Corporate Policy and Resources Committee
9 February 2017

Draft Financial Strategy and Medium Term Financial Plan 2017/18 to 2021/22 (including Capital Programme 2017/18 to 2021/22)

Report by:	Director of Resources (S151)
Contact Officer:	Financial Services Manager – Service Accounting Telephone: 01427-656560
Purpose / Summary:	The purpose of the Financial Strategy is to update Members on the current operating environment together with the challenges being faced, our approach to maintaining a sustainable financial position and progress to date. Detailed financial plans are set out within the MTFP The purpose of the Medium Term Financial Plan (MTFP) is to set a robust overall framework for the Council's spending plans over the next five years in supporting the delivery of the Corporate Plan and underpins delivery of the Financial Strategy. The report therefore outlines the Council's revised financial plans having taken into account changes in Government funding, the economic environment, local engagement and the priorities for the Council. The plan reflects the revisions to the previous estimates for the years 2017/18 to 2020/21 and the inclusion of estimates for 2021/22.

RECOMMENDATION(S):

1) **That Members recommend to Council the approval of the Draft Financial Strategy and Medium Term Financial Plan 2017/18 to 2021/22 (which may be subject to change once the final settlement is announced)**
2) **That Members recommend to Council the approval of the Capital Investment Programme 2017/18 to 2021/22**
3) **That Members delegate any housekeeping changes (including any required by the final settlement) to the Draft Financial Strategy and Medium Term Financial Plan to the Director of Resources in consultation with the Chairman of this Committee prior to the final consideration by Council on 6 March 2017**

IMPLICATIONS

Legal:

The Council has a responsibility to determine a legitimate 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 approve an Annual Treasury Management Strategy

Financial : FIN/131/17

The report presents a balanced budget 2017/18 and addresses the financial implications arising from the recommended revisions to the MTFP and the requirement to determine the Council Tax for 2017/18.

Final Settlement announcement is, as yet not incorporated into this report, and government funding is based on the Draft figures provided in December 2016.

In addition NNDR (Business Rates) income has yet be finalised due to Government changes delaying the process. Therefore, an updated Appendix A – the General Fund Budget will be circulated at the meeting.

The report proposes the following contributions to Earmarked Reserves from the General Fund Balance;

- £750k for investment in Business Improvement and Transformation to support investment in the development of business cases to achieve savings and efficiencies.
- £250k to the Facilities Maintenance Reserve to fund future investment in our owned property portfolio.

Staffing: None arising from this report.

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.

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 within the report.

Climate Related Risks and Opportunities :

None arising from this report

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

The Chartered Institute of Public Finance and Accountancy – The Prudential Code for Capital Finance in Local Authorities (2013 Edition)

The Chartered Institute of Public Finance and Accountancy – Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes (2011 Edition)

The Chartered Institute of Public Finance and Accountancy – Treasury Management

in the Public Services, Guidance Notes for Local Authorities including Police Authorities and Fire Authorities (2011 Edition).

The Corporate Plan

The Commercial Strategy

The Investment Strategy

The Fees and Charges Policy

The Asset Management Plan

The Acquisitions and Disposal Policy

Investment Policy – Land and Buildings

All documents are held within Financial Services at the Guildhall, Marshalls Yard, Gainsborough

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**	**x**	**No**	

Key Decision:

A matter which affects two or more wards, or has significant financial implications	**Yes**	**x**	**No**	

1. Introduction

Presented below is the Financial Strategy and Medium Term Financial Plan 2017/18 – 2021/22 an Executive Summary is contained therein. In addition this report includes for the first time an Executive Business Plan at part 3.

This document is central to our financial planning and plays a key role in the budget setting process and ensures that it the Revenue Budget, Capital Programme and Treasury Management Strategy.

The Strategy aims to ensure that all revenue resources are directed towards delivery of the Council's corporate priorities, and provides the strategy as to how we will achieve self sufficiency.

The Medium Term Financial Plan looks at 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 and availability of resources, ensuring we can set a balanced budget for the current year and identifying any funding gaps for future years.

2. The General Fund Revenue Budget

The General Fund Revenue budget is attached at Appendix A

Members should be aware;

- that the final settlement announcement has yet to be issued to us and amounts of government funding are those provided as draft in December 2016.

- That NNDR income has yet to be estimated for the medium term, the delay is due to changes announced in the Autumn Statement and the requirement for software providers to update their systems for these changes.

3. The Capital Investment Programme

The draft Capital Programme 2017/18 to 2021/22 provides a plan of future capital investments, this is reviewed annually and may result in significant change as business cases for schemes are developed.

There 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%.

The detailed Capital Investment programme is attached at Appendix C for consideration and recommendation to Council.

THE FINANCIAL STRATEGY
AND
MEDIUM TERM FINANCIAL PLAN 2017/18 – 2021/22

THE FINANCIAL STRATEGY

Executive Summary

1. Introduction

The Medium Term Financial plan is the primary strategic financial document for this Authority. This document will set out the national and local context, the commitments of the Authority to future service and capital development and establish the principles on which financial decisions will be made within available resources.

This document will also meet a number of regulatory requirements:

A - The requirement for the local Authority to agree a balanced budget for each financial year prior to the start of that year.

B – The requirement for the local Authority to establish the level of Council Tax for the coming year on the basis of that budget.

C - Meet best practice (supported by CIPFA) by setting out the coming year's budget within a Medium Term Financial Plan (MTFP).

Over the last four years West Lindsey has reduced its expenditure by £4.4m and held Council Tax in three out of the last five years whilst still providing award winning services to our residents.

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

2. Overview and Vision

This document provides an analysis of the financial state of the organisation and proposals for how the financial strategy will deliver the Corporate Plan and vision for the Authority.

The vision the Authority has, is for:

'West Lindsey to be seen as a place where people want to live, work invest and visit.'

The Corporate Plan identifies future priorities and outcomes which are based on evidence of assessments, surveys and key statistics such as deprivation and health related matters.

The Corporate Plan also details the values which guide our working:

- Delivering a surplus to re-invest
- Investing in communities
- Delivering customer focussed priorities
- Generating growth

and sets out or approach based on the Entrepreneurial Model of:

- Investing in communities to help themselves and others
- A more commercial Council
- A modern, innovative and collaborative Council

The Corporate Plan aims to deliver this vision through six priority Themes:

- Open for Business
- People First
- Asset Management
- Local Plan
- Partnerships/Devolution
- Excellent Value for Money Service

3. <u>Context and strategy</u>

a. <u>National Context</u>

The last twelve months have seen a number of significant changes for the UK. Since the voting population indicated a desire to leave the European Union in the June Referendum there has been a range of ramifications. There has been a change of Prime Minister, a reduction in the value of sterling against other currencies and a range of views developed about the nature of our departure from the EU.

The new government has removed the commitment to a balanced budget within this parliament, maintenance of the reduced expenditure for Local Government and an indication that Education will begin to see its available resources reduced. There is still a commitment to maintain Health and Defence budgets but it is clear that Health is struggling to maintain services within the current budget envelope. The Government has also determined that Local Government will become ‘self-financing’ through Council Tax and Business Rates within this Parliament.

On a policy level the Government has shown an emphasis on Housing and Homelessness through the recently introduced Housing and Planning Act, which has been supported by the new HCA (Homes and Communities Agency) funding programmes and the continued development of OPE (One Public Estate) which requires Council's to look at how to maximise the benefit of public property for the benefit of the wider public sector.

The policy position also extends into the national Industrial Strategy which is expected to provide support to target sectors such as agri-food and manufacturing.

At a regional level the Industrial Strategy has led to the establishment of the concept of the 'Midlands Engine Room' as a focus for developing the economy across the Midlands. It is expected that there will be announcements in February pertaining to the Single Local Growth Fund 3 via the Greater Lincolnshire Local Enterprise Partnership.

The provisional financial settlement announced in December 2016 continued the new methodology (introduced in 2015) for the distribution of resources which has led to the Shire Counties (and districts) experiencing a larger reduction than other local authorities. Figures produced by the SPARSE lobby group suggest the Shire Counties have seen a reduction of 31% whilst the Metropolitan Boroughs have seen a reduction of 22%.

Whilst the Government has agreed the four year settlement for RSG, RSDG and Transition Grant it has made significant changes to the New Homes Bonus distribution. In order to switch resources from NHB to the Better Care Fund and bringing forward some of its future commitments from last year, the overall national budget for NHB has been reduced by £241m, whilst funding for 2018/19 and 2019/20 remains at the pre-announced levels. Other changes to the scheme include:

Funding will be reduced from 6 years to 5 years' of payments in 2017/18

Funding will then reduce to 4 years' from 2018/19 onwards

From 2018/19, the government will consider withholding payments from local authorities that are not *"planning effectively, by making positive decisions on planning applications and delivering housing growth".*[1]

A consultation is planned regarding withholding payments for homes that are built following an appeal.

[*Significant lobbying by ourselves, our local MP, Sir Edward Leigh and the SPARSE network led to changes in the final settlement announced in February 2016.*

The Local Context below is based on the final settlement position.]

b. Local Context

In 2017/18 West Lindsey District Council has seen a further reduction in Revenue Support Grant (RSG) of 54.9% although this continues to be remediated to some degree by the separation of the Rural Services Delivery Grant (RSDG). This has also been reduced from the 2016/17 level, taking our overall reduction between 2016/17 and 2017/18 to 14%.

[1] Taken from the Minister's statement

Whilst our plans to date have been based on the reduction of RSG to zero by 2020/21 the four year settlement, which has been sustained in the provisional settlement, reduces our RSG to nil by 2019/20.

The new Chancellor has committed to continuing with plans to deliver 100% retention of Business Rates by the end of this parliament or earlier. This process will be accompanied by the delegation of further duties expected to be funded from the increased retention and will not offer any replacement for the lost RSG. Further consultation on this issue is expected in the near future.

The changes to New Homes Bonus will reduce our expected income, based on the years already announced, by £377k. The lost income due to the changes on future years has not been calculated as the growth element is unknown but it can be assumed as being equivalent to a single year impact in the region of £250k per year. Given that this funding has been earmarked for investment in housing and regeneration since 2011/12 it will have a significant impact on our ability to fund future growth projects.

c. Funding Assumptions

The Comprehensive Spending Review 2015 made a four year proposal to Local Authorities. Council agreed in October 2016 to submit our efficiency plan to qualify for the four year deal. In total 97% of Local Authorities signed up for the four year deal.

It was intended that the four year deal would provide some certainty over future funding arrangements however the Business Rates and New Homes Bonus arrangements were not included.

We will not know the full implications of the local retention of Business Rates and the new duties to be delegated to Local Authorities, until a full consultation exercise has been undertaken. It is clear that there will need to be a mechanism for equalisation of Business Rates on a national basis and we await to see what the review over the next year will deliver.

d. Corporate Priorities and Dependencies

This MTFP is based on the delivery of the Corporate Plan priorities (as shown above), the Commercial Plan and the growth initiatives currently being developed. The implications of these strategies, alongside the commitment to deliver excellent services is the basis on which this MTFP has been developed.

Two key plans include the Commercial Plan and the Growth and Regeneration Plan; the key objectives of which are summarised below.

The Commercial objectives are:

- Developing new trading opportunities
- Securing external funding
- Enhancing land and property assets and to attract additional council tax and NNDR
- Developing a more commercial culture

The growth strategies are designed to be housing led, to create a self-sustaining growth area and include:

- Delivery of 800 new homes on brown field sites
- Support and quicken the pace of delivery in the Gainsborough Southern and Northern Neighbourhoods

- Provide a critical mass of population living/using the town
- Re-development of strategic brownfield sites
- Capitalising on the towns relationship with the river to drive land values
- Reverse market stigma
- Provide a catalyst to town centre regeneration including protection enhancement of the historic fabric and townscape
- Delivery of mooring and a marina to animate the riverfront, providing a focus for new commercial development
- Delivery of new retail and mixed use development to anchor the western end of the town centre

4. WLDC Executive Business Plan

a. Commitments within this MTFP (Business Plan)

Alongside this Financial Plan we will publish an action plan to deliver our corporate priorities. This section will provide a summary and overview of those actions. This Medium Term Financial Strategy commits the Authority to delivering the above priorities through our strategic cluster of services;

i. Commercial Cluster

- Trading Activity
  - A number of services are beginning to establish themselves for commercial trading and these will begin to contribute to the income of the organisation within the life of this plan.
- Commercial Investments
  - There are three major commercial investment projects currently being progressed within the lifetime of this project:
  - There are also a number of projects within the Growth and Regeneration programme which are expected to have commercial outcomes but at this stage have not been recognised within the revenue generation elements of this plan.

ii. Customer First Cluster

- Closer to the Customer
  - The Council is embarking on a transformation journey; to provide a real focus on our customers; in all that we do.
- Commercialisation
  - The Council has committed to being a ‘Commercial’ organisation, providing a range of ‘paid-for’ services to residents and businesses both inside and outside of the district, as part of the Customer First Cluster.
- Efficient Services
  - In support of this programme; and to ensure that the services continue to ensure that they are operating as efficiently and cost-effectively as possible, with the

customer in mind, the service units have also developed a range of business plans which are short term improvement initiatives to support the Excellent Value for Money Corporate Priority

iii. Economic Development and Neighbourhoods Cluster

- **Central Lincolnshire Local Plan**
    - The public examination concluded on the 14th of December 2016. The Inspector raised no issues with the new employment allocation at Hemswell and was satisfied by the evidence of deliverability of the Gainsborough SUE's. Minor modifications will be published and consulted on in the spring of 2017 as a precursor to adopting the Local Plan.

- **Neighbourhood plans –**
    - WLDC has received national recognition for its approach to Neighbourhood plans. We currently have 6 completed with a further 33 in development. This will ensure that our residents have their say on development across the District.

- **Housing Zone**
    - Following the successful bid for Capacity Funding in May 2016, securing a grant of £165k and an additional £100k for technical studies from the HCA, the team have successfully secured a Housing LDO at Riverside Gateway for 245 new homes and have delivered circa 20 new homes in central Gainsborough. In early 2017, work will commence on a second LDO for Albion Works. In February 2017 Local Partnerships are providing a senior development professional at nil cost to work with team in preparing complex development appraisals and cash flows and to negotiate delivery of the strategic brownfield housing sites, in addition to appraising the Council's potential role in delivering the SUE's.
    - We are expecting that funds will be made available from GLLEP to unlock housing opportunities. An announcement is imminent.

- **Selective Licensing**
    - Successfully underway in addition to other interventions in the private sector rent marketed to improve the quality of the housing stock and social wellbeing.

- **Marina**
    - We continue to explore and promote the potential for a Marina in West Lindsey and currently Lincolnshire County Council are leading and funding a water space study, business case and Environmental Impact Assessment at cost of £60k.

- **INVEST Gainsborough**
    - A market facing investment prospectus for the town was launched in July 2016. This sets out the economic growth and locational benefits of Gainsborough in tandem with the Councils Regeneration funds and delivery plan.
    - WLDC Development Partnership
        - The Council is procuring a DP via Competitive Dialogue to assist in the development of the INVEST programme, the Councils housing and commercial land and property agenda's.
- **Heritage Master Plan**
    - A bid to HLF has been made with a decision due in January 2017 for £1.5 m with £400k match funding from Council reserves
    - Joint Venture Company – Market Renewal LTD – to be incorporated in mid-February with £250k for DPL a private developer and matched funded by WLDC
    - Targeted lettings/GGF – a £50k pilot has been allocated to this to refurbish and re-let shops in private ownership. Additional funds will be sought for reserves and Lindsey Action Zone/LEADER funding
    - Sun Inn hotel - a bespoke Funding Agreement with DPL to deliver a hotel and restaurant, and public realm improvements to North St and Rose way carpark.
- **Food Enterprise Zone**
    - The draft LDO will be considered at Committees in February 2017 for 30 hectares of Agri- food use. The GLLEP have allocated £2.7m from SLGF. Discussions with land owners are ensuing to work up development plans with a potential commercial role for WLDC. £50K of DEFRA funds have been used on LDO costs. £250k of funding for this project from the capital programme has been reserved and will be drawn down in 2017/18.
- **Hemswell Cliff Master Plan**
    - An implementation plan has been drawn up to maximise the use and leverage of the allocated £250k capital programme funds on road improvements and infra-structure to allow for adoption by LCC and the Parish. This is In addition to a Neighbourhood plan and housing interventions.

iv. **Housing and Regeneration Cluster**

- Delivering the Property and Land Management Strategy is a key priority in order to ensure that the WLDC property portfolio delivers the anticipated revenue returns, and covers its own costs wherever possible, along with the delivery of major commercial projects

- The Housing Strategy is a priority to ensure that growth targets can be delivered by fully understanding the demand, supply, micro-markets within the district and those of neighbouring authorities, as well as looking at potential partnership opportunities with developers, social landlords and specialist service providers.

- One Public Estate to meet the Government's agenda in ensuring that we maximise the benefit of public property for public use.

- The strategic acquisition of the former Lidl site will be completed to facilitate the redevelopment of the Council's town centre sites in the Development Partnership.

- The development of a new paid for service facility within West Lindsey is also an active project. This is intended to provide a modern and sympathetic facility for the residents of West Lindsey and bordering districts that leaves scope for expansion and provides additional income for improvement of council services.

