



Council

Monday, 1 March 2021

**Subject: Executive Business Plan and Medium Term Financial Plan
2021/22 - 2025/26 and 2021/22 Budget**

Report by:	Assistant Director of Finance and Property Services and Section 151 Officer
Contact Officer:	Tracey Bircumshaw Assistant Director of Finance and Property Services and Section 151 Officer tracey.bircumshaw@west-lindsey.gov.uk
Purpose / Summary:	<p>The purpose of the Executive Business Plan is to set out the actions the Executive will undertake to deliver the Corporate Plan objectives over the next 3 years.</p> <p>The Purpose of the Medium Term Financial Plan (MTFP) is to set a robust overall framework for the Council's spending plans over the next 5 years in supporting delivery of the Corporate Plan and underpinned by the delivery of the Financial Strategy. The report therefore outlines the Council's revised financial plans within the Financial Analysis for changes in Government funding, the economic environment, local engagement and the priorities for the Council. The plan reflects the revisions to previous estimates and covers the period 2021/22 to 2025/26</p> <p>The Financial Analysis includes the 2021/22 balanced Revenue Budget</p> <p>The Capital Investment Strategy and Capital Programme records our 5 year investment plan</p>

The Treasury Management Strategy details our Investment, Borrowing strategies and Minimum Revenue Provision Policy.

RECOMMENDATION(S): That Members

- a) Recognise the external environment and the severity of the financial challenges being faced as detailed in the Financial Strategy.
- b) Accept the Statement of the Chief Finance Officer on the Robustness of Estimates and Adequacy of Reserves.
- c) Approve the Medium Term Financial Plan 2021/22 to 2025/26 (Appendix 1) and are aware of the associated Risks included at Appendix 2
- d) Receive a Mid-Year Review of the Medium Term Financial Plan during 2021/22.
- e) Set the Revenue Budget 2021/22 (Appendix 1)
- f) Approve the Movement in Reserves (MTFP 2.8)
- g) Set the Fees and Charges 2021/22 (Appendix 3)
- h) Adopt the Capital Investment Strategy (Appendix 4)
- i) Approve the Capital Programme 2021/22 to 2025/26 and Financing (Appendix 5 and 6) and expenditure on Business as Usual schemes.
- j) Approve the Treasury Management Strategy 2021/22 and adopt the Treasury Investment Strategy, the Borrowing Strategy and the Treasury and Borrowing Prudential Indicators (Appendix 7)
- k) Approve the Minimum Revenue Provision (MRP) Policy as contained in the Treasury Management Strategy (Appendix 7)
- l) Approve a £5 increase in the Council Tax (Appendix 8-12) to £222.74
- m) That Members approve the 2021/22 Pay Policy Statement (Appendix 13) and Human Resources Statement 2021/22 (Appendix 14)

IMPLICATIONS

Legal:

The Council has a responsibility to determine a legitimate balanced budget and Council Tax requirement in compliance with statutory deadlines.

Local Authorities (Standing Orders) (England) (Amendment) Regs 2014 (SI 165) requires that once the budget is approved the minutes of the proceedings must record the names of the persons who cast a vote for the decision, against the decision or abstained.

The Local Government Act 2003 introduced the requirement to comply with the Prudential Code and approve an Annual Treasury Management Strategy. Under the Act, Councils have the freedom to determine the level of borrowing they wish to undertake to deliver their capital programme, subject to it being affordable and sustainable

Financial : FIN/140A/21/TJB

The report presents a balanced budget for 2021/22 without the requirement to support it with funds from the General Fund balance. It addresses the financial implications arising from the recommended revisions to the MTFP and the requirement to determine the Council Tax for 2021/22 taking into account the approved Council Tax Surplus of £167,500.

The Final Settlement was announced on 4 February 2021 and has been incorporated into this report, the grants are in line with expectations for a one year settlement, however additional funding was announced providing;

- Lower Tier Services Grant £128,765
- Covid-19 Local Authority Support Funding £510,000
- Covid-19 Sales, Fees and Charges Grant £165,000
- Covid-19 Collection Fund Losses £425,000

A further year of New Homes Bonus has also provided additional funding. We anticipated £221,154 and will now receive £719,765. This will be earmarked to the Investment for Growth Reserve.

The 2021/22 Net Budget Requirement totals £13,270,500 and is made up of the following;

Gross Expenditure	37,453,900
Gross Income	(£24,381,200)
Net Contributions to/(from) Reserves	£206,400
NET BUDGET REQUIREMENT	£13,279,100

Funded from:

Business Rates	£1,989,000
Council Taxes incl precepts	£9,064,900
Other Government Grants	£2,225,200
TOTAL FUNDING	£13,279,100

Our General Fund Balance is estimated to total £2,740,008 by the end of 2021/22 after taking account of transfers to Earmarked Reserves, which is £240,008 above our minimum working balance of £2,500,000.

New Earmarked Reserves have been proposed totalling £1,600,000 and transfers to earmarked reserves of £1,650,000 will provide £1,000,000 to support balancing the budget due to reductions in Government Funding from the 2022/23 expected Fairer Funding Review and Business Rates Retention

Scheme, £500,000 Covid-19 to support costs associated with the response and recovery and a £150,000 increase in the Project Investment Reserve.

The proposed Capital Investment Budget of £9,396,545 for 2021/22 will be funded by;

- Grants £2,859,798
- Council Reserves £4,251,447
- Capital Receipts £542,300
- Prudential Borrowing £1,743,000

The 5 year Capital Programme totals some £20,076,045 of investment and is considered affordable and sustainable.

Staffing :

The Medium Term Financial Analysis includes budget provision for all approved posts, some of which are funded from grant, capital budgets or Earmarked Reserves. The Human Resources Statement at Appendix 14 details Full Time Equivalents of 291.06

Equality and Diversity including Human Rights :

The Equality Act 2010 places a responsibility on Councils to assess their budget options before taking decisions on areas that could result in discrimination. Where appropriate assessments have been undertaken by the relevant service area.

Data Protection Implications :

None directly from this report.

Climate Related Risks and Opportunities :

The MTFP includes provision for investment in schemes designed to contribute to a reduction in our carbon emissions. In addition the Budget 2021/22 proposes the creation of an Environmental and Climate Change Reserve of £500,000 in support of the Sustainability, Climate Change and Environmental Strategy being developed for 2021/22. Providing financing and match funding opportunities for investment.

Section 17 Crime and Disorder Considerations :

The budget provides resources to reduce anti-social behaviour in addition to funding the costs of the CCTV service

Health Implications:

The budget provides resources to support the health and wellbeing of our residents. In addition the Budget 2021/22 proposes the creation of a Health and Wellbeing Reserve of £250,000 to support delivery of better outcomes for our residents.

Title and Location of any Background Papers used in the preparation of this report:

The Corporate Plan
The Capital Investment Strategy
The Fees and Charges Policy
The Strategic Asset Management Plan
Investment Policy – Land and Buildings

All documents are held within Financial Services at the Guildhall, Marshalls Yard, Gainsborough and contained in the Budget Book on the council's website <https://www.west-lindsey.gov.uk/my-council/contacts-facts-and-figures/council-spending/>

Risk Assessment :

The Local Government Act 2003 requires the Chief Finance Officer to report on the adequacy of reserves and provisions and the robustness of budget estimates as part of the annual budget setting process.

An analysis of possible budget risks and comment on the level of reserves are included at Appendix 2 of the Medium Term Financial Plan.

Call in and Urgency:**Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?**

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes☐**No**☐**Key Decision:**

A matter which affects two or more wards, or has significant financial implications

Yes☐**No**☐

1. Executive Summary

- 1.1** Presented below is the Executive Business Plan and Medium Term Financial Plan 2021/22 – 2025/26 (which includes the Financial Strategy and Medium Term Financial Analysis). An Executive Summary is contained therein.
- 1.2** The documents are central to our financial planning and play a key role in the budget setting process to ensure that resources are aligned to the Corporate Plan priorities through the setting of the Revenue Budget and Capital Programme. Their impact and risks are considered in the Treasury Management Strategy (scrutinised by the Governance and Audit Committee and also recommended to Council for approval).

The Executive Business Plan - The purpose of the Executive Business Plan is to set out the national, regional and local environment within which the Council works and details the Corporate Plan themes and objectives. The Executive Business Plan then details the deliverables designed to support the delivery of the Corporate Plan objectives over a rolling 3 year programme.

The Medium Term Financial Plan – Aims to deliver an annual balanced and sustainable budget whilst considering the context of National and Local funding and its projections over a 5 year period. It ensures that our resources are directed towards delivery of the Council's corporate priorities, and includes the Financial Strategy and Medium Term Financial Analysis.

Financial Strategy sets out through the establishment of objectives, the strategies to deliver the Corporate Priorities whilst ensuring the future financial sustainability of the Council, and to establish the principles on which financial decisions will be made within available resources.

The Medium Term Financial Analysis (Appendix 1) details, in monetary terms, the specific elements of the budget, our assumptions and estimates in developing a plan which covers a 5 year period. It is reviewed annually as part of the budget setting process, taking into consideration investment proposals, in year decisions impacting future years, forward planning, service and business planning deliverables and availability of resources. Ensuring we can set a balanced budget for the current year and identifying any funding gaps for future years. A 10 year estimate has also been undertaken, which incorporates the impact of those projects with longer term financial benefits.

1.3 The Revenue Budget 2021/22

The General Fund Revenue Budget 2021/22 (detailed in the table below) reflects a balanced budget and a Net Revenue Budget Requirement of £13,279,100 (£14,357,000 2020/21)

The Budget incorporates a one year Local Government Financial Settlement announced on 4 February by the Minister for Communities, Housing and Local Government, Rt. Hon Robert Jenrick MP.

The previous Medium Term Financial Plan anticipated that the review of Local Government Financing would be implemented for 2021/22 budget, however due to the ongoing response and recovery work being undertaken by the Government this has now been postponed. The one year settlement provides an additional grants for core spending power of £0.172m (3.5% increase) and £1.1m to support the Covid response and recovery (to end June 2021) and local taxation losses.

The Budget 2021/22 assumes that the Council approve a Council Tax of £222.74 (£217.74 2020/21), an increase of £5, being the maximum amount allowable under the Government's referendum limit of up to 2% or £5 (whichever is the greater). With a tax base of 30,128.37 will generate circa £6,710,800 of funding.

(The Medium Term Financial Analysis assumes an ongoing 3% increase in Council Tax annually, however it is uncertain what capping levels will be in the future.)

The Revenue Budget is detailed below and is analysed by our Service Clusters;

Our People – Strategic Focus: Health & Wellbeing, Education & Skills, Vulnerable Groups & Communities i.e. Benefits, Homelessness and Housing, Community Grants, Employment & Skills Partnership, Arts & Leisure

Our Place – Strategic Focus: Economy, Housing Growth, Public Safety & Environment i.e. Building Control, Licensing, Food Safety, Car Parks, Asset Management, CCTV, Domestic Waste Collections, Development Control, Economic Development

Our Council – Strategic Focus: Customer, Finances, Staff & Members i.e. Finance, Human Resources, Committee Administration, ICT, Change Management, Business Improvement, Elections, Corporate Fraud, Debtors, Local Tax Collection, Local Land Charges, Crematorium, Commercial Properties, Customer Relations, Green Waste Service, Bulky Waste Collections, Trade Waste, Markets

The table below details the proposed revenue budget 2021/22 for approval and is compared to the original budget 2020/21 and analysed over our Service Clusters (Corporate Plan themes) and includes other elements of operating expenditure and movements in reserves resulting in a £13,279,100 Budget Requirement (£14,357,000 2020/21)

Cluster	Original Budget 2020/21 £	Proposed Budget 2021/22 £
Our Council	5,924,100	6,279,000
Our People	1,513,200	1,529,000
Our Place	3,715,600	3,871,800
Cluster Total	11,152,900	11,679,800

Estimated Capital Implications	(32,800)	0
Interest Receivable	(250,300)	(124,600)
Investment Income - Property Portfolio	(1,624,700)	(1,434,900)
Drainage Board Levies	370,900	388,100
Parish Precepts	2,134,100	2,186,600
Interest Payable	983,000	377,700
Statutory MRP	243,700	442,900
Other Operating Expenditure	1,823,900	1,835,800

Net Revenue Expenditure	12,976,800	13,515,600
--------------------------------	-------------------	-------------------

Transfer to / (from) General Fund	527,500	(1,943,700)
Transfer to / (from) Earmarked Reserves	852,700	1,707,200
Budget Requirement (Amount to be met from Government Grant or Council Tax)	14,357,000	13,279,100

Funding Income		
Business Rate Retention Scheme	4,186,000	1,989,000
Collection Fund Surplus - Council Tax	215,400	167,500
COVID Grants	0	675,000
Parish Councils Tax Requirement	2,134,100	2,186,600
New Homes Bonus	736,300	719,100
Other Government Grants	555,900	831,100

Council Tax Requirement	6,529,300	6,710,800
--------------------------------	------------------	------------------

TOTAL FUNDING	14,357,000	13,279,100
----------------------	-------------------	-------------------

Balanced Budget/Funding Target	0	0
---------------------------------------	----------	----------

1.4 Significant Movements (saving)/pressure

Clusters

- Employee costs reduction (£0.096m) includes impact of pay awards
- Contractual cost increases £0.091m

- Housing Benefit Rent Allowances overpayments recovery £0.116
- Introduction of a 2% vacancy factor (£0.184m)
- Income budget movements (£0.077m)
- Together24 efficiency saving (£0.029)
- Covid-19 recovery and response £0.675m (funded from Gov.Grant)
- Various other pressures £0.105
- Various other savings (£0.018)

Other Operating Expenditure

- Interest payable on borrowing budget reduction due to expected actual borrowing for treasury purposes and change to capital programme (£0.627m)
- Interest receivable £0.126m, reduced investment rates and internal borrowing implications.
- Investment Properties net reduction in income as change to capital programme and additional rental income from last acquisition £0.189m

Funding

- Business Rates – One off settlement, additional support for 2020/21 income losses net of 2020/21 deficit payable 2021/22 £2.197m of which (£2.644) funded from Government Grant 2021/22 held in reserves and a £1.493m in year gain)
- Government Grants – (£0.897m)
- Council Tax and Surplus £0.133m

1.5 Reserves 2021/22

Due to the one year settlement gain and the General Fund Working Balance above the minimum level of £2.5m there is an opportunity to create new Earmarked Reserves and Contribute to existing reserves. The Committee are requested to approve the following in addition to the business as usual movements detailed at 2.8 of the Medium Term Financial Strategy

Creation of New Earmarked Reserves

£500,000	Environmental and Climate Change Reserve
£250,000	Cultural Strategy Reserve
£250,000	Health and Wellbeing Reserve

Increases to Reserves

£500,000	Investment for Growth Reserve
----------	-------------------------------

£1,000,000	Finance Reserve – future funding impacts
£500,000	Finance Reserve – Covid-19 response and recovery
£100,000	Facilities Management Reserve

The below table details the estimated year end reserve balances over the medium term after taking into account . It assumes the approval of the above proposals and takes account of current expectations of the 2020/21 out turn position, the movement in reserves for capital investment financing, contributions to and from reserves for the purposes of service and project investment and the significant impact of Covid-19 Business Rates Reliefs Grant 2020/21 which will be utilised in 2021/22 to offset the resultant deficit.

