



**Corporate Policy and
Resources**

Thursday, 12th February 2026

Subject: Medium Term Financial Plan 2026/27 to 2030/31
The Budget 2026/27
Capital Programme 2026/27 to 2030/31

Report by: Director of Finance and Assets (Section 151 Officer)

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Purpose / Summary: The purpose of the Medium-Term Financial Plan (MTFP) is to set a robust overall framework for the Council's Financial Strategy and spending plans over the next 5 years in support of delivering the Corporate Plan. The report sets out the revised financial plans within the Financial Analysis for changes in Government Funding, the economic environment, local engagement and the priorities for the Council. The plan reflects the revisions to previous estimates and covers the period 2026/27 to 2030/31.

The Financial Analysis includes the draft budget for 2026/27 for scrutiny and consideration prior to recommending to Council.

RECOMMENDATION(S):

- 1. Recommend to Council the approval of the Medium-Term Financial Plan 2026/27 – 2030/31**

2. Approve the review of Reserves and the proposed use and contributions to both the General Fund Balance and Earmarked Reserves as detailed at 2.7 within the Medium-Term Financial Plan
3. Consider and recommend to Council a balanced Revenue Budget for 2026/27 (Appendix 1)
4. Consider and recommend to Council the Capital Programme 2026/27 – 2030/31 (Appendix 4)
5. Accept the Statement of the Chief Finance Officer on the Robustness of Estimates and Adequacy of Reserves
6. Delegate any housekeeping or changes required due to the final financial settlement and any approvals elsewhere on this agenda, to the Medium-Term Financial Plan to the Section 151 Officer in consultation with the Chairman of this Committee prior to the final consideration by Council on 2nd March 2026.

IMPLICATIONS

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

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

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

Financial: FIN/155/26/CPR/SL

The report presents a balanced budget for 2026/27, without the requirement to support it with funds from the General Fund Balance. It addresses the financial implications arising from the recommended revisions to the MTFP and the requirement to determine the Council Tax for 2026/27 considering the approved Tax Base 33,543.15 and Council Tax Surplus £0.213m.

The Provisional Local Government Finance Settlement was announced on the 17th of December 2025 and has been incorporated into this report. Allocations were made for 2026/27 to 2028/29 therefore it is not clear whether these grant streams will continue after 2028/29.

The 2026/27 Draft Budget totals £21.362m and is fully funded and is a balanced budget.

Contributions to Earmarked Reserves total £2.550m and Use of Earmarked Reserves total £0.985m, these exclude capital reserve movements.

The movement on the General Fund Balance is a reduction of £0.146m and is forecast to be £2.052m at the end of 2026/27.

The Capital Programme totals £12.164m over the Medium-Term Financial Plan and is fully funded.

Staffing: The Medium-Term Financial Analysis includes budget provision for all approved posts, some of which are funded from grant, service income or Earmarked Reserves.

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

Data Protection Implications: None directly from this report.

Climate Related Risks and Opportunities: The MTFP includes provision for investment in schemes designed to contribute to a reduction in our carbon emissions.

Section 17 Crime and Disorder Considerations: The budget provides resources to fund the costs of the CCTV service.

Health and Well Being Implications: The budget provides resources to support the health and wellbeing of our residents. In addition, the Health and Wellbeing Reserve of £0.186m is available to support delivery of better outcomes for our residents.

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

N/A

Risk Assessment:

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

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

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

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

Yes

No

Key Decision:

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

Yes

No

1. Executive Summary

- 1.1 Presented below is the Medium-Term Financial Plan 2026/27 – 2030/31 (which includes the Financial Strategy and Medium-Term Financial Analysis). An Executive Summary is contained therein.
- 1.2 The document is central to our financial planning and plays a key role in the budget setting process to ensure that resources are aligned to the Corporate Plan priorities through the setting of the Revenue Budget and Capital Programme. Their impact and risks are considered in the Treasury Management Strategy (scrutinised by the Governance and Audit Committee and recommended to Council for approval).

The Medium-Term Financial Plan – Aims to deliver an annual balanced and sustainable budget whilst considering the context of National and Local funding and its projections over a 5 year period. It ensures that our resources

are directed towards delivery of the Council's corporate priorities and includes the Financial Strategy and Medium -Term Financial Analysis.

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

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

1.3 The Revenue Budget 2026/27

The General Fund Revenue Budget 2026/27 (detailed in the table below) reflects a balanced budget and a Net Revenue Budget Requirement of £21.362m (£21.155m 2025/26).

Members should be aware that at the time this document has been produced the budget is based on the provisional three-year financial settlement announced by the Minister of state for Local Government and Homelessness, Rt. Hon Alison McGovern on 17th December 2025. The final settlement has yet to be announced.

The Budget for 2026/27 assumes that the Council approve a Council Tax of £256.14 (£248.76 2025/26), an increase of 2.97% being the maximum amount allowable under the Government's referendum limit of up to 3% or £5 (whichever is the greater). This approach supports our future financial sustainability.

With an approved tax base of 33,543.15 Council Tax income of £8,591,800 will be budgeted for (32,756.75 and £8,148,600 2025/26). The Medium-Term Financial Analysis assumes an ongoing 1.5% increase in taxbase each year.

The Revenue Budget is detailed below and is analysed by our Service Clusters, aligned to the key themes contained within the draft Corporate Plan 'Our West Lindsey, Our Future' 2026-2030:

- i) **Thriving People** – Supporting people and communities to thrive by addressing inequality, tackling homelessness, improving housing conditions, adapting homes, boosting skills, improving health and wellbeing, and supporting those most in need.
- ii) **Thriving Places** – Enabling sustainable and inclusive economic growth in our towns and rural communities, preserving our heritage,

delivering homes that meet local needs, and ensuring our places and spaces are clean, green and safe.

- iii) **Thriving Council** – Delivering high-quality services through trusted governance, financial resilience, and continuous improvement to ensure positive outcomes for residents now and in the future.

The table below details the proposed revenue budget 2026/27 for approval and is compared to the original budget 2025/26 and analysed over our Service Clusters (Corporate Plan themes) and includes other elements of operating expenditure and movements in reserves resulting in a £21.362m Budget Requirement (£21.155m 2025/26), an increase of £0.207m. Further analysis of the Budget is contained within **Appendix 1** of the Medium-Term Financial Analysis.

Cluster	Base Budget 2025/26	Forecast Budget 2025/26
Thriving Council	9,522,100	9,524,700
Thriving People	1,968,900	2,398,900
Thriving Places	4,144,800	4,792,400
Grand Total	15,635,800	16,716,000
Interest Receivable	(524,700)	(539,800)
Investment Income - Property Portfolio	(1,552,700)	(1,717,800)
Drainage Board Levies	552,600	581,300
Parish Precepts	2,850,200	3,086,100
Interest Payable	686,000	758,600
MRP/VRP (repayment of borrowing)	980,100	1,058,700
Net Revenue Expenditure	18,627,300	19,943,100
Transfer to / (from) General Fund	(156,600)	(146,000)
Transfer to / (from) Earmarked Reserves	2,684,300	1,564,500
Amount to be met from Government Grant or Council Tax	21,155,000	21,361,600
Funding Income		
Business Rate Retention Scheme	6,654,900	2,994,300
Collection Fund Surplus - Council Tax	275,600	212,800
Parish Councils Tax Requirement	2,850,200	3,086,100
New Homes Bonus	499,400	0
Other Government Grants	2,726,300	6,476,600
Council Tax Income	8,148,600	8,591,800
TOTAL FUNDING	21,155,000	21,361,600
Balanced Budget / Funding Target	0	0

1.4 Significant Movements

The significant movements between the 2025/26 and 2026/27 budget include.

