



**Corporate Policy and
Resources Committee**

**Thursday, 8th February
2024**

**Subject: Corporate Policy and Resources Committee Draft Budget
2024/2025 and estimates to 2028/2029.**

Report by:

Director of Corporate Services

Contact Officer:

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Purpose / Summary:

The report sets out the draft Revenue Budget 2024/2025 including that of this Committee and those recommended by the Prosperous Communities Committee for the period 2024/2025. It also includes estimates to 2028/2029 to be included in the Medium Term Financial Plan.

RECOMMENDATION(S):

- a) That Members accept the Corporate Policy and Resources Committee budget 2024/2025 and **recommend to Council** for inclusion in the overall Council budget 2024/2025.
- b) That Members accept the Prosperous Communities Committee Budget 2024/2025 and **recommend to Council** for inclusion in the overall Council budget for 2024/2025.
- c) That Members approve any minor changes be delegated to the Chief Finance Officer in consultation with the Chairperson of the Corporate Policy and Resources Committee.
- d) That Members **recommend to Council** the 2025/2026 to 2028/2029 estimates for both this Committee and those of Prosperous Communities

Committee for inclusion in the Medium Term Financial Plan 2024/2025 to 2028/2029 (as amended by any decisions taken on this agenda).

IMPLICATIONS

Legal:

The Council has a responsibility to set a balanced and 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.

Financial : FIN/112/24/CPR/SL

The 2024/2025 base budget and variance to the 2023/2024 base budget are explained in the body of this report.

After taking a robust approach to the estimations within the budget for this Committee the total cost of services for 2024/2025 will be £7.645m (£7.156m 2023/2024).

This has resulted in base budget increases in expenditure of **£0.339m**, and income reduction of **£0.151m**, resulting in a **net base budget increase of £0.49m**.

There are £0.183m of expenditure budgets which are funded from Earmarked Reserves to support one off project resources in 2024/2025 (£0.488m in 2023/2024). This is a decrease of **£0.305m** from 2023/2024 to 2024/2025.

Services within this Committee have also contributed to Earmarked Reserves £0.073m in 2024/2025 for asset replacement programmes (£0.107m in 2023/2024). This is a decrease of **£0.034m** from 2023/2024 to 2024/2025.

Excluding the use of earmarked reserves, there is an increase of **£0.761m** on the base budgets for this committee, further details of which are contained within the report at section 2.

The proposed budgets within this report are included in the overall balanced position for 2024/2025.

Staffing:

Salary budgets 2023/2024 were based on a 2% pay award. An additional £0.2m was approved as a pay award contingency budget as part of the 2023/2024 Medium Term Financial Plan (MTFP), which allowed for up to a 3% increase.

Agreement was reached as follows:

1. Chief Officer Pay - Agreement was reached in May 2023 at 3.5%.
2. NJC Local Government Staff – Agreement was reached in November 2023 to increase each scale point by £1,925 pa. This equates to pay rises of between 9.42% at the bottom of the pay spine to 3.88% at the top of band 13 (average of 6.27%).
3. Chief Executive Pay – Agreement was reached in November 2023 at 3.5%.
4. Locally Determined Pay Points - Agreement was reached in November 2023 at 3.88%.

The salary costs included in this report are based on an estimated 3.5% increase in 2024/2025, and 2.5% pa from 2025/2026.

Ongoing pay award negotiations indicate there is a risk that the 2024/2025 pay award may be higher than the 3.5% applied.

The proposed Council budget for 2024/2025 also includes a 2% Vacancy Factor of £0.248m, which has been applied to salary budgets for posts which are on our organisational establishment (basic pay, superannuation and national insurance).

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.

An Equality Impact Assessment is to be completed on the budget.

Data Protection Implications : None arising as a result of this report.

Climate Related Risks and Opportunities :

The Council created an Earmarked Reserve within its overall 2023/2024 budget to support investment in environmental and carbon reduction initiatives and the mitigation of climate change financial risk.

Section 17 Crime and Disorder Considerations :

CCTV service charges are set to encourage take up of the service to increase public safety in the district and reduce anti-social behaviour.

Fixed Penalty Notices are fees set by the Government to enable Local Authorities to act against anti-social behaviour.

Health Implications: None arising as a result of 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 (2021 Edition)

The Corporate Plan

The Capital 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 or are accessible by emailing Peter.Davy@west-lindsey.gov.uk.

