Executive
Board/230215

ann.good@e-lindsey.gov.uk

13th February 2023

To All Members of the Executive Board,
Internal and External Circulation and
Press

Dear Councillor,

Re: Executive Board Agenda - Wednesday, 15th February, 2023

Further to the compilation of the above Executive Board Agenda, please find enclosed the following report which was detailed to follow on your Agenda:

Agenda Item	6.	Annual Budget Report 2023/24, Medium Term Financial Strategy, Capital Programme and Capital Strategy, Treasury Management Strategy, Pay Policy Statement and Annual Delivery Plan: (Pages 1 - 136)

Please accept my apologies for any inconvenience caused.

Yours sincerely,

Democratic Services Manager

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East Lindsey
DISTRICT COUNCIL

REPORT TO:	Executive Board
DATE:	15th February 2023
SUBJECT:	Annual Budget Report 2023/24, Medium Term Financial Strategy, Capital Programme and Capital Strategy, Treasury Management Policy/Strategy and Annual Delivery Plan
PURPOSE:	To approve: The General Fund Budget for 2023/24 including the use of reserves, Medium Term Financial Strategy, Capital Programme and Strategy, Treasury Management Policy/Strategy, MRP Policy and Annual Investment Strategy and the Annual Delivery Plan.
KEY DECISION:	Yes
PORTFOLIO HOLDER:	Councillor Richard Fry
REPORT OF:	Christine Marshall, Deputy Chief Executive Corporate Development
REPORT AUTHOR:	Samantha Knowles – Assistant Director – Finance Steven Houchin, Chief Finance Officer- Public Sector Partnership Services Ltd
WARD(S) AFFECTED:	All
EXEMPT REPORT?	No

SUMMARY

This report sets out the detail of the 2023/24 General Fund Annual Budget, the 5 year Medium Term Financial Strategy (MTFS) from 2023/24 to 2027/28, Capital Programme, Capital Strategy, Treasury Management Strategy, Minimum Revenue Provision Policy and Annual Investment Strategy and Annual Delivery plan.

RECOMMENDATIONS

That Executive Board approves the following recommendations for onward referral to Full Council on 1st March 2023:

1. The Revenue Estimates for the General Fund for 2023/24 (Appendices 1, 1a and 1b) be approved.
2. That the Council Tax for a Band A property in 2023/24 be set at £107.76 (£3.30 per annum increase on 2022/23 levels) and band D £161.64 for 2023/24 (a £4.95 per annum increase on 2022/23 levels).
3. The additions to and use of reserves (as detailed at Appendix 1) be approved.
4. The Medium Term Financial Strategy (at Appendix 1) be approved.
5. The Capital Programme and Capital Strategy (Appendices 1 and 2) be approved.
6. The Treasury Management Policy 2023/24 (Appendix 3a) and Treasury Management Strategy, including the Minimum Revenue Provision Policy and Annual Investment Strategy 2023/24 (Appendix 3b) be approved.
7. The Annual Delivery Plan for 2023/24 (Appendix 4) be approved.
8. That Executive Board notes the results of the Budget Consultation process at Appendix 5 (to follow).
9. That Full Council delegates approval to the Deputy Chief Executive Corporate Development (S151), to account as required for any s31 grant and reserve transactions required in respect of the Collection Fund.
10. That delegated authority be given to the Deputy Chief Executive Corporate Development (S151), in consultation with the Portfolio Holder for Finance, to make any necessary amendments to the budget prior to Council due to late notifications

REASONS FOR RECOMMENDATIONS

To comply with the budgetary and policy framework.

OTHER OPTIONS CONSIDERED

No other options were considered.

1. BACKGROUND

1.1. This year's budget is being set within a background of unprecedented inflationary pressures and significant changes in resident, customer and business needs. Despite these challenges the Councils financial position means that it is well placed and able to take a considered approach to mitigating these exceptional challenges. In addition, the Council has been and continues to be successful in drawing in significant capital and revenue investment for the area.

2. REPORT

2.1 This report sets out the 2023/24 Budget, Capital Programme and associated Medium Term Financial Strategy (MTFS). The budget has been through a budget consultation process with the public and members, draft budget proposals were subject to review by the Overview Committee on 24th January 2023 and Audit and Governance on 1st February 2023. The Treasury Management Strategy was also presented to Audit and Governance Committee on the 1st of February 2023 and has been updated to reflect the final budget accompanying this report.

3. Key Budget Pressures

3.1. Identified below are the major changes and key pressures that are being included within the proposed budget:

- A pay award for 2022/23 was agreed in November 2022 averaging 5% across the pay spine. For 2023/24 a 5% award has been assumed, this allowance will be held corporately and adjusted to any savings target should it be settled at a lower level. This is one of the most significant impacts in the budget.
- Pension contributions will be 23.8% in 2023/24 with an additional lump sum amount payable towards the deficit on the pension scheme. This rate is applied only to those staff in the local government pension scheme. The pension contribution rate is assumed to stay at 23.8% throughout the life of the MTFS.
- The return on cash investment reflects recent increases to Bank of England base rates which has increased significantly from the recent historic low levels. A further meeting of the MPC on Thursday 2nd February increased rates by an additional 0.5%.
- Electricity and gas costs have been inflated for 2023/24, as a result of increased wholesale prices.
- Vehicle fuel costs have also experienced inflationary pressures.
- Increased Internal Drainage Board levy.
- Increased contract and service costs are similarly a feature of the budget, albeit officers and members are working closely to seek to manage these implications and impacts, these include:
    - Increased demand for homelessness support;
    - External audit fees;
    - External contract pay and inflation pressures.

4 COUNCIL TAX AND BUSINESS RATES

4.1 The previous Medium Terms Financial Strategy (MTFS) committed to a Council Tax increase in line with the maximum allowed under the recent Local Government Settlement. For ELDC in 2023/24 this is a £4.95 (3.16%) per annum increase (for band D properties). This will generate additional income of £321k and the increase is reflected through the life of the MTFS.

4.2 The tax base projections for 2023/24 indicate growth of 584 band D equivalent properties (1.28%). Future growth has been projected at 1.5%.

4.3 Business rates budgeting for 2023/24 was particularly complex this year due to a number of changes including the inflation measure used to increase the local government funding amount within the Settlement Funding Amount using the CPI September indicator 10.1% instead of the RPI September Indicator (12.6%).

4.4 The National Non-Domestic Rates Form (NNDR1) production is now particularly important in terms of changes to the business rate yield which heavily influences not just our own budgets, but also the Pool we are part of within Lincolnshire and significantly the County Council. This is an area of focus as we seek to understand the changes within the yield, particularly as a result of Covid and changes as a result of the Business Rate Revaluation 2023.

4.5 In order to manage and review this important income stream and the changes within it regular review meetings are taking place internally. There have also been some significant changes which need further and detailed consideration in terms of growth, appeals and new hereditaments.

5 LOCAL GOVERNMENT SETTLEMENT

5.1 The local government settlement delivered on 6th February 2023 has provided the following support:

Local Government Settlement Information	East Lindsey District Council		
	2022/23 Budget	2023/24 FINAL Settlement	Difference 22/23-23/24
	£'000	£'000	£'000
Revenue Support Grant	964	1,310	346
Rural Services Delivery grant	697	779	82
Lower Tier Services Grant	281	0	-281
Service Grant	424	249	-175
Sub Total	**2,366**	**2,338**	**-28**
Funding Guarantee (3%)	0	888	888
Sub Total	**2366**	**3,226**	**860**
New Home Bonus	1,244	378	-866
Total Funding	**3,610**	**3,604**	**-6**

5.2 The 2023/24 local government finance settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels, updated for the 2022 Autumn Statement announcements. The main points are set out below:

- The Funding Guarantee replaces the Lower Tier Services Grant. This grant is intended to provide a funding floor for all local authorities, so that no local authority would see an increase in Core Spending Power that is lower than 3% before any decisions about organisational efficiencies, use of reserves or council tax levels are taken.
- Revenue Support Grant has been increased in line with what would have been the increase to the multiplier; there have also been existing grants worth rolled into the RSG amounts.

- Local Government Funding Reform – as per the published Policy Statement, the Review of Relative Needs and Resources ('Fair Funding Review') and a reset of Business Rates growth will not be implemented in the next two years.

6 INTERNAL DRAINAGE BOARDS

6.1 Internal Drainage Board (IDB) levy figures have been finalised and are very substantial increases on previous years due to the extensive use of power and fuel for the activities that these organisations undertake, along with other pressures. The 2023/24 cost is £4.9m and the increases ranging from 8% to 27% for next year.

6.2 The Council is liaising with the local Internal Drainage Boards who have been trying to limit future increases, where possible, but proving impossible with the pressures from power costs being experienced, particularly standing charges, in addition to pay, pension and contract inflation. Representations have been and continue to be made to government due to the substantial loss of income to the Council, as this was previously funded through Revenue Support Grant (RSG). This embedded levy can no longer be afforded having a significant impact, every year that passes, on the ability of the Council to finance the services it is providing and putting it at a disadvantage to the majority of Councils in England, with only a handful of councils impacted upon in this way.

6.3 The table below illustrates this point clearly. IDB levy will not only consume all the Council's proposed increase for 2023/24 which should be used to finance and support services but also require additional efficiencies/funding to be identified.

Council	Total Council Tax Received per year 23/24	Total IDB levy per year 23/24	Increase 2023/24	Council Tax 23/24 Increase £4.95
East Lindsey District Council	£7.5m	£4.9m	£946k	£321k

6.4 The Council has been in detailed discussion with government officers regards this position over the past year. We are also aware that the IDBs have made extensive representations to DEFRA and via ADA of this significant issue. A meeting with the Minister has now taken place and we await a response on this key issue. The total additional cost of last years and this year's levy increase as a pressure on the Councils revenue account is £1.1m.

7 CAPITAL PROGRAMME

7.1 The capital programme included in Appendix 1, is subject to final additions such as the Levelling Up Fund and other announcements that may be received by the time of publication. A final version of the programme will be presented to Council on 1st March 2023 for approval.

7.2 The Councils Capital Strategy is shown at Appendix 2 and focuses on the core principles of capital investment.

7.3 The five year General Fund Capital Programme includes provision for Investment and Growth linked to the Councils Strategic objectives. Final decisions on individual projects will be subject to approval and detailed business case. The main areas of continued investment are:

- Disabled Facilities Grant;
- IT Systems;
- Asset Improvements;
- To support Grant Funding bids.

Due to the nature of some capital projects, it can be common for large scale project timing to change over the medium term. This budget provides the best estimates of deliverability available at the time of production and the programme will be flexed over time as reported in quarterly reports to Executive Board and Council.

8 RESERVES

8.1 General Fund Specific Reserves are budgeted to reduce by £12.484m in 2023/24, this is predominantly to fund the Capital Programme which has seen slippage on some of the larger schemes. This figure will be adjusted once the outturn for 2022/23 is known.

8.2 There have been a number of significant changes particularly within the Collection Fund relating to the appeals provision, the recent new business rate changes and the Councils renewable element. Detailed analysis of these changes are still underway in terms of future years impacts. As a result of these changes additional funding is being set aside to reserves and in 2023/24 it is proposed that the following sums are made available for use in the following areas:

- Decarbonisation of Assets - £1.5m
- Cost of Living Support for Residents - £1m

These will be funded from the New Initiatives/Contingency Reserve.

9 BALANCING THE BUDGET

9.1 In terms of balancing the budget the following areas have been considered as part of the budget setting process:

Short Term

- The potential use of reserves to support one off pressure and for invest to save initiatives.
- Set aside of the New Homes Bonus to support service efficiencies whilst medium term activity is actioned.
- Continued work to engage on the Internal Drainage Board financing challenge.

- Review of all new pressures and service budgets to consider efficiency opportunities and alternative options.

Medium Term

- Work with PSPS in terms of its transformation plans for the future and to help finance contract cost pressures.
- Driving transformational change using the SELCP sub-regional partnership as a driver for innovation and efficiency.
- Reviewing all assets to maximise income and efficiency of use.
- Delivering and supporting economic growth
- Reviews of fees and charges in light of inflationary increases in costs, where appropriate.

9.2 Detailed efficiency and transformation plans are being put together for members consideration.

10 ADDITIONAL CONSIDERATION

10.1 Annual Delivery Plan

The Annual Delivery Plan at Appendix 4 identifies the planned programme of work for the Partnership and sovereign Councils for 23/24, drawing on the previously approved Partnership Work Programme, as well as wider opportunities that have since been identified.

10.2 Scrutiny

The budget was considered by Overview Committee on 24th January 2023 and Audit & Governance on 1st February 2023, where they raised the following matters:

- Concerns regarding the on-going impact of the IDB levy on the Councils resources and services;
- Pressures in homelessness and the need to look at new service solutions;
- The need to stimulate economic growth – jobs, businesses.

10.3 Consultation

A summary of the consultation results, which ended on 10th February, is included at Appendix 5.

10 CONCLUSION

That the final revenue and capital budget estimates the MTFS and associated strategies be approved for onward recommendation to Full Council.

EXPECTED BENEFITS TO THE PARTNERSHIP

This report enables East Lindsey District Council to consult on its budget the level of Council Tax for 2023/24.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

This budget support the SELCP partnership arrangements

CORPORATE PRIORITIES

This budget has been built in line with corporate priorities.

STAFFING

The Equality Act requires ELDC to consider any equality impacts in relation to staff from these plans. As projects within the programme are developed a draft impact assessment will be discussed with Trades Unions and staff, and especially as individual projects are delivered.

CONSTITUTIONAL AND LEGAL IMPLICATIONS

This report is required by virtue of the Local Government Finance Act 1992, as amended by the Localism Act 2011.

DATA PROTECTION

None

FINANCIAL

This is a fully financial report.

RISK MANAGEMENT

Risk management is considered as part of the budget setting process.

STAKEHOLDER / CONSULTATION / TIMESCALES

The Council has a legal duty to consult residents on its draft budget proposals.

REPUTATION

None

CONTRACTS

None

CRIME AND DISORDER

None

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

New Equality Impact Assessments will be developed and published wherever these are required and will be made available during the management and decision-making of the Programme.

HEALTH AND WELL BEING

None

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None

ACRONYMS

ADA – Association of Drainage Authorities

IDB – Internal Drainage Board

APPENDICES

Appendix 1 - The Revenue Estimates for the General Fund for 2023/24 (Appendices 1, 1a, 1b).

Appendix 2 - The Capital Strategy.

Appendix 3 - The Treasury Management Statement and Strategy, including the Minimum Revenue Provision Policy and Annual Investment Plan/Strategy (Appendices 3a, 3b).

Appendix 4 - The Annual Delivery Plan for 2023/24

Appendix 5 - Results of the Budget Consultation process

BACKGROUND PAPERS

None

CHRONOLOGICAL HISTORY OF THIS REPORT
Executive Board – 11th January 2023 Overview Committee – 24th January 2023 Audit & Governance 1st February 2023

REPORT APPROVAL	
Report author:	Samantha Knowles, Assistant Director Finance sknowles@sholland.gov.uk Steven Houchin, Chief Finance Officer, Public Sector Partnership Services Ltd Steven.Houchin@PSPSL.co.uk
Signed off by:	Christine Marshall, Deputy Chief Executive Corporate Development Christine.Marshall@sholland.gov.uk

Approved for publication:	Councillor Richard Fry, Portfolio Holder for Finance

Appendix 1

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EAST LINDSEY DISTRICT COUNCIL

REPORT OF RICHARD FRY, EXECUTIVE MEMBER FOR FINANCE

(Authors: Christine Marshall (Deputy Chief Executive Corporate Development) and Samantha Knowles (Assistant Director - Finance))

BUDGET SETTING REPORT AND ASSOCIATED FINANCIAL STRATEGIES - 2023/24-2027/28

Agenda Item 6

FOREWORD TO THE BUDGET FROM COUNCILLOR RICHARD FRY – EXECUTIVE BOARD MEMBER FOR FINANCE

The creation of next year's budget has been most challenging. It has been set within a background of unprecedented inflationary pressures and significant changes in resident, customer and business needs. Despite these challenges, the Council's financial position means that it is well placed and able to take a considered approach to mitigating these exceptional challenges.

The Government has provided a one-year settlement which has taken some uncertainty away regarding certain grants, however, the challenge remains significant and into the medium-term.

East Lindsey District Council remains sovereign in terms of its constitution and budget, as do the Councils we partner with, and our ELDC priorities are to ensure that the Council remains financially resilient, able to deliver services it has to by law, and to provide support to the District's most vulnerable residents. Secondly, to continue the process of redressing the imbalances created by the COVID-19 pandemic by appropriately focussing on the provision of financial support to underpin economic recovery for the District and seeking to invest in our places.

Despite the challenges of the pandemic over the past few years, work to develop new opportunities, efficiencies and income streams to support the Council's revenue budget have continued.

A significant element of the Council's budget is the Drainage Board Levy. Like the Council, the drainage boards are also experiencing increased cost demands. The Council is liaising with the Boards, who are attempting to limit future increases, where possible. This is proving increasingly difficult with significant increases in power costs being experienced. Representations to government have been made and continue to be made due to the substantial loss of income to the Council (as the levy was previously funded through Revenue Support Grant (RSG) but this is no longer the case).

Another key component of the council's budget is its share of business rates income. In addition, inflationary pressures have been seen across all areas of the council's budget, particularly pay, contracts, utilities and fuel.

The proposed council tax increase for 2023/24 is an annual increase of £4.95 for a band D property.

The Council's revenue budget already provides for some annual contributions towards capital investment and we are delivering on our commitment to increase these by operating in a more commercial and business-like way to increase our ability to generate future capital receipts. In addition, the Council has a significant commitment towards de-carbonisation, climate change related initiatives and supporting residents during one of the most challenging financial environments for many years.

The Council has maintained a capital resource base commensurate with our capital delivery ambitions.

The Budget for 2023/24 proposes:

- A Council Tax increase of £4.95p per year (for Band D homes this is equivalent to 9.5p per week).
- To continue with the generation of additional efficiencies, shared services and income from commercial activities guided by our Delivery Plans.
- Increased capital investment in Council assets to help generate new income streams, reduce running costs and help deliver services more efficiently.
- Significant additional capital and revenue spending supported by Grant Funding.
- Setting aside funds to support de-carbonisation activities and support for the most vulnerable in our community.

Councillor Richard Fry, Portfolio Holder for Finance

TABLES:- **PAGE**

EXECUTIVE SUMMARY

	2022/23	2023/24 (estimate)
ELDC Precept	£7.175m	£7.496m
Council Tax Increase	3.26%	3.16%
Council Tax Band D	£156.69	£161.64
Revenue Support Grant	£0.964m	£1.310m
Retained Business Rates used to support budget	£9.596m	£10.365m
Reserves (as at 1 April)	£31.962m	£19.478m

1. INTRODUCTION

1.1 This Appendix sets out the draft combined 2023/24 budget estimates and Medium Term Financial Strategy (MTFS) for the period 2023/24 to 2027/28 for the Council's General Fund. The Medium Term Strategy sets out the current and forecast future costs of the Council and is linked to the Corporate Plan and Delivery Plan, which sets out the aims and ambitions of the Council.