Expenditure Pressures

- £0.317m staff resourcing including pay awards
- £0.763m implementation of the Food Waste Collection service
- £0.082m inflation applied to supplies and services, premises, transport and employees
- £0.310m Contractual increases
- £0.029m Drainage Board Levies
- £0.073m Interest Payable on Loans
- £0.079m increase in Minimum Revenue Provision (MRP)
- £0.010m Changing Places facility – repairs and maintenance

Expenditure Reductions

- £0.775m Actuarial review of Pension Fund Contributions - reduced employers contribution rates and Pension Deficit Contribution

Additional Income

- £0.167m Fees and Charge Review
- £0.015m Interest from Investments
- £0.043m Property rental income

Income Reduction

- £0.087m reduction in Housing Benefits subsidy

Additional Funding

- £0.443m Council Tax – increase of 2.97%
- £4.313m Provisional Funding Settlement (includes Homelessness and Rough Sleeping Grant previously issued separately)

Reduction in Funding

- £3.661m Business Rates Retention scheme
- £0.499m New Homes Bonus scheme ended
- £0.563m Extended Producer Responsibility funding
- £0.063m Council Tax Surplus

The movement in net contributions from reserves total £1.109m.

1.5 Review of Earmarked Reserves

The Council's Corporate Policy and Resources committee considered the level of earmarked and general fund reserves as its meeting on 15th January. Members considered the purpose and balance on each of the Council's reserves. The committee also set a general fund balance of between £2.0m and £2.5m which is reviewed annually.

In addition, and detailed in full at 2.8 of the Medium-Term Financial Plan, the table below details the estimated year end reserve balances over the medium term. It takes account of current expectations of the 2025/26 outturn position, the movement in reserves for capital investment financing, contributions to and from reserves for the purposes of service and project investment.

RESERVE	CURRENT YEAR	MTFP				
		Balance at 31/03/26 £	Balance at 31/03/27 £	Balance at 31/03/28 £	Balance at 31/03/29 £	Balance at 31/03/30 £
General Fund Working Balance	2,197,792	2,051,792	2,051,792	2,051,792	2,051,792	2,051,792
Earmarked Reserves	14,041,823	13,212,423	13,114,823	12,469,723	13,318,123	13,249,723
Capital Grants	3,469,700	3,469,700	3,469,700	3,469,700	3,469,700	3,469,700
Capital Receipts	6,211,746	300,649	329,369	368,743	378,743	388,743
TOTAL USABLE RESERVES	25,921,061	19,034,565	18,965,684	18,359,958	19,218,358	19,159,958

Corporate Plan Priorities (Revenue)	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Corporate Plan Priorities (Capital)	0	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000
TOTAL CORPORATE PLAN PRIORITIES	0	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
GRAND TOTAL	25,921,061	27,034,565	26,965,684	26,359,958	27,218,358	27,159,958

EARMARKED RESERVES	CURRENT YEAR		MTFP			
	Balance at 31/03/26 £	Balance at 31/03/27 £	Balance at 31/03/28 £	Balance at 31/03/29 £	Balance at 31/03/30 £	Balance at 31/03/31 £
Service Investment/Renewals	4,246,365	4,562,765	4,780,165	4,716,365	5,464,765	5,296,365
Contingency/Risk	6,674,634	6,219,534	5,845,834	5,164,534	5,164,534	5,164,534
Investment for Priorities	3,120,824	2,430,124	2,488,824	2,588,824	2,688,824	2,788,824
Grand Total	14,041,823	13,212,423	13,114,823	12,469,723	13,318,123	13,249,723

1.6 The Capital Investment Strategy (Appendix 3)

The Capital Investment Strategy forms a key part of the Council's overall corporate planning framework. It provides a mechanism by which the Council's capital investment and financing decisions can be aligned with the Council's over-arching corporate priorities and objectives over a medium term (five

year) planning horizon. Providing a framework to enable both revenue and capital investment decisions which contribute to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.

1.7 The Capital Investment Programme (Appendix 4)

The Capital Programme 2026/27 to 2030/31 provides a plan of future capital investments totalling £12.164m with £3.558m estimated for 2026/27. The programme is monitored in year through the Corporate Policy and Resources Committee and is reviewed bi-annually and may result in significant changes as business cases for schemes are developed or schemes re-profiled over financial years due to external factors.

Service Cluster	Estimate 2026/27 £	Estimate 2027/28 £	Estimate 2028/29 £	Estimate 2029/30 £	Estimate 2030/31 £	TOTAL CAPITAL INVESTMENT £
Thriving Council	99,300	74,600	141,100	67,700	79,500	462,200
Thriving People	2,982,500	2,887,500	837,500	837,500	837,500	8,382,500
Thriving Places	476,200	479,400	978,800	240,000	1,145,000	3,319,400
Grand Total	3,558,000	3,441,500	1,957,400	1,145,200	2,062,000	12,164,100

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

Members are asked to approve the budget only and receive reports for specific schemes prior to approval to spend, in accordance with financial regulations. This excludes business as usual schemes such as replacement and renewal programmes i.e. Strategic Asset Management Plan, Vehicle replacement programme, ICT replacement programme where approval to spend is recommended within this report.

The Capital Investment Programme is to be funded from:

CAPITAL FINANCING	Estimate 2026/27 £	Estimate 2027/28 £	Estimate 2028/29 £	Estimate 2029/30 £	Estimate 2030/31 £	Total Capital Programme £
Grants & Contributions etc	-3,174,400	-2,887,500	-837,500	-837,500	-837,500	-8,574,400
Useable Capital Receipts	-89,700	0	0	0	0	-89,700
Reserves	-293,900	-554,000	-1,119,900	-307,700	-1,224,500	-3,500,000
Total Capital Programme Funding	-3,558,000	-3,441,500	-1,957,400	-1,145,200	-2,062,000	-12,164,100

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

1.8 Robustness of Estimates and Adequacy of Reserves

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

It is the professional opinion of the Chief Finance Officer that the overall adequacy of the total level of reserves and the robustness of estimates is integral to the sign off of the overall agreed budget. The Chief Finance Officer having taken into consideration risks, sensitivity analysis, benchmarking and resilience information, can confirm that the budget assumptions are relevant, estimates are robust, the adequacy of reserves is satisfactory, and the capital programme is affordable; further detail is included within the Medium Term Financial Analysis (paragraph 4).

This year a detailed report on reserves was brought to the Corporate Policy and Resources Committee to enable debate, challenge and scrutiny of the level of reserves held by West Lindsey.

