



**Council**

**Monday 7 March 2022**

**Subject: Executive Business Plan 2022/23 to 2024/25  
Medium Term Financial Plan 2022/23 to 2026/27  
Council Tax and Revenue Budget 2022/23  
Capital Programme 2022/23 to 2026/27**

Report by:

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Purpose / Summary:

The purpose of the Executive Business Plan is to set out the actions the Executive will take to deliver the Corporate Plan objectives over the next 3 years.

The purpose of the Medium Term Financial Plan (MTFP) is to set a robust overall framework for the Council's Financial Strategy and spending plans over the next 5 years in support of delivering the Corporate Plan. The report also sets out the Council Tax 2022/23.

The Medium Term Financial Analysis includes the budget for 2022/23 and estimates to 2026/27. It is based on assumptions for levels of future Government Funding and revises previous estimates up to 2026/27.

The Capital Investment Strategy and Capital Programme records our 5 year investment plan

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

**RECOMMENDATION(S): That Members:**

- a) That Members recognise the external environment and the severity of the financial challenges being faced as detailed in the Financial Strategy.
- b) That Members accept the Statement of the Chief Finance Officer on the Robustness of Estimates and Adequacy of Reserves. (MTFP 2.10)
- c) That Members approve the Medium Term Financial Plan 2022/23 to 2026/27 and are aware of the associated Risks (Appendix 2)
- d) That Members receive a Mid-Year Review of the Medium Term Financial Plan during 2022/23.
- e) That Members approve a £5 increase in the Council Tax to £227.74 (Average Band D equivalent) (Appendix 8-12)
- f) That Members approve the Revenue Budget 2022/23 (MTFP 3.2)
- g) That Members approve the Movement in Reserves (MTFP 2.8)
- h) That Members set the Fees and Charges 2022/23 (Appendix 3)
- i) That Members adopt the Capital Investment Strategy (Appendix 4)
- j) That Members approve the Capital Programme 2022/23 to 2026/27 and proposed financing (Appendix 5 and 6).
- k) That Members approve the Treasury Management Strategy 2022/23 and adopt the Treasury Investment Strategy, the Borrowing Strategy and the Treasury and Borrowing Prudential Indicators (Appendix 7)
- l) That Members approve the Minimum Revenue Provision (MRP) Policy as contained in the Treasury Management Strategy (Appendix 7)
- m) That Members approve the 2022/23 Pay Policy Statement (Appendix 13) and Human Resources Statement 2022/23 (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/179A/22/TJB**

The report presents a balanced budget for 2022/23, 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 2022/23 taking into account the approved Tax Base 31,038.46 and Council Tax Surplus £0.225m

The Provisional Settlement was announced on the 16<sup>th</sup> December 2021 and has been incorporated into this report, the grants are in line with expectations for a one year settlement with the addition of a Services Grant of £0.208m and a further allocation of Local Services Grant of £0.138m

The 2022/23 Draft Budget totals £14.979m is fully funded and presents a balanced budget.

Contributions to Earmarked Reserves total £2.637m and Use of Earmarked Reserves total £1.692m and are projected to be £16.163m at the end of 2022/23

The movement on the General Fund Balance is a reduction of £0.774m and is forecast to be £3.323m at the end of 2022/23.

The Capital Programme totals £33.458m over the Medium Term Financial Plan and is fully funded.

**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.

**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 to support the Sustainability, Climate Change and Environmental Strategy being developed for 2021/22, through financing and match funding opportunities.

**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 and Well Being Implications:** The budget provides resources to support the health and wellbeing of our residents. In addition the Health and Wellbeing Reserve of £250,000 is available to support delivery of better outcomes for our residents.

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

Wherever possible please provide a hyperlink to the background paper/s  
If a document is confidential and not for public viewing it should not be listed.

**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 B 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

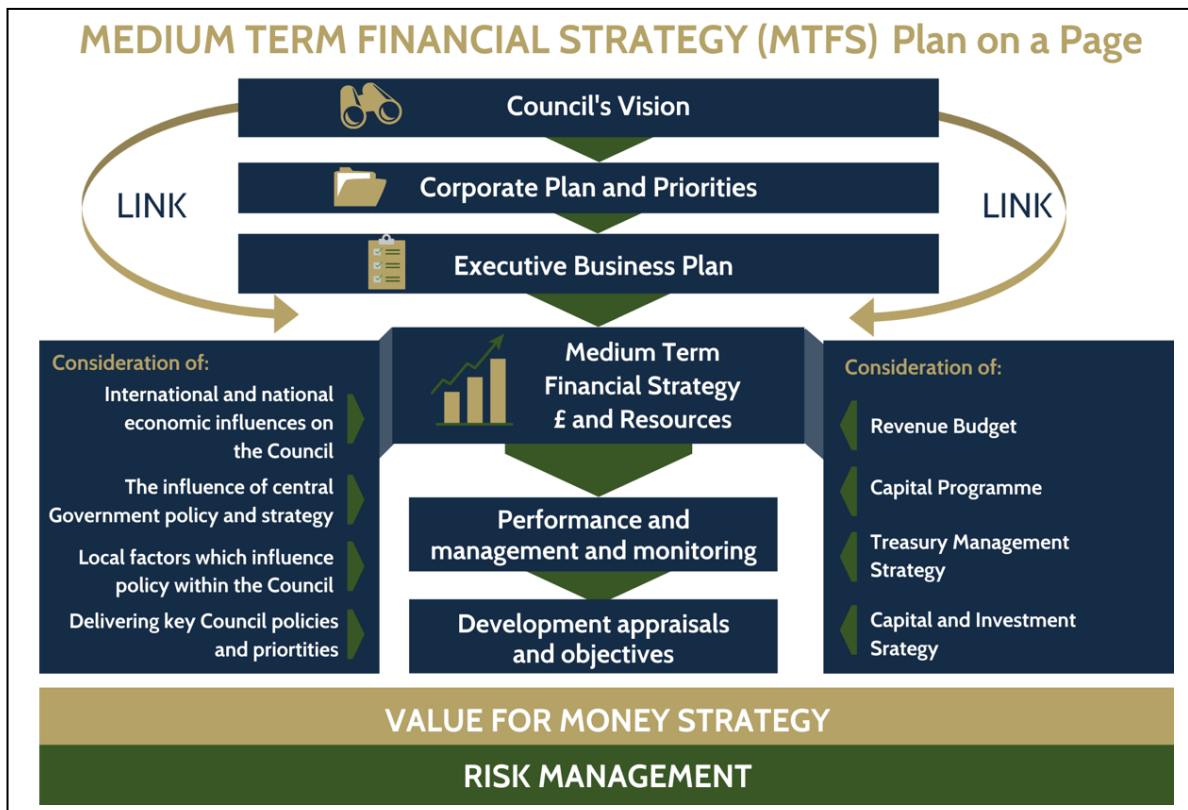
Yes

No

**1. Executive Summary**

1.1 Presented below is the Executive Business Plan and Medium Term Financial Plan 2022/23 – 2026/27 (which includes the Financial Strategy and Medium Term Financial Analysis). An Executive Summary is contained therein.

1.2 These 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 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 3 year rolling

**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 Council Tax 2022/23

The proposal for the Council to approve a Council Tax of £227.74 (£222.74 2021/22), reflects 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). This approach supports our future financial sustainability.

With an approved tax base of 31,038.46 Council Tax income of £7,068,700 will be budgeted for (30,128.37 and £6,710,800 2021/22). (The Medium Term Financial Analysis assumes a 0.75% increase in the tax base and an ongoing 2% increase in Council Tax annually, however it is uncertain what capping levels will be in the future.)

Lincolnshire County Council and the Police and Crime Commissioner have set their Council Taxes. The overall Council Tax for West Lindsey residents (excluding Parish Precepts) is detailed in the table below;

	2021/22	2022/23	Variance	
	£	£	£	%
Lincolnshire County Council	1,364.16	1,432.17	68.01	4.99%
Police	266.31	276.30	9.99	5.94%
West Lindsey District Council	222.74	227.74	5.00	2.24%
Direct Parish Precept Charges	72.57	75.19	2.62	3.61%
<b>Total Average Council Tax</b>	<b>1,925.78</b>	<b>2,011.40</b>	<b>85.62</b>	<b>4.45%</b>

#### 1.4 The Revenue Budget 2022/23

The General Fund Revenue Budget 2022/23 (detailed in the table below) reflects a balanced budget and a Net Revenue Budget Requirement of £14.979m (£13.279m 2022/23)

Members should be aware; that the budget associated with government funding is based on the final one year financial settlement announced on 7 February 2022 by the Minister for the Department of Levelling Up, Housing and Communities, Housing and Local Government, Rt. Hon Michael Gove MP

The Revenue Budget is compiled through a robust process, which has included consultation with our residents and business. This process was awarded a High Assurance rating (2020) from our Internal Auditors.

The Budget is presented 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 2022/23 for approval and is compared to the original budget 2021/22 and analysed over our Service Clusters (Corporate Plan themes) and includes other elements of operating expenditure and movements in reserves resulting in a £14.979m Budget Requirement (£13.279m 2021/22), an increase of £1.7m. Further analysis of the Budget is contained within Appendix 1 of the Medium Term Financial Analysis

Cluster	Original Budget 2021/22 £	Proposed Budget 2022/23 £
Our Council	6,279,000	6,068,000
Our People	1,529,000	1,731,700
Our Place	3,871,800	4,223,800
<b>Cluster Total</b>	<b>11,679,800</b>	<b>12,023,500</b>

Interest Receivable	(124,600)	(149,200)
Investment Income - Property Portfolio	(1,434,900)	(1,470,800)
Drainage Board Levies	388,100	413,100
Parish Precepts	2,186,600	2,333,800
Interest Payable	377,700	451,800
Statutory MRP (repayment of borrowing)	442,900	898,000
<b>Other Operating Expenditure</b>	<b>1,835,800</b>	<b>2,476,700</b>

<b>Net Revenue Expenditure</b>	<b>13,515,600</b>	<b>14,500,200</b>
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Transfer to / (from) General Fund	(1,943,700)	(465,700)
Transfer to / (from) Earmarked Reserves	1,707,200	944,900

<b>Amount to be met from Government Grant or Council Tax</b>	<b>13,279,100</b>	<b>14,979,400</b>
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<b>Funding Income</b>		
Business Rate Retention Scheme	1,989,000	3,433,900
Collection Fund Surplus - Council Tax	167,500	225,500
Parish Councils Tax Requirement	2,186,600	2,333,800
New Homes Bonus	719,100	924,400
Other Government Grants	831,100	993,100
Covid Grants	675,000	0
<b>Council Tax Requirement</b>	<b>6,710,800</b>	<b>7,068,700</b>

<b>TOTAL FUNDING</b>	<b>13,279,100</b>	<b>14,979,400</b>
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<b>Balanced Budget/Funding Target</b>	<b>0</b>	<b>0</b>
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## 1.5 Significant Movements

The most significant movements include;

Expenditure Pressures



- £0.908m staff resourcing, pay awards changes to Employers National Insurance and increased Pension Deficit Contribution
- £0.085m Contracts
- £0.455m Change to MRP Policy for repayment of borrowing.