- Investigation into the feasibility and requirement for a new waste services depot facility for the Council is underway. Work will progress on this front to identify suitable locations and design options.

5. Financial and Risk Analysis

a. Value for Money (VFM)

Our financial strategy is also designed to ensure that we deliver on our value for money duty. The VFM framework is set out at paragraph 1.5 in Part 1 of the attached strategy. It shows the range of activities we undertake to ensure that this strategy is embedded throughout the organisation and that ongoing decision making is designed around delivering value for money outcomes across all activities of the council.

Benchmarking

Section 2 of the MTFS relates how we, as an authority, perform against other District Councils nationally. A couple of comparisons that should be noted include:

- Reserves position as a proportion of net revenue expenditure. (part 2, para 2.4) As an authority we compare favourably with regards to most financial measures due to our high level of reserves, however the future available resources will reduce our position in this respect

- Pension Fund Liability as a % of net revenue expenditure (part 2 para 2.4). With a ranking of 26 out of 201 we again rank highly compared with other Districts, this, in part, is as a consequence of making additional payments to reduce this liability.

b. Financial Management and Principles

The budget presented in this report has followed a thorough process, which has included a review of all budgets within services and this has delivered a reduction in expenditure of over £150k.

The budget creation and monitoring process has recently received a full assurance rating from the internal audit team, providing a high level of confidence in the procedures which incorporates engagement and challenge within the process.

Section 3 of this strategy shows the assumptions used in the creation of the budget for 2016/17 and the forecasts for future years.

c. Sustainability

The sustainability of these plans is 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 the 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. These are listed at Section 3 of the MTFS. The key assumptions are that we will be able to borrow for self-funding capital investments and generate financial benefits at least equal to the cost of borrowing including the minimum revenue provision (MRP), a regulatory requirement on Local Authorities. In addition, we assume that we will generate significant revenue from new income streams by selling our services.

The remaining funding gap in future years is expected to be balanced by the development of further commercial opportunities and significant restructuring of services. Plans in these two areas continue to be developed but are insufficiently advanced to be included at this stage.

Members will be informed on progress via the quarterly budget monitoring reports.

d. Medium Term Analysis

The medium term analysis is aided by the indicative four year view provided by the comprehensive spending review and can become more certain if we as an authority agree to the ‘four year deal’.

The MTFP shows that we have a balanced position for 2017/18 and 2018/19 however subsequent years continue to reflect deficits. It should be noted that the balanced position is reliant on the delivery of commercial investment projects and the provisioning of significant services.

The forecast already includes net income of £1.5m if all commercial opportunities deliver the expected returns. The balance is expected to be achieved through significant restructuring of our service provision which will create a customer and commercial centric delivery environment.

We have consulted with, residents and businesses on our proposals and there has been overall general support for the approach set out in the strategy.

This strategy assumes that over its lifetime we will deliver a capital programme of £53m which will be designed to support the Council priorities. This will use a mix of self-financing and borrowing to fund that programme. It should be noted that we have a high level of earmarked revenues reserves set aside for the purpose of investment and once committed to the capital programme will no longer be available to support revenue expenditure.

e. Risk Considerations

A full risk assessment is included at section 4. The key risks attached to this strategy include:

Successful delivery of our commercial and growth commitments – This strategy has plans to use our reserves and borrowed funds to both develop Gainsborough and a range of commercial opportunities to increase our self-generated income substantially over the next four years. It is unlikely that all initiatives will be successful however we are confident that sufficient success will be achieved to deliver an appropriate level of return on our investment. You will see within our commitments we continue to focus on service improvement, governance and performance which is designed to manage our risk exposure and provide opportunities for assessing the likelihood for success.

Successful transformation and service improvement – This strategy will see West Lindsey District Council become a self-sustaining organisation supported by Council Tax, Business Rates and Commercial income. The transformation and improvement of services will be a key pillar of delivering that aspiration and will see a series of changes delivered over the life of this plan.

f. Finance Officer Statement on Robustness of Estimates.

In recent months our approach to budget development and monitoring has received the highest assessment from our internal audit team. This provides added confidence with regards the robustness of our estimates within this financial plan.

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. At section 4.5 below, I set out my statement as Chief Financial Officer and on the robustness of estimates, the adequacy of reserves and the affordability of capital investments.

THE FINANCIAL STRATEGY 2017/18 – 2021/22

PART 1: OVERVIEW AND VISION

Introduction

The Medium Term Financial plan is the primary strategic financial document for this Authority. This document will set out the national and local context, the commitments of the Authority to future service and capital development and establish the principals on which financial decisions will be made within available resources.

This document will also meet a number of regulatory requirements:

A - The requirement for the local Authority to agree a balanced budget for each financial year prior to the start of that year.

B – The requirement for the local Authority to establish the level of Council Tax for the coming year on the basis of that budget.

C - Meet best practice (supported by CIPFA) by setting out the coming year's budget within a Medium Term Financial Plan (MTFP).

The Strategy has three elements:

1 – Generate Commercial Income to replace grant
2 – Deliver Efficiencies to reduce the overall required expenditure
3 – Lever in grant support and other resources to secure programme delivery

Over the last four years West Lindsey has reduced its expenditure by £4.4m and held Council Tax in three out of the last five years whilst still providing award winning services to our residents.

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

Overview and Vision

This document provides an analysis of the financial state of the organisation and proposals for how the financial strategy will deliver the Corporate Plan and vision for the Authority.

The vision for the Authority has is for

'West Lindsey to be seen as a place where people want to live, work invest and visit.'

Our values include:

Can-Do Council

Communicate Effectively

Creative and Business Smart

Focus on Communities and Customers First

The Corporate Plan aims to deliver this vision through six priority Themes:

- Open for Business

- People First
- Asset Management
- Local Plan
- Partnerships/Devolution
- Excellent Value for Money Service

Our approach in delivering under each of these themes includes:

- Being an Entrepreneurial Council
- Investing in Communities
- Being more commercial
- Being modern innovative and collaborative
- Delivering Outcomes for Less
- Seeking to deliver a surplus on traded services
- Investing in Communities
- Delivering Customer focused priorities
- Growth and regeneration

The remainder of this document will focus on the actions we will take to deliver the above ambition within the financial constraints set out in the financial strategy.

1.1 West Lindsey District Council Business Plan - The Medium Term Financial Strategy (MTFS)

The MTFS is the Council's key financial planning document which sets out the Council's strategic approach to the management of its finances. The Medium Term Financial Plan (MTFP) represents the indicative budgets and Council Tax levels for the medium term. It covers the General Fund Account, the Investment Strategy, the Capital Programme the Treasury Management Strategy and the Pay Policy Statement. It also comments on the significant risks facing the Council in the forthcoming years and explains what the Council is doing to reduce those risks.

The Financial Strategy Principles are;

- to drive a robust and sustainable financial position
- to support growth and service delivery, utilising the Council's resources
- to ensure a sound and appropriate mechanism to support robust decision making

The main objectives of the MTFS are to:

- Explain the financial context, over the medium term, and within an uncertain economic and funding environment in which the Council is set to operate.
- To help ensure that the Council's financial resources are directed to support delivery of the Corporate Plan priorities and value for money.
- Provide a medium term forecast of resources and expenditure and to illustrate the financial effects of existing financial commitments over the medium term, both revenue and capital, and to inform transformational and commercial strategies necessary to achieve a balanced budget.
- To maximise the Council's financial resilience and manage risk and volatility, including maintaining adequate risk reserves.
- To secure new, and manage effectively the Council's land and property assets by undertaking a prudent level of capital investment in addition to maximising returns on investment.
- To achieve a stable and sustainable budget capable of withstanding future financial pressures.

A balanced budget will be presented annually to the Council for approval.

PART 2: Context and Strategy

2.1. National Context

On 19th December 2016 the Secretary of State for the Department of Communities and Local Government, The Rt Hon Sajid Javid MP, made a statement to Parliament on the provisional local government finance settlement 2017/18. The final settlement will be announcement in February 2017, the impact of which is covered in brackets in each bullet point below;

The main points were;

- Removal of the commitment to achieve a budget surplus by the end of Parliament.
- Current spending plans for Central and Local Government are as announced in February 2016 (4 year settlement funding)
- The Council Tax referendum limit will be maintained at 2% or £5 whichever is the greater
- New Homes Bonus will retained, although reduced to 4 years and only growth above 0.4% will attract New Homes Bonus in the future
- The government stood by its 4 year settlement offer
- There is still commitment to the review of NNDR Retention Scheme which will require some level of Top Up/Tariff to with the intention that 100% would be retained locally
- A Local Infrastructure Borrowing Rate will be introduced

2.2 Core Spending Power within Local Government

Based on the Governments announcement the Core Spending Power will see only a small impact nationally, however in allocating Core Spending Power to individual authorities is based on the services they provide, WLDC is likely to see a 10.6% reduction over the 4 year period.

England

Illustrative Core Spending Power of Local Government;	2015-16 £ millions	2016-17 £ millions	2017-18 £ millions	2018-19 £ millions	2019-20 £ millions
Settlement Funding Assessment*	21,249.9	18,601.5	16,632.4	15,598.8	14,584.3
Council Tax of which;	22,035.9	23,247.3	24,623.2	26,082.1	27,629.0
Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)	22,035.9	22,858.5	23,789.7	24,760.7	25,773.5
additional revenue from referendum principle for social care	0.0	381.8	814.2	1,289.6	1,811.5
Potential additional Council Tax from £5 referendum principle for all Districts	0.0	7.0	19.4	31.7	44.0
Improved Better Care Fund	0.0	0.0	105.0	825.0	1,500.0
New Homes Bonus	1,200.0	1,485.0	1,251.9	938.0	900.0
Rural Services Delivery Grant	15.5	80.5	65.0	50.0	65.0
Transition Grant	0.0	150.0	150.0	0.0	0.0
The 2017-18 Adult Social Care Support Grant	0.0	0.0	241.1	0.0	0.0
Core Spending Power	**44,501.3**	**43,564.2**	**43,068.6**	**43,493.8**	**44,678.3**
Change over the Spending Review period (£ millions)					177.0
Change over the Spending Review period (% change)					0.4%

Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Funding
*2019-20 Settlement Funding Assessment has been modified to include a provisional tariff or top-up adjustment

2.3 Local Context

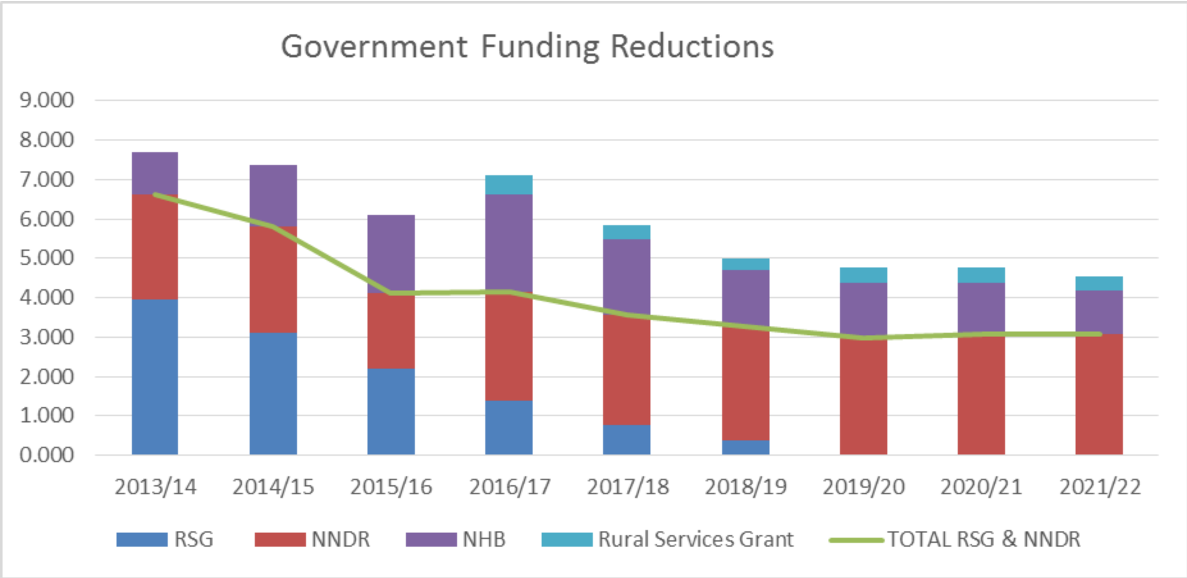
The settlement Funding Assessment for West Lindsey provided below. West Lindsey will see a reduction of 10.6% compared with 0.4% nationally, services such as health, social care and education are prioritised for resources.

West Lindsey					
Illustrative Core Spending Power of Local Government;					
	2015-16	2016-17	2017-18	2018-19	2019-20
	£ millions	£ millions	£ millions	£ millions	£ millions
Settlement Funding Assessment*	4.9	4.2	3.6	3.3	3.0
Council Tax of which;	5.4	5.7	5.9	6.1	6.4
Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)	5.4	5.6	5.8	6.0	6.2
additional revenue from referendum principle for social care	0.0	0.0	0.0	0.0	0.0
Potential additional Council Tax from £5 referendum principle for all Districts	0.0	0.0	0.1	0.1	0.1
Improved Better Care Fund	0.0	0.0	0.0	0.0	0.0
New Homes Bonus	2.0	2.5	1.9	1.4	1.4
Rural Services Delivery Grant	0.1	0.5	0.4	0.3	0.4
Transition Grant	0.0	0.0	0.0	0.0	0.0
The 2017-18 Adult Social Care Support Grant	0.0	0.0	0.0	0.0	0.0
Core Spending Power	**12.4**	**12.8**	**11.8**	**11.2**	**11.1**
Change over the Spending Review period (£ millions)					-1.3
Change over the Spending Review period (% change)					-10.6%
Please see the Core Spending Power Explanatory note for details of the assumptions underpinning the elements of Core Funding					
*2019-20 Settlement Funding Assessment has been modified to include a provisional tariff or top-up adjustment					

Core Spending Power					
		2016-17	2017-18	2018-19	2019-20
Core Spending Power	£ millions	*12.8*	*11.8*	*11.2*	*11.1*
Dwellings As At September 2016		42,486	42,486	42,486	42,486
Core Spending Power per Dwelling	£	301	277	263	261

This Council had prudently prepared for funding reductions and had made assumptions within the 2015/16 MTFP that RSG would cease in 2020/21, the funding announcement 2016/17 confirmed that for this Council the ceasation of RSG will be in 2019/20 in addition to front loading the reduction in RSG to 2016/17.

The graph below illustrates the change in the main sources of Government Funding for West Lindsey District Council since 2013/14 including Revenue Support Grant and NNDR baseline (elements of the Settlement Funding), New homes Bonus and the Rural Services Grant.



	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
RSG	3.969	3.125	2.198	1.387	0.761	0.371	0	0	0
NNDR	2.641	2.692	1.934	2.766	2.821	2.904	2.997	3.093	3.093
TOTAL RSG & NNDR	**6.610**	**5.817**	**4.132**	**4.154**	**3.582**	**3.275**	**2.997**	**3.093**	**3.093**
NHB	1.083	1.549	1.986	2.481	1.889	1.444	1.386	1.285	1.076
Rural Services Grant	0	0	0	0.471	0.381	0.293	0.381	0.381	0.381
TOTAL FUNDING	**14.303**	**13.183**	**10.250**	**11.260**	**9.433**	**8.286**	**7.760**	**7.851**	**7.643**

The Councils settlement funding resources for 2017/18 total £9.433m. The Council continues to engage in consultations and lobby for a fairer outcome for our rural communities.

2.4 Financial Performance Benchmarking – How we compare (Appendix E)

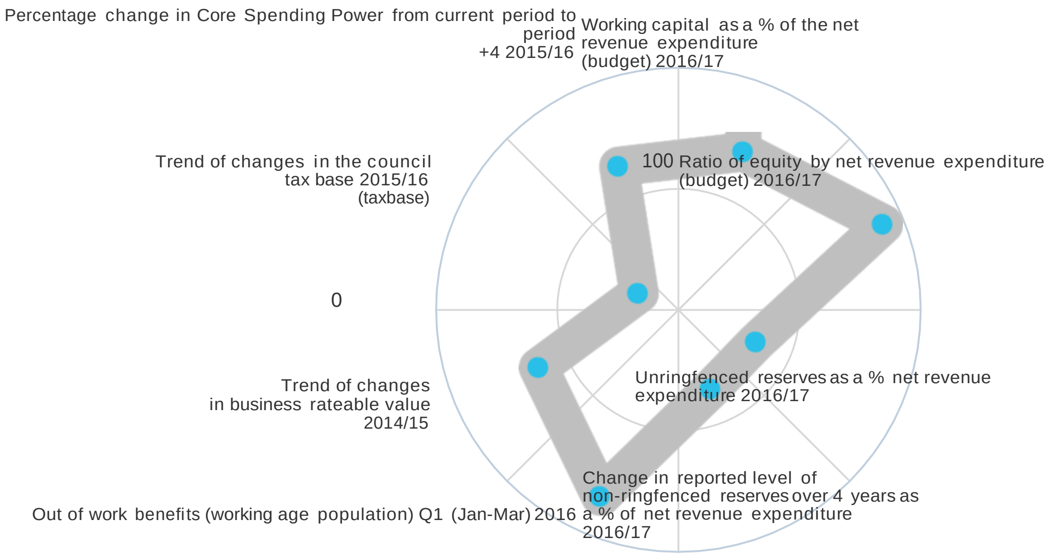
The Council participates in a strategic financial benchmarking exercise developed by the Local Government Association (LGA). This looks at our current and future funding outlook compared to other District Councils (and all Local Authorities) providing an analysis of each authority's position. This provides a relative financial position of each Local Authority based on present information and also our relative future position based on past trends and future expectations. This is useful in terms of being able to benchmark our strategic financial health with other Local Authorities. The analysis does not provide an exact position but it is arguably the most extensive analysis undertaken of the sector as a whole and does provide useful comparative data.

