



**Open Report on behalf of Andrew Crookham,  
Executive Director - Resources**

Report to:	<b>Executive</b>
Date:	<b>09 January 2024</b>
Subject:	<b>Council Budget 2024/25</b>
Decision Reference:	<b>I030292</b>
Key decision?	<b>Yes</b>

**Summary:**

This report outlines budget proposals for the financial year 2024/25. The Council's funding base could be estimated with reasonable accuracy twelve months ago based on the Government's announcements at the time. Since then, inflation has remained higher for longer and demand has continued to increase. Despite calls from the sector to increase funding to support with additional cost, the Government opted to continue with existing spending plans.

The Council will be able to increase its funding in 2024/25, although not to the full extent that costs have increased. It is also important to emphasise that there is significant funding uncertainty beyond 2024/25, which is a significant barrier to long-term financial planning for both revenue and capital investment.

The budget proposal is subject to change when local taxation estimates for business rates and council tax have been received from the Lincolnshire District Councils, expected towards the end of January 2024. In recognition of the outstanding variables, the funding base cannot be considered final and therefore the budget proposal is considered to be an estimate at this stage.

The Executive is asked to approve the proposals for the Council's budget for 2024/25, set out in this report and based on these estimates, for internal and external consultation.

**Recommendation(s):**

That the Executive:

1. approves the following elements of the budget for 2024/25 as its initial proposals subject to further consultation and scrutiny, namely:-
  - a) The budget requirement pre use of reserves as set out in Table B;

- b) The budget savings and cost pressures covering the 2024/25 financial year, as set out in Appendix A;
  - c) The draft capital investment programme 2023/24 onwards set out in Appendix B.
2. Notes the advice of the Executive Director for Resources as s151 Officer at paragraphs 1.106 to 1.112 of the Report.
  3. Notes that the budget proposal currently assumes a 2.99% council tax increase and £7.2m use of reserves, and that different options are also being considered for precept setting, set out in Table E of the Report.
  4. Reserves its position in relation to the precept setting options being considered and consequent use of reserves for the 2024/25 budget pending further consultation, scrutiny, unexpected cost base changes and final funding announcements.
  5. Approves the carrying out of consultation and scrutiny on the Executive’s initial proposals as set out in paragraph 1) together with all of the options referred to in paragraph 3).

**Alternatives Considered:**

1. The proposals for the Revenue Budget, Capital Programme and Council Tax as described in this report.
2. Higher levels of spending and consequently a higher level of Council Tax next year.  
  
Lower levels of spending and consequently a lower level of Council Tax next year.
- 3.

**Reasons for Recommendations:**

The Council has undergone an extensive budget setting process, taking into account various factors which influence its cost base and spending power. The budget proposal includes unavoidable cost pressures which will support the delivery of Council services, and a number of savings and efficiencies which do not impact negatively on services or outcomes.

Following receipt of the single year draft settlement, the Council has reached a final budget position for most areas. However, there are still a few minor areas where other changes could potentially be required – both in respect of the cost base and funding – accordingly the Council needs to retain some flexibility with regards to its council tax setting decision.

The recommended option reflects a need to increase council tax by at least 2.99%, with the potential for a larger increase being needed subject to finalisation of the cost and funding base by the end of January 2024. If the final position shows a shortfall between funding and the cost base, then a contribution from reserves will be required to balance the budget for 2024/25.

## **1. Background**

- 1.1 In February 2023, the Council approved plans for revenue spending to support delivery of the Council plan, achieve its strategic objectives and legal duties for the benefit of residents and businesses. This was guided by the financial strategy approved as part of this process, providing the mechanisms to ensure the council remains financially sustainable and resilient.
- 1.2 As part of the Council's financial planning process, the previously approved medium term financial plan is reviewed in depth over the summer and into the autumn, which informs the preparation of a budget proposal which is brought before the Executive in January. Should Executive approval be given, the budget proposal is then taken forward for scrutiny and public consultation.
- 1.3 The key messages from scrutiny and public consultation are then fed into the process, and contribute towards an updated budget proposal which will be brought to the Executive on 6<sup>th</sup> February 2024. At this meeting, the Executive will be invited to approve a final budget proposal to be taken to the budget setting meeting of Full Council which will be held on Friday 23<sup>rd</sup> February 2024.
- 1.4 In preparing the revenue budget proposal for 2024/25, the following factors have been taken into account:
  - The financial strategy
  - The economic, financial and national policy context (Autumn Statement)
  - Forecast spending power (including the LG finance settlement)
  - The financial planning process and medium term financial plan
  - Changes to the cost base
  - Business process improvement and efficient cost base
  - Reserves
  - Advice of the Executive Director for Resources (section 151 officer)
- 1.5 There is also a revised capital programme proposed for 2024/25 and beyond, which reflects re-phasing to the programme and a proposed allocation of the new developments capital contingency to priority schemes.

## The Financial Strategy

- 1.6 At the outset, it is important to recognise the strong foundation of the Council which means it is better placed than most to navigate the challenges that are expected to lie ahead, and which are considered in this report. This is based on the following:
- The prevailing culture of prudent financial management which has been invaluable to date and will continue to be required going forward,
  - The successful 2022/23 outturn (which resulted in an underspend) and the current forecast outturn for 2023/24 (underspend forecast),
  - That the Council is in much better financial position than many other local authorities, with sectoral challenges not specific to Lincolnshire,
  - That most of the Council's net funding now comes from local taxation,
  - The provision of well-led services throughout Lincolnshire, which deliver high quality for residents and lead to better financial outcomes.
- 1.7 Whilst the starting position is strong, there are examples from across the sector where local authorities have gone from a position of strength to vulnerability in a relatively short timeframe. This can be due to factors such as significant increases in demand (and complexity of demand) for services, far outstripping spending power changes. Therefore, the Council must guard against complacency and continue to ensure a well-planned approach to meet current and future need well.
- 1.8 Each year, the Council updates and refreshes its financial strategy so that it remains current and appropriate to the wider operating environment. It is important to recognise that the Council is not in control of large aspects of the financing framework and has funding certainty for 2024/25 only, which is a barrier to long-term strategic planning.
- 1.9 Therefore, the strategy instead focusses on the areas and principles which the Council has greater control of. This includes the following principles:
- Ensuring ever closer convergence between the Corporate Plan and use of resources,
  - Ensuring effective monitoring arrangements are in place, and link to activity data, so that the organisation has early sight of changes to financial plans,
  - Ensuring an adequate level of reserves are held relative to the level of risk identified,
  - Undertaking constructive challenge sessions where areas of cost are at risk of increasing in an unplanned way, in the knowledge that it is easier to avoid spending a pound as opposed to saving one,
  - Proactively identifying business process improvements, which improve the way the Council works and lead to cost reductions,
- 1.10 The strategy is currently being refreshed with minor changes and will be included with the report for the meeting of the Executive on 6<sup>th</sup> February 2024.

## The Economic, Financial and National Policy Context (Autumn Statement)

- 1.11 The economic environment continues to be a significant risk for the Council. The economy has been subject to unprecedented inflation, which means that the cost of goods and services have increased at a higher rate than the Government's target, over a prolonged period. Over the past eighteen months, the rate of inflation increased to unprecedented levels, peaking at 11.1% in October 2022. It has been reducing at a steady rate since then, with the rate of inflation for October 2023 recently reported as 4.6%. This has led to a challenging operating environment for the Council, due to its inflationary exposure within the cost base (contracting and staffing costs).
- 1.12 In an attempt to contain the rate of inflation, the Bank of England have increased the base rate which directly impacts upon the cost of borrowing, with the base rate currently at 5.25%, having been 3% in mid-December 2022 and 0.1% in December 2021. The effect of this is that the cost of borrowing increases, and the rate of saving is increased, effectively reducing money supply in the economy and, in theory, reducing demand pressures contributing to inflation. This is the main policy tool available to the Bank of England, although they have also stopped quantitative easing and have been actively selling bonds (quantitative tightening), which has the same effect of removing money from the economy.
- 1.13 The rate of inflation has started to recede towards normal levels, which has reduced the pressure on the Bank to further raise interest rates. The increase to the current base rate was decided in early August, therefore the rate has not increased since and is no longer expected to. In the most recent quarterly monetary policy report published by the Bank (November 2023), the Bank set out their forecasts for future inflation. The revised inflation forecasts are 4.6% (2023 Q4), 3.1% (2024 Q4), 1.9% (2025 Q4), and 1.5% (2026 Q4). Inflation is not expected to return to below the 2% target for until 2025, which has implications for financial planning.
- 1.14 As a result of the volatility within the economy, the Bank's inflation forecasts have been consistently amended, to reflect a slower fall to the 2% target. In the May 2023 update, inflation was forecast to reduce to 2.3% by 2024 Q4 (now expected to be 3.1%) and fall to around 1% during 2025 (now expected to average at 2.2%). In the November 2022 update, inflation was forecast to fall to 1.1% in 2024 Q2 (now expected to be 3.6%). Therefore, there is a risk that inflation does not fall as quickly as set out in the Bank's latest forecast. In addition, the latest forecasts mean an economic adjustment to a permanently higher price base.
- 1.15 The rate of inflation has major implications for the Council, in that it directly impacts the cost base. However, it is also important to consider the impact it has on the national finances, which in turn inform local resource availability. At a national level, the rate of inflation increases the cost of benefits and the state pension. In addition, it also increases the cost of delivering public services as referenced above. The increased Bank of England base rate increases the cost of borrowing nationally. There are some offsets with regards to increased taxation receipts, through areas

like higher income tax (as a result of higher wages) and higher consumption taxes (e.g. VAT on inflated prices). This matters to the Council, because the financing framework and quantum for Local Government is determined by Central Government, which links to the state of the national finances.

1.16 The Government determines departmental spending limits through the Autumn Statement. The affordability limits are linked to the Government's fiscal rules. The Treasury is required by the Budget Responsibility and National Audit Act 2011 to set out the means by which its objectives in relation to fiscal policy will be attained ("the fiscal mandate"). In order to achieve the above objectives, the Treasury's mandate for fiscal policy is:

- to have public sector net debt (excluding the Bank of England) as a percentage of GDP falling by the fifth year of the rolling forecast period,
- a target to ensure public sector net borrowing does not exceed 3 percent of GDP by the fifth year of the rolling forecast period,
- a target to ensure that expenditure on welfare is contained within a predetermined cap and margin set by the Treasury.

1.17 The Prime Minister set out five priorities in January 2023, of which three directly relate to economic performance. These include to: halve inflation, grow the economy, and, reduce debt. This again reinforces the policy framework which guide public spending decisions, now and in the future. With regards to halving inflation, this has been achieved and was always likely to occur due to comparing price levels to a permanently higher base.

1.18 On 22<sup>nd</sup> November 2023, the Government set out their spending plans for the medium term via the Autumn Statement. The Autumn Statement incorporates updated economic projections from the independent Office for Budget Responsibility (OBR). The Government set out some clear strategic signals, stating their choice as "not big Government, high spending and high tax", with the preference instead to "reduce debt, cut taxes and reward work". It is within this context that public spending decisions have been taken, which informs the setting of departmental spending limits and consequently the Local Government finance settlement.

1.19 The key points to note from the Autumn Statement were as follows:

- Since the March forecast, tax receipt forecasts have been significantly increased, primarily due to the impact of inflation on wages set against frozen tax allowances in some cases. The increase in tax receipts is expected to be greater than the increase in spending (e.g. benefits and debt interest), giving rise to additional headroom.
- The Government have opted to invest the additional headroom into tax cuts. This includes cutting the rate of national insurance for employees and for the self-employed, with structural changes proposed for the latter. In addition, the

Government introduced further incentives for business investment, with permanent up front tax write-offs.

