

Agenda Item 5

REVISED APPENDIX G BUDGET CONSULTATION FEEDBACK

This Appendix provides details of the budget consultation events which have taken place in January 2021.

Overview and Scrutiny Committees

The following statements have been received from Scrutiny Committee meetings which have taken place during January 2021:

Comments from the Environment and Economy Scrutiny Committee – 12 January 2021

On 12 January 2021, the Environment and Economy Scrutiny Committee supported the budget proposals for the Environment and Economy services for 2021/22.

The following points were highlighted in relation to the Revenue and Capital Budget Proposals for 2021/22:

- The Committee was pleased to see that the Government was still providing the Council with grants during the Covid-19 pandemic.
- It was recognised that costs had increased due to the pandemic and would have to increase to reflect the rise in the National Living Wage from April 2021.
- In relation to the separated paper and card recycling scheme, this was now being rolled out across the county. Based on the returns from the trial, it was expected that it would eventually generate an income to the Council after taking into account the costs to the Council. The separated collections would therefore have both environmental and financial benefits in the long term.

Comments from the Adults and Community Wellbeing Scrutiny Committee – 13 January 2021

On 13 January 2021, the Adults and Community Wellbeing Scrutiny Committee supported the budget proposals for Adult Care and Community Wellbeing services for 2021/22.

The following points were highlighted on the Revenue and Capital Budget Proposals for 2021/22:

- The Committee was pleased to see that Adult Care and Community Wellbeing had performed well in managing and delivering an anticipated balanced budget for 2020/21, especially during such a challenging year because of the Covid-19 pandemic. The Committee also acknowledged the work of all those

in Adults Care and Community Wellbeing involved in delivering balanced budgets for the last nine years, up to and including 31 March 2021.

- It was expected that 2021/22 would be similarly challenging, but the proposed balanced budget for 2021/22 was welcomed.
- Information on the social care precept, including proposals for its use in 2021/22, would be included in the report due to be submitted to the Executive on 2 February 2021.

Comments from the Children and Young People Scrutiny Committee – 15 January 2021

On 15 January 2021, the Children and Young People Scrutiny Committee supported the budget proposals for Children's Services for 2021/22.

The following points were highlighted in relation to the Revenue and Capital Budget Proposals for 2021/22:

- The Committee thanked officers for their excellent work on the proposals, and recognised the significant cost pressures facing Children's Services. Officers had responded to the challenges and identified savings as well.
- The Committee congratulated officers on the CIPFA Looked After Children benchmarking for Local Authority participants which showed Lincolnshire's average looked after child placement costs for 2019 to be £41,555 per annum, compared to the average of other Local Authorities of £53,287. This highlighted great value for money while still providing excellent services.
- The Committee was pleased to see that the Council had secured additional Government grant funding for the Building Communities of Specialist Provision Strategy, and Council funding solutions to meet the revised overall programme costs of £86.794m, to cover the increasing costs of the programme and to invest in Lincolnshire's children and young people with special educational needs and disabilities.
- Concerns were raised about the increasing Home to School Transport costs and the impact that the Government's aspirations for green transport would have on this budget. The budget was still continuing to increase despite a lot of effort put in to manage the costs. Where possible, Home to School Transport utilises public transport services; however there were a large number of routes where this was not possible due to the rurality and size of Lincolnshire, and the lack of large bus operators with only Stagecoach operating in Lincolnshire. An in depth review by external consultants from Edge Consultancy was being undertaken to identify whether any further possible efficiencies could be made. This review would consider all different options, including the Council delivering some of the Home to School Transport or paying parents mileage costs, as possible options. The Committee supported the in depth review and it was suggested that the report

from the review be considered at an informal briefing session for the Committee to discuss the outcomes in detail.

Comments from the Highways and Transport Scrutiny Committee – 25 January 2021

On 25 January 2021, the Highways and Transport Scrutiny Committee supported the budget proposals for Highways and Transport services for 2021/22.

The following points were highlighted on the Revenue and Capital Budget Proposals for 2021/22:

- The report authors were thanked for submitting a succinct and well-written report.
- The report's conclusions that the proposals reflected the expected level of government funding and the proposed increase council tax of 1.99% of council tax were emphasised. In the light of this, communities were likely to support the Council's continued activities in progressing highways and transport schemes.

