



**Open Report on behalf of Andrew Crookham,
Deputy Chief Executive & Executive Director - Resources**

Report to:	County Council
Date:	23 February 2024
Subject:	Council Budget 2024/25

Summary:

The appended Budget Book – "Council Budget 2024/25" – describes the budget and council tax proposals being recommended to the Full Council by the Executive.

This report seeks approval for those budget recommendations.

Recommendation(s):

It is recommended that the Council:

1. has due regard to the responses to the engagement and consultation feedback on the Council's budget proposals as contained in the Budget Book (**Appendix D** - Budget Engagement and Consultation Feedback);
2. has due regard to the Section 151 Officer's Statement on the Robustness of the Budget and the Adequacy of Reserves as set out in the Budget Book (**Section 10** - Section 151 Officer's Statement on the Robustness of the Budget and Adequacy of Reserves);
3. has due regard to the Impact Analysis relating to increasing the Council Tax by 4.99% in 2024/25 set out in the appended 'Budget Book' (**Appendix C** – Equality Impact Analysis relating to the council tax proposal in 2024/25);
4. approves:
 - 4.1 the service revenue budgets for 2024/25 contained in the Budget Book, (**Table 2** - Net Service Revenue Budget 2024/25);
 - 4.2 the capital programme and its funding contained in the Budget Book (**Section 7** - Capital Programme) and (**Appendix O** - Capital Investment Programme);
 - 4.3 the County Council element of the council tax for a Band D property at £1,578.69 for 2024/25 contained in the Budget Book (**Appendix B** - County Precept 2024/25);

as together being the Council's Budget.

5. considers and agrees which spending priorities the additional general fund capacity of £7.793m created by the final settlement should be allocated to;
6. approves the Council's Financial Strategy contained in the Budget Book (**Appendix E** – The Financial Strategy);
7. approves the Council's Capital Strategy contained in the Budget Book (**Appendix N** – Capital Strategy 2024/25);
8. approves the prudential targets for capital finance and notes the prudential indicators contained in the Budget Book (**Appendix M** - Prudential Indicators);
9. approves that the minimum revenue provision (MRP) be based on the asset life method, charged on an annuity basis for major infrastructure projects and in equal instalments for all other assets, over the estimated life of the assets acquired through borrowing as set out in the appended Budget Book (**Section 9** - Minimum Revenue Provision).

1. Background

1.1 At its meeting on 6 February 2024 the Executive met to approve its recommended budget for 2024/25. At its meeting on 6 February 2024 the Executive resolved to recommend the budget proposed for consultation at its meeting on 9 January 2024 with the following amendments:-

- To increase Council Tax by 4.99% in 2024/25, comprising an increase in general council tax of 2.99% plus an adult social care precept of 2.00%;
- To amend the funding base by to reflect the tax base and collection fund position for business rates and council tax notified by the District Council's;
- To plan to use £0.6m of reserves to enable a balanced budget prior to consideration of the final settlement.

1.2 The final Local Government finance settlement was published late on 5 February 2024, which was too late for inclusion within the budget proposal recommended by the Executive. The final settlement provided the Council with an unexpected increase in grant funding, with confirmation for 2024/25 only. The key changes were as follows:

- £7.0m additional increase the social care grant, in recognition that many local authorities had reported significant cost increases relating to social care;
- £1.3m increase in the Rural Service Delivery Grant in recognition of specific cost pressures in rural areas, and;
- £0.1m increase in the Services Grant.

The Government also confirmed £0.9m one-off funding as a result of the surplus currently held in the business rates levy account being distributed to local authorities in 2023/24.

- 1.3 The Government have confirmed that the additional funding provided is done so on a one-year basis, and therefore the council tax rate proposed by the Executive remains the proposal, on the basis that not doing so would increase the scale of the deficit forecast from 2025/26 onwards, considered in the financial strategy section of the budget book.
- 1.4 The Council's budget proposal considered by the Executive had already accounted for total social care pressures well in excess of the increase in social care specific funding, and therefore the final settlement enables core funding to be reconsidered against all Council priorities.
- 1.5 The appended Budget Book 2024/25 uses this increased funding to remove any use of reserves shown in Table 1 and Appendix A of the budget book, and gives rise to a £7.793m balance to be considered by Full Council, referenced with recommendation 5 of this report. This approach means that there will need to be changes to the budget proposal agreed at Full Council, to ensure utilisation of the additional funding. This will also necessitate the production of an updated budget book reflecting the agreed position.
- 1.6 The Council is recommended to set a Council Tax increase of 4.99% for 2024/25, including of 2% for adult social care.

Consultation

- 1.7 The Executive put forward a budget for consultation and engagement at its meeting on 9 January 2024. Since that time comments have been received from all Scrutiny Committees and the Overview and Scrutiny Management Board, businesses, members of the public, public organisations and trade unions.
- 1.8 A summary of these comments is included within Appendix D of the appended 'Budget Book' and have been taken into account whilst finalising the budget proposals.

2. Legal Issues:

2.1 Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.

- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact is identified consideration must be given to measures to avoid that impact as part of the decision making process.

These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated. It is clear that the current and future financial challenges facing local authorities and the need for budget savings may result in changes to service provision and to some reduction in Council services. These may apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

In order to meet its obligations, Equality Impact Analyses will be carried out in relation to any proposed changes to services on an individual basis. The specific impacts on people with a protected characteristic will be investigated and the potential mitigation, if any,

will be made clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be regularly reported to the Executive as part of the decision making processes. Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the public sector equality duty.

