APPENDIX A

City of Lincoln Council | Together, let's deliver Lincoln's ambitious future

MEDIUM TERM FINANCIAL STRATEGY

2024-2029

Contents	**Page No**

Foreword

Welcome to this latest version of the City Council's Medium Term Financial Strategy covering the period 2024-2029.

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 refresh of the MTFS needs to be seen in the context of significant financial uncertainty for the Council. Exceptional economic factors such as; the impact of inflation on the Council's pay bill and the cost of goods and services; rising interest rates increasing the cost of borrowing; increased costs of construction impacting on capital schemes and reductions in service income and collection rates, continue to add considerable cost pressures to the Council's budgets.

In addition, the Council is facing growing demands for some of it's key services as those more vulnerable in the city look to the council for support as the cost-of-living crisis continues to impact on household incomes. Due to Lincoln's specific set of local socio-economic factors, this places a greater demand on key services and resource allocation than in most other places. The imbalance between housing supply and demand and the reliance on temporary accommodation are of particular challenge to the Council.

These pressures come after, a decade of austerity measures, budget pressures created as a result of Covid19, and after a shift to reliance on local taxation as the primary funding source for all councils (which creates a particular problem for places like Lincoln, with a predominantly low council tax base).

Furthermore, there remains uncertainty around the level of funding for local government beyond the current Spending Review period. The Fair Funding Review and Business Rates Reset have the ability to fundamentally alter the course of the MTFS. While it has now been confirmed that they will not be implemented during 2024/25, and there is a high likelihood that this will also be the case in 2025/26, which allows the accumulated business rate growth to be retained, all this does is shift the financial challenges to later in the MTFS period. In addition, the large national deficit that has arisen as a result of the financial measures the Government implemented during the pandemic and more recently in response to the cost-of-living-crisis, will need to be addressed. This is likely to further impact on the funding available to councils in future years with a risk of a new round of austerity measures.

As a result of these factors, the Council, and local government as a whole, are yet again having to update their medium-term financial strategies in a very uncertain environment. It is a long time since the Council had any certainty during budget setting (the 2024/25 Local Government Finance Settlement being the sixth consecutive on-year settlement), which makes financial planning, and the subsequent impact on service delivery, in this climate extremely challenging.

Despite this significant level of uncertainty, based on what is currently known, or can be reasonably assumed, the Council continues to face a significant and widening gap between it's spending requirements and the level of resources it estimates to receive. The additional resources retained by a further likely delay in the implementation of funding reforms, and the use of earmarked reserves, has provided some financial capacity to smooth the level of reductions required, but there is an underlying need to reduce the net cost base by £1.750m by 2027/28, if the Council is to remain sustainable in the medium term.

The ability to deliver these further, significant, reductions in the net cost base must be set in the context of the Council having already delivered, over the last decade and a half, annual revenue savings of nearly £10.5m. This has already involved the Council having to take difficult decisions in terms of which services it can continue to provide, whilst minimising the impact on services most needed by local residents and businesses, and with each year the challenge gets much harder.

The Council will though continue to build on it's successful financial planning to date and will implement a range of transformational changes in the way in which it operates and delivers services, to reduce it's net cost base, minimising where possible the impact on service delivery. Fundamentally though, it still believes that the longer-term approach to closing the funding gap is through economic growth and investment. Through Vision 2025 the Council continues 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 interventions, such as the Town Deal; the Additional Affordable Homes Programme; the UK Shared Prosperity Fund and Western Growth Corridor etc, to enhance the economic prosperity of the City.

However, while the Council will focus on this range of measures, and there is sufficient 'lead in time' to the need to deliver these savings, given the scale of savings required it cannot rule out the need to face further difficult decisions about the size and scope of the essential services it provides in the future.

While closing a projected budget gap of this size is a challenge for the Council, it has confidence in it's track record of delivering strong financial discipline and that it can continue to rise to the challenge. It'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. A significant number of projects, schemes and initiatives have been implemented, and continue to be implemented as part of Vision 2025. Over the course of the next year the Council will begin to develop the next stage in it's vision to deliver Lincoln's ambitious future, through the development of Vision 2030.

The Council will continue to adopt this successful approach of, carefully balancing the allocation of resources towards it's Vision and future investment plans, 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 light of the current economic conditions and the impact these are having on the Council's finances along with the inherent uncertainty in financial planning, the existing objectives of the MTFS have been reviewed to ensure they remain relevant. As a result, the key overriding objective continues to be;

- To drive down the Council's net cost base, in line with available resources, to ensure the it 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, through growth in 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

Over the past 12 months the UK's economy has continued to face a volatile and uncertain path and has been dominated by rising cost of living pressures for UK households, surging energy costs, high inflation, weak growth and rising interest rates.

While concerns of a deep recession have largely gone away, and the economy has proved to be more resilient to the shocks of the pandemic and energy crisis than anticipated, (with the level of real GDP in mid-2023 standing at nearly 2% above its pre-pandemic level), there are still concerns over the economy's weak performance and the persistence of inflation remains an issue.

Growth in the first two quarters of 2023 was at 0.3% in quarter 1 and 0.2% in quarter 2, but with high interest rates, policy uncertainty before a general election and low productivity there is anticipated to be little to no growth in the second half of the year. The OBR estimates total growth for 2023 to be 0.6%, which is though 0.4% higher than it forecasted in March 2023. Despite this better than forecast growth in 2023, the OBR warned that next year is likely to be tougher than previously expected due to the impact of interest rates. Higher interest rates impact households directly, by raising mortgage costs and lowering house prices, and also has 'second round' effects as people consume less. This means that GDP growth next year has been revised down from the March 2023 forecasts, with growth of 0.7% expected in 2024, down from 1.8% and 1.4% in 2025, down from 2.5%. Beyond 2025, average growth in the economy is estimated to be around 2% p.a.

In terms of inflation, while CPI has fallen back from its 41-year high of 11.1% in October 2022, it's course has been volatile and has not dropped as significantly as expected. While CPI has dropped sharply in recent months, largely as a result of lower energy prices, as at September 2023 it stood at 6.7%, but this was still 1.3% higher than the OBR's March forecast. It has fallen further in October to 4.6% and again to 3.9% in November, but unexpectedly rose up to 4% in December. Current forecasts are that it is expected to be more persistent than previously forecasted and will not return to its 2% target until the first half of 2025, more than a year later than was forecasted in March 2023.

In response to this rampant inflation, during 2022 and 2023 the Bank of England tightened monetary policy and significantly increased it's base interest rate. By September 2023 the Bank paused its run of interest rate rises, after 14 consecutive increases. The current rate stands at 5.25%, its highest level for 15 years. While inflation is now reducing, the Governor of the Bank has raised concerns over economic growth as he warned again that interest rates will not be cut in the "foreseeable future". This announcement followed the reduction in the OBR growth forecasts for 2024 and 2025 along with the latest inflation forecasts, with CPI still at twice the Bank's target rate of 2%. While it is largely felt that rates have peaked and will not increase further, it is also expected that interest rates will need to remain higher for longer to bring inflation under control. Forecasters are not anticipating the Bank to start contemplating cuts in the rate until at least late 2024. Certainly, the unexpected increase in inflation in December 2023 has prompted the Bank to suggest rates will remain higher for longer. Whether this was simply a post Christmas blip or not will be a key indicator as to whether interest rates are likely to start to reduce this year or not.

These factors have contributed to a significant gap opening between the funds the government receives in revenue and its spending. Difficult decisions are necessary to put the public finances back on to a sustainable footing in the medium term, with an imperative of ensuring that the national debt falls as a proportion of the economy over the medium term.

Despite the lower forecasts in economic growth, both the short and medium-term fiscal outlooks (ahead of any Autumn Statement measures) have improved since the March 2023 Spring Budget, with a £15.8bn, 13.6%, reduction in borrowing forecasts in 2023/24. This is primarily as a result of stronger tax receipts, fueled by inflation and earnings. The medium-term fiscal outlook has also improved materially compared to March, with borrowing forecast to be £26.8bn lower in 2027/28. This improvement in the fiscal forecasts, provides some capacity for Autumn Statement measures.

National Priorities

The Autumn Statement, the most recent major fiscal event, was announced in November 2023 and accompanied the OBR's latest economic and fiscal outlook. The Chancellor used the near-term improvements in the fiscal forecasts to focus on the priorities of avoiding big government spending and high tax, and instead cut taxes and "reward hard work" with 110 "growth measures" for business.

These new measures spend almost of all of the pre-measures forecast improvement in borrowing between 2023/24 and 2027/28 and leaves post measures borrowing largely unchanged.

The government is focusing on five areas:

- reducing debt;
- cutting tax and rewarding hard work;
- backing British business;
- building domestic and sustainable energy;
- and delivering world-class education.

The approach take in the Autumn Statement to public spending, is to keep debt falling, cuts taxes for working people and businesses, reforms welfare to help people into work and removes barriers to business investment to boost growth.

Most significantly for local government though, the Chancellor did not make any new funding announcement for public services. Settlements which looked relatively generous when previously announced, in the last Spending Review in 2021, have been gradually eroded by inflation and higher than expected pay agreements. The result is that day-to-day spending is now due to rise by only 1.9% per year in real terms between 2021/22 and 2024/25, compared to 3.6% when the settlements were first announced. This has eroded the real-terms value of the current spending review by £19bn.

Beyond the current Spending Review period, with inflation remaining more than double the Bank of England's target and expected to stay higher for longer, there is little further fiscal headroom to respond to any downside surprises, or any new shocks. Although there may be some flexibility for further 'measures' in the Spring Budget, a large fiscal consolidation is set to hit the economy in 2024.

The timing of this consolidation is likely to be after the next general election, with the task of making substantial reductions in public expenditure falling to the incoming government through the next Spending Review. However, the Chancellor did confirm spending increases beyond April 2025 of only slightly under 1% in real terms every year. These increases will set in the erosion of real budgets from higher inflation this year and next. The government's commitment to spending increases on the NHS, defence, foreign aid and childcare implies real terms cuts for unprotected areas of spending: the OBR estimate falls of over 2% per year in real terms. Given rising demand for services, this could lead to further substantial decline in performance across the public sector.

It was also announced that the public sector productivity target would increase at 0.5% per year. However, with little in the Autumn Statement to help improve the situation, with capital budgets to be held flat in cash terms beyond 2025, which means falling in real terms, and after a decade of austerity, public services are in a dire state of disrepair with little remaining capacity to flex. According to CIPFA's latest Performance Tracker, maintenance backlogs across the criminal justice system, schools, hospitals and roads amounted to a staggering £37bn. Without more generous funding settlements, most public services will be performing worse in 2027/28 than pre-pandemic. Higher demand, increased costs and less funding has impacted on non-statutory services. Real spending on neighbourhood services in the decade since 2009/10, excluding children's services and adult social care, has been down by nearly 40%. Pressure for local authorities to bridge the gap through more innovative financing strategies has contributed to a number of S114 notices being announced over the past three years.

Given local government bore the brunt of austerity in the 2010's (having faced a £15 billion real terms reduction to core government funding between 2010 and 2020), it is unlikely local authorities will avoid the severe funding reductions that will be required as part of the wider need for spending restraint as part of the next Spending Review.

With the general election set to be called in 2024, there can be no certainty beyond 2024/25 funding announcements for local government. This uncertainty and the potential for new austerity measures, continues to hamper financial planning for local authorities.

Other specific announcements with a direct impact on Local Government included:

- For 2024/25, the small business multiplier in England will be frozen for a fourth consecutive year at 49.9p, while the standard multiplier will be uprated by September CPI to 54.6p.

- The current 75 per cent relief for eligible Retail, Hospitality and Leisure (RHL) properties is being extended for 2024/25, a tax cut worth £2.4 billion. Around 230,000 RHL properties in England will be eligible to receive support up to a cash cap of £110,000 per business.

- English Local Authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs.

- The Department for Levelling Up, Housing and Communities will work with the UK Infrastructure Bank, the British Business Bank, Homes England and other departments to consider – with local and private sector partners – how to support levelling up through improving access to finance. The group will report to Ministers by the spring.

- To support households that need most help to pay their rent, the Government will also raise Local Housing Allowance rates in Great Britain to the 30th percentile of local market rents in April 2024. 1.6 million low-income households will be better off, gaining £800 on average in 2024-25. The LHA rate used rate to determine the subsidy for claims in respect of people living in temporary accommodation will not however be uprated as the maximum subsidy remains capped at 90 per cent of the January 2011 rates.

- The Government is announcing £450 million for a third round of the Local Authority Housing Fund to deliver 2,400 new housing units to house Afghan refugees and ease wider housing and homelessness pressures. This will bring the total amount spent on the Local Authority Housing Fund to over £1.2 billion.

- The Government is also extending until June 2025 the Public Works Loan Board policy margin announced at Spring Budget 2023 to support local authority investment in social housing.

- The Department for Levelling Up, Housing and Communities will bring forward plans for authorities to offer guaranteed accelerated decision dates for major developments in England in exchange for a fee, ensuring refunds are given where deadlines are not met and limiting use of extension of time agreements. This will also include measures to improve transparency and reporting of planning authorities' records in delivering timely decision-making.

- The Government is investing £5 million in additional funding for DLUHC's Planning Skills Delivery Fund for Local Planning Authorities to target application backlogs.

- The Government has committed to ensuring councils will be able to set planning fees to cover the full cost of processing major applications which will mean local taxpayers no longer have to subsidise these costs. This is welcome however we look forward to seeing the more details in due course.

- The Government is announcing a consultation on a new Permitted Development Right for subdividing houses into two flats without changing the façade. This will be implemented in 2024 following consultation early in the New Year.

- The Government will extend 'thank you' payments into a third year for Homes for Ukraine sponsors across the UK. These will remain at £500 per month and reflect the ongoing generosity of hosts in supporting those who have fled the war. The Government is also providing £120 million funding for the devolved administrations and local authorities in England to invest in homelessness prevention, including to support Ukrainian households who can no longer remain in sponsorship.

- The Government has finalised four new devolution deals across England. This includes two Level 3 mayoral deals with Greater Lincolnshire, and Hull and East Yorkshire and two Level 2 non-mayoral deals with Lancashire and Cornwall. The Government is also in advanced discussions to agree a Level 2 non-mayoral deal with Devon and Torbay.