1.2 The MTFS establishes a set of financial policies and principles which aim to provide a sound basis for maintaining the financial integrity of the Council over the medium term.

1.3 This Appendix sets out:

- The Council's Medium Term Financial Strategy for the period 2023/24 to 2027/28.
- The 2023/24 General Fund Revenue Budget & Financing.
- The General Fund Reserves Position.
- The General Fund Capital Programme and Financing.
- Risks, key issues, sensitivity and monitoring.
- Treasury Management Policy and Strategy.

1.4 The unprecedented challenges faced by all of us in 2021/22 and 2022/23 have continued into 2023/24, with significant inflationary pressures. The government settlement delivered in mid-December for East Lindsey included New Homes Bonus (£378k) and a 3% Funding Guarantee (£888k).

1.5 In 2023/24, a budget is proposed that allows expenditure to be financed using reserves and creation of efficiencies and appropriate funding in order to smooth the impact of the council's ongoing pressure. Savings are required going forward as a result of increased inflationary costs and other cost pressures but particularly in relation to substantial pressure from the IDB levy where it has and continues to lead on raising this issue with its partners in the South and East Lincolnshire Partnership. This means that the Council can continue to provide services whilst also supporting its overall objectives. The Council will continue to strive to be as efficient as possible in all its work, building on the SELCP Partnership with its partners whilst ensuring it maximises the income it receives.

2. BUDGET ASSUMPTIONS

2.1 Table 1 - Assumptions Which Influence The 5 Year Financial Strategy

Assumption	2022/23	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Budgeted inflation [1]	0%	**0%**	0%	0%	0%	0%
Pay costs increase [2]	2%	**5%**	2%	2%	2%	2%
Full Time Equivalent Employees [3]	408.5	**424.41**	424.41	424.41	424.41	424.41
Staffing levels [4]	99%	**96%**	96%	96%	96%	96%
Pension contribution rate applied to staff budgeted in pension scheme [5]	17.50%	**23.80%**	23.80%	23.80%	23.80%	23.80%
Pension contribution cash amount to fund deficit on scheme [5]	£1,067,000	**£649,000**	£674,000	£700,000	£700,000	£700,000
Return on cash investments [6]	0.48%	**4.40%**	3.30%	2.60%	2.50%	2.50%
Return on property fund investments [6]	3.81%	**3.60%**	3.60%	3.60%	3.60%	3.60%
Utility cost rises - electricity [7]	30%	**50%**	0%	0%	0%	0%
Fuel cost rises [8]	0%	**25%**	0%	0%	0%	0%
Tax base increase [9]	1.61%	**1.28%**	1.50%	1.50%	1.50%	1.50%

Notes to Assumptions

These assumptions reflect, where known, future changes which may arise from the implementation of the council's organisational development plans including the South and East Lincolnshire Councils Partnership with Boston Borough Council and South Holland District Council (see Section 10).

1. Although inflation does affect the price of supplies and services that the Council procures, because services are given cash limited budgets, they are required to absorb the cost of inflation within the resources they have. As such, the net impact of inflation is reduced to zero within the estimates. The only exceptions are those contracts which have an agreed inflationary arrangement built into them.
2. The nationally agreed pay award ended on 31st March 2022. An award for 2022/23 was agreed in November 2022 averaging 5% across the pay spine. For 2023/24, a 5% award has been prudently assumed.
3. An annual General Fund saving in staff costs (£660k) is built into the budget (equivalent to 4% of the staff budget) due to anticipated staff vacancies during the year. This is considered realistic based on previously years' vacancy rates.
4. Based on the Pension Triennial Valuation the pension contribution will be 23.8% in 2023/24 with an additional lump sum amount payable towards the deficit on the pension scheme – this rate is applied only to those staff in the local government pension scheme. A further review will take place which could change the amount from 2027/28 onwards. Any vacant posts are assumed to be within the pension scheme. The pension contribution rate is assumed to stay at 23.8% throughout the life of the MTFS. The lump sum towards the deficit is confirmed for 2023/24.
5. These are the estimated returns on cash investments and the estimated yield on the current budgeted £25m property funds (subject to further review).
6. Utility costs have been inflated by 50% for 2023/24 as a result of increased wholesale prices. These will need to be kept under review as it is an area that could be subject to future inflationary pressures.
7. Vehicle fuel costs are predicted to increase by 25% due to national trends.
8. The tax base projections for 2023/24 has provided for a growth of 584 band D equivalent properties. Future growth has been projected at 1.5% (see section 4.6 and Table 3).

3. RESOURCES

3.1 The following section of the report outlines the resources that will be available to the Council under 6 headings: Business Rates, Council Tax, Revenue Support Grant and other Government Grants, New Homes Bonus, Fees and Charges and Other Income.

3.2 On 19th December 2022 the Local Government Finance Settlement 2023/24 was delivered. The papers included a continuation of New Homes Bonus for 2023/24 and a new grant stream called Funding Guarantee, replacing the Lower Tier Service grant.

3.3 As part of the policy statement, it was confirmed there would be no review of business rates or funding formula for at least 2 years.

3.4 As a result of this announcement it makes planning the years from 2025/26 onwards very difficult as many things could change because of these planned reviews and resets. As and when further announcements are made Members will be kept up to date accordingly and the financial impact assessed.

4. SPENDING PLANS

4.1 Under the current arrangements for retained Business Rates, where a Council collects rates above an assessed baseline level set by the Government, a 50% levy is applied that is paid to the Government. In order to avoid this 50% levy a business rates pool was adopted with the County Council and other districts within Lincolnshire.

4.2 A revaluation exercise for business rates will take effect from 1 April 2023. The Council is expecting a number of appeals against the revaluation. A provision has been put aside based on intelligence from the Council’s advisors to hopefully cover any effects from this but there still remains a large amount of uncertainty in this area.

4.3 Table 2 provides details of the anticipated business rates figures for 2023/24 and provisional figures for 2024/25 through to 2027/28.

4.4 It is important that members note that the potential changes to the retention of Business Rates from 2025/26 presents a significant uncertainty around future funding levels. It is very likely that as part of the ongoing reassessment of Area Needs the Government may significantly change the current baseline levels. As such, the current amount of retained business rates that the Council is experiencing could be significantly reduced under these new arrangements.

Table 2 – Business Rates

	2022/23 £'000	**Estimate 2023/24 £'000**	Draft 2024/25 £'000	Draft 2025/26 £'000	Draft 2026/27 £'000	Draft 2027/28 £'000
Net Rates	(11,932)	**(10,016)**	(11,087)	(12,566)	(14,050)	(14,331)
Transitional Relief[1]	-	**(3,224)**	(2,418)	(1,209)	-	-
Retained Business Rates	(11,932)	**(13,240)**	**(13,505)**	**(13,775)**	**(14,050)**	**(14,331)**
Renewables - Standard	(699)	**(867)**	(884)	(902)	(920)	(938)
Total Renewables	(699)	**(867)**	(884)	(902)	(920)	(938)
Tariff	7,412	**7,827**	7,983	8,143	8,306	8,472
Net Retained Business Rates Income	(5,219)	**(6,280)**	(6,406)	(6,534)	(6,664)	(6,797)
S 31 Grants relating to Business Rates	(6,069)	**(8,060)**	(8,221)	(8,386)	(8,554)	(8,725)
Pre– levy income	(11,288)	**(14,340)**	(14,627)	(14,920)	(15,218)	(15,522)
Levy payment to Lincolnshire Pool	677	**882**	900	918	936	955
Net gain to ELDC from the Pool contributed to the Economic Growth Reserve	1,015	**1,323**	1,349	1,376	1,404	1,432
Contribution to Reserves	-	**1,500**	**1,500**	**1,500**	**1,500**	**1,500**
Business rates used to support the budget	(9,596)	**(10,635)**	**(10,878)**	**(11,126)**	**(11,378)**	**(11,635)**
Estimated (Surplus)/Deficit) on Collection Fund[2]	6,985	**(1,432)**	-	-	-	-
Renewables - Additional[3]	-	**(4,086)**	(4,176)	(4,267)	(4,361)	(4,457)
Total NNDR 1 Income	(2,611)	**(16,153)**	**(15,054)**	**(15,393)**	**(15,739)**	**(16,092)**

1. Business Rates Revaluation effective from 1st April 2023, increases in rates are tapered over 3 years and the Council receives Transitional premium
2. The unusually high deficit in 2022/23 is mainly as a result of retail relief granted to businesses because of the Covid-19 pandemic. These reliefs have been fully funded by the government and the income received in 2020/21 and 2021/22; this budget is covered by a reserve contribution.
3. In December 2022 a new renewables hereditament was added to the local rating list.

4.5 As well as the potential for the authority to attract additional income through retained business rates there is also the risk of uncertainty through a reduction in the amount of business rates that it collects; this has been further exacerbated by the

COVID-19 pandemic. This, coupled with uncertainties relating to appeals against rateable values for business premises, with the potential for successful appeals being backdated, makes estimating income accurately extremely challenging and potentially volatile.

Council Tax

4.6 The MTFS assumes a Council Tax increase in line with the maximum allowed under the Local Government Settlement. In the case of ELDC for 2023/24 this is a £4.95 (3.16%) per annum increase (for band D properties). The increase is reflected through the life of the MTFS. See Table 3 for the estimated changes in the tax base and council tax collected.

<u>Table 3 – Council Tax</u>

		2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
a	Council Tax Base (band D equivalents)	45,793	46,377	47,073	47,779	48,495	49,223
b	Council Tax band D (£.p)	156.69	161.64	166.59	171.54	176.49	181.44
	Annual Increase £	4.95	4.95	4.95	4.95	4.95	4.95
	Annual Increase %	3.26%	3.16%	3.06%	2.97%	2.89%	2.80%
c	Annual Council Tax collected(a x b) £	**(7,175,305)**	**(7,496,378)**	**(7,841,724)**	**(8,195,838)**	**(8,558,883)**	**(8,930,840)**
	Annual Increase in Council Tax collected £	(336,838)	(321,073)	(345,346)	(354,114)	(363,044)	(371,957)
d	Surplus on the Collection Fund £	(77,822)	(69,097)	-	-	-	-
	Gross Council tax (c + d) £	**(7,253,127)**	**(7,565,475)**	**(7,841,724)**	**(8,195,838)**	**(8,558,883)**	**(8,930,840)**

4.7 The tax base for 2023/24 has been increased by 1.28% and by 1.5% per annum thereafter. This is based on the latest projected house building trajectory. The District's Council Tax remains one of the lowest in the country and the lowest in Lincolnshire.

Table 4 – Precepting Authority Band D Charges

Authority	Proposed Band D amount (£.p)	Increase over 2022/23 £	Increase over 2022/23 %
Lincolnshire County Council	TBC	TBC	TBC
Police and Crime Commissioner	TBC	TBC	TBC
East Lindsey DC	161.64	4.95	3.16
Parishes (average)	TBC	TBC	TBC

Revenue Support Grant and Other S31 Government Grants

4.8 The table below currently builds in the assumption that RSG will continue throughout the MTFS period until such time as we have more information regarding the outcome of the fairer funding review. Other than S31 grants for Business Rates (see table 2) the other main non-specific grants received by the Council relate to the Rural Services Delivery Grant (RSDG) and the newly announced Funding Guarantee grant. RSDG for 2023/24 is proposed to be £697k and the Funding Guarantee grant is £980k for 2023/24. The future of this grant into the longer term is not known, however, it now incorporates the previous Lower Tier Grant.

Table 5 - Revenue Support Grant and other Non-Specific S31 Government Grants

	2022/23 £	**2023/24 £**	Draft 2024/25 £	Draft 2025/26 £	Draft 2026/27 £	Draft 2027/28 £
Revenue Support Grant	(964,253)	**(1,310,000)**	(1,310,000)	(1,310,000)	(1,310,000)	(1,310,000)
Rural Services Delivery Grant	(697,156)	**(779,175)**	(779,175)	(779,175)	(779,175)	(779,175)
Services Grant	(424,036)	**(248,774)**	(248,774)	(248,774)	(248,774)	(248,774)
Lower Tier Services Grant	(275,918)	-	-	-	-	-

	2022/23 £	**2023/24** **£**	Draft 2024/25 £	Draft 2025/26 £	Draft 2026/27 £	Draft 2027/28 £
Funding Guarantee	-	**(887,816)**	(887,816)	(887,816)	(887,816)	(887,816)
Total Received	**(2,361,363)**	**(3,225,765)**	**(3,225,765)**	**(3,225,765)**	**(3,225,765)**	**(3,225,765)**
Annual Change in Resource	(467,184)	**(864,402)**	**-**	**-**	**-**	**-**

New Homes Bonus

4.9 New Homes Bonus (NHB) allocations were announced as part of the Local Government Finance Settlement for 2023/24 only as far as we are aware. The government has added a year of additional grant, as previously announced, the 2021/22 “in year” allocations did not have future years legacy payments nor has the 2023/24 allocation. If the scheme was to be continued in its current form, next year’s payment would reflect just the growth in the previous year.

4.10 The NHB has been taken to reserves for future use and investment opportunities.

Table 6 - New Homes Bonus

	2022/23 £’000	**2023/24** **£’000**	Draft 2024/25 £’000	Draft 2025/26 £’000	Draft 2026/27 £’000
New Homes Bonus	(1,244)	**(378)**	-	-	-

Fees and Charges

4.11 The Council is dependent on direct payment for many of its services in the form of various fees, charges and rents. Fees and charges play an important role in the effective delivery of services; they not only raise income but can also control access to services, help the council respond to competition, fund investment and guide client behaviour.

4.12 In some cases, the levels of fees are set by the Government and the Council has no control over what is charged. Where the Council has had control, it has not always increased these charges in line with inflation or other market conditions. Given future uncertainty around levels of government grant support and business rates income, the Council will have to develop policies for continually reviewing its fees and charges in order to maintain this income at current or higher levels. A review of fees and charges in light of inflationary pressures is currently underway.

Table 7 - Fees, Charges and Rental Income (under review)

Budget Area	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Building Control Fees	(445)	(445)	(445)	(445)	(445)	(445)
Planning Fees (including pre-planning advice)	(1,571)	(1,571)	(1,571)	(1,571)	(1,571)	(1,571)
Car Parking Income	(3,305)	(3,490)	(3,490)	(3,490)	(3,490)	(3,490)
Market Stall Fees	(100)	(100)	(100)	(100)	(100)	(100)
Kingfisher Caravan Park	(1,020)	(1,054)	(1,054)	(1,054)	(1,054)	(1,054)
Waste Services	(1,468)	(1,424)	(1,424)	(1,424)	(1,424)	(1,424)
Commercial property rental income	(2,149)	(2,208)	(2,208)	(2,208)	(2,208)	(2,208)
Sales, Fees and other Direct Income	(4,758)	(4,807)	(4,807)	(4,807)	(4,807)	(4,807)
TOTAL	(14,816)	(15,099)	(15,099)	(15,099)	(15,099)	(15,099)

Other Income

4.13 The Council also receives other forms of income, as shown in the following table.

Table 8 - Other Income

	2022/23 £'000	**2023/24 £'000**	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Interest on Investments*	(1,305)	(3,271)	(2,379)	(1,925)	(1,794)	(1,794)
Use of Reserves	(18,994)	(8,567)	(1,418)	(204)	(268)	(170)
Housing Benefit Subsidy/ Universal Credit	(28,472)	(25,125)	(25,125)	(25,125)	(25,125)	(25,125)
Housing Benefit/Universal Credit Overpayments	(270)	(270)	(270)	(270)	(270)	(270)
Council Tax and Housing Benefit Administration Grant	(628)	(600)	(554)	(511)	(472)	(472)
Specific Government Grants	(80)	(64)	(64)	(64)	(64)	(64)
Court Income & Council Tax Penalties	(436)	(436)	(436)	(436)	(436)	(436)
Local Authority Grants including Disabled Facility Grants	(1,583)	(3,460)	(5,305)	(1,583)	(1,583)	(1,625)
Other Government Grants (including Register of Electors, Discretionary Housing Payments, Flexible Homelessness grant, Homelessness Reduction new burdens grant and Towns Fund)	(41,185)	(31,153)	(10,985)	(1,808)	(935)	(935)
Other Grants and contributions	(761)	(1,566)	(1,572)	(1,577)	(1,582)	(1,588)
TOTAL	**(93,714)**	**(74,512)**	**(48,108)**	**(33,503)**	**(32,529)**	**(32,479)**

*Assumptions have been made on investment income levels due to a variety of factors. In order to manage investment income peaks; excess investment income has been taken to reserves so that reliance on investment income is not built into the base budget.

Use of Reserve values will change as and when new schemes are approved for inclusion within the programme.

Summary

Table 9 – All Sources of Income

	2022/23 £'000	**2023/24 £'000**	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Business Rates	(3,626)	**(18,976)**	(17,902)	(18,269)	(18,643)	(19,024)
Revenue Support Grant	(964)	**(1,310)**	(1,310)	(1,310)	(1,310)	(1,310)
Lower Tier Services Grant	(276)	**-**	-	-	-	-
Services Grant	(424)	**(249)**	(249)	(249)	(249)	(249)
Rural Services Delivery Grant	(697)	**(779)**	**(779)**	**(779)**	**(779)**	**(779)**
Funding Guarantee	-	**(888)**	(888)	(888)	(888)	(888)
New Homes Bonus	(1,244)	**(378)**	-	-	-	-
Council Tax	(7,253)	**(7,565)**	(7,842)	(8,196)	(8,559)	(8,931)
Funding subtotal	**(14,484)**	**(30,145)**	**(28,970)**	**(29,691)**	**(30,428)**	**(31,181)**
Fees, Charges, Rents	(14,816)	**(15,099)**	(15,099)	(15,099)	(15,099)	(15,099)
Other Income	(93,714)	**(74,512)**	(48,108)	(33,503)	(32,529)	(32,479)
Fees, Charges & Other Income subtotal	**(108,530)**	**(89,611)**	**(63,207)**	**(48,602)**	**(47,628)**	**(47,578)**
Gross Budgeted Income	**(123,014)**	**(119,756)**	**(92,177)**	**(78,293)**	**(78,056)**	**(78,759)**

4.14 There is uncertainty with regard to the reliability of estimates due to high levels of volatility across a number of headings.

2022/23 SPENDING PLANS

4.15 Table 10 below shows the estimated Council spending plans for the next 5 years. It shows expenditure analysed by the CIPFA Standard classification. The paragraphs below the table provide explanations for the main variances across the MTFS.