#### Expenditure Savings

- £0.605m Saving in borrowing costs from internal borrowing

#### Additional Income

- £0.160m in Garden Waste income from the proposed 2 year fee of £39 required to ensure cost recovery of the service, in line with the Fees and Charges Policy.
- £0.022m Fees and Charge Review
- £0.058m Interest from Investments

#### Additional Funding

- £0.125m increase in Council Tax Surplus Share
- £0.122m Council Tax – Tax Base increase of 3% above
- £1.444m Business Rates – 1 year Financial Settlement
- £0.208m Financial Settlement – Services Grant

The movement in net Contributions to Reserves totals £0.716m

## 1.6 Review of Earmarked Reserves

Due to the one year settlement gain and the General Fund Working Balance currently being above the minimum level of £2.5m there is an opportunity to 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

### Increase in Earmarked Reserves

- **Cultural Strategy Reserve - £0.180m**  
to increase to £250k to support delivery of the strategy
- **Environmental and Climate Change Reserve - £0.182m**  
To increase to £500k to support action plan initiatives
- **ICT Reserve - £0.250m**  
To support new technology and transition
- **Communities at Risk Reserve £0.141m**  
To increase to £250k increase
- **Facilities Reserve £0.250m**  
To support delivery of the Strategic Asset Management Plan
- **Redundancy Reserve – £0.062m**  
To increase to £0.250m

- **Investment for Growth Reserve - £0.924m**  
To earmark New Homes Bonus for future investment in regeneration and growth

In addition, and detailed in full at 2.8 of the Medium Term Financial Plan

Business as Usual Contributions to Earmarked reserves totals £0.648m  
Use of Earmarked Reserves to fund Revenue and Capital Projects £1.692m

The table below details the estimated year end reserve balances over the medium term. It assumes the approval of the above proposals and takes account of current expectations of the 2021/22 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 2021/22 which will be utilised in 2022/23 to offset the resultant deficit (circa 0.888m)

RESERVE	CURRENT YEAR	MTFP				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
General Fund Working Balance	4,096,381	3,322,681	3,273,981	3,233,281	3,248,681	3,264,081
Earmarked Reserves	18,454,783	16,163,449	14,661,283	14,775,683	14,613,983	14,934,283
Capital Receipts	1,245,959	955,260	844,444	909,628	972,325	1,032,325
Capital Grants Unapplied	0	0	0	0	0	0
<b>TOTAL</b>	<b>23,797,124</b>	<b>20,441,390</b>	<b>18,779,708</b>	<b>18,918,592</b>	<b>18,834,990</b>	<b>15,966,609</b>

EARMARKED RESERVES	CURRENT YEAR	MTFP				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Service Investment/Renewals	3,690,063	3,222,063	2,827,463	2,909,863	2,865,163	3,302,463
Contingency/Risk	5,819,756	4,681,356	4,301,756	4,184,756	4,067,756	3,950,756
Investment for Priorities	8,944,965	8,260,031	7,532,065	7,681,065	7,681,065	7,681,065
<b>Grand Total</b>	<b>18,454,783</b>	<b>16,163,449</b>	<b>14,661,283</b>	<b>14,775,683</b>	<b>14,613,983</b>	<b>14,934,283</b>

## 1.7 Fees and Charges (Appendix 3)

Fees and charges have been considered and recommended by the Prosperous Communities and Corporate Policy and Resources Committees and are detailed at Appendix 3 of the Medium Term Financial Plan.

## 1.8 The Capital Investment Strategy (Appendix 4)

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.

## 1.9 The Capital Investment Programme (Appendix 5)

The Capital Programme 2022/23 to 2026/7 provides a plan of future capital investments totalling £33.458m with £12.972m estimated for 2022/23. The programme is monitored in year through Corporate Policy and Resources Committee and is reviewed bi-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 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Total Capital Programme £
Our People	1,911,150	674,900	1,424,900	674,900	674,900	<b>5,360,750</b>
Our Place	10,424,235	11,771,518	718,000	472,000	90,000	<b>23,475,753</b>
Our Council	636,800	570,000	115,000	200,000	100,000	<b>1,621,800</b>
Investment	0	3,000,000	0	0	0	<b>3,000,000</b>
<b>Grand Total</b>	<b>12,972,185</b>	<b>16,016,418</b>	<b>2,257,900</b>	<b>1,346,900</b>	<b>864,900</b>	<b>33,458,303</b>

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 receive reports for specific schemes prior to approval to spend, in accordance with financial regulations. This excludes business as usual schemes such as replacement and renewal programmes ie Strategic Asset Management Plan, Vehicle replacement programme, ICT replacement programme where approval to spend is recommended within this report.

The Capital Investment Programme is to be funded from;

<b>CAPITAL FINANCING</b>	<b>Estimate 2022/23 £</b>	<b>Estimate 2023/24 £</b>	<b>Estimate 2024/25 £</b>	<b>Estimate 2025/26 £</b>	<b>Estimate 2026/27 £</b>	<b>TOTAL CAPITAL INVESTMENT £</b>
Grants & Contributions etc	-9,066,251	-9,644,652	1,767,900	-674,900	-674,900	<b>-21,828,603</b>
Revenue/Earmarked Reserves	-3,236,234	-1,601,766	-490,000	-672,000	-190,000	<b>-6,190,000</b>
Useable Capital Receipts	-526,700	-3,186,000	0	0	0	<b>-3,712,700</b>
Prudential Borrowing	-143,000	-1,584,000	0	0	0	<b>-1,727,000</b>
<b>Total Capital Programme Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-33,458,303</b>

The detailed Capital Investment Programme and its financing are attached at Appendix 5/6.

### **1.10 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.

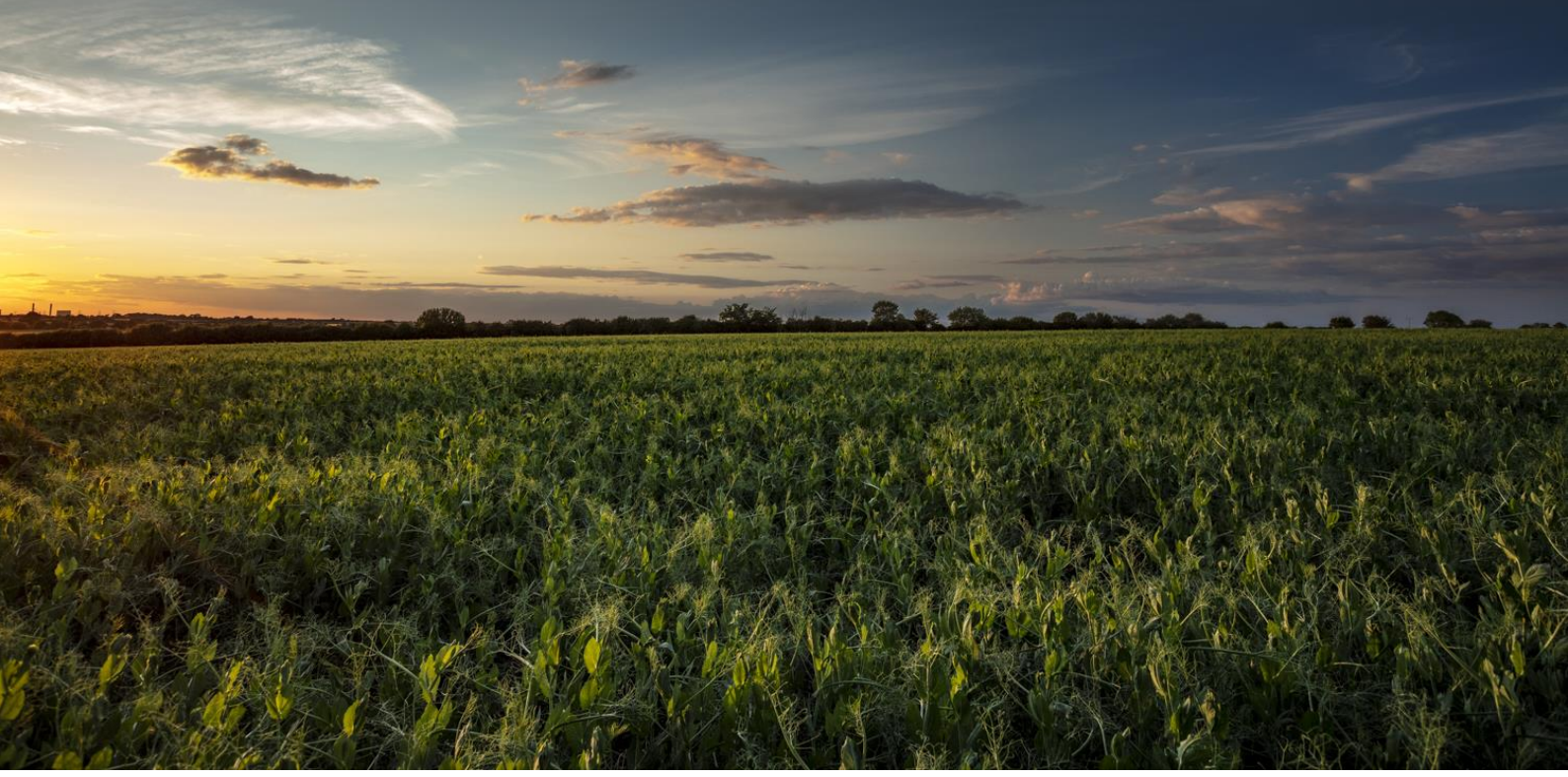
It is the professional opinion of the Chief Finance Officer that the overall adequacy of the total level of reserves and the robustness of estimates is integral to the sign off of the overall agreed budget. The Chief Finance Officer having taken into consideration risks, sensitivity analysis, benchmarking 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)

### **1.11 The Pay Policy Statement (Appendix 13)**

Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement each financial year. This document comprises that Pay Policy Statement being recommended for adoption.

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# EXECUTIVE BUSINESS PLAN 2022/23





## Introduction

Welcome to the Council's Executive Business Plan which outlines the national, regional and local environment in which the Council operates and sets out key activity for the next three years. Against a backdrop of rising uncertainty in a rapidly changing world, the environment in which the Council operates is constantly moving and it is therefore vital that the Council appraises all 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 lifespan of the Corporate Plan and beyond. This Executive Business Plan complements the Corporate Plan by setting out, annually, a rolling three year programme of key deliverables designed to achieve the required objectives. It reflects short, medium and longer term goals, acting as a guide for the Council's Senior Leadership Team, managers, staff and Members, regarding current and future decisions and activity.

## National Context

**Covid-19 Pandemic** – 2020 was dominated by the global coronavirus pandemic. As the world acted to limit the spread of a disease that has claimed the lives of over five million people to date, the effects on the global economy have been significant, resulting in the worst global recession since World War Two. As we near the end of 2021, coronavirus and the emergence of new variants continues to place health services under pressure, though the success of the vaccine rollout has allowed most restrictions in the UK to be lifted. A stronger than anticipated economic recovery resulted in the Office for Budget Responsibility revising its economic forecast with a prediction that the UK's economy is likely to return to pre-pandemic levels by January 2022, though rising energy prices, rising inflation and supply shortages linked to the pandemic pose a risk to the country's economic outlook.

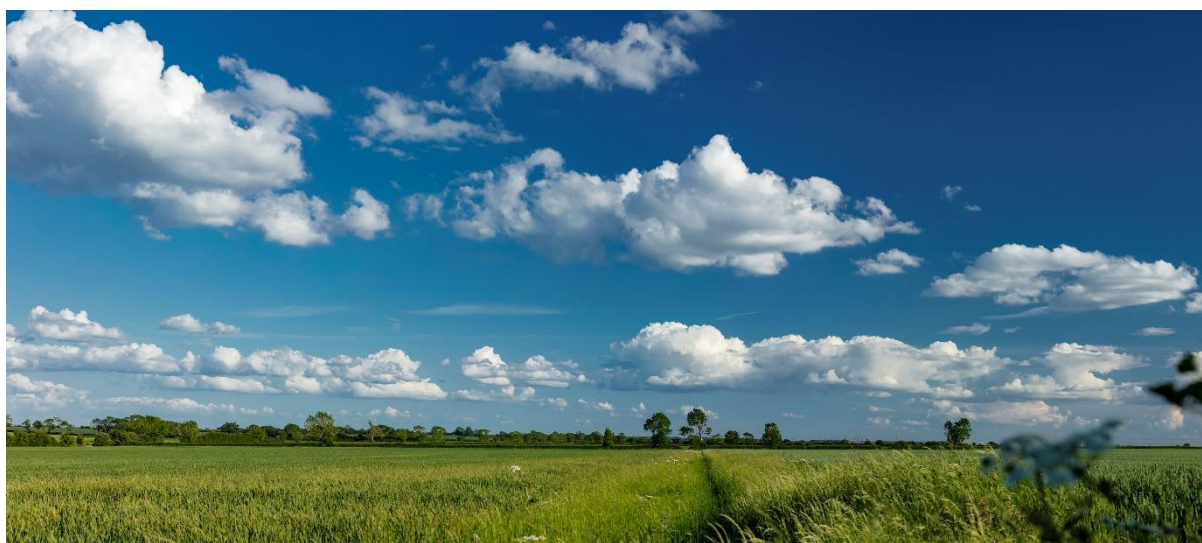


Local government remains at the forefront of responding to the crisis, shifting its focus from response to recovery during the latter half of 2021 and continuing to support communities in a variety of ways from provision of social care, to supporting the local economy, to maintaining the provision of vital services such as waste collection and public safety; all of which is underpinned by sound governance and decision making. At the same time, the income streams available to Councils' continue to be affected by business rate holidays, re-negotiation of leases and rents for commercial properties; and services such as arts venues that are not yet operating at pre-pandemic levels. This is further compounded by rising costs such as record fuel prices, rising energy prices and the increasing

need for agency staff as a result of unfilled job vacancies and coronavirus related sickness absence.