- The Department for Levelling Up, Housing and Communities intends to offer Level 2 devolution powers to councils that cover a functional economic or whole county area, and meet relevant criteria as set out in the Levelling Up White Paper, where there is local consent to such arrangements.

- The Government has published a new framework for extending deeper devolution to existing Level 3 Mayoral Combined Authorities (MCAs). The Level 4 framework provides new powers for MCAs to draw down on, based on the trailblazer deals negotiated with the Greater Manchester and West Midlands Combined Authorities, including powers over adult skills, local transport and housing.

- Following consultation, the Government confirms that guidance for the Local Government Pension Scheme (LGPS) in England and Wales will be revised to implement a 10 per cent allocation ambition for investments in private equity, which is estimated to unlock around £30 billion. The government is also establishing a March 2025 deadline for the accelerated consolidation of LGPS assets into pools and setting a direction towards fewer pools exceeding £50 billion of assets under management.

- Investment Zones Programme Extension – The Investment Zones programme in England will be extended from five to 10 years. Investment Zones will be provided with a £160 million envelope from 2024-25 to 2033-34 which can be used flexibly between spending and tax incentives, subject to ongoing co-design of proposals and agreement of delivery plans.

- Growth Hubs – The Government will commit to funding for Growth Hubs in 2024-25, delivering local business advice and support.

- Funding Simplification Implementation – The recently announced funding simplification doctrine will come into force from January 2024. This is an important step to simplifying the local government funding landscape, giving councils greater flexibility and freeing up resources for delivery.

- £110 million will be made available through the Local Nutrient Mitigation Fund. This will support Local Planning Authorities (LPAs) affected by nutrient neutrality rules to deliver high-quality local nutrient offsetting schemes, unlocking up to 40,000 homes over the next five years.

- To make sure that work always pays, the Government will deliver on its commitment for the National Living Wage (NLW) to meet two-thirds of median earnings. From 1 April 2024, the NLW will increase by 9.8 per cent to £11.44 an hour with the age threshold lowered from 23 to 21 years old, ending hourly low pay. This represents an increase of over £1,800 to the annual earnings of a full-time worker on the NLW and is expected to benefit 2.7 million low paid workers.

Fair Funding Review and Business Rates Reset

While future reductions in public sector expenditure have been put off until 2025/26, these are not the only items deferred until then. The Fair Funding Review of local government funding and the reset of the business rates baseline are also currently on hold until after the next general election. These are two fundamental reforms to the mechanisms of local government funding, which will have significant impacts on the level of resources for each local authority.

The history of these reforms goes back a number of years; in 2012, before the introduction of business rates retention, the Government promised a reset of accumulated business rates growth in 2020. In 2016, it was promised that a review of the needs assessment formula which would be used in re-allocating the accumulated growth between councils would be undertaken. In 2018, major consultation documents on this were published, for implementation in 2020/21. However, since then implementation has been successively delayed primarily due to Covid19, Brexit and more recently in order to provide local authorities with financial stability while responding to the economic shocks.

The Fairer Funding Review is expected to deliver both a new set of formulas for estimating the relative spending needs (the current formulas are based on spending needs from 2013/14) of different local authorities, and a more rational overall funding system that better takes into account spending needs and revenue-raising capacity. The Review should establish new baselines at the start of a reset to the Business Rates Retention scheme. Although previous technical consultations had been published, prior to the pandemic and current economic and cost of living crisis, 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. Until further consultations are announced there remains significant uncertainty as to the direction and impacts of the Review.

A Business Rates Reset was also set to be introduced alongside the Fair Funding Review. A full business rate baseline reset of accumulated growth is 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.

In announcing a 2024/2025 Policy Statement on Local Government Finance it was re-confirmed that these reforms will not be implemented in this Spending Review period. Further to this, in announcing the Local Government Finance Settlement 2024/25 it was stated that over the coming months the Minister for Local Government will be engaging with the sector on improving the local government finance system beyond the settlement in the next Parliament.

At the earliest, implementation will now be 2025/26 or realistically, depending on the timing of the general election and the appetite of the new government for reform, not until 2026/27, coinciding with the required fiscal consolidation.

Local Government Financial Resilience

After a decade of austerity, budget pressures created as a result Covid19, and the current escalation in costs and demands arising from the economic and cost of living crisis, there are an unprecedented number of councils now in financial crisis. Section 114 notices (which give notice that a council cannot balance its budget), or the threat of them, are now becoming a regular occurrence of local authorities reaching the end of the road in terms of their financial position.

Council finances are in a critical state, since 2020, 16 councils have received exceptional financial support from the Government with 7 announced in 2023 and 5 councils have issued at least one S114 notice, in some cases multiple notices have been issued.

While initially the reasons for the S114's were generally due to corporate budget failure and commercial decision making, there are now an increasing number of councils reporting in year overspends and significant budget gaps in future years as a result of inflation and demand outstripping the level of resources available to them.

Recent analysis by the Local Government Association has revealed that councils in England face a funding gap of almost £3billion over the next two years just to keep services standing still. Once increases in estimated core council funding are taken into account, the LGA estimates that councils need a further £2 billion in 2023/24 and £900 million in 2024/25 in order to deliver services at their current levels in each year. These funding gaps assume that all councils will increase their council tax rates in each year by the maximum allowed before a referendum is required.

In addition, in January 2024, the House of Commons Levelling Up, Homes and Communities Committee published a report on financial distress in local authorities.

The report leans on much of the LGA evidence and data, backing calls for an injection of £4bn. or "risk severe impact to council services and the prospect of further councils in England facing effective bankruptcy".

The MPs said their report points to a "systemic underfunding of local councils in England", and they have called on the next government to reform council tax and the wider funding system for local authorities "to ensure council finances are put on a sustainable footing".

A government response to the Committee's report suggested that any changes to the local government finance landscape would have to wait until the next parliament.

The government said it was prioritising stability in this Parliament, but "will work with local government and the wider sector on the new challenges and opportunities they face in the next Parliament".

With little prospect of any long-term funding reforms until after the general election and the likelihood of further reductions in public sector expenditure, many councils are left in a perilous state and will be faced with little option other than to issue a S114 notice. The sector desperately needs a sustainable funding plan in place to sufficiently fund local services.

Levelling Up and Regeneration Act

The Government's Levelling Up and Regeneration Bill received Royal Assent on 26th October 2023 and has now become the Levelling Up and Regeneration Act 2023 (LURA).

The Act follows the Government's "Levelling Up the United Kingdom" White Paper, which was issued in February 2022 and, according to the Government, will speed up the planning system, hold developers to account, cut bureaucracy, and encourage more councils to put in place plans to enable the building of new homes.

Measures in the Levelling-up and Regeneration Act will:

- Put local people at the heart of development – making it easier to put local plans in place and requiring design codes that set out where homes will be built and how they will look. These plans will deliver more homes in a way that works for communities.

- Boost local services – requiring developers to deliver vital infrastructure. This will put an end to lifeless edge-of-town developments with no community assets and ensure developers deliver the schools, doctors surgeries and public services communities need and expect.

- Rebalance the housing and land markets – giving local councils the power to increase council tax on empty homes and reforming compensation for compulsory purchase orders by removing 'hope value' where justified.

- Encourage developers to get building – giving communities updates on the progress of development and giving councils the chance to consider slow build-out rates when approving planning.

- Bring high streets back to life – giving councils the powers to work directly with landlords to bring empty buildings back in to use by local businesses and community groups through high street rental auctions. It will also make it faster for local authorities to give hospitality businesses permission to use outdoor seating.

Although the Act itself has received Royal Assent, very few of the key provisions have actually come into force and a number of these will be subject to further regulations.

Much of the Act will impact on structures, governance and technical arrangements in attempting to achieve the broad objectives of regeneration and levelling up. In most instances the Act is not intended to produce immediate and direct financial consequences. However, there are some measures that do specifically relate to resourcing issues in terms of; devolution funding; empty and second homes; Infrastructure Levy; planning fees; and capital finance risk.

The series of next steps in bringing forward relevant secondary legislation will undoubtedly have 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 103,813 taken from the recent Census undertaken in 2021. Lincoln also ranked the fourth most densely populated local authority area out of 35 across the East Midlands in 2021.

Although the population of Lincoln is estimated at over 100,000, many non-Lincoln residents visit the city during the daytime, boosting the local economy but also putting immense pressure on local services and infrastructure.

In the ten years, from 2011 to 2021, Lincoln has seen 11.0% increase in the number of people who live here and subsequently the number of usual residents in Lincoln per square kilometre increased by 290 to 2,911 between 2011 and 2021.

As expected, a high level of the population continues to fall within the younger age bracket. In 2021-2022, there were 17,975 students at the University of Lincoln and 2,370 students at Bishop Grosseteste University.

In Lincoln as a whole, the most common age group shown in the Census 2021 was 20-24, 13.1% of the population, which was an increase from a figure of 12.0% recorded in the Census 2011.

The largest change in population in Lincoln as shown in the Census 2021 was in the age group 70-74, which saw an increase of 33.2% in population (996 people) between

2011 and 2021. The age groups 5-9 (+25.4%), 20-24 (+21.4%), 30-34 (+20.4%) and 55-59 (+26.8%) also saw relatively large increases

In comparison, the age group 45-49 saw the largest decrease in population in Lincoln by 8.9% (549 people) during the ten year period. The age groups 0-4 (-7.2%), 40-44 (-1.2%), 80-84 (-2.2%) and 85-89 (-3.1%) also saw decreases in population between these years.

In terms of the economy, the city continues to face a number of challenges. Before the pandemic the City's business base had been growing consistently for some years, with almost 95% of new businesses surviving their first year in 2020. Throughout the pandemic the Council 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 covid restrictions have had a major impact on the local economy with many businesses forced to close or make staff redundant. As of October 2023, 11,717 residents within the city were claiming Universal Credit, of which 6,982 were not in employment and 4,735 were in employment.

However, during 2023, we have seen median gross annual pay rate rise for part time and full time workers. We have 81.6% of 16-64 years old's who are economically active, and a 'job density' (the level of jobs per resident) of 0.88, 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 2013, but for the first time in 2020 we saw a rise in claimants, though this has subsequently continued to fall since. As of November 2023, we had 8,451 claimants.

As of December 2023, 0.4% of properties fall within council tax bands G and H, and 80% fall within the lowest bands A or B. 19.6% of properties fell within the remaining council tax bands of C, D, E and F.

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 Lincoln's worst domain ranking.

Both male and female life expectancies continue to be lower than national averages between 2018-2020 with male life expectancy decreasing to 76.1 years, a decrease of 0.8 years compared to 76.9 years reported in 2017-2019. However, female life expectancy increased slightly from the 2017-19 figure of 80.6 years to 80.9 years in 2018-2020, an increase of 0.3 years. Under 75 mortality rates of heart disease and cancer have seen an increase and Lincoln still ranks high amongst our nearest neighbours.

The Census 2021 recorded that there were approximately 42,500 households in the city which has increased since the last Census undertaken in 2011 which reported a figure of 39,825 households. City of Lincoln Council is landlord to approximately 7,800 of these. 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 ongoing cost-of-living crisis, compounded by the residual impact of Covid19, is being 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 these crises differently as they interlink with existing health inequalities and social conditions and increase existing adversity: financial difficulties, unemployment, loneliness, social isolation, all of which have been intensified since 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 and now the economic shocks that are being felt by the cost of living crisis.

Vision 2025

The Council's Vision 2025 sets out its 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
- Creating value processes

It aims to put the customer at the heart of everything the Council does, understanding their needs, wants and preferences. One Council defines 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 current strategic plan, Vision 2025, is supported by a Delivery Plan, which sets out the specific schemes agreed for each priority, that are to be delivered each year to work towards the end goal of the vision.

A mid-term review of the proposals in the vision was undertaken in 2022. This review was an opportunity to repurpose Vision 2025, following the Covid19 pandemic and to 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 Covid19 on the physical and mental health of residents was considered – and as a result resources were refocused towards prevention and addressing those areas, including health inequalities, that will be needed most in the final three-year period.

The Delivery Plan 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 revenue schemes. Critically though, the Delivery Plan also recognises the need to continue to reduce the Council's net cost base alongside the further new investment to support the priorities.

During the coming year the Council will be developing and launching it's next strategic plan, Vision 2030. While the Council is proud of all it has achieved with both Vision 2020 and Vision 2025, there is much more to do to make Lincoln achieve its potential, while improving the lives of it's residents, businesses and communities. In light of the financial challenges the Council continues to face the key to delivery of a new vision will be the ability to continue to attract external funding, work in partnership with others and reallocate/repurpose existing, limited, resources.

Section 3 – Revenue (General Fund)

Impacts of current economic factors and cost of living crisis

Local Authorities continue to face escalating costs, pressures on income streams and rising demand for services. The Council's own financial position is no different to this; inflation, pay inflation, maintenance and (capital) borrowing costs and reductions in local income streams all have a significant impact on the Council's cost base. These are in the main part caused by national issues, beyond the Council's control, and are impacting all Councils. In addition, the Council is experiencing an increased demand on services, by those who rely on the safety net provided by local government, driven in part by the cost-of-living crisis. Together these factors create a situation of the Council's cost base increasing a greater pace than the funding received from local taxation and Government funding.

These escalating costs and income pressures are across a number of key areas affecting day to day services and include;

- Pay inflation - the pay agreement, negotiated by the National Employers side, whilst recognising the below inflation pay increases of local government workers in recent years, places a significant additional burden on local authorities. With pay increases of 9.42% for the lowest paid grades this far outstripped the assumptions within the current MTFS.

- Contractual commitments - the Council has a number of key service contracts, for front line services e.g. waste collection, street cleansing, grounds maintenance, that are linked to annual contractual inflationary increases. With levels of CPI/RPI still at heightened levels and set to remain so for longer, increased costs of service contracts are anticipated.

- Construction and capital costs – the cost of delivering building and maintenance schemes has escalated due to inflationary pressures borne by contractors as well as labour shortages, material shortages and supply chain issues. In addition, the cost of borrowing to fund capital schemes is also increasingly impacting on the affordability of projects and the costs borne by the revenue fund.