The Spider graphs below illustrate the Councils ranking (represents WLDC position) and the nearer the outer edge a low ranking compared to others. This enables us to gain a more informed view of our benchmarked position. It also identifies relative strengths and weaknesses, risks and opportunities which can be taken into account when we consider our financial strategy.

To understand the spider diagram, if we were ranked best performing (1) in all indicators this would be a small area close to the centre, if we were ranked worst performing in all areas this would be a large area closer to the edge of the diagram representing a weaker relative position.

The full report and diagrams are attached at Appendix E, with our Strategic (Present and Future) and Risk chart illustrated below;

Strategic: All English district local authorities Rank (201)



This diagram reflects our strategic financial position in terms of potential future sustainability;

- The availability of reserves to meet revenue expenditure need arise.
- The potential for increases in local taxation (based on past 4 years growth)
- The comparable impact of additional costs due to changes to welfare reform
- The reduction in core spending power.

WLDC are in a good position in relation to our level of reserves which can be utilised for investment to generate regeneration and growth, commercial income and transformation initiatives.

The Council continues to undertake work on bringing empty homes back into use, identifying fraudulent claims for discounts and supporting housing and business growth which will improve the Council Tax Base and Business Rates (NNDR) income levels to support the reductions in core spending power, and funding shortfall.

The impact on welfare reform, due to the high level of working aged people on benefit, may result in pressures on the future budget.

Strategic: West Lindsey and All English district local authorities Rank

Metric type	Period	West Lindsey	
		Rank	%
Working capital as a % of the net revenue expenditure (budget)	2016/17	141	92.51
Ratio of equity by net revenue expenditure (budget)	2016/17	184	-0.06
Unringfenced reserves as a % net revenue expenditure	2016/17	70	103.26
Change in reported level of non-ringfenced reserves over 4 years as a % of net revenue expenditure	2016/17	71	28.31
Out of work benefits (working age population)	Q1 (Jan-Mar) 2016	167	9.2
Trend of changes in business rateable value	2014/15	125	38.71
Trend of changes in the council tax base	2015/16 (taxbase)	35	7.97
Percentage change in Core Spending Power from current period to period +4	2015/16	128	-11.026

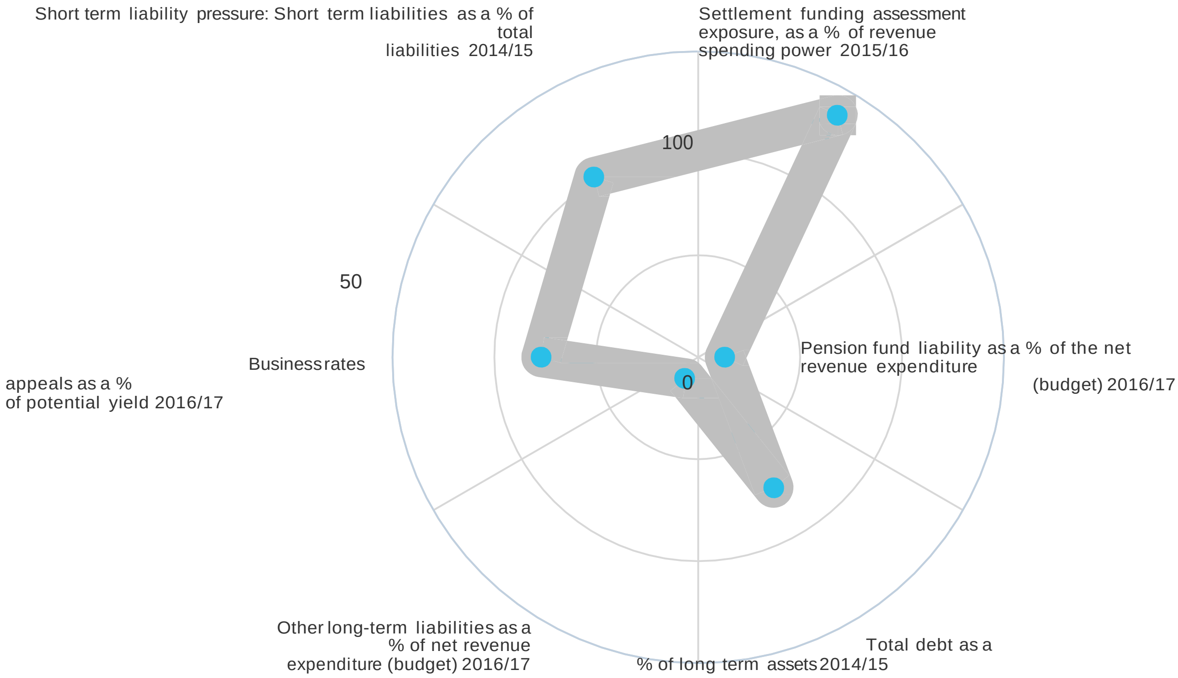
A key indicator of note is;

Unringfenced reserves as a % of net revenue expenditure. – Ranking 70 out of 201 districts

This measures the period over which an Authority could continue to operate without grant or tax income by utilising reserves. It should be noted that reserves are set aside against risks and to fund priority investments. If the use of unringfenced reserves were utilised to support the revenue budget, this would impact greatly on the Councils corporate aspirations.

WLDC performs well in this indicator as our un-ringfenced reserves are a high proportion of Net Revenue Expenditure (103.26%). However, as expected our ranking has dropped from 60 to the current ranking of 70 as our reserves are utilised for both revenue and capital investment.

Risk: All English district local authorities Rank (201)



The diagram above identifies our key financial risks, with the most significant risk being the reduction in settlement funding, which we are mitigating through a number of strategies and initiatives to realise self-sufficiency by 2019/20 when our Revenue Support Grant is expected to cease.

We have very low risk in relation to potential cashflow issues, in addition to having low level of other liabilities. Whilst our Pension Fund liability is significant to us comparably we rank within the top quartile.

Short term liability pressures are around the mid range, these liabilities have now been repaid.

Our most significant risks have been addressed within this MTFP ie settlement funding reductions, impact of business rates appeals and the costs of finance leases which include an element of long term debt and the current requirements for contributions to the pension fund, however this is a longer term risk to the council, this indicator is explained below;

Pension Fund Liability as a % of net revenue expenditure. Ranking 13 out of 201 districts. The Pension fund liability is currently 212.49% 2016/17 of net revenue expenditure (202.25% 2015/16). The Pension Fund liability may not be an immediate concern but will have an impact on the level of finances in future ie the amount for employers contribution rates and deficit reduction payments.

The table below provides the metrics and ranking

Risk: West Lindsey and All English district local authorities Rank

Metric type	Period	West Lindsey	
		Rank within All English district local	%
Settlement funding assessment exposure, as a % of revenue spending power	2015/16	137	39.17
Pension fund liability as a % of the net revenue expenditure (budget)	2016/17	13	212.49
Total debt as a % of long term assets	2014/15	74	-20.24
Other long-term liabilities as a % of net revenue expenditure (budget)	2016/17	12	-5.12
Business rates appeals as a % of potential yield	2016/17	77	-1.52
Short term liability pressure: Short term liabilities as a % of total liabilities	2014/15	102	10.70

PART 3 – WLDC Business Plan

3.1 Corporate Priorities and Dependencies

Overview and Vision

This document provides an analysis of the financial state of the organisation and proposals for how the financial strategy will deliver the Corporate Plan and the aforementioned vision the Council has for the district of West Lindsey.

The remainder of this document will focus on the actions we will take to deliver the above ambition within the financial constraints set out in the financial strategy.

This plan is based on the delivery of the Corporate Plan priorities (as shown above), the Commercial Plan and the growth initiatives. The implications of these strategies, alongside the commitment to deliver excellent services, is the basis on which this MTFP has been developed.

Two key plans include the Commercial Plan and the Growth and Regeneration Plan; the key objectives of which are summarised below.

The Commercial Plan objectives are:

- Developing new trading opportunities
- Securing external funding
- Enhancing land and property assets and to attract additional council tax and NNDR
- Developing a more commercial culture

The Growth and Regeneration strategies are designed to be housing led, to create a self-sustaining growth area and include:

- Delivery of 800 new homes on brown field sites
- Support and quicken the pace of delivery in the Gainsborough Southern and Northern Neighbourhoods
- Provide a critical mass of population living/using the town
- Re-development of strategic brownfield sites
- Capitalising on the town's relationship with the river Trent to drive land values
- Reverse market stigma
- Provide a catalyst to town centre regeneration including protection/ enhancement of the historic fabric and townscape
- Delivery of mooring and a marina to animate the riverfront, providing a focus for new commercial development
- Delivery of new retail and mixed use development to anchor the western end of the town centre

3.2 Commitments within MTFP

Alongside this Financial Plan we will publish an action plan to deliver our Corporate priorities. The action plan details the key strategic activity that is underway, or scheduled to commence during 2017/18, and sets out the outcomes desired and the times lines and costs/sources of funding where these have been established at this stage.

This section provides a summary and overview of these activities which will be delivered via the Council's strategic cluster of services;

Commercial Cluster

- Trading Activity
    - A number of services are beginning to establish themselves for commercial trading and these services will begin to contribute to the income of the organisation within the life of this plan. The services with income targets within this plan include:
        - Commercial Waste
        - Building Control
        - Event Coordination
        - Staffing Agency (Surestaff Lincs Ltd)
- Commercial Investments
    - There are three major commercial investment projects currently being progressed within the lifetime of this project:
        - A leisure review
        - A new commercial service (name excluded due to sensitivity)
        - Commercial Property Investment
    - There are also a number of projects within the Growth and Regeneration programme which are expected to have commercial outcomes but at this stage have not been recognised within the revenue generation elements of this plan.

Customer First Cluster

- The Council is embarking on an transformation journey; to provide a real focus on our customers; in all that we do. The 'Closer to the Customer' programme is a key part of delivering the Council's Corporate Plan, 'People First' priority for ease and convenience of access to services for our customers; as well as instilling a customer-centric culture and exploring alternative delivery models under the Excellent Value for Money Services corporate theme.

- The purpose of this programme is to improve the customers' experience of contacting and interacting with us for; to provide greater choice; and greater satisfaction. It will look at how we delivery our customer-facing services; making them more customer centric; how we engage in the new digital world of technology; how we extend and provide choice on how our customers can access our services; and how we equip our service providers with the right skills, knowledge and technology to provide an excellent customer experience. All of the Cluster services will go through this process, which is anticipated to take 2-3 years to complete.

- In addition, the Council has committed to being a 'Commercial' organisation, providing a range of 'paid-for' services to residents and businesses both inside and outside of the district, as part of the Customer First Cluster. The Customer First Cluster has a number of service areas which are actively taking forward this agenda – Building Control, Fraud and Customer Services in particular will have a strong commercial focus over the coming years; alongside their regulatory services. This is a developing area and the Cluster will look at other opportunities for commercial offerings, as well as providing a lead role in promoting commercial services to their customers when appropriate.

- In support of this programme; and to ensure that the services continue to ensure that they are operating as efficiently and cost-effectively as possible, with the customer in mind, the service units have also developed a range of business plans which are short term improvement initiatives to support the Excellent Value for Money Corporate Priority. Finally, the Customer First Cluster of Services will continue to deliver services for our residents and businesses in the area of Revenues, Benefits, Licensing, Public Protection, Building Control, Land Charges, Customer Services and Facilities Management, and will continue to improve and enhance these services to meet the needs of our customers.

Economic Development and Neighbourhoods Cluster

- **Central Lincolnshire Local Plan** – The public examination concluded on the 14th of December 2016. The Inspector raised no issues with the new employment allocation at Hemswell and was satisfied by the evidence of deliverability of the Gainsborough SUE's. Minor modifications will be published and consulted on in the spring as a precursor to adopting the Local Plan.

- **Neighbourhood plans –** WLDC has received national recognition for its approach to Neighbourhood plans. We currently have 6 completed with a further 33 in development. This will ensure that our residents have their say on development across the District.

- **Housing Zone** – following the successful bid for Capacity funding in May 2016, securing a grant of £165k and additional £100k for technical studies from the HCA the team have successfully secured a Housing LDO at Riverside Gateway for 245 new homes and have delivered circa 20 new homes in down town Gainsborough. In early 2017, work will commence on a second LDO for Albion Works. In February 2017, Local Partnerships are providing a senior development professional at nil cost to work with the team in preparing complex development appraisals and cash flows and to negotiate delivery of the strategic brownfield housing sites, in addition to appraising the Council's potential role in delivering the SUE's.

- **Selective Licensing -** successfully underway in addition to other interventions in the private sector rent marketed to improve the quality of the housing stock and social wellbeing.

- **£4m Housing Unlocking funds -** funding from GLLEP has been targeted – imminent announcement of the bid.

- **Marina** – Lincolnshire County Council are leading and funding a water space study, business case and Environmental Impact Assessment at cost of £60k.

- **INVEST Gainsborough** – a market facing investment prospectus for the town was launched in July 2016. This sets out the economic growth and locational benefits of Gainsborough in tandem with the Council's regeneration funds and delivery plan. This has been highly praised by the development industry and HCA and is now securing development interest in the town.

- **WLDC Development Partnership** – the Council is procuring a DP via competitive dialogue to assist in the development of the INVEST programme, the Council's housing and commercial land and property agendas. The major blue chip development and regeneration companies have been shortlisted. Final selection of the preferred will be in September 2017. Enabling funds of £5m have been ring fenced to kick start the development programme; the use of which will be agreed via a financial model and Partnership Business Plan. Overall development works over an initial 5-7 years is expected to be circa £100m.

- **Heritage Master Plan**
  - A bid to HLF has been made for £1.5m with a decision due in January 2017, with £400k match funding from Council reserves
  - Joint Venture Company – Market Renewal LTD – to be incorporated in mid-February with £250k from DPL (a private developer) and match funded by WLDC
  - Targeted lettings/GGF – a £50k pilot has been allocated to this to refurbish and re-let shops in private ownership. Additional funds will be sought from reserves and Lindsey Action Zone/LEADER funding

- **Sun Inn hotel** – potential grant support for the delivery of a hotel and restaurant, and public realm improvements to North St and Roseway carpark, subject to approval at this Committee. An additional £300k is likely to brought into the scheme via Lindsey Action Zone. The hotel is estimated to have an annual economic benefit of £1.6m to the town's economy.

- **Food Enterprise Zone -** The draft LDO will be considered at Committees in February 2017 for 30 hectares of Agri- food use. The GLLEP have allocated £2.7m from SLGF and additional funding was prioritised in the DEVO 2 bid. Discussions with land owners are ensuing to work up development plans with a potential commercial role for WLDC. £50K of DEFRA funds have been used on LDO costs. £250k of funding for this project from the capital programme has been reserved and will be drawn down in 2017/18.

- **Hemswell Cliff Master Plan** – an implementation plan has been drawn up to maximise the use and leverage of the allocated £250k capital programme funds on road improvements and infra-structure to allow for adoption by LCC and the Parish. This is in addition to a Neighbourhood Plan and housing interventions.

Housing and Regeneration Cluster

- Delivering the Property and Land Management Strategy is a key priority in order to ensure that the WLDC property portfolio delivers the anticipated revenue returns and covers its own costs wherever possible, along with the delivery of major commercial projects
- The Housing Strategy is a priority to ensure that growth targets can be delivered by fully understanding the demand, supply, micro-markets within the district and those of neighbouring authorities, as well as looking at potential partnership opportunities with developers, social landlords and specialist service providers.
- The leisure contract review (due for renewal in 2018) seeks to generate a surplus from this facility and to secure a better offer for the district to promote

healthy living and to improve the attraction of the district for both residents and visitors.

- One Public Estate to meet the Government's agenda in ensuring that we maximise the benefit of public property for public use. We have feasibility work underway in respect of looking to develop/expand a public sector hub in Gainsborough. Additionally, we are looking to develop an existing Council owned site in Caistor for the provision of GP and associated NHS services. Again feasibility work on this will be undertaken during 2017.
- The strategic acquisition of the former Lidl site will be completed to facilitate the redevelopment of the Council's town centre sites in the Development Partnership. In addition this site will form part of the master plan proposals for Albion Works, the second Housing LDO site and a requirement of the Housing Zone Delivery Plan. We expect vacant possession by November 2017 and net funding of £885k has been allocated within the capital programme.
- The development of a new paid for service facility within West Lindsey is also an active project. This is intended to provide a modern and sympathetic facility for the residents of West Lindsey and bordering districts that leaves scope for expansion and provides additional income for improvement of council services.
- Investigation into the feasibility and requirement for a new waste services depot facility for the Council is underway. Work will progress on this front to identify suitable locations and design options. There are a number of outcomes we would want to achieve including the utilisation of existing assets to ensure longevity of the current facility if decision made to retain depot on site. We also aim to ensure value for money through efficient, economic and effective delivery of services; provide an adequate eastern depot solution; provide a safe and productive working environment for staff and explore options for sharing facilities with other stakeholders.