- The Government decided not to amend departmental spending limits, instead maintaining the limits set in the Spending Review 2021 and updated in the Autumn Statement 2022. This is in spite of the challenges being experienced across all public services with regards to permanently higher levels of inflation, compared to when the departmental spending limits were set. By implication, this means that there is not expected to be any additional funding for Local Government over and above the measures previously announced (e.g. social care grant).
- The Government confirmed the assumption for the future path of departmental spending. This will follow the profile set at Spring Budget 2023. After the current Spending Review period, planned departmental resource spending will grow at 1% a year on average in real terms. According to the Institute for Fiscal Studies, priority areas (e.g. health, defence, schools) would absorb larger proportionate increases, thereby implying real terms reductions for non-priority areas (e.g. Local Government). The planning assumption is that the Council's resources beyond 2024/25 would increase at a slower rate than inflation, reducing the scale of increases experienced in recent years. This is particularly challenging when considered against increased demand for services.
- The Government confirmed that, while day-to-day spending will continue to grow above inflation in future years, public spending faces many pressures. One of the ways the Government will look to address this is through boosting public sector productivity and by focusing spending on the Government's priorities. Building on this, the Public Sector Productivity Programme has focused on: creating a modern and efficient workforce, reducing administration for front line services, greater use of cutting edge technology like artificial intelligence, and early intervention to prevent problems arising and becoming embedded. The areas considered are more oriented towards Central Government, and therefore specific application to Local Government is not yet clear.
- With regards to business rates, the Government confirmed that there will be a change in approach for inflation for the standard and small business rate multipliers. The small business rate multiplier is to be frozen, and the standard multiplier is to increase by inflation (CPI).

1.20 Overall, there are short and medium term challenges presented by the Autumn Statement. In the short-term, costs have increased at a quicker rate than had been forecast twelve months previously, which was reflected in the Autumn Statement. Beyond 2024/25, the Council has little to no certainty in terms of what its spending power will be, or what it's role will be in the delivery of public services. In effect, this decision has been deferred to the next Government, which makes long-term planning challenging.

- 1.21 Following the Autumn Statement, the Department for Levelling Up, Housing and Communities (DLUHC) translate national spending limits into individual allocations for local authorities via the Local Government finance settlement. This is considered in the next section.

Forecast spending power (including the LG finance settlement)

*Local Government finance policy statement 2024/25*

- 1.22 As was the case last year, DLUHC produced a financial policy statement, which sets out the approach they intend to take with regards to the draft Local Government finance settlement 2024/25. This was published on 5<sup>th</sup> December 2023. This represents an attempt by the Department to aid local authority financial planning whilst civil servant complete the necessary detailed and technical allocation work.

- 1.23 The key points to note from the 'Local Government finance policy statement 2024/25' are as follows:

- The revenue support grant will increase by inflation, with the fire pension grant to also be rolled in;
- Local authorities will receive an increase in baseline funding levels and compensation grant as if both multipliers had been uprated by inflation;
- The core council tax referendum limit for local authorities is set at 3%, in addition to an adult social care precept of 2% for all authorities responsible for the delivery of adult social care services;
- Including funding announced in the Autumn Statement 2022, an uplift in social care grants:
  - o an additional £692 million will be distributed to local authorities through the Social Care Grant for adult and children's social care;
  - o an additional £200 million will be distributed in 2024 to 2025 through the Discharge Fund;
  - o Maintaining the improved better care fund at 2023/24 levels;
  - o £1,050 million in 2024 to 2025 will be distributed for adult social care through the Market Sustainability and Improvement Fund (MSIF), which continues to include £162 million per year of Fair Cost of Care funding. It also includes £205 million MSIF - Workforce Funding, a 2-year fund announced in July 2023 which will be rolled into the existing MSIF. In total, the combined MSIF and MSIF Workforce Fund are worth £123 million more than in 2023 to 2024.
- Continuation of a minimum funding guarantee for all local authorities, ensuring each local authority receives at least a 3% uplift in core spending power;
- An additional one-off round of new homes bonus payments in 2024/25;



- Continuation of the rural services delivery grant at 2023/24 levels;
- The services grant will reduce in 2024/25 with the remainder to be distributed through the settlement funding distribution model;
- Continuation of business rates pooling for 2024/25;

1.24 In 2023/24, the Government set an expectation that the additional funding made available to adult social care should lead to a substantial increase in planned adult social care spending, given the additional resources which were made available in that year. The Department of Health and Social Care will continue to monitor local authority budgeting and expenditure in 2024/25, with an expectation that the following will be allocated to adult social care:

- An appropriate share of the local authority's additional Social Care Grant allocation for 2024 to 2025, in line with aggregate use of this funding in previous years;
- The local authority's share of the 2024 to 2025 MSIF and Discharge Fund;
- The resources raised in 2024 to 2025 from the adult social care precept;
- The Government also expect local authorities to make use of the increase in income from un-hypothecated sources. We expect spending on adult social care will increase by a necessary share of this income.

There will continue to be grant conditions placed on these grants regarding performance and use of funding to support improvement against these objectives.

1.25 The policy statement also provided some specific information with regards to planning for children social care and education:

- The Statutory Override for the Dedicated Schools Grant will continue until 31 March 2026.
- Where possible, Council's should invest in areas that help place children's social care services on a sustainable financial footing. This includes investment in expanding family help and targeted early intervention, expanding kinship care, and boosting the number of foster carers
- The National Minimum Allowance (NMA) for foster carers is routinely uplifted each year, taking into account changes in inflation and what is affordable for local government. We have uplifted the NMA by 6.88%
- Government will work closely with councils to increase transparency around the costs of residential placements for children, as a precursor to wider commissioning and market shaping reforms being rolled out through Regional Care Co-Operatives.

- 1.26 In addition, the Government set a policy steer, pertaining to the following points:
- Authorities are asked to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities.
  - The Government continues to explore ways to move councils away from establishing '4 day working week' practices, which in their view do not represent good value for taxpayers' money.
  - The Exceptional Financial Support framework is available to provide support where a council has a specific and evidenced concern about its ability to set or maintain a balanced budget, including where there has been local financial failure. Where councils need additional support from government, they should take every possible step to minimise the need for that support to be funded by national taxpayers. As part of that process, the government will consider representations from councils, including on council tax provision.
- 1.27 Funding reform has been mooted by the Government for several years, in recognition that the current funding distribution mechanisms are outdated relative to need and resource availability (i.e. the Review of Relative Needs and Resources or a reset of accumulated business rates growth). The Government confirmed in the policy statement that they remain committed to improving the local government finance landscape in the next Parliament, however the current priority has been to provide one year funding stability.

*Local Government finance settlement 2024/25*

- 1.28 On 18<sup>th</sup> December 2023, the Department published the draft 'Local Government finance settlement 2024/25' via a written statement to Parliament. This confirmed funding allocations in line with the policy statement. At a national level, core spending power is forecast to increase to £64.1bn from £60.2bn (6.5% overall increase). The key points to note for Lincolnshire are as follows:
- The revenue support grant has been inflated by £1.549m or 6.6% (September CPI), with an additional adjustment rolling in the fire pension grant (£1.437m), a net nil change,
  - Business rate baseline funding and multiplier compensation grant is forecast to increase by £8.729m or 6.5%,
  - Core spending power includes an assumption that council tax will increase by 5% (£23.148m). However, this is a local decision, so the actual figure would reflect the council's decision and local tax base data,
  - The Council will receive an additional one-off New Homes Bonus grant of £0.952m,
  - The rural services delivery grant will be maintained at £8.134m,
  - The social care grant will increase to £66.848m in 2024/25,

- The ASC market sustainability and improvement fund will increase to £14.735m (which is to be passported through to the service in line with grant conditions),
  - The ASC discharge fund will increase to £8.005m (which is to be passported through to the service in line with grant conditions),
  - The Services Grant will reduce from £4.508m in 2023/24 to £0.709m in 2024/25. This funding line has been reduced to fund inflationary increases in other lines of the settlement,
  - The Council does not benefit from the funding guarantee due to its core spending power increasing by more than 3%.
- 1.29 The settlement sets out a core spending power estimate for each individual local authority. The stated position for Lincolnshire is £690.7m, which represents an increase of £45.1m from 2023/24 albeit this assumes a maximum council tax increase.
- 1.30 Due to the Local Government finance policy statement 2023/24 also setting out a higher level intended approach for 2024/25, the Council had already planned for an uplift in funding from 2023/24 in its previous medium term financial plan. Within the 2023/27 medium term financial plan, the Council's anticipated funding base for 2024/25 was £630.0m. Following the settlement, and as shown in Table A, the revised estimate is now £639.1m.
- 1.31 The settlement allocations provide £1.3m more funding to the social care grant than anticipated, with £1.3m less in non-specific grant funding. The main change to the funding base has been the anticipated increase in business rates funding, which reflects a higher rate of inflation and the anticipation of a pooling gain.
- 1.32 The Government's decision to inflate the two business rate multipliers at different rates necessitates a different technical approach in the setting of business rates. The Council is still working to understand the implications and therefore the business rates estimate are subject to change.
- 1.33 Overall, the settlement was broadly in line with expectations, even if the sector had hoped for additional funding to support with rising costs particularly due to inflation and demand. Specifically there was no additional funding made available for the cost pressure created by the increase in the National Living Wage announced by the government in the autumn.
- 1.34 The final settlement is due to be published in February 2024, following the standard consultation process.

## Financial planning process and medium term financial plan

### *2024/25 Budget Setting Process*

- 1.35 This year's budget process started in the spring of 2023 with a re-assessment of the Council's high-level budget assumptions. Following this, budgets have been examined in detail, and a number of cost pressures have either emerged or been refined due to the factors already considered. Some additional efficiencies have also been identified. As the financial year has progressed, the Council's planning assumptions have been refined as new information has emerged.
- 1.36 In terms of budget holder input, the budget process is substantively complete and the Council therefore has a near-complete position in respect of its cost base, subject to any new external changes (e.g. national policy/new burdens), the finalisation of the tax base position and clarifications around emergent pressures following a series of challenge sessions planned for January 2024. This is reflected in the council tax setting recommendation.
- 1.37 The Council has adopted a longer term strategy to deliver efficiency savings and this is described in more detail in paragraphs 1.81 to 1.83.
- 1.38 The provisional Local Government finance settlement was published on 18<sup>th</sup> December 2023. Following this, the final Local Government finance settlement is expected to confirm the Provisional Settlement in February 2024, and at the end of January 2024 the Council will receive confirmation of the council tax base and business rates income, in addition to collection fund balances from the Lincolnshire District Councils. Once all this information has been received, the budget proposals for 2024/25 will be confirmed at the meeting of the Executive on 6<sup>th</sup> February 2024 before being taken to Full Council's budget setting meeting due to be held on 23<sup>rd</sup> February 2024.
- 1.39 Notwithstanding the short-term funding certainty available to the Council, the financial planning framework seeks to forecast the cost base and funding base forward over a medium term period, normally either three or four years. In this case, a period of four years has been utilised.

