

Appendix A



ELDC Budget 2025/26

Key Dates

- S151 review/SLT review/PFH briefing
- 28th January 2025 – Overview Committee (Budget Scrutiny)
- 29th January 2025 – Audit & Governance – (Risks)
- 12th February 2025 – Executive Board Briefing
- 20th February 2025 – Executive Board
- 5th March 2025 – Full Council

Budget Progress 2025/26

- Draft settlement 19th December 2024
- IDB funding expected, asking for more
- NNDR1 outstanding 31st January 2025
- IDB Levies – final position early February
- PSPS Contract 10%
- S113 charges being finalised
- Council Tax Base 2% increase
- £4.95 is built in
- Consultation underway.
- Core Spending Power flat but real reduction in grant

Core Spending Power 2025/26

East Lindsey DC					
Core Spending Power	2023-24	2024-25	2025-26	Change	
	£ millions	£ millions	£ millions	£ millions	%
Settlement Funding Assessment	7.691	8.006	8.111	0.105	1.3%
Compensation for under-indexing the business rates multiplier	1.087	1.342	1.414	0.072	5.4%
Council Tax Requirement excluding parish precepts	7.496	7.867	8.202		4.3%
New Homes Bonus (incl. returned funding)	0.378	0.434	0.635	0.201	46.2%
Rural Services Delivery Grant	0.779	0.902		(0.902)	(100.0%)
Services Grant (incl. former 2016/17-2017/18 transition grant)	0.249	0.043		(0.043)	(100.0%)
Recovery Grant			0.586	0.586	
Grants rolled in	0.021	0.021		(0.021)	(100.0%)
Funding Floor (incl. former Funding Guarantee and Lower Tier Services Grant)	0.888	0.998	0.665	(0.334)	(33.4%)
Domestic Abuse Safe Accommodation Grant	0.034	0.034	0.035	0.000	1.3%
Core Spending Power Total	18.622	19.648	19.649	0.000	0.0%
Revenue Support Grant	1.310	1.396	1.441		
Total	19.932	21.044	21.090	0.045	0.22%
				(0.335)	

Grant Settlement 2025/26

- Provisional Settlement received 19th December, final early February
- Business Rates Retention & Fair funding review now planned
- Future funding arrangements uncertain, NHB review being undertaken
- IDB representations will be made in consultation

	Actual	Actual	Provisional	Movement	%
	2023/24 £'000	2024/25 £'000	2025/26 £'000		
Revenue Support Grant	(1,310)	(1,396)	(1,441)	(45)	3%
Rural Services Delivery Grant	(779)	(902)	0	902	Ends
Services Grant	(249)	(43)	0	43	Ends
Recovery Grant	0	0	(586)	(586)	New
Funding Guarantee	(888)	(998)	(665)	333	-33%
Total Received	(3,226)	(3,339)	(2,692)	647	-19%

LG Finance Policy Statement

- Recovery Grant - £600m targeting greater need and demand/less ability to raise income
- Review of funding announced
- Reset – announced
- Consultation and engagement:
- Objectives and Principles alongside the settlement (issued 19th December)
- Re-set of business rates early 2025
- Detailed plan for financial reform ahead of the provisional settlement and a multi-year settlement 2026/27.

Collection Fund

Key points and assumptions:

- Estimated 2% annual growth in tax base (from 47,222 to 48,166) – £396k
- £4.95 annual increase in Band D charge (£166.59 to £171.54) capped at 3% or £5 whichever is higher.
- Business Rates yield assumptions still to be finalised:
 - Review of provisions
 - Additional growth expected
 - National Non-Domestic Rates (NNDR1) 31st January 2025 deadline

Budget Pressures & Risks

- Pay (budgeted at 3.0%) and Pensions costs
- Reduction in investment income
- IDBs – government conversation ongoing
- Contract costs including PSPS, MV
- Benefits costs
- Bad debt provisions
- Business Rates
- Homelessness
- Waste Services (cost of food implementation)

Improvements built in and further opportunities

Included in the budget:

- SELCP savings
- Investment Income
- Fuel cost reduction
- Business Rates improvement
- Fees and charges

Further Opportunities:

- Internal Drainage Board conversation
- Asset Development opportunities
- Contract review opportunities
- Service reviews
- Driving economic growth to create business rate yield
- Reserves – Investment/Corporate Reserve, Decarbonisation, invest to save, Market Towns and Rural support, Economic Growth and supporting the delivery of Affordable Housing

Fees & Charges

- National charge /statutory charge increases.

