APPENDIX A

Medium Term Financial Strategy

2022/23- 2026/27

Contents	**Page No**

Foreword

Welcome to this latest version of the City Council's Medium Term Financial Strategy covering the period 2022-2027.

The City of Lincoln Council is a high-performing and innovative organisation, focussed on providing quality services and delivering outcomes that matter. It's Vision 2025 is an ambitious strategic plan that is helping to transform both the Council and the City through it's five strategic priorities.

This Strategy sets out how the Council will use it's financial resources to underpin it's Vision 2025 and strategic priorities. It is the Council's commitment to use the financial resources it employs over the coming years to make a positive difference to the city and its residents.

The development of this latest strategy needs to be seen in the context of significant inherent uncertainty for the Council, with the ongoing impact of the Covid19 pandemic on income and expenditure assumptions, and a lack of any form of clarity on future funding settlements from government. It is a long time since the Council had any certainty during budget setting which makes financial planning in this climate extremely challenging.

The Covid19 pandemic fundamentally affected the way in which the Council works and will have long term and societal impacts. Elements of this change which related directly to the emergency response have largely reverted back to normal. However, an event of this magnitude has undoubtedly meant that the Council has to consider how it's business and services should operate in the future and the impact of the changing needs and demands of residents, businesses and customers, on those services.

The measures introduced nationally to combat the virus had direct and indirect negative impacts on the Council's finances which fundamentally altered the direction of the MTFS. Despite the relaxation of national restrictions during 2021, and in some instances a return to normal, there still remains potential longstanding impacts on the Council's finances. Budget pressures arise from demand for services, the availability of goods and services, escalating costs and ongoing, permanent, reductions in income. Latest national measures and the resulting impact on public confidence will no doubt have further financial implications for the Council.

The financial implications are challenging to estimate with certainty, there continues to be a number of unknowns, which have been exacerbated in recent months; in terms of how long the pandemic will continue to affect communities and the economy; will further restrictions be imposed; will the bounce back recovery further dampen or re-bounce, and by how much; and how will customers, residents, businesses behave over time and how will their needs change. Coupled with the state of flux in the economy with; rising inflation; labour shortages; and supply chains issues the level of uncertainty has never been so high.

Alongside these service pressures, the Council continues to face a lack of clear direction on a longer-term financial settlement for Local Government and whether and when each of the planned local government finance reforms will be implemented.

Despite the impact of the pandemic on the economy, improved growth forecasts for 2021 provided the Government with the ability to announce additional funding for public services, including Local Government, in the Spending Review 2021. Although a three-year spending envelope was outlined in the Spending Review, Local Government were only provided with a one-year Finance Settlement in line with the delay in implementation of the finance reforms. The additional funding for Local Government did though provide some limited and short-term stability for the Council with additional resources for 2022/23.

Together, a mutli-year financial settlement and implementation or not of the finance reforms have the ability to fundamentally alter the course of the MTFS. Providing certainty on these issues would make a significant difference to the Council's financial planning and therefore the services it delivers.

Although there is a significant level of uncertainty about future funding, based on what is currently known, or can be reasonably assumed, the Council continues to need to make further reductions in the net cost base of the General Fund. The additional resources in 2022/23 and the delay in implementation of national reforms has provided some financial capacity to lower the level of reductions required, but it does not alter the underlying need to reduce the net cost base by £1.5m by 2024/25 if the Council is to remain sustainable in the medium term.

This is a significant target for the Council to achieve, particularly in light of the annual revenue reductions of nearly £10m that have already been delivered. After a decade of delivering these efficiency savings it is much harder to extract such savings and many now being considered are to be delivered as part of longer-term transformational changes to the organisation. Alongside these longer-term transformational changes the other key aspect in closing the funding gap is through economic growth and investment. This is ever more critical in light of the crippling effect Covid19 has had on the local economy. Through Vision 2025 the Council will continue to seek ways to maximise it's tax bases by creating the right conditions for the economy to recover and grow, as well as through direct intervention, such as; the Town Deal; the Council House New Build Programme; and other capital investment.

These longer-term transformational changes and the delivery of benefits from economic development measures cannot be realised immediately. The Council is therefore left with little option but to revert to more traditional cost cutting measures in order to deliver the scale of reductions required within the short term. This is an approach that has been taken during 2021/22, already securing over 50% of the required £1.5m savings, and will continue through 2022/23.

In this current exceptionally uncertain period and in light of the Council's funding position the overriding financial strategy continues to be, to drive down the net cost base to ensure a sound and sustainable financial position is maintained. The key mechanism for delivering this strategy is through the Towards Financial Sustainability Programme which seeks to bring service costs in line with available funding. Alongside this over the medium term the Council will use it's influence and direct investment through its capital programmes to create the right conditions for the City's economy to recover and once again grow and will continue to focus on longer term transformational change to the Council.

The Council's successful financial planning to date has enabled the protection of core services for the people of Lincoln, whilst at the same time allowing for significant investment in the City, and its economy, and delivery of the Council’s Vision. The Council will continue to adopt this approach, carefully balancing the allocation of resources to Vision 2025, whilst ensuring it maintains a sustainable financial position and delivers the required reductions in its net cost base.

Jaclyn Gibson, FCCA
Chief Finance Officer

Section 1 – Introduction

The purpose of the MTFS is to set out the overall framework on which the Council plans and manages its financial resources to ensure that they fit with, and support, the direction of the Council's vision and strategic priorities. The Council currently has five clear strategic priorities, and in order to achieve those priorities the Council must have a clear and robust financial strategy which focuses on the long term financial sustainability of the organisation.

The MTFS draws on a review of the local economic landscape, and the impacts of the wider national economic and political landscape. It looks ahead over the coming five financial years to identify the resource likely to be required by the Council to finance its priorities and meet the financial consequences of the demand for council services. It also looks ahead to determine the resources likely to be available to the Council over the same period. This plays a critical role in ensuring that as the Council develops its key plans and strategies it has a sound understanding of the organisations longer term financial sustainability which enables decisions to be made that balance the resource implications of the Council's policies against financial constraints.

The MTFS integrates revenue allocations, savings targets, reserves and capital investment and provides indicative budgets and future Council Tax and Housing Rent levels for the period covered by the plan. This approach has been in place for a number of years now and is an essential part of the budget setting process.

Although the Strategy is set against a medium-term time frame, to fit with the Council's corporate planning framework, in principle it will exist for longer as it provides the overall direction and parameters for financial management at the Council.

Inevitably the Council's plans will need to evolve and develop in response to new financial opportunities and risks and new policy directions, this has never been more evident than in the current climate. Therefore, the Strategy will be reviewed on a regular basis and at least annually.

The MTFS is underpinned by a sound finance system, coupled with a solid internal control framework, sufficiently flexible to allow the organisation to respond to changing demands over time and opportunities that arise.

Objectives

In response to the unprecedent impact of Covid19 on the Council's finances and the inherent uncertainty in financial planning, the existing objectives of the MTFS were reviewed to ensure they remained relevant. The key overriding objective continues to be;

- To continue to drive down the net cost base, in line with available resources, to ensure the Council maintains a sound and sustainable financial base, delivering a balanced budget over the life of the MTFS;

The further objectives that the MTFS seeks to achieve are as follows:

- To ensure the Council uses its reserves and balances carefully, seeking to maintain robust levels and replenishing where necessary, to address any future risks and unforeseen events without jeopardising key services and the delivery of outcomes;

- To seek to maximise income levels, including maintaining in the short term and growing over the medium term, the Council Tax and Business Rates tax bases, whilst ensuring that Council Tax rate increases are kept an acceptable level;

- To ensure that the Council's limited resources are directed towards its Vision and strategic priorities, redirecting where necessary to allow for improvement and investment.

- To ensure the Council provides efficient, effective and economic services which demonstrate value for money.

Policy and Financial Planning Framework

The Council's Strategic Plan, Vision 2025 is the thread that links the Council's integrated policy and financial planning framework. It is underpinned by the MTFS, which aims to ensure that all financial resources are directed towards delivery of the vision and flows through to the Council's other key plans and strategies, service planning and individual staff performance appraisals. This ensures that the Council's vision and strategic priorities drive the activity and allocation of resources of the Council.

The Vision 2025 promotes a clear view of the Council's strategic focus and in particular its key priorities. These priorities are a commitment by the Council to use the resources it employs over the coming years to a make a positive difference to the city and its residents.

Section 2 – Context

In order to set the framework for the Council's approach to policy and financial planning it is important to understand the overall national policy context, and economic conditions as well as the policy and delivery priorities for the Council over the MTFS period.

Economic Climate

The UK's economic recovery from the Covid19 pandemic has so far proven to be rapid, but as yet; un-sustained; imbalanced; incomplete; and dampened by the fallout of Brexit. The UK economy contracted by a record 9.7% in 2020, the largest recession on record. This contraction continued into 2021 with a decline in the economy of 1.4% in quarter one. The easing of Covid restrictions during quarter two triggered an economic bounce-back, with the UK economy growing by 5.5% - although still 3.3% smaller than in the final quarter of 2019, before the pandemic hit. However, while spending soared during quarter two, more recent figures indicate that there is a loss of momentum with the recovery appearing to have stagnated. In July, growth was dented by the "pingdemic" which saw many employees self-isolating. Growth was just 0.1% in July, down from 1.4% in June, August to October saw similar stagnated growth with monthly increases of 0.2%, 0.6% and 0.2%. However, November saw the economy surpass it's pre-pandemic level for the first time, ahead of the rapid spread of the Omicron variant, with growth of 0.9%. The impact of the national measures introduced in December and resulting impact on public confidence will no doubt temporarily dampen this growth.

The recovery is now also being hampered by supply chain and staffing problems affecting sectors from fuel supply to supermarkets. The supply chain issues have arisen both, globally as the world's economy sluggishly wakes up from lockdown, and in the UK due to fewer European workers and the imposition of non-tariff barriers on trade with the rest of Europe. Coupled with a sharp rebound in consumer demand, these supply distributions and depleted stores of goods have pushed up prices and shipping costs around the world. In addition, the high number of job vacancies in the UK, compounded by Brexit, is putting an upward pressure on wages.

These factors are pushing up general prices and resulting in the higher than target inflation levels. CPI inflation in November 2021 rose to 5.4%, it's highest rate in ten years. Current forecasts earlier in December, anticipated CPI to temporarily hit a 10-year high of 5% by the beginning of 2022, with this figure having already been hit there are concerns around how high CPI may rise. The Bank of England expects the rate to reach over 7% in Spring 2022 but estimate it to fall back towards the 2% target over the second half of the year and during 2023.

At the same time as rising prices, the Government ended support through the furlough scheme, as well as removing the temporary increase in Universal Credit support. The consequent impact of these factors, along with the national measures introduced in December 2021 to tackle the pandemic, will in turn result in consumers reining in spending and hence future growth in the economy will be hampered.

In response to rising inflation in the economy, in an effort to bring inflation back down to the target rate of 2%, the Bank of England is voted to raise interest rates by 0.15% to 0.25% in December 2021 followed by a further increase to 0.5% in February 2022. Rates had been at a 325-year low of 0.1% following an emergency rate cut in March

2020. Forecasters now predict a further increase in early 2022 if the inflation continues to soar.

Despite the worst economic recession in 300 years and the unstable path to economic recovery, an improvement in short-term forecasts for the economy, provided by OBR in the Autumn, revised up the 2021 growth forecast and reduced its estimate of the long-term “scarring” to the economy from the pandemic. This, coupled with the money raised from the announcement of higher national insurance to pay for health and social care, enabled the Chancellor to announce a major spending boost in the Autumn Budget and Spending Review 2021. This spending increase, along with focused tax change, is part of the Government’s broader plan to return public finances to a sustainable footing over the medium-term.

The Autumn Budget and Spending Review were delivered against a backdrop of the economic recovery being underway and emergency support to businesses and individuals winding down. The financial impact of the national measures and restrictions imposed during the Winter will not be known for some time but will undoubtedly impact on the Government’s plans for borrowing, taxes, and public expenditure, and potentially Local Government.

National Priorities

As set out in the economic update, Covid19 has fundamentally impacted on the UK economy and on the political agenda of the Government. The multi-year Spending Review 2021 set out how the Government intent to Build Back Better through:

- Ensuring strong and innovative public services - making people’s lives better across the country by investing in the NHS, education, the criminal justice system and housing;

- Levelling up across the UK to increase and spread opportunity; unleashing the potential of places by improving outcomes UK-wide where they lag and working closely with local leaders; and strengthen the private sector where it is weak;

- Leading the transition to Net Zero across the country and more globally;

- Advancing Global Britain and seizing the opportunities of EU Exit;

- Delivering the Plan for Growth - delivering plans for an infrastructure and innovation revolution and cementing the UK as a scientific superpower, working in close partnership with the private sector.

Spending Review 2021

For two years, the government has only held single-year Spending Reviews, with 2019 being a single year due to the political turbulence around Brexit, and 2020 being a single year given the pandemic. However, on 27th October 2021, the Chancellor, set out the Spending Review and Autumn Budget 2021, representing the first return to multi-year statements since 2015.

As a result of short-term forecasts for the economy, provided by OBR, which revised up its 2021 growth forecast and reduced its estimate of the long-term “scarring” to the economy from the pandemic, coupled with the money raised from the announcement of higher national insurance to pay for health and social care, the Chancellor was able to announce a major spending boost in the Budget. Together these two 'windfalls' provided additional resources of c£50bn, which has been used to; mainly increase spending with increases in spending for all government departments for the next three years; allow some small tax cuts; and allow some reduction in borrowing in order to adhere to the new fiscal rules.

The government announced its top priorities in the SR21, to where much of the additional funding has been allocated, to include:

- Health and social care
- Education
- Housing
- Criminal justice
- Local government

The main points from the Chancellor's Budget Statement that are relevant to local government are as follows:

- Total departmental spending set to grow in real terms at 3.8% a year on average– a cash increase of over £150 billion a year by 2024-25 (£90 billion in real terms).

- Core spending power for local authorities is estimated to increase by an average of 3% in real terms each year over the SR21 period. This includes £3.6bn to fund social care reforms, the increase for councils' existing responsibilities will be 1.8% a year on average.

- New grant funding for local government has been announced over the next three years, worth £4.8bn. This is front loaded providing £1.6bn in 2022/23 followed by two cash flat settlements for 2023/24 and 2024/25. The details of how this funding will be distributed and which services it will be allocated to were not included in the speech, although this will include a £200m commitment to increase Supporting Families funding, funding for cyber security and funding to improve local delivery and transparency. In addition, it has been subsequently been confirmed that the additional funding, will also have to meet the additional costs from higher wage bills in relation to the increase in National Insurance Contributions.

- In addition to the new grant funding of £4.8bn, £3.6 billion of the previously announced £5.4bn for the adult social care sector, funded through the new National Insurance levy, will be routed through local authorities.

- There was also no announcement on funding reform, and no confirmation that the business rates reset would be delayed beyond 1st April 2022.

- The Spending Review document confirms that the Council Tax referendum limit is expected to remain at 2% per annum for the Spending Review Period, with an additional 1% per annum flexibility for social care authorities to increase the Social Care Precept.

- The Business Rates multiplier will, again, be frozen, rather than rising by inflation, as in 2021/22. It is expected that this will be funded by government through a further increase to the multiplier cap compensation grant. The conclusion of the review of business rates was published alongside the SR21, which included 3-yearly revaluations from 2023, and a new business rates improvement relief, which, from 2023, will allow businesses to make improvements and pay no extra business rates for 12 months (it is expected that this relief would be funded for local government).

- Retail, Hospitality and Leisure relief will be extended at 50% for 2022/23, subject to a £110,000 cash cap. This is £5,000 higher than the cap currently applicable to the 66% relief to businesses, which were not (or would not have been) required to close on 5th January 2021. The government estimates the relief will be worth £1.7bn to business. Again, it is expected that this will continue to be fully funded for local government.