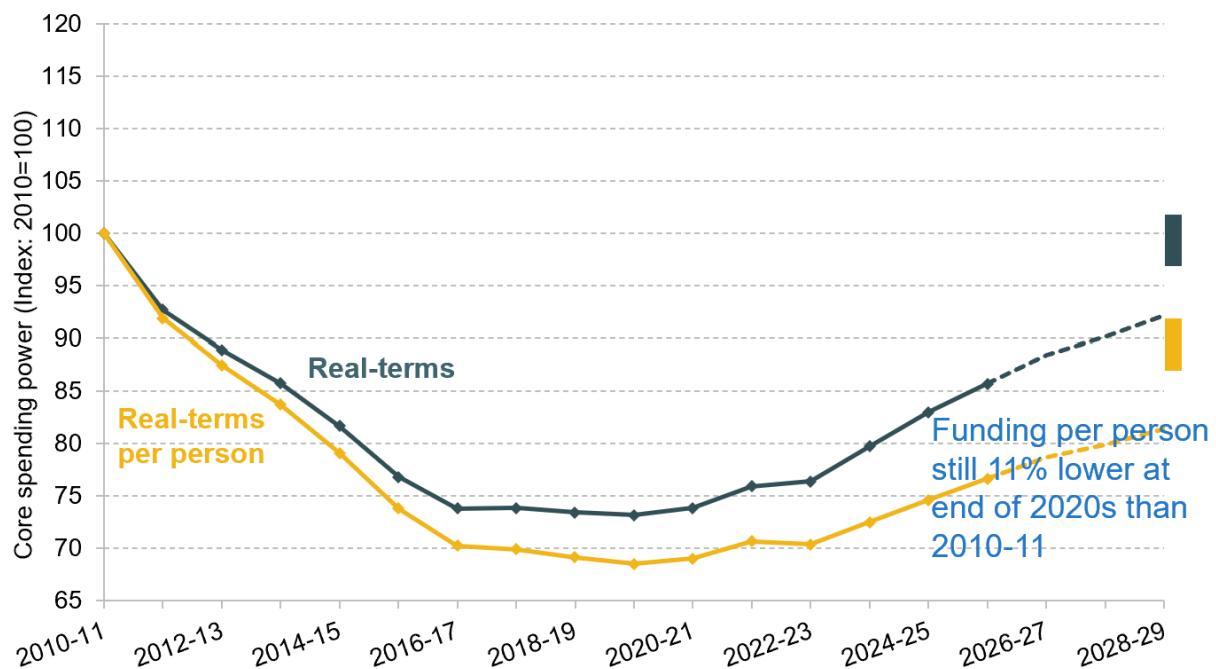
SECTION 2 – THE FINANCIAL CONTEXT

2.1 Introduction

Since the commencement of government funding cuts in 2010/11 the Council has effectively managed a significant reduction in Settlement Funding Allocation (an amount set by Government as a calculation of our funding need). This is illustrated below by the Institute for Fiscal Studies who have plotted local government funding since the onset of austerity. This shows that this year core spending power is still set to be 15% lower in aggregate and 23% lower per person than in 2010.

Even accounting for retained business rates growth being rolled into core spending power and social care transfers, funding is still projected to be around 11% lower per person in real terms in 2028/29 than in 2010.

Long-run trend in overall LG funding



Main results exclude above-baseline business rates growth and funding through the Better Care Fund. The figures for 2025-26 onward are calculated excluding NICs compensation to be consistent with HMT figures. Real-terms figures reflect GDP deflator, and population reflect latest ONS estimates and 2022-based projections. Main councils only. Assumes maximum use of CT rises from 2025-26 onwards.

Managing this level of reductions has been achieved through sound financial management through Financial Strategy initiatives to reduce expenditure, increase income and generate new income streams. In addition to benefitting from the Government's New Homes Bonus, a reward grant to reflect our growth in housing and increased growth from our Business Rates.

The Council's aim over this period was to become non-reliant on Government.

Our income from local taxation (Council Tax and Business Rates) is 69.2% (46.6% 2010/11)

Income from Customer and Client receipts and Investment Property Portfolio has increased income levels from £3.363m to £9.095m (170%) during that period and reflects the success of the fees and charges policy and commercial strategies.

The Council is proud to have continued to deliver award winning services for our residents during a prolonged period of austerity. Our budget setting process has been given the accolade of a High Assurance rating by our internal auditors and our Statement of Accounts and Value for Money assessments receive Unqualified Audit Opinions, confirming that our financial management is sound, and financial statements provide a true and fair view of the organisation's financial standing.

The government have announced a long overdue fair funding review and business rates reset, this together with delivering a three year local government finance settlement is the biggest change to local government funding in many years. Whilst the Council is grateful to be able to plan with more certainty the settlement has not increased Council funding. This together with the Council losing the growth in business rates above its baseline accumulated over recent years means that it has been a difficult task to balance the MTFP.

The Council had already planned for funding reductions to come at some point and so had built up reserves and contingencies to help smooth reductions. Added to this there has been the introduction of the Extended Producer Responsibility allowance which will be go towards the costs of waste collection and recycling. Together with this there has been a tri-ennial pension fund review which has led to a reduction in pension contributions the Council has to make to the pension fund. This will not affect employees it is simply a reflection on the improved position the fund is now in compared to the last review.

2.2 National Context

The draft financial settlement for Local Government 2026/27 was announced in December 2025 by the Minister of State for Local Government and Homelessness, Alison McGovern MP.

The main points affecting this Council were.

- £5bn in additional funding for local government services over a three year period.
- Providing a real terms increase in Core Spending Power of up to 9.7% over the period 2024/25 – 2028/29.
- Council Tax referendum limit of 3% or £5 whichever is the greater for district councils to help councils invest in services they provide to residents whilst protecting hard-working taxpayers from unfair hikes in rates.

- A three year settlement to provide certainty to local authorities.
- A new simplified system of grants which consolidates a number of grants into revenue support grant.
- Delivering the fair funding review 2.0 which has tried to ensure that up to date data is used when calculating funding allocations and the recognition of how needs of different types of authorities have changed over time.
- A reset of the business rates retention system.

2.3 Local Context

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

National Economy and inflation

We are currently seeing inflation reducing from high levels not seen in the last decade, with the cost of food, fuel and utilities being the main factors. We are currently expecting to see increased costs across our revenue expenditure for the supply of contracts, goods and services because of increases to the minimum wage due in April 2026. Our General Fund Working Balance is currently within the £2.0m - £2.5m range approved by members and will mitigate any in year budget pressures.

Devolution

In December 2024, the Government published the English Devolution White Paper, setting out ambitions to boost economic growth and reduce regional inequalities by driving forward Devolution Deals across all areas of England.

Running parallel to Devolution, the White Paper also set out plans for Local Government Reorganisation, representing the largest reform of local government since 1974. If delivered, these plans will see all 164 District Councils in England replaced with larger unitary authorities in an effort to streamline local government services and create efficiencies.

Currently, at time of writing, Councils across Lincolnshire have submitted proposals for their vision of how Lincolnshire may look under unitary councils. We await to hear the final outcome from MHCLG in the summer and can then thoroughly assess the impact on the Council. It is likely that the Council will need to contribute towards the startup costs for the new authority the Council area is included within. It is the intention to build up a reserve to assist with this. The cost is currently unknown but is likely to exceed £1m based on evidence from other areas.

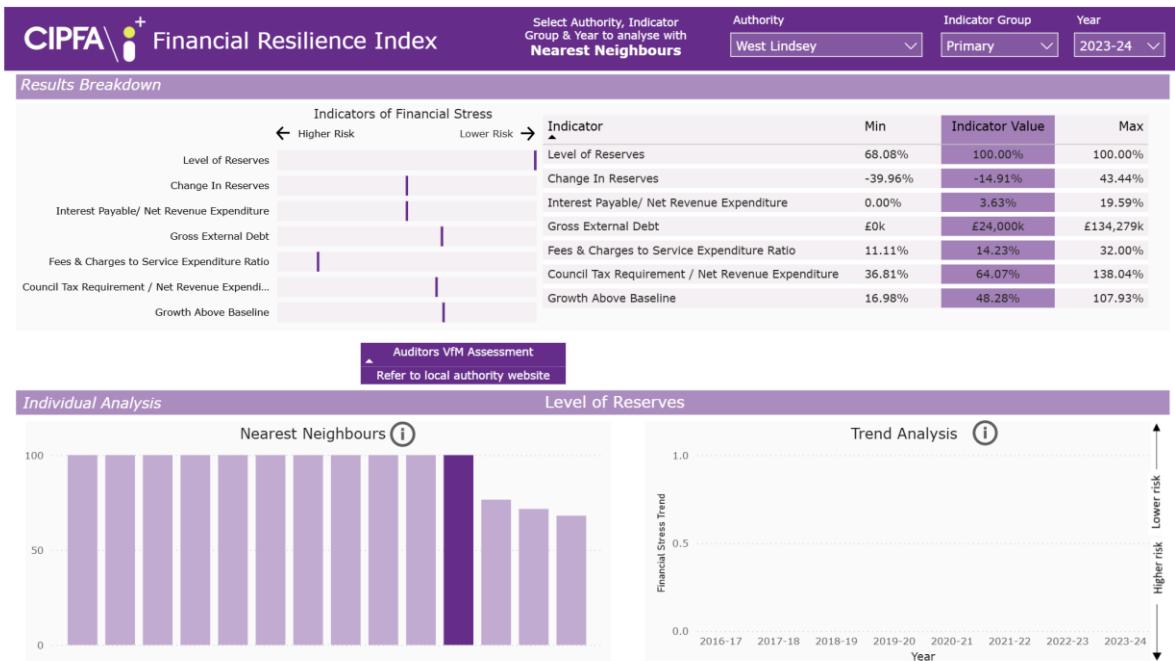
Fairer Funding and Business Rates Retention Scheme