Comments from the Public Protection and Communities Scrutiny Committee – 26 January 2021

On 26 January 2021 the Public Protection and Communities Scrutiny Committee considered a report outlining the budget proposals for 2021/22 in relation to the Council's services that fall within the Committee's remit.

Following discussion and questions raised by councillors, the committee, by a majority vote, supported the budget proposals. During the debate the following comments were noted:

- The additional funding for the Coroners Service was highlighted, as was the additional revenue expected from the Registration Services should weddings go ahead later in the year post Covid-19 lockdown.
- It was confirmed that the budget figures were not expected to change before submission to the Executive.

Comments from the Overview and Scrutiny Management Board – 28 January 2021

On 28 January 2021, the Overview and Scrutiny Management Board supported the budget proposals for 2021/22 for the Council's Commercial, Resources and Corporate services.

In relation to the 2021/22 details, the following points were clarified for the Board in relation to questions raised by members:

- Legal Services – The £1.099m underspend referred to the chargeable income anticipated to be received by the service, and was not expected savings. There were proposals to expand Legal Services in the future which would

bring in additional chargeable income. The amount included in the budget proposals reflected guaranteed income rather than speculated income.

The Overview and Scrutiny Management Board also considered the Council Budget 2021/22 proposals as set out in the report to the Executive on 5 January 2021.

The Board supported the Budget proposals put forward by the Executive for 2021/22, with the exception of Councillor R B Parker and Councillor Mrs A M Newton who abstained.

In relation to the 2021/22 details, the following points were clarified for the Board:

- Adults Extra Care Housing Schemes – the Capital Programme attached at Appendix C included the Dewint Court and Linelands Extra Care Housing Schemes. The proposed Hoplands, Sleaford Extra Care Housing Scheme would be added to the Capital Programme once it had been approved by the Executive on 2 February 2021. It was confirmed that the financial allocation for the Scheme was in place.
- A 1% increase in council tax would generate just over £3m of additional income to the Council. The Adult Care Precept of up to 3% would not be raised by the Council for 2021/22.
- The additional income raised by the council tax increase would enable the Council to address cost pressures, especially in relation to the Adult Social Care and Children's Services proposals, which were key services valued by residents. The costs for these services increased each year and the council tax increase helped to meet the increasing demands for these services. Council tax increases was one way to meet these costs; the other was to find further significant savings.
- With regards to the Capital Programme, uncommitted spend had been rephased into future years which enabled the Council to bring forward costs for other schemes to smooth out the Capital Programme and reduce the impact on the Council's reserves. The uncommitted budgets related to funds allocated to a long term programme of activity for the Boston Development Schemes (Infrastructure and Economic) and Local Highways Improvements (Pinch points) – Coastal Route Schemes, for which there were no specific projects in progress.
- Funding for the Transformation Programme had already been allocated in the budget for 2020/21. The aspirations in the Corporate Plan and Transformation Programme were now being progressed through a number of different activities. As the Corporate Plan was for 10 years, the levels in investment would change over time.
- Covid-19 would have a huge impact on the Council's finances going forward, particularly in relation to the adult social care market. However, the Council was currently in a strong financial position which would help mitigate the impact.
- The significant cost pressures in relation to Home to School Transport were being addressed as part of the Transformation Programme. An in depth

review by an external consultant was being undertaken and the outcomes of the review would be reported back to the relevant scrutiny committees.

Meeting with businesses, trade unions and other public bodies – 28 January 2021

Councillor M A Whittington, Executive Support Councillor for Resources and Communications welcomed everyone to the meeting. Attendees were informed that this meeting was part of the normal consultation process which the authority undertook when setting its budget, and provided the opportunity for partners and other organisations to take part in the consultation. It was reported that the proposed budget was also examined by each of the County Council's scrutiny committees who would look in more detail at the budgets for individual service areas. Recommendations would then be made to the full Council at its meeting on 19 February 2021, where the budget would be formally approved.

