



**Corporate Policy and  
Resources**

**Thursday, 8<sup>th</sup> February 2024**

**Subject: Executive Business Plan 2024/25 to 2026/27  
Medium Term Financial Plan 2024/25 to 2028/29  
The Budget 2024/25  
Capital Programme 2024/25 to 2028/29**

Report by:

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Officer)

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Purpose / Summary:

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

The purpose of the Medium-Term Financial Plan (MTFP) is to set a robust overall framework for the Council's Financial Strategy and spending plans over the next 5 years in support of delivering the Corporate Plan. The report sets out the revised financial plans within the Financial Analysis for changes in Government Funding, the economic environment, local engagement and the priorities for the Council. The plan reflects the revisions to previous estimates and covers the period 2024/25 to 2028/29.

The Financial Analysis includes the draft budget for 2024/25 for scrutiny and consideration prior to recommending to Council.

## RECOMMENDATION(S):

1. Recommend to Council the approval of the Executive Business Plan and Medium-Term Financial Plan 2024/25 – 2028/29
2. Approve the review of Reserves and the proposed use and contributions to both the General Fund Balance and Earmarked Reserves as detailed at 2.8 within the Medium-Term Financial Plan
3. Consider and recommend to Council a balanced Revenue Budget for 2024/25 (Appendix A)
4. Consider and recommend to Council the Capital Programme 2024/25 – 2028/29 (Appendix 4)
5. Accept the Statement of the Chief Finance Officer on the Robustness of Estimates and Adequacy of Reserves
6. Consider and recommend to Council the Pay Policy Statement (Appendix 6)
7. Delegate any housekeeping or changes required due to the final financial settlement and any approvals elsewhere on this agenda, to this Draft Executive Business Plan and Medium-Term Financial Plan to the Director of Corporate Services (Section 151 Officer) in consultation with the Chairman of this Committee prior to the final consideration by Council on 4<sup>th</sup> March 2024.

## IMPLICATIONS

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

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

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

**Financial:**

The report presents a balanced budget for 2024/25, 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 2024/25 taking into account the approved Tax Base 32,093.99 and Council Tax Surplus £0.290m

The Provisional Settlement local government finance settlement was announced on the 18th of December 2023 and has been incorporated into this report. Allocations were made for 2024/25 only, therefore it is not clear whether these grant streams will continue after 2024/25.

The 2024/25 Draft Budget totals £18.415m and is fully funded and is a balanced budget.

Contributions to Earmarked Reserves total £1.708m and Use of Earmarked Reserves total £0.617m, these exclude capital reserve movements.

The movement on the General Fund Balance is a reduction of £0.053m and is forecast to be £2.499m at the end of 2024/25.

The Capital Programme totals £27.661m over the Medium-Term Financial Plan and is fully funded.

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

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

**Data Protection Implications:** None directly from this report

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

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

**Health and Well Being Implications:** The budget provides resources to support the health and wellbeing of our residents. In addition, the Health and Wellbeing Reserve of £206,100 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*

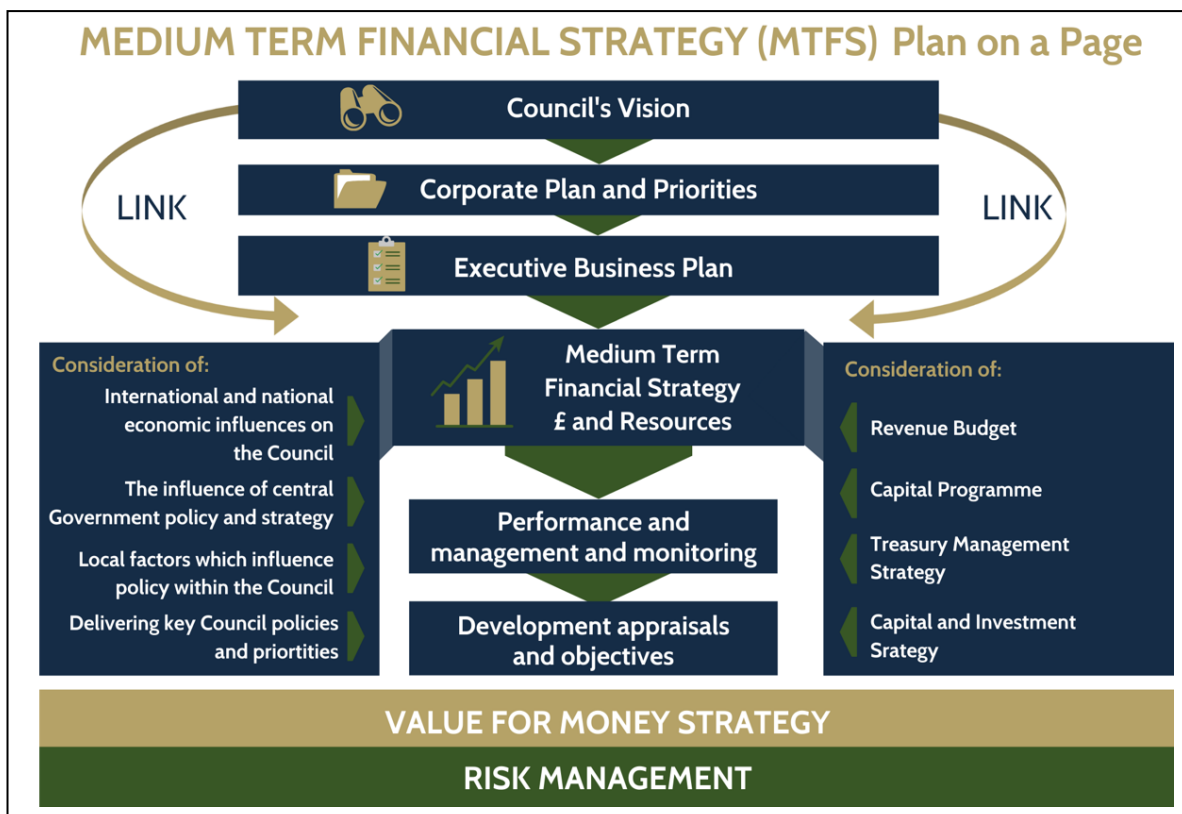
Yes

No

**1. Executive Summary**

**1.1** Presented below is the Executive Business Plan and Medium-Term Financial Plan 2024/25 – 2028/29 (which includes the Financial Strategy and Medium-Term Financial Analysis). An Executive Summary is contained therein.

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



**The Executive Business Plan** - The purpose of the Executive Business Plan is to set out the national, regional and local environment within which the Council works and details the Corporate Plan themes and objectives. The Executive Business Plan then details the deliverables designed to support the delivery of the Corporate Plan objectives over a 3-year rolling period.

**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 2024/25

The General Fund Revenue Budget 2024/25 (detailed in the table below) reflects a balanced budget and a Net Revenue Budget Requirement of £18.415m (£16.739m 2023/24)

Members should be aware; at the time this document has been produced. the budget is based on the provisional one-year financial settlement announced in December by the Minister for the Department of Levelling Up, Housing and Communities, Rt. Hon Michael Gove MP on 18th December 2023. The final settlement has yet to be announced.

The Budget for 2024/25 assumes that the Council approve a Council Tax of £241.55 (£234.54 2023/24), an increase of 2.99% being the maximum amount allowable under the Government's referendum limit of up to 3% or £5 (whichever is the greater). This approach supports our future financial sustainability.