- £560m will be provided for youth services as part of the levelling up agenda. There will also be new funding for community football pitches (£200m+), to support museums and libraries (£800m), and for 100 new 'pocket parks' on small areas of derelict land.

- A nearly £24bn multi-year settlement for housing, including up to 180,000 affordable homes through investment of £11.5 billion in the Affordable Homes Programme. Funding for locally-led grant funding to unlock smaller brownfield sites for housing. An additional £65 million investment to improve the planning regime, through a new digital system. £9 million in 2022-23 to fund more than 100 green spaces across the UK on unused, undeveloped, or derelict land. £639 million resource funding by 2024/25 as part of the government's commitment to end rough sleeping.

- Funding of more than £300 million to implement free, separate food waste collections in every local authority in England from 2025. There was however no mention of DEFRA's proposed policy of free garden waste collections.

- The public sector pay freeze will not continue, and the intention is to return to the usual system of independent pay commission recommendations for 'fair and affordable' pay rises over the whole Spending Review period. The minimum wage will be increased to £9.50 per hour, accepting the Low Pay Commission's recommendation.

- Other announcements include a reduction to the Universal Credit taper from 63% to 55% (which is the amount that Universal Credit falls as income rises from work).

The announcement of an additional investment of £4.8bn in local government was hugely welcome. It will go some way to meet some of the pressures of inflation, higher wages and ongoing covid costs/income losses that Councils are facing. But, although it was greater than expected it is not enough to address the funding gap created by previous cuts and demand pressures.

Recent studies by both the Local Government Association (LGA) and the Institute for Fiscal Studies (IFS) both concluded that local authorities need billions more from Government and large council tax rises to maintain services and pay for social care reforms. Even after the additional investment in the Spending Review, the IFS estimates that council tax increases of 3.6% per year will be needed for the next three years just to ensure councils can provide the same range and quality of services in 2024/25 as was provided pre-pandemic.

Despite the announcement of a three-year Spending Review, this was not followed up with a three-year Finance Settlement for Local Government. Disappointingly a one-year settlement was announced, albeit with the additional resources, as set out above. While the sector welcomed the additional resources for 2022/23, they only provide some limited and short-term stability for councils. The continued absence of a longer-term settlement for 2023 and beyond hampers financial planning, is not conducive to good financial management and makes delivering value for money more challenging.

Other Reforms

Whilst the Spending Review sets the overall quantum for local government funding the specific allocation of funding to individual authorities is affected by a number of mechanisms. Prior to the outbreak of Covid19 the Government had intended on making a number of significant reforms to these mechanisms, which will have significant impacts on the level of funding each local authority. These reforms have been pending now since 2019, having also been delayed by one year due to the impact of Brexit. These reforms are:

- The Fairer Funding Review
- Business Rates System Reset and introduction of 75% Rates Retention

It was hoped that a multi-year Finance Settlement for Local Government would provide some clarity on the timing of these funding reforms, however the only announcement regarding funding reform was as follows:

“Government is committed to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The data used to assess this has not been updated in a number of years, dating from 2013/14 to a large degree, and even as far back as 2000. Over the coming months, we will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes”.

As such there is still no specific timetable for implementing the Fair Funding Review or Business Rates Reset, although there are indications that a consultation in Spring 2022 could be announced.

Further information on each of these key reforms are set out in the following paragraphs.

Fairer Funding Review

The Fairer Funding Review will create a new formula for the distribution of resources across local authorities by establishing new baselines at the start of a reset to the Business Rates Retention scheme. The Review was expected to be completed alongside a multi-year Spending Review, to revise the formula for calculating how government funding is split between local authorities. The review was set to focus on three key elements;

- Determining Need – assessing the relative needs of local authorities determined by a combination of specific cost drivers

- Determining Resources (deducted from need) – assessing each authority's ability to raise resources locally

- Transition (to the new baselines – providing protection for those authorities facing severe funding reductions as a result of changes in their baseline needs.

Although previous technical consultations had been published, prior to the pandemic, which indicated a shift in resources from district councils towards statutory social services at county and unitary level, there has been no new consultation on any proposed new formula. In releasing funding to support local authorities with Covid19 expenditure pressures in 2020/21 the Department for Levelling Up, Communities and Housing (DLUCH) decided to use a new formula based on elements of the Fair Funding Review, perhaps indicating, at that point, the possible outcomes of the review.

However, the allocation of additional resources in the 2022/23 Provisional Finance Settlement provides some indication of a possible shift in direction of the review with the use of the 2013/14 SFA methodology, which is itself linked to deprivation factors. This would support statements made by the Secretary of State at a Select Committee where he referenced looking to see what headroom DLUCH has for a redistribution to better reflect the additional needs of local government in those areas that don't have the same resilient council tax base or same level of business rates to draw upon, saying that, "It is not as crude as seeking to help local authorities in the North more than we are helping other local authorities, but if it had to be boiled to down to a single sentence, then that is very much something that is in my mind". This would certainly seek to support the Government's levelling up policy agenda.

Business Rates Retention Reform

Business Rate Reform, including the Business Rates Reset and future plans for Busines Rates Retention were also planned to be introduced alongside the Fair Funding Review and as part of a multi-year settlement..

Before the 2017 election, the Local Government Finance Bill 2016 was prepared with the aim of introducing primary legislation to enact the move from the 50% business rates retention (BRR) scheme to 100% BRR. Subsequently, as part of the Local Government Finance Settlement 2018/19 government announced that local business rate retention would move forward from 50% to 75% in 2020/21 rather than 100% as previously announced. This move does however now appear in doubt, with ministers cautioning against the expectations of future increases in the current 50% retention rate.

A full business rate baseline reset of accumulated growth is also expected to take place, with the intention of better reflecting how much local authorities are actually collecting in business rates. This reset has the effect of wiping out any business rate gains that individual authorities have built since the launch of the current system in 2013/14. This has significant financial implications for the majority of local authorities, for those below their baselines this would be a positive move, but it presents a serious threat to those with high growth above baselines, with a punitive, cliff-edge reset. Until the onset of the current pandemic it had been assumed that at a national level the total gains would be redistributed through the system of baseline need so it was likely that the Council would receive an element of this. The impact of Covid19 across the country is now likely to have reduced some of the gains local authorities had built up leaving less for redistribution now.

With these key reforms postponed again, and with no further clarity in terms of the timing and extent of the reforms, local authorities are left to wait for the Government to assess how it will share out resources fairly in the future.

Levelling Up White Paper

As well as significant uncertainties around Government policy in terms of the Fairer Funding Review and Business Rates there are also potentially other reforms following the publication of the Levelling Up White Paper in February 2022.

The White Paper outlines the government's plan for reversing the UK's geographic inequalities and improving the country. The paper set out 12 national missions, all to be measured and achieved by 2030, to level up the UK relating to: pay; productivity; local transport; gigabit-capable broadband; school performance; skills; life expectancy; wellbeing; pride in place; home ownership; crime rates; and, devolution deals.

The policy proposals set out in the paper relevant to Local Government are:

- A new devolution framework which sets out a clear menu of options for places in England that wish to unlock the benefits of devolution. By 2030, every part of England that wishes to have a 'London-style' devolution deal will have one.
- A transformation of the government's approach to data and evaluation, with a new independent body created to improve transparency of local government performance.
- A commitment to simplify the local growth funding landscape.
- The intention to mobilise £16 billion of the Local Government Pension Scheme for investments in local projects.
- The £2.6 billion UK Shared Prosperity Fund will be decentralised to local leaders as far as possible.
- Councils will be given the power to require landlords of empty shops to fill them if they have been left vacant for too long.
- 68 more councils to be supported by the High Streets Task Force.
- All homes in the Private Rented Sector will have to meet a minimum standard – the Decent Homes Standard.
- 55 Education Investment Areas (EIAs) will be designated where school outcomes are currently weakest and will benefit from intensive investment and support.

The White Paper promises a series of next steps: a comprehensive programme of engagement across the UK; consultation on missions and metrics and the devolution framework; the establishment of a new body focusing on local government data; rolling out Levelling Up Directors across the UK; simplifying growth funding; creating three sub-groups to support the levelling up advisory council; and introducing future legislation to create an obligation on the UK Government to publish an annual report on progress and to strengthen devolution legislation in England.

This series of next steps, and most importantly the new devolution framework for

England, will undoubtedly have significant implications for the Council.

Local Priorities

City Profile

Lincoln is a cathedral city, and is one of the oldest cities in Britain, with an estimated population of around 100.049 (0.75% increase on the previous year). Lincoln is one of seven Districts in Lincolnshire and, being an urban area located within a predominantly rural county, faces both unique challenges and opportunities.

Although the population of Lincoln is estimated at over 100,000, at times almost twice as many people visit the city during the daytime as live here, boosting the local economy but also putting immense pressure on local services and infrastructure.

In the last ten years, from 2011 to 2021, Lincoln has seen a significant 7.5% increase in the number of people who live here. As one of the smaller cities geographically – with just just 3569 hectares (13.78 square miles) of land, the population currently sits at 2803 heads per square kilometer.

As you might expect from a city with two universities, a high level of the population is in the younger bracket. There are some 18,705 students at the University of Lincoln or Bishop Grosseteste University – in fact Lincoln's most common age group overall is 20-24, 14.3% of the population, which is a jump from 12.5% last year. Age bands 15-29 are all above the England rate with a figure of 30.2% of the population compared to the England's 18.3%. Lincoln can therefore be considered a "younger" city.

In terms of the economy, the City faces a number of challenges. Before the pandemic the City's business base had been growing consistently for some years, with almost 90% of new businesses surviving their first year. Through the pandemic the Council has worked hard to mitigate business failure and unemployment rates, distributing grants to businesses, working with partners across the City to support the High Street, through direct investment in the City and progression of the Towns Fund bid as well as other measures. Nevertheless, lockdowns and ongoing restrictions have had a major impact on the local economy with many businesses forced to close or make staff redundant, meaning that the latest (model based) unemployment rates have risen slightly from 6.5 a year ago to 7.1 in March 2021.

However, during 2020, we have seen median annual salaries and gross weekly pay rates rise for both full and part time workers, and as of the latest data, we have 76.5% of 16-64 years old's who are economically active, and a 'job density' (the level of jobs per resident) of 0.9, which is higher than both the East Midlands and England rates.

The number of Local Council Tax Support claimants had reduced year on year since April 2013, but for the first time in 2020 we saw a rise in claimants – and as of April 2021, we had 8982 claimants – an increase of 458 (5.4%) on the previous year. Although we saw a rise in the number of people claiming Universal Credit in 2020 (as people moved across to the new system), in 2021 we actually saw a fall in claims from 2,885 in August 2020 to 2,390 in August 2021. However, this includes the first period of lockdown and the introduction of furlough, so this will have affected the data.

Only around 0.4% of properties fall within council tax bands G and H, and 80% fall within the lowest bands A or B. This low Council Tax base, compounded by the increased cost of the LCTS scheme, has a significant limiting impact on the Council's ability to raise revenue via the Council Tax and creates a higher dependency on other sources of income.

Like many places, Lincoln is made up of areas of relative affluence, and relative deprivation. The Indices of Multiple Deprivation 2019 shows Lincoln as 68th of 317 Local Authorities. The three domains that Lincoln has scored higher in the rankings are in crime, housing and living environment. These are all in the lowest (9.3%) weighting. Health remains Lincolns worst domain ranking.

Both male and female life expectancies are lower than national averages with male life expectancy decreasing a little to 76.9 years while female life expectancy reduced slightly to 80.6 years. Early deaths due to heart disease and cancer had been reducing but rates have seen an increase and Lincoln still ranks high amongst our nearest neighbours.

In addition, Lincoln's child poverty rate is above the county, regional, and national rate and fuel poverty rates are above the regional and national average.

There are approximately 44,600 households in the city – the City Council is landlord to approximately 7,800 of these, with more than one thousand more belonging to Registered Social Landlords. Despite the fact that housing is generally more affordable in Lincoln than elsewhere, there is still substantial demand for social housing of different types.

The impact of Covid19 has been felt, and will continue to be felt hardest, by the most vulnerable members of the City. Those who are the most economically disadvantaged have experienced the pandemic differently as it interlinks with existing health inequalities and social conditions and increases that existing adversity: financial difficulties, unemployment, loneliness, social isolation, have been intensified by the pandemic.

These factors place significant demands on key services and resource allocation and are a key driver in the development of the Council's Vision for the future of the City, its strategic priorities and its response to the recovery of the City and its economy following the impact of the pandemic.

Vision 2025

Following the successful completion of the three-year strategic plan 'Vision 2020' in late 2019, a new five-year strategic plan 'Vision 2025' was developed and adopted by the Council in early 2020, but was almost immediately affected by the onset of the pandemic.

Vision 2025 sets out the Council's vision for the future of the City, strategic priorities and core values.

The Council's current vision for 2025 is;

"Together, let's deliver Lincoln's ambitious future"

Underpinning this vision are five strategic priorities, each with a number of supporting aspirations. The aspirations are in turn supported by groups of projects that have been delivered by the Council and it's partners throughout the five year programme. The five current strategic priorities are:

- Let's drive inclusive economic growth
- Let's reduce all kinds of inequality
- Let's deliver quality housing
- Let's enhance our remarkable place
- Let's address the challenge of climate change

These five strategic priorities will be supported in Vision 2025 by a programme called One Council. One Council is made up of the following pillars:

- Organisational development
- Best use of assets
- Technology
- Create value processes

It aims to put the customer at the heart of everything the Council does, understanding their needs, wants and preferences. One Council will also define how the Council will need to work in the future to meet those changing demands and to work in an effective and efficient way.

Additionally, the vision includes a set of core values which sum up the Council's culture, and what can be expected from its services and policies. They should also be present in the way its officers and member deal with others, its residents, and its partners. The core values are:

- Let's be approachable
- Let's be innovative
- Let's be trusted to deliver

The development of Vision 2025, prior to the pandemic, provided the priorities and aspirations as well as a high-level view of how these would be achieved. It included a mix of exciting, high profile projects to shape the future of the city, with a range of other projects in keeping with the financial and officer capacity available at that time. The detail of what needed to be done each year to work towards the end goal was to be delivered through a specific Annual Delivery Plan for each year, in which individual projects would be agreed for each priority.

Over the first two years of the Vision, although the Council 's ability to deliver beyond critical services was severely impacted, there were several projects that continued to be progressed and some are now complete. However, in the majority of areas of activity, progress on the initial plans was affected.

As the council moves back to a new business as usual situation, a mid-term review on the proposals in the original Vision has been undertaken. As part of this work, the effect of the pandemic on the health of the City's residents has been considered – and as a result, a new focus on physical and mental health developed for the way forward.

In addition, a change now in place is that instead of an annual delivery programme, a three-year plan has been developed which will be resourced as appropriate over the next three years. There are also several new projects proposed which will support the work of partners in helping tackle health inequalities exacerbated by the pandemic.

Moving towards 2022/23 and onwards, the focus is now firmly on the process of delivering the strategic aims. Due to the financial and resource effects of the pandemic, the Council is not in a place to completely pick up where it was, so the new three-year plan has been developed with flexible timescales. As this is a three-year plan the projects will not all start in 2022, they will be phased appropriately to meet residents' needs and when resources are available.

In terms of the availability of resources, key to this is the officer resource to support the delivery of the savings programme, whilst also ensuring that resource is available to deliver against our strategic aims, maximising where possible external funding opportunities to bring forward new development to support the City and its economy.

Section 3 – Revenue (General Fund)

Impacts of Covid19

Covid19 has taken its toll on the financial resilience of the Council as income streams plummeted and there was a requirement to incur costs to ensure services continued to be provided throughout, and in order to respond to consequences of the pandemic.

