

CONSULTATION AND ENGAGEMENT COMMENTS (TO DATE)

The following statements have been received from Scrutiny Committee meetings which have taken place during January 2024:

Adults and Community Wellbeing Scrutiny Committee – 17 January 2024

The Adults and Community Wellbeing Scrutiny Committee supports the Revenue and Capital Budget Proposals 2024/25 for the Council's Adult Care and Community Wellbeing Services.

The Committee would like to emphasise to the Executive the financial pressure of £9.4 million, which is the result of increasing demand for services, such as residential care where for the first time since the pandemic, more 'self-funders' seek support from the Council owing to their reducing capital, representing a 21% increase in this group of clients. At the same meeting, the Director of Public Health presented his report for 2023 entitled *Ageing Better in Lincolnshire Adding Life to Years*, which details some of the challenges in Lincolnshire. For example, 23% of Lincolnshire's population is aged over 65, compared to an England average of 18%. The Committee supports the continued emphasis on prevention services, so that people can live as independently as possible for as long as possible.

The Committee has been advised that an Adult Care and Community Wellbeing Improvement Plan is being compiled, which in addition to actions in response to the Care Quality Commission's 2023 assessment will also include service transformation activities. Some of these activities may contribute efficiencies. The Committee would also like to explore how existing buildings and infrastructure can be used to create community hubs, from which several providers could offer services, reducing their overhead costs.

Children and Young People Scrutiny Committee – 12 January 2024

The Children and Young People Scrutiny Committee unanimously supported the budget proposals for Children's Services for 2024/25 and was satisfied that the cost pressures were being tackled within Children's Services.

The Committee made the following comments:

- (1) The Committee recognised that Children's Services had very little control over the rising cost pressures due to the unprecedented market conditions, increasing demand, and rising prices, which were causing the 10% increase in the overall budget for Children's Services. Assurance was provided that Children's Services was working hard to mitigate the impact through early intervention and by making sure it remained competitive within a market. In addition, Children's Services was investing in new children's homes so that it was less reliant on the market and could use its own provision.
- (2) The Committee acknowledged that Children's Services had invested in special educational needs and disabilities (SEND) school provision through the Building Communities of Specialist Provision Strategy programme which started five years ago. It was clarified that since this started, the market had changed considerably for specialist placements and the

SEND system had also changed extensively due to the increased demands. The programme had mitigated the worst impact of those changes, and national data indicated that the Council was bucking the trend around the increases in SEND being seen elsewhere. However, it was not immune to those increases which would come with significant costs. The programme had mitigated significant costs, provided local education for children with SEND, and once completed, the Council would see a positive impact on home to school transport cost pressures for children with SEND when placed in their local special schools. Consideration was now turning to Phase Two of the programme which included a new Social, Emotional and Mental Health (SEMH) school, which has funding provisionally earmarked in the Council's capital budget, and identifying what other options were available to increase the Council's own SEND provision to reduce costs further. It was anticipated that the Council would continue to see pressures on the high needs block over the next few years.

- (3) The Committee raised concerns about the increasing costs for alternative provision, which were very high for the number of children and young people it served. It was confirmed that Children's Services was working with schools to make sure they were inclusive and responded to the needs of children, and that children were kept within mainstream settings wherever possible as this enhanced their academic and long-term outcomes. To respond to the market, there were plans in place to expand provision with the alternative provision provider at Myle Cross in Lincoln to meet current demand.
- (4) Concerns were also raised about the increasing number of children in care and the costs of placements, which had seen a 23% average increase in Lincolnshire. It was clarified that unaccompanied asylum-seeking children (UASC) were included in the children in care figures, but these were grant funded and would not usually go into high cost placements as there was an efficient way of supporting them in place. If the number of UASC were removed from the figures, the number of children brought into care would be fairly stable. According to the latest measurement from April 2023, the number of children in care per 10,000 had fallen by 2%. This was contrary to the national and statistical neighbour figures which had both risen. The significant factor in the high cost for placements was due to market costs and not the increasing number of children in care. Assurance was given that the right children were being brought into the care of the local authority to safeguard them.
- (5) It was suggested that the Council should contact local MPs to lobby for more funding for local government or for a relaxation of, or update to, councils' statutory duties as the current situation was not sustainable or practical. It was highlighted that the home to school transport legislation which governed the Council was established in 1944.
- (6) The Committee was pleased to hear of the proposal for a new SEMH school. It was confirmed that this was at a very early stage in the process and was included in the Council's budget proposals. Children's Services has identified capital funding requirements for this scheme over the next period and the need to have these funds earmarked. The full business case would come through a future meeting of the Committee.