The future outlook remains 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 engineering 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 Change and Sustainability** – There is global recognition that the planet is in the midst of a climate crisis, though the extent to which world leaders' are prepared to act to reduce carbon emissions differs significantly across the globe. The COP26 summit, at which 120 world leaders are due to convene in Glasgow during November 2021, is widely recognised as the



“best last chance” to bring runaway climate change under control and to work towards the shared aim of limiting global temperature rises to “well below” 2C by 2030, as set out in the Paris Agreement of 2015. History will judge the success of COP26 but it is clear that there has been a culture shift towards urgent action to tackle the worst effects of global warming, with a number of commitments arising from the summit including a pledge by 100 world leaders (covering 85% of the world’s forests) to reverse deforestation by 2030; and a pledge from 80 countries to reduce global methane emissions by 30% by 2030.

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 previously announced a range of funding pledges including:

- £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 already announced, 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 CO<sub>2</sub> 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 local authorities across the UK have committed to reducing the impact of their operations on the environment, by announcing plans to take positive action to reduce carbon emissions at a local level. To meet this agenda, in June 2021, West Lindsey District Council formally adopted its first Sustainability, Climate Change and Environment Strategy, underpinned by Member and Officer Working Groups and led by a newly appointed Climate Change and Sustainability Officer with responsibility for ensuring the Council's Climate Change Action Plan is implemented in full in order to meet the authority's commitment to reducing its carbon footprint to net-zero by 2050.

**Industrial Strategy and the Build Back Better Plan for Growth** – in response to the shifting national and global economic landscape, the government's Industrial Strategy has transitioned into a new Build Back Better Plan for Growth. Whilst creating and supporting jobs remains the central focus, the new Plan, launched in March 2021, places significant emphasis on three core pillars of infrastructure, skills and innovation. These overarching themes encompass key funding streams for which all local authorities have the opportunity to apply, such as the Levelling Up Fund, the UK Shared Prosperity Fund, the Towns Fund and the High Street Fund. West Lindsey was successful in its bid to the first round of Levelling Up Fund, which is covered in more detail below.

**Levelling Up Agenda** – The government is committed to resetting the balance between central and local government and placing councils at the heart of delivering the government's ambitious programme to improve opportunities across the country. By some measures, the UK is the most geographically unequal developed economy in the world with higher concentrations

of wealth, prosperity and productivity in the South-East of England compared to the South-West, North and much of the Midlands which all lag behind. In recognition of this, the government department responsible for local government, communities and housing was renamed the Department for Levelling Up, Housing and Communities and placed in charge of overseeing the levelling up agenda through a programme of infrastructure development and investing in education and skills. As part of the initial phase, local authorities in England and Wales were invited to bid for a share of a new £4bn Levelling Up Fund, with each Council able to bid for up to £20m to support “shovel ready” projects designed to improve roads, town centres and public transport.

As part of the October 2021 Spending Review, the Chancellor announced the successful applicants of the first round of Levelling Up bid applications, including West Lindsey District Council which was awarded over £10mn to deliver its “Thriving Gainsborough” bid as a share of £203mn awarded to 10 projects (including West Lindsey) in the East Midlands region. This major programme will deliver a number of projects including a new four-screen cinema, improvements to Whitton’s Gardens, the creation of a new park at Baltic Mill and refurbishment of the bus station, all of which will be completed by 2024.

**Grant Funding** – The pandemic accelerated the range and level of grant funding available to support Councils’ with tackling inequality and recovering from the pandemic. In addition to the Levelling Up Fund, in 2020, West Lindsey was one of only six places successfully awarded a share of a new £33m Local Access investment programme which will support charities, community groups and social enterprises in Gainsborough to grow the low social economy and tackle local issues that cause inequality.

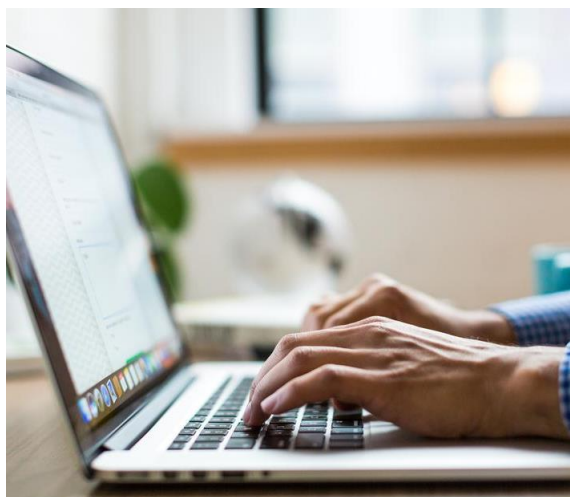


West Lindsey was also a recipient of the Welcome Back Fund, receiving over £84k from a pot of £56m from the European Regional Development Fund to support Councils with a safe return to the high street following the pandemic. This builds on the Reopening High Streets Safely Fund previously announced in May 2020, with the money granted to West Lindsey District Council earmarked to promote a safe return to the high street for trade and tourism, as well as to improve the look and feel of the high street through initiatives such as public realm improvements, additional street cleansing and the installation of additional seating and picnic areas to encourage footfall into the district’s high streets.

**Post-Brexit Britain** – Historically, the European Union (EU) was a provider of significant funding to support regeneration projects across the Union, including in the UK. The UK’s departure from the EU meant that access to such funding streams is no longer available, resulting in the government establishing the UK Shared Prosperity Fund. Due to be launched in April 2022, the Fund is designed to replace EU structural funding through a single, UK wide framework which will distribute over £2.6bn over a three year period. The 2021 Autumn Spending Review announced £560m of this funding will be spent on a new ‘Multiply’ programme to boost adult functional numeracy skills as a way of improving employment prospects. Whilst this is a UK wide programme, the funding is expected to particularly benefit adults in the North East, West Midlands and Yorkshire and the Humber where adult literacy rates are among the lowest in the UK.

**Post-Brexit Agricultural Subsidies** – The Agriculture Act was passed in November 2020, which sets the legislative framework for the new agricultural subsidy regime in England. From November 2021, farmers will have a seven year transition period to adapt to a new, post-Brexit

agricultural system with an emphasis on public money for public goods. The list of which public goods for which subsidies may be paid include initiatives to increase biodiversity, restore landscapes, reduce climate flooding, tackle the effects of climate change, promote animal welfare and increase investment in new equipment and technology. Further details are due to be announced in late 2021 but the implications for West Lindsey are likely to be of significance given the rural nature of the district, which relies heavily on agriculture.



**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. In November 2020, the Government scaled back its target for nationwide coverage of gigabit broadband to 85% coverage by 2025, accompanied by £1.25bn in funding to enable this. As of September 2020, just 27% of UK premises had a gigabit broadband connection available, though the government is projecting this will rise to 60% by the end of 2021. While it is looking increasingly likely that this target will be

met, the Public Affairs Committee has expressed concern that rural areas will continue to be locked out of gigabit broadband coverage for “years to come.” 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.

**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.

In August 2021, the government announced the launch of an Affordable Homes Programme, an £8.6bn fund to deliver 119,000 homes, including 57,000 homes for ownership, 29,600 for social rent and 6,250 affordable rural homes. Such a programme is expected to support up to 370,000 jobs across the country and generate £26bn in additional private and public investment. The provision of affordable rural homes is particularly pertinent to West Lindsey,

one of the largest rural districts in England and Wales. While the Council is a non-stock holding authority, it has a key role to play in ensuring everyone has access to good quality housing which meets their needs and aspirations. With a worse than average housing affordability ratio (the median house price compared to median earnings), additional provision of affordable rural homes can only be of benefit to West Lindsey.

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 a phased introduction, with some measure being introduced during 2022, with target energy efficiency levels being reached 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.

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 county, offering energy efficiency improvements and advice.

**Local Government Finance** – Local government experienced an unprecedented rise in costs during the coronavirus pandemic, whilst at the same time experiencing a large loss in revenue from Council Tax, business rates and charges. Whilst the majority of these losses were covered by central government, not all lost income was compensated for, resulting in 72% of district councils having to use their reserves to cover costs associated with the pandemic and avoid running a deficit.



The government announced that local authority core spending power is expected to rise by just over 1.8% (excluding government grants for adult social care) each year over the period of the spending review which is slightly lower than the 1.9% the Institute for Fiscal Studies states that Councils need to maintain service provision at their current levels. The Institute for Government projects that Councils will be required to spend 2% more on services (excluding social care) in 2024/25 than in 2019/20 in order to maintain current service provision. While a rise in core spending power is good news for Councils, challenges remain in ensuring the financial sustainability to maintain levels of service provision in future years.

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 pandemic has resulted in a further one year financial settlement for local government for 2021-22.

## Regional and Local Context

### **Greater Lincolnshire Local Enterprise Partnership**

- At a regional level, the Greater Lincolnshire Local Enterprise Partnership (GLLEP) covers the Lincolnshire county as well as North Lincolnshire, North East Lincolnshire and Rutland unitary authorities. It works with Government to improve the economic climate across Greater Lincolnshire and is a private sector led partnership between the private and public sector. Its aim is to improve infrastructure and the conditions for doing business. The GLLEP 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's Industrial Strategy aims to increase productivity, growth and resilience in priority sectors and, as a result, create more prosperous communities. It is considered that this will offer competitive advantage for Greater Lincolnshire and therefore the possibility for real growth and greater productivity. West Lindsey District Council has contributed meaningfully to this Strategy, ensuring that the district is prominent within it and the district's evidence base, priorities, opportunities and challenges are all accurately reflected.

In November 2021, the GLLEP announced the launch of the internationally significant UK Food Valley. This ambitious programme aims to create a top 10 global food cluster in Greater Lincolnshire with the potential to create 11,000 jobs and £2bn of GVA by 2030. The programme focuses on three main themes:

- Digitalisation and automation in the food chain
- Low carbon transition
- Promoting the production and consumption of “naturally good for you” food

Agri-food is one of West Lindsey's strongest economic sectors and so the creation of a UK Food Valley is strategically important in supporting growth and encouraging inward investment into the district over the next decade.

**Central Lincolnshire Local Plan** – Due to changes in National Policy, a review of the current Central Lincolnshire Local Plan (CLLP), adopted in 2017, has been undertaken. The vision and objectives of the Local Plan will remain the same, as well as the spatial strategy for growth. A second consultation on the draft Central Lincolnshire Local Plan took place during 2021. 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. The final draft of the Local Plan will be consulted on in early 2022, with an examination in public and final adoption taking place later that year.

**Devolution** – While a decision was made by government that devolution for Lincolnshire would not be the right course of action during a pandemic, devolution for English regions remains a priority for this government. However, a much anticipated White Paper on plans for English devolution has been replaced by the Levelling Up White Paper though no date has yet been announced for its publication. In July 2021, the Prime Minister outlined how more devolution deals could support the Levelling Up agenda but, with no further details announced since then, it is unclear what this might mean for Lincolnshire and West Lindsey in the future. What is certain is that local government reform will remain a subject of current and future debate for some time to come.

## 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 that:

***“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 objectives 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 2022-23

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 offer suggestions that would achieve greater value for money or efficiency, new or

increased income streams, improved performance or higher levels of 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 Medium Term Financial Plan (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 2022-23. All of the 'deliverables' have been aligned to at least one objective within the Council's Corporate Plan which sit within the themes of 'Our People', 'Our Place' and 'Our Council'.

