



**SOUTH HOLLAND DISTRICT COUNCIL**

**REPORT OF PAUL REDGATE, Portfolio Holder Finance, Commercialisation, UKSPF and  
Levelling Up**

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**BUDGET SETTING REPORT AND ASSOCIATED FINANCIAL STRATEGIES - 2024/25-2028/29**

## **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 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. We also have been successful in bidding for significant funding to support our plans and place-shaping which is reflected in our capital and revenue financial position.

Despite the challenges of the past few years, we continue to work to develop new opportunities, deliver services in different ways in order to create efficiencies and new 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.

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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**2 – Capital Strategy**

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

**4 – Fees and Charges 2024/25**

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**6 – Consultation Report**

**7 – Proposed Constitutional Amendment**

## 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	£2.044m
Retained Business Rates used to support budget	£6.942m	£6.231m
Spalding Special Expenses	£25.47	£25.83
Reserves	£2.3m	£2.6m
Capital Programme (General Fund)	£24.2m	£35.5m

## INTRODUCTION

- 1.1 This Appendix sets out the 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 Financial 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.

- 1.4 The unprecedented challenges faced through recent years have continued into 2024/25, with significant inflationary pressures and changing service demands. The revised government settlement delivered in early February for South Holland included New Homes Bonus (£547k) and 4% funding guarantee (£805k), Revenue Support Grant (£453k) and Rural Services delivery Grant (£216k).
- 1.5 In 2024/25 savings are required going forward mainly as a result of substantial pressure from the IDB levy and in respect of which we are making representation to government to find a long term solution, in addition to other major inflationary pressures. 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>4.55%</b>	3.10%	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 13).

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 renewal.
2. A pay award for 2023/24 was agreed in November 2023 being a rise of up to 9.42% for the lowest paid through to 3.88% for those on the highest bands. For 2024/25 a 3.5% award has been assumed, reducing to 3% for 2025/26 and then 2.5% from 2026/27 onwards.
3. An annual General Fund saving in staff costs (£465k) 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 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. 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 at £241k 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 2023/24.
8. The tax base projections for 2024/25 have 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 5 February 2024 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 4% Funding Guarantee, that replaced 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 took effect from 1 April 2023. A provision has been put aside for any potential appeals based on intelligence from the Council's advisors to 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.
- 4.4 It is important that Members note that any changes to the retention of Business Rates model from 2026/27 presents a significant uncertainty around future funding levels. There is the potential that as part of the ongoing reassessment of Area

Needs the Government could significantly change the current baseline levels. As such the amount of retained business rates that the Council is benefiting from could be significantly reduced under any new arrangements

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>(10,521)</b>	(10,641)	(10,854)	(11,071)	(11,292)
S 31 Grants relating to Business Rates	(2,758)	<b>(3,021)</b>	(3,081)	(3,143)	(3,206)	(3,270)
Tariff	6,074	<b>6,256</b>	6,381	6,509	6,639	6,772
<b>Pre- levy income</b>	<b>(6,741)</b>	<b>(7,286)</b>	<b>(7,341)</b>	<b>(7,488)</b>	<b>(7,638)</b>	<b>(7,790)</b>
Levy payment to Lincolnshire Pool	385	<b>422</b>	412	421	429	438
Estimated (Surplus)/Deficit) on Collection Fund	(586)	<b>(383)</b>	0	0	0	0
<b>Net Retained Business Rates Income</b>	<b>(6,942)</b>	<b>(7,247)</b>	<b>(6,929)</b>	<b>(7,067)</b>	<b>(7,209)</b>	<b>(7,352)</b>
Net gain to SHDC from the Pool.	(578)	<b>(633)</b>	(618)	(631)	(643)	(656)
Contributions to Reserves		<b>383</b>				
<b>Business rates used to support the budget</b>	<b>(6,364)</b>	<b>(6,231)</b>	<b>(6,311)</b>	<b>(6,436)</b>	<b>(6,566)</b>	<b>(6,696)</b>

- 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 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

- 4.6 The MTF5 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 MTF5. See Table 3 below for the estimated changes in the tax base and council tax collected.