With an approved tax base of 32,093.99 Council Tax income of £7,752,300 will be budgeted for (31,696.76 and £7,434,100 2023/24). (The Medium-Term Financial Analysis assumes an ongoing 1.5% increase in taxbase each year.) The Revenue Budget is detailed below and is analysed by our Service Clusters

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

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

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

The table below details the proposed revenue budget 2024/25 for approval and is compared to the original budget 2023/24 and analysed over our Service Clusters (Corporate Plan themes) and includes other elements of operating expenditure and movements in reserves resulting in a £18.415m Budget Requirement (£16.739 2022/23), an increase of £1.676m. Further analysis of the Budget is contained within Appendix 1 of the Medium-Term Financial Analysis

| Cluster            | Base Budget<br>2023/24 | Forecast<br>Budget<br>2024/25 |
|--------------------|------------------------|-------------------------------|
|                    | £                      | £                             |
| Our Council        | 7,785,400              | 8,224,800                     |
| Our People         | 1,832,400              | 1,711,100                     |
| Our Place          | 4,726,400              | 4,709,100                     |
| <b>Grand Total</b> | <b>14,344,200</b>      | <b>14,645,000</b>             |

|  |                   |                   |
|--|-------------------|-------------------|
| Interest Receivable                    | (577,300)         | (658,200)         |
| Investment Income - Property Portfolio | (1,576,700)       | (1,568,400)       |
| Drainage Board Levies                  | 459,200           | 560,200           |
| Parish Precepts                        | 2,577,100         | 2,746,300         |
| Interest Payable                       | 794,400           | 692,700           |
| MRP/VRP (repayment of borrowing)       | 906,100           | 959,300           |
| <b>Net Revenue Expenditure</b>         | <b>16,927,000</b> | <b>17,376,900</b> |

|   |           |           |
|---|-----------|-----------|
| Transfer to / (from) General Fund       | (684,400) | (52,700)  |
| Transfer to / (from) Earmarked Reserves | 496,600   | 1,091,200 |

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Amount to be met from Government Grant or Council Tax</b> | <b>16,739,200</b> | <b>18,415,400</b> |
|--|-------------------|-------------------|

| <b>Funding Income</b>                 |           |           |
|---------------------------------------|-----------|-----------|
| Business Rate Retention Scheme        | 4,633,200 | 5,796,700 |
| Collection Fund Surplus - Council Tax | 290,000   | 290,000   |
| Parish Councils Tax Requirement       | 2,577,100 | 2,746,300 |
| New Homes Bonus                       | 561,500   | 845,300   |
| Other Government Grants               | 1,243,300 | 984,800   |

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| <b>Council Tax Requirement</b> | <b>7,434,100</b> | <b>7,752,300</b> |
|--------------------------------|------------------|------------------|

|                      |                   |                   |
|----------------------|-------------------|-------------------|
| <b>TOTAL FUNDING</b> | <b>16,739,200</b> | <b>18,415,400</b> |
|----------------------|-------------------|-------------------|

|   |          |          |
|---|----------|----------|
| <b>Balanced Budget / Funding Target</b> | <b>0</b> | <b>0</b> |
|---|----------|----------|

## 1.4 Significant Movements

The significant movements between the 2023/24 and 2024/5 budget include.

### Expenditure Pressures

- £0.874m staff resourcing, pay awards and changes to Employers National Insurance, employers contribution rates and reduced Pension Deficit Contribution
- £0.116m inflation applied to supplies and services, premises, transport and employees

- £0.0112m increase in staff budgets to fund Member led development officer posts
- £0.077m Contracts
- £0.101m Drainage Board Levies
- £0.053m increase in Minimum Revenue Provision (MRP)

### **Expenditure Savings**

- £0.102m saving in interest payable on borrowing

### **Additional Income**

- £0.081m Interest from Investments
- £0.016m property rental income
- £0.146m Fees and Charge Review
- £0.018m Housing Benefit administration grant
- £0.081m increase in interest receivable

### **Additional Funding**

- £0.318m Council Tax – increase of 2.99%
- £1.164m Business Rates – 1-year Financial Settlement

The movement in net contributions from reserves total £1.226m.

## **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 17<sup>th</sup> January. Members considered the purpose and balance on each of the Council's reserves. Reserves no longer required were removed and a transfer of £1m was agreed between the general fund and the budget stability reserve. The committee also set a new minimum general fund balance of £2.0m which is due to be 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 2023/24 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              |                   |                   |                   |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                              | 2023/24           | 2024/25           | 2025/26           | 2026/27           | 2027/28           | 2028/29           |
| General Fund Working Balance | 4,683,856         | 2,726,691         | 2,498,991         | 2,378,391         | 2,257,691         | 2,257,691         |
| Earmarked Reserves           | 18,765,656        | 15,852,477        | 15,592,277        | 16,143,577        | 16,102,377        | 15,834,077        |
| Capital Receipts             | 1,757,655         | 1,437,608         | 1,559,236         | 1,685,939         | 1,704,659         | 1,724,033         |
| <b>TOTAL</b>                 | <b>25,207,167</b> | <b>20,016,776</b> | <b>19,650,504</b> | <b>20,207,908</b> | <b>20,064,727</b> | <b>19,815,801</b> |

| EARMARKED RESERVES          | CURRENT YEAR      | MTFP              |                   |                   |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                             | 2023/24           | 2024/25           | 2025/26           | 2026/27           | 2027/28           | 2028/29           |
| Service Investment/Renewals | 3,376,473         | 2,680,373         | 2,537,173         | 3,171,473         | 3,130,273         | 2,861,973         |
| Contingency/Risk            | 5,609,835         | 5,492,835         | 5,375,835         | 5,292,835         | 5,292,835         | 5,292,835         |
| Investment for Priorities   | 9,779,349         | 7,679,270         | 7,679,270         | 7,679,270         | 7,679,270         | 7,679,270         |
| <b>Grand Total</b>          | <b>18,765,656</b> | <b>15,852,477</b> | <b>15,592,277</b> | <b>16,143,577</b> | <b>16,102,377</b> | <b>15,834,077</b> |

## 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 2024/25 to 2028/29 provides a plan of future capital investments totalling £27.661m with £22.217m estimated for 2024/25. 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 2024/25<br>£ | Estimate 2025/26<br>£ | Estimate 2026/27<br>£ | Estimate 2027/28<br>£ | Estimate 2028/29<br>£ | Total Capital Programme<br>£ |
|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------------|
| Our Council        | 349,500               | 292,100               | 99,300                | 149,600               | 96,100                | 986,600                      |
| Our People         | 7,775,600             | 674,900               | 674,900               | 674,900               | 674,900               | 10,475,200                   |
| Our Place          | 14,091,946            | 634,400               | 50,000                | 479,400               | 943,800               | 16,199,546                   |
| <b>Grand Total</b> | <b>22,217,046</b>     | <b>1,601,400</b>      | <b>824,200</b>        | <b>1,303,900</b>      | <b>1,714,800</b>      | <b>27,661,346</b>            |

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

Members are asked to approve the Budget only and receive reports for specific schemes prior to approval to spend, in accordance with financial regulations. This excludes business as usual schemes such as replacement and renewal programmes 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.

| <b>CAPITAL FINANCING</b>               | <b>Estimate 2024/25<br/>£</b> | <b>Estimate 2025/26<br/>£</b> | <b>Estimate 2026/27<br/>£</b> | <b>Estimate 2027/28<br/>£</b> | <b>Estimate 2028/29<br/>£</b> | <b>Total Capital Programme<br/>£</b> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--------------------------------------|
| Grants & Contributions etc             | -16,570,767                   | -674,900                      | -674,900                      | -674,900                      | -674,900                      | -19,270,367                          |
| Useable Capital Receipts               | -450,500                      | 0                             | 0                             | 0                             | -10,000                       | -460,500                             |
| Reserves                               | -4,034,779                    | -926,500                      | -149,300                      | -629,000                      | -1,029,900                    | -6,769,479                           |
| Section 106 Contributions              | -1,161,000                    | 0                             | 0                             | 0                             | 0                             | -1,161,000                           |
| <b>Total Capital Programme Funding</b> | <b>-22,217,046</b>            | <b>-1,601,400</b>             | <b>-824,200</b>               | <b>-1,303,900</b>             | <b>-1,714,800</b>             | <b>-27,661,346</b>                   |

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 reduction of circa £5m in Settlement Funding Allocation (an amount set by Government as a calculation of our funding need).