A multi-year financial settlement has been announced, and although this means reductions in funding and a reduction in retained business rates at least it gives the Council some certainty in its budget planning. The Council had expected for some time that funding reductions would happen at some point and therefore this can be managed in the short to medium term. Given the uncertainties around local government reorganisation this could have a huge impact on the medium to longer term financial plans.

The table below shows the Core Spending Power for West Lindsey DC based on the Local Government Settlement 2026/27.

West Lindsey	2024/25	2025/26	2026/27	2027/28	2028/29
	£m	£m	£m	£m	£m
Fair Funding Allocation	0.00	0.00	7.41	6.83	6.20
Legacy Funding Assessment	7.96	7.62	0.00	0.00	0.00
Council tax requirement	7.75	8.15	8.57	9.01	9.48
Homelessness, Rough Sleeping and Domestic Abuse	0.18	0.27	0.56	0.59	0.61
Transitional Protections	0.00	0.00	0.06	0.20	0.36
Grants rolled in to Revenue Support Grant	0.18	0.28	0.00	0.00	0.00
Recovery Grant	0.00	0.30	0.30	0.30	0.30
Core Spending Power	16.07	16.62	16.91	16.94	16.96
Increase Year on Year		3.4%	1.8%	0.1%	0.1%

2.4 How we compare – Financial Resilience.



2.5 General Fund Balances

The Council sets a revenue balance of between £2.0m - £2.5m. This was approved by Corporate Policy and Resources Committee in January 2026.

2.6 Earmarked Reserves

The Council holds Earmarked reserves for the purpose of:

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

We estimate that there will be a balance of £14.042m of earmarked reserves as at 31.3.2026 reducing to £13.250m by 31.3.2031 considering revenue and capital spending plans.



MEDIUM TERM FINANCIAL PLAN 2026/27 – 2030/31

**Including: Financial Strategy,
Medium Term Financial Analysis
2026/27 to 2030/31, Budget 2026/27,
Capital Programme 2026/27 to
2030/31**

MEDIUM TERM FINANCIAL PLAN

Section 1 - The Medium-Term Financial Strategy

Section 2 - The Medium-Term Financial Analysis

Section 3 - The 2026/27 Revenue Budget

Section 4 - Capital Investment Programme and Financing

Section 5 – Treasury Management Strategy

Section 6 – Human Resources Statement

APPENDICES

Appendix 1 Medium Term Financial Analysis (Revenue Budget Summary)

Appendix 2 Risk Register

Appendix 3 Capital Investment Strategy

Appendix 4 Capital Investment Programme 2026/27 – 2030/31

Appendix 5 Analysis of Capital Financing

Appendix 6 Pay Policy 2026/27

Appendix 7 Human Resources Statement 2026/27

MEDIUM TERM FINANCIAL PLAN

2026/27 - 2030/31

1. Introduction

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

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

2. Governance

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

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

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

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

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

1.1 Introduction

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

The Financial Strategy will focus on the delivery of growth to increase our tax bases and subsequently funding from local taxation and the reduction of costs through the realisation of cashable savings from efficiencies gained from the review of services and introduction of new technology to contribute to the financial sustainability of the Council.

The MTFP is designed to complement the values set out in the Corporate Plan and deliver the key priorities of the Council by supporting the following values and approach. It also reflects the implications and resourcing needs to deliver the Corporate Plan, captured as key deliverables within Thriving People, Thriving Places and Thriving Council Thematic Business Plans.

The Corporate Plan details the values and behaviours which guide our working:

- Helpful
- Kind
- Trusting
- Open
- Reliable
- Collaborative
- Supportive
- Positive
- Friendly
- Open
- Inclusive

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

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

The MTFP will deliver against these objectives and principles by:

- Explaining the financial context, over the medium term, within an uncertain economic and funding environment in which the Council is set to operate.
- Helping to ensure that the Council's financial resources are directed to support delivery of the Corporate Plan priorities and value for money.

- Providing a medium term forecast of resources and expenditure and to illustrate the financial effects of existing financial commitments, both revenue and capital, over the medium term, and to inform transformational and commercial strategies necessary to achieve a balanced budget.
- Maximising the Council's resilience and management of risk and volatility, including maintaining adequate risk reserves
- Effectively managing the Council's land and property assets by undertaking a prudent level of capital investment in addition to maximising returns on new investments
- Establishing a robust, stable and sustainable budget capable of withstanding future financial pressures

1.2 Value for Money

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

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

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

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

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

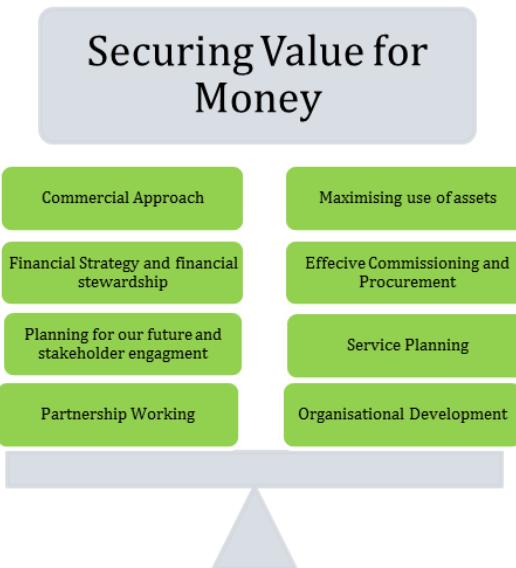
This has resulted in WLDC maintaining a strong track record of identifying and delivery savings and efficiencies whilst protecting priority services.

Using benchmarking and national data sets such as the Government financial returns. West Lindsey delivers VFM through a selection of services in the following ways:

- Helping performance improvement and transformation planning
- Locating potential income generating opportunities
- Supporting budgeting and spending decision making

- Provide transparency in relation to scrutiny questions.

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



Value for Money achievements can be demonstrated throughout the following actions:

- To understand the financial returns on investments
- To understand the absolute and relative cost of providing services through benchmarking our costs and performance
- To assess business case proposals for VFM
- To monitor and scrutinise on-going performance measured against business plans.
- Managing our customer needs and demands and understanding how that impacts on services.
- Appropriate procurement procedures
- Reviewing and measuring outcomes

1.3 Commercial Approach

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

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

Decisions are made in line with existing policies and as a result of compelling business cases, which are fully supported by cost benefit analysis to inform financial viability, in addition we undertake extensive due diligence. West Lindsey uses a five step Business Model ensuring Financial, Legal, Operational,

Strategic and Commercial implications are considered and all risks assessed to enable informed choices.