Whilst financial support was provided by the Government in 2020/21 and 2021/22, this did not fully compensate the Council for the financial losses it incurred. Furthermore, there has been no announcement of any ongoing funding to directly compensate for the impact of Covid19 from 2022/23 onwards, although ‘general’ additional short-term resources for Local Government were announced. The General Fund is therefore left facing an ongoing financial detriment, with a legacy of reduced earmarked reserves and higher savings targets in order to absorb the impacts of Covid19 on it’s financial position.

These impacts affect the General Fund both in terms of demand for and cost of services, and through reductions in income. In terms of service demands, the Council plays a vital role in supporting the most vulnerable in the City. The impact of Covid19 has been felt hardest by those who are the most economically disadvantaged due to the interlinkages with existing health inequalities and social conditions. These impacts manifest themselves directly in the short term through increased demand for; welfare advice; housing benefits; housing solutions, homelessness support etc. The longer term affects and the impacts on health and wellbeing will continue to shape the MTFS for many years.

It is though the threat to the Council’s income streams, through local sources (Council Tax, Business Rates, Fees & Charges) that poses the most significant risk to the MTFS. The Council’s reliance on local income streams has increased significantly in recent years as Government funding has reduced through austerity measures and new funding mechanisms have been introduced resulting in the Council having to be more self-sufficient and secure its own funding sources. Prior to the implementation of new funding mechanisms in 2013, less than 20% of the Council’s funding sources were subject to any level of volatility. For 2022/23 90% is now subject to volatility and emphasises the financial risk that the Council faces from its income streams.

In addition, the impact of Covid19 is still being felt in relation to service delivery both in terms of backlogs of outstanding work but also due to the current economic operating conditions in terms of supply chain issues, escalating costs and availability of labour etc, whilst these issues are being addressed they are likely to continue in the medium term and impact on the Council’s finances.

Whilst income and expenditure budgets have been revised as part of the MTFS refresh, these are based on a number of assumptions around the speed and extent of the national and local recoveries particularly in relation to income budgets and therefore remain a significant risk for the General Fund.

Spending Plans

The MTFS is central to identifying the Council's financial capacity to deliver its vision and strategic priorities, this requires a balance to be struck between the need to support the delivery of the vision with the need to maintain a sustainable financial position. This balance has become extremely difficult in recent years given the Council's financial position and a need to continue to reduce the net cost base.

The three-year Annual Delivery Plan (ADP) for the remaining period of Vision 2025 has been developed following a mid-term review of the proposals in the original vision. This review was an opportunity to review and relaunch Vision 2025 and ensure that the actions taken to meet the priorities will help tackle the needs of the City's residents and businesses. As part of this work, the effect of covid-19 on the health of residents has been considered – and as a result, a new focus on physical and mental health developed for the way forward.

This mid-term review has given the opportunity to refocus resources towards prevention and addressing those areas, including health inequalities, that will be needed most in the next three-year period.

The new three-year ADP includes a significant amount of new investment, primarily of a capital nature, aimed at supporting the economic prosperity of the City and is largely funded through external grant funding. In addition, through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve, there are also a number of new revenue schemes.

The ADP also recognises the need to reduce the Council's net cost base alongside the further new investment to support the priorities.

Further details of the specific projects and investment of the three-year period to 2025 can be found within the ADP.

Spending Assumptions

A review of the financial planning assumptions the Council over the period of the MTFS has been undertaken, this information has been drawn from experience in previous years, the advice of Directors and Assistant Directors, the current economic climate and other local and national issues that are likely to influence the financial outcomes.

Inflation – Pay and Prices

Automatic inflationary increases of budgets are not provided for all goods and services, instead individual inflation rates have been applied for specific items of expenditure, all remaining areas of expenditure are maintained at the previous year's levels, which is in effect a real terms reduction in spending power. The following rates of inflation have been assumed over the period of the MTFS:

	2022/23 % per year	**2023/24 % per year**	**2024/25 % per year**	**2025/26 % per year**	**2026/27 % per year**
Pay	1.75%	2.0%	2.0%	2.0%	2.0%
General (CPI)	3.0%	2.0%	2.0%	2.0%	2.0%
RPI linked Contractual Commitments	4.0%	3.0%	3.0%	3.0%	3.0%

Non domestic rates	0%	2.0%	2.0%	2.0%	2.0%

Annual price increases in a number of the Council's contracts are linked to CPI at a defined date in the year, primarily September and March. In addition, the general inflationary increase applied within the MTFS is normally maintained in line with CPI projections. CPI over the period of 2022/23 has been assumed to fall back from it's current high to an average of 3%, falling back in line with the Bank of England's target rate of inflation of 2% from 2023/24 onwards. There also a small number of contracts linked to increases in RPI, in line with CPI, RPI assumptions have been increased temporarily for 2022/23, before falling back from 2023/24 onwards.

Land Drainage Levies

Local Authorities are required to make payments of Special Levies to Internal Drainage Boards (IDB's) for the specific use of managing the maintenance and operation of drainage, water levels and flood risk, which is required to manage water resources and reduce flood risk to people, businesses, communities and the environment. These Special Levies represent a significant proportion of the Councils' net budget at £0.896m p.a, equating to 13% of the Council Tax Requirement. The annual increase in levies is ordinarily in line with CPI projections, however due to significant cost increases borne by the IDB's, inflationary increases of 5.9% have been assumed for 2022/23, reverting to CPI projections from 2023/24 onwards.

Employers National Insurance Contributions

In September 2021 the Government announced a new social care package to be funded through a UK-wide 1.25% health and social care levy' based on National Insurance contributions. The Levy will be introduced from April 2022, when NICs for working age employees, self-employed and employers will increase by 1.25%. From April 2023, once HMRC's systems are updated, the 1.25% Levy will be formally separated out and will also apply to individuals working above State Pension age, and NICs rates will return to their 2021/22 levels. The Council's pay estimates have been increased to include these additional contributions.

Employer's Pension Fund Contributions

The latest triennial revaluation of the Council's Pension Fund took place at 31 March 2019, and the results identified that there has been a significant improvement in the funding position since the last actuarial review from a 69% funding level to 84%.

Although the overall funding position has improved, the employer contribution rates are still required to increase in order to improve the funding position further. The Lincolnshire Pension Fund's overall Funding Level has improved to 93% due, in the main, to excellent investment results during the period, although this level of investment performance is unlikely to be sustainable over the longer term. The Fund's prudent assumption for future investment remains unchanged from the 2016 valuation, however the economic outlook on the whole is slightly more pessimistic than 3 years ago. For employers such as local authorities the Actuary, because of the guaranteed nature of their funding, is able to recommend a stabilisation overlay mechanism whereby the employer's current contribution rate is capped at an affordable level. Without out this in place the Council would be facing significantly higher contribution rates in order to increase the funding position.

This stabilisation approach has allowed the annual increase in the contribution rate to be capped at 1% p.a. for 2022/23.

A further actuarial review will take place in April 2022, which will inform the employer contributions from 2023/24 onwards.

Net Interest Receipts

Net interest receipts incorporate the cost of financing the capital programme (via internal and external borrowing) and interest paid and earned on revenue balances during the year.

Historically investment income, which is heavily dependent on how the Council uses its reserves and the prevailing interest rates, was an important source of income for supporting the Council's service expenditure. As a result of the prevailing low Bank of England base rate the Council has seen a significant reduction in interest rates offered on new investments. Investments are being kept short and liquid to ensure the Council has enough liquid resources to meet the ongoing challenges of the pandemic. The total interest income received significantly fallen over the last decade and the average interest rate achieved is barely above base rate.

Interest rates are forecast to be 1% before the end of 2022 according to the Councils Treasury Management advisors. This is reflected in investment income forecasts in the MTFS.

Borrowing costs incurred on any short-term borrowings are minimal and the Council's portfolio of long-term borrowings currently includes 3 loans that are due to be repaid during the coming five financial years. The council has short term loans which mature in 2022 and 2023. All other loans mature after 2026/27 and are fixed rate loans. Six of these loans have lender options to vary their terms at six monthly intervals.

Sensitivity to changes in interest rates is linked more markedly to investments rather than to the portfolio of borrowing as all borrowing is at fixed interest rates. As an indication, a change in interest rates achievable on investments of +/- 0.5% the interest receivable would have an estimated combined impact of approximately £0.046m. A rise of 0.5% in the Bank of England base rate would not translate into a 0.5% increase in investment rates available.

Average interest rates on investments assumed within the MTFS are as follows:

	2022/23 %	**2023/24 %**	**2024/25 %**	**2025/26 %**	**2026/27 %**
Interest Rate	0.44	0.56	0.64	0.72	0.80

Based on the current forecasts for interest payable on new borrowing (averaging around 2.05% in 22/23) and receivable on investments (averaging around 0.44% in 22/23), and the estimated level of balances available for investment, it is currently anticipated that new borrowing will be taken to fund the borrowing requirement for the General Fund over the 5-year strategy. Internal balances will be used to fund the existing borrowing requirement where it remains financially advantageous to do so, reducing the amount of interest that would have been payable on new debt, partially offset by a reduction in interest receivable (due to reduced balances available for investments).

Resource Assumptions

Settlement Funding Assessment: Revenue Support Grant/National Non-Domestic Rates

The Local Government Finance Settlement for 2022/23 sets out the distribution of centrally allocated resources for local authorities and provides authorities with a combination of grant allocations and their baseline figures within the BRR scheme.

As in previous years, the Settlement provides authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme. This means that no retained growth (or decline) is included, and authorities are very unlikely to receive the amounts actually shown in Core Spending Power.

The 2022/23 Settlement is for one year only, the fourth consecutive one-year settlement, and is based on the Spending Review 2021 (SR21) funding levels. This is the first time since 2015 that, in the context of a multi-year Spending Review, the government has only provided local authorities with a single-year settlement.

With the 2022/23 figures being for a single year only and the deferral on the Fair Funding Review, New Homes Bonus reform and the Business Rates Reset for a further year, the 2022/23 settlement is similar to the 2021/22 settlement with the emphasis on providing stability, through rolling forward key elements of the previous year's package. Albeit, with an additional £1.8bn of funding (including the grant increase of £1.6bn and the Adult Social Care Reform funding of £0.2bn, as announced at Spending Review).

Core Spending Power

The Core Spending Power calculation includes the main sources of Government funding for local authorities, in addition it also includes local resources in the form of assumed levels of Council Tax income.

The table below shows the national changes to Core Spending Power between 2015/16 and 2022/23 and the breakdown across the various funding sources. Overall, spending power will increase by £3.730bn, 7.4%, from £50.392bn to £54.122bn, an overall increase for the period 2015/16 to 2022/23 of 21.2%.

England	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	£bn	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**	**£bn**
Settlement Funding Assessment	21.250	18.602	16.633	15.574	14.560	14.797	14.810	14.882
Under-indexing business rates multiplier	0.165	0.165	0.175	0.275	0.400	0.500	0.650	1.275
Council Tax	22.036	23.247	24.666	26.332	27.768	29.227	30.327	31.742
Improved Better Care Fund	0	0	1.115	1.499	1.837	2.077	2.077	2.139

New Homes Bonus	1.200	1.485	1.252	0.947	0.918	0.907	0.622	0.556
Transition Grant	0	0.150	0.150	0	0	0	0	0
Rural Services Delivery Grant	0.016	0.081	0.065	0.081	0.081	0.081	0.085	0.085
Lower Tier Services Grant	0	0	0	0	0	0	0.111	0.111
Adult Social Care Support Grant	0	0	0.241	0.150	0	0	0	0
Winter Pressures Grant	0	0	0	0.240	0.240	0	0	0
Social Care Support Grant	0	0	0	0	0.410	0	0	0
Social Care Grant	0	0	0	0	0	1.410	1.710	2.346
2022/23 Service Grant	0	0	0	0	0	0	0	0.822
Market Sustainability & Fair Cost of Care Fund	0	0	0	0	0	0	0	0.162
Core Spending Power	**44.667**	**43.730**	**44.296**	**45.098**	**46.213**	**48.999**	**50,392**	**54.122**
Change %		**-2.1%**	**1.3%**	**1.8%**	**2.5%**	**6.0%**	**2.8%**	**6.9%**
Cumulative change %		**-2.1%**	**-0.8%**	**1.0%**	**3.5%**	**9.7%**	**12.8%**	**21.2%**

Although the national level of Core Spending Power is forecast to increase by 7.4% there will be a variation between individual authorities and types of authority. The calculation also contains assumptions around council taxbase changes and increases which may not be reflected in local projections.

Shire Districts, including Lincoln have historically experienced the worst reductions or lowest increases in core spending power, due to changes in distribution methodologies and a redirection of resources towards social care pressures and the allocation of other specific grants towards upper tier or rural authorities. Although Districts have once again fared the worst of the authority types, Lincoln's increase of 6.6% is above the District average. This provides some indication of a possible shift in direction of the Fair Funding review with the use of the 2013/14 SFA methodology, which is itself linked to deprivation factors, and would be in keeping with the Government's Levelling Up agenda. Lincoln's position is as set out in the table below, this shows a total reduction in core spending power of 11.4% over the seven-year period to 2022/23, with a 6.6% increase for 2022/23.

Lincoln	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
SFA	6.048	5.188	4.543	4.197	3.775	3.837	3.837	3.838
Council Tax;	5.637	5.916	6.145	6.393	6.679	6.915	6.956	7.145
Other grants	2.120	2.335	1.709	1.090	0.843	0.924	0.678	1.249
Core Spending Power	**13.804**	**13.439**	**12.396**	**11.680**	**11.297**	**11.676**	**11.471**	**12.232**
Change (%)								**6.6%**
Cumulative Change (%)								**-11.4%**

Settlement Funding Assessment

The SFA for each authority comprises of NNDR Baseline funding level and Revenue Support Grant. For the Council this is broken down as follows:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Revenue Support Grant	2.585	1.698	0.981	0.000*	0.022	0.023	0.023	0.24
Baseline BR Funding Level	3.463	3.491	3.562	4.197	3.753	3.814	3.814	3.814
SFA	**6.048**	**5.188**	**4.543**	**4.197**	**3.775**	**3.837**	**3.837**	**3.838**
Change over the period (£m)								**-2.210**
Change over the period (%)								**-36.6%**

* added to Baseline BR Funding level as part of 100% business rates pilot in 2018/19

Revenue Support Grant

In terms of the Council's RSG element of the SFA, as a result of the further delay in the implementation Fair Funding Review and Business Rates Rest, the figures announced in the Settlement are at the same level as the 2021/22 allocations uplifted by 3.1% in line with CPI inflation. Over the 7-year period from 2015/16, the Council's allocation has reduced by 99.1% from £2.585m in 2015/16 to £0.024m in 2022/23, as shown in the table below.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
RSG	2.585	1.698	0.981	0.528*	0.022	0.023	0.023	0.024
Change %		-34.3%	-42.2%	-46.2%	-95.8%	1.63%	0.55%	3.1%
Cumulative change %		-34.3%	-62.1%	-79.6%	-99.1%	-99.1%	-99.1%	-99.1%

* added to Baseline BR Funding level as part of 100% business rates pilot in 2018/19 but shown here for comparison purposes.

Beyond 2022/23 it is assumed that there will be no further RSG payable by the Government.

Business Rates Retention

The Council has undertaken an assessment of the amount of business rates that it expects to collect during 2022/23 and based on the principles of the current 50% Business Rates Retention scheme the estimated level of NDR to be retained is set out in the table below.

The level of outstanding appeals continues to create a high level of uncertainty both in respect of the outstanding appeals from the 2010 and 2015 ratings lists already lodged with Valuation Office, but also in relation to appeals to the 2017 list that are submitted under the new Check, Challenge Appeal process. The Valuation Office continues to make progress, with new cases back to pre-covid levels, outstanding Check & Challenge reducing and a 56% reduction March to September in 2010 list appeals outstanding. However, until such time that the Valuation Office has reduced it's overall backlog of outstanding Appeals the uncertainty over prior year settlements and the impact on future business rates income will remain.