Consideration of the public sector equality duty and/or consultation may be necessary at the budget setting stage where a decision to reduce spending is significant, sufficiently focussed, and in financial terms, apparently rigid.

Consideration has been given as to whether there is any element of the current budget proposals that should be the subject of an equality impact analysis at this stage and as a result an assessment (attached at Appendix C of the budget book) has been carried out on the proposal to increase Council Tax. That assessment identifies the potential for the proposal to impact on people with low income and therefore disproportionately on certain people with a protected characteristics including older and younger people, people with a disability and women with children. Each District Council operates a Council Tax Support Scheme which has been designed following consultation and individual impact analyses to mitigate the effects of Council Tax levels on vulnerable people and people with low incomes. The savings and additional income of £26.3m built into this budget are all considered to have minimal impacts on service users but, as stated above, equality impact analyses will be carried out in relation to any proposed changes to services on an individual basis.

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the public sector equality duty.

As part of its decision-making the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision such as making reductions in other areas which do not have the same impacts, including particularly equality impacts. The result could be to require additional resources to be used in certain areas than has been budgeted for. In this event the usual budget management processes such as virement would be followed and approval sought at the appropriate levels in accordance with Financial Regulations including Full Council where necessary. In particular a contingency has been built into the budget proposals in the form of the Financial Volatility Reserve (the balance is currently £46.9m) and the annual core Contingency budget which is proposed to be set at £6m for the 2024/25 financial year, for when additional funding cannot be found by way of virement from other service areas.

Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS)

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Wellbeing Strategy (JHWS) in coming to a decision.

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy.

Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

Approval of the budget is not a final decision about what the Council's services will be or about how much money will be saved under any particular proposals. Individual proposals will only be implemented after due regard to the legal matters that must be considered including the duty under section 17 of the Crime and Disorder Act 1988.

3. Conclusion

This Report seeks Full Council approval for the proposed budget for 2024/25 as recommended by the Executive.

It also requests that Full Council considers and agrees which spending priorities the additional general fund capacity of £7.793m created by the final settlement should be allocated to.

4. Legal Comments:

Robust decision making requires that the results of the Council's budget consultation as well as the Section 151 Officer's Statement on the Robustness of the Budget and the Adequacy of the Reserves and the Impact Analysis on the 4.99% increase in Council Tax are taken into account by the County Council in coming to its decision. Compliance with recommendations 1, 2 and 3 ensures that this is done.

Case law has established that generally it is lawful for a Council first to decide its budget and then to consider the question of consultation and the specific impact of proposed

policies and service changes at the time they are developed and decisions are taken on them. Consideration has been given to whether there are any specific proposals within the budget that would require such consideration prior to the budget being set and, apart from the proposed Council Tax increase which is dealt with in the Report, there are not considered to be any such proposals

With regard to recommendation 4 under the law and the Constitution it is for the County Council to approve the Budget and pursuant to this, for the reasons detailed in paragraph 1.2, determine the spending priorities detailed in recommendation 5.

With regard to recommendation 6 approval of the Medium Term Financial Strategy is within the remit of the Council.

With regard to recommendation 7, the Prudential Code for Capital Finance in Local Authorities (2017 edition) sets out that the setting and revising of a Capital Strategy will be done by the same body that takes decisions on the Budget i.e. the full Council. The Council is required to have regard to the Prudential Code when carrying out its duties under Part 1 of the Local Government Act 2003.

With regard to recommendation 8, Section 3 of the Local Government Act 2003 requires a local authority to determine and keep under review how much money it can afford to borrow. The determination must be made by County Council. The prudential targets include the Council's borrowing limit and must therefore be approved by the County Council.

Regarding recommendation 9, the requirement to make a minimum revenue provision that is prudent is a requirement of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and the statutory guidance that accompanies the regulations. Minimum revenue provision is relevant to the control of the Council's capital expenditure and must be referred to the County Council for approval.

The legal position in relation to the recommended level of Council Tax is set out in paragraph 3.13 of the Budget Book.

5. Resource Comments:

The budget proposals are consistent with the Council's financial strategy, and ensure the Council is best placed to navigate financial challenges that may arise in the medium term.

The robustness of the budget proposals and the adequacy of the reserves held by the Council are considered in **Section 10** of the appended Budget Book. This concludes that the budget is realistic and that the level of reserves is adequate.

6. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

These are set out in the appended Budget Book (**APPENDIX D** - Budget Consultation Feedback)

d) Risks and Impact Analysis

An Impact Analysis relating to the proposed increase in Council Tax has been carried out and is contained in the appended Budget Book at **APPENDIX C**.

Proposed service changes to give effect to the budget will be subject to their own policy proofing considerations.

7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Attached separate booklet - "Council Budget 2024/25" - the Budget Book

8. 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
Report to the Executive 9 January 2024 "Council Budget 2024/25"	Agenda for Executive on Tuesday, 9th January, 2024, 10.30 am (modern.gov.co.uk)
Report to the Executive 6 February 2024 "Council Budget 2024/25"	Agenda for Executive on Tuesday, 6th February, 2024, 10.30 am (modern.gov.co.uk)

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