

# AGENDA SUPPLEMENT



- Committee - **JOINT PERFORMANCE MONITORING  
PANEL AND POLICY DEVELOPMENT  
PANEL**
- Date & Time - Thursday, 25 January 2024 at 6.30 pm
- Venue - Council Chamber, Council Offices, Priory Road,  
Spalding

**Membership of the Joint Performance Monitoring Panel and Policy Development Panel:**

Councillors: B Alcock, D Ashby, J Avery, P Barnes, A C Beal, M D Booth, C J T H Brewis, N Chapman, S Chauhan, L J Eldridge, M Geaney, R A Gibson, A Harrison, M Hasan, S Hutchinson, J L Reynolds, J Le Sage, M Le Sage, G P Scalese, S-A Slade, T Sneath, J Whitbourn, D J Wilkinson and A R Woolf

**Quorum 9.**

Persons attending the meeting are requested to turn mobile telephones to silent mode

Democratic Services  
Council Offices, Priory Road  
Spalding, Lincs PE11 2XE

Date: 18 January 2024

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## **AGENDA**

4. Budget Overview 2024/2025 - 2028/29 – (Pages 5 - 50)  
To scrutinise the draft General Fund and Housing Revenue Account revenue and capital budgets for 2024/25 (report of the Deputy Chief Executive – Corporate Development (s151) enclosed)



<b>REPORT TO:</b>	Joint Performance Monitoring Panel and Performance Development Panel
<b>DATE:</b>	25th January 2024
<b>SUBJECT:</b>	Budget Overview 2024/25 – 2028/29
<b>PURPOSE:</b>	To scrutinise the draft General Fund and Housing Revenue Account revenue and capital budgets for 2024/25
<b>KEY DECISION:</b>	<i>N/A</i>
<b>PORTFOLIO HOLDER:</b>	Councillor Paul Redgate
<b>REPORT OF:</b>	Christine Marshall, Deputy Chief Executive Corporate Development
<b>REPORT AUTHOR:</b>	Colleen Warren – Head of Finance (Client)
<b>WARD(S) AFFECTED:</b>	All
<b>EXEMPT REPORT?</b>	<i>No</i>

## SUMMARY

Attached to this report is the draft detail of the 2024/25 budget, the 5-year Medium Term Financial Strategy (MTFS) from 2024/25 to 2028/29.

The report also includes the recommended level of Council Tax for 2024/25.

The proposed budget shows that efficiencies will be required to support the short and medium-term financial strategy (MTFS).

The Joint Panel are asked to scrutinise the attached draft budget and to provide comment and feedback to Cabinet.

## RECOMMENDATIONS

*It is recommended:-*

1. *The Draft Budget and Medium Term Financial Strategy for the period 2024/25 – 2028/29 is scrutinised by Joint Performance Monitoring Panel and Performance Development Panel and feedback is provided to Cabinet on 13<sup>th</sup> February 2024 when they consider these documents as part of the budget report.*

## REASONS FOR RECOMMENDATIONS

*To comply with the budgetary and policy framework and legislative requirement.*

## OTHER OPTIONS CONSIDERED

*It is best practice to consult with scrutiny as part of the budget setting process. No other options were considered.*

## 1. BACKGROUND

- 1.1 The attached Budget Report and Financial Policies set out the Council's Revenue and Capital Budgets for 2024/25, the MTFS to 2028/29 and associated financial strategies.
- 1.2 The preparation of the budget for 2024/25 has been a detailed process involving officer review and the attached appendices reflect the latest known position.
- 1.3 The draft Local Government Settlement announced on 18th December 2024 provided additional detail of continuing and additional one-off support to councils including confirmation of allocations of Revenue Support Grant (RSG), Rural Services Delivery Grant (RSDG), New Homes Bonus and Minimum Funding guarantee.
- 1.4 The report below sets out the basis for draft budget and MTFS for the next five years and assumptions used in its development.

## 2. KEY BUDGET PRESSURES

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

- The pay award for 2023/24 was agreed November 2023. For 2024/25 a 3.5% increase has been assumed, with this moving to 3% for 2025/26 and then 2.5% from 2026/27 onwards.
- Pension contributions will be 23.8% in 2024/25 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 current Bank of England base rates and the forecasts provided by our external treasury advisors.

- Electricity and gas costs have been based on 2023/24 actuals and current contract prices. Vehicle fuel costs have been based on 2023/24 actuals and current fuel prices.
- 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 such items as: increased demand for homelessness support and its associated subsidy implications, external audit fees and the PSPS contract increase.

### 3. COUNCIL TAX AND BUSINESS RATES

- 3.1. 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 SHDC, in 2024/25 this is a £6.03 (3.09%) per annum increase (for band D properties). This will generate additional income of £268k and the increase is reflected through the life of the MTFS.
- 3.2. The tax base projections for 2024/25 indicate growth of 435 band D equivalent properties (1.5%). Future growth has been projected at 1.5%.
- 3.3. 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 economic impacts and changes in Government Policy.
- 3.4. In order to manage and review this important income stream and the changes within it regular review meetings are taking place internally. There have been changes which need further and detailed consideration in terms of growth and appeals.

### 4. LOCAL GOVERNMENT SETTLEMENT

- 4.1. The provisional local government settlement delivered on 18<sup>th</sup> December 2023 has provided the following support:

Local Government Settlement Information	South Holland District Council		
	2023/24 Settlement	2024/25 Settlement	Difference 23/24-24/25
	£'000	£'000	£'000
Revenue Support Grant	(424)	(452)	(28)
Rural Services Delivery grant	(187)	(187)	0
Service Grant	(135)	(21)	114
<b>Sub Total</b>	<b>(746)</b>	<b>(660)</b>	<b>86</b>
Funding Guarantee (3%)	-260	-716	(456)
<b>Sub Total</b>	<b>(1,006)</b>	<b>(1,376)</b>	<b>(370)</b>
New Home Bonus	(918)	(547)	371
<b>Total Funding</b>	<b>(1,924)</b>	<b>(1,923)</b>	<b>1</b>

4.2. The 2024/25 local government finance settlement is for one year only. 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.

## 5. INTERNAL DRAINAGE BOARDS

5.1. Internal Drainage Board (IDB) levy figures have been estimated and are 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 2024/25 cost is £3.4m and the increases ranging from 8% to 20%.

5.2. 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. 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.

5.3. The table below illustrates this point clearly. IDB levy will consume all the Council's proposed increase for 2024/25 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 2024/25	Total IDB levy per year 2024/25	Increase 2024/25	Council Tax 2024/25 Increase £6.03	Increase from 2021/22 to 2024/25
South Holland District Council	£6.143m	£3.447m	£279k	£268k	£823k (31%)

5.4. 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 and a Special Interest Group has been set up to lobby Government on this matter. Meetings with DLUHC have now taken place and will continue and we await a response on this key issue.