1.4 Partnership Working

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

1.5 Strategic Asset Management Plan

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

1.6 Organisational Development

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

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

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

1.7 Commissioning and Procurement

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

The Council manages its contracts carefully and reviews them regularly, which not only delivers significant savings in year, but also identifies further

opportunities to reduce operating costs and better achieve the Council's outcome.

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

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

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

1.9 The Treasury Management Strategy

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

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

Emphasis continues to be placed, in line with the Treasury Management Strategy, on mitigating counterparty risk by giving preference to security and liquidity. This has resulted in greater use of investments with higher security and increased liquidity. The Strategy supports a policy of limiting the need for external borrowing by the utilisation of internal funds.

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

1.10 Borrowing for Capital Investment

For the Council to achieve its corporate priorities, reduce costs and increase revenue income streams, it may require an amount of capital investment, funded by Prudential Borrowing.

Borrowing from external sources will only be undertaken after consideration of our cash flow requirements. In addition, any external borrowing will be prudent,

affordable, and sustainable and as such will be informed by robust business cases and in the main should have no impact on the council taxpayer.

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

1.11 Financial Sustainability

The sustainability of our 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 district communities beyond the initial investment/contribution.

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

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

The key assumptions are:

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

1.12 The Pay Policy Statement (Appendix 6)

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

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

The Pay Policy Statement identifies.

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

- Other specific aspects of chief officer remuneration and other discretionary payments

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

A management restructure is currently subject to consultation, with the following timelines in place:

- Formal consultation commences Wednesday 14th January 2026 - minimum of 30 days
- Formal consultation ends: Friday 20th February 2026
- Job descriptions finalised and evaluated - early March 2026
- Designations and new contracts issued: mid-late March 2026
- New structure in place: 1 April 2026

An updated pay policy will be brought to Committee and Council once the restructure has been finalised.

2. The Medium-Term Financial Analysis

2.1 Introduction

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

For 2026/27 the Budget has been based on the approved budgets for each Committee and in line with the draft 2026/27 Local Government Financial Settlement.

Future years figures have been given by the government up until 2028/29 which has enabled the Council to balance its budget over the medium term. These figures are, however, draft at this stage and will be confirmed when the settlements for each year are delivered each December. This enables budget planning with some certainty which has not been possible in previous years. The settlement offers little increase between years and is predicated on the maximum available Council Tax rises however it does still offer a level of certainty not recently seen.

With local government reorganisation at a relatively early stage there will inevitably be budgetary impacts as the process progresses. These unknown impacts and the level of budget required present a financial risk that the Council may be exposed to which will require regular monitoring and a mid-year update will provide some indication of likely outcomes as the consequences become clear.

Prudently the Council has established a suitable level of general fund and earmarked reserves to help to mitigate any future year shortfalls to balance the budget over the medium term. It is possible however that efficiency savings will need to be found in the medium to longer term, but this will be dependent on the future makeup of local government in Lincolnshire and future government funding levels.

2.2 The Budget Planning Cycle

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

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures/savings and horizon scanning for future issues, including political, economic, or legislative implications.
- Business Planning reviews have been undertaken to identify further income generation opportunities and budget reduction proposals, which can be delivered to ensure a sustainable budget.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £0.168m against the 2025/2026 budgets approved as part of the 2025/2026 Medium Term Financial Plan. Full details of proposed fees and charges were presented to Policy and Resources Committee in November and December 2025.
- Regular updates have been provided to Management Team who have also reviewed, challenged, and proposed inclusion of the pressures and savings incorporated into this budget which have not already been approved by this Committee.
- Regular meetings have been held with the Chairs and Vice Chairs of Committees to ensure they are fully engaged in the process.
- Inclusion of the revenue implications of the Capital Programme 2026/27-2030/31
- Consultation with Parish Councils, residents and business rate payers has been undertaken and feedback has been considered when setting the budget.
- The review of Earmarked Reserves has identified a need to increase reserves to support delivery of strategies and plans in some cases.

2.2 Budget Assumptions

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

- Employees – Pay award 3.0% 2026/27 and 2.5% thereafter.
- Pensions – Employers contribution primary rate (employers' contribution) assumed at a 1% increase for each tri-annual period from 2029/30 onwards. Employers' contribution secondary rate (deficit reduction payment) assumed at a 3.8% increase for each year from 2029/30 onwards.

- Council Tax increases of 2.97% in 2026/27 and then 2.99% onwards with annual tax base growth of 1.5%
- NNDR as per the financial settlement.
- Contractual inflation applied where required.
- Utilities – Electricity 10%, Gas 0%, and Water 0%
- Capital Programme is based on best estimates of total investment, total borrowing; use of reserves; impact on revenue.

2.4 Council Tax

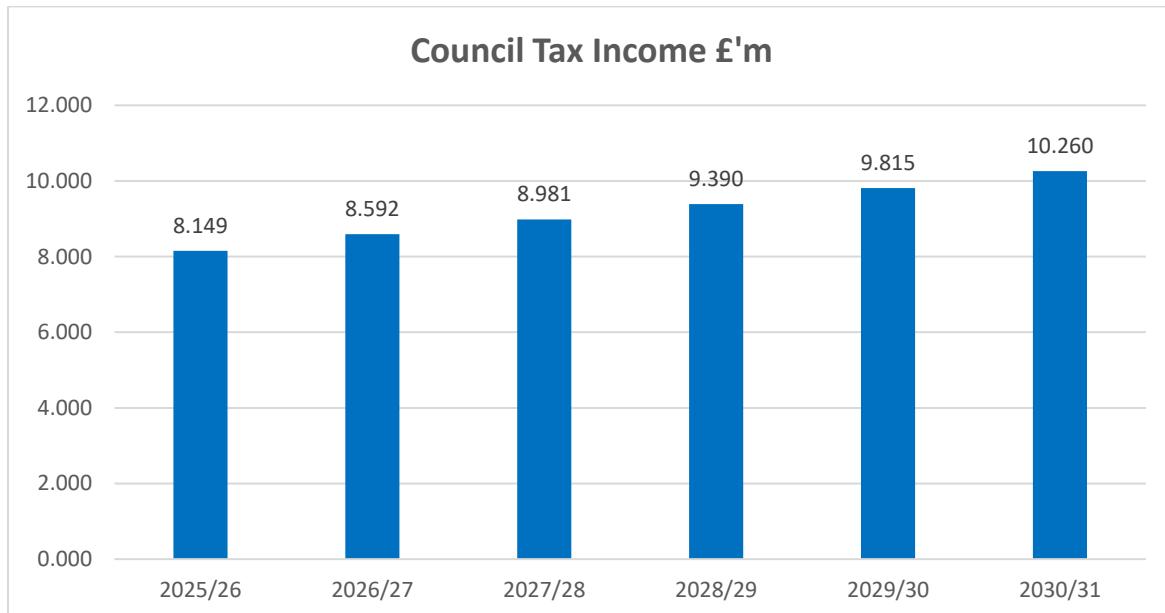
The Tax Base for 2026/27 has been approved at 33,543.15 (32,756.75 2025/26) reflecting growth of 2.4% (2.07% 2025/26). The MTFP includes annual growth rate of 1.5% for future years.

In terms of actual Council Tax, the Council's current strategy is to increase Council Tax to the Governments maximum capping levels (Assumed 2.97% for 2026/27 and 2.99% thereafter), this strategy helps to support future sustainability.

The Council Tax increase for 2026/27 is proposed at a 2.97% increase (2.98% in 2025/26) giving a Band D equivalent Council Tax of £256.14 (£248.76 2025/26).

