



**Corporate Policy and
Resources**

Thursday, 9th February 2023

**Subject: Executive Business Plan 2023/24 to 2025/26
Medium Term Financial Plan 2023/24 to 2027/28
The Budget 2023/24
Capital Programme 2023/24 to 2027/28**

Report by:

Director of Corporate Services (Section 151
Officer)

Contact Officer:

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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 sets out the revised financial plans within the Financial Analysis for changes in Government Funding, the economic environment, local engagement and the priorities for the Council. The plan reflects the revisions to previous estimates and covers the period 2023/24 to 2027/28.

The Financial Analysis includes the draft budget for 2023/24 for scrutiny and consideration prior to recommending to Council.

RECOMMENDATION(S):

- 1. Recommend to Council the approval of the Executive Business Plan and Medium Term Financial Plan 2023/24 – 2027/28**
- 2. Approve the review of Reserves and the proposed use and contributions to both the General Fund Balance and Earmarked Reserves as detailed at 2.8 within the Medium Term Financial Plan**
- 3. Consider and recommend to Council a balanced Revenue Budget for 2023/24 (Appendix A)**
- 4. Consider and recommend to Council the Capital Programme 2023/24 – 2027/28 (Appendix 4)**
- 5. Accept the Statement of the Chief Finance Officer on the Robustness of Estimates and Adequacy of Reserves**
- 6. Consider and recommend to Council the Pay Policy Statement (Appendix 6)**
- 7. Recommend to Council to create a new Earmarked Reserve for Invest to Save projects**
- 8. Delegate any housekeeping or changes required due to the final financial settlement and any approvals elsewhere on this agenda, to this Draft Executive Business Plan and Medium Term Financial Plan to the Director of Corporate Services (Section 151 Officer) in consultation with the Chairman of this Committee prior to the final consideration by Council on 6th March 2023.**

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:

The report presents a balanced budget for 2023/24, 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 2023/24 taking into account the approved Tax Base 31,696.76 and Council Tax Surplus £0.290m

The Provisional Settlement local government finance settlement was announced on the 19th December 2022 and has been incorporated into this report, the grant streams changed from that of 2022/23 to incorporate a new 'Funding Guarantee Grant' and the end to the Lower Tier Services Grant. Allocations were made for 2023/24 only therefore it is not clear whether these grant streams will continue after 2023/24.

The 2023/24 Draft Budget totals £16.671m and is fully funded and presents a balanced budget.

Contributions to Earmarked Reserves total £2.367m and Use of Earmarked Reserves total £1.696m, these exclude capital reserve movements.

The movement on the General Fund Balance is a reduction of £0.587m and is forecast to be £3.513M at the end of 2023/24.

The Capital Programme totals £31.240m 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.

Section 17 Crime and Disorder Considerations: The budget provides resources to fund 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:

N/A

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

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No

x

Key Decision:

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

Yes

x

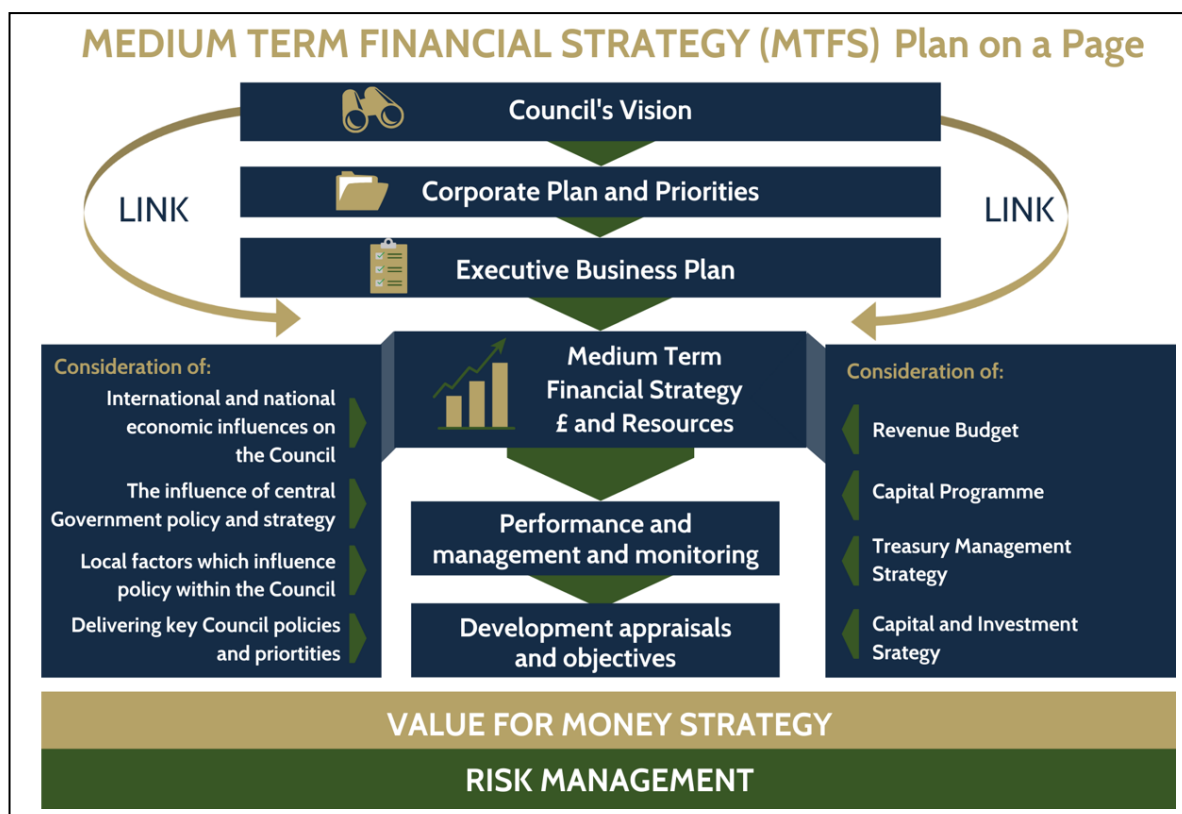
No

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1. Executive Summary

1.1 Presented below is the Executive Business Plan and Medium Term Financial Plan 2023/24 – 2027/28 (which includes the Financial Strategy and Medium Term Financial Analysis). An Executive Summary is contained therein.

1.2 The documents are central to our financial planning and play a key role in the budget setting process to ensure that resources are aligned to the Corporate Plan priorities through the setting of the Revenue Budget and Capital Programme. Their impact and risks are considered in the Treasury Management Strategy (scrutinised by the Governance and Audit Committee and 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 Revenue Budget 2023/24

The General Fund Revenue Budget 2023/24 (detailed in the table below) reflects a balanced budget and a Net Revenue Budget Requirement of £16.671m (£14.979m 2022/23)

Members should be aware; at this time the budget is based on the provisional one year financial settlement announced in December by the Minister for the Department of Levelling Up, Housing and Communities, Rt. Hon Michael Gove MP on 19th December 2022. The final settlement has yet to be announced.

The Budget for 2023/24 assumes that the Council approve a Council Tax of £234.54 (£227.74 2022/23), an increase of 2.99% being the maximum amount allowable under the Government's referendum limit of up to 3% or £5 (whichever is the greater). This approach supports our future financial sustainability.

With an approved tax base of 31,696.76 Council Tax income of £7,434,100 will be budgeted for (31,038.46 and £7,068,700 2022/23). (The Medium Term Financial Analysis assumes an ongoing 1.5% increase in taxbase each year.) The Revenue Budget is detailed below and is analysed by our Service Clusters

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

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

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

The table below details the proposed revenue budget 2023/24 for approval and is compared to the original budget 2022/23 and analysed over our Service Clusters (Corporate Plan themes) and includes other elements of operating expenditure and movements in reserves resulting in a £16.671m Budget Requirement (£14.979 2022/23), an increase of £1.692m. Further analysis of the Budget is contained within Appendix 1 of the Medium Term Financial Analysis

	Base Budget 2022/23	Forecast Budget 2023/24
Cluster	£	£
Our Council	6,068,100	7,785,400
Our People	1,731,700	1,809,200
Our Place	4,223,700	4,477,600
Grand Total	12,023,500	14,072,200

Interest Receivable	(149,200)	(577,300)
Investment Income - Property Portfolio	(1,470,800)	(1,576,700)
Drainage Board Levies	413,100	459,200
Parish Precepts	2,333,800	2,508,600
Interest Payable	451,800	794,400
MRP/VRP (repayment of borrowing)	898,000	906,100
Net Revenue Expenditure	14,500,200	16,586,500

Transfer to / (from) General Fund	(465,700)	(587,400)
Transfer to / (from) Earmarked Reserves	944,900	671,600

Amount to be met from Government Grant or Council Tax	14,979,400	16,670,700
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Funding Income		
Business Rate Retention Scheme	3,433,900	4,633,200
Collection Fund Surplus - Council Tax	225,500	290,000
Parish Councils Tax Requirement	2,333,800	2,508,600
New Homes Bonus	924,400	561,500
Other Government Grants	993,100	1,243,300

Council Tax Requirement	7,068,700	7,434,100
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TOTAL FUNDING	14,979,400	16,670,700
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Balanced Budget / Funding Target	0	0
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1.4 Significant Movements

The most significant movements include;

Expenditure Pressures

- £0.888m staff resourcing, pay awards and changes to Employers National Insurance, employers contribution rates and reduced Pension Deficit Contribution
- £0.609m inflation applied to supplies and services, buildings, transport and employees
- £0.343m pressure on borrowing costs and interest payable.
- £0.101m Contracts
- £0.048m Crematorium reduced income and increased operational costs

- £0.046m Drainage Board Levies

Expenditure Savings

- £0.078m saving on Grounds Maintenance contract

Additional Income

- £0.428m Interest from Investments
- £0.086m investment property rental income
- £0.061m increased planning fee income
- £0.017m Fees and Charge Review

Income Loss

- £0.079m Reduction in net Housing Benefit subsidy and Housing Benefit Admin grant.
- £0.050m reduced income from car parking permits

Additional Funding

- £0.065m increase in Council Tax Surplus Share
- £0.365m Council Tax – increase of 2.99%
- £1.199m Business Rates – 1 year Financial Settlement
- £0.250m Financial Settlement – New Funding Guarantee Grant less Lower Tier Services Grant removed.