- Development income - income from planning applications, land charges and building control continues to remain at depressed levels due to pressures in the construction and housing market as the ongoing economic climate and cost-of-living crisis continue to impact on development within the city.

- Council Tax – the collection of Council Tax income remains challenging with collection rates lower than pre-pandemic levels, due to the current pressure on household incomes.

In terms of service delivery, the Council is facing growing demands for some of it's key services as those more vulnerable in the city look to the Council for support as the cost-of-living crisis hits household incomes. Due to Lincoln's specific set of local socio-economic factors this places a greater demand on key services and resource allocation than in most other places.

This manifests itself directly in the short term through increased demand for; welfare advice; housing benefits; housing solutions, homelessness support etc.

Of particular challenge to the Council is the cost of providing homelessness support due to the cost of provision and funding for temporary accommodation. Demand for temporary accommodation continues to increase due to rising cases presenting, this coupled with a shortage in the supply of suitable accommodation, pushes up the use, and cost, of bed and breakfast accommodation. Whilst the Council can reclaim an element of these costs through the housing subsidy system, the amount that can be reclaimed is limited to the local housing allowance (LHA) rate regardless of the cost of the accommodation. LHA rates had been frozen since 2020, and were based on rents from 2018/19, therefore the gap between actual rents and the LHA rates becomes wider and less reflective each year and leaves the Council in the position of having to 'make up' significant shortfalls between housing benefit subsidy and the cost of temporary accommodation. Although the Government announced a temporary 'unfreezing' for the LHA rates in the Autumn Statement, this did not apply to the subsidy rate for local authorities. Combined together, this widening shortfall in subsidy and increase in demand for temporary accommodation creates an increasing cost pressure for the Council. These demands are not expected to lessen over the period of the MTFS and unless there is a significant increase in appropriate accommodation then the Council will continue to experience this level of cost.

While assumptions were made in the previous MTFS, as a result of further developments over the last 12 months and to address the impact of new and emerging challenges, further, permanent, increases in the Council's net cost base have been required in this MTFS. This only widens the gap between the cost of providing the Council's services and income it receives from local taxation and government funding.

While income and expenditure budgets have been revised as part of the MTFS refresh, there still remains a significant level of uncertainty and volatility to the assumptions that underpin these estimates, creating an inherent risk in the MTFS projections.

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 Delivery Plan (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 repurpose 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 gave 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.

While the Delivery Plan includes a significant amount of new investment, primarily of a capital nature, through the refocusing of existing resources and allocation of the Vision 2025 earmarked reserve, there are also a number of revenue schemes, including newly added interventions in response to the current cost-of-living crisis.

Critically though the Vision 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 up to 2025 can be found within the Delivery Plan.

Over the course of 2024 the Council will be developing and launching it's next strategic plan, Vision 2030. In light of the financial challenges the Council continues to face the key to delivery of a new Vision will be the ability to continue to attract external funding, work in partnership with others and reallocate/repurpose existing, limited, resources.

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:

	2024/25 % per year	**2025/26 % per year**	**2026/27 % per year**	**2027/28 % per year**	**2028/29 % per year**
Pay	3.0%	2.0%	2.0%	2.0%	2.0%
CPI	3.0%	2.0%	2.0%	2.0%	2.0%
RPI	6.0%	3.0%	3.0%	3.0%	3.0%
Gas	(20.0%)	2.0%	2.0%	2.0%	2.0%
Electricity	(6.7%)	2.0%	2.0%	2.0%	2.0%
Vehicle Running Costs	3.0%	2.5%	2.0%	2.0%	2.0%
Non domestic rates – std	6.7%	2.0%	2.0%	2.0%	2.0%
Non domestic rates – small	0.0%	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, December and March. These have specific inflationary increases applied, as opposed to the general, annual increases set out above.

Land Drainage Levies

A small number of 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 £1.263m p.a, equating to 16% of the Council Tax Requirement. Local Authorities have no control over the sum levied.

The annual increase in levies is ordinarily in line with CPI projections, however due to the current economic climate and the significant cost increases borne by the IDB's, particularly in relation to the impacts of Storm Babet, average inflationary increases of 16% have been levied for 2024/25.

This issue is unique to the small number of local authorities and following a successful campaign of lobbing, Government made a one-off payment to those local authorities significantly impacted in 2023/24 in recognition that Drainage Board costs had soared, resulting in increased levies. The Council's allocation for 2023/24 was £0.142m, which was roughly equivalent to the annual increase from the 2022/23 levies to 2023/24 levies.

Whilst this one-off payment from Government to mitigate the in-year impact was welcomed, the Council is continuing to seek a longer term, more sustainable, approach to Drainage Board funding from Government that removes the need for Council subsidy. A Special Interest Group (SIG) through the Local Government Association has now been established and the group of local authorities will continue to lobby to seek a revised, long-term approach to the funding mechanism.

In response to the work of the SIG and through lobbying via various networks and responses to the Provisional Local Government Finance Settlement, the final Settlement announced a further, one-off, grant of £3m to those authorities most significantly impacted. The distribution of this £3m will be confirmed in the coming months when projected levy information becomes available.

Employer's Pension Fund Contributions

The latest triennial revaluation of the Council's Pension Fund took place at 31 March 2022, and the results identified that there has been a significant improvement in the funding position since the last actuarial review from a 83.9% funding level to 92.7%.

Although the overall funding level has improved, due in the main to better than expected investment results during the period, it should be noted that this level of investment performance is unlikely to be sustainable over the longer term. The Fund's prudent assumption for future investment is unchanged from the 2019 valuation, however, the economic outlook on the whole is more pessimistic than three years ago.

Overall, the improved funding position has had a positive outcome on contribution rates, reducing secondary payments considerably. However, the cost of accruing future pensions has increased, particularly given the increase in inflation, and that has driven up primary rates from 17.3% of pensionable pay to 23.4%. Whilst the increase in the primary contribution rates, for the existing staff establishment, is offset by the reduction in secondary contribution rates, it will further increase the cost to the Council of any new posts to the establishment.

A further actuarial review will take place in April 2025, which will inform the employer contributions from 2026/27 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. Over the last decade the average interest rate achieved was barely above base rate, however, interest rates have increased during the last 2 financial years in the Bank of England's attempt to reduce inflation, resulting in a significant increase in investment income. The start of the 23/24 financial year saw interest rates at 4.25% rising to the current rate of 5.25%, at which it is expected to remain until at least mid 2024/25 at which point it is forecast to reduce slightly.

Investments are being kept short and liquid to ensure the Council has enough liquid resources to meet the ongoing challenges post pandemic with a bigger emphasis on 'laddering' investments in a rising interest rate environment. This enables opportunities to consistently improve underlying yield while still allowing flexibility to adjust if market circumstances alter with a regular stream of maturing investments.

Interest rates are forecast to fall incrementally to 4% towards the end of the 24/25 financial year 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 anticipated to be minimal and the Council's portfolio of long-term borrowings currently includes 4 loans that are due to be repaid during the coming five financial years. The council has currently has one short term loans which is due to mature in 2025. All other loans mature after 2028/29 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 £0.225m over the 5 year MTFS. 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:

	2024/25 %	2025/26 %	2026/27 %	2027/28 %	2028/29 %
Interest Rate	4.52	3.11	2.92	2.92	2.92

Based on the current forecasts for interest payable on new borrowing (averaging around 4.14%) and receivable on investments (averaging around 3.28% over the MTFS), 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).

Provision for Debt Repayment

A review of the Council's Minimum Revenue Provision Policy (MRP) was undertaken during 2022/23. MRP is a statutory charge to the Council's revenue account to make provision for the repayment of the outstanding capital debt liabilities. The Council is required by law to set aside an amount for this provision which it considers to be prudent. Statutory Guidance which accompanies the Regulations provides options for the calculation of MRP and gives Council's significant discretion in determining the level of MRP. The Guidance states that 'the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant'.

As a result of the review the Council's Treasury Management Strategy the council implemented an annuity based calculation rather than the previous straight line method. The annuity method is seen as being equally as prudent as the straight line method because the time over which the debt liability will be repaid is not being extended, in addition the annuity method provides a fairer charge than the straight-line method since it results in a consistent charge over the asset's life, considering the time value of money.

Resource Assumptions

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

The Local Government Finance Settlement for 2024/25 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 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 2024/25 Settlement is for one year only and is based on the Spending Review 2021 (SR21) funding levels updated for the 2023 Autumn Statement announcements and the subsequent additional funding package announced in January 2024. This Settlement represents a holding position until next Parliament, with the emphasis on providing stability. The ruling out of a business rates reset, or a fair funding review, means that the funding distribution will remain fairly stable.

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 2024/25 and the breakdown across the various funding sources. Overall, spending power will increase by £4.508bn, 7.5%, from £60.197bn to £64.705bn, an overall increase for the period 2015/16 to 2024/25 of 44.2%.

England	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£bn	**£bn**	**£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	15.671	16.563
Under-indexing business rates multiplier	0.165	0.165	0.175	0.275	0.400	0.500	0.650	1.275	2.205	2.581
Council Tax	22.036	23.247	24.666	26.332	27.768	29.227	30.327	31.742	33.928	36.070
Improved Better Care Fund	0	0	1.115	1.499	1.837	2.077	2.077	2.139	2.140	2.140
New Homes Bonus	1.200	1.485	1.252	0.947	0.918	0.907	0.622	0.556	0.291	0.291
Transition Grant	0	0.150	0.150	0	0	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	0.095	0.110
Lower Tier Services Grant	0	0	0	0	0	0	0.111	0.111	0	0
Adult Social Care Support Grant	0	0	0.241	0.150	0	0	0	0	0	0
Winter Pressures Grant	0	0	0	0.240	0.240	0	0	0	0	0
Social Care Support Grant	0	0	0	0	0.410	0	0	0	0	0
Social Care Grant	0	0	0	0	0	1.410	1.710	2.346	3.852	5.044
Services Grant	0	0	0	0	0	0	0	0.822	0.483	0.087
Market Sustainability & Fair Cost of Care Fund	0	0	0	0	0	0	0	0.162	0	0

ASC Market Sustainability and Improvement Fund	0	0	0	0	0	0	0	0	0.562	1.050
ASC Discharge Fund	0	0	0	0	0	0	0	0	0.300	0.500
Grants Rolled In	0.209	0.257	0.248	0.239	0.336	0.338	0.345	0.345	0.480	0
Funding Guarantee	0	0	0	0	0	00	0	0	0.133	0.269
Core Spending Power	**44.876**	**43.986**	**44.544**	**45.337**	**46.549**	**49.337**	**50.718**	**54.647**	**60.197**	**64.705**
Change %		**-2.0%**	**1.3%**	**1.8%**	**2.7%**	**6.0%**	**2.8%**	**7.7%**	**10.2%**	**7.5%**
Cumulative change %		**-2.0%**	**-0.7%**	**1.0%**	**3.7%**	**9.9%**	**13.0%**	**21.8%**	**34.1%**	**44.2%**

Although the national level of Core Spending Power is forecast to increase by 7.5% 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. Districts have once again fared the worst of the authority types with an average increase of 5.9%, Lincoln's increase is lower than the average at 5.8%. Lincoln's position is as set out in the table below, this shows a total reduction in core spending power of 0.95% over the nine-year period to 2023/24, with a 5.8% increase for 2024/25.

Lincoln	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
	£m	**£m**	**£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	4.132	4.322
Council Tax;	5.637	5.916	6.145	6.393	6.679	6.915	6.956	7.360	7.687	7.857
Other grants	2.120	2.335	1.709	1.090	0.843	0.924	0.678	1.249	1.374	1.634
Grants rolled in	0.140	0.159	0.155	0.144	0.139	0.140	0.152	0.149	0	0
Core Spending Power	**13.945**	**13.598**	**12.551**	**11.825**	**11.437**	**11.816**	**11.623**	**12.596**	**13.193**	**13.813**
Change (%)										**5.8%**

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**	**2023/24**	**2024/25**
	£m	**£m**	**£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	0.024	0.175	0.187
Baseline BR Funding Level	3.463	3.491	3.562	4.197	3.753	3.814	3.814	3.814	3.957	4.135
SFA	**6.048**	**5.188**	**4.543**	**4.197**	**3.775**	**3.837**	**3.837**	**3.838**	**4.132**	**4.322**

* 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, the figure for 2024/25 announced in the Settlement was at the same level as the 2023/24 allocations uplifted by 6.7% in line with CPI inflation.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
RSG	2.585	1.698	0.981	0.528*	0.022	0.023	0.023	0.024	0.175**	0.187

* added to Baseline BR Funding level as part of 100% business rates pilot in 2018/19 but shown here for comparison purposes.
** Local Council Tax Administration Support Grant rolled in.

Beyond 2024/25 it is assumed that only the element in relation to the rolled in grants in 2023/24 will remain, at a level of £0.158m p.a. and that the original RSG element will be subsumed into the funding reforms.

Business Rates Retention

The Council has undertaken an assessment of the amount of business rates that it expects to collect during 2024/25 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.

As a result of a business rate revaluation exercise, a new ratings list came into effective from April 2023. While this did not alter the overall level of business rates retained by the Council (as the Government adjust the level of resources retained locally through the top up/tariff to offset any increase/decrease in the local ratings list, so that the effect is cost neutral), it did create further uncertainty in relation to the level of appeals.

The level of outstanding appeals continues to create a high level of uncertainty both in respect of the checks, challenges and appeals from the 2017 ratings list, already lodged with Valuation Office, but also in relation checks, challenges and appeals following the 2023 revaluation. 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 £4.630m, of which the Council's share is £2.315m. In relation to the 2017 list, the last day on which ratepayers were able to initiate the appeal process was 31st March 2023, there should therefore be no further increase in this part of the provision. 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 £1.234m p.a. reduction in retained rates due to outstanding appeals, this is c3% of the total net rents payable. This assessment has been made taking into consideration the level of checks, challenges and appeals received during the first year of the new ratings list along with national assumptions.

For 2024/25 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 BR pool. The benefit of pooling is that the authorities in the pool can be better off collectively through a reduction in the amount of levy paid to the Government. The arrangements for the current pool are that this retained levy is 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 £0.635m in 2024/25. Although it is assumed that the BR Reset will not now happen until 2026/27, it is prudently not assumed that the BR pool will continue beyond 2024/25.