## Our People

Corporate Plan Strategic Aim	Corporate Plan Objective	Key Deliverables	Responsible Portfolio
To reduce health inequalities and promote wellbeing across the district through the promotion of healthy lifestyles	<ul style="list-style-type: none"> <li>Increased opportunities for participating in sport, cultural and leisure activities</li> </ul>	<ul style="list-style-type: none"> <li>Implement a framework for co-ordinating and delivering cultural activities within the District</li> </ul>	Operational and Commercial Services
		<ul style="list-style-type: none"> <li>Bid for National lottery funding to support and develop Trinity Arts centre as the hub for cultural activity within the District</li> </ul>	Operational and Commercial Services
		<ul style="list-style-type: none"> <li>Support the Jubilee programme of activity</li> </ul>	People and Democratic Services
		<ul style="list-style-type: none"> <li>Refresh Visitor Economy Strategy and develop approach to Cultural Strategy / events programme</li> </ul>	Planning and Regeneration
		<ul style="list-style-type: none"> <li>Deliver agreed events programme for Townscape Heritage and Mayflower 400</li> </ul>	Planning and Regeneration
	<ul style="list-style-type: none"> <li>Greater quality of life and levels of independence among vulnerable residents</li> </ul>	<ul style="list-style-type: none"> <li>Develop local programme of work aligned to Health Inequalities programme Board (to support Lincolnshire ICS development)</li> </ul>	Homes and Communities
	<ul style="list-style-type: none"> <li>Deliver services and health improvements to enable re-establishment of lives after crisis</li> </ul>	<ul style="list-style-type: none"> <li>Develop proposals for delivery of Temporary/Emergency Accommodation</li> </ul>	Homes and Communities
	<ul style="list-style-type: none"> <li>Ensure housing solutions provide choice and</li> </ul>	<ul style="list-style-type: none"> <li>Develop proposals for delivery of accommodation which</li> </ul>	Homes and Communities

Corporate Plan Strategic Aim	Corporate Plan Objective	Key Deliverables	Responsible Portfolio
	support independence	meets needs of those not eligible for social housing outside of Gainsborough (extension of the Viable Housing Scheme)	
		<ul style="list-style-type: none"> <li>Support delivery of affordable housing to meet identified needs</li> </ul>	Planning and Regeneration
		<ul style="list-style-type: none"> <li>Enable delivery of housing with care and/or support to meet specific need i.e. extra care housing</li> </ul>	Homes and Communities
		<ul style="list-style-type: none"> <li>Implementation of First Homes</li> </ul>	Homes and Communities
To create strong and self-reliant communities and promote positive life choices for disadvantaged residents	<ul style="list-style-type: none"> <li>Improve homes and transform places</li> </ul>	<ul style="list-style-type: none"> <li>Enable continuation of community broadband programme</li> </ul>	Homes and Communities
		<ul style="list-style-type: none"> <li>Implement the agreed options for the future of Selective Licensing within the District</li> </ul>	Change Management and Regulatory Services
	<ul style="list-style-type: none"> <li>Promote self-reliant communities</li> </ul>	<ul style="list-style-type: none"> <li>Develop normalisation strategy for RAF Scampton</li> </ul>	Homes and Communities
To facilitate the creation of a highly skilled workforce that meets the present and future needs of the local and wider economy	<ul style="list-style-type: none"> <li>Understand the skills needs of local employers and improve access to training and employment for residents</li> </ul>	<ul style="list-style-type: none"> <li>Extension of the Employment and Skills Partnership</li> </ul>	Homes and Communities

## Our Place

Corporate Plan Strategic Aim	Corporate Plan Objective	Key Deliverables	Responsible Portfolio
To ensure that economic regeneration in West Lindsey is sustainable and benefits all our communities	<ul style="list-style-type: none"> <li>Improve the economic performance of Gainsborough town centre and the district's market towns</li> </ul>	<ul style="list-style-type: none"> <li>Enable an evidenced decision for the future of street Markets in West Lindsey</li> </ul>	Operational and Commercial Services
		<ul style="list-style-type: none"> <li>Implement the projects outlined in the Council's successful 'Thriving Gainsborough' bid as part of the Levelling Up Fund</li> </ul>	Planning and Regeneration
		<ul style="list-style-type: none"> <li>Deliver activity associated with the Welcome Back Fund</li> </ul>	Planning and Regeneration
		<ul style="list-style-type: none"> <li>Develop a comprehensive West Lindsey Place Making Plan including</li> </ul>	Planning and Regeneration



Corporate Plan Strategic Aim	Corporate Plan Objective	Key Deliverables	Responsible Portfolio
		development of new projects	
		<ul style="list-style-type: none"> <li>Maintain delivery of existing projects outlined in the Growth Programme</li> </ul>	Planning and Regeneration
		<ul style="list-style-type: none"> <li>Establish capacity framework for Planning Commercial Support Contract</li> </ul>	Planning and Regeneration
		<ul style="list-style-type: none"> <li>Complete Business Grant programme including required post payment assurance</li> </ul>	Planning and Regeneration
		<ul style="list-style-type: none"> <li>Specific focus for the Council's Regulatory Services on supporting businesses being able to re-establish their services post pandemic</li> </ul>	Change Management and Regulatory Services
To create a safer, cleaner district in which to live, work and socialise	<ul style="list-style-type: none"> <li>Increased quality of life for residents</li> </ul>	<ul style="list-style-type: none"> <li>Develop and deliver the Open and Green Space Strategy</li> </ul>	Homes and Communities
	<ul style="list-style-type: none"> <li>Use the Council's statutory functions to increase public safety and cleanliness in the district</li> </ul>	<ul style="list-style-type: none"> <li>Review key policies such as the Corporate Enforcement Policy and Local Enforcement Plan</li> </ul>	Change Management and Regulatory Services
	<ul style="list-style-type: none"> <li>Reduce antisocial behaviour</li> </ul>	<ul style="list-style-type: none"> <li>Review options and develop new approach to antisocial behaviour, enviro-crime and fly-tipping</li> </ul>	Change Management and Regulatory Services

## Our Council

Corporate Plan Strategic Aim	Corporate Plan Objective	Key Deliverables	Responsible Portfolio
To put the customer at the centre of everything we do	<ul style="list-style-type: none"> <li>Deliver high quality, customer centric services, offering excellent customer experiences, value for money and</li> </ul>	<ul style="list-style-type: none"> <li>Progress the Council's transformational Programme 'Together 24' incorporating people led change and technology enabled service reviews.</li> </ul>	All
		<ul style="list-style-type: none"> <li>Manage the smooth migration of existing</li> </ul>	Change Management and

Corporate Plan Strategic Aim	Corporate Plan Objective	Key Deliverables	Responsible Portfolio
	demonstrating a culture of continuous learning and improvement	working age housing benefit claimants to Universal Credit	Regulatory Services
		<ul style="list-style-type: none"> <li>Review the consultation and options for an 'income banded scheme' for Council Tax Support to improve productivity and reduce administration of the claims</li> </ul>	Change Management and Regulatory Services
		<ul style="list-style-type: none"> <li>Undertake review, procurement and implementation of the Council's website and document management system</li> </ul>	Change Management and Regulatory Services
		<ul style="list-style-type: none"> <li>Provide quality assurance and support; and maintain Change Management leadership for the delivery of programmes and projects including a whole Council overview on efficient use of resources, and monitoring key accountabilities and deliverables, on time and within budget</li> </ul>	Change Management and Regulatory Services
		<ul style="list-style-type: none"> <li>Create and implement a new Customer Experience Strategy</li> </ul>	Operational and Commercial Services
To maintain our position as a well-managed and well-governed Council	<ul style="list-style-type: none"> <li>Create and maintain an effective and highly skilled workforce</li> </ul>	<ul style="list-style-type: none"> <li>Ensure future-proofed structures are in place to ensure our services are sustainable and resilient</li> </ul>	All
		<ul style="list-style-type: none"> <li>Implement and embed phase one of the OneCouncil system (ERP) and develop individual business cases for further modules as part of phases two and three</li> </ul>	Change Management and Regulatory Services  And Finance and Property Services
		<ul style="list-style-type: none"> <li>Implement self-service for private land search companies including implementation of central transition to HM Land Registry and re-launch of service</li> </ul>	Change Management and Regulatory Services
		<ul style="list-style-type: none"> <li>Review the options to utilise external 'propensity to pay' reports in Revenues to enable focus</li> </ul>	Change Management and Regulatory Services

Corporate Plan Strategic Aim	Corporate Plan Objective	Key Deliverables	Responsible Portfolio
		on collectable debt to increase collection rates.	
		<ul style="list-style-type: none"> <li>Review the options and implement a Single Person Discount Continuous Review to increase income and reduce fraud and error</li> </ul>	Change Management and Regulatory Services
	<ul style="list-style-type: none"> <li>Ensure appropriate governance arrangements and skill sets amongst elected Members to enable effective decision making and fulfilment of Member advocacy role</li> </ul>	<ul style="list-style-type: none"> <li>Explore options to provide local data on range of topics required to evidence projects and to gain greater understanding of needs of local communities (Parish Profiles)</li> </ul>	Homes and Communities  Policy and Strategy
		<ul style="list-style-type: none"> <li>Carry out a governance review</li> </ul>	People and Democratic Services
		<ul style="list-style-type: none"> <li>Consider the business case for replacement equipment to support the Council's Committee meetings</li> </ul>	People and Democratic Services
		<ul style="list-style-type: none"> <li>Prepare for Members' ICT provision following the 2023 Local Elections</li> </ul>	People and Democratic Services  And  Change Management and Regulatory Services
		<ul style="list-style-type: none"> <li>Local democracy operating in an effective and ethical manner across the district</li> </ul>	<ul style="list-style-type: none"> <li>Prepare for potential changes arising from the forthcoming Elections Bill</li> </ul>
To remain financially sustainable	<ul style="list-style-type: none"> <li>Improve the support available for, and the financial acumen of, budget holders</li> </ul>	<ul style="list-style-type: none"> <li>Effect and embed changes in procedures and processes to gain efficiencies from the implementation of new technology.</li> </ul>	Finance and Property Services
	<ul style="list-style-type: none"> <li>To create a sustainable Medium-Term Financial Plan</li> </ul>	<ul style="list-style-type: none"> <li>Delivery of the Treasury Management Investment Strategy and consideration of Environmental, Social and Governance investments</li> </ul>	Finance and Property Services

## Climate Change and the Sustainable Environment

Whilst not an explicit area of focus in the current Corporate Plan, the Council is committed to playing its part as a place shaper with the aim of reducing carbon emissions in West Lindsey to net zero by 2050. To support this, the Council adopted its first Climate Change Action Plan in 2021, aiming to implement a 'green thread' throughout all areas of Council activity in order to achieve its aims. The following table sets out some of the key deliverables that will support the sustainability agenda over the next three years.

Key Deliverables	Responsible Portfolio
<ul style="list-style-type: none"> <li>An appraisal of the implications from the Government's new Environment Bill, including proposals for weekly food waste collections and free garden waste collections for all</li> </ul>	Operational and Commercial Services
<ul style="list-style-type: none"> <li>Delivery, subject to Member approval, of separate collections of paper and card in a change to the current co-mingled recycle collection regime. This is in line with recent work undertaken by Lincs Waste Partnership</li> </ul>	Operational and Commercial Services
<ul style="list-style-type: none"> <li>Appraise potential to further proposals to introduce energy efficient vehicles as part of our vehicle replacement strategy</li> </ul>	Operational and Commercial Services
<ul style="list-style-type: none"> <li>Property Strategy review and de-carbonisation measures within our own properties</li> </ul>	Finance and Property Services
<ul style="list-style-type: none"> <li>Develop a system for carbon accounting</li> </ul>	Finance and Property Services
<ul style="list-style-type: none"> <li>Support the Council's aims and programme of work in relation to carbon reduction and sustainability, for example, conducting a review of the Council's Transport Policy</li> </ul>	People and Democratic Services
<ul style="list-style-type: none"> <li>Finalise climate change policies within Local Plan</li> </ul>	Planning and Regeneration
<ul style="list-style-type: none"> <li>Lead economic input into Climate Change agenda including monitoring of targeted grant support</li> </ul>	Planning and Regeneration
<ul style="list-style-type: none"> <li>Undertake a review, procurement and implementation of printing, scanning and copying solutions to reduce usage.</li> </ul>	Change Management and Regulatory Services
<ul style="list-style-type: none"> <li>Increase take-up of e-billing and digital communications in the Council Tax service</li> </ul>	Change Management and Regulatory Services

## SECTION 2 – THE FINANCIAL CONTEXT

### 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 85% (46.6% 2010/11)

Income from Customer and Client receipts and Investment Property Portfolio has increased income levels from £3.363m to £7.143m (112%) during that period and reflects the success of the fees and charges policy 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 financial settlement for Local Government 2022/23 was announced on 7 February 2022 by the Secretary of State for the Department of Levelling Up, Housing and Communities, The Rt Hon Michael Gove MP.