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

The Council's aim over this period was to become non-reliant on Government Grant Funding as the Revenue Support Grant ceased in 2019/20. Our income from local taxation (Council Tax and Business Rates excluding implications of Covid) is 74% (46.6% 2010/11)

Income from Customer and Client receipts and Investment Property Portfolio has increased income levels from £3.363m to £8.304m (247%) during that period and reflects the success of the fees and charges policy and commercial strategies.

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

### 2.2 National Context

The draft financial settlement for Local Government 2024/25 was announced in December 2023 by the Secretary of State for the Department of Levelling Up, Housing and Communities, The Rt Hon Michael Gove MP.

The main points affecting this Council were.

- £4bn more funding for local Councils
- Providing a 6.5% increase in national level core spending power
- Council Tax referendum limit of 3% or £5 whichever is the greater for district councils to help councils invest in services they provide to residents whilst protecting hard-working taxpayers from unfair hikes in rates.
- A one-off Funding Guarantee to ensure every Council sees at least a 3% increase in Core Spending Power for 2024/25 before any local decisions on Council Tax rates are made.
- A new one-off allocation of New Homes Bonus Funding for 2024/25.
- Keeping the Rural Services Delivery Grant
- Maintaining the Services Grant

## **2.3 Local Context**

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

### **National Economy and inflation**

We are currently seeing inflation at levels not seen in the last decade, with the cost of food, fuel and utilities being the main factors. We are currently seeing increased costs across our revenue expenditure for the supply of contracts, goods and services. Our General Fund Working Balance is currently above the £2.0m minimum and will mitigate any in year budget pressures.

### **Levelling Up**

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

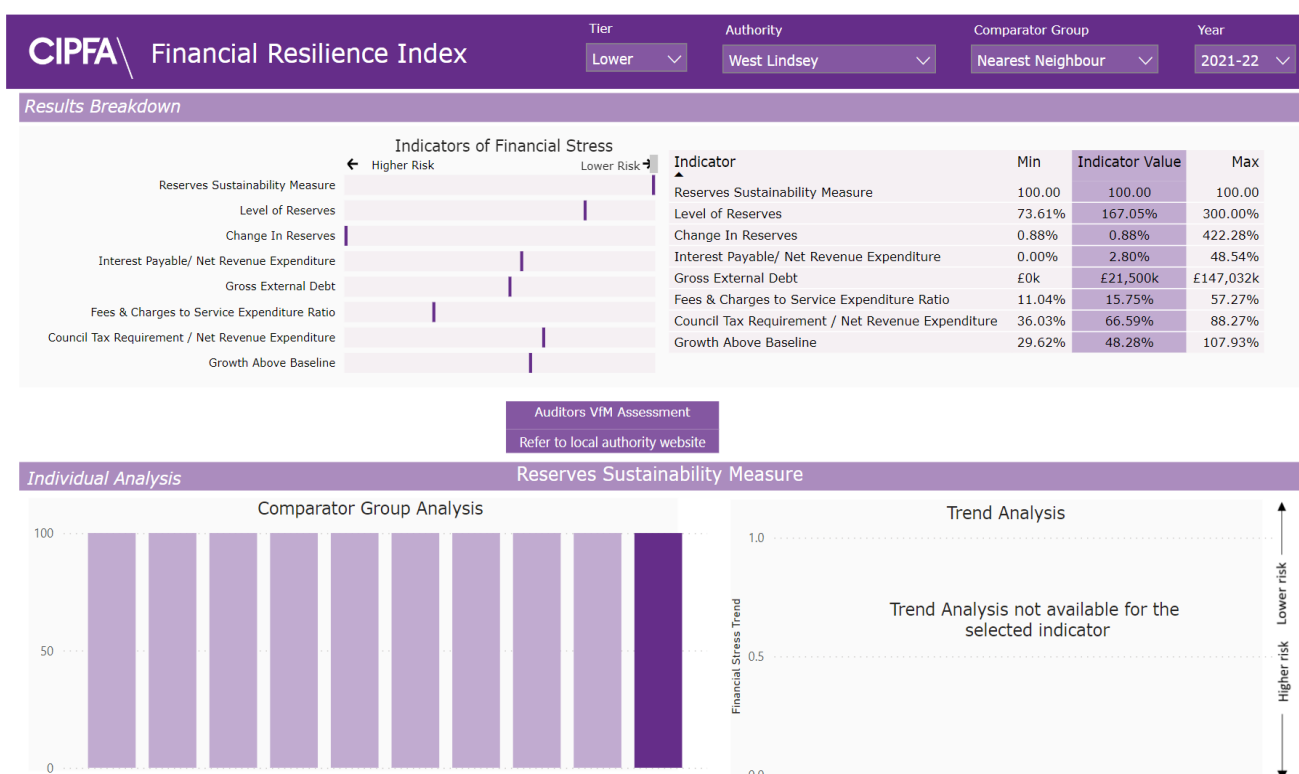
### **Fairer Funding and Business Rates Retention Scheme**

A one-year financial settlement has been announced, and again delays to both the reviews of local government funding are now expected for 2025/26. This results in continued uncertainty of future funding for the Council. We have been

pro-active in ensuring that we prepare for any reductions by taking a prudent approach to setting the Medium-Term Financial Plan forecasts. Whilst we have assumed our settlement funding remains comparable, we are anticipating a loss in grant funding from 2025/26. The one-year settlement has however given us another year of resources we otherwise may not have had. The table below shows the Core Spending Power for West Lindsey DC based on the Local Government Settlement 2024/25.

| <b>West Lindsey</b>   | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> |
|---|----------------|----------------|----------------|----------------|----------------|
|   | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      | <b>£m</b>      |
| Settlement Funding Assessment                                 | 3.023          | 3.023          | 3.023          | 3.252          | 3.375          |
| Compensation for under-indexing the business rates multiplier | 0.121          | 0.157          | 0.309          | 0.534          | 0.657          |
| Council Tax Requirement excluding parish precepts             | 6.529          | 6.711          | 7.069          | 7.434          | 7.794          |
| New Homes Bonus   | 0.736          | 0.719          | 0.924          | 0.561          | 0.845          |
| Rural Services Delivery Grant                                 | 0.474          | 0.498          | 0.498          | 0.556          | 0.556          |
| Lower Tier Services Grant                                     | 0.000          | 0.129          | 0.138          | 0.000          | 0.000          |
| Services Grant  | 0.000          | 0.000          | 0.208          | 0.122          | 0.019          |
| Grants rolled in  | 0.116          | 0.118          | 0.116          | 0.000          | 0.000          |
| Funding Guarantee Grant                                       | 0.000          | 0.000          | 0.000          | 0.448          | 0.277          |
| <b>Core Spending Power</b>                                    | <b>11.000</b>  | <b>11.355</b>  | <b>12.286</b>  | <b>12.909</b>  | <b>13.523</b>  |

## 2.4 How we compare – Financial Resilience.



## 2.5 General Fund Balances

The Council sets a minimum revenue balance of £2.0m. This was approved by Corporate Policy and Resources Committee in January 2024.

## 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 £15.852m of earmarked reserves as at 31.3.2024 reducing to £15.834m by 2028/29 taking into account revenue and capital spending plans.



