

**EXECUTIVE
 7 FEBRUARY 2023**

PRESENT: COUNCILLOR M J HILL OBE (LEADER OF THE COUNCIL)

Councillors Mrs P A Bradwell OBE (Executive Councillor for Children's Services, Community Safety, Procurement and Migration) (Deputy Leader), R D Butroid (Executive Councillor for People Management, Legal and Corporate Property), L A Cawrey (Executive Councillor for Fire & Rescue and Cultural Services), D McNally (Executive Councillor for Waste and Trading Standards) and Mrs S Woolley (Executive Councillor for NHS Liaison, Community Engagement, Registration and Coroners)

Councillors: P M Dilks and T J N Smith attended the meeting as observers

Officers in attendance:-

Debbie Barnes OBE (Chief Executive), Andrew Crookham (Executive Director Resources), Glen Garrod (Executive Director - Adult Care and Community Wellbeing), Michelle Grady (Assistant Director – Finance), Andy Gutherson (Executive Director Place), Heather Sandy (Executive Director of Children's Services), Nigel West (Head of Democratic Services and Statutory Scrutiny Officer) and Rachel Wilson (Democratic Services Officer)

52 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors C J Davie, R G Davies and Mrs W Bowkett.

53 DECLARATIONS OF COUNCILLORS' INTERESTS

There were no declarations of interest at this point in the meeting.

54 ANNOUNCEMENTS BY THE LEADER, EXECUTIVE COUNCILLORS AND EXECUTIVE DIRECTORS

There were no announcements by the Leader, Executive Councillors or Executive Directors.

55 MINUTES OF THE MEETING OF THE EXECUTIVE HELD ON 4 JANUARY 2023

RESOLVED

That the minutes of the previous meeting held on 4 January 2023 be agreed and signed by the Chairman.

56 COUNCIL BUDGET 2023/24

Consideration was given to a report from the Executive Director – Resources which asked Executive to propose to full Council the Council’s budget and council tax in light of the provisional local government settlement and consultation comments on its initial proposals. The Executive was also asked to consider prudential targets in relation to capital financing and other treasury management matters.

The Executive Director – Resources introduced the report and reiterated some of the key messages following the report presented to the Executive in January 2023, including around the uncertainty for the future. It was noted that the Council had been given a one year settlement for 2023-24, with an indicative position for 2024-25, with 2025-26 onwards looking more uncertain in terms of a future funding package due to a number of reasons including the fair funding reforms campaign.

The Assistant Director – Finance guided the Executive through a further update to the Council Budget 2023/24, which had been circulated prior to the meeting, which set out a revised budget position following confirmation from the district councils of the Council Tax bases; Council Tax Collection Fund; Business Rates Tax Base; Business Rates Collection Fund; and changes to the Cost Base following the deep dive to quantify the level of financial risk within the delivery model and cost of the education transport service and implications of the latest information on the Budget Position.

An updated Appendix F to the report was also circulated prior to the meeting, which included budget consultation feedback from scrutiny committees; members of the public and notes from the consultation meeting with external stakeholders.

The report presented to the Executive in January set out three options for Council Tax increase for consultation, and the option proposed was 4.99% which included the 2% Adult Social Care precept and would generate an approximate additional £7million of funding compared to the increase of 2.99%. In response to consultation feedback, it is proposed to allocate an additional £7m spend on highways, including pedestrian crossings and addressing Traffic Regulation Orders (TRO’s). The original report highlighted the evolving cost pressures around education transport and further detail was provided in paragraph 1.18 of the update. The update also reported that the council tax collection fund had made a small surplus, whilst the council tax base had been smaller than budgeted. A small deficit in the Business Rates fund had been planned for, but a small surplus was being reported. Table E in the update showed that the Council would need to draw down £9.4m from the earmarked reserved to balance the budget. There were no changes proposed to the Capital Programme. The final Settlement had been published late the previous evening, and officers were working through the data to check if there were any changes to the grant allocations.

The Vice Chairman of the Overview and Scrutiny Management Board was in attendance to present the comments of the Board following its consideration of the proposals at its meeting on 26 January 2023. It was noted that all scrutiny committees supported the proposed budget, particularly in relation to Adult Social Care, where the Committee suggested a mechanism for valuing the benefits of the services provided. The Overview and

Scrutiny Management Board commented that it was conscious of the cost of living increases that residents were facing, but were also conscious of the challenges faced by the authority.