#### **The main points affecting this Council were;**

- £3.7bn more funding for local Councils
- Providing £822m for a one-off services grant

- Council Tax referendum limit of 2% or £5 whichever is the greater to help councils invest in services they provide to residents whilst protecting hard-working taxpayers from unfair hikes in rates.
- £2.6bn for UK Shared Prosperity Funding which helps people access opportunities in places of need.
- £4.8bn for Levelling Up
- Rolling over the current approach to the New Homes Bonus worth £554 million.
- £85m Keeping the Rural Services Delivery Grant
- £111m - Maintaining the Lower Tier Services Grant
- £85m for Rural Service Delivery Grant (an increase of £4m) and there will be no change to the methodology for distribution

## 2.3 Local Context

There are a number of factors which affect the funding available to us, the way we use this funding and how we can be affected by external factors.

### **Covid-19**

Has changed the way in which we work, from the initial crisis response, to recovery, and new ways of working. The Council continues to be impacted by reductions in income from car parks, the theatre etc. The Medium Term Financial Plan does not include for any ongoing impacts of Covid-19, which is in line with the expectation that there will be no further government support. We do however have a commercial contingency budget of £0.2m which will be utilised if income levels fall short of expectations. In addition we continue to support our Leisure Management provider with remaining government funding held in reserves.

### **National Economy and inflation**

Whilst the economy has started to recover from Covid-19 employment remains below that of pre-covid levels. By the end of Q2 2021 UK GDP was still 4.4% below its Q4 2019 peak. We are currently seeing inflation rise to its highest level, with the cost of fuel and utilities being the main factors. We are currently seeing increased costs across our revenue expenditure for the supply of contracts, goods and services. Our General Fund Working Balance is currently above the £2.5m minimum and will mitigate any in year budget pressures.

## Levelling Up

The Governments anticipated Levelling Up White Paper (strategy for delivery from 2022/23) has now been published.

The Council has been successful in attracting £10.275m of funding to support jobs, businesses and economic growth as part of our Thriving Gainsborough Programme.

## Fairer Funding and Business Rates Retention Scheme

A one year financial settlement has been announced, and again delays to both the reviews of local government funding are now expected for 2023/24. This results in continued uncertainty of future funding for the Council. We have been pro-active in ensuring that we prepare for any reductions by taking a prudent approach to setting the Medium Term Financial Plan forecasts.

Whilst we have assumed our settlement funding remains comparable, we are anticipating a loss of £1.4m from accumulated growth from Business Rates retention as we reset back to the baseline of 2013/14 (taking account of inflation).

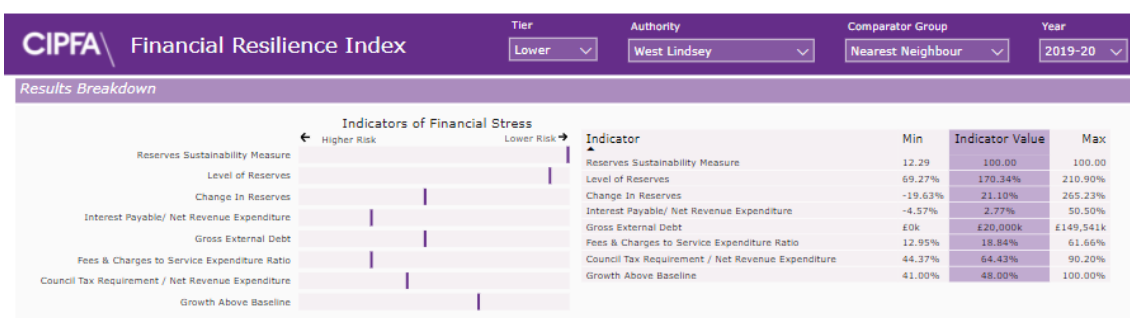
The one year settlement has however given us another year of resources we otherwise may not have had. We have proposed to Earmark a significant element of these funds to support the delivery of the Corporate Plan objectives.

The table below shows the Core Spending Power for West Lindsey DC based on the Local Government Settlement 2022/23.

West Lindsey	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Settlement Funding Assessment	3.023	3.023	3.162	3.263	3.263	3.263
Compensation for under-indexing the business rates Council Tax excluding Parish Precepts	0.157	0.248	0.260	0.268	0.268	0.268
New Homes Bonus	6.710	6.930	7.393	7.393	7.393	7.393
Lower Tier Services Grant	0.719	0.924	0.203	0.203	0.000	0.000
Rural Services Delivery Grant	0.129	0.138	0.000	0.000	0.000	0.000
Services Grant	0.498	0.498	0.508	0.518	0.518	0.518
	0.000	0.208	0.071	0.072	0.073	0.074
<b>Core Spending Power</b>	<b>11.236</b>	<b>11.969</b>	<b>11.597</b>	<b>11.717</b>	<b>11.515</b>	<b>11.516</b>

## 2.4 How we compare – Financial Resilience

The Cipfa Resilience model indicates that we are in a good financial position in relation to the level of reserves and our sustainability reflecting a 100% low risk.



As can be seen from the indicators above the Council has low financial risk and a sustainability index score of 100% reflecting the level of our reserves are adequate to support us over the longer term.

## 2.4 General Fund Balances

The Council sets a minimum revenue balance of £2.5m the unallocated balance is forecast at £3.3m

## 2.5 Earmarked Reserves

The Council holds Earmarked reserves for the purpose of

- Investment in Corporate Priorities
- Service investment and replacement/renewals
- Contingencies and Risks

We estimated that there will be a balance of £18.455m as at 31.3.2022 reducing to £14.934m by 2026.27 and taking into account spending plans, both revenue and capital.



# Medium Term Financial Plan: 2022/23 to 2026/27

Including: Financial Strategy,  
Medium Term Financial Analysis  
2022/23 to 2026/27, Budget 2022/23,  
Capital Programme 2022/23 to 2026/27

## **MEDIUM TERM FINANCIAL PLAN**

**Section 1 - The Medium Term Financial Strategy**

**Section 2 - The Medium Term Financial Analysis**

**Section 3 - The 2022/23 Revenue Budget**

**Section 4 - Capital Investment Programme and Financing**

**Section 5 – Treasury Management Strategy**

**Section 6 – Pay Policy and Human Resources Statement**

## **APPENDICES**

**Appendix 1 Medium Term Financial Analysis (Revenue Budget Summary)**

**Appendix 2 Risk Register**

**Appendix 3 Fees and Charges**

**Appendix 4 Capital Investment Strategy**

**Appendix 5 Capital Investment Programme 2022/23 – 2026/27**

**Appendix 6 Analysis of Capital Financing**

**Appendix 7 Treasury Management Strategy**

**Appendix 8 The Council Tax Requirement 2022/23**

**Appendix 9 Parish Tax Base 2022/23**

**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 2022/23**

**Appendix 14 Human Resources Statement 2022/23**

# MEDIUM TERM FINANCIAL PLAN

## 2022/23-2026/27

### 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 and that they represent value for money.

### 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 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.

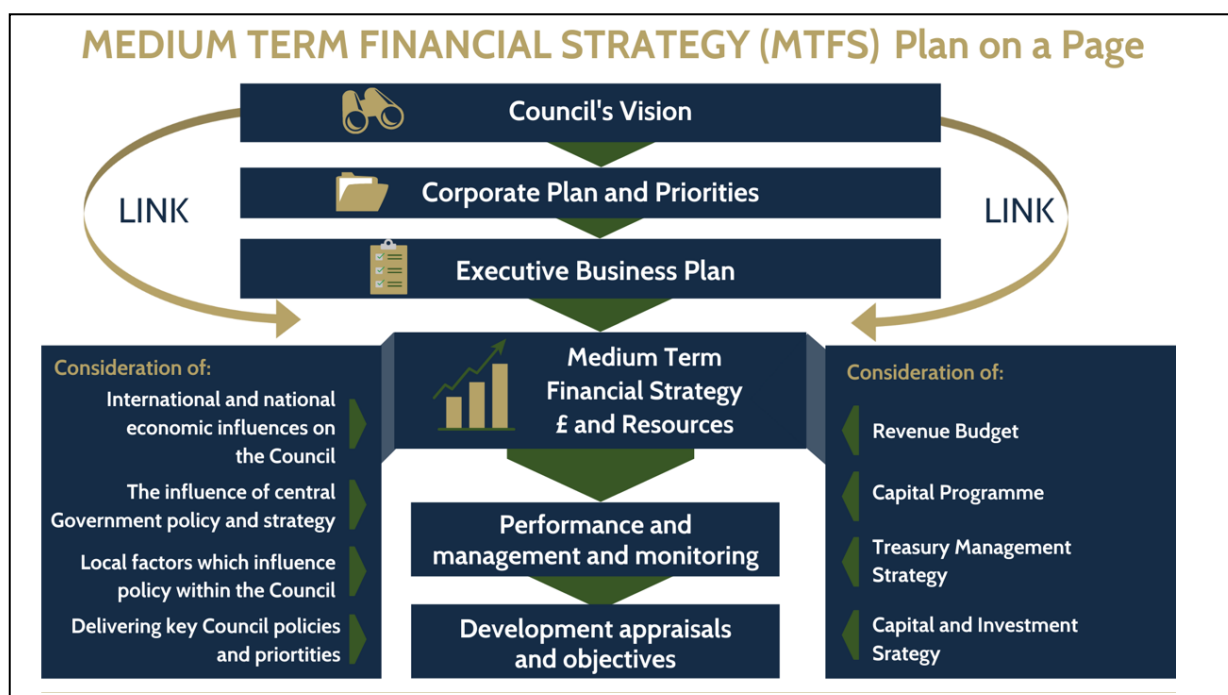
The framework will provide assurance in the prudent use of public resource, effective management of those resources, adherence to legislative requirements for which we are responsible and provide evidence of good governance.

### 3. The Medium Term Financial Plan and Financial Strategy

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 Financial Strategy will focus on the delivery of growth to increase our tax bases and subsequently funding from local taxation and the reduction of costs through the realisation of cashable savings from efficiencies gained from the review of services and introduction of new technology to contribute to the 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. It also takes reflects the implications and resourcing needs to deliver the Executive Business Plan initiatives.



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 deliver, utilising the Council's resources
- To ensure finance 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, 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 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

### 3.1 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:

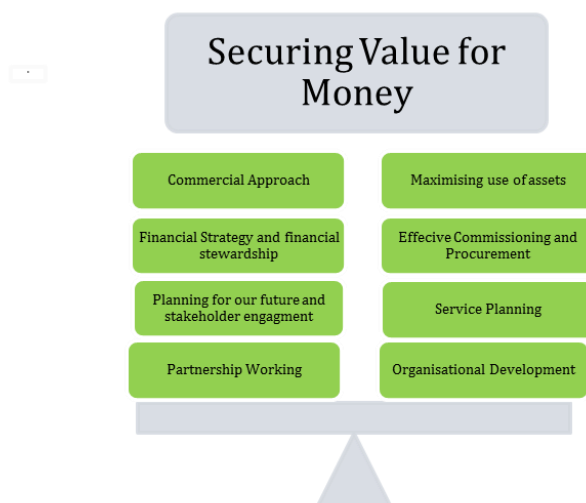
- Investing in communities (to help themselves and others)
- A more commercial council – to generate additional income and identifying opportunities that align with residents needs
- Modern, innovative and collaborative – utilising the best technology and commissioning delivery to achieve outcomes

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

Our benchmarking toolkit, CFO Insights national data sets such as the Government financial returns. 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 throughout 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

### **3.2 Commercial Approach**

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

In addition, we will consider capital investment as a means in which to deliver our corporate priorities and where appropriate to generate revenue returns.