During 2020/21 and 2021/22 there was a significant number of businesses submitting business rates appeals on the basis of a material change in circumstances (MMC) arising as a result of Covid19. In response the Government announced new measures, through the Rating (Coronavirus) and Directors Disqualification (Dissolved

Companies) Bill & MCC appeals to limit the use of MMC provisions during the covid period, this Bill became law in December 2021. This left a significant number of business in the position of having no rate relief awarded and no ability to seek a reduction in rates. Instead, the Government announced a new £1.5bn of support for businesses who had not already benefited from business rate reliefs. This new funding is be to allocated and awarded through local authorities, who are required to develop their own, local, discretionary scheme. The Council's allocation is £2.711m, to be awarded in 2021/22.

The Collection Fund is required to fully provide for the expected result of all appeals and using external assessments as to the likely level and value of these appeals. The current provision of outstanding appeals stands at £6.119m, of which the Council's share is £2.448m. This provision did not include any allowance for the MMC Challenges received.

In addition to the backdated element of these appeals there is also an ongoing impact due to the reduction in the business rates base, which ultimately reduces the level of income to be retained in the future by the Council. The MTFS assumes a £1.5m p.a. reduction in the BRR forecasts set out below.

For 2022/23 the Council along with the County Council, who are a top up authority, and the six other Lincolnshire District Councils have received designation to act as a BRR pool. The governance arrangements for the pool allow for the allocation of any retained levy to be allocated 40% to the County Council and 60% allocated to the District Council that has generated the business rates growth. The estimated benefit of this to the Council is £0.455m in 2022/23.

An adjustment has however been made from 2023/24 onwards to remove the gains that are currently received from pooling as it is uncertain whether pooling exist following the Reset/changes to the Retention Scheme.

Beyond 2022/23 forecasting the level of Business Rates income to be retained is extremely challenging due to a lack of clarity around the proposed reset of baselines and changes to the Retention Scheme, in terms of both the timing and nature of the changes. These changes though, if implemented, will wipe out the accumulated gains the Council has achieved since the launch of the current system in 2013/14 and return income to the Council's baseline levels. In 2022/23 the accumulated growth to the Council is c£1.5m p.a.

Until the onset of the current pandemic it had been assumed that at a national level the total gains would be redistributed through the system of baseline need so it was likely that the Council would receive an element of this. The impact of Covid19 across the country is now likely to have reduced some of the gains local authorities had built up leaving less for redistribution now.

Until further announcements are made, the MTFS is based on a continuation of the existing 50% scheme, and BR pool in 2022/23 and then, prudently, from 2023/24 assumes a full reset of baselines with only a small element of assumed redistribution of the total national gain. Beyond 2023/24 further growth in business rates is assumed to be retained on the basis of a 50% retention rate. These forecasts will continue to be assessed as further information regarding the design and implementation of the new scheme is made available.

Based on the assumptions as set out above the level of retained business rates assumed in the MTFS is as follows:

Income Forecast	2022/23 £m	2023/24 £m	2024/15 £m	2025/26 £m	2026/27 £m
Forecast retained Income	5,573	4,139	4,929	5,569	6,063

As set out throughout this MTFS, there are a number of key and dramatic changes to Business Rates anticipated in the forthcoming years. These will have the potential to significantly affect the level of business rates retained by the Council, whilst assumptions have been made in the MTFS regarding the potential impacts the actual impact remains a high risk to the Council's future financial sustainability.

Council Tax

The Localism Act 2011 introduced a power for residents to approve or veto excessive council tax increases. This means that any local authority setting an excessive increase as set by the Secretary of State would trigger a referendum of all registered electors in their area. The Government confirmed in the Provisional Local Government Finance Settlement that there will continue to be differential limits that will trigger the need for a referendum. There will be a core referendum principle of up to 2%, but for District Councils, as in previous years, there will be additional flexibility with increases of less than 2% or up to and including £5 (whichever is higher).

In light of the financial position of the Council and in accordance with the referendum thresholds to be applied for 2022/23, the MTFS assumes the following indicative council tax increases and subsequent overall yields:

	2022/23	2023/24	2024/25	2025/26	2026/27
% Increase	1.89%	1.89%	1.91%	1.91%	1.9%
Council Tax Base	25,310	25,876	26,274	26,677	27,063
Council Tax Yield	£7.360m	£7.667m	£7.934m	£8.209m	£8.486m
Band D	£290.79	£296.28	£301.95	£307.71	£313.56
Band D £ Increase	£5.40	£5.49	£5.67	£5.76	£5.85

For 2022/23 the Council Tax amount for a Band D property (excluding County Council and Police Authority precepts) is £290.79, a 1.89%/£5.40 increase from 2021/22.

Following implementation of the localised council tax support scheme (LCTS) in April 2013 (which changed support from being a benefit to a council tax discount) the council tax base is now directly affected by the number of council tax support claimants. The more council tax support that is awarded the more the taxbase is reduced, therefore limiting the ability to raise council tax.

Since the introduction of the scheme in 2013 the number of claimants had as at April 2020 decreased by over 20%. However, during 2020/21, as a result of Covid19 and the impact on household incomes, the caseload significantly increased, peaking at 5.9% in September 2020. The caseload then plateaued until the spring of 2021 with month-on-month reductions now being seen. The current caseload is now at 3% above pre-covid levels. Although impossible to predict with certainty, there is the potential for the caseload to rise again slightly in the latter half of 2021/22 due to certain national ‘protections’ ending e.g, furlough scheme, prior to reducing again, along the current trajectory.

The MTFS has therefore been prepared on the basis of a reduction in claimant numbers of 1% p.a. in 2022/23 and 2023/24, followed by 2 years of reductions of 0.5%, returning to pre-covid levels by 2026/27. The council tax base in the table above reflects these estimated changes in caseload.

New Homes Bonus

The New Homes Bonus grant was introduced in 2011/12 and rewards local authorities based on the levels of new homes being built, particularly affordable homes, and empty properties returned into use. This grant is top sliced from the overall national level of funding for local government which creates a direct incentive for local authorities to promote growth and development or else risk a reduction in resources.

Previously Government announced that a Spring 2020 consultation on the future of the New Homes Bonus scheme would be undertaken, stating that ‘it is not clear that the NHB in its current form is focused on incentivising homes where they are needed most’ and the consultation will ‘include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance’. Due to Covid19 this consultation was delayed until February 2021.

The consultation, when launched, focused on a continuation of the scheme but with reform of some of the key elements of the existing scheme, including:

- raising the baseline percentage
- rewarding improvement on average past housing growth
- rewarding improvement or high housing growth
- support infrastructure investment in areas with low land values
- introducing a premium for modern methods of construction (MMC)
- introducing an MMC condition on receipt of funding
- requiring an up-to-date local plan

An announcement on the outcome of the consultation was expected as part of the Settlement. However, no such announcement was made, presumably due to a delay in other funding reforms and a further years allocation for 2022/23 was instead announced. Similar to the 2021/22 allocations there will be no future legacy payments attached to the allocation.

The MTFS is based on the allocation of £0.421m for 2022/23 as announced in the Settlement.

Lower Tier Services Grant

A new grant of £111m was awarded in 2021/22 to all lower tier authorities, the Council’s allocation was £0.266m. The grant has been continued for 2022/23 with the total amount allocated and methodology remaining unchanged. However, individual authority allocations have altered, as authorities are in a different position in terms of the Core Spending Power change between years, compared to 2021/22. Reflecting an increase in New Homes Bonus in it's Core Spending Power, the Council’s allocation reduced to £0.174m

2022/23 Services Grant

A new one-off Services Grant worth £822 million has been announced for 2022/23. This new grant will be distributed through the existing formula for assessed relative need across the sector, using 2013/14 shares of SFA. The grant is intended to provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. It also includes funding for local government costs for the increase in employer NIC's, although this is not separately identifiable. The grant is not ring-fenced.

The grant itself is intended to be a one-off grant for 2022/23 although the funding amount is expected to be in each of the next two years at Core Spending Power level. The methodology for allocation is however likely to change. Given that within the £822m is the funding for the increased NICs burden, it would be reasonable to expect all authorities will get something going forward from this allocation.

The Council's allocation for 2022/3 is £0.263m beyond this £0.150m p.a. has been assumed.

Fees and Charges

The fees and charges levied by the Council are an important source of income, however the impact of Covid19 had a significant detrimental impact on fees and charges income over the last two years, with monthly levels plummeting across a range of discretionary services as a result of multiple lockdowns and the impact on the economy and the uneven path to recovery. Although many of the discretionary income areas have, or have begun, to bounce back there are some income areas that are unlikely to ever return to their pre-Covid levels. This is likely as a result in a change in people's habits and preferences as well as the way businesses operate. The largest of these reductions will be in car parking income which is set to drop permanently.

As part of the normal, annual, budget cycle fees and charges income budgets are increased by 3% per annum for their total yield. This increase of 3% does not preclude individual fees and charges being increased by more or less than 3%. Due to the impact of Covid on these income sources each area of fees and charges income has be assessed to model the likely impact of Covid on overall yield levels and the level of increase that can be sustained for each individual fee and charge.

This assessment has identified an increase in income levels of £0.256m from the levels previously assumed for 2022/23. This increase is primarily as a result of the introduction of new charges e.g. expansion of residents parking schemes, rather than an increase in existing income forecasts.

Although many sources of fees and charges are expected to bounce back to their pre-covid levels over the life of the MTFS it is the car parking income that poses the greatest financial risk to the Council's MTFS. Whilst initial assumptions have been made over the 5-year period, at this stage there is a significant level of uncertainty as to how these income sources will perform.

The MTFS assumes that the Council will raise £10.929m from fees and charges in 2022/23. The mean average overall increase in the non-statutory fees and charges is

2.2%, however this includes some fees that have been increased by higher and lower percentages.

Bridging the Gap

The previous MTFS 2021-26 was based on a savings target of £0.850m in 2021/22, increasing to £1.350m in 2022/23 and £1.750m p.a. from 2023/24 onwards. Despite the continued impact of the pandemic on the Council, it's services and staffing resources, good progress towards these targets has been made, however there remains a significant target still to achieve for 2022/23 onwards, as set out below:

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Savings required as per MTFS 2021-26	850	1,350	1,750	1,750	1,750
Savings delivered in 2021/22	(756)	(716)	(736)	(756)	(778)
Balance of savings to be achieved	**249**	**634**	**1,014**	**993**	**972**

The targets in the previous MTFS were set at high levels due to the number of uncertainties in terms of financial planning and as a result of the financial impacts of Covid19. The MTFS at that time showed a required use of Balances in the short term but a longer-term position of contributing to Balances. Whilst the uncertainties in financial planning still exist, as do the ongoing impacts of Covid, the additional resources made available due to a delay in funding reforms and additional allocations in the Finance Settlement, have meant that the targets can be reduced without impacting overall financial sustainability.

On the basis of the revised financial planning assumptions assumed in this MTFS, the savings targets will be revised as set out below:

2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
1,050	1,300	1,500	1,500	1,500

These revised targets incorporate the balance of savings required from the existing programme. Set against the savings secured to date this leaves the following targets to be delivered;

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Savings required as per MTFS 2020-25	1,050	1,300	1,500	1,500	1,500
Savings delivered in 2021/22	(716)	(736)	(756)	(778)	(792)
Balance of savings to be achieved	**334**	**564**	**743**	**721**	**708**

Although the savings targets have been reduced the Council still has a budget gap that it must address and must continue to focus on measures to drive down it's net cost base to ensure it maintains a sound and sustainable financial position.

The key mechanism for delivering the required budget savings is through the Towards Financial Sustainability (TFS) Programme, which seeks to bring net service costs in line with available funding. Over the last decade, through it's TFS Programme and precursor programmes, the Council has delivered annual savings of nearly £10m, a significant amount in comparison to its overall net budget.

This level of savings has been achieved by re-investing in more efficient ways of working; adopting a more commercial approach; and prioritising resources for economic development measures, whilst making careful use of reserves to meet funding gaps. However, after a decade of delivering efficiency savings it is much harder to extract such savings and many now being considered are to be delivered as part of longer-term transformational changes to the organisation, there have been additional restrictions imposed on Council's in terms of commercial activity; and the delivery of benefits from economic development measures cannot be realised in the short term. It has been left with little option but to revert to more traditional cost cutting measures in order to deliver the scale of reductions required within the necessary timescale, this is an approach that will continue through 2022/23.

Every possible effort is being made to find the least painful solutions and minimise the impact on jobs and services, but it is simply not possible to achieve the level of savings required, in the short term, through some of the more forward thinking or ambitious approaches previously adopted. Inevitably there has had to be some withdrawal of services, the Council has tried to keep this to a minimum and continues to seek to protect its core services that matter most.

The focus of the TFS programme remains on two key strands:

- "One Council" – this defines how the Council, as an organisation, will need to work in the future to meet changing demands. Through four themes of, organisational development, technology, creating value processes and better use of resources, cross organisational programmes of work explore common to all issues and how these can best be combined to a deliver a 'one organisational' approach more efficiently and cost effectively.

- Service Withdrawal/Reduction - withdraw from some services or reduce the level of service provided for those services not deemed to be of sufficient priority or any longer affordable.

Closing a projected budget gap of this size is a challenge for the Council, but the Council has confidence in it's track record of delivering strong financial discipline and that it can continue to rise to the challenge.

Individual, specific proposals will be presented to the Executive in due course for consideration.

Alongside this programme the Council still believes that the longer-term approach to finding efficiencies to close the funding gap is fundamentally through economic growth and investment. This is ever more critical in light of the crippling effect Covid19 has had on the local economy.   As part of the recovery of the City from the pandemic the Council, through Vision 2025, will continue to seek ways to maximise it's tax bases by creating the right conditions for the economy to recover and grow, to increase Business Rates income, and to encourage housebuilding to meet growing demand, generating additional Council Tax. As well as continuing to support this the Council will also seek through direct intervention, such as through; the Town Deal; it's Council House New Build Programme; and HAZ scheme, to enhance the economic prosperity of the City. Although not directly contributing towards the TFS savings targets in the short term these measures allow future assumptions of growth in the Council's resources to be factored into the revenue forecasts and work towards the Council's objective of being financially sustainable.

Revenue Forecast

Based on the preceding financial objectives, underlying principles, national and local priorities, savings targets, spending and resources assumptions, Appendix 1 provides a summary five-year General Fund revenue budget for the Council.

Risks to the Revenue Budget

The Council has adopted a corporate approach to risk management, and financial risk management is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact that could yield additional resources, but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Fluctuations in fees and charges income and commercial income, particularly due to the legacy impacts of Covid19
- Fluctuations in the Business Rates Tax base, particularly due to the legacy impacts of Covid19
- Implementation of revised BRR Scheme including full reset
- Future levels of Central Government funding e.g Fair Funding Review, New Homes Bonus etc.
- Implications of Brexit on national and local economies
- Implications of national government policies on the economy
- Delivery of challenging savings targets
- Impact of economic climate on demand for services
- Changes to other key assumptions within the MTFS
- Financial and budget management issues

Appendix 3 details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 4 – General Investment Programme

The Council's approach to determining and funding its investment programmes is set out in its Capital Strategy, which explains the Council's financial framework for capital investment in support of its strategic priorities. The General Fund Investment Programme (GIP) covers all aspects of capital expenditure within the Council, with the exception of the Council's housing stock, and includes external capital investment that assists in achievement of the Council's Strategic Priorities.

Capital Spending Plans

The capital spending plans for the next five years include the delivery of schemes from Vision 2025, with a focus on supporting the recovery of the City or key One Council projects, and investment in existing assets to either maintain service delivery or existing income streams.