Beyond 2025/26 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 level of underlying need. These reforms, if implemented, will though wipe out the majority of 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 2024/25 the accumulated growth to the Council is c£2.1m p.a.

Until further announcements are made, the MTFS is based on a continuation of the existing 50% scheme, and BR pool in 2024/25 and 2025/26 and then, prudently, from 2026/27 assumes a full reset of baselines with only a small element of assumed redistribution of the national pot to reflect changes in the Council's underlying level of need. These forecasts will continue to be assessed if/when further information regarding the design and implementation of the reforms are 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	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**
Forecast retained Income	6,972	6,489	5,440	5,530	5,644

As set out throughout this MTFS, the potential funding reforms to be implemented from 2026/27 onwards 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.

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'.

This consultation has subsequently been delayed a number of times with the latest announcement made as part of the Local Government Finance Policy Statement in 203, which stated that the Government would set out the future position of New Homes Bonus ahead of the 2024/25 local government finance settlement. This has however not transpired and as part of the Local Government Finance Policy Statement 2024, it was announced that there would be a new round of NHB payments in 2024/25. There will be no changes to the calculation process from 2023/24, with in year payments only.

The Council's allocation for 2024/25 is £0.380m.

The MTFS does not assume any grant allocations beyond that announced for 2024/25.

Services Grant

This grant, previously described as a one-off in 2022/23, remains in the Settlement with it's previous distribution methodology, based on 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.

Although the grant remains and the methodology is unchanged, the total amount of grant has reduced from £483m in 2023/24 to £87m in 2024/25. It's value is determined based upon resources left available after decisions on all other grants (e.g. increase in minimum funding guarantee, additional social care grant etc).

The Council's allocation for 2024/25 is £0.026m

The MTFS does not assume any grant allocations beyond that announced for 2024/25.

Funding Guarantee

This grant is intended to provide a funding floor for all local authorities, so that no local authority will see a minimum increase in core spending power (this is before any decision they make about organisational efficiencies, use of reserves, and council tax levels) that is lower than 4%.

The Council's allocation for 2024/25 is £0.434m. The MTFS assumes an ongoing grant allocation beyond 2024/25 of £0.300m p.a.

Extended Producer Responsibility/ Recycling Reforms

Extended Producer Responsibility (EPR) is a scheme to require producers of packaging to pay for the cost of recycling that packaging and the Government's intention was to use the income from the scheme in the local government funding system, which would include reviewing the impact of this income on relative needs and resources of individual authorities. Local authority finances are affected by the policy in the following way:

- Companies above certain thresholds for size and generated packaging waste will have to pay a fee to a Scheme Administrator (yet to be set up but will initially be a public body). The Scheme Administrator will determine the fee schedule.

- The total collected fees (excluding the Scheme Administrator's own administrative fee) will be distributed to local authorities to compensate for net costs of their household and commonly binned waste services, including collection, disposal and recycling. These costs form the basis of the fee mechanism. The policy does not currently address the question of how any funding shortfall arising from non-collection of the fee would be addressed, but the fact that the fee will be applied to large producers makes collection potentially easier.

- Funding will be provided on the basis of the Scheme Administrator's assessment of what a 'net efficient cost' of providing the service is locally. The Scheme Administrator will assess the household and commonly binned packaging waste management costs, volumes and income (for example, through selling waste) by each relevant local authority. It will be able to take into account other factors (for example, frequency of collection, sparsity, types of households, deprivation and others). It will be up to the Scheme Administrator to devise this process and calculation model.

- The Scheme Administrator will have the power to assess the efficiency and effectiveness of local household and commonly binned packaging waste services, including activation of an improvement plan mechanism. Powers will be granted to penalize local authorities to the sum of up to 20% of their assessed 'net efficient costs'.

- This will be an annual process.

Funding for local authorities was originally intended to start in October 2024, but implementation of the scheme has been delayed, which means that this new income stream will now be introduced in October 2025. The government has not yet set out how the introduction of this potentially significant funding will affect the wider local government finance system, i.e. importantly whether existing funding would be reduced to reflect that EPR is providing some funding for waste and recycling services, or whether the EPR funding would simply be additional. Earlier estimates suggested that the cost of providing the waste management service for relevant packaging could reach as much as £1 billion and, with this being an existing service, some sort of adjustment to other funds would be more likely than not.

The process for determining allocations and receiving the first EPR funding will now be delayed to Autumn 2024 and early 2025 respectively.

Until further details of the scheme are made available it is not possible to assess the implications for the Council.

In addition, there are a number of additional responsibilities for local authorities arising from the Environment Act e.g. weekly food waste collection, which are likely to have revenue and capital implications. While the government has committed to provide New Burdens funding to cover capital expenditure, initial transitional costs, resource costs and ongoing services costs, these will be based on modelled costs and not necessarily the actual costs incurred by the Council.

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 Local Government Finance Settlement that they are giving local authorities in England additional flexibility in setting Council Tax by increasing the referendum limit for increases in Council Tax to 3% per year from April 2023. In addition, local authorities with social care responsibilities will be able to increase the adult social care precept by up to 2 per cent per year. This will give local authorities greater flexibility to set Council Tax levels based on the needs, resources and priorities of their area, including adult social care.

In light of the financial position of the Council and in accordance with the referendum thresholds to be applied for 2024/25, the MTFS assumes the following indicative council tax increases and subsequent overall yields:

	2024/25	**2025/26**	**2026/27**	**2027/28**	**2028/29**
% Increase	2.92%	1.90%	1.90%	1.90%	1.90%
Council Tax Base	25,669	26,083	26,500	26,922	27,308
Council Tax Yield	£7.906m	£8.185m	£8.474m	£8.771m	£9.067m
Band D	£307.98	£313.83	£319.77	£325.80	£332.01
Band D £ Increase	£8.73	£5.85	£5.94	£6.03	£6.21

For 2024/25 the Council Tax amount for a Band D property (excluding County Council and Police Authority precepts) is £307.98, a 2.92%/£8.73 increase from 2023/24.

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 somewhat before beginning to fall and has now returned back to pre-pandemic levels. However, with the continued cost of living pressures on household incomes there is the potential that the number of claimants may begin to increase again.

Fees and Charges

The fees and charges levied by the Council are an important source of income, however, the impact of Covid19 has had a significant detrimental impact on fees and charges income over the last few years, many of the discretionary income areas have since continued to recover from this. However, these pressures have subsequently been replaced, or further compounded, by the ongoing cost of living crisis.

Although inflation has now begun to decline the impact of the crisis continues to have a detrimental impact on services and the Council continue to experience significant reductions in income levels in areas such as building regulations and development control, which are expected to continue well into 2024/25 before any significant recovery is seen.

As part of the normal, annual, budget cycle fees and charges income budgets are usually increased by 3% per annum for their total yield, as such this is the base assumption for 2024/25. However, this increase of 3% does not preclude individual fees and charges being increased by more or less than 3%.

The MTFS assumes that the Council will raise £12.013m from fees and charges in 2024/25. The mean average overall increase in the non-statutory fees and charges is 3.2%, however this includes some fees that have been increased by higher and lower percentages, the modal increase is 0%

Bridging the Gap

The previous MTFS 2023-28 was based on a medium-term savings target of £1.75m to be delivered by 2026/27. The target was however phased in over the period of the MTFS to provide a manageable position over the initial two-year period and reflecting the fact that the position, at that time, beyond 2024/25 was uncertain. Since then, work has continued on implementing the programme for the initial two-year period, with progress against the targets as follows:

	2023/24 £'000	**2024/25 £'000**	**2025/26 £'000**	**2026/27 £'000**
Savings Target MTFS 2023-28	500	1,000	1,750	1,750
Savings secured/business case approved	(171)	(178)	(182)	(187)
Balance of savings outstanding	**329**	**822**	**1,568**	**1,563**
Reviews subject to business case	(128)	(131)	(134)	(137)

In the short term, primarily as a result of an anticipated further one-year delay in the national funding reforms, which allows the accumulated business rate growth to be retained and the impact of the cost pressures to be cushioned, it is possible to reduce the level of savings required for 2024/25 and 2025/26.

However, beyond this with a cliff edge reduction in business rates resources and due to the unavoidable cost and demand pressures, the Council faces a significant and widening gap between it's spending requirements and the level of resources it estimates to receive.

As a result of this the Council is in the position of having to underpin the MTFS on a increased savings target over the medium term.

Whilst there are still a significant number of uncertainties and variables in the Council's financial planning assumptions, what is certain is that the Council is still facing a significant financial challenge, one which it must address if it is to remain financially sustainable in the medium term.

Although the position for 2024/25 and 2025/26 is currently more positive, savings targets for those years will still be included in order to provide further financial resilience and the ability to cushion any further financial pressures that may arise (due to the current risks to the financial planning assumptions). It will also allow capacity to deliver the higher levels of savings needed towards the end of the MTFS period to be spread more evenly over the years.

On the basis of the revised financial planning assumptions assumed in this MTFS, the following level of savings targets will be required to ensure the financial sustainability of the General Fund:

2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**
125	250	1,500	1,750	1,750

The phasing of these savings targets mirrors the potential timing of the next Spending Review, following the general election, with a likely rollover position in 2025/26 and implementation of national funding reforms and public sector spending constraints from 2026/27 onwards. This also means that these medium-term savings targets are subject to change (potentially increasing) dependent on a new government being in place, the Spending Review taking place and decisions taken on the timing and nature of national funding reforms. These assumptions will be kept under review, with the savings targets assessed as part of each subsequent MTFS.

Despite this potential for change, the Council will still continue to develop and implement a savings programme in order to ensure it is fully prepared to be able to deliver against these targets.

The ability to deliver these further, significant, budget reductions must be set in the context of the Council having already delivered, over the last decade and a half, annual revenue savings of nearly £10.5m. This is a significant amount in comparison to the net General Fund budget. This has already involved the Council having to take difficult decisions in terms of which services it can continue to provide, but each year the challenge gets much harder.

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. The programme focuses on both short term and longer-term, sustainable options, which includes:

- Seeking opportunities to maximise the use of technology, embracing digital technology to improve service delivery across the organisation and instilling a website first culture, to make the council more efficient,
- Considering the benefits of increasing Council Tax in line with referendum limits, to protect service provision, whilst ensuring increases are kept at an acceptable level and that support is provided to the most vulnerable.
- Assessing opportunities to find alternative ways of providing services more efficiently and effectively by working jointly with partner organisations, such as other local councils, the voluntary sector, local businesses.
- Considering community asset transfer opportunities whereby our physical and natural assets can be transferred to voluntary & community groups and charities, bringing much needed resources to enhance and maintain those assets.
- Reviewing financial support provided to third sector organisations to ensure resources are being effectively utilised for the benefit of council taxpayers.
- Seeking to generate additional income by reviewing sales, fees and charges and ensuring that these reflect increasing operating costs.
- Seeking to maximise income opportunities from property investments.
- Maximise grant funding opportunities and prioritising capital investment in line with the capital strategy to reduce the revenue cost of borrowing. To also continue to review treasury management and capital financing approaches to maximise benefits.
- Making the best use of the Council's assets, developing multi-agency hubs where possible and ensuring those spaces are low carbon producers and sustainable.
- Continuing to use the Council's influence, and direct investment in the city (such as through; the Town Deal; the Additional Affordable Housing Programme; the UK Shared Prosperity Fund and Western Growth Corridor), to create the right conditions for the city's economy to recover and grow, leading to longer term increased revenue streams for the council.

While the Council will focus on the above range of measures and there is sufficient 'lead in time' to the need to deliver these savings, given the scale of savings required it cannot rule out the need to face further difficult decisions about the size and scope of the essential services it provides in the future. The Council will make every possible effort to find the least painful solutions and minimise the impact on jobs and services, but inevitably it may be forced to look closely at the service it provides and could inevitably have to stop some of these to balance the books.

The Council will also need to review and revisit its investment priorities, beyond Vision 2025 as it begins to develop the next iteration, Vision 2030.

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 for consideration, as the programme is delivered.

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 current economic conditions
- Fluctuations in the Business Rates Tax base
- Implementation of revised BRR Scheme including full reset
- Future levels of Central Government funding e.g Fair Funding Review, New Homes Bonus etc.
- Re-tendering of key service contracts for Grounds Maintenance, Waste Collection and Street Cleansing
- Fluctuations in key economic assumptions e.g inflation, interest rates
- Implications of national government policies on the economy
- Delivery of challenging savings targets
- Impact of economic climate on demand for services
- Implications of national government policies on recycling
- 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 £28.245m of which there are the following key schemes:

- Western Growth Corridor - £12.894m
- Disabled Facilities Grants - £5.768m
- Planned asset maintenance - £1.260m
- Greyfriars - £2.257m
- UK Shared Prosperity Fund - £0.357m
- Lincoln Town Deal (Internally Delivered Schemes) - £1.049m
- Lincoln Town Deal (External Schemes) - £3.766m

The largest element of the programme is the Western Growth Corridor totalling £12.894m.

The Council was successful in it's bid to secure £20m, through the Levelling Up Fund 2, to bring forward the delivery of a bridge to open the eastern access to the Western Growth Corridor site. Future years expenditure is not yet included in the GIP and is subject to separate approval in early 2024.

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

Impacts of current economic factors/Construction Industry

Across the General Investment Programme capital projects have been impacted as a result of the current challenges in the economy and specifically in the construction sector around supply of skilled labour, availability of materials and escalating costs of materials and labour. 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 thought with the current inflationary pressures affecting the construction costs, as well as the rising cost of borrowing, some projects may no longer be viable. All schemes within the GIP, that have not yet started, will be re-evaluated as they come forward for delivery. This will ensure that they still demonstrate value for money and remain affordable. Given the importance of investment in the City, to support the local economy, all opportunities to contain costs and/or seek alternative funding to ensure schemes are delivered will be undertaken.

Asset Management

The Council's corporate property portfolio comprises operational properties and investment properties with a combined asset value of £152 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 (although additional revenue resources have been allocated for public open spaces and tree risk work).

Allocation of the annual planned capitalised works budget (£200k p.a.) to maintain specific assets is 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 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.