### *2024/28 Medium Term Financial Plan (current position)*

- 1.40 At this point in time, the Medium Term Financial Plan shows that the Council cannot achieve a balanced budget in any of the four years from 2023/24 through to 2026/27 without the use of reserves. This can be seen in Table A below:

Table A – Medium Term Financial Plan Summary (prior to reserve usage)

<b>2024/28 MTFP Summary</b>	<b>2024/25 Budget (£)</b>	<b>2025/26 Budget (£)</b>	<b>2026/27 Budget (£)</b>	<b>2027/28 Budget (£)</b>
Budget Requirement (pre-reserves)	646,326,852	663,823,489	684,318,297	708,856,747
Total Funding	(639,145,047)	(650,290,799)	(671,359,780)	(693,361,370)
<b>RESIDUAL DEFICIT</b>	<b>7,181,805</b>	<b>13,532,690</b>	<b>12,958,517</b>	<b>15,495,377</b>

- 1.41 The budget shortfall in each year will need to be supported by reserves to achieve a balanced budget. However, this is prior to receiving the Lincolnshire District Councils confirmation of Council Taxbases and Collection Fund positions affecting all years, and prior to potential reforms to local government funding which could impact during the medium term financial plan period.
- 1.42 The Medium Term Financial Plan includes a number of savings and efficiencies which arise from various projects within our Transformation Programme. There are also further transformation schemes being developed as the Council continues to look for ways to achieve sustainable reductions in its cost base.
- 1.43 The Financial Volatility reserve currently stands at £46.9m. This reserve is essential for the management of an uncertain financial situation in terms of both costs and future funding. The Executive Director of Resources (Section 151 Officer) advice is that a Financial Volatility Reserve level of around £40m to £50m is prudent, given the financial outlook beyond 2024/25, together with the inherent uncertainty. The current balance is not sufficient to support the overall budget deficits in the three future years, nor would it be good practice for it to be used solely for this purpose.
- 1.44 As stated in the report, the reserve requirement will change once the Council tax base and collection fund position is known. This earmarked reserve is available to support budget deficits arising over the medium term and will allow us time to transition to a lower cost base if this is required after funding reforms are implemented.

*2024/25 Revenue Budget Proposal*

- 1.45 The current position for 2024/25 is shown in Table B, which reflects an opening base budget of £604.3m with changes to get to the current budget requirement for 2024/25 of £639.1m after £7.2m planned reserve usage. The summary revenue budget assumes a 2.99% council tax increase. The impact of different council tax increase decisions can be seen in point 1.67 (Table E).

Table B – Summary Revenue Budget 2024/25

SUMMARY REVENUE BUDGET	2024/25 Budget (£)
<b>EXPENDITURE</b>	
Net Base Budget	604,257,272
Cost Pressures (including inflation)	60,642,211
Savings & Additional Income	(19,116,016)
Other Movements (e.g. service grant funding)	543,384
Budget Requirement (pre use of reserves)	646,326,852
<b>RESERVE ADJUSTMENTS</b>	
Transfer to/from Earmarked Reserves	(7,181,805)
Transfer to/from General Reserves	-
<b>BUDGET REQUIREMENT</b>	<b>639,145,047</b>
<b>FUNDING</b>	
County Precept	(381,524,121)
Business Rates	(152,808,676)
Non-Specific Government Grants	(37,963,806)
Social Care Grants	(66,848,444)
<b>Total Funding</b>	<b>(639,145,047)</b>

1.46 Table B shows the Council’s overall proposed budget for 2024/25 at this point in time, with a budget requirement of £639.1m (an increase of 5.8% from 2023/24), assuming £7.2m use of reserves. Following receipt of budgetary information from the District Councils at the end of January 2024, there may be a need for funding to be drawn from available reserves if a structural budget deficit above remains. The factors that might lead to potential changes in our anticipated funding are considered further in this section.

*Increases to the Cost Base*

1.47 A number of unavoidable cost pressures and other increases in expenditure due to changes in service specific grants (e.g. BCF) have been added into the proposed budget, totalling £60.6m, and these are detailed in Appendix A. The most significant of these by directorate are considered below.

1.48 Adult Care and Community Wellbeing:

- Adult social care provision is reliant on approximately 7,000 beds (long and short-term care) and in excess of four million hours of commissioned community-based support. The 9.8% increase in the national living wage to £11.44 per hour, a core component of the rate the Council pay for commissioned care, is the key driver behind £16m of adult social care pressures.
- £9.4m financial pressure is driven by increasing demand for services across Adult Care and Community Wellbeing. Older persons services are seeing an increase in demand for residential care for this first time since the pandemic with previous self-funders approaching the council for financial support due to diminishing

capital, a 21% increase in this client cohort. Demand for working age adults continues to increase between 3-4% per year however the complexity of the packages of care is behind the need to forecast an additional £3.1m for mental health care costs. Working with partners, the costs arising from increasing demand for homicide reviews, has been met with financial contributions from all parties.

- 2024-25 will see a continuation of the Discharge Grant through the Better Care Fund to get people out of hospital on time into care settings, freeing up NHS beds for those who need them. This grant is supporting the 16% increase in clients being discharge from inpatient care in need of social care support. The services include residential care, homecare and community equipment.
- The Market Sustainability and Improvement Grant is also continuing into 2024-25. This grant is supporting the move to a four-tier homecare rate, a two-tier community supported living rate, additional rate increase for residential care and targeted supported into adult social care workforce.
- The 2024-25 Public Health Grant allocation was announced earlier in 2023 and is forecast to increase by £0.474m.
- Adult Social Care Charging Policy is due for refresh 1 April 2024. The council will continue to exclude enhanced benefit income from the calculation of the clients contribution and apply the national minimum income guarantee to ensure people with higher needs are not disproportionately impacted by the income assessment. The Disability Related Expenditure bandings do need uplifting to reflect the increased cost of living and the forecast £0.6m cost of this is included in the budget.

#### 1.49 Children's Services:

- The Council has a Children's Services system which is working well and a service which is outstanding, and the Council continues to strive for improved outcomes for children and families. There continues to be an emphasis on prevention from children coming into care and exit planning from the care system where it can be achieved.
- The area of Children in Care (CiC) causes a significant financial risk to the Council budgets due to the demand-led nature, volatile and financial consequence. Lincolnshire is facing the same challenges as nationally with rising demand on its services; increasing complexity and demands of children. The CiC cost pressures raised (£4.136m) have been necessary to meet the current baseline commitments of CiC placements which reflects the changing landscape with higher CiC numbers; a higher composition in more specialist placements. Added to this is the unfavourable market conditions impacting prices for 2024/25 (£1.182m). The Government has increased the National Minimum Standard (NMS) rates for internal foster carers for 2024/25 by 6.88% supported by the

latest budget settlement. Internal foster carers are a vital part of Lincolnshire's offer for CiC in providing a family home, therefore we propose to increase the current rates by 6.88% for 2024/25. The cost pressure (£1.037m) also includes the 2023/24 rise in the NMS rates announced late in the budget process that was implemented in the current year.

- Lincolnshire's number of CiC is currently 756. The CiC rate per 10,000 is 50.7 compared with statistical neighbours: 65 per 10,000 and England 70 per 10,000 is favourable, however the demands placed on public finance is rising.
- The CiC programme continues to have strong oversight and rigour of the budget position of these demand-led and volatile budgets. Increasing demand and price changes is however a common theme across the activities of Children's Services due to the challenging landscape.

#### 1.50 Fire and Rescue:

- The main cause of cost pressure is the expected £0.12m increase in the ongoing support costs for the Fire Control system.
- Progressive withdrawal of Home Office funding for Fire Link increases the service's net cost base by £0.09m.
- Increased operational requirements relating to the mandatory accreditation of forensic fire investigation and DBS checks adds a further £0.11m cost.

#### 1.51 Place:

- Although not as pronounced as in previous years, continuing inflationary pressures in the construction sector result in an expected increase of £3.1m in the cost of plant, labour, materials and equipment in the Highways maintenance contract.
- Inflation has also had a marked effect on the re-procurement of Household Waste Recycling Centre contracts, increasing cost by £1.2m. This is exacerbated by new requirements to separately store and haul waste deemed to contain hazardous material, which increases operational costs by a further £0.25m.
- A restructure of the Planning team to provide greater resilience and accommodate the increased demand resulting from Nationally Significant Infrastructure Project (NSIP) applications, increases cost by £0.25m, although this is largely funded by the corresponding increase in planning fees detailed in the savings section below. The cost of the cyclical examination of the Minerals and Waste Local Plan also adds a short-term pressure of £0.1m in this service area.



- The high levels of general and pay inflation exhibited in published indices, feed through to unusually high contract indexation in the Libraries contract, resulting in a cost pressure of £0.6m.
- Inflation has also had a £0.3m impact on the cost base of the Business Units operated by Economic Infrastructure.
- A £3.2m cost pressure for the delivery of educational transport to meet statutory and policy requirements arises from continuing inflation, service demand and challenging market conditions.

#### 1.52 Resources:

- Following a comprehensive review of IT, a series of necessary changes have been identified to ensure a strengthened approach to service delivery, which better enables the organisation. This is wider ranging, and extends to Leadership and security. Overall, the cost of the proposed changes amount to £0.791m, but are part mitigated through the achievement of savings across the service.
- The directorate has a relatively high exposure to inflationary pressures as a result of the contractual arrangements in place to support the delivery of support services. As a result of inflation being higher for longer, this means that the cost has increased during the budget review. Across corporate property, IT and transformation (systems), contract inflation is expected result in a cost pressure of £1.544m.
- The Redmond Review of the effectiveness of external audit and transparency of financial reporting in local authorities identified a need to increase external audit scrutiny of local authorities. This will lead to an increase in the cost of the external audit, which is forecast to be £0.195m.
- The Council continues to make greater use of cloud storage, which is paid for on a subscription basis. Therefore, the cost to the Council is forecast to increase in 2024/25 by £0.231m.
- In order to meet increased demand from across the organisation and its partners, the Commercial service has been supported by temporary posts which have been funded via reserves. In recognition that demand is likely to remain permanently high given the commissioning approach taken by the Council, the budget proposal makes provision to enable a permanent staffing structure, at a cost of £0.188m. This will increase the likelihood of filling vacancies and enable the commercial reserve to be re-purposed.

#### 1.53 Other Budgets:

- In recent years, the Local Government pay award has not been determined until during the financial year. This will continue to be the case in 2024/25. The cost

of the pay award is estimated centrally and allocated to services when the pay award is agreed and the cost known. For 2024/25, a global 4% increase has been assumed for pay costs, at a cost of £8.778m. The actual pay award will be influenced by the forecast national living wage for April 2025, and the forecast rate of forward inflation. 4% is assessed to be a reasonable global estimate at this, noting that a flat fee pay award is again likely. Pay award risk is one of the factors which supports the holding of the base budget contingency.

- The Council funds the cost of pre-2000 legacy pension liabilities. Every year, the pension values are inflated which leads to increased cost, with some mitigation through attrition. For 2024/25, the net increase is forecast to be £0.262m.

#### *Cost Savings and Additional Income*

1.54 Budgetary savings, changes to income and service specific grants are also detailed in Appendix A, and total £19.1m. The most significant of these relate to:

1.55 Adult Care and Community Wellbeing:

- The main changes identified in the budget setting process relate to social care specific additional funding announced in the settlement, which offsets the pressures identified.
- Through the Directorates Financial Assessment Improvement Programme, plans are being finalised which aim to improve the customers experience of the adult social care pathway and improve process efficiency including delivery of a prompt financial assessment. The impact of this is built into the Medium-Term Financial Plan from 2025-26.

1.56 Children's Services:

- In 2023/24, the CiC programme will be seeing two new children's homes opening to increase internal capacity for CiC in Lincolnshire and deliver improved value for money (£0.291m). Children's Services carried out a review of its budgets to realise service efficiencies and utilisation of grant income for 2024/25 (£0.414m).

1.57 Place:

- The continuation of the roll-out of separated waste paper and card collections is forecast to provide further savings of £0.86m in 2024/25.
- A short-term saving of £0.75m is forecast from increased income share from the Energy from Waste (EfW) plant. This is, however, expected to diminish over the following three years as energy prices return to more "normal" levels.
- As referenced above, increased fee income resulting from Planning Performance Agreements in respect of NSIPs is expected to generate £0.175m.