Table 10 – Spending Plans

Description	**2022/23 £'000**	**2023/24 £'000**	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Employees	15,835	**18,344**	18,577	19,052	19,471	19,870
Premises	3,002	**3,125**	3,125	3,125	3,125	3,125
Transport	1,114	**1,217**	1,217	1,217	1,217	1,217
Supplies & Services	4,353	**4,715**	4,680	4,680	4,680	4,680
Drainage Board Levies	3,941	**4,888**	5,132	5,286	5,444	5,608
Transfer Payments	64,612	**43,727**	38,762	28,215	27,609	27,651
Capital Charges	16,596	**24,484**	3,950	374	268	170
Third Party Payments	9,041	**10,155**	10,159	10,156	10,186	10,215
Interest on Borrowing	495	**495**	495	495	495	495
Contributions to Reserves	4,710	**10,215**	7,446	7,558	7,605	7,522
Gross Expenditure	**123,699**	**121,365**	**93,543**	**80,158**	**80,100**	**80,553**

Employee costs have been prepared in accordance with the Council's Pay Policy. Pay generally has been increased by salary increments due to staff, and by an estimated 5% increase in 2023/24 and 2% thereafter. Pension cost estimates have been prepared on the basis of current staff in the pension scheme at October 2022, and all vacant posts assumed to be within the pension scheme. There have been some staffing changes which are mainly grant funded as a result of successful bidding to government departments. The employee costs also include the latest results of the Pension Triennial Review.

Premises budgets have increased in 2023/24. The main increase being the cost of utility wholesale increases in the price of gas and electricity. There has been an assumption of a 50% increase in the cost of utilities.

Transport costs have increased from 2022/23 levels due to the increase in fuel and additional maintenance costs associated with the vehicle fleet.

Supplies and Services budgets have increased slightly mainly due to increases in audit fees, banking charges, agreed increases in council contracts in relation to RPI, additional inflationary costs in Environmental services and Homelessness.

At a time of significant increases in rising costs it is expected that Internal Drainage Board (IDB) increases will be greater than in previous years. The Council is liaising with the local Internal Drainage Boards to work towards limiting future increases, where possible. Lobbying of government is also underway because of the impact of this loss of revenue to the Council due to the embedded levy having an impact every year that passes.

Transfer Payments – There is a reduction to reflect the current estimated expenditure on benefits, there is a reduction in the budget for rent allowance payments (with an offsetting reduction in benefits income – see table 8 above).

Capital Charges – Changes in capital charges relate to revisions to the capital programme between years which do not affect the General Fund bottom line as they funded from reserves.

Third party payments - These budgets reflect payments to Magna Vitae, Public Sector Partnership Services and other outside bodies.

5. BUDGET REQUIREMENT

5.1 The budget requirement is formed by comparing resource prediction and spending plans.

Table 11 – Budget Requirement

	2022/23 Estimate £'000	**2023/24 Estimate £'000**	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000
Fees, Charges & Other Income (table 9)	(108,530)	**(89,611)**	(63,207)	(48,602)	(47,628)	(47,578)
Gross Expenditure (table 10)	123,699	**121,365**	93,543	80,158	80,100	80,553
Parish Precepts	3,206	**3,270**	3,335	3,401	3,469	3,538
Efficiency Target	(685)	**(1,608)**	(1,367)	(1,866)	(2,045)	(1,795)
Net Budget	**17,690**	**33,416**	**32,304**	**33,091**	**33,896**	**34,718**
Funded By						
Retained Business rates	(10,611)*	**(17,545)***	(17,903)	(18,269)	(18,643)	(19,024)
Business Rates Collection Fund	6,985	**(1,432)**	-	-	-	-
Revenue Support Grant	(964)	**(1,310)**	(1,310)	(1,310)	(1,310)	(1,310)
Specific Grants	(1,397)	**(1,916)**	(1,916)	(1,916)	(1,916)	(1,916)
New Homes Bonus	(1,244)	(378)	-	-	-	-
Parish Precepts	(3,206)	**(3,270)**	(3,335)	(3,401)	(3,469)	(3,538)
ELDC Council tax (table 3)	(7,175)	**(7,496)**	(7,842)	(8,196)	(8,559)	(8,931)
Council Tax Collection Fund Surplus	(78)	(69)	-	-	-	-
Total Funding	**(17,690)**	**(33,416)**	**(32,306)**	**(33,092)**	**(33,897)**	**(34,719)**

*Fluctuations are due to Business Rates Revaluations and renewables

5.2 Based on current assumptions, the Council has a significant efficiency target for 2023/24; plans are already underway to address this including extensive lobbying of government on the IDB levy issue which makes up the majority of this requirement.

5.3 OTHER BUDGET ISSUES

In order to meet its obligations, equality impact assessments will be carried out when the nature of proposed changes to services and the potential mitigation (if any) is clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been, and will continue to be, regularly undertaken and considered as part of the decision making process.

6. RESERVES

In order to comply with the requirements of the Local Government Act 2003, the Authority must undertake a review of the level of reserves as part of annual budget preparation. A review of the reserves has been undertaken to make sure that they have a defined purpose, identified and approved values for additions to and usage of each reserve, and that they are set at an appropriate value which identifies the current and future requirements and risks the Council might face. This has included an assessment of risk registers, pressures upon services, inflation and interest rates and any underwriting arrangements. The proposed budget has been developed on the basis of not requiring any long term support from reserves for the revenue budget.

6.1 General reserves

The General Fund balance is estimated to stand at £2.0m for the next five years, which the Council's Section 151 Officer believes to be prudent for the Council at this time.

6.2 Specific Reserves

Specific reserves are set up to provide funds for known future commitments or provide resources for unexpected events. Given the risks and uncertainties facing both the local and national economy the Council is committed to retaining robust levels of reserves, whilst ensuring resources are available to enable efficient service delivery.

Table 12 – Specific and General Fund reserves over the MTFS

The following tables set out the net contributions to and from earmarked reserves in 2023/24 and the reserves balances each year. In 2024/2025 there is a movement of £130k from the Economic Reserve to the Technology Reserve.

Contribution To Reserves	**2023/24 £'000**
Repair and Replacement Reserve	
Embassy Units - Sinking Fund	(29)
Green Waste	(232)
Replacement and Refurbishment - Payback	(154)
Technology Reserve	(68)
Economic Growth	
Business Rates Pooling Benefit	(1,323)
Payback previous projects	(142)
Capital Reserve	
New Homes Bonus	(378)
Investment Volatility Reserve	(871)
New Initiatives/Contingency Reserves	(2,932)
Business Rates Volatility Reserve	(4,086)
Contribution To Reserves Total	**(10,215)**

Contribution From Reserves	**2023/24 £'000**
Insurance Reserve	60
Capital Reserve	
Skegness Foreshore	200
Towns Fund Mablethorpe High Street	25
Technology Reserve	
IT Investment	100
Economic Growth	
Towns Fund Leisure and learning HUB – Council Contribution	4,600
Towns Fund Contingency	3,500
Wellbeing Reserve	-
Repair and Replacement Reserve	
Vehicles	82
Contribution From Reserves Total	**8,567**
Net Contribution From / (to) Reserves	**(1,648)**

Reserves Balances	Balance 31.3.22 £'000	Estimated Balance 31.3.23 £'000	Balance 31.3.24 £'000	Balance 31.3.25 £'000	Balance 31.3.26 £'000	Balance 31.3.27 £'000	Balance 31.3.28 £'000
Housing Reserve	2,030	2,030	2,030	2,030	2,030	2,030	2,030
Investments Volatility Reserve	1,000	1,000	1,871	1,871	1,871	1,871	1,871
Repair and Replacement Reserve	1,358	1,317	1,650	1,887	2,108	2,183	2,149
Carbon Reduction Reserve	106	106	106	106	106	106	106
Insurance Reserve	827	867	807	807	807	807	807
Capital Reserve	6,172	998	1,151	320	313	313	313
Service Transformation Reserve	1,093	1,130	1,130	1,130	1,130	1,130	1,130
Business Rates Volatility Reserve	7,401	762	4,848	11,956	17,723	23,584	29,541
Legal and Appeals Reserve	432	425	425	425	425	425	425
Technology Reserve	793	43	11	109	77	45	13
Wellbeing Reserve	805	825	825	825	825	825	825
Economic Growth	6,945	7,642	1,007	1,855	3,260	4,693	6,154
COVID-19 Budget Pressures Smoothing Reserve	1,178	511	511	511	511	511	511
New Initiatives/Contingency Reserve	-	-	2,932	1,500	1,500	1,500	1,500
Specific Reserve Total	30,140	17,656	19,304	25,332	32,686	40,023	47,375
General Fund	1,822	1,822	1,822	1,822	1,822	1,822	1,822
Total	31,962	19,478	21,126	27,154	34,508	41,845	49,197

7. CAPITAL PROGRAMME AND TREASURY MANAGEMENT

7.1 The Council's current draft 5 year Capital Programme is shown in the table below. Significant additions have taken place as a result of successful funding applications.

Table 13 – 5 Year Capital Programme, Funding and Resource Implications

CAPITAL PROGRAMME	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Capitalised Planned Enhancements	200	200	200	200	200	**1,000**
Car Park Resurfacing	250	250	250	250	250	**1,250**
Disabled Facilities Grants	1,562	1,562	1,562	1,562	1,562	**7,810**
IT Investment	100	100	100	100	100	**500**
CURRENTLY APPROVED CAPITAL: NON TOWNS FUND PROJECTS	**2,112**	**2,112**	**2,112**	**2,112**	**2,112**	**10,560**
Towns Fund - Mablethorpe Leisure and Learning Hub	10,725	895	-	-	-	**11,620**
Towns Fund - Sutton on Sea Colonnade	3,579	-	-	-	-	**3,579**
Towns Fund - Skegness Foreshore	200	2,774	-	-	-	**2,974**
Towns Fund - Skegness Railway Station	2,317	39	-	-	-	**2,356**
Towns Fund - Skegness Town Centre Transformation	1,050	812	122	-	-	**1,984**
Towns Fund - Skegness Learning Campus	8,170	4,158	189	-	-	**12,517**
Towns Fund - Skegness Cultural	1,137	-	-	-	-	**1,137**
Towns Fund - Mablethorpe Campus for Future Living	5,137	2,124	267	-	-	**7,528**

CAPITAL PROGRAMME	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total £'000
Towns Fund - Mablethorpe Sandilands	1,980	-	-	-	-	**1,980**
Towns Fund - Mablethorpe Mobihub	277	-	-	-	-	**277**
Towns Fund - Mablethorpe High Street	471	478	302	-	-	**1,251**
Town Fund - Contingency	3,500	-	-	-	-	**3,500**
CURRENTLY APPROVED PROGRAMME : TOWNS FUND PROJECTS	**38,543**	**11,280**	**880**	**-**	**-**	**50,703**
NEW PROJECTS / ADDITIONS						
Environmental Services: Vehicle Requirements	82	-	-	168	4,270	**4,520**
IT Projects	208	98	98	329	669	**1,402**
UKSPF	215	564	-	-	21	**800**
UKSPF - RP	800	900	-	-	21	**1,721**
ADDITIONS	**1,305**	**1,562**	**98**	**497**	**4,981**	**8,443**
GRAND TOTAL	**41,960**	**14,954**	**3,090**	**2,609**	**7,093**	**69,706**
FUNDED BY:						**0**
Capital Reserve	**225**	**831**	**7**	**-**	**-**	**1,063**
Other Reserve - Economic Growth	**8,100**	**400**	**-**	**-**	**-**	**8,500**
External Grants	**32,795**	**13,076**	**2,435**	**1,562**	**1,604**	**51,473**
Other Reserve - Technology	**100**	**100**	**100**	**100**	**100**	**500**
Other Reserve - Repair & Replacement	**82**	**-**	**-**	**168**	**70**	**320**
Internal Borrowing	**658**	**548**	**548**	**779**	**5,319**	**7,852**
TOTAL	**41,960**	**14,954**	**3,090**	**2,609**	**7,093**	**69,706**

7.2 The Capital Strategy, Asset Management Strategy and Economic Action Plan identify and will generate potential future capital investment requirements. Specific schemes and values will only be included in the recommended programme when the need and likely costs have been further established in detailed business cases, and the Council has ensured that it has sufficient capital and revenue resources to implement such schemes.

7.3 The Council has limited capital resources and must look to new ways of financing its capital expenditure. It must also seek to reduce the running costs of its assets and maximise capital receipts. The MTFS contributes all New Homes Bonus (NHB) into the Capital Reserve. NHB is assumed to cease over the life of the MTFS and as such the Council will need to create additional future revenue capacity to maintain adequate contributions to the Capital Reserve.

7.4 Funding for Disabled Facility Grants (DFGs) comes from the Better Care Fund via Lincolnshire County Council's Health and Wellbeing Board.

The Treasury Management Strategy Statement pulls together the decisions of capital investment and our cash flow and revenue budgets.

Table 14 – Treasury Assumptions

Treasury Assumptions	**2022/23**	**2023/24**	**2025/26**	**2025/26**	**2026/27**	**2027/28**
Investment Balances	£25.8m	£75.4m	£62.2m	£54.0m	£50.5m	£47.0m
Investment assumptions – cash investments return	0.48%	4.40%	3.30%	2.60%	2.50%	2.50%
Investment assumptions – property fund return (revenue return only)	3.81%	3.60%	3.60%	3.60%	3.60%	3.60%
External Borrowing	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m	£20.0m
Average Borrowing Rate	2.465 %	2.465 %	2.465 %	2.465 %	2.465 %	2.465 %

7.5 These assumptions include:

- The Council's available cash balances and investment returns will be influenced by the future development of the Council's Asset Management Plan and all decisions made regarding the use of the Council's Reserves for capital and revenue purposes.

8. CONSULTATION

8.1 Under the Gunning Principles, the following points are the golden rules of consultation:

- Proposals being consulted upon must be at a formative stage;
- Proposals must contain enough information for the respondent to provide intelligent consideration;
- Must give adequate time for a response;
- Responses must be conscientiously taken into account.

Using these principles, the budget consultation process for the 2023/24 budget comprised a number of elements. It was published on the Council's website for consultation by all stakeholders, including the local business community.

8.2 In addition to this the Council consulted through a number of Member forums including Executive Board and Scrutiny; and on the governance aspects of its preparation through the Audit and Governance Committee.

8.3 Following the budget consultation process, comments received through the Member forums, preceptors and the public exercise were taken into account in preparing and recommending the proposed budget for Executive Board review and formal Council approval on 15th February and 1st March 2023, respectively.

9. SAVINGS TARGETS

9.1 The projected budgets recognise an increasingly challenging and uncertain position through the five year period of our financial strategy. A key factor is that the Local Government Finance Act 2012 and future finance reviews demand a significant transformation in the way public services are both paid for and provided, with an emphasis on business and housing growth to both improve economic development and maximise funding to the Council to help offset ongoing reductions in overall resources.

9.2 Based upon current budget assumptions the value of efficiency savings required to set a balanced budget for the next five years are as follows:

Table 15 – Savings Targets

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Budget Savings Requirement	1,608	1,367	1,866	2,045	1,795

9.3 The ongoing delivery of a significant level of savings is recognised as a key challenge to the Council that will require both political and cultural direction to ensure it is met. Of this sum, £1.1m relates to the IDB budgeted uplift for 2022/23 and 2023/24 alone.

10. SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP PLANS

10.1 As we think of 2023/24, there is great uncertainty with the central funding which could be allocated to East Lindsey. This is driven by several financial matters which remain unresolved such as the implications of the Fairer Funding Review, Business Rates baseline reset and a review of the Business Rates retention scheme. It should therefore be noted the Council's assumptions on future budget gaps, whilst prudent, could well be understated.

10.2 The Council is taking a positive response to this uncertainty by seeking to influence those matters raised above through both engagement and lobbying to ensure a fair deal is delivered for rural communities.

10.3 As we look forward into 2023/24, the Executive will be promoting projects which aim to drive commercial opportunities, place the customer at the centre of everything we do and achieve as much as possible through greater collaboration through the South and East Lincolnshire Councils Partnership. Some of these key projects to be developed during 2023/24 include:-

- Residential house building
- Realising efficiencies working together with Boston Borough Council and South Holland District Council through the South and East Lincolnshire Councils Partnership, with annual delivery plans.
- A Council service modernisation programme
- Building the case for investment in infrastructure
- Empowering communities in the way services are provided
- Commercialisation of services
- Addressing Deprivation in the district

- Tackling Climate Change through the Green Homes Initiative.

11. RISK AND SENSITIVITY

11.1 The following table shows the key risks and how they will be mitigated through risk management practices:

Table 16 - Key Risks	Likelihood	Impact	Action
Fairer Funding and Business Rate reset/changes	High	High	To lobby as required
IDB Levy	High	High	To lobby as required
Increased Interest Rates	High	High	Market advice and forecasting for continuation
Growth plans may require borrowing at some point in the future	High	High	Continue to closely monitor and prioritise the Council's Capital Financing Requirement.
Increased demand for Homelessness Support Services – relating to Homelessness Reduction Act	High	High	Monitor service demand and impact on costs. Optimise use of grant funding and closely monitor impact.
Lack of clarity for funding levels beyond 22/23 and spending review	High	Medium	Prudent budget set to provide best estimate. Transitional arrangements have been applied in similar previous changes imposed on funding arrangements.
Fluctuation in business rates	High	High	Growth plans and accurate monitoring.
Fair Funding Review could take into account actual levels of commercial activity	Medium	Medium	Prudent budget set to provide best estimate.
Pension fund deficit	Medium	Medium	Close links with LCC pension fund.
Additional bad debts as a result of economic circumstances	Medium	Medium	The Council has pro-active debt management and pre-pay fee policies.
Increased maintenance costs of ageing physical assets	Medium	Medium	Asset management plan. Pro-active rather than reactive maintenance programme.
Inflation rises by more than budgeted projections	Medium	Medium	Budget assumptions kept up to date with most recent projections.

Table 16 - Key Risks	**Likelihood**	**Impact**	**Action**
Court Income	High	Low	Court income projections are in line with budget. The budget has not been increased due to concerns over collectability of this income. A year-end review will be undertaken to inform future year's budgets.
PSPS may be unable to deliver an effective service within the agreed contract price.	Low	Medium	Reviewing Service Level Agreements, activity levels and service priorities, develop a suitable Transformation Programme.
Fluctuation in business rates	High	High	Growth plans and accurate monitoring.
Fee Income volatility	High	High	Early monitoring of deviations.
Contract Cost volatility	High	High	To seek to pre-purchase were necessary.
Lack of funding to partners causing displacement of service demand	High	High	Engagement and realism.

11.2 The changing environment of Local Authority finance means that the Council is facing increasing risks and uncertainty in respect of the resources that it will have available to it. From 2025/26, the Business Rates baseline reset, if implemented, will contribute to the challenges to be faced by the Council.

11.3 As noted in Section 4.8, reductions in Government funding is one element of risk, but there are probably even larger risks attached to the ability to generate and retain business rates. Growth in the business economy, changes in the retail price index, the impact of changing business rate valuations and the number of successful appeals against rateable values will all have an impact. Whilst the Council is working with a range of partners to address the issues the pandemic has raised, the one thing that is certain is that from 2024/25 onwards the estimates of funding could well be significantly different than anticipated.

11.4 While predicting and controlling the level of external funding resources may be difficult, where possible, the Council will use its budget management processes, reserves and general balances to mitigate those risks that it can try to control. It will also aim to deliver its services in a way that reduces its exposure to certain risks.

12. OPTIONS

12.1 There are no alternative budget options presented, however, if Council does not accept the proposed budget then any changes to income or expenditure which will produce a revised balanced budget must be presented and approved at the Council meeting.