The movement in net contributions from reserves total £0.395m.

1.5 Review of Earmarked Reserves

Due to the one year settlement again 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

- **Business Rates Volatility Reserve - £0.671m**
To increase to £1.454m
- **Redundancy Reserve – £0.022m**
To increase to £0.269m
- **Investment for Growth Reserve - £0.562m**
To earmark New Homes Bonus for future investment in regeneration and growth
- **Invest to Save Reserve** – Create new reserve and contribute £0.500m to it from the General Fund

In addition and detailed in full at 2.8 of the Medium Term Financial Plan 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 2022/23 outturn position, the movement in reserves for capital investment financing, contributions to and from reserves for the purposes of service and project investment.

RESERVE	CURRENT YEAR	MTFP				
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
General Fund Working Balance	4,099,922	3,512,522	3,459,822	3,339,222	3,218,522	3,218,522
Earmarked Reserves	18,351,735	15,080,235	14,477,635	14,365,435	14,761,335	14,575,935
Capital Receipts	428,414	180,999	271,452	391,352	510,555	529,275
Capital Grants Unapplied	0	0	0	0	0	0
TOTAL	22,880,070	18,773,755	18,208,908	18,096,008	18,490,411	18,323,731

EARMARKED RESERVES	CURRENT YEAR	MTFP				
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Service Investment/Renewals	3,692,365	2,960,965	2,687,165	2,691,965	3,170,865	2,985,465
Contingency/Risk	4,411,751	4,045,951	3,928,951	3,811,951	3,728,951	3,728,951
Investment for Priorities	10,247,619	8,073,319	7,861,519	7,861,519	7,861,519	7,861,519
Grand Total	18,351,735	15,080,235	14,477,635	14,365,435	14,761,335	14,575,935

1.6 The Capital Investment Strategy (Appendix 3)

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

1.7 The Capital Investment Programme (Appendix 4)

The Capital Programme 2023/24 to 2027/28 provides a plan of future capital investments totalling £31.240m with £20.555m estimated for 2023/24. The programme is monitored in year through the 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 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total Capital Programme £
Our People	923,625	1,664,900	674,900	674,900	674,900	4,613,225
Our Place	15,404,211	5,278,900	554,400	50,000	479,400	21,766,911
Our Council	1,227,500	291,000	92,100	99,300	149,600	1,859,500
Investment	3,000,000	0	0	0	0	3,000,000
Grand Total	20,555,336	7,234,800	1,321,400	824,200	1,303,900	31,239,636

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 i.e. 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;

CAPITAL FINANCING	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total Capital Programme £
Grants & Contributions etc	-13,119,190	-6,261,600	-674,900	-674,900	-674,900	-21,405,490
Revenue/Earmarked Reserves	-3,943,146	-963,200	-646,500	-149,300	-629,000	-6,331,146
Useable Capital Receipts	-3,350,000	-10,000	0	0	0	-3,360,000
Prudential Borrowing	-143,000	0	0	0	0	-143,000
Total Capital Programme Funding	-20,555,336	-7,234,800	-1,321,400	-824,200	-1,303,900	-31,239,636

The detailed Capital Investment Programme is attached at Appendix 4 for consideration and recommendation to Council.

1.8 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)

EXECUTIVE BUSINESS PLAN 2023/24



Introduction

Welcome to the Council's Executive Business Plan which outlines the national, regional and local policy context 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 local government operates is constantly shifting 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, which is due to be refreshed for the period 2023-2027, 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



Economic Uncertainty and the Rising Cost of Living

The national political landscape is dominated by economic uncertainty both globally, as a result of the war in Ukraine, and nationally due to the political instability within central government throughout much of 2022. The UK is currently in recession because of high energy costs, high food prices and high inflation which, as of January 2023, is at a 40 year high of 10.7% (based on the Consumer Price Index) against a Bank of England target of 2%. The government has pledged to halve inflation rates during 2023 and, while inflation is currently expected to fall sharply from the middle of 2023, the Bank of England's Monetary Policy Committee (MPC) is projecting a prolonged period of recession in the UK economy into 2024, with only gradual recovery thereafter. Of all G7 countries, the UK is currently projected to have the longest and deepest recession.

In line with its target to keep inflation within 2%, in December 2022 the Bank of England's MPC raised interest rates to 3.5% in an effort to sustain growth and employment. New

mortgage rates have risen sharply, up from an average of 2.34% to 5.84% in the past 12 months. A combination of this, rising prices and below inflationary pay increases in both the public and private sector has resulted in a real-terms squeeze on household incomes. The government has sought to protect households from the worst effects of energy price increases through its Energy Price Guarantee which has capped energy costs at £2,500 until April 2023, with additional financial support in place for the elderly, those on the lowest incomes and those in receipt of Personal Independence Payments or Disability Living Allowance. The Government has confirmed that the Energy Price Guarantee will end for all but the lowest income households from April 2023, resulting in a predicted average cost for household energy bills of £3,000 per year, an increase of 20% for the average household.

For Local Government, the cumulative effect of high inflation, rising interest rates and high energy prices, combined with existing disadvantage and vulnerability within local communities is significant. Not only has this resulted in unforeseen financial pressure for councils, but there has been unprecedented demand for services which will increase further as government financial support ends. The challenge for local authorities is to deliver a balanced budget whilst continuing to deliver high quality services and supporting vulnerable communities.

The Legacy Effects of the Covid-19 Pandemic

Whilst restrictions in place during the pandemic have all been lifted, the legacy effects are still being felt across society and the economy. An independent review chaired by Sir Michael Marmot concluded that communities already affected by health and structural inequalities have experienced further decline because of the pandemic, as well as having fewer resources to cope. For the most deprived areas, life expectancy has stagnated or decreased and the prevalence of long-term health conditions has increased, resulting in higher rates of economic inactivity. This is likely to result in increased pressure on public services, including local government, both now and in the longer-term.

Climate Change, Sustainability and the implications of the Environment Act

There is global recognition that the planet is in the midst of a significant period of climate change with a short window of time to act, although the extent to which world leaders' are prepared to act to reduce carbon emissions differs significantly across the globe. Building on



the progress made at the 2021, COP27 (held in 2022) saw over 120 leaders reaffirm their commitment to limit global temperature rises to 1.5 degrees Celsius and to strengthen action to reduce greenhouse gas emissions. Additionally, COP27 resulted in a breakthrough

agreement to provide “loss and damage” funding for those vulnerable countries who are most impacted by climate disasters.

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.

On taking office as Prime Minister, Rishi Sunak undertook two significant environmental interventions: upholding a ban on fracking and committing to extending the number of offshore wind farms, with wind energy considered to be fundamental to the government’s Net Zero Strategy. The Strategy, adopted in 2021 commits to a ten-point plan which includes the following:

- The UK will be powered entirely by clean electricity by 2035.
- Making public sector buildings greener and cutting bills for hospitals and schools, as part of the Public Sector Decarbonisation Scheme.
- A commitment to producing 40GW of offshore wind by 2030, in addition to more offshore electricity networks.
- £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.
- £295m of capital funding to allow local authorities in England to prepare to implement free separate food waste collections for all households from 2025.

The Environment Act 2021 includes legally binding targets, plans and policies for improving the natural environment, reducing waste and increasing biodiversity. For local authorities, Environmental Outcome Reports will replace the existing system of Sustainability Appraisals, Strategic Environmental Assessments and Environmental Impact Assessments, with the intention being to shift to a new outcomes-based method of assessing the impacts of development, plans, projects and policies. The Act also includes new measures for local authorities in respect of tackling environmental crime and illegal activity, including new powers to remove waste when no other route is available. The requirement to provide free separate collections of garden waste for recycling or composting is likely to result in additional financial pressures although details of the scheme are not yet finalised.

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.

A Plan for a Stronger Economy

Prior to the current state of economic turmoil in the UK, the government had been committed to its ‘Build Back Better Plan for Growth’, previously known as the Industrial Strategy. In November 2022, the new Chancellor replaced this, at least in the medium-term with the new

'Plan for a Stronger Economy' which prioritises economic stability, growth and public services. Central to the plan to grow the economy out of recession is a commitment to spending £20bn on research and development and as renewed commitment to large infrastructure projects such as the Sizewell C Nuclear Plant, extending High Speed 2 to Manchester, the Northern Powerhouse Rail core network, East West rail and continued rollout of gigabit broadband.