RESERVE	YEAR END 2020/21 £	MTFP				
		2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
General Fund Working Balance	5,147,508	2,740,008	2,740,008	2,740,008	2,716,008	2,716,008
Earmarked Reserves	16,379,704	13,815,504	12,356,704	12,247,304	12,140,404	12,193,504
Capital Receipts	1,035,524	558,408	623,592	688,776	753,960	816,658
Capital Grants Unapplied	2,273,886	501,172	501,172	501,172	501,172	501,172
TOTAL	24,836,622	17,615,092	16,221,476	16,177,260	16,111,544	16,227,342

1.6 Budget Risks (Appendix 2)

All aspects of the budget have been considered in relation to their risk profile and mitigations identified.

1.7 The Capital Investment Strategy (Appendix 3)

The Capital Investment Strategy forms a key part of the Council's overall corporate planning framework. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's over-arching corporate priorities and objectives over a medium term (five year) planning horizon. Providing a framework to enable both revenue and capital investment decisions which contribute to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.

1.8 The Capital Investment Programme (Appendix 4)

The Capital Programme 2021/22 to 2025/26 provides a plan of future capital investments, this is reviewed annually and may result in significant changes as business cases for schemes are developed or schemes re-profiled over financial years due to external factors.

Service Cluster	Estimate 2021/22 £	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Total Capital Programme £
Our People	2,456,261	595,000	595,000	595,000	595,000	4,836,261
Our Place	6,245,284	3,667,500	302,000	608,000	412,000	11,234,784
Our Council	695,000	375,000	200,000	265,000	100,000	1,635,000
Investment	0	3,000,000	0	0	0	3,000,000
Grand Total	9,396,545	7,637,500	1,097,000	1,468,000	1,107,000	20,706,045

There are a number of significant programmes of work, which at this time have not been the subject of a full financial appraisal, and to that end Members should be aware that the estimates within this programme could go up and/or down by 50%.

Members are asked to approve the Budget only and will receive reports for specific schemes prior to approval to spend. This excludes business as usual schemes such as replacement and renewal programmes where approval to spend is recommended within this report.

The Capital Investment Programme is to be funded from;

CAPITAL FINANCING	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	TOTAL CAPITAL INVESTMENT
Grants & Contributions etc	-2,859,798	-1,674,500	-745,000	-788,000	-595,000	-6,662,298
Revenue/Earmarked Reserves	-4,251,447	-1,203,000	-342,000	-680,000	-512,000	-6,988,447
Useable Capital Receipts	-542,300	-3,176,000	-10,000	0	0	-3,728,300
Prudential Borrowing	-1,743,000	-1,584,000	0	0	0	-3,327,000
Total Capital Programme Funding	-9,396,545	-7,637,500	-1,097,000	-1,468,000	1,107,000	-20,706,045

The detailed Capital Investment Programme is attached at Appendix 5 for consideration and recommendation to Council.

1.9 Robustness of Estimates and Adequacy of Reserves

In accordance with Section 25 of the Local Government Act 2003, the Council's Chief Finance Officer is required to report on the robustness of estimates, the adequacy of reserves and the prudence of capital investment decisions. This information enables a longer-term view of the overall position to be taken.

It is the professional opinion of the Chief Finance Officer that the overall adequacy of the total level of reserves and the robustness of estimates is integral to the sign off of the overall agreed budget. The Chief Finance Officer having taken into consideration risks, sensitivity analysis, benchmarking and resilience information, can confirm that the budget assumptions are relevant, estimates are robust, the adequacy of reserves is satisfactory and the capital

programme is affordable; further detail is included within the Medium Term Financial Analysis (paragraph 4)

The Executive Business Plan and Medium Term Financial Plan are provided below.

EXECUTIVE BUSINESS PLAN AND MEDIUM TERM FINANCIAL STRATEGY

CONTENTS:

EXECUTIVE BUSINESS PLAN

Section 1 - Executive Business Plan

Section 2 - The Council's Financial Position

MEDIUM TERM FINANCIAL PLAN

Section 1 - The Medium Term Financial Strategy

Section 2 - The Medium Term Financial Analysis

Section 3 - The 2021/22 Revenue Budget

Section 4 - Capital Investment Programme and Financing

Section 5 – Treasury Management Strategy

Section 6 – Human Resources Statement

APPENDICES:

Appendix 1 Medium Term Financial Analysis (Revenue Budget)

Appendix 2 Risk Register

Appendix 3 Fees and Charges 2021/22

Appendix 4 Capital Investment Strategy

Appendix 5 Capital Investment Programme 2021/22 – 2025/26

Appendix 6 Analysis of Capital Financing

Appendix 7 Treasury Management Strategy

Appendix 8 The Council Tax Requirement 2021/22

Appendix 9 Parish Tax Base 2021/22

Appendix 10 Determination of Council Tax where special items apply

Appendix 11 Determination of Council Tax for each part of the area

Appendix 12 Overall Levels of Council Tax

Appendix 13 Pay Policy 2021/22

Appendix 14 Human Resources Statement 2021/22



EXECUTIVE BUSINESS PLAN



Introduction



The purpose of the Council's Executive Business Plan is to outline and consider the impacts of the national, regional and local environment the Council operates in and to also set out key activity for the next three years. The background against which the Council operates is forever and seemingly more rapidly changing, with rising levels of uncertainty, so it is critical to appraise both current and possible future scenarios.



The supporting financial strategy is set out in Section 1 of the Medium Term Financial Plan and focuses on growth, efficiencies and future sustainability. This details how key activity and projects will be funded and takes a medium term perspective while also looking further ahead to consider actions that will have an impact beyond the medium term horizon.



The Council's Corporate Plan (2019-2023) is the organisation's primary strategic document. It sets out the Council's strategic objectives and desired outcomes for the period of its timeframe. This Executive Business Plan complements the Corporate Plan by setting out annually, a rolling three year programme of deliverables designed to achieve the required objectives. It reflects short, medium and longer term goals with diminishing accuracy, but acts as a guide for the Council's Senior Leadership Team, managers and staff and Members, of current and future decisions and activity.

National context

Covid-19 Pandemic

The coronavirus pandemic has hit the world economy hard. The UK, EU and US have all suffered historic declines. Governments are pledging to rebuild again, to create jobs, spark growth and repair the damage done. Similar to



other nations, within the UK the Covid19 pandemic has impacted so dramatically on every aspect of life and business. Local government has been at the forefront of responding to the crisis as well as being seriously affected by it and its implications will be felt for a significant period of time when the country finally emerges from its shadow. From social care to leisure, from enforcement/public safety to waste collection, from support for the local economy to decision making processes, local government has had to respond to the situation while also maintaining services and providing support for communities. With the vast majority of employees working remotely, supported by IT, many challenges have been overcome and operations have continued in an almost seamless fashion.

However, council income streams have been dramatically affected as a result of the closure of services such as leisure centres and arts

venues, business rate holidays and re-negotiation of leases and rents of commercial properties; while costs have also increased due to the requirement for additional personal protective equipment (PPE) or new IT to support home-working. However, additional funding to the tune of over £7.2bn was made available for local authorities in 2020-21, the majority of it in un-ringfenced grant, to respond to local pressures and priorities. In addition, the Government also ensured councils received support with Covid19 related loss of income, including from sales, fees and charges, and from local taxes. The spending review of 2020 also set out a further £3bn for 2021-22 to support Councils through the crisis.

The future outlook continues to look uncertain and much depends on the successful mass roll-out of vaccines across the population to enable some semblance of normality to resume. Much has been said about harnessing the benefits that accrued during periods of national lockdown; less traffic and pollution, a renewal of the natural environment, the wide-spread adoption of home-working and using the recovery period as a means of investing in new technologies and engineer an economic recovery that puts people and the planet first, a "green recovery" that will help the country come back better and stronger than it was before.



Climate Action

International, national and local action has been ramped up over the last year to address the harmful effects of climate change. It appears that there is a new international consensus on the need to take urgent action and the science supports this requirement.

To demonstrate the UK's commitment to play a leading role in addressing this challenge, in November 2020, the Prime Minister set out an ambitious ten-point plan for a green industrial revolution. The plan covers clean energy, transport, nature and innovative technologies, mobilising £12bn of government investment to create and support up to 250,000 highly-skilled green jobs in the UK.

To support this acceleration, the Prime Minister has also announced a range of funding pledges:

- £1bn in 2021 into making new and existing homes and public buildings more efficient, extending the Green Homes Grant voucher scheme by a year and making public sector buildings greener and cutting bills for hospitals and schools, as part of the Public Sector Decarbonisation Scheme.
- Up to £500m for trialling homes using hydrogen for heating and cooking, starting with a Hydrogen Neighbourhood in 2023, moving to a Hydrogen Village by 2025, with an aim for a Hydrogen Town – equivalent to tens of thousands of homes – before the end of the decade. Of this funding, £240m will go into new hydrogen production facilities.
- £525m to help develop large and smaller-scale nuclear plants, and research and develop new advanced modular reactors.
- £1.3bn to accelerate the rollout of charge points for electric vehicles in homes, streets and on motorways across England, so people can more easily and conveniently charge their cars.
- £582m in grants for those buying zero or ultra-low emission vehicles to make them cheaper to

buy and incentivise more people to make the transition.

- Nearly £500m to be spent in the next four years for the development and mass-scale production of electric vehicle batteries, as part of a commitment to provide up to £1bn boosting international investment into strong manufacturing bases including in the Midlands and North East.
- An extra £200m of new funding to create two carbon capture clusters by the mid-2020s, with another two set to be created by 2030. This increases the total invested to £1bn, helping to support 50,000 jobs, potentially in areas such as the Humber, Teesside, Merseyside, Grangemouth and Port Talbot.

Other key parts of the plan will be driven forward by significant investment set out over the last year, including the £1bn energy innovation fund to stay ahead of the latest technologies needed to reach new energy targets, £5bn for alternative greener ways of travel including cycling, walking and buses and £5.2bn to create new flood and coastal defences in England by 2027.

Furthermore, following the UK Government's amendments to the Climate Change Act (2008), where a commitment was made to reduce UK CO2 emissions to net-zero by 2050, the Government announced in December 2020 an ambitious target to cut emissions by 68% by 2030 based on 1990 levels. Commentators have calculated that for this to be achieved it will require the UK working 50% harder than it currently is.

Following suit, most if not all local authorities across the UK have committed to reducing the impact of their operations on the environment, by declaring plans to take positive actions to reduce emissions. To meet this agenda, West Lindsey District Council is developing its own Sustainability, Climate Change and Environment Strategy, due to be adopted in May 2021.

Levelling Up Agenda

Much has been heralded with regard to this concept. The UK is by some measures the most geographically unequal developed economy in the world. While cities and large towns in the Greater South East of England are among the most productive and prosperous places in Europe, most in the North and Midlands lag far behind. During 2020, the Government set out its intention to address this inequality and 'level up' underperforming and left-behind parts of the UK through a programme of infrastructure development, investing in education, skills and scientific R&D.

The Government's ten-point plan for a green industrial revolution could be regarded as one initiative designed to address long-standing geographical inequalities, with a focus on creating 250,000 "green jobs" in former industrial heartlands in the north of England, the Midlands, Scotland and Wales. A re-writing by the Treasury of the Green Book (the rule book determining decisions on government investment), so that it no longer has an inherent bias towards southern projects, provides a policy lever to support this



aim. In the 2020 spending review the Chancellor said that investment in infrastructure will total £100bn in 2021, with plans to deliver the highest levels of sustained investment in 40 years. To support the levelling up agenda, the spending review also announced a £4bn levelling up fund which will give pots of up to £20m for areas to address matters such as improving roads, town centres and public transport and plans were also set out to launch a new infrastructure bank, to be headquartered in the north of England.

Brexit

On 24th December 2020, the Government agreed a Trade and Cooperation Agreement and other agreements with the EU. This brought to a conclusion a protracted period of negotiations and fulfilled the Government's commitment to honour the result of the 2016 referendum and leave the EU. The agreements bring a greater degree of certainty over matters related to data sharing and protection, procurement, state aid and environmental and climate protection policies; all of which are matters of direct concern to local authorities.

Historically the EU was a provider of significant funds to support regeneration projects and address poor productivity across the EU, including the UK. With the UK's departure from the EU, access to such funding streams is no

longer available. Hence the Government has previously announced a new initiative in the form of the UK Shared Prosperity Fund (UKSPF). In the Nov 2020 spending review, funding of £1.5bn per year was announced; however some commentators have called for the fund to at least match the £2.4bn per year previously allocated through the EU structural fund.



Digital Connectivity

Many pledges have been made by Government over recent years to improve and expand the digital infrastructure across the country; particularly in rural areas such as West Lindsey where many residents and businesses suffer from poor broadband speeds. This puts them at all kinds of disadvantage. The Government's latest target for nationwide coverage of gigabit broadband roll-out by 2025 was quickly scaled back to 85% coverage, when only 25% of the original £5bn funding would be made available.

The achievability of even the lower target has been questioned and it is likely that the most accessible areas, already enjoying superfast broadband speeds, will enjoy enhanced service; while those suffering from poor service will continue to face issues. This is pertinent for West



Lindsey which has already experienced significant delays in the roll-out of superfast broadband across the District under the BDUK scheme.

High Street Recovery

The Government has launched the Future High Streets Fund to help 72 areas in England to recover from the pandemic and deliver ambitious regeneration plans. This scheme was previously announced in the 2018 budget. Up to £830m will be made available to support areas to recover from the Covid19 pandemic and help transform underused town centres into vibrant places to live, work and shop. This is also intended to help protect and create thousands of jobs as part of the levelling up agenda. Included in this funding, £107m has been earmarked to support the regeneration of heritage high streets. To date, no towns in West Lindsey have been selected for funding from these funding streams. However, the Council has been successful in its bid for funding from the Heritage Lottery Fund in the form of a grant of £1.25m to help restore and improve some of the historic buildings in Gainsborough town centre. This will support the Council's Townscape Heritage Initiative (THI) which will improve the standard of repair, maintenance and appearance of properties within the Town Centre Conservation Area of



Gainsborough and will also help local people and visitors better understand the built heritage of the town.

Homes

The Government continues to work towards its five year Homes England Strategic Plan 2018/19 – 2022/23. Its purpose is to improve housing affordability, helping more people access better homes in areas where they are needed most. The plan outlines a new mission and the steps to be taken in partnership with all parts of the housing industry sector, to respond to the long-term housing challenges facing the country. Welcome news to support the plan was received in March 2020 as the Chancellor announced a reversal to the Public Works Loans Board (PWLB) one percent rise in interest rates, which threatened the ability of Councils to deliver capital schemes including vital council house building projects. The cut was heralded as a means of supporting local authorities to invest in their communities.

To support the climate agenda and improve the quality of housing stock across the country two schemes were announced during 2020. Firstly, the Future Homes Standard will require new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency. It will be introduced by 2025.