Michelle Grady, Assistant Director – Finance, gave a presentation on "Budget Consultation Meeting with Key Stakeholders, 28 January 2021", which was a consultation exercise led by the County Council to highlight the Council's current budget and financial outlook for public services over the coming year. The presentation highlighted the following main points:

- The provisional settlement had been received, and the council tax referendum limits was again 5%, with a 2% limit for a general increase and a 3% increase for Adult Social Care. The Adult Social Care precept could be deferred for a year;
- In terms of the core spending power, this was based on income from council tax;
- There were additional measures being put in place for Council's who had lost income due to Covid-19, as well as to mitigate other expenditure pressures which had arisen from the pandemic;
- 62% of the Council's core spending power was now from council tax income, and it was noted that the Settlement Funding Assessment from Government had remained static for the past three years;
- There had been announcements regarding the continued support to cover Covid-19 costs and there would be some compensation available to councils, including Lincolnshire;
- In terms of additional expenditure and losses, these were expected to total around £94m for Lincolnshire for 2020/21. However, LCC would be receiving many grants to cover this expenditure, which had been incurred by providing infection control measures, test and trace, and Covid-19 testing in care homes, as well as additional costs from providing school transport;
- With the exception of schools, Adult Social Care remained the largest area or spend, which was closely followed by Children's Social Care.

- Business rates formed a significant element of the Council's income;
- In terms of current budget strategy and resilience, the delayed reforms of local government finance had created uncertainty for financial planning, however the Council had a good record of delivering savings and operating within budget. The Council had set aside money in reserves to help smooth the transition to a lower budget base. There was a culture of financial management within the Council which generally resulted in expenditure being maintained within budgets and underspends had been used to establish and increase reserves which supported financial resilience, and the CIPFA financial resilience index showed that this Council had a reasonable level of financial resilience. The Council had so far been able to cover additional Covid-19 expenditure and losses using government grants;
- There was an aim to maintain Lincolnshire's position in the lower quartile of Council Tax levels;
- Funding from central government had reduced from £227m in 2011/12 to £98m in 2020/21. The Council Tax precept for Adult Social Care had been available since 2016/17;
- Looking forward to the medium term, the Council had a very small surplus at the moment, however, this was provisional. There were planned deficits forecasted for both 2022/23 and 2023/24. The main driver for the increasing budget shortfall was the impact of lower inflation assumptions on business rate income as well as growing cost pressures;
- Cost pressures for 2021/22 amounted to £26.717m;
- The source of cost pressures for the coming year were mainly through adult social care and children's services, with an increase in contract costs for Adult Social Care reflecting inflation and National Minimum Wage increases, as well as increased demand for Adult Social Care services, particularly relating to working age adults and mental health support. There was also an increase in the numbers and complexity of children in care and the need for specialist placements. These costs had been exacerbated by the Covid-19 situation;
- There had also been some large increases in home to school transport costs, with inflationary, demand and legislative changes driving the costs. There had also been an increase in the costs of waste disposal, particularly in relation to mixed dry recyclables;
- Savings of £13.828m had been budgeted for. It was highlighted that no service reductions were planned and these savings would be made through efficiencies such as in printing requirements and the salt used in the gritters;
- The Council had two types of reserves, a general reserve (£16.1m) which was for funding emergencies or unforeseen events. The other type of reserve was earmarked reserves, of which the Council currently holds £219.329m. This reserve included money which did not belong to the county council (e.g. schools), was a grant or other contribution for a specific purpose. Where the Council does not have discretion on what this can be spent on and this money has to be used for the specific purpose it was originally allocated for, otherwise it may have to be refunded (e.g. Central government). Earmarked reserves included money related to schools (£24.808m) and grants

(£88.545m). There was £52.683m in the financial volatility reserve which was available to assist in balancing the budget in future years. The remaining balance of £53.293m was earmarked for specific purposes such as insurance claims, adverse weather, health and wellbeing and transformational projects.

