



**Corporate Policy and  
Resources**

**Thursday, 9 January 2025**

**Subject: High Level MTFP Update post-draft Local Government  
Financial Settlement**

Report by:

Director of Corporate Services and Section 151  
Officer

Contact Officer:

Emma Foy  
Director of Corporate Services and Section 151  
Officer  
emma.foy@west-lindsey.gov.uk

Purpose / Summary:

To present the forecast Medium Term Financial  
Plan to Members following the receipt Local  
Government Financial Settlement and to update  
Members on the consultation process with  
Central Government.

**RECOMMENDATION(S):**

1. That Members note the latest current estimated level of savings the Council is required to deliver in the period from 2025-26 to 2027-28.
2. That Members note the process to provide a consultation response to Government.
3. That a verbal update is provided to the Committee following the Savings Board on the 9<sup>th</sup> of January summarising key areas of the consultation response which will be contained in the Council's response to Government.

## IMPLICATIONS

### **Legal:**

None from this report

### **Financial: FIN/131/25/CPR/SL**

Following receipt of the draft Local Government Financial Settlement an updated MTFP has been prepared and is contained in Section 1.10.

This MTFP is based on officers' best forecasts at the 30/12/2024 and may be subject to change should any amendments to funding be issued by Central Government or amendments to net expenditure identified by Officers.

The latest business rates position will only be confirmed on the 8<sup>th</sup> of January 2025. It is anticipated that this will bring the 2025-26 budget into a balanced position. A verbal update will be provided at the meeting.

### **Staffing:**

Staffing costs are zero based with a 2% vacancy factor.

Funding is not included to extend fixed-term officers beyond their end date with exception of CCTV operational staff.

### **Equality and Diversity including Human Rights:**

An equalities impact assessment will be provided as part of the Council paper in March 2025.

### **Data Protection Implications:**

None from this report

### **Climate Related Risks and Opportunities:**

None from this report

### **Section 17 Crime and Disorder Considerations:**

None from this report

**Health Implications:**

None from this report

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

**Weblink to settlement and consultation** [Consultation: provisional local government finance settlement 2025 to 26 - GOV.UK](#)

**Risk Assessment:**

One of our key strategic risks remains the delivery of a sustainable budget and financial position.

**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. Background

- 1.1 West Lindsey District Council has a statutory requirement to set an annual balanced budget and report its five-year forward-looking position which it does at the March meeting of Full Council annually.
- 1.2 The budget setting process begins each year in August when initial estimates are compiled of the following year's income and expenditure. Further certainty is received in December each year when the draft financial settlement is received. The draft settlement was announced on Wednesday 18<sup>th</sup> December.
- 1.3 Local Government has been continually promised funding reform for many years now and has managed year on year by previous funding settlements being rolled forward for an additional year. Our settlement this year is the last single-year settlement with a multi-year settlement promised for 2026-27.
- 1.4 The press release from MHCLG stated that Council's would see an average of 3.5% real term increasing in Core Spending Power. West Lindsey District Council received a zero increase in Core Spending power, the vast majority of District Councils are in a similar position with 133 out of 164 District Councils receiving no increase in core spending power.
- 1.5 A further concern has been the allocation of funding from Central Government to protect Local Authorities from the increase in employer National Insurance contributions. Initial methodology provided alongside the settlement suggested that West Lindsey District Council would receive approximately 54% of the cost pressure caused by the increase against its expenditure on direct staffing.
- 1.6 The rural services delivery grant has been replaced with an alternative rural funding grant and West Lindsey received no funding from this income stream for 2025-26 despite significant challenges associated with delivering services in rural communities. No allocations for support for authorities facing significantly increased drainage board levies have been announced to date.
- 1.7 The Council has received some additional specific grant funding for Temporary Accommodation which is welcomed although this is ringfenced and cannot be spent on general needs. UK Shared prosperity fund will flow through the MCCA and County Council and we are not either aware of our allocation or any specific restrictions on funding when we receive it.
- 1.8 The current estimated position is shown in the table below. The position is improved from that last reported to Members in October 2024. This is largely due to an increased Council Tax base which has enabled us to not only increase our income from Council Tax on an ongoing basis, but it has also generated a one-off surplus which has reduced the budget gap for 2025-26.

- 1.9 Increases in fees and charges approved during the last committee cycle have been built into this forecast and some further expenditure savings have been incorporated. Finally, the protection from Central Government for additional National Insurance costs has also been built into the into the latest forecast reducing the overall budget gap further to approximately £185K.
- 1.10 During the first week in January further work will be done to finalise an updated business rates forecast. Initial review has suggested that the Council will receive additional income due to increased renewables in the district. If initial views are confirmed the budget gap will be met and further work will not be required to meet the 2025-26 budget requirement allowing resource to be focussed on the more challenging period of 2026 onwards. A business rates reset will be in place at the 1 April 2026 which will reduce our business rates income moving forwards and generate additional budget pressures to those currently shown in the table below.