Total planned expenditure over the 5-year programme is estimated to be £22.954m of which there are the following key schemes:

- Western Growth Corridor - £8.694m
- Disabled Facilities Grants - £1.500m
- Planned asset maintenance - £1.130m
- Sustainable Warmth - £2.2m
- Lincoln Central Market - £6.666m
- Heritage Action Zone - £0.476m

In addition, the Lincoln Town Deal Programme totalling £19m has further schemes to be included in the capital programme at such time as the business cases are developed and approved by the Town Deal Board. The majority of the schemes will be delivered by external organisations with the Council acting as the Accountable Body, there are however two schemes (in addition to the Lincoln Central Market above) that the Council will directly deliver.

Further schemes in support of Vision 2025 will be included in the GIP at the relevant stage in their development e.g. grant funding secure, design stage completed etc. Further details of the investment plans are provided in the Capital Strategy.

The revenue implications of all capital schemes, including the corresponding reduction in investment income as a result of the application of capital resources, additional revenue running costs of any new assets and the cost of any prudential borrowing have been taken account of and included within the MTFS.

Spending Pressures

Asset Management

The Council's corporate property portfolio comprises operational properties and investment properties with a combined asset value of £129 million.

The Council's current Asset Management Plan identifies the need for significant investment to ensure that its assets are properly maintained and safe for use. Additional resources have previously been allocated, including works to income earning assets e.g. the crematorium refurbishment and investment in leisure facilities. There does however remain a legacy of outstanding investment required in the Council's assets, with a number of maintenance liabilities now arising. These are mainly in relation to operational assets, which will require investment in order to remain in service delivery, but the liabilities also extend to some of the Council's natural assets.

Allocation of the annual planned capitalised works budget (£200k p.a.) to maintain specific assets will be determined by the structured approach being undertaken and will also be influenced by the outcomes of the continual review programme of all assets as part of the Better Use of Assets pillar of the One Council programme. Outcomes of this include the potential re-configuration of operational assets which as a result of changes in working practices following Covid19 are no longer required on such a scale; as well as the potential disposal/transfer of specific assets which may in turn relieve the Council on the ongoing repair liability. In order to provide additional resource, where possible the short term priority for any surplus capital receipts will to be investment in the Council's existing assets. Consideration will also be given to the use of prudential borrowing for income generating assets and in the absence of any other funding source.

Construction Industry

Across the General Investment Programme capital projects have been impacted as a result of the current challenges in the construction sector particularly around supply of skilled labour, availability of materials and costs of materials. The Council has adopted a collaborative approach with contractors to ensure that the impacts are minimised using a range of mechanisms including; rescheduling the programme to absorb delays, changing materials, accepting time delay but without imposing a time penalty to counter cost increase, use of contingencies and sharing cost increases. Inevitably some projects have or will be delayed in terms of completion dates and it is expected that there will be some cost impacts on projects that are currently being developed.

Resources

Although historically the GIP has been reliant on the generation of capital receipts to fund the investment required to deliver the programme, in the long term the use of capital receipts is not sustainable. In addition, due to revenue pressures the use of direct revenue financing of the capital programme is also not sustainable and other sources of funding are regularly sought to fund capital expenditure.

Due to revisions in the Public Works Loan Board (PWLB) lending terms, local authorities can now longer borrow from the PWLB with the intention to buy assets for yield. Authorities will still be able to access the PWLB for spending to improve or maintain existing properties, for housing, for regeneration purposes and for preventative action. In the absence of other funding the Council will consider prudential borrowing for these purposes. However, given the additional revenue costs this creates and the current financial challenges the General Fund is facing, the use of prudential borrowing will be prioritised for income generating/sustaining schemes.

Due to an ongoing lack of capital receipts and limited revenue resources to fund prudential borrowing it is essential that other sources of funding such as grant allocations and partner contributions continue to be sought.

External grant funding is enabling the delivery of a considerable number of capital schemes for the Council e.g. Lincoln Town Deal Programme, Local Authority Accelerated Construction funding for Western Growth Corridor, Heritage Lottery Fund for Re-imaging Greyfriars, English Heritage for the High Street Health Action Zone, and Green Homes/Sustainable Warmth. The Council will continue to seek further external grant funding to support the delivery of its Vision and priorities and is currently developing further Heritage Lottery Fund schemes and seeking funding for further phases of the Western Growth Corridor development. The Council is mindful though that whilst the additional resources that external funding brings are clearly beneficial to local people, there is the danger that schemes funded may not be the Council's highest priorities and the Council must consider carefully how to allocate its capacity, within its reduced resources, to support such schemes. Furthermore, the Council needs to carefully consider whether it is able to meet the outputs and outcomes required from external grant support.

Capital Receipts

As part of the Better Use of Assets pillar of the One Council programme and as sound asset management practice the Council continually reviews its land and property assets in order to: -

- reduce revenue costs,
- increase rental income,
- generate capital receipts,
- reduce repairs liabilities
- use assets to support the Council's growth plans.

The GIP assumes a capital receipt from a current land disposal in 2022/23, although this has not yet been allocated for use in financing the programme. This receipt and any further receipts from asset disposals will be prioritised for allocation to schemes in accordance with the Capital Strategy.

Further capital receipts are forecasted from land/property disposals as part of the development of Western Growth Corridor. These receipts, assumed at £3.224m (net of repaying temporary borrowing), will be retained within the scheme to contribute towards the upfront capital costs of further phases of the development.

Prudential Borrowing

The basic principle of the Prudential System is that local authorities are free to invest so long as their capital spending plans are affordable, prudent and sustainable. The Council will need to meet the whole of the capital financing costs associated with any level of extra borrowing through its revenue account. For every £1m of prudential borrowing undertaken by the Council for investment in long life assets, the annual revenue consequence arising is c£45k based on an interest rate of 2.5%.

The MTFS includes an unsupported prudential borrowing requirement of £9.028m over the period 2022/2-2026/27. This includes £5m temporary borrowing relating to Western Growth Corridor and longer term borrowing to support the Town Deal Programme investment in the Central Market.

The use of long-term prudential borrowing will only be used as a funding mechanism for key projects following a full financial assessment, with priority for income generating/sustaining schemes. It may however be used as a short-term measure to fund capital expenditure prior to a capital receipt being received, or in the absence of any other funding source.

Further details about the Council's borrowing requirements and the Prudential Indicators can be found in the Council's Treasury Management Strategy.

Capital Grants

The Council receives a number of external capital grants from a variety of sources which are either secured via a bidding process or are automatically allocated through government departments for specific purposes. Generally, those capital schemes that are funded by these sources can only be progressed subject to the funding being secured.

Over the 5 year planning period of the MTFS £11.190m is expected to be received from external capital grants, which is largely for Disabled Facilities Grant £1.5m, Towns Fund £5.08m for currently approved business plans and Green Homes/Sustainable Warmth Grants totalling £2.7m. Subject to development of business cases for the Lincoln Town Deal Programme further external funding is expected and will be included as schemes progress.

Projected Capital Resources

Resources to fund the General Investment Programme 2022/23-2026/267 are estimated to be approximately £22.954m, as follows:

	£'000
Capital Grants	11.190
Capital Receipts	2.534
Direct Revenue Financing	0.202
Prudential borrowing	9.028
TOTAL	**22.954**

General Investment Programme Forecast

Based on the spending requirements and resource assumptions, Appendix 2 provides a summary five-year GIP for the Council.

Risks to the General Investment Programme

The Council has adopted a corporate approach to risk management and financial risk management is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Loss of anticipated external resources,
- Inability to secure further external funding,

- Increased project costs, particularly in light of the current challenges in the construction sector
- Unplanned emergency maintenance to Council's corporate properties.

Appendix 5 of the MTFS details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 5 – Housing Revenue Account (HRA)

The Housing Revenue Account shows all expenditure and income relating to the Council's responsibilities as landlord of dwellings and associated property. It is a 'ring-fenced' account within the Council's General Fund.

Housing Revenue Account Business Planning

The current HRA Self-financing system has been in place since 2012 and incentivises social housing landlords to manage their assets well and yield efficiency savings. As part of this system it was anticipated that there would be greater certainty about future income as councils were no longer subject to annual funding decisions by Central Government, enabling them to develop long-term plans, and to retain income for reinvestment. Council landlords were to have greater flexibility to manage their stock in the way that best suits local need with more opportunity for tenants to have a real say in setting priorities looking to the longer term.

Self-financing, however, also passed significantly increased risks from Central Government to local authorities, meaning that the Council:

- now bears the responsibility for the long-term security and viability of council housing in Lincoln.
- has to fund all activity related to council housing, from the income generated from rents, through to long term business planning.
- is more exposed to changes in interest rates, high inflation and the financial impact of falling stock numbers
- still needs to factor in the impact of changes in government policy e.g. Government Rent Policy and the impacts of the welfare reform on income recovery.

This places a greater emphasis on the need for long-term planning for the management, maintenance and investment in the housing service and housing stock.

Impacts of Covid19

Similar to the General Fund, Covid19 took it's toll on the financial resilience of the Housing Revenue Account as income streams were threatened and there was a requirement to incur costs to ensure services were provided throughout and to respond to consequences of the pandemic.

Whilst the immediate impacts have dissipated, the legacy of Covid19 is still being felt in relation to service delivery both in terms of backlogs of outstanding housing repairs work but also due to the current economic operating conditions in terms of supply chain issues, escalating costs and availability of labour etc. Given the significant level of annual repairs and maintenance and planned capital maintenance to the Council's housing stock the impact of these factors is causing significant income losses and cost increases for the HRA.

The inability to recruit to the Housing Repairs Service workforce (the service is currently experiencing a 20% vacancy rate and the loss of sub-contractors locally (due to administration) is resulting in increased repairs and void turnarounds. In order to try and fill the productivity gap, local sub-contractors are being utilised however, they are experiencing with the same labour shortages. Any contracts awarded to help alleviate the system are now at hugely inflated prices which reflects the sector as a whole. Added to these increased labour costs are escalating material prices due to national and world shortages of specific materials, shipping delays and rising inflation.

The increase in void turnarounds is further worsened by a higher-than-normal level of voids with a backlog created over the 18-month period as national restrictions were imposed and people now seeking to move post pandemic. The financial implications of increased void turnarounds result in a reduction in dwelling rent income.

Whilst mitigations are place in order to address some of these factors, which are likely to be short term in nature e.g. a reduction in voids backlogs, there are ongoing cost implications primarily through contractor prices that have had to be addressed within the MTFS, increasing the cost base of the HRA.

Although the Government have previously provided financial support to the General Fund, no such financial support has been provided to Housing Revenue Account. Cost pressures are therefore left to be funded through the housing rental income.

Spending Plans

The HRA Business Plan

A key element of the self-financing regime is the Council's 30-year Business Plan. The Council's latest Housing Revenue Account Business Plan 2016-2046 was approved in February 2016 following a fundamental review of resources, investment requirements and priorities. The Business Plan reflected the impact of government policy changes, the results of stock condition surveys and financial assumptions at the time. The Business plan sets out:

- the long-term plans for the Council's housing stock
- the finances to deliver plans
- how the Council will manage the income from its stock, demand for housing and stock condition
- identifies resources for its initial Council House New Build Programme.

Since adoption of the Plan, in 2016, a number of issues e.g., Brexit and the Covid19 pandemic have had a fundamental impact on the way the Council delivers it's housing and landlord services, now and in the future. In addition, the refreshed and repurposed strategic plan, Vision 2025, includes a much greater focus on health outcomes and the environment, with implications for the delivery of housing services. As a result, an interim high-level refresh of the Business Plan has been undertaken during 2021 with work now taking place to fundamentally re write the 30-year Plan to reflect the changes to the local, regional and national operating environment and to reflect the Councils current aims and ambitions in Vision 2025.

A different more focussed approach will lead to individual assessments being made of the needs of estate areas as individual geographical areas but also as different communities. This will lead to actions plans prioritised and targeted at the needs of specific areas rather than a generic approach. The implications of Brexit, Covid19 and national policy changes around Housing notably the Social Housing White Paper and Building Safety will also be included. This work will be concluded by the end of 2022 and reflected in the next update of the MTFS.

Spending Assumptions

A review of the financial planning assumptions the Council over the period of the MTFS has been undertaken, this information has been drawn from experience in previous years, the advice of Directors and Assistant Directors, the current economic climate and other local and national issues that are likely to influence the financial outcomes. The HRA includes a number of assumptions in line with the General Fund, primarily inflation, national insurance contributions, pension contributions and interest rate forecasts. Set out below are expenditure and income assumptions specific to the HRA.

Repairs and Maintenance

Repairs and maintenance is an essential part of the asset management of the Council's housing stock. As set out in the impacts of Covid section above, the cost of repairs and maintenance to the housing stock is increasing due to labour shortages, contractor price increases and material price increases. These additional costs have been reflected in the HRA with annual increases of c£0.300m. Work continues within the service to drive down costs and deliver efficiencies were possible in order to reduce repairs costs e.g. the scheduled repairs initiative.

There is continued capital investment in existing and new housing stock. Several schemes are under development which aim to deliver new housing in the City. These will be reported to committee as they come on stream.

Funding the Capital Programme

Under the HRA self-financing system the primary source of funding for capital investment in the Council's housing stock will be from the revenue account through asset depreciation charges and direct revenue financing (DRF), via the Major Repairs Reserve. However, this has been lessened to some extent by the removal of the HRA borrowing cap.

There is a reliance on the HRA to support the capital programme to the value of £55.326m over the 5-year MTFS period through depreciation and direct revenue financing.

Resource Assumptions

Rents

In line with the Housing Business Plan and Government Rent Guidelines, which announced that from April 2020 social rents should increase by a maximum of CPI+1% for 5 years, the MTFS has historically been based on this assumption. The approach from 2025 remains uncertain but there is an expectation that social rent increase will remain.

Included in the Council's housing stock are a number of properties that were partly funded by HCA grants on the condition that they are to be let on the basis of an affordable rent rather than on social rents. In addition, there are a number of other dwellings that are let on the basis of an affordable rather than social rent. Affordable rents are not subject to Government Rent Restructuring Policies and are let at 80% of market rent levels in the local area. The MTFS assumes rental increases in line with social rents for its affordable rents.

The Council has historically set the rent levels in line with the requirement to increase rents by CPI + 1% (CPI being as at September each year) for general purpose accommodation and also increase sheltered accommodation and affordable rents, by the same. With CPI +1 % as at September 2021 levels this would mean an increase in rents of 4.1%. An increase of this level, in light of other impacts on household incomes arising from the current economic climate, could have a severe impact the Council's tenants and as such rent increases of 3.6% for 2022/23 are proposed. The assumption in the MTFS from 2023/24 onwards reverts to CPI + 1%. The average 52-week rent will be £73.44 per week for general purpose and sheltered accommodation, and £116.91 for affordable rents.

The table below sets out the impact of rent increases on all tenants, inclusive of all rent types;

Average rent increase per property by number of bedrooms per week as 13/12/2021	
No. of beds	Increase per week
	£
1 & bedsits	2.33
2	2.65
3	2.96
4	3.35
5	3.15
6+	3.43

As a result of Covid19 and the impact on household income the level of housing rent arrears has been affected, to the detriment. Whilst the Council has continued to support tenants through the Hardship Fund, DHP and general advice and guidance, Government's restrictions on enforcement action for rent arrears in response to the pandemic has not permitted robust action to be taken when tenants have the means to pay but fail to do so. As a result the level of rent arrears has gradually increased and are expected to be around £1.326m-£1.342m by the end of March 2022 (from £1.060m at March 2021). Whilst this is likely to require an increase in bad debts provision in 2021/22, the non-collection rate from 2022/23 onwards has though been maintained at £0.250m.

Net Interest Receipts

The HRA receives investment interest on the balances it holds (HRA balances are made up of General Balances, earmarked reserves and the Major Repairs Reserve). The MTFS 2022-27 includes interest income into the HRA based on the level of HRA balances assumed in the MTFS 2022-27. The HRA is sensitive to changes in interest rates linked to its investments, as an indication a change in interest rates available on investments of +/- 0.5% would have an estimated combined impact of approximately £74k. A rise of 0.5% in the Bank of England base rate would not translate into a 0.5% increase in investment rates available.