Democratic and Business Support Cluster

West Lindsey District Council has an ambitious plan which it details in this document. In order to deliver these ambitions, the Council will need the right staff to help deliver, appropriate financial resources and elected Members with the right skills and knowledge to take difficult and challenging decision. Therefore key priorities will include:

- Delivery of the Council's People Strategy and Workforce Development Plan

- A Medium Term Financial Plan which is sustainable and supports our ambitions

- A Member Development Plan which gives our elected members the skills and knowledge to make the right choices for the district.

- A review of the Council' governance arrangements to ensure that decisions can be made in a way that will deliver the ambitions of the Council.

Organisation Transformation Cluster

- With respect to Organisational Transformation and Corporate Governance the Council has identified the key priority of the delivery of Excellent, Value for Money Services. To achieve this, the Council will be progressing on a number of fronts to deliver against this priority and to ensure that the Council itself is structured in the most effective manner to support service delivery.

- To support transformation, our ICT Strategy 2016-2020 will be delivered with an associated Action Plan. The strategy will identify how ICT supports delivery of the Council's Corporate Plan; set out how ICT can fully support customers, the business and service delivery and modern working practices and how the ICT infrastructure can remain robust and secure with appropriate ICT skills and capacity in place. Focus on the Council's digital agenda will also be referenced and the implicit role it will play in the delivery of services and the provision of information for customers. Funding for ICT related requirements will be provided from ear-marked reserves and the Councils' capital programme.

- In addition to our ICT Strategy, the Council will also ensure that it plans effectively for the introduction of the General Data Protection Regulations (GDPR), which will apply in the UK from 25 May 2018. The issue of data protection is ever-changing and we are acutely aware of the potential implications of non-compliance. Work has already commenced to project plan and timeframe this work and resource requirements will be monitored as the finer detail is established.

- It is imperative that the Council's governance processes and structures remain robust to support effective decision making. Therefore we aim to maintain our overall 'green' governance rating as provided by the Head of Internal Audit. Focus will consequently be placed on monitoring and reviewing our governance arrangements, ensuring that processes achieve a level of full maturity and the key issues identified within our Annual Governance Statement for 2015/16 are fully addressed. Keen attention will also be paid to performance management across the Council along with the embedding of our revised Board structure and programme/project management methodology. To assist in the achievement of these aims, we intend to review the functions, structure and purpose of the team, ensuring that we have sufficient capacity and capability in place to effectively support the organisation. Additionally, we will undertake a series of benchmarking activities with service areas to ensure the achievement of value for money and the identification of initiatives to raise both the quality and improve our methods of service delivery.

- To further strengthen our contract management arrangements, we will be undertaking a full review of our procurement processes to ensure that value for money is secured and that we have as much information as possible upon which to make any future decisions relating to our future service delivery models and who is best placed to deliver them.

- In line with the Council's entrepreneurial philosophy, the service will continue to work to identify commercial opportunities through the provision of expertise to other bodies. We have embarked on this aim in the past 12 months and hope to secure both repeat business and work from new sources. As a result of this intention, we will closely prioritise our work plans and monitor our capacity to take advantage of commercial opportunities.

3.3 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 the most possible in terms of Value for Money where 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.

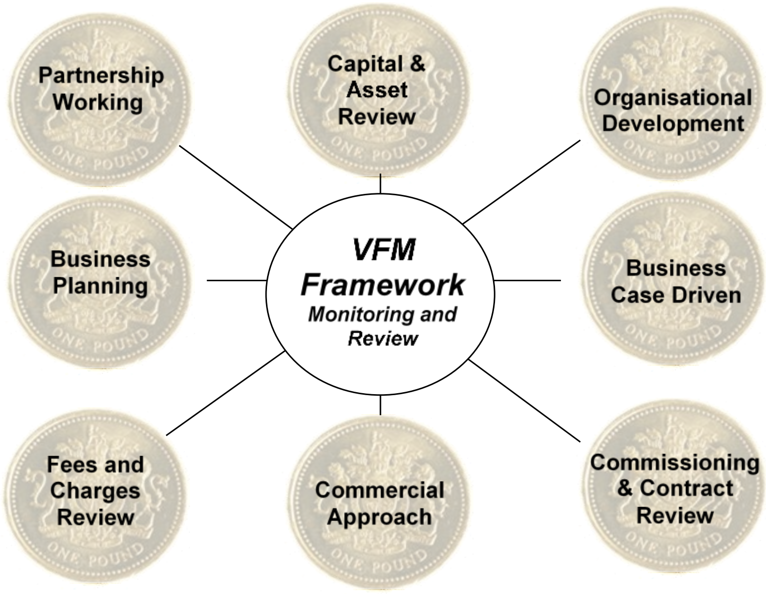
The Council has responded to the financial challenges in a systematic approach to achieving value for money and by embedding the Entrepreneurial Council culture throughout the organisation by;

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

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

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;

- 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



Partnership Working

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

An example of this is the Public Sector Customer Hub which is located at the Council's Guildhall offices. This facility provides face to face contact for customers with West

Lindsey DC, Lincolnshire County Council, Job Centre Plus, Lincolnshire Credit Union, The Volunteer Service and the Citizens Advice Bureaux.

Capital and Asset Review

West Lindsey's Asset Management Strategy will demonstrate that we have in place an effective management framework, which actively maximises the value of existing assets and provides a strategic context for future investments and to achieve the best possible outcomes.

Organisational Development

In order to deliver an ambitious Corporate Plan against a reduction in funding resources, the Council needs people who have the skills, knowledge, attitude and flexibility which support this. We will look to embed a Value for Money culture where staff are empowered to deliver against Council values and to encourage them to challenge inefficiencies and waste. Team leaders and managers are responsible for delivering services 'right first time' and ensure VFM exists in the day to day management of their services.

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

The Council as a learning organisation approves the annual People Strategy in addition to a Member Development plan is in place to support elected members.

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

Commercial Approach

West Lindsey is an Entrepreneurial Council and commercialism is embedded throughout the council, with officers and members undertaking training and commercial workshops. A Member Commercial Steering Group has also been created and services are becoming more proactive in identifying trading opportunities and bidding for new sources of grant funding. In addition a new property database provides management information to determine where investment should be made to improve our assets, their offer, or to identify those assets which should be considered for sale where they are not providing value for money.

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

An annual review of fees and charges is undertaken, which is not only being used as a potential route to increase income but more importantly as a mechanism to create a more commercial focus amongst service areas and ensure cost recovery. In addition there is a robust challenge to ensure that charges are appropriate with reference to the market, and that comparative information from other organisations is taken into account.

Commissioning & Contract Review

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.

Delivering Value for Money and Benchmarking

The Council has recently procured CFO Infosights for assistance in benchmarking. It is a tool developed by Grant Thornton in conjunction with CIPFA which uses national data sets such as the RA/RO financial returns. Although in it's infancy at West Lindsey we commit over the next year to develop the use of the tool as a means of delivering VFM throughout all 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

PART 4 – FINANCIAL IMPLICATIONS

4.1 Financial Management Principals

Introduction

The Council, along with other local authorities, has faced unprecedented reductions in Government funding since the Comprehensive Spending Review 2010. In addition, service pressures and increasing demand for services, particularly from the most vulnerable, has meant the Council has had to make significant budget savings in response to the Government's austerity measures and now with increased resources being directed to ring fenced areas (health, social care, education)

The likely continuing requirement and scale of budget savings, coming on top of the £4.3m already delivered since 2013, presents an increasing challenge for the Council. The Queen's Speech delivered on 27 May 2015 stated that the government will "continue the work of bringing the public finances under control and reducing the deficit, so Britain lives within its means". This approach was confirmed in the Autumn Statement 2015 and the 4 year Financial Settlement offer confirmed in the 2016 Autumn Statement, resulting in Revenue Support Grant being withdrawn by 2019/20.

Reviewing the MTFS remains essential to ensuring the Council's medium term financial sustainability.

Whilst the Government has provided certainty around funding up to 2021/22, it remains unclear as to what the impact the review of Retention of Business rates will have on our funding level, as it is understood that the system of top-ups and tariffs will remain to control funding levels nationally.

Although there remains a great deal of uncertainty due to the level of assumptions in this paper, overall it is now estimated that the Council will need to close a funding gap of £0.434m over the five financial years 2017/18 to 2021/22.

The current estimated funding gap within the Medium Term Financial Plan is detailed below;

	2017/18 Original Budget £	2018/19 Original Budget £	2019/20 Original Budget £	2020/21 Original Budget £	2021/22 Original Budget £
Funding Gap	0	(77,174)	125,470	440,624	434,374

4.2 Principles for the development of the MTFP

With the financial challenges facing the organisation, the MTFP has been developed based on a number of underlying principles. These principles include that the MTFP for 2017/22 assumes the following:

Finance Principles

- The overarching principal is the commitment to achieve affordable investments over the longer term.
- To pursue all available external funding options and opportunities for leverage of external resources
- Value for money investment over full life cycle.

- Robust financial implications and appraisals are included within all Business Cases and Invest to Save scheme proposals and schemes are costed on a whole life basis.

- The development of partnerships, including the pursuit of shared services, joint ventures and community arrangements, where appropriate, to achieve the Council's investment aspirations and value for money.

- Monitoring and evaluation of approved schemes will form part of Progress and Delivery project monitoring reporting.

- Encourage community engagement by informing on priorities and consultation on proposals.

In relation to specific Budgets the following principles have been applied.

Fees and Charges

- That charges are in line with cost recovery

- That charges are introduced where no charge is currently being made,

- Whilst Car Parking income already makes a contribution to the net budget position, the new Car Parking Strategy is designed to make a contribution towards the funding gap.

Council Tax

That Council Tax will rise by the maximum amount permitted without the need for a referendum

NNDR

That the Council will continue to be a party to the Lincolnshire Business Rates Pool, thus benefiting from a reduced levy that would have otherwise been payable to Government.

No assumptions have been made with regard to future changes of the retention of NNDR proposals.

Commercial Investments

The Local Authority will plan to borrow at significant levels to deliver a contribution from those investments. These investments may be outside the District where they are designed to deliver purely financial returns to the Council.

Service Efficiencies

Officers will continue to seek service efficiencies and deliver the maximum reduction in expenditure without a reduction in service levels.

The pay award assumption will be aligned with the Government announcement of a restriction of 1% p.a. for the next four years.

New Homes Bonus

Estimates provided by the Department of Communities and Local Government have been used within the Medium Term Financial Plan. The Council's current policy is to utilise this funding for the purpose of housing regeneration and growth.

4.3 Capital Investment (Appendix B)

The Capital Investment Strategy sets out the strategic direction for WLDC's capital management and investment plans, and is an integral part of our medium to long term financial and service planning and budget setting process. It sets the principals of our capital investment under the prudential system.

The Capital Investment Strategy will enable the Council to meet its corporate priorities, as it can be targeted in creative and innovative ways, by aligning resources to specific investment projects which will deliver corporate outcomes. We recognise the importance of investing in commercial opportunities to deliver our entrepreneurial aspirations and to generate sustainable ongoing income streams, in addition to investing in schemes that will deliver economic regeneration and housing support and growth which will provide new housing, independent living, job opportunities, an improved skills base and a revitalised town centre.

The level of borrowing to fund capital investment is only agreed if the borrowing is affordable and sustainable as our capital decisions can have significant revenue implications. For every £10m of prudential borrowing there are revenue costs approximately £0.5m per annum (over 50 yrs) to effectively repay the debt, in addition to either the cost of interest if actual borrowing is undertaken or loss of investment interest if internal funds are utilised for any period. This is in addition to the ongoing maintenance and running costs associated with the investment.

Service Business Plans have informed the budget setting process to ensure continued attainment of the objectives of the Corporate Plan and align staffing resources at an adequate level to achieve this, supported by appropriate technological systems to ensure efficiency in processes.

In addition, investment will be required to deliver The Commercial Strategy who's objectives are;

- To generate greater income from the Council's services to reduce net subsidy.

- To secure greater external funding for the Council and the District.
- To increase capital and revenue returns to the Council through delivering housing and economic growth.
- To enhance the Council's commercial culture and capability.

The Land and Property Investment Policy and the Acquisition and Disposals Policy detail the framework by which these priorities will be achieved i.e. by the acquisition of, and/or investment in our own land and property assets. This will be undertaken with the objective of achieving an increase in the capital value of our holdings and to deliver increased income streams from rental which will contribute to future revenue budgets. Ensuring our commercial aspirations can be delivered.

Asset Management Principles
The Property and Land Management Strategy

- Define corporate policies and responsibilities relating to property asset management.
- Link property asset management strategies and capital investment plans to the Council's other strategic plans
- Carry out an assessment of the Council's accommodation needs based on its statutory functions, strategic aims, service delivery priorities and other objectives
- Assess the extent, type, condition, accessibility and performance of the existing stock to ensure that it is sufficient, suitable and "fit for purpose"
- Develop strategies for improving asset management and determine priorities for future investment in terms of maintenance and capital replacements
- Carry out an assessment of capital receipt opportunities
- To identify all significant factors which will influence or direct the asset management strategy, with particular emphasis on matters related to the Council policies, service requirements, changes in working practices and the requirements of Government policy, legislation and regulations.

4.4 Reserves

The level of the General Fund Working Balance will be set, as a minimum at 5% of Net Operating Expenditure. 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. Such risks may also include changes in Government policy, further funding reductions and market factors.

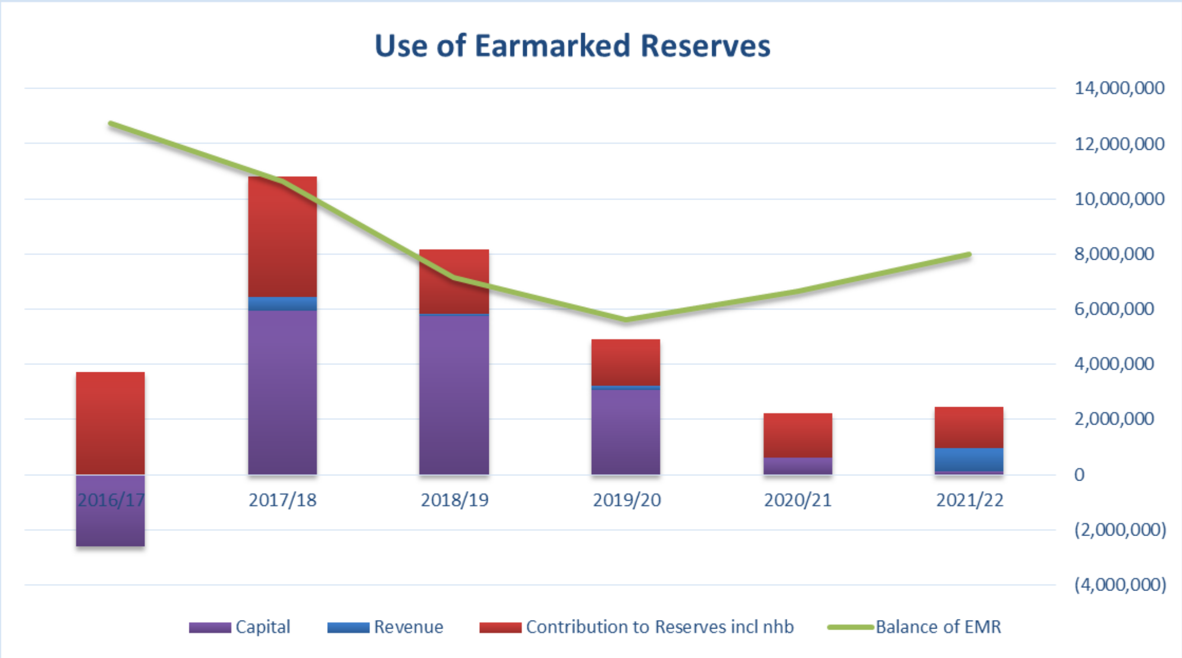
The level of general reserves will continue to be closely monitored during the period of this MTFP in the context of protecting the Council from existing and future liabilities. This is extremely important given the announcements by the Government regarding expected further funding reductions. However, reserves will continue to be maintained at a prudent level.

Earmarked reserves will be reviewed annually to ensure their investment in both revenue and capital initiatives align to Corporate Plan priorities.

Reserves held are invested in accordance with the Treasury Management Strategy and the interest received from their investment supports the Councils revenue budget.

The graph below illustrates the current level of earmarked reserves and their use over the MTFP, whilst the use of reserves funds a small proportion of revenue this is mainly for one off investment or budget smoothing purposes.

As the Council continues to utilise New Homes Bonus to support regeneration and housing growth scheme rather than to support the revenue budget, the contribution to earmarked reserves is also shown below.



4.5 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 (Director of Resources) 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 changes 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 2015. Budget monitoring will be presented to the Service Leadership Team on a monthly basis with the Corporate Leadership Team and Corporate Policy and Resources Committee quarterly throughout the financial year (or by exception).