## **MEDIUM TERM FINANCIAL PLAN 2024/25 – 2028/29**

**Including: Financial Strategy,  
Medium Term Financial Analysis  
2024/25 to 2028/29, Budget 2024/25,  
Capital Programme 2024/25 to  
2028/29**



## **MEDIUM TERM FINANCIAL PLAN**

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

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

**Section 3 - The 2024/25 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 2024/25 – 2028/29**

**Appendix 5 Analysis of Capital Financing**

**Appendix 6 Pay Policy 2024/25**

**Appendix 7 Human Resources Statement 2024/25**

**Appendix 8 Executive Business Plan: 2024/25 – 2026/27**

# MEDIUM TERM FINANCIAL PLAN

2024/25 - 2028/29

## 1. Introduction

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

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

## 2. Governance

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

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

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

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

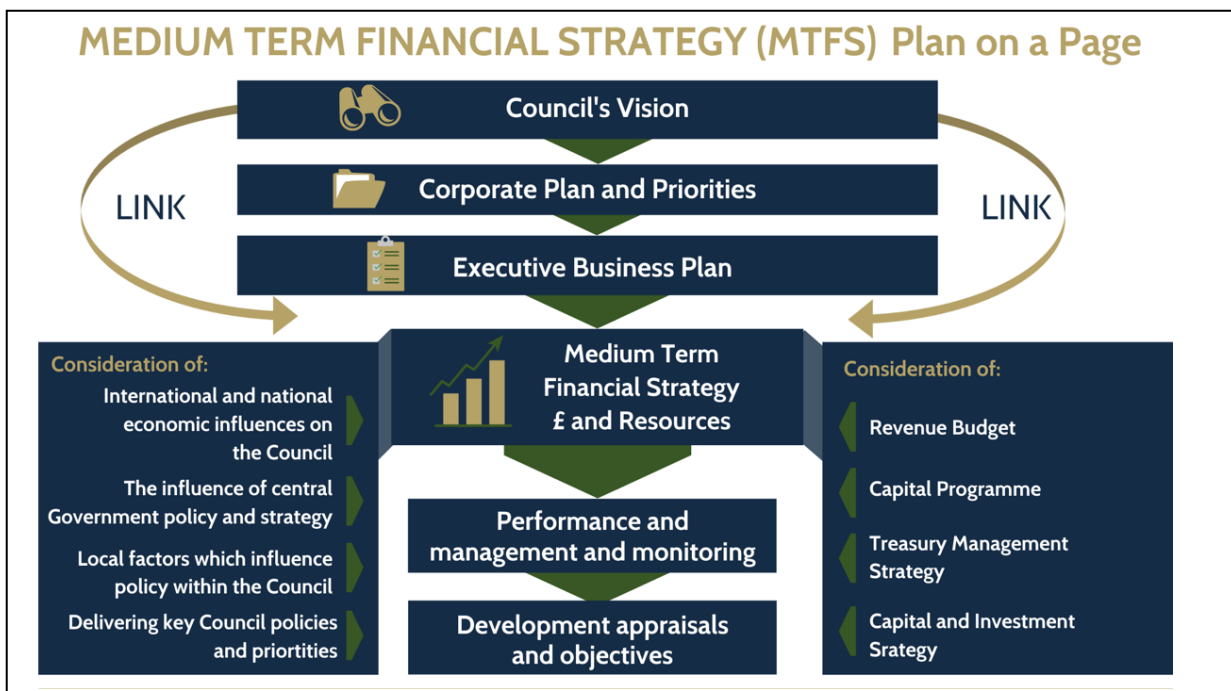
The framework will provide assurance in the prudent use of public resource, effective management of those resources, adherence to legislative requirements for which we are responsible and provide evidence of good governance.

## 1.1 Introduction

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

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

The MTFP is designed to complement the values set out in the Corporate Plan and deliver the key priorities of the Council by supporting the following values and approach. It also takes reflects the implications and resourcing needs to deliver the Executive Business Plan initiatives.



The Corporate Plan details the values which guide our working:

1. To put the customer at the centre of everything we do
2. To act as One Council
3. To be business smart, to act on evidence and take advantage of opportunities, thinking creatively and getting things done.
4. To communicate effectively with all stakeholders
5. To have integrity in everything we do

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

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

The MTFP will deliver against these objectives and principles by:

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

## 1.2 Value for Money

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

- **Economy** – minimising the cost of resources used or required: reducing inputs for the same outputs.

- **Efficiency** – producing the same or better outputs by doing things differently and reducing the inputs required.
- **Effectiveness** – deploying resources to meet objectives.

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

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

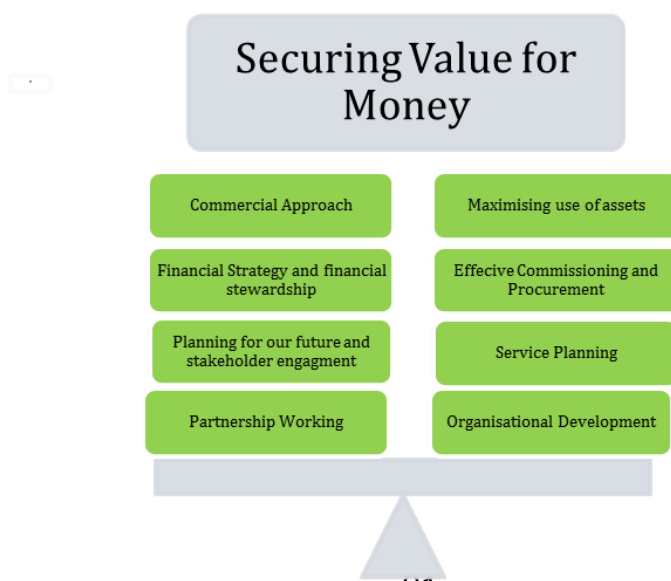
- Investing in communities (to help themselves and others)
- A more commercial council – to generate additional income and identifying opportunities that align with resident’s needs.
- Modern, innovative and collaborative – utilising the best technology and commissioning delivery to achieve outcomes.

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

Our benchmarking toolkit, CFO Insights national data sets such as the Government financial returns. West Lindsey have developed the use of the tool as a means of delivering VFM through a selection of services in the following ways:

- Helping performance improvement and transformation planning
- Locating potential income generating opportunities
- Supporting budgeting and spending decision making
- Provide transparency in relation to scrutiny questions.

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



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

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

### **1.3 Commercial Approach**

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

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

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

### **1.4 Partnership Working**

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

### **1.5 Strategic Asset Management Plan**

West Lindsey's Strategic Asset Management Strategy will demonstrate that we have in place an effective management framework, which actively maximises the value for money achieved from existing assets. It also provides a strategic context for future investments. To achieve the best possible outcomes condition

surveys are undertaken on our properties to ascertain the extent of works to be undertaken, which subsequently informs the MTFP.

## **1.6 Organisational Development**

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

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

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

## **1.7 Business Planning**

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

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

## **1.8 Commissioning and Procurement**

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

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

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

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

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

## **1.10 The Treasury Management Strategy**

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

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

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

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

## **1.11 Borrowing for Capital Investment**

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

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



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

## **1.12 Financial Sustainability**

The sustainability of our plans 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 at least equal to the cost of borrowing including the minimum revenue provision (MRP), a regulatory requirement on Local Authorities
- We assume that we will generate significant revenue from new income streams from investment in assets.
- We will generate efficiencies through service redesigns and the implementation of digital strategies for the benefit of our customers.

## **1.13 The Pay Policy Statement (Appendix 6)**

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

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

The Pay Policy Statement identifies.

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

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

## **2. The Medium-Term Financial Analysis**

### **2.1 Introduction**

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

For 2024/25 the Budget has been based on the approved budgets for each Committee and in line with the 2024/25 Local Government Financial Settlement.

Future years are difficult to predict due to uncertainty in relation to the outcome of the review of Local Government Funding, which includes a number of elements including the overall financial settlement, the Fairer Funding Review, the Business Rates Reset and the Business Rates Retention Scheme where a rethink may be required due to the affect Covid-19 has had on tax payers. We have however assumed a reduction in government grants from 2025/26. In addition, we have assumed that there will continue to be some element of funding to reflect rurality.

