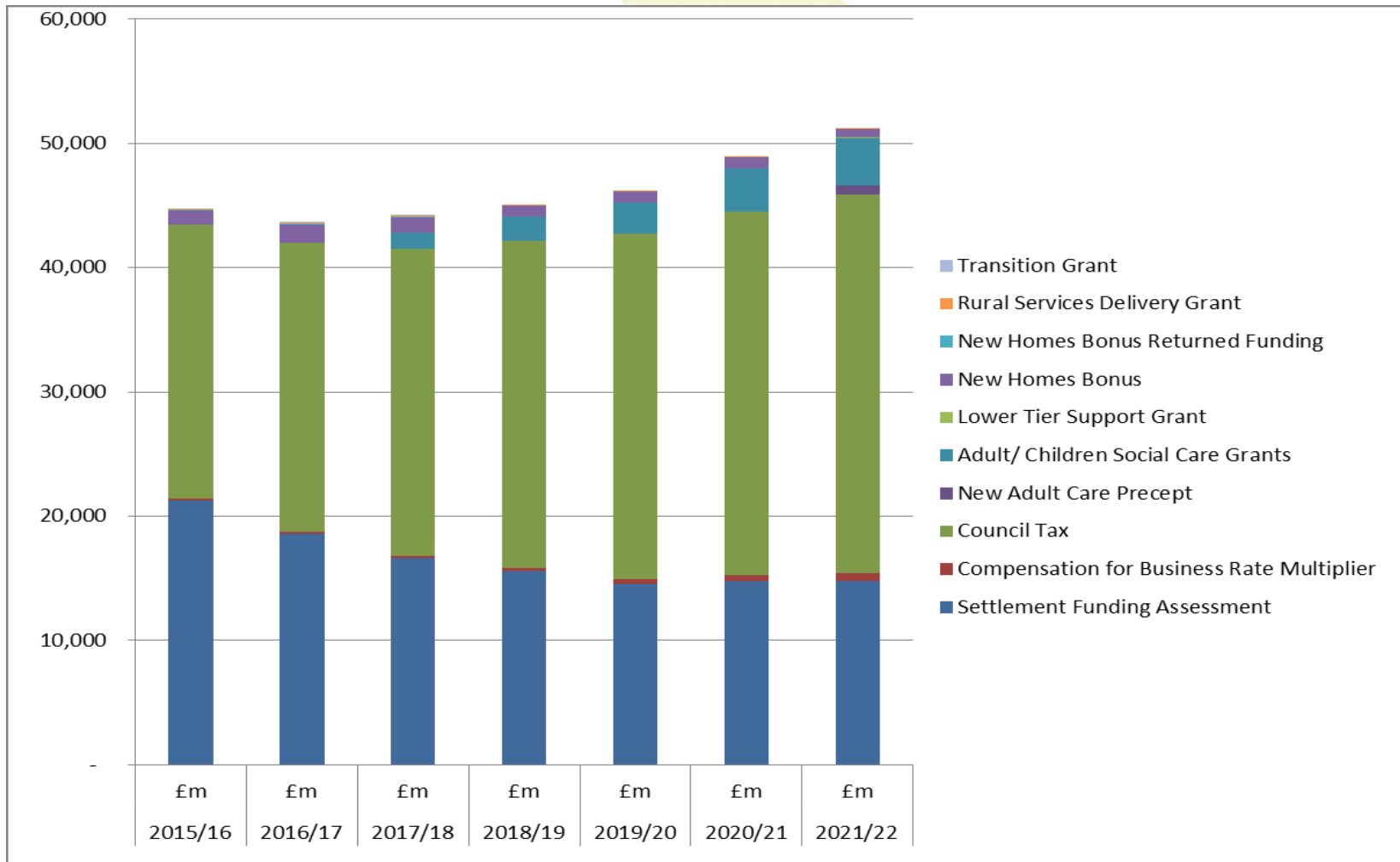
# Spending Round 2020

## National Headlines:

- GDP down 11.3%. Debt forecasted to rise to 97% of GDP by 2025-26.
- Council tax referendum limits of 5%: 2% general, plus 3% for Adult Social Care (ASC). We can defer the ASC precept for one year.
- Core Spending Power to increase by 4.5%.
- Public sector pay is frozen (excluding NHS and those earning less than £24,000).
- The National Living Wage (NLW) will increase to £8.91 (up 2.2%).
- Support for Covid expenditure pressures, and losses of income to continue into 2021/22.