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 no 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, Heritage Lottery Fund for Re-imaging Greyfriars and Levelling Up Funding for the Western Growth Corridor, awarded.

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 and in the current economic climate it must consider how any costs increases above grant allocations would be managed.

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.

Whilst there are no specific capital receipts forecast from land/property disposals as part of the Better Use of Assets pillar, there are significant capital receipts forecasted from the development of the 52 market homes from Phase1a of Western Growth Corridor. Income will be received from house sales via a development agreement, with a minimum land value return for the Council along with a profit share. The development is forecasted to generate net receipts of £1.472m, this 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.

The MTFS includes an unsupported prudential borrowing requirement of £7.078m over the period 2024/25-2028/29. This includes temporary borrowing to support the Housing delivery of the Western Growth Corridor and associated shared infrastructure.

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 the council is forecasting to utilise £13.719m of capital grants as part of the General Investment Programme, the main projects being Disabled Facilities Grants £5.768m, Greyfriars £2.027m, Towns Fund projects £4.815m and £0.357m for UK Shared Prosperity Fund.

Levelling up funding secured (£20m) towards the WGC phase 1b bridge work is not currently built into this grant funding summary or the GIP (beyond commitments in 2023/24) as further approval of the scheme will be sought in early 2024.

Projected Capital Resources

Resources to fund the General Investment Programme 2024/25-2028/29 are estimated to be approximately £28.245m, as follows:

	£'000
Capital Grants	13,719
Capital Receipts	7,327
Prudential borrowing	7,078
Revenue Contribution	121
TOTAL	**28,245**

General Investment Programme Forecast

Based on the spending requirements and resource assumptions, Appendix 3 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 and levels of inflation
- Interest rate increases impacting on future borrowing costs
- Sustainability of contractors in construction industry
- 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.

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 current economic factors and cost of living crisis

Like the General Fund, the HRA has been continued to face escalating cost and rising demands for services over the past 12 months. These escalating costs in relation to pay inflation, contractual inflation, material and labour increases and borrowing costs, continue to take their toll on the financial resilience of the Housing Revenue Account.

Given the level of annual repairs and maintenance and planned capital maintenance to the Council's housing stock the impact of these factors is causing significant cost increases for the HRA, including:

- Increased use of sub-contractors –It is now much more difficult to recruit or retain staff, especially for customer facing roles, as people are now making different lifestyle decisions and are seeing hybrid working with less time in the office and more time working from home as more desirable. In order to try and fill the productivity gap, local sub-contractors are being utilised however, they and supply chain partners are experiencing the same labour shortages and are struggling to meet the demands. Any contracts awarded to help alleviate the system are now at hugely inflated prices which reflects both the labour shortages but also the current economic factors.

- Pay inflation – in line with the General Fund a pay agreement for 2023/24, as agreed by the National Employers side, has placed a significant additional burden on the HRA with pay increases significantly in excess of those assumed. This also applies to Craftworkers pay agreement, affecting the majority of the Housing Repairs Service.

- Contractual commitments - in addition to an increased need to use sub-contractors (at inflated prices) the HRA has also experienced significant inflationary costs for its existing contracts as well as higher material prices.

- Capital costs - although the HRA can borrow from the PWLB at a concessionary rate, the increase in interest rates still affects the cost of borrowing to fund capital schemes and is increasingly impacting on the affordability of projects and the costs borne by the revenue account.

In terms of service demands the UK is currently experiencing a housing crisis, with an acute shortage of affordable housing. This housing crisis includes the City of Lincoln and is an immensely challenging situation.

Although the Council has been successful in delivering additional housing, the local housing market has worsened in terms of demand versus supply over the last few years. Whilst it can only be used as a proxy indicator the Council's own housing register now has around 1,780 active applicants seeking homes, with an increase of 23% in the period from March 2020 to March 2023. Over the same period band 1 applicants (the highest need band), meaning "customers requiring urgent rehousing where the council has a legal duty to consider them for accommodation, increased from 100 to 344 a rise of 244%.

Although this demand primarily increases the pressure on the Housing Investment Programme to deliver and enable new homes, it also places pressure on housing services, housing allocations and the voids services. It also impacts on the General Fund, creating surging demand for temporary accommodation when the HRA is unable to provide suitable accommodation from within it's own stock.

Whilst mitigating actions are being taken to address some of these factors, e.g. recruitment and retention challenges, delivery of additional affordable housing, other pressures the HRA is experiencing are unavoidable and will have ongoing cost implications. These are primarily through the increase in contractor prices for labour and materials, as well as the increased cost of the Council's own workforce. These pressures have impacted the assumptions that underpin the current HRA and Housing Business Plan and have required budgets to be reset within this MTFS.

In the absence of any other funding source these increased costs can only be funded through the housing rental income, which itself is not immune to the impacts of the current cost-of-living crisis.

Spending Plans

The HRA Business Plan

A key element of the self-financing regime is the Council's 30-year Business Plan, which sets out the Council's ambitions for its housing stock for the next 30 years. The Council's latest Housing Revenue Account Business Plan 2024-2054 was approved in November 2023, following a fundamental review of resources, investment requirements and priorities. The Business Plan reflected the impact of government policy changes e.g. Social Housing Act 2023, the Building Safety Act, Fire Safety Act etc, the results of stock condition surveys and financial assumptions at the time.

The Business Plan is the Council's strategic plan for managing and maintaining Lincoln's council housing properties and estates. It also sets out how the Council will provide housing services to support it's tenants, and their families, to live in well maintained and sustainable homes, which will be safe, secure, and of a high quality. It sets out short to medium term plans and priorities for the housing service. The strategic objectives set out within the plan, will influence the longer-term (30 year) plans for financial planning and investment into existing council housing and for the provision of new homes.

The Business plan describes the Council's long-term commitment to deliver real improvements in it's housing stock and surrounding neighbourhoods, based on four main objectives:

- Core Housing Services – Tenants consistently place core housing services such as repairs, caretaking and landscaping as their number one priority and the Council will work to ensure that Lincoln is ranked amongst the top performing social landlords.

- New Homes – The Council plans to build, acquire and enable the development of 1,700 additional homes over 30 years, which will reduce homelessness and provide a greater choice of places for people to live.

- Estate Regeneration – Plans to regenerate estates means that the Council will tackle problems like parking, crime and antisocial behaviour by improving the urban landscapes (the look and feel) of streets and neighbourhoods.

- Decarbonisation – The Council plans to achieve an energy performance rating of C for all of it's housing properties by 2030, which means that it will protect the environment by reducing it's carbon footprint and making homes cheaper to run for residents.

The Business Plans acts as guide to the development of the Housing Revenue Account budgets, with a focus on growing surpluses that will enable sustainable investment in homes and neighbourhoods.

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 the recently refreshed 30 Year Housing Business Plan, 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, pay inflation, 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 the current economic factors 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£0.6m. 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, however the cost increases that the HRA is experiencing outstrip any efficiencies that can be delivered.

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 revenue contributions to capital outlay (RCCO) 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 £62.688m over the 5-year MTFS period through depreciation and revenue contributions to capital outlay.

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. In 2023/24 the Government, in light of record inflation levels, imposed a cap on rent increases of 7%, as CPI +1% would have allowed rent increases of up to 11.1%. No such cap has been imposed for 2024/25, and the maximum increase reverts to CPI+1%. The Government's approach beyond 2025, when the 5-year period of increases at CPI+1% ends, remains uncertain as to what Rent Guidelines may be in place.

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.

With the exception of 2022/23 and 2023/24, 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 increased sheltered accommodation and affordable rents, by the same. In 2022/23 the Council opted to increase rent by 3.6%, rather than the maximum 4.1% allowable and in 2023/24 the Council opted to increase rent by 6.5%, rather than the maximum 7%.

In order to maintain a position that allows for investment in current, and new housing stock, an increase of 7.7% is proposed for 2024/25, being CPI+1% as at September 2023. The Council have aimed to balance the pressures that household incomes are facing, particularly the most vulnerable in our community with below threshold rises for two consecutive years, however the authority can no longer absorb the financial pressures of the rising costs of delivering services to its customers.

This proposed increase takes into consideration the lower level of rent increases in last the two years, as well as the HRA being subject to the government-imposed rent reduction policy between 2016/17 and 2019/20 which saw the council having to reduce rents by 1% per annum rather than increase at CPI plus 1%, as previously agreed, resulting in estimated revenue forgone of c£17.0m.

The impact to the HRA, should the proposed 7.7% (CPI+1%) increase not be adopted, would be a loss of c£323k per annum for every 1% reduction. Over the existing 4 years of the current MTFS would equate to c£1.3m, and over the life of the 30 year Housing Business Plan would amount to a loss of c£14.2m.

The average 52-week rent will be £84.17 per week for general purpose and sheltered accommodation, and £140.97 for affordable rents. The assumption in the MTFS from 2024/25 onwards reverts to CPI + 1%.

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 at 04/12/2023		
No. of beds	Increase per week for Affordable Housing	Increase per week for Social Housing
	£	£
1 & bedsits	8.90	5.40
2	9.46	6.13
3	10.17	6.78
4	11.69	7.22
5	16.34	7.52
6+	-	8.33

Whilst rent collection is currently performing slightly below target, this is as a result of an increase in the target of 1%, without which collection would be slightly exceeding target as per last year. It should be noted however, that the current cost-of-living crisis is likely to have a detrimental impact on household incomes reducing some tenant's ability to pay their rents, particularly with the proposed rent increase. Whilst the Council will continue to support tenants through Discretionary Housing Payments, the establishment of the new Tenancy Sustainment Team and through general advice and guidance it is likely that there will be an impact on collection rates.

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 2024-29 includes interest income into the HRA based on the level of HRA balances assumed in the MTFS 2024-29. 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 impact of approximately £0.279m. 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 2024-2054 focuses on growing surplus in the revenue account to be released to support priority capital investment in council house new builds and investment in existing stock. 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
- Reduced rental income and increased arrears, particularly as a result of any voids backlogs, RTB sales, reduced collection rates due to the impact of the cost-of- living-crisis etc
- Increased cost of repairs and maintenance to housing stock.
- Implications for service delivery arising from the Govt regulations e.g. Social Housing Act 2023.
- Fluctuations in key economic assumptions e.g. inflation, interest rates.
- Changes to 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 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.

The 5-year housing programme amounts to £80.011m and comprises the following main areas of work:

- Housing Investment £71.713m:
    - Developing and improving core housing services (focusing on the allocation of resources to the key elements of decent homes, in line with the most recent stock condition surveys, and supporting the Lincoln Standard.
    - Regeneration estates and neighbourhoods
    - Reducing carbon emissions

- Housing Strategy £8.298m*:
    - Additional affordable housing (focusing on continuing to maximise 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 positive net rental stream).

* 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 full review during 2023/24, 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

Impacts of current economic factors/construction industry

Similar to the General Investment Programme the Housing Investment Programme has been impacted as a result of the current economic factors and particularly the challenges in the construction sector particularly around supply of skilled labour, availability of materials and escalating costs of materials and labour. 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 the housing investment programme as well as on specific schemes in the housing strategy programme that are currently being developed. Particularly in relation to new housing developments, these changes in underlying costs of delivery, as well as the rising cost of borrowing, may result in some schemes being no longer viable. As schemes are bought forward, they will be re-evaluated, this will ensure that they still demonstrate value for money and remain affordable. Given the importance of investment in the City, to support the local economy, all opportunities to contain costs and/or seek alternative funding to ensure schemes are delivered will be undertaken.

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 £40.993m, of which £51.257m is planned to be utilised (this includes balances bought forward).

Revenue Contributions to Capital Outlay

The 5-year MTFS includes contributions of £21.696m of revenue contributions over the five-year period of which £22.835m is planned to be utilised (including balances brought forward).

Grants and Contributions

There are no grants and contributions included in the five-year MTFS period.

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 DLUHC and must be used for replacement of the council housing sold, within an agreed timeframe.

For the two financial years 2022/23 and 2023/24, local authorities were permitted to retain the Treasurys share of right to buy receipts under the same conditions as above, being that they are used to replace council housing and must be spent within a set timeframe.

On 1st April 2021 the timeframe local authorities had to spend these Right to Buy receipts was extended from 3 to 5 years and the percentage cost of a new home local authorities could fund with Right to Buy receipts was increased from 30% to 40%, making it easier for local authorities to undertake longer term planning and fund replacement homes using Right to Buy receipts. Furthermore on 1st April 2022 a cap was introduced on the use of Right to Buy receipts being used towards property acquisitions to help drive supply of new homes.

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 £12.961m 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.

The Capital Financing Requirement (CFR) is forecast to rise to £82.3m 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 forecast to be utilised during the MTFS is £3.0m, to fund the new build & acquisition programme alongside 1:4:1 receipts.

Projected Capital Resources

Resources to finance the proposed £80.011m Housing Investment Programme 2024/25 – 2028/29, are currently estimated to be as follows:

	£000
Major Repairs Reserve (depreciation)	51,257
Revenue Contributions to Capital Outlay (RCCO)	22,835
Capital Receipts (inc RTBs)	2,919

Borrowing	3,000
TOTAL	**80,011**

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 and levels of inflation
- Condition of existing stock
- Sustainability of contractors in construction industry
- Interest rate increases impacting on future borrowing costs
- Implications of Government Regulations e.g. the Building Safety Act & Fire Safety Act, and any new requirements arising in relation in mould/damp conditions
- Implications arising from the development of the Council's Radon Management Plan.

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 – Financial Resilience

The chartered Institute of Public Finance and Accountancy (CIPFA) defines Financial Resilience for local councils as "the ability, from a financial perspective, to respond to changes in delivery or demand without placing the organisation at risk of financial failure". "This means having the agility and flexibility to forecast and manage both expenditure and income to meet requirements as they change while delivering a balanced budget".

It further describes financial resilience as "the ability of local authorities to remain viable, stable and effective in the medium to long term in the face of pressures from growing demand, tightening funding and an increasingly complex and unpredictable financial environment".

Financial Metrics

Financial Resilience Index

CIPFA have developed a Financial Resilience Index (FRI), which 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. CIPFA's index centres mainly on the position of Useable Reserves for councils and looks back on how these have changed. It also reviews the General Fund's sources of income as a percentage of the Net Revenue Expenditure Requirement. The key items are shown in the following table.