Table 3 – Council Tax

		2023/24	<b>2024/25</b>	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>	£207.45	£213.48	£219.51	£225.54
	Annual Increase £	5.76	<b>6.03</b>	6.03	6.03	6.03	6.03
	Annual Increase %	3.04%	<b>3.09%</b>	2.99%	2.91%	2.82%	2.75%
c	Annual Council Tax collected (a x b) £	5,830,633	<b>£6,098,192</b>	£6,374,968	£6,658,674	£6,949,458	£7,247,467
	Annual Increase in Council Tax collected £	£256,838	<b>£267,559</b>	£276,776	£283,707	£290,784	£298,009
d	Surplus on the Collection Fund £	£39,587	<b>£51,958</b>	£0	£0	£0	£0
	<b>Gross Council tax (c + d) £</b>	<b>£5,870,220</b>	<b>£6,150,150</b>	£6,374,968	£6,658,674	£6,949,458	£7,247,467

- 4.7 The tax base for 2024/25 has been increased by 1.5% per annum. This is based on the latest projected house building trajectory.
- 4.8 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

Table 4 – Precepting Authority Band D charges

Authority	Proposed Band D amount (£.p)	Increase over 2023/24 £	Increase over 2023/24 %
Lincolnshire County Council *	1,578.69	75.06	4.99%
Police and Crime Commissioner	304.20	12.96	4.45%
South Holland DC	201.42	6.03	3%
Parishes (average)	£51.05	5.09	11%

\*LCC precept is subject to approval on 23rd February, if there are any changes updated documentation will be provided.

### Council Tax Premiums

- 4.9 The levelling Up and Regeneration Act 2023 introduced two key changes to council tax premiums (additional Council Tax charges), enabling authorities to:

- Charge a premium up to 100% for unoccupied and unfurnished properties for 1 year, replacing the current provisions which allows the premium to be charged after 2 years, and
- Charge a premium up to 100% on properties occupied periodically (second homes). This requires a local authority to make a decision at least 12 months before the financial year to which it would apply.

4.10 Whilst Council Tax premiums are a means of increasing revenue, they are intended to incentivise owners to bring empty and under-utilised properties back into use. The government has indicated that it expects local authorities to have regard to guidance issued by the Secretary of State in terms of exceptions to the premiums, and regulations are expected in the new year.

4.11 It is proposed that Council:

- i) Re-affirms its previous decision, made 27<sup>th</sup> February 2019, in respect of long-term empty properties, i.e.
  - For properties unoccupied and unfurnished for 2 years but less than 5 years – 100% premium.
  - For properties unoccupied and unfurnished for 5 years but less than 10 years – 200% premium.
  - For properties unoccupied and unfurnished for over 10 years – 300% premium.

And that consideration will be given to Government guidance and any subsequent regulations made, in respect of exceptions.

- ii) Makes a determination for the introduction of the premium for substantially furnished with no resident (second homes), to be introduced at the earliest time, 1 April 2025.

4.12 At the end of November 2023, South Holland had 135 properties which had been empty for more than two years and subject to a premium charge. No additional revenue will be generated from the re-affirmation of the current approach. In addition, there are 232 properties which are substantially furnished but has no resident (second homes). Introducing the premium at the earliest time (1 April 2025) could generate additional revenue of £381k, potentially introducing a financial benefit for the council of circa £38k in 2025/26, and a non-financial benefit to the district and communities as an incentive to encourage empty homes back into use.

4.13 Additional revenue generated by premiums may be reduced as a result of Government guidance and anticipated regulation for exceptions, and when empty or second homes are brought back into use.