- Increases in the energy costs for street lighting not being as high as previously anticipated reduces the budget requirement for 2024/25 by £2.0m.
- Efficiency gains in the data capture and invoicing for 3rd Party damage to highways assets and improved productivity in network compliance are expected to generate savings of £0.5m.

#### 1.58 Resources:

- As a result of the decrease in energy prices, the cost of energy on Council properties is expected to be lower than the current budget requirement. Accordingly, the budget proposal assumes a £2.088m cost reduction in energy costs.
- There are forecast savings associated with the re-procurement of the customer service centre contract, in addition to savings associated with the customer and digital transformation programme. The budget proposal assumes savings of £0.934m, with further savings assumed in 2025/26. The savings are predicated on greater use of technology and have a specific monitoring programme to oversee delivery.
- A review of Legal Lincolnshire fee rates are expected to generate an additional £0.4m in 2024/25.
- Within IT, the decommissioning of a legacy system is expected to lead to reduction in cost of circa £0.372m. In addition, the service have also identified reductions in other parts of the cost base totalling £0.246m. There are further savings assumed in 2025/26.

#### 1.59 Other Budgets:

- In the 2023/24 budget, the Council committed to investing a one-off additional £7m into highways maintenance, which was allocated to the contingency and distributed to the service. The budget proposal for 2024/25 reverses this investment.
- During the 2023/24 budget process, a cost pressure was built in to reflect a change in the pension contribution rate and the forecast cost of the 2023/24 pay award (which was not known at that point). During 2023/24, the final pay award has been agreed and an updated financial impact assessment has been completed for the change in pension costs following the triennial review of pension contributions. The net effect of both is that the Council over-provided via the pressure budgeted in 2023/24, and therefore the 2024/25 budget proposal re-reduces the cost by £2.182m.

- During the 2023/24 financial year, the corporate insurance contract has been re-tendered. The cost of the new contract has been assessed as lower than the previous contract, albeit with some contributing factors (such as different coverage in some areas of the contract). The budget proposal assumes a cost reduction in 2024/25 of £0.980m.
- The revenue contingency was held at £6.5m during 2023/24, to reflect heightened risk, particularly around inflation. As considered in this report, there is still considerable risk of further inflationary pressures, although the risk is expected to be receding albeit slower than previously expected. On that basis, the budget proposal reduces the size of the contingency needing to be held by £0.5m.

*2024/25 Revenue Budget Proposal (by budget book line)*

- 1.60 The Council is proposing a one year budget, with the Net Revenue Budget by service area shown in Table C on the next page and details of cost base adjustments contained in Appendix A. In addition, the Council has an indicative four year medium term financial plan position which is set out Table A.
- 1.61 The table on the following page shows the Net Revenue Budget by service area for 2024/25 at this point in time, compared with the revised base budget for 2023/24 following changes made during the current financial year (i.e. realignment of resources following a wider re-structure). If there are subsequent changes to the cost base necessary which lead to a change in the budget proposal, these will be clearly and separately identified in the updated budget proposal that will be brought to the Executive in February 2024. In addition, the funding is expected to change when the detailed local taxation calculations are finalised and shared by the Districts at the end of January 2024.

Table C – Net Revenue Budgets by Service

2023/24 Budget (£)	REVENUE BUDGETS	2024/25 Change (£)	2024/25 Budget (£)
	<b>CHILDREN'S SERVICES</b>		
14,499,701	Children's Education	663,157	15,162,858
89,469,460	Children's Social Care	9,075,250	98,544,710
	<b>ADULT CARE &amp; COMMUNITY WELLBEING</b>		
142,706,661	Adult Frailty & Long Term Conditions	11,780,080	154,486,741
101,335,220	Adult Specialities	12,980,000	114,315,220
29,292,132	Public Health & Community Wellbeing	474,161	29,766,293
6,065,541	Public Protection	185,000	6,250,541
(61,412,354)	Better Care Fund	(2,744,095)	(64,156,449)
(35,544,000)	Public Health grant income	(474,161)	(36,018,161)
	<b>PLACE</b>		
87,409,130	Communities	3,935,517	91,344,647
508,383	Lincolnshire Local Enterprise Partnership	-	508,383
2,856,744	Growth	303,000	3,159,744
48,339,369	Highways	509,500	48,848,869
	<b>FIRE &amp; RESCUE</b>		
24,704,397	Fire & Rescue	322,702	25,027,099
	<b>RESOURCES</b>		
8,714,908	Finance	145,000	8,859,908
17,512,781	Organisational Support	(138,600)	17,374,181
3,189,063	Governance	(400,000)	2,789,063
19,957,384	Corporate Property	(1,314,486)	18,642,898
9,085,502	Commercial	(631,824)	8,453,678
6,821,712	Transformation	209,440	7,031,152
16,702,430	IMT	1,186,417	17,888,847
3,054,260	Corporate Services	-	3,054,260
<b>535,268,424</b>	<b>SERVICE TOTAL</b>	<b>36,066,058</b>	<b>571,334,482</b>
	<b>OTHER BUDGETS</b>		
14,691,190	Contingency	(500,000)	14,191,190
43,056,480	Capital Financing Charges	-	43,056,480
14,460,479	Other Budgets	5,960,137	20,420,616
<b>72,208,148</b>	<b>OTHER BUDGETS TOTAL</b>	<b>5,460,137</b>	<b>77,668,285</b>
	<b>SCHOOLS BUDGETS</b>		
550,838,289	Schools Block	30,000,127	580,838,416
125,371,876	High Needs Block	4,630,842	130,002,718
3,223,169	Central School Services Block	(65,767)	3,157,402
43,759,342	Early Years Block	25,596,360	69,355,702
(725,868,591)	Dedicated Schools Grant	(60,161,562)	(786,030,153)
<b>(2,675,915)</b>	<b>SCHOOLS BUDGETS TOTAL</b>	<b>-</b>	<b>(2,675,915)</b>
<b>604,800,657</b>	<b>BUDGET REQUIREMENT (pre-reserves)</b>	<b>41,526,195</b>	<b>646,326,852</b>
7,000,000	Highway maintenance additional spend (2023/24)	(7,000,000)	-
(7,543,384)	Transfer to/from Earmarked Reserves	361,580	(7,181,805)
<b>604,257,272</b>	<b>BUDGET REQUIREMENT</b>	<b>34,887,775</b>	<b>639,145,047</b>
	<b>FUNDING</b>		
(365,554,704)	County Precept (2.99% increase shown)	(15,969,417)	(381,524,121)
(141,324,175)	Business Rates	(11,484,501)	(152,808,676)
(40,984,265)	Non-Specific Government Grants	3,020,458	(37,963,807)
(56,394,128)	Social Care Grant	(10,454,316)	(66,848,444)
<b>(604,257,272)</b>	<b>TOTAL FUNDING</b>	<b>(34,887,775)</b>	<b>(639,145,047)</b>

*Breakdown of Grant Funding (contained within Funding)*

- 1.62 Table D below shows an expanded version of the non-specific Government grants and social care grants assumed within funding below:

Table D – Other Government Grants

2023/24 (£)	OTHER GOVERNMENT GRANTS	2024/25 (£)
(23,391,916)	Revenue Support Grant	(26,378,422)
(8,133,553)	Rural Services Delivery Grant	(8,133,553)
(850,194)	New Homes Bonus Grant	(952,256)
(127,726)	Inshore Fisheries Conservation	(127,726)
(1,503,000)	Extended Rights to Free Travel	(1,662,500)
(98,000)	Virtual Schools Head grant	-
(1,437,000)	Fire Pension Grant	-
(4,508,077)	Services grant	(709,349)
(934,798)	Business rates levy surplus distribution	-
(56,394,128)	Social Care Support Grant	(66,848,444)
<b>(97,378,393)</b>	<b>TOTAL</b>	<b>(104,812,250)</b>

- 1.63 The table above lists all grants which form part of the Council’s funding base, excluding business rates related grants. These are also considered in 1.28, within the section focussed on the settlement. As stated, there are changes to some service specific grants which are applied direct to the service where they relate to. For example, the ASC Market Sustainability and Improvement Fund and ASC Discharge Fund are applied directly to adult social care, with an equal and opposite uplift to expenditure.

*Council Tax Setting*

- 1.64 In previous years, the early January Executive budget proposal formalises the preferred change in the council tax rate, which forms a key part of the proposal that is consulted upon. There are various factors that mean this is no longer the preferred approach, such as: the lateness of the settlement, the potential for further cost base changes, and the potential for changes in local taxation. Therefore, some flexibility needs to be retained for if a different course of action is required. Therefore, there are a range of potential options still under consideration, which have differing impacts on the residual deficit position.
- 1.65 Three key options have been modelled for the purposes of this report: a 2.99% increase, a 3.99% increase and a 4.99% increase. In effect, this means that the minimum price increase being considered is 2.99% and the maximum increase being considered is 4.99%. The final budget proposal will be based on a rate within the range specified, and will consider the public consultation feedback.
- 1.66 The net revenue budget position considered in Table B (point 1.45) assumes a total increase of 2.99%, for modelling and illustrative purposes. However, mainly due to funding uncertainty, the section 151 officer advises maximising the increase to ensure the Council is best placed to navigate future challenges.

- 1.67 The impact of the different council tax increase options on the budget proposal structural deficit over the medium term financial plan period is as follows:

Table E – Council tax increase scenario's

COUNCIL TAX	2024/25 Budget (£)	2025/26 Budget (£)	2026/27 Budget (£)	2027/28 Budget (£)
<b>Option A</b>				
Band D Council Tax (%)	2.99%	2.99%	2.99%	2.99%
Band D Council Tax (band D £)	1,548.63	1,594.89	1,642.59	1,691.73
County Precept	(380,024,121)	(397,246,676)	(415,264,450)	(434,102,885)
Use of Reserves	7,181,804	13,532,691	12,958,518	15,495,381
<b>Option B</b>				
Band D Council Tax (%)	3.99%	2.99%	2.99%	2.99%
Band D Council Tax (band D £)	1,563.66	1,610.37	1,658.52	1,708.11
County Precept	(383,712,389)	(401,102,352)	(419,291,726)	(438,306,041)
Use of Reserves	3,493,536	9,677,015	8,931,242	11,292,225
<b>Option C</b>				
Band D Council Tax (%)	4.99%	2.99%	2.99%	2.99%
Band D Council Tax (band D £)	1,578.69	1,625.85	1,674.45	1,724.49
County Precept	(387,400,657)	(404,958,028)	(423,319,002)	(442,509,198)
Use of Reserves	(194,732)	5,821,340	4,903,967	7,089,069

- 1.68 The referendum threshold limit for 2024/25 has been set in the Provisional Finance Settlement at up to 3% for core increases with up to an additional 2% for the adult social care precept. This is not expected to change in the final settlement, due in February 2024.
- 1.69 It is estimated that a Council Tax increase of 2.99% will generate additional income of £10.9m based on the Council tax base for the current year. The assumed increase in Council Taxbase is forecast to generate a further £5.6m of income. Together these increases total £16.5m in 2024/25. For context, a 1% increase in Council Tax would generate £3.7m of additional income based on the assumed Council tax base for 2024/25. This means that a 1% increase in Council Tax would generate additional income of £3.7m which could be used to help reduce the deficit position and a 1% decrease would create an additional deficit budget position of £3.7m which would need to be funded by the Financial Volatility reserve or another source.
- 1.70 The final figures on the Council Taxbase and any surpluses or deficits on the Council Tax element of the Collection Fund will not be received from Lincolnshire District Councils until 31 January 2024. A 1.5% increase in the tax base has been assumed in all years of the medium term financial plan.
- 1.71 The collection fund estimate for council tax has not yet been received from the district council's. This is expected to be received during January 2024. At this point in time a modest Council Tax collection fund surplus for the 2023/24 financial year has been assumed, which is in recognition of the recent trend. It is possible that the actual position may differ, positively or negatively. The final information on Taxbase changes and any further surplus or deficit on the Council Tax collection fund relating

to 2023/24 will be reported to the Executive at its meeting on 6<sup>th</sup> February 2024, together with the impact on funding that this will have.

