

Meeting of the Full Council

Meeting to be held on Thursday, 9 February 2023

Report of the Chief Executive & Director of Resources

Part I

Electoral Division affected:
(All Divisions);

Corporate Priorities:
N/A;

2023/24 Budget Report

(Appendices 'A' – 'G' refer)

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Brief Summary

To consider the recommendations of the Cabinet regarding*:

1. The revenue budget 2023/24 and the medium term financial strategy 2023/24 to 2026/27: section 1 of this report and Appendix A.
2. The council tax and precept 2023/24: section 2 of this report.
3. The capital programme 2023/24: section 3 of this report and Appendix B.

** Note that this report is published ahead of the Cabinet meeting on 2 February 2023, at which recommendations to Full Council will be confirmed. Full Council will be notified in advance of the meeting of any changes to the recommendations of Cabinet*

To consider the recommendations of the Audit, Risk and Governance Committee on 30 January 2023 regarding:

4. The treasury management strategy, the investment strategy, the minimum revenue provision policy statement for 2023/24 as shown in Appendices D, E & F.

In considering the above, to note the summary of consultation responses received and officer advice.



Recommendation

The Full Council is asked to consider and approve:

- (i) The revenue budget of £1,035.977m for 2023/24 and financial strategy 2023/24 to 2026/27 (Appendix A) and note that Cabinet in November agreed £118m of savings to be included within the budget for 2023/24 and medium term financial strategy.
- (ii) The council tax requirement of £604.416m for 2023/24 including the level of Band D council tax for 2023/24 at £1,574.71 reflecting a 3.99% increase, including 2% to be used for adult social care as per the new permitted flexibilities.
- (iii) The capital programme for 2023/24 of £239.859m (Appendix B).
- (iv) The capital strategy 2023-2042 (Appendix C).
- (v) The treasury management strategy, investment strategy and minimum revenue provision policy statement 2023/24 as set out at Appendices D, E, & F.
- (vi) The fees and charges as set out at Appendix G, and that these be implemented from the 1 April 2023, except:
 - a. Social Care charges which will be uplifted from the first Monday in April (3 April) 2023, or
 - b. where an alternative implementation date is indicated in the schedule at Appendix G.and that library members who are refugees, asylum seekers or any individuals who arrived in Lancashire through a coordinated resettlement scheme due to forced migration be exempted from paying reservation charges for borrowing library materials.
- (vii) The fees and charges, within the direct control of the council to set, be uplifted in future years by the value of the September Consumer Price Index in line with inflationary levels applied by the Government to items such as pensions and benefits.
- (viii) That the Chief Executive and Director of Resources (s151 officer), in consultation with the Deputy Leader of the County Council, be authorised to amend the contribution to the 2023/24 budget from the transitional reserve when the Final Settlement is received.

The Full Council is asked to note and have regard to the advice of the Chief Executive and Director of Resources in relation to the robustness of the budget and the adequacy of reserves.



Detail

1. Revenue Budget 2023/24

The summary revenue budget of £1,035.977m for 2023/24 is set out at Table 1 below and in full in Appendix A. As reported to Cabinet on 2 February, it includes the impact of the Provisional Financial Settlement received on 19 December 2022. The Final Settlement is expected in early February and if received in advance of Full Council an update will be provided at the meeting, although very little change is expected.

The 2023/24 budget contains a proposed programme of savings totalling c£75m. This includes the 2023/24 elements of the £118m of savings agreed at Cabinet on 3 November 2022. Details of all savings can be found on the link below (Item 5):

[Our Council - Agenda for Cabinet on Thursday, 3rd November, 2022, 2.00 pm](#)

The final collection fund position has not been confirmed from District Councils at the time of preparing this report for Full Council. Therefore, information will be collated and included as part of a budget adjustment at the Full Council meeting.



Table 1 - Revenue Budget 2023/24

The budget outlined below results in a net revenue budget of £1,035.977m. The budget by service is summarised below:

Revenue Budget 2023/24	Net Budget (£m)
Adult Services	444.813
Safeguarding and Quality Improvement	10.220
Public Health	-3.016
Children's Social Care	193.647
Education, Culture and Skills	45.386
Education and Children's Services	10.774
Policy Commissioning and Children's Health	0.271
Highways and Transport	162.016
Growth and Regeneration	3.118
Environment and Planning	3.194
Resources	7.917
Finance Services	19.848
Strategy and Performance	40.262
Law and Governance	19.622
Digital Service	35.776
People Services	5.835
Organisation Development and Change	2.179
Chief Executive Services	2.874
Sub-Total	1,004.736
Financing Charges	40.403
Use of one-off resources (funding from Transitional Reserve)	-9.162
Revenue Budget 2023/24 (Budget Requirement)	1,035.977