(7) The Committee questioned the cost pressure of £0.500m for social care transport costs for supervised family time, and it was clarified that this was mainly due to the increase in the national living wage and unfavourable market conditions. To address these cost pressures further, there was a new automated system for planning routes in place and a move away from short term contracts, and Children's Services was working with the courts to ensure that family time was agreed in an efficient way to minimise cost and disruption.

Environment and Economy Scrutiny Committee – 16 January 2024

The Environment and Economy Scrutiny Committee unanimously supports the Revenue and Capital Budget Proposals 2024/25 for the Council's Environment and Economy Services.

The Committee raised a concern about the potential impact of market price changes, specifically in the sale or disposal of waste materials, and inquired about the preparedness for changes resulting from the Environment Act, expressing apprehension over funds being allocated for flood incident response and prevention. Officers acknowledged the volatility in waste markets, especially with upcoming changes due to the Environment Act, and highlighted ongoing work with Defra on separated food waste; and addressed concerns about funding for flood incidents, mentioning the £4 million approved by the Executive to support flood alleviation work.

The Committee expressed trepidation about the anticipated reduction in government funding and the perceived necessity to optimise Council Tax. They sought additional details regarding medium-term mitigation strategies concerning the escalating cost of financing, specifically in light of the elevation in the bank finance base rate. Officers provided insights into detailed work on contingency planning for inflation in various spending areas, discussed forecasting efforts, a medium-term financial plan, and increased contingency to address uncertainties, especially in social care and school transport. Lastly, it was emphasised that the Treasury strategy was scrutinised by the Overview and Scrutiny Management Board, further highlighting that internal cash balances and revenue underspends were being used to mitigate the impact of borrowing and rising interest rates.

Highways and Transport Scrutiny Committee – 29 January 2024

On 29 January, the Highways and Transport Scrutiny Committee considered the above report and agreed to support the recommended budget proposals for 2024-25 to the Executive. The following points were highlighted in discussion:

- Members referenced the £12 million cut in the government budget for highways in 2021-22. Officers explained that the Council had decided to reinstate the £12 million through local taxation, but the Department for Transport (DfT) had only announced a partial restoration of around £5 million in the autumn budget.
- Members inquired about the £4 million allocated for flooding issues, questioning its sufficiency. Officers clarified that the £4 million came from underspends in the current year's budget and was moved to the reserve and capital programme by the Executive.

They acknowledged that the services were still determining the impact and emphasised that further discussions and reviews would likely take place in subsequent meetings.

- Concerns were raised about the impact of inflation, particularly in contracting and staffing costs, on the proposed budget for Highways and Transport services. Officers explained that the government funding, including the revenue support grant, was designed to cover inflation, and the budget-setting process involved a detailed analysis of individual contracts, taking into account anticipated inflation. Contingency measures, such as a £9 million reserve, to address any unforeseen inflationary pressures during the year were mentioned by Officers, whilst acknowledging the challenge posed by a higher-than-anticipated national living wage increase for the next year's budget. Assurance was given that government grants and a recommendation for a full Council tax amount were intended to cover these additional costs.
- Finally, the escalating costs in the educational transport budget, particularly due to inflation, and inquired about future considerations and contingencies for addressing this issue were discussed. Officers clarified that there was not a specific contingency designated solely for transport in the future, as the current year had a contingency to ensure accurate budget levels. Budget increases were attributed not only to inflation but also to growing demand and the complexity of requirements. Reassurance was given that ongoing efforts within the service area were focused on understanding and managing these budgetary challenges and Officers expressed confidence that the £6 million contingency set aside for the future should be sufficient to cover potential challenges in the transport area and other general issues.