Although the HRA is not sensitive to changes in interest rates linked to its portfolio of borrowing, as all borrowing is at fixed interest rates, it does face a pressure of increased borrowing costs due to new borrowing being taken in support of investment in its new build programme. Although new build schemes bring additional income to resource the cost of borrowing there is a timing risk of when the specific borrowing is taken, particularly when internal balances are used in the short term, against the assumptions used for the initial assessment of the scheme.

Releasing Resources

The HRA Business plan 2016-46 identified revenue resources to be released to support priority capital investment in council house new build and the Lincoln Standard. Although there is no specific savings target in the HRA the Council will continue to pursue the strands of its Towards Financial Sustainability Programme, where there are financial benefits for the HRA, releasing further resources for re-investment, it will also continue to ensure it's costs are contained so that expenditure levels do not put pressure on the required revenue contributions to the capital programme.

Housing Revenue Account Forecast

Appendix 2 provides a summary five-year Housing Revenue Account for the Council.

Risks to the Housing Revenue Account Budget

The Council has adopted a corporate approach to risk management and financial risk management which is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact that could yield additional resources, but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Risk of further government announcements limiting the flexibilities and freedoms offered by the HRA Self -Financing regime particularly housing rent levels
- Delivery of new build programme and associated rental streams
- Reduced rental income and increased arrears, particularly as a result of Covid19, voids backlogs and RTB sales etc
- Increased cost of repairs and maintenance to housing stock .
- Implications for service delivery arising from the Social Housing White Paper.
- Changes to key assumptions within the MTFS e.g. interest rates.
- Financial and budget management issues.

Appendix 3 details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 6 – The Housing Investment Programme

The Housing Investment Programme (HIP) covers all aspects of capital expenditure relating to the Council's landlord function. The Capital Strategy for the HIP reflects the 30-year Business Plan and details the 5-year capital programme.

Capital Spending Plans

The 5-year HIP has been drawn up to ensure that the Council meets its legal obligations as a landlord. The Council has already invested significant resources over recent years to achieve the Decent Homes Standard and now seeks to maintain an enhanced Lincoln Standard.

In terms of housing strategy, the focus continues to be on maximising the use of 1-4-1 retained right to buy receipts, assessing the use of prudential borrowing and seeking government grant funding for new build schemes or purchase & repair schemes that generate a rental stream, as well as considering partnering options to bring forward larger new developments. In relation to housing investment the HIP will continue to focus on the allocation of resources to the key elements of decent homes (in line with the 2020 Stock Condition Survey) and supporting the Lincoln Standard.

The 5-year housing programme amounts to £70.521m and comprises the following main areas of work:

- Maintenance of the Decent Homes and the Lincoln Standard, £58.159m
- New Build Programme £12.362m – this includes the use of retained 1-4-1 right to buy receipts which are not yet allocated to specific schemes and will be dependent on approvals of individual business cases.

As set out in the Section 5 above the 30-year HRA Business Plan has undergone a high-level review during 2021 with a full review to be undertaken during 2022, to reflect the changes to the local, regional and national operating environment and to reflect the Councils current aims and ambitions in Vision 2025.

Spending Pressures

Construction Industry

Similar to the General Investment Programme the Housing Investment Programme has been impacted as a result of the current challenges in the construction sector particularly around supply of skilled labour, availability of materials and costs of materials. The Council has adopted a collaborative approach with contractors to ensure that the impacts are minimised using a range of mechanisms including; rescheduling the programme to absorb delays, changing materials, accepting time delay but without imposing a time penalty to counter cost increase, use of contingencies and sharing cost increase. It is though inevitable that there will be cost impacts on both housing investment programme as well as on specific scheme in the housing strategy programme that are currently being developed.

Resources

The resources necessary to fund the Council's HIP are provided by the following:

Major Repairs Reserve

The Major Repairs Reserve (MRR) is the main source of capital funding and the mechanism by which timing differences between resources becoming available and being applied are managed. The MRR may be used to fund capital expenditure and to repay existing debt. Depreciation is a real charge on the HRA and is paid into the MRR from the Housing Revenue Account to fund capital expenditure. The total charge to the revenue account over the 5-year MTFS period through depreciation is £37.250m.

Revenue Contributions

The 5-year MTFS includes contributions of £18.026m of direct revenue finance over the five-year period of which £15.664m is planned to be utilised.

Grants and Contributions

The 5-year MTFS includes grants and contributions of £0.495m (from Homes England) received over the five-year period, all of which is planned to be utilised.

Capital Receipts

Housing capital receipts fall within the Governments pooling regime. Under these arrangements capital receipts from Right-to-Buy (RTB) sales are pooled until a pre-set limit for government share of the income generated has been achieved. Once the target for the government share of the RTB receipts has been reached, the Council may retain 100% of the receipts from any additional Right-to-Buy sales. These are subject to a formal retention agreement between the Council and the MHCLG and must be used for replacement of the council housing sold, within an agreed timeframe.

In August 2018, alongside publication of the Social Housing Green Paper, the Government published a consultation on options for reforming the restrictions on the use of RTB sales to make it easier for councils to replace properties. Although the Social Housing White Paper was published in November 2020 there was no further reference to any planned reforms.

The proceeds of dwelling sales under the Right-to-Buy scheme provide a regular source of capital receipts with the number of sales increasing in recent years. The MTFS assumes 50 sales per year. However, this is a difficult area to predict accurately as it is affected by external factors, such as interest rates, property prices and Government initiatives aimed at further stimulating Right-to-Buy sales. Receipts of £3.750m are assumed over the MTFS period.

Non-RTB sales primarily are excluded from the pooling arrangement and are now retained in full by the Council for use as the Council sees fit.

Prudential Borrowing

The Prudential Code allows the Council to take borrowing if it can demonstrate that such borrowing is affordable, sustainable and prudent in its Prudential Indicators (detailed in the Treasury Management Strategy). Although the revision to PWLB lending terms prohibits borrowing from it to finance assets for yield it does still allow access to the PWLB for land release, housing delivery, or subsidising affordable housing. This follows on from the removal of the housing borrowing cap in 2018 and continues to allow significant opportunities for the Council to invest in new house building programmes and the potential redevelopment of areas of existing housing stock. This increased flexibility will be considered as part of the Business Plan refresh.

The Capital Financing Requirement (CFR) is forecast to rise to £80m by the final year of the MTFS with additional borrowing included in the MTFS and no allowance made for the repayment of existing debt. Actual borrowing utilised will be £5.97m to fund the new build programme alongside 1:4:1 receipts and borrowing taken during the MTFS period will be £6.05m.

Projected Capital Resources

Resources to finance the proposed £70.521m Housing Investment Programme 2022/23 – 2026/27, are currently estimated to be as follows:

	£000
Major Repairs Reserve (depreciation)	45,388
Direct Revenue Financing	15,664
Grants and Contributions	495
Capital Receipts (inc RTBs)	3,002
Borrowing	5,972
TOTAL	**70,521**

Housing Investment Programme Forecast

Based on the spending requirements and resource assumptions, Appendix 4 provides a summary five-year HIP for the Council.

Risks to the Housing Investment Programme

The Council has adopted a corporate approach to risk management and financial risk management is integrated into the Council's overall management and decision-making processes.

A number of key high-level risks have been identified which could have a positive impact but conversely some risks may have a negative impact and result in a reduction of resources. These key risks are action planned and continually reviewed as the MTFS develops. The main areas they cover are:

- Generation of sufficient revenue surpluses to resource required investment
- Achievement of capital receipts (including Right to Buy sales) targets
- Future building costs, particularly in light of the current challenges in the construction sector
- Condition of existing stock

- Interest rate increases impacting on future borrowing costs
- Implications of the Social Housing White Paper and Building & Fire Safety, specifically the revision of the Decent Homes Standards

Appendix 5 of the MTFS details the risk action plans for the internal and external risks. Officers will continually monitor and appraise these risks as part of the on-going budget monitoring and reporting to Members.

Section 7 – Reserves and Balances

Some reserves and balances are essential for the prudent management of the Council's financial affairs. These will provide a working balance to cushion the impact of uneven cash flow, a contingency for the impact of unexpected events or emergencies (as experienced with Covid19) and allow the creation of earmarked reserves to meet known liabilities. The consequences of not keeping a minimum level of reserves can be serious and is therefore one of the considerations taken into account when setting the MTFS.

The minimum prudent levels of reserves and balances that the Council should maintain are a matter of judgement. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council unless contributions are made from future years' revenue budgets. It is currently for local authorities themselves, taking into account all the relevant local circumstances, to make a professional judgement on what the appropriate level of reserves and balances should be.

Financial Resilience Index

However, in response to some of the financial management issues that have arisen in local authorities in recent years, CIPFA have developed a Financial Resilience Index. This index is a comparative analytical tool designed to support good financial management and shows the Council's position on a range of measures associated with financial risks, including the Council's reserves position. There are currently three measures specifically related to reserves as follows:

	2017/18	2018/19	2019/20	2020/21	Stress Compared to other Councils
Reserves Sustainability	23.47	100	100	100	
Level of Reserves	65.28%	73.59%	99.40%	142.33%	
Change in Reserves	-11.33%	-2.48%	22.79%	209.86%	

Whilst full data is not available through the index it does highlight areas of potential financial risk, this is demonstrated in 2017/18 when there was a 11.33% reduction in the level of reserves, reducing in turn the reserves sustainability factor. However, this use of reserves was planned and provided for in the MTFS as the Council used its earmarked reserves to cushion the revenue impacts during the building of the transport hub, as well as a planned use of unallocated reserves whilst savings were delivered through the TFS Programme. The increase in 2019/20 was due to a planned contribution to General Balances (as the Council seeks to increase it's level of Balances ahead of the forthcoming funding reforms) as well as year-end contributions to earmarked reserves in anticipation of the financial impacts of Covid19 in 2020/21.

Covid19 has had an impact on the 2020/21 resilience index, it should therefore be viewed in the context of this having been a transitional year. The index continues to illustrate the financial resilience of authorities during the pandemic but figures on reserves have been affected by a series of Covid-related payments at the very end of the financial year. The Council's reserves increased by £13m in 2020/21, primarily due to £11.5m of grant funding from Government to recompense for the lost income resulting from the Business Rates reliefs awarded due to the pandemic. The grant funding was received in 2020/21 however the corresponding losses on the Collection

Fund were not declared until 2021/22 – 2023/23, the grant received will therefore be drawn down through reserves over this period. In addition, of the Covid19 grant support provided by Government in 2020/21 to support local authority pressures £0.622m was transferred to reserves to be used to mitigate the impacts of Covid19 in future years. A further £0.531m of was transferred to reserves from the Council Tax Hardship funding that was granted in 2020/21, for which the expenditure will be incurred in 2021/22. It is estimated that the level of reserves will reduce significantly during 2021/22, further skewing the resilience indictors.

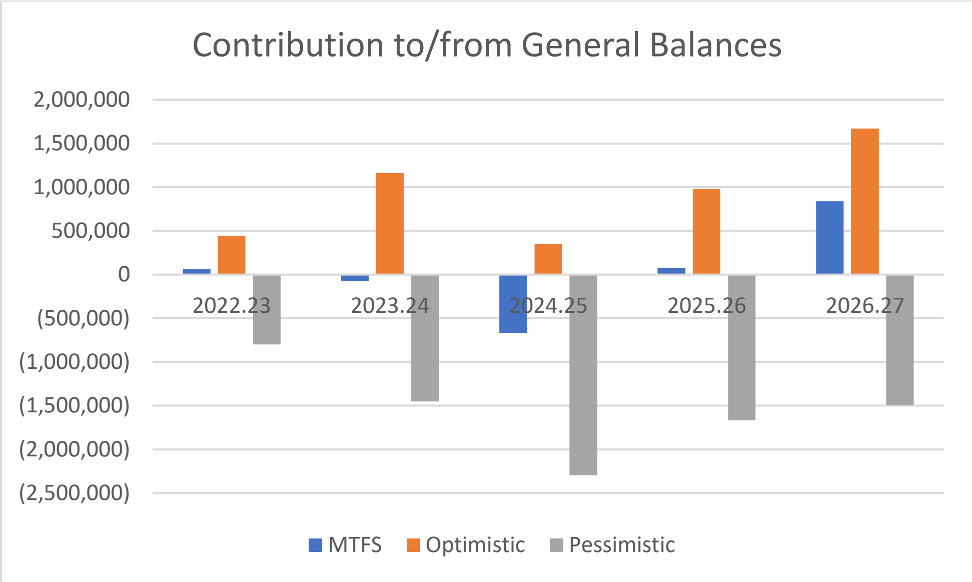
Management of Risk

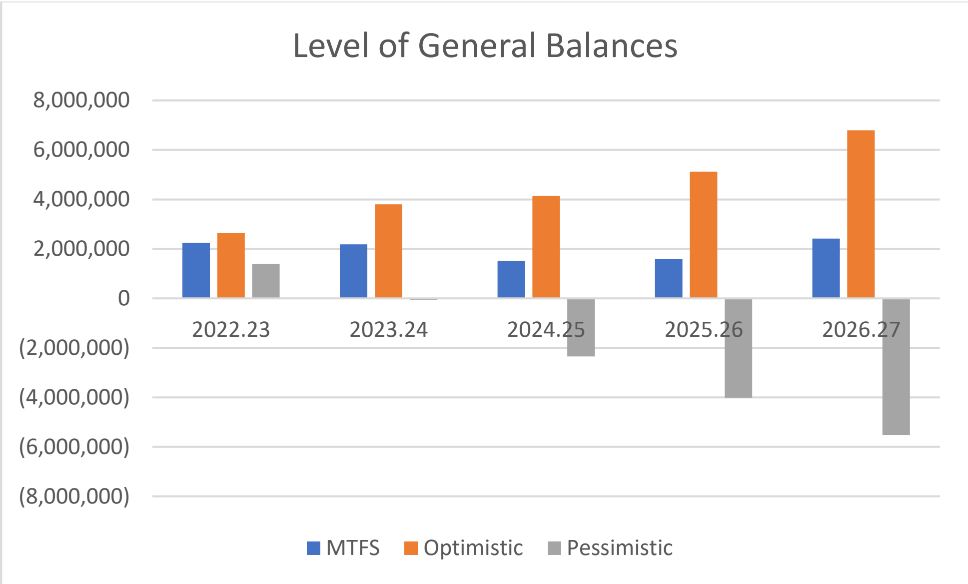
The Council has always maintained a very proactive approach to managing risk and there are effective arrangements for financial control already in place. However, as a result of the significant changes to local government funding, which saw a shift towards self –sufficiency and dependence on local funding sources, levels of volatility and risk have significantly increased. Given the threat that this posed to the Council's financial position the prudent minimum level of general reserves was increased to a level greater than previously held.

The financial risks, in Appendix 5, have been identified and an assessment of the estimated exposure, likelihood and possible mitigation has been made in the context of the Council's overall approach to risk management and internal financial controls. This information has been used to determine the optimum level of reserve holdings needed to meet the requirements of a working balance and contingency, based on a financial assessment of the specific risks. The conclusion of this risk assessment is that it is deemed prudent that General Fund reserves should be maintained at around £1.5m - £2m, and that Housing Revenue Account reserves should maintained at around £1m - £1.5m, over the period of the MTFS.

Scenario Planning

A scenario planning approach is taken to assess the impact of changes in the key assumptions underpinning the revenue budgets. This is based on the assumptions in the MTFS being the most likely, set against an optimistic and pessimistic list of variables. At a high level the pessimistic scenario demonstrates a further significant financial challenge for the Council, primarily based on a reduction in income levels, as well increased costs towards the end the of the MTFS as key service contracts are due to end. The optimistic scenario is based on the key assumption that the planned reforms to business rates are not progressed and the Council is able to retain it's accumulated growth.