13. RECOMMENDATION

13.1 Reason for recommendation - To comply with the budgetary and policy framework.

- Recommendation – That Executive Board recommends to Council to approve the budget setting report 2023/24 and associated financial strategies 2023/24 to 2027/28 which includes the Minimum Revenue Provision (MRP) Policy.

EAST LINDSEY DISTRICT COUNCIL - APPENDIX 1A - MTFS BY ACCOUNT

Area	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000
Employee Related Expenditure	15,835	18,344	18,577	19,052	19,471	19,870
Premises Related Expenditure	3,002	3,125	3,125	3,125	3,125	3,125
Transport Related Expenditure	1,114	1,217	1,217	1,217	1,217	1,217
Supplies & Services	4,353	4,715	4,680	4,680	4,680	4,680
Drainage Board Levies	3,941	4,888	5,132	5,286	5,444	5,608
Parish Precepts	3,206	3,270	3,335	3,401	3,469	3,538
Third party Payments	9,041	10,155	10,159	10,156	10,186	10,215
Transfer Payments	64,612	43,727	38,762	28,215	27,609	27,651
Support Services	-	-	-	-	-	-
Depreciation and Impairment Losses	4,170	-	-	-	-	-
Grant payment to parishes	-	-	-	-	-	-
Income	(89,535)	(81,045)	(61,788)	(48,399)	(47,360)	(47,408)
Efficiencies Required	(685)	(1,608)	(1,367)	(1,866)	(2,045)	(1,795)
COUNCIL SUB-TOTAL	**19,053**	**6,788**	**21,832**	**24,867**	**25,796**	**26,701**
Direct Revenue Financing of Capital Expenditure	10,121	8,507	1,331	107	268	170
Capital Charges Contra Entry	2,305	15,977	2,619	267	-	-
Minimum Revenue Provision	-	-	-	-	-	-
Interest on borrowing	495	495	495	495	495	495
Contributions to Reserves	4,710	10,215	7,446	7,558	7,605	7,522
Contributions From Reserves	(18,994)	(8,567)	(1,418)	(204)	(268)	(170)
NET COST OF SERVICES	**17,690**	**33,415**	**32,305**	**33,090**	**33,896**	**34,718**
Financing						
Net Retained Business rates	(5,219)	(10,367)	(10,582)	(10,801)	(11,025)	(11,254)
Section 31 Grant	(6,069)	(8,060)	(8,221)	(8,386)	(8,554)	(8,725)
less Pooling Levy returned to LCC	677	882	900	918	936	955
NNDR share of Collection Fund (Surplus)/Deficit	6,985	(1,432)	-	-	-	-
Revenue Support Grant	(964)	(1,310)	(1,310)	(1,310)	(1,310)	(1,310)
New Homes Bonus Grant	(1,244)	(378)	-	-	-	-
Specific Grants	(1,397)	(1,916)	(1,916)	(1,916)	(1,916)	(1,916)
Town & Parish Councils	(3,206)	(3,270)	(3,335)	(3,401)	(3,469)	(3,538)
Share of C Tax Collection Fund (Surplus)/Deficit	(78)	(69)	-	-	-	-
Council Tax	(7,175)	(7,496)	(7,842)	(8,196)	(8,559)	(8,931)
EAST LINDSEY PRECEPT REQUIREMENT	**(17,690)**	**(33,415)**	**(32,305)**	**(33,090)**	**(33,896)**	**(34,718)**

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EAST LINDSEY DISTRICT COUNCIL - APPENDIX 1B - MTFS BY ASSISTANT DIRECTOR

Area	2022-23 £'000	2023-24 £'000	2024-25 £'000	2025-26 £'000	2026-27 £'000	2027-28 £'000
Corporate	318	274	257	273	288	301
Economic Growth	(1,946)	(11,557)	(1,778)	583	860	868
Finance	10,258	9,480	10,623	11,378	11,796	12,051
General Fund Assets	(5,672)	(5,738)	(2,166)	(2,134)	(2,104)	(2,072)
Governance	1,389	1,487	1,512	1,530	1,546	1,563
Leisure and Culture	4,295	2,447	2,447	2,447	2,447	2,447
Neighbourhoods	7,210	7,362	7,466	7,605	7,743	7,877
Planning & Strategic Infastructure	476	698	776	831	883	933
Regulatory	1,894	2,639	2,655	2,726	2,794	2,861
Wellbeing & Community Leadership	1,517	1,305	1,408	1,497	1,588	1,669
Efficiencies Required	(685)	(1,608)	(1,367)	(1,866)	(2,045)	(1,795)
COUNCIL SUB-TOTAL	**19,053**	**6,789**	**21,833**	**24,870**	**25,796**	**26,703**
Direct Revenue Financing of Capital Expenditure	10,121	8,507	1,331	107	268	170
Capital Charges Contra Entry	2,305	15,977	2,619	267	-	-
Minimum Revenue Provision	-	-	-	-	-	-
Interest on borrowing	495	495	495	495	495	495
Contributions to Reserves	4,710	10,215	7,446	7,558	7,605	7,522
Contributions From Reserves	(18,994)	(8,567)	(1,418)	(204)	(268)	(170)
NET COST OF SERVICES	**17,690**	**33,415**	**32,305**	**33,090**	**33,896**	**34,718**
Financing						
Net Retained Business rates	(5,219)	(10,367)	(10,582)	(10,801)	(11,025)	(11,254)
Section 31 Grant	(6,069)	(8,060)	(8,221)	(8,386)	(8,554)	(8,725)
less Pooling Levy returned to LCC	677	882	900	918	936	955
NNDR share of Collection Fund (Deficit)/Surplus	6,985	(1,432)	-	-	-	-
Revenue Support Grant	(964)	(1,310)	(1,310)	(1,310)	(1,310)	(1,310)
New Homes Bonus Grant	(1,244)	(378)	-	-	-	-
Council Tax	(7,175)	(7,496)	(7,842)	(8,196)	(8,559)	(8,931)
Specific Grants	(1,397)	(1,916)	(1,916)	(1,916)	(1,916)	(1,916)
Town & Parish Councils	(3,206)	(3,270)	(3,335)	(3,401)	(3,469)	(3,538)
Share of C Tax Collection Fund (Deficit)/Surplus	(78)	(69)	-	-	-	-
FUNDING	**(17,690)**	**(33,415)**	**(32,305)**	**(33,090)**	**(33,896)**	**(34,718)**

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CAPITAL STRATEGY

2023/24 ONWARDS

PART 1

1.0 Introduction

1.1 Background

1.1.1. This strategy is a high level summary of East Lindsey District Council's approach to longer term capital investment in the future of the district. It guides the development of service capital plans, and sets out the policies and practices that the Council uses to establish, monitor and manage its capital programme, in line with the Medium Term Financial Strategy (MTFS).

1.1.2 The Council's priorities provide the backdrop to the MTFS which in turn ensures all new resources, be they revenue or capital, are allocated through the principles on which they are based.

1.1.3 The early sections of this document describe the Council's financial position. These clearly suggest a need to ensure that the Council's Capital and Treasury Strategy supports the Council going forward. In addition, guidance around using capital for mixed/commercial purposes and a revision of treasury and investment guidance have recently been released to provide a platform to support and protect councils looking to work in different ways, driven by long term financial pressures. These are explored in the next sections of the document.

1.1.4 East Lindsey District Council produces and renews its Capital and Treasury Strategy on an annual basis. The Prudential Code 2021 recognises this as best practice and provides guidance to Local Authorities on how they should administer their Capital activities.

1.1.5 The Council expects continuous improvement in its performance and financial management. This requires strong executive leadership, strong challenge from scrutiny and commitment from employees. The Council's Organisational Improvement plans have provided the framework to help drive and embed the necessary improvements.

1.1.6 The strategy has nine sections;

- Legislative and Best Practice Framework
- About East Lindsey
- Aims of the Strategy
- Financial Position Statement
- Strategic Objectives
- Capital Expenditure
- Capital Resources, and Plans
- Stewardship
- Risk Management

1.1.7 This document sets out how we will support the Council's Corporate Strategy and objectives with the capital resources at our disposal. There are inevitably more demands on the money needed than resources available, meaning that best value has to be sought by the Council on behalf of its residents, local businesses and users of services.

PART 2

2.0 Legislative and Best Practice Framework

2.1 <u>Relevant Legislation</u>

2.1.1 Councils have the power potentially to do almost anything. This is enshrined through the General Power of Competence (GPOC) in the Localism Act 2011. It is a very broadly expressed power, which overlaps other powers. GPOC, however, has important limits. It cannot be used in breach of other legislation, and is therefore supplemental to specific powers that allow councils to borrow and invest. Councils have the general power to borrow under Section 1 of the Local Government Act 2003. The power to invest is set out in the Local Government Act 2003, Section 12, which gives the Council the power to invest for any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs. The power that allows councils to spend for capital purposes is included in the Local Government Act 2003.

2.2 Current Guidance & Best Practice

2.2.1 The Prudential Code 2021 summarises the overriding matters that should be considered in determining a Capital Strategy. The Prudential Code makes it clear that councils' capital expenditure plans must be affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved.

PART 3

3.0 About East Lindsey

3.1 Facts about the district

3.1.1 Extending over 1,762 square kilometres, East Lindsey is the third largest district in the UK. It is also one of the most sparsely populated, with its 140,741 population spread among some 200 settlements. The District does not have a single dominating urban centre. Instead, its distinctive widespread settlement pattern is a legacy of a history of small farming communities with local markets.

3.1.2 The District is home to a greater number of older people than the national norm and its coastal towns and villages are popular retirement destinations. The District is a safe and healthy place to live with low crime rates and very little noise, air, light, or water pollution. Many residents have migrated to the District for the quality of life.

3.1.3 There are pockets of social deprivation and unemployment is slightly higher than the national mean, average earnings are relatively low and dependence on benefits is high, particularly along the coast where seasonal and temporary employment is common.

3.1.4 Four settlements (Louth, Horncastle, Alford and Spilsby) have built on their historic market town roles to grow and serve wider rural hinterlands. On the coast, Mablethorpe and Skegness have grown to serve both a local rural hinterland and a vibrant but seasonal tourism market.

3.1.5 These two different groups of settlements have contrasting characters. The former have attractive town centres, with market squares, streets typified by red brick buildings with pantile or slate roofs. The latter have a much more mixed visual character.

3.1.6 The Lincolnshire Wolds is the only Area of Outstanding Natural Beauty in the East Midlands region and covers one third of the District's area.

3.1.7 The holiday coast between Mablethorpe and Skegness is characterised by lively seaside resort activity. Caravan parks along the coastal plain, accommodating upward of 32,000 static vans, are a popular feature. In addition, this area contains pockets of wild coast and now encompasses a coastal country park.

3.1.8 Farming remains the dominant land use across the District. Farm diversification is increasing with more farm based tourism activities becoming a growing feature in the countryside.

3.1.9 The District's relative isolation, dispersed settlements, and thinly spread public transport services all add to a high level of car dependency.

PART 4

4.0 Aims of the Strategy

4.1 The specific aims of this strategy are to ensure:

- Physical assets and related resources are efficiently and effectively used to support East Lindsey District Council's priorities. These inputs will then be reviewed against the outputs from capital schemes to demonstrate Value for Money;
- Issues related to property and other assets are fully reflected in the Council's planning, specifically adequate funds for maintenance are available;
- The strategy itself is a useful tool to assist stakeholders' understanding of the Council's decision-making processes and project management of its capital investments;
- Provision is made for delivering corporate priorities and this is demonstrated through effective resource allocation;
- Invest to save projects are encouraged;
- The Council works within the Prudential Code framework and demonstrates robust and linked capital and treasury management;
- Review of the Asset Management Strategic Framework to identify surplus assets which can move through a disposal process to generate new capital resources;
- Capital spending plans are affordable and integrated with the Medium Term Financial Strategy;
- We work effectively with our partners in the South and East Lincolnshire Councils Partnership (SELCP), sharing expert resources and maximising funding opportunities, increasing the voice of the sub-region; and,
- Support for our partners by acting as an enabler in drawing down external funding for community projects. To further act as a match fund provider.

PART 5

5.0 Financial Position Statement

5.1 Financial overview

5.1.1 When taking financial decisions the considerations are multi-faceted. This means a single decision may impact upon revenue, capital, treasury and assets. These areas are all interlinked and should be fully understood to ensure plans are in place to maintain the Council's financial standing.

5.2 Revenue

5.2.1 Through to 2027/28 the Council anticipates pressure on revenue budgets due to significant inflationary pressures, changes in customer requirements and reductions in income post covid and due to international events. Each year the ability to balance the budget is becoming more challenging, with options ranging from becoming more efficient, raising additional income and/or reducing services. The Council has an ongoing programme to develop plans to address the known challenges. In addition to this the impacts of changes to the localised business rate retention system, the proposed spending review and fairer funding from 2025/26 and beyond are unknown and have the potential to raise the budget gap significantly. There are no signs of an upturn in Council or indeed Government finances to provide optimism. Therefore the Council must continue to look to become self-financing by seeking alternative sources of finance. The Council will look towards its capital and treasury activities to mitigate and contribute towards relieving pressure on its future revenue budgets particularly as interest rates increase.

5.3 Capital

5.3.1 Annually the Council is required to invest in assets and projects which have a life of longer than one year. This investment, be it in IT systems, vehicles, property or equipment must be funded. The Council looks towards its capital and treasury activities to provide medium and long term resources for future capital expenditure. The Council also needs to consider ways of innovation that limit the amount of investment required during the timescale of this strategy in light of the significant pressures upon its resources, which may include new borrowing.

5.4 Treasury

5.4.1 The Council holds surplus cash during the year. These funds are largely monies held in reserves or short term cash holdings before payments are made to major preceptors and currently average approximately £70m. Whilst cash is held it is invested with full appreciation of the Prudential Code which requires Councils to consider security, liquidity and yield (in that order). In addition, many councils participate in borrowing to fund their capital programme. The Council will look towards its treasury activities making the best use of borrowing and investing with all decisions being undertaken having an appropriate approach towards prudency and proportionality, as well as security, liquidity and yield. Treasury management will be expected to make a positive contribution towards both revenue and capital pressures.

5.5 Asset Management

5.5.1 The Council has a balance sheet with fixed assets valued at circa £96m. The Council has focused its attentions on areas such as investment in its Company, supporting significant grant funding bids, development of new and improving assets, disposal of surplus assets and developing its Organisational plans. In addition the Council has been successful in bidding for funding both as part of the new SELCP partnership and in its own right. These funds have and will significantly bolster the Councils capital programme and support future plans.

PART 6

6.0 Strategic Objectives

6.1 Strategic fit

6.1.1 The financial strategies must support and empower the corporate strategy and priorities of the Council. This intrinsic link works both ways. By adopting the new strategy the Council will be looking to ensure the ongoing provision of both statutory and discretionary services to local residents and businesses. It must have due regard to legislation and guidance. All strategies adopted must also have full regard to the legislative framework and best practice guidance adopted by the sector. These offer clear boundaries and exemplify considerations for decision making and risk management.

6.1.2 This strategy links to a number of other corporate strategies. The key strategies are:

- Treasury Management and Strategy Statement
- Medium Term Financial Strategy
- Risk Management Strategy
- Economic Development Strategic Framework
- Homelessness Strategy
- Asset Management Strategic Framework
- Crime and Disorder Strategy

PART 7

7.0 Capital Expenditure

7.1 Definition and considerations

7.1.1 The Local Government Act 2003 – which includes the legislation for the capital finance system – does not specify what precisely constitutes capital expenditure. Instead it:

- Refers to "expenditure of the authority which falls to be capitalised in accordance with proper practices".
- Enables the Secretary of State to prescribe by regulation which local authority expenditure shall be treated as capital expenditure and which shall not be treated as capital expenditure
- Enables the Secretary of State to prescribe by regulation that the spending of a particular local authority shall – or shall not – be treated as capital expenditure

7.1.2 For the purposes of this strategy document, capital expenditure is defined as expenditure to acquire or upgrade assets (such as property, plant and equipment), so that future economic benefit or service potential will flow from the asset for more than one year.

7.1.3 The Council has set a de minimis limit of £5,000 for equipment and £10,000 for land and buildings for expenditure to be considered for capitalisation. The following categories of expenditure will require capital resources to fund their purposes:

1. The acquisition, reclamation, enhancement or laying out of land exclusive of roads, buildings or other structures
2. The acquisition, construction, preparation, enhancement or replacement of roads, buildings and other structures
3. The acquisition, installation or replacement of movable or immovable plant, machinery and apparatus and vehicles and vessels
4. The making of advances, grants or other financial assistance towards expenditure incurred or to be incurred on items detailed in points 1 to 3 above or on the acquisition of investments
5. The acquisition of share capital or loan capital in any body corporate
6. The issue of loan instrument in respect of which not all repayments by the authority are due within 1 year of issue
7. Works to increase substantially the thermal insulation of a building
8. Works to increase substantially the extent to which a building can be used by a disabled or elderly person
9. The acquisition of computer software, plus the in-house preparation of it, provided that the intention is to use the software for at least 1 year

7.1.4 Regulations state that expenditure on repair and maintenance which does not increase the life, value or extent of use of an asset is not deemed as capital expenditure.

7.2 Future expenditure plans

7.2.1 The Council has approved a five year (short/medium term) funded capital programme. In addition the Council will have an ongoing need for capital expenditure for replacement and renewal of its key assets used in delivering services.

7.2.2 Future capital projects will need to be subject to suitable business cases which will include how such schemes support corporate/stategic priorities. One way of creating capital resources can be through the borrowing of funds and then spending it on capital or through internal borrowing supported by a Minimum Revenue Provision requirement.

PART 8

8.0 Capital resources, and plans

8.1 Capital Expenditure and the Minimum Revenue Provision

8.1.1 One important area of the Capital and Treasury guidance is the Minimum Revenue Provision (MRP) requirement. Where a Council undertakes capital expenditure, financed by borrowing, there is an expectation that each year the Council's revenue account should make a contribution to a reserve which will build up over time so that when the borrowing has to be repaid money is there to do so. Where the Council chooses to invest in assets which will not, or are unlikely to, have sufficient realisable value at the point of redemption to repay the borrowing, then this is essential for prudent management of the Council's affairs. The Council will ensure a suitable MRP policy is in place.

8.2 Other Capital Considerations

Capital Receipts

8.2.1 The forward availability of capital receipts will play an important part in both the timing and scope of the capital programme. The Council is looking at ways of obtaining capital receipts through the active marketing of its surplus assets and a review of how assets will be needed in the future to provide value for money services to the community.

Section 106 – Planning obligations

8.2.2 The Council has powers under Section 106 to provide for infrastructure and facilities to support the local community alongside planning and development projects.

8.3 External Grants and Contributions

8.3.1 A partnership approach to service delivery is a core approach for the Council. Through its services, partnership working, supportive funding and innovation, the Council will seek to attract investment into the District. Acquiring grants and external funding is of increasing importance given lower levels of resources through core government funding.