Secondly, the launch of Green Homes Grant is one of a number of recent Government backed



schemes designed to encourage home owners to improve the energy efficiency of their homes and address fuel poverty issues. This £2bn initiative is aimed at giving over 600,000 homeowners in England up to £10,000 to install insulation, heat pumps, draft proofing and more, to help households cut energy bills and improve energy efficiency. Again, the jobs created by such a scheme are also designed to form part of an overarching 'Green Recovery' from the effects of the Covid19 pandemic. Unfortunately the scheme has come in for some criticism due to a lack of accredited suppliers across the country leading to homeowners being unable to access the scheme and get works completed.



An additional tranche of this scheme takes the form of the Green Homes Grant Local Authority Delivery scheme, which accounts for £500m of the overall £2bn funding package. Local authorities can bid for funding under this scheme to improve the energy efficiency of low-income households in their area. Many authorities are forming consortiums to pool resources and capacity to draw down funds and administer the scheme. Across Lincolnshire, Lincs 4 Warmer Homes has been created between local authorities across the region, offering energy efficiency improvements and advice.

For some time the Government has been consulting on a number of proposals as part of the reform of local government funding, including a Fairer Funding methodology, Business Rates Retention of 75% (rather than the current 50%) and a Business Rates Reset. Clarification was expected during 2020-21, however the Covid19 pandemic has resulted in a further one year financial settlement for local government for 2021-22. Announced in December 2020, the settlement indicates that core spending on local services has the potential to increase by £2.2bn in 2021-22, an increase of 4.5 per cent. Extra money to meet Covid19 costs, new funding for adult and children's social care and for councils with responsibility for services such as homelessness, planning, recycling and refuse collection, will help meet cost and demand pressures next year.

However, more than 85% of the potential core funding increase for 2021-22 is dependent on councils increasing council tax by up to 5% next year. This leaves councils facing the tough choice about whether to increase bills to bring in desperately needed funding to protect services at a time when they are acutely aware of the significant burden that could place on some households.



Key funding highlights include:

- A new Lower Tier Services Grant – a new un-ringfenced Lower Tier Services Grant in 2021-22 is proposed, which will allocate £111m to councils with responsibility for services such as homelessness, planning, recycling and refuse collection and leisure services.
- Rewards for welcoming new homes – Funds of £622m has been allocated to continue the New Homes Bonus scheme in 2021-22. The scheme financially rewards councils for the number of additional new homes they built, locally incentivising housing growth and creating homes for local residents.
- Support for rural areas – The Rural Services Delivery Grant (RSDG) has been increased by £4m to £85m for 2021-22 to ensure the unique needs of rural areas are met.
- Help for rough sleepers – Additional support for rough sleepers and those at risk of homelessness is reflected by an additional £254m resource funding for 2021-22, taking total spending to over £750m in 2021-22 million to tackle homelessness and rough sleeping.
- More support for victims of domestic abuse – An extra £125m new burdens funding has been awarded for local authorities to provide safe accommodation for victims of domestic abuse and their children.

Regional and Local Context

Greater Lincolnshire Local Enterprise Partnership



At a regional level The Greater Lincolnshire Local Enterprise Partnership (GLLEP) covers the Lincolnshire county and North Lincolnshire, North East Lincolnshire and Rutland unitary authorities. It works with Government to improve the economic climate across Lincolnshire, North Lincolnshire and North East Lincolnshire and is a partnership between the private and public sector led by the private sector. Its aim is to improve infrastructure and the conditions for doing business. The organisation works across a diverse range of industries, from ports, logistics and farming to tourism and engineering. Working to its Strategic Economic Plan, by 2030 the GLLEP intends to have created 13,000 new jobs, delivered 100,000 new homes, supported 22,000

businesses and increased the value of the Greater Lincolnshire economy by £3.2bn.

The GLLEP is finalising its Industrial Strategy which aims to increase productivity, growth and resilience and as a result create more prosperous communities. It identifies priority sectors as:

- Manufacturing
- Agri-food
- Visitor Economy
- Low Carbon
- Health & Care
- Ports & Logistics

It is considered that these sectors offer competitive advantage for Greater Lincolnshire and therefore the possibility for real growth and greater productivity. West Lindsey District Council has contributed meaningfully to the LIS, ensuring that West Lindsey and Gainsborough are prominent within it and the District's evidence base, priorities, opportunities and challenges are all accurately reflected.

Central Lincolnshire Local Plan

At a regional level the Central Lincolnshire Local Plan (CLLP) is under review. This commits to building 4,435 new homes in Gainsborough alone; a 40% increase in the residential base of the town. The review will assess progress made since the CLLP was instigated and evaluate current and future influencers on development. It is vital that the Council ensures that its interests are fully represented and reflected during the review process.

As part of the review, significant attention has been paid as to what the CLLP can reasonably achieve in tackling climate change and delivering a net zero carbon compatible local plan. Research undertaken by consultants has concluded that Central Lincolnshire can become



a net zero carbon district by 2050, but ambitious policy and decisive action is needed to get there. A net zero carbon compliant local plan will be critical in achieving this aim.

Devolution

Following the exploration of the possibility of Lincolnshire being awarded a devolution by Government back in 2016, during 2020 this subject was re-visited. The leaders of Lincolnshire County Council, North East Lincolnshire and North Lincolnshire wrote to the Secretary of State as part of their “collective ambitions for devolution to Greater Lincolnshire with options for local government re-organisation”. It was suggested that devolved government would enable the Greater Lincolnshire “economic powerhouse” to unlock routes to new markets and enable them to take advantage of opportunities for growth and transformation. However, having considered the proposal the Government rejected it commenting that in view of the Covid19 pandemic, it would not be right at this time to further progress or focus on ideas for reform. This view concurred



with those of District leaders across Lincolnshire who, while supporting reform, also believed that the current situation was not conducive to wholesale restructuring. However, it is clear that this topic will remain a subject of debate into the future.

The Council's Corporate Plan

Following the Council elections in May 2019, the new administration took ownership of the Council's Corporate Plan 2019-2023. The Plan's vision is:

“West Lindsey is a great place to be where people, businesses and communities can thrive and reach their potential.”

The Plan is built around three themes; Our Council; Our People; Our Place and each contains a number of areas of focus.



Each theme also sets out its strategic aims and the desired outcomes to be achieved for each area of focus. To ensure that the Corporate Plan remains ‘live’, progress against its aims and intentions is reported annually to Members and other stakeholders.

While a focus remains on supporting growth across the District, the Plan also emphasises the need for social regeneration to address deprivation, vulnerability and other social issues faced by communities.

Business Plan Deliverables 2021-22

On an annual basis, the Council's service areas each undertake a business planning exercise. The purpose is two-fold, with the objectives being to identify over a three year time frame potential initiatives and projects that could be implemented in support of the Corporate Plan and to also offer suggestions that would achieve greater value for money or efficiency, new or increased income streams, improved performance or customer satisfaction. The suggestions put forward are analysed to evaluate the potential financial benefits, investment requirements and the likelihood of successful implementation. Each year a set of initiatives are approved for implementation, with the financial impacts reflected within the MTFP and capital programme and delivery monitored via the relevant Programme Board.

This Executive Business Plan provides details of the work to be carried out over the next three

years to deliver against Corporate Plan objectives. It includes work currently in progress that will be completed within the three year timeframe and new initiatives that will be commenced during 2021-22. All of the 'deliverables' have been aligned to one of the following five key areas that will be the focus of the Council's operations over the timeframe:

1. Internal change (including governance & finance)
2. Economic growth and development
3. Culture, heritage and the visitor economy
4. Homes and wellbeing
5. Sustainability, environment and carbon reduction

Each of the Council's business portfolios has set out details of forthcoming initiatives to be delivered over the next three years in support of the Corporate Plan.

Operational and Commercial Portfolio

It has been a really challenging year on the operational and commercial front, however front-line services have continued to deliver positive outcomes for residents throughout the year. The coming year is likely to be as challenging.

The focus will be on improving the delivery of services, progressing our programme of service re-designs, completing the new Waste Services Depot and supporting recovery. Looking forward, the portfolio's deliverables for 2021-2023 are:

Focus	Deliverables
Internal change (including governance & finance)	Progress the 'Together 24' transformational programme, incorporating technology led service reviews.
	Council's arms-length companies achieve profitable positions
Economic growth and development	Increase the resilience of the Building Control Service
Culture, heritage and the visitor economy	Develop a cultural strategy for the District
	Implement Trinity Arts Centre recovery plan
	Develop a long-term vision and strategy for our Market(s) function
Sustainability, environment and carbon reduction	Complete new Waste Services Depot, incorporating solar PV panels and electric charging points.
	Consider new waste collection regime including arrangements for paper and card

Corporate Services Portfolio

The last 12 months have been dominated by the Global pandemic and the impact of the virus inevitably dominates the work of the portfolio over that period. Therefore this lens will be used to consider actions for future. Emphasis over the next period will be placed on ensuring that the Council's response to climate change and environmental concerns is appropriate and

deliverable, corporate governance remains strong and planned ICT developments are delivered in order to support service improvements and data security.

Across this portfolio, the deliverables for 2021-2023 are:

Focus	Deliverables
Internal change (including governance & finance)	Workforce development to address capacity and succession planning matters and build on the benefits of remote working
	Undertake a 4th Tier governance review
	Review of the Code of Conduct for elected members
	Preparation for the return to face to face Council meetings and the potential for hybrid meetings
	Complete elections outstanding from 2020
	Review election services structure to provide resilience and succession planning
	Act on the findings of the survey of the procurement service
	Work with local suppliers to support their ability to make successful tenders
	Improve the ICT helpdesk
	Prepare for Members' ICT provision following 2023 elections
	Implement a new data centre
	Undertake review of the Council's website
	Implement the Customer Relationship Management and the Enterprise Resource Planning systems
Sustainability, environment and carbon reduction	Produce Council's Carbon Management Plan (2021-2026)
	Produce and approve the Council's Sustainability, Climate Change and Environment Strategy and Action Plan

Planning and Regeneration Portfolio

Maintaining the performance of our Development Management Service throughout the Covid19 pandemic has been a key priority for the authority during 2020. The planning system plays a key role in responding to today's and tomorrow's challenges and will be critical to supporting the District's economic recovery, as will the review of the Central Lincolnshire Local

Plan. Supporting business, in conjunction with partner organisations, to recover from the pandemic will be a key focus over the short to medium term, while the Council must also ensure that plans to deliver housing growth and other key development projects are delivered.

Key Deliverables for 2021-2023 are:

Focus	Deliverables
Economic growth and development	Deliver a robust Development Management service that provides good customer service, supports the growth of the district and secures strong and consistent fee income.
	Develop and deliver the programme of Conservation Area Appraisals with initial five areas in first phase
	Maintain a sound Local Plan, supporting growth and housing delivery with a framework of robust Neighbourhood Plans
	Develop robust policy for investment of developer contributions across the district
	Engage in Humber 2100+ programme to ensure WLDC interests represented in long term strategy for management of flooding
	Establish a clear framework for district wide growth and regeneration supported by a sound inward investment and business support service.
	Maintain delivery of existing growth programme projects including: <ul style="list-style-type: none"> Townscape Heritage Living over the shop Bowling Green Road Riverside Walk Cinema Northern Sustainable Urban Extension Corringham Road Junction Improvements Southern Sustainable Urban Extension Shop Front Improvement Scheme Future of RAF Scampton
	Develop Regeneration proposals in partnership with the local community for Market Rasen and Caistor
	Develop future Investment Programme and Spatial Framework for Gainsborough in two phases Phase 1 = refresh strategy and identify project shortlist. Phase 2 Develop project feasibility plans and business cases for shortlisted projects.
	Re-establish inward investment and business support provision including review of current mechanisms
	Provide specialist Economic Policy function to the Council including ensuring alignment and integration with local, regional and national agendas
Culture, heritage and the visitor economy	Deliver programme of events designed to support our Visitor Economy
Sustainability, environment and carbon reduction	Lead economic and planning input within the Climate Change agenda for the Council

Homes and Communities Portfolio

Homes and Communities is a newly formed business area within the Council which exemplifies the alignment of the corporate plan themes. The portfolio is made up of the Home Choices and Communities services and a third service area focusing on homes, health and wellbeing. It contributes to 'place making', having the responsibility for meeting the needs of our most vulnerable and securing where possible the social and economic wellbeing of our residents.

Across a number of complementary service areas, our focus is to balance the physical, economic and social to enhance the health and wellbeing of residents with the aim of; reducing inequalities, growing and diversifying the population, preventing rather than reacting, enabling people to live independently and tackling inequalities. This often involves working in partnership with other organisations. The portfolio's deliverables for 2021-2023 are:

Focus	Deliverables
Homes and wellbeing	Develop a Housing and Wellbeing Strategy
	Embed the principles and focus work on objectives within Homes for Independence Blueprint
	Deliver Viable Housing Solution
	Establish cross sector local strategic partnership seeking lasting change across whole system
	Enable delivery of housing schemes to meet needs of ageing population including extra care provision
	Deliver Next Steps Accommodation project
	Deliver Contextual Safeguarding pilot
Economic growth and development	Develop redundancy support programme aligned to Employment and Skills Partnership Delivery Plan
	Progress towards development of Social Enterprise structure through Local Access programme



Change Management and Regulatory Services Portfolio

The Covid19 pandemic inevitably dominated the work of the portfolio over 2020. Therefore looking forward the focus will be on considering changing work demands, ensuring the on-going flexibility and responsiveness of the services and providing clear direction for future operations. This will entail setting the direction of the Council's people focused change management strategy; developing the future of our regulatory

services aligned to the Corporate Plan; developing the Council's understanding of change management (in terms of people and successful customer transactions) and providing customer centric services and people centred change management through collaborating with services and key stakeholders.

Key deliverables for the period 2021-2023 are:

Focus	Deliverables
Internal change (including governance & finance)	Benefits service re-design and continued migration of existing working-age customers to Universal Credit
	Explore partnerships with other benefits services to increase resilience and expertise
	Implement The Debt Respite Scheme
	Undertake a Council Tax Single Resident Discount review
	Introduce a new digital mail offering
	Delivery of the T24 programme (Service Reviews)
	Implementation of the Performance Management module in the ERP
	Deliver a whole Council overview on Projects and Programmes
	Complete changes to the Regulatory Service's staffing structure
	Review key policies such as the Corporate Enforcement Policy and Local Enforcement Plan
Economic growth and development	Implement the Local Land Charges recovery plan
Homes and wellbeing	Review and determine options for the future of Selective Licensing within the District
	Continued response to the Covid19 pandemic recovery on the part of Regulatory Services, with specific focus on supporting businesses when re-opening and re-establishing new Covid safe working
Sustainability, environment and carbon reduction	Implement a new digital mail offering in the Council Tax service
	Increase take-up of e-billing and digital communications in the Council Tax service

Finance, Business Support and Property Services Portfolio

The service has been significantly impacted by Covid19 through the payment of grants, monitoring the impact on our finances and cash flows in addition to meeting the Government's reporting requirements and maintaining compliance with Covid19 health and safety requirements related to our property assets. This situation is likely to continue for some time.

Meeting statutory deadlines for the Statement of Accounts and Budget remain annual priorities, as is achieving value for money from our activities.

