

**Open Report on behalf of Andy Gutherson, Executive Director – Place**

Report to:	<b>Environment and Economy Scrutiny Committee</b>
Date:	<b>14 January 2020</b>
Subject:	<b>Revenue and Capital Budget Proposals 2020/21</b>

**Summary:**

The report outlines the budget proposals for the next financial year 2020/21.

The Provisional Local Government Finance Settlement for 2020/21 has not been issued at the time of writing this report, but it is expected that the settlement will be in line with the funding announced in the Local Government Finance Settlement 2020/21 Technical Consultation released on 9 October 2019. The budget proposals for 2020/21 are therefore estimated at this stage.

This report specifically looks at the budget implications for the Council's Environment and Economy services.

The Executive will consider budget proposals at its meeting on 7 January 2020, following which they will be open to consultation.

Members of this committee have the opportunity to scrutinise them and make comment, prior to the Executive meeting on 4 February 2020 when it will make its final budget proposals for 2020/21.

**Actions Required:**

The Environment and Economy Scrutiny Committee is asked to consider this report and members of the committee are invited to make comments on the budget proposals. These will be considered by the Executive at its meeting on 4 February 2020.

**1. Background**

- 1.1. The Executive is preparing to consult on a single year revenue budget for 2020/21 following the government delaying the full spending review until 2020. The Council continues to face significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care and inflationary pressures on contracted services. Uncertainty around government funding beyond that announced in the Local Government Finance Settlement 2020/21 Technical Consultation on 9

October 2019, means that it is not considered practicable for the Council, to develop detailed long-term financial plans. However, a review of the Medium Term Financial Plan (MTFP), maintained by the Executive Director – Resources, which sets out expectations for what the Council's budget will look like over the next three years is included in the budget proposals being considered by the Executive on 7 January 2020.

- 1.2. A Government Spending Review is due to take place in 2020 to determine the amounts to be allocated to each Government spending department. It is not yet known what period of time the Spending Review outcomes will cover. The impact of the Government's Fair Funding Review and Business Rates Retention reforms is expected to be known in the autumn of 2020 and the MTFP will then be updated.
- 1.3. For 2020/21 budgets have been reviewed in detail based on the latest available information to arrive at the proposals set out in this report. In developing its financial plan the Council has considered all areas of current spending, levels of income and council tax plus use of one off funding (including use of reserves and capital receipts) to set a balanced budget.
- 1.4. All areas of service expenditure have been reviewed to identify cost pressures which must be funded and savings which can be made through efficiencies with no or minimal impact on the level of service provided.
- 1.5. On an annual basis the Council has the opportunity to review the level of Council Tax. Central government sets thresholds above which a local authority would be required to hold a referendum for Council Tax increases. In the Technical Consultation on the Local Government Finance Settlement it was proposed that the referendum threshold for general Council Tax would be 2% for 2020/21. This means that, together with the 2% Council Tax increase for Adult Social Care allowable in 2020/21, Lincolnshire County Council may increase council tax in 2020/21 by up to 4% before requiring a referendum.
- 1.6. At its meeting on 7 January 2020 the Executive will consider proposals for the Council's revenue and capital budgets to be put forward as a basis for consultation including the proposed level of council tax increase for 2020/21.
- 1.7. Funding for 2020/21 is estimated based on the Local Government Finance Settlement 2020/21 Technical Consultation which was released on 9 October 2019.

1.8. Table A shows the total proposed revenue budget for the Council's Environment and Economy services.

TABLE A

2020/21 Revenue Budget	Original Budget £000	Pay Inflation £000	Cost Pressures £000	Savings £000	Proposed Budget 2020/21 £000
Environment inc Flood Risk Management	3,092	26		-66	3,052
Waste Management	22,285	21		-591	21,715
Sustainable Planning	985	25			1,010
Economic Development	1,058	18			1,076
Economic Infrastructure	376	13			389
Infrastructure Investment	475	12			487
Development Management	1,288	17			1,305
GLLEP	391	7			398
<b>Total</b>	<b>29,950</b>	<b>139</b>	<b>0</b>	<b>-657</b>	<b>29,432</b>

1.9. The Environment and Economy Services are proposing to make savings of £0.657m in 2020/21.

1.10. The budget proposals for these services have allowed for pay inflation of 2% for 2020/21. There are no other service specific cost pressures for 2020/21 for these activities.

1.11. The Lead Local Flood Authority grant for 2020/21 has been assumed to be the same level as in the current year at £0.125m.

1.12. In Environment Services increased contributions from third parties, integration of Countryside Services systems with existing Highways Services systems and realignment of the budget with current service requirements is expected to generate savings in 2020/21 of £0.066m.

1.13. Within Waste Management Services lower levels of material being presented at Household Waste Recycling Centres, lower volumes of composting being collected, reduced repairs and maintenance and haulage costs are budgeted to generate savings in 2020/21 of £0.591m.

