

### **Budget Consultation Feedback**

This appendix sets out the feedback from a range of budget consultation events occurring during January 2018. These include:

- Reports and presentations to Scrutiny Committees;
- Public Consultation on budget proposals via the Council's website; and
- Meeting with businesses, trade unions and other public bodies.

These comments will be considered by the Executive in recommending the budget for approval by County Council.

An update on the budget consultation feedback will be tabled/reported verbally at the meeting for feedback received after the deadline for this report.

### **Budget Comments from Scrutiny Committees**

#### **Adults and Community Wellbeing Scrutiny Committee – 10 January 2018**

The Adults and Community Wellbeing Scrutiny Committee considers regular budget monitoring reports as part of its work programme. On 10 January, the Committee's regular budget monitoring report indicated that Adult Care and Community Wellbeing was anticipating an overall underspend of £0.221 million for its outturn projection for 2017/18. This is in the context of a net budget of £216.229 million. The Committee also recorded a view that this service was a people based service.

The Committee gave detailed consideration to the budget analysis for each service area within Adult Care and recorded its appreciation to officers for their work in delivering in effect a balanced budget, noting this was now the sixth year in succession in which such an achievement had been made.

The Committee also considered the budget proposals for Adult Care and Community Wellbeing for both 2018/19 and 2019/20, and gave its support to overall net budgets of £219.891 million and £226.952 million respectively. The Committee recognised that the budget had the potential for considerable demand-led cost pressures, which might be outside the Council's control.

#### **Children and Young People Scrutiny Committee – 19 January 2018**

The Children and Young People Scrutiny Committee considered the revenue and capital budget proposals for 2018/19 and 2019/20 for the four commissioning strategies under Children's Services.

The Committee's primary focus was on the Home to School Transport Budget, and in particular the current policy for transport to grammar schools. The Committee was advised that any changes to the Home to School Transport Policy would only impact in the long term, beyond the two year budget under the Committee's consideration. This is

because the Council's Home to School Transport Policy needs to be known to enable parents and pupils to make decisions about applications for school places. The Home to School Transport Policy remains on the Committee's work programme.

Reference was also made to the discretionary power of district councils to exempt care leavers from the Council Tax. East Lindsey District Council had already exercised its power in this way and other district councils were encouraged to do so.

The Children and Young People Scrutiny Committee supported the revenue and capital budget proposals for 2018/19 and 2019/20.

#### Environment and Economy Scrutiny Committee – 16 January 2018

The Environment and Economy Scrutiny Committee considered budget implications for the commissioning strategies Protecting and Sustaining the Environment and Sustaining and Growing Business and the Economy.

The Committee supported the announcement for Lincolnshire to retain 100% of its business rates growth in a government pilot and noted that this has the potential to result in a £14m increase in funding across Lincolnshire CC, the seven district councils and North Lincolnshire Council.

The Committee highlighted that Sustaining & Growing Business and the Economy whilst a small budget area 'packs a punch' in supporting business growth. The Committee supported a greater focus in this area due to the effects of Brexit, the need to continue to attract external funding and promote continued development of skills and training within Lincolnshire.

The Committee highlighted the budget pressures in relation a waste disposal costs as a key area for review in the coming year to ensure budgets remained effective. This was due, in part, to future concerns in the capacity at the Energy from Waste (EfW) facility and the need to consider alternative markets' following China's waste import ban.

The Committee endorsed the overall proposed revenue and capital budget proposals for 2018/19 and 2019/20 and supported the public consultation process on the potential greater increase in Council Tax.

#### Highways and Transport Scrutiny Committee – 22 January 2018

The Highways and Transport Scrutiny Committee considered budget implications for the commissioning strategy 'Sustaining and Developing Prosperity through Infrastructure'.

The Committee highlighted support for the current Highways weed spraying single-spray policy to be reviewed and consideration given to increase the number of treatments as part of the budget setting process for 2018/19. The Committee acknowledged current budget limitations but highlighted the relatively small cost (£130k) of the service and the identified budget pressure of £20,000 due to the increased delivery costs associated with the single-spray policy. The Committee recommended that this be considered against the risk of potential higher maintenance costs in the future, owing to the impact increased weed growth could have on structural damage to the Highway.

The Committee noted the referendum threshold for the general Council Tax element would increase for both 2018/19 and 2019/20. The Committee supported increasing Council Tax by an additional 1% to better enable a balanced budget, fund the identified budget pressures and enable an increase in ongoing revenue rather than relying on the use of reserves alone.

The Committee highlighted the success of the Lincoln to Nottingham Rail Service and supported the removal of temporary funding, as from 2018 onwards this service will be funded through a new direct award negotiated between the operator and Department for Transport.

The Committee endorsed the proposed revenue and capital budget proposals for 2018/19 and 2019/20.

#### Public Protection and Communities Scrutiny Committee – 23 January 2018

The Public Protection and Communities Scrutiny Committee considered budget implications for the commissioning strategies Community Resilience and Assets, Protecting the Public and Heritage Services.