Our service's improvement plan focuses on the implementation of a new Financial System which has the wider capability to incorporate Performance Management. In addition, Property Management, Human Resources and Payroll will be considered at a future date to be implemented within this Enterprise Resource Planning System (ERP) (subject to business case). The system benefits we hope to realise will include improvement in customer satisfaction, efficiencies through work flow automations, improvement and flexibility in reporting. This project will see a significant investment for the Council and will contribute to the achievement of the Together 24 project savings target.

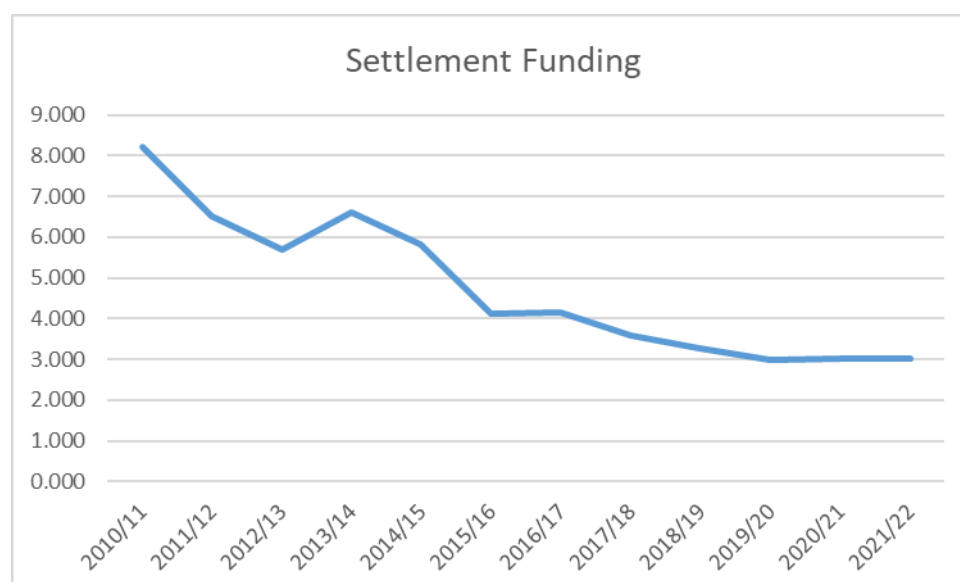
Key deliverables for the period 2021-2023 are:

Focus	Deliverables
Internal change (including governance & finance)	Undertake service re-designs to inform potential for efficiencies through process and procedures
	Implement the new ERP system for Finance, Budget Monitoring and Forecasting and Asset Register. Giving wider consideration to future modules being added to provide an efficient whole system approach to support service functions, data management and reporting
	Achieve efficiencies through system workflows and automations not only for the Finance Team but also the customers of our service
	Develop the business case for the implementation of Strategic Property Management module within the ERP system
	Restructure services to reflect efficiencies gained
	Investigate potential for sharing technical skills/resources with other Councils
	Review the financing of assets and associated policies
	Develop a long term proposal for the North Warren Road site
Economic growth and development	Develop long term proposals for the Guildhall
	Design the ERP system to effectively manage Grants/S106/CiL
Sustainability, environment and carbon reduction	Support business case and investment proposals through innovative funding strategies
	Supporting the development of the financial case within business cases and work with partners in delivery of our objectives
Sustainability, environment and carbon reduction	Support business case and project investment proposals through innovative funding strategies
	Develop a system for carbon accounting
	Research and consider Environmental, Social and Governance (ESG) investing for inclusion in future Treasury Management Strategies

2 The Council's Financial Position

2.1 Introduction

Since the commencement of government funding cuts in 2010/11 the Council has effectively managed a reduction of £4.8m in Settlement Funding Allocation (an amount set by Government as a calculation of our funding need). Managing this level of reductions has been achieved through sound financial management through its Financial Strategy initiatives to reduce expenditure, increase income and generate new income streams. In addition to benefitting from the Government's, New Homes Bonus, a reward grant to reflect our growth in housing and changes, and increase in growth from our Business Rates.



The Council's aim over this period was to become non-reliant on Government Grant Funding as the Revenue Support Grant ceased in 2019/20. Our income from local taxation (Council Tax and Business Rates excluding implications of Covid) is 84% (46.6% 2010/11)

Income from Customer and Client receipts has increased from £3.363m to £6.770m during that period, being 36.2% of expenditure (excluding Parish Precepts and Housing Benefit payments) (27.52% 2010/11) and reflects the success of budget reductions through Value for Money initiatives, and increased income from both the Fees and Charges Strategy and commercial strategies.

The Council is proud to have continued to deliver award winning services for our residents during a prolonged period of austerity.

Our budget setting process has been given the accolade of a High Assurance rating by our internal auditors and our Statement of Accounts and Value for Money assessments receive Unqualified Audit

Opinions, confirming that our financial management is sound and statements provide a true and fair view of the organisation's financial standing.

2.2 National Context

The final Local Government Settlement was announced on 4 February 2021 by the Secretary of State for Housing, Communities and Local Government, The Rt Hon. Robert Jenrick MP.

The main points affecting this Council were;

- £2.2bn increase in core spending power to £51.2bn (£1bn of which is for social care)
- £1.55bn of unringfenced funding for councils to continue to support their communities during the pandemic and lead the recovery in their local areas. The allocation of this money has taken into account a range of factors including population and deprivation, as well as the varying cost of delivering services across the country.
- £670m has also been confirmed to enable councils to continue reducing council tax bills for those least able to pay, including households impacted financially by the pandemic.
- A local tax income guarantee scheme for irrecoverable losses 2020/21 to help compensate councils for lost council tax and business rates income. This means today we are confirming an estimated £3 billion of additional support for councils to deal with the pandemic, taking the total overall to over £10bn.
- £622m to continue the New Homes Bonus Scheme for 1 year with no further legacy payments.
- £111m for a new unringfenced Lower Tier Services Grant in 2021-22, for councils with responsibility for services such as homelessness, planning, recycling and refuse collection and leisure services. The grant will contain a one-off minimum funding floor, so that no council – either upper or lower tier – will have less funding available in 2021-22 than this year.
- The Council Tax referendum limit of 2% or £5, whichever the greater
- £85m for Rural Service Delivery Grant (an increase of £4m) and there will be no change to the methodology for distribution
- To progress Everyone In and support rough sleepers and those at risk of homelessness during COVID-19. Including an additional £254 million resource funding for 2021-22 to tackle homelessness and rough sleeping, including the £103 million announced earlier this year for accommodation and substance

misuse support. This means the government will be spending over £750 million to tackle homelessness and rough sleeping next year.

- An additional £125 million new burdens funding for local authorities to provide safe accommodation for victims of domestic abuse and their children. This new duty, included in the Domestic Abuse Bill, forms part of the government's ongoing commitment to support families affected by domestic abuse.

The table below shows the change in 2021/22 National Funding compared to the 2020/21 Final Settlement

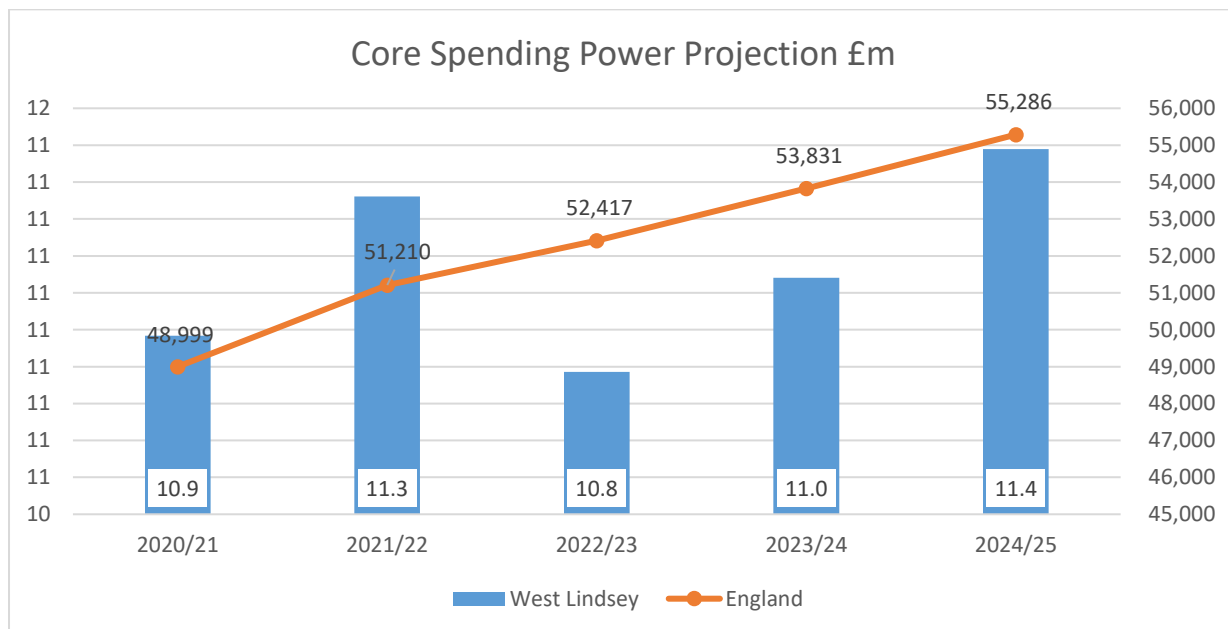
	2020/21	2021/22	Change
	£m	£m	£m
Settlement Funding Assessment	14,797	14,810	13
Assumed Council Tax	29,227	31,145	1,918
Under-indexing business rates multiplier	500	650	150
Improved Better Care Fund	2,077	2,077	0
New Homes Bonus	907	622	(285)
Rural Services Delivery Grant	81	85	4
Social Care Support Grant	1,410	1,710	300
Lower Tier Services Grant	0	111	111
Core Spending Power	48,999	51,210	2,211
Other Grant Funding			
Rough Sleeping Initiative	112	112	0
Homelessness Prevention Grant	263	310	47
Covid 19 Funding	3,200	2,220	(980)
Hardship Funding	500	0	(500)
Other Grant Funding	4,075	2,642	(1,433)

2.3 Local Context

With continued uncertainty around the future funding of Local Government the Council has been pro-active in ensuring that we prepare for any reductions by taking a prudent approach to setting the Medium Term Financial Plan forecasts. We assumed that our settlement funding would be decreased significantly to reflect the Business Rates Review and reset proposal and anticipated reduced national share of resources. We are therefore once again are benefitting from this one year settlement.

The table below shows the Core Spending Power for West Lindsey DC based on the Local Government Settlement 2021/22.

'Core Spending Power' is a headline figure used by MHCLG to represent the key revenue resources available to local authorities, including an estimate of actual and potential council tax.



West Lindsey	Actual 2020/21 £m	Final 2021/22 £m	Estimated 2022/23 £m	Estimated 2023/24 £m	Estimated 2024/25 £m
Settlement Funding					
Assessment	3.023	3.023	3.068	3.129	3.192
Compensation for under-indexing the business rates multiplier	0.121	0.157	0.157	0.161	0.164
Estimated Council Tax excluding Parish Precepts	6.529	6.742	6.979	7.243	7.516
New Homes Bonus	0.736	0.719	0.083	0.000	0.000
Lower Tier Services Grant	0.000	0.129	0.000	0.000	0.000
Rural Services Delivery Grant	0.474	0.498	0.498	0.508	0.518
Core Spending Power	10.884	11.268	10.786	11.040	11.390

The impact on our own Core Funding reflects an inflationary increase for Business Rates. In relation to Council Tax, there is an assumed 0.5% increase in the tax base and a £5 increase on the Council Tax charge. Other Grants reflect the Spending Review announcements;

- Additional year of New Homes Bonus £0.497m
- New one year Lower Tier Services Grant £0.129m

- Additional Rural Service Delivery Grant £0.024m

In addition to the above and with the ongoing financial challenges of the Covid response and recovery activity the Government have awarded additional Covid-19 Local Authority Support Grant of £0.510m and an estimated £0.165m in Sales Fees and Charges Losses for the period April – June 2021. In addition to £0.425m for taxation losses.

It is not clear whether any further funding will be issued beyond this latest allocation and therefore we need to be prepared to fund any ongoing implications.

A commercial contingency base budget of £0.200m is also available to mitigate in year income losses.

2.4 General Fund Balances

The Council maintains a sound financial position with the General Fund Balance being forecast to be £21.528m by the end of 2020/21. This includes £5.148m of Working Balance and £16.380m of Earmarked Reserves.

It is the Council's policy to retain as a minimum, a General Fund working balance of 10% of Net Revenue Expenditure or £2.5m. This is to mitigate any in-year budget risks above any contingency provisions and also to support any shortfall in future funding once the review of Local Government Funding has been concluded and our resources clarified for 2021/22 onwards.

The Council has been increasing its General Fund working balance to mitigate the expected reduction in government funding as part of the Fairer Funding Review and the Business Rates Review and to give us some resource to manage these reductions to meet the requirement to balance the budget over the medium term. We now also need to consider the ongoing financial impact of the Covid-19 response and recovery.

2.5 Earmarked Reserves

The Council holds £16.380m (forecast year end 2020/21) of Earmarked Reserves for a number of purposes;

- Future significant project investment
- Service investment including repairs and renewals
- Contingencies; Insurance, Valuation Volatility reserves for Business Rates Investment Properties
- Budget Smoothing

Earmarked Reserves are a finite resource, as such we assess projects in accordance with our Capital Investment Strategy, and based on sound

business cases and in consideration of the wider benefits, ie economic and social impact, inward investment and the ability to secure funding from grant providers.

2.6 Resilience

There has been much publicity around the resilience of Local Government after a number of S114 notices (Chief Finance Officer warning that a balanced budget is not achievable) have been issued over the past 2 years which highlighted that they were likely to exceed resources available to meet their funding need, therefore we have set a number of resilience indicators, applied over the Medium Term to gauge our sustainability and resilience to future financial challenges.

The indicators below reflect that we are in good position to effectively manage our finances over the coming years, our reserves are in excess of our annual budget and which help to support internal borrowing. Council Tax and Business Rates are expected to grow as new housing is delivered and we support the economic recovery of our businesses. At this time Business Rates are assumed to reduce back to the Baseline of 2013/14 but will be refined once the wider review of local government funding expected in 2022/23 is known. Borrowing is undertaken on an affordable and sustainable basis against the value of assets.