- 1.72 An Equality Impact Analysis will be completed for each council tax increase option. This will be reported back to the Executive at its meeting on 6<sup>th</sup> February 2024.

*Business Rates Taxbase*

- 1.73 The Council's income from business rates is determined by a combination of information from the Local Government finance settlement and the statutory NNDR1 returns produced by the Lincolnshire District Council's, which show the Council's proportionate share of locally collected income.
- 1.74 The impact from the settlement has been considered elsewhere within this report, and essentially means that the Council can expect to receive approximately 6.5% more income via its top up grant and through the multiplier cap compensation grant. This has been estimated and has been reflected within the budget proposal, and amounts to the biggest change in funding compared to the 2023/27 medium term financial plan estimate for 2024/25 business rates, which is due to a lower rate of inflation previously being assumed.
- 1.75 In respect of the Council's share of income from the local tax base, the District Councils have until 31<sup>st</sup> January 2024 to provide business rates returns showing:
- the position on the business rates element of the collection funds; and
  - the value of the section 31 compensation grant due to the County Council
  - the Council's share of local taxation forecast to be collected

At the time of preparing this report, the Council had not received notification of provisional Business Rates Collection Fund positions from any of the seven District Councils. Any surplus or deficit from business rates collection will only have a one off effect on the 2023/24 budget. The current working assumption within the budget presented in this report is that there will be a minor residual deficit arising from the Business Rates Collection Fund 2022/23.

- 1.76 With regards to the collection fund, the Council does not expect to receive confirmation of the estimated position until the end of January 2024. Any surplus or deficit from business rates collection will only have a one-off effect on the 2024/25 budget. No surplus or deficit is currently assumed within the budget proposal and is therefore a variable likely to change.
- 1.77 The 2023 business rates revaluation took effect in April 2023, and therefore the collection fund estimate will contain an update on progress against the new rating list. The 2023/24 taxbase estimate included a provision for appeals estimate, of which the collection fund estimate will provide an update. It is possible that there haven't been enough appeals submitted yet to evidence the appeal provision estimate, which is a timing lag issue only. Therefore, an assessment of the collection



fund variance will need to be made, and this might necessitate reserve adjustments if the root cause is timing related only.

- 1.78 The Government's new policy to freeze the small multiplier (which benefits small businesses) and apply inflationary increases to all other businesses represents a decoupling of the inflation rates used to calculate the small and standard multiplier capping fractions. This means that baseline funding is not now linked solely to changes in the small business rates capping fraction. Accordingly, the budget proposal assumes that baseline funding and the multiplier cap compensation funding increase by circa 6.5%. However, this might change through the detailed calculation. Therefore, the funding estimates for business rates are best estimates at this stage, but are subject to change. It should be noted that the change in approach contributes additional complexity into an already complex funding system.
- 1.79 A Business Rates pool will continue to operate in 2024/25, with the assumption that for now there will be a pooling gain next year of £2.0m.

*Dedicated Schools Grant*

- 1.80 Lincolnshire's indicative Dedicated Schools Grant (DSG) allocation for 2024/25 is £786.030m and will be used to support all schools in Lincolnshire. The ring-fenced grant will continue to comprise of four blocks: Schools, Central School Services, High Needs, and Early Years. Each of the four blocks of the DSG is determined by a separate national funding formula.

## Business process improvement

- 1.81 The Council continues to progress a programme of transformation the with the aim of reducing bureaucracy and reliance on manual processes, whilst also ensuring back office services are optimised. This approach will continue to allow the council to maintain and invest in its valued frontline services maximising outcomes for residents. The savings presented in this report total £9.4m for 2024/25. The medium term financial plan includes additional savings over the period 2025/26 to 2027/28 totalling £13.3m. These represent savings that can be delivered over the four year period, following robust verification work undertaken. If accelerated delivery allows them to be brought forward, the financial plans will be amended to place them in the year they can be delivered in their entirety to ensure that the council's overall reputation for robust financial management is maintained.
- 1.82 During the 2024/25 budget setting process, the Council identified a need to identify additional efficiencies, as part of its cost conscious approach to financial planning. This is to be achieved through maximising use of grant funding, ensuring equitable sharing of cost with partners, vacancy management and reviewing corporate provisions against the level of need. Each service is also allocated an annual efficiency target to complement the wider transformation work ongoing.
- 1.83 In Autumn 2023, the Council's Transformation Programme launched its next major piece of work focussing on business performance improvement. The main thrust of the programme is to critically assess and optimise major end to end processes across council business in order to remove duplication and handoffs and thereby reduce administrative costs. Where appropriate once optimised, digital solutions may also be sought. The main outcomes of the programme are to:
- Provide better customer and employee experience
  - Improve productivity
  - Ensure efficient and effective systems
  - Realise financial savings and benefits
  - Release of capacity and capability

Different areas of council business have been assessed on a heat mapping basis looking at frequency, volume, interactions and interdependencies. A number of services/processes have been identified as priority and include the Adult Social Care pathway, Educational Travel, Exchequer and the Employee Lifecycle. Work is now underway to undertake that critical assessment of these areas and it is expected future budgets from 2025/26 will contain savings from the programme to reflect that improved efficiency and effectiveness.

## Financial Risk

1.84 There are a number of risks which may impact on the budget for 2024/25 and these have been considered in the realistic and prudent approach to estimates that has been taken. The key risks to the budget proposal which currently pose the most significant risks are:

- The economic context and the possibility of further economic shocks (i.e. materially different from current expectations)
- The achievement of cost base reductions across all years of the plan, although not all years are shown in this report
- The uncertainty over the funding base beyond 2024/25
- The extent to which the Council can successfully manage increasing demand for its services, particularly with regards to demand sensitive areas like social care and home to school transport
- Council tax and business rates collection and tax base

The budget proposal recognises that there is inherent risk which informs the need to hold contingencies and reserves. The report to Full Council will contain the robustness of estimates statement, which will expand on these areas and contextualise against the mitigating action or tools available.

## Reserves

- 1.85 The Council's general fund reserve currently stands at £16.4m. The purpose of the general fund is to mitigate against unplanned and unforeseen financial risk, effectively acting as the reserve of last resort. The Council's strategy is to maintain these reserves at a level which is between 2.5% and 3.5% of the budget requirement each year. Based on the budget requirement set out in this report, the general fund would equate to 2.6% of the budget requirement. In the final budget proposal, if the budget requirement remains at the level stated or higher, a reserve transfer will be implemented in the final budget proposal to increase the general fund to the middle of the range, which equates to approximately an additional £3m.
- 1.86 The Council holds earmarked reserves and grant reserves in addition to the general fund reserve. Earmarked reserves are held for a specific purpose, and grant reserves are grant funding that has not yet been spent in the manner dictated by the grant conditions. The Council also holds reserves on behalf of schools. The budget proposal will look to utilise the most appropriate reserves to present a balanced budget where a deficit position makes this necessary. This may include appropriate grant reserves, or the reserve held to support financial volatility.
- 1.87 The Development Fund is the reserve which is used to support investment in areas which support delivery of Council priorities, and delivery of the Council's transformation programme and associated savings programme.
- 1.88 The Reserves Table below shows the Council's reserves as at April 2023 and the forecast use during the current financial year. The Council is currently developing an updated reserves strategy which will form part of the Budget Book submission to Full Council in February. This will seek to explore the kinds of risks to which reserves are being held and provide further information on the different types of reserves being held as well as their planned use.

Table F – Current Reserve Forecast

<b>RESERVE STATEMENT (at Q2 2023/24)</b>	<b>2023/24 (opening balance)</b>	<b>2023/24 (forecast closing balance)</b>
General Fund Reserve	16,400	16,400
Earmarked Reserves	103,830	71,097
Grant Reserves	105,142	81,077
School Balances Reserves	29,148	13,927
<b>TOTAL RESERVES</b>	<b>254,520</b>	<b>182,501</b>

## The Capital Strategy

- 1.89 Capital investment remains a key enabler of the Council plan, and has been used to support the effective delivery of Council services. To date, the Council has utilised capital investment to support transformation within services, which has helped to achieve cost reductions. It has also been used to meet anticipated future need, which has helped to contain revenue cost in some areas, particularly education.
- 1.90 The capital strategy approved in 2023/24 has supported the budget setting process for capital investment during this financial year. The strategy is undergoing a refresh and will be included within the report for the meeting of the Executive on 6<sup>th</sup> February 2024.
- 1.91 The Council routinely maintains a multi-year capital programme which generally tends to be around ten years. However, it should be noted that the Council's appetite for capital investment should remain linked to its longer-term projections for spending power. This ensures that the capital programme remains affordable relative to anticipated resource availability. As discussed in detail elsewhere in this report, there is significant funding uncertainty beyond 2024/25 and therefore there is diminished appetite to increase the size of the overall capital programme without having that wider funding certainty.
- 1.92 Therefore, the capital programme presented within this budget proposal primarily reflects the re-phased capital investment programme. There are two key areas that have been adjusted for:
- Previously approved adjustments – in the 'Revenue Budget Monitoring Report 2023/24 (Quarter 2)' report to the Executive, approval was sought and duly given to utilise £8.8m of the forecast underspend to fund additional capital investment into Place infrastructure. In addition to approving the adjustments, the Executive also approved a further allocation of £4m from the revenue budget underspend for use for flood investigations and alleviation. The programme has been updated to incorporate all approvals, and they are budgeted for in 2024/25. This will necessitate the in-year windfall underspend identified to be transferred to the development fund at financial outturn, so that it can be drawn down to fund the approved schemes in 2024/25.
  - Allocation of contingency balance to priority schemes – the Council holds a relatively modest annual contingency budget within the capital programme, which provides a buffer against unforeseen increases in cost estimates. Over the past few years, a balance of approximately £24.9m has accrued and consideration has since been given to how it might be distributed to emergent priority schemes where there is a clear need for investment. This ensures the Council can increase planned investment in specific schemes, without increasing the overall quantum of borrowing assumed within the capital programme.

## The Capital Programme

- 1.93 A ten year Capital Programme has been compiled in line with the principles set out in the Capital Strategy, including the principle of Affordability. The full Gross Programme is shown at Appendix B and totals £193.2m for 2023/24 plus a further £511.1m for future years. After grants and contributions are taken into consideration, the Council has a Net Programme of £106.2m for 2023/24 plus a further £338.6m for future years.
- 1.94 The economic context set out earlier on in this report continues to pose financial risk to capital programme delivery. There are two elements to consider, the first is ongoing inflation in capital schemes, which continues to be visible and increases with time. The second is the cost of financing, which has increased due to the increase in the base rate. It is hoped that these risks recede with time, and will continue to be monitored and reported.
- 1.95 As referenced within the strategy section, there are new schemes added to the programme following prior Executive approval. These are all planned for 2024/25, and are to be funded via revenue. The schemes are:
- Waste Transfer Stations (£6.1m) – additional investment in waste transfer station infrastructure in preparation for implementing the requirements of the Environment Act. This is enabled by a windfall energy from waste gain in 2023/24.
  - Cross Keys Electrification (£1.2m) – funded by additional traffic regulation order income, the scheme intends to replace the hydraulics on the bridge to ensure a more resilient and efficient operation.
  - LED Swap Out (£1.5m) – funded by the in-year forecast energy underspend, the proposal is to invest additional capital into LED lighting, which is expected to lead to reductions in energy consumption and cost.
  - Flood investigations and alleviation (£4m) – in recognition of the rising challenges around water level management, the Executive decided in early December to set aside additional funding to enable further works to be designed, planned and implemented.
- 1.96 In addition, there is a proposal to distribute the built up contingency balance to fund investment in emergent priority areas. This enables the Council to invest in priority schemes without incurring additional borrowing. The schemes are listed below:
- Waddington Training Centre land purchase (£0.378m)
  - Grantham Fire Station works (£0.469m)
  - Fire door replacement programme (£0.478m)
  - Lincolnshire Secure Childrens Home (£3m)
  - Children’s Home Louth (£0.325m)

- Sutton Bridge Place Making (£0.054m)
- Orchard House B refurbishment (£5m)
- RAF Woodhall Spa development (£1.6m)
- LFR Control Room (£4.568m)
- County Farms solar schemes (£0.150m)
- County Farms subsidence (£0.250m)
- New SEMH School Sleaford (£13m)
- Schools Mobile Replacement (£0.3m)
- 2 bed crisis Children's Home (£0.750m)

In total, £30.472m is proposed to be allocated to schemes across 2024/25 and 2025/26, with most assumed to be delivered in 2024/25. This fully utilises the built up balance of the new developments capital contingency (£24.902m), and draws down £0.575m from the block budget in 2024/25 and the full £5m block budget allocation in 2025/26.