## **6. CAPITAL PROGRAMME**

6.1. The capital programme included in Appendix 1, is subject to final additions and other announcements that may be received by the time of publication. A final version of the programme will be presented to Council on 29<sup>th</sup> February 2024 for approval.

6.2. The five year General Fund Capital Programme includes provision for Investment and Growth linked to the Councils Strategic objectives, mainly funded through grant funding from Levelling Up Funds, Disabled Facilities Grants, and UKSPF. The main areas of continued investment are:

- South Holland Health and Wellbeing Hub
- Disabled Facilities Grant
- IT Systems
- Asset Improvements
- To support Grant Funding bids.

6.3 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 Cabinet and Council.

## **7. RESERVES**

7.1. General Fund Specific Reserves are budgeted to reduce by £286k in 2024/25, this is predominantly due to fund the Capital Programme which has seen slippage on some of the larger schemes. This figure will be adjusted once the outturn for 2023/24 is known.

## **8. BALANCING THE BUDGET AND OTHER PROPOSED CHANGES**

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

### **Short Term**

- Service Reviews planned.
- 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.
- Commercialisation/opportunities.
- Alternative service delivery.
- Reviews of fees and charges in light of inflationary increases in costs, where appropriate.
- Reviewing all assets to maximise income and efficiency of use.

- 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.
- Delivering and supporting economic growth

8.2. Detailed efficiency and transformation plans are being put together for members consideration and it is proposed that a Working Group be established to provide oversight and steer to support this process and the delivery of the finance required to ensure the budget remains balanced.

8.3. In order to facilitate delivery and to align constitutions across the SELCP in addition to providing administrative ease for implementation of funding streams it is proposed that some changes are made as part of the budget setting decision making process .

8.4. It is also proposed due to continued significant inflationary pressures, to include an annual RPI uplift for all fees and charges, where applicable.

## **9. HOUSING REVENUE ACCOUNT**

9.1. Rent increases are set at CPI + 1%, equal to 7.7% for 2024/25. The Council is expected to have 3,739 HRA dwellings and 50 Shared Ownership properties (31.95 equivalent properties) at 1st April 2024 with an average weekly rent of £87.01 (on a 52-week basis). The budget includes an assumed rent loss of 1% for void properties, 1.5% for bad debts, and a rent loss from selling 25 homes per annum under Right to buy.

9.2. Staff pay and inflation continue to be key budget pressures for HRA.

9.3. The General HRA Reserve is budgeted to reduce by £4.5m in 2024/25, this is predominantly due to funding new acquisitions. Total HRA reserves balance expected to be £18.5m by the end of 2024/25, this figure will be adjusted once the outturn for 2023/24 is known.

9.4. The HRA five year capital programme included in Appendix 1, the main areas of continued investment are:

- Decent Homes
- Affordable Homes
- Major adaptations

## **10. CONCLUSION**

10.1. Members of the Joint Panel are asked to review the attached budget and financial policies and provide feedback to Cabinet prior to the finalisation of the budget and MTFs for 2024/25 to 2028/29.



## **EXPECTED BENEFITS TO THE PARTNERSHIP**

This report enables South Holland District Council to consult on its budget the level of Council Tax for 2024/25.

## **IMPLICATIONS**

### **SOUTH AND EAST LINCOLNSHIRE COUNCILS 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 SHDC 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.

## **WORKFORCE CAPACITY IMPLICATIONS**

*Contained within the budget that is being set.*

## **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**

*Contained within the 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

**DEFRA** - Department for Environment, Food & Rural Affairs

**DLUHC** - Department for Levelling Up, Housing and Communities

## APPENDICES

Appendix A - Cabinet Budget Setting Report 2024/25 – 2028/29

## BACKGROUND PAPERS

*None*

## CHRONOLOGICAL HISTORY OF THIS REPORT

*Cabinet 17<sup>th</sup> January 2024.*

## REPORT APPROVAL

Report author:	Colleen Warren (Head of Finance – Client) and Lizzie McGrath (Strategic Finance Manager)
Signed off by:	Christine Marshall, Deputy Chief Executive Corporate Development <a href="mailto:Christine.Marshall@sholland.gov.uk">Christine.Marshall@sholland.gov.uk</a>
Approved for publication:	Councillor Paul Redgate, Portfolio Holder Finance, Commercialisation, UKSPF and Levelling Up.



**SOUTH HOLLAND DISTRICT COUNCIL**

**REPORT OF PAUL REDGATE, Portfolio Holder Finance, Commercialisation, UKSPF and  
Levelling Up  
(Authors: Christine Marshall (Deputy Chief Executive Corporate Development s151))**

**DRAFT BUDGET SETTING REPORT - 2024/25-2028/29 – FOR CONSULTATION**

## FOREWORD TO THE BUDGET FROM COUNCILLOR PAUL REDGATE – PORTFOLIO HOLDER FOR FINANCE

The creation of next year's budget has been extremely 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, however, the concerns remain significant and into the short and medium term.

South Holland District Council remains sovereign in terms of its constitution and budget as do the Councils we partner with and our SHDC 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.

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

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 and fuel costs having been experienced. Representations to government have been made and continue to be made due to the substantial loss of income to the Council.

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

A series of short and medium term mitigations have been identified to balance the budget and these will be detailed further once the final budget for 2024/25 is produced.

The Council has maintained a capital resource base commensurate with our capital delivery ambitions. The Budget for 2024/25 proposes:

- A Council Tax increase of £6.03p per year (for Band D homes this is equivalent to 11.6p 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.



Councillor Paul Redgate, Portfolio Holder for Finance

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**Appendices:-**

**1 – Revenue Budget and Medium Term Financial Strategy Summary**

**2 – Capital and Treasury Management Strategy**

**3 -Treasury Management Policy and Investment Strategy**

**4 – Fees and Charges 2023/24**

**5 – South and East Lincolnshire Councils Partnership Annual Delivery Plan 2023/24**

**6 – Pay Policy Statement**

**7 - Consultation Report**



## EXECUTIVE SUMMARY

	2023/24	2024/25
SHDC Precept	£5.831m	£6.098m
Council Tax Increase	£5.76	£6.03
Council Tax Band D	£195.39	£201.42
Government Funding	£1.924m	£1.923m
Retained Business Rates used to support budget	£6.942m	£5.877m
Spalding Special Expenses	£25.47	£25.83
Reserves	£2.6m	£2.6m
Capital Programme (General Fund)	£24.2m	£32.8m

