



**Open Report on behalf of Mark Baxter, Chief Fire Officer,
Andy Gutherson, Executive Director - Place and
Andrew Crookham, Executive Director - Resources**

Report to:	Public Protection and Communities Scrutiny Committee
Date:	26 January 2021
Subject:	Revenue and Capital Budget Proposals 2021/22

Summary:

This report outlines the budget proposals for the next financial year 2021/22.

The Final Local Government Finance Settlement for 2021/22 has not been issued at the time of writing this report; however it is expected to be in line with the Provisional Settlement issued on 17 December 2020. Further budgetary information is also awaited from the Lincolnshire District Councils so the budget proposals for 2021/22 are therefore estimated at this stage.

This report specifically looks at the budget implications for the Council's Public Protection and Communities services.

The Executive approved the budget proposals, including those set out in this report, as its preferred option for the purposes of further consultation at its meeting on 5 January 2021.

Members of this Committee have the opportunity to scrutinise them and make comment, prior to the Executive meeting on 2 February 2021 when it will make its final budget proposals for 2021/22.

Actions Required:

Members of the Public Protection and Communities Scrutiny Committee are asked to consider this report and make comments on the budget proposals. These will be considered by the Executive at its meeting on 2 February 2021.

1. Background

- 1.1. The Spending Review (SR2020) results were announced by the Chancellor of the Exchequer on 25 November 2020. This was a spending review covering one year only to reflect the uncertainties caused by the coronavirus pandemic. The Office for Budget Responsibility published economic

forecasts alongside the SR2020; these show that spending, public sector debt and the budget deficit are all much higher than forecast in March 2020 and that the UK economy is set to contract significantly this year.

- 1.2. As expected, the SR2020 confirmed a "roll-over" settlement for local authorities. The Chancellor has ruled out returning to a programme of austerity to tackle the budget deficit, which is an indication that significant cuts in spending will not be required over the medium term. However the Chancellor announced a pay freeze for most public sector employees in 2021/22, the exceptions being National Health Service staff and public sector employees with a full time basic salary of up to £24,000. This latter group will receive a flat uplift of £250. Other announcements included:
 - An overall real terms increase in core spending power in 2021/22 of 4.4% (but the sector is still worse off in real and cash terms compared to in 2010/11).
 - The National Living Wage will increase to £8.91 per hour from April 2021 for people aged 23 years and over. This has been factored into our cost pressures.
 - Councils providing Adult Social Care services can charge an adult social care precept of up to 3% in 2021/22, which can be deferred to 2022/23.
 - The referendum limit will remain at 2% for general council tax. This means that a total council tax increase of up to 5% can be charged by Councils providing Adult Social Care services before requiring a referendum.
 - Revenue Support Grant will be inflated by 0.55%.
 - There will be a Tax Income Guarantee Scheme which will fund 75% of irrecoverable council tax and business rates losses in 2021/22. The details of how this will work are not yet known.
- 1.3. The coronavirus pandemic has impacted significantly in the 2020/21 financial year, on both Council services and the local economy, and central Government has provided grant funding to cover the Council's costs and losses arising directly from the pandemic. It is assumed that where direct impacts carry on into 2021/22 these will continue to be funded by Government grant. The SR2020 announcement confirmed that there would be funding in 2021/22 to cover continuing coronavirus costs and losses.
- 1.4. The funding confirmed in the provisional settlement announced on 17 December 2020 was largely in line with our estimates, but we also received confirmation of additional funding of £5.354m for Local Council Tax Support. We had not planned for this new grant, but anticipate that it will be required to cover reduced funding from Council Tax, arising from a lower Council Taxbase and / or a Council Tax Collection Fund deficit due to the impact of the pandemic. This is now the biggest risk to our budgetary position next year, and the impact will not be confirmed until after 31 January 2021 when the Lincolnshire District Councils report their budget figures to us.
- 1.5. The Final Local Government Finance Settlement is expected to be published in February 2021.

- 1.6. Members will be aware that central Government planned to implement significant funding reforms for the sector. There are two aspects to these reforms: the Review of Relative Needs and Resources (formerly known as the Fair Funding Review), and 75% Business Rates Retention. These reforms were originally due to be implemented from April 2020, and were later deferred to April 2021. Earlier this year, the Government announced a further deferral until April 2022 so that the focus this year could be on supporting local government in the face of the coronavirus pandemic.
- 1.7. In view of the continuing uncertainties about future levels of funding, a one year budget is proposed for 2021/22.
- 1.8. Budgets have been reviewed in detail based on the latest available information to arrive at the proposals set out in this report. A number of new cost pressures have emerged in addition to the pressures identified for 2021/22 in the previous year's budget process. In some areas, savings which can be made through efficiencies with no or minimal impact on the level of service delivery have also been identified. In developing the proposed financial plan, budget holders have 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.
- 1.9. At its meeting on 5 January 2021 the Executive approved, for the purposes of further consultation, proposals for the Council's revenue and capital budgets including a proposed council tax increase for 2021/22 of 1.99%.

Revenue Budget

- 1.10. Table A shows the total proposed revenue budget for the Council's Public Protection and Communities services.