Risk Assessment :

The 2024/2025 Budget Risk Assessment will be presented to the Corporate Policy and Resources Committee.

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 chairperson)

Yes

No

X

Key Decision:

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

Yes

No

Introduction

1.1 This report sets out the Corporate Policy and Resources Committee base budget position for 2024/2025 and estimates for 2025/2026 to 2028/2029, incorporating the medium term financial planning principals:

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

1.2 The process for the preparation of this budget has included the following:

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures, income loss, savings or income gains, and horizon scanning for future issues, including political, economic or legislative implications.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £0.176m across both Committees against the 2024/2025 budgets approved as part of the 2023/2024 Medium Term Financial Plan. Full Details of proposed fees and charges were presented to this Committee on the 9th of November 2023.
- Regular updates have been provided to the Management Team who have also reviewed, challenged and proposed inclusion of the pressures incorporated into this budget which have not already been approved by the Corporate Policy and Resources Committee. These are in addition to the assumptions included within the budget i.e., pay award levels, inflation on utilities, Business Rates (NNDR) growth etc.
- Inclusion of the revenue implications of the DRAFT Capital Programme 2024/2025 – 2028/2029.
- Consultation with Parish and Town Councils, residents and business ratepayers has been undertaken.
- The review of Earmarked Reserves and approved additional resources being funded from these reserves and/or external grant income.

- Consideration of other Strategies i.e., Car Parking Strategy, Housing Strategy etc.

1.3 This Budget Preparation process has achieved a High Assurance rating from our Internal Auditors in September 2018.

1.4 Where additional expenditure and unavoidable costs have been identified, Business Units try to accommodate these extra costs by working more efficiently, generating extra income or reducing base budgets in non-priority areas. These items of additional expenditure and unavoidable costs, together with budget reductions are described below and have been built in to the base budgets.

1.5 **The Corporate Policy and Resources Base Budgets (Appendix 1 and 2)** have been developed from the forecast budgets presented to Council in March 2023.

Service budgets have been aligned to the strategic focus for each of the Clusters outlined within the Corporate Plan 2019/2023, namely Our People, Our Place and Our Council.

To aid comparison capital charges and central support recharges have been omitted to present only revenue related controllable costs.

1.6 **The Corporate Policy and Resources Business Unit Budgets (Appendix 3)** provide a more detailed analysis for each Business Unit.

1.7 **The Corporate Policy and Resources movement from the 2023/2024 base budget to the proposed 2024/2025 base budget** is included at **Appendix 4**.

1.8 **Assumptions/Inflationary Increases**

Inflationary increases / assumptions have been applied to the following budget areas:

	2024/25
Pay Award	3.5%
Vacancy Factor	2.0%
Electric	10.0%
Water	7.5%
Water & Disposal	7.5%
Fees & Charges	6.0%

Employer's superannuation has been applied in line with that provided by the Actuary (23.5% 2024/2025). National Insurance rates have been applied in line with the rates published by HMRC for 2024/2025.

KEY:

↑ Positive impact on MTFP (i.e. increased income, or reduction in pressure)

↓ Negative impact on MTFP (i.e. decrease in income, or increase in pressure)

2. SIGNIFICANT VARIATIONS

↓ 0.761M

When compared to the 2023/2024 base budget, the 2024/2025 base budget shows an increase of **£0.761m**, excluding use of and contribution to Earmarked Reserves. The significant variances to the 2023/2024 base budget are detailed below:

2.1 Inflation

↓ £0.061M

The inflationary increases applied (see paragraph 1.8) have resulted in an increase in base budgets for 2024/2025 of **£0.061m**.

Category	Inflation 2024/2025 £	Applied to
Employees	16,100	Overtime, agency workers and temporary staff budgets
Premises	28,100	Utilities, business rates, grounds maintenance budgets
Supplies & Services	17,000	Contractual increases
	61,200	

2.2 Corporate Finance

↓ 0.113M

2.2.1 Commercial Contingency - A Commercial Contingency budget was built into the base budget from 2019/2020 onwards, to mitigate several commercial risks, including investment properties and demand led service generated income. This budget was increased to the original value of £0.2m in 2023/2024 only and has reduced to £0.172m in 2024/2025 – a decrease of **£0.028m**.

2.2.2 Business Planning Budget – the budget to support projects within business plans was increased to £0.2m in 2023/2024 only and has reduced to £0.087m in 2024/2025 – a decrease of **£0.113m**.

