



**Prosperous Communities
Committee**

Tuesday, 28th January 2025

Subject: Prosperous Communities Committee Draft Budget 2025/2026 and estimates to 2029/2030.

Report by:

Director of Corporate Services

Contact Officer:

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Purpose / Summary:

The report sets out details of the Committee's draft revenue budget for the period of 2025/2026 and estimates to 2029/2030.

RECOMMENDATION(S):

1. That Members recommend the Prosperous Communities Budget 2025/2026 and revenue estimates to 2029/2030 to Corporate Policy and Resources Committee for the purpose of budget setting 2025/2026 and for inclusion in the Medium-Term Financial Plan 2025/2026 to 2029/2030 (as amended by any decisions taken on this agenda).

IMPLICATIONS

Legal:

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

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

Financial : FIN/122/25/PC/SL

The 2025/2026 proposed budgets and variance to the 2024/2025 base budget are explained in the body of this report.

After taking a robust approach to the estimations within the budget for this Committee the total cost of services for 2025/2026 will be £6.213m (£5.431m 2024/2025).

This has resulted in base budget decreases in expenditure of £0.264m, and a reduction in income of £1.045m, resulting in a **net base budget increase of £0.781m**.

There are £0.559m of expenditure budgets which are funded from Earmarked Reserves to support one off project resources in 2025/2026 (£0.337m in 2024/2025). This is an increase of £0.222m from 2024/2025 to 2025/2026.

Services within this Committee have also contributed to Earmarked Reserves £0.104m in 2025/2026 for asset replacement programmes (no change from £0.104m in 2024/2025).

Excluding the use of earmarked reserves, there is a **net bas budget increase of £0.559m** on the base budgets for this committee, further details of which are contained within the report at section 2.

The proposed budgets within this report are included in the overall balanced position for 2025/2026.

Staffing:

The most significant budget movement from 2024/2025 to 2025/2026 for services within this committee is salary budgets which have been affected by several factors:

- 1) Salary budgets for 2024/2025 were based on a 3.5% increase. Whilst the agreed pay award is an average of 3.5% across all scale points, due to the weighting of the proposal there is an ongoing additional cost of **£0.016m** when compared to the budgeted amount.
- 2) The estimated pay award applied for 2025/2026 is 3.0%, an increase of **£0.225m**. 2.5% has been applied each year from 2026/2027.
- 3) The continuation of the 24 hours CCTV service has been built into the base budget, previously funded from a combination of General Fund Balances and UKSPF grant - **£0.100m**.
- 4) Changes to Employers National Insurance contributions announced in the Autumn 2024 budget statement, applicable from 1st April 2025, have increased employee costs for this committee by **£0.133m** in 2025/2026. The Office for Budget Responsibility suggests that the Treasury is compensating public sector employers for higher tax costs which will be confirmed in the final settlement due in February 2025. The current estimate is a contribution equal to 55% of the budgeted impact.
- 5) Other approved amendments to the establishment **£0.140m**.

The proposed Council budget for 2025/2026 also includes a 2% Vacancy Factor of £0.268m, which has been applied to salary budgets for posts which are on our organisational establishment (basic pay, superannuation and national insurance). This budget is held within Corporate Policy and Resources committee.

Equality and Diversity including Human Rights :

The Equality Act 2010 places a responsibility on Councils to assess their budget options before taking decisions on areas that could result in discrimination.

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

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

Climate Related Risks and Opportunities:

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

Section 17 Crime and Disorder Considerations :

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

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

Health Implications: None arising as a result of this report.

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

The Chartered Institute of Public Finance and Accountancy – The Prudential Code for Capital Finance in Local Authorities (2021 Edition)

The Corporate Plan

The Capital Investment Strategy

The Fees and Charges Policy

The Asset Management Plan

The Acquisitions and Disposal Policy

Investment Policy – Land and Buildings

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

Risk Assessment: The 2025/2026 Budget Risk Assessment will be presented to the Corporate Policy and Resources Committee.