## Revenue Support Grant and Other Government Grants

4.14 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 £216k and the Funding Guarantee grant is £805k 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>(453)</b>	(453)	(453)	(453)	(453)
Rural Services Delivery Grant	(187)	<b>(216)</b>	(216)	(216)	(216)	(216)
Services Grant	(135)	<b>(23)</b>	(23)	(23)	(23)	(23)
Funding Guarantee 4%	(260)	<b>(805)</b>	(805)	(805)	(805)	(805)
<b>Total Received</b>	(1,006)	<b>(1,497)</b>	(1,497)	(1,497)	(1,497)	(1,497)
Annual Change in Resource £		<b>(491)</b>	-	-	-	-

## New Homes Bonus

4.15 New Homes Bonus (NHB) allocations were announced as part of the Local Government Finance Settlement for 2024/25. As previously announced, the 2024/25 allocations do not have legacy payments. If the scheme was to be continued in its current form next year's payment would reflect just the growth in the previous year

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

- 4.16 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.
- 4.17 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. The Council has been subject to expenditure inflationary pressures over the last 24 months. It is proposed that the budget should apply RPI increases to all discretionary fees and charges on an annual basis, where supported by the S151 Officer and Finance Portfolio Holder and deemed appropriate to do so.

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>	(366)	(377)	(388)	(400)
Planning Fees	(840)	<b>(845)</b>	(845)	(845)	(845)	(846)
Car Parking Income	(396)	<b>(381)</b>	(393)	(404)	(416)	(429)
Market Stall Fees	(38)	<b>(38)</b>	(39)	(40)	(41)	(42)
Waste Services	(691)	<b>(820)</b>	(842)	(865)	(888)	(912)
Rent Income	(1,480)	<b>(1,576)</b>	(1,581)	(1,586)	(1,591)	(1,597)
Sales, Fees & Other Direct Income	(956)	<b>(1,087)</b>	(1,107)	(1,128)	(1,150)	(1,172)
<b>TOTAL</b>	<b>(4,738)</b>	<b>(5,102)</b>	<b>(5,173)</b>	<b>(5,245)</b>	<b>(5,319)</b>	<b>(5,398)</b>

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

## Other Income

4.18 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>(1,033)</b>	(686)	(587)	(488)	(450)
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>(2,645)</b>	(2,725)	(2,747)	(2,770)	(2,794)
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>(5,202)</b>	(3,967)	(3,967)	(3,967)	(3,967)
Court Income & Council Tax Penalties	(259)	<b>(237)</b>	(237)	(237)	(237)	(237)
Disabled Facility Grants (including Better Care Payments)	(1,022)	<b>(1,356)</b>	(1,356)	(1,356)	(1,356)	(1,356)
Other Grants and contributions	(1,202)	<b>(3,544)</b>	(2,422)	(2,424)	(2,427)	(2,429)
Use of Reserves	(974)	<b>(683)</b>	(120)	(120)	(207)	(19)
<b>TOTAL</b>	<b>(36,507)</b>	<b>(25,438)</b>	<b>(22,251)</b>	<b>(22,176)</b>	<b>(22,190)</b>	<b>(21,990)</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>(7,247)</b>	(6,929)	(7,067)	(7,209)	(7,352)
Revenue Support Grant (Table 5)	(424)	<b>(453)</b>	(453)	(453)	(453)	(453)
Services Grant (Table 5)	(135)	<b>(23)</b>	(23)	(23)	(23)	(23)
Funding Guarantee (4%) (table 5)	(260)	<b>(805)</b>	(805)	(805)	(805)	(805)
Rural Services Delivery Grant (Table 5)	(187)	<b>(216)</b>	(216)	(216)	(216)	(216)
New Homes Bonus (Table 6)	(918)	<b>(547)</b>	(547)	(547)	(547)	(547)
Council Tax (Table 3)	(5,870)	<b>(6,150)</b>	(6,375)	(6,659)	(6,949)	(7,247)
<b>Funding subtotal</b>	<b>(14,736)</b>	<b>(15,441)</b>	<b>(15,348)</b>	<b>(15,770)</b>	<b>(16,202)</b>	<b>(16,643)</b>
Fees, Charges, Rents (Table 7) *	(4,738)	<b>(5,102)</b>	(5,173)	(5,245)	(5,319)	(5,398)
Other Income (Table 8)	(36,507)	<b>(25,438)</b>	(22,251)	(22,176)	(22,190)	(21,990)
<b>Fees, Charges &amp; Other Income subtotal</b>	<b>(41,246)</b>	<b>(30,540)</b>	<b>(27,424)</b>	<b>(27,421)</b>	<b>(27,509)</b>	<b>(27,388)</b>