The balance of General Reserves as detailed at 4.15 within the MTFP are considered to be adequate to cover risks, peaks and troughs and the investments proposed. A minimum General Fund Working Balance represent 5% of Net Operating Expenditure.

The earmarked reserves as set aside by the Council at the year-end 2015/16 have been 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.

4.7 Working Capital

Based on the Council's current cashflow estimates, the programming of capital investments and borrowings, a working capital balance of circa £8m is required for funding business as usual.

4.8 Community Engagement

The Council held a number of Budget Engagement Events during September 2016 to get the views of residents, Parish Councils and West Lindsey District Council Members, in addition a separate exercise has been undertaken with Business Rate Payers. The following summarises their views, which have been taken into consideration as part of the budget process. Topics covered included how the Council might explore efficiencies and potential income streams to fund key services.

- Council Tax - 96% are happy with an annual increase
- Commercial Trading - The majority of residents (69%) are happy with the authority undertaking additional work of come kind as long as the service that residents currently receive is not affected and that we take into account how local services might be affected by the proposal.
- Green Waste Service - (62%) believe service should remain free. However there were a number of people (30%) who believe that only those who use the service should pay for it and that if it was a paid for service then it should be all year round. Some considered that increased fly tipping would be a potential consequence of charging.
- Parish Lighting – the majority of respondents considered that lighting is very important to making people feel safe which when outside but also at home. 77% supported investing in low energy light bulbs to save money, as opposed 14% who would support turning them off. .

4.8 Treasury Management Strategy

The Council will ensure that the primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. The Council will ensure it has sufficient liquidity in its investments and that it maintains a policy covering categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring of their security.

The Council invests money in a wide range of financial institutions and the investment interest earned is used to support the budget. The major issue for treasury management over the MTFP will be the significant difference between investment rates and borrowing rates, where the cost of carry of borrowing will exceed investment interest. Therefore cashflow 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 now provides options on what would be considered prudent provision for the repayment of debt.

4.9 Borrowing Strategy 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. This borrowing will only be undertaken if it is considered prudent, affordable and sustainable and has no impact on the council taxpayer. Where borrowing is to fund a commercial project the return on investment will also be taken into account when drawing down funds.

4.10 Risk Management

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

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

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

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

In terms of Budget risks these include;

- Inflation is underestimated in the original estimates
- Interest rates are underestimated
- Changes to grant funding regimes
- Some budgets are only indicative at the time the budget is agreed
- Volatility in some budget headings between years
- Efficiency gains expected in the agreed budget are not achieved
- Unforeseen insurance costs or legal claims
- Emergencies which cannot be foreseen which occur on an ad hoc basis
- Changes to budgets where targets are not met
- Financial guarantees/loans given by the Council
- Unforeseen Events

A list of MTFP risks and mitigating actions are detailed at 5 below.

4.11 Medium Term Financial Plan Analysis (APPENDIX A)

4.11.1 Current Position

4.11.1.1 2016/17 Forecast Out-turn

The Corporate Policy and Resources Committee receives quarterly updates of revenue spend against the budget together with a projection of the forecast out-turn position, in respect of Revenue, Capital and Treasury Management activity and investment returns. The Service Leadership Team receive monthly management reports and Core Leadership Team review summary details every quarter or by exception.

A recent audit of the budget monitoring has resulted in High Assurance being given to the process.

This process allows more accurate predictions of the likely outturn and therefore allows the Council to make further investments into priority services or take remedial action where appropriate.

Initial indications at Quarter 3 are that the Council is likely to outturn a surplus in the region of £0.560m.

Any surplus will transferred to General Fund Balances and/or Earmarked Reserves.

In respect of Capital Expenditure the forecast out turn is estimated to be £9.249m, with slippage of £1.879m which has been subject to carry forward.

4.11.2 Assumptions within the MTFP

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

- Employee Pay Award 1% per annum
- Council Tax increase at £4.95 per annum and growth 0.5%
- Commercial Property Investment of £20m to generate £0.6m savings by 2020/2021
- No growth in NNDR
- Contractual inflation only applied to service expenditure budgets
- 4 year funding settlement in line with draft figures issued by Government
- New Homes bonus is based on Government estimates and payable over 4 years.
- NNDR 1.8% (August RPI)
- Electricity 4%
- Gas 4% from 2018/19

- Capital Programme – total investment; total borrowing; use of reserves; balances at end of five years

4.12 Revenue Budget 2017/18

The Council presents a balanced budget for 2017/18.

The MTFP 2016/17 projected a funding gap in the 2017/18 financial year of £0.382m to be closed to enable a balanced budget to be delivered.

During the year a number of initiatives, projects and reviews were undertaken with the aim of achieving £2m of savings in 5 years. The projected savings requirement for 2017/18 was £0.382m. The Council has been successful in identifying these savings against this target. The significant savings have been achieved from;

- Budget and service reviews £0.147m
- Fees and Charges £0.043m
- Staffing Restructures £0.231
- Removal of Localisation of Council Tax Support (LCTS) Parish Grant £0.169m
- Contract Renewals £0.520m
- Planning Fee Income £0.086

This is against pressures identified during the budget process and legislative impacts

- No charging for Green Waste in 2017/18 £0.502m
- Apprenticeships incl Levy £0.48m

In addition to the above the continued focus on maximising New Homes Bonus through capital investment and identification and intervention measures relating to empty homes has resulted in a further £0.208m per annum of additional grant having been generated. However the New Homes Bonus scheme has been reviewed and allocations will be for a 4 year period reduced from a 6 year period. Further reductions may be required in future years to support other public services. The total allocation for 2017/18 is £1.889m. Future projections are based on Government estimates.

The Council continues to set aside New Homes Bonus to support growth and housing regeneration investment (many other authorities require this grant to support their revenue budgets).

The Business Rates Retention Scheme was introduced in April 2013, calculation models have been developed to more accurately monitor and estimate any impacts of changes to grant funding from a number of local variables. However, it is considered prudent to assume a static level of business rates retention over the MTFP as it is anticipated that the scheme will be reviewed in the near future. 2017/18 specifically includes a share of the estimated 2016/17 declared deficit of £TBC and totals budgeted net income of £TBC

The Council will continue to benefit from being a partner in the Lincolnshire Business Rates Pool and this benefit is estimated to be £TBC

The proposed 2017/18 budget has been balanced with no requirement for a contribution from General Fund reserves.

The Revenue Budget includes the impact of the Capital Investment Programme proposals, with significant revenue contributions from commercial investments of £0.270m in 2017/18 raising to £0.600m by 2021/22.

The Council has managed the reduction in government funding effectively in addition to meeting increased costs. The savings achieved since 2012/13 and those still required to be found over the MTFP are illustrated below;

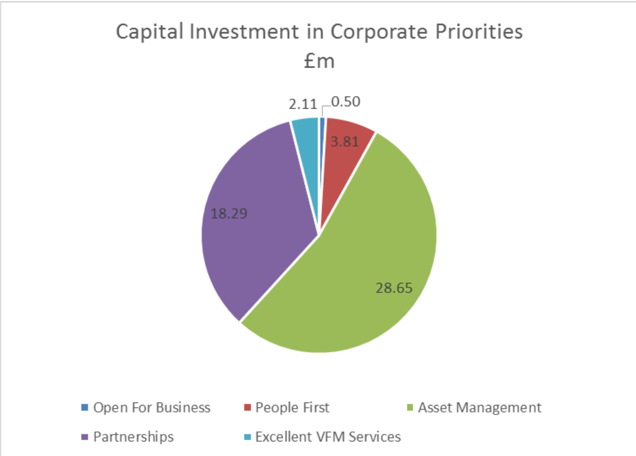
4.13 Capital Investment Programme and Funding (Appendix C-D)

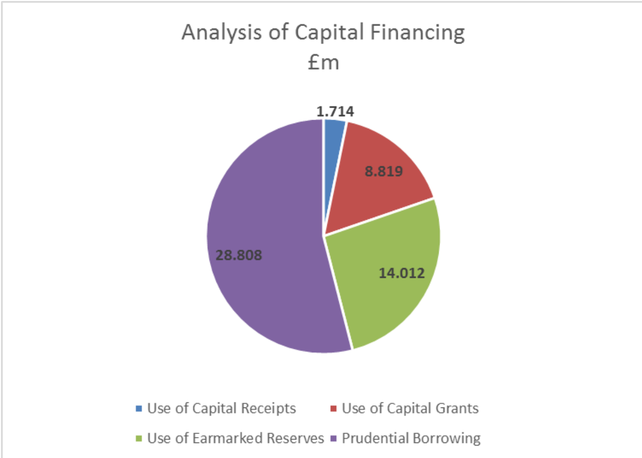
The capital investment programme gives a medium term view of our capital investment proposals in accordance with the Capital Investment Strategy (Appendix B) and are aligned to the key corporate priority themes.   There a number of significant programmes of work, which at this time have not been the 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%.

The focus will therefore be on robust business cases which include financial appraisals risk assessments, in addition to appropriate levels of due diligence being undertaken, thus ensuring decision makers are provided with adequate information with which to make an informed decision. The focus will then be on project management and monitoring of progress and the monitoring of risks.

The total capital programme 2017/18 – 2021/22 totals some £53m de

The chart below illustrates Capital Investment in Corporate Priorities and Funding





4.14 Revenue impact of Capital Investment

The impact on revenue of Capital investment decisions has to meet the Treasury Management Strategy requirements to be affordable and sustainable.

Our strategy to ensuring sustainability will be to include in the budget the costs of external borrowing

As there is a significant element of the Capital Investment Programme where future returns will be realised beyond 2021/22, as these schemes relate to regeneration and growth of the district in year New Homes Bonus will be utilised for these housing and regeneration programme.

Detail	2017/18 £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Cost of Borrowing:					
Minimum Revenue Provision	100,000	311,000	661,860	701,860	701,860
Interest Payable	397,989	645,316	892,933	924,533	924,533
Loss of investment interest	22,898	57,872	73,960	85,145	87,150
Commercial Income:					
Commercial Properties	-715,800	-1,143,400	-1,453,000	-1,554,600	-1,554,600
Acquisition	-75,700	-75,700	-75,700	-75,700	-75,700
Crematorium	0	-292,100	-339,200	-388,700	-388,700
Leisure Centre	-11,400	-116,000	-365,100	-365,100	-365,100
Gross Impact (-)income	**-282,014**	**-613,011**	**-604,247**	**-672,562**	**-670,557**
Use of in year New Homes Bonus	-25,471	-110,231	-255,258	-255,258	-255,258
TOTAL REVENUE IMPACT (-) Income	**-307,485**	**-723,243**	**-859,505**	**-927,820**	**-925,815**

4.15 Reserves

The Council's reserves are held for a variety of reasons and are an essential part of good financial management. They help cope with unpredictable financial pressures and plan for future spending commitments. Having the right level of reserves is important. Where Councils hold very low reserves, there may be little resilience to the current financial shocks and sustained financial challenges being faced.

Reserves enable Councils to:

- Manage variations between their planned and actual budgets that result from unpredictable spending and income
- Smooth budgets where peaks and troughs are inevitable
- Plan their finances strategically to support their activities over the medium and long term
- Provide resources for investment to deliver corporate priorities.

The Council considers a minimum General Fund Working balance of 5% of Net Operating Exependiture (£1m) is adequate for unforeseen events.

The Council estimates that it will hold £18.195m of reserves at the end of 2016/17 reducing to £11.657m by 2021/22. This assumes proposals within the MTFP are approved, that the Capital Programme delivers as per projections and that New Homes Bonus is at the levels as those estimated by the DCLT. The categories of reserves are detailed below;

Year End Resources £m	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund balance	3.715	3.089	1.989	1.789	2.089	2.339	2.589
Earmarked Reserves	13.847	12.753	10.625	6.633	5.112	6.646	7.995
Capital receipts	2.984	2.352	1.368	0.963	0.883	0.953	1.073
Total core funds	**21.558**	**18.194**	**13.982**	**9.385**	**8.083**	**9.937**	**11.657**

The table above reflects the movements in the 2017/18 MTFP with contributions from revenue to fund replacement programmes ie IT, waste vehicles or for budget smoothing /contingencies ie 4 yearly elections, totalling £0.534m, in addition to New Homes Bonus being earmarked for Growth and Regeneration £1.77m.

The use of reserves towards revenue funding totals £0.496m ie community grant scheme, property maintenance, replacement wheelie bins etc. and includes the use of the budget volatility reserve with regard to the projected 2016/17 deficit on the NNDR collection fund.

In addition £6.559m is to be utilised to fund the Capital Investment Programme.

Over the MTFP there may be a need to review both the level of the minium General Fund Balance in addition to increasing the requirement for ‘contingency’ funds. These are essential elements of robust financial management as Government funding is reduced and more reliance is placed on volatile income sources such as Building Control, Land charges, Planning fees and Business rates; all of which are interrelated.

The Council will set aside £1m of the current General Fund Balance to be earmarked for business improvement and transformation projects £750k to realise further savings and/or efficiencies and the Facilities Management Reserve £250k (for our own property maintenance).

In line with best practice the Council will continue to review its specific reserves each year to ensure their continuing requirement. A review was undertaken in year with a number of reserves being transferred to increase existing reserves for corporate priority areas.

At this time it is not considered appropriate to return any further specific reserves to the General Fund balance, however as funds are expended, a strategy for replacement of these funds will need to be considered within available resources and the prioritisation of the capital investment programme.

General Fund balances are estimated to be £3.089m at 31 March 2017. These can be supplemented by £12.753m of earmarked resources and £2.352m of Capital Receipts. The aggregate total, therefore, is £18.194m. This is considered adequate in view of the size of the Council's revenue budgets and the profile of the Capital programme.

Current spending plans would indicate that over the short term the General Fund balances would remain at an acceptable level and in line with the Financial Planning Principles, although further action is required to deliver the savings required to maintain a sustainable financial position.

PART 5 - RISKS

	Likelihood	**Impact**	
Future available resources less than assumed	**Possible**	**High**	Annual review of reserves, 4 year settlement proposed, Entrepreneurial Council approach to commercialism
Commercial projects do not deliver anticipated benefits	**Possible**	**High**	Project management and monitoring. Risk Register for each project Appropriate and robust due diligence
Council is unable to provide a balanced budget in future years.	**Possible**	**Low**	The Commercial Plan and the development of a Transformation Plan will bring forward proposals to ensure the Council has a strategy for delivering a sustainable Medium Term Financial Plan from 2017/18 onwards. The Council has an adequate level of General Fund Reserves to support balancing the budget should the need require.
Volatility of Business Rates	**Likely**	**Medium**	Volatility of funding stream outside of Council control but impact mitigated by establishment of specific earmarked reserves
Pay and price increases above budgeted assumptions	**Unlikely**	**Low**	2 year pay award offer @ 1% proposed aligns to budget. Contractual inflation is included in budget. Average utilities % applied. Improved commissioning and procurement.
Future spending plans	**Possible**	**Low**	All Services carry out effective horizon scanning with profile of service demands (past and future). This

			informs the MTFP budget modelling throughout the year.
Anticipated savings/ efficiencies not achieved.	**Possible**	**High**	Regular monitoring and reporting take place but the size of the funding cuts increase the likelihood of this risk. Non achievement of savings would require compensating reductions in planned spending within services. A principle is in place to maintain General Reserve at a minimum of 5% of Net Operating Expenditure.
Income targets not achieved.	**Possibly**	**Medium**	Current economic climate likely to impact. Regular monitoring and reporting is undertaken with a full review of fees and charges annually which incorporates trend analysis and future demand estimations. Commercial trading monitor volumes and pricing
Revenue implications of capital programmes not fully anticipated	**Possible**	**Low**	Capital bid approval identifies revenue implications and links to Council priorities. Full analysis of revenue implications assessed and considered in scenario planning and in business case development.
Loss of principal deposit	**Unlikely**	**Medium**	Limited by the controls in the Treasury Management Strategy which prioritise security of deposit over returns. Impact limited due to the strategy of a diverse portfolio with top rated institutions backed by Government guarantees and internal funding
New duties imposed by Government	**Likely**	**Low**	It has already been stated that new duties will be transferred to districts, however this will be considered in line with the retention of NNDR. Proactive preparation will be undertaken to engage early and influence the outcome. The availability of general reserves will also help smooth any initial financial impact, pending any reallocation of resources. In the event of new requirements being imposed 'new burdens' funding could also be sought.

Review of NNDR Retention Scheme	**Likely**	**Medium**	Government proposals for 100% of NNDR retention locally will have an impact on the resourcing of WLDC it is not yet known what future income levels will be.
The cultural change and capability required to deliver against the Council's Entrepreneurial aspiration may not be realised as quickly as the financial cuts, as changes in business models can take large organisations a number of years to realise regardless of the sector.	**Possible**	**Low**	The Entrepreneurial Board will monitor strategic programmes of work. The project management framework is effective and that robust business cases are developed prior to approval of projects and that projects are monitored, with issues being raised and escalated at an early stage for consideration.
The assumptions contained within the MTFP are not realised.	**Likely**	**Medium**	A contingency budget in addition to a significant amount of reserves are held to mitigate any in year financial risks or volatility relating to income, or increases in expenditure, and which can be utilised in the event of variations to the assumptions made
Recruitment and Retention of skilled staff	**Likely**	**High**	The increased use of consultants brought in to do the right jobs.