Within the Medium-Term Financial Analysis below we have assumed a 2.99% increase for 2027/28 onwards and a collection rate of 98.3% which is above the National Average.

In addition, the Council Tax Surplus for 2026/27 has been calculated to be £0.213m (£0.276m 2025/26) and will be included in the budget.



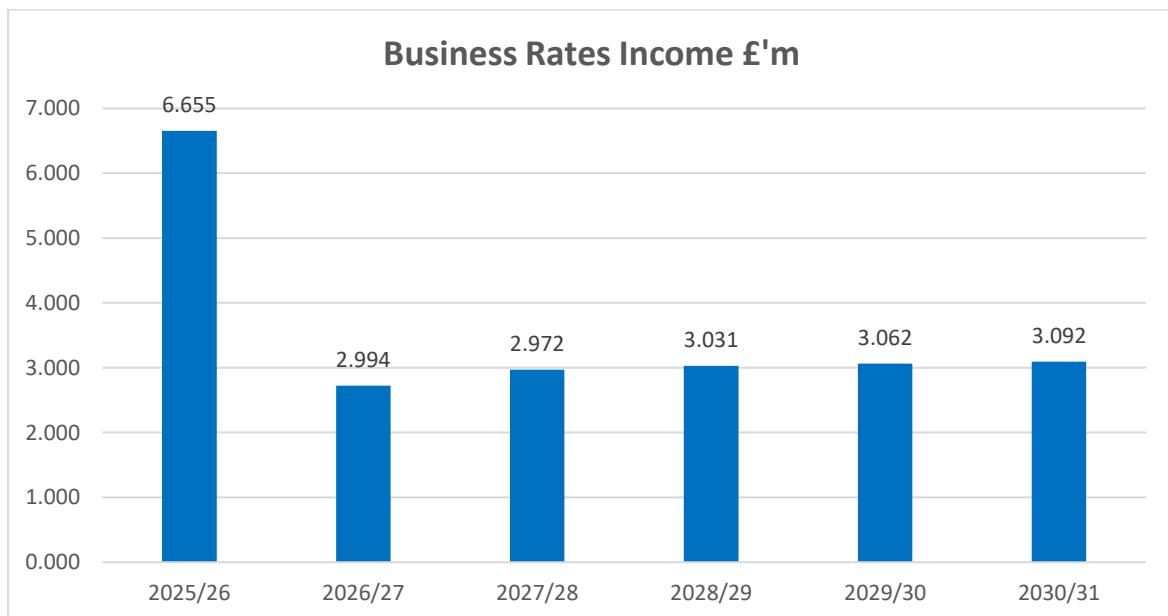
2.5 Business Rates

A three year settlement including a 're-set' has been given to the Council for 2026/27 – 2028/29 this is estimated to provide business rates income of £2.994m (£6.655m 2025/26).

As can be seen from the graph below due to the government re-setting the business rates system the Council has lost the growth it had accumulated above the baseline. So as the Council does not lose significant resources the government has then increased the level of revenue support grant.

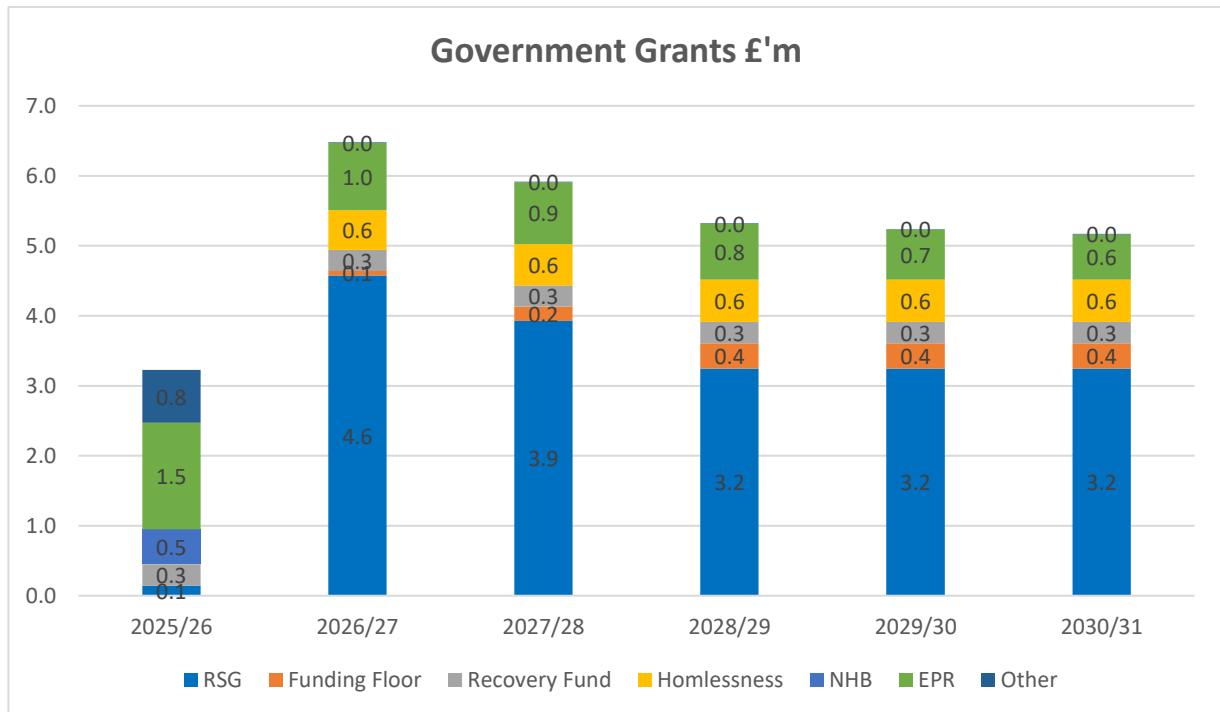
As there has been a reset of business rates it has been decided, due to the risk of a pool member falling below the baseline, that the Council will not be part of a Lincolnshire Business Rates pool in 2026/27.

We have taken a prudent approach to our forecasts for business rates income over the medium term due to the fragile state of the economy and uncertainty in future years.



2.6 Government Grants

The Council previously received New Homes Bonus from 2011/12 which was used to support economic growth initiatives in the district. The government has now stopped this funding and has rolled it into revenue support grant to try and simplify the funding landscape. The employer national insurance contributions grant has also been rolled into revenue support grant by Central Government. Added to this is the new extended producer responsibility grant the Council now receives which has been assumed to decline over the medium term period as producers change the packaging of their goods. This grant is to be used to help towards the cost of waste collection and recycling.



2.7 Reserves

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. Reserves will continue to be maintained at a prudent level.