1.97 The utilisation of the contingency annual block budget across 2024/25 and 2025/26 is due to timing, and is expected to be restored in full during 2024/25 following re-prioritisation of the existing programme.

1.98 The revised detailed capital programme incorporating the above changes, in addition to wider programme re-phasing, can be seen in Appendix B. The summary programme position can be seen in Table G below:

Table G – Capital Investment Programme (Summary)

Capital	2023/24	2024/25	2025/26	2026/27 - 2032/33
<b>Investment in Blocks</b>				
Adult Care and Community Wellbeing	8,113,826	-	-	-
Children's Services	8,082,672	50,000	23,002,477	32,377,000
Place	71,445,396	50,313,488	2,958,337	20,275,000
Fire and Rescue	2,266,441	3,115,310	1,718,000	3,000,000
Resources & Corporate	8,102,388	12,603,210	7,150,000	37,115,967
Total	98,010,723	66,082,008	34,828,814	92,767,967
<b>Investment in Projects</b>				
Adult Care and Community Wellbeing	1,158,703	-	-	-
Children's Services	27,236,574	13,880,405	7,714,286	-
Place	62,549,488	43,458,941	18,456,601	185,373,727
Fire and Rescue	-	4,568,000	-	-
Resources & Corporate	4,199,455	7,367,697	400,000	1,800,000
Total	95,144,220	69,275,043	26,570,887	187,173,727
New Development Capital Contingency	-	4,425,389	-	30,000,000
<b>Total Investment</b>	<b>193,154,943</b>	<b>139,782,440</b>	<b>61,399,701</b>	<b>309,941,694</b>
<b>Funding</b>				
External Funding	(86,990,799)	(45,157,176)	(31,917,089)	(95,434,529)
Borrowing	(76,587,606)	(76,624,519)	(24,284,291)	(179,146,801)
Capital Receipts	(5,000,000)	(5,000,000)	(5,000,000)	(35,000,000)
Revenue	(24,576,538)	(13,000,745)	(198,321)	(360,364)
<b>Total Funding</b>	<b>(193,154,943)</b>	<b>(139,782,440)</b>	<b>(61,399,701)</b>	<b>(309,941,694)</b>

1.99 A brief update is provided by directorate where there are specific changes or risks to report.

1.100 Children's Services:

- The Building Communities of Specialist Provision; Together in Lincolnshire Strategy is making significant changes to the existing special education provision, creating an integrated and sustainable school system where pupils with complex needs can attend their nearest special school, confident that their education and health needs can be fully met. The programme is nearing the end of its implementation, with the majority of capital schemes complete (nine) and supporting operating systems well established. The overall programme budget is £101.8m.
- Schools Government capital grant funding confirmed for 2024/25 and beyond has been included, such as, Basic Need: 2024/25 (£0) and 2025/26 (£21.535m). At the time of writing the report, the Government capital funding allocations for Special Educational Needs; Schools Conditions and Devolved Formula Capital have not been confirmed.

1.101 Place:

- Except for those projects which have either received approval already during the quarter two reporting process, or the schemes to be funded via the contingency, all existing schemes are being managed within their current budget allocations and no changes are proposed for the 2024/25 budget.

1.102 Resources:

- IT and property services continue to invest capital resources to support delivery of the service and the wider Council. There are some new spending commitments relating to property referred to in this section which property are leading the delivery of.

1.103 Capital financing charges were recently recalculated prior to the adjustments set out in this report. As the adjustments do not change borrowing, there is not expected to be material changes to the capital financing estimate although this will be confirmed when the revised calculation is completed. In the short-term, interest receipts on treasury investments are expected to continue to be higher due to increases in the bank base rate, but over the medium and long-term higher borrowing rates are expected to increase the cost of capital.

1.104 In previous years, the Council has made voluntary revenue provision payments to reduce the capital financing requirement of the Council. This has the effect of increasing the amount set aside to repay the cost of capital expenditure to a level which is above the minimum required. This can be used in future to decrease the cost of capital financing charges in future years if required. There are no current plans to do so.



### Flexible Use of Capital Receipts

- 1.105 The Council previously approved the strategy of using Capital Receipts flexibly to fund revenue transformation projects from 2016/17 to 2019/20, in line with the Government's amended policy. From 2020/21 this was changed so that the strategy is now that capital receipts will only be used to repay loans or fund new capital expenditure. Transformation projects will instead be funded by using existing revenue budgets or earmarked reserves (e.g. development fund). This approach will continue into 2024/25.

Advice of the Executive Director for Resources (section 151 officer)

- 1.106 The report references a continuation of the challenging operating environment which the Council is required to work within. There is significant funding uncertainty beyond 2024/25, which is a major concern across the sector. If maintained by the next Government, the current national spending plans would ensure that the Council endures a period of real-terms reductions in its spending power. This means, all else being equal, the Council's costs would inflate at a faster rate than its funding which would necessitate an ongoing and potentially significant efficiency programme.
- 1.107 Furthermore, the Council provides range of key demand led services which are continuing to report significant increases in volume and complexity of demand, and therefore cost despite being regarded as well-led. At a national level, there are concerns across the sector with regards to social care demand and home to school transport. If the scale of increase in future years reflects the Council's experience of the past few years, there is an inherent risk that spend on these services will crowd out other Council services, which are also valued by the public. It is also possible that the Council is further back on the demand curve from the even higher levels of demand being reported elsewhere.
- 1.108 It should also be noted the Government has paused funding reforms (i.e. the fair funding review and the review of business rates baselines) and reforms to adult social care, with uncertainty around what this could mean for the Council if they were to resume.
- 1.109 The net budget has increased significantly over recent years, which has been met through additional funding which includes council tax price increases and the achievement of transformation and efficiencies. The national policy environment implies that future funding settlements will not increase resource availability to the same extent, and therefore there is a pressing need to identify ways to continue to contain demand. The risk is that, if this cannot be done, the cost of demand led services will continue to step-increase in future years set against relatively flat resources, which could necessitate large cost reductions within non-demand led services.
- 1.110 With that in mind, the advice of any section 151 officer would be to maximise the funding available to the organisation. Within the context of setting this budget, achieving the maximum funding would mean increasing council tax by 5%. The budget proposal currently assumes increasing the rate by 2.99%, although does reference the different options being considered. This would ensure the Council is best placed to navigate any potential future challenges.
- 1.111 Maximising the rate of council tax places a greater burden on residents, at a challenging time economically. However, doing so could ensure the Council is able to provide better quality services for a longer duration if austerity is to return from 2025/26. Also, it's worth noting that when compared to comparator authorities,

Lincolnshire continues to be in the lowest quartile for council tax rates when adjusted for fire precepts.

- 1.112 Finally, it is important to reference the Council's strong financial position and recognise the link between this and the difficult decisions the Council has taken since 2010.

## 2. Legal Issues:

### 2.1 Equality Act 2010

Under section 149 of the Equality Act 2010, the Council must, in the exercise of its functions, have due regard to the need to:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.

Having due regard to the need to advance equality of opportunity involves having due regard, in particular, to the need to:

- Remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.
- Take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it.
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to tackle prejudice, and promote understanding.

Compliance with the duties in section 149 may involve treating some persons more favourably than others.

The duty cannot be delegated and must be discharged by the decision-maker. To discharge the statutory duty the decision-maker must analyse all the relevant material with the specific statutory obligations in mind. If a risk of adverse impact

is identified consideration must be given to measures to avoid that impact as part of the decision making process.

These equality considerations do not preclude changes in services being made, but do require that these be fully appreciated. It is clear that the current and future financial challenges facing local authorities and the need for budget savings may result in changes to service provision and to some reduction in Council services. These may apply to services accessed by all people in Lincolnshire as well as services provided to specific groups. It is possible that there may be an adverse impact on some people and communities including those with a protected characteristic.

In order to meet its obligations, Equality Impact Analyses will be carried out in relation to any proposed changes to services on an individual basis. The specific impacts on people with a protected characteristic will be investigated and the potential mitigation, if any, will be made clear, so that the implications of decisions are fully understood as they affect specific groups and communities. These have been and will continue to be regularly reported to the Executive as part of the decision making processes. Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the public sector equality duty.

As part of its decision-making, the Executive will need to consider whether any alternative approaches could alleviate or at least mitigate the impact of the decision; such as making reductions in other areas which do not have the same impacts, including, particularly, equality impacts. The result could be to require additional resources to be used in certain areas than has been budgeted for.

Consideration of the public sector equality duty and/or consultation may be necessary at the budget setting stage where a decision to reduce spending is significant, sufficiently focussed, and in financial terms, apparently rigid.

It is not considered that this applies to any of the proposed reductions set out in this Report and its Appendices.

In particular, in the event that any of the proposed reductions cannot be achieved, the usual budget management processes such as the use of Earmarked Reserves, or virement, would be followed, and approval sought at the appropriate levels in accordance with Financial Regulations, including full Council where necessary. Furthermore, a contingency has been built into the budget proposals in the form of the Financial Volatility reserve (balance £46.9m) and a base budget contingency of £6m for 2024/25, for when additional funding cannot be found by way of Earmarked Reserves or virement from other service areas.

A full Equality Impact Analysis will be developed in respect of the final budget proposal and in particular any Council Tax proposals in the light of feedback received during the consultation process.

### Joint Strategic Needs Analysis (JSNA and the Joint Health and Wellbeing Strategy (JHWS))

The Council must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health & Well Being Strategy (JHWS) in coming to a decision.

Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the Joint Strategic Needs Assessment and Joint Health and Wellbeing Strategy.

### Crime and Disorder

Under section 17 of the Crime and Disorder Act 1998, the Council must exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment), the misuse of drugs, alcohol and other substances in its area and re-offending in its area.

Individual proposals will only be implemented after due regard to the legal matters that must be considered, including the duty under section 17 of the Crime and Disorder Act 1998.

## **3. Conclusion**

- 3.1 These budget proposals reflect an estimate of the level of Government funding expected to be available to the Council and a proposal to increase council tax by up to 4.99% in 2024/25.
- 3.2 A thorough review of Council services was carried out during this year's budget process. Unavoidable cost pressures as well as savings have been identified, and the Capital Programme has been reviewed with changes proposed. The budget proposals aim to reflect the Council's priorities whilst operating within the resources available to it.
- 3.3 The budget proposals have been developed alongside, and in accordance with, the draft Medium Term Financial Strategy and a proposed final version of this Strategy will be reported to the Executive in February 2024. Final budget proposals will be reported to the Executive on 6<sup>th</sup> February 2024.