Budget Area	2024/25 £'000	2025/26 £'000
Building Control Fees	(445)	(467)
Planning Fees (including pre-planning advice)	(1,374)	(1,374)
Car Parking Income	(3,221)	(3,389)
Market Stall Fees	(100)	(100)
Kingfisher Caravan Park	(1,086)	(1,186)
Waste Services	(1,728)	(1,796)
Commercial property rental income	(2,484)	(2,438)
Sales, Fees and other Direct Income	(4,452)	(4,327)
TOTAL	(14,889)	(15,077)

Capital Programme 2025/26 – 2029/30

Scheme	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
Capitalised Planned Enhancements	265	370	190	293	-	1,118
Car Park Resurfacing	250	250	250	250	250	1,250
Disabled Facilities Grants	2,517	2,517	2,517	2,517	2,517	12,585
Community Housing Fund	-	645	-	-	-	645
3G Football Pitch	160	-	-	-	-	160
IT Investment	202	429	769	100	100	1,600
Neighbourhoods Vehicles	69	225	5,117	-	-	5,411
Sustainable Warmth	6,268	-	-	-	-	6,268
CDF – Phase 2	117	-	-	-	-	117
CDF – Pier Transformation	149	-	-	-	-	149
Environmental Health	40	40	40	40	40	200
Local Authority Housing Fund	2,899	-	-	-	-	2,899
Solar PV for Horncastle Hub	341	-	-	-	-	341
Uniform	325	-	-	-	-	325
Affordable Housing Commuted Sum	1,000	-	-	-	-	1,000
Total Projects (Excl Towns Funds, UKSPF & LUF)	23,792	14,602	4,476	8,883	3,200	34,068
Towns Fund – Skegness Town Centre Transformation	122	-	-	-	-	122
Towns Fund – Skegness Learning Campus	3,506	-	-	-	-	3,506
Towns Fund – Mablethorpe Campus for Future Living	267	-	-	-	-	267
Total Towns Fund	3,895	-	-	-	-	3,895
LUF: Spilsby Sessions House	3,699	415	-	-	-	4,114
LUF: Alford Manor House	1,396	157	-	-	-	1,553
LUF: Alford Windmill	677	76	-	-	-	753
Total LUF	5,772	648	-	-	-	6,420
Total Approved	24,269	5,124	8,883	3,200	2,907	44,383

Capital Programme 2025/26 – 2029/30

Scheme	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Total £'000
New Bids						
Air Quality Monitoring	10	-	-	-	-	10
Portable CCTV	7	-	-	-	-	7
Broadway & Colonnade Car Park	1,500	-	-	-	-	1,500
IT Investment	-	-	-	123	511	634
Surf Rakes	164	-	-	-	-	164
Neighbourhoods Vehicles	85	(120)	(101)	470	-	334
Capitalised Planned Enhancements	-	-	-	-	300	300
Total New Bids	1,766	(120)	(101)	593	811	2,949

Total Draft Capital Programme	26,035	5,004	8,782	3,793	3,718	47,332
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Funded by:						
Internal Borrowing	(2,400)	(886)	(6,055)	(1,136)	(1,061)	(11,538)
External Grants	(20,111)	(3,165)	(2,517)	(2,517)	(2,517)	(30,827)
Capital Reserve	(341)	-	-	-	-	(341)
Capital Receipts	(252)	-	-	-	-	(252)
S106s	(1,000)	-	-	-	-	(1,000)
Other Reserve	(1,931)	(953)	(210)	(140)	(140)	(3,374)
Total Funding	(26,035)	(5,004)	(8,782)	(3,793)	(3,718)	(47,332)