The Committee endorsed the reduction of the use of 'bank' operational staff to support Retained Duty System (RDS) availability given assurances from officers that this would not put communities at increased risk, due to a reported increase in RDS recruitment and overall smarter working practices within the service.

The Committee supported the announcement for Lincolnshire to retain 100% of its business rates growth in a government pilot and noted that this has the potential to result in a £14m increase in funding across Lincolnshire CC, the seven district councils and North Lincolnshire Council.

The Committee highlighted the need for additional information in relation to the proposed transition for the Heritage service moving towards a self-financing model of delivery. The Committee endorsed the principle of the proposed changes, including a focus on effective management of Heritage assets going forward.

The Committee endorsed the proposed revenue and capital budget proposals for 2018/19 and 2019/20.

#### Overview and Scrutiny Management Board – 25 January 2018

The Overview and Scrutiny Management Board met on 25th January 2018 and considered a report concerning Council Budget 2018/19. The Committee supported the recommendations contained within the report.

In addition, the Committee has made the following comments;

- A member commented that it made sense to increase Council Tax by the maximum allowed without holding a referendum (4.95%) to protect the level of reserves;

- A member supported a request from the Highways and Transport Scrutiny Committee for the Council to fund an increase in the frequency of weed spraying;
- In answer to concern expressed by a member of the Board about cuts to the grant to the Citizens Advice Bureau (CAB), officers confirmed that it had been agreed to allocate £277,000 to support the CAB for their core services; and
- A member stressed the importance of keeping reserves healthy to respond to any future cost pressures.
- In answer to concern raised by a member of the Board about the decision to end the graduate programme for new entrants and the Leadership Management Development Programme, the Board was advised that the Council's focus was now on apprenticeships. The Local Authority currently paid an apprenticeship levy and there were opportunities to claw some of the levy back through approved apprenticeship programmes. These apprenticeships were available at all levels of development, not just school leavers; and
- While it was generally accepted that there was a need to fundamentally review the Council's Information Technology (IT) Strategy, and earmark funds for investment in IT, it was commented by members of the Board that there would be a need in the future to provide a business case and more detail to justify the budget of £3m, highlighted in the report. Members were reminded that a Scrutiny Panel was reviewing the situation and would be reporting back to the Executive later this year.
- Councillor R L Foulkes (Chairman of the Children and Young People Scrutiny Committee) requested clarification of which District Councils had implemented a council tax scheme where District Councils could use their discretionary powers to waive council tax for care leavers up to the age of 21. The Board supported this and officers were asked to confirm which District Councils, if any, had implemented this type of scheme for the 2018/19 financial year.

### **Public Consultation – Comments received from Members of the Public**

We have received a number of responses to the budget proposals consultation from members of the public.

The main points from the responses received are as follows:

- Concern expressed in relation to reduced funding to the Citizens Advice Bureaux.

### **Consultation Meeting with External Stakeholders Comments**

A Budget Consultation meeting was held with external stakeholders on 26 January 2018.

The Leader welcomed everyone to the meeting stating that the purpose of the meeting was to hear the views of non-domestic ratepayers, business groups, Trade Unions and District Councils on the County Council's budget proposals for the next two financial years based on the four year funding deal announced by Government as part of the 2016/17 Local Government Financial Settlement. The results of this consultation would be reported to the Executive on 6 February 2018 and then to the full Council budget meeting on 23 February 2018.

Councillor M A Whittington gave a brief explanation of how the budget would be scrutinised by the Council.

The meeting received a presentation by officers on the budget proposals and issues highlighted on the various headings in the presentation included:-

- "The Council's service priorities" – these were 4 years old but still relevant to the Council going forward.
- "Background information on spending" – children's social care was becoming a significant service/cost pressure.
- "Background information on spending" – this highlighted increased outsourcing of Council services in recent years.
- "Background information on spending" – the noticeable reduction in the funding received from the Revenue Support Grant and the expanding Council Tax. Only £20m, of the £106.8m, from Business Rates was generated in Lincolnshire, the remaining coming from Government Top Up.
- "Local Authority Current Spend (England)" – the noticeable reduction in spend on local authority services as a proportion of Gross Domestic Product (GDP).
- "English Local Authority Under/Overspends by Service Area" - the noticeable trend since 2011/12 of local authorities going from underspend to overspend on services.
- "The Four Year Deal" – the trend since 2016/17 of the reduction in the Revenue Support Grant from the Government and the increase in the Top Up Grant (part of the Business Rate allocated to the Council).
- "Current Budget Strategy" – the continuation by the Council to use a blend of savings and the prudent use of reserves to offset cost pressures and reduced government funding.
- "Recent Trends" – demographic changes (increase in the elderly) and pay (increase in the National Living Wage) were cost pressures which the Council could not control. The use of Reserves in each year has been less than originally anticipated.
- "National Funding Gap 2019/20" – all local authorities were affected by a reduction in government income and increased expenditure.
- "Provisional Local Government Grant Settlement" – the settlement was in accordance with what the Council had anticipated. The Council welcomed the maintenance of the level of Rural Services Delivery Grant at the current year level
- "Revenue Budget Projections for 2018/19 and 2019/20" – much had changed since the Executive meeting in December 2017 with the biggest change being the reduction in the proposed use of Reserves (down from £29.8m to £14.2m) partly due to the tax base growth identified following information received from the District Councils.
- "Revenue Budget – Service Area Impact" –cost pressures driven by increases in the number of elderly and the National Living Wage. There were cost implications of outsourced contracts whose charges would be required to be uplifted by the National Living Wage increase; an increase in the cost of Children Looked After because of changes in legislation and the implications of an increase in pay inflation due to a 2% increase being offered in the next pay round.
- "Net Addition to Reserves by English Local Authority type" – it was noticeable in the period from 2011/12 to 2014/15 local authorities were adding to reserves but