These unknown impacts and the level of financial risk that the Council may be exposed to will require regular monitoring and a mid-year update will provide some indication of likely outcomes as the consequences become clear.

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

### **2.2 The Budget Planning Cycle**

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

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures/savings and horizon scanning for future issues, including political, economic or legislative implications.

- Business Planning reviews have been undertaken to identify further income generation opportunities and budget reduction proposals, which can be delivered to ensure a sustainable budget.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £0.001m. Full details of proposed fees and charges were presented to Policy and Resources Committee in November 2023
- 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 2024/25-2028/29
- Consultation with Parish Councils, residents and business rate payers has been undertaken and feedback has been considered when setting the budget.
- The review of Earmarked Reserves has identified a need to increase reserves to support delivery of strategies and plans.

## 2.2 Budget Assumptions

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

- Employees – Pay award 3.5% 2043/25 and 2% thereafter.
- Pensions – Employers contribution primary rate (employers' contribution) assumed at a 1% increase for each tri-annual period from 2026/27 onwards. Employers' contribution secondary rate (deficit reduction payment) assumed at a 9% increase for each year from 2026/27 onwards.
- Council Tax increases of 2.99% in 2024/25 and then 1.99% onwards with annual tax base growth of 1.5%
- NNDR as per the financial settlement.
- Contractual inflation applied where required.
- New Homes Bonus no new allocations from 2025/26 onwards.
- Utilities – Electricity 10%, Gas 0% and Water 7.5%
- Capital Programme is based on best estimates of total investment, total borrowing; use of reserves; impact on revenue.

## 2.4 Council Tax

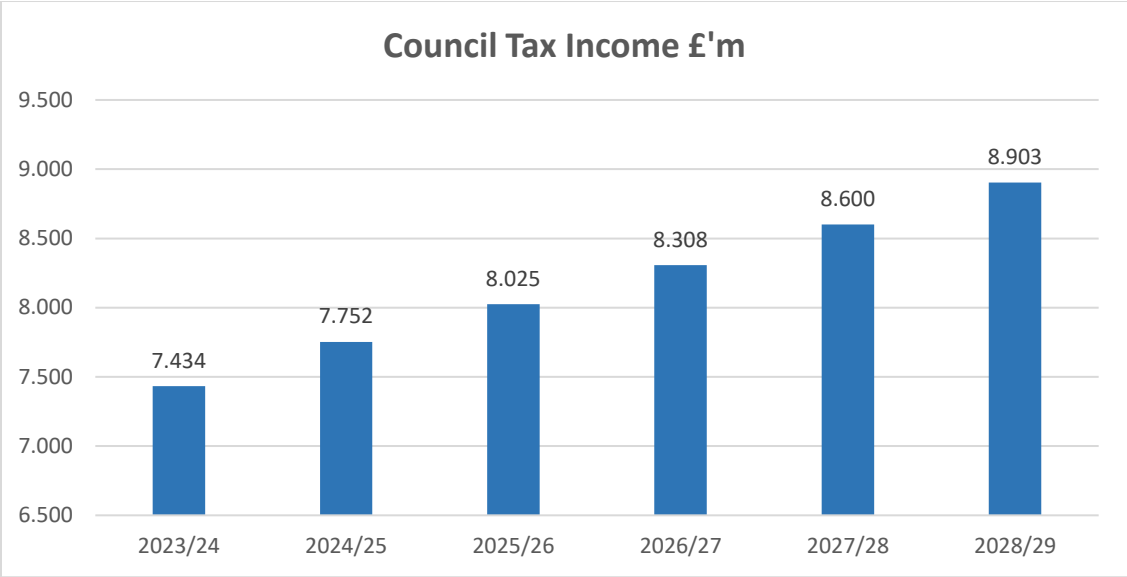
The Tax Base for 2024/25 has been approved at 32,093.99 (31,696.76 2023/24) reflecting growth of 1.25% (2.12% 2023/24). The MTFP includes annual growth rate of 1.5% for future years.

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

The Council Tax increase for 2024/25 is proposed at a 2.99% increase (2.99% in 2023/24) giving a Band D equivalent Council Tax of £241.55 (£234.54).

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

In addition, the Council Tax Surplus for 2024/25 has been calculated to be £0.290m (£0.290m 2023/24) and will be included in the budget.



### 2.5 Business Rates

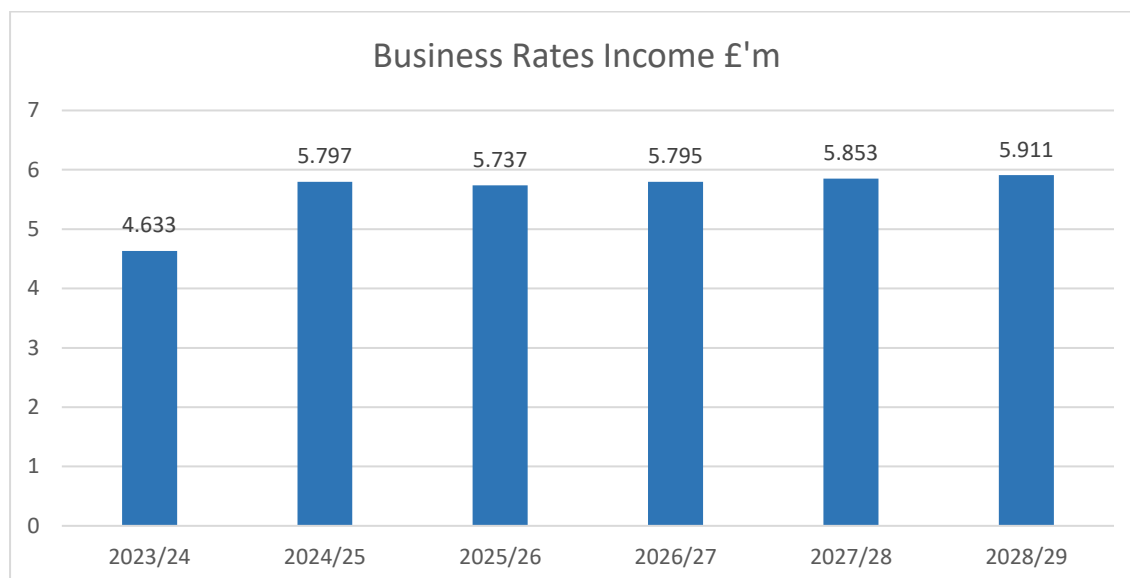
A further one-year settlement for 2024/25 is estimated to provide business rates income of £5.797m (£4.633m 2023/24).

We will continue to benefit of continuing to be a part of the Lincolnshire Business Rates Pool, provides an additional benefit of £0.518m (£0.484m 2023/24) being 60% of the levy which would have been payable to the Government.

For future years, with the impending review of the Business Rates Retention Scheme and in addition a potential full or partial reset, we are likely to experience reductions in business rates income.