# Local Govt Core Spending Power 2015/16 to

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# Provisional Local Government Finance Settlement 2021/22

## Lincolnshire County Council Headlines

- LCC share of the £300m new Social Care Support grant was confirmed at £5.364m.
- Rural Services Delivery Grant – increased by £0.342m to £7.277m.

### Support for Covid-19

- Covid-19 grant for cost pressures in 2021/22 - £15.159m
- Compensation for increased uptake of local Council Tax Reduction Schemes - £5.354m.
- A guarantee to fund 75% of Business Rate/Council Tax income losses due to Covid19

# Covid – 19 Expenditure and Losses

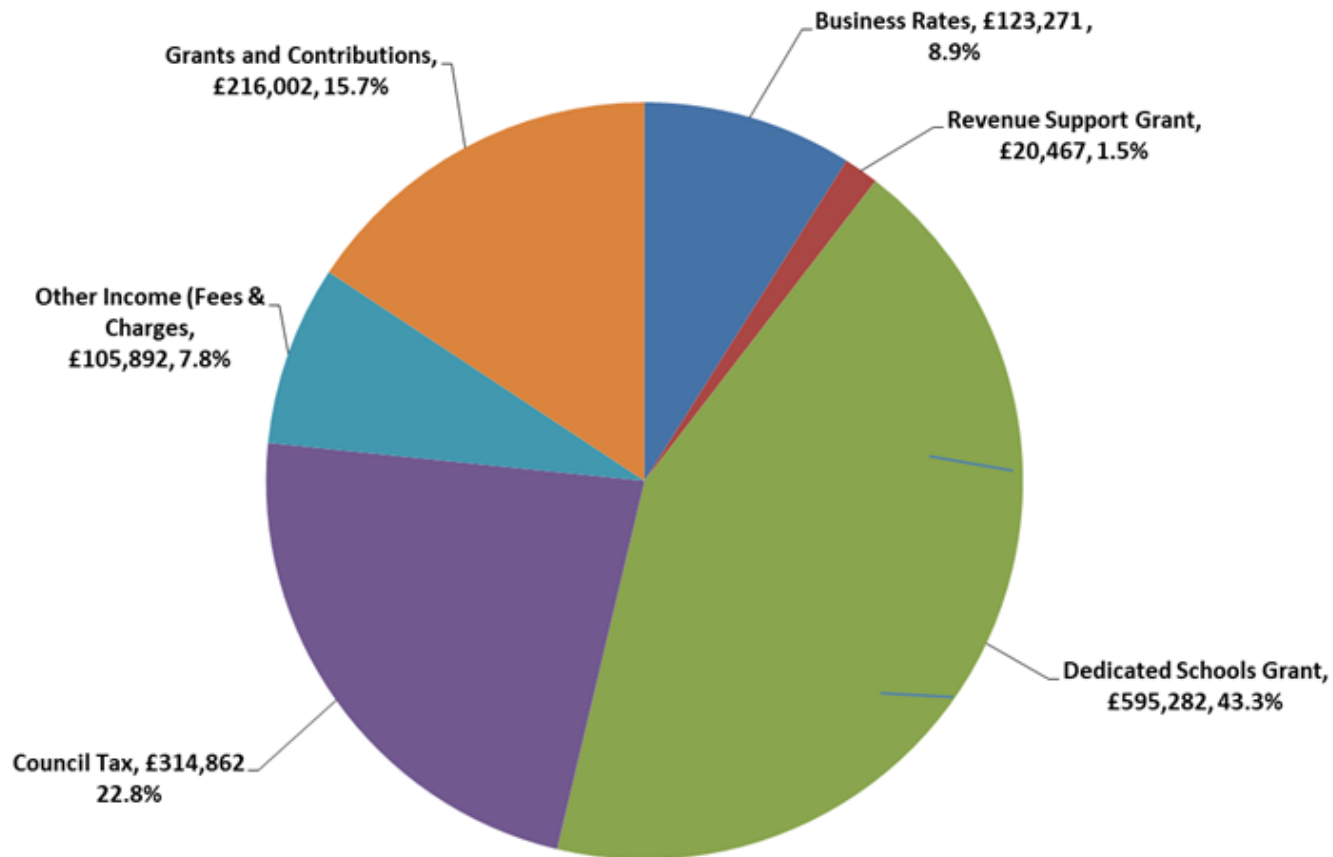
- LCC Total Additional Expenditure and Income Losses in 2020/21 – approximately £94m
  - £51m general additional expenditure/Income Losses
  - £43m Specific new additional expenditure
- LCC getting many grants to cover this expenditure
- Government also announced further grants into 2021/22 to cover
  - General additional expenditure £16m (Tranche 5)
  - First Quarter Income losses – between £1m-2m
  - Contain Outbreak Management – depends on lockdowns and tiers – potentially £3m every 28 days.