THE MEDIUM TERM FINANCIAL PLAN 2016/17 TO 2020/21

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APPENDIX A

Revenue Budget Summary 2017/18 – 2021/22

High Level Summary Excluding Recharges and Capital

	2017/18 Original Budget £	2018/19 Original Budget £	2019/20 Original Budget £	2020/21 Original Budget £	2021/22 Original Budget £
Corporate Policy & Resources	5,139,499	4,781,299	4,619,299	4,476,599	4,615,899
Prosperous Communities	5,135,500	4,076,100	3,876,500	3,880,800	3,904,900
Committee Totals	**10,274,999**	**8,857,399**	**8,495,799**	**8,357,399**	**8,520,799**
Parish Precepts	1,872,480	1,872,480	1,872,480	1,872,480	1,872,480
Interest and investment income	(41,700)	(6,700)	(18,000)	(19,400)	(17,400)
Interest payable	398,000	645,300	892,900	924,500	924,500
Statutory MRP	195,900	342,400	661,900	701,900	701,900
Capital Expenditure charged Against General Fund	5,446,400	5,232,500	2,580,500	595,000	134,500
Net Operating Expenditure	**18,146,079**	**16,943,379**	**14,485,579**	**12,431,879**	**12,136,779**
Transfer to / (from) General Fund	(1,043,400)	(15,400)	0	0	0
Transfer to / (from) Earmarked Reserves	(2,606,100)	(3,435,100)	(964,800)	1,091,400	1,349,600
Amount to be met from Government Grant or Council Tax	**14,496,579**	**13,492,879**	**13,520,779**	**13,523,279**	**13,486,379**
Funding					
Revenue Support Grant	760,800	370,700	0	0	0
Business Rate Retention Scheme	3,460,600	3,460,600	3,460,600	3,460,600	3,460,600
Collection Fund Surplus - Council Tax	218,896	50,000	50,000	50,000	50,000
Parish Councils Tax Requirement	1,872,480	1,872,480	1,872,480	1,872,480	1,872,480
New Homes Bonus	1,888,800	1,444,000	1,385,500	1,285,200	1,076,700
Other Government Grants	467,200	371,400	451,200	62,600	62,600
Council Tax Requirement	**5,827,803**	**6,000,873**	**6,175,529**	**6,351,775**	**6,529,625**
TOTAL FUNDING	**14,496,579**	**13,570,053**	**13,395,309**	**13,082,655**	**13,052,005**
Balanced Budget	**0**	**(77,174)**	**125,470**	**440,624**	**434,374**

Net Operating Expenditure

	2017/18 Original Budget £	2018/19 Original Budget £	2019/20 Original Budget £	2020/21 Original Budget £	2021/22 Original Budget £
Expenditure	**45,209,279**	**45,250,579**	**43,149,379**	**41,150,879**	**40,875,279**
Capital Expenditure	5,446,400	5,232,500	2,580,500	595,000	134,500
Employees	9,755,000	9,840,600	10,016,700	10,104,300	10,295,700
Interest Payable	398,000	645,300	892,900	924,500	924,500
Other Operating Expenditure-Parish Precepts	1,872,480	1,872,480	1,872,480	1,872,480	1,872,480
Premises	706,500	1,027,000	1,066,600	1,086,100	1,084,700
Supplies and Services	2,160,400	2,104,400	2,156,900	2,095,900	2,095,900
Third Party Payments	1,382,799	1,020,799	1,064,699	978,699	973,599
Transfer Payments	22,608,200	22,614,600	22,608,200	22,608,200	22,608,200
Transport	879,500	892,900	890,400	885,700	885,700
Income	**(27,259,100)**	**(28,649,600)**	**(29,325,700)**	**(29,420,900)**	**(29,440,400)**
Customer and Client Receipts	(3,653,900)	(4,985,100)	(5,419,600)	(5,517,400)	(5,536,300)
Government Grants	(22,735,500)	(22,721,000)	(22,707,200)	(22,707,200)	(22,707,200)
Interest Receivable	(220,200)	(187,100)	(193,400)	(193,600)	(191,400)
Other Grants and Contributions	(649,500)	(756,400)	(1,005,500)	(1,002,700)	(1,005,500)
Transfers To / (From) Reserves	**(3,453,600)**	**(3,108,100)**	**(302,900)**	**1,793,300**	**2,051,500**
Transfers To / (From) Reserves	(3,453,600)	(3,108,100)	(302,900)	1,793,300	2,051,500
Grand Total	**14,496,579**	**13,492,879**	**13,520,779**	**13,523,279**	**13,486,379**

CAPITAL INVESTMENT STRATEGY 2017/18 – 2021/22

1. Introduction

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.

The Capital Investment Strategy provides 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.

The strategy defines how the capital programme is to be formulated, and it identifies issues and options that influence revenue and capital spending, and sets out how the resources will be managed.

Key elements of the strategy;

- Ensures investments meet our Corporate Plan objectives
- Incorporates the requirements of the Asset Management Plan
- Enables the development of an Capital Investment Programme over the medium term (5 years)
- A framework which will identify priorities for the use of resources for investment.
- Decisions are based on sound business cases.
- Directly links to the Treasury Management Strategy ensuring an affordable and sustainable Capital Investment Programme and within the limitations of Prudential Indicators.
- Informs the Budget Strategy by identifying the revenue impacts of investment decisions.
- Incorporates an annual review to ensure the programme still meets our priorities.
- Considers opportunities for joint ventures/partnerships/co-production

2. Principles Supporting the Capital Investment Strategy

a) Strategy Principles

- The investment programme will support the Council's strategic priorities. therefore the capital investment programme will link to all key strategic planning documents: specifically the Corporate Plan and the Medium Term Financial Strategy.

- Schemes within the programme will be prioritised on an authority wide basis and the process of assessing investments, against specific criteria, will identify the relative importance of potential schemes.
- **Responsible Investing (RI)** - investing in opportunities that seek to generate both financial value and sustainable growth,
- **Socially responsible investing** (**SRI**), also known as sustainable, socially conscious, "green" or ethical investing, is any investment strategy which seeks to consider both financial return and social good.

b) Capital Investment Policy

The Capital Investment Strategy will be underpinned by a Physical Asset Investment Policy. The policy ***does not describe detailed operational investment activity but does describe the framework, and principal [underlying] considerations, which the Council will follow when reviewing and subsequently agreeing investment opportunities.*** It is designed to support the goals and objectives as outlined in the Corporate Plan, the general objectives of a UK public sector service provider and the very specific aims; goals and aspirations of the Council members; executive officers and their teams.

c) Finance Principles

- The overarching principal is the commitment to achieve affordable capital investments over the longer term.
- To pursue all available external funding options and opportunities for leverage of external resources
- Value for money investment over full life cycle.
- Robust financial implications and appraisals are included within all Business Cases and Invest to Save/Earn scheme proposals and schemes are costed on a whole life basis.
- The development of partnerships, including the pursuit of shared services, joint ventures and community arrangements, where appropriate, to achieve the Council's investment aspirations and value for money.
- Monitoring and evaluation of approved budgets will form part of the quarterly budget monitoring reports.
- Monitoring and evaluation of approved schemes will form part of Progress and Delivery project monitoring reporting.

- Encourage community engagement by informing on priorities and consultation on proposals.

d) Asset Management Principles

The Asset Management Strategy

- Define corporate policies and responsibilities relating to property asset management.
- Link property asset management strategies and capital investment plans to the Council's other strategic plans
- Carry out an assessment of the Council's accommodation needs based on its statutory functions, strategic aims, service delivery priorities and other objectives
- Assess the extent, type, condition, accessibility and performance of the existing stock to ensure that it is sufficient, suitable and "fit for purpose"
- Develop strategies for improving asset management and determine priorities for future investment in terms of maintenance and capital replacements
- Carry out an assessment of capital receipt opportunities
- To identify all significant factors which will influence or direct the asset management strategy, with particular emphasis on matters related to the Council policies, service requirements, changes in working practices and the requirements of Government policy, legislation and regulations.

3. <u>Capital Investment Priorities</u>

The Council's proposed Capital Investment Programme 2017/18 will support the Corporate Plan's 5 key themes.

Key Themes

Open for Business

People First

Asset Management

Central Lincolnshire Local Plan

Partnerships/Devolution

Excellent, Value for Money Services

The Council's financial planning process ensures that the decisions about the allocation of capital and revenue resources are taken to achieve a corporate and consistent approach. The key corporate documents in this regard are;

The Corporate Plan

The Medium Term Financial Strategy - incorporates the revenue budget financial impacts of Capital decisions.

The Reserves Strategy- prioritises the use of reserves for capital and revenue purposes.

The Treasury Management Strategy - informs the affordability and sustainability of prudent capital investment decisions.

The Commercial Strategy

The Procurement Strategy

The Land and Property Investment Strategy

The Asset Management Strategy

The Commercial Strategy and Commercial Delivery Plan

4. The Capital Investment Strategy Process

The strategic approach to revenue and capital investment decisions needs to be formalised to ensure that our resources are directed to the most appropriate schemes which both deliver our corporate priorities and which are based on sound business cases. Assessment is to be based on uniform criteria.

Therefore the Capital Investment Strategy Process has been developed which will ensure that prioritisation of investments are directed to deliver Corporate objectives. This will include:

Existing Capital Programme – review outcome

Annual review of existing Projects – reviewed outcome

Asset Management Plan – detailed costs of required investment in property portfolio.

Financing availability i.e. Earmarked Reserves, Grant funding, Capital Receipts and Prudential Borrowing

Business Plans – identifying new schemes and projects for evaluation both capital and revenue.

The final Investment Programme and its financial implications, will be included within the Medium Term Financial Plan and this will be submitted to Council in March annually.

Fully costed and appraised business cases for each scheme will be presented to a relevant Board for consideration prior to any final decision being made.

The investment and the ongoing revenue implications of each scheme are ascertained from the financial implications and appraisals within the business cases.

The Capital Investment Value is assessed against capital definition, and deminimis limits (£10k).

Revenue Implications – impact on revenue budgets for running costs/additional staffing etc. and the impact of the cost of borrowing or loss of investment interest if capital receipts and revenue reserves are to be utilised

5. Governance of the Capital Investment Programme

In accordance with the Constitution and governance arrangements, the Council reviews its capital requirements and determines its Capital Programme within the framework of the MTFS and as part of the annual budget process. Resource constraints mean the Council continually needs to priorities expenditure in light of its aims and priorities and considers alternative solutions.

To ensure that available resources are allocated optimally, capital programme planning is determined in parallel with service and revenue budget planning process within the frame work of the MTFS.

New programmes of expenditure will be appraised following a clearly defined Business Case gateway process.

Corporate Policy and Resources Committee will receive quarterly reports detailing the full details and financial implications of schemes prior to the approval of funds being released. These reports will also include details of

- new capital investment schemes
- slippage in programme delivery
- programmes removed or reduced
- virements between schemes
- Revisions in spend profile
- overspending

Progress will also be monitored in relation to projects through the Progress and Delivery reporting framework.

The Service Leadership Team will receive monthly monitoring reports

The Corporate Leadership Team will receive quarterly monitoring reports and any exception reporting.

6. Capital Financing Strategy

The major source of capital funding available to the Council for investment has been our own reserves as we have avoided the need to borrow to fund the Capital Investment Programme.

The funding of Capital schemes can come from a number of resources;

- Prudential unsupported borrowing
- Revenue contributions and Earmarked Reserves
- Capital Receipts
- External grants and contributions (including S106)
- Leasing
- Other sources – i.e. partnerships or private sector involvement

This strategy, the outcomes of which will inform the Medium Term Financial Strategy, is intended to consider all potential funding options available to the Council and to maximise the financial resources available for investment in service provision and improvement within the framework of the MTFP.

To deliver our strategic objectives, especially in relation to economic and housing growth, regeneration and commercial investments to provide a revenue return, significant levels of investment will be required, which will result in a borrowing need.

Prudential Borrowing

The Council has discretion to undertake Prudential "unsupported" borrowing to fund capital projects with the full cost of that borrowing being funded from within Council revenue resources. This discretion is subject to complying with the Code's regulatory framework which essentially requires any such borrowing to be prudent, affordable and sustainable. Prudential borrowing does provide an option for funding additional capital development but one which has to be funded each year from within the revenue budget or from generating additional ongoing income streams.

Given the pressure on the Council's revenue budget in future years, prudent use will be made of this discretion in cases and only where there is a clear financial benefit, such as "invest to save", "invest to earn" commercial investments where returns are expected to be higher than the revenue costs of the debt, provision of loans where principal repayments will be utilised as proxy for MRP, borrowing or major regeneration schemes which do not increase revenue expenditure levels in the longer term.

The Council will remain cautious and prudent in the extent of prudential borrowing undertaken to fund new capital investment.

Earmarked Reserves
Our continued prudent approach is to set aside revenue resources to fund capital investments in economic and housing growth, future service investment needs, invest to save and invest to earn schemes and enhancements of our own property assets, in addition to providing for contingencies, volatility and budget smoothing.

Our own resources will therefore be utilised to fund those schemes which provide a SRI, invest to save schemes which achieve efficiencies, and investment in our operational service asset needs.

Capital Receipts
The Council's policy of utilising Housing capital receipts for Housing related purposes will continue.

Capital receipts generated from sales of our own assets will not be ring fenced and will be utilised to either fund new capital investment or repay prudential borrowing.

External Grants and contributions (incl S106)
The Council will actively pursue grants and contributions which are available to fund capital investment schemes. This funding will be utilised in the first instance.

Leasing
The use of leasing will be undertaken where alternative funding is not available for vehicles or minor equipment and the revenue budget does not allow for a full capital repayment and there is a robust business case then the option of leasing may be considered.

Other Sources of Funding
There are a range of other potential funding sources which may be generated locally either by the Council itself or in partnership with others ie a growing number of private organisations are showing interest where clear joint benefits exist. Each case will be subject to specific financial appraisals and appropriate governance arrangements.

7. CONCLUSION

The Capital Investment Strategy is a working document, which enables the Council to make informed rational capital investment decisions to achieve its corporate priorities and objectives. It provides a framework for determining the relative importance of individual projects.

The strategy will be reviewed annually to ensure that it remains relevant and effective.

APPENDIX C

Capital Investment Programme 2017/18 - 2021/2022						
Corporate Priority / Scheme	**Estimate 2017/18**	**Estimate 2018/19**	**Estimate 2019/20**	**Estimate 2020/21**	**Estimate 2021/22**	**TOTAL CAPITAL INVESTMENT**
	£	**£**	**£**	**£**	**£**	**£**
Open for Business						
Commercial Loans	500,000	-	-	-	-	500,000
People First						
Telephony	150,000	-	-	-	-	150,000
Electronic Chanel Analytics	20,000	-	-	-	-	20,000
Disabled Facilities Grants	601,400	605,000	605,000	555,000	555,000	2,921,400
Closer to the Customer Programme	160,000	150,000	90,000	-	-	400,000
Gainsborough Growth Fund	175,000	141,000	-	-	-	316,000
Asset Management						
Capital Enhancements to Council Owned Assets	270,000	100,000	50,000	30,000	30,000	480,000
Carbon Management Plan	27,000	29,000	19,500	5,000	-	80,500
5-7 Market Place	100,000	-	-	-	-	100,000
Riverside Gateway -Lea Road School	300,000	-	-	-	-	300,000
Hemswell Masterplan - Public Realm Improvements	70,000	60,000	-	-	-	130,000
Commercial Investment	1,270,000	2,013,000	730,000	-	-	4,013,000
Caistor - South Dale Redevelopment	100,000	-	-	-	-	100,000
Public Sector Hub - Property	15,000	500,000	-	-	-	515,000
Leisure Facilities	800,000	7,000,000	-	-	-	7,800,000
Commercial Investment - Property Portfolio	8,000,000	5,000,000	2,000,000	-	-	15,000,000
Roseway Car Park	130,000	-	-	-	-	130,000
Partnerships						
WLDC Wider Heritage Scheme	60,000	120,000	205,000	-	-	385,000
Towncentre Regeneration HLF	91,500	300,000	500,000	500,000	325,300	1,716,800
Riverside Gateway - Marina/Transformational Change	100,000	-	2,900,000	-	-	3,000,000
Riverside North - Housing Zone	600,000	-	-	-	-	600,000
WLDC Regeneration - Dev Partnership	2,000,000	3,000,000	-	-	-	5,000,000
Acquistions	995,000	-	-	-	-	995,000
Viability Funding - Capital Grant	1,400,000	-	-	-	-	1,400,000
Infra-structure Delivery Plan	150,000	200,000	200,000	200,000	-	750,000
Housing Strategy initiatives incl empty homes	339,000	400,000	400,000	300,000	-	1,439,000
Food Enterprise Zone infrastructure	1,005,300	1,000,000	1,000,000	-	-	3,005,300