since 2015/16 local authorities were drawing down reserves to pay for the delivery of Adult Social Care.

- Capital Programme – it was noted that the £11m for the Boston Barrier was now for schemes related to the Barrier.
- Business Rate Localisation Pilot Bid – it was noted that the 75% localisation was now proposed by Government but pilots will remain at the 100% localisation level; the Council's share of the expected £14m from the localisation of the business rate was estimated at £4.3m. It was required that the Council would allocate half of this to children services and half to advanced highway design as indicated in its bid. The business rate pilot was a one year project.

Comments and responses, included:-

- The opportunities to borrow money in a period of low interest rates. Officers explained the Council's borrowing strategy and the cost effective method of borrowing money through the Public Loans Board. Examples were provided of the Council's current capital programme.
- Why was the budget increasing for Children Looked After? Officers stated that expenditure on Children Looked After was due, in part, to changes in legislation (the age which these children had to be looked after had increased from 18 years to 25 years) and society was demanding higher standards of care.
- Was it planned to replenish the Reserves at some stage? The meeting was informed that the Government's Bellwin scheme was there to cover costs arising from major emergencies. The Council would wish to rebuild its reserves in future should circumstances permit.
- Which local authority had the highest and lowest Council Tax? Northamptonshire County Council had the lowest Council Tax but was experiencing budget problems. The highest Council Tax shire area is Nottinghamshire.
- There were issues of asset stripping by Academies. The meeting was informed that this was an issue for all local authorities with education responsibilities as they had responsibility for managing the debts of those schools which had become academies.
- What was the projection for the increase in debt for the Council? The Council's debt was well managed and within the guidelines and the Council received Government grants to offset the need to borrow in many key service areas.
- The meeting was informed of the Council's budget situation following the liquidation of Carillion. The main impact was on the construction of the Lincoln Eastern Bypass but a new contractor had been appointed in the short term to undertake the work carried out by Carillion.
- The meeting was informed that the Council borrowed for capital schemes, e.g. the Energy from Waste project, instead of PFI contracts and this had been the Council's preferred method as it allowed more flexibility.
- The meeting was informed that in the past the Council had outsourced many of its services with substantial savings. However, savings from outsourcing were not now as much as they had been and the Council was bringing some services back in house.

- The impact of Brexit on businesses because of the reduction in immigration. Officers stated that Brexit was unlikely to affect the number of immigrants or the level of the Council Tax and that the fall in the value of the pound was likely to have a more detrimental effect on immigration.
- Was business likely to have more involvement in the budgetary process especially in view of the changes to the Business Rate? The meeting was informed that businesses would likely be more involved in this process if the new pilot project was implemented permanently.
- The meeting was informed that the Council had got sufficient reserves for three years and the proposed budget allowed the Council to prudently plan ahead.
- The meeting was informed that the Government was consulting local authorities on a fairer funding regime and the Council hoped that by 2020 the financial formula would be amended in its favour. However, if nothing changed then there could be problems in 2020/21 and beyond.
- The meeting was informed that the Better Care Fund had provided crucial additional funding for Adult Social Care.
- What strategy was proposed to achieve economic growth? The meeting was informed that Council's strategy was to grow the local economy in conjunction with the Local Enterprise Partnership (LEP) but it was still behind the growth of the national economy.

### **Attendees**

<b>Name</b>	<b>Organisation</b>
Richard Wyles (Assistant Director for Finance)	South Kesteven District Council
Shaun McGarry (Commercial & Finance Director)	Calders and Grandidge
Russell Stone	North Kesteven District Council
R J Brearley	RJB Consultants
Councillor M J Hill OBE	Leader of Lincolnshire County Council (LCC)
Councillor M A Whittington	LCC
Councillor A Newton	Leader of the Independent Group, (LCC)
Councillor A Austin	LCC
Steve Galjaard	Lincolnshire Co-op
Matt Corrigan	Lincolnshire Business Improvement Group
Peter Isaac	Oldrids and Downtown
Ken Rustidge	Lincolnshire National Education Union
Councillor B Young	Executive Councillor for Community Safety and People Management, (LCC)
Marc Jones	Police Crime Commissioner
Pete Moore	LCC Finance
David Forbes	LCC Finance
Michelle Grady	LCC Finance
Claire Machej	LCC Finance

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