Decisions are made in line with existing policies and as a result of 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 five case Business Model ensuring Financial, Legal, Operational, Strategic and Commercial implications are considered and all risks assessed to enable informed choices.

### **3.3 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 and addition to the private sector, has secured better outcomes in the form of inward investment, pooled resources, cohesion and engagement with residents and build effective relationships.

### **3.4 Strategic Asset Management Plan**

West Lindsey's Strategic Asset Management Strategy will demonstrate that we have in place an effective 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.

### **3.5 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 supports 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.

### **3.6 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 plans are part of the Golden Thread to how services will contribute to achieving our corporate objectives.

### **3.7 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.

### **3.8 Capital Investment Strategy (Appendix 4) and Capital Investment Programme and Financing (Appendix 5)**

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 on 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 technology, to achieve efficiencies and cost savings
- Investment in our own property assets to ensure fit for purpose facilities for service delivery



### **3.9 The Treasury Management Strategy (Appendix 7)**

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

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. The policy has been revised for 2022/23 to include for an annual MRP for our investment properties.

### **3.10 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.

### **3.11 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

### **3.12 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.

## **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 2022/23 the Budget has been based on the approved budgets for each Committee and in line with the 2022/23 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 2023/24 budget setting. 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 within the Finance Reserve to mitigate any future year shortfalls to balance the budget over the medium term, and has a General Fund Working Balance of £3.3m to support any in year budget pressures.

## **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 budget of £0.022m. Full details of proposed fees and charges were presented to Policy and Resources Committee in November 2021
- Regular updates have been provided to 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 2022/23-2026/27
- Consultation with Parish Councils, residents and business rate payers has been undertaken and feedback has been considered when setting the budget.
- The review of Earmarked Reserves has identified a need to increase reserves in to support delivery of strategies and plans.

## 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 2% 2022/23 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 2022/23 and 2% onwards with annual tax base growth of 0.75%
- NNDR and reversion as per financial settlement. Baseline from 2023/24 onwards
- Contractual inflation applied only to service expenditure budgets
- New Homes Bonus no new allocations from 2023/24 and legacy funding for 2020/21
- Utilities – Electricity 0%, Gas 35%, Water 2.9%
- Capital Programme is based on best estimates of total investment, total borrowing; use of reserves; impact on revenue

## 2.4 Council Tax (Appendix 8-12)

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 will generate additional Council Tax income.

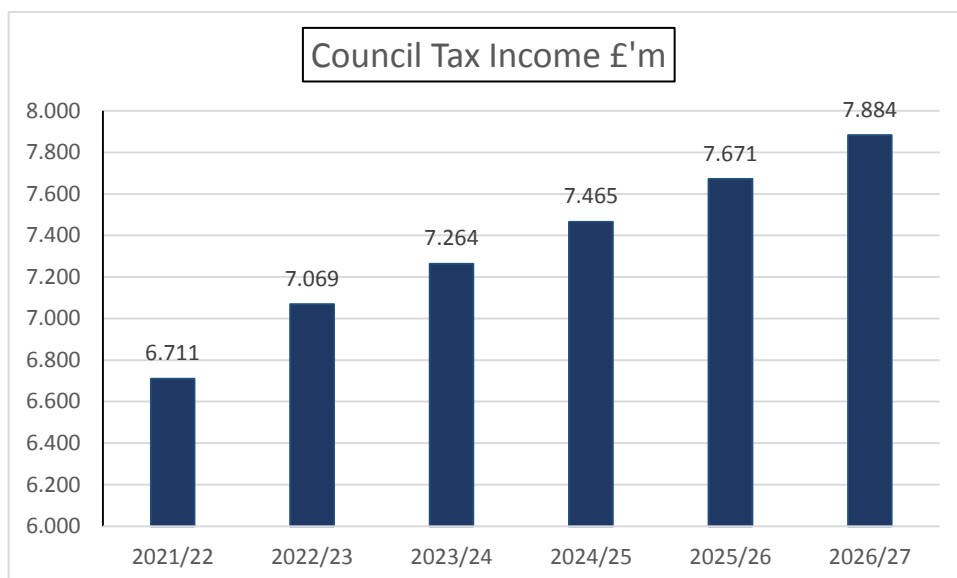
The Tax Base for 2022/23 has been approved at 31,038.46 (30,128.37 2021/22) reflecting growth of 3.02% (0.47% 2021/22) Average growth over past 3 years has been 1.68%. The MTFP includes annual growth rate of 0.75% for future years.

In terms of actual Council Tax, the Council's current strategy is to increase Council Tax to the Governments maximum capping levels (Assumed 2% or £5 whichever is the greater for 2022/23 and 2% ongoing), this strategy helps to support future sustainability. As a guide a 1% increase results in an additional £0.067m in the first year increasing to £0.361m by year 5.

The Council Tax increase for 2022/23 is proposed at £5 (£5, 2.3% in 2021/22) giving a Band D equivalent Council Tax of £227.74 (£222.74).

Within the Medium Term Financial Analysis below we have assumed a 2% increase in the Council Tax for all future years and a collection rate of 98.3% (which is also the National Average).

In addition the Council Tax Surplus for 2022/23 has been calculated to be £0.225m (£0.168m 2021/22) and will be included in the budget. The Medium Term Financial Analysis includes an estimated £0.100m ongoing.



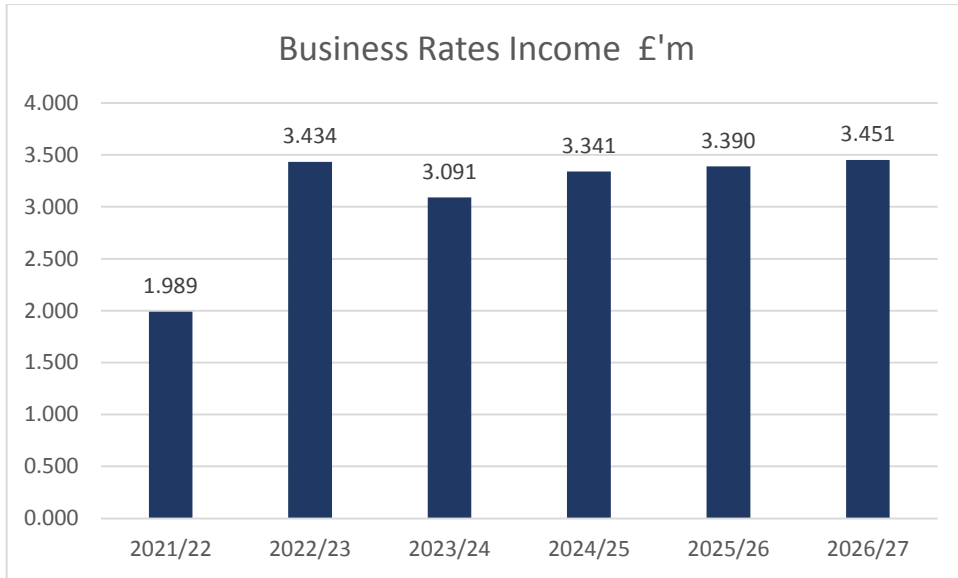
## 2.5 Business Rates

A further one year settlement for 2022/23 is estimated to provide business rates income of £3.434m (£1.989m 2021/22). However, this figure will be supplemented by transfers from the Business Rates Volatility Reserve of £1.077m (£2.664m 2021/22) which will offset previous years deficits included within the business rates income figure as a consequence of arrangements for Covid-19 reliefs.

We will continue to benefit of continuing to be a part of the Lincolnshire Business Rates Pool, provides an additional benefit of £0.453m (£0.451m 2021/22) being 60% of the levy which would have been payable to the Government.

For future years, with the impending review of the Business Rates Retention Scheme to a 75% rather than a 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 £3.1m, thus removing all benefits of growth 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 the 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 and the effect this has had on local government finances. It is expected that the new funding models will be implemented by 2023/24, 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

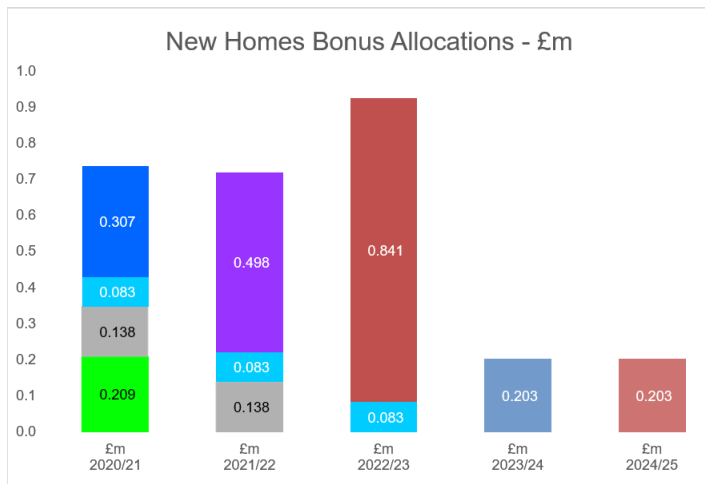
The New Homes Bonus was introduced in 2011/12 by Central Government and payable to local councils to incentivise housing growth in their area. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and bringing long term empty properties back into use. There is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

Since 2011 the Council has seen an increase in chargeable properties of 4,520 to its current level of 44,660 (44,123 2021/22).

As part of the one year funding Settlement the scheme has again been extended for a further year and will result in an additional £0.841m being received in 2022/23 this is in addition to our legacy funding of £0.083m. The overall New Homes bonus allocation for 2022/23 is £0.924m (£0.719m 2021/22). In total we will have received £14.832m of New Homes Bonus Grant which has been earmarked and or used to support investment in growth and regeneration.

It is assumed that there will be no new allocations beyond 2022/23 but a share of the central balance will be distributed over the following 2 years at £0.203m per year and will be contributed to the Investment for Growth Reserve.

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 by residents.



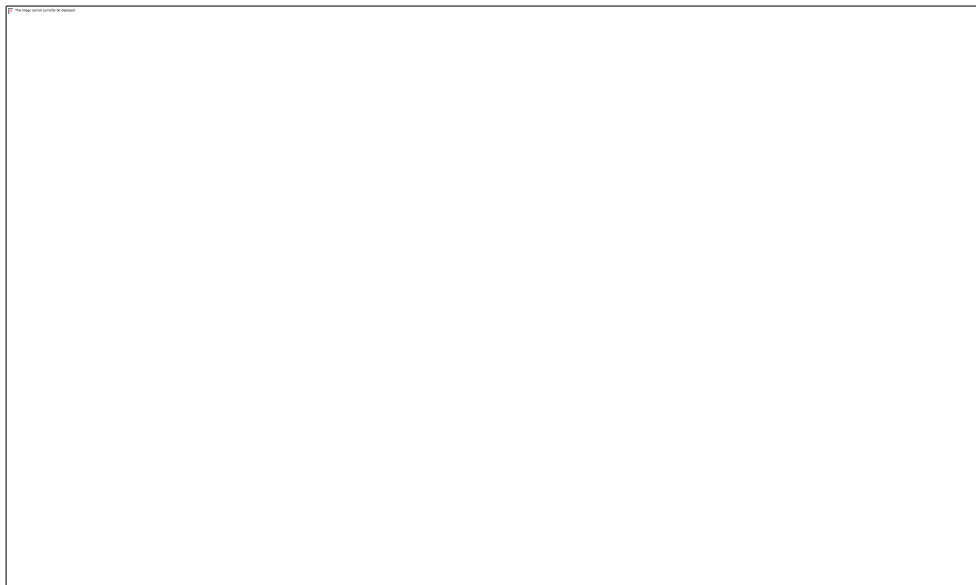
## 2.7 Pension Contributions

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 2022/23 has been determined at 17.2% per annum.