# Major Services & Functions

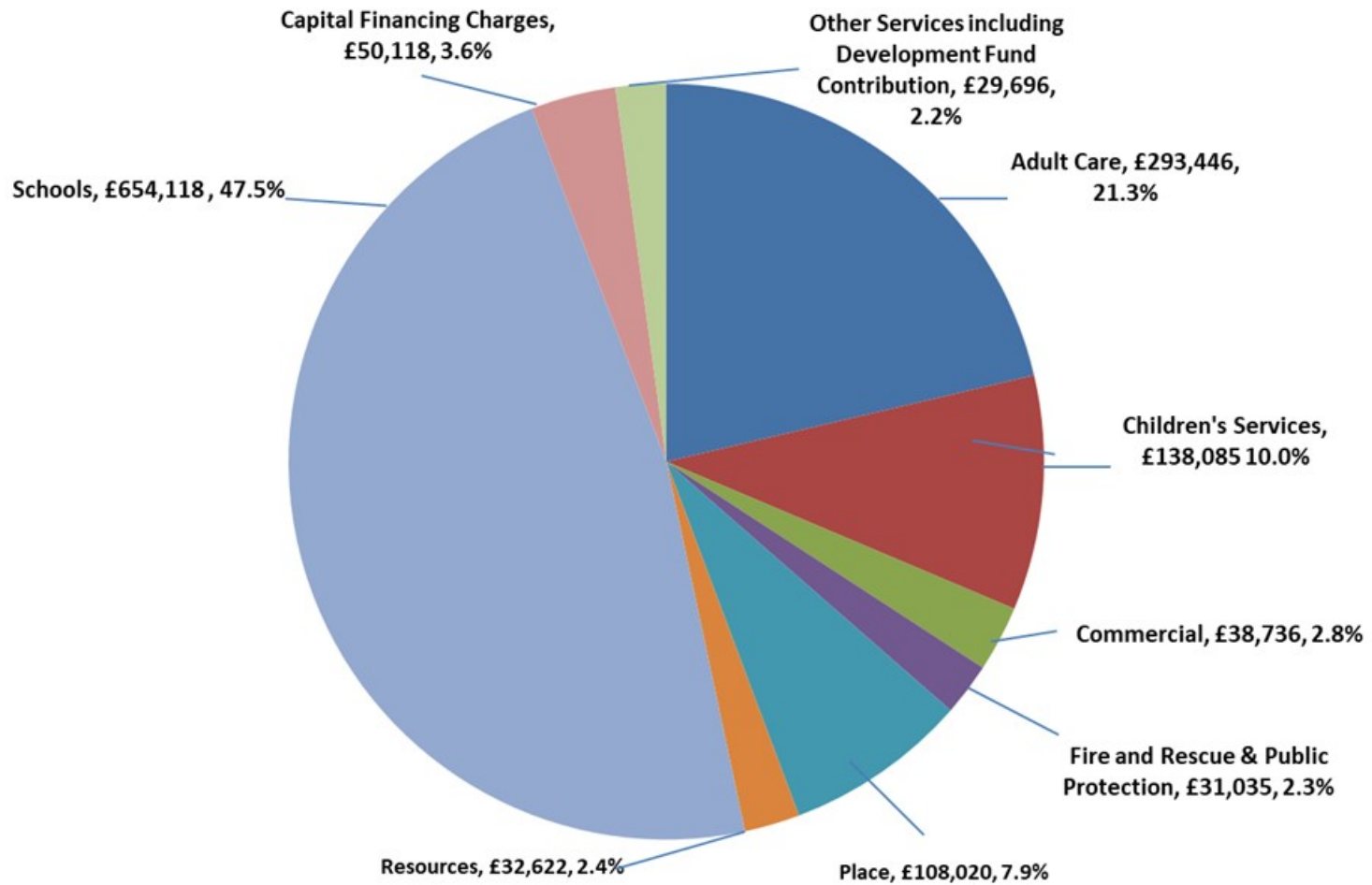
- Adult Social Care
- Children's Social Care
- Public Health
- Highways
- Transport (incl. concessionary fares)
- Education Services (incl. school transport)
- Environmental Services (incl. waste disposal)
- Cultural Services (incl. libraries)
- Economic Regeneration
- Fire & Rescue Services (incl. emergency planning)
- Community Safety (incl. trading standards, youth offending)
- Support Services to the above