Call in and Urgency:

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

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

Yes

No

X

Key Decision:

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

Yes

X

No

Introduction

1.1 This report sets out the Prosperous Communities Committee base budget position for 2025/2026 and estimates for 2026/2027 to 2029/2030, incorporating the medium-term financial planning principals:

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

The Committee are asked to consider the content of this report and recommend the 2025/2026 budget and revenue estimates to 2029/2030 to Corporate Policy and Resources Committee, for the purpose of budget setting 2025/2026 and for inclusion in the Medium-Term Financial Plan 2025/2026 to 2029/2030.

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

- Meetings with Budget Managers to ensure resources align to the delivery of Corporate Priorities and to review budgets, identifying ongoing pressures, income loss, savings or income gains, and horizon scanning for future issues, including political, economic or legislative implications.
- A robust Fees and Charges review, which resulted in an increase in income budgets of £48.8k for services within this Committee against the previous estimate for 2025/2026. Full Details of proposed fees and charges were presented to Prosperous Communities Committee on the 29th of October 2024.
- Regular updates have been provided to the Management Team who have also reviewed, challenged and proposed inclusion of the pressures incorporated into this budget which have not already been approved by the Corporate Policy and Resources Committee. These are in addition to the assumptions included within the budget i.e., pay award levels, inflation on utilities, Business Rates (NNDR) growth etc.
- 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 DRAFT Capital Programme 2025/2026 – 2029/2030.
- Consultation with Parish and Town Councils, residents and business ratepayers has been undertaken.

- The review of Earmarked Reserves and approved additional resources being funded from these reserves and/or external grant income.
- Consideration of other Strategies i.e., Car Parking Strategy, Housing Strategy etc.

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

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

1.5 The Prosperous Communities base budgets have been developed from the forecast budgets presented to Council in March 2024.

Service budgets are aligned to the strategic focus for each of the Clusters outlined within the Corporate Plan 2023/2027, namely Our People, Our Place and Our Council.

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

1.6 The Income and Expenditure Budget of the Committee is shown at **Appendix 1**.

1.7 The overall net Budget per Cluster (Our People, Our Place and Our Council) is attached at **Appendix 2**.

1.8 The Business Units income and expenditure budgets are included at **Appendix 3**.

1.9 A summary of the movement from the 2024/2025 original budget to the proposed 2025/2026 original budget is included at **Appendix 4**.

1.10 Assumptions/Inflationary Increases

Increases have been applied to the following budget areas:

	2025/26
Pay Award	3.00%
Vacancy Factor	2.00%
Water & Disposal	6.00%
Fees & Charges	3.50%

Employer's superannuation has been applied in line with that provided by the Actuary (23.5% 2025/2026). National Insurance rates have been applied in line with the rates published by HMRC for 2025/2026.

Where contracts include an inflationary increase this has been reflected in the proposed budgets for 2025/2026.

KEY:	
↑	Positive impact on MTFP (i.e. increased income, or reduction in expenditure)
↓	Negative impact on MTFP (i.e. decrease in income, or increase in expenditure)

2. SIGNIFICANT VARIATIONS

↓	£0.559M
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When compared to the 2024/2025 base budget, the 2025/2026 proposed budget for services within this committee shows an increase of **£0.559m**, excluding use of and contribution to Earmarked Reserves. The major variances to the 2024/2025 base budget are detailed below:

2.1 Establishment

↓	£0.613M
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The most significant budget movement from 2024/2025 to 2025/2026 for services within this committee is salary budgets which have been affected by several factors:

- 1) Salary budgets for 2024/2025 were based on a 3.5% increase. Whilst the agreed pay award is an average of 3.5% across all scale points, due to the weighting of the proposal there is an ongoing additional cost of **£0.016m** when compared to the budgeted amount.
- 2) The estimated pay award applied for 2025/2026 is 3.0%, an increase of **£0.225m**. An increase of 2.5% has been applied each year from 2026/2027.
- 3) The continuation of the 24 hours CCTV service has been built into the base budget, previously funded from a combination of General Fund Balances and UKSPF grant - **£0.100m**.
- 4) Changes to Employers National Insurance contributions announced in the Autumn 2024 budget statement, applicable from 1st April 2025, have increased employee costs for this committee by **£0.133m** in 2025/2026. The Office for Budget Responsibility suggests that the Treasury is compensating public sector employers for higher tax costs which will be confirmed in the final settlement due in February 2025. The current estimate is a contribution equal to 55% of the budgeted impact.

- 5) Other approved amendments to the establishment **£0.140m**.

The proposed Council budget for 2025/2026 also includes a 2% Vacancy Factor of £0.268m, which has been applied to salary budgets for posts which are on our organisational establishment (basic pay, superannuation and national insurance). This budget is held within Corporate Policy and Resources committee.

2.2 Central Lincolnshire Local Plan

↓ £0.039M

There has been increase of **£0.039m** in the Central Lincolnshire Local Plan Contribution for 2025/2026 approved by the Central Lincolnshire Joint Strategic Planning Committee and signed off by all S151 officers and Chief Executives for the Central Lincolnshire Partnership.

This partnership enables the Council to work in partnership with the Central Lincolnshire Local Plan Team to shape the review of the Local Plan, link with West Lindsey's strategic corporate evidence base, and other baseline data gathering.

2.3 Wellbeing Contract

↓ £0.019M

The Wellbeing contract has been in place since 1 April 2018, with a new contract effective from 13th of January 2025, for 5 years.

The contract is a gain for the Medium Term Financial Plan of £0.077m for 2025/2026 as the Council had not budgeted for the service beyond 2024/2025 but is a decrease in income from 2024/2025 of **£0.019m**.

2.4 Local Land Charges – Search Fees

↓ £0.019M

As part of the new Infrastructure Act, the responsibility of administrating LLC1 searches has migrated to HM Land Registry. West Lindsey District Council have retained liability and responsibility for information provided from the register. The migration was implemented during 2023/2024.

In previous years' Local Land Charges provided two types of searches. One search fee has a portion that is paid over to Lincolnshire County Council (LCC). Following the migration of one type of search, the Local Land Charge (LLC) search, to HM Land Registry (HMLR), we are left with only the searches containing a portion of fee to be paid over to LCC.

During the migration year a one-off New Burdens grant was received. The impact was monitored over the year following migration to establish the impact, which is an increase in base expenditure budget of **£0.019m**.

2.5 Inflation

↓ £0.015M

The inflationary increases applied, see paragraph 1.10 for assumptions in addition to contractual inflationary increases, have resulted in an increase in base budgets for 2025/2026 of **£0.015m**.

2.6 Employment and Skills Partnership

↓ £0.010M

A base budget of **£0.010m** has been established to continue to deliver the Employment and Skills Partnership delivery plan and will enable the team to expand their work into more schools and job fairs.

2.7 Fees and Charges

↑ 0.146M

The Corporate Policy and Resources Committee meeting held on the 14th of November 2024 considered the Fees and Charges recommended by this Committee and recommended them to Council for approval. The review resulted in an increase in income budgets of £0.049m for services within this Committee against the previous estimate for 2025/2026. This is an increase of **£0.146m** against the 2024/2025 base budget.

2.8 Budget Variations and Movements between Committees

↑ 0.009M

Business Unit variations and movements between committees with a value below £0.010m total **£0.009m**.

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

3. Budget Consultation

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

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

The objectives of the engagement were to:

- Raise awareness of the financial challenges.
- Raise awareness of the diversity of services the Council provides.

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

4. Recommendations

That Members recommend the draft Prosperous Communities budget 2025/2026 and revenue estimates to 2029/2030 to Corporate Policy and Resources Committee for the inclusion in the Medium-Term Financial Plan 2025/2026 – 2029/2030.