Post-Brexit Agricultural Subsidies



A new post-Brexit agricultural subsidy regime based on the premise of public money for public goods has been co-designed with farmers, land managers and the Department for Food and Rural Affairs (DEFRA), as set out in the Agriculture Act 2020. Central to the new subsidy regime is the Environmental Land Management Scheme (ELMS) which is the main tool for delivering improvements to water quality and biodiversity. The implications for West Lindsey will be of significance given the rural nature of the district, which relies heavily on agriculture. ELMS contains three main components:

1. **Sustainable Farming Incentive** which will pay farmers who go above the minimum legal requirements to promote wildlife diversity, efficient use of water, enhancing hedgerows and managing croplands and grasslands while continuing to use their land for production. A pilot of this scheme began in 2021 with full roll-out expected from 2024. DEFRA is aiming for 70% of farmers covering 70% of farmland to participate in this scheme.
2. **Local Nature Recovery Programme** which will pay for actions that support natural recovery in local areas, such as creating, managing and restoring natural habitats, peat or wetland areas and hedgerows. Limited roll-out of this scheme will begin in 2023 with the full roll-out due in 2024.
3. **Landscape Recovery Scheme** which support long-term changes to land use, such as tree planting and peatland restoration projects. This scheme is open to projects with land areas of between 500 and 5,000 hectares. A two year development phase began in 2022 with the scheme due to be scaled up from 2024.



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. Most recently, digital connectivity formed one of the central missions of the Levelling Up and Regeneration Bill, backed by a commitment to achieve at least 85% gigabit coverage by 2025 and at least 99% gigabit coverage by 2030. Currently, 92% of UK landmass is covered by a 'good' 4G signal, with the government aiming to increase this to a 5G signal by 2027. 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. As of January 2023, just 39.86% of West Lindsey is covered by gigabit broadband while 89.8% of the district is covered by superfast broadband.

Homes

The government's Homes England five-year Strategic Plan is due to end in 2023, although a long-awaited refresh has been pushed back because of the Levelling Up and Regeneration Bill. The purpose of the current Strategic Plan is to improve housing affordability, helping more people access better homes in areas where they are needed most. 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 are currently in operation. Firstly, the Future Homes Standard requires new build homes to be future-proofed with low carbon heating and world-leading levels of energy efficiency. From 2025, the target is for all new homes to produce between 75% and 80% less carbon emissions than homes delivered under current regulations.

Secondly, the Green Homes Grant is one of a number of recent Government backed schemes designed to encourage homeowners 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.

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

In December 2022, the Secretary of State for Levelling Up, Housing and Communities outlined proposals for the 2023/24 Local Government Finance Settlement, as well as some further detail of funding in 2024/25. For 2023, local authority core spending power will rise by 9.2% to help councils deal with inflationary and other cost pressures, although spending power will be lower for shire district councils like West Lindsey.



Additionally, the Revenue Support Grant (RSG) will increase by 10.7% in line with the Consumer Price Index (CPI) rate of inflation. This will help local authorities mitigate the worst effects of inflation in 2023/24 and 2024/25 although the Institute for Fiscal Studies is expecting a return to austerity throughout 2025/26.

The business rates multiplier will be frozen for 2023/24 although government will compensate local authorities for the loss of income. Freezing the multiplier increases the risk of councils losing income in the medium-term without alternative means of funding or compensation. Additionally, the government has confirmed that a business rates revaluation will take place during 2023.

The method of calculating the New Homes Bonus will remain unchanged for 2023/2024 although the government has yet to set out the future position of the New Homes Bonus ahead of the 2024/2025 local government finance settlement.

The government has announced that it will repurpose the Lower Tier Services Grant to ensure that all councils see an increase in core spending power before any decisions about organisational efficiencies, use of reserves or Council Tax levels are made. This offers particular protection for shire district councils as the main recipients of this grant funding guarantee. Finally, the government has proposed to roll-forward the 2022/23 allocations of the Rural Service Delivery Grant, which, although welcome, amounts to a reduction in real-terms once inflation is taken into account.

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 and a Business Rates Reset. However, it has now been confirmed that this review will not be implemented during this spending review period, with the government instead committed to picking this up during the course of the next parliamentary term. The Local Government Association is

advocating for full engagement with the sector on this to ensure that no council sees its funding reduce as a result of a Fair Funding Review.

Some local authorities have experienced an increase in reserves over the two years of the pandemic. Government is encouraging local authorities to consider how reserves can be used to maintain services in the face of immediate financial pressures, balanced against the need for financial sustainability and future investment.

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.

Launched by the GLLEP in 2021, the UK Food Valley is of international significance and currently supports 75,000 food sector jobs which accounts for 18% of the workforce in this area compared to 4% of the UK workforce. The key priorities for the UK Food Valley are:

- Digitalisation and automation in the food chain
- Delivering low carbon food chains from farm to fork
- Promoting the production and consumption of “naturally good for you” food, as well as new sources of protein such as fish, salad, vegetables, fruit, pulses and lean meat in which Greater Lincolnshire specialises

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. Following the conclusion of the consultation period, the final draft of the CLLP was put to examination in public between November -

December 2022 with final adoption anticipated in early 2023. The vision and objectives of the Local Plan will remain the same, as well as the spatial strategy for growth. 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 UK Shared Prosperity Fund and other Grant Funding

In order to address geographical inequalities, enhance opportunity across all regions and increase pride in place, the government's central mission is to level up the whole of the United Kingdom, as outlined in the Levelling Up and Regeneration Bill. A new £2.6 billion UK Shared Prosperity Fund (UKSPF) has been introduced to replace the previous EU Structural and Investment Programme, with the money designed to go straight to local places through a long-term funding stream for investment in three priority areas:

- Communities and place
- Support for local business
- People and skills

UKSPF is designed to complement other grant schemes such as the Levelling Up Fund, with interventions planned and lead by local authorities working closely with local partners. In December 2022, the government approved the Council's UKSPF Investment Plan which will see £2.7 million of investment into businesses and communities across the district through the launch of two flagship grant schemes.

Additionally, West Lindsey has been allocated £800,000 as part of the government's Rural England Prosperity Fund. The Council has been asked to identify activities that match the objectives of the fund and address local rural business and community challenges. The capital grant fund provides an opportunity to address those challenges linked to lower productivity rates, poor connectivity and limited access to services. The Council has identified the following four interventions for approval by central government:

1. Supporting non-agricultural farm diversification
2. Supporting the development of West Lindsey's Agri-Tech sector
3. Improved community broadband provision and rural connectivity
4. Improving rural community infrastructure

West Lindsey's Commitment to Sustainability and the Environment

In June 2021, West Lindsey District Council formally adopted its first Environment, Sustainability and Climate Change 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. Additionally, the new Corporate Plan will include a 'green thread' of strategic objectives to ensure that our commitment to mitigating climate change is embedded in every area of the Council's operations.

Devolution

The Levelling Up and Regeneration Bill committed to devolution deals by 2030 for "every area of England that wants one" in an effort to empower local leaders and communities. Within Lincolnshire, all 10 authorities within the Greater Lincolnshire area, including the unitary councils of North Lincolnshire and North-East Lincolnshire, have worked together to develop a vision for the area. The vision is centred around a 'level three' devolution deal,

which would seek to establish a county combined authority, including a directly elected mayor as required by the Levelling Up Bill. Whilst political leaders across Lincolnshire agree to the principles of a devolution deal for the area, there remains concern amongst district council leaders about governance arrangements and the inclusion of districts, and that any deal should ensure fair representation for local communities. As of January 2023, no final deal has yet been announced and there has been no agreement on the financial settlement Greater Lincolnshire would be seeking as part of an investment fund.

The Council's Corporate Plan

The Council's Corporate Plan is being refreshed for 2023-2027, with the new administration due to take ownership of this key strategic document following the local elections in May 2023. The current vision, which is well embedded, is likely to remain unchanged, 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.

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 2023-24

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 2023-24. 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 Strategic Objective / Outcome	Key Deliverable	Responsible Portfolio
To reduce health inequalities and promote wellbeing across the district through the promotion of healthy lifestyles	<ul style="list-style-type: none"> Improved health and wellbeing of the district's residents 	<ul style="list-style-type: none"> Implement and embed a District Health and Wellbeing Strategy that is aligned to the county wide Strategy 	Homes and Communities
	<ul style="list-style-type: none"> Greater quality of life and levels of independence among vulnerable residents 	<ul style="list-style-type: none"> Increased support to VCS organisations to deliver better outcomes for residents and communities 	Homes and Communities
	<ul style="list-style-type: none"> Deliver services and health improvements to enable re-establishment of lives after crisis 	<ul style="list-style-type: none"> Increase the provision of, and improve existing temporary accommodation across the district 	Homes and Communities
		<ul style="list-style-type: none"> Make the role of Homelessness Officer permanent on the establishment list 	Homes and Communities
	<ul style="list-style-type: none"> Increased opportunities for participating in sport, cultural and leisure activities 	<ul style="list-style-type: none"> Implement a framework for co-ordinating and delivering cultural activities within the District 	Operational and Commercial Services
		<ul style="list-style-type: none"> Refresh Visitor Economy Strategy and develop approach to Cultural Strategy / events programme 	Planning and Regeneration
	<ul style="list-style-type: none"> Ensure housing solutions provide choice and support independence 	<ul style="list-style-type: none"> Support delivery of affordable housing to meet identified needs 	Homes and Communities
		<ul style="list-style-type: none"> Enable delivery of housing with care and/or support to meet specific need i.e. extra care housing 	Homes and Communities
To create strong and self-reliant communities and promote positive life choices for disadvantaged residents	<ul style="list-style-type: none"> Improve homes and transform places 	<ul style="list-style-type: none"> Investment into improving poor housing stock and the street scene within the Gainsborough South-West ward via a property scene grant. 	Homes and Communities
		<ul style="list-style-type: none"> Managed migration of remaining working age Housing Benefit customers onto Universal Credit 	Change Management, ICT and