In relation to the pension deficit, currently £47.453m as at 31 March 2021 (£37.795m 2020). Our strategy is to contribute an appropriate amount with the aim of removing the deficit over a 20 year period. The payment for 2022/23 is £1.119m (£1.028m 2021/22).

Age Profile of 256 Members of the Superannuation Scheme as at 31/12/2021 (255 2020) is shown in the graph below;



## 2.8 Reserves

The Council are requested to approve the movement on Reserves.

The level of the General Funds 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 2022/23 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	CURRENT YEAR	MTFP				
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
General Fund Working Balance	4,096,381	3,322,681	3,273,981	3,233,281	3,248,681	3,264,081
Earmarked Reserves	18,454,783	16,163,449	14,661,283	14,775,683	14,613,983	14,934,283
Capital Receipts	1,245,959	955,260	844,444	909,628	972,325	1,032,325
Capital Grants Unapplied	0	0	0	0	0	0
<b>TOTAL</b>	<b>23,797,124</b>	<b>20,441,390</b>	<b>18,779,708</b>	<b>18,918,592</b>	<b>18,834,990</b>	<b>15,966,609</b>

The table below reflects the movement on the General Fund Balance 2022/23



<b>GENERAL FUND WORKING BALANCE MOVEMENTS</b>		<b>2022/23</b>
Estimated Balance Brought Forward		4,096,381
Less Estimated Carry Forwards from 2021/22		-308,000
Less Increases to Earmarked Reserves		-373,500
Less Approved Use of Reserves		-117,200
Add Contributions to Reserves		25,000
<b>Grand Total</b>		<b>3,322,681</b>

The table below details the estimated balances of Earmarked Reserves over the Medium Term Financial Plan.

<b>EARMARKED RESERVES</b>	<b>CURRENT YEAR</b>	<b>MTFP</b>				
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Service Investment/Renewals	3,690,063	3,222,063	2,827,463	2,909,863	2,865,163	3,302,463
Contingency/Risk	5,819,756	4,681,356	4,301,756	4,184,756	4,067,756	3,950,756
Investment for Priorities	8,944,965	8,260,031	7,532,065	7,681,065	7,681,065	7,681,065
<b>Grand Total</b>	<b>18,454,783</b>	<b>16,163,449</b>	<b>14,661,283</b>	<b>14,775,683</b>	<b>14,613,983</b>	<b>14,934,283</b>

In relation to Earmarked Reserves - the use of Reserves and contributions to Reserves anticipated over the medium term are detailed in the tables below;

<b>USE OF RESERVES</b>	<b>2022/23</b> £	<b>2023/24</b> £	<b>2024/25</b> £	<b>2025/26</b> £	<b>2026/27</b> £
Revenue Grants Unapplied	(47,600)	(39,200)	0	0	0
Valuation Volatility	0	(117,000)	(117,000)	(117,000)	(117,000)
Wheeled Bin Replacement	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Elections	0	(160,000)	0	0	0
Project Investment Reserve	(52,400)	(56,400)	(59,900)	0	0
Project Investment Reserve	(30,000)	0	0	0	0
Finance Budget Risks	(37,800)	(21,300)	0	0	0
Finance Budget Risks	(84,400)	(52,300)	0	0	0
Supporting Vulnerable Communities	(6,000)	0	0	0	0
Community Grant Scheme	(100,000)	0	0	0	0

IT Upgrade/Refresh	(85,600)	(24,300)	0	0	0
IT Upgrade/Refresh	(10,500)	(5,500)	(5,500)	(5,500)	(5,500)
IT Upgrade/Refresh	(36,000)	0	0	0	0
IT Upgrade/Refresh	(11,900)	0	0	0	0
Cultural Strategy Reserve	(38,000)	(27,200)	0	0	0
Environmental and Climate Change Reserve	(54,000)	(54,000)	(54,000)	0	0
Business Rates Volatility Reserve	(1,077,600)	(189,000)	0	0	0
<b>TOTAL USE OF RESERVES</b>	<b>(1,691,800)</b>	<b>(766,200)</b>	<b>(256,400)</b>	<b>(142,500)</b>	<b>(142,500)</b>

<b>CONTRIBUTIONS TO RESERVES</b>	<b>2022/23</b> £	<b>2023/24</b> £	<b>2024/25</b> £	<b>2025/26</b> £	<b>2026/27</b> £
Maintenance of Facilities	102,900	102,900	102,900	102,900	102,900
Wheeled Bin Replacement	19,300	19,300	19,300	19,300	19,300
Elections	40,000	40,000	40,000	40,000	40,000
Vehicle Replacement Programme	347,800	347,800	347,800	347,800	347,800
IT Upgrade/Refresh	132,800	147,800	142,800	137,800	137,800
Civic Reserve	5,000	5,000	5,000	5,000	5,000
Investment for Growth	924,400	203,000	203,000	0	0
IT Upgrade/Refresh	250,000	0	0	0	0
Environmental and Climate Change Reserve	182,000	0	0	0	0
Cultural Strategy Reserve	180,200	0	0	0	0
Maintenance of Facilities Reserve	250,000	0	0	0	0
Redundancy Contingency Reserve	61,400	0	0	0	0
Communities at Risk Reserve	140,900	0	0	0	0
<b>TOTAL CONTRIBUTIONS TO RESERVES</b>	<b>2,636,700</b>	<b>865,800</b>	<b>860,800</b>	<b>652,800</b>	<b>652,800</b>

<b>NET MOVEMENT ON RESERVES</b>	<b>944,900</b>	<b>99,600</b>	<b>604,400</b>	<b>510,300</b>	<b>510,300</b>
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## 2.9 Medium Term Financial Plan Analysis 2022/23 to 2026/27 (Appendix 1)

The 5 year Medium Term Financial Plan 2021/22 has been updated during the budget process and this 5 year plan, now extends to 2026/27, the movements are detailed in the table below.

The analysis presents a balanced budget for 2022/23 and future funding gaps from 2023/24 to 2026/27 rising to £1.9m over the life of the Medium Term Financial Plan. In the main, the funding gap reflects an assumed return to Business Rates Baseline Funding of £3.1m, a reduction of £1.4m, this should be the worst case scenario as the Government review both Fairer Funding and Business Rates Retention allocation methods. However, the Council is anticipating a reduction and has a number of initiatives which will aim to reduce the gap, but which either cannot be forecast at this time, or will be reviewed on an annual basis, for example;

- We will continue to manage our Treasury Management position effectively and utilise internal borrowing where appropriate.
- Our Together24 Programme (reviewing service design and technology) has a target of £0.300m cashable savings with £0.046m already achieved and which has been built into the MTFP.
- Investing in Regeneration and Growth to increase the tax bases.
- Consider opportunities to achieve a commercial return.

MEDIUM TERM FINANCIAL PLAN BFWD	MTFP 2022/23 - 2026/27 5 YRS				
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
	857	873	898	910	1,045
Pressures	721	811	789	824	912
Savings	(49)	(58)	(55)	(58)	(55)
Additional Income	(197)	(185)	(257)	(258)	(309)
MRP and Change to Policy	326	255	255	255	255
Capital Financing (Internal Borrowing)	(439)	97	120	121	123
<b>Movement on Net Expenditure</b>	<b>362</b>	<b>920</b>	<b>852</b>	<b>884</b>	<b>926</b>
<b>Movement in Reserves</b>	<b>790</b>	<b>29</b>	<b>66</b>	<b>69</b>	<b>69</b>
<b>Movement in Funding:</b>					
Council Tax Surplus	(126)	0	0	0	0
Council Tax	(122)	(55)	16	92	172
Business Rates	(1,393)	(100)	(100)	(100)	(161)
Government Grants	(368)	(71)	(73)	(74)	(76)
<b>Movement in Funding</b>	<b>(2,009)</b>	<b>(226)</b>	<b>(157)</b>	<b>(82)</b>	<b>(65)</b>
<b>FUNDING GAP</b>	<b>0</b>	<b>1,596</b>	<b>1,659</b>	<b>1,781</b>	<b>1,975</b>

## **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 during February 2022.

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;

- 79% of MTFP total 2 year deficit (£3.150m)
- 36% of MTFP total funding gap (£6.863m)
- 17% of budget requirement
- 25 days of average gross expenditure cover (£0.096m 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 has been undertaken and is incorporated into the Medium Term Financial Plan.

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.

## 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.

<b>RISK</b>	<b>MITIGATION</b>
Future Funding Levels	10% or £2.5m minimum General Fund Working Balance. In addition £1m earmarked 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 utilize our own cash reserves for some element of this borrowing (internal borrowing) saving on interest costs.

	There are long term implications in relation to interest rate risk which is managed in line the the Treasury Management Strategy.
Changes to Grant Funding	Initiatives and Projects would cease/reduce in line with Grant levels Rates Review impacts
Demand for Services reduces income levels	Commercial Contingency Budget £0.2m General Fund Working Balance £2.5m for in year risk. Fees and Charges annual review to attain cost recovery.
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
Savings not achieved	General Fund Working Balance of £2.5m Commercial Contingency Budget £0.2m Ongoing monitoring of delivery of efficiencies.

## 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	£0.107m
1% Council Tax	£0.071m
1% Business Rates	£0.034m
1% Non-Pay Budget	£0.206m
1% Interest on balances	£0.237m
1% on Borrowing	£0.250m
1% on Fees and Charges	£0.056m

## 3. COUNCIL TAX AND REVENUE BUDGET 2022/23

### 3.1 Council Tax 2022/23 (Appendix 8-12)

The Council Tax for West Lindsey District Council of £227.74 represents an increase of £5 (2.24%) and with a tax base of 31,038.46 is budgeted to generate £7,068,700.

The average Band D equivalent Council Tax for West Lindsey residents including Lincolnshire County Council, The Police Crime Commissioner and an average Parish Precept totals £2,011.40 as detailed below;

	2021/22	2022/23	Variance	
	£	£	£	%
Lincolnshire County Council	1,364.16	1,432.17	68.01	4.99%
Police Crime Commissioner	266.31	276.30	9.99	5.94%
<b>West Lindsey District Council</b>	<b>222.74</b>	<b>227.74</b>	<b>5.00</b>	<b>2.24%</b>
Direct Parish Precept Charges	72.57	75.19	2.62	3.61%
<b>Total Average Council Tax</b>	<b>1,925.78</b>	<b>2,011.40</b>	<b>85.62</b>	<b>4.45%</b>

The aggregate amounts (excluding Parish Precepts) for West Lindsey area by Council Tax Band is detailed below

Band	West Lindsey DC	Lincolnshire CC	Police & Crime Commissioner Lincolnshire	Aggregate Council Tax
<b>A</b>	<b>151.83</b>	954.78	184.20	1,290.81
<b>B</b>	<b>177.13</b>	1,113.91	214.90	1,505.94
<b>C</b>	<b>202.44</b>	1,273.04	245.60	1,721.08
<b>D</b>	<b>227.74</b>	1,432.17	276.30	1,936.21
<b>E</b>	<b>278.35</b>	1,750.43	337.70	2,366.48
<b>F</b>	<b>328.96</b>	2,068.69	399.10	2,796.75
<b>G</b>	<b>379.57</b>	2,386.95	460.50	3,227.02
<b>H</b>	<b>455.48</b>	2,864.34	552.60	3,872.42

### 3.2 Revenue Budget 2022/23

The Council presents a Balanced Revenue Budget for 2022/23, and is represented over our Service Clusters;

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

**Our Place** – Strategic Focus: Economy, Housing Growth, Public Safety and 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 and 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 Services, Bulky Waste Collections, Trade Waste, Markets

### 3.3 Settlement Funding 2022/23

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 2021, we are not expecting any significant changes.

The announcement for West Lindsey included;

A one year Settlement Funding which would be based on the 2021/22 assessment increased for cpi.