## 1. INTRODUCTION

- 1.1 This Appendix sets out the draft combined 2024/25 budget estimates and Medium Term Financial Strategy (MTFS) for the period 2024/25 to 2028/29 for the Council's General Fund and Housing Revenue Account. 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 and includes both the General Fund and the Housing Revenue Account Budget.
- 1.3 This Appendix sets out:
- The Council's Medium Term Financial Strategy for the period 2024/25 to 2028/29.
  - The 2024/25 General Fund Revenue Budget & Financing.
  - The General Fund Reserves Position.
  - The General Fund Capital Programme and Financing.
  - The 2024/25 Housing Revenue Account (HRA) Revenue Budget.
  - The HRA Reserves Position.
  - The HRA Capital Programme and Financing
  - Risks, key issues, sensitivity and monitoring.
  - Treasury management policy and investment strategy.
- 1.4 The unprecedented challenges faced through recent years have continued into 2023/24, with significant inflationary pressures. The government settlement delivered in mid-December for South Holland included New Homes Bonus (£547k) and 3% funding guarantee (£109k), Revenue Support Grant (£452k) and Rural Services delivery Grant (£187k).
- 1.5 In 2024/25 a budget is proposed that allows expenditure to be financed through the use of reserves in order to smooth the impact of the council's ongoing pressure, significant savings are required going forward as a result of increased inflationary costs and other cost pressures, including substantial pressure from the IDB levy. 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 South and East Lincolnshire Council's Partnership with its partners at East Lindsey District Council, Boston Borough Council and PSPS, whilst ensuring it maximises the income it receives.

## 2. BUDGET ASSUMPTIONS

### 2.1 Table 1 - assumptions which influence the 5 year financial strategy

Assumption	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Budgeted inflation <sup>1</sup>	0%	<b>0%</b>	0%	0%	0%	0%
Pay costs increase <sup>2</sup>	5%	<b>3.5%</b>	3%	2.5%	2.5%	2.5%
Full Time Equivalent Employees	298.3	<b>298.3</b>	298.3	298.3	298.3	298.3
Staffing levels <sup>3</sup>	96%	<b>96%</b>	96%	96%	96%	96%
Pension contribution rate applied to staff budgeted in pension scheme <sup>4</sup>	23.8%	<b>23.8%</b>	23.8%	23.8%	23.8%	23.8%
Pension contribution cash amount to fund deficit on scheme	£232,000	<b>£241,000</b>	£250,000	£250,000	£250,000	250,000
Return on cash investments <sup>5</sup>	4.40%	<b>4.70%</b>	3.20%	3.00%	3.25%	3.25%
Utility cost rises <sup>6</sup>	150%	<b>0%</b>	0%	0%	0%	0%
Fuel cost rises <sup>7</sup>	25%	<b>0%</b>	0%	0%	0%	0%
Tax base increase <sup>8</sup>	1.52%	<b>1.50%</b>	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 East Lindsey District Council (see Section 7).

1. Although inflation does affect the price of supplies and services that the Council procures, because services are given cash limited budgets they have 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, we expect that contract costs will substantially increase on renew.
2. The nationally agreed pay award ended on 31<sup>st</sup> March 2023. An award for 2023/24 was agreed November 2023. For 2024/25 a 3.5% award has been assumed.
3. An annual General Fund saving in staff costs (£365k) is built into the budget (equivalent to 4% of the staff budget) due to anticipated staff vacancies during the year.
4. Based on the 2022/23 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. 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 2024/25.

5. These are the estimated returns on cash.
6. Utility costs in 2023/24 were inflated by 150% as a result of increased wholesale prices. For 2024/25 budget assumptions have been based on actuals for 2023/24 to rebase the budgets where needed to reflect actual spend.
7. Vehicle fuel costs were increased by 25% in 2023/24 due to national trends, fuel costs have now been rebased to reflect the current fuel costs and actuals from 2023.
8. The tax base projections for 2024/25 has provided for a growth of 435 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 Appendix 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 18 December 2023 the Local Government Finance Settlement 2024/25 was delivered. The papers included a continuation of New Homes Bonus for 2024/25 and the 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 Another one-year settlement, in addition to this announcement, makes planning the years from 2025/26 onwards very difficult as there is continuing uncertainty of funding and 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 2024/25 and provisional figures for 2025/26 through to 2028/29.

Table 2 – Business Rates

	Budget 2023/24 £'000	Estimate 2024/25 £'000	Draft 2025/26 £'000	Draft 2026/27 £'000	Draft 2027/28 £'000	Draft 2028/29 £'000
Retained Business Rates	(10,057)	<b>(9,988)</b>	(10,188)	(10,393)	(10,601)	(10,814)
S 31 Grants relating to Business Rates	(2,758)	<b>(2,760)</b>	(2,815)	(2,872)	(2,929)	(2,988)
Tariff	6,074	<b>6,195</b>	6,319	6,446	6,575	6,706
<b>Pre- levy income</b>	<b>(6,741)</b>	<b>(6,553)</b>	<b>(6,684)</b>	<b>(6,819)</b>	<b>(6,955)</b>	<b>(7,096)</b>
Levy payment to Lincolnshire Pool	385	<b>338</b>	345	352	359	366
Estimated (Surplus)/Deficit) on Collection Fund	(586)	<b>(169)</b>	0	0	0	0
<b>Net Retained Business Rates Income</b>	<b>(6,942)</b>	<b>(6,384)</b>	<b>(6,339)</b>	<b>(6,467)</b>	<b>(6,596)</b>	<b>(6,730)</b>
Net gain to SHDC from the Pool.	(578)	<b>(507)</b>	(517)	(528)	(538)	(549)
<b>Business rates used to support the budget</b>	<b>(6,364)</b>	<b>(5,877)</b>	<b>(5,822)</b>	<b>(5,939)</b>	<b>(6,058)</b>	<b>(6,181)</b>

Note: Business Rates yield assumptions are provisional and will be updated once the NNDR1 is complete.

- 4.4 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 economic impacts. 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

- 4.5 The MTFs assumes a Council Tax increase in line with the maximum allowed under the Local Government Settlement. In the case of SHDC for 2024/25 this is a £6.03 (3%) per annum increase (for band D properties). The increase is reflected through the life of the MTFs. See Table 3 below for the estimated changes in the tax base and council tax collected.

Table 3 – Council Tax

		2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
a	Council Tax Base (band D equivalents)	29,841	<b>30,276</b>	30,730	31,191	31,659	32,134
b	Council Tax band D (£.p)	£195.39	<b>£201.42</b>	£207.18	£212.94	£218.70	£224.46
	Annual Increase £	5.76	<b>6.03</b>	5.76	5.76	5.76	5.76
	Annual Increase %	3.04%	<b>3.09%</b>	2.86%	2.78%	2.70%	2.63%
c	Annual Council Tax collected(a x b) £	5,830,633	<b>£6,098,192</b>	£6,366,670	£6,641,831	£6,923,814	£7,212,762
	Annual Increase in Council Tax collected £	£256,838	<b>£267,559</b>	£268,478	£275,161	£281,983	£288,948
d	Surplus on the Collection Fund £	£39,587	<b>£45,110</b>	£0	£0	£0	£0
	<b>Gross Council tax (c + d) £</b>	<b>£5,870,220</b>	<b>£6,143,302</b>	£6,366,670	£6,641,831	£6,923,814	£7,212,762

- 4.6 The tax base for 2024/25 has been increased by 1.5% per annum. This is based on the latest projected house building trajectory.
- 4.7 Local Authorities are permitted to increase council tax by up to 3% or £5, whichever is higher, relating to the Relative Basic Amount (RBA). The RBA takes into account the total of the Council precepts plus Spalding Special Expenses, the table below demonstrates that the annual increase is within 3% threshold when considering the RBA.