Corporate Plan Strategic Aim	Corporate Plan Strategic Objective / Outcome	Key Deliverable	Responsible Portfolio
	<ul style="list-style-type: none"> Promote self-reliant communities 		Regulatory Services
		<ul style="list-style-type: none"> Enable continuation of community broadband programme 	Homes and Communities
		<ul style="list-style-type: none"> Develop normalisation strategy for RAF Scampton 	Planning and Regeneration

Our Place

Corporate Plan Strategic Aim	Corporate Plan Strategic Objective	Key Deliverable	Responsible Portfolio
To ensure that economic regeneration in West Lindsey is sustainable and supports all our communities	<ul style="list-style-type: none"> Deliver housing led economic growth and infrastructure 	<ul style="list-style-type: none"> Implement a digital system linked to new Development Management System for tracking Section 106 and Community Infrastructure Levy income / expenditure to ensure we maximise potential investment in infrastructure in a timely manner 	Planning and Regeneration
		<ul style="list-style-type: none"> Joint working across teams to transform data collection and monitoring which will enhance intelligence led decision-making, inform plans and ensure a robust five year land supply 	Planning and Regeneration
	<ul style="list-style-type: none"> Increase Gross Value Added Increase job creation Diversify the economic base to create more jobs and skills 	<ul style="list-style-type: none"> Review of employment land and proposals for future employment land options with Economic Growth lead input 	Planning and Regeneration
		<ul style="list-style-type: none"> Develop a future pipeline of programmes and projects based on continual monitoring of local need and priorities and understanding of national strategy and funding opportunities. 	Planning and Regeneration
		<ul style="list-style-type: none"> Delivery of the UK Shared Prosperity Fund Investment Plan 	Planning and Regeneration
	<ul style="list-style-type: none"> A vibrant visitor economy 	<ul style="list-style-type: none"> Develop the monitoring, management and intelligence reporting from footfall data across the District to ensure it informs policy and strategy decisions 	Planning and Regeneration
To facilitate quality, choice and diversity in the housing market, assist in meeting housing need and demand and deliver	<ul style="list-style-type: none"> Improved quality and choice across the housing market 	<ul style="list-style-type: none"> Develop Affordable Housing Investment Proposals in line with Housing Strategy 	Planning and Regeneration

Corporate Plan Strategic Aim	Corporate Plan Strategic Objective	Key Deliverable	Responsible Portfolio
high quality housing related services to support growth			
To create a safer, cleaner district in which to live, work and socialise	<ul style="list-style-type: none"> Increased quality of life for residents 	<ul style="list-style-type: none"> Resourcing and preparations for nationally significant infrastructure projects and mandatory biodiversity net gain requirements 	Planning and Regeneration
	<ul style="list-style-type: none"> High standard of quality and compliance across all regulated areas 	<ul style="list-style-type: none"> Determine the preferred approach for improving standards in the private rented sector, including any possible options for selective licensing 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Development of a communications plan for Regulatory Services 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Establish a permanent Enforcement Officer resource to ensure sufficient capacity to meet ongoing demand 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Re-introduce the Caravan Site Licensing Regime 	Change Management, ICT and Regulatory Services
	<ul style="list-style-type: none"> Reduce anti-social behaviour 	<ul style="list-style-type: none"> Develop a new approach to antisocial behaviour, enviro-crime and fly-tipping in collaboration with key stakeholders 	Change Management, ICT and Regulatory Services
	<ul style="list-style-type: none"> Use the Council's statutory functions to improve public safety and cleanliness in the district 	<ul style="list-style-type: none"> Ensure compliance for the Building Control service with new professional standards and changing legislation 	Operational and Commercial Services
		<ul style="list-style-type: none"> Review of the waste collection round to ensure it is able to meet the demands of a growing district 	Operational and Commercial Services

Our Council

Corporate Plan Strategic Aim	Corporate Plan Strategic Objective	Key Deliverable	Responsible Portfolio
To remain financially sustainable	<ul style="list-style-type: none"> Create additional commercial revenue streams 	<ul style="list-style-type: none"> Explore the business case for the creation of a West Lindsey personal Local Land Charges search company 	Change Management, ICT and Regulatory Services

Corporate Plan Strategic Aim	Corporate Plan Strategic Objective	Key Deliverable	Responsible Portfolio
	<ul style="list-style-type: none"> Local taxpayers obtain good value for money and the services they expect 	<ul style="list-style-type: none"> Identify and procure new software that can identify Council Tax or Business Rate properties not already on the banding or rating lists 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Procurement and implementation of the Single Person Discount continuous review 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Completion of the Single Person Discount bi-annual review 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Completion of the Empty Homes Review 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Recovery boost for the collection of overpaid Housing Benefit 	Change Management, ICT and Regulatory Services
		<ul style="list-style-type: none"> Conduct an options appraisal and prepare a business case for the future of the North Warren Road depot 	Corporate Services
	<ul style="list-style-type: none"> Improve the support available for, and financial acumen of budget holders 	<ul style="list-style-type: none"> Implementation of the OneCouncil finance system 	Corporate Services
		<ul style="list-style-type: none"> Develop and deliver a finance training programme for members and officers 	Corporate Services
To put the customer at the centre of everything we do	<ul style="list-style-type: none"> Deliver high quality, customer centric services that offer excellent customer experiences, value for money and demonstrate a culture of continuous improvement 	<ul style="list-style-type: none"> Implement the Council's transformation Programme 'Together 24' and plan for the evolution of the Programme post-2024. 	All
	<ul style="list-style-type: none"> Improved means of access to services for customers 	<ul style="list-style-type: none"> Implementation of a Hybrid-Mail solution 	Operational and Commercial Services
		<ul style="list-style-type: none"> Implement a new telephony solution across the Council that meets the needs of our customers 	Operational and Commercial Services

Corporate Plan Strategic Aim	Corporate Plan Strategic Objective	Key Deliverable	Responsible Portfolio
	<ul style="list-style-type: none"> Increased customer satisfaction with Council services 	<ul style="list-style-type: none"> Create and implement a new Customer Experience Strategy 	Operational and Commercial Services
To maintain our position as a well-managed and well-governed Council	<ul style="list-style-type: none"> Ensure appropriate governance arrangements and skill-sets among members, to enable effective decision-making and fulfilment of the member advocacy role 	<ul style="list-style-type: none"> Implement the member induction and member device refresh 	Corporate Services
		<ul style="list-style-type: none"> Consider a fourth-tier governance review 	Corporate Services
	<ul style="list-style-type: none"> A progressive Council that gets things done 	<ul style="list-style-type: none"> Explore options to provide local data and intelligence on range of topics to support evidence-led decision-making, to evidence projects and funding bids and to gain greater understanding of needs of local communities 	All

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 green thread will be carried through into the refreshed Corporate Plan, ensuring the Council's environment and sustainability objectives are reflected throughout all of the themes and strategic objectives. The following table sets out some of the key deliverables that will support this agenda over the next three years.

Key Deliverables	Responsible Portfolio
<ul style="list-style-type: none"> An appraisal of the implications from the Environment Act 2021, including proposals for weekly food waste collections and free garden waste collections for all. 	Operational and Commercial Services
<ul style="list-style-type: none"> Appraise the potential to further proposals to introduce energy efficient vehicles as part of our vehicle replacement strategy. 	Operational and Commercial Services
<ul style="list-style-type: none"> Property Strategy review and de-carbonisation measures within our own properties. 	Corporate Services
<ul style="list-style-type: none"> Develop a system for carbon accounting. 	Corporate Services
<ul style="list-style-type: none"> Lead economic input into Climate Change agenda including monitoring of targeted grant support 	Policy and Strategy

Key Deliverables	Responsible Portfolio
<ul style="list-style-type: none"> Undertake a review, procurement and implementation of printing, scanning and copying solutions to reduce usage. 	Change Management and Regulatory Services
<ul style="list-style-type: none"> Increase take-up of e-billing and digital communications in the Council Tax service. 	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 74% (46.6% 2010/11)

Income from Customer and Client receipts and Investment Property Portfolio has increased income levels from £3.363m to £8.182m (143%) 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 draft financial settlement for Local Government 2023/24 was announced in December 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;

- £5bn more funding for local Councils
- Providing a 9% increase in national level core spending power
- Council Tax referendum limit of 3% or £5 whichever is the greater for district councils to help councils invest in services they provide to residents whilst protecting hard-working taxpayers from unfair hikes in rates.
- A new one-off Funding Guarantee to ensure every Council sees at least a 3% increase in Core Spending Power for 2023/24 before any local decisions on Council Tax rates are made.
- £4.8bn for Levelling Up
- A new one-off allocation of New Homes Bonus Funding for 2023/24.
- Keeping the Rural Services Delivery Grant
- Maintaining the Services Grant although adjusted for the reduction in employer national insurance contributions
- Removal of the Lower Tier Services Grant.