#### **4. Legal Comments**

The Executive is responsible for publishing initial budget proposals for the budget for the purposes of consultation before determining the budget it will recommend to the full Council.

The matters to which the Executive must have regard in reaching its decision are set out in the body of the report.

The recommendations are within the remit of the Executive and are lawful. The Executive has the power to accept the Recommendation, or to agree one of the alternative approaches referred to in the report, subject to the limits on Council Tax increases referred to in the report.

#### **5. Resource Comments**

Please refer to the advice of the Council's section 151 officer (points 1.106 – 1.112).

#### **6. Consultation**

##### **a) Has Local Member Been Consulted?**

N/A

##### **b) Has Executive Councillor Been Consulted?**

Yes

##### **c) Scrutiny Comments**

There are no scrutiny comments at this stage in the budget process.

##### **d) Risks and Impact Analysis**

An Equality Impact Analysis will be complete for the proposed increase in Council Tax. This will be reported to the Executive at its meeting on 6<sup>th</sup> February 2024.

Further Equality Impact Analyses will need to be undertaken on a service by service basis.

## 7. Appendices

These are listed below and attached at the back of the report	
Appendix A	Changes to the Cost Base 2024/25
Appendix B	Capital Investment Programme

## 8. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Autumn Statement 2022	<a href="https://www.gov.uk/government/publications/autumn-statement-2023">https://www.gov.uk/government/publications/autumn-statement-2023</a>
Provisional local government finance settlement: England, 2023 to 2024	<a href="https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025">https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025</a>
Council Budget 2023/24	<a href="#">Agenda for Executive on Tuesday, 5th December, 2023, 10.30 am (moderngov.co.uk)</a>
Review of Financial Performance 2022/23	<a href="#">Agenda for Executive on Tuesday, 4th July, 2023, 10.00 am (moderngov.co.uk)</a>

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**CHANGES TO THE COST BASE 2024/25**

**APPENDIX A**

**Adult Care and Community Wellbeing**

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Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Price Change	Contractual inflation	The financial rate paid to providers of older peoples care and physical disability services increases each year to reflect changes in inflation, national living wage etc. The rate is encompassed in the 3 year residential contracts and/or the homecare prime provider contracts and published in the annual statement attached to the Adult Care Charging Policy. Forecast aligned to LPC forecast for NLW and Bank of England for inflation forecasts. BCF income contributes to this cost increase (see below).	4,936,195
Adult Specialities	Mental Health/Learning Disabilities Service	Cost Pressure	Demand Change	Population need	Demand for adult specialties continues to increase with between 2.3% - 6.0% for learning disability and mental health long term care respectively.	4,535,031
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Demand Change	Population need	Offsetting increase in expenditure to reflect anticipated ringfenced ASC market sustainability and improvement grant announced in the Autumn Statement (see below)	3,894,384
Adult Specialities	Mental Health/Learning Disabilities Service	Cost Pressure	Price Change	Contractual inflation	The financial rate paid to providers of mental health and learning disability services increases each year to reflect changes in inflation, national living wage etc. The rate is encompassed in the 3 year residential contracts and/or the homecare prime provider contracts and published in the annual statement attached to the Adult Care Charging Policy. Forecast aligned to LPC forecast for NLW and Bank of England for inflation forecasts.	3,293,969
Adult Specialities	Mental Health	Cost Pressure	Demand Change	Population need	Increased mental health demand and cost full year effect of £3.1m	3,100,000
Adult Specialities	Mental Health/Learning Disabilities Service	Cost Pressure	Price Change	National living wage	NLW increase to £11.44	2,843,000
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Price Change	National living wage	NLW increase to £11.44	2,798,000
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Demand Change	Population need	Offsetting increase in expenditure to reflect anticipated increase in BCF(see below).	1,655,080
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Price Change	National living wage	Additional 1%-1.6% increase in unit price paid to ASC care providers reflecting both the NLW increase to £11.07 and the forecast increase and catch up in inflation. 2023-24 funded through use of ASC reserve.	1,292,000

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Adult Specialities	Safeguarding	Cost Pressure	Demand Change	Population need	Growth in demand for DoLs / LPS previously funded by adult care non-recurrent reserve	1,060,000
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Demand Change	Population need	Older peoples residential care is seeing an increase in demand as self-funders capital depletes £0.965m	965,000
Adult Specialities	Mental Health/Learning Disabilities Service	Cost Pressure	Price Change	National living wage	Additional 1%-1.6% increase in unit price paid to ASC care providers reflecting both the NLW increase to £11.07 and the increase in inflation.	934,000
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Income	Change in charging income	Adult Social Care Charging Policy is due for refresh 1 April 2024. The council will continue to exclude enhanced benefit income from the calculation of the clients contribution and apply the national minimum income guarantee to ensure people with higher needs are not disproportionately impacted by the income assessment. The Disability Related Expenditure bandings do need uplifting to reflect the increased cost of living and the forecast 0.6m cost of this is included in the budget.	800,000
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Demand Change	Population need	Increasing demand for working age adults with physical disabilities (all services) and homecare for older people. Assumed reduction in demand for older peoples residential	780,805
Public Health & Community Wellbeing	Public Health & Community Wellbeing	Cost Pressure	Demand Change	Population need	Offsetting increase in expenditure to reflect anticipated uplift in Public Health grant.	474,161
Public Protection	Public Protection	Cost Pressure	Workforce	Other workforce change	2 FTE Coroners Officers needed to sustain the service turnaround times being delivered following an 18month programme of reduction.	100,000
Adult Specialities	Mental Health/Learning Disabilities Service	Cost Pressure	Price Change	National living wage	Additional 1%-1.6% increase in unit price paid to ASC care providers reflecting both the NLW increase to £11.07 and the increase in inflation.	91,000
Public Protection	Public Protection	Cost Pressure	Workforce	Other workforce change	Assistant Director role 100% LCC funded from Jan24	85,000
Adult Frailty & Long Term Conditions	Older Persons	Saving	Demand Change	System shift	Capital Investment in extra care housing reduces reliance on long term residential placements	(204,000)
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Cost Pressure	Service Development / Efficiency	Service efficiencies	Adult Social Care Charging Policy is due for refresh 1 April 2024. The council will continue to exclude enhanced benefit income from the calculation of the clients contribution and apply the national minimum income guarantee to ensure people with higher needs are not disproportionately impacted by the income assessment. The Disability Related Expenditure bandings do need uplifting to reflect the increased cost of living and the forecast 0.6m cost of this is included in the budget.	(250,000)
Public Health grant income	Public Health & Community Wellbeing	Change in Income	Income	Change in grant income	Assumed increase in public health grant	(474,161)

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Saving	Demand Change	System shift	Through delivering the strengths based agenda and enabling people to live within their community for longer, ACCW is forecasting the potential to provide care for 5% of residential care demand in a different way.	(993,000)
Better Care Fund	Older Persons/Physical Disabilities Services	Change in Income	Income	Change in grant income	Confirmation that the Adult Social Care Maintenance BCF grant condition will continue. This is forecast income to be received from that condition. This income supports the cost of providing ASC packages of care. Until formal confirmation of amount received, there is a risk that the actual may differ to forecast.	(1,089,015)
Better Care Fund	Older Persons/Physical Disabilities Services	Change in Income	Income	Change in grant income	Anticipated additional increase in BCF arising from the Autumn Statement. There is anticipated to be an expenditure offset, shown on the row above reflecting new burdens expected to be associated with the additional funding.	(1,655,080)
Adult Specialities	Older Persons/Physical Disabilities Services	Cost Pressure	Income	Change in grant income	Anticipated ringfenced ASC market sustainability, improvement and workforce grant. Forms grant income of £14.7m reflected in MTFP. Supporting ASC access to mental health services.	(2,877,000)
Adult Frailty & Long Term Conditions	Older Persons/Physical Disabilities Services	Change in Income	Income	Change in grant income	Anticipated ringfenced ASC market sustainability and improvement grant announced in the Autumn Statement. Forms grant income of £14.7m reflected in MTFP.	(3,894,384)
<b>TOTAL ADJUSTMENT (CURRENT POSITION)</b>						<b>22,200,985</b>

## Children's Services

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Children's Social Care	Children in Care (CiC) - Placements	Cost Pressure	Demand Change	Population need	To fund the current baseline commitments of CiC placements which reflects the changing landscape with higher CiC numbers; a higher composition in more specialist placements (IFAs, Residential placements, INSA and welfare) and cost base reflecting the unfavourable market conditions. Lincolnshire's CiC is currently 756. The CiC rate per 10,000 is 50.7 (Statistical Neighbours: 65 per 10,000 and England 70 per 10,000).	4,135,704
Children's Social Care	Children in Care	Cost Pressure	Price Change	Other price change	CiC: increase in costs across the composition of placement types supporting this vulnerable group (8-10%): inflationary applied for residential placements and external foster care, and Supported Accommodation based on the cost composition and market conditions; reducing in 2025/26 and future years in accordance with forecasts. The unfavourable market conditions due to the national demand for placements are causing higher levels of inflation within these areas.	1,181,876
Children's Social Care	Social Workers	Cost Pressure	Workforce	Other workforce change	During 2023/23, a 15% market supplement for FAST Social Workers, and a 7% market supplement for CiC and Fostering teams have been agreed to aid recruitment and retention.	1,057,028
Children's Social Care	Fostering and Adoption - foster carer allowances	Cost Pressure	Price Change	Other price change	Funding to reflect the Government's 12.4% increase to the national minimum allowance (NMA) for foster carer allowances in 2023/24 previously funded from corporate contingency and the 2024/25 NMA increase of 6.88%, plus anticipated increases of 3% p.a. from April 2025. Cost of Adoption Allowances (means tested) have been updated to take account of the economic circumstances.	1,037,321
Children's Social Care	Social Workers	Cost Pressure	Workforce	Other workforce change	A new Social Worker Apprentice programme was established in September 2022, creating 14 apprentices, of which 4 will be funded from existing resources. Programme to phase in and will be at maximum capacity by 2025/26.	953,841
Children's Social Care	Strategic Contracts	Cost Pressure	Price Change	Contractual inflation	To fund the increasing cost of strategic provider contracts caused by the higher levels of inflation being experienced now and forecast into the future, compared to when the strategic provider contracts were established (at a fixed price on award), many of which were prior to the market volatility.	584,838
Children's Social Care	Contact Service	Cost Pressure	Price Change	Other price change	Social Care Transport Provision: supervised Family Time is provided in Lincolnshire to support CYP to continue to have positive and sustained relationships with their families when they reside in the care of the Local Authority. This requires travel provision to be provided to the CYP commissioned through the Transport Services team. Poor transport market conditions is a major contributing factor. Other factors for increasing costs include: length of care proceedings, increase of CiC numbers and increase of Family Time ordered post final hearing. Provisional figure.	500,000
Children's Education	Children with Disabilities	Cost Pressure	Demand Change	Population need	To commission a Short Breaks provision for Children with Disabilities at The Maples residential unit, to ensure sufficient capacity to meet existing and future demand. Short Breaks provision is a statutory requirement of the Council. A business case is being made to the ICB for a 30% contribution towards the running of the provision (£0.179m), which has been built into the assumptions	417,751
Children's Social Care	Special Guardianship Orders	Cost Pressure	Demand Change	Population need	Special Guardianship Orders (SGOs) continue to be seen as an important option for permanency for children who need to be removed from their birth parents. The expected increases are based on past trends.	298,724