Capital Investment Programme 2017/18 - 2021/2022						
Corporate Priority / Scheme	**Estimate 2017/18**	**Estimate 2018/19**	**Estimate 2019/20**	**Estimate 2020/21**	**Estimate 2021/22**	**TOTAL CAPITAL INVESTMENT**
Excellent, VFM Services						
Vehicle Replacement Programme	255,000	609,500	382,500	60,000	104,500	1,411,500
Replacement Planning/Building Control/Land Charges System	20,000	-	-	-	-	20,000
Desktop Refresh/SAN and SQL replacment	185,000	29,000	-	-	-	214,000
Replace IDOX Scanner	10,000	-	-	-	-	10,000
Civic Enhancements	51,000	-	-	-	-	51,000
Replacement of Noise Equipment	-	-	10,000	-	-	10,000
Microsoft Email Upgrade	30,000	-	-	-	-	30,000
IT Infrastructure Refresh	-	110,000	-	-	-	110,000
Grounds Maintenance	-	100,000	-	-	-	100,000
Financial Management System	150,000	-	-	-	-	150,000
Total Capital Programme Gross Expenditure	**20,130,200**	**21,466,500**	**9,092,000**	**1,650,000**	**1,014,800**	**53,353,500**
CAPITAL FINANCING						
Grants & Contributions etc	1,506,400	1,746,000	3,631,460	1,055,000	880,300	8,819,160
Revenue Financing	5,469,800	5,232,500	2,580,540	595,000	134,500	14,012,340
Useable Capital Receipts	1,089,000	475,000	150,000	-	-	1,714,000
Prudential Borrowing	12,065,000	14,013,000	2,730,000	-	-	28,808,000
Total Capital Programme Funding	**20,130,200**	**21,466,500**	**9,092,000**	**1,650,000**	**1,014,800**	**53,353,500**

APPENDIX D

Analysis of Capital Financing						
Source	**Estimate 2017/18**	**Estimate 2018/19**	**Estimate 2019/20**	**Estimate 2020/21**	**Estimate 2021/22**	**TOTAL**
	£	**£**	**£**	**£**	**£**	**£**
Use of Capital Receipts	**1,089,000**	**475,000**	**150,000**	**-**	**-**	**1,714,000**
Use of Capital grants						
Disabled Facilities Grant	601,400	605,000	605,000	555,000	555,000	2,921,400
Growth Point	175,000	141,000	-	-	-	316,000
Heritage Lottery Bid	-	-	64,160		-	64,160
European Growth Fund Bid	-	-	1,500,000	-	-	1,500,000
HLF	-	-	462,300	500,000	325,300	1,287,600
	-	-	-		-	-
Lindsey Action Zone	130,000	-	-	-	-	130,000
European Regional Development Fund	600,000	1,000,000	1,000,000	-	-	2,600,000
	1,506,400	**1,746,000**	**3,631,460**	**1,055,000**	**880,300**	**8,819,160**
Use of Earmarked Reserves						
IT Upgrades/Refresh	175,000	29,000	-	-	-	204,000
Maintenance of Facilities Fund	670,000	100,000	50,000	30,000	30,000	880,000
Carbon Reduction Fund	27,000	29,000	19,500	5,000	-	80,500
Waste Management Fund	255,000	609,500	382,500	60,000	104,500	1,411,500
Property Asset Fund	100,000	500,000	-	-	-	600,000
Investment for Regeneration & Growth Fund	3,626,800	3,605,000	2,028,540	500,000	-	9,760,340
Business Improvement & Transformation	550,000	260,000	100,000	-	-	910,000
Invest to Earn - commercial returns	-	100,000	-	-	-	100,000
Invest to Save	15,000	-	-	-	-	15,000
Civic Reserve	26,000	-	-	-	-	26,000
Total Use of Earmarked Reserves	**5,444,800**	**5,232,500**	**2,580,540**	**595,000**	**134,500**	**13,987,340**
General Fund	**25,000**	**-**	**-**	**-**	**-**	**25,000**
Prudential Borrowing	**12,065,000**	**14,013,000**	**2,730,000**	**-**	**-**	**28,808,000**
Capital Financing Total	**20,130,200**	**21,466,500**	**9,092,000**	**1,650,000**	**1,014,800**	**53,353,500**

APPENDIX M – Benchmarking Report

Spidercharts for West Lindsey

Our financial position model, also known as the 'spidergram' model, was first issued in 2013 by the Local Government Association and has helped inform our Medium Term Financial Strategy since that time. This model is designed as a tool to help councils assess their financial position compared to other councils. The model produces a report for each council alone.

It aims to do the following:

- Allow councils to gain an objective view of where they stand in comparison to other councils on a set of measures which have something to say about their financial position;
- Identify relative strengths and weaknesses, risks and opportunities which can be taken into account when considering a future financial strategy.

How to use understand the diagrams:

This report is split into three sections, each is a suite of themed indicators:

- Strategic (present and future),
- Risk
- Opportunity

The highest (or best) rank, of 1, on a spiderchart is the inner most point of the graph. The lowest (or worst) rank for All English district local authorities will be 201, the lowest rank will be on the outer edge of the spiderchart.

Each section comes with a description of the metrics used and commentary as to why they are considered to be important, and context to our own positioning. In the reference section there are tables showing additional comparison data and in the collection library there are links (when viewed at www.LG Inform, which can produce these diagrams against different benchmark groups) to the data collections used in the report and information on when they were last updated.

For the purpose of this report we have used a comparator of all English District Councils

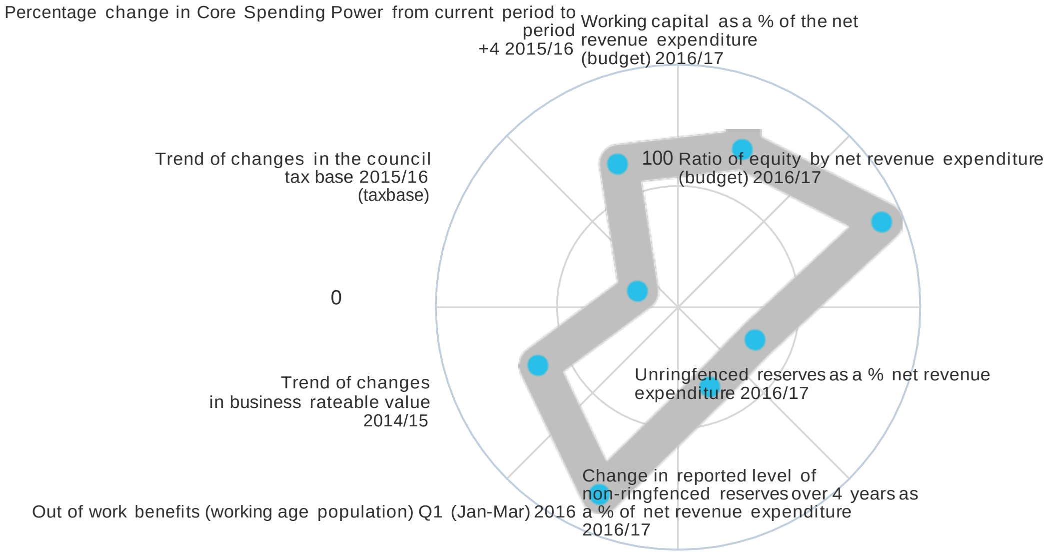
Please note that the data used has been gleaned from the Whole of Government Accounts 2014/15 and reflects our balance sheet as at 31 March 2015, and the 2016/17 Budget.

The Council has a corporate subscription to the Local Government Association and these interactive diagrams can be found by registering and then accessing at http://lginform.local.gov.uk

Contents:

- Strategic Indicators: Present and Future
- Risk Indicators
- Opportunity Indicators
- Reference tables
- Collection library

Strategic: All English district local authorities Rank (201)



West Lindsey Rank within All English district local authorities

Represents West Lindsey

This diagram reflects our strategic financial position in terms of potential future sustainability;

- The availability of reserves to meet revenue expenditure need arise.
- The potential for increases in local taxation (based on past 4 years growth)
- The comparable impact of additional costs due to changes to welfare reform
- The reduction in core spending power.

WLDC are in a good position in relation to our level of reserves, work undertaken on bringing empty homes into use, housing and business growth which support the reductions in core spending power, and funding shortfall.
Reserves can be utilised for investment generate new income from transformation, growth or commercial activities. The impact on welfare reform, due to the high level of working aged people on benefit, will result in a potential pressure on the future budget.

The represents WLDC position and the nearer the outer edge a low ranking compared to others.

Strategic: West Lindsey and All English district local authorities Rank

Metric type	Period	West Lindsey	
		Rank within All English district local authorities	%
Working capital as a % of the net revenue expenditure (budget)	2016/17	141	92.51
Ratio of equity by net revenue expenditure (budget)	2016/17	184	-0.06
Unringfenced reserves as a % net revenue expenditure	2016/17	70	103.26
Change in reported level of non-ringfenced reserves over 4 years as a % of net revenue expenditure	2016/17	71	28.31
Out of work benefits (working age population)	Q1 (Jan-Mar) 2016	167	9.2
Trend of changes in business rateable value	2014/15	125	38.71
Trend of changes in the council tax base	2015/16 (taxbase)	35	7.97
Percentage change in Core Spending Power from current period to period +4	2015/16	128	-11.026

STRATEGIC: PRESENT AND FUTURE

P1: Working capital as a percentage of the net revenue expenditure (budget)

This is the level of working capital weighted according to the total net revenue expenditure. The working capital (Current Assets ie Investments, debtors and cash less Current Liabilities ie creditors, lease liabilities, provisions) for West Lindsey is £15.115m
which equates to 92.51% of the net revenue expenditure (£16.338m); in the previous period it was 109.52%.

WLDC has a strong positive indicator, therefore having less difficulty liquidating sufficient assets to operate in the event of a short term debt problem, however this is highly unlikely due to the level of investments held and effective cashflow management being undertaken.

As we utilise our Earmarked Reserves to finance investment and growth, this will reduce our working capital, at a faster pace than the reduction in net revenue expenditure as a result of funding reductions.

The higher the working capital value as a percentage of the net revenue expenditure the higher the rank.

P2: Ratio of equity by net revenue expenditure (budget)

This is the level of net assets weighted according to total net revenue expenditure. West Lindsey has a net worth of -£1.003m (2014/15), which is a ratio of -0.06:1 of the net revenue expenditure (£16.338m 2016/17). The ratio of equity has increased since the last period when it was -0.07:1.

West Lindsey had a low level of net assets (equity) due to the significant Pension Liability of £34m.

This indicator differentiates those authorities which over time have a relatively higher level of liabilities to fund and limited assets from which to do so, making additional financing costs likely in the years ahead. The higher the ratio of equity the higher the rank.

This indicator will reflect an improvement for next year to 0.6:1 as our 2015/16 net worth has increased to £10.611m, this has been due to increased values in Long Term Assets (Property, Plant, Equipment etc) £3m and a reduction in the Pension Liability of £6m.

The volatility of the Pension Liability is due to a number of factors, and is likely to affect this indicator in future years.

P3: Estimated unringfenced reserves as a % net revenue expenditure

The level of unringfenced reserves (earmarked and other unallocated) is weighted according to - or as a percentage of - total net revenue expenditure. In West Lindsey the unringfenced reserves stand at £16.871m, higher than the last period when they were £12.942m; currently it is 103.26% of the total net revenue expenditure (£16.338m).

Our reserves are set aside for a number of purposes, to cover risks which are difficult to measure, ie volatility in the Business Rates, Service investment and achievement of Corporate Priority objectives through capital and revenue investment.

The indicator therefore has a limitation in cases where unringfenced reserves include reserves set aside against risks that have a high likelihood of crystallising. The higher the relative value of the unringfenced reserves the higher the rank.

WLDC is within the top quartile for this indicator as our healthy reserves exceed our net revenue expenditure, effectively enabling us to operate as a going concern, if our costs exceeded our funding streams.

P4: Net change in reserves over 4 years as a % of net revenue expenditure

This is the change in total estimated unringfenced revenue reserves after a four year period weighted as a proportion of budgeted total net revenue expenditure.

In West /Lindsey the change in reserves has been £4.625m over the last four years (£16.871m in the current period minus £12.246m 4 periods earlier), this represents 28.31% of the total net revenue expenditure (£16.338m).

At WLDC we have been fortunate to be able to retain a strategy of setting aside New Homes Bonus for future investment, therefore historically contributing significantly to reserves. It is therefore the case that the MTFP years pose less of a challenge. However, at the same time the Capital Programme 2016/17 to 2020/21 utilises a significant proportion of reserves for our Corporate Objectives, especially around housing regeneration and economic growth, and reserves are likely to reduce to circa £6m over this period.

The greater the change the higher the level of contributions to reserves, and the higher the rank.

F1: % of working age individuals receiving benefits

This metric is the percentage of all working age individuals that are in receipt of key out of work benefits. 9.2% of working age residents in West Lindsey were receiving out of work benefits in 17/10/2016, this is an average across the months.

This indicator assumes that authorities where benefit claimants live will see higher financial pressure related to providing services such as homelessness, than those with fewer claimants. It is arguable that the impact of welfare reform will be to encourage claimants to move from current high density areas to low density areas. There is no easy way of modelling this.

The lower the number of residents receiving the benefits the higher the rank. A report on the impacts of the Welfare Reform can be accessed on the LG Inform website.

F2: Trend of changes in business rateable value

This is the change in the business rate taxbase since 2009. Currently the total business rateable value in West Lindsey is £43m, a change of 38.71% since 2009. This figure is an index, rather than a percentage change. An index number is an economic data figure reflecting price or quantity compared with a standard or base value, which in this case is the base year value from 2009. In the previous period the index was 38.71%.

This is a measure of relative economic growth in the recent past and the assumption is that this is a momentum indicator – growth is more likely to continue where it is already taking place. There is a risk that this indicator is affected by large one off developments or valuation appeals, especially in smaller authorities. The higher the trend change the higher the rank.

A key Corporate Objective is to encourage growth in the economy through a number of initiatives to support businesses and regenerate areas of West Lindsey. This should result in an increased Business Rateable Value, which directly affects the amount of Business Rates collectable, and the relative amount of Business rates which will be retained in the future, to support self-sufficiency by 2019/20.

F3: Trend of changes in the council tax base

This is the change in the council taxbase since 2002. Currently the council tax base is 33,011 dwellings (before Localisation of Council Tax Discounts), a change of 7.97% since 2002. This figure is an index, rather than a percentage change. An index number is an economic data figure reflecting price or quantity compared with a standard or base value, which in this case is the base year value from 2002. In the previous period the index was 6.32%.

This is a measure of relative economic growth in the recent past and the assumption is that this is a momentum indicator – growth is more likely to continue where it is already taking place. Similar in principle to trend of changes in business rateable value, it is a momentum indicator. It measures relative growth in taxable property. The higher the trend change the higher the rank.

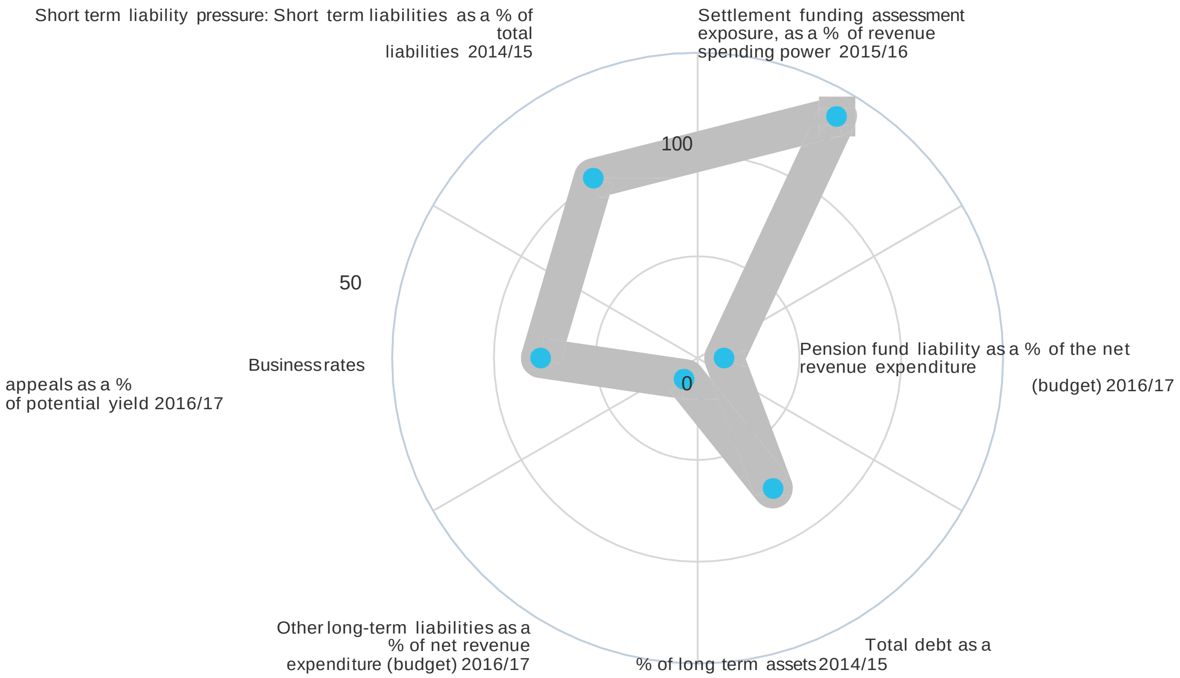
WLDC top quartile ranking reflects the impact of the work undertaken to bringing empty homes, back into use and housing growth in the district.