TABLE A

2021/22 Revenue Budget	2020/21 Budget £000	Pay Inflation £000	Cost Pressures £000	Savings £000	Proposed Budget 2021/22 £000
Registration, Celebratory and Coroners	1,407	13	536	-108	1,848
Trading Standards & Community Safety	2,138	15	585	-98	2,640
Fire and Rescue	21,496	97	391	0	21,984
Emergency Planning	325	3	0	0	328
Road Safety	348	6	0	0	354
Cultural Services	6,782	18	42	0	6,842
Community Engagement	906	3	0	0	909
Total	33,402	155	1,554	-206	34,906

- 1.11. Given the expectation of public sector pay restraint, the budget proposals for these services have currently allowed for pay inflation of 0.75% to adjust budgets for the higher than budgeted pay award in 2020; no further pay inflation has been provided for in 2021/22. There are service specific cost pressures for 2021/22 totalling £1.554m.

- 1.12. In the Coroners Service cost pressures totalling £0.536m relate to the review of mortuary, histology, toxicology, post mortem and conveyancing contracts and the service transformation programme.
- 1.13. An increased budget requirement for the Community Safety Service of £0.585m arises from increased statutory duties in the Domestic Abuse Service and the requirement to fund activities previously funded from reserves.
- 1.14. For Fire and Rescue, cost pressures of £0.391m are related to increased costs to ensure resilience in the Control function, a requirement to increase the level of training to provide greater skill and capability to operational staff to give emergency medical treatment to the public at incidents, especially when no ambulance or medical professionals are on scene and some minor increases in property related costs.
- 1.15. A cost pressure of £0.042m in Cultural Services results from contractual inflation in Library provision.
- 1.16. Savings of £0.206m are anticipated in 2021/22 from increased grant income to support the cost pressures in Community Safety (£0.098m) and an increased income target for Registration and Celebratory Services (£0.108m).
- 1.17. During 2020/21 a number of service budgets, particularly Registration, Celebratory, Coroners and Cultural Services, were significantly impacted by the coronavirus pandemic with the consequential increases in costs and income losses being met from the grant provided by Government. Proposed budgets for 2021/22 are based on the assumption that any continuing impacts on Council services will be, similarly, fully grant funded.

Capital Programme

- 1.18. The ten year Capital Programme approved as part of budget setting last year has been reviewed 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, gritter fleet and vehicles at the Waste Transfer Stations, improvements and review of the property portfolio, Information Technology developments and re-phasing of existing schemes.
- 1.19. The full gross programme totals £204.302m for 2021/22 plus a further £322.097m for future years. After grants and contributions are taken into consideration, the net programme to be funded by the County Council is £111.283m for 2021/22 plus a further £282.808m for future years.

- 1.20. The capital programme net budget has increased since last year's budget process with the most significant increases in the gross programme covered by additional funding or by rephasing budgets on other schemes into later years.
- 1.21. Table B shows the proposed gross capital programme for the Council's Public Protection and Communities services.

TABLE B

Capital Programme (2020/21 plus Future Years)		Revised Gross Programme 2020/21 £m	Revised Gross Programme 2021/22 £m	Gross Programme Future Years £m
FIRE AND RESCUE & EMERGENCY PLANNING				
Fire and Rescue & Emergency Planning	Refurbishment of fire and rescue properties.	0.393	1.074	0.000
Fire Fleet Vehicles and Associated Equipment	Rolling programme for the replacement of fire and rescue fleet vehicles and associated equipment.	4.097	3.128	6.540
Total - Fire and Rescue & Emergency Planning		4.489	4.203	6.540
PUBLIC PROTECTION				
Registration Celebratory & Coroners Service	Coroners IT system for case management, and improvement to Gainsborough celebratory premises.	0.082	0.000	0.000
Safer Communities	Vehicle for Trading Standards	0.025	0.000	0.000
Total - Public Protection		0.107	0.000	0.000
CULTURE				
Libraries	RFID replacement kiosks and library hub capital works.	0.521	0.000	0.000
Historic Lincoln	Improvement programme for Lincoln Castle.	0.017	0.000	0.000
Heritage / Archives	Future development of the Heritage service.	2.500	2.500	0.000
Total - Culture		3.037	2.500	0.000

- 1.22. Other than some re-phasing of existing project expenditure there have been no changes to the previously approved capital programme relating to Public Protection and Communities services.

Further consultation

- 1.23. A consultation meeting with local business representatives, trade unions and other partners is scheduled to take place on 28 January 2021.
- 1.24. The proposals will be publicised on the Council website together with the opportunity for the public to comment.
- 1.25. All consultation comments and responses will be available to be considered when the Executive makes its final budget proposals on 2 February 2021.

2. Conclusion

- 2.1. These budget proposals reflect the level of government funding expected to be available to the Council and a proposal to increase general Council Tax in 2021/22 by 1.99%.
- 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) 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 2 February 2021.

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

4. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Council Budget 2021/22: Executive Report 5 January 2021	https://lincolnshire.moderngov.co.uk/ieListDocuments.aspx?CId=121&MId=5750

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