As can be seen table above, under the pessimistic scenario the level of General Balances would be eliminated during 2023/24 if mitigations and/or savings could not be found. This emphasises the Council's sensitivity to changes in it's income levels and the level of inherent risk and volatility it faces.

Planned work is under to establish scenario planning for the Housing Revenue Account as part of the Business Plan refresh.

Planned Use and Contribution to Reserves

The increase in the prudent level of reserves to be held has allowed the Council to be able to cushion the impact that Covid19 has had on its finances and will continue to do so in future years. Whilst the overall level of balances will still be maintained over the period of the MTFS there are planned uses of balances in the General Fund of £0.073 m in 2023/24 and £0.670m in 2024/25. The use in 2023/24 is as a result of the forthcoming funding reforms and the assumption that the accumulated gains on Business Rate income will be reset, leaving the Council at a significant financial detriment, as well as the legacy impacts of Covid19. Whilst the Council has assumed an increased level of savings will be required to mitigate the ongoing impacts of this income loss, in the short term the use of balances and earmarked reserves provides the Council the opportunity to deliver ongoing reductions in its net cost base, and also providing the flexibility to adjust the savings targets if there is a more positive outcome from the funding reforms. Based on the current trajectory of savings targets, by 2025/26 the General Fund will be in the position of making positive contributions to balances, with forecasted contributions of £0.072m in 2025/26 and £0.840m in 2026/27.

The careful use of balances, along with earmarked reserves, in the supporting the General Fund is seen as a short-term measure only to ensure a balanced budget position is maintained whilst savings are delivered, it is not foreseen as a long-term solution.

The general reserves at the end of each year for 2022/23 to 2026/27 are summarised in the table below.

	2022/23 £'000	**2023/24 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
General Fund	2,254	2,181	1,510	1,582	2,422
Housing Revenue Account	1,098	1,168	1,160	1,278	2,012

The overall levels of General Fund and Housing Revenue Account balances in 2026/27 are in line with, and in excess of, the prudently assessed minimum level of balances.

Earmarked Reserves

Earmarked reserves are sums specifically held to enable funds to be built up to meet known or predicted liabilities. A review of reserves and balances has been undertaken as part of the budget process and a schedule presenting the estimated closing balances at the end of each of the next five financial years is contained within Appendix 6. This includes the application of a number of specific reserves to support the General Fund during 2023/24, during the anticipated first year of the Business Rates Reset, whilst the ongoing reductions in the net cost base are delivered. The specific reserves being utilised to support the General Fund are: the insurance reserve, the Covid response reserve and the Covid recovery reserve.

The levels of reserves and balances recommended within this strategy are believed to be sufficient to meet all of the Council's obligations and have been based on a detailed risk assessment.

Appendix 1

GENERAL FUND BUDGET SUMMARY 2022/23 - 2026/27

	2022/23 Estimate £	**2023/24 Estimate £**	**2024/25 Estimate £**	**2025/26 Estimate £**	**2026/27 Estimate £**
Chief Executive & Town Clerk	3,016,780	3,153,290	3,260,380	3,300,260	3,469,880
Communities & Environmental Services	5,209,660	4,461,830	4,152,370	4,127,600	4,123,210
Major Developments	549,030	515,870	514,870	513,730	512,360
Housing & Regeneration	767,040	730,610	741,910	791,200	800,640
Corporate	2,113,830	2,124,150	2,135,890	2,152,290	2,165,460
	11,656,340	**10,985,750**	**10,805,420**	**10,885,080**	**11,071,550**
Capital Accounting Adjustment	3,376,590	3,293,840	3,341,830	3,172,590	3,153,690
Base Requirement	**15,032,930**	**14,279,590**	**14,147,250**	**14,057,670**	**14,225,240**
Specific Grants	(858,870)	(150,000)	(150,000)	(150,000)	(150,000)
Contingencies	(66,540)	(67,940)	(148,710)	(63,740)	(61,140)
Savings Targets	(333,590)	(564,180)	(743,340)	(721,810)	(708,040)
Transfers to/(from) earmarked reserves	(4,966,830)	(1,682,460)	386,530	545,520	369,020
Transfers to/(from) insurance reserve	36,690	(462,050)	40,110	38,340	36,660
Total Budget	**8,846,790**	**11,352,960**	**13,531,840**	**13,705,980**	**13,708,740**
Use of Balances	60,700	(73,490)	(670,110)	71,890	840,150
NET REQUIREMENT	**8,907,490**	**11,279,470**	**12,861,730**	**13,777,870**	**14,548,890**
Business Rates	5,573,200	4,138,620	4,928,200	5,569,070	6,062,970
Business Rates Surplus/(Deficit)	(4,044,040)	(481,140)	0	0	0
Revenue Support Grant	24,140	0	0	0	0
Council Tax Surplus/(Deficit)	(5,710)	(44,600)	0	0	0
Council Tax	7,359,900	7,666,590	7,933,530	8,208,800	8,485,920
Total Resources	**8,907,490**	**11,279,470**	**12,861,730**	**13,777,870**	**14,548,890**
Balances b/f @ 1st April	**2,193,359**	**2,254,059**	**2,108,569**	**1,510,459**	**1,582,349**
Increase/(Decrease) in Balances	60,700	(73,490)	(670,110)	71,890	840,150
Balances c/f @ 31st March	**2,254,059**	**2,180,569**	**1,510,459**	**1,582,349**	**2,422,499**

HOUSING REVENUE ACCOUNT SUMMARY 2022/23 - 2026/27

	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £
Income					
Gross Rental Income					
- Dwellings rents	(29,996,080)	(31,086,190)	(31,871,930)	(32,621,490)	(33,389,330)
- Non-Dwelling rents	(436,640)	(449,740)	(463,230)	(477,130)	(491,440)
Charges for Services & Facilities	(647,780)	(704,670)	(727,830)	(751,980)	(777,130)
Repairs Account Income	(658,770)	(658,810)	(667,890)	(676,520)	(685,050)
Contributions towards Expenditure	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total Income	**(31,789,270)**	**(32,949,410)**	**(33,780,880)**	**(34,577,120)**	**(35,390,950)**
Expenditure					
Repairs Account Expenditure	10,021,710	10,230,910	10,356,450	10,435,130	10,516,390
Supervision & Management:	8,336,620	8,484,850	8,624,240	8,728,670	8,860,860
Contingencies	(35,010)	(35,670)	(36,450)	(37,220)	(37,990)
Rents, Rates and Other Premises	485,690	494,560	503,740	508,550	518,130
Insurance Claims Contingency	168,930	174,000	179,230	184,610	190,150
Depreciation of Fixed Assets	7,450,000	7,450,000	7,450,000	7,450,000	7,450,000
Debt Management Expenses	14,850	11,990	11,980	11,980	11,860
Increase in Bad Debt Provisions	250,000	250,000	250,000	250,000	250,000
Total Expenditure	**26,692,790**	**27,060,640**	**27,339,190**	**27,531,630**	**27,759,400**
Net cost of service	**(5,096,480)**	**(5,888,770)**	**(6,441,690)**	**(7,045,490)**	**(7,631,550)**
Loan Charges Interest	2,580,000	2,650,000	2,665,000	2,660,000	2,650,000
- Investment Interest	(66,220)	(65,610)	(72,150)	(84,530)	(98,390)
- Mortgages Interest	0	0	0	0	0
Surplus on HRA for the year	**(2,582,700)**	**(3,304,380)**	**(3,848,840)**	**(4,470,020)**	**(5,079,940)**
DRF used for Financing	2,558,950	3,159,060	3,786,150	4,286,150	4,286,150
Contribs to/(from) Reserves:					
- Insurance Reserve	81,070	76,000	70,770	65,390	59,850
- Capital Fees Equalisation	0	0	0	0	
- Strategic Priority Reserve	(16,940)	0	0	0	
(Surplus)/deficit in year	**(38,670)**	**(69,320)**	**8,080**	**(118,480)**	**(733,940)**
Balance b/f at 1 April	(1,059,743)	(1,098,413)	(1,167,733)	(1,159,653)	(1,278,133)
Balance c/f at 31 March	**(1,098,413)**	**(1,167,733)**	**(1,159,653)**	**(1,278,133)**	**(2,012,073)**

GENERAL INVESTMENT PROGRAMME - 2022/23 to 2026/27

	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £
Expenditure Programme					
Chief Executives	691,592	200,000	200,000	200,000	200,000
Directorate of Communities and Environmental Services	736,551	678,103	483,021	300,000	300,000
Directorate of Major Developments	17,642,319	966,000	0	0	0
Directorate of Housing	20,000	20,000	0	0	0
Schemes Under Review	315,985	0	0	0	0
Total Programme Expenditure	**19,406,447**	**1,864,103**	**683,021**	**500,000**	**500,000**
Capital Funding					
Contributions from Revenue					
Opening balance	157,311	3	3	3	3
Received in year	45,100	0	0	0	0
Used in financing	(202,408)	0	0	0	0
Closing balance	**3**	**3**	**3**	**3**	**3**
Capital receipts					
Opening balance	30,000	1,485,475	4,904,079	4,904,079	4,904,079
Received in year	7,210,800	5,560,800	0	0	0
Used in financing	(2,533,910)	0	0	0	0
Used to repay temporary borrowing	(3,221,415)	(2,142,196)	02	0	0
Used to reduce the CFR	0	0	0	0	0
Closing balance	**1,485,475**	**4,904,079**	**4,904,079**	**4,904,079**	**4,904,079**
Grants & contributions					
Opening balance		0	0	0	0
Received in year	9,611,008	678,103	300,000	300,000	300,000
Used in financing	(9,611,008)	(678,103)	(300,000)	(300,000)	(300,000)
Closing balance	**0**	**0**	**0**	**0**	**0**
Unsupported borrowing					
Opening balance	0	0	0	0	0
Received in year	7,059,121	1,186,000	383,021	200,000	200,000
Used in financing	(7,059,121)	(1,186,000)	(383,021)	(200,000)	(200,000)
Closing balance	0	0	0	0	0
Total Capital Funding	(19,406,447)	(1,864,103)	(683,021)	(500,000)	(500,000)
Available Resources c/f	**1,485,478**	**4,904,082**	**4,904,082**	**4,904,082**	**4,904,082**

HOUSING INVESTMENT PROGRAMME - 2022/23 - 2026/27

	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £
Capital Programme					
Decent Homes	8,941,080	8,656,831	8,815,200	9,255,960	9,718,758
Health & Safety	521,551	458,990	427,310	448,675	471,109
New build programme	9,117,669	1,455,267	1,691,953	47,892	48,850
Lincoln Standard	225,000	275,000	286,450	300,773	315,811
Other schemes	567,277	177,052	104,580	109,809	115,299
Contingent capitalised repairs	250,000	250,000	250,000	250,000	250,000
Other	2,098,865	1,640,254	1,097,174	914,982	960,731
Total Programme Expenditure	**21,721,402**	**12,918,394**	**12,672,667**	**11,328,091**	**11,880,558**
Capital funding					
Major Repairs Reserve					
Opening balance	16,239,525	11,112,696	9,848,265	10,103,702	10,559,651
Depreciation received in year	7,450,000	7,450,000	7,450,000	7,450,000	7,450,000
Depreciation used in financing	(8,941,080)	(8,656,831)	(8,815,200)	(9,255,960)	(9,718,758)
DRF received in year	2,558,950	3,109,060	3,786,150	4,286,150	4,286,150
DRF used in financing	(6,194,699)	(3,166,660)	(2,165,514)	(2,024,239)	(2,112,950)
Closing balance	11,112,696	9,848,265	10,103,702	10,559,651	10,464,092
Capital receipts					
Opening balance	2,354,836	2,104,826	2,854,836	3,604,836	4,306,943
Received in year	750,000	750,000	750,000	750,000	750,000
Used in financing	(1,000,000)	0	0	(47,892)	(48,850)
Closing balance	2,104,836	2,854,836	3,604,836	4,306,943	5,008,093
1-4-1 receipts					
Opening balance	1,905,526	1,114,742	676,781	0	0
Used in financing	(790,794)	(437,961)	(676,781)	0	0
Closing balance	1,114,742	676,781	0	0	0
Grants & contributions					
Opening balance	0	0	0	0	0
Grants & contributions received in year	495,000	0	0	0	0
Used in financing	(495,000)	0	0	0	0
Closing balance	0	0	0	0	0
Borrowing					
Opening balance	18,836	18,997	112,055	96,883	96,883
Borrowing taken in year	4,300,000	750,000	1,000,000	0	0
Used in financing	(4,299,839)	(656,942)	(1,015,072)	0	0
Closing balance	18,997	112,055	96,883	96,883	96,883
Total Capital funding	(21,721,402)	(12,918,394)	(12,672,667)	(11,328,091)	(11,880,558)
Available Resources c/f	**14,351,271**	**13,491,937**	**13,805,420**	**14,963,478**	**15,569,070**

Appendix 5

BUDGET RISK ASSESSMENT

Appendix 5

No.	Budget Item	Risk	2022/23	2023/24-2026/27	Containment
			Risk Score	Risk Score	
1	Capital Expenditure	Slippage in the project, Increased project costs including labour and material costs post Brexit/COVID19 Inflationary impacts. Failure of contractor i.e. contractor goes into liquidation. Demand for improvement grants. Sunk costs of aborted schemes Achieving levels of projected costs in the HRA Business plan	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• Regular budget monitoring and reporting to Capital Programme Board and Housing Delivery Group • Ensure correct project management procedures followed (Lincoln Model) • Quarterly budget monitoring and reporting to Performance Scrutiny and the Executive • Financial procedure rules are followed, including financially vetting of all contractors • Use of collaborative contracts/framework agreements where possible e.g. EMPA • Support from Procurement engaged at an early stage • Carry out post implementation reviews • Ensure risk assessments completed for all significant schemes before commencing • Value engineering used to contain project costs • Cost estimates obtained ahead of procurement exercises. • Consideration of Fixed Price Contracts and/or Risk Sharing • Consideration of alternative/cheaper materials • PGC's/Bonds to be obtained on key contracts

2	Income from Fees & Charges/ Rents: • Car Parking • Crematorium / Cemeteries • Development Control • Building Control • Land Charges • Control Centre • Lincoln Properties • Industrial Estates • Xmas Market	Reduction in the usage of the service/activity levels due to ongoing Covid restrictions and public confidence. Over optimistic income targets including stepped recovery levels Increasing reliance on income within the MTFS New competitors entering the market (e.g. Crematorium). Fees and Charges levels reduces demand Changes in treatment of VAT status of individual fees and charges. Impact of wider policy changes on demand for services e.g. Lincoln Transport Strategy impact on car usage	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• Car Parking Strategy to be refreshed. • Regular monitoring statements for major income sources which are reported monthly to Corporate Management Team. • Identify reasons for any income reductions and take corrective action where possible • Application of Corporate Fees and Charges Policy to ensure correct charging policies are applied and the impacts are assessed • Report quarterly to the Executive and Performance Scrutiny Committee on forecast for key income streams • Specific projects/business plans in progress to sustain income streams. • Investment in key income generating assets • Delegated powers to portfolio holder to make responsive changes to fees and charges • Rebase income budgets to reflect current trends and impact of Covid • Active void management • Watching brief on CIPFA Committee/HMRC discussions

3	General Budget Assumptions	CPI and RPI inflation exceed rates assumed in the budget Actual establishment exceeds 99% Implications from Government Policy in response to Covid19 legacy. Increased pension contributions as a result of triennial valuation Pay inflation exceeds rates assumed in the budget	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 9** Likelihood: 4 Impact: 3	• Set prudent but realistic projections based on analysis of economic commentators and Bank of England predictions – projections updated in latest MTFS • Monthly monitoring of RPI and CPI index changes • Make use of expert forecasts of future RPI and CPI trends • Produce regular budget monitoring reports – report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Monitor significant changes in economic indicators • Monitor the pension fund position through discussions with Lincolnshire County Council and Lincolnshire Finance Officers • Report any changes to Members as soon as officers become aware • Pension Fund Stabilisation Approach adopted

4	Housing Rents and Property Voids	Increased arrears due to impact of Covid19 on household incomes More Council House disposals than anticipated and/or slower than anticipated progress on the council house new build programme Void properties exceeding the allowance included in the budget (particularly due to impacts of Covid19 on turnaround times and resourcing/contractor issues in HRS). CPI inflation less than budgeted rate (from 2023/24)– reducing rental income Impact of future interventions by Govt to alter Social Rent Policy.	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Produce regular budget monitoring reports • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Directorate ongoing monitoring is a performance indicator • Monthly monitoring of RPI and CPI index changes • Make use of expert forecasts of future RPI and CPI trends and the impact on housing rents • 30-year Business Plan to undergo a refresh. • Continual monitoring of arrears and void positions. • Housing Rents Hardship Fund established. • Monthly New Homes Board meeting of cross directorate officers monitoring progress of New Build programme and capital & revenue funding • Analysis of factors driving voids increases, now assessing how these can be mitigated • Investment in tenancy sustainment officers • New subcontractors engaged to support the void process

5	Business Rates Base	Reduction and/or fluctuations in income against budget variation in: – Recovery/growth compared to forecasts – Changes in the NNDR base – Changes in rateable values (e.g. appeals, economic downturn, changes in use, material change in circumstances) – Collection rates – Ongoing impact on the NNDR base of successful appeals - Estimates of appeals provision higher/lower than actually required – Changes nationally to the valuation assessments of certain property/infrastructure – Introduction of 75% retained Business Rates and reform of the system – Reset of the Business Rates Retention system from 2023/24	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• In year monitoring of the NNDR base, Collection Fund, collection rates, growth assumptions and rateable value appeals. • Produce monthly collection rate statements – monitored via the Revenues and Benefits Operational Board, and Revenues and Benefits Management Team. Also report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee if targets are not being met, increased recovery action or further initiatives to increase collection • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • A Business Rate Volatility Reserve is maintained to provide a degree of protection from fluctuations in Business Rate Income • Quarterly monitoring of the Lincs NNDR Pool by Lincs Finance Officers • Independent specialist assessment made of the required level of NNDR appeals provision • Specialist advice sought to assist in budgeting assumptions and assessment of implications of changes to the funding system • Delivery of key schemes in Vision 2025 to support recovery of the High Street, City and the economy, including direct investment by the Council.