Overview and Scrutiny Management Board – 25 January 2024

“Council Budget 2024/25” report (agenda item 8)

On 25 January 2024 the Overview and Scrutiny Management Board considered a report on the budget proposals for 2024/25 previously sanctioned by the Executive on 09 January. The Board unanimously supported the proposed budget proposed.

Key points referenced in the debate included:

- Members welcomed the government’s announcement of an extra support package, in addition to the provisional settlement funding, to aid local authorities in delivering essential services. Some concerns were raised about the potential need for a Council tax increase amid the cost-of-living crisis, citing ongoing challenges such as the national living wage and service demands. Officers stressed the importance of fact-based decision-making, suggesting that discussions about using the extra one-off money should wait until the final settlement is received. It was assured that Council tax base information and business rate collection figures, expected by 31 January, would be debated on 06 February.

- Members acknowledged the potential need for the Council to transition to a lower cost base due to budget deficits and sought clarification on associated risks and service implications; inquired about the yearly increase in working age adults needing care, specifically in mental health, and requested details on the cost implications; and questioned the impact of financial savings by unpaid carers and whether certain benefits, like war pensions, were considered in income assessments. The discussion also covered cost pressures related to Children in Care (CiC), especially those under the National Transfer Scheme (NTS). Officers responded by outlining the use of the financial volatility reserve, addressing care demands, and explaining NTS financial dynamics. They committed to providing more information on specific benefit considerations. The Leader emphasised the need for wise use of funds and highlighted the Council's stable financial position compared to other authorities, considering the government's expectations and conditions tied to additional funding for social care services.
- Members expressed concern over the surging cost pressure of £3.2 million for educational transport, describing it as a significant financial challenge. They queried if lobbying, particularly by the County Council Network (CCN), had sought to impose a cap on these costs. The Chief Executive acknowledged CCN's attention to the issue in a commissioner report, proposing potential solutions and advocating for a review of outdated home-school transport legislation. While recognising the escalating costs, the discussion also highlighted internal efforts to transform the system and manage expenses. The Chief Executive stressed the importance of exploring means testing and noted the inclusion of educational travel processes in the Business Performance Improvement Program for increased efficiency

“Service Revenue and Capital Budget Proposals 2024/25” report (agenda item 9)

On 25 January 2024 the Overview and Scrutiny Management Board considered a report on the Service Revenue and Capital Budget Proposals 2024/25. The Board unanimously supported the proposals which were extensively discussed as part of the debate on the Council Budget for 2024/24 that was also approved in the same meeting.

Public Protection and Communities Scrutiny Committee – 30 January 2024

To follow

Meeting with businesses, trade unions and other public bodies – 26 January 2024

A list of attendees is detailed at the end of these notes.

Councillor M A Whittington, Executive Support Councillor for Resources, Communications and Commissioning 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. The proposed budget was also examined by each of the County Council’s scrutiny committees who would look in more detail at the budget for individual

service areas. Recommendation would then be made to the full Council at its meeting on 23 February 2024, where the budget would be formally approved.

Michelle Grady, Assistant Director – Finance and Adam Hopley, Strategic Finance Lead (Corporate), introduced a presentation on “Budget Engagement Meeting with Key Stakeholders – 26 January 2024”, 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:

- In terms of the economic and financial context there were a number of factors that were influencing the budget and the Council’s spending, including the higher levels of inflation, although these were now falling.
- In relation to the Autumn Statement 2023 and the local government headline, it was reported that tax receipts had been higher than forecast in March 2023 which had been used to provide a cut in national insurance for employees and the self-employed, as well as incentives for business investment. It was noted there was no additional funding for Local Government as departmental spending limits were maintained from the Statement in 2022. Departmental spending limits would increase by 1% a year in real terms from 2025/26 onwards, however this was a reduction from recent increases. Due to larger increases in priority areas (health, defence, schools) there could be a decrease in funding for local government. Finally, it was highlighted that the standard Business Rates multiplier would be increased by inflation, whilst the small multiplier would be frozen.
- In terms of the provisional local government finance settlement for Lincolnshire County Council, it was noted that the Government predicted a Core Spending Power increase of £45.1m, assuming a council tax increase of 5% (£23.1m). In relation to grants, the revenue support grant had been inflated by £1.5m or 6.6% (September CPI), with an additional adjustment rolling in the Fire Pension grant of £1.4m, therefore a net nil change. Business rate baseline funding and multiplier compensation grant was forecast to increase by £8.7m or 6.5%. The Council would also receive an additional one-off New Homes Bonus grant of £1.0m. In terms of other grants, the rural services delivery grant would be maintained at £8.1m, the social care grant would increase to £66.8m, the Adult Social Care (ASC) market sustainability and improvement fund would increase to £14.7m, ASC discharge fund would increase to £8.0m, the Services Grant would reduce by £3.8m. It was highlighted that the Council would not benefit from the funding guarantee due to its core spending power increasing by more than 3%.
- The Council funded a number of major services and functions including Adult Social Care, Children’s Social Care, Public Health, Highways, Transport, education (including school transport), environmental services (including waste disposal, waste collection was a function of the district councils), economic regeneration and Fire and Rescue Services.

- In terms of sources of finance for 2023/24, it was noted that the Council had a net budget of £1.6bn, with 45% of this being the dedicated schools grant, Council tax accounting for 22% of funding and Business rates were 9%. 17% of the councils funding was provided by grants and contributions.
- In terms of expenditure on services, the Council spent £745.5m on schools, £363.7m on Adult Care and Community Wellbeing and £133m on Children's Services. £176m was spent on Place, which included transport and highways services.
- In relation to the current budget strategy and resilience it was explained that delayed reforms to local government finance and short term funding certainty combined with the economic context were detrimental to financial planning. There was heightened financial risk and a medium term prospect of a second round of austerity. However, the Council had a good record of delivering savings and operating within budget, with a blend of savings and the prudent use of reserves being applied for the last few years to maintain a balanced budget. Underspends had been prudently managed to establish reserves to support financial resilience, as well as being used to fund schemes which would lead to reduced revenue costs in future years. Lincolnshire was, and aimed to continue to be in the lower quartile of Council Tax levels.
- Key financial trends highlighted the reduction in the general government grant since 2011/12 and the increase in other government grants received as the government moved to providing funding for specific services and purposes. It also highlighted the change in government approach towards council tax increases following additional funding being offered to Councils who froze council tax between 2011 and 2015, towards an approach now where councils were more reliant on the income from Council Tax.
- The LCC Medium Term Financial Position demonstrated that the Council could see its budget shortfall increase year on year between 2024/25 and 2027/28 from £7.2m per year to £15.5m per year. However, it was noted that this assumed a council tax increase of 2.99% for each year. These budget shortfalls were driven by higher cost pressures including increased demand due to an increased number of people needing to access the services as well as increased complexities in meeting those needs.
- Cost pressures highlighted for 2024/25 included the 2024/25 pay award (4%) and legacy pension costs; contract inflation for commissioned services; inflation within social care and all other services; increases in demand for Adult Social Care services, including previous self-funders approaching the council for funding due to diminishing capital; new costs associated with additional funding (ASC discharge fund and ASC market sustainability and improvement fund); increase in the numbers and complexity of children in care and the need for specialist placements; and increases in the cost of Home to School transport – inflation, service demand and challenging market conditions.
- However, there were also savings for 2024/25 which included a reduction in energy costs across the Council's estate following a fall in energy prices from last year;

reduction in cost following the triennial review of pension contributions; anticipated realisation of efficiencies from insourcing services; cost reductions following the retendering of the insurance contract; increase in income through the review of fees; increases in anticipated income through the generation and sale of electricity at the Energy from Waste plant; savings realised from investment in Children's Homes and Separated Paper and Card collections; decommissioning of legacy IT systems; removal of one of funding in highways; and a slight reduction in the contingency budget due to an anticipated slightly reduced risk for the year ahead.