RESILIENCE INDICATORS	2021/22	2025/26	% CHANGE
Useable Reserves as % of Net Revenue Budget	132.65%	107.79%	-18.74%
Council Tax as a % of Net Revenue Budget	50.54%	51.57%	2.04%
Business Rates as a % of Net Revenue Budget	14.98%	21.86%	45.91%
Exposure of Customer and Client Receipts as % of Net Revenue Budget	39.89%	33.41%	-16.23%
Borrowing as a % of Fixed Assets	62.68%	56.01%	-10.63%
Investments as a % of Useable Reserves	56.95%	66.70%	17.10%
Exposure of Property Portfolio Income as % of Net Revenue Expenditure	11.09%	10.72%	-3.38%

2.7 How We Compare

The Chartered Institute of Public Finance and Accountants (CIPFA) has undertaken to prepare a national resilience index. This tool illustrates our

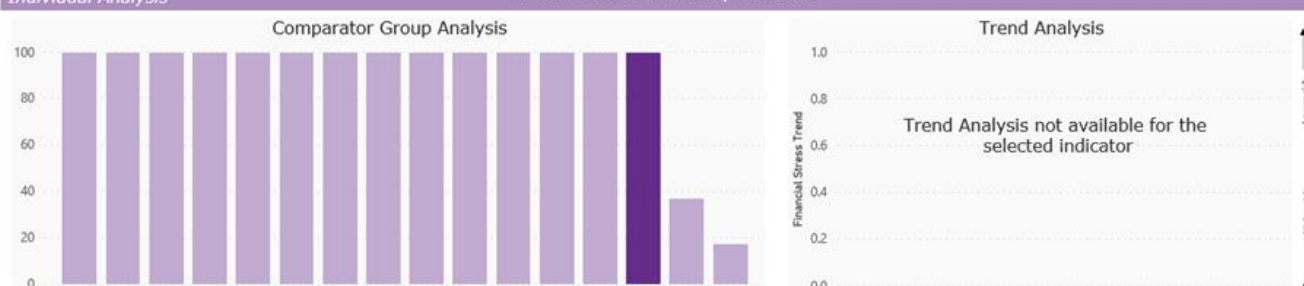
standing compared to our Nearest Neighbours in 2018/19 (the latest position statement) and whilst it does not rank authorities it does reflect our risk exposure to financial stress.

Results Breakdown

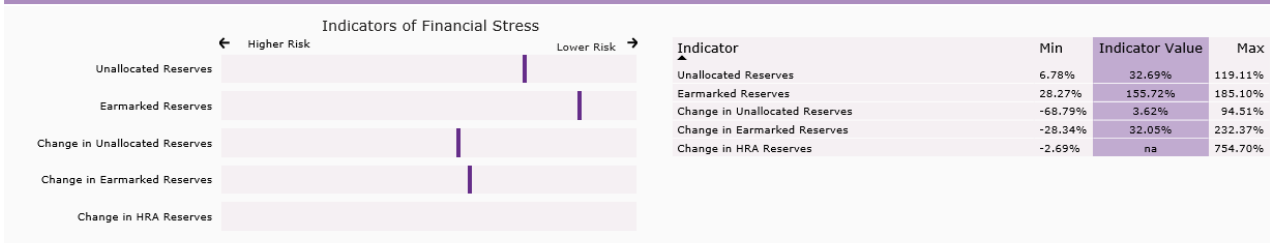


Individual Analysis

Reserves Sustainability Measure

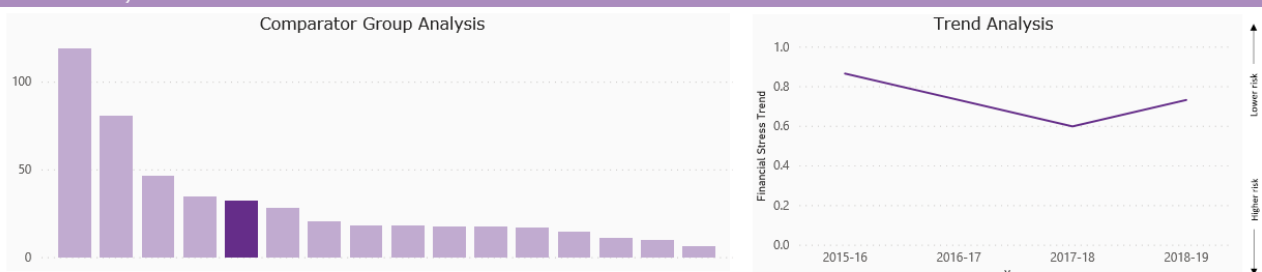


Results Breakdown



Individual Analysis

Unallocated Reserves



MEDIUM TERM FINANCIAL PLAN

2021/22-2025/26

1. Introduction

The Medium Term Financial Plan (MTFP) is the primary strategic financial document for this Council and is a key part of the Council's Policy and Budget Framework and financial planning process.

This document will support the national and local context as set out in the Executive Business Plan, the commitments of the Council to achieve objectives, deliver services, invest in capital development and establish the principles on which financial decisions will be made within available resources.

2. Governance

This document meets a number of regulatory requirements and good practice:

- The requirement for the local Authority to agree a balanced budget for each financial year prior to the start of that year.
- The requirement for the local Authority to establish the level of Council Tax for the coming year on the basis of that budget.
- Meet best practice (supported by CIPFA) by setting out the coming year's budget in addition to a 5 year MTFP.

In October 2018 the Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code (FM Code) which has been developed to provide a framework and designed to support good and sustainable financial management throughout the full financial planning cycle, budget planning, setting, monitoring, reporting and statutory reporting.

The framework sets explicit standards of financial management, complying with these standards will be the responsibility of elected Members, the Chief Finance Officer and the Management Team.

A self assessment has been undertaken and full compliance with the Code will commence from April 2021/22. The Governance and Audit Committee will be presented with a report therefore requested to adopt the Financial Management Code.

The framework will provide assurance in the prudent use of public resource, effective management of those resources, adherence to legislative requirements for which we are responsible and provide evidence of good governance.

1 The Medium Term Financial Strategy

1.1 Introduction

Our MTFP provides a five year time horizon for West Lindsey District Council and sets out a high level financial strategy and where possible proposals being considered to deliver a sustainable budget position. In addition the MTFP attempts to reflect the longer term impact of the decisions of the Council and shows how some of our major projects will contribute in the years beyond the five year time horizon.

The Medium Term Financial Strategy will focus on the delivery of growth to increase our tax base and subsequently funding from local taxation. Realisation of cashable savings from efficiencies being identified, and the achievement of value for money, all of which will support the future financial sustainability of the Council.

The MTFP is designed to complement the values set out in the Corporate Plan and deliver the key priorities of the Council by supporting the following values and approach;

The Corporate Plan details the values which guide our working:

1. To put the customer at the centre of everything we do
2. To act as One Council
3. To be business smart, to act on evidence and take advantage of opportunities, thinking creatively and getting things done
4. To communicate effectively with all stakeholders
5. To have integrity in everything we do

Our MTFP supports these values and the Executive Business Plan objectives with the following principles:

- To focus on achieving outcomes
- to drive a robust and sustainable financial position
- to support growth and service delivery, utilising the Council's resources
- to ensure financial decision making is based on robust, risk assessed business cases that clearly match our ambitions

The MTFP will deliver against these objectives and principles by:

- Explaining the financial context, over the medium term, and within an uncertain economic and funding environment in which the Council is set to operate.

- Helping to ensure that the Council's financial resources are directed to support delivery of the Corporate Plan priorities and value for money.
- Providing a medium term forecast of resources and expenditure and to illustrate the financial effects of existing financial commitments, both revenue and capital, over the medium term, and to inform transformational and commercial strategies necessary to achieve a balanced budget.
- Maximising the Council's financial resilience and management of risk and volatility, including maintaining adequate risk reserves.
- Managing effectively the Council's land and property assets by undertaking a prudent level of capital investment in addition to maximising returns on new investments
- Establishing a robust, stable and sustainable budget capable of withstanding future financial pressures.

This MTFP provides a five year time horizon for West Lindsey District Council and sets out a high level financial strategy and where possible proposals being considered to deliver a sustainable budget position.

1.2 Value for Money

The Council has limited resources. It is therefore vital these resources are deployed in the most efficient and effective way to secure excellent services for the residents of West Lindsey. This is ever more important as WLDC has had to deal with austerity and contribute towards the Public Sector spending reductions. Now more than ever it is vital that the Council seeks to achieve the most possible benefit in terms of Value for Money from the ongoing process of optimising the relationship between resources and outcomes. This is achieved through a focus on;

- **Economy:** minimising the cost of resources used or required: reducing inputs for the same outputs
- **Efficiency:** producing the same or better outputs by doing things differently and reducing the inputs required
- **Effectiveness:** deploying resources to meet objectives

Our strategy is to embed Value for Money throughout the organisation for all activities, business processes and business planning.

The Council has responded to the financial challenges in a systematic approach to achieving value for money and by embedding the right culture throughout the organisation by;

- Investing in communities (to help themselves and others)

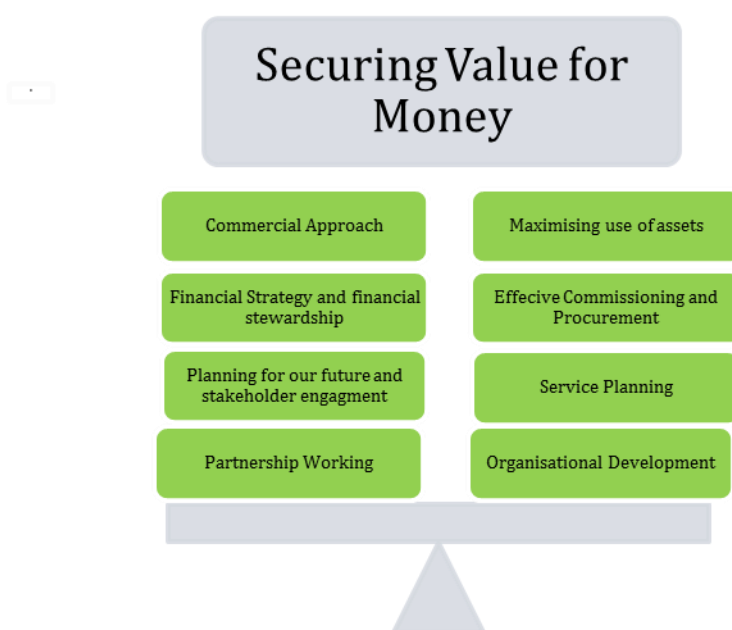
- A more commercial council – to generate additional income and identifying opportunities that align with residents' needs.
- Modern, innovative and collaborative – utilising the best technology and commissioning delivery to achieve outcomes.

This has resulted in WLDC maintaining a strong track record of identifying and delivering savings and efficiencies whilst protecting priority services.

Our benchmarking toolkit, CFO Insights compares national data sets such as the Government financial returns and Office of National Statistics data collections. West Lindsey have developed the use of the tool as a means of delivering VFM through a selection of services in the following ways:

- Helping performance improvement and transformation planning
- Locating potential income generating opportunities
- Supporting budgeting and spending decision making
- Provide transparency in relation to scrutiny questions

The diagram below illustrates the framework West Lindsey has in place to ensure the delivery of Value for Money, which is underpinned by a robust approach to decision making;



Value for Money achievements can be demonstrated through the following actions;

- To understand the financial returns on investments
- To understand the absolute and relative cost of providing services through benchmarking our costs and performance
- To assess business case proposals for VFM

- To monitor and scrutinise on-going performance measured against business plans
- Managing our customer needs and demands and understanding how that impacts on services
- Appropriate procurement procedures
- Reviewing and measuring outcomes

1.3 Commercial Approach

West Lindsey takes a commercial approach to the delivery of all services.

In addition we will consider capital investment as a means in which to generate revenue returns.

Decisions are made in line with existing policies and as a result of a compelling business cases, which are fully supported by cost benefit analysis to inform financial viability, in addition we undertake extensive due diligence. West Lindsey uses a 5 case Business Model ensuring Financial, Legal, Operational, Strategic and Commercial implications are considered and all risks assessed to enable informed choices.

1.4 Partnership Working

West Lindsey District Council aspires to be a good partner for service delivery and has a successful enabling role in encouraging collective responsibility in our Communities. By working in partnership with other agencies, Councils, Parish Councils, other public sector organisation, voluntary groups and community groups in addition to the private sector, has secured better outcomes in the form of inward investment, pooled resources, cohesion and engagement with residents and built effective relationships.

1.5 Asset Management Plan

West Lindsey's Strategic Asset Management Strategy will demonstrate that we have in place an effective property management framework, which actively maximises the value for money achieved from existing assets and provides a strategic context for future investments and to achieve the best possible outcomes. Condition surveys are undertaken on our properties to ascertain the extent of works to be undertaken, which subsequently informs the MTFP.

1.6 Organisational Development

In order to deliver an ambitious Corporate Plan against finite resources, the Council needs people who have the skills, knowledge, attitude and

flexibility which support this. We will look to embed a Value for Money culture where staff are empowered to deliver against Council values and to encourage them to challenge inefficiencies and waste. Team leaders and managers are responsible for delivering services 'right first time' and ensure VFM exists in the day to day management of their services.

We are committed to investing in our greatest asset 'our staff' to ensure continued professional development, opportunities for development and growth and robust succession planning to ensure we remain fit for the future.

The Council as a learning organisation approves the Workforce Development Plan in addition to a Member Development plan which is in place to support elected members.

1.7 Business Planning

The business planning process focuses services in identifying opportunities for cost reduction, income generation and alternative methods of service delivery such as partnership working. Where appropriate these opportunities will be pursued over the medium term with further opportunities being identified and undertaken over the life of the MTFP. These plans are then translated into business cases, projects and ultimately individual work plans.

Annual service plans are used to monitor service and individual performance and are part of the Golden Thread to how services will contribute to achieving our corporate objectives.

1.8 Commissioning and Procurement

We will seek to deliver value for money to the local taxpayer by maximising best value on every pound spent on commissioning and procurement. We will be commercially aware, provide clarity on our expectations to our supply chain, continuously review and ensure our procedures are efficient and seek to achieve maximum benefits from our systems.

The Council manages its contracts carefully and reviews them regularly, which not only delivers significant savings in year, but also identifies further opportunities to reduce operating costs and better achieve the Council's outcome.

An example of this is our Contract with SLM Ltd, our Leisure Management Company which ultimately has supported the financing of the investment in a new Dry Leisure Centre at Market Rasen, a much needed facility for the community.

1.9 Capital Investment Strategy (Appendix 4), Capital Investment Programme (Appendix 5) and Analysis of Capital Financing (Appendix 6)

The Council invests significant sums in a wide range of projects. At this stage the Capital Programme can only be estimated as the costs, levels of grant funding and other funding sources are yet to be confirmed. Schemes and projects are subject of future reports to the Corporate Policy and Resources Committee for approval to spend on an individual basis. Projects include;

- regeneration and housing schemes, which bring inward investment from the private sector and the opportunity for significant grant funding, in turn generating additional income for the Council and economic and social benefit for the wider economy.
- Investment in new technology, to achieve efficiencies and cost savings
- Investment in our own property assets to ensure fit for purpose facilities for service delivery
- Commercial investments to generate income supporting ongoing costs of service delivery

In addition there are replacement and renewal programmes which are classified as Business as Usual which the Council is requested to approve expenditure.

1.10 The Treasury Management Strategy

The Strategy has been scrutinised and recommended to full Council by the Governance and Audit Committee.

The Treasury Management Strategy will ensure that the primary principles governing the Council's investment criteria are the security of its investments and the availability of cash when required (liquidity). The yield or return on the investment is the final principle for consideration. The Council will ensure it has sufficient liquidity in its investments and that it maintains a policy covering categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring of their security.

The Council invests money in a wide range of financial institutions and the investment interest earned is used to support the budget. The major issue for treasury management over the MTFP will be the significant difference between investment rates and borrowing rates, where the cost of carry of borrowing will exceed investment interest. Therefore cash flow management and monitoring of interest rate forecasts will be a key focus.

