

BUDGET STATEMENT 2023



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Leader, Lincolnshire County Council
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Global events, huge impacts

We all hoped that the last year would bring a more stable time around the world, following the upheaval of so much of our daily lives during the Covid pandemic.

However, the last year has been tumultuous to say the least. Since I gave my previous budget speech we have had three prime ministers, four levelling up Secretaries of State and local government ministers, and five housing ministers.

Thankfully, government is a lot more stable here in Lincolnshire as we continue the important but less dramatic delivery of services and investment for the future. The global economic crisis has had a profound effect on everyone. In the UK, the knock-on effects of the pandemic on our public services and our nation's finances have been magnified by Putin's invasion of Ukraine and led to high inflation and workforce shortages.



Since early 2020, the council's operating environment has been immensely volatile, and this shows little sign of changing in the short-term. Inflation has risen to unprecedented levels, peaking at 11.1% in October 2022 and is expected to remain at high levels for a prolonged period.

As well as the implications this has for our residents and businesses, the council itself has a lower spending power because of these financial conditions.

The economy contracted by 0.2% in quarter three for 2022/23, and is expected to flatline during the fourth quarter. This slowdown is forecast to last throughout the first half of next financial year.

Like most economies amidst an increased cost-of-living, our government has

prioritised clamping down on inflation. In the Autumn Statement presented in November, the chancellor, Jeremy Hunt, set out a plan for short-term increases in public spending as growth slows and unemployment rises. Once growth returns, there is forecast to be lower increases in public spending.

This means that we have seen a better one-year financial settlement than we expected for 2023/24 from the government. There is also some confidence that this will be maintained for 2024/25.

In particular the additional money that has been provided for our major costs in adult care is much-needed, whilst reforms to health and social care are under development.

We have managed our finances incredibly carefully. Unlike many councils, we are projecting to have kept our spending within budget this year despite so much uncertainty, on top of cost and demand increases. We have continually reacted and responded to this and managed our major risks.

But we must not be under any illusion – our future financial situation is challenging. Our funding has increased less than inflation, we are still awaiting a resolution to ongoing discussions with government on a fairer funding formula for county areas, and the shortfall in our highways maintenance funding has yet to be addressed.

Although we have welcomed extra temporary support, particularly for care services, there is still a financial iceberg looming. Especially as necessary, but expensive, reforms will come into play in 18 months.

In short, we must set our budget going forward on the assumption that our funding will not increase from 2025/26 onwards as it has in recent years and cost pressures will continue.

As the Prime Minister said in his New Year's speech, coming out of a recession, reducing inflation and growing our economy will take time and hard work.

At the county council, we must plan for long term success and be prepared to put in the hard work to achieve it.

Local decision making

With this financial backdrop, it would be easy to think that we should restrict our ambitions and expectations as to what we can achieve. But this council's executive have committed to making things better for our residents and to protect and enhance vital services in Lincolnshire.

Our budget addresses our cost pressures whilst still investing in our county. It recognises the need to be careful guardians of public finances and to spend every pound wisely.

We will be planning efficiencies through better use of technology and simplified systems, saving £11.5m in the coming year and a further £11.8m between 2024/25 and 2026/27.

We must continue to ensure that this council is financially secure into the future. We have historically been one of the lowest charging county councils in the whole country when it comes to council tax. And that will continue to be the case, as like the great majority of other similar councils, we will need to increase our element of council tax by 4.99%.

As always, we are using our reserves prudently to help off-set our budget shortfall whilst keeping some money in the bank for more future uncertainties. By using £7.5m from our reserves we can balance the books whilst protecting frontline services.

The increased cost of living is affecting everyone, not least this council and these are not easy decisions to take. We have been doing a lot to support residents, along with government interventions and want to continue to do so. So it's important that we keep services at a good standard and do not give residents less than they deserve.

When times are difficult, it's even more important that people have support to care for their families and keep them safe:

- that our fire and rescue service can both help prevent emergencies and respond effectively;



- that our roads are safe and well maintained;
- that young people can achieve their best at school;
- that businesses can access help when needed and that all our residents can lead fulfilling lives.

The right start

Protecting our most vulnerable children must remain a priority. This year there will be an estimated £3m cost pressure for this vital work, managing an increase in demand.

Our spending to support families in Lincolnshire gives children a good start in life but is also an investment for the future.