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

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

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

RESERVE	CURRENT YEAR		MTFP				
	Balance at 31/03/26 £	Balance at 31/03/27 £	Balance at 31/03/28 £	Balance at 31/03/29 £	Balance at 31/03/30 £	Balance at 31/03/31 £	
General Fund Working Balance	2,197,792	2,051,792	2,051,792	2,051,792	2,051,792	2,051,792	2,051,792
Earmarked Reserves	14,041,823	13,212,423	13,114,823	12,469,723	13,318,123	13,249,723	
Capital Grants	3,469,700	3,469,700	3,469,700	3,469,700	3,469,700	3,469,700	3,469,700
Capital Receipts	6,211,746	300,649	329,369	368,743	378,743	388,743	
TOTAL USABLE RESERVES	25,921,061	19,034,565	18,965,684	18,359,958	19,218,358	19,159,958	
Corporate Plan Priorities (Revenue)	0	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
Corporate Plan Priorities (Capital)	0	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000	5,900,000
TOTAL CORPORATE PLAN PRIORITIES	0	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
GRAND TOTAL	25,921,061	27,034,565	26,965,684	26,359,958	27,218,358	27,159,958	

The table below reflects the movement on the General Fund Balance 2026/27:

GENERAL FUND WORKING BALANCE MOVEMENTS		Balance at 31/03/27 £
Estimated Balance Brought Forward		2,197,792
Less Approved Use of Reserves		(146,000)
Grand Total		2,051,792

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

EARMARKED RESERVES	CURRENT YEAR		MTFP			
	Balance at 31/03/26 £	Balance at 31/03/27 £	Balance at 31/03/28 £	Balance at 31/03/29 £	Balance at 31/03/30 £	Balance at 31/03/31 £
Service Investment/Renewals	4,246,365	4,562,765	4,780,165	4,716,365	5,464,765	5,296,365
Contingency/Risk	6,674,634	6,219,534	5,845,834	5,164,534	5,164,534	5,164,534
Investment for Priorities	3,120,824	2,430,124	2,488,824	2,588,824	2,688,824	2,788,824
Grand Total	14,041,823	13,212,423	13,114,823	12,469,723	13,318,123	13,249,723

2.9 Medium Term Financial Analysis (Appendix 1)

The 5-year Medium Term Financial Plan 2025/26 has been updated during the budget process and reflects the total Funding Gap from 2026/27 to 2030/31; the Council has a number of projects and initiatives which will help meet the future funding gaps detailed in the table below.

	MTFP 2026/2027 - 2030/2031 5 YRS				
	2026/27 £	2027/28 £	2028/29 £	2029/30 £	2030/31 £
MTFP - FUNDING GAP B/FWD	1,245,000	2,953,500	3,477,600	3,517,600	3,719,000
Establishment	75,300	153,200	179,200	223,200	247,500
Pressures	399,400	404,400	409,700	415,600	455,000
Income Loss	23,900	23,900	24,100	24,100	24,100
Savings	(479,400)	(530,600)	(574,800)	(620,900)	(694,400)
Income Gain	(1,061,800)	(949,400)	(885,500)	(806,700)	(767,700)
Inflation	51,000	69,900	82,000	61,500	129,100
Contribution to Reserves	1,633,800	246,000	246,000	246,000	246,000
Use of Reserves	0	(349,200)	(681,300)	0	0
Increase MRP	0	46,000	(100)	2,600	0
Increase in Net Interest Receivable	(128,800)	(33,100)	(89,300)	(116,900)	(164,000)
Movement in Funding:					
Council Tax Surplus	(212,800)	0	0	0	0
Council Tax Yield	(33,700)	(35,500)	(40,000)	(41,800)	(144,900)
Other Government Grants	(3,736,700)	(3,719,900)	(3,286,400)	(3,280,700)	(3,280,700)
Business Rates	2,224,800	1,720,800	1,138,800	1,149,900	1,120,000
MTFP - FUNDING GAP	0	0	0	773,500	889,000

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

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

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

Budget changes have been built on amounts approved by the Corporate Policy and Resources Committee throughout the year, and changes approved under delegation. Changes to the base budget have been reported to both Prosperous Communities Committee and Corporate Policy and Resources Committee in February 2026.

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

The balance of General Reserves is considered to be adequate to cover risks, peaks and troughs and the investments proposed. A minimum General Fund Balance has been set at a range between £2.0m - £2.5m and is forecast to be within this range over the MTFP.

This represents.

- between 10% and 12% of budget requirement for 2026/27
- between 17 and 22 days of average gross expenditure cover (£0.116m per day)

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

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

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

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

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

2.11 Risk Analysis (Appendix 2)

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

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

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

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

2.12 Sensitivity Analysis

RISK	MITIGATION
Future Funding Levels	10% or £2.0m - £2.5m minimum General Fund Balance set. Which can be used to support a balanced budget should it be required giving the Council time to manage the implications of future funding settlements
Inflation underestimated	General Fund Working Balance
Borrowing Interest Rates under estimated	We budget at 100% borrowing need. In reality as we utilise our own cash reserves for some element of this borrowing (internal borrowing) saving on interest costs. It is therefore highly unlikely that there would be a budget impact.
Changes to Grant Funding	Initiatives and Projects would cease/reduce in line with Grant levels. Earmarked reserves to cover volatility
Demand for services reduces	Commercial Contingency Budget of £0.100m in base budget and General Fund Working balance of £2.0m - £2.5m
Unforeseen events/emergencies/budget overspend (including Covid response and recovery)	Unexpected costs or income pressures which are not supported by government grant. General Fund Working Balance of £2.0m - £2.5m

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

Impact of +/-	Equates to +/-
1% Pay award	£0.166m
1% Council Tax	£0.086m
1% Business Rates	£0.027m
1% Non-Pay Budget	£0.256m
1% Interest on balances	£0.140m
1% on Borrowing	£0.233m
1% on Fees and Charges	£0.073m

3.1 Introduction

The Council presents a Balanced Revenue Budget for 2026/27 and is represented over our Service Clusters, aligned to the key themes contained within the draft Corporate Plan 'Our West Lindsey, Our Future' 2026-2030:

- ii) **Thriving People** – Supporting people and communities to thrive by addressing inequality, tackling homelessness, improving housing conditions, adapting homes, boosting skills, improving health and wellbeing, and supporting those most in need.
- ii) **Thriving Places** – Enabling sustainable and inclusive economic growth in our towns and rural communities, preserving our heritage, delivering homes that meet local needs, and ensuring our places and spaces are clean, green and safe.
- iv) **Thriving Council** – Delivering high-quality services through trusted governance, financial resilience, and continuous improvement to ensure positive outcomes for residents now and in the future.

3.2 Settlement Funding 2026/27 – 2028/29

The Settlement Funding Assessment determines the Council's local share of Business Rates and provides details of other Core Funding Grants, and any additional Grants the Minister announces. Whilst the final settlement funding has yet to be announced, this draft budget has been prepared based on the Provisional Settlement issued in December 2025, after which no significant changes are expected.

The announcement for West Lindsey was a three-year Settlement covering 2026/27 – 2028/29 which included the following: -

- A reset of Business rates which removed previously accumulated growth and set a new funding baseline
- Rolling many specific grants into RSG
- A Funding floor grant
- Removal of the New Homes Bonus

No additional changes to the referendum limits on Council tax with increases being 2.99% or £5 whichever is the higher.

The elements of our Core Funding are detailed in the table below.

West Lindsey	Actual	Provisional
	2025/26	2026/27
	£m	£m
Fair Funding Allocation	0.00	7.41
Legacy Funding Assessment	7.62	0.00

Council Tax Requirement excluding parish precepts	8.15	8.57
Homelessness, Rough Sleeping and Domestic Abuse	0.27	0.56
Transitional Protections	0.00	0.06
Grants Rolled in to RSG	0.28	0.00
Recovery Grant	0.30	0.30
Core Spending Power	16.62	16.91

3.3 Revenue Budget 2026/2027

Cluster	Base Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28	Forecast Budget 2028/29	Forecast Budget 2029/30	Forecast Budget 2030/31
	£	£	£	£	£	£
Thriving Council	9,522,100	9,524,700	9,949,400	9,989,700	10,285,200	10,543,200
Thriving People	1,968,900	2,398,900	2,247,000	2,227,000	2,230,700	2,345,600
Thriving Places	4,144,800	4,792,400	5,002,000	5,067,500	5,309,300	5,480,800
Grand Total	15,635,800	16,716,000	17,198,400	17,284,200	17,825,200	18,369,600