This budget was created to allow for a quick response in releasing revenue budgets to support services in the delivery of their approved business plan when the value required is below £0.050m.

2.2.3 Budget Pressure Contingency – Management Team considered budget pressures identified as ‘essential’ by Business Units for 2024/2025 to be included within the Medium Term Financial Plan for member approval.

As part of this process, Member led growth was identified. It is proposed to include the value of these pressures - **£0.254m** - in a new

contingency budget, to be drawn down as required, subject to approval. This budget includes the Member led growth item of one Cultural Development and one Sports Development Officer.

2.3 Housing Benefit External Audit Fees

 0.022M

WLDC is required to appoint a reporting accountant to perform the specific test requirements set out in the Department for Work & Pensions (DWP) Housing Benefit (Subsidy) Assurance Process ("HBAP") reporting framework instruction modules in force for the year covered by the claim. KPMG base fee for the year ending 31st March 2023 is £0.03m – a pressure of **£0.022m** in 2024/2025.

2.4 Housing Benefit Administration Grant

 0.018M

Housing Benefit administration grant is expected to increase by **£0.018m**, as confirmed in the provisional allocation letter from the Department for Works and Pensions (DWP) dated 19th December 2023.

2.5 Property Rental Income

 0.016M

Increase in Guildhall lease income of **£0.016m** to reflect occupancy and contractual rates.

2.6 Establishment

 0.376M

Salary budgets 2023/2024 were based on a 2% pay award, with a 2% increase pa applied within the MTFP.

2023/2024 Pay Award Agreement was reached as follows:

1. Chief Officer Pay - Agreement was reached in May 2023 at 3.5%.
2. NJC Local Government Staff – Agreement was reached in November 2023 to increase each scale point by £1,925 pa. This equates to pay rises of between 9.42% at the bottom of the pay spine to 3.88% at the top of band 13 (average of 6.27%).
3. Chief Executive Pay – Agreement was reached in November 2023 at 3.5%.
4. Locally Determined Pay Points - Agreement was reached in November 2023 at 3.88%.

The salary costs included in this report are based on an estimated 3.5% increase in 2024/2025, and 2.5% pa from 2025/2026.

The incremental impact of the 2023/2024 pay award, in addition to the assumption applied for 2024/2025 has resulted in an increase in expenditure of **£0.376m** for this Committee.

Ongoing pay award negotiations indicate there is a risk that the 2024/2025 pay award may be higher than the 3.5% applied.

2.7 Accounting Adjustments – Opposite Entry in Prosperous Communities Committee

The following budgets are amended for this Committee with a corresponding opposite entry within the Prosperous Communities budgets. There is no impact on the overall budget position as a result of these accounting adjustments.

2.7.1 Pension Deficit Contribution

↓	0.382M
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The pension deficit budget was previously allocated across services based on the FTE of staff. This budget is now 100% held within a budget line within Corporate Policy and Resources committee to comply with accounting best practice.

2.7.2 Service Software Cost Allocation

↑	0.128M
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The allocation of service software costs has previously been conducted at year end. From 2024/2025 the budget to reflect these allocations is built into service base budgets to reflect the total cost of service delivery.

2.8 Budget Variations and Movements between Committees

↑	0.031M
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Business Unit variations and movements between committees with a value below £0.015m total **£0.031m**.

2.9 Other significant variances within individual Business Units are the result of budget movements within the Committee, and do not impact on the budget movement for the Committee overall.

3. Prosperous Communities Base Budget (Appendix 5 – 8)

The Prosperous Communities Committee considered their draft report at their meeting on the 30th of January 2023. The Business Unit Budgets are attached at **Appendix 7**.

↓ £0.251M

When compared to the 2023/2024 base budget, the 2024/2025 proposed budget shows an increase of **£0.251m**, excluding use of and contribution to Earmarked Reserves. The major variances to the 2023/2024 base budget are detailed below:

3.1 Inflation

↓ £0.054M

The inflationary increases applied (see paragraph 1.8) have resulted in an increase in base budgets for 2024/2025 of **£0.054m**.

Category	Inflation 2024/2025 £	Applied to
Employees	12,500	Overtime, agency workers and temporary staff budgets
Premises	34,200	Utilities, business rates, grounds maintenance budgets
Supplies & Services	1,600	Contractual increases
Transport	6,100	Contractual increase - tyres
	54,400	

3.2 Fees and Charges

↑ 0.144M

The Corporate Policy and Resources Committee meeting held on 9th November 2023 considered the Fees and Charges recommended by Prosperous Communities Committee and recommended them to Council for approval. The review resulted in an increase in income budgets of £0.174m against the previous estimate for 2024/2025. This is an increase of **£0.144m** against the 2023/2024 base budget.