Whilst full details of any new schemes not yet known there will also be the impact of the Fairer Funding Review, both of these proposals bring significant change to the local government financing and have been delayed, initially due to the need to focus on the Brexit deal and subsequently due to the demands in responding to the Covid-19 pandemic and the effect this has had on local government finances. It is expected that the new funding models will be implemented by 2025/26, and there are ongoing demands from the sector that a 3-year settlement funding deal would aid future financial planning for Local Government. We have

taken a prudent approach to our forecasts and are estimating income from Retained Business Rates over the medium term detailed below:



## 2.6 New Homes Bonus

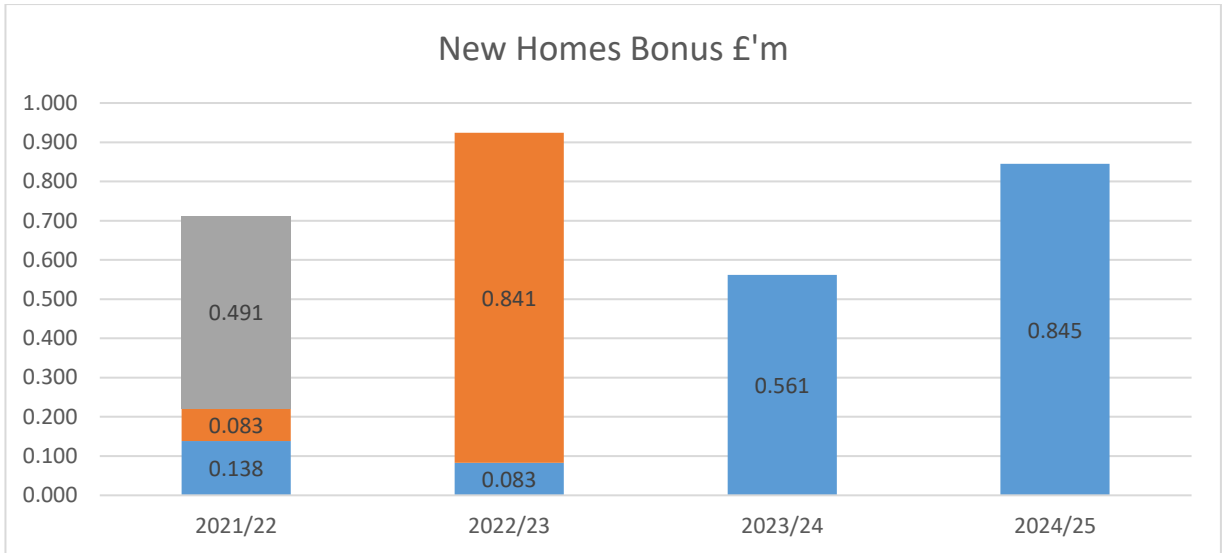
The New Homes Bonus was introduced in 2011/12 by Central Government and payable to local councils to incentivise housing growth in their area. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and bringing long term empty properties back into use. There is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

As part of the one-year funding Settlement the scheme has again been extended for a further year and will result in an additional £0.845m being received in 2024/25.

In total the Council will have received £16.232m of New Homes Bonus Grant which has been earmarked and or used to support investment in growth and regeneration.

It is assumed that there will be no new allocations beyond 2024/25 but if a share of the central balance is distributed it will be contributed to the Investment for Growth Reserve.

Our strategy is to use New Homes Bonus for future investment in regeneration and growth, as such it will be transferred to the Investment for Growth Reserve. This strategy continues to be supported by residents.



## 2.7 Pension Contributions

As an employer within the Lincolnshire Pension Fund, the Council is required to make contributions to the fund for current employees and to reduce any pension fund deficit in accordance with amounts provided by the Actuary of the scheme, Barnett Waddingham.

The employer's contribution rate for the period 2024/25 has been determined at 23.5% per annum.

In relation to the pension deficit, currently £40.099m as of 31 March 2023 (£40.099m 2022), the Council's strategy is to contribute an appropriate amount with the aim of removing the deficit over a 20-year period. The payment for 2024/25 is £0.666m (£0.642m 2023/24).

## 2.8 Reserves

The Council are requested to approve the movement on Reserves.

The level of the General Fund Working Balance will be set, as a minimum at £2.0m. This minimum balance will represent funds available to mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates and the ongoing impact of Covid-19. In addition, such risks may also include changes in Government policy, further funding reductions post 2025/26 and other market factors.

The level of general reserves will continue to be closely monitored during the period of this MTFP in the context of protecting the Council from existing and future liabilities. This is extremely important given the uncertainty around future

funding levels and the impact of Covid-19 on our income and expenditure. Reserves will continue to be maintained at a prudent level.

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

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

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

| RESERVE                      | CURRENT YEAR      | MTFP              |                   |                   |                   |                   |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                              | 2023/24           | 2024/25           | 2025/26           | 2026/27           | 2027/28           | 2028/29           |
| General Fund Working Balance | 4,683,856         | 2,726,691         | 2,498,991         | 2,378,391         | 2,257,691         | 2,257,691         |
| Earmarked Reserves           | 18,765,656        | 15,852,477        | 15,592,277        | 16,143,577        | 16,102,377        | 15,834,077        |
| Capital Receipts             | 1,757,655         | 1,437,608         | 1,559,236         | 1,685,939         | 1,704,659         | 1,724,033         |
| <b>TOTAL</b>                 | <b>25,207,167</b> | <b>20,016,776</b> | <b>19,650,504</b> | <b>20,207,908</b> | <b>20,064,727</b> | <b>19,815,801</b> |

The table below reflects the movement on the General Fund Balance 2024/25

| GENERAL FUND WORKING BALANCE MOVEMENTS | 2024/25          |
|--|------------------|
| Estimated Balance Brought Forward      | 2,726,691        |
| Less Approved Use of Reserves          | (253,100)        |
| Add Contributions to Reserves          | 25,400           |
| <b>Grand Total</b>                     | <b>2,498,991</b> |

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

| EARMARKED RESERVES          | CURRENT YEAR      |                   | MTFP              |                   |                   |                   |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                             | 2023/24           | 2024/25           | 2025/26           | 2026/27           | 2027/28           | 2028/29           |
| Service Investment/Renewals | 3,376,473         | 2,680,373         | 2,537,173         | 3,171,473         | 3,130,273         | 2,861,973         |
| Contingency/Risk            | 5,609,835         | 5,492,835         | 5,375,835         | 5,292,835         | 5,292,835         | 5,292,835         |
| Investment for Priorities   | 9,779,349         | 7,679,270         | 7,679,270         | 7,679,270         | 7,679,270         | 7,679,270         |
| <b>Grand Total</b>          | <b>18,765,656</b> | <b>15,852,477</b> | <b>15,592,277</b> | <b>16,143,577</b> | <b>16,102,377</b> | <b>15,834,077</b> |

## 2.9 Medium Term Financial Analysis (Appendix 1)

The 5-year Medium Term Financial Plan 2023/24 has been updated during the budgeted process and reflects the total Funding Gap from 2024/25 to 2028/29, the Council has a number of projects and initiatives which will help meet the future funding gaps detailed in the table below.

|   | MTFP 2024/25 - 2028/29 5 YRS |                  |                  |                  |                  |
|---|------------------------------|------------------|------------------|------------------|------------------|
|   | 2024/25<br>£                 | 2025/26<br>£     | 2026/27<br>£     | 2027/28<br>£     | 2028/29<br>£     |
| <b>MTFP - FUNDING GAP B/FWD</b>             | <b>326,000</b>               | <b>1,584,900</b> | <b>1,567,900</b> | <b>1,552,100</b> | <b>1,572,700</b> |
| Establishment                               | 795,900                      | 1,016,000        | 1,155,500        | 1,248,300        | 1,356,700        |
| Pressures                                   | 129,400                      | 97,000           | 128,900          | 169,400          | 159,500          |
| Income Loss                                 | 76,700                       | 78,700           | 80,700           | 40,200           | 32,400           |
| Savings                                     | (444,100)                    | (531,400)        | (564,500)        | (511,600)        | (511,600)        |
| Income Gain                                 | (411,300)                    | (373,200)        | (338,700)        | (367,500)        | (461,100)        |
| Inflation                                   | 60,400                       | 64,500           | 72,400           | 97,900           | 180,200          |
| Contribution to Reserves                    | 180,000                      | 115,000          | 115,000          | 115,000          | 115,000          |
| Increase MRP                                | 46,000                       | 71,600           | 71,600           | 71,600           | 68,300           |
| Contribution to Revenue Contingency Budgets | 254,200                      | 251,700          | 260,800          | 267,100          | 273,600          |
|   |                              |                  |                  |                  |                  |
| <b>Movement in Funding:</b>                 |                              |                  |                  |                  |                  |
| Council Tax Surplus                         | (290,000)                    | 0                | 0                | 0                | 0                |
| Council Tax Yield                           | 18,900                       | 19,500           | 20,300           | 20,900           | 21,700           |
| Other Government Grants                     | (312,000)                    | (8,100)          | (8,100)          | (8,100)          | (8,100)          |
| Business Rates                              | (430,100)                    | (1,446,100)      | (1,400,000)      | (1,375,500)      | (1,434,000)      |
| <b>MTFP - FUNDING GAP</b>                   | <b>0</b>                     | <b>940,100</b>   | <b>1,161,800</b> | <b>1,319,800</b> | <b>1,365,300</b> |

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

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

Key factors in ensuring the robustness of estimates include the initial challenge process to establish budget options, essential project management for the proposals, monitoring and reporting arrangements and utilisation of key, skilled finance staff in drawing up detailed estimates and monitoring proposals going forward. Cross cutting and sound key assumptions are also vital to ensuring proper estimates. The key assumptions, i.e. pay awards, inflation, Council Tax,



Business Rates, Government Grant and pension contributions are detailed within this report. It is essential that in order to secure a balanced budget the base estimates are considered robust.