- In relation to Reserves, the Council had two types of reserves – the General Reserve (currently at £16.4m) and Earmarked Reserves (£238.120m) at the start of 2023/24. It was noted that that £72.019m of earmarked reserves were forecasted to be used during 2023/24. It was also highlighted that earmarked reserves included money that did not belong to LCC (i.e. Schools) and also grants or other contributions which were for specific purposes. Other Earmarked Reserves held by the County Council included the Financial Volatility Reserve of £46.922m.
- The Capital Programme had been costed over a 10 year period from 2024/25 with a gross value of £511m ((net - £339m), and included investment in Schools, Highways, property and IT assets. The volatility of capital financing charges over the medium term was managed via an earmarked reserve.
- Some of the schemes included in the Capital Programme included delivery of SEND schools provision, maintenance and improvement to council buildings, replacement of Fire and Rescue Fleet and equipment, local flood protection schemes, separated paper and card recycling scheme, North Hykeham Relief Road, Spalding Western Relief Road – Section 1 and Section 5 and local highway improvement schemes (pinchpoints).
- In year revenue underspend would be used to fund capital investment in Waste Transfer Stations, Cross Keys Bridge electrification, LED streetlights swap out and Flood investigation and alleviation. It was also noted that the capital contingency had been built up over recent years and it was proposed that this would fund a number of projects including Grantham fire station works, Lincolnshire Secure Children's Home, Lincolnshire Fire and Rescue Control Room, RAF Woodhall Spa Redevelopment, County Farms solar schemes and subsidence and schools mobile classroom replacement.
- There were three council tax options being considered for 2024/25:
 - Option A (2.99% increase)
 - Option B (3.99% increase)
 - Option C (4.99% increase)
- In relation to council tax, the Council expected to maintain its position in or around the lowest quartile of all 26 English shire counties. The different options would generate different levels of income and would have differing impacts on Band D taxpayers (A - £45, B - £60.03, C - £75.06 per annum).

- For 2023/24 LCC was in a pool with all seven district councils for Business Rates. This was currently forecasted to generate £3m in additional funding. LCC would continue to be in a Pool with the seven district councils for 2024/25 and a pooling gain of £2m was expected.
- In terms of next steps, the updated budget proposals would be considered by the Executive on 6 February 2024 and the budget would then be recommended to Council for approval on 23 February 2024.

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

- The presentation had given a thorough run through of the context in which the budget was being set. The Executive at its meeting on 9 January 2024 had considered the options and pressures facing the Council and had proposed a 4.99% increase for Council Tax was set. This was the view taking into account the current demand for services and the uncertainty around government support for those services.
- It was queried that as Lincolnshire was the third lowest shire county in terms of council tax, which authorities were lower. It was confirmed that only Worcestershire and Suffolk had lower council tax rates than Lincolnshire.
- In relation to reserves, it seemed like significant amounts were going to be used, and it queried whether there would be sufficient funds in the event of any unforeseen events (e.g. another pandemic). It was noted that reserves were prudently kept, and there was also a level of contingency in the base budget. In 2023/24 the Council agreed to increase its contingency fund due to rising inflation and this was used. The reserves being used were to fund highways works etc and these was a planned usage of the reserves.
- It was noted that if there was a national incident, e.g. when the pandemic happened, the government did provide additional funding to local authorities. Also, in response to the recent flooding, the government have provided additional grants to support residents. The Executive was very aware of the issues around flooding and what more the authority could do to support residents.
- With a number of local authorities expected to issue Section 114 notices in the coming year, it was queried whether this was something that Lincolnshire would be considering. Officers were clear that this was not something that LCC was at risk of. It was noted that many of the authorities that have had issues had made decisions to plug gaps in their funding through external/commercial types of investment. Lincolnshire has invested in service delivery and service improvement, to reduce future revenue costs e.g. building children's homes to avoid expensive out of county placements for children in care.
- A discussion had taken place several years ago with the Executive, where the decision had been made that getting involved in external commercial activity was not the direction that the County Council wanted to take.