3.3 Leisure Centre – Finance Lease

↓ £0.055M

An embedded finance lease for the gym equipment was identified after the leisure contract had commenced.

An accounting adjustment is required to reduce the capital repayment income from SLM to reflect the principal repaid.

Whilst this accounting adjustment has occurred at each year end, it has not been reflected in the revenue budgets for the leisure centres.

From 2024/2025 the adjustment has been built into the MTFP, with the resultant pressure reducing over the life of the gym equipment (8 years).

This has resulted in a pressure in 2024/2025 of £0.055m, reducing to £0.019m in 2028/2029 being the final year of the adjustment.

3.4 Establishment

↓	£0.498M
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Salary budgets 2023/2024 were based on a 2% pay award, with a 2% increase pa applied within the MTFP.

2023/2024 Pay Award Agreement was reached as follows:

1. Chief Officer Pay - Agreement was reached in May 2023 at 3.5%.
2. NJC Local Government Staff – Agreement was reached in November 2023 to increase each scale point by £1,925 pa. This equates to pay rises of between 9.42% at the bottom of the pay spine to 3.88% at the top of band 13 (average of 6.27%).
3. Chief Executive Pay – Agreement was reached in November 2023 at 3.5%.
4. Locally Determined Pay Points - Agreement was reached in November 2023 at 3.88%.

The salary costs included in this report are based on an estimated 3.5% increase in 2024/2025, and 2.5% pa from 2025/2026.

The incremental impact of the 2023/2024 pay award, in addition to the assumption applied for 2024/2025 has resulted in an increase in expenditure of £0.498m for this Committee.

Ongoing pay award negotiations indicate there is a risk that the 2024/2025 pay award may be higher than the 3.5% applied.

3.5 Accounting Adjustments – Opposite Entry in Corporate Policy and Resources Committee

The following budgets are amended for this Committee with a corresponding opposite entry within the Corporate Policy and Resources Committee budgets. There is no impact on the overall budget position as a result of these accounting adjustments.

3.5.1 Pension Deficit Contribution

↑	0.382M
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The pension deficit budget was previously allocated across services based on FTE of staff. This budget is now 100% held within a budget line within Corporate Policy and Resources committee.

3.5.2 Service Software Cost Allocation

↓ £0.128M

The allocation of service software costs has previously been conducted at year end. From 2024/2025 the budget to reflect these allocations is built into service base budgets to reflect the total cost of service delivery.

3.6 Budget Variations and Movements between Committees

↓ £0.042M

Business Unit variations and movements between committees with a value below £0.015m total **£0.042m**.

3.7 Other significant variances within individual Business Units are the result of budget movements within the Committee, and do not impact on the budget movement for the Committee overall.

4. Budget Consultation

To undertake the Budget Consultation, we used multiple routes to consult with our stakeholders.

The consultation was undertaken using an online survey, a paper survey, through stalls within the Markets at Market towns and face to face events within the district.

The objectives of the engagement were to:

- Raise awareness of the financial challenges.
- Raise awareness of the diversity of services the Council provides.
- Identify what areas of the Corporate Plan and the Business Plan should be prioritised.
- Provide some feedback following the recent Council motion to consider supporting residents in this time of increased inflation.

The 'Budget Consultation 2023 – Consultation Report Summary' is included as **Appendix 9**.

5. Recommendations

5.1 That Members accept the Corporate Policy and Resources Committee budget 2024/2025 and **recommend to Council** for inclusion in the overall Council budget 2024/2025 with any minor changes delegated to the Chief Financial Officer.

5.2 That Members accept the Prosperous Communities Committee Budget 2024/2025 and **recommend to Council** for inclusion in the overall Council budget for 2024/2025.

- 5.3 That Members approve any minor changes be delegated to the Chief Finance Officer in consultation with the Chairperson of the Corporate Policy and Resources Committee.
- 5.4 That Members **recommend to Council** the 2025/2026 to 2028/2029 estimates for both this Committee and those of Prosperous Communities Committee for inclusion in the Medium Term Financial Plan 2024/2025 to 2028/2029 (as amended by any decisions taken on this agenda).