CIPFA Financial Resilience Index	2021/22	Stress Compared to other Councils
Reserves Sustainability	100	
Level of Reserves/Net expenditure	88.86%	
Change In Reserves	29.89%	
Interest Payable/ Net Revenue Expenditure	27.14%	
Gross External Debt	£125.177m	
Unallocated Reserves/ Net Revenue Expenditure	15.75%	
Earmarked Reserves/ Net Revenue Expenditure	73.12%	
Change in Unallocated Reserves	18.57%	
Change in Earmarked Reserves	32.62%	
Change in HRA Reserves	65.30%	

Whilst full data is not available through the FRI and it is very much a backward-looking review, it does highlight areas of potential financial risk where additional scrutiny should take place to provide additional assurance.

Office for Local Government (Oflog)

In July 2023 the Government established a new local government performance body for England, the Office for Local Government (Oflog). The aim of which is to increase “transparency” within the sector and identify councils “at risk of potential failure”.

Its main function is to provide authoritative and accessible data as well as analysis of the performance of councils and support their improvement. It will do this by publishing data in a clear and accessible way in the new Local Authority Data Explorer.

Initially, this includes a subset of service areas for data – adult skills, adult social care, finance, and waste management. These service areas will be expanded to cover the breadth of what local authorities do, and the initial metrics are intended to be improved over time.

The finance subset is intended to provide a range of indicators of council’s financial sustainability, intended to identify early warning signs of potential serious failure and allow these to be addressed as soon as possible.

The published data for the finance subset is set out in the following table:

	Year	Lincoln	Median of Lincoln's CIPFA Nearest Neighbours	England median (Districts)
Non-ringfenced reserves as percentage of net revenue expenditure	21/22	88.90%	130.80%	146.40%
Non-ringfenced reserves as percentage of service expenditure	21/22	67.50%	96.80%	131.00%
Total core spending power per dwelling	21/22	£246.20	£246.62	£242.19
Level of Band D council tax rates	21/22	£285.39	£234.65	£192.56
Council tax revenue per dwelling	21/22	£1,079.51	£1,279.94	£1,556.44
Debt servicing as a percentage of core spending power	21/22	45.10%	31.80%	10.20%
Total debt as a percentage of core spending power	21/22	1134.20%	1201.50%	457.50%

Summary of Financial Resilience Index and Financial Metrics

Whilst both the FRI and Metrics provide comparable data on key financial sustainability measures, there are drawbacks to both on the basis that they are backward looking in nature and more importantly they do not take into account local factors/circumstances.

Nonetheless there are a number of common factors between them both that highlight:

- The level of the Council’s earmarked reserves, which are comparatively low compared to nearest neighbours/similar authorities and to all district councils.

- High levels of capital financing

- The impact of a likely above average local council tax support scheme on Council income and a relatively low council tax base

Reserves

The Oflog headline that ‘unringfenced reserves’ are below average hides two specific factors once that measure is disaggregated. The situation related to unallocated reserves appears to be more positive than the headline for ‘unringfenced reserves’ suggests.

- Earmarked reserves are defined as being kept for a specific purpose or plan. By virtue of being earmarked, they cannot contribute to covering financial shortfalls without this having an impact on previous plans; and some cannot be used for anything other than the intended purpose at all. The Council’s Earmarked reserves as at 31 March 2022 (expressed as % of net revenue expenditure) were significantly below median, as was the growth in these reserves since 31 March 2019. However, what the data does not collect is whether the earmarked reserves have specific purposes, i.e are set aside for specific items or more generic risk-based reserves.

- Unallocated reserves are normally kept to manage general financial risks and can be used flexibly. At 15.75% of 2021/22 net revenue expenditure, the level of unallocated reserves on 31 March 2022 was at the median for the CIPFA FRI nearest neighbour cohort, but below the national median of 25.1%. Since 31 March 2019, these reserves had grown much faster than the median.

- The maximum ‘reserves sustainability’ score on CIPFA FRI is due to reserves having grown. All councils whose reserves have grown over a three-year period receive this score, but this can be misleading as 81% of districts were in that position and it takes no account of what the starting level of reserves was.

Capital Financing

The CIPFA FRI only uses a cash value Gross External Debt measure to compare councils against each other. There’s no weighting by local authority size, nor does it take into account the medium-term borrowing requirements which can be teased out using the capital financing requirement (CFR) metric. Oflog focusses on CFR, calling it ‘total debt’.

- According to Oflog data, the Council’s CFR was more than 11 times its core spending power. If this measure were rebased to look at net revenue expenditure, as it is a better proxy of council budgets, encompassing more factors than the strict selection of grants within core spending power, then on this basis, the Council’s CFR is 10 times its net revenue expenditure in 2021. This is about 2.5 times higher than the national district median, but lower than the Oflog nearest neighbour cohort median.

- The CFR measure normally includes Housing Revenue Account capital financing. Stripping out the HRA element, it is estimated that the remaining CFR is 5.5 times its net revenue expenditure for 2021/22. Clearly the HRA has an impact, but stripping it out of all district councils puts the Council at nearly three times the national district median and pushes it above the nearest neighbour cohort median too.

- CIPFA FRI suggests that the Council's interest payments in 2021/22 amounted to 27.14% of its net revenue expenditure, three times the national median (the nearest neighbours used by Oflog are different so the NN ranking is not comparable). Given the differences in the size of the CFR, then higher interest payments would be expected.

Council Tax

- Oflog's data explorer identifies that the Council's Band D council tax rate in 2021/22 (£285.39) was 5th highest among the nearest neighbour group used by Oflog, outpacing the English average of £192.56 as well.

- However, despite the comparatively large Band D council tax level, council tax income per household (£149.29) is near-identical to both the national and cohort median.

- This is a signal that the Council has a weaker council taxbase than the average English district council, which means that Band D council tax has to be higher to raise the same cash amount.

- Indeed, analysis suggests that the ratio of Band D equivalent households (i.e. dwellings weighted by their Band) to unadjusted total dwellings is the lowest among the nearest neighbour cohort and significantly lower than the national median among districts too.

- This can be driven by the mix of council tax bands in the area compared to other councils, but also that, according to taxbase statistics, Lincoln was among the councils within its nearest neighbour cohort which have foregone the most council tax revenue due to local council tax support schemes. This is the case across both pensioner and working age elements, but in the case of the working age scheme where more local flexibility is afforded by regulations, the share of revenue foregone is 2.5 times the national median among districts.

As set out above while both the FRI and Oflog's data provide comparable data on key financial sustainability measures, there are backward looking and more importantly they do not take into account local factors/circumstances. Local context should be an important thread in any analysis.

Taking into account the local context, while reserve levels are considered low when compared to other local councils, the Council's level of reserves is planned, with balances held for both the General Fund and the Housing Revenue Account (HRA) being in line with prudently assessed minimum levels. While there are a range of earmarked reserves held for specific purposes there are also a significant portion, c51%, that are held as either risk-based reserves or budget stabilisation reserves and are used to manage budget risks. There is a balance to be made between money held in reserves and balances and money used for the delivery of corporate priorities. The Council's policy is to keep reserves and balances low but prudent to ensure money is not left as dormant and inaccessible for the delivery of corporate priorities.

In relation to high levels of capital financing, while the Council has an historic high level of capital financing requirement, it does adopt a prudent approach to the need to borrow and seeks to finance capital expenditure from alternative sources whether possible. In terms of the General Fund 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. In terms of the HRA, financing of new builds or acquisitions will be funded through borrowing on the basis that investments are made where projected income offsets the cost including borrowing. Over the period of the MTFS the underlying need to borrow is forecasted to reduce by £0.656m.

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

In terms of Council Tax, the Council has a low council tax base due to 80% of properties being in Band A and B, this limits the level of overall council tax that can be raised. One of the Council's five strategic priorities is "Let's reduce all kinds of inequality", maintaining a maximum entitlement to council tax support is currently a key initiative under this priority, with the Council understanding the impact this has on it's council tax raising ability.

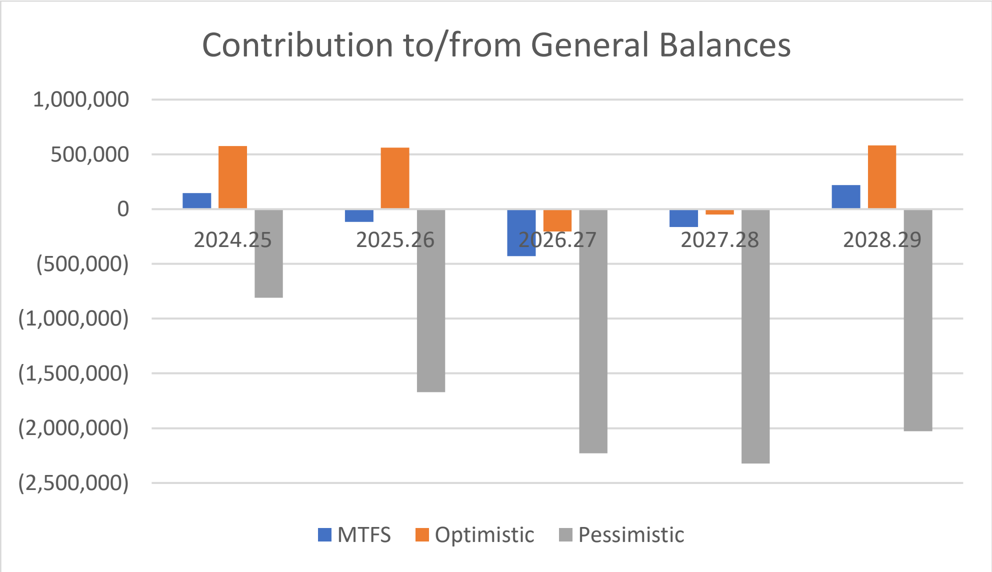
Management of Risk

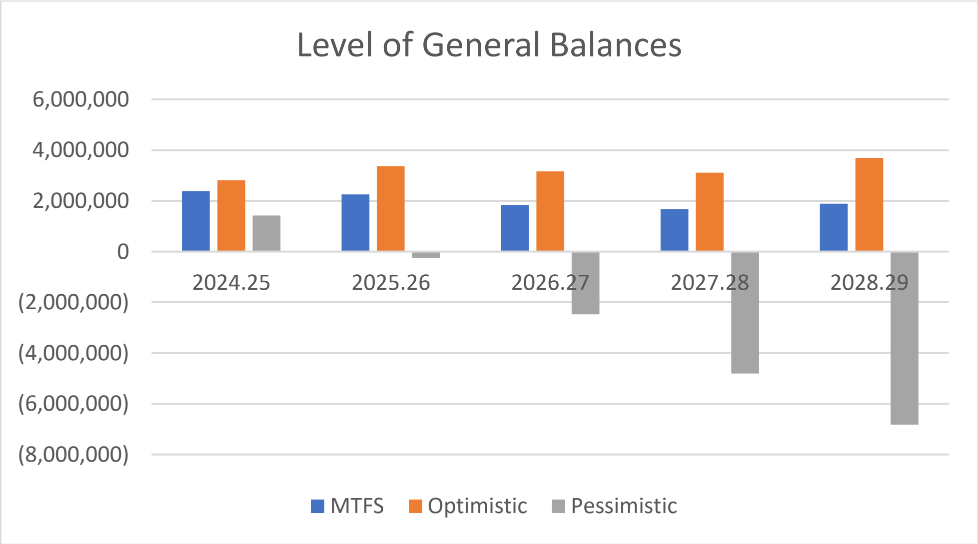
The Council has always maintained a very proactive approach to managing risk and there are effective arrangements for financial control already in place. However, as a result of the significant changes to local government funding, which saw a shift towards self –sufficiency and dependence on local funding sources, levels of volatility and risk 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 historically held.

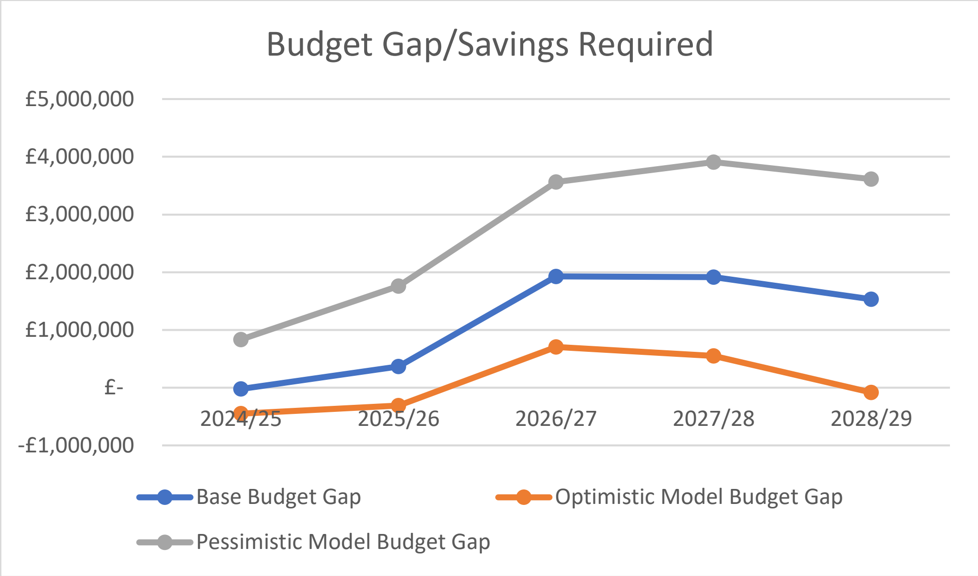
The financial risks, in Appendix 5, have been identified and an assessment of the estimated exposure, likelihood and possible mitigation has been made in the context of the Council's overall approach to risk management and internal financial controls. This information has been used to determine the optimum 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, higher than budgeted inflationary increases, as well increased costs from the mid-point of the of the MTFS as key service contracts and leases are due to end and new legislative service requirements are set to be introduced. These financial risks are set out in Appendix 5 and a range of mitigations are in place to reduce the potential likelihood and impact. The pessimistic scenario also assumes the business rate reset takes place in 2025/26. The optimistic scenario is based on the key assumption that the business rates reset is not progressed and the Council is able to retain it's accumulated growth. Under this scenario the level of savings required to maintain a sustainable position is significantly reduced.