### High Level Summary Excluding Central Recharges and Capital

Cluster	Base Budget 2024/25	Forecast Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28	Forecast Budget 2028/29	Forecast Budget 2029/30
	£	£	£	£	£	£
Our Council	8,224,800	8,452,100	8,856,800	9,293,700	9,348,300	9,660,800
Our People	1,715,100	2,121,700	2,117,800	1,991,400	1,994,300	2,053,700
Our Place	4,705,100	5,052,900	5,006,600	5,033,700	5,160,500	5,321,100
<b>Grand Total</b>	<b>14,645,000</b>	<b>15,626,700</b>	<b>15,981,200</b>	<b>16,318,800</b>	<b>16,503,100</b>	<b>17,035,600</b>
Interest Receivable	(658,200)	(504,800)	(457,800)	(455,700)	(455,100)	(454,400)
Investment Income - Property Portfolio	(1,568,400)	(1,552,700)	(1,591,900)	(1,680,200)	(1,702,600)	(1,701,700)
Drainage Board Levies	531,900	556,100	585,700	612,300	641,500	673,500
Parish Precepts	2,700,700	2,823,900	2,880,400	2,938,000	2,996,800	3,056,700
Interest Payable	692,700	567,300	712,800	733,000	696,600	660,400
MRP/VRP (repayment of borrowing)	959,300	980,100	987,400	934,400	913,100	880,400
<b>Net Revenue Expenditure</b>	<b>17,303,000</b>	<b>18,496,600</b>	<b>19,097,800</b>	<b>19,400,600</b>	<b>19,593,400</b>	<b>20,150,500</b>
Transfer to / (from) General Fund	(52,700)	(156,600)	(120,700)	0	0	0
Transfer to / (from) Earmarked Reserves	1,248,600	2,064,200	616,100	681,500	887,600	915,100
<b>Amount to be met from Government Grant or Council Tax</b>	<b>18,498,900</b>	<b>20,404,200</b>	<b>19,593,200</b>	<b>20,082,100</b>	<b>20,481,000</b>	<b>21,065,600</b>
<b>Funding Income</b>						
Business Rate Retention Scheme	5,796,700	5,737,200	5,794,600	5,852,500	5,911,000	5,911,000
Collection Fund Surplus - Council Tax	290,000	275,600	0	0	0	0
Parish Councils Tax Requirement	2,700,700	2,823,900	2,880,400	2,938,000	2,996,800	3,056,700
New Homes Bonus	845,300	499,400	0	0	0	0
Other Government Grants	1,113,900	2,735,000	289,700	294,700	300,000	304,300
<b>Council Tax Requirement</b>	<b>7,752,300</b>	<b>8,148,600</b>	<b>8,435,500</b>	<b>8,732,000</b>	<b>9,038,700</b>	<b>9,356,900</b>
<b>TOTAL FUNDING</b>	<b>18,498,900</b>	<b>20,219,700</b>	<b>17,400,200</b>	<b>17,817,200</b>	<b>18,246,500</b>	<b>18,628,900</b>
<b>Balanced Budget / Funding Target</b>	<b>0</b>	<b>184,500</b>	<b>2,193,000</b>	<b>2,264,900</b>	<b>2,234,500</b>	<b>2,436,700</b>

- 1.11 The table above includes Officer's best estimates at the time of writing the report but there remain uncertainties around a number of key areas such as future funding of the domestic food waste service, impact of business rates reset, resources required to implement the requirements of the white paper on devolution and future increases to staff pay in the light of recent statements made by the TUC. The paper brought to Council for approval of the budget will contain a list of uncertainties for Members to understand.

## 2. Draft Settlement consultation

- 2.1 In advance of Government publishing the final settlement a period of time is allowed for Local Government to provide consultation responses

on what was published in December. Final grant allocations are only confirmed following the consultation. The consultation lasts for 4 weeks from the 18 December to the 15 January 2025. An online form is provided in a portal for Local Authorities to use and a set of questions is provided to answer in the consultation. Information about the consultation is provided at [Consultation: provisional local government finance settlement 2025 to 26 - GOV.UK](#)

2.2 The West Lindsey Response will be discussed at the first meeting of the Savings Board, a working group of this committee. An update on this discussion will be provided as part of this paper in Committee. The response will then be uploaded onto the portal.