Budget changes have been built on amounts approved by the Corporate Policy and Resources Committee throughout the year, and changes approved under delegation. Changes to the base budget have been reported to both Prosperous Communities Committee and Corporate Policy and Resources Committee in February 2024.

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

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

This represents.

- 95% of MTFP total 2-year deficit (£2.102m)
- 11% of budget requirement
- 18 days of average gross expenditure cover (£0.113m per day)

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

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

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

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

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

## 2.11 Risk Analysis (Appendix 2)

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

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

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

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

| <b>RISK</b>  | <b>MITIGATION</b>   |
|--|---|
| Future Funding Levels  | 10% or £2.0m minimum General Fund Balance set. Which can be used to support a balanced budget should it be required giving the Council time to manage the implications of future settlement funding                                     |
| Inflation underestimated   | General Fund Working Balance  |
| Borrowing Interest Rates underestimated  | We budget at 100% borrowing need. In reality as we utilize our own cash reserves for some element of this borrowing (internal borrowing) saving on interest costs. It is therefore highly unlikely that there would be a budget impact. |
| Changes to Grant Funding   | Initiatives and Projects would cease/reduce in line with Grant levels<br>Earmarked £1m for Fairer Funding and Business Rates Review impacts   |
| Demand for services reduces level of income receivable                                 | Commercial Contingency Budget of £0.173m in base budget and General Fund Working balance of £2.0m   |
| Unforeseen events/emergencies/budget overspend (including Covid response and recovery) | Unexpected costs or income pressures which are not supported from government grant.<br>General Fund Working Balance of £2.0m  |

|                      |   |
|----------------------|---|
| Savings not achieved | General Fund Working Balance of £2.0m<br>Commercial Contingency Budget £0.173m<br>Budget Stability Reserve of £2.4m |
|----------------------|---|

## 2.12 Sensitivity Analysis

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

| Impact of +/-           | Equates to +/- |
|-------------------------|----------------|
| 1% Pay award            | £0.100m        |
| 1% Council Tax          | £0.074m        |
| 1% Business Rates       | £0.058m        |
| 1% Non-Pay Budget       | £0.105m        |
| 1% Interest on balances | £0.100m        |
| 1% on Borrowing         | £0.265m        |
| 1% on Fees and Charges  | £0.067m        |

## 3.1 Introduction

The Council presents a Balanced Revenue Budget for 2024/25 and is represented over our Service Clusters.

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

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

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

## 3.2 Settlement Funding 2024/25

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 2023, after which no significant changes are expected.

The announcement for West Lindsey included.

A one-year Settlement covering 2024/25 which included the following: -

- An additional year of New Homes Bonus - £0.845m
- A one -off Funding Guarantee grant worth £277k.
- Continuation of the Rural Services Delivery Grant of £0.556m
- Continuation of the Services Grant but reduced to £19k.

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

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

|   | <b>Actual</b>  | <b>Provisional</b> |
|---|----------------|--------------------|
| <b>West Lindsey</b>   | <b>2023/24</b> | <b>2024/25</b>     |
|   | <b>£m</b>      | <b>£m</b>          |
| Settlement Funding Assessment                                 | 3.252          | 3.375              |
| Compensation for under-indexing the business rates multiplier | 0.534          | 0.657              |
| Council Tax Requirement excluding parish precepts             | 7.434          | 7.794              |
| New Homes Bonus   | 0.561          | 0.845              |
| Rural Services Delivery Grant                                 | 0.556          | 0.556              |
| Services Grant  | 0.122          | 0.019              |
| Funding Guarantee Grant                                       | 0.448          | 0.277              |
|   |                |                    |
| <b>Core Spending Power</b>                                    | <b>12.907</b>  | <b>13.523</b>      |

### 3.3 Revenue Budget 2024/25

| Cluster  | Base Budget 2023/24 | Forecast Budget 2024/25 | Forecast Budget 2025/26 | Forecast Budget 2026/27 | Forecast Budget 2027/28 | Forecast Budget 2028/29 |
|--|---------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|  | £                   | £                       | £                       | £                       | £                       | £                       |
| Our Council  | 7,785,400           | 8,224,800               | 8,313,600               | 8,607,700               | 9,048,500               | 9,129,300               |
| Our People   | 1,832,400           | 1,711,100               | 1,965,100               | 1,980,300               | 1,910,500               | 1,954,600               |
| Our Place  | 4,726,400           | 4,709,100               | 4,492,700               | 4,591,000               | 4,721,800               | 4,843,500               |
| <b>Grand Total</b>   | <b>14,344,200</b>   | <b>14,645,000</b>       | <b>14,771,400</b>       | <b>15,179,000</b>       | <b>15,680,800</b>       | <b>15,927,400</b>       |
| Interest Receivable  | (577,300)           | (658,200)               | (450,800)               | (387,400)               | (376,300)               | (375,700)               |
| Investment Income - Property Portfolio                       | (1,576,700)         | (1,568,400)             | (1,567,300)             | (1,606,400)             | (1,694,700)             | (1,716,700)             |
| Drainage Board Levies  | 459,200             | 560,200                 | 525,900                 | 552,200                 | 579,800                 | 608,800                 |
| Parish Precepts  | 2,577,100           | 2,746,300               | 2,801,200               | 2,857,200               | 2,914,300               | 2,972,600               |
| Interest Payable   | 794,400             | 692,700                 | 653,600                 | 642,700                 | 744,100                 | 744,100                 |
| MRP/VRP (repayment of borrowing)                             | 906,100             | 959,300                 | 984,900                 | 984,900                 | 931,800                 | 910,500                 |
| <b>Net Revenue Expenditure</b>                               | <b>16,927,000</b>   | <b>17,376,900</b>       | <b>17,718,900</b>       | <b>18,222,200</b>       | <b>18,779,800</b>       | <b>19,071,000</b>       |
| Transfer to / (from) General Fund                            | (684,400)           | (52,700)                | (120,600)               | (120,700)               | 0                       | 0                       |
| Transfer to / (from) Earmarked Reserves                      | 496,600             | 1,091,200               | 586,300                 | 700,600                 | 587,800                 | 761,600                 |
| <b>Amount to be met from Government Grant or Council Tax</b> | <b>16,739,200</b>   | <b>18,415,400</b>       | <b>18,184,600</b>       | <b>18,802,100</b>       | <b>19,367,600</b>       | <b>19,832,600</b>       |
| <b>Funding Income</b>  |                     |                         |                         |                         |                         |                         |
| Business Rate Retention Scheme                               | 4,633,200           | 5,796,700               | 5,737,200               | 5,794,600               | 5,852,500               | 5,911,000               |
| Collection Fund Surplus - Council Tax                        | 290,000             | 290,000                 | 0                       | 0                       | 0                       | 0                       |
| Parish Councils Tax Requirement                              | 2,577,100           | 2,746,300               | 2,801,200               | 2,857,200               | 2,914,300               | 2,972,600               |
| New Homes Bonus  | 561,500             | 845,300                 | 0                       | 0                       | 0                       | 0                       |
| Other Government Grants                                      | 1,243,300           | 984,800                 | 680,900                 | 680,900                 | 680,900                 | 680,900                 |
| <b>Council Tax Requirement</b>                               | <b>7,434,100</b>    | <b>7,752,300</b>        | <b>8,025,200</b>        | <b>8,307,600</b>        | <b>8,600,100</b>        | <b>8,902,800</b>        |
| <b>TOTAL FUNDING</b>   | <b>16,739,200</b>   | <b>18,415,400</b>       | <b>17,244,500</b>       | <b>17,640,300</b>       | <b>18,047,800</b>       | <b>18,467,300</b>       |
| <b>Balanced Budget / Funding Target</b>                      | <b>0</b>            | <b>0</b>                | <b>940,100</b>          | <b>1,161,800</b>        | <b>1,319,800</b>        | <b>1,365,300</b>        |