- Financial resilience and sustainability was key for the provision of good services. The Council’s focus was looking at how services were delivered and if they were meeting the needs of the people who needed them.
- It was highlighted that the Council had taken the decision to not close its Children’s Centres as the prevention work carried out by them could save money in the longer term,
- In terms of the capital programme, the Council had aimed to develop and invest in schemes that would save money.
- Clarity was sought regarding the schools balances and whether academies had access to that funding, officers advised that £76m had been invested into schools and the Council received a general grant for providing schools places, and had to make the provision available. Often new primary schools would become academies once they were built. It was also noted that the balances of the earmarked reserves were for maintained schools.
- In terms of the future, and the knowledge that there would be a general election within the year, it was queried if there was any view on what may happen if there was a change of government. It was commented that there was recognition that there was a need for greater security for local government in terms of funding, but there was a view that if there was a change in government, it was likely that there would be a plan to maintain the status quo and then work with the sector on increasing the funding.
- Attendees expressed thanks for the great work the council did and for providing detailed answers to questions. There was support for the current budget proposals.

The list of external attendees are as follows:

| Present | Representing |
|------------------|-------------------------|
| Henry Breese | Lincolnshire Co-op |
| Elizabeth Lowe | Unison |
| Ken Rustidge | NEU |
| Paula Stephens | Unite the Union |
| Jessica Williams | City of Lincoln Council |

2024/25 Budget Consultation (interim results)

Introduction

The budget consultation was published after the meeting of the Executive on 9 January 2024, and is due to close at midnight on 30 January 2024.

The budget consultation sought views to inform the public about the budget and associated council tax proposals. Members of the public were asked to indicate a preference out of the three council tax options being considered.

Engagement

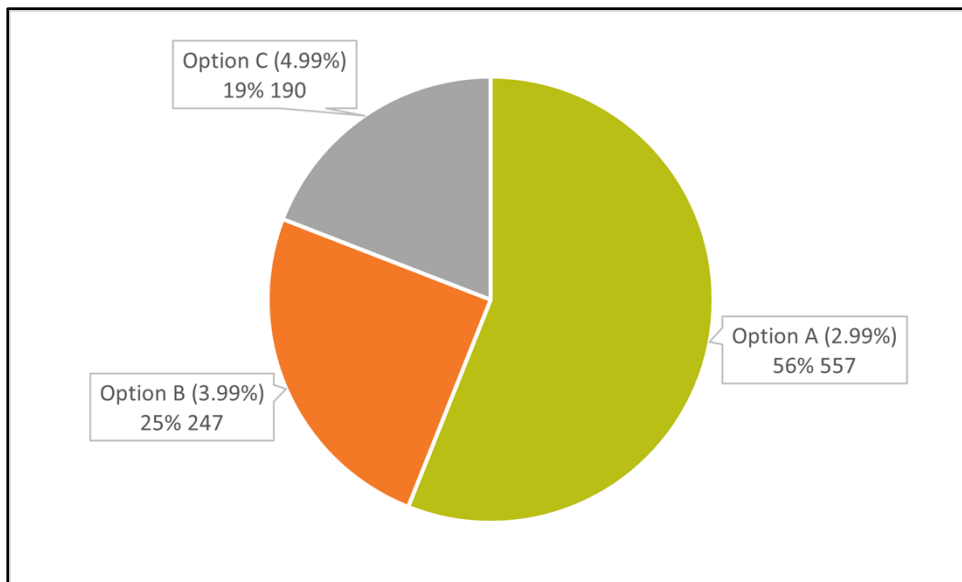
Page visitors: 1687

Engaged visitors: 1015

Conversion rate: 60% (very high)

A significant number of responses came at the start of the consultation, with another surge in responses over the weekend prior to the consultation closing. As at 9:30am on Monday 29 January 2024, there were 1008 responses. The survey remains open until tomorrow night.

The majority (864, 86%) came direct or responded to an email sent to them. There were 994 responses to the question about preferred options (21 people skipped).