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

4.19 There is more uncertainty than ever with regard to the reliability of estimates from 2025/26 onwards.

## 2024/25 SPENDING PLANS

- 4.20 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	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Employees	11,602	<b>12,262</b>	12,067	12,320	12,700	13,017
Premises	1,433	<b>1,141</b>	1,141	1,141	1,141	1,141
Transport	1,048	<b>969</b>	969	969	969	969
Supplies & Services	4,545	4,844	4,867	4,867	4,867	4,867
Drainage Board Levies	3,164	<b>3,413</b>	3,583	3,763	3,951	4,148
Parish Precepts	1,130	<b>1,299</b>	1,325	1,373	1,421	1,470
Transfer Payments	12,420	<b>14,880</b>	12,820	12,820	12,820	12,820
Capital Charges	18,097	<b>4,880</b>	4,231	4,255	4,545	4,621
Third Party Payments	3,423	<b>4,079</b>	4,158	4,239	4,321	4,405
Contributions From Reserves	1,377	<b>591</b>	208	163	66	52
<b>Gross Expenditure</b>	<b>58,239</b>	<b>48,358</b>	<b>45,369</b>	<b>45,910</b>	<b>46,801</b>	<b>47,510</b>

- 4.21 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. The employee costs also include the latest results of the Pension Triennial Review. There have been some staffing changes which are mainly grant funded as a result of successful bidding to government departments. There is a slight reduction to employee costs in 2025/26 as the UKSPF grant funding ends and related fixed term posts are removed.

- 4.22 From April 2022 the Council agreed to apply a supplement to the lowest paid officers to enhance their hourly rate to the same level as the Real Living Wage rate, as set by the Living Wage Foundation. This supplement is also applied to Boston Borough Council and East Lindsey District Council employees. The budget assumes the continued implementation of a pay supplement to enhance pay to a minimum of £12.00 per hour for all employees of the Council paid on the National Joint Council (NJC) pay rate, affecting 39 members of staff. The cost to the Council of implementing this is £2,000 in 2024/25.
- 4.23 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.
- 4.24 Transport costs have stabilised from 2023/24 levels with budgets set using current fuel prices and usage.
- 4.25 Supplies and Services budgets have increased due to agreed increases in council contracts in relation to RPI and additional project costs offset by grant.
- 4.26 Internal Drainage Board (IDB) increases are set out in the table below. Post 2024/25 increases have been estimated at 5% per annum. 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 cost to the Council due to the increasing 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 £	Increase over 2021/22 %
Black Sluice	134,532	166,133	213,984	232,000	97,468	72%
King's Lynn	24,682	26,065	27,629	29,300	4,618	19%
North Level District	153,421	166,562	186,546	197,700	44,279	29%
South Holland	1,382,392	1,461,582	1,613,980	1,746,100	363,708	26%
Welland and Deepings	928,864	1,012,257	1,125,309	1,207,700	278,836	30%
<b>Total</b>	<b>2,623,891</b>	<b>2,832,599</b>	<b>3,167,448</b>	<b>3,412,800</b>	<b>788,909</b>	<b>30%</b>

- 4.27 Transfer Payments have increased to reflect the current estimated expenditure on UKSPF grant funded projects.
- 4.28 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.
- 4.29 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 as set out in Table 11 below.