But we don't empty the bins, make local planning decisions, provide housing or collect the council tax or business rates

## Sources of Finance 2020/21 £1,375,776 (£000's)



# Gross Expenditure On Services 2020/21 £1,375,776 (£000's)



# Current Budget Strategy and Resilience

- Delayed reforms of Local Government finance creates uncertainty for future financial planning.
- The Council has a good record of delivering savings and operating within budget .
- A blend of savings and the prudent use of reserves has been applied for the last few years to maintain a balanced budget.
- Underspends have been prudently managed to establish reserves to support financial resilience.
- We have, and aim to maintain LCC position in the lower quartile of Council Tax levels

# Recent Trends

Year	Financial Trends						Planned Use of Reserves £m
	General Government Grant £m	Other Govt. Grants received £m	Total Govt. Grant income £m	Savings £m	Cost Pressures £m	Council Tax Increase	
2011/12	211	16	227	57	52	0.00%	0
2012/13	195	17	212	51	23	0.00%	0
2013/14	146	19	165	28	61	0.00%	12
2014/15	125	22	147	40	22	0.00%	8
2015/16	95	25	120	31	31	1.90%	22
2016/17	70	28	98	42	31	3.95%	20
2017/18	48	42	90	39	26	3.95%	18
2018/19	34	49	83	23	30	4.95%	5
2019/20	20	61	81	16	26	4.95%	3
2020/21	20	78	98	15	45	3.50%	0

# Looking Forward - LCC Medium Term Financial Position

Plan prepared using reasonable assumptions on future and this shows:

- 2021/22 £1.921m – surplus – **BUT VERY POVISIONAL**
- 2022/23 £5.74m - deficit
- 2023/24 £8.78m - deficit

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This includes Service savings and the estimated impact of the Provisional Local Government Finance Settlement for 2021/22.

Main driver for increasing budget shortfall is the impact of lower inflation assumptions on business rate income and growing cost pressures.