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 £0.173m 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

We are currently seeing inflation rise to its highest level in recent times, with the cost of food, 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

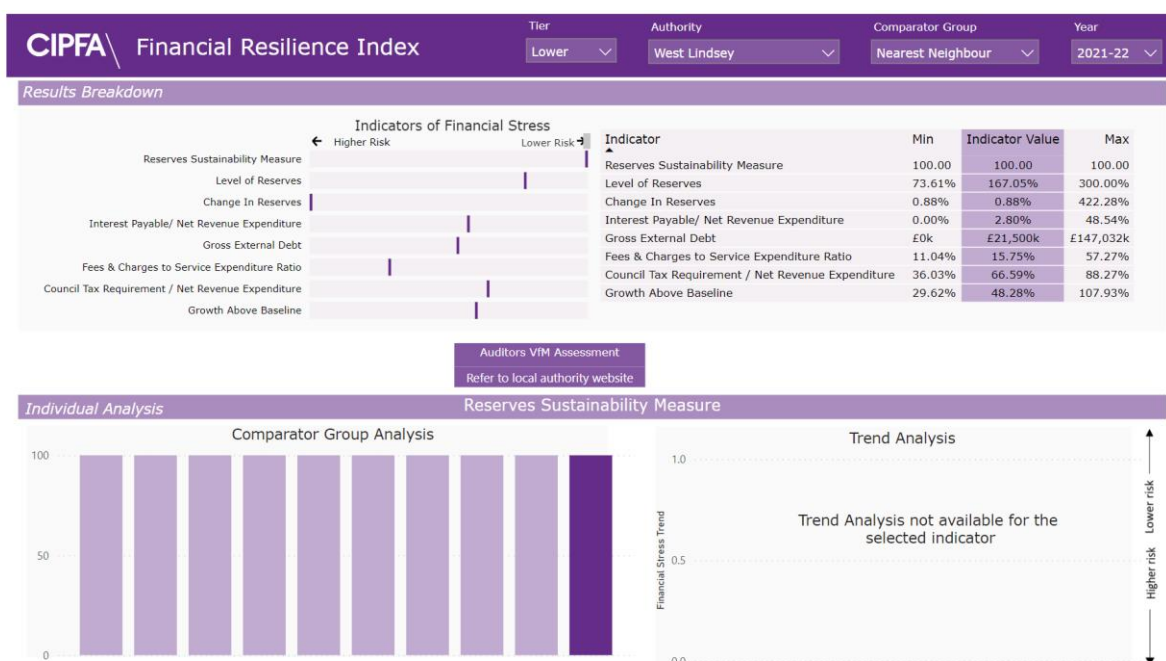
The Governments anticipated Levelling Up White Paper (strategy for delivery from 2022/23) has now been published. The Council has been successful in attracting £10.275m of funding to support jobs, businesses and economic growth as part of our Thriving Gainsborough Programme.

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 2025/26. 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 from accumulated growth from Business Rates retention from 2025/26. The one year settlement has however given us another year of resources we otherwise may not have had. The table below shows the Core Spending Power for West Lindsey DC based on the Local Government Settlement 2023/24.

West Lindsey	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Settlement Funding Assessment	2.974	3.023	3.023	3.023	3.252
Compensation for under-indexing the business rates multiplier	0.097	0.121	0.157	0.309	0.534
Council Tax Requirement excluding parish precepts	6.304	6.529	6.711	7.069	7.391
New Homes Bonus	0.924	0.736	0.719	0.924	0.561
Rural Services Delivery Grant	0.474	0.474	0.498	0.498	0.498
Lower Tier Services Grant	0.000	0.000	0.129	0.138	0.000
Services Grant	0.000	0.000	0.000	0.208	0.117
Grants rolled in	0.116	0.116	0.118	0.116	0.000
Funding Guarantee Grant	0.000	0.000	0.000	0.000	0.512
Core Spending Power	10.890	11.000	11.355	12.286	12.866

2.4 How we compare – Financial Resilience



2.4 General Fund Balances

The Council sets a minimum revenue balance of £2.5m

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 estimate that there will be a balance of £18.352m as at 31.3.2023 reducing to £14.576m by 2027/28 taking into account revenue and capital spending plans.



Medium Term Financial Plan: 2023/24 to 2027/28

**Including: Financial Strategy,
Medium Term Financial Analysis
2023/24 to 2027/28, Budget 2023/24,
Capital Programme 2023/24 to
2027/28**

MEDIUM TERM FINANCIAL PLAN

Section 1 - The Medium Term Financial Strategy

Section 2 - The Medium Term Financial Analysis

Section 3 - The 2023/24 Revenue Budget

Section 4 - Capital Investment Programme and Financing

Section 5 – Treasury Management Strategy

Section 6 – Human Resources Statement

APPENDICES

Appendix 1 Medium Term Financial Analysis (Revenue Budget Summary)

Appendix 2 Risk Register

Appendix 3 Capital Investment Strategy

Appendix 4 Capital Investment Programme 2023/24 – 2027/28

Appendix 5 Analysis of Capital Financing

Appendix 6 Pay Policy 2023/24

Appendix 7 Human Resources Statement 2023/24

MEDIUM TERM FINANCIAL PLAN

2023/24-2027/28

1. Introduction

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

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

2. Governance

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

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

In October 2018 the Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code (FM Code) which has been 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.

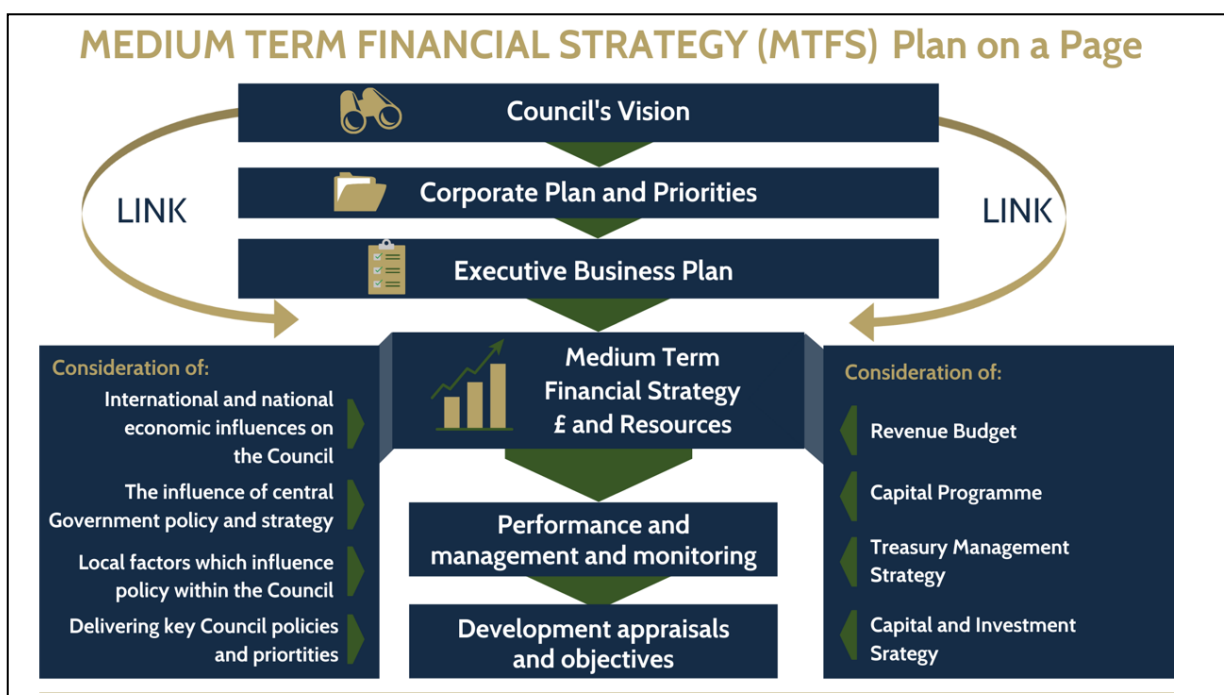
The framework will provide assurance in the prudent use of public resource, effective management of those resources, adherence to legislative requirements for which we are responsible and provide evidence of good governance.

1.1 Introduction

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

The 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 delivery, 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
- Effectively managing 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

1.2 Value for Money

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

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

- **Effectiveness** – deploying resources to meet objectives

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

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

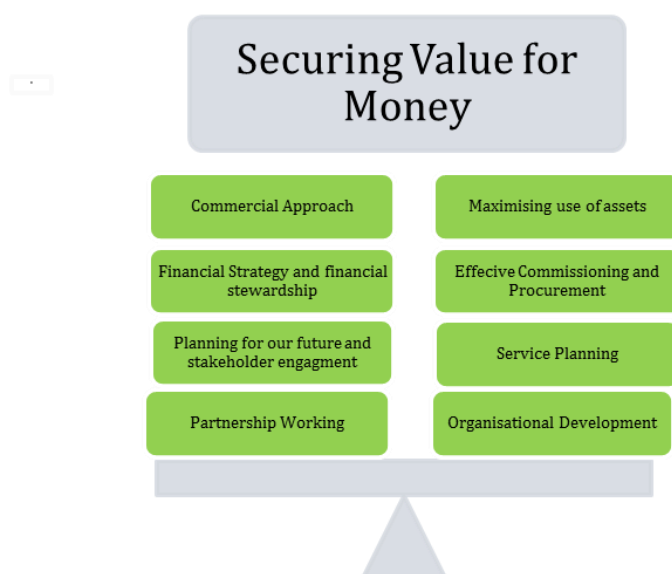
- Investing in communities (to help themselves and others)
- A more commercial council – to generate additional income and identifying opportunities that align with residents needs
- Modern, innovative and collaborative – utilising the best technology and commissioning delivery to achieve outcomes

This has resulted in WLDC maintaining a strong track record of identifying and 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

1.3 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 step Business Model ensuring Financial, Legal, Operational, Strategic and Commercial implications are considered and all risks assessed to enable informed choices.