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 £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000
Fees, Charges & Other Income (table 9)	(41,246)	<b>(30,540)</b>	(27,424)	(27,421)	(27,509)	(27,388)
Gross Expenditure (table 10)	58,239	48,358	45,369	45,910	46,801	47,510
Efficiency Target (table 15)	(885)	(832)	(1,030)	(1,104)	(1,427)	(1,767)
<b>Net Budget</b>	<b>16,108</b>	<b>16,986</b>	<b>16,915</b>	<b>17,385</b>	<b>17,865</b>	<b>18,355</b>
<u>Funded By</u>						
Retained Business rates (table 2)	(6,356)	<b>(6,863)</b>	(6,929)	(7,067)	(7,209)	(7,352)
Business Rates Collection Fund (table 2)	(586)	<b>(383)</b>	0	0	0	0
Revenue Support Grant (table 5)	(424)	<b>(453)</b>	(453)	(453)	(453)	(453)
Specific Grants (table 5)	(582)	<b>(1,044)</b>	(1,044)	(1,044)	(1,044)	(1,044)
New Homes Bonus (table 6)	(918)	<b>(547)</b>	(547)	(547)	(547)	(547)
SHDC Council tax (table 3)	(5,831)	<b>(6,098)</b>	(6,375)	(6,659)	(6,949)	(7,247)
Council Tax Collection Fund Surplus (table 3)	(40)	<b>(52)</b>	0	0	0	0
Spalding Special Expenses	(241)	<b>(246)</b>	(242)	(242)	(242)	(242)
Parish Precepts	(1,130)	<b>(1,299)</b>	(1,325)	(1,373)	(1,421)	(1,470)
<b>Total Funding</b>	<b>(16,108)</b>	<b>(16,986)</b>	<b>(16,915)</b>	<b>(17,385)</b>	<b>(17,865)</b>	<b>(18,355)</b>

5.3 Based on current assumptions the Council has an efficiency target for 2024/25 totalling £832,000 in respect of which plans are already underway to address, this is in conjunction with continued liaison with Government on the IDB issue.

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 £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 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. A contribution to reserves of £383,400 is also being made as a result of the business rates surplus from 2023/24.



## General reserves

6.2 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	Estimated 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>	(1,194)	(1,615)	(1,652)	(1,690)	(1,547)	(1,592)
<b>Replacement and Refurbishment Reserve</b>	(35)	(25)	(25)	(25)	(25)	(25)
<b>Repayment Reserve *1</b>	(123)	(226)	(327)	(399)	(467)	(500)
<b>Investment and Growth Reserve</b>	(1,177)	(544)	(371)	(253)	(135)	(116)
<b>Transformation Reserve</b>	(129)	(129)	(129)	(129)	(129)	(129)
<b>Spalding Special *2</b>	(103)	(78)	(78)	(78)	(78)	(78)
<b>Total</b>	<b>-2,760</b>	<b>-2,617</b>	<b>-2,581</b>	<b>-2,573</b>	<b>-2,380</b>	<b>-2,439</b>

Note \*1 – The Repayment Reserve is for services setting aside for the replacement of certain assets by contributing revenue over the life of that asset.

Note \*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</b>	<b>Contribution From Reserves</b>	<b>2024/25</b>
	<b>£'000</b>		<b>£'000</b>
<b>Council Tax Reserve</b>		<b>Council Tax Reserve</b>	
NNDR Surplus	(383)	District Elections	8
District Elections	(45)		
<b>Replacement and Refurbishment Reserve</b>	-	<b>Replacement and Refurbishment Reserve</b>	
		Capital programme	10
<b>Repayment Reserve</b>		<b>Repayment Reserve</b>	-
Garden Waste	(52)		
Corporate Finance	(29)		
Rough Sleeping Accommodation Programme (RSAP)	(9)		
Vehicle Maintenance	(4)		
Pollution Control	(4)		
Power Station Spalding	(3)		
Markets	(3)		
<b>Investment and Growth Reserve</b>	-	<b>Investment and Growth Reserve</b>	
		Capital programme	603
		Sports Hall	10
		Systems Support	20
<b>Spalding Special</b>	-	<b>Spalding Special</b>	
		Capital programme	25
<b>Contribution To Reserves</b>	<b>(532)</b>	<b>Contribution From Reserves Total</b>	<b>675</b>
		<b>Net Contribution From / (To) Reserves</b>	<b>143</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, latest estimates of slippage from 2023/24:

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	131	122	232	424	-	<b>909</b>
Footway Lighting	68	55	-	-	-	<b>123</b>
Neighbourhoods	99	19	19	19	19	<b>175</b>
Spalding Cemetery	25	-	-	-	-	<b>25</b>
Disabled Facilities Grants – Private Sector Housing	1,043	1,022	1,022	1,022	1,022	<b>5131</b>
Disabled Facilities Grants – Private Sector Housing – Discretionary Better Care Additional Payments	245	-	-	-	-	<b>245</b>
Decent Homes Unfit and Disrepair – Housing	150	75	75	75	75	<b>450</b>
Homelessness	31	-	-	-	-	<b>31</b>
Industrial Units	520	-	-	-	-	<b>520</b>
Asset Improvement - Leisure	50	50	50	50	50	<b>250</b>
Assets and Property – Castle Sports	18	-	-	-	-	<b>18</b>
Assets and Property – Moulton Park & New Sheep Market	128	-	-	-	-	<b>128</b>
Ayscoughfee Projects	15	-	-	-	-	<b>15</b>
Car Park Resurfacing	73	-	-	-	-	<b>73</b>
Council Offices Priory Road – Boiler	10	-	-	-	-	<b>10</b>
Capital Acquisitions re Grown and Commercialisation	29	-	-	-	-	<b>29</b>
UKSPF	342	-	-	-	-	<b>342</b>
UKSPF - Rural	350	-	-	-	-	<b>350</b>
LUF - South Holland Health and Wellbeing Hub	3,891	14,735	6,649	-	-	<b>25275</b>
Welland Homes	1,110	-	-	-	-	<b>1110</b>
<b>Current Approved Capital Programme</b>	<b>8,328</b>	<b>16,078</b>	<b>8,047</b>	<b>1,590</b>	<b>1,166</b>	<b>35,209</b>

Neighbourhoods	180	855	340	-	695	<b>2,070</b>
Disabled Facilities Grants	68	68	68	68	68	<b>340</b>
<b>Total New Capital Projects/Additions</b>	<b>248</b>	<b>923</b>	<b>408</b>	<b>68</b>	<b>763</b>	<b>2,410</b>
<b>GRAND TOTAL CAPITAL PROGRAMME</b>	<b>8,576</b>	<b>17,001</b>	<b>8,455</b>	<b>1,658</b>	<b>1,929</b>	<b>37,619</b>
<b>FUNDED BY:</b>						
Investment and Growth Reserve	603	74	19	19	19	<b>734</b>
Replacement and Refurbishment Reserve	10	-	-	-	-	<b>10</b>
Spalding Special Reserve	25	-	-	-	-	<b>25</b>
Grants	6,139	15,950	1,885	1,215	1,215	<b>26,404</b>
Capital Receipts	29	-	-	-	-	<b>29</b>
Internal Borrowing – Unfinanced	<b>562</b>	855	6,319	-	695	<b>8,431</b>
Internal Borrowing – Welland Homes	1,110	-	-	-	-	<b>1,110</b>
Minimum Revenue Provision (MRP)	98	122	232	424	-	<b>876</b>
<b>TOTAL</b>	<b>8,576</b>	<b>17,001</b>	<b>8,455</b>	<b>1,658</b>	<b>1,929</b>	<b>37,619</b>

7.1 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	£32.4m	£29.0m	£24.1m	£18.3m	£16.4m
Investment return assumptions on non-cashflow Balances.	4.40%	4.55%	3.10%	3.00%	3.25%	3.25%

7.2 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	3,681	446
Supervision & Management	3,606	4,711	1,105
Rents Rates Taxes and Other Charges	81	90	9
Depreciation	4,251	5,040	789
Provision For Doubtful Debts	271	271	-
Statutory Recharges to the HRA for Support Services	3,021	3,267	246
<b>Total Expenditure</b>	<b>14,465</b>	<b>17,060</b>	<b>2,595</b>
<b>Contribution from Operations</b>	<b>(3,756)</b>	<b>(2,505)</b>	<b>1,251</b>
Investment Income	(677)	(511)	166
Interest on Loans	2,347	2,847	500
Transfer From Reserves	-	(500)	(500)
Capital Expenditure charged to Revenue	-	-	-
<b>Net operating (surplus)/Deficit</b>	<b>(2,086)</b>	<b>(669)</b>	<b>1,417</b>

## 8.2 Explanation of Budget Variations

### 8.2.1 Growth

An element of growth has been factored into the HRA Supervision & Management budget for Sheltered Housing and Community Centres of £289k.