Emphasis continues to be placed, in line with the Treasury Management Strategy, on mitigating counterparty risk by giving preference to security

and liquidity. This has resulted in greater use of investments with higher security and increased liquidity. The Strategy supports a policy of limiting the need for external borrowing by the utilisation of internal funds.

The Minimum Revenue Provision (MRP) Policy provides options on what is considered prudent provision for the repayment of debt.

1.11 Borrowing for Capital Investment

For the Council to achieve its corporate priorities, reduce cost and increase revenue income streams, it is expected that a significant amount of capital investment will be required, funded from Prudential Borrowing.

Borrowing from external sources will only be undertaken after consideration of our cash flow requirements. In addition any external borrowing will be prudent, affordable and sustainable and as such will be informed by robust business cases and in the main should have no impact on the council tax payer.

Any external borrowing is usually undertaken to maturity, ie repayable at the end of the borrowing term.

1.12 Financial Sustainability

The sustainability of our plans are underpinned by ensuring a good working relationship with the private and community sectors which develops trust and encourages collaboration where possible. The use of grants and enabling funds to support both sectors will create a future infrastructure that will continue to support district communities beyond the initial investment/contribution.

These opportunities will not come without risk, however the approach will always be to mitigate risk where possible and ensure that decisions are evidence based and transparent on inherent risks.

In providing a forecast for the five years on a sustainable basis there are a number of assumptions that have been made.

The key assumptions are:

- that we will be able to borrow for self-funding capital investments and generate financial benefits that at least equal to the cost of borrowing including the minimum revenue provision (MRP), a regulatory requirement on Local Authorities.
- we assume that we will generate significant revenue from new income streams from investment in assets

- We will generate efficiencies through service redesigns and the implementation of digital strategies for the benefit of our customers.

1.13 Council Tax

The level of Council Tax is considered in line with the impact on council tax payers, economic instability, settlement figures, potential capping, the impact on the Council's balances and the wish to invest in priorities.

In setting the Council Tax the Council has been mindful of the factors highlighted above; considering the financial pressures faced moving forward Council will need to be increasingly mindful of the financial implications of its Council Tax decisions.

1.14 The Pay Policy Statement (Appendix 13)

Under Section 40 of the Localism Act the Council must approve and publish a Pay Policy Statement for each financial year. Pay policies can be amended during the financial year and full Council or a meeting of Members must be offered the opportunity to vote before large (£100k or above) salary packages are offered.

The purpose of the Pay Policy Statement is to ensure transparency and accountability with regard to our approach to setting pay.

The Pay Policy Statement identifies;

- The level and elements of remuneration for each chief officer
- The remuneration of the lowest paid employees
- The relationship between the remuneration of chief officer and other officers; and
- Other specific aspects of chief officer remuneration and other discretionary payments

Remuneration in this context is defined widely to include not just pay but also charges, fees, allowances, benefits in kind, enhancements of pension entitlements and termination payments.

1.15 Human Resource Statement (Appendix 14)

The Human Resource Statement details the number of full time equivalent employees with the establishment and for which budget provision is made.

1.16 Risk Management

The Council maintains a Risk Aware strategy to decision making and maintains Strategic and Service Risk Registers as well as considering risk in all Business Cases and Committee reports.

We will continually assess financial risks associated with activities and mitigate these risk by the creation and utilisation of provisions, earmarked reserves and general reserves.

We will review and report on internal controls and governance arrangements and will address any significant issues.

We will report to the Governance and Audit Committee who will monitor the effectiveness of risk management and governance arrangements.

2. The Medium Term Financial Analysis

2.1 Introduction

The Medium Term Financial Analysis provides a 5 year estimation of our Net Revenue Expenditure and highlights the level of resources required to set a balanced budget in future years.

For 2021/22 the Budget has been based on the approved budgets for each Committee and in line with the 2021/22 Local Government Financial Settlement.

Future years are difficult to predict due to uncertainty in relation to the outcome of the review of Local Government Funding, which includes a number of elements including the overall financial settlement, the Fairer Funding Review, the Business Rates Reset and the Business Rates Retention Scheme where a rethink may be required due to the affect Covid-19 has had on tax payers. We have however taken a prudent approach by removing Business Rates Growth, to put us back to Baseline funding 2013/14 (+ inflation). In addition we have assumed that there will continue to be some element of funding to reflect rurality.

The Government has indicated that a 3 year settlement based on the outcome of these reviews will be available for 2022/23 budget setting, providing some certainty for Councils. These unknown impacts and the level of financial risk that the Council may be exposed to will require regular monitoring and a mid-year update will provide some indication of likely outcomes as the consequences become clear.

Prudently the Council is now earmarking funds of £1m to mitigate any future year shortfalls to balance the budget over the medium term.

2.2 The Budget Planning Cycle

The Budget planning process has achieved a High Assurance Rating from our Internal Auditors and includes the following actions;

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures/savings and horizon scanning for future issues, including political, economic or legislative implications.
- Business Planning reviews have been undertaken to identify further income generation opportunities and budget reduction proposals, which can be delivered to ensure a sustainable budget.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £0.024m. Full Details of proposed fees and charges were presented to Policy and Resources Committee in November 2020.
- Regular updates have been provided to the Management Team who have also reviewed, challenged and proposed inclusion of the pressures and savings incorporated into this budget which have not already been approved by this Committee.
- Regular meetings have been held with the Chairs and Vice Chairs of Committees to ensure they are fully engaged in the process.
- Inclusion of the revenue implications of the Capital Programme 2021/22 – 2025/26.
- Consultation with Parish Councils, residents and business ratepayers has been undertaken.
- The review of Earmarked Reserves and approved additional resources being funded from these reserves and/or external grant income (approved by CP&R 9th November 2021).
- Consideration of other Strategies i.e. Car Parking Strategy, Housing Strategy etc.

2.3 Budget Assumptions

There are a number of other assumptions which contribute to the financial estimates provided, the major assumptions include;

- Employees - Pay Award 0% 2021/22 and 2% thereafter
- Pensions – 1% annual increase (includes employers contribution and deficit reduction payment) as estimated by the Actuary
- Council Tax increases of £5 for 2021/22 and 3% onwards with annual tax base growth of 0.75%

- NNDR and reversion to Baseline from 2022/23 onwards.
- Contractual inflation applied only to service expenditure budgets
- New Homes Bonus no new allocations from 2022/23 and legacy funding for 2019/20 only
- Utilities - Electricity 5%, Gas 0%, Water 0%
- Capital Programme is based on best estimates of total investment; total borrowing; use of reserves; impact on revenue

2.4 Council Tax

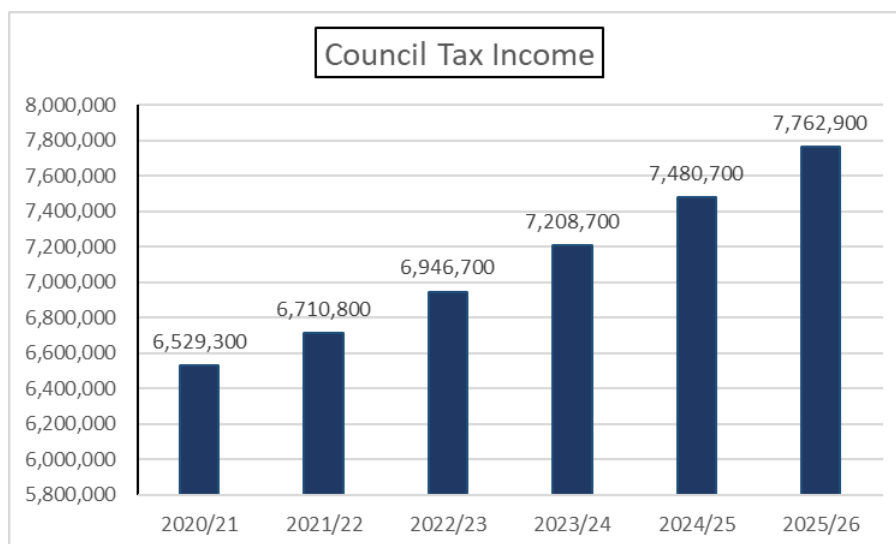
The latest population estimates for West Lindsey in 2019 is 96,100. It is estimated that over the life of the MTFP this will have increased by 4% to 99,600. This increase will impact on the demand for housing and with the Council enabling significant Housing Growth over the longer term this will therefore increase the Council's Tax Base and which in turn will generate additional Council Tax income.

The Tax Base for 2021/22 has been approved at 30,128.37 (29,986.98 2020/21) reflecting growth of 0.47% (1.54% 2020/21). Average growth over past 3 years has been 1.03%. The MTFP includes a future annual growth rate of 0.75%

In terms of actual Council Tax, the Council's current strategy is to increase Council Tax to the Governments maximum capping levels (Assumed 2% of £5 whichever is the greater for 2021/22 and 3% ongoing), this strategy helps to support future sustainability. As a guide a 1% annual increase results in an additional £0.067m in the first year increasing to £0.361m by year 5.

Within the Medium Term Financial Analysis below we have assumed a 3% increase for all future years and a collection rate of 98.3% which is also the National Average.

In addition the Council Tax Surplus for 2021/22 has been calculated to be £0.168m (£0.215m 2020/21) and will be included in the budget. The Medium Term Financial Analysis includes an estimated £0.100m ongoing.



2.5 Business Rates

A further one year settlement for 2021/22 is estimated to provide business rates income of £4.516m gross of the 2020/21 deficit attributable to Business Rates Covid Reliefs. Included within this amount is the benefit of continuing to be a part of the Lincolnshire Business Rates Pool, providing an additional benefit of £0.451 being 60% of the levy which would have been payable to the Government.

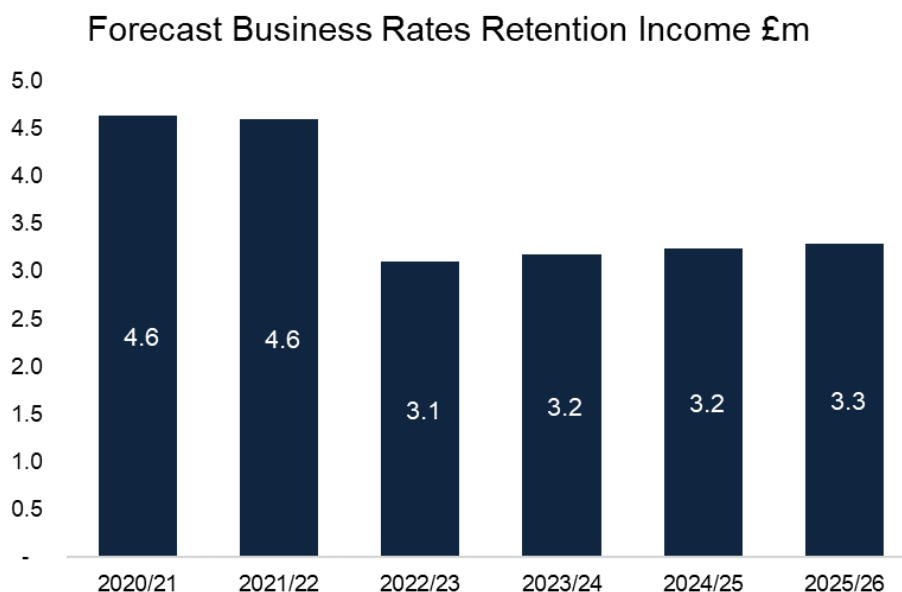
In addition the Government is supporting business rates losses as a consequence of Covid-19 and has provide £0.425m of funding bringing the overall retained income to £4.652m.

The Budgeted income of £1.989m reflects the impact of the 2020/21 deficit brought forward which relates to the governments introduction of Business Rates Reliefs for the Retail, Leisure and Hospitality Sectors of £2.664m and which will be funded from the NNDR Volatility Reserves, which holds the Government funding to offset this element of the deficit. Other losses can be spread over 3 years at an annual rate of £0.189m, which will be funded from the reserve.

For future years, with the impending review of the Business Rates Retention Scheme to a 75% rather than 50% retention model and in addition to a full reset, where we are likely to see a reset back to our baseline level in 2013/14 of circa £3.1m, thus removing all benefits of growth and pooling during that period.

Whilst full details of the scheme are not yet known there will also be the impact of the Fairer Funding Review, both of these proposals bring significant change to local government financing and have been delayed, initially due to the need to focus on the Brexit deal and subsequently due to the demands in responding to the Covid-19 pandemic. It is expected that these may be implemented by 2022/23, and there are ongoing demands from the sector that a 3 year settlement funding deal would aid future financial planning for Local Government. We have taken a prudent approach to our forecasts and

are estimating income from Retained Business Rates over the medium term is detailed below;



2.6 New Homes Bonus

The New Homes Bonus was introduced in 2011/12 by Central Government and payable to local councils to reflect and incentivise housing growth in their area. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and bringing long term empty properties back into use. There is also an extra payment for providing affordable homes.

Since 2011 the Council has seen an increase in chargeable properties of 4,741 to its current level of 44,123 (42,748 2020/21).

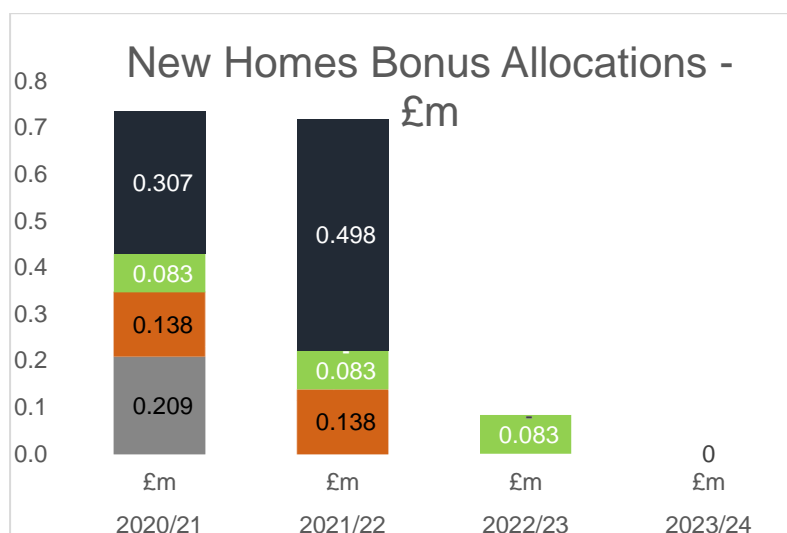
As part of the one year funding Settlement the scheme has been extended for a further year and will result in an additional £0.490m being received in 2021/22 this is in addition to our legacy funding £0.221m. The overall New Homes Bonus allocation for 2021/22 is £0.719m (£0.736m 2020/21)

As the scheme is under review. Nationally there is a forecast that the balance of monies remaining circa £40m will be returned nationally, with our proportion being circa £0.011m.

In total we will have received £13.901m of New Homes Bonus Grant which has been earmarked and is used to support investment in growth and regeneration projects.

It is assumed that there will be no new allocations beyond 2021/22, with only the final legacy payment for 2019/20 being due in 2022/23 totalling £0.083m.

Our strategy is to use New Homes Bonus for future investment in regeneration and growth, as such it will be transferred to the Investment for Growth Reserve. This strategy continues to be supported residents.