1.4 Partnership Working

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

1.5 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. It also provides a strategic context for future investments. To achieve the best possible outcomes condition surveys are undertaken on our properties to ascertain the extent of works to be undertaken, which subsequently informs the MTFP.

1.6 Organisational Development

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

1.7 Business Planning

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

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

1.8 Commissioning and Procurement

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

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

1.9 Capital Investment Strategy (Appendix 3) and Capital Investment Programme and Financing (Appendix 4/5)

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 to 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

1.10 The Treasury Management Strategy

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.

1.11 Borrowing for Capital Investment

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

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

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

1.12 Financial Sustainability

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

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

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

The key assumptions are:

- That we will be able to borrow for self-funding capital investments and generate financial benefits that at least equal to the cost of borrowing including the minimum revenue provision (MRP), a regulatory requirement on Local Authorities
- We assume that we will generate significant revenue from new income streams from investment in assets
- We will generate efficiencies through service redesigns and the implementation of digital strategies for the benefit of our customers

1.13 The Pay Policy Statement (Appendix 6)

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 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 2023/24 the Budget has been based on the approved budgets for each Committee and in line with the 2023/24 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 some Business Rates Growth from 2025/26. In addition we have assumed that there will continue to be some element of funding to reflect rurality.

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 has established a suitable level of general fund and earmarked reserves to help to mitigate any future year shortfalls to balance the budget over the medium term. It is possible however that efficiency savings will need to be found in the medium to longer term once the government has reviewed the local government funding system together with the way Council's retain an element of business rates.

2.2 The Budget Planning Cycle

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

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures/savings and horizon scanning for future issues, including political, economic or legislative implications
- Business Planning reviews have been undertaken to identify further income generation opportunities and budget reduction proposals, which can be delivered to ensure a sustainable budget

- A robust Fees and Charges review, which resulted in an increase in income budgets of £0.007m. Full details of proposed fees and charges were presented to Policy and Resources Committee in November 2022
- 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 2023/24-2027/28
- 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 to support delivery of strategies and plans.

2.2 Budget Assumptions

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

- Employees – Pay award 2% 2023/24 and 2% thereafter
- Pensions – Employers contribution primary rate (employers' contribution) assumed at a 1% increase for each tri-annual period from 2026/27 onwards. Employers' contribution secondary rate (deficit reduction payment) assumed at a 9% increase for each tri-annual period from 2026/27 onwards.
- Council Tax increases of 2.99% for 2023/24 and 2024/25 and 1.99% onwards with annual tax base growth of 1.5%
- NNDR as per the financial settlement.
- Contractual inflation applied where required together with a 10% inflationary increase on price sensitive budget lines.
- New Homes Bonus no new allocations from 2024/25 onwards.
- Utilities – Electricity 100%, Gas 200% and Water 6%
- Capital Programme is based on best estimates of total investment, total borrowing; use of reserves; impact on revenue

2.4 Council Tax

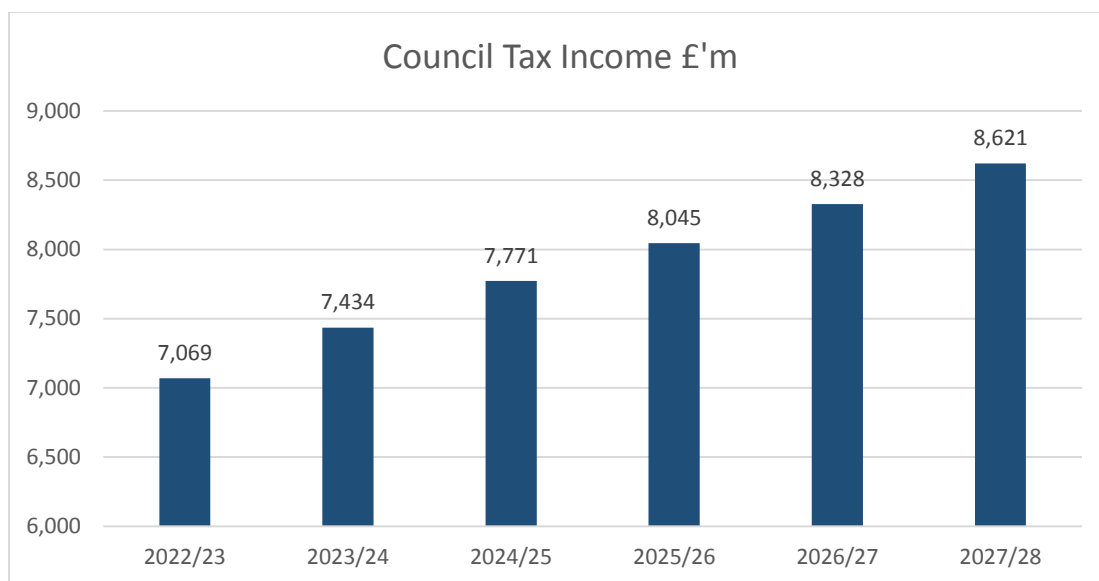
The Tax Base for 2023/24 has been approved at 31,696.76 (31,038.46 2022/23) reflecting growth of 2.12% (3.02% 2022/23). The MTFP includes annual growth rate of 1.5% for future years.

In terms of actual Council Tax, the Council's current strategy is to increase Council Tax to the Governments maximum capping levels (Assumed 2.99% for 2023/24 and 2024/25 and 1.99% thereafter), this strategy helps to support future sustainability.

The Council Tax increase for 2023/24 is proposed at a 2.99% increase (£5, 2.24% in 2022/23) giving a Band D equivalent Council Tax of £234.54 (£227.74).

Within the Medium Term Financial Analysis below we have assumed a 1.99% increase for 2025/26 onwards and a collection rate of 98.3% which is also the National Average.

In addition the Council Tax Surplus for 2023/24 has been calculated to be £0.290m (£0.226m 2022/23) and will be included in the budget.



2.5 Business Rates

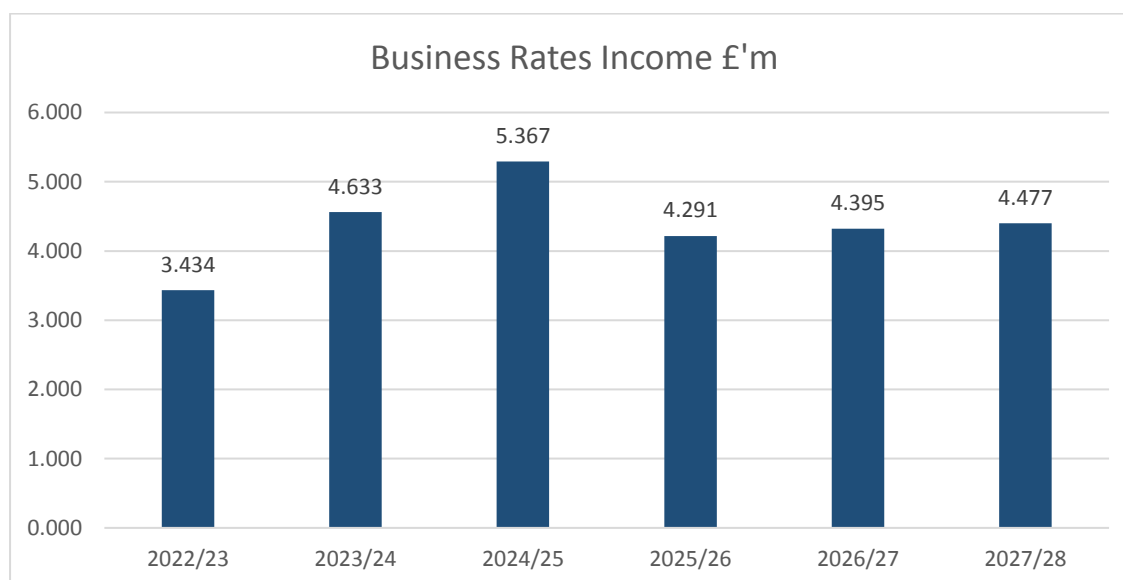
A further one year settlement for 2023/24 is estimated to provide business rates income of £4.633m (£3.434m 2022/23). However, this figure will be supplemented by transfers from the Business Rates Volatility Reserve of £0.669m (£1.170m 2022/23) which will offset previous years deficits included within the business rates income figure as a consequence of arrangements for Covid-19 reliefs. A contribution to the reserve is also being made in order to fund any exceptional appeals which may occur due to the latest revaluation which impacts from 2023/24.