Relative Basic Amount Calculation	2023/24		2024/25		Movement	
	Precept (£)	Band D (£)	Precept (£)	Band D (£)	£	%
SSEA	241,124.00	25.47	246,418.00	25.83	0.36	1.41%
SHDC	5,830,633.00	195.39	6,098,192.00	201.42	6.03	3.09%
<b>TOTAL - RBA</b>	<b>6,071,757.00</b>	<b>203.47</b>	<b>6,344,610.00</b>	<b>209.56</b>	<b>6.09</b>	<b>2.99%</b>
<b>Tax Base</b>						
SSEA	9,467		9,540		73	0.77%
SHDC	29,841		30,276		435	1.46%

### Spalding Special Expenses

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £000	2028/29 £000
Spalding Special Expenses	241	<b>246</b>	242	242	242	242

Note, the above budget is provisional and will be adjusted for final budget once all information is available.

### Table 4 – Precepting Authority Band D charges

Authority	Proposed Band D amount (£.p)	Increase over 2023/24 (£)	Increase over 2023/24 %
Lincolnshire County Council	TBC	TBC	TBC
Police and Crime Commissioner	TBC	TBC	TBC
South Holland DC	201.42	6.03	3%
Parishes (average)	TBC	TBC	TBC

\*TBC – will be confirmed for final budget as information not yet available.



## Revenue Support Grant and Other 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 future funding. 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 Funding Guarantee grant (previously Lower Tier Service Grant). RSDG for 2024/25 is proposed to be £187k and the Funding Guarantee grant is £716k for 2024/25.

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

	Settlement 2023/24 £	Settlement 2024/25 £	Draft 2025/26 £	Draft 2026/27 £	Draft 2027/28 £	Draft 2028/29 £
Revenue Support Grant	(424)	<b>(452)</b>	(452)	(452)	(452)	(452)
Rural Services Delivery Grant	(187)	<b>(187)</b>	(187)	(187)	(187)	(187)
Services Grant	(135)	<b>(21)</b>	(21)	(21)	(21)	(21)
Funding Guarantee 3%	(260)	<b>(716)</b>	(716)	(716)	(716)	(716)
<b>Total Received</b>	(1,006)	<b>(1,376)</b>	(1,376)	(1,376)	(1,376)	(1,376)
Annual Change in Resource £		<b>(370)</b>	-	-	-	-

## New Homes Bonus

4.9 New Homes Bonus (NHB) allocations were announced as part of the Local Government Finance Settlement for 2024/25. Whilst the government announced in 2021/22 that “in year” allocations did not have future years legacy payments, NHB allocations continue therefore the MTFS assumes continuation of the scheme.

Table 6 - New Homes Bonus

	Settlement 2023/24 £	Settlement 2024/25 £	Draft 2025/26 £	Draft 2026/27 £	Draft 2027/28 £
New Homes Bonus	(918)	<b>(547)</b>	(547)	(547)	(547)

## Fees and Charges

- 4.10 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 control access to services, help the council respond to competition, fund investment and guide client behaviour.
- 4.11 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

Budget Area	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Building Control Fees	(337)	<b>(355)</b>	(355)	(355)	(355)	(355)
Planning Fees	(840)	<b>(840)</b>	(840)	(840)	(840)	(840)
Car Parking Income	(396)	<b>(381)</b>	(381)	(381)	(381)	(381)
Market Stall Fees	(38)	<b>(38)</b>	(38)	(38)	(38)	(38)
Waste Services	(691)	<b>(764)</b>	(764)	(764)	(764)	(764)
Rent Income	(1,480)	<b>(1,498)</b>	(1,498)	(1,498)	(1,498)	(1,498)
Sales, Fees & Other Direct Income	(956)	<b>(1,092)</b>	(1,092)	(1,092)	(1,092)	(1,092)
<b>TOTAL</b>	<b>(4,738)</b>	<b>(4,968)</b>	<b>(4,968)</b>	<b>(4,968)</b>	<b>(4,968)</b>	<b>(4,968)</b>

Note: Fees and Charges are subject to review in future years due to inflationary pressures.

## Other Income

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

Table 8 - Other Income

	2023/24 £'000	<b>2024/25 £'000</b>	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Interest on Investments*	(1,184)	<b>(990)</b>	(729)	(735)	(727)	(737)
Housing Benefit Subsidy and Rent Rebates Subsidy.	(10,264)	<b>(10,334)</b>	(10,334)	(10,334)	(10,334)	(10,334)
Housing Benefit/Universal Credit Overpayments	(180)	<b>(173)</b>	(173)	(173)	(173)	(173)
Support Services	(2,789)	<b>(2,525)</b>	(2,525)	(2,525)	(2,525)	(2,525)
Council Tax and Housing Benefit Administration Grant	(223)	<b>(231)</b>	(231)	(231)	(231)	(231)
Specific Government Grants , UKSPF, NSAP, Levelling Up and RSAP)	(18,430)	<b>(682)</b>	(76)	(76)	(76)	(76)
Court Income & Council Tax Penalties	(259)	<b>(259)</b>	(237)	(237)	(237)	(237)
Disabled Facility Grants (including Better Care Payments)	(1,022)	<b>(1,022)</b>	(1,022)	(1,022)	(1,022)	(1,022)
Other Grants and contributions	(1,202)	<b>(2,019)</b>	(1,535)	(1,535)	(1,535)	(1,535)
Use of Reserves	(974)	<b>(46)</b>	(36)	(36)	(36)	(36)
<b>TOTAL</b>	<b>(36,507)</b>	<b>(18,259)</b>	<b>(16,898)</b>	<b>(16,904)</b>	<b>(16,896)</b>	<b>(16,906)</b>

- Assumptions have been made on investment income levels due to a variety of factors
- Use of Reserve values will change as and when new schemes are approved for inclusion within programme.