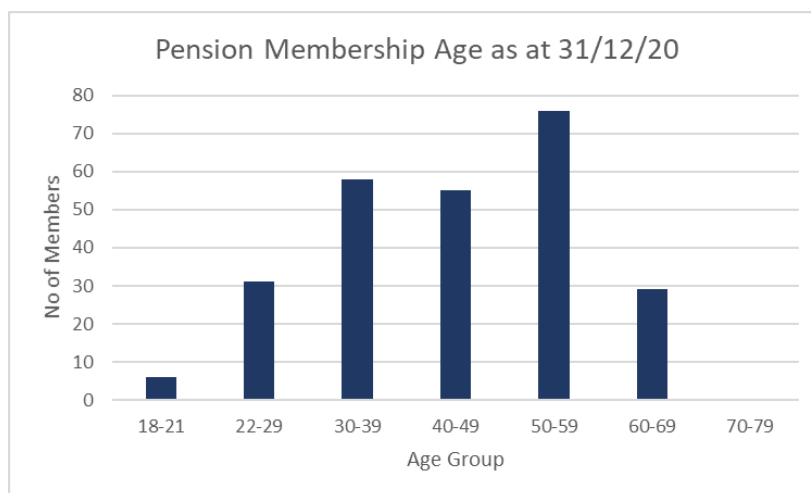
2.7 Pension Contributions

As an employer within the Lincolnshire Pension Fund, we are required to make contributions to the fund for current employees and to reduce any pension fund deficit in accordance with amounts provided by the Actuary of the scheme, Hymans Robertson.

The employers contribution rate for the period 2020/21 to 2022/23 has been determined at 17.2% per annum.

In relation to the pension deficit, currently £37.795m (as at 31 March 2020). Our strategy is to contribute an appropriate amount with the aim of removing the deficit over a 20 year period. The payment for 2021/22 is £1.028m (£0.940m 2020/21).

Age Profile of 255 Members of the Superannuation Scheme as at 1.4.2020 (244 2019) is show in the graph below;



2.8 Reserves

The Council are requested to approve the movement on Reserves.

The level of the General Fund Working Balance will be set, as a minimum at £2.5m. This minimum balance will represent funds available to mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates and the ongoing impact of Covid-19. In addition such risks may also include changes in Government policy, further funding reductions post 2020/21 and other market factors.

The level of general reserves will continue to be closely monitored during the period of this MTFP in the context of protecting the Council from existing and future liabilities. This is extremely important given the uncertainty around future funding levels and the impact of Covid-19 on our income and expenditure. Reserves will continue to be maintained at a prudent level.

Earmarked reserves will be reviewed annually to ensure they are utilised to their best effect to support both revenue and capital projects and investment aligned to Corporate Plan priorities and to ensure that adequate reserves are held for longer term investment need.

Reserves held are invested in accordance with the Treasury Management Strategy. They are used to support internal borrowing thus saving interest payable with any interest received from their investment supporting the Councils revenue budget.

The table below illustrates the projected Reserve Balances over the MTFP;

RESERVE	YEAR END 2020/21	MTFP				
		2021/22	2022/23	2023/24	2024/25	2025/26
General Fund Working Balance	5,147,508	2,740,008	2,740,008	2,740,008	2,716,008	2,716,008
Earmarked Reserves	16,379,704	13,815,504	12,356,704	12,247,304	12,140,404	12,193,504
Capital Receipts	1,035,524	558,408	623,592	688,776	753,960	816,658
Capital Grants Unapplied	2,273,886	501,172	501,172	501,172	501,172	501,172
TOTAL	24,836,622	17,615,092	16,221,476	16,177,260	16,111,544	16,227,342

The table below reflects the movement on the General Fund Balance 2021/22

Movement on General Fund Balance	2021/22 £
Estimated Bal Bfwd	5,147,508
Less Approved Carry Forwards from 2020/21	(418,000)
Less Creation of new Earmarked Reserves	(293,700)
Less Transfer to Earmarked Reserves	(1,650,000)
Less In year project funding	(45,800)
Estimated Year End Balance	2,740,008

The tables below detail all movements on Earmarked Reserves;

Contribution to Reserves	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Future costs of investment property maintenance	85,900	85,900	85,900	85,900	85,900
Carbon reduction (Fits)	17,000	17,000	17,000	17,000	17,000
Contribution to IT Reserve 10yr replacement prog.	88,800	92,800	92,800	87,800	82,800
IT Website Replacement	0	0	15,000	15,000	15,000
Replacement of civic car	5,000	5,000	5,000	5,000	5,000
Wheeled Bin Replacement	19,300	19,300	19,300	19,300	19,300
Elections - Budget smoothing increase (from GF)	40,000	40,000	40,000	40,000	40,000
Vehicle Replacement Programme	347,800	347,800	347,800	347,800	347,800
New Homes Bonus-to investment for growth EMR	565,400	26,800	0	0	0
Project Investment EMR	56,700	0	0	0	0
Increase Investment for Growth Reserve	500,000	0	0	0	0
New EMR - Environmental and Climate Change Reserve	500,000	0	0	0	0
New EMR - Cultural Strategy Reserve	250,000	0	0	0	0

New EMR - Health and Wellbeing Reserve	250,000	0	0	0	0
Transfer to Finance Reserve - for Fairer Funding/BRR risk	1,000,000	0	0	0	0
Transfer to Finance Reserve - for Covid recovery	500,000	0	0	0	0
Contribution to Maintenance of Facilities Reserve-Saxilby Bridge	100,000	0	0	0	0
Transfer to Project Investment Reserve	150,000	0	0	0	0
Contribution to Business Rates Volatility Reserve	236,100	0	0	0	0
TOTAL CONTRIBUTION TO RESERVES	4,712,000	634,600	622,800	617,800	612,800

Use of Reserves	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Temporary Project Staffing Resources CRM	(72,100)	(74,200)	0	0	0
Firmstep licence Apr 21 - Dec 21 Approved CPR	(19,000)	0	0	0	0
ERP project – Legacy FMS 1 year licence extn, 6 yr read only access	(26,500)	(5,500)	(5,500)	(5,500)	(5,500)
Hemswell Cliff Regeneration	(5,000)	0	0	0	0
Homelessness Government Grants	(46,800)	(15,700)	0	0	0
Replacement bins-domestic	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Use of Elections reserve	0	0	(160,000)	0	0
Business Improvement & Transformation	0	0	(15,700)	(19,200)	(22,200)
Supporting Vulnerable Communities-Enforcement Officer	(29,400)	(6,000)	0	0	0
Connectivity Fund	(28,900)	0	0	0	0
Community Grant Scheme	(100,000)	(100,000)	0	0	0
Use of Business Rates Volatility Reserve	(2,664,100)	(189,000)	(189,000)		
REVENUE USE OF RESERVES	(3,011,800)	(410,400)	(390,200)	(44,700)	(47,700)

2.9 Medium Term Financial Analysis (Appendix 1)

The 5 year Medium Term Financial Plan 2020/21 has been updated during the budget process and reflects the total Funding Gap from 2021/22 to 2025/26, the Council has a number of projects and initiatives which will help meet the future funding gaps detailed in the table below;

	MTFP 2021/22 - 2025/26 5 YRS				
	2021/22	2022/23	2023/24	2024/25	2025/26
MTFP - FUNDING GAP B/FWD	893	973	1,041	1,067	1,100
Total Pressures	519	503	535	582	644
Total Savings	(437)	(451)	(511)	(532)	(521)
Total Additional Income	(115)	(162)	(223)	(247)	(287)
Total Capital Financing Savings	(627)	(119)	(112)	(120)	(128)
Contribution to Reserves	857	21	54	54	54
Creation of New Earmarked Reserves	706	0	0	0	0
Movement in Funding:					
Council Tax	45	64	67	69	72
Revenue Support Grant	(65)	(65)	(65)	(65)	(65)
Business Rates	(1,493)	103	102	100	51
Council Tax Surplus	(68)	0	0	0	0
Other Government Grants	(215)	(10)	(15)	(10)	(10)
MTFP - FUNDING GAP	0	857	873	898	910

2.10 The Chief Finance Officer Statement on the Robustness of Estimates, the Adequacy of Reserves and the affordability of capital investments

In accordance with Section 25 of the Local Government Act 2003, the Council's Chief Finance Officer is required to report on the robustness of estimates, the adequacy of proposed reserves and the prudence of capital investment decisions. This information enables a longer-term view of the overall position to be taken.

Key factors in ensuring the robustness of estimates include the initial challenge process to establish budget options, essential project management for the proposals, monitoring and reporting arrangements and utilisation of key, skilled finance staff in drawing up detailed estimates and monitoring proposals going forward. Cross cutting and sound key assumptions are also vital to ensuring proper estimates. The key assumptions, i.e. pay awards, inflation, Council Tax, Business Rates, Government Grant and pension contributions are detailed within this report. It is essential that in order to secure a balanced budget the base estimates are considered robust.

Budget changes have been built on amounts approved by the Corporate Policy and Resources Committee throughout the year, and changes approved under delegation. Changes to the base budget have been reported to both Prosperous Communities Committee and Corporate Policy and Resources Committee in February 2021.

Budget monitoring will be presented to management on a monthly basis and to Corporate Policy and Resources Committee quarterly throughout the financial year (or by exception).

The balance of General Reserves are considered to be adequate to cover risks, peaks and troughs and the investments proposed. A minimum General Fund Balance has been set at £2.5m or 10% of Net Operating Expenditure and is forecast to exceed this target over the MTFP.

This represents;

- 95% of MTFP total 3 year deficit (£2.628m)
- 71% of MTFP total funding gap (£3.538m)
- 19% of budget requirement
- 17 days of average gross expenditure cover (£0.144m per day)

The earmarked reserves as set aside by the Council at the year-end are independently verified by the external auditor.

A review of reserves was undertaken and approved by the Corporate Policy and Resources Committee at its December meeting.

The prudential borrowing regime places a duty on the Chief Finance Officer to ensure that the financial impact of decisions to incur borrowing are affordable both in the immediate and over the longer term.

Consideration of all new capital schemes and their revenue impact is undertaken alongside other revenue issues to ensure resources are appropriately allocated and impacts are reflected in the Prudential Indicators within the Treasury Management Strategy.

Despite the current economic uncertainty and issues around Local Government reform the Council remains in a stable financial position, with adequate reserves to deal with any economic impacts and work will continue to be undertaken to ensure that the Council is in a sound position to manage its budget within the anticipated funding reductions.

The professional opinion of the Chief Finance Officer on the overall adequacy of the total level of reserves and the robustness of estimates is integral to the sign off of the overall agreed budget. The Chief Finance Officer therefore confirms that the budget estimates are robust, the adequacy of reserves is satisfactory and the capital programme is affordable.

The movement on the previous year MTFP and the level of pressures and savings identified since that time are shown in the table below;

2.11 Risk Analysis (Appendix 2)

The Council maintains a Risk Aware strategy to decision making and maintains Strategic and Service Risk Registers as well as considering risk in all Business Cases and Committee reports.

We will continually assess financial risks associated with activities and mitigate these risk by the creation and utilisation of provisions, earmarked reserves and general reserves.

We will review and report on internal controls and governance arrangements and will address any significant issues.

We will report to the Governance and Audit Committee who will monitor the effectiveness of risk management and governance arrangements.

In terms of Budget risks these include;

RISK	MITIGATION
Future Funding Levels	10% or £2.5m minimum General Fund Working Balance set. Which can be used to support a balanced budget should it be required giving the Council time to manage the implications of future settlement funding
Inflation under estimated	General Fund Working Balance
Borrowing Interest Rates under estimated	We budget at 100% borrowing need. In reality as we utilise our own cash reserves for some element of this borrowing (internal borrowing) saving on interest costs. It is therefore highly unlikely that there would be a budget impact. General Fund Working Balance
Changes to Grant Funding	Initiatives and Projects would cease/reduce in line with Grant levels Earmarked £1m for Fairer Funding and Business Rates Review impacts
Reduction in level of income receivable	Commercial Contingency Budget of £0.2m in base budget and General Fund Working Balance £2m
Unforeseen events/emergencies/ budget overspend (including Covid response and recovery)	Unexpected costs or income pressures which are not supported from government grant. General Fund Working Balance of £2.5m £0.500m earmarked for Covid response and recovery
Savings not achieved and Income reductions	General Fund Working Balance of £2.5m Commercial Contingency Budget £0.200m

2.12 Sensitivity Analysis

Within the MTFP in relation to assumptions and risks, the table below shows the effect of change on the main assumptions;

Impact of +/-	Equates to +/-
1% Pay award	£0.099m
1% Council Tax	£0.067m
1% Business Rates	£0.072m
1% Non-Pay Budget	£0.063m
1% Interest on balances	£0.100m
1% on Borrowing	£0.310m
1% on Fees and Charges	£0.068m

3 The 2020/21 Revenue Budget

3.1 Introduction

The Council presents a Balanced Revenue Budget for 2021/22, and is represented over our Service Clusters;

Our People – Strategic Focus: Health & Wellbeing, Education & Skills, Vulnerable Groups & Communities i.e. Benefits, Homelessness and Housing, Community Grants, Employment & Skills Partnership, Arts & Leisure

Our Place – Strategic Focus: Economy, Housing Growth, Public Safety & Environment i.e. Building Control, Licensing, Food Safety, Car Parks, Asset Management, CCTV, Domestic Waste Collections, Development Control, Economic Development

Our Council – Strategic Focus: Customer, Finances, Staff & Members i.e. Finance, Human Resources, Committee Administration, ICT, Change Management, Elections, Corporate Fraud, Debtors, Local Tax Collection, Local Land Charges, Crematorium, Commercial Properties, Customer Relations, Green Waste Service, Bulky Waste Collections, Trade Waste, Markets

3.2 Settlement Funding 2021/22

The Settlement Funding Assessment determines our local share of Business Rates and provides details of other Core Funding Grants and any additional Grants the Minister announces. Whilst the final settlement funding has yet to be announced, this draft budget has been prepared based on the Provisional Settlement issued in December 2020, we are not expecting any significant changes.

The announcement for West Lindsey included;

A one year Settlement Funding which would be based on the 2020/21 assessment increased for cpi.

Also announced was additional funding for;
 An additional year of New Homes Bonus - £0.498m
 A one off Lower Tier Services Grant – £0.129m
 Additional Rural Services Delivery Grant - £0.024m

In addition further Covid-19 expenditure Grant of £0.510m and Sales Fees and Charges losses Grant £0.165m were announced to support the financial impacts of Covid-19 upto June 2021.

