

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

Report to:	<b>Highways and Transport Scrutiny Committee</b>
Date:	<b>20 January 2020</b>
Subject:	<b>Council Budget 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 Highways and Transport 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 Highways and Transport 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 the effects of significant reductions in government funding, growing cost pressures from demand led services such as adult and children's social care, an increasing asset and highways network 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 Highways and Transport services.

TABLE A

2020/21 Revenue Budget	Original Budget	Pay Inflation	Cost Pressures	Savings	Proposed Budget 2020/21
	£000	£000	£000	£000	£000
Transport Services	14,138	51	0	-425	13,764
Highways Asset Management	9,314	53	-30	-35	9,302
Highways Services	6,977	62	0	-663	6,376
Highways Infrastructure	584	2	0	0	586
Design Services (including maintenance of structures, signals and street lighting)	6,317	7	0	-39	6,285
<b>Total</b>	<b>37,330</b>	<b>175</b>	<b>-30</b>	<b>-1,162</b>	<b>36,313</b>

1.9. The Highways and Transport Services are proposing to make savings of £1.162m in 2020/21.

1.10. The budget proposals for these services have allowed for pay inflation of 2% for 2020/21. A contract saving related to the licencing costs for the Confirm system reverses a previous cost pressures of £0.030m for 2020/21 in Highways Asset Management.

1.11. For Transport services, a reduction in the volume of journeys on which the reimbursement of concessionary travel is now based is expected to generate savings in 2020/21 of £0.425m.

1.12. Savings of £0.188m in 2020/21 in winter maintenance are expected to result from changes to the type of salt used, more localised weather forecasting enabling targeted gritting of individual routes and from lease savings from buying rather than leasing gritters.

1.13. Increased income from the provision of chargeable services and Highways Permitting charges are budgeted to generate savings in 2020/21 of £0.503m.

1.14. Efficiency savings in system maintenance and contract costs are expected to provide £0.046m in 2020/21.

## Capital Programme

- 1.15. 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.
- 1.16. 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.
- 1.17. Table B overleaf shows the proposed gross capital programme for the Council's Highways and Transport services.
- 1.18. A number of new Highways projects have been added to the capital programme in 2020/21 as part of the budget setting process. These are summarised below:
- North Hykeham relief road - A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway. This scheme is reliant on receiving contributions from central government.
  - Boston Development Schemes (Infrastructure & Economic) - A range of initiatives to support economic and housing growth whilst reducing traffic congestion in and around Boston. These schemes will replace the previous capital scheme for the Boston Barrier.
  - Spalding Western Relief Road - Completion of Spalding West Relief Road - Section 1 and Section 5.
  - Local Highways Improvements (Pinch-points) to support Coastal Route - This project will improve the transport corridor to the Lincolnshire Coast by improving pinch-points along the route (A57, A46, and A158).

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>HIGHWAYS / TRANSPORT</b>				
Highways Asset Protection	Maintenance of roads, bridges, safety fencing, street lighting, signs and lines, and traffic signals.	35,638	24,955	0
Lincoln Eastern Bypass	Completion of the Lincoln Eastern Bypass	42,863	20,707	0
Lincoln East-West Link	Completion of the new East-West link in Lincoln.	-2	0	0
Grantham Southern Relief Road	Completion of Grantham Southern Relief Road.	29,986	21,417	24,817
Corringham Road (development with WLDC)	Major scheme development of Corringham Road, in partnership with West Lindsey District Council.	716	1,000	0
Sleaford Rugby Club (Sleaford Growth Scheme)	Improvement to ease congestion and improve the traffic flow at the Sleaford Rugby Club junction.	1,315	0	0
A1084 Safer Road Fund	Improvement on A1084 under Safer Roads Funds.	1,245	0	0
A631 Middle Rasen to Bishops Bridge Safer Road Fund	Improvement on A631 Middle Rasen to Bishops Bridge, under Safer Roads Funds.	645	0	0
A631 Louth to Middle Rasen Safer Road Fund	Improvement on A631 Louth to Middle Rasen, under Safer Roads Funds.	0	2,725	0
A16/A1073 Spalding to Eye Road Improvement	Completion of A16/A1073 Spalding to Eye Road Improvement.	14	0	0
Holdingham Roundabout	Improvement on Sleaford Holdingham Roundabout.	1,988	2,115	0
A46 Welton Roundabout (Integrated Transport/NPIF)	Improvement on A46 Welton junction.	4,939	0	0
Other Highways and Transportation	Block of smaller Highways projects.	1,161	0	0
Network Resilience	Replacement programme of gritter vehicles.	587	120	4,833
A46 Roundabouts	Improvements to Riseholme and Nettleham roundabouts by extending/adding extra lanes to increase capacity and reduce congestion.	4,525	0	0
Integrated Transport	Schemes including minor capital improvements, rights of way, road safety, public transport and town/village enhancements.	4,137	3,312	0
Transforming Street Lighting	Programme of street lighting improvement.	458	0	0
Energy Efficiency Street Lighting Schemes	Replacement of SOX lanterns with more efficient LED bulbs to enable longer-term savings on energy.	248	209	683
Head of Highway Services - Minor Works	Block of miscellaneous small projects including drainage.	32	159	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
North Hykeham relief road (Scheme total £148m, DfT bid £100m)	A project to link the Lincoln Eastern Bypass with the existing Western Bypass to create a ring road. It will also form part of the Lincolnshire Coastal Highway.	0	0	48,000
Spalding Western Relief Road - section 1	Completion of Spalding Western Relief Road - Section 1.	0	0	27,800
Spalding Relief Road section 5	Completion of Spalding Relief Road Section 5.	11,994	11,000	3,291
Spalding Western Relief Road - section 1 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 1	0	0	-5,520
Spalding Western Relief Road - section 5 S106 income expectation	Development Contribution towards completion of Spalding Western Relief Road - Section 5	0	0	-4,200
Local Highways Improvements (Pinchpoints) to support Coastal Route (between £2m-£5m p.a)	This project will improve the transport pinchpoint to the Lincolnshire Coast by improving pinchpoints along the route (A57, A46, and A158).	0	3,000	21,000
<b>Highways / Transport Total</b>		<b>142,487</b>	<b>90,720</b>	<b>126,203</b>

### Further consultation

- 1.19. A consultation meeting with local business representatives, trade unions and other partners is scheduled to take place on 23 January 2020.
- 1.20. The proposals will be publicised on the Council website together with the opportunity for the public to comment.
- 1.21. 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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