Other Reserve Breakdown						
Housing	-	(645)	-	-	-	(645)
Repair & Replacement	-	(208)	(110)	(40)	(40)	(398)
Economic Growth	(1,931)	(100)	(100)	(100)	(100)	(2,331)
	(1,931)	(953)	(210)	(140)	(140)	(3,374)

Treasury Management

Key points/assumptions:

- Investment income is forecast to be £2.401m in 25/26 (£2.201m net of property fund manager fees).
- This is based on average Investment Balances of £52m and an overall return on investments of 4.10%.
- The lower returns are mainly due to decreased investment balances as a result of capital expenditure and reduced rates of return averaging 4.10%.
- Impact of the Statutory override being removed for 2025/26 c£200k as of 30th November 2024.
- Property Funds returns are forecast to be 4%. Exit strategy for property funds (capital) and revenue funds over the mid-term.
- 25/26 MRP impact of property funds £58k
- The focus remains on internal borrowing (utilising cash balances) for relatively short-term requirements.

Reserves

Table 3 - Specific and General Reserves Balance Forecast Outturn

Reserve	Balances at	Balances at	Balances at	Balances at	Balances at	Balances at
	31st March 2025	31st March 2026	31st March 2027	31st March 2028	31st March 2029	31st March 2030
	£'000	£'000	£'000	£'000	£'000	£'000
Investments Volatility Reserve	1,009	1,009	1,009	1,009	1,009	1,009
Economic Growth Reserve	2,808	877	777	677	577	477
Business Rates Volatility Reserve	5,795	5,795	5,795	5,795	5,795	5,795
Property Fund Reserve	175	175	175	175	175	175
Housing Reserve	2,088	2,283	1,638	1,638	1,638	1,638
Repairs and Maintenance Reserve	160	64	10	54	168	282
Carbon Reduction Reserve	704	505	505	505	505	505
Insurance Reserve	807	747	687	627	567	507
Capital Reserve	1,154	813	813	813	813	813
Service Transformation Reserve	671	722	787	607	672	737
Legal and Appeals Reserve	701	701	701	701	701	701
Technology Reserve	435	503	571	639	707	775
Corporate Priorities (Investment) Reserve	11,858	16,232	20,606	25,035	29,464	33,893
Wellbeing Reserve	334	640	640	640	640	640
Climate Change Reserve	481	481	481	481	481	481
Specific Reserves Total	29,180	31,546	35,194	39,395	43,911	48,427
General Fund	1,822	1,822	1,822	1,822	1,822	1,822
Total	31,002	33,368	37,016	41,217	45,733	50,249

- £10m commitment regards ELIP on 'Corporate Priorities (Investment) Reserve' not factored in to balances currently awaiting further detail on the scheme.

Efficiencies Requirement

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Budget Savings Requirement	0	592	693	211	913	324
IDB Savings Requirement	1,370	1,823	2,105	2,400	2,710	3,036
Total Requirement	1,370	2,415	2,797	2,612	3,624	3,361

Assumes £492k of the £1.639m submitted as growth is approved

Budget Position Considerations

- Business Rates – NNDR 1
- Pooling gain
- Smoothing by reserves – Property Funds
- EPR payment £1.6m
- Investment income
- Housing benefits changes
- Fees and charges
- Service Reviews
- Capitalisation of salaries
- PSPS Transformation Plan
- Vacancy allowances

S151 – S25 Statement

- New appendix to the budget report
- Statutory requirement previously embedded
- In light of significant funding challenges and changes has now been enhanced
- Key areas of risk: IDB strain, Future funding reductions, Investment Income, Service changes, Business rate reset
- Very challenging looking forward.

Consultation Response

- 51 responses (last year 37)
- More generic approach taken may have increased response rate?
- 94% residents
- Quite a few comments and suggestions made
- 20% were aware of the IDB pressure in the Councils Budget
- 73% were aware of the Councils CTSS scheme
- Further suggestions made are listed in detail in the consultation response

Future Matters looking forward

2026/27

- Business rate reset
- Multi-year settlements
- IDBs
- Investment income and disinvestment property funds
- Further Pay pressures – 3%/2.5%
- PSPS contract increases
- Leisure procurement
- EPR payments and Food Waste support

RISK REVIEW

QUESTIONS