### 3.4 Base budget movements

The Budget of £18,415,400 (£16,739,200 2023/24) is proposed for approval and reflects an increase of £1,676,200 (including movements in reserves). The significant movements are detailed below.

## Service Clusters

- Employee costs increase £1.017m includes impact of pay awards.

## Other Operating Expenditure

- Interest payable on borrowing budget reduces due to predicted decreases in interest rates and expected actual borrowing for treasury purposes and changes to the capital programme £ (0.102) m.
- Interest receivables increase due to higher balances and interest rates in the early part of the year in interest rates meaning the Council can expect increased returns on its investments (£0.081m).
- Increase in Drainage Board Levies £0.101m.
- Increase in the repayment of borrowing (MRP/VRP) £0.053M.

## Additional Funding

- £0.318m Council Tax – increase of 2.99%
- £1.164m Business Rates – 1-year Financial Settlement

## Capital Investment Programme 2024/25 – 2028/29

### 4.1 Introduction

The draft Capital Programme 2024/25 to 2028/29 provides a plan of future capital investments, this is reviewed annually and may result in significant change as business cases for schemes are developed or schemes re-profiled over financial years due to external factors.

Members are requested to approve the Capital Programme and approval to spend for Business as Usual activity for 2024/45.

### 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<br>2024/25<br>£ | Estimate<br>2025/26<br>£ | Estimate<br>2026/27<br>£ | Estimate<br>2027/28<br>£ | Estimate<br>2028/29<br>£ | Total<br>Capital<br>Programme<br>£ |
|--------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------------------|
| Our Council        | 349,500                  | 292,100                  | 99,300                   | 149,600                  | 96,100                   | 986,600                            |
| Our People         | 7,775,600                | 674,900                  | 674,900                  | 674,900                  | 674,900                  | 10,475,200                         |
| Our Place          | 14,091,946               | 634,400                  | 50,000                   | 479,400                  | 943,800                  | 16,199,546                         |
| <b>Grand Total</b> | <b>22,217,046</b>        | <b>1,601,400</b>         | <b>824,200</b>           | <b>1,303,900</b>         | <b>1,714,800</b>         | <b>27,661,346</b>                  |

The overall Capital Investment Programme totals £27.661m however, £23.105m relates to the approved Capital Budgets (Stage 3 and Business as usual) with the remainder of £4.556m 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              | 2024/25           | 2025/26          | 2026/27        | 2027/28          | 2028/29          | Total             |
|--------------------|-------------------|------------------|----------------|------------------|------------------|-------------------|
|                    | £                 | £                | £              | £                | £                | £                 |
| BAU                | 1,595,900         | 1,291,400        | 788,200        | 1,218,900        | 1,684,800        | 6,579,200         |
| Pre-Stage 1        | 2,550,000         | 30,000           | 0              | 10,000           | 30,000           | 2,620,000         |
| Stage 1            | 1,580,860         | 280,000          | 0              | 0                | 0                | 1,860,860         |
| Stage 2            | 16,490,286        | 0                | 36,000         | 0                | 0                | 16,526,286        |
| Stage 3            | 0                 | 0                | 0              | 75,000           | 0                | 75,000            |
| <b>Grand Total</b> | <b>22,217,046</b> | <b>1,601,400</b> | <b>824,200</b> | <b>1,303,900</b> | <b>1,714,800</b> | <b>27,661,346</b> |

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

The 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 2024/25 – 2028/29 is analysed below.

| CAPITAL FINANCING          | Estimate 2024/25<br>£ | Estimate 2025/26<br>£ | Estimate 2026/27<br>£ | Estimate 2027/28<br>£ | Estimate 2028/29<br>£ | TOTAL CAPITAL INVESTMENT<br>£ |
|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------|
| Grants & Contributions etc | -16,570,767           | -674,900              | -674,900              | -674,900              | -674,900              | -19,270,367                   |
| Useable Capital Receipts   | -450,500              | 0                     | 0                     | 0                     | -10,000               | -460,500                      |
| Reserves                   | -4,034,779            | -926,500              | -149,300              | -629,000              | -1,029,900            | -6,769,479                    |

|  |                    |                   |                 |                   |                   |                    |
|--|--------------------|-------------------|-----------------|-------------------|-------------------|--------------------|
| Section 106 Contributions              | -1,161,000         | 0                 | 0               | 0                 | 0                 | -1,161,000         |
| <b>Total Capital Programme Funding</b> | <b>-22,217,046</b> | <b>-1,601,400</b> | <b>-824,200</b> | <b>-1,303,900</b> | <b>-1,714,800</b> | <b>-27,661,346</b> |

#### 4.5 New Bids

Members should be aware that the Capital Investment Programme has new bids for 2024/25.

- Collection of Food Waste
- Trinity Arts Centre Improvements
- ERP Systems Phase 2

### 5 Treasury Management 2024/25

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

5.2 Taking into account both the revenue and capital budget implications as detailed above, the following table reflects our forecast treasury position.

5.3 The Capital Financing Requirement reflects the level of overall 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  | 2022/23 Estimate | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Capital Financing Requirement</b>        |                  |                  |                  |                  |                  |
| <b>Finance Leases</b>                       | 0                | 0.155            | 0.097            | 0.038            | 0.019            |
| <b>Prudential Borrowing</b>                 | 39.437           | 37.194           | 36.235           | 35.250           | 34.265           |
| <b>Total CFR</b>                            | <b>39.437</b>    | <b>37.349</b>    | <b>36.332</b>    | <b>35.288</b>    | <b>34.285</b>    |
| Of which:<br>Commercial Investment Property | 20.211           | 19.537           | 19.099           | 18.661           | 18.224           |
| <b>Movement in CFR</b>                      | <b>-0.858</b>    | <b>-2.088</b>    | <b>-1.016</b>    | <b>-1.044</b>    | <b>-1.004</b>    |

#### Movement in CFR represented by



|  |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
| Net borrowing need for the year                | 0.056         | -0.570        | 0             | 0             | 0             |
| Less Net Lease movements                       | 0             | 0.155         | -0.057        | -0.059        | -0.019        |
| Less MRP and other financing movements         | -0.906        | -1.273        | -0.944        | -0.970        | -0.970        |
| Capital Receipts from Loan<br>Principal repaid | -0.008        | -0.400        | -0.015        | -0.015        | -0.015        |
| <b>Movement in CFR</b>                         | <b>-0.858</b> | <b>-2.088</b> | <b>-1.016</b> | <b>-1.044</b> | <b>-1.004</b> |

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

### 6.1 The Pay Policy Statement

The Human Resource Statement details the budgeted full-time equivalents of 270.69 By Cluster and Business Unit.