In relation to the HRA, the scenario planning is undertaken over the period of the full 30-year business plan. This is based on variables to key assumptions, primarily the level of CPI which drives the rental income e.g. a 1% increase in the 2025/25 assumption of CPI at 3% equates to increased resources in the HRA of £1.3m over the 5-year period and c£22m over the 30-year period. The Business Plan model is regularly used to model new developments and investments required in the existing housing stock.

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 unforeseen and unavoidable inflationary costs arising over the past 18 months) 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.

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 firstly cushion the impact that Covid19 has had on its finances and secondly to cushion the impact of some of the inflationary pressures experienced over the past 18 months. Whilst the overall level of balances will still be maintained, within the prudent minimum, over the period of the MTFS there are planned uses of balances in the

General Fund of £0.116 m in 2025/26, £0.428m for 2026/27 and £0.163m for 2027/28. The higher use in 2026/27 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. 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 2028/29 the General Fund will be in the position of making positive contributions to balances, with forecasted contributions of £0.218m in 2028/29.

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 2024/25 to 2028/29 are summarised in the table below.

	2024/25 £'000	**2025/26 £'000**	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**
General Fund	2,376	2,260	1,832	1,669	1,887
Housing Revenue Account	1,024	1,018	1,036	1,007	1,041

The overall levels of General Fund and Housing Revenue Account balances in 2028/29 are in line with 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.

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 2024/25 – 2028/29

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Chief Executive & Town Clerk	4,763,510	4,823,460	5,137,760	5,231,820	5,291,150
Communities & Environmental Services	6,279,810	6,054,710	5,963,730	5,957,880	5,850,680
Major Developments	699,570	571,440	571,440	569,380	568,720
Housing & Investment	1,147,020	962,260	943,700	988,140	964,440
Corporate	1,441,300	1,480,650	1,503,660	1,528,530	1,553,700
	14,331,210	**13,892,520**	**14,120,290**	**14,275,750**	**14,228,690**
Capital Accounting Adjustment	2,631,160	2,551,000	2,297,000	2,320,000	2,381,000
Base Requirement	**16,962,370**	**16,443,520**	**16,417,290**	**16,595,750**	**16,609,690**
Specific Grants	(840,570)	(300,000)	(300,000)	(300,000)	(300,000)
Contingencies	(80,930)	(77,960)	(80,330)	(83,030)	(82,560)
Savings Targets	(125,000)	(250,000)	(1,500,000)	(1,750,000)	(1,750,000)
Transfers to/(from) earmarked reserves	(658,230)	(885,800)	(53,220)	145,330	162,150
Transfers to/(from) insurance reserve	23,210	19,330	16,740	14,630	12,470
Total Budget	**15,280,850**	**14,949,090**	**14,500,480**	**14,622,680**	**14,651,750**
Use of Balances	146,820	(116,080)	(427,870)	(162,700)	218,130
NET REQUIREMENT	**15,427,670**	**14,833,010**	**14,072,610**	**14,459,980**	**14,869,880**
Business Rates	6,971,570	6,488,620	5,439,770	5,529,900	5,644,450
Business Rates Surplus/(Deficit)	467,920	0	0	0	0
Revenue Support Grant	186,900	158,900	158,900	158,900	158,900
Council Tax Surplus/(Deficit)	(104,330)	0	0	0	0
Council Tax	7,905,610	8,185,490	8,473,940	8,771,180	9,066,530
Total Resources	**15,427,670**	**14,833,010**	**14,072,610**	**14,459,980**	**14,869,880**
Balances b/f @ 1st April	**2,228,739**	**2,375,559**	**2,259,479**	**1,831,609**	**1,668,909**
Increase/(Decrease) in Balances	146,820	(116,080)	(427,870)	(162,700)	218,130
Balances c/f @ 31st March	**2,375,559**	**2,259,479**	**1,831,609**	**1,668,909**	**1,887,039**

Appendix 2

HOUSING REVENUE ACCOUNT SUMMARY 2024/25 – 2028/29

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Income					
Gross Rental Income					
- Dwellings rents	(34,792,260)	(35,719,790)	(36,635,350)	(37,573,680	(38,535,350)
- Non-Dwelling rents	(420,800)	(433,410)	(446,410)	(459,800)	(473,590)
Charges for Services & Facilities	(665,000)	(694,460)	(714,640)	(734,940)	(754,640)
Repairs Account Income	(68,000)	(68,000)	(68,000)	(68,000)	(68,000)
General Income	(807,670)	(764,100)	(775,010)	(769,750)	(761,030)
Special Income	(75,340)	3,870	5,710	6,870	7,700
Contributions towards Expenditure	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Total Income	**(36,879,070)**	**(37,725,890)**	**(38,683,700)**	**(39,649,300)**	**(40,634,910)**
Expenditure					
Repairs Account Expenditure	11,729,140	11,967,030	12,172,260	12,410,810	12,671,830
Supervision & Management - General:	7,440,550	7,589,300	7,731,610	7,873,640	8,009,050
Supervision & Management – Special:	2,118,860	2,141,710	2,129,200	2,162,530	2,193,910
Contingencies	311,650	311,440	311,960	312,110	312,340
Rents, Rates and Other Premises	861,310	879,000	896,840	915,230	929,960
Insurance Claims Contingency	439,020	350,240	358,070	366,080	374,260
Depreciation of Fixed Assets	8,198,000	8,198,000	8,198,000	8,198,000	8,198,000
Debt Management Expenses	-	-	-	-	-
Increase in Bad Debt Provisions	250,980	251,450	252,090	252,760	259,370
Total Expenditure	**31,349,510**	**31,688,170**	**32,050,030**	**32,491,160**	**32,948,720**
Net cost of service	**(5,529,560)**	**(6,037,720)**	**(6,633,670)**	**(7,158,140)**	**(7,686,190)**
Loan Charges Interest	2,331,440	2,452,260	2,451,770	2,631,310	2,692,600
- Investment Interest	(427,920)	(311,650)	(281,130)	(372,530)	(410,400)
- Mortgages Interest	0	0	0	0	0
Surplus on HRA for the year	**(3,626,040)**	**(3,897,110)**	**(4,463,030)**	**(4,899,360)**	**(5,403,990)**
Revenue Contributions to Capital Outlay	3,423,150	3,798,150	4,348,150	4,838,150	5,288,150
Contribs to/(from) Reserves:					
- Insurance Reserve	(39,020)	49,760	41,930	33,920	25,740
- Invest To Save Reserve	(1,260)	0	0	0	0
- HRA I.T. Reserve	335,000	35,000	35,000	35,000	35,000
- NSAP/RSAP Sinking Fund Reserve	9,000	9,000	9,000	9,000	9,000
- De Wint Sinking Fund Reserve	10,930	11,260	11,600	11,950	12,310
- Tenant Satisfaction Measures	(10,540)	0	0	0	0
(Surplus)/deficit in year	**101,220**	**6,060**	**(17,350)**	**28,660**	**(33,790)**
Balance b/f at 1 April	(1,125,517)	(1,024,297)	(1,018,237)	(1,035,587)	(1,006,927)

Balance c/f at 31 March	**(1,024,297)**	**(1,018,237)**	**(1,035,587)**	**(1,006,927)**	**(1,040,717)**

GENERAL INVESTMENT PROGRAMME - 2024/25 to 2028/29

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Expenditure Programme					
Chief Executives	2,813,699	211,910	200,000	200,000	200,000
Directorate of Communities and Environmental Services	2,600,027	851,990	851,990	851,990	851,990
Directorate of Major Developments	8,272,630	6,274,052	0	0	0
Directorate of Housing	298,152	0	0	0	0
Externally Delivered Town Deal Schemes	3,541,172	224,995	0	0	0
Total Programme Expenditure	**17,525,680**	**7,562,947**	**1,051,990**	**1,051,990**	**1,051,990**
Capital Funding					
Contributions from Revenue					
Opening balance	121,158	(0)	(0)	(0)	(0)
Received in year	0	0	0	0	0
Used in financing	(121,158)	0	0	0	0
Closing balance	**(0)**	**(0)**	**(0)**	**(0)**	**(0)**
Capital receipts					
Opening balance	1,662,560	1,662,560	3,135,166	3,135,166	3,135,166
Received in year	1,112,232	13,346,772	0	0	0
Used in financing	(1,112,232)	(6,214,832)	0	0	0
Used to repay temporary borrowing	0	(5,659,334)	0	0	0
Used to reduce the CFR	0	0	0	0	0
Closing balance	**1,662,560**	**3,135,166**	**3,135,166**	**3,135,166**	**3,135,166**
Grants & contributions					
Opening balance	6,726,613	284,215	(0)	(0)	(0)
Received in year	3,574,146	861,868	851,990	851,990	851,990
Used in financing	(10,016,544)	(1,146,083)	(851,990)	(851,990)	(851,990)
Closing balance	**284,215**	**(0)**	**(0)**	**(0)**	**(0)**
Unsupported borrowing					
Opening balance	0	0	0	0	0
Received in year	6,275,746	202,032	200,000	200,000	200,000
Used in financing	(6,275,746)	(202,032)	(200,000)	(200,000)	(200,000)
Closing balance	0	0	0	0	0
Total Capital Funding Utilised	**(17,525,680)**	**(7,562,947)**	**(1,051,990)**	**(1,051,990)**	**(1,051,990)**
Available Resources c/f	**1,946,775**	**3,135,166**	**3,135,166**	**3,135,166**	**3,135,166**

Appendix 4

HOUSING INVESTMENT PROGRAMME - 2024/25 - 2028/29

	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £	2027/28 Estimate £	2028/29 Estimate £
Capital Programme					
Decent Homes	13,602,996	12,006,087	11,350,574	10,958,433	9,168,806
Health & Safety	509,465	526,088	593,543	611,870	611,870
New build programme	4,069,257	1,076,507	1,048,850	1,051,293	1,052,320
Lincoln Standard	286,450	300,773	315,811	331,602	331,602
IT/Infrastructure	0	0	115,299	121,064	0
Other	2,574,577	2,045,854	1,409,696	1,780,961	2,159,428
Total Programme Expenditure	21,042,745	15,955,309	14,833,773	14,855,223	13,324,026
Capital funding					
Major Repairs Reserve					
Opening balance	22,518,411	15,615,661	13,170,197	12,447,608	12,396,011
Depreciation received in year	8,198,533	8,198,533	8,198,533	8,198,533	8,198,533
Depreciation used in financing	(13,602,996)	(12,006,087)	(10,183,113)	(7,732,349)	(7,732,350)
RCCO received in year	3,432,150	3,798,150	4,348,150	4,838,150	5,288,150
RCCO used in financing	(5,721,180)	(2,901,330)	(3,601,809)	(6,071,581)	(4,539,355)
Closing balance	14,815,648	11,904,914	10,666,675	9,899,428	11,114,405
Capital receipts					
Opening balance	2,703,539	3,710,850	4,727,764	5,754,368	6,799,610
Received in year	1,054,264	1,064,806	1,075,454	1,096,534	1,096,547
Used in financing	(46,953)	(47,892)	(48,850)	(51,293)	(52,320)
Closing balance	3,710,850	4,727,764	5,754,368	6,799,610	7,843,837
1-4-1 receipts					
Opening balance	4,801,649	5,156,558	6,234,043	7,353,614	8,536,093
Received in year	1,426,525	1,477,486	1,529,570	1,572,479	1,567,167
Used in financing	(1,071,617)	(400,000)	(400,000)	(400,000)	(400,000)
Closing balance	5,156,558	6,234,043	7,363,614	8,536,093	9,703,260
Grants & contributions					
Opening balance	0	0	0	0	0
Grants & contribs received in year	0	0	0	0	0
Used in financing	0	0	0	0	0
Closing balance	0	0	0	0	0
Borrowing					
Opening balance	0	0	0	0	0
Borrowing taken in year	600,000	600,000	600,000	600,000	600,000
Used in financing	(600,000)	(600,000)	(600,000)	(600,000)	(600,000)
Closing balance	0	0	0	0	0
Total Capital Funding Utilised	(21,042,745)	(15,955,309)	(14,833,773)	(14,855,223)	(13,324,026)
Available Resources c/f	**23,683,056**	**22,866,722**	**23,784,657**	**25,235,130**	**28,661,501**

Appendix 5

BUDGET RISK ASSESSMENT

No.	Budget Item	Risk	2023/24	2024/25-2027/28	Containment
			Risk Score	Risk Score	
1	Capital Expenditure	Project slippage Inflationary impacts/increased costs materials and labour 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 Project Boards, DMT's and CMT. • 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. Pagabo • Support from Procurement engaged at an early stage • Carry out post implementation reviews • Ensure risk assessments completed for all significant schemes before commencing and regularly updated • 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 • Use of external PM's, cost consultants and QS where required. • Effective contract mgmt.
2	Income from Fees & Charges/ Rents: • Car Parking	Reduction in the usage of the service/activity levels due to	**Total Score: 12**	**Total Score: 12**	• Car Parking Strategy to be refreshed.

BUDGET RISK ASSESSMENT

	• Crematorium / Cemeteries • Development Control • Building Control • Land Charges • Control Centre • Lincoln Properties • Industrial Estates • Central Market	economic factors and cost of living crisis Over optimistic income targets Increasing reliance on income within the MTFS New competitors entering the market Increased 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	Likelihood: 4 Impact: 3	Likelihood: 4 Impact: 3	• 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 • 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 economic factors • Active void management • Watching brief on CIPFA Committee/HMRC discussions
3	Demand for services	Impact of cost-of-living crisis on service demands, e.g. homelessness (temp accommodation), revenues and benefits, customer services, council housing etc – also affected by national housing crisis and shortage of affordable homes The increase in property numbers and development of	**Total Score: 12** Likelihood: 4 Impact: 3	**Total Score: 12** Likelihood: 4 Impact: 3	• Identification and drawdown of additional funding made available from Government and others to support additional demand e.g. LAHF • 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

BUDGET RISK ASSESSMENT

		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. Impact on City Council services arising from Govt Migration policy, including large sites and dispersal programmes.			• Report quarterly to Corporate Management Team, Executive and Performance Scrutiny Committee and key service performance indicators • Interventions, as part of housing supply, to be developed to respond to temporary accommodation shortages. • Council house new build schemes to increase supply of affordable housing. • Key housing developments in the City, e.g. WGC to be factored into operational service budgets as homes bought forward. • Cross directorate cost-of-living group established with a range of interventions to be implemented, including delivery of Government initiatives. • Continue to lobby Government, alongside other LA's, in respect of costs of and funding for temporary accommodation. • Continue to work alongside other LA's to seek funding agreement for impact of large asylum sites close to the City.
4	General Budget Assumptions	CPI and RPI inflation exceed rates assumed in the budget Actual establishment exceeds 99% Implications from Government Policy in response to economic factors	Total Score: 9 Likelihood: 3 Impact: 3	Total Score: 12 Likelihood: 4 Impact: 3	• Set prudent but realistic projections based on analysis of economic commentators and Bank of England predictions – projections reviewed in latest MTFS • Monthly monitoring of RPI and CPI index changes • Make use of expert forecasts of future RPI and CPI trends • Participate in consultations via regional pay briefings.