Interest Receivable	(524,700)	(539,800)	(502,400)	(493,100)	(492,400)	(457,000)
Investment Income - Property Portfolio	(1,552,700)	(1,717,800)	(1,742,200)	(1,818,500)	(1,831,700)	(1,838,900)
Drainage Board Levies	552,600	581,300	611,400	642,800	676,500	710,300
Parish Precepts	2,850,200	3,086,100	3,147,800	3,210,800	3,275,000	3,340,500
Interest Payable	686,000	758,600	839,200	737,900	674,100	591,600
MRP/VRP (repayment of borrowing)	980,100	1,058,700	1,005,700	913,000	883,000	878,000
Net Revenue Expenditure	18,627,300	19,943,100	20,557,900	20,477,100	21,009,700	21,594,100

Transfer to / (from) General Fund	(156,600)	(146,000)	0	0	0	0
Transfer to / (from) Earmarked Reserves	2,684,300	1,564,500	456,400	474,800	1,156,100	1,156,100

Amount to be met from Government Grant or Council Tax	21,155,000	21,361,600	21,014,300	20,951,900	22,165,800	22,750,200
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Funding Income						
Business Rate Retention Scheme	6,654,900	2,994,300	2,971,900	3,031,200	3,061,800	3,091,700
Collection Fund Surplus - Council Tax	275,600	212,800	0	0	0	0
Parish Councils Tax Requirement	2,850,200	3,086,100	3,147,800	3,210,800	3,275,000	3,340,500
New Homes Bonus	499,400	0	0	0	0	0
Other Government Grants	2,726,300	6,476,600	5,913,200	5,320,400	5,240,900	5,169,300
Council Tax Income	8,148,600	8,591,800	8,981,400	9,389,500	9,814,600	10,259,700

TOTAL FUNDING	21,155,000	21,361,600	21,014,300	20,951,900	21,392,300	21,861,200
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Balanced Budget / Funding Target	0	0	0	0	773,500	889,000
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3.4 Base budget movements

The Budget of £21,361,600 (£21,155,000 2025/26) is proposed for approval and reflects an increase of £206,600 (including movements in reserves). The significant movements are detailed below.

Expenditure Pressures

- £0.317m staff resourcing including pay awards
- £0.763m implementation of the Food Waste Collection service
- £0.082m inflation applied to supplies and services, premises, transport and employees
- £0.310m Contractual increases
- £0.029m Drainage Board Levies
- £0.073m Interest Payable on Loans
- £0.079m increase in Minimum Revenue Provision (MRP)
- £0.010m Changing Places facility – repairs and maintenance

Expenditure Reductions

- £0.775m Actuarial review of Pension Fund Contributions - reduced employers contribution rates and Pension Deficit Contribution

Additional Income

- £0.167m Fees and Charge Review
- £0.015m Interest from Investments
- £0.043m Property rental income

Income Reduction

- £0.087m reduction in Housing Benefits subsidy

Additional Funding

- £0.443m Council Tax – increase of 2.97%
- £4.313m Provisional Funding Settlement (includes Homelessness and Rough Sleeping Grant previously issued separately)

Reduction in Funding

- £3.661m Business Rates Retention scheme
- £0.499m New Homes Bonus scheme ended
- £0.563m Extended Producer Responsibility funding
- £0.063m Council Tax Surplus

The movement in net contributions from reserves total £1.109m.

Capital Investment Programme 2026/27 – 2030/31

4.1 Introduction

The draft Capital Programme 2026/27 to 2030/31 provides a plan of future capital investments which is reviewed annually and may result in significant change as business cases for schemes are developed or schemes re-profiled over financial years due to external factors.

Members are requested to approve the Capital Programme and approval to spend it on Business-as-Usual activity for 2026/27.

4.2 Asset Management Plan

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

4.3 The Summary Capital Programme

Service Cluster	Estimate 2026/27 £	Estimate 2027/28 £	Estimate 2028/29 £	Estimate 2029/30 £	Estimate 2030/31 £	TOTAL CAPITAL INVESTMENT £
Thriving Council	99,300	74,600	141,100	67,700	79,500	462,200
Thriving People	2,982,500	2,887,500	837,500	837,500	837,500	8,382,500
Thriving Places	476,200	479,400	978,800	240,000	1,145,000	3,319,400
Grand Total	3,558,000	3,441,500	1,957,400	1,145,200	2,062,000	12,164,100

The overall Capital Investment Programme totals £12.164m, however, £4.752m relates to the approved Capital Budgets (Stage 3 and Business as usual) with the remainder of £7.412m being pipeline projects. Only approved Capital Budgets will be monitored throughout the financial year.

The 4 levels of the Programme are detailed below.

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

Stage	2026/27	2027/28	2028/29	2029/30	2030/31	Total
	£	£	£	£	£	£
BAU	930,800	1,381,500	1,882,400	1,145,200	2,052,000	7,391,900
Pre-Stage 1	0	10,000	0	0	10,000	20,000
Stage 3	2,627,200	2,050,000	0	0	0	4,677,200
Stage 4	0	0	75,000	0	0	75,000
Grand Total	3,558,000	3,441,500	1,957,400	1,145,200	2,062,000	12,164,100

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

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

4.4 Capital Investment Financing

The proposed funding for the Capital Programme 2026/27 – 2030/10 is analysed below.

CAPITAL FINANCING	Estimate 2026/27 £	Estimate 2027/28 £	Estimate 2028/29 £	Estimate 2029/30 £	Estimate 2030/31 £	TOTAL CAPITAL INVESTMENT £
Grants & Contributions etc	-3,174,400	-2,887,500	-837,500	-837,500	-837,500	-8,574,400
Useable Capital Receipts	-89,700	0	0	0	0	-89,700
Reserves	-293,900	-554,000	-1,119,900	-307,700	-1,224,500	-3,500,000
Total Capital Programme Funding	-3,558,000	-3,441,500	-1,957,400	-1,145,200	-2,062,000	-12,164,100

5 Treasury Management 2026/27

- 1.1 The full Treasury Management Strategy, Minimum Revenue Provision Policy and Investment Strategy has been scrutinised by the Governance and Audit Committee and will be presented to Council for approval.
- 1.2 Considering both the revenue and capital budget implications as detailed above, the following table reflects our forecast treasury position.

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

£m	2024/25 Actual	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
Capital Financing Requirement					
Adjustment A	1.065	1.065	1.065	1.065	1.065
Finance Leases	0.013	0.155	0.081	0.006	0.003
Prudential Borrowing	35.007	34.173	33.188	32.257	31.347
Total CFR	36.085	35.393	34.334	33.328	32.415
Of which: Commercial Investment Property	19.099	18.661	18.224	17.786	17.348
Movement in CFR	-0.938	-0.692	-1.059	-1.006	-0.913

Movement in CFR represented by					
Net borrowing need for the year (above)	0.000	0.143	0	0.000	0.000
Less Net Lease movements	0.013	0.142	-0.074	-0.074	-0.003
Less MRP and other financing movements	-0.937	-0.962	-0.969	-0.916	-0.895
Capital Receipts from Loan Principal repaid	-0.015	-0.015	-0.015	-0.015	-0.015
Movement in CFR	-0.938	-0.692	-1.059	-1.006	-0.913

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

6.1 The Pay Policy Statement

A management restructure is currently subject to consultation, with the following timelines in place:

- Formal consultation commences Wednesday 14th January 2026 - minimum of 30 days
- Formal consultation ends: Friday 20th February 2026
- Job descriptions finalised and evaluated - early March 2026
- Designations and new contracts issued: mid-late March 2026
- New structure in place: 1 April 2026

An updated pay policy will be brought to Committee and Council once the restructure has been finalised.

6.2 The Human Resource Statement details the budgeted full-time equivalents of 309.46 By Cluster and Business Unit (284.03 2025/2026).