## Summary

Table 9 – All sources of income

	2023/24 £'000	<b>2024/25 £'000</b>	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Business Rates (Table 2)	(6,942)	<b>(6,384)</b>	(6,339)	(6,467)	(6,596)	(6,730)
Revenue Support Grant (Table 5)	(424)	<b>(452)</b>	(452)	(452)	(452)	(452)
Services Grant (Table 5)	(135)	<b>(21)</b>	(21)	(21)	(21)	(21)
Funding Guarantee (3%) (table 5)	(260)	<b>(716)</b>	(716)	(716)	(716)	(716)
Rural Services Delivery Grant (Table 5)	(187)	<b>(187)</b>	(187)	(187)	(187)	(187)
New Homes Bonus (Table 6)	(918)	<b>(547)</b>	(547)	(547)	(547)	(547)
Council Tax (Table 3)	(5,870)	<b>(6,143)</b>	(6,367)	(6,642)	(6,924)	(7,213)
<b>Funding subtotal</b>	<b>(14,736)</b>	<b>(14,450)</b>	<b>(14,629)</b>	<b>(15,032)</b>	<b>(15,443)</b>	<b>(15,866)</b>
Fees, Charges, Rents (Table 7)* <sup>1</sup>	(4,738)	<b>(4,968)</b>	(4,968)	(4,968)	(4,968)	(4,968)
Other Income (Table 8)	(36,507)	<b>(18,259)</b>	(16,898)	(16,904)	(16,896)	(16,906)
<b>Fees, Charges &amp; Other Income subtotal</b>	<b>(41,246)</b>	<b>(23,227)</b>	<b>(21,866)</b>	<b>(21,872)</b>	<b>(21,864)</b>	<b>(21,874)</b>

Note \*1 Fees and charges are subject to review in future years.

4.13 There is more uncertainty than ever with regard to the reliability of estimates from 2024/25 onwards.

## 2023/24 SPENDING PLANS

- 4.14 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.
- 4.15 The table below summarises the main changes in expenditure budgets between 2023/24 and 2024/25. The ongoing delivery of the Council's Efficiencies and Transformation Programme may introduce further changes in the year ahead and over the Medium term.

Table 10 – Spending Plans

Description	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2027/28 £'000
Employees	11,602	<b>12,047</b>	12,227	12,533	12,831	13,136
Premises	1,433	<b>1,208</b>	1,208	1,208	1,208	1,208
Transport	1,048	<b>1,016</b>	1,016	1,016	1,016	1,016
Supplies & Services	4,545	<b>4,491</b>	4,470	4,470	4,470	4,470
Drainage Board Levies	3,164	<b>3,447</b>	3,447	3,447	3,447	3,447
Parish Precepts	1,130	<b>1,153</b>	1,176	1,220	1,266	1,312
Transfer Payments	12,420	<b>13,218</b>	12,322	12,322	12,322	12,322
Capital Charges	18,097	<b>352</b>	385	650	701	760
Third Party Payments	3,423	<b>4,045</b>	4,045	4,045	4,045	4,045
Contributions From Reserves	1,377	<b>187</b>	187	187	187	187
<b>Gross Expenditure</b>	<b>58,239</b>	<b>41,164</b>	<b>40,483</b>	<b>41,098</b>	<b>41,493</b>	<b>41,903</b>

- 4.16 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 3.5% increase in 2024/25, 3% in 2025/26 and 2.5% thereafter. Pension cost estimates have been prepared on the basis of current staff in the pension scheme at October 2023/24, 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.

- 4.17 Premises budgets have stabilised in 2024/25 from the large increases in 2023/24. All utilities budgets are now reflective of the actual costs in 2023/24 and adjusted for the new contract prices.
- 4.18 Transport costs have stabilised from 2023/24 levels with budgets set using current fuel prices and usage.
- 4.19 Supplies and Services budgets have decreased slightly mainly due to a reduction to Homelessness B&B accommodation.
- 4.20 Internal Drainage Board (IDB) increases are set out in the table below. 2024/25 increases have been estimated at this time, with an increase of 8% during 24/25 with the exception of Black Sluice at 20%. At a time of significant increases in rising energy cost it would be safe to assume that 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 with the impact of this loss of revenue to the Council due to the embedded levy having an impact every year that passes.

<b>Internal Drainage Board</b>	2021/22 (Actual) £	2022/23 (Actual) £	2023/24 (Actual) £	<b>2024/25 Budget £</b>	Increase over 2021/22 £
Black Sluice	134,532	166,133	213,984	256,782	122,250
King's Lynn	24,682	26,065	27,629	29,839	5,157
North Level District	153,421	166,562	186,546	201,470	48,049
South Holland	1,382,392	1,461,582	1,613,980	1,743,098	360,706
Welland and Deepings	928,864	1,012,257	1,125,309	1,215,334	286,470
<b>Total</b>	<b>2,623,891</b>	<b>2,832,599</b>	<b>3,167,448</b>	<b>3,446,523</b>	<b>822,632</b>

- 4.21 Transfer Payments have increased to reflect the current estimated expenditure on UKSPF grant funded projects.
- 4.22 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.

4.23 Third party payments reflect payments to 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.

5.2 **Appendices 1a and 1b** bring together the budgeted expenditure and income and show the overall MTFs position analysed by income and expenditure type, service area and by portfolio budgets.

Table 11 – Budget Requirement

	2023/24 Estimate	<b>2024/25 Estimate</b>	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
	£'000	<b>£'000</b>	£'000	£'000	£'000	£'000
Fees, Charges & Other Income (table 9)	(41,246)	<b>(23,227)</b>	(21,866)	(21,872)	(21,864)	(21,874)
Gross Expenditure (table 10)	58,239	<b>41,164</b>	40,483	41,098	41,493	41,903
Efficiency Target (table 15)	(885)	<b>(2,088)</b>	(2,571)	(2,733)	(2,678)	(2,610)
<b>Net Budget</b>	<b>16,108</b>	<b>15,849</b>	<b>16,046</b>	<b>16,493</b>	<b>16,951</b>	<b>17,419</b>
<u>Funded By</u>						
Retained Business rates (table 2)	(6,356)	<b>(6,214)</b>	(6,339)	(6,467)	(6,597)	(6,730)
Business Rates Collection Fund (table 2)	(586)	<b>(169)</b>	0	0	0	0
Revenue Support Grant (table 5)	(424)	<b>(452)</b>	(452)	(452)	(452)	(452)
Specific Grants (table 5)	(582)	<b>(924)</b>	(924)	(924)	(924)	(924)
New Homes Bonus (table 6)	(918)	<b>(547)</b>	(547)	(547)	(547)	(547)
SHDC Council tax (table 3)	(5,831)	<b>(6,098)</b>	(6,367)	(6,642)	(6,924)	(7,213)
Council Tax Collection Fund Surplus (table 3)	(40)	<b>(45)</b>	0	0	0	0
Spalding Special Expenses	(241)	<b>(246)</b>	(241)	(241)	(241)	(241)

Parish Precepts	(1,130)	<b>(1,153)</b>	(1,176)	(1,220)	(1,266)	(1,312)
<b>Total Funding</b>	(16,108)	<b>(15,849)</b>	(16,046)	(16,493)	(16,951)	(17,419)

5.3 Based on current assumptions the Council has a significant efficiency target for 2024/25 in respect of which plans are already underway to address, in addition to the continued liaison with Government on the IDB issue. With uncertainty around Business Rates after 2024/25 as mentioned earlier it is very unclear at this stage what the financial impact will be.