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Children's Education	Children with Disabilities	Cost Pressure	Price Change	Contractual inflation	The rise in the national living wage / inflation will have a direct impact on the costs for delivering domiciliary care and direct payments in the support for children with disabilities.	181,580
Children's Education	Children with Disabilities	Cost Pressure	Workforce	Other workforce change	A new Social Worker Apprentice programme was established in September 2022, creating 14 apprentices, of which 4 will be funded from existing resources. Programme to phase in and will be at maximum capacity by 2025/26.	93,826
Children's Education	Education: School Improvement	Saving	Service Development / Efficiency	Service efficiencies	Review of delivery and in-accordance with the DfE guidance utilising de-delegation budgets for primary maintained schools differently and efficiencies within the service delivery.	(30,000)
Children's Social Care	Children's Social Care	Saving	Service Development / Efficiency	Service development	General efficiency savings in the delivery of services.	(33,500)
Children's Social Care	Social Care: Targeted Support for Young People	Change in Income	Service Development / Efficiency	Service efficiencies	General efficiency savings in the delivery of services.	(100,000)
Children's Social Care	Social Care: Early Help Services	Change in Income	Service Development / Efficiency	Service efficiencies	Early Help Service: grant funding provides predictability and growth in funding.	(250,000)
Children's Social Care	Children in Care (CiC) - External Placements	Saving	Service Development / Efficiency	Invest to save	Opening of new children's homes (1) September 2023, (2) January 2024. Savings secured through a reduction in placement costs compared to an external residential placement cost.	(290,582)
<b>TOTAL ADJUSTMENT (CURRENT POSITION)</b>						<b>9,738,407</b>

## Fire and Rescue

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Fire & Rescue	Control ICCS/CAD Stn End Replacement Project	Cost Pressure	Service Development / Efficiency	Service development	The current arrangements with the ECHCRC will come to an end in Mar 2025 with LFR and Humberside FRS withdrawing from the consortium. The current, and final, contract arrangements, with SSS the ICCS/CAD provider, end on the on that date having been extended several times beyond the original contract provisions. There is a procurement risk extending further. The need to provide a control function (to receive 999 calls and dispatch resources etc.) is both critical and a legislative duty under the FSA14. There is a further duty under the CCA04 relating to responding to emergencies which necessitates a control function. Station end equipment, which is the communications equipment to facilitate the dispatching of assets is also aging and beyond its serviceable life creating a further critical risk. The mobile data terminals which crews use to assess risk critical information is also nearing end of life. It has now been decided that LFR will implement its own independent solution but continue to collaborate with Humberside FRS for resilience. The tender process through a CCS framework resulted in only one bid, which is from the incumbent supplier SSS. The cost pressure identified reflects the incremental, ongoing costs over the life of the project net of the current ECHCRC contribution. Project implementation costs are excluded as expected to be capitalised and no costs associated with IT internal resources (as not currently recharged) are included.	124,702
Fire & Rescue	Firelink Grant	Change in Income	Income	Change in grant income	The government has announced that the Fire Link grant will be phased out over a five-year period commencing 2022/23. The baseline grant at 2021/22 was £380k p.a. The reduction for 2024/25 corrects the cumulative effect of the reductions already implemented in addition to the reduction effective from 1 April 2024.	93,000
Fire & Rescue	Fire Investigation ISO 17020 Accreditation	Cost Pressure	Demand Change	Other demand change	The Forensic Science Regulator has placed a requirement on any organisation within England and Wales that investigates a fire as part of the Criminal Justice setting to be accredited to ISO 17020. The Police are required to accredit all of their forensic services to ISO 17020 so they have experience of the accreditation process. Due to the complexity of the process and the work needed to maintain it, a regional approach has been adopted in collaboration with Police in most FRS areas. We are currently developing our regional model. Experience from the rest of the sector suggests additional pooled resource is required. Ongoing cost, estimated at 1FTE at Watch manager, is £55k	55,000
Fire & Rescue	DBS Certification	Cost Pressure	Demand Change	Other demand change	Change in regulatory burden caused by an amendment to the Rehabilitation of Offenders Act 1974 (Exceptions), has placed an expectation that all FRS operational staff will require a 'standard level' of DBS check. This will incur a cost pressure of circa £50k for the initial uplift, then £50k every 3 years - circa £20k pa (although this will naturally spread over time).	50,000
<b>TOTAL ADJUSTMENT (CURRENT POSITION)</b>						<b>322,702</b>

## Place

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Communities	Home to School Transport	Cost Pressure	Price Change	Contractual inflation	Delivery of educational transport to meet statutory and policy requirements arising from continuing inflation, service demand and challenging market conditions.	3,012,905
Highways	Highways Asset Management	Cost Pressure	Price Change	Contractual inflation	Increased cost arising on highways maintenance contract extension	1,900,000
Highways	Highways Asset Management	Cost Pressure	Price Change	Contractual inflation	Contract Inflation. Cost of plant, labour and materials outstripping budgetary increases.	1,078,000
Communities	Waste Management	Cost Pressure	Price Change	Contractual inflation	Increased cost resulting from market prices on re-procurement of HWRC haulage contracts.	760,000
Communities	Culture	Cost Pressure	Price Change	Contractual inflation	Contract inflation on Libraries contract, linked to CPI and average earnings. 2024/25 pressure includes adjustment for unfunded high level of inflation in 2023/24.	613,654
Communities	Waste Management	Cost Pressure	Price Change	Contractual inflation	Increased cost resulting from market prices on re-procurement of HWRC operating contracts.	456,000
Communities	Planning	Cost Pressure	Workforce	Other workforce change	Restructure of Planning team to provide greater resilience and accommodate the increased demand resulting from Nationally Significant Infrastructure Project (NSIP) applications. Largely funded by an increase in the level of planning fees. (see below)	250,000
Growth	Economic Infrastructure-Business Units	Cost Pressure	Price Change	Energy/utility price	Energy cost inflation previously budgeted within overall Corporate Property energy costs. 2024/25 figure includes the necessary adjustment for inflation already incurred in 2022/23 and 2023/24 and funded from contingency.	211,000
Communities	Home to School Transport	Cost Pressure	Demand Change	Population need	Increase in expenditure to match increase in extended rights to free travel grant	159,500
Communities	Waste Management	Cost Pressure	Demand Change	Other demand change	Increased operational costs due to requirement to separately store and haul hazardous wood waste from 1st April 2024.	150,000
Communities	Environment	Cost Pressure	Price Change	Contractual inflation	Effect of inflation agreed in the rates for the Highways maintenance contract on work commissioned by the PROW team. 2024/25 pressure includes adjustment for unfunded high level of inflation in 2023/24.	116,000
Communities	Waste Management	Cost Pressure	Demand Change	Other demand change	Increased operational costs due to statutory requirement to separately store and haul waste material which contains Persistent Organic Pollutants from 1 December 2024.	100,000
Communities	Planning	Cost Pressure	Demand Change	Other demand change	Cost of the statutory examination of the Minerals and Waste Local Plan by the Planning Inspectorate. This is a short-term pressure created by the cyclical examination of the plan which occurs every 5 -10 years.	100,000
Growth	Economic Infrastructure-Business Units	Cost Pressure	Price Change	Other price change	Insurance cost inflation under corporate insurance arrangements, previously budgeted in "Other Budgets". 2024/25 figure includes the necessary adjustment for inflation already suffered in 2022/23 and 2023/24 and funded from contingency.	72,000
Highways	Highways Asset Management	Cost Pressure	Demand Change	Other demand change	Asset growth - average of 18km of newly adopted road per annum	31,500
Growth	Economic Infrastructure-Business Units	Cost Pressure	Demand Change	Other demand change	Statutory requirement to improve Energy Performance Certificate (EPC) performance for lettable units.	20,000
Highways	Highways	Saving	Service Development / Efficiency	Service efficiencies	Improve our productivity within the Network Compliance team by taking back in house the invoicing transactions from Business Support to the Highways Service.	(50,000)

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Communities	Planning	Change in Income	Income	Change in charging income	Increased fee income resulting from Planning Performance Agreements in respect of NSIPs.	(175,000)
Highways	Highways	Saving	Service Development / Efficiency	Service efficiencies	Improve data capture and streamline invoicing process for 3rd party claims arising from damage to Highways assets following road traffic incidents.	(450,000)
Communities	Waste Management	Change in Income	Income	Change in charging income	Higher profit share from energy sales at EfW resulting from increase in utility prices. Expected to be short-term as prices return to pre-covid / pre Ukraine war rates.	(750,000)
Communities	Waste Management	Change in Income	Service Development / Efficiency	Invest to save	Increased income and haulage cost savings from continued roll-out of separate paper and card recycling collections.	(857,542)
Highways	Highways	Saving	Price Change	Energy/utility price	Signals and street lighting energy costs based on latest ESPO Energy Report. 2024/25 saving includes an adjustment for the 2023/24 price increase not being as high as previously expected. Contracts renew each October.	(2,000,000)
<b>TOTAL ADJUSTMENT (CURRENT POSITION)</b>						<b>4,748,017</b>



## Resources

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
IMT	Contracts	Cost Pressure	Price Change	Contractual inflation	Additional cost of business as usual activities, which reflects inflation on contracted spend, additional cloud storage costs and additional software costs arising from wider capital investment.	1,013,737
Corporate Property	Property Contract Inflation	Cost Pressure	Price Change	Contractual inflation	Property contract inflation for 2024/25, estimated at 6% accounting for industry indices.	580,445
IMT	Security Costs	Cost Pressure	Demand Change	System shift	Increased investment in cyber security protection.	475,861
IMT	Staffing structure	Cost Pressure	Service Development / Efficiency	Service development	Proposed changes to ensure strengthened leadership capability and capacity, which is offset through the achievement of additional savings within the service (please refer to savings further down the table).	314,783
Transformation	Systems	Cost Pressure	Price Change	Contractual inflation	Additional cost of new software licensing and maintenance, in addition to existing system inflation.	209,440
Corporate Property	Property Contract Inflation	Cost Pressure	Price Change	Contractual inflation	An amalgamation of smaller pressures across the corporate landlord and county farms estate, including increased business rates, increased maintenance costs and minor inflation.	202,144
Corporate Property	Establishment Staffing Increases	Cost Pressure	Demand Change	Other demand change	New posts identified in 'Re-Commissioning of Property Services' report to the Executive in July. The new facilities management posts are not included within the existing contract, and will enable the Council to meet its property statutory and legislative obligations.	195,441
Finance	Finance	Cost Pressure	Price Change	Other price change	External audit scale fee increase resulting from PSAA national auditor appointments	195,000
Commercial	Commercial	Cost Pressure	Service Development / Efficiency	Service development	Move to permanent staffing establishment, removing the reserve funded element (releasing a £1m reserve for alternate use) mitigated by the introduction of a vacancy factor reflecting historic trend data. Additional post identified to enhance workforce transition resilience.	187,661
Commercial	Customer Service Centre	Cost Pressure	Service Development / Efficiency	Invest to save	Software Licence cost for AI technology to enable digital transformation.	114,183
Finance	Finance	Saving	Service Development / Efficiency	Council efficiency programme	Savings Target 1% (split over two years) - financial services	(50,000)
Commercial	Customer Service Centre	Saving	Transformation Programme	Transformation programme	Customer and Digital Transformation (customer digital delivery) - Phase 1 (reduction in call volumes due to channel shift)	(101,000)
Organisational Support	Human Resources	Change in Income	Income	Change in charging income	Increased income from PAL, 0-19 recharges and school recharges	(138,600)
Corporate Property	Insurance	Saving	Service Development / Efficiency	Service efficiencies	Reduction in insurance property premiums following re-procurement	(205,000)
Governance	Legal Services	Change in Income	Income	Change in charging income	Increase in Legal Lincolnshire surplus target following reduction in agency usage and increased income activity	(400,000)

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
IMT	Contracts	Saving	Service Development / Efficiency	Service efficiencies	Achievement of cost reductions across service, which reflects the de-commissioning of the IMP