8.4 Borrowing

8.4.1 Under the 'Prudential' framework for local authority capital, the Council can determine what level of long term borrowing it wishes to undertake to finance its capital priorities, within the framework of prudent, sustainable and affordable borrowing. Given the diminishing resources available to it the Council has to make appropriate decisions regarding servicing the financing costs before it undertakes any new borrowing. Regulations require the Council to approve its 'Prudential Indicators' at least annually, and they are included with the Treasury Management Strategy Statement. As the Council is required to have a balanced revenue budget over the medium term it will be important that the Council robustly reviews future spending proposals and likely resources available before borrowing to finance future capital investment.

8.5 Revenue contributions

8.5.1 The Council's budget and MTFS sets out the approach to the allocation of reserve balances and this Council's approach to managing its surplus cash. The budget makes provision for annual revenue contributions in support of some capital expenditure e.g. Vehicle Replacement. Where applicable specific contributions are identified from reserves or revenue contributions from specific services (such as ICT).

8.6 Balances and Reserves

8.6.1 East Lindsey District Council holds limited levels of both general and specific reserves.

8.7 New sources

8.7.1 The Council is aware of the need to be innovative and to work closely with the Private, Public and Voluntary Sectors to deliver outcomes for local people at a time when there will be reduced levels of capital resources.

PART 9

9.0 Stewardship

9.1 General Governance Issues

9.1.1 Annually the Council produces a medium term (five years) revenue budget, a medium term (five years) capital programme which is supported by a capital strategy, a treasury management and investment strategy. Sitting behind these are the financial procedure rules within the constitution and treasury management practices which provide day to day operational guidance. The Executive Board and Scrutiny Committees are not excluded from shaping these documents however the Audit and Governance Committee is charged with reviewing and recommending most of these documents to Full Council for approval. The requirement for Full Council to be involved is enshrined within statute.

9.1.2 The Council has adopted a risk management strategy which places the Council as having an open and aware approach towards risk. This should be reflected within the new Strategy.

9.2 Internal Governance

9.2.1 The Capital Programme will continue to be monitored by the Capital Programme Working Group, with additions to the programme approved by the Executive Board, as part of its quarterly performance monitoring. Full Council will approve all capital additions over £300k, in line with the Council's financial procedure rules.

9.3 Revised External Governance

9.3.1 The views of the Council's treasury advisors, external auditors, counsel's opinion, professional bodies and peers have been considered in the production of this Strategy. Annually there will be a review of the Capital Strategy and formally approved as part of the budget setting process. This will ensure all matters of consideration and best practice are routinely acknowledged.

9.4 Performance measurement

9.4.1 The Council is determined to ensure high quality customer-focused services for all its residents and visitors to East Lindsey District Council. The Council also wants to deliver high quality services, although recognises the issues associated with reduced resources that are already impacting on its ability to deliver and maintain them.

9.4.2 Capital projects identify milestones and key outputs and these are used to integrate the delivery of Capital projects into the performance management framework.

9.5 Project evaluation

9.5.1 All capital projects need to be appraised and options appraisals are also required to ensure value for money in achieving the project objectives and realising benefits. Core principles to be followed, matters to be considered within the capital bidding process are:

- Council Objective/Priority
- Whole life cost of the proposal including the revenue effects
- Affordability and source of funding
- Partnership involvement
- Options appraisal
- Project appraisal
- Risks
- Improvements in service delivery
- Customer facing outcomes
- Other benefits and success criteria
- Efficiencies
- In principle support from the Director and Executive Board Portfolio Holder
- Exit strategy
- Timescales
- Environmental considerations

9.5.2 Project evaluation should include the following activities:

- Feasibility
- Appraisal (to include report, financial appraisal, risk appraisal)
- Budget
- Monitoring and review
- Outturn

9.5.3 These processes will ensure that any capital scheme that feeds into the programme will comply with the principles of the Prudential Code and have appropriate regard to:

- Affordability
- Sustainability
- Prudence
- Proportionality
- Security
- Liquidity
- Yield

9.6 <u>Consultation and Communication</u>

9.6.1 The consultation process used to inform our priorities has enabled the Council to identify its strategic objectives to allow prioritisation of resources. The Council also consults annually as part of the budget setting process. This includes a general consultation exercise with the community.

9.7 Sustainability

9.7.1 Sustainability Impact Assessments are completed for Council projects where required.

9.8 Procurement

9.8.1 The purchase of capital assets should be conducted in accordance with Contract Procedure Rules, ensuring value for money, legality and sustainability at all times. Contract standing orders and rules governing the disposal or write off of assets are contained in the Constitution which is regularly reviewed.

9.9 Value for Money

9.9.1 The Council recognises that effective procurement lies at the heart of delivering value for money and is essential if the Council is to obtain real improvements to quality and service costs. The Council seeks to achieve value for money by applying rigorous procurement standards in the selection of suppliers and contractors to ensure efficiency, economy and effectiveness is received throughout the life of a contract. The significant resources applied to capital expenditure require the adopted principles of value for money to be at the heart of the Capital and Treasury Strategy. Specifically the Council will seek to strengthen the outcome indicators as part of post project reviews.

9.10 Invest to save

9.10.1 Whilst there are often revenue implications for investing in capital schemes, the Council is keen to invest in areas that result in long-term revenue savings and 'invest to save' schemes. It is also an aim to invest in assets that generate a revenue income or efficiencies.

9.11 Links to other partners

9.11.1 Partnership working is embedded in the organisation and the Council's approach to working with others has been commended. The Council's thrust in partnership working has three main strands being the SELCP as outlined about, the Greater Lincolnshire Local Economic Partnership, Strategic Service Delivery Partnerships and networking partnerships. In order to address the needs of the local community the integration of the Capital Strategy with those who the Council seeks to work with will be necessary to deliver on shared visions.

9.12 Equality

9.12.1 As part of the process of preparing business case for potential capital projects Equalities Impact Assessments will be completed when necessary. The Council recognises and values the diversity in the local community and the contribution that people from different backgrounds and cultures bring to the development and wellbeing of the District. East Lindsey District Council is therefore committed to principles of equality in its capacity as an employer and service provider to all sections of the community.

PART 10

10.0 Risks and their management

10.1 Risk Awareness

10.1.1 With the scale of the approach to ensuring that the Council will be better able to provide for future capital spend there are associated risks (and also opportunities).

10.1.2 All capital projects will have a risk log that is regularly reviewed and updated. All risks that may affect a project must be considered. These can include political, economic, legal, technological environmental and reputational as well as financial. Large projects will be managed in accordance with the Council's adopted project management principles.

10.1.3 A specific risk as a VAT registered body is the recovery of exempt VAT only up to a value of 5% of all the VAT it incurs. This is known as the de-minimis limit. Monitoring and control of exempt input tax is essential for the Council as where exempt input tax exceeds the 5% limit the whole amount is irrecoverable and will represent an additional cost to the Council. Each capital investment will be closely reviewed to assess its VAT implications.

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APPENDIX 3a

Treasury Management Policy Statement 2023/24

East Lindsey District Council defines its treasury management activities as:

1. The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2. This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

3. This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

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APPENDIX 3b

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2023/24

1. Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

> *"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

The Council's treasury function is undertaken by Public Sector Partnership Services Ltd (PSPSL) on behalf of the Council. PSPSL is responsible for the:

- Production of the annual treasury management strategy
- Production of regular treasury management policy reports
- Production of treasury management practices
- Production of budget and budget variations relating to the treasury management function
- Production of management information reports
- Provision of adequate treasury management resources and skills, and effective division of responsibilities within the treasury management function
- Arrangement of the appointment of external service providers.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

- **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
  - the capital plans (including prudential indicators);
  - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
  - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
  - an Annual Investment Strategy (the parameters on how investments are to be managed).

- **A mid year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Council will receive quarterly update reports.

- **An annual treasury report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit and Governance Committee.

Quarterly reports

In addition to the three major reports detailed above, from 2023/24 quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council/Executive Board but do require to be adequately scrutinised. This role is undertaken by the Audit and Governance Committee. The reports, specifically, should comprise updated Treasury/Prudential Indicators.

1.3 Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

Capital Issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. The Council has addressed this by targeted training courses for relevant members.

The training needs of PSPSL treasury management officers are periodically reviewed and is supplemented by targeted training as necessary and technical advice from our treasury management advisors.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and members.
- Require treasury management officers and members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by Council).
- Have regular communication with officers and members, encouraging them to highlight training needs on an ongoing basis.

Training for members will be arranged as required and the training needs of treasury management officers are periodically reviewed.

A formal record of the training received by officers central to the Treasury function will be maintained by the Treasury and Investments Manager (PSPSL). Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by Democratic Services.

1.5 Treasury management consultants

PSPSL uses Link Group, Link Treasury Services Limited as its external treasury management advisors for the Council.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2 The Capital Prudential Indicators 2022/23 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital Expenditure and financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members approve capital expenditure forecasts as part of the annual Budget report.

The capital expenditure plans mirror those within the budget report and will be amended throughout the year as spending plans alter.

The following table summarises the capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital Expenditure £'000's	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non Towns Fund Projects	21,411	3,417	3,675	2,210	2,609	7,093
Towns Fund Projects	6,595	38,543	11,280	880	-	-
Total	**28,006**	**41,960**	**14,955**	**3,090**	**2,609**	**7,093**
Financing	**(28,006)**	**(41,302)**	**(14,407)**	**(2,542)**	**(1,830)**	**(1,774)**
Net financing need for the year	**-**	**658**	**548**	**548**	**779**	**5,319**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the MRP is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. Public Finance Initiative (PFI) schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

As part of the formal governance process, the Council approves the cumulative CFR projections as follows:

£000's	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
CFR – General Fund	-	658	1,109	1,490	2,033	6,989
CFR - Non-treasury investments	25,499	23,999	23,999	23,999	23,999	23,999
Total CFR	**25,499**	**24,657**	**25,108**	**25,489**	**26,032**	**30,988**
Movement in CFR	**-**	**(842)**	**451**	**381**	**543**	**4,956**

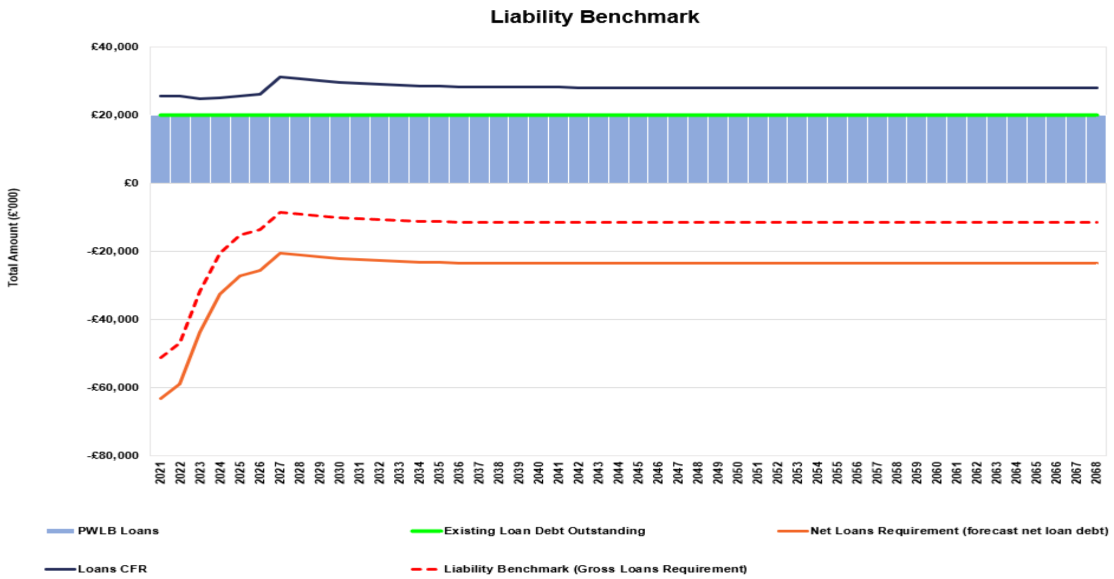
Net financing need for the year above)	**-**	**658**	**548**	**548**	**779**	**5,319**
Less MRP/VRP and other financing movements	**-**	**(1,500)**	**(97)**	**(167)**	**(236)**	**(363)**
Movement in CFR	**-**	**(842)**	**451**	**381**	**543**	**4,956**

2.3 Liability Benchmark

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding**: the Council's existing loans that are still outstanding in future years.
2. **Loans CFR**: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement**: this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).

A full analysis will be provided in the budget setting report.

Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
General Fund Balance	1,822	1,822	1,822	1,822	1,822	1,822
Earmarked Reserves	18,063	19,711	24,239	30,093	35,931	41,782
Capital Grants Unapplied	11,239	11,239	11,239	11,239	11,239	11,239
Capital receipts	399	752	1,104	1,104	1,104	1,104
Total core funds	**31,523**	**33,524**	**38,404**	**44,258**	**50,095**	**55,947**
Working capital*	4,000	4,000	4,000	4,000	4,000	4,000
Under borrowing	**(5,499)**	**(4,657)**	**(5,108)**	**(5,489)**	**(6,032)**	**(10,988)**
Expected investment	**30,024**	**32,867**	**37,296**	**42,769**	**48,063**	**48,959**

*Working capital balances shown are estimated year end; these may be higher mid-year.

2.5 Minimum revenue provision (MRP) policy statement

Under Regulation 27 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, where the Council has financed capital expenditure by borrowing it is required to make a provision each year through a revenue charge (MRP).

The Council is required to calculate a prudent provision of MRP which ensures that the outstanding debt liability is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The MRP Guidance (2018) gives four ready-made options for calculating MRP, but the Council can use any other reasonable basis that it can justify as prudent.

The MRP policy statement requires Full Council approval in advance of each financial year.

The Council is recommended to approve the following MRP Statement:

For all unsupported borrowing the MRP policy will be:

- **asset life method (straight line)** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction)

This option provides for a reduction in the borrowing need over approximately the asset's life.

Capital expenditure incurred during 2022/23 will not be subject to an MRP charge until 2023/24, or in the year after the asset becomes operational.

The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.

Assets held for investment purposes

Where the Council holds investment assets the Council's MRP Policy will be to determine the amount of MRP and VRP (voluntary revenue provision) based on the combined value of its holdings at the end of each financial year. The Council will ensure that any capital receipts generated from the sale of property fund units will be earmarked and set aside when received to reduce the CFR liability by the amount of the original borrowing for units sold if MRP/VRP has not previously been provided for.

The Council will also monitor the performance of its Property Fund holdings on a regular basis with performance reported to the Audit and Governance Committee quarterly.

For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Any loans issued to Invest East Lindsey Ltd which are classed as capital expenditure will increase the Council's CFR if not financed from reserves. The Council will earmark the proceeds from the repayment of the loans to reduce the CFR and therefore will apply a nominal MRP charge of £1 on such loans and equity investments. This policy will be reviewed annually to ensure the approach remains prudent based on the Company's financial position. If it is deemed that an additional charge is required to ensure prudence a voluntary revenue provision (VRP) will be made.

MRP Overpayments

Under the MRP guidance, any charges made in excess of the statutory MRP, known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

At the end of the 2021/22 financial year the Council had made VRP contributions of £360,648. If this changes during the 2022/23 financial year it will be reported in the Annual Treasury Report.

3. Borrowing

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury/prudential indicators, the current and projected debt positions and the Annual Investment Strategy.

3.1 Current portfolio position

The overall treasury management portfolio as at 31 March 2022 and for the position as at 31 December 2022 based on cost are shown below for both borrowing and investments.

TREASURY PORTFOLIO				
	Actual	Actual	Current	Current
	31/03/22	**31/03/22**	**31/12/22**	**31/12/22**
Treasury Investments	**£0**	**%**	**£000**	**%**
Banks	35,047	46%	25,999	27%
Building Societies - Rated	0	0%	0	0%
Local Authorities	0	0%	0	0%
DMADF (H.M.Treasury)	6,000	8%	7,300	8%
Money Market Funds	7,500	10%	7,500	8%
Certificates of Deposit	0	0%	30,000	32%
Total Managed In House	**48,547**	**64%**	**70,799**	**74%**
Bond Funds	0	0%	0	0%
Property Funds	27,452	36%	24,335	26%
Total Managed Externally	**27,452**	**36%**	**24,335**	**26%**
Total Treasury Investments	**75,999**	**100%**	**95,134**	**100%**
Treasury External Borrowing				
Local Authorities	0	0%	0	0%
PWLB	20,000	100%	20,000	100%
LOBOs	0	0%	0	0%
Total External Borrowing	**20,000**	**100%**	**20,000**	**100%**
Net Treasury Investments / (Borrowing)	**55,999**	**0**	**75,134**	**0**

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000's	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt at 1 April	20,000	20,000	20,000	20,000	20,000	20,000
Expected change in Debt	0	0	0	0	0	0
Actual gross debt at 31 March	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**	**20,000**
The Capital Financing Requirement	**25,499**	**24,657**	**25,108**	**25,489**	**26,032**	**30,988**
(Under) /over borrowing	**(5,499)**	**(4,657)**	**(5,108)**	**(5,489)**	**(6,032)**	**(10,988)**

Within the range of prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external borrowing is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational boundary (£'000)	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	35,000	35,000	35,000	35,000	35,000	35,000
Other long term liabilities	3,000	3,000	3,000	3,000	3,000	3,000
Total	**38,000**	**38,000**	**38,000**	**38,000**	**38,000**	**38,000**

The authorised limit for external debt - This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt, which while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. As part of the formal governance process, the Council approves the following indicators, as shown below:

Authorised Limit (£'000)	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Borrowing	39,000	39,000	39,000	39,000	39,000	39,000
Other long term liabilities	5,000	5,000	5,000	5,000	5,000	5,000
Total	**44,000**	**44,000**	**44,000**	**44,000**	**44,000**	**44,000**

3.3 Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 07 February 2023 These are forecasts for certainty rates, gilt yields plus 80 basis points (bps).

Link Group Interest Rate View 07.02.23	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

Additional notes by Link on this forecast table: -

Our central forecast for interest rates was previously updated on 19 December and reflected a view that the Monetary Policy Committee (MPC) would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. This has happened but the Government's continued policy of emphasising fiscal rectitude will probably mean Bank Rate will not need to increase to further than 4.5%.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged. Our best judgment is that there will be scope for an early Christmas present for households with a December rate cut priced in, ahead of further reductions in 2024 and 2025.

The Consumer Price Index (CPI) measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.5%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening (QT)), this has started and will focus on the short, medium and longer end of the curve in equal measure.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on significant excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments.

PWLB Rates

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.75%.

- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

- **The Bank of England** acts too quickly, or too far, over the coming year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Geopolitical risks,** for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate later in the year or in 2024.

- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

- Longer term **US treasury yields** rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.

- Projected **gilt issuance, inclusive of natural maturities and QT**, could be too much for the markets to comfortably digest without higher yields compensating.

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are as follows: -

Average expected earnings in each year	
2022/23 (remainder)	4.30%
2023/24	4.30%
2024/25	3.20%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

(End of Link Group Commentary)

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Section 151 Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.

- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision making body at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing activity will be subject to rigorous prior appraisal and subsequent reporting through the mid-year and annual reporting mechanisms.