We will continue to benefit of continuing to be a part of the Lincolnshire Business Rates Pool, provides an additional benefit of £0.484m (£0.453m 2022/23) 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 and in addition a potential full or partial reset, we are likely to experience reductions in business rates income.

Whilst full details of any new schemes 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 2025/26, 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 detailed below:



2.6 New Homes Bonus

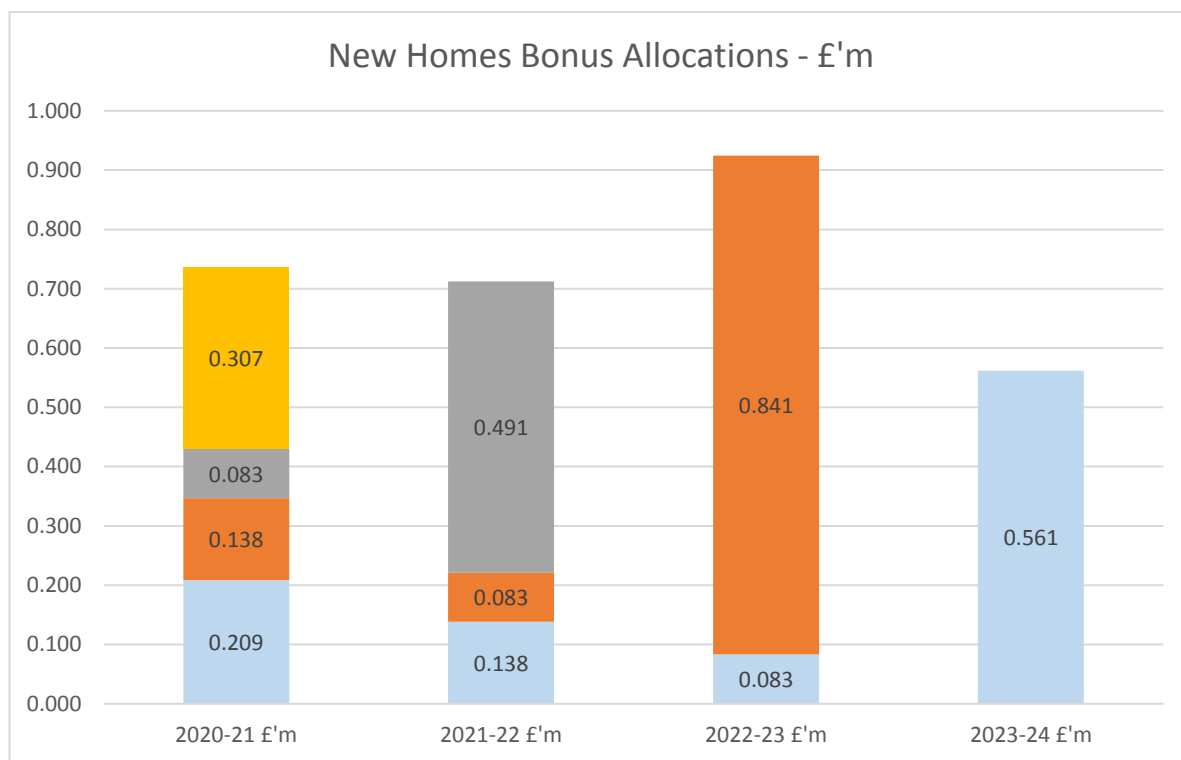
The New Homes Bonus was introduced in 2011/12 by Central Government and payable to local councils to incentivise housing growth in their area. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and bringing long term empty properties back into use. There is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

As part of the one year funding Settlement the scheme has again been extended for a further year and will result in an additional £0.561m being received in 2023/24.

In total the Council will have received £15.387m 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 2023/24 but if a share of the central balance is distributed it 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, the Council is 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, Barnett Waddingham.

The employer's contribution rate for the period 2023/24 has been determined at 23.5% per annum.

In relation to the pension deficit, currently £40.099m as at 31 March 2022 (£47.453m 2021), the Council's strategy is to contribute an appropriate amount with the aim of removing the deficit over a 20 year period. The payment for 2023/24 is £0.642m (£1.12m 2022/23).

2.8 Reserves

The Council are requested to approve the movement on Reserves.

The level of the General Fund Working Balance will be set, as a minimum at £2.5m. This minimum balance will represent funds available to mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates and the ongoing impact of Covid-19. In addition, such risks may also include changes in Government policy, further funding reductions post 2024/25 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;

	CURRENT YEAR	MTFP				
RESERVE	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
General Fund Working Balance	4,099,922	3,512,522	3,459,822	3,339,222	3,218,522	3,218,522
Earmarked Reserves	18,351,735	15,080,235	14,477,635	14,365,435	14,761,335	14,575,935
Capital Receipts	428,414	180,999	271,452	391,352	510,555	529,275
Capital Grants Unapplied	0	0	0	0	0	0
TOTAL	22,880,070	18,773,755	18,208,908	18,096,008	18,490,411	18,323,731

The table below reflects the movement on the General Fund Balance 2023/24

GENERAL FUND WORKING BALANCE MOVEMENTS		2023/24
Estimated Balance Brought Forward		4,099,922
Less Increases to Earmarked Reserves		25,400
Less Approved Use of Reserves		(132,800)
Transfer to new 'Invest to Save' Reserve		(500,000)
Add Contributions to Reserves		20,000
Grand Total		3,512,522

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

EARMARKED RESERVES	CURRENT YEAR		MTFP			
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Service Investment/Renewals	3,692,365	2,960,965	2,687,165	2,691,965	3,170,865	2,985,465
Contingency/Risk	4,411,751	4,045,951	3,928,951	3,811,951	3,728,951	3,728,951
Investment for Priorities	10,247,619	8,073,319	7,861,519	7,861,519	7,861,519	7,861,519
Grand Total	18,351,735	15,080,235	14,477,635	14,365,435	14,761,335	14,575,935

2.9 Medium Term Financial Analysis (Appendix 1)

The 5 year Medium Term Financial Plan 2022/23 has been updated during the budgeted process and reflects the total Funding Gap from 2023/24 to 2027/28, the Council has a number of projects and initiatives which will help meet the future funding gaps detailed in the table below;

	MTFP 2023/24 - 2026/27/28 5 YRS				
	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
MTFP - FUNDING GAP B/FWD	1,596,300	1,658,600	1,781,000	1,974,900	2,143,300
Pressures	771,900	934,300	883,200	831,400	841,200
Income Loss	130,600	162,500	129,800	96,100	96,100
Savings	(928,500)	(652,800)	(630,900)	(661,500)	(703,600)
Income Gain	(166,000)	(166,800)	(47,600)	(88,200)	(227,700)
Inflation	556,400	578,600	599,200	623,100	685,200
Contribution to Reserves	678,200	69,000	69,000	69,000	69,000
Increase MRP	0	0	0	34,000	117,000
Contribution to Revenue Contingency Budgets	341,400	0	0	0	0
Movement in Funding:					
Council Tax Surplus	(190,000)	100,000	100,000	100,000	100,000
Council Tax Yield	(170,000)	(306,200)	(373,300)	(444,400)	(519,500)
Other Government Grants	(597,900)	32,500	34,000	35,500	35,500
Business Rates	(2,022,400)	(2,025,200)	(901,000)	(943,500)	(1,025,900)
MTFP - FUNDING GAP	0	384,500	1,643,400	1,626,400	1,610,600

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

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

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

Budget changes have been built on amounts approved by the Corporate Policy and Resources Committee throughout the year, and changes approved under delegation. Changes to the base budget have been reported to both Prosperous Communities Committee and Corporate Policy and Resources Committee in February 2023.

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 and is forecast to exceed this target over the MTFP.

This represents;

- 123% of MTFP total 3 year deficit (£2.028m)
- 15% of budget requirement
- 17 days of average gross expenditure cover (£0.144m per day)

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

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.

2.12 Sensitivity Analysis

RISK	MITIGATION
Future Funding Levels	10% or £2.5m minimum General Fund Balance set. Which can be used to support a balanced budget should it be required giving the Council time to manage the implications of future settlement funding
Inflation under estimated	General Fund Working Balance
Borrowing Interest Rates under estimated	We budget at 100% borrowing need. In reality as we utilize our own cash reserves for some element of this borrowing (internal borrowing) saving on interest costs. It is therefore highly unlikely that there would be a budget impact.
Changes to Grant Funding	Initiatives and Projects would cease/reduce in line with Grant levels Earmarked £1m for Fairer Funding and Business Rates Review impacts
Demand for services reduces level of income receivable	Commercial Contingency Budget of £0.173m in base budget and General Fund Working balance of £2.5m
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 £0.173m

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	£0.100m
1% Council Tax	£0.074m
1% Business Rates	£0.046m
1% Non-Pay Budget	£0.105m
1% Interest on balances	£0.100m
1% on Borrowing	£0.265m
1% on Fees and Charges	£0.066m

3.1 Introduction

The Council presents a Balanced Revenue Budget for 2023/24, 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

3.2 Settlement Funding 2023/24

The Settlement Funding Assessment determines the Council's 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 2022, after which no significant changes are expected.