5.4 Spalding Special Expenses

Spalding Special Expenses are a separate charge to the residents of Spalding for services provided in their town and are charged as a supplement to the main council tax. The Spalding Special Expenses budget for 2024/25 is estimated at £246k (£241k for 2023/24). The detailed estimate was reported on the 30 January 2024 to the Spalding Town Forum.

**OTHER BUDGET ISSUES**

5.5 In order 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

6.1 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.

### General reserves

6.2 The The General Fund balance is estimated to stand at £2.078m for the next five years, which the Council's Section 151 Officer believes to be prudent for the Council at this time.

### Specific Reserves

Table 12 – Reserve Balances

Reserve	Balance 31.03.24 £'000	Balance 31.03.25 £'000	Balance 31.03.26 £'000	Balance 31.03.27 £'000	Balance 31.03.28 £'000	Balance 31.03.29 £'000
<b>Council Tax Reserve</b>	(662)	(1,209)	(1,246)	(1,284)	(1,321)	(1,179)
<b>Replacement and Refurbishment Reserve</b>	0	(25)	(25)	(25)	(25)	(25)
<b>Repayment Reserve</b>	0	(123)	(244)	(327)	(399)	(467)
<b>Investment and Growth Reserve</b>	(1,724)	(744)	(419)	(245)	(127)	(9)
<b>Transformation Reserve</b>	(129)	(129)	(129)	(129)	(129)	(129)
<b>Spalding Special</b>	(104)	(104)	(104)	(104)	(104)	(104)
<b>Total</b>	<b>(2,620)</b>	<b>(2,334)</b>	<b>(2,166)</b>	<b>(2,114)</b>	<b>(2,105)</b>	<b>(1,913)</b>

Note - \*1 -The new repayment reserve is for services setting aside for the replacement of certain assets by contributing revenue over the life of that asset.

\*2 – The Spalding Special Reserve is now being separately identified.

### Movement in Specific Reserves

6.3 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 13 – Movement in Specific Reserves

<b>Contribution To Reserves</b>	<b>2024/25 £'000</b>
<b><u>Contribution To Reserves</u></b>	
<b>Council Tax Reserve</b>	(45)
<b>Investment and Growth Reserve</b>	
<b>Usable reserves - Earmarked General Fund reserves</b>	(121)
<b>Total Reserves</b>	<b>(166)</b>
<b><u>Contribution To Reserves</u></b>	<b>(166)</b>

<b>Contribution From Reserves</b>	<b>2024/25 £'000</b>
<b><u>Contribution From Reserves</u></b>	
<b>Council Tax Reserve</b>	8
<b>Investment and Growth Reserve</b>	326
<b><u>Contribution From Reserves Total</u></b>	<b>334</b>
<b><u>Net Contribution From / (To) Reserves</u></b>	<b>168</b>

## 7. CAPITAL PROGRAMME AND TREASURY MANAGEMENT

7.1 The Council's proposed 5 year Capital Programme and its 5 year capital resource projections are shown in the table below:

Table 14 – 5 year Capital Programme, funding and resource implications

<b>CAPITAL PROGRAMME</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>2027/28 £'000</b>	<b>2028/29 £'000</b>	<b>Total £'000</b>
ICT	101	122	232	424	-	879
Footway Lighting	55	55	-	-	-	110
Neighbourhoods	19	19	19	19	19	95
Disabled Facilities Grants – Private Sector Housing	1,022	1,022	1,022	1,022	1,022	5,110
Decent Homes Unfit and Disrepair – Housing	75	75	75	75	75	375
Industrial Units	470	-	-	-	-	470
Asset Improvement - Leisure	50	50	50	50	50	250
UKSPF	342	-	-	-	-	342
UKSPF - Rural	350	-	-	-	-	350
LUF - South Holland Health and Wellbeing Hub	15,500	8,995	-	-	-	24,495
<b>Current Approved Capital Programme</b>	<b>17,984</b>	<b>10,338</b>	<b>1,398</b>	<b>1,590</b>	<b>1,166</b>	<b>32,476</b>
Disabled Facilities Grants	68	68	68	68	68	340
<b>Total New Capital Projects/Additions</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>68</b>	<b>340</b>
<b>GRAND TOTAL CAPITAL PROGRAMME</b>	<b>18,052</b>	<b>10,406</b>	<b>1,466</b>	<b>1,658</b>	<b>1,234</b>	<b>32,816</b>

<b>FUNDED BY:</b>						
Investment and Growth Reserve	226	74	19	19	19	357
Grants	17,408	4,231	1,215	1,215	1,215	25,284
Internal Borrowing – Unfinanced	350	5,979	-	-	-	6,329
Minimum Revenue Provision (MRP)	68	122	232	424	-	846
<b>TOTAL</b>	<b>18,052</b>	<b>10,406</b>	<b>1,466</b>	<b>1,658</b>	<b>1,234</b>	<b>32,816</b>

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

Table 15 – Treasury Assumptions

<b>Treasury Assumptions</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Average Investment Balances	£43.4m	£30.4m	£30.6m	£32.0m	£30.5m	£31.0m
Investment return assumptions on non cashflow Balances.	4.40%	4.70%	3.20%	3.00%	3.25%	3.25%

7.3 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. HOUSING REVENUE ACCOUNT

8.1 The following table shows the summary HRA for 2024/25 compared to the 2023/24 position:

### HRA Estimates by Income & Expenditure 2023/24 to 2024/25

Description	2023/24 Estimate	2024/25 Estimate	Variance
	£000	£000	£000
Rent Income – Dwellings	(17,001)	(18,325)	(1,324)
Charges for Services & facilities	(1,215)	(1,235)	(20)
Contributions to Expenditure	(5)	(5)	-
<b>Total Income</b>	<b>(18,221)</b>	<b>(19,565)</b>	<b>(1,344)</b>
Repairs & Maintenance	3,235	3,257	22
Supervision & Management	3,606	3,868	262
Rents Rates Taxes and Other Charges	81	90	9
Depreciation	4,251	5,039	788
Provision For Doubtful Debts	271	271	-
Stat. Recharge to HRA for Support Serv.	3,021	2,998	(23)
<b>Total Expenditure</b>	<b>14,465</b>	<b>15,523</b>	<b>1,058</b>
<b>Contribution from Operations</b>	<b>(3,756)</b>	<b>(4,042)</b>	<b>(286)</b>
Investment Income	(677)	(170)	507
Interest on Loans	2,347	2,348	1
Capital Expenditure charged to Revenue	-	-	-
<b>Net operating (surplus)/Deficit</b>	<b>(2,086)</b>	<b>(1,864)</b>	<b>222</b>

## 8.2 Explanation of Budget Variations

### 8.2.1 Rent Income - Dwelling Rents:

Rent increases are set at CPI + 1%, equal to 7.7% for 2024/25.