Our children in care transformation project includes the creation of two new

children's homes in Lincoln and East Lindsey, funded jointly by the council and the Department for Education, with both homes due to open in 2023.

The council also continues to make further progress on its special school capital improvement project. Increased funding has been secured for the £100m programme, which has already seen the opening of a brand-new school in Boston and improvements completed at four other Lincolnshire special schools. Works are currently underway at special schools in Lincoln, Louth, Horncastle, Spalding and Grantham to deliver this ambitious programme, meaning more pupils with SEND can attend a local school, benefitting children and their families.

Our public health grant continues to support children's health with £10.5m contribution to the 0-19 Children's Health Service and Family Hubs. Over £5m investment in Family Hubs over three financial years will help address inequalities, improve education and health, and reduce demand in other parts of the system.

Care throughout adult life

Unlike many other councils across the country, our adult care and community wellbeing directorate will end this financial year with a balanced budget, for the eleventh year in a row.

This is despite a very challenging year with substantial pressures from the consequences of Covid, economic turbulence and acute hospital pressures.

In fact, as well as performing well financially, the service also managed excellent results for services to residents. Our performance ranked in the top quarter of authorities for the provision of Direct Payments and for reablement services. The homebased reablement service also exceeded their contact hours target by 5%.

This winter, we have used additional government funding to invest in more services to help our acute hospitals. This has helped people avoid hospital admissions altogether, or to be discharged from hospital in a timely and safe

fashion. It has made a real difference to what is a significant national pressure in acute hospitals.

You may have read about the national backlog of assessments and reviews for adult social care – some 540,000. I am pleased to say that in Lincolnshire there are no backlogs in the carers service and a significant reduction in the backlogs for occupational therapy and social care to the point that by March these will have been minimised.

Our supported housing programme goes from strength to strength with a further three schemes planned to start in 2023 at Welton, Sleaford and Market Rasen encompassing both housing for older people and people of working age with disabilities.

The council continues to provide key public health services, such as health protection and sexual health services for the people of Lincolnshire, with consultants embedded in both adult and children's services.

Lincolnshire has secured significant national investment for drug and alcohol treatment and recovery – £4m over two years, which is enabling us to offer support in a wider range of settings and to support more people through treatment into sustainable recovery.

We have continued to manage specific government grants for Covid and more recently for support to Ukraine arrivals to ensure appropriate services are available. The team continue to innovate to improve both the quality and cost effectiveness of services, including the TEC First approach which is starting to identify equipment such as smart speakers to support people to be as independent as possible and remain connected to family and friends

Connecting the county

We know that our residents are as concerned about the condition of our roads as we are. In our recent survey, it was identified as the main priority area for residents. To manage the reduced funding we now get from the Department of Transport, in addition to permanently replacing the £12 million which was



lost from government we have added an extra £7m for highways maintenance this year bringing the highways budget for 2023/24 to around £93m. This will be much needed in improving safety, especially on our unclassified rural roads and reducing the backlog on traffic regulation orders which I know is causing frustration for councillors and communities.

The Department of Transport's static budget continues to cause pressure without any adjustments to allow for inflation.

There are a significant amount of cost pressures in our highways budget from increasing costs of energy and materials. This year we are accounting for £5.5m in contract inflation and £3.8m for street lighting costs.

We have allocated our highways funding to ensure we can continue to meet our national requirements whilst making improvements wherever possible.

This has included looking at our spending on school transport during a time

where we are seeing more passengers and significantly higher contract prices. We are in the second year of our three year transformation programme for educational travel with savings of £3.32m being made against a target of £1.24m, last year. Further savings for 2023/24 are planned at £2.62m but there is a much larger projected overspend requiring a boost to contingency.

Sustainable future

Another challenging area for the council is dealing with waste, with new government requirements including the separate collection and disposal of food waste from March 2025. In the long term, this initiative will be beneficial to the environment and should be cost effective. It follows on from the separate collection and disposal of paper and card which we continue to roll out across the county, benefiting tax payers.

However it will need changes to infrastructure, contracts and service delivery,



and we currently don't believe there will be any additional funding from government to implement the changes needed.

The council has received £7.18m worth of government funding to help us better understand the groundwater flood risk in Lincolnshire. The extra funding has been awarded from Defra as part of the £200m Flood and Coastal Innovation Programme.

Safe communities

We have made significant investments in our fire and rescue service in recent years so that our firefighters are some of the best protected and equipped in the country.