3.6 Debt rescheduling

Rescheduling of current borrowing in the Council's debt portfolio is unlikely to occur as there is still a large difference between premature redemption rates and new borrowing rates.

If rescheduling is undertaken it will be reported to the Executive Board at the earliest meeting following its action.

3.8 New financial institutions as a source of borrowing and / or types of borrowing

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, out of forward dates where the objective is to avoid a "cost of carry" or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

3.8 Approved Sources of Long and Short-Term Borrowing

On Balance Sheet	Fixed	Variable
PWLB	●	●
UK Municipal Bond Agency	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local Bonds	●	
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance Leases	●	●

4 Annual Investment Strategy

4.1 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's funds are managed by PSPSL with reference to a detailed cash flow forecast on a daily basis for the current year. Protocols are in place to govern the movement of funds within specific limits.

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

- **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as **"credit default swaps"** (CDS) and overlay that information on top of the credit ratings.

- **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

- This Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in **Appendix 5.3** under the categories of 'specified' and 'non-specified' investments.

    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

    - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

- **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £5m of the total investment portfolio, (see paragraph 4.3).

- **Lending limits**, the maximum total investments to any individual financial institution or its parent group is £5m. The maximum limit for individual money market funds is £7.5m. There is no maximum limit for deposits with the UK Debt Management Agency Deposit Facility (DMADF) as this is effectively the UK Government. The maximum permitted duration of investments for each institution will be determined in accordance with paragraph 4.2.

- **Transaction limits** are set for each type of investment in paragraph 4.2

- This Council will set a limit for the amount of its investments which are invested for **longer than 365 days**, (see paragraph 4.4).

- Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).

- PSPSL has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.

- All investments will be denominated in **sterling**.

- As a result of the change in accounting standards for 2022/23 under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. More recently, a further extension to the over-ride to 31.3.25 has been agreed by Government.

However, this Council will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

Changes in risk management policy from last year.

The above criteria are unchanged from the amended 2022/23 strategy approved by Council in December 2022.

4.2 Creditworthiness policy

This Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moody's, and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored daily. PSPSL is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

- in addition to the use of credit ratings PSPSL will be advised of information in movements in CDS spreads against the iTraxx European Financials benchmark and other market data on a daily basis provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information and information on any external support for banks to help support its decision making process.

Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, more recently the UK sovereign debt rating has been placed on Negative Outlook by the three major rating agencies in the wake of the Truss/Kwarteng unfunded tax-cuts policy. Although the Sunak/Hunt government has calmed markets, the outcome of the rating agency reviews is unknown at present, but it is possible the UK sovereign debt rating will be downgraded. Accordingly, when setting minimum sovereign debt ratings, this Council will not set a minimum rating for the UK.

CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its Link-provided Passport portal.

4.3 Limits

Due care will be taken to consider the exposure of the Council's total treasury investment portfolio to non-specified investments, countries, groups and sectors.

- **Non-specified investment limit**. The Council has determined that it will limit the maximum total exposure to non-specified investments to £10m of the total investment portfolio.

- **Country limit**. The Council has determined that it will only use approved counterparties from the United Kingdom or countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 5.4**. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

- **Other limits**. In addition:
  - no more than £10m will be placed with any non-UK country at any time;
  - limits in place above will apply to a group of companies;
  - sector limits will be monitored regularly for appropriateness

4.4 Investment strategy.

In-house funds.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that is the case at present, but there is the prospect of Bank Rate peaking in the first half of 2023 and possibly reducing as early as the latter part of 2023 so an agile investment strategy would be appropriate to optimise returns.

Accordingly, while cash balances are required in order to manage the ups and downs of cash flow (amend as appropriate), where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

Investment returns expectations.

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to reach 4.5% in Q2 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows: -

- 2022/23 (remainder) 4.30%
- 2023/24 4.30%
- 2024/25 3.20%
- 2025/26 2.60%
- 2025/26 2.50%
- Years 6+ 2.80%

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits, (overnight to 100 days), in order to benefit from the compounding of interest.

Investment treasury indicator and limit

Total principal funds invested for greater than 365 days limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

As part of the formal governance process, the Council approves the treasury indicator and limit, as shown below:

£'000	2023/24	2024/25	2025/26	2026/27	2027/28
Principal sums invested > 365 days (excluding non-treasury investments)	10,000	10,000	10,000	10,000	10,000
Current treasury investments as at 31 December 2022 in excess of 1 year maturing in each year	0	0	0	0	0

4.5 Investment risk benchmarking

The Council has not adopted any formal benchmarks in this area, as officers believe that decisions on counterparties and maximum investment levels are adequate to monitor the current and trend position, and amend the operational strategy to manage risk as conditions change.

This Council will use an investment benchmark to assess the investment performance of its investment portfolio of the Average 3 Month Sterling Overnight Index Average (SONIA) rate.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 Appendices

5.1 Prudential and treasury indicators

5.2 Interest rate forecasts

5.3 Treasury management practice 1 – credit and counterparty risk management

5.4 Approved countries for investments

5.5 Treasury management scheme of delegation

5.6 The treasury management role of the Section 151 Officer

APPENDIX 5.1 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022/23 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. Full details are provided in paragraph 2.1 and summary totals are shown below.

5.1.1 Capital expenditure

Capital expenditure £m	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Total	**28,006**	**41,960**	**14,955**	**3,090**	**2,609**	**7,093**

5.1.2 Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

%	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Total	(5.46%)	(9.22%)	(6.22%)	(4.44%)	(3.65%)	(3.13%)

The estimates of financing costs include current commitments and the proposals in this budget report.

3.6 Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits. The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2023/24		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%
Maturity structure of variable interest rate borrowing 2023/24		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years to 20 years	0%	100%
20 years to 30 years	0%	100%
30 years to 40 years	0%	100%
40 years to 50 years	0%	100%

APPENDIX 5.2 INTEREST RATE FORECASTS 2022-2025

Link Group Interest Rate View	07.02.23												
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

PWLB forecasts are based on PWLB certainty rates.

APPENDIX 5.3 - Treasury Management Practice (TMP1) – Credit and Counterparty Risk Management

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for a period longer than 12 months, will be classified as being specified once the remaining period to maturity falls to under twelve months.).

	Minimum 'High' Credit Criteria	Use
Debt Management Agency Deposit Facility	N/A	In-house (no maximum limit)
Term Deposits – UK Local Authorities	N/A	In-house
Term Deposits – Banks and Building Societies	Minimum colour of green on our external treasury advisers credit rating matrix	In-house
Treasury Bills	UK sovereign rating	In-house
Certificates of Deposit Issued by Banks and Building Societies	Minimum colour of green on our external treasury advisers credit rating matrix	In-house
Bonds Issued by Multilateral Development Banks	AAA	In-house buy and hold
Money Market Funds – CCLA (Church, Charities & Local Authority)	AAA	In-house (£7.5m limit for cash flow purposes)
Money Market Funds CNAV (Constant Net Asset Value)	AAA	In-house
Money Market Funds LVAV (Low Volatility Asset Value)	AAA	In-house
Money Market Funds VNAV (Variable Net Asset Value)	AAA	In-house

Term deposits with nationalised banks and banks and building societies

	Minimum Credit Criteria	Use	Max of total investments	Max. maturity period
UK Part Nationalised Banks	Minimum colour of green on our external treasury advisers credit rating matrix	In-house	£5m	1 year
Banks Part Nationalised by AAA or AA- Sovereign Rating Countries – Non UK	Minimum colour of green on our external treasury advisers credit rating matrix	In-house	£5m	1 year

If forward deposits are to be made, the forward period plus the deal period should not exceed one year in aggregate.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the Specified Investment criteria. A maximum of £10m treasury investments may be held in aggregate in non-specified investment.

1. Maturities of ANY period

	Minimum Credit Criteria	**Use**	**Max of non-specified investments**	**Max. maturity period**
Fixed term deposits with variable rate and variable maturities: -Structured deposits	Sovereign rating of AAA to AA- and minimum colour of green on our external treasury advisers credit rating matrix	In-house	£5m	1 year
UK Government Gilts	UK sovereign rating	In-house buy and hold	£5m	2 year
Sovereign bond issues (other than the UK govt)	AAA	In-house buy and hold	£5m	2 year
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (e.g. National Rail)	UK sovereign rating	In-house buy and hold	£5m	2 year
Collateralised deposits (see note 1)	UK Sovereign rating	In-house	£5m	1 year

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)				
Property Funds: **(excluding non-treasury investments)**		In-house	£8m	

The use of property funds can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Council will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

The Section 151 and Deputy Section 151 Officer will have delegated authority to invest in property funds subject to consultation with the Portfolio Holder for Finance.

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -				
	Minimum Credit Criteria	**Use**	**Max of non-specified investments**	**Max. maturity period**
1. Government Liquidity Funds	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
2. Ultra-Short Dated Bond Funds with a credit score of 1.25	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
3. Ultra-Short Dated Bond Funds with a credit score of 1.5	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
4. Bond Funds	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period
5. Gilt Funds	Long-term AAA volatility rating MR1+	In-house	£10m	1 month notice period

Note 1 : as collateralised deposits are backed by collateral of AAA rated local authority LOBOs, this investment instrument is regarded as being a AAA rated investment as it is equivalent to lending to a local authority.

2. Maturities in excess of 1 year

	Minimum Credit Criteria	Use	Max. of total investments	Max. maturity period
Term Deposits – UK Local Authorities	N/A	In-house	£5m	2 year
Term Deposits - Registered Social Landlords	None	In-house subject to due diligence report by Link Group	£5m	5 year
Term deposits – Banks and Building Societies	Sovereign rating of AAA to AA- and minimum colour of orange on our external treasury advisers credit rating matrix	In-house	£5m	2 year
Certificates of Deposit issued by Banks and Building Societies	Sovereign rating of AAA to AA- and minimum colour of orange on our external treasury advisers credit rating matrix	In-house	£5m	2 year
Bonds issued by multilateral development banks	AAA	In-house	£5m	2 year

The maximum total investment to any individual financial institution or its parent group is £5m except for the instant access money market fund which has a limit of £7.5m and the UK Debt Management Agency Deposit Facility (UK Government) which has no maximum limit.

Barclays Bank provides banking services to the Council and the above limits do not include the day to day balance in the Council's current account.

Whilst these are maximum limits, under normal circumstances the Section 151 Officer will ensure lower limits are maintained. The higher limits are required to allow flexibility in the movement of funds if a particular issue or circumstance arose e.g. global banking crisis.

Environmental, Social and Governance Considerations

The Council continues to develop its strategy in this area.

The Council is interested in undertaking actions to reduce climate change and as an ethical investor will consider the environmental, social and governance issues.

Officers are working with the Council's external treasury advisors to establish how these issues can be taken into consideration when Link Group formulate their Suggested Credit List which is used by the Council.

APPENDIX 5.4 - Approved countries for investments (as at 2/12/22)

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Hong Kong
- Qatar
- U.K.

APPENDIX 5.5 - Treasury management scheme of delegation

Council	- Receive, Review and Approval of Treasury Policy Statement – February/March cycle - Receive, Review and Approval of Treasury Management Strategy Statement incorporating the Annual Investment Strategy and Minimum Revenue Provision Policy – February/March cycle followed by mid year report update. Updates or revisions at other times as required - Receive, Review and Approval of Annual Treasury Outturn Report by 30 September after the year end
Executive Board	- Recommend to Council a Treasury Policy Statement - Recommend to Council a Treasury Management Strategy Statement incorporating the Annual Investment Strategy and Minimum Revenue Provision Policy – February/March cycle followed by mid year report update - Extraordinary Activity and Investment Management arrangements – as soon as possible after significant change occurs - Recommend to Council a Treasury Management Outturn Report by 30 September after the year end
Audit and Governance Committee	- Receive Treasury Management Mid Term report - Receive Treasury Management Outturn Report - Receive Treasury Management Practices annually if amended - Scrutiny of the Treasury Management Strategy before the commencement of each financial year - Scrutiny of Treasury Management performance as part of the Mid Term report and quarterly reports.

SCRUTINY AND MONITORING

Council delegates the scrutiny and monitoring of the Treasury Management function to the Audit and Governance Committee. As a minimum they will receive quarterly reports and a Mid Term Treasury report on investment issues and performance. Training will be made available for members of the Audit and Governance Committee to ensure they have the necessary skills to undertake this role. Recommendations will be reported to Executive Board.

The Audit and Governance Committee will also have access to professional and independent advice and support as required in order to undertake this role.

APPENDIX 5.6 - The treasury management role of the section 151 officer and deputy

The S151 Officer's main functions with regards to treasury are to:

- recommend clauses, treasury management policy/practices for approval, review the same regularly, and monitor compliance
- submit regular treasury management policy reports
- submit budgets and budget variations
- receive and review management information reports
- review the performance of the treasury management function
- ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensure the adequacy of internal audit, and liaise with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the Council
- ensure that the Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Council
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following:

  - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;

  - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;

- Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;

- Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;

- Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

As an added safeguard, as part of the Section 151's statutory responsibility, the Chief Finance Officer (CFO) is obliged to notify the Monitoring Officer of any material change proposed to approved treasury policies and of any major breaches which have occurred.

Any significant operational or other changes will be notified and discussed with the relevant Portfolio Holder. This is currently the Portfolio Holder for Finance. Any actions resulting from this will be reported to Audit and Governance. If timescales are such that due to urgency, the formal reporting process cannot be utilised, then emergency authorisation will be sought through existing mechanisms.

The CFO has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments.

The CFO may delegate power to borrow and invest to members of staff. All dealing transactions must be conducted by the CFO, or staff authorised by the CFO, to act as temporary cover for leave/sickness. All transactions must be authorised by at least two authorised signatories, one of which must be employed by ELDC.

The CFO and the Monitoring Officer will ensure that the Policy is adhered to, and if not, will bring the matter to the attention of Councillors as soon as possible.

Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the CFO to be satisfied, by reference to the Monitoring Officer, the Council's Legal Department and external advisors, as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

It is also the responsibility of the CFO to ensure that the Council complies with the requirements of the Non Investment Products Code for principals and broking firms in the wholesale markets as well as the Financial Services Authority's Code of Market Conduct.

The CFO will ensure an accurate record of daily notifications received and document all investment decisions.

The treasury management function is administered by Public Sector Partnership Services Limited and they will supply the following information to the CFO:

- treasury management strategy statements and practices for approval
- capital strategy reports
- regular treasury management policy reports
- budget and budget variation reports
- management information reports
- adequate treasury management resources and skills, and effective division of responsibilities within the treasury management function, and;
- arranging the appointment of external treasury management advisors.

Where the use of particular instant access accounts, notice accounts and money market funds has been approved by the Section 151 Officer, PSPSL treasury officers have delegated authority to withdraw and deposit funds within the agreed limits contained in this strategy.

Partnership Annual Delivery Plan 2023/24

South Holland District Council

Boston Borough Council

East Lindsey District Council

served by One Team

South & East Lincolnshire Councils Partnership

LGC Awards 2022 WINNER

Our Business As Usual

An illustration of the extent of work by our services across the Partnership to support our communities day to day.

SOUTH HOLLAND DISTRICT COUNCIL

BOSTON BOROUGH COUNCIL

East Lindsey DISTRICT COUNCIL

served by One Team

South & East Lincolnshire Councils Partnership

LGC Awards 2022 WINNER

Info graphic

TO BE ADDED IN APRIL 2023

Corporate Development Directorate

Info graphic

TO BE ADDED IN APRIL 2023

Info graphic

TO BE ADDED IN APRIL 2023

Info graphic

TO BE ADDED IN APRIL 2023

South Holland District Council

Boston Borough Council

East Lindsey District Council

served by One Team

South & East Lincolnshire Councils Partnership

Annual Delivery Plan projects/activities 23/24

Activities flow from the Partnership's 3-year Work Programme agreed by each Council, as well as additional opportunities identified to further the Partnership's ambition. Whilst projects are identified by lead Directorate, the delivery often involves multiple Directorates.

LGC Awards 2022 WINNER

South and East Lincolnshire Councils Partnership - Introduction

Partnership needs to agree an Annual Delivery Plan for the following key reasons:-

- To provide direction for Members and Officers;
- To deliver on the agreed Partnership priorities, both financial and non-financial; and
- To help direct and manage resources effectively and efficiently across the Partnership.

Note: The Annual Delivery Plan sets out projects that Members support the principle of progressing. Some projects will require further decision making as they come forward.

Action Status	
Completed	C
Not started	NS
On plan	
Off plan but mitigation in place to get back on plan	
Off plan and no mitigation	

Strategic Ambition

- **Strategic** – a focus on the priorities with our external partners within Lincolnshire and nationally;
- **Corporate** – a focus on the priorities across the three partnership councils (including companies); and
- **Local** – a focus on the priorities for each of the sovereign councils.

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South and East Lincolnshire Councils Partnership – Strategic Ambition

Strategic Programme

- This slide highlights the strategic opportunities for the Partnership as already agreed by Council to be delivered by the end of the 24/25 financial year.
- The following slides identify the Delivery Plan for 2023/24 to support the Partnership in delivering on its priorities, as well as sovereign Council ambitions.

South & East Lincolnshire Councils Partnership – Strategic Programme

The Strategic Programme (Top Ten) for the South and East Lincolnshire Councils Partnership
Strategy platform for the Partnership focussing on improving outcomes for all communities across the sub-region (early focus on Transport and Infrastructure and Health & Wellbeing);
The strategic case for Devolution for the sub-region
Place-based regeneration, including supporting infrastructure, across the sub-region of South and East Lincolnshire
Joint approach to the Internal Drainage Boards
Co-ordinated partnership response to the Environment Act 2021
Health and Leisure offer across the sub-region
Shared Service Opportunities across the partnership, including our strategic partnership with PSPS Ltd, to improve service efficiency and effectiveness
Workforce Development Strategy for the partnership
ICT Strategy for the partnership.