F4: Change in core spending power

This is the percentage change in core spending power from the local government finance settlement. It represents the percentage change from the current period (4.154 GBP (millions) in 2016/17), compared to that in four year's time: 2.932 GBP (millions) in 2019/20; this is a change of - 11.026%. Calculated by DCLG in order to provide some certainty for the four year period. The local authority core spending power figures set out indicative figures for the potential income from core components that could be available to authorities over those four years.

WLDC has a negative change that signifies a drop in core spending, others have a positive change, which signifies an increase in core spending. The greater the positive change the higher the rank. As a rural area we will continue to lobby for additional funding support.

Risk: All English district local authorities Rank (201)



West Lindsey Rank within All English district local authorities

West Lindsey position

The diagram above identifies our key financial risks, with the most significant risk being the reduction in settlement funding, which we are mitigating through a number of strategies and initiatives to realise self-sufficiency by 2019/20 when our Revenue Support Grant is expected to cease.

Being a debt free authority (other than leases) we are very low risk in relation to potential cashflow issues, in addition to having low level of other liabilities. Whilst our Pension Fund liability is significant to us comparably we rank within the top quartile.

Short term liability pressures are around the mid range, these liabilities have now been repaid.

Risk: West Lindsey and All English district local authorities Rank

Metric type	Period	West Lindsey	
		Rank within All English district local authorities	%
Settlement funding assessment exposure, as a % of revenue spending power	2015/16	137	39.17
Pension fund liability as a % of the net revenue expenditure (budget)	2016/17	13	212.49
Total debt as a % of long term assets	2014/15	74	-20.24
Other long-term liabilities as a % of net revenue expenditure (budget)	2016/17	12	-5.12
Business rates appeals as a % of potential yield	2016/17	77	-1.52
Short term liability pressure: Short term liabilities as a % of total liabilities	2014/15	102	10.70

RISK INDICATORS

There are six risk metrics for West Lindsey.

R1: Settlement funding assessment exposure

This is the Settlement funding assessment as a share of total revenue spending power. In West Lindsey the Settlement Funding Assessment was £4.942m in 20/10/2016 and the revenue spending power was £12.615m, resulting in the settlement funding assessment exposure of 39.17%. It was previously a settlement funding exposure of 44.53%.

High settlement funding assessment figures indicate a larger reliance on government grant funding, leaving an authority more exposed to grant reductions. The lower the figure, the lower the exposure to grant funding and therefore the higher the rank. Subsequent Government announcements can reduced the predictive value of this metric.

R2: Pension fund liability

Pension fund liability is weighted according to total net revenue expenditure. In West Lindsey the pension liability stands at -£34,716m, 212.49% of the net revenue expenditure (£16,338m). This is an improvement the previous period when it was 251.55%.

Pension fund liabilities may not be an immediate concern but will have an impact on council finances in the future – for example affecting employer contribution rates. As an authority with a relatively low pension fund liability we are in the top quartile ranking.

R3: Total debt

The total debt is the sum of short term and long term borrowing, weighted according to total long term assets. In West Lindsey the current total debt is -20.24% of the long term assets, which are £19.434m. In the previous period the total debt stood at -20.02% of the long term assets which were £17.137m.

Whilst total debt can pose both short term liquidity risk and long term cash pressures, as WLDC are debt free (excluding leases) we have low relative debt and therefore this is a low risk to the authority.

R4: Other long term liabilities

Other long term liabilities are liabilities that are not borrowing or pensions and in this indicator they are weighted according to the total net revenue expenditure. Other long term liabilities in West Lindsey are -£0.836m, that is -5.12% of the total net revenue (£16,338m). This is an improvement over the previous period when it was -6.06%.

Other long term liabilities also represent future costs of borrowing. They include such elements as, provisions and receipts in advance. The lower the other long term liabilities the higher the rank. Again our high ranking reflects our low levels of long term liabilities and is therefore low risk.

R5: Business rate appeals

This is the estimated business rate appeals as a share of total collectable business rates in an area. The lower the value the lower the business rate appeal risk. In 20/10/2016 business rate appeals stood at -£0.303, -1.52% of the potential yield. This is compared to the previous period when it was –£0.227, -1.35% of the potential yield.

Appeals are a source of council income uncertainty and higher exposure means that councils have to prudently budget for less income, potentially harming services. At WLDC we set aside funds into a volatility reserve to ensure that where there is an impact on the budget this can be funded from previous years budget surpluses. The lower the rate of business rate appeals, the higher the rank.

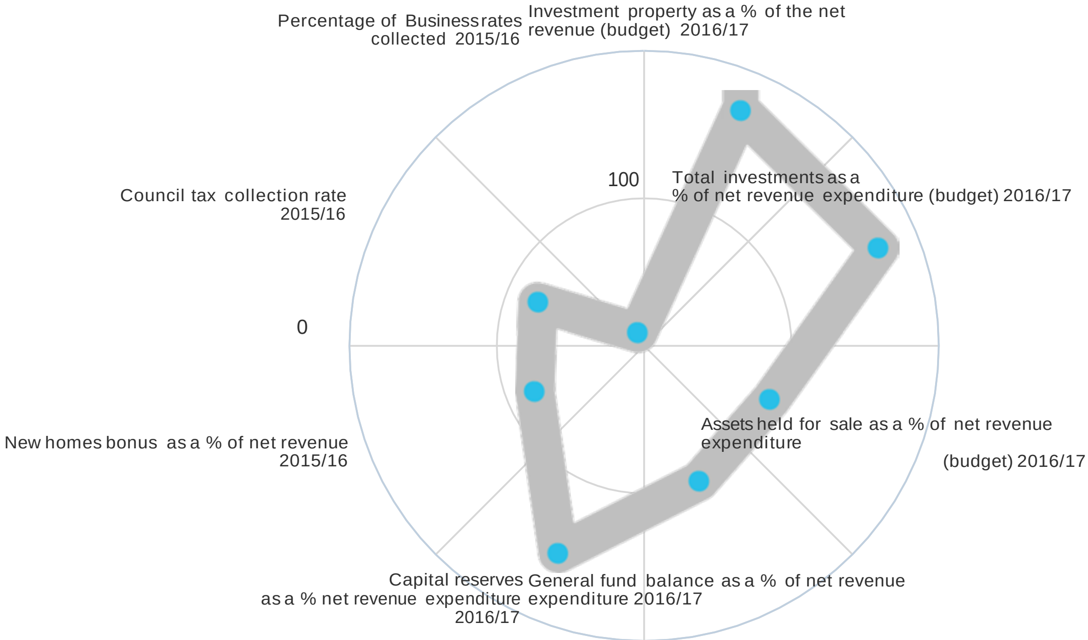
R6: Short term liability pressure

This is the council's short term liabilities as a share of total liabilities. Short term liabilities in West Lindsey are -£4.260m, that is 10.70% of the total liabilities, which stand at -£35.552m. Short term liabilities have increased since the last period when they were -£3.770m, this is mainly due to the level of outstanding creditors at the balance sheet date, and which have now been paid; total liabilities have increased since the last period when they were -£28.963m due to the increase in pension liability, and which has reduced back to the £29m level in 2015/16.

Short term liability poses an immediate pressure on liquidity. This indicator does not scale the overall level of total liabilities, but more information about liabilities can be found through indicators R2, R3 and R4. The lower the figure, the relatively lower exposure to short term liabilities and therefore the higher the rank.

OPPORTUNITY INDICATORS

Opportunity: All English district local authorities Rank (201)



West Lindsey Rank within All English district local authorities

The opportunity for WLD to increase income compared to others is through Investment property, which is a strand of our Commercial Stragtegy, in addition to longer term financial instrument investments, which will be considered as part of the Treasury Management Strategy.

The liquidation of property assets is another lower ranking opportunity, however, there may be minimal opportunity due to the low number of assets we have available for sale. The Land and Property Strategy and Asset Management Plan will determine where these opportunities may be.

Opportunity: West Lindsey and All English district local authorities Rank

Metric type	Period	West Lindsey	
		Rank within All English district local authorities	%
Investment property as a % of the net revenue (budget)	2016/17	173	0.78
Total investments as a % of net revenue expenditure (budget)	2016/17	174	56.49
Assets held for sale as a % of net revenue expenditure (budget)	2016/17	94	0.21
General fund balance as a % of net revenue expenditure	2016/17	99	-25.46
Capital reserves as a % net revenue expenditure	2016/17	152	17.71
New homes bonus as a % of net revenue	2015/16	80	15.81
Council tax collection rate	2015/16	78	98.35
Percentage of Business rates collected	2015/16	10	99.46

OPPORTUNITY INDICATORS

There are eight headline metrics which show the potential opportunities for West Lindsey.

OP1: Investment property

Investment property value is weighted according to total net revenue expenditure. In the most recent period investment property in West Lindsey was worth £0.127m, compared to £0.127m in the previous period. That is 0.78% of the total net revenue in the most recent period (£16,338m), and 0.92% in the previous period.

A higher total value of investment property indicates more opportunity to raise income. However, return on investment can vary depending on the type of investment and an investment strategy. The higher the relative value of investment property the higher the rank. Multiple authorities share the lowest ranked value of 1.

The Council holds one investment property, specifically purchased for commercial purposes. This indicator is likely to increase as the Commercial Strategy objective of increasing the number of investment properties to generate revenue income is progressed.

OP2: Total investments

This indicator includes short term investments, long term investments and investment property weighted according to total net revenue expenditure. Total investments have increased in West Lindsey by 39.9%

since the last period, and is currently £9.229, that is 56.49% of the total net revenue (£16.338).

This indicator has a similar logic to OP1: Investment property as a percentage of the total net revenue, but also includes short term investments. The more investments relative to the net revenue expenditure the higher the rank.

This indicator excludes investments held in Money Market Funds of £10.060m, as they are considered liquid assets they are classified as Cash and Cash Equivalents, but which generate low level returns ie <0.5%.

OP3: Assets held for sale

This is the value of assets held for sale weighted according to total net revenue expenditure. There is a total of £0.034m assets in West Lindsey held for sale, that is 0.21% of the total net revenue (£16.338m). In the previous period assets held for sale represented 0.25% of the net revenue expenditure.

Assets held for sale represent an immediate opportunity for a cash injection which can be used for further capital investment. The more assets the council has relative to total net revenue expenditure, held for sale, the higher the rank. Multiple authorities share the lowest ranked value of 1.

The Council has few assets held for sale, however recent Condition Survey work will now be analysed to determine which properties can provide Value for Money, or be considered for sale to generate a capital receipt.

OP4: General fund balance

The general fund balance weighted according to total net revenue expenditure (due to accounting formatting positive figures are presented as negatives). In West Lindsey the general fund balance is -£4.160m, an increase since the previous period when it was -£2.160. It is currently -25.46% of the total net revenue expenditure (£16.338m).

A higher general fund balance may indicate better preparedness for unexpected economic shocks. Alternatively, councils may make a decision to build up their general fund reserves in response to increased perceived risk. The relatively bigger the proportion of the general fund balance against the total net revenue expenditure the higher the rank. Multiple authorities share the lowest value of 1.

WLDC reviews the adequacy of its reserves as part of its annual budget process. Amounts in excess of minimum working balance requirements will be earmarked for future investment.

OP5: Capital reserves

This is the sum of capital grants unapplied and capital receipts reserves, weighted according to total net revenue expenditure. In West Lindsey the capital reserves stand at -£2.893, that is 17.71% of the total net revenue expenditure. This is compared to the previous period when it was -£2.904, 20.96% of the total net revenue expenditure (£16.338m).

Higher capital reserves provide more scope for investment that can save costs or generate income in the future. The definition is limited to these two particular reserves due to data limitations. The higher the level of capital reserves against the net revenue expenditure the higher the rank.

Due to the relatively low number of assets the Council owns, there is no significant opportunity to liquidise assets at this time to generate capital receipts. Our in year capital receipts are mainly from repayment of capital grants, and annual receipts associated with our Housing Transfer Agreement.

OP6: New Homes Bonus

New Homes Bonus as a share of total revenue spending power. The New Homes Bonus in West Lindsey was £1.558m in the previous period, 11.90% of the total net revenue expenditure. Currently New Homes Bonus stands at £1.995m, 15.81% of the total net revenue expenditure (£16.338m).

Higher new homes bonus has provided a stable source of income since its inception as a reflection of a lively house building market. However, this funding stream is government policy, meaning that there is always a risk of it ending. WLDC use new homes bonus for further investment instead of funding services as a result. The greater the relative value of the New Homes Bonus the higher the rank.

The scheme ended in 2015/16 and whilst we may benefit from income over the next 5 years, as yet there has been no announcement on its replacement.

P7: Council tax collection rate

This is the amount of council tax revenue collected as a share of total collectable council tax. West Lindsey collected 98.35% of the collectable council tax, this is an improvement on the previous period when West Lindsey collected 98.23% of the collectable council tax.

A lower council tax collection rate could also represent an opportunity in its own regard as there is room to increase annual income through better collection practices. In some cases a low collection rate can be explained by socioeconomic characteristics of an area, such as reliance on council tax support. The high collection rate of local taxes shows that as an authority we are close to maximising income.

OP8: Business rates collection rate

This is the amount of business rates collected as a share of total collectable business rates. West Lindsey collected 99.46% of the collectable business rates, this is an improvement than the previous period when West Lindsey collected 99.17% of the collectable business rates.

A high collection rate of business rates shows that an authority is close to maximising its income. The higher the collection rate, the higher the rank.

WLDC continue to be one of the top district councils in the country (10th) for Business Rate collection levels.

REFERENCE TABLES

The following reference tables show the current value of each metric used against the minimum, average (mean) and maximum for all English district authorities as the selected comparison group.

Strategic: West Lindsey and All English district local authorities

Metric type	Period	West Lindsey	Minimum for All English district local authorities	Mean for All English district local authorities	Maximum for All English district local authorities
		%			
Working capital as a % of the net revenue expenditure (budget)	2016/17	92.51	-463.53	160.88	1,054.67
Ratio of equity by net revenue expenditure (budget)	2016/17	-0.06	-3.21	7.57	64.15
Unringfenced reserves as a % net revenue expenditure	2016/17	103.26	0.00	91.65	414.69
Change in reported level of non-ringfenced reserves over 4 years as a % of net revenue expenditure	2016/17	28.31	-251.75	20.58	173.82
Out of work benefits (working age population)	Q1 (Jan-Mar) 2016	9.2	3.0	7.0	14.7
Trend of changes in business rateable value	2014/15	38.71	-9.26	44.77	124.32
Trend of changes in the council tax base	2015/16 (taxbase)	7.97	2.05	6.34	16.00
Percentage change in Core Spending Power from current period to period +4	2015/16	-11.026	-17.112	-10.030	-1.458

Risk: West Lindsey and All English district local authorities

Metric type	Period	West Lindsey	Minimum for All English district local authorities	Mean for All English district local authorities	Maximum for All English district local authorities
		%			
Settlement funding assessment exposure, as a % of revenue spending power	2015/16	39.17	19.93	35.61	57.63
Pension fund liability as a % of the net revenue expenditure (budget)	2016/17	212.49	104.29	413.99	1,406.00
Total debt as a % of long term assets	2014/15	-20.24	-84.66	-28.24	-3.71
Other long-term liabilities as a % of net revenue expenditure (budget)	2016/17	-5.12	-301.24	-34.54	0.00
Business rates appeals as a % of potential yield	2016/17	-1.52	-12.00	-2.13	0.00
Short term liability pressure: Short term liabilities as a % of total liabilities	2014/15	10.70	3.19	12.81	54.01

Opportunity: West Lindsey and All English district local authorities

Metric type	Period	West Lindsey	Minimum for All English district local authorities	Mean for All English district local authorities	Maximum for All English district local authorities
		%			
Investment property as a % of the net revenue (budget)	2016/17	0.78	0.00	130.38	1,717.96
Total investments as a % of net revenue expenditure (budget)	2016/17	56.49	0.00	279.06	2,539.90
Assets held for sale as a % of net revenue expenditure (budget)	2016/17	0.21	0.00	5.30	109.36
General fund balance as a % of net revenue expenditure	2016/17	-25.46	-266.16	-32.66	0.00
Capital reserves as a % net revenue expenditure	2016/17	17.71	0.37	61.33	587.59
New homes bonus as a % of net revenue	2015/16	15.81	3.62	14.47	32.19
Council tax collection rate	2015/16	98.35	94.13	97.92	99.44
Percentage of Business rates collected	2015/16	99.46	94.46	98.39	99.84

COLLECTION LIBRARY

Below are links to the data collections used in the report and when they were last updated:

Budgeted Revenue Accounts: 15/06/2016

Council Tax Collection Rates: 25/10/2016 Financial

Sustainability Analysis: 24/10/2016 Labour Market

Statistics: 17/10/2016

Local Government Finance Settlement: 20/10/2016

Non Domestic Rates Collected by Local Councils in England: Forecast: 20/10/2016

Revenue Outturn Summary: 26/09/2016

Valuation Office: Central and Local rating lists: 12/09/2016 Whole

of Government Accounts: 10/10/2016

References

This report was generated using data from:

- Local Government Association [http://www.local.gov.uk/]
- HM Treasury [https://www.gov.uk/government/collections/whole-of-government-accounts]
- Communities and Local Government [https://www.gov.uk/government/policies/local-government-spending]
- Nomis [https://www.nomisweb.co.uk/Default.asp]