6	External Funding of Capital Programme	Loss of anticipated external resource to support the capital programme Changes to the allocation of grant funding for Disabled Facilities Grants (DFG) from the City Council to County Council, while the City Council retains statutory duty to provide services. Inability to attract/gain further external grant funding/partner contributions to deliver schemes included in Vision 2025	**Total Score: 6** Likelihood: 2 Impact: 3	**Total Score: 12** Likelihood: 3 Impact: 4	• Ensure grant conditions are complied with throughout scheme • Continue to seek alternative funding sources and make appropriate grant applications. • Continue to work with partner organisations to secure additional funding opportunities. • Produce regular grant monitoring statements • Regular budget monitoring and reporting to Capital Programme Board • Ongoing discussions with the County Council to ensure the provision of DFG's meet the Council's funding requirements. • New schemes not approved until external funding secured.
7	Repairs & Maintenance on Corporate Properties	Unplanned emergency maintenance is required on the Council's Corporate Properties Increase in demands to meet statutory requirements and to minimise risks of adverse claims. Increase in demands to maintain operational service assets Increased investment required in natural assets. Impact of works on income and service delivery.	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Updated stock condition surveys for all corporate properties to undertaken in 2022/23 • Comprehensive asset management planning in place (including identifying assets with large repairs and maintenance liabilities for disposal) • Produce regular budget monitoring reports – report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Properties with large maintenance liabilities are reviewed for potential disposal • New capital schemes allow for whole life costing. • Responsible Officer system in place.

8	HRA Repairs and Maintenance Costs	Reduced ability to recruit and retain skilled workforce in HRS, increased reliance on sub-contractors Sub-contractors prices significantly increasing Increased cost of materials as a result of Covid/Brexit	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Produce regular budget monitoring reports and HRA revenue and capital budgets reported and monitored together • Report quarterly to Departmental Management Team, Corporate Management Team, Executive and Performance Scrutiny Committee • Results of recent stock condition surveys informing future maintenance requirements • Increased costs factored into latest MTFS • Consider alternative recruitment options • Use of collaborative contracts/framework agreements where possible • Seek efficiencies within HRS i.e scheduled repairs pilot
9	Demand for services	Impact of Covid19 legacy on service demands, e.g. homelessness, revenues and benefits, customer services, council housing etc Impact of Social Housing White Paper on requirements of housing function The increase in property numbers and development of the City Centre results in additional cost pressures within the Services that have not been built into the budget Increasing demands for housing tenant support as other providers withdraw services	**Total Score: 9** Likelihood: 3 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Identification and drawdown of additional funding made available from Government and others to support additional demand • Lean systems approach taken to identify efficiencies in service delivery (e.g. benefits service) • Collaboration and joint working arrangement opportunities identified with local partners to help meet additional service demands • Consistent monitoring of service demands and needs of the city through data analysis and key indicators • Assessment of White Paper impacts to be undertaken. • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee

10	Capital Financing - Long Term Borrowing	Balances unavailable for internal borrowing External borrowing costs above interest rates in MTFS	**Total Score: 6** Likelihood: 2 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Continue to monitor the cost effectiveness of utilising internal balances instead of taking external borrowing • Actively monitor the achievement of the capital receipts target and potential additional borrowing requirement • Actively monitor the cost effectiveness of asset disposals compared to Prudential Borrowing • Ongoing monitoring of cashflows from major sources of income • Regular review of current and future predicted borrowing rates to inform timing of borrowing decisions • Actively monitoring the cash flow on a daily basis.
11	Council Tax Base & Council Tax Support Scheme	In year variations to budget not containable within Collection Fund balances Costs to Council increased due to (including impact of Covid19): – Actual CT base different to estimate – Collection rates/bad debt provisions – Increase in LCTS caseload or reduction not as anticipated. – Referendum rate of CT increases below budgeted rate	**Total Score: 6** Likelihood: 3 Impact: 2	**Total Score: 6** Likelihood: 3 Impact: 2	• Monthly monitoring of the Collection Fund - collection rates, CT discount caseload, council tax base. • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Produce quarterly collection rate statements – monitored via the Revenues and Benefits Operational Board, and Revenues and Benefits Management Team. Also report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee if targets are not being met, increased recovery action or further initiatives to increase collection • The proposed 2022/23 Council Tax is below referendum limit of 2%. Future increases are below 2% • Annual increases in Council Tax considered alongside national expected increases

12	Housing Investment Requirements	Implications arising from Social Housing White Paper including additional investment requirements and pledge to revise Decent Homes Standard. Implications arising from Building & Fire Safety regs. Implications arising from change in planned maintenance contractor.	**Total Score: 6** Likelihood: 2 Impact: 3	**Total Score: 9** Likelihood: 3 Impact: 3	• Assessment of White Paper implications • Assessment of Building and Fire Safety implications • Stock condition surveys undertaken 2020 • Refresh of HRA Business Plan for 203/24 • Revised Lincoln Decent Homes Standard to be developed • Project team in place and managing insourcing of planned maintenance programme. • Use of collaborative contracts/framework agreements where possible e.g. EMPA • Ensure risk assessments completed for all significant schemes before commencing • Value engineering used to contain project costs • Cost estimates obtained ahead of procurement exercises.
13	Sundry Debtors and Housing Benefit Overpayments	The Council's existing Bad Debt provision proves insufficient to meet any increase in the value of debts written off.	**Total Score: 6** Likelihood: 3 Impact: 2	**Total Score: 6** Likelihood: 3 Impact: 2	• Follow established debt recovery and write off procedures • Specific monitoring in place for key rentals/leases • Monitor age debt profile of debts against bad debt provision • DWP Consultancy support engaged for Housing Overpayments – positive impacts on reducing outstanding debt and increasing in-period collection

15	Revenue Savings Targets	The required savings targets are not achieved nor required efficiencies delivered	**Total Score: 4** Likelihood: 2 Impact: 2	**Total Score: 12** Likelihood: 3 Impact: 4	• TFS7 programme developed with timescales agreed. • The Council's strategy focuses on a two key strands approach to realise the required savings in the revenue budgets with the primary focus on service withdrawal and 'one council'. • TFS7 delivery is a priority in Vision 2025, year 3 Annual Delivery Plan • Report monthly to Programme Board (CMT) and quarterly to Executive and Performance Scrutiny Committee
16	Capital Funding	Shortfall in the actual amount of Capital Receipts (i.e. Council House Sales, other HRA assets, GF assets) against the targets set within the HIP & GIP Revenue contributions are not sustainable in the revenue accounts of the HRA or General Fund Increase in borrowing costs (covered in separate risk – see no. 10) Reductions in grant funding (covered in separate risk – see no. 6).	**Total Score: 4** Likelihood: 2 Impact: 2	**Total Score: 6** Likelihood: 2 Impact: 3	• Undertake regular monitoring of the capital receipts position • Capital Receipts targets incorporated in the Capital Strategy • Property Section fully informed of current targets within the GIP & HIP • Review of the most cost-effective funding options (e.g. capital receipts compared to prudential borrowing) • Monitor and report on the revenue and capital budgets together to ensure both capital and revenue impacts are identified • HRA Business plan includes allowance for full funding of capital requirements over 30 years, including revenue contributions.

17	Cashflow Management (Investments and short-term borrowing)	Available cash flow surpluses less than anticipated and/or interest rates lower than forecast Reduction in cash flow results in deficits and/or rising interest rates Impact of major sources of income not being received when expected.	**Total Score: 3** **Likelihood: 3** **Impact: 1**	**Total Score: 6** Likelihood: 3 Impact: 2	• Monitor the average interest rate being achieved against the budget target and the level of balances available for investment • Actively monitoring the cash flow on a daily basis • Ongoing monitoring of cashflows from Business rates • Quarterly monitoring of Collection Fund forecast balances • Take account of economic analysts and Bank of England predictions and advice from Treasury Management Consultants • Hold regular Treasury Management meetings • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee
18	Government Grants (including RSG, Lower Tier Services, 22/23 Services, New Homes Bonus)	Cash reductions in Government Grant which are in excess of the levels assumed in the MTFS The Council is unable to sustain sufficient levels of growth and future levels of funding are reduced Amount and timing of receipt of some grants not as assumed in the MTFS	**Total Score: 2** Likelihood: 1 Impact: 1	**Total Score: 3** Likelihood: 3 Impact: 1	• Regular review and reporting of new home figures • The Council will seek to realise the benefits of the financial incentives available • Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee • Regular review of grant figures and distribution mechanisms. • Lobby through national groups, respond to national consultations • Work with Association of Lincolnshire Finance Officers and the Society of District Treasures • Work with external funding specialists to identify and assess the impact of proposed funding changes (e.g. New Homes Bonus) • Budget assumptions assume limited funding beyond 2022/23

19	Housing Benefits/Subsidy	Increase in payments that do not attract 100% subsidy i.e. overpayments and local authority errors Failure to comply with complex legislative requirements Lack of audit trail to substantiate grant claim Backlog of work Pressures from customer demands and complex enquiries due to welfare changes	**Total Score: 4** Likelihood: 2 Impact: 2	**Total Score: 4** Likelihood: 2 Impact: 2	• Regular monitoring of claims being processed • Undertake staff training and sample accuracy checks • Ensure system backups are carried out and historic information is recoverable • Implementation of new systems, processes and structures following Lean Systems Intervention

Appendix 6

GENERAL FUND EARMARKED RESERVES FORECAST 2021/22 – 2026/27

Description	Balance @ 31.03.22	Balance @ 31.03.23	Balance @ 31.03.24	Balance @ 31.03.25	Balance @ 31.03.26	Balance @ 31.03.27
Carry Forwards	389,670	389,670	389,670	389,670	389,670	389,670
Active Nation Bond	180,000	180,000	180,000	180,000	180,000	180,000
AGP Sinking Fund	2,440	52,440	102,440	152,440	202,440	252,440
Air Quality Initiatives	16,080	21,590	27,100	32,610	38,120	43,630
Birchwood Leisure Centre	45,970	45,970	45,970	45,970	45,970	45,970
Business Rates Volatility	5,499,480	728,990	247,850	347,850	597,850	597,850
Christmas Decorations	13,870	13,870	13,870	13,870	13,870	13,870
City Hall Sinking Fund	60,460	60,460	60,460	60,460	60,460	60,460
Commons Parking	19,860	19,860	19,860	19,860	19,860	19,860
Corporate Training	60,300	60,300	60,300	60,300	60,300	60,300
Council Tax Hardship Fund	531,440	531,440	531,440	531,440	531,440	531,440
Covid-19 Recovery	1,047,230	1047,230	0	0	0	0
Covid-19 Response	353,650	353,650	0	0	0	0
DRF Unused	202,410	0	0	0	0	0
Electric Van replacement	23,790	28,220	32,650	37,080	41,510	45,940
Funding for Strategic Priorities	89,240	0	0	0	0	0
Grants & Contributions	1,244,910	1,171,960	1,124,200	1,075,720	1,026,390	1,026,390
Income Volatility Reserve	320,000	320,000	320,000	320,000	320,000	320,000
Invest to Save	149,880	150,460	150,460	150,460	150,460	150,460
IT Reserve	152,430	217,430	282,430	347,430	412,430	477,430
Lincoln Lottery	9,450	9,450	9,450	9,450	9,450	9,450
Mayoral Car	27,100	27,100	27,100	27,100	27,100	27,100
Mercury Abatement	0	0	0	0	0	0
MSCP & Bus Station Sinking Fund	104,160	149,210	195,160	242,030	289,840	338,610
Private Sector Stock Condition Survey	39,460	51,460	3,460	15,460	27,460	39,460
Residents Parking Scheme	0	0	84,590	252,600	420,020	586,830
Section 106 interest	31,790	31,790	31,790	31,790	31,790	31,790
Strategic Growth Reserve (WGC)	16,990	16,990	16,990	16,990	16,990	16,990
Tank Memorial	10,000	10,000	10,000	10,000	10,000	10,000
Tree Risk Assessment	117,100	133,600	150,100	166,600	183,100	199,600
Vision 2025	636,730	605,920	629,270	595,960	572,140	572,140
Western Growth Corridor Planning	79,770	79,770	79,770	79,770	79,770	79,770
TOTAL GENERAL FUND	**11,475,660**	**6,508,830**	**4,826,380**	**5,212,910**	**5,758,430**	**6,127,450**

HOUSING REVENUE ACCOUNT EARMARKED RESERVES FORECAST 2021/22 to 2026/27

Description	**Forecast Balance 31.03.22 £**	**Forecast Balance 31.03.23 £**	**Forecast Balance 31.03.24 £**	**Forecast Balance 31.03.25 £**	**Forecast Balance 31.03.26 £**	**Forecast Balance 31.03.27 £**
Capital Fees Equalisation	110,034	110,034	110,034	110,034	110,034	110,034
De Wint Court Reserve	73,480	73,480	73,480	73,480	73,480	73,480
Housing Business Plan	76,559	76,559	76,559	76,559	76,559	76,559
Housing Repairs Service	125,713	125,713	125,713	125,713	125,713	125,713
HRA Repairs Account	1,350,645	1,350,645	1,350,645	1,350,645	1,350,645	1,350,645
HRA Strategic Priority Reserve	570,693	555,693	555,693	555,693	555,693	555,693
HRA Invest to Save	106,197	25,207	25,207	25,207	25,207	25,207
Strategic Growth Reserve (WGC)	26,029	26,029	26,029	26,029	26,029	26,029
TOTAL HOUSING REVENUE ACCOUNT	**2,439,351**	**2,343,361**	**2,343,361**	**2,343,361**	**2,343,361**	**2,343,361**