The elements of our Core Funding is detailed in the table below;

West Lindsey	Actual 2020/21 £m	Provisional 2021/22 £m
Settlement Funding Assessment	3.023	3.023
Compensation for under-indexing the business rates multiplier	0.121	0.157
Estimated Council Tax excluding Parish Precepts	6.529	6.742
New Homes Bonus	0.736	0.719
Lower Tier Services Grant	0.000	0.129
Rural Services Delivery Grant	0.474	0.498
Core Spending Power	10.884	11.268

3.3 Revenue Budget 2021/22

Cluster	Original Budget 2020/21 £	Proposed Budget 2021/22 £
Our Council	5,924,100	6,279,000
Our People	1,513,200	1,529,000
Our Place	3,715,600	3,871,800
Cluster Total	11,152,900	11,679,800

Estimated Capital Implications	(32,800)	0
Interest Receivable	(250,300)	(124,600)
Investment Income - Property Portfolio	(1,624,700)	(1,434,900)
Drainage Board Levies	370,900	388,100
Parish Precepts	2,134,100	2,186,600
Interest Payable	983,000	377,700
Statutory MRP	243,700	442,900
Other Operating Expenditure	1,823,900	1,835,800

Net Revenue Expenditure	12,976,800	13,515,600
--------------------------------	-------------------	-------------------

Transfer to / (from) General Fund	527,500	(1,943,700)
Transfer to / (from) Earmarked Reserves	852,700	1,707,200
Budget Requirement (Amount to be met from Government Grant or Council Tax)	14,357,000	13,279,100

Funding Income		
Business Rate Retention Scheme	4,186,000	1,989,000
Collection Fund Surplus - Council Tax	215,400	167,500
COVID Grants	0	675,000
Parish Councils Tax Requirement	2,134,100	2,186,600
New Homes Bonus	736,300	719,100
Other Government Grants	555,900	831,100

Council Tax Requirement	6,529,300	6,710,800
--------------------------------	------------------	------------------

TOTAL FUNDING	14,357,000	13,279,100
----------------------	-------------------	-------------------

Balanced Budget/Funding Target	0	0
---------------------------------------	----------	----------

3.4 Base budget movements

The Budget of £13,279,100 (£14,357,000 2020/21) is proposed for approval and reflects a reduction of £1,077,900 (including movements in reserves). The significant movements are detailed below;

Service Clusters

- Employee costs reduction (£0.096m) includes impact of pay awards
- Contractual cost increases £0.091m
- Housing Benefit Rent Allowances overpayments recovery £0.116
- Introduction of a 2% vacancy factor (£0.184m)
- Income budget movements (£0.077m)
- Together24 efficiency saving (£0.029)
- Covid-19 recovery and response £0.675m (funded from Gov.Grant)
- Various other pressures £0.105
- Various other savings (£0.018)

Other Operating Expenditure

- Interest payable on borrowing budget reduction due to expected actual borrowing for treasury purposes and change to capital programme (£0.627m)
- Interest receivable £0.126m, reduced investment rates and internal borrowing implications.
- Investment Properties net reduction in income as change to capital programme and additional rental income from last acquisition £0.189m

Funding

- Business Rates – One off settlement, additional support for 2020/21 income losses net of 2020/21 deficit payable 2021/22 £2.197m of which (£2.644) funded from Government Grant 2021/22 held in reserves and £1.493m in year gain)
- Government Grants – (£0.897m)
- Council Tax and Surplus £0.133m

In addition there is a reduction of £3.815m in relation to the net use of reserves, of which £2.664m relates to the previous year deficit on Business Rates from the Covid-19 Reliefs for Retail, Hospitality and Leisure sectors and which has been funded by the Government and earmarked at the end of 2020/21.

3.5 Council Tax

The Secretary of State has powers to impose limits on the rate of Council tax increases imposed by Local Authorities, for 2021/22 this limit is set at 2% or £5 whichever is the greater. If the Council wished to increase Council Tax above this level there would be a requirement to hold a referendum. The cost of such a referendum would be broadly equivalent to a 3.5% increase in Council Tax. At this time it would be advised that any increase be below the level at which a referendum would be triggered.

The Council Tax increase for 2021/22 is therefore proposed at £5 (10p per week) (2% 2020/21) giving a Band D equivalent Council Tax of £222.74 (£217.74 2020/21).

The Council's past decisions on Council Tax increases are detailed below;

Year	Charge Band D	Increase %	Increase £
2017/18	201.24	2.52%	4.95
2018/19	207.27	3.00%	6.03
2019/20	213.47	3.00%	6.20
2020/21	217.74	2.00%	4.27
2021/22	222.74	2.30%	5.00

The composition of the proposed Council Tax charge by property valuation band, with Band D being the comparator, is set out in the table below for information (excluding Parish Precepts)

Table 4 Council Tax Charges by Band 2021/22 (excludes parish precepts)

Band	West Lindsey DC £	Lincolnshire CC £	Police Crime Commissioner £	Aggregate Council Tax £
A	148.49	909.44	177.54	1,235.47
B	173.24	1,061.01	207.13	1,441.38
C	197.99	1,212.59	236.72	1,647.30
D	222.74	1,364.16	266.31	1,853.21
E	272.24	1,667.31	325.49	2,265.04
F	321.74	1,970.45	384.67	2,676.86
G	371.23	2,273.60	443.85	3,088.68
H	445.48	2,728.32	532.62	3,706.42

The required resolutions to determine Council tax levels and all other relevant supporting information can be found in Appendices 8-12.

Parish Precepts are in addition to the amounts reflected above, the average Parish Precept is £72.57 (£68.39 2020/21) reflecting an increase of 6.11% increase.

3.6 Business Rates (NNDR)

The Council benefits from a 40% share of Business Rates with 50% going to the Government and 10% to Lincolnshire County Council. However there remains a redistribution of business rates through the Top/up and Tariff mechanism, ensuring Councils only receive income up to their (Government assessed). In addition where there is growth above the 2013/14 baseline, a 50% Business Rates Levy is applied.

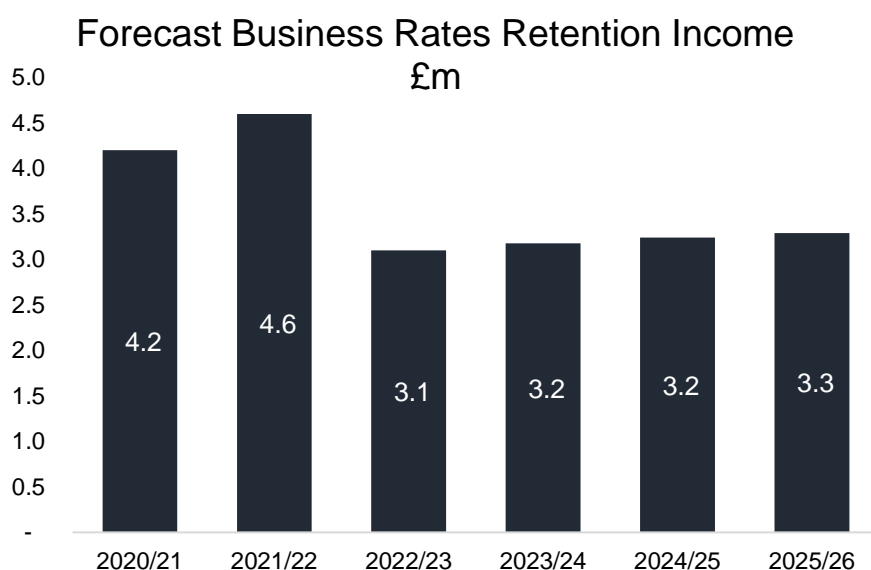
For 2021/22 West Lindsey District Council will continue to be part of the Lincolnshire Business Rates Pool and will benefit from a 60% reduction in the Business Rates Levy providing £0.452m pooling gain (£0.505m 2020/21).

The Council is required to submit an estimate for the year to Government, this return is called the NNDR1. At the year end a NNDR3 is then submitted to confirm the actual resources received from the scheme. Any variance between these two amounts results in a surplus or deficit on the Collection fund, to which we will have a 60% share. This is then recovered in the following financial year.

In 2020/21 due to the significant impact on businesses from the Governments Covid Response and the mandatory closure of some business types additional reliefs were awarded providing business rates holidays for 2020/21. This meant less cash income for Local Authorities and has therefore been replaced by grant income of £2.664m. In addition we have seen a reduction in the amount of business rates recoverable as businesses close or struggle to make payments. The Government has also provided grant funding to meet these losses of £0.425m.

The overall budget for Business Rates is £1.989m when added to the £2.664m of government grant for Reliefs (transferred from the NNDR Volatility Reserve) meeting the previous year deficit, resources from Business Rates totals £4.653m

The table below shows our Funding from Business Rates Retention;



The graph above illustrates a forecast income from NNDR which includes additional Government grant for supporting mandatory reliefs, or payments due to and from the scheme in form of Tariffs and Levy.

The 2021/22 Budget is made up of the following elements and is compared to 2020/21:

Budgeted Resources	2020/21	2021/22
Share of Retained Business Rates (40%)	(7.298)	(7.186)
Tariff	3.583	3.583
S31 Grants	(1.091)	(1.113)
Levy payment	0.842	0.752
Less Pooling Gain	(0.505)	(0.452)
Renewable Energy	(0.052)	(0.052)
Tax Losses Grant	0.000	(0.425)
In Year Business Rates	(4.521)	(4.893)
Previous Year Deficit	0.336	2.904
Funded from Earmarked Reserve (S31 Grant Reliefs 2020/21)	0.000	(2.664)
Overall Business Rates Resources	(4.185)	(4.653)

For future years the MTFP provides an estimated £3.100m of business rates in 2022/23, being the 2013/14 baseline in anticipation of the proposed Business Rates Reset in 2022/2023. Inflation has been applied for each subsequent year. This estimate will be reviewed on an annual basis as reviews are completed and new schemes implemented.

4 The Capital Investment Programme and Financing (Appendix 5/6)

4.1 Introduction

The draft Capital Programme 2021/22 to 2025/26 provides a plan of future capital investments, this is reviewed annually and may result in significant change as business cases for schemes are developed or schemes re-profiled over financial years due to external factors.

Members are requested to approve the Capital Programme and approval to spend for Business As Usual activity for 2021/22.

4.2 Asset Management Plan

The Capital Programme takes account of the objectives of the Asset Management Plan and the resources required to achieve these objectives which are detailed below;

Initiative	Delivery Year				
	2021/22 £	2022/23 £	2023/24 £	2024/25 £	2025/26 £
Strategic & Operational Plans	0	0	0	0	0
Physical Assets (Fit for Purpose)	10,000	10,000	0	30,000	40,000
Risk Management (Physical Estate)	0	0	0	0	0
Operations & Maintenance	95,000	65,000	105,000	45,000	77,500
Physical Assets	10,000	0	0	0	0
Capital Works Planning	50,000	70,000	170,000	90,000	10,000
Total	165,000	145,000	275,000	165,000	127,500

4.3 The Summary Capital Programme

Service Cluster	Estimate 2021/22 £	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Total Capital Programme £
Our People	2,456,261	595,000	595,000	595,000	595,000	4,836,261
Our Place	6,245,284	3,667,500	302,000	608,000	412,000	11,234,784
Our Council	695,000	375,000	200,000	265,000	100,000	1,635,000
Investment Property Portfolio	0	3,000,000	0	0	0	3,000,000
Grand Total	9,396,545	7,637,500	1,097,000	1,468,000	1,107,000	20,706,045

The overall Capital Investment Programme totals £20.706 however, £11.136m relates to the approved Capital Budgets (Stage 3 and Business as usual) with the remainder of £9.569m being pipeline projects. Only approved Capital Budgets will be monitored throughout the financial year.

The 4 levels of the Programme are detailed below;

- Pre-Stage 1 – Business Case in preparation
- Stage 1 – Budget approved – requires full business case
- Stage 2 – Business case approved in principal or awaiting funding
- Stage 3 and Business as Usual (BAU) – Approved to spend and funding secured

Stage	2021/22	2022/23	2023/24	2024/25	2025/26	Total
	£	£	£	£	£	£
BAU	1,346,114	1,513,000	917,000	1,275,000	1,107,000	6,158,114
Pre-Stage 1	523,800	616,000	30,000	0	0	1,169,800
Stage 1	1,892,300	1,900,000	0	0	0	3,792,300
Stage 2	3,655,784	608,500	150,000	193,000	0	4,607,284
Stage 3	1,978,547	3,000,000	0	0	0	4,978,547
Grand Total	9,396,545	7,637,500	1,097,000	1,468,000	1,107,000	20,706,045

There are a number of significant programmes of work, which at this time have not been subject to a full financial appraisal, and to that end Members should be aware that the estimates within this programme could vary significantly.

The detailed Capital Investment Programme is attached at Appendix 5 for consideration and approval.

4.4 Capital Investment Financing

The proposed funding for the Capital Programme 2021/22 – 2025/26 is analysed below;

CAPITAL FINANCING	Estimate 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	TOTAL CAPITAL INVESTMENT
Grants & Contributions etc	-2,859,798	-1,674,500	-745,000	-788,000	-595,000	-6,662,298
Revenue/Earmarked Reserves	-4,251,447	-1,203,000	-342,000	-680,000	-512,000	-6,988,447
Useable Capital Receipts	-542,300	-3,176,000	-10,000	0	0	-3,728,300
Prudential Borrowing	-1,743,000	-1,584,000	0	0	0	-3,327,000
Total Capital Programme Funding	-9,396,545	-7,637,500	-1,097,000	-1,468,000	-1,107,000	-20,706,045

4.5 New Bids

Members should be aware that the Capital Investment Programme has 5 new bids for 2021/22;

- Nettleham (Affordable Housing)
- Trinity Arts Centre Improvements
- Document Management System
- Telephony (Including Contact Centre)

5. Treasury Management 2021/22

- 5.1 The full Treasury Management Strategy, Minimum Revenue Provision Policy and Investment Strategy has been scrutinised by the Governance and Audit Committee at its meeting in January 2021 and is presented to Council for approval.

Taking into account both the revenue and capital budget implications as detailed above, the following table reflects our forecast treasury position.

The Capital Financing Requirement reflects the level of overall approved borrowing for capital purposes, net of any Minimum Revenue Provision (MRP) which is an annual amount charged to the tax payer reflecting repayment of the borrowing over the life of the asset.

£m	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital Financing Requirement						
Accounting Adj	1.065	1.065	1.065	1.065	1.065	1.065
Prudential Borrowing	38.997	40.275	38.921	38.326	37.731	37.136
Total CFR	40.062	41.340	39.986	39.391	38.796	38.201
<i>OF which relates to investment properties</i>	22.999	22.999	22.999	22.999	22.999	22.999
Movement in CFR	2.166	1.278	-1.354	-0.595	-0.595	-0.595
Movement in CFR represented by						
Net financing need for the year (above)	2.473	1.743	0.000	0.000	0.000	0.000
Less MRP/VRP and other financing movements	-0.279	-0.443	-0.573	-0.573	-0.573	-0.573
Loan principal repaid	-0.028	-0.022	-0.781	-0.022	-0.022	-0.022
Movement in CFR	2.166	1.278	-1.354	-0.595	-0.595	-0.595

£m	2021/22 Estimate
Investments	
Average Investment	12,133,000
Borrowing	
Actual external borrowing at 31 March	31,000,000
Internal Borrowing	12,240,000
The Capital Financing Requirement	43,240,000
Internal Borrowing %	28.30

6. Pay Policy Statement (Appendix 13) and Human Resources Statement (Appendix 14)

The Council's Statutory Pay Policy Statement 2021/22 includes our policy on:

- The level and elements of remuneration for each chief officer
- The remuneration of the lowest paid employees
- The relationship between the remuneration of chief officer and other officers; and
- Other specific aspects of chief officer remuneration and other discretionary payments

The Human Resource Statement details the budgeted full time equivalents of 291.06 (288.77 2020/21) by Cluster and Business Unit.