The Council is expected to have 3,739 HRA dwellings and 50 Shared Ownership properties (31.95 equivalent properties) at 1<sup>st</sup> April 2024 with an average weekly rent of £87.01 (on a 52-week basis).

The budget includes an assumed rent loss of 1% for void properties, 1.5% for bad debts, and a rent loss from selling 25 homes per annum under Right to buy.

### 8.2.2 Charges for Services and Facilities:

Charges for sewage are increased in line with the annual increase applied by Anglian Water.

### 8.2.3 Repairs & Maintenance:

Of the £22k variance, permanent staff costs increased by £174k, with £93k of this increase will be capitalised, and a further £60k savings on Agency costs. A £21k pressure on inflationary costs, including insurance, fuel and contracted out works. A further £22k savings on Computer Software Licence costs, which was incorporated in the total HRA IT Charges £9.3k relates to fuel and oil, Insurance is a £6k pressure and External Painting Repairs is £5k.

### 8.2.4 Supervision & Management:

This service includes sheltered housing, alarm monitoring, community facilities, estate management and sewerage works, managing HRA Assets and delivery of the HRA affordable Housing Programme.

£65k of the £262k pressure is staff related costs, £57k relating to insurance premium increases, £10k inflationary pressure, and £49k pressure due to decrease in project management income due to reduced capital programme. The large increases in rents has resulted in the need to increase the Hardship funds. £59k savings on Electricity and Gas, and £41k on furniture and Equipment (new alarm system and new Tunstall contract).

### 8.2.5 Depreciation:

The Depreciation charge has increased and is mainly due to increases in values of properties and reflects increases in the actual charges made for 2022/23. The total depreciation amount is charged to the HRA and credited to Major Repairs Reserve and used to fund future capital expenditure.

8.2.6 Statutory Recharge to the HRA for Support services:

This is currently being reviewed.

**9. HRA RESERVES**

9.1 The table below shows the unallocated HRA general reserve balance as at 31<sup>st</sup> March 2024 and the estimated movements to 31<sup>st</sup> March 2029. HRA general reserve can be used to finance both revenue and capital expenditure, for example, one off projects and to meet expenditure arising from unexpected events. In addition, any surpluses or deficits will be charged against this reserve.

HRA General Reserve	Estimated Balance 31.03.24	Balance 31.03.25	Balance 31.03.26	Balance 31.03.27	Balance 31.03.28	Balance 31.03.29
	£'000	£'000	£'000	£'000	£'000	£'000
General HRA Reserve	18,251,660	13,691,660	12,757,960	11,868,360	11,184,560	10,151,760

9.2 The Major Repairs Reserve is to be used to finance capital investment to existing stock within the HRA.

Other HRA Reserves	Estimated Balance 31.03.24	Balance 31.03.25	Balance 31.03.26	Balance 31.03.27	Balance 31.03.28	Balance 31.03.29
	£'000	£'000	£'000	£'000	£'000	£'000
Major Repairs Reserve	4,390,400	4,564,900	4,908,800	5,110,300	5,073,300	4,837,300
Insurance Reserve	200,000	200,000	200,000	200,000	200,000	200,000
<b>Total</b>	<b>4,590,400</b>	<b>4,764,900</b>	<b>5,108,800</b>	<b>5,310,300</b>	<b>5,273,300</b>	<b>5,037,300</b>

## 10. HRA CAPITAL

Project Description	2024/25 £	2025/26 £	2026/27 £	2027/28 £	2028/29 £	Totals MTFS £
<b>Capital Programme</b>						
Central Heating - Gas Boiler Replacements	975,000	1,059,000	1,100,000	1,144,000	1,201,000	<b>5,479,000</b>
Kitchen Replacement	1,570,000	1,648,000	1,731,000	1,800,000	1,890,000	<b>8,639,000</b>
Electrical Upgrade - Capital - HRA Capital	130,000	120,000	110,000	180,000	120,000	<b>660,000</b>
Green Homes Energy Efficiency Grant SHDF Wave 2.1	4,267,000	0	0	0	0	<b>4,267,000</b>
Smoke Alarms	190,000	200,000	209,000	220,000	231,000	<b>1,050,000</b>
Roofs and Gutters	930,000	970,000	1,020,000	1,061,000	1,114,000	<b>5,095,000</b>
Doors & Windows	1,070,000	914,000	916,000	953,000	1,001,000	<b>4,854,000</b>
Chimneys	200,000	205,000	210,000	218,000	229,000	<b>1,062,000</b>
Paths and Drives	37,000	38,000	39,000	41,000	43,000	<b>198,000</b>
Boundary Walls	92,000	93,000	95,000	99,000	104,000	<b>483,000</b>
Fees	214,000	218,000	222,000	231,000	243,000	<b>1,128,000</b>
Sewage Treatment Refurbishment	230,000	235,000	240,000	250,000	263,000	<b>1,218,000</b>
The Square	25,000	26,000	27,000	28,000	29,000	<b>135,000</b>
Car Parks	27,000	30,000	32,000	33,000	35,000	<b>157,000</b>
Community Center Refurbishment	75,000	100,000	100,000	0	0	<b>275,000</b>
ICT Strategy	18,000	27,000	62,000	0	0	<b>107,000</b>
Members Kit refresh	0	0	28,000	0	0	<b>28,000</b>
Mobile refresh	10,000	10,000	10,000	10,000	0	<b>40,000</b>
Backup server refresh	0	0	0	30,000	0	<b>30,000</b>
DMZ server refresh	0	0	0	14,000	0	<b>14,000</b>
Laptop refresh	28,000	28,000	28,000	28,000	0	<b>112,000</b>
Physical DC refresh	0	0	0	6,000	0	<b>6,000</b>
Physical SQL server refresh	0	0	0	6,000	0	<b>6,000</b>
SAN switch refresh	0	0	0	2,000	0	<b>2,000</b>
Server SAN infrastructure refresh	0	0	0	168,000	0	<b>168,000</b>
Tape drive refresh	0	0	0	13,000	0	<b>13,000</b>
Time appliance refresh	0	0	0	6,000	0	<b>6,000</b>