Communities Directorate

- Well Being and Communities Leadership
- Regulatory
- Leisure and Culture
- Neighbourhoods

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S&ELCP – Communities Directorate - Strategic

	Activity	Delivery timeframe	Status
Strategic	Co-ordinated approach to implementing the Waste and Resources Strategy and Environment Act 2021	Dependent upon publication of consultation responses and statutory guidance	
	Development of a SELCP Private Sector Housing Strategy	Q3 2023	
	Working with partners to deliver against the Lincolnshire District Health and Wellbeing Strategy and SELCP Healthy Living Action Plan	Continued throughout 23/24	
	Coordinated approach to implementing the Serious Violence Duty 2022	Continued throughout 23/24	
	Delivery against the SELCP Community Safety Strategy and associated action plan	Continued throughout 23/24	
	Delivery against Lincolnshire's Homelessness Strategy	Continued throughout 23/24	
	Development of a SELCP Customer Experience Strategy	Q1	
	Develop a Climate Change Strategy - Action Plan, under the auspices of SELCAN	Q1	
	Deliver a feasibility report on Decarbonisation of leisure assets leased to Magna Vitae	Q1	
	Develop a Tree and Hedgerow Strategy – Action Plan	Q1	
	To review Leisure & Culture offer across the Partnership	Continued throughout 23/24	
	Partnership Playing Fields Strategy (incorporating Play Facilities)	Q4	

Communities Directorate

- Well Being and Communities Leadership
- Regulatory
- Leisure and Culture
- Neighbourhoods

S&ELCP – Communities Directorate – Corporate (1 of 2)

	Activity	Delivery timeframe	Status
Policy Alignment:	Review of public conveniences delivery	Q4	
	Lincolnshire Waste Strategy (through the Lincolnshire Waste Partnership	Q4	
	Private Sector Housing Policy and Practice	Q4	
	DFG mandatory and discretionary policies	Q4	
	Graffiti & Street Art Policy	Q3	
	Review of Markets Policies	Q4	
	Produce a single Business Continuity Plan for the Partnership	Q3	
	Produce a single Emergency Plan for the Partnership	Q3	
	Seek approval for a Partnership Street Naming and Numbering Policy	Q2	
Shared Services:	Consider business case for alignment of Safety Advisory Groups	Q2	
	Undertake a review of Environmental Health / Public Protection and Licensing across the Partnership	Q3	
	Building Control Service implemented for the Partnership	Q4	
	Deployment of BEIS Green Homes / Sustainable Warmth funding across the Partnership	Q4	
	Review the EP & BC service provision across the Partnership to deliver efficiencies and improvement	Q2	
Shared Learning:	Options to reduce carbon footprint of our fleet through driver training, retro-fit technology and replacement options	Q1	
	Focused activity to prevent homelessness across the sub-region	Continued throughout 23/24	
	Rough Sleeping Initiatives	Continued throughout 23/24	
	Household Support Fund and further hardship funds to support Cost of Living crisis	Continued throughout 23/24	
	Resettlement Schemes	Continued throughout 23/24	
	Wellbeing Lincs	Continued throughout 23/24	
	Focus and support to reduce digital deprivation across the sub-region	Q1	
	Carbon Literacy Training delivered across the Partnership	Q4	

S&ELCP – Communities Directorate – Corporate (2 of 2)

Communities Directorate

- Well Being and Communities Leadership
- Regulatory
- Leisure and Culture
- Neighbourhoods

Page 109

	Activity	Delivery timeframe	Status
Quick Wins:	Strengthen relationships with Primary Care Networks and become active members of new PCN led place-based Strategic Partnership Boards	Q1	
	Proactively seek and bid for grant funding to support community projects and pilots	Continued throughout 23/24	
	Establish community leaders network and recognition scheme across S&ELCP	Q4	
Partnership Platform:	Housing Stock Conditions Survey	Q4	
	Attainment of purple flag status (or equivalent) in the towns of Spalding, Boston and Skegness	Q4	
	Established agreement with Money Advice & Pensions Service to be part of Money Advisor Network to help residents access regulated money advice	Q2	
	Review partnership grant funding agreements for consistent and equitable approach across S&ELCP (for example, aligning Citizens Advice commissioning, relationship and reporting)	Q2	
	Embed schemes that support SELCP community leadership role in sustaining community and voluntary sector support across the sub-region (for example, S&LCP Community Lottery, Crowdfunding platform and enhance partnership work with LCVS)	Q2	
	Investigate the commercial opportunities and business case for development of Domestic Energy Assessor scheme providing Energy Performance Certificate assessments for homeowners / landlords / businesses.	Q4	
	South and East Lincolnshire Partnership and Culture at the Heart of Regeneration NPO working with the Growth Directorate	Continued throughout 23/24	
Back office alignment	Streetscene software alignment	Q4	
	Accolaid upgrade to UNIFORM – Building Control (ELDC)	Q4	
Asset Rationalisation:	Operations Depot space review and recommendations	Q2	

Communities Directorate

- Well Being and Communities Leadership
- Regulatory
- Leisure and Culture
- Neighbourhoods

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S&ELCP – Communities Directorate - Local

	Activity	Delivery timeframe	Status
Boston Borough Council	Delivery of the pride in Boston programme	Q2	
	Options for new operations depot	Q2	
	Implementation of waste collection rounds review	Q2	
	Review of public conveniences delivery	Q4	
	Continue community engagement to increase trust and confidence of residents for diverse background	Q1	
	Understand local gaps in digital skills and inclusion and explore support	Q1	
	Facilitate Land Charges Searches function migration to HMLR	Q4	
	Leisure facilities (Towns Fund Programme)	Q4	
	Review Markets Service	Q4	
	Delivery of Carbon Reduction Plan actions	Q4	

Communities Directorate

- Well Being and Communities Leadership
- Regulatory
- Leisure and Culture
- Neighbourhoods

S&ELCP – Communities Directorate - Local

	Activity	Delivery timeframe	Status
East Lindsey District Council	Delivery of a commercial waste collection service	Q1	
	Review of public conveniences delivery	Q4	
	Update the 'State of Ageing in East Lindsey' baseline report and work with partners develop and deliver an Age-Friendly East Lindsey Action Plan	Q1/2	
	Co-ordinate community based support, information and advice through network of hubs	Q1	
	Deliver community-based digital inclusion projects, linked to opportunities form the Towns Fund	Q1	
	Support the delivery of the Campus for Future Living working with the Growth and Delivery Directorates	Continued throughout 23/24	
	Markets ICT migration (subject to business case) (PSPS)	Q4	
	In partnership with Assets, drive decarbonisation of leisure assets leased to Magna Vitae.	Q4	
	Delivery of Carbon Reduction Plan actions	Q4	
	In partnership with Assets, upgrade to low energy lighting at Louth Depot and Vehicle Maintenance Unit to reduce carbon footprint and revenue costs	Q1	
	Explore a pilot programme (Theddlethorpe CIF) to understand and deliver the assessment and capital investment requirements for community owned assets and SME's to decarbonise their operations	Q4	
	Support the delivery of Leisure & Cultural facilities (Towns Fund Programme) working with Growth and Delivery Directorates.	Continued 23/24	
	Wood Lane 3G Pitch Project	Q4	
	London Road Pavilion Project	Q4	

Communities Directorate

- Well Being and Communities Leadership
- Regulatory
- Leisure and Culture
- Neighbourhoods

S&ELCP – Communities Directorate - Local

	Activity	Delivery timeframe	Status
South Holland District Council	Options for new depot	Q2	
	Review of public conveniences delivery	Q4	
	Continue community engagement to increase trust and confidence of residents for diverse background	Continued throughout 23/24	
	Understand local gaps in digital skills and inclusion and explore support	Q1	
	Facilitate Land Charges Searches function migration to HMLR	Q4	
	Produce a Carbon Reduction Programme and seek to agree a CO_2e reduction target	Q3	
	Seek to gain approval for an Environment Policy	Q2	
	Support the Castle Sports Complex LUF Project working with the Growth and Delivery Directorates	TBC	

Corporate Development Directorate

- Corporate
- Governance
- Finance
- Housing Revenue Account (SHDC)

S&ELCP – Corporate Development Directorate - Strategic

	Activity	Delivery timeframe	Status
Strategic	Update Treasury Management Strategies and Prudential Code	Q4	

S&ELCP – Corporate Development Directorate – Corporate (1 of 2)

Corporate Development Directorate

- Corporate
- Governance
- Finance
- Housing Revenue Account (SHDC)

	Activity	Delivery timeframe	Status
Policy Alignment:	Create a Partnership Corporate Strategy that also includes local sovereign priorities to replace existing Corporate Strategies	Q3	
	Embed Partnership approach to risk management and appetite	Q1	
	Implementation of an aligned Communications Strategy across Partnership Councils	Q2	
	Conclude alignment of HR policies (one batch requires consideration by SHDC Council to complete the review)	Q1	
	Enhance employee benefits package and launch health and wellbeing programme for workforce	Q2	
	Update Fraud Risk Registers	Q2	
	Update and consider alignment of Discretionary Rate Relief Policies	Q3	
	Implement Single Person Discount Schemes	Q3	
	Align Council Tax Support Schemes	Q3	
	Align Annual Review process for Partnership workforce	Q1	
	Update Workforce Development Strategy	Q4	
Shared Services:	Governance Service Review to be completed	Q4	
Shared Learning:	Induction of Councillors post election (create cross councillor focus group to support the programme's development)	Q1	
	Fees and Charges Review to be completed	Q3	
	Elections – shared learning across the Partnership	Q1	
	Undertake a Forward looking Skills Gap Analysis within the workforce	Q2	
	Partnership Peer Review progress review by the LGA	Q1	
	Develop an Intelligence/Data Hub for the Partnership	Q4	
Partnership Platform:	Delivery of new PSPS transformation programme (PSPS)	Q1	
	Develop proposals for alignment of Terms and Conditions of employment (exc pay)	Q1	
	Bring forward timeframe and approach for developing shared officer pay arrangements	Q1	
	Partnership Review of organisational structure	Q2	
	PSPS alignment programme (PSPS)	Q2	
	Embed Pentana for Risk and Performance Management	Q1	
	Implementation of Cyber Plan using £175,000 DLUCH grant (PSPS)	Throughout 23/24	

S&ELCP – Corporate Development Directorate – Corporate (2 of 2)

Corporate Development Directorate

- Corporate
- Governance
- Finance
- Housing Revenue Account (SHDC)

	Activity	Delivery timeframe	Status
Back office alignment	Assisted Self Serve launch for all Councils to improve digital access for residents (PSPS)	Q3	
	Continued alignment of Partnership ICT (PSPS)	Ongoing	
	PSPS - Phase 2 digitalisation & automation within Revs & Bens (subject to business case) (PSPS)	Q2	
	Roll out of member ICT post election (PSPS)	Q1	
	Subject to business case, move to a single Microsoft 365 tenancy across the Partnership (PSPS)	Q2 24/25	
	Transition to new External Auditor/s	Q4	
Procurement	Establish and align a procurement and contracts function (PSPS)	Q1	
	Partnership Procurement Strategy to be implemented (PSPS)	Q1	
	Procurement savings plan to be developed (and monitored thereafter).	Q1	

Corporate Development Directorate

- Corporate
- Governance
- Finance
- Housing Revenue Account (SHDC)

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S&ELCP – Corporate Development Directorate - Local

	Activity	Delivery timeframe	Status
Boston Borough Council	Continued investment to improve ICT environment (PSPS)	Ongoing	
	Develop business case for deployment of Ring Central telephony system (PSPS)	Q2	
	Alfresco/Document Management system removal and migration (PSPS)	Q3	
	Server infrastructure Refresh (PSPS)	Q2	
	Efin Archival Solution (PSPS)	Q2	

Corporate Development Directorate

- Corporate
- Governance
- Finance
- Housing Revenue Account (SHDC)

S&ELCP – Corporate Development Directorate - Local

	Activity	Delivery timeframe	Status
East Lindsey District Council	SharePoint Migration (PSPS)	Q1	
	Complete the delivery of Uniform Case Management System	Q4	
	GGP update	Q4	

Corporate Development Directorate

- Corporate
- Governance
- Finance
- Housing Revenue Account (SHDC)

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S&ELCP – Corporate Development Directorate - Local

	Activity	Delivery timeframe	Status
South Holland District Council	Deliver LGA Peer Review	Q1	
	SharePoint migration (PSPS)	Q1	
	Server Infrastructure Refresh (PSPS)	Q2	
	Continue to deliver the SHDC Digital Programme outstanding pieces of work	Q3	
	Digital housing equipment offer (HRA)	Q4	
	Delivery of revised Sheltered Housing service offer (HRA)	Q4	
	Delivery of Social Housing Decarbonisation Fund: Wave 2.1 (HRA), which will improve energy efficiency of homes.	Ongoing	
	Roadmap through regulation (HRA)	Q2	
	HRA Business Plan (Narrative)	Q4	

Programme Delivery Directorate

- Strategic Projects
- General Fund Assets
- Housing Delivery

S&ELCP – Programme Delivery Directorate - Strategic

	Activity	Delivery timeframe	**Status**
Strategic	Establish and maintain new working relationships with Key partners including contractors, operators of facilities, procurement and joint funders.	Continued throughout 23/24	

Programme Delivery Directorate

- Strategic Projects
- General Fund Assets
- Housing Delivery

S&ELCP – Programme Delivery Directorate - Corporate

	Activity	Delivery timeframe	Status
Quick Wins:	Changing Places toilets completion of some sites	Q1	
	Delivery of some capital works	Q1	
	Land purchases	Q1	
	Sale of Holbeach depot	Q1	
	Purchase of homes	Q1	

Programme Delivery Directorate

- Strategic Projects
- General Fund Assets
- Housing Delivery

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S&ELCP – Programme Delivery Directorate - Local

Boston Borough Council	Implement the agreed 2023/24 planned maintenance programme	Ongoing	
	Implement all Asset Led Capital Schemes	Ongoing	
	Support the delivery of Towns Fund schemes	Ongoing	
	Review and renew all leases due for negotiation	Q4	
	Support the delivery of Changing Places Toilets	Q4	
	Strategic land review to identify potential housing site purchases	Ongoing	
	Review of Asset register to identify surplus sites for sale or income generation	Ongoing	
	Progressing Housing Delivery including the development of proposals and options	Q4	
	Develop a Play Areas Register	Q4	

Programme Delivery Directorate

- Strategic Projects
- General Fund Assets
- Housing Delivery

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S&ELCP – Programme Delivery Directorate - Local

			Status
East Lindsey District Council	Implement the agreed 2023/24 planned maintenance programme	Ongoing	
	Implement all Asset Led Capital Schemes	Ongoing	
	Support the delivery of Towns Fund schemes	Ongoing	
	Review and renew all leases due for negotiation	Q4	
	Support the delivery of Changing Places Toilets	Q4	
	Strategic land review to identify potential housing site purchases	Ongoing	
	Review of Asset register to identify surplus sites for sale or income generation	Ongoing	
	Develop a Play Areas Register	Q4	

Programme Delivery Directorate

- Strategic Projects
- General Fund Assets
- Housing Delivery

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S&ELCP – Programme Delivery Directorate - Local

	Activity	Delivery timeframe	Status
South Holland District Council	Implement the agreed 2023/24 planned maintenance programme	Q4	
	Implement all Asset Led Capital Schemes	Ongoing	
	Support the delivery of Towns Fund schemes	Ongoing	
	Review and renew all leases due for negotiation	Q4	
	Support the delivery of Changing Places Toilets	Q4	
	Strategic land review to identify potential housing site purchases	Ongoing	
	Review of Asset register to identify surplus sites for sale or income generation	Ongoing	
	Review of Garage Sites for Investment	Q4	
	Progressing the delivery and marketing of the South Lincolnshire FEZ to bring forward the development of the site	Ongoing	
	Progressing Housing Delivery including South Holland Homes, Welland Homes and HRA Investments	Ongoing	
	Progress the purchase of identified sites	Ongoing	
	Progress the sale of Holbeach Depot	Q1	
	Develop a Play Areas Register	Q4	
	Progress a new park and play area at Moulton	Ongoing	

Growth Directorate

- Economic Growth
- Strategic Growth and Development
- Planning and Strategic Infrastructure

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S&ELCP – Growth Directorate - Strategic

	Activity	Delivery timeframe
Strategic	Continue to lobby external partners and build the case for major investment into the transport network across the SELCP area, including road, rail, port and public transport investment - including delivery of agreed Scrutiny recommendations, and supporting the various Transport Boards across the Partnership – including the delivery of the A16 Levelling Up Fund improvements	Ongoing –A16 improvements Q4
	Delivery of agreed Scrutiny recommendations on public transport and rural mobility.	Q3
	To identify power, water and digital utility constraints across SELCP area and to work with partners and the private sector to secure investment in meeting the utility needs of the area and develop a strategy to address any challenges/opportunities - including work on Future Fens, Hydrogen and Micro Grid, and Broadband/5G – including influencing Greater Lincs SIDP	Ongoing - SIDP agreed by Q2
	To deliver the Town Deal Programme for Boston and East Lindsey.	Ongoing until 2025
	To further develop the relationship with Homes England, DLUHC and others to secure strategic investment into the SELCP area - in particular to support housing growth and delivery across small, medium and major sites.	Ongoing
	To support and influence the delivery of the UK Food Valley initiative - acting as a means to secure additional investment.	Ongoing
	Deliver a coordinated approach to the visitor economy and support the sector, through the Destination Strategy, working in partnership with the Destination Management Organisation.	Q3 and Ongoing
	Mobilise and deliver a programme of Government investment in conjunction with partners, including UKSPF Framework, Rural Prosperity Fund, National Portfolio of Organisation (NPO), etc.	Ongoing until 2026
	Actively seeking to support new investment opportunities, continued business growth and retention and engagement and networking to promote inward investment. Utilising tools and opportunities such as Local Development Orders to actively work with promoters/land owners to bring forward employment land and energy opportunities.	Ongoing
	Deliver a coordinated response to Nationally Significant Infrastructure projects across the Sub Region to maximise local and community benefits and support further investment – including Heckingon Fen / Viking CCS / Outer Dowsing.	Milestones throughout year for 23/24 submissions
	Deliver a targeted programme of place based and cultural led interventions underpinned by Vital & Viable Strategy based on Action Plans, and potentially expanded to Boston and South Holland	Q4
	Develop proposals for an enhanced business grant support programme across the partnership, to replace existing Grants4Growth scheme that operates across the partnership area	Q1

Growth Directorate

- Economic Growth
- Strategic Growth and Development
- Planning and Strategic Infrastructure

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S&ELCP – Growth Directorate - Corporate

Policy Alignment:	Planning Enforcement Policy Review	Q4	
	Regular engagement with civil servants and partners to ensure local and national policy alignment - DLUHC (Levelling Up), DCMS (DMO Review: ACE, HE, SE, VB/VE) and Midland Connect	Ongoing	
Shared Services:	Planning Partnership working (towards an aligned service)	Q4	
	Economic Growth Team (towards an aligned service)	Q4	
	Active engagement with wider organisation to support funding opportunities and maximising use of funding to achieve Partnership and Council ambitions	Ongoing	
Shared Learning:	Approach to First Homes - develop a partnership approach to securing and delivering First Homes through Section 106 obligations	Q4	
	Active engagement with wider organisation to support funding opportunities and maximising use of funding to achieve Partnership and Council ambitions - including supporting bidding from inception through to delivery	Ongoing	
	Extend Cultural Strategy to South Holland	Q2	
	Maintaining and exceeding KPIs/supporting housing and economic delivery - ensuring we create the conditions for investment and delivery	Ongoing	
Back office alignment:	Review of systems and establish areas for potential future alignment and explore funding opportunities for new systems e.g. GIS	Q4	
Other:	Further support alignment between Growth & Health objectives including delivery of projects such as Campus for Future Living, Castle Sports and PE21	Ongoing	
	Consider opportunities for and potential delivery of a shared Shop Front Design guide for the Partnership	Q4	
	Further support increased growth & diversity of education provision to improve skills offer across the Sub Region including through projects such as F1 in Schools (Q1) & Skills for Skools	Ongoing – F1 in Schools outcomes Q1	
	Maintain support for Affordable Housing delivery across the Partnership including exploring new delivery models and partners as well as direct delivery	Ongoing	

S&ELCP – Growth Directorate - Local

Growth Directorate

- Economic Growth
- Strategic Growth and Development
- Planning and Strategic Infrastructure