#### Capital Programme

1.14. A ten year Capital Programme has been compiled in line with the principles set out in the Council's Capital Strategy, including the principle of affordability. Schemes include a number of major highways projects, provision of school places, replacement of two Household Waste Recycling

Centres, the rolling programme of renewal and replacement of fire fleet vehicles, gritters fleet and vehicles at the Waste Transfer Stations, improvements and review of the property portfolio, Information Technology developments and re-phasing of existing schemes.

1.15. The full Gross Programme totals £170.077m for 2020/21 plus a further £364.159m for future years, with grants and contributions of £127.864m giving a net programme of £406.372m to be funded by the County Council.

1.16. Table B shows the proposed gross capital programme for the Council's Environment and Economy services.

**TABLE B**

Capital Programme (2019/20 plus Future Years)		Revised Gross Programme 2019/20 £000	Revised Gross Programme 2020/21 £000	Gross Programme Future Years £000
<b>WASTE</b>				
Equipment & Vehicles for Waste Transfer Stations	Replacement programme for vehicles and plant used for winter maintenance and in waste transfer stations.	393	72	885
Waste - Fire Suppression Systems at Transfer Stations	Installation of fire suppression systems.	824	0	0
Waste - replacement of HWRC x 2	Replacement programme for 2 Household Waste Recycling Centres.	0	2,000	2,000
<b>Waste Total</b>		<b>1,217</b>	<b>2,072</b>	<b>2,885</b>
<b>ENVIRONMENT</b>				
Flood Defence	Major project to alleviate flood risk.	1,100	0	0
Flood & Water Risk Management	A range of projects to alleviate flood and water risks.	477	0	0
Local Flood Defence Schemes (to match fund EA)	Match funding with the Environment Agency for local flood defence schemes.	650	650	4,300
Other Environment and Planning (prev Other Protecting & Sustaining the Environment)	Block of small projects.	181	0	0
<b>Environment Total</b>		<b>2,408</b>	<b>650</b>	<b>4,300</b>
<b>GROWTH &amp; THE ECONOMY</b>				
Lincolnshire Enterprise Partnership Contribution	Lincolnshire Enterprise Partnership funding for capital projects.	18,265	3,600	0
Head of Economic Infrastructure	Investment in Business Parks and Lincs. Coastal Observatory.	41	0	0
Economic Development - Business Unit Development	Development of business units.	1,000	500	500
Economic Development -Industrial Estate Provision	Further development of the Council's Industrial Estate provision.	0	500	1,000
Holbeach Food Enterprise Zone	Contribution towards Holbeach Food Enterprise Zone.	339	0	0
Boston Development Schemes (Infrastructure & Economic)	A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston.	0	0	5,500
LEP Skills Investment Programme	This project is aimed at increasing new apprenticeships and training places by refurbishing existing and creating new learning spaces.	1,367	0	0
<b>Growth &amp; Economy Total</b>		<b>21,013</b>	<b>4,600</b>	<b>7,000</b>

1.17. The following changes have been made to the gross capital programme in 2020/21 as part of the budget setting process:

- Addition of a programme of replacement of Household Waste Recycling Centres £2.000m in 2020/21; £2.000m in future years.
- Addition of funding to further develop the Council's Industrial Estate provision, £0.500m in 2020/21; £1.000m in future years.
- Addition of a range of Infrastructure and Economic Development initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston, £5.500m in future years. These schemes will replace the previous capital scheme for the Boston Barrier.

#### Further consultation

1.18. A consultation meeting with local business representatives, trade unions and other partners is scheduled to take place on 23 January 2020.

1.19. The proposals will be publicised on the Council website together with the opportunity for the public to comment.

1.20. All consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 4 February 2020.

## **2. Conclusion**

2.1. These budget proposals reflect the level of funding expected to be available to the Council from central government and an assumed increase in Council Tax in 2020/21 of 1.5% and an Adult Social Care "precept" assumed to increase by 2.00% in 2020/21 giving a total Council Tax increase of 3.5%.

2.2. A thorough review of the Council's services was carried out during the budget process which has identified unavoidable cost pressures, some savings with minimal or no impact on the level of service provided and the capital programme has been reviewed. The budget proposals therefore aim to reflect the Council's priorities whilst operating within the resources available to it.

### 3. Consultation

#### a) Have Risks and Impact Analysis been carried out?

No

#### b) Risks and Impact Analysis

An Equality Impact Assessment will be completed for the proposed increase in Council Tax. This will be reported to the Executive at its meeting on 4 February 2019.

Further risk and impact assessments will need to be undertaken on a service by service basis

### 4. Background Papers

Document title	Where the document can be viewed
Medium Term Financial Strategy and Council Budget 2020/21 Executive Report January 2020	Democratic Services

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