Plotters refresh	8,000	0	0	0	0	8,000
Meeting room screen refresh	0	12,000	0	0	0	12,000
Backup repository refresh	0	0	4,000	0	0	4,000
Citrix netscaler refresh	0	0	12,000	0	0	12,000
Major Adaptations	630,000	655,000	688,000	716,000	752,000	3,441,000
Sheltered Housing Alarm System	36,000	0	0	0	0	36,000
HRT Vehicle Replacement	410,000	0	0	0	0	410,000
Replacement of 2 Small Vans	0	0	60,000	0	0	60,000
Grounds Maintenance Equipment	71,000	0	0	0	0	71,000
Holbeach, Wignals Gate. 19 S106 Acquisitions.	4,000	0	0	0	0	4,000
Holbeach, Northons Lane. S106 Acquisitions.	732,000	4,000	0	0	0	736,000
Gosberton, Boston Road. 10 S106 Acquisitions.	5,000	0	0	0	0	5,000
Split of Schemes Subject to detailed approval	1,628,000	1,675,000	1,675,000	1,675,000	3,000,000	9,653,000
<b>Current Aproved Capital Programme</b>	<b>13,612,000</b>	<b>8,267,000</b>	<b>8,618,000</b>	<b>8,932,000</b>	<b>10,255,000</b>	<b>49,684,000</b>
Sheltered Housing Alarm System	233,300	0	0	0	0	233,300
Flat entrance Doors Sheltered Schemes	350,000	0	0	0	0	350,000
Fire Remedial works	75,000	79,000	83,000	87,000	91,000	415,000
Damp and Mould Remedial works	100,000	105,000	110,000	116,000	122,000	553,000
<b>Total New Capital Projects</b>	<b>758,300</b>	<b>184,000</b>	<b>193,000</b>	<b>203,000</b>	<b>213,000</b>	<b>1,551,300</b>
<b>Totals</b>	<b>14,370,300</b>	<b>8,451,000</b>	<b>8,811,000</b>	<b>9,135,000</b>	<b>10,468,000</b>	<b>51,235,300</b>
<b>Funding</b>	<b>2024/25 £</b>	<b>2025/26 £</b>	<b>2026/27 £</b>	<b>2027/28 £</b>	<b>2028/29 £</b>	<b>Totals MTFS £</b>
HRA General Reserve	(6,424,200)	(2,868,400)	(3,055,000)	(3,107,000)	(3,711,000)	<b>(19,165,600)</b>
Major Repairs Reserve	(4,865,000)	(4,911,000)	(5,086,000)	(5,358,000)	(5,557,000)	<b>(25,777,000)</b>
<b>Reserve Totals</b>	<b>(11,289,200)</b>	<b>(7,779,400)</b>	<b>(8,141,000)</b>	<b>(8,465,000)</b>	<b>(9,268,000)</b>	<b>(44,942,600)</b>
<b>Capital Receipts</b>						
1-4-1 Receipts	(947,600)	(671,600)	(670,000)	(670,000)	(1,200,000)	<b>(4,159,200)</b>
<b>Capital Receipts Totals</b>	<b>(947,600)</b>	<b>(671,600)</b>	<b>(670,000)</b>	<b>(670,000)</b>	<b>(1,200,000)</b>	<b>(4,159,200)</b>
Grants	(2,133,500)	0	0	0	0	<b>(2,133,500)</b>
<b>Grand Totals</b>	<b>(14,370,300)</b>	<b>(8,451,000)</b>	<b>(8,811,000)</b>	<b>(9,135,000)</b>	<b>(10,468,000)</b>	<b>(51,235,300)</b>

- 10.1 Detailed planned maintenance programmes have been compiled from asset management data to address key decent homes criteria.
- 10.2 The Council has accrued just over £5.1m in its Major Repairs Reserve over the last 2-3 years due to slippage in the Housing Repairs Programme.
- 10.3 A re-phased Affordable Housing Programme has now been established to replace units sold through increased right to buy (RTB) sales in order to:
  - Ensure that reserves are spent effectively,
  - Maximise the use of resources available through retained RTB receipts, and
  - Access opportunities for additional grant funding through Homes England.
- 10.4 The Affordable Housing programme will be delivered through a combination of new build and the purchase of completed dwellings.
- 10.5 The programme also includes specific provision for:
  - Major area works - environmental improvements on estates,
  - Essential improvements to Sewage Plant works, and
  - Sheltered Housing Alarm System Upgrade.

## 11. EFFICIENCY TARGETS

- 11.1 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.
- 11.2 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 16 – Efficiency Targets

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Budget Savings Requirement (£'000) – annual	(1,409)	(2,571)	(2,733)	(2,678)	(2,610)
IDB Funding Requirement (£'000)	(679)				

- 11.3 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.

## 12. SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP PLANS

- 12.1 As we think of 2024/25, there is great uncertainty with the central funding which could be allocated to South Holland. 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 Councils assumptions on future budget gaps whilst prudent could well be understated.
- 12.2 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.
- 12.3 As we look forward into 2024/25, the Cabinet will be promoting projects which aim to drive efficiencies, new service delivery models and commercial opportunities, place the customer at the centre of everything we do and achieve as much as is possible through greater collaboration through the South and East Lincolnshire Councils Partnership. Some of these key projects to be developed during 2024/25 include:-
- Realising efficiencies working together with Boston Borough Council and East Lindsey 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

### 13. RISK AND SENSITIVITY

13.1 The following table shows the key risks and how we intend to treat them through our risk management practices

Table 17 - Key Risks

Risk	Likelihood	Impact	Mitigating Action
Fairer Funding and Business Rate reset/changes	High	High	To lobby as required
Financial pressure as a result of the IDB levy	High	High	Lobbying underway
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.
Universal Credit	High	Medium	The implementation of the Universal credit may impact on the General Fund in terms of running costs for the Benefits service and additional demand on other council services and on the HRA in terms of increased arrears. This will be closely monitored.
Fluctuation in business rates	High	High	Growth plans and accurate monitoring
Fair Funding Review could take into account actual levels of commercial	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.
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 where necessary
Lack of funding to partners causing displacement of service demand	High	High	Engagement and realism
Inadequate capital resources to finance future desired plans	High	High	Proportionate spending and sale of surplus assets
Central Government policy changes	High	High	Engagement in consultation and policy creation
Reductions in NHB impacting on future plans	High	High	Lobbying and service transformation
VAT – partial exemption	High	High	Close forecasting VAT partial exemption position
Failure to deliver the required transformation programme	Medium	High	Effective programme and project management
Reduction in Investment Values	Medium	Medium	Regular Monitoring, allocation of specific Reserve
Central Government policy changes	High	High	Engagement in consultation and policy creation
A poor settlement for rural councils	Medium	Medium	Lobbying as a special interest group
Increased demand for services in general	Medium	Medium	A robust performance management framework

**14. OPTIONS**

14.1 It is best practice to consult with scrutiny as part of the budget setting process. No other options were considered.

**15. RECOMMENDATION**

15.1 Reason for recommendation - To comply with the budgetary and policy framework and legislative requirement.

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