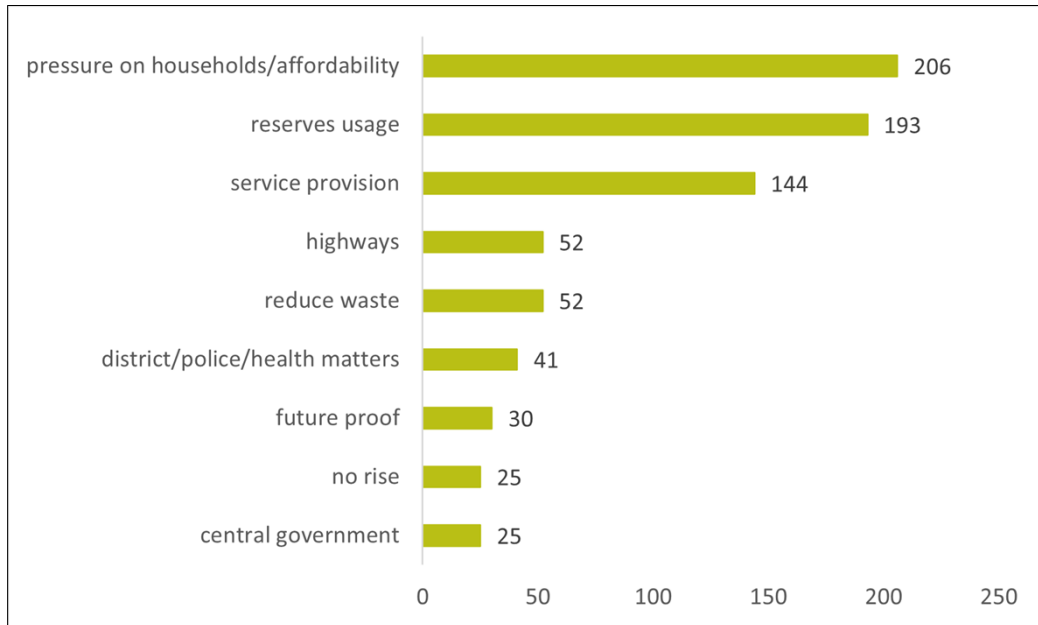


The responses were as follows:

- Well over half (56%, 557) respondents feel option A (2.99% increase) should be chosen
- One quarter (24.8%, 247) would like option B (3.99% increase)

- Just under 2 in 10 (19.1%, 190) agreed with the recommended option C (4.99% increase)

There have been 697 comments so far (this has more than doubled in the last week of the consultation).



Further analysis of the comments submitted has identified the following themes:

- Many recognise the pressure on both household and council budgets is high.
- Affordability and the related pressure on households remains the most frequently raised point (206 comments, 30% or 3 in 10 of all comments).
- The use of reserves was mentioned 193 times with a mixture supporting their use to minimise the burden on tax payers and some suggesting not using them to ensure the council's position is future proofed to ensure service continuity. Protecting reserves was especially key to those supporting a larger rise in council tax to use in emergencies or times of desperate need, rather than for business as usual.
- 144 comments mention service provision, in context of needing to protect quality services or a lack of rural services for the amount of council tax paid.
- 25 respondents have asked for no rise at all or a reduction, despite this not being an option.
- Central government was mentioned 25 times with regards to them providing fairer funding and the anticipated forthcoming general election.
- 41 comments related to parish precepts, district, health and police responsibilities, which is only 11 fewer than highways and potholes.
- Devolution was mentioned 7 times and street lights 4 times.

A small number of respondents suggested alternative solutions/approaches. They included:

- reduce staff, councillor and contract costs
- raise council tax further to provide better services (3)
- greater joint working to make savings (2, financial and environmental)

- reduce other precepts to offset a county increase (2, parish/town and police crime commissioner)
- cut services (2)
- pay only for what you use, like garden waste collection (2)
- raise council tax for households with larger numbers of people living in them (1), properties in higher bands (1) and means-testing (1)
- introduce a four day working week (1)

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