# Cost Pressures 2021/22

	2021/22
	Cost Pressures £000's
Children's Services	8,193
<b>Adult Care &amp; Community Wellbeing Place</b>	<b>12,155</b>
Fire and Rescue & Emergency Planning Resources	2,090
Commercial	491
Corporate Services	1,895
<b>Total Delivery Budgets</b>	<b>1,450</b>
Other Budgets	91
<b>Total Expenditure</b>	<b>26,365</b>
	353
	<b>26,717</b>

# Cost Pressures for 2021/22

- Increase in contract costs for Adult Social Care services to reflect inflation and National Living Wage increases
- Increases in demand for Adult Social Care Services, particularly relating to working age adults and mental health support
- Increase in the numbers and complexity of children in care and the need for specialist placements
- Increases in the cost of Home to School Transport – inflationary, demand and legislative changes are driving the costs
- Increase in the cost of mixed dry recycling
- Decrease in investment income due to the fall in interest rates.

# Savings 2021/22

	2021/22 Savings / Additional Income £000's
Children's Services	-2
<b>Adult Care &amp; Community Wellbeing</b>	<b>-11,940</b>
Place	-159
<b>Fire and Rescue &amp; Emergency Planning</b>	<b>0</b>
Resources	-389
<b>Commercial</b>	<b>-235</b>
Corporate Services	0
<b>Total Delivery Budgets</b>	<b>-12,725</b>
Other Budgets	-1,103
<b>Total Expenditure</b>	<b>-13,828</b>

# Savings for 2021/22

- Increased specific grant income for adult social care
- Increased specific grant income for Public Health services
- Increased income from adult social care service users relating to the annual uplift of benefits
- Decreased capital financing charges arising from a re-phasing of the capital programme
- Some efficiencies e.g. reduced printing

# Reserves

- Two types – General Reserve (£16.1m) and Earmarked Reserves (£219.329m)
- General Reserve for unforeseen events/emergencies only.
- Earmarked Reserves include money relating to
  - Schools
  - Grants
  - Earmarked for specific use
- Financial Volatility Reserve created to assist in balancing the budget in future years. Current value is £52.683m

# Capital Programme and affordability

We have costed a 10 year gross programme of **£526m** (2021-2030), (net - £394m)

- Includes schools gross requirement of £131m (net - £58m)
- Includes £7.5m p.a. corporate development budget for bids to be made to.

We manage the volatility of capital financing charges over the medium term via an earmarked reserve

# Capital Programme

Schemes to be included in the programme are:

Schools:

- Delivery of SEND Schools Provision

Place:

- Replacement of two Household Waste Recycling Centres
- Separated paper and card recycling scheme
- Heritage / Archives - Future development of the Heritage service.
- Economic Development – Business Units
- Improvements to Holdingham Roundabout
- North Hykeham Relief Road
- Spalding Western Relief Road - Section 1 and Section 5.
- Grantham Southern Relief Road

Commercial:

- Continuation of provision of superfast broadband

# Council Tax

- Proposed to increase the Council Tax by 1.99% in 2021/22
  - 1.99% General
  - 0.00% Adult Care.(ie. No increased funding relating to Adult Social Care)

County Council element of the council tax	2020/21	2021/22
Band D council tax	£1,337.58	£1,364.16
Increase over previous year	3.50%	1.99%

- The Council will maintain it's position in the lowest quartile of all 27 English shire counties.
- This generates £6.193m p.a. in additional income
- Increase will cost a Band D taxpayer an additional £26.58p.a. (£0.51 per week)
- Taxbase growth will generate an additional £1.683m

# Business Rate Pooling

- 2020/21 LCC in a Pool with all 7 District Councils
- 2021/22 LCC in a Pool with 6 District Councils (not SHDC)
- Being in a pool in 2021/22 is expected to generate approximately £1.8m additional funding (this is subject to uncertainty brought about by the covid19 pandemic).

# Consultations & Engagement

- Public via the website
- LCC Scrutiny Committees throughout January
- Businesses, Trade Unions and public sector partners via meeting today

## Next Steps

Budget consultation – January 2021

Executive Recommend Budget to full Council – 2<sup>nd</sup> Feb 2021

2021/22 Budget Approved by Full Council – 19<sup>th</sup> Feb 2021

# Any Questions?