	Activity	Delivery timeframe	Status
Boston Borough Council	Continue to explore opportunities of delivering High Street Task Force (part of Vital & Viable programme) and Historic Place Panel recommendations	Q2	
	Engage proactively with Heckington Fen Solar Scheme (NSIP)	Q4	
	Continue to support Boston Alternative Energy Facility (BAEF) - facilitation of next steps following formal decision	Q3	
	Determination of application for Gilbert Drive/West 2 strategic allocation	Q3	
	Refinement of Levelling Up (LUF) projects and delivery strategy established, alongside further development of wider PE21 project	Q4	
	Boston Conservation Area & Management Plan review - to update appraisal and management plan	Q4	
	Haven Wharf (Creative and Media Village) - continue to engage with partners to identify opportunities for conversion and regeneration including potential funding streams	Q4	
	Boston Port - continued engagement and promotion of Sub Regional importance and partnership working through Port of Boston Gateway to Growth	Ongoing	
	Engagement with wider Working Group looking at the Boston-Peterborough Wetland Corridor	Ongoing	
	Continued delivery of the Quadrant and supporting the progression of Q2/South 6 allocation	Ongoing	
	Support the delivery of the Visitor Website for Boston	Q1	
	Continue to explore opportunities arising from Boston 400 Celebrations and undertaking scoping preparations	Q3	

Growth Directorate

- Economic Growth
- Strategic Growth and Development
- Planning and Strategic Infrastructure

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S&ELCP – Growth Directorate - Local

	Activity	Delivery timeframe	Status
East Lindsey District Council	Skegness Gateway - progression to delivery	Q3	
	Support BID transition and development of Coast visitor website – aligned to Destination Lincolnshire and Magna Vitae initiatives	Q2	
	Support development of Wolds Destination Management Plan action plan, and its alignment with Vital and Viable work	Q1	
	Refinement of Levelling Up (LUF) projects and development of delivery strategy	Q4	
	Theddlethorpe - continue to engage with NWS and wider stakeholders: support use of the Community Fund	Ongoing	
	Skegness Cultural Development Fund (CDF - Pier and Culture House) - delivery of actions following outcome of formal bid process	Q4	
	Preparation of revisions to Local Plan and submission to Government	Q4	
	Continue to engage with partners and facilitate regenerative opportunities such as Fantasy Island and Skegness Pier	Ongoing	
	Continue to assist with Neighbourhood Planning including Neighbourhood Plans for Skegness and Woodhall Spa and support local decision making in Horncastle	Ongoing	
	Continue to work with partners on Adaptive and Resilient Coastal Communities work and wider approach to flood risk (e.g. Humber strategy) including assisting with any actions arising	Q4 and Ongoing	

Growth Directorate

- Economic Growth
- Strategic Growth and Development
- Planning and Strategic Infrastructure

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S&ELCP – Growth Directorate - Local

	Activity	Delivery timeframe	Status
South Holland District Council	Continued delivery of the FEZ, including renewal of the existing LDO during 23/24, continued exploration of opportunities for expansion (including Phase 3) and delivery of the FEZ communications and engagement strategy	Q3 for LDO renewal	
	Spalding Western Relief Road - complete Section 5, supported by funds secured through Homes England	Q3	
	Progress strategy for the regeneration of the Chequers Yard, Holbeach	Q4	
	Progress the Spalding Town Centre Access group, to develop options and recommendations to bring to decision makers	Ongoing	
	Extension of the Town Centre Improvement Programme, and delivery of the existing initiatives within the programme (including NLHF bids, Arts Council bids, progression of plans for the 'gateway' public realm project)	Q1	
	Secure delivery of power and utilities for Holbeach and Long Sutton, to unlock planned growth (including Phase 2 of the FEZ)	Ongoing	
	Refinement of Levelling Up (LUF) project for Castle Sports Masterplan, and secure delivery strategy.	Q4	
	Continuation of delivery at Holland Park	Ongoing	
	Spalding and Holbeach Conservation Area - to update appraisal and management plan	Q4	
	Progress business engagement to explore scope for a more formalised business-led partnership in Spalding Town Centre	Q3	
	Clay Lakes and the Gateway - facilitating the delivery, working with landowners and investors	Ongoing	
	Support for funding and other opportunities to deliver visitor offer enhancements (e.g. Spalding Gentleman's Society and Chain Bridge Forge	Ongoing	

East Lindsey District Council
Budget 2023/24
Consultation Report
Published 13/02/2023

Introduction to this consultation

1. This report details the responses received for the Budget 2022/23 consultation undertaken between 27th January 2023 and 10th February 2023.

2. The exercise was performed to seek residents' views on the Council's Budget proposals for 2023/24.

Methodology

3. A media release was issued to local newspapers to promote the consultation and social media activity was ongoing throughout the consultation period.

4. A link to the electronic questionnaire was made available on the Council's website, shared regularly via the Council's Facebook, Twitter and LinkedIn pages and was included in the Council's e-Messenger. Paper copies of the questionnaire were available on request.

5. It should be noted that base data has been rounded to the nearest number (so may add up to between 99% and 101%). Where available this report details comparisons with the previous budget survey undertaken in 2022/23.

Response Rate

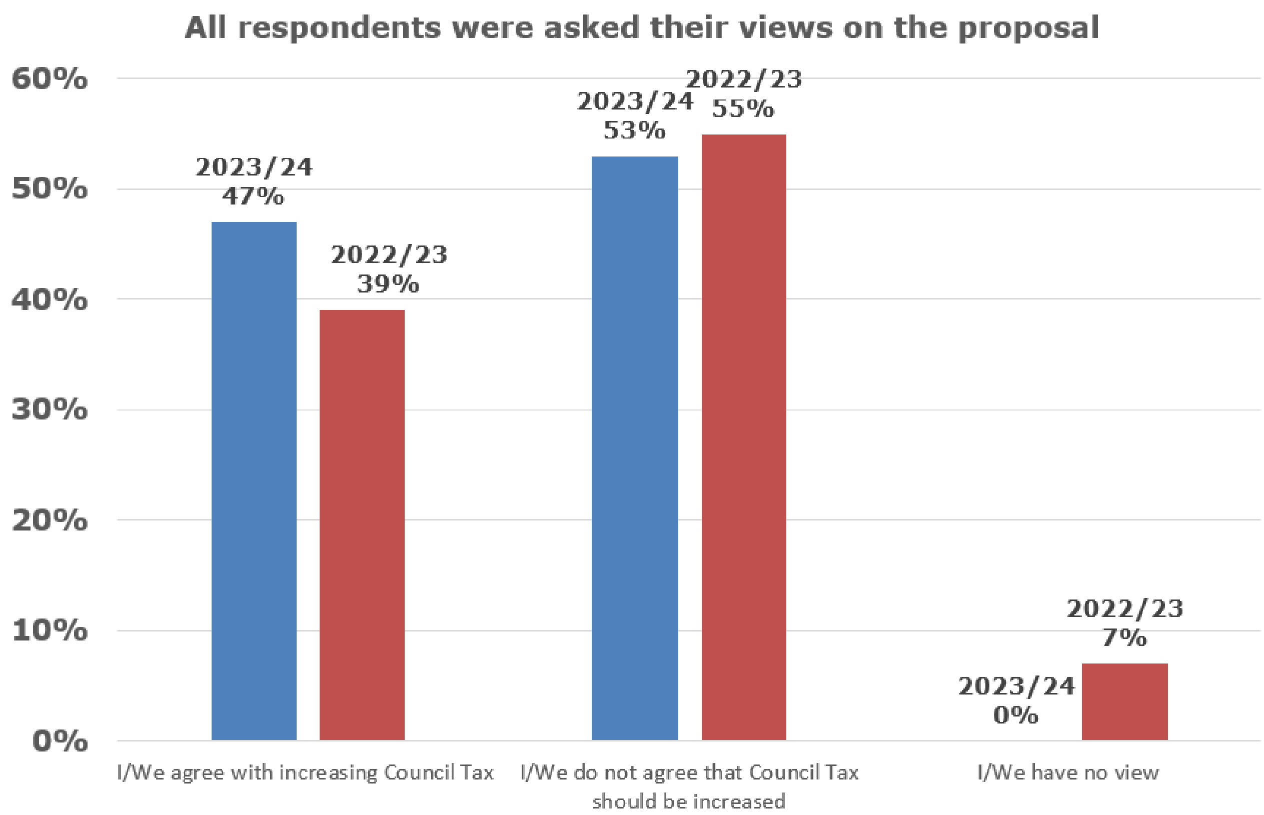
6. 68 electronic responses were received. An increase of 38 responses when compared with the previous year's budget consultation exercise undertaken in 2022/23.

Results and Analysis

7. 93% of respondents were residents, 1% responded from a business/organisation and 1% responded as 'other', listed as a holiday home owner. 4% of all respondents did not identify what they were responding as.

Council Tax

8. All respondents were advised that East Lindsey District Council's current Council Tax levy for a Band D property was £15.67 per month (based on 10 monthly payments). The Government was allowing the Council to put its Council Tax up by a maximum of £5 next year (based on a Band D property). The Council was therefore proposing a £4.95 (3.16%) increase for 2023/24 – an extra 10p per week for a Band D property. A 3.16% increase was proposed for all Council Bands. All respondents were asked their views on the proposal. The comparison chart below shows that 47% of all respondents agreed with increasing Council Tax to support the delivery of local services. This is an increase of 8% when compared to the previous consultation exercise undertaken in 2022/23 when 39% of respondents agreed with increasing Council Tax by £4.95 (NB. This was equated as a 3.37% increase).



9. All respondents were asked if they had any comments to make about the proposed budget and associated papers. Most comments referred to the current cost-of-living and that those residents could not afford the increase. There were some comments

about how the Council spends money, one respondent commented that the Council should not spend so much on consultants, whilst others commented that funds should be spent on essential services first. A full list of their comments is detailed below:

- The pressures on homes, businesses and ELDC are enormous. I understand all the reasons why council tax should be increased, but fear that many people will be unable to pay. I hesitate to leave this comment, because I don't have any suggestions on how we can move forward without increasing contributions.
- It seems very reasonable
- Please ensure funds are used on essential services and not on petty administration.
- If the Government can afford to chuck money at old decrepit buildings in the name of levelling up, why can’t it be spent on something worthwhile?
- Capital expenditure should be frozen or reduced, fewer buildings and cutback on staff and drive more efficiency
- The level of council tax is one of the highest in the country. The services that we get in this area are a fraction of what other areas get. We should not have to pay the level we are paying now, let alone, an increase!
- Budget for homelessness, would this include rehousing of asylum seekers in our county? Would this be funded directly by government funding? Is the council responsible for all homeless persons who happen to locate in Lincolnshire?
- That means a cut because inflation is much higher.
- Fuel costs for vehicles- should not assume increases, need to look at ways of making savings. We already see prices coming down & will continue to do so when this government gets its act together.
- We currently have a Cost-of-Living crisis, in particular with food prices (16% increase) and fuel (gas Electricity Heating oil) all at record levels. All councils seem to automatically think they can just increase taxes every year. Wrong how about going into the next year with the thinking that taxes are to be decreased. Save money, stop wasting money
- In view of the total budget for ELDC, I am completely 'mind-blown' by the unbelievable additional amount of money put into pensions to keep them afloat. This is the sort of financial stupidity that is normal in communist nations but is not acceptable practice.
- Is this proposed general increase to be added to the Police and Crime Commissioners proposed to increase the Police Budget by yet another 5%?
- I do Not think we should have to pay extra - we are already the highest in the area. The garden waste should do back to being part of the council tax. It would be good if you would consider a discount for us as we already do an awful lot of clearing up in our area without any payment of any kind.
- Cancel the contract for enviro-enforcement-it’s a waste of money and they do not even bother with local groups who already deal with the issues as volunteers and not even a certificate to show for it. These folk are no doubt on an expensive contract - Reduce our council tax by getting rid of unnecessary contracts and projects dreamed up by local councillors

- All benefits of Council Tax increases appear to have been spent so far on services/improvements at the East Coast and not inland. For example, the roads inland such as A158 (main road from Lincoln to the Coast (Skegness) is, in places in need or urgent repair. The road from Scamblesby to Louth (e.g.: Caulkwell Hill) is dangerous (near to the top)
- Any funding for additional funding for affordable housing, and education, training and wellbeing is welcomed. We are working in the heart of Mablethorpe with training education and wellbeing and delivering housing in Louth and other areas. Any opportunity to work more closely with you we welcome.
- The papers and budget require quite a high-level of accounting and budget knowledge - something easier to read and understand would be useful
- The money should be spent on essential needs of the public
- Very thorough.
- As I am approaching 76 years of age and my wife 81, we are at breaking point with the cost of energy plus the cost of living generally. In our working life of over some 50 years we were prudent and saved for our retirement so with our savings falling we are not able to increase our outgoings any further. We do not qualify for any benefits of any kind
- We fully appreciate that all local councils are having their budgets squeezed by Central Government whilst costs continue to rise. However, constantly increasing taxes, especially during a cost-of-living crisis, does nothing but continue to harm the tax and payer who is already finding it hard to make ends meet.
- Q1 does not seem to be the correct maths. £15.67x10 months???
- whilst as an individual I can ride the increase proposed I am fully aware of neighbours (without internet etc) cannot therefore without some form of means testing before applying such increases the risk of additional hardship and in the medium/longer term an increase of those forced to claim further state benefits.
- I believe we pay more than enough council tax already for very little services! You have had a brand-new office, yet we are expected to pay more? Added a new bin into our system and yet the driver has been seen on multiple occasions putting multiple waste into one lorry?
- Perhaps stop paying so much to consultants and put into frontline services?
- Times are financially challenging. We (individuals and organizations, businesses, companies) must accept that money doesn’t grow on trees. Individuals cannot keep paying more and more to organizations, businesses, and companies. Individuals most also accept that if council tax payments aren’t increased some plans will have to change

Cost of Living and Financial Pressures

10. All respondents were advised that in view of the cost-of-living crisis and financial pressures that both individuals and businesses are experiencing, the Council is looking to find different and innovative ways of working. All respondents were asked what changes they think the Council could implement to support this. 30 comments were made which are listed below:

- I believe the council should be supporting any business taking on full time employees by expanding transferable skill sets such as first aid and health and safety
- Make it easier to contact EL Officers directly, going through customer services wastes a lot of time and often they are unable to help.
- Stop moving offices.
- Fewer staff
- There are many holiday caravans which can pay more to council for the resources they use. Increase their rates or impose a holiday tax
- Surely that is what you are paid for!
- Stop putting bills up of those that work hard but can't claim any help and are living on the breadline when mortgages and utility bills are going through the roof!
- Save energy costs by turning off street lighting during late night early morning. Reduce grass cutting and spraying, this will also support nature and the environment. Campaign for residents to take time and care in the community, doing their bit with community projects which will support the community and the environment
- Sack 20% of the workforce and be as productive as the private sector must be to survive.
- Ensure staffing levels/ management positions are only at the level required to provide a quality service. Encourage community groups to carry out tasks that can be done on a voluntary basis.
- Have a good look at the management structure and get rid of those with fancy job titles but who are not worthwhile.
- Stop paying yourselves such high wages
- All councils seem to automatically think they can just increase taxes every year. Wrong how about going into the next year with the thinking that taxes are to be decreased. Save money, stop wasting money, improve efficiencies, become more efficient. Save money and cut taxes just for once.
- Stop paying out huge amounts of money to support stupidly high pension pots. Nearly half of all ELDC income over the last two years has gone into pensions. Mindboggling!
- Stop wasting money on proposals to alter the way people vote in elections - the I.D. issue
- Stop allowing certain councillors money for vanity projects that are just not needed - i.e. The Broadway Car Park -a total waste of half a million!!!!
- Change our local town councillors who are adept at wasting money.
- To allow free car parking in Horncastle (and other town centre car parks within ELDC) during the Christmas Period.
- Do not put council tax up
- ELDC is an innovative council, we support them and would like to work more closely with them at a strategic and delivery level.
- Ensure that planning permission is only given to ecologically sound housing developments. Solar panels to be fitted as standard to roofs facing the right way. Incorporate water-harvesting devices. All new homes to include a water butt if there is a garden. High degree of insulation. These should be mandatory.

- I think more emphasis could be placed on recruiting volunteers. With many people not working, but still competent to carry out tasks, these benefits both the council and the individuals.
- Stop wasting money on non-essential work & projects
- Look very carefully at office spaces to minimise energy use. For example, open plan spaces make it difficult to localise heat where it is of most benefit (this is a domestic issue too).
- Be more proactive in repairing damaged roads i.e., potholes, during the past couple of years instead of completing extensive works we have had numerous workers carry out poor maintenance across Hunters Lane in Tattershall.
- Resist quick fix false economies! By way of example, the recent parking charges imposed on beach side car parks in CSL have resulted in numerous acts of vandalism to payment signs. Each time requiring large sums of money to replace or repair. Considering this and the cost in employing enforcement officers has this really been a cost-effective exercise
- Stop printing and mailing letters - it should be ALL electronic apart from those with accessibility difficulties. Stop plastic stickers for green bin - the driver should have an app with projected route and customer addresses to go by. Have more coding and IT courses that reflect industry demand - this needs to be massively improved.
- Stay as they are!
- Have a holiday tax for those visiting our seaside towns for a week or more.
- Are you responsible for roads/roadworks/road repairs? If so, collect the signs, diversion signs etc that get left after jobs, littering the countryside, and costing the taxpayer.

11. All respondents were given the opportunity to provide any other comments; a full list of these is detailed below:
    - The planning and technical services departments need re-organisation. It is very difficult to contact officers to get issues resolved. I have had an ongoing footway light issue for over 2 years with no sign of a successful resolution and a total lack of consultation, even our ward councillor cannot get answers.
    - In Mablethorpe we are forgotten. We have very little medical resources and dentist perhaps it’s about time you look after the people you tax. Ps What’s happened to the new leisure centre?
    - It’s time to REDUCE our council tax.
    - Business rates should be examined & revised or even scrapped Free parking would attract more shoppers into town & so, indirectly, pay for itself.
    - Money should be spent on road repairs, up grading sewage system especially in Holton Le Clay as the village has really grown and sewage system needs to be up graded to accommodate the rise in housing and population.
    - When you go to a restaurant, pub or large shop, expecting perhaps to spend a quite a bit of money, you would be surprised and put off finding that you had to pay to use the toilet, or pay to use the car park. Making these conveniences free to use is a sensible commercial strategy.

- I understand the pressures the Council are under because of the cost-of-living crisis but so are we as residents especially elderly people who cannot increase their income like the local authority to cover whatever basic bills. I doubt very much that my comments will be taken seriously with you going ahead with your proposed 3.16% increase in April
- Skegness has many elderly residents and reliant on seasonal work. It is heavily dependent on the income that comes from our Holiday visitors. Nothing should be allowed to happen that reduces the attraction of Skegness.
- Stop having lots of bins - create a community shared bin disposal area. Large industrial bins at different points or copy Liverpool's concept for waste. Increase opening times for waste disposal sites AND make it cost a pound for everyone including businesses. That way, all will use more frequently and reduce fly tipping.