The announcement for West Lindsey included;

A one year Settlement covering 2023/24 which included the following: -

- An additional year of New Homes Bonus - £0.561m
- A new one -off Funding Guarantee grant worth £512k
- Continuation of the Rural Services Delivery Grant of £0.499m
- Continuation of the Services Grant but reduced to £117k
- Removal of the Lower Tier Services Grant of £138k

In additional changes to the referendum limits on Council tax increases to 2.99% or £5 whichever is the higher.

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

	Actual	Provisional
West Lindsey	2022/23	2023/24
	£m	£m
Settlement Funding Assessment	3.023	3.252
Compensation for under-indexing the business rates multiplier	0.309	0.534
Council Tax Requirement excluding parish precepts	7.069	7.434
New Homes Bonus	0.924	0.561
Rural Services Delivery Grant	0.498	0.498
Lower Tier Services Grant	0.138	0.000
Services Grant	0.208	0.117
Grants rolled in	0.116	0.000
Funding Guarantee Grant	0.000	0.512
Core Spending Power	12,286	12.908

3.3 Revenue Budget 2023/24

Cluster	Base Budget 2022/23	Forecast Budget 2023/24	Forecast Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28
	£	£	£	£	£	£
Our Council	6,068,100	7,785,400	7,306,100	7,296,400	7,480,700	7,864,000
Our People	1,731,700	1,809,200	1,587,800	1,689,500	1,730,600	1,763,300
Our Place	4,223,700	4,477,600	4,532,000	4,550,200	4,672,400	4,769,100
Grand Total	12,023,500	14,072,200	13,425,900	13,536,100	13,883,700	14,396,400
Interest Receivable	(149,200)	(577,300)	(468,300)	(349,800)	(325,000)	(325,000)
Investment Income - Property Portfolio	(1,470,800)	(1,576,700)	(1,576,100)	(1,575,500)	(1,614,700)	(1,705,000)
Drainage Board Levies	413,100	459,200	481,200	503,000	505,200	528,100
Parish Precepts	2,333,800	2,508,600	2,558,800	2,610,000	2,662,200	2,715,400
Interest Payable	451,800	794,400	1,052,700	1,052,700	1,052,700	1,124,600
MRP/VRP (repayment of borrowing)	898,000	906,100	913,300	913,300	913,300	860,200
Net Revenue Expenditure	14,500,200	16,586,500	16,387,500	16,689,800	17,077,400	17,594,700
Transfer to / (from) General Fund	(465,700)	(587,400)	(52,700)	(20,600)	(20,600)	0
Transfer to / (from) Earmarked Reserves	944,900	671,600	360,600	534,300	568,600	443,600
Amount to be met from Government Grant or Council Tax	14,979,400	16,670,700	16,695,400	17,203,500	17,625,400	18,038,300
Funding Income						
Business Rate Retention Scheme	3,433,900	4,633,200	5,366,600	4,291,100	4,394,600	4,477,000
Collection Fund Surplus - Council Tax	225,500	290,000	0	0	0	0
Parish Councils Tax Requirement	2,333,800	2,508,600	2,558,800	2,610,000	2,662,200	2,715,400
New Homes Bonus	924,400	561,500	0	0	0	0
Other Government Grants	993,100	1,243,300	614,300	614,300	614,300	614,300
Council Tax Requirement	7,068,700	7,434,100	7,771,200	8,044,700	8,327,900	8,621,000
TOTAL FUNDING	14,979,400	16,670,700	16,310,900	15,560,100	15,999,000	16,427,700
Balanced Budget / Funding Target	0	0	384,500	1,643,400	1,626,400	1,610,600

3.4 Base budget movements

The Budget of £16,670,700 (£14,979,400 2022/23) is proposed for approval and reflects an increase of £1,691,300 (including movements in reserves). The significant movements are detailed below;

Service Clusters

- Employee costs increase £0.888m includes impact of pay awards
- Inflation £0.609m on supplies and services, premises and transport
- Contractual cost increases £0.101m
- Crematorium £0.048m reduced income and increased operational costs
- Housing Benefit reduction in net subsidy and administration grant £0.079m
- Reduction in car parking permit income £0.050m
- Saving on Grounds Maintenance contract (£0.078m)
- Increase in planning fee application income (£0.061m)
- Increase in income following review of fees and charges (£0.017m)
- Movement in reserves £0.168m
- Other small movements (£0.080m)

Other Operating Expenditure

- Interest payable on borrowing budget increases due to increased interest rates and expected actual borrowing for treasury purposes and changes to the capital programme £0.343m.
- Interest receivable increase due to increases in interest rates meaning the Council can expect increased returns on its investments (£0.428m).
- Increase in investment property rental income (£0.086m).
- Increase in Drainage Board Levies £0.046m.
- Increase in the repayment of borrowing (MRP/VRP) £0.008M.

Funding

- Business rates retention scheme (£1.199m) – 1 year financial settlement
- Increase in Council Tax surplus share (£0.065m)
- Council Tax requirement (£0.365m) – increase of 2.99%
- £0.250m Financial Settlement – New Funding Guarantee Grant, less Lower Tier Services Grant removed.

Capital Investment Programme 2023/24 – 2027/28

4.1 Introduction

The draft Capital Programme 2023/24 to 2027/28 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 2023/24.

4.2 Asset Management Plan

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

Strategic & Operational Plans	2023/24 £	2024/25 £	2025/26 £	2026/27 £	2027/28 £
Strategic & Operational Plans	0	0	0	0	0
Physical Assets (Fit for Purpose)	29,000	50,000	110,000	0	0
Risk Management (Physical Estate)	0	0	0	0	0
Operational & Maintenance	533,000	40,000	128,000	122,000	106,000
Physical Assets	20,000	20,000	0	0	0
Capital Works Planning	0	0	0	0	0
Capital Works	42,000	0	0	0	0
Total	624,000	110,000	238,000	122,000	106,000

4.3 The Summary Capital Programme

Service Cluster	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	Total Capital Programme £
Our People	923,625	1,664,900	674,900	674,900	674,900	4,613,225
Our Place	15,404,211	5,278,900	554,400	50,000	479,400	21,766,911
Our Council	1,227,500	291,000	92,100	99,300	149,600	1,859,500
Investment	3,000,000	0	0	0	0	3,000,000
Grand Total	20,555,336	7,234,800	1,321,400	824,200	1,303,900	31,239,636

The overall Capital Investment Programme totals £31.240m however, £6.374m relates to the approved Capital Budgets (Stage 3 and Business as usual) with the remainder of £24.866m 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	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£	£	£	£	£	£
BAU	1,439,900	1,240,300	1,291,400	824,200	1,218,900	6,014,700
Pre-Stage 1	5,500,000	3,081,000	30,000	0	85,000	8,696,000
Stage 1	662,927	1,767,894	0	0	0	2,430,821
Stage 2	12,592,996	1,145,606	0	0	0	13,738,602
Stage 3	359,513	0	0	0	0	359,513
Grand Total	20,555,336	7,234,800	1,321,400	824,200	1,303,900	31,239,636

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 details 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 2023/24 – 2027/28 is analysed below;

CAPITAL FINANCING	Estimate 2023/24 £	Estimate 2024/25 £	Estimate 2025/26 £	Estimate 2026/27 £	Estimate 2027/28 £	TOTAL CAPITAL INVESTMENT £
Grants & Contributions etc	-13,119,190	-6,261,600	-674,900	-674,900	-674,900	-21,405,490
Revenue/Earmarked Reserves	-3,943,146	-963,200	-646,500	-149,300	-629,000	-6,331,146
Useable Capital Receipts	-3,350,000	-10,000	0	0	0	-3,360,000
Prudential Borrowing	-143,000	0	0	0	0	-143,000
Total Capital Programme Funding	-20,555,336	-7,234,800	-1,321,400	-824,200	-1,303,900	-31,239,636

4.5 New Bids

Members should be aware that the Capital Investment Programme has new bids for 2023/24;

- UK Shared Prosperity Fund
- Trinity Arts Centre Improvements
- ERP Systems Phase 2
- Saxilby Footbridge

5 Treasury Management 2023/24

- 5.1** 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.
- 5.2** Taking into account both the revenue and capital budget implications as detailed above, the following table reflects our forecast treasury position.
- 5.3** The Capital Financing Requirement reflects the level of overall approve borrowing for capital purposes, net of any Minimum Revenue Provision (MRP) which is an annual amount charged to the tax payer reflecting repayment of the borrowing over the life of the asset.

£m	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
Capital Financing Requirement					
Accounting Ad	1.065	1.065	1.065	1.065	1.065
Finance Leases					
Prudential Borrowing	39.240	38.026	37.256	36.336	35.416
Total CFR	40.305	39.091	38.321	37.401	36.481
Of which: Commercial Investment Property	20.585	20.211	19.837	19.463	19.089
Movement in CFR	1.770	-1.214	-0.770	-0.920	-0.920

Movement in CFR represented by					
Net borrowing need for the year (above)	2.774	0.100	0.143	0.000	0.000
Less MRP and other financing movements	-0.823	-0.906	-0.906	-0.913	-0.913
Capital Receipts from Loan Principal repaid	-0.181	-0.408	-0.007	-0.007	-0.007
Movement in CFR	1.770	-1.214	-0.770	-0.920	-0.920

6. Pay Policy Statement (Appendix 6) and Human Resources Statement (Appendix 7)

6.1 The Pay Policy Statement

The Human Resource Statement details the budgeted full time equivalents of 307.55 (291.06 2022/23) By Cluster and Business Unit.