The service will face cost pressures for this year from the increased costs of fuel to support operational vehicles. This is combined with a 20% decrease of Home Office grant funding year on year for the next five years for operational communications systems. The latest fire employers increased pay offer would cost an additional £2m alone.

Better Care Funding to support our co-responding activities is due to end in April, but there are advanced discussions through the urgent care and emergency partnership to try and address the funding shortfall.

The council will be making a capital purchase of the Waddington Training Centre, supporting Lincolnshire Fire and Rescue to making savings on the current rental costs. This will also give long term stability for the training and development for fire and rescue and also open opportunities for income generation to develop the site.

Other investment has been at Grantham Fire Station to refurbish the current station to modernise the facilities and also to create a sustainable training area to enable crews to fulfil their obligation of core training on a daily basis.

Ongoing work on changing some roles across the service and working more efficiently will also bring some savings. The service is also looking at the

future model for fire control in the coming years and is exploring local collaborative options.

Our wider community safety team work with partners across the county to ensure that people are safe in their own homes. We are strongly committed to securing funding and improving the support available to those suffering from domestic abuse in the county. This year, with the Police and Crime Commissioner and the ICB, we have committed £1.7m for a range of improved services that will go live in April. This includes a digital-based support offer, a support hub with a helpline, triage and assessment service, an outreach team, community interventions for adults and children, and recovery support.

Living well

We know that our core heritage sites continue to be popular and libraries are important community assets. Finding additional funding for these services enables them to remain vibrant spaces. The new financial year will be the first of three years of Arts Council funding for cultural activity, totalling £218,000 each year.

We have also been successful in renewing the £70,000 of external funding for our aviation heritage schools learning programme for the next year.

Two new business bubbles in Lincoln and Spalding libraries will also open in the next year, funded through £211,000 of external grants from the Library Improvement Fund.

Local growth priorities

Our investment in previous years in developments and infrastructure to support growth are reaping rewards. We're attracting new private investors to our county including at the South Lincolnshire Food Enterprise Zone near Holbeach, the Foxby Lane Business Park in Gainsborough and Skegness Business Park.

We have also led a regional bid which has brought a third of a million pounds to Lincolnshire to deliver more than 100 new EV chargers in a pilot involving five communities in Lincolnshire.

Going forward, ensuring our businesses are supported with the training and workforce they need is vital. We have successfully secured £4m over the next three years to deliver the national Multiply adult numeracy programme and will be working with 18 local providers including colleges, independent training providers, community organisations and employers to do this in innovative ways.

Our Business Lincolnshire growth hub support has been tremendously successful in supporting businesses in the county, offering one-to-one general and specialist support, grants, events and training. The majority of the grants for this will cease in June 2023, so we will look to work with our local authority partners to secure money from the UK Shared Prosperity funding to the hub, so that the service can still be offered on a countywide basis.

We will be taking forward an action plan in 2023 for strategic infrastructure to accelerate the delivery of energy, waste, and water management projects, supporting the council's bids for transport funding.

Behind the scenes

Although it is already hard work maintaining our services with the financial challenges that are presented, it's vital that behind the scenes we continue to make sure the council is run as well and efficiently as possible.

We already have a challenging programme to automate and simplify process so we can save money whilst protecting service delivery.

We continue to enhance our digital offer so residents can make payments and contact us online, which can be more convenient for them and reduces our operating costs. We are managing our estates so that property we no longer require can be sold and money re-invested for residents.

And of course, we will pursue our ambitions for devolution for Greater Lincolnshire. The government has made clear that devolution is their mechanism to give more powers and funding to local areas. This will be how we secure the best use of public money for residents and businesses in Greater Lincolnshire going into the future. This includes directly through additional funding but also unlocking the potential of our whole area.

There are indications that following the roll out devolution deals elsewhere in the country the government will be looking to extend the programme further and working with partners we will do all we can to make that a reality here.

I am pleased to present a balanced budget once again and also report that we continue to spend within budget every year.

This is in contrast with many other councils in the country who increasingly have to prop up their budget every year and some others who have driven recklessly over the financial cliff.

Our council has one of the lowest council taxes in the country and receives one of the worst allocations of government grant. With the challenge of high deprivation in certain areas and a low density population, to be able to maintain that status and continue to provide good services whilst having an ambitious future agenda, is something we can all be rightly proud of.

On that note, I recommend this budget for your support.