The Sheltered Housing service has been formally reviewed to ensure equipment is upgraded ahead of the analogue to digital switchover. The service should meet the needs of current and future tenants and service charges should provide value for money and be able to be scrutinised. Following extensive consultation with tenants, improvements are being made in communication, marketing and the level of service provided. Additional upgrades will include the replacement of communal tv aerials together with the introduction of independent living officers and a handy person service. The ongoing investment in the service through additional staffing resources will ensure the services continues to deliver an enhanced housing offer in Sheltered Housing. Investment in digital noticeboards, marketing and tv aerials are one-off expenses. The response service, independent living officers, handy person and associated costs and broadband will all become recurring costs. Service charges in Sheltered Housing will formally be reviewed annually and appropriate increases consulted upon each year.

Growth in other areas has been included as follows:

Void Repairs (Repairs & Maintenance) £132.8k – This is to continue to use two additional operatives and associated costs for a period of six months until a business case for a permanent solution developed.

Responsive Repairs (Repairs & Maintenance) £199.2k– Increasing demands placed upon the service from impending Regulatory changes, tenant satisfaction measures, and the continuation of additional resourcing for a period of six months until a business case for a permanent solution developed.

Planned Schemes (Repairs & Maintenance) £89.5k - Public awareness of damp and mould has caused a significant increase in requests. Price increases linked to BCIS indexing affects Air Source Heat pumps and Gas repairs. Professional and contractors' fees increased due to Damp, Condensation and Mould calls and subsidence.

General Management (Supervision & Management) £170.9k – This relates to Legal and Regulatory changes plus increased fees to the Regulator of Social Housing.

Estate Management (Supervision & Management) £29k – Legal Fees relating to increases in enforcement of tenant breaches, and trial scheme for the purchase and marketing of Digital Notice Boards.

#### 8.2.2 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) on 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 10 homes per annum under Right to Buy.

#### 8.2.3 Charges for Services and Facilities:

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

#### 8.2.4 Repairs & Maintenance:

£422k relates to the additional requirements detailed above in paragraph 8.2.1. The remaining £24k variance relates to staffing costs.

#### 8.2.5 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.

£489k relates to the additional requirements detailed above in paragraph 8.2.1. £330k variance relates to contract inflation. The Hardships budget has been increased by £140k, creating a £500k fund to support tenants struggling with increases rents. The remaining £142k pressure is largely attributable to staff related costs, insurance premium increases, and decreased project management income due to the reduced capital programme.

#### 8.2.6 Depreciation:

The Depreciation charge has increased and is mainly due to increases in values of properties. The total depreciation amount is charged to the HRA and credited to Major Repairs Reserve and used to fund future capital expenditure.

#### 8.2.7 Statutory Recharge to the HRA for Support services:

A review has taken place resulting in a £246k increase in costs. This reflects an increased pay award for 2023/24 and 2024/25, together with increases in the share of PSPS costs and other services.

## 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 project and to meet expenditure arising from unexpected events. In addition, any surpluses or deficits will be charged against this reserve.

<b>HRA General Reserve</b>	<b>Estimated Balance 31.03.24</b>	<b>Balance 31.03.25</b>	<b>Balance 31.03.26</b>	<b>Balance 31.03.27</b>	<b>Balance 31.03.28</b>	<b>Balance 31.03.29</b>
General HRA Reserve	18,533,460	12,709,860	11,117,760	10,773,660	10,567,760	10,489,060