2. Council Tax and Precept 2023/24

Full Council is asked to consider and authorise, in pursuance of the provisions of the Local Government Finance Act 1992, and in order to meet the general expenses of the county council for the financial year 2023/24.

a) Council Tax Requirement and Precept for 2023/24:

That the band D council tax for 2023/24 is increased by 3.99% as follows:

- 1.99% for general council tax being an annual increase £30.13 for band D council taxpayers
- 2% for the adult social care precept being an annual increase of £30.29 for band D council taxpayers.

This gives an overall position of:

	£m
Budget Requirement	1,035.977
Less Revenue Support Grant	38.206
Less Business Rates	232.789
Less New Homes Bonus	1.482
Less Improved Better Care Fund	47.145
Less Social Care Grant	94.579
Less Collection Fund	5.000
Less Capital Receipts	5.000
Less Services Grant	7.360
Equals council tax cash	604.416
Divided by tax base (estimate)	383,826.57
Gives LCC Band D council tax for 2023/24	£1,574.71
LCC Band D council tax 2022/23	£1,514.29
Percentage increase	3.99%



- b) Council Tax (on the basis of a budget requirement of £1,035.977m) and the Council Tax base for each property valuation band:

Council Tax Band	£
Band A	1,049.81
Band B	1,224.77
Band C	1,399.74
Band D (basic)	1,574.71
Band E	1,924.65
Band F	2,274.58
Band G	2,624.52
Band H	3,149.42

- c) The contribution from each district council through their precept of the net total raised from the council tax of £604.416m:

District	£m
Burnley	37,074,972
Chorley	60,378,365
Fylde	50,373,398
Hyndburn	34,557,011
Lancaster	67,049,577
Pendle	39,015,645
Preston	64,717,432
Ribble Valley	39,336,256
Rossendale	32,798,060
South Ribble	58,505,626
West Lancashire	59,989,790
Wyre	60,619,406
Total raised from Council Tax	604,415,538



3. Capital Programme 2023/24

Full Council are asked to approve a capital programme of £239.859m in 2023/24 as set out at Appendix B.

4. Capital Strategy 2023-2042

Full Council is asked to approve the proposals for the capital strategy 2023-2042 as set out at Appendix C.

5. Fees and Charges 2023/24

Full Council is asked to agree the fees and charges for 2023/24 as set out in Appendix G.

The updated schedule uses the Consumer Price Index as at September 2022 (10.1%) to increase fees and charges, being the value applied by Government for pensions and benefit payments. The Consumer Price Index in September will be the default inflationary factor when setting fees and charges increases in future years.

There are some minor exceptions within the schedule where charges are set nationally or other market factors have been considered.

Full Council is also asked to approve and note the additional points below:

- An exemption will be included for library members who are refugees, asylum seekers or any individuals who arrived in Lancashire through a coordinated resettlement scheme due to forced migration from paying reservation charges for borrowing library materials.
- A full review of the admissions policy for museums will be undertaken in 2023 and a new policy presented for consideration to the Cabinet Working Group on Museums.

Consultations

As part of the budget process the contents of the report to cabinet has been subject to a consultation with a variety of stakeholders and partners, including with the trade unions.

For the budget consultation, an email was sent out on behalf of the county council on 4 January 2023 outlining the proposal for Council Tax and an Adult Social Care Precept and containing a link to the relevant reports with respondents then able to e-mail or send in their written feedback. The closing date for the consultation was 31 January 2023 and 9 responses have been received, several covering the same savings proposals.

Consultation Response

Several respondents raised concerns about the proposal to review the winter gritting routes and asked that more grit bins are made available.



Officer Response

The proposal is to reduce the winter gritting budget by c5% following a route review using a risk based approach making greater use of intelligent and dynamic condition data for a more efficient and targeted treatment. The review will consider the need for more grit bins to be installed on the untreated network.

Consultation Response

A respondent commented that due to the cost of living pressures Local Authorities should be endeavouring not to increase the budget in the forthcoming financial year.