- In terms of the Capital Programme and affordability, the Council had costed a 10 year gross programme of £526m (2021-2030) (net - £394m). This included a schools gross requirement of £131m (net - £58m) and a £7.5m per annum corporate development budget for bids to be made to. The volatility of capital financing charges over the medium term was managed via an earmarked reserve;
- Schemes included in the capital programme included delivery of SEND schools provision; replacement of two household waste recycling centres; improvements to Holdingham Roundabout; North Hykeham Relief Road and the Grantham Southern Relief Road. It was noted that the Council had recently been awarded £110m towards the Hykeham Relief Road and work was underway to work out the profile of that spend;
- In terms of Council Tax, the provisional settlement had set out a threshold for local authorities of a 2% increase with an additional 3% adult social care precept. LCC is proposing a 1.99% general increase, and not adding the Adult Social Care precept, giving a proposed increase of 1.99%. It is expected this will maintain Lincolnshire in the lowest quartile for council tax of the 27 English shire counties. For a Band D property this would be an additional cost of £26.58 per year for the taxpayer;
- In 2020/21 LCC was in a business rates pool with all 7 district councils, this allowed the Council to benefit from any growth in business rates. However, in 2021/22 LCC would be in a pool with 6 of the district councils (not South Holland District Council) as South Holland District Council work to remove some of the risk from their tax base. It was expected that being in the pool would generate approximately £1.8m additional funding (This was subject to uncertainty brought about by the Covid-19 pandemic);
- Today's meeting was part of the consultation process and the proposals had been scrutinised by the Overview and Scrutiny Management Board that morning, as well as other scrutiny committees throughout January. Any feedback would be put forward to the Executive before they made their final recommendations, before being approved by the Full Council on 19 February 2021.

During the course of discussion, the following points were noted:

- It was queried how Lincolnshire compared with other shire counties in the East Midlands. It was noted that this information could be made available, however, Nottinghamshire, for example, was very high in terms of position, and it was believed that the only shire county below Lincolnshire was Worcestershire;
- In terms of the volatility in South Holland and not being in the business rates pool for this year, it was queried whether there would be an impact of Covid-19 on the business rates for the current year, and whether an impact had been allowed for in the coming year. It was noted that a lot of relief grants

had been received this year, and the full impact on business rates may not be seen until future years. The main impact would be whether those business rates had managed to be collected this year and this was information that needed to be submitted by districts by the end of January 2021. At this time, it was not possible to say what this position would look like, and a neutral position had been planned for.

Present	Representing
Councillor M A Whittington	Lincolnshire County Council
Councillor M J Hill OBE	Lincolnshire County Council
Councillor R B Parker	Lincolnshire County Council
Andrew Crookham	Lincolnshire County Council
Michelle Grady	Lincolnshire County Council
Rachel Wilson	Lincolnshire County Council
Alison Hall-Wright	South Kesteven District Council
Samantha Knowles	South Holland District Council
Karen Hayes	Unite the Union
Richard Wright	FBU
Craig Thomson	Voice the Union
Shaun McGarry	Calders and Grandidge
Ken Rustidge	NEU

Public Consultation via the Council website

Following consideration of the budget proposals 2020/21 by the Executive on 5 January 2021, a public consultation was published on the Council website, and closed on 22 January 2021. The following two responses were received:

Response 1 by email

Dear Sir/Madam,

Whilst your vision is noble, the people have had enough, lots of people I know have been on 80% of their income many have lost their jobs, I myself have had to use my savings to survive.

My son goes to an academy and most the schools in Grantham are as such. How much will they benefit from this rise? On top of the expected rises that will come from central government, for many this will no doubt will be the straw that breaks the camels back.

If I thought that LCC would spend the money wisely on infrastructure and not pay consultants hundreds thousands of pounds, just to point out the blatantly obvious to you or spend it all in one area of the county.

Please recognise that the people of Lincolnshire will not have recovered enough from this current situation, to stomach another cost!

Thank you

Kind Regards

SD (*name redacted*)

Response 2 by email

Yes spending on Roads, please can I ask why not Rail services ? Introduction of new rail services Like Peterborough via To Skegness via Sleaford and Boston also Peterborough Spalding Sleaford and Nottingham can be done and I believe a rail body group should be formed, as rail hardly gets a mention, I have campaigned for better Rail in South Lincolnshire this has forced me to move away due to poor and limited services that's never been improved.

I run a group Let's improve Spalding rail services we had a couple of improvements but delayed due to COVID on rail service between Peterborough Spalding Lincoln and Doncaster line bus still no Sunday rail service for Spalding that has lead us to organise a petition for a Sunday train service we my not get the number of signatures but we asking for LCC for your support and Bring Spalding back on to the Sunday rail map, a service will benefit the town with a all day service not limited as a limited service does not attract custom a good service will attract people and that they could rely on a train service, I had 43 years in rail transport and seen how services can benefit with a good service.

What are your plans for rail in Lincolnshire.

Regards

DM (*name redacted*)

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