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

<b>Other HRA Reserves</b>	<b>Estimated Balance 31.03.24</b>	<b>Balance 31.03.25</b>	<b>Balance 31.03.26</b>	<b>Balance 31.03.27</b>	<b>Balance 31.03.28</b>	<b>Balance 31.03.29</b>
Major Repairs Reserve	3,849,400	3,422,300	3,030,300	2,483,900	1,676,000	639,100
Insurance Reserve	200,000	200,000	200,000	200,000	200,000	200,000
<b>Total</b>	<b>4,049,400</b>	<b>3,622,300</b>	<b>3,230,300</b>	<b>2,683,900</b>	<b>1,876,000</b>	<b>839,100</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 Centre 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 appliances 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 Approved 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
Sewage Treatment Works	58,600	0	0	0	0	56,600
TV Aerials for Sheltered Schemes	111,000	0	0	0	0	111,000
<b>Total New Capital Projects</b>	<b>927,900</b>	<b>184,000</b>	<b>193,000</b>	<b>203,000</b>	<b>213,000</b>	<b>1,718,900</b>
<b>Total Capital Programme</b>	<b>14,539,900</b>	<b>8,451,000</b>	<b>8,811,000</b>	<b>9,135,000</b>	<b>10,468,000</b>	<b>51,404,900</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>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
HRA General Reserve	(5,992,200)	(2,331,400)	(1,489,000)	(1,518,000)	(2,092,000)	<b>(13,405,600)</b>
Major Repairs Reserve	(5,466,600)	(5,465,000)	(5,652,000)	(5,947,000)	(6,176,000)	<b>(28,706,600)</b>
<b>Reserve Totals</b>	<b>(11,458,800)</b>	<b>(7,779,400)</b>	<b>(7,141,000)</b>	<b>(7,465,000)</b>	<b>(8,268,000)</b>	<b>(42,112,200)</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>
External Borrowing	0	0	(1,000,000)	(1,000,000)	(1,000,000)	<b>(3,000,000)</b>
<b>Total Capital Funding</b>	<b>(14,539,900)</b>	<b>(8,451,000)</b>	<b>(8,811,000)</b>	<b>(9,135,000)</b>	<b>(10,468,000)</b>	<b>(51,404,900)</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 into 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 1-4-1 RTB receipts, and
  - Access opportunities for additional grant funding through Homes England.
- 10.4 The delivery of new affordable homes will help to meet local housing needs. The Capital Programme will support the delivery of 77 new homes, including a mixture of rented and shared ownership housing. 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. CONSULTATION

- 11.1 Under the Gunning Principles, the following points are the golden rules of consultation:
- 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.
- 11.2 Using these principles, the budget consultation process for the 2024/25 budget comprised a number of elements. It was published on the Council's website for consultation by all stakeholders, including the local business community.
- 11.3 In addition to this the Council consulted through a number of Member forums including Cabinet, Spalding Town Form and Scrutiny.
- 11.4 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 Cabinet review and formal Council approval on 13th February and 29<sup>th</sup> February 2024 respectively.

## 12. EFFICIENCY TARGETS

- 12.1 The projected budgets recognise an increasingly challenging and uncertain position through the five year period of our financial strategy. The current financial environment requires 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. The Councils new partnership and the outsourced services within its TECKAL company PSPS Ltd provide significant opportunity to drive savings, efficiencies, transformation, and improvement across the 3 Councils.
- 12.2 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	186	1,030	1,104	1,427	1,767
IDB Funding Requirement (£'000)	646				

- 12.3 The ongoing delivery of savings is recognised as a key challenge to the Council that will require both political and cultural direction to ensure it is met.

### 13. SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP PLANS

- 13.1 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.
- 13.2 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.
- 13.3 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
  - The commercialisation of services
  - Addressing Deprivation in the district
  - Tackling Climate Change including through the Green Homes Initiative

## 14. RISK AND SENSITIVITY

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

Table 17 - Key Risks

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigating Action</b>
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 25/26 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



## **15. OPTIONS**

15.1 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.

## **16. RECOMMENDATIONS**

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

16.2 Recommendations – That Full Council approves:

- The General Fund budget and Council Tax for 2024/25.
- The Housing Revenue Account budget 2024/25, including growth as set out within paragraph 8.2.1.
- The associated financial strategies 2024/25 to 2028/29.
- The approach to council tax premiums as detailed in paragraph 4.11.
- The implementation of a pay supplement to raise pay to £12.00 per hour for all Council employees on the National Joint Council (NJC) pay rate currently paid below this sum, as detailed in paragraph 4.22.