Also announced was additional funding for;

- An additional year of New Homes Bonus - £0.841m (£0.924m in total)
- An additional year of Lower Tier Services Grant - £0.138m
- Rural Services Delivery Grant £0.497m (same value as 2021/22)
- A new Services Grant £0.208m

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

West Lindsey	Actual 2021/22 £m	Actual 2022/23 £m
Settlement Funding Assessment	3.023	3.023
Compensation for under-indexing the business rates multiplier	0.157	0.248
Council Tax excluding Parish Precepts	6.710	6.930
New Homes Bonus	0.719	0.924
Lower Tier Services Grant	0.129	0.138
Rural Services Delivery Grant	0.498	0.498
Services Grant	0.000	0.208
<b>Core Spending Power</b>	<b>11.236</b>	<b>11.969</b>



### 3.4 Revenue Budget 2022/23

Cluster	Original Budget 2021/22 £	Budget 2022/23 £
Our Council	6,279,000	6,068,000
Our People	1,529,000	1,731,700
Our Place	3,871,800	4,223,800
<b>Cluster Total</b>	<b>11,679,800</b>	<b>12,023,500</b>

Interest Receivable	(124,600)	(149,200)
Investment Income - Property Portfolio	(1,434,900)	(1,470,800)
Drainage Board Levies	388,100	413,100
Parish Precepts	2,186,600	2,333,800
Interest Payable	377,700	451,800
Statutory MRP (repayment of borrowing)	442,900	898,000
<b>Other Operating Expenditure</b>	<b>1,835,800</b>	<b>2,476,700</b>

<b>Net Revenue Expenditure</b>	<b>13,515,600</b>	<b>14,500,200</b>
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Transfer to / (from) General Fund	(1,943,700)	(465,700)
Transfer to / (from) Earmarked Reserves	1,707,200	944,900

<b>Amount to be met from Government Grant or Council Tax</b>	<b>13,279,100</b>	<b>14,979,400</b>
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<b>Funding Income</b>		
Business Rate Retention Scheme	1,989,000	3,433,900
Collection Fund Surplus - Council Tax	167,500	225,500
Parish Councils Tax Requirement	2,186,600	2,333,800
New Homes Bonus	719,100	924,400
Other Government Grants	831,100	993,100
Covid Grants	675,000	0
<b>Council Tax Requirement</b>	<b>6,710,800</b>	<b>7,068,700</b>

<b>TOTAL FUNDING</b>	<b>13,279,100</b>	<b>14,979,400</b>
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<b>Balanced Budget/Funding Target</b>	<b>0</b>	<b>0</b>
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### 3.4 Base budget movements

The Budget of £14.979m, (£13.279m 2021/22) is proposed for approval and reflects an increase of £1.7m (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 £0.166
- Introduction of a 2% vacancy factor (£0.77m)
- Together24 efficiency saving (£0.029)
- Covid-19 recovery and response £0.675 (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 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 2021/22 income losses net of 2021/22 deficit payable in 2022/23 £2.197m of which £2.664m relates to the previous year deficit on Business Rates from the Covid-19 Relief for Retail, Hospitality and Leisure sectors and which has been funded by the Government and earmarked at the end of 2021/22

## 4. CAPITAL PROGRAMME 2022/23 TO 2026/27

### 4.1 Introduction

The draft Capital Programme 2022/23 to 2026/27 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 2022/23.

All schemes except those classified as Business as Usual, ie Disabled Facilities Grants, Replacement and Renewal programmes for Vehicles, ICT and Facilities Management, (which is aligned to the Strategic Asset Management Plan) require a full business case and will require the approval of the Corporate Policy and Resources Committee before any spend is incurred.

## 4.2 Strategic Asset Management Plan

The Capital Programme takes account of the objectives of the Corporate Plan in relation to our Assets and the Strategic Asset Management Plan which identifies the actions and resources required to achieve these objectives. The property related budgets (both revenue and capital) are set based on these plans at a point in time, informed by condition surveys and inspections. These works are generally funded from the Facilities Management Reserve.

Initiative	2022/23	2023/24	2024/25	2025/26	2026/27
	£	£	£	£	£
Strategic & Operational Plans	8,000	0	0	0	0
Physical Assets (Fit for Purpose)	10,000	0	30,000	40,000	0
Risk Management (Physical Estate)	0	0	0	0	0
Operational & Maintenance	65,000	105,000	55,000	0	27,000
Physical Assets	0	0	0	0	10,000
Capital Works Planning	30,000	0	0	0	0
Capital Works	70,000	320,000	80,000	50,000	100,000
<b>Total</b>	<b>183,000</b>	<b>425,000</b>	<b>165,000</b>	<b>90,000</b>	<b>137,000</b>

## 4.3 The Summary Capital Programme 2022/23 to 2026/27

(The detailed Capital Programme is attached at Appendix 4)

Service Cluster	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27	Total Capital Programme
	£	£	£	£	£	£
Our People	1,911,150	674,900	1,424,900	674,900	674,900	<b>5,360,750</b>
Our Place	10,424,235	11,771,518	718,000	472,000	90,000	<b>23,475,753</b>
Our Council	636,800	570,000	115,000	200,000	100,000	<b>1,621,800</b>
Investment	0	3,000,000	0	0	0	<b>3,000,000</b>
<b>Grand Total</b>	<b>12,972,185</b>	<b>16,016,418</b>	<b>2,257,900</b>	<b>1,346,900</b>	<b>864,900</b>	<b>33,458,303</b>

The overall Capital Investment Programme totals £33.458m however, £9.579m relates to the approved Capital Budgets (Stage 3 and Business as usual) with the remainder of £23.879m 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
- Stage 3 and Business as Usual (BAU) – Approved to spend and funding secured

Stage	2022/23	2023/24	2024/25	2025/26	2026/27	Total
	£	£	£	£	£	£
BAU	1,572,900	1,036,900	1,154,900	1,346,900	864,900	<b>5,976,500</b>
Pre-Stage 1	2,500,000	5,111,000	10,000	0	0	<b>7,621,000</b>
Stage 1	1,053,000	20,000	750,000	0	0	<b>1,823,000</b>
Stage 2	7,243,822	6,848,518	343,000	0	0	<b>14,435,340</b>
Stage 3	602,463	3,000,000	0	0	0	<b>3,602,463</b>
<b>Grand Total</b>	<b>12,972,185</b>	<b>16,016,418</b>	<b>2,257,900</b>	<b>1,346,900</b>	<b>864,900</b>	<b>33,458,303</b>

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 full details of the Capital Investment Programme is attached at Appendix 4 for consideration and recommendation to Council.

#### 4.4 Capital Investment Financing

The proposed funding for the Capital Programme 2022/23 – 2026/27 is detailed below;

CAPITAL FINANCING	Estimate 2022/23 £	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	TOTAL CAPITAL INVESTMENT £
Grants & Contributions etc	-9,066,251	-9,644,652	1,767,900	-674,900	-674,900	<b>-21,828,603</b>
Revenue/Earmarked Reserves	-3,236,234	-1,601,766	-490,000	-672,000	-190,000	<b>-6,190,000</b>
Useable Capital Receipts	-526,700	-3,186,000	0	0	0	<b>-3,712,700</b>
Prudential Borrowing	-143,000	-1,584,000	0	0	0	<b>-1,727,000</b>
<b>Total Capital Programme Funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-864,900</b>	<b>-33,458,303</b>

## 4.5 New Bids

Members should be aware that the Capital Investment Programme has 3 new bids for 2022/23;

- Trinity Arts Centre Improvements (subject of a Grant Funding Bid) £5m
- Cemetery Extension £0.150m
- Affordable Housing scheme – S106 £0.180m

## 5 Treasury Management Strategy 2022/23 (Appendix 7)

### 5.1 Treasury Management Strategy and Prudential Indicators

The full Treasury Management Strategy, Minimum Revenue Provision Policy and Investment Strategy has been scrutinised by the Governance and Audit Committee and will be presented to Council for approval.

The Strategy has been updated to include the principles for both Socially Responsible Investing (SRI) and Environmental, Social and Governance investing (ESG) which will ensure these considerations are undertaken in our decision making.

In addition the Minimum Revenue Provision Policy (MRP) now includes for an annual MRP to reduce borrowing against our investment property portfolio. This will reduce the need for the Valuation Volatility Reserve, which in this Medium Term Financial plan will be reduced from 5% to 3% of acquisition cost.

#### a. The Capital Financing Requirement

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.

	2020/21 Actual £'m	2021/22 Estimate £'m	2022/23 Estimate £'m	2023/24 Estimate £'m	2024/25 Estimate £'m
<b>Capital Financing Requirement</b>					
<b>Accounting Adj</b>	1.065	1.065	1.065	1.065	1.065
<b>Finance Leases</b>	0	0	0	0	0
<b>Prudential Borrowing</b>	37.460	38.360	37.176	37.787	36.813
<b>Total CFR</b>	<b>38.525</b>	<b>39.425</b>	<b>38.241</b>	<b>38.852</b>	<b>37.878</b>
Of which: Commercial Investment Property	20.959	20.585	20.211	19.837	19.463

<b>Movement in CFR</b>	<b>0.620</b>	<b>0.890</b>	<b>-1.184</b>	<b>0.611</b>	<b>-0.974</b>
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<b>Movement in CFR represented by</b>					
Net borrowing need for the year (above)	1.608	1.743	0.143	4.585	0
Less MRP and other financing movements	-0.958	-0.824	-0.898	-3.945	-0.945
Loan Principal repaid	-0.030	-0.029	-0.429	-0.029	-0.029
<b>Movement in CFR</b>	<b>0.620</b>	<b>0.890</b>	<b>-1.184</b>	<b>0.611</b>	<b>-0.974</b>

## 5.2 Borrowing

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), and internal borrowing as a percentage of the CFR.

<b>£m</b>	<b>2020/21 Actual</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
<b>External Debt</b>					
Debt at 1 April	20.000	20.000	21.500	26.500	33.500
Expected change in Debt	0	1.500	5.000	7.000	-2.000
<b>Gross external debt at 31 March</b>	<b>20.000</b>	<b>21.500</b>	<b>26.500</b>	<b>33.500</b>	<b>31.500</b>
Internal Borrowing (at 31 March)	18.535	17.925	11.741	5.352	6.378
<b>The Capital Financing Requirement</b>	<b>38.535</b>	<b>39.425</b>	<b>38.241</b>	<b>38.852</b>	<b>37.878</b>
<b>Internal Borrowing %</b>	<b>48.09</b>	<b>45.47</b>	<b>30.70</b>	<b>13.78</b>	<b>16.84</b>

## 5.3 Liability Benchmark

To Compare the Council's actual borrowing against an alternative strategy, a Liability Benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as in the table above, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

<b>£m</b>	<b>2020/21 Actual</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>	<b>2024/25 Estimate</b>
Borrowing CFR	38.535	39.425	38.241	38.852	37.875
Usable Reserves	-31.126	-24.147	-21.227	-19.715	-19.851
Working Capital	-7.362	-1.018	-1.580	-0.288	-0.288
Minimum Investments	19.953	10.000	10.000	10.000	10.000
<b>Liability Benchmark</b>	<b>20.000</b>	<b>24.260</b>	<b>25.434</b>	<b>28.849</b>	<b>27.739</b>

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

### **6.1 The Pay Policy Statement (Appendix 13)**

Section 38/11 of the Localism Act 2011 requires local authorities to produce a Pay Policy Statement each financial year. This document comprises that Pay Policy Statement being recommended for adoption.

The Act and supporting statutory guidance provides details of matters that must be included in this statutory pay policy but also emphasises that each local authority has the autonomy to take its own decisions on pay and pay policies. The Pay Policy Statement must be approved formally by Full Council by the end of March each year, can be amended in year, must be published on the Council's website and must be complied with when setting the terms and conditions of chief officer employees.

The Council will comply with the National Living Wage legislation.

The pay policy includes a 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

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.

### **6.2 The Human Resource Statement (Appendix 14)**

The Human Resource Statement details the budgeted full time equivalents of 287.80 (288.77 2021/22) by Service Cluster and Business Unit.