BUDGET RISK ASSESSMENT

		Increased pension contributions as a result of triennial valuation (next valuation in 2025) Pay inflation exceeds rates assumed in the budget			• 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 • Pension Fund Stabilisation Approach adopted
5	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 Sub-contractor unable to meet demands. Increased cost of materials Failure of contractor i.e. contractor goes into liquidation. Increased demands due to high levels of voids. Impact of rising costs from damp and mould repairs Increase in disrepair claims.	**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 • Significant increased costs factored into latest MTFS • Consider alternative recruitment options – recruitment strategies being reviewed. • Use of collaborative contracts/framework agreements where possible • Seek efficiencies within HRS i.e scheduled repairs pilot • Active void management mitigations in place. • Significant rebasing of the budget has taken place in light of the current economic factors. • Property standards and operating standards updated in 2023 in respect of damp/mould.

Appendix 5

BUDGET RISK ASSESSMENT

6	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 – Reset of the Business Rates Retention system from 2026/27	**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.
7	Housing Investment Requirements	Implications arising from updated Decent Homes Standard as determined by Govt	Total Score: 9 Likelihood: 3 Impact: 3	Total Score: 12 Likelihood: 3 Impact: 4	• Assessment of new Decent Homes Standards when published. • Revised Lincoln Standard to be developed in 2024.

BUDGET RISK ASSESSMENT

		along with refresh of Lincoln Standard. Implications arising from Building & Fire Safety Acts. Any implications arising from Awaabs Law – new damp and mould regulations. Implications arising from the Council's net zero carbon 2030 commitment. Necessity to undertake any remedial works as a result of the development of a Radon Management Plan.			• Assessment of Building and Fire Safety implications – recruited new specialist fire safety expertise. • Assessment of Awaab's Law. • Fire Safety assessments of stock (excluding Tower Blocks which are complete) in progress. • Latest stock condition surveys used to develop new 30-year Housing Business Plan • Retrofit assessment of housing stock to be undertaken • Strategy for developing Net Carbon Neutral to be developed • Seek and identify alternative funding sources and models and make appropriate grant applications for decarbonisation works. • New HRA Business Plan for 2024- 2054 in place and MTFS updated. • Use of collaborative contracts/framework agreements where possible. • Significant surpluses and available resources within Housing Business Plan. • Ensure risk assessments completed for all significant schemes before commencing • Value engineering used to contain project costs • Cost estimates obtained ahead of procurement exercises.
8	Housing Rents and Property Voids	Increased arrears due to impact of cost-of-living crisis and the rent increase on household incomes	**Total Score: 9** Likelihood: 3 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

BUDGET RISK ASSESSMENT

		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 resourcing /contractor issues in HRS). CPI inflation less than budgeted rate (from 2025/26) – reducing rental income Impact of future interventions by Govt to alter Social Rent Policy, particularly any rent caps and future policy direction beyond 2025.			• 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 • Maintain new 30-year Business Plan to ensure it is up to date with latest MTFS/Outturn position. • Continual monitoring of arrears and void positions. • Consideration to be given to re-establishing Housing Rents Hardship Fund if needed • Work closely with Benefits Team to consider use of DHP's where appropriate. • Monthly New Homes Board meeting of cross directorate officers monitoring progress of New Build programme and capital & revenue funding • Investment in tenancy sustainment officers • New subcontractors engaged to support the void process • Respond to future consultations on social rent policy.
9	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	**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 2024/25 • 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

BUDGET RISK ASSESSMENT

		Increased investment required in natural assets. Impact of works on income and service delivery.			• New capital schemes allow for whole life costing. • Responsible Officer system in place. • Seek and identify external funding opportunities e.g, decarbonisation grants to improve corporate buildings • Explore CAT or other alternative lease/MOU arrangements to transfer assets to the third sector. • Assessments of impact of RAAC undertaken, with no required remediation.
10	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 and future investment plans Impact of a new Parliament and policy direction and/or public sector expenditure restraint.	**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 and identify 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.

BUDGET RISK ASSESSMENT

11	Capital Financing - Long Term Borrowing	Balances unavailable for internal borrowing (particularly due to under borrowing against CFR and reducing cash balances post Covid schemes funded in advance from Government and with large capital underway with deferred receipts receivable) External borrowing costs above interest rates in MTFS	**Total Score: 9** Likelihood: 3 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.
12	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 Issues arising from increased use of Bed and Breakfast	Total Score: 9 Likelihood: 3 Impact: 3	Total Score: 9 Likelihood: 3 Impact: 3	• Regular monitoring of claims being processed • Undertake staff training and sample accuracy checks • Ensure system backups are carried out and historic information is recoverable • Continue to lobby/raise awareness with Government of issues arising from use of temporary accommodation and levels of LHA rates for subsidy reimbursement. • Close monitoring of temporary accommodation between Housing and Benefits Team. • Links to wider issue around the availability of temporary accommodation within the City and interventions that are being sought – see service demands re affordable housing and interventions to be undertaken • MTFS budgets refreshed to reflect increased demand.

BUDGET RISK ASSESSMENT

		Accommodation which is capped at LHA levels.			
13	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 cost-of-living crisis): – 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 • Annual increases in Council Tax considered alongside national expected increases. • Council Tax Support scheme still provides for a maximum of 100% of support, with no changes proposed for 2024/25. • Council Tax Hardship Fund in place. • Consider potential arising from new legislation allowing 100% CT premiums on second homes.
14	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	**Total Score: 6** **Likelihood: 3** **Impact: 2**	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

BUDGET RISK ASSESSMENT

		Impact of major sources of income not being received when expected – particularly given level of under borrowing and number of large capital schemes to cash flow.			• 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
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	• Existing TFS programme to be delviered • TFS remains a priority in Vision 2025 and will be key to Vision 2030 development • Report Quarterly to Programme Board (CMT) and quarterly to Executive and Performance Scrutiny Committee • Further work to be undertaken to develop programme of reviews beyond 2024/25 and to achieve higher savings targets, initial work has commenced.
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	**Total Score: 4** Likelihood: 2 Impact: 2	**Total Score: 12** Likelihood: 3 Impact: 4	• 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 (no specific target set for the GIP for general disposals) • Specific capital receipts target in place for WGC Phase 1a 52 market homes – development agreement to be in place with minimum land value agreed with remainder subject to profit share.

BUDGET RISK ASSESSMENT

		Increase in borrowing costs (covered in separate risk – see no. 11) Reductions in grant funding (covered in separate risk – see no.10).			• Active monitoring of local housing market, using specialist external advice. • 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. • Maximise where possible housing rent increases to maintain base and ensure resources available for future investment,
17	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: 4** **Likelihood: 2** **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
18	Government legislation/ regulations	Impact of secondary legislation arising from the Environment Act: - Biodiversity Net Gain - Weekly food waste collection - Free green waste collections - Air quality targets - Deposit Return Scheme - Extended Producer Responsibility	**Total Score: 2** **Likelihood: 1** **Impact: 1**	**Total Score: 12** **Likelihood: 4** **Impact: 4**	• Continue to monitor national developments and assess both the service and financial implications of new statutory duties. • Actively participate in any Government consultations. • Work alongside other local authorities to lobby Government for additional resource (if not provided for under New Burdens). • Work with Lincolnshire local authorities on joint approaches to resourcing new systems and development of options for implementation.

BUDGET RISK ASSESSMENT

					• Work with contractors to implement new requirements.
19	Key Service Delivery Contracts	Increase in cost of Waste Collection, Street Cleansing and Grounds Maintenance contracts which are due for renewal in 2026	**Total Score: 2** Likelihood: 1 Impact: 1	**Total Score: 12** Likelihood: 3 Impact: 4	• Project Management in place • Extensive work undertaken on design of specifications and management of expectations • Pre-market engagement undertaken • Sufficient lead in time allowed (prices will be known Spring 2024).
20	Government Grants (including RSG, Services Grant, New Homes Bonus, Minimum Funding Guarantee)	Cash reductions in Government Grant which are in excess of the levels assumed in the MTFS	**Total Score: 2** Likelihood: 1 Impact: 1	**Total Score: 4** Likelihood: 2 Impact: 2	• 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 • Budget assumptions assume reduction in some grant funding beyond 2024/25

Appendix 6

GENERAL FUND EARMARKED RESERVES FORECAST 2023/24 – 2028/29

Description	Balance @ 31.03.24	Balance @ 31.03.25	Balance @ 31.03.26	Balance @ 31.03.27	Balance @ 31.03.28	Balance @ 31.03.29
Carry Forwards	404,200	312,590	312,590	312,590	312,590	312,590
Active Nation Bond	180,000	180,000	180,000	180,000	180,000	180,000
AGP Sinking Fund	102,440	152,440	202,440	252,440	302,440	352,440
Air Quality Initiatives	21,590	21,590	21,590	21,590	21,590	21,590
Birchwood Leisure Centre	105,970	125,970	145,970	165,970	185,970	205,970
Business Rates Volatility	916,240	969,130	969,130	969,130	969,130	969,130
Christmas Decorations	13,870	13,870	13,870	13,870	13,870	13,870
City Hall Improvement Works	50,000	50,000	50,000	50,000	50,000	50,000
City Hall Sinking Fund	60,460	60,460	60,460	60,460	60,460	60,460
Commons Parking	13,120	13,120	13,120	13,120	13,120	13,120
Corporate Maintenance	100,000	100,000	100,000	100,000	100,000	100,000
Corporate Training	47,300	47,300	47,300	47,300	47,300	47,300
Council Tax Hardship Fund	150	150	150	150	150	150
Covid-19 Recovery	1,047,230	847,230	0	0	0	0
Covid-19 Response	353,650	353,650	200,890	0	0	0
Electric Van replacement	31,050	35,480	39,910	44,340	48,770	53,200
HiMO CPN Appeals	111,770	111,770	111,770	111,770	111,770	111,770
Grants & Contributions	1,394,880	1,058,880	973,400	909,400	846,580	846,580
Income Volatility Reserve	320,000	150,000	150,000	150,000	150,000	150,000
Inflation Volatility Reserve	466,190	466,190	466,190	466,190	466,190	466,190
Invest to Save	349,720	349,720	349,720	349,720	349,720	349,720
IT Reserve	349,070	414,070	479,070	544,070	609,070	674,070
Lincoln Lottery	8,790	8,790	8,790	8,790	8,790	8,790
Mayoral Car	7,100	7,100	7,100	7,100	7,100	7,100
MSCP & Bus Station Sinking Fund	195,160	242,030	289,840	338,610	388,360	439,110
Private Sector Stock Condition Survey	3,460	15,460	27,460	39,460	51,460	3,460
Professional Trainee Scheme	90,000	90,000	90,000	90,000	90,000	90,000
Residents Parking Scheme	0	4,730	22,070	34,300	41,270	61,240
Revenues & Benefits Community Fund	54,180	54,180	54,180	54,180	54,180	54,180
Section 106 interest	31,570	31,570	31,570	31,570	31,570	31,570
Staff Wellbeing	28,260	28,260	28,260	28,260	28,260	28,260
Tank Memorial	10,000	10,000	10,000	10,000	10,000	10,000
Tree Risk Assessment	94,620	86,020	76,920	80,740	80,740	80,740
Unused DRF	155,120	33,960	33,960	33,960	33,960	33,960
Vision 2025/2030	290,370	303,580	295,780	291,200	291,200	291,200
TOTAL GENERAL FUND	**7,407,530**	**6,749,290**	**5,863,500**	**5,810,280**	**5,955,610**	**6,117,760**

HOUSING REVENUE ACCOUNT EARMARKED RESERVES FORECAST 2023/24 to 2028/29

Description	Forecast Balance 31.03.24 £	Forecast Balance 31.03.25 £	Forecast Balance 31.03.26 £	Forecast Balance 31.03.27 £	Forecast Balance 31.03.28 £	Forecast Balance 31.03.29 £
Capital Fees Equalisation	110,030	110,030	110,030	110,030	110,030	110,030
De Wint Court Reserve	73,480	73,480	73,480	73,480	73,480	73,480
De Wint Court Sinking Fund	29,530	40,460	51,720	63,320	75,270	87,580
Disrepairs Management	300,000	300,000	300,000	300,000	300,000	300,000
Housing Business Plan	34,620	34,620	34,620	34,620	34,620	34,620
Housing Repairs Service	137,140	137,140	137,140	137,140	137,140	137,140
HRA IT	170,000	505,000	540,000	575,000	610,000	645,000
HRA Repairs Account	1,350,760	1,350,760	1,350,760	1,350,760	1,350,760	1,350,760
HRA Strategic Priority Reserve	763,840	763,840	763,840	763,840	763,840	763,840
HRA Invest to Save	376,780	375,520	375,520	375,520	375,520	375,520
RSAP/NSAP Sinking Fund	18,000	27,000	36,000	45,000	54,000	63,000
Strategic Growth Reserve (WGC)	4,870	4,870	4,870	4,870	4,870	4,870
Tenant Satisfaction Survey	30,830	20,290	20,290	20,290	20,290	20,290
TOTAL HOUSING REVENUE ACCOUNT	**3,399,880**	**3,743,010**	**3,798,270**	**3,853,870**	**3,909,820**	**3,966,130**