During discussion by the Executive, the following points were made:

- It was considered that Lincolnshire had received a good settlement given the circumstances, and the Council was fortunate to be able to take money out of reserves to balance the budget. This was something that many authorities were not able to do.
- There was a substantial increase in the home to school cost pressures. The Executive Director – Place summarised the range of issues which had led to these cost pressures which included inflationary pressures, repricing of contracts and changing expectations and requirements of individual children, as well as increased numbers of children who were eligible for this service.
- It was commented that whilst the headline figures made Lincolnshire look comfortable, it still had one of the lowest council tax bases and a lot of rural communities to support.
- It was queried what future pressures would be faced by Children’s Services, and the Executive Director – Children’s Services advised that most of the pressures would be around placements and children in care, as the market for children in care placements was becoming increasingly difficult with providers reluctant to work with some of the most challenging children. Lincolnshire has tried to mitigate the impact of this by opening two children’s homes. It was noted that there were also pressures around workforce nationally and use of agency workers but again, the authority had worked to minimise the impact of this. Nationally there had also been an increase in the proportion of children not educated in mainstream provision, as well as an increase in the numbers of Education, Health and Care Plans (EHP’s) and children requiring a specialist setting.
- In terms of challenges around Adult Care, it was highlighted that the main challenge would be around the continuation of short term funding. The absence of a long term sustainable funding base would create problems for all councils with responsibility for Adult Social Care. This meant that authorities were unable to have long term contracts with providers. However, it was acknowledged that this had been a better settlement for Lincolnshire than had been expected last autumn. It would allow the Council to be able to cover inflationary pressures, but it would not enable the gap between public and private funded care to be closed. It was also noted that workforce pressures would continue, as pay inflation had not been resolved in a number of areas. It was concluded that Lincolnshire was in a reasonably good position, and probably had one of the better relationships with social care providers, and provided good services to people. It was likely that the service would be fairly stable for the next year, but after that it would be much more difficult to predict.
- It was commented that due to the settlement, which was better than anticipated, the Council was in a slightly better position for the year ahead, than expected. Inflation was currently at 10% but was coming down slowly, but it needed to be remembered that the Council would still be using reserves and needed to find £11m of savings.

Officers were working hard to balance the books and provide the services that the public needed.

- It was noted that there would be some additional funding into the highways budget which would address some of the issues on the rural road network, as well as TRO's and pedestrian crossings etc. It was highlighted that this additional package of measures reflected the feedback from members of the public, and would have an impact on a local level.
- Support was expressed for the additional highways funding, and it was commented that every community would see a benefit from this.

RESOLVED

1. That the effect of the funding available and revenue expenditure position as set out in paragraphs 1.33 – 1.34 and Table B of the report, supported by additional information in Appendix A and the document entitled "Update to the Council Budget 2023/24 report to the Executive 07 February 2023" ("the Update") be noted.
2. That the Equality Impact Analysis at Appendix B and the consultation and engagement comments as shown in Appendix F as supplemented prior to the meeting be noted.
3. Subject to recommendations 4 and 5 below, that the below be recommended to Full Council:
 - a) The revenue budget for 2023/24 proposed in Table B of the report as amended in Table E of "the Update";
 - b) The capital programme for 2023/24 proposed in Table C and Appendix C of the report;
 - c) The levels of council tax proposed in Table D and shown in Appendix D of the report including the increasing of council tax in 2023/24 by 4.99% inclusive of 2% for Adult Social Care;
 - d) The prudential indicators for 2023/24 shown in Appendix E of the report;
 - e) The Medium Term Financial Strategy attached at Appendix G to the report;
 - f) The Capital Strategy 2023/24 attached at Appendix H to the report.
4. That the Leader of the Council be requested to review and amend the Executive's budget recommendations to the County Council, as appropriate, in respect of; the final Local Government Finance Settlement; the financial impact of the completion of the deep dive into the education transport pressure, and; the receipt of local taxation data from the District Councils if received between the Executive meeting and the County Council on 17 February 2023.

5. That the Leader of the Council be requested to review and amend the prudential indicators and the figures within the Medium Term Financial Strategy to be recommended to the County Council as appropriate, to ensure consistency with final budget recommendations made to the County Council meeting on 17 February 2023.

The meeting closed at 10.59 am