Officer Response

The most significant cause of the current financial challenge for local government as a whole has been the significant inflationary and demand related pressures, particularly relating to social care. Government has, through the Provisional Financial Settlement, given councils with social care responsibilities the flexibility to raise council tax by up to 4.99% (including a 2% adult social care precept) and that has been built into their calculations of funding (core spending power) available to the council to meet the expenditure pressures. The budget being proposed is to raise council tax by 3.99%, 1% less than the maximum permissible with 4.99% being the increase proposed by the majority of county councils. A funding gap of over £9m remains in 2023/24 to be funded from non-recurrent reserves. Any further reduction in council tax would increase the in-year and future funding gap by c£6m for every 1% levied.

Consultation Response

A respondent raised concerns about the number and cost of councillor's allowances.

Officer Response

The number of elected members was determined following a review by the Electoral Commission that concluded that 84 was appropriate given the size and complexity of the county council. Member's allowances are recommended annually by an independent remuneration panel.

Consultation Response

A respondent asked that the £15k reduction on peatland restoration matched funding within the environment and climate budget is not taken forward.

Officer Response

The service is confident that the reduction will not lead to a reduction in the council's ability to secure external grants with available grants increasingly not requiring matched funding.

Consultation Response

A respondent requested that the proposal to reduce the frequency of rural and high speed grass cutting by flail is reconsidered and remains at the current frequency on the immediate approach to villages.

Officer Response

The service recognise that some communities may see longer grass as being untidy, but sightlines at junctions will continue to be maintained as a road safety priority and



there are potential positive benefits in reducing the frequency of cuts as it supports bio-diversity.

Consultation Response

A respondent queried whether the budget proposals would deliver better outcomes at lower cost.

Officer Response

The budget proposals have largely addressed a forecast funding gap for 2023/24 of £87m, with most proposals focused on providing services more efficiently and effectively and proactively managing the impact of increasing demand for services. A number of proposals involve working more closely with the NHS to both reduce the costs to the Health and Social Care system and achieve the best outcomes for vulnerable people.

Consultation Response

A borough council expressed their disappointment that many people will receive a lower level of support due to cuts in social care, reflecting that this was a direct result of reduced government funding. The same respondent welcomed that reductions to physical environment and maintenance budgets are limited.

Officer Response

The budget proposed includes significant investment in meeting the increased demand and cost of social care services, particularly with regard to investment in market sustainability. Many of the savings proposals on social care relate to working more closely with the NHS to deliver better outcomes at lower cost to the system overall.

Consultation Response

A borough council raised concerns about the impact a number of savings proposals could have on their residents including grass cutting and winter-gritting (both raised by in other responses referenced earlier) and the proposals to charge for telecare and remove the cap on respite care charging. The borough council also queried that the proposals do not provide sustainability for the future delivery of services and suggested that a radically different approach was required that positions district councils to take more ownership of services, such as roads and highways, as part of a more cost effective and sustainable approach to delivering local services.

Officer Response

The current year has been marked by significant volatility and uncertainty and an £87m funding gap for 2023/24 has reduced to £9.5m with a focus on improving productivity and efficiency and generating additional income to support priority services. We have a strong track record of delivering savings programmes and balanced budgets over recent years and have made significant investment in meeting increasing demand for services and investment in care market sustainability. The current financial forecast also provides assurance of our ability to set balanced budgets over the period covered by the medium term financial strategy. In terms of the specific social care proposals referenced in the response, the increase in the respite charge would only be paid by those individuals who can afford to do so following the outcome of a financial means test. On telecare charging we are now in a minority of councils who do not charge for the service and a separate



consultation exercise has been undertaken with a number of responses indicating a willingness to pay for peace of mind and other benefits that telecare brings.

Consultation Response

The Integrated Care Board have responded recognising the size of the budget challenge and the significant pressures that exist across the local government sector with respect to funding settlement and ever rising demand pressures. The Integrated Care Board is keen to understand more fully the risks for citizens and patients and raised questions on several the specific social care proposals and asked for a meeting to meet and discuss how we collectively manage any unintended consequences and financial risks associated with the savings proposals, particularly the implications of the 'joint funded package' schemes.

Officer Response

The consultation response references that we are working in close partnership across the health and social care system and that there are significant opportunities in moving forward at pace on the integration agenda, particularly in respect of the out of hospital approach. Responses are being prepared to the questions raised and will shortly be discussed at a meeting of Senior Officers of the Council and Integrated Care Board.

Officers therefore recommend no change to the budget as proposed to Full Council.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper	Date	Contact/Tel
Budget Report and Savings Proposals for 2023/24	3 November 2022	Angie Ridgwell, Tel: (01772) 536260
Money Matters Quarter 3 Report 2022/23	2 February 2023	Angie Ridgwell, Tel: (01772) 536260

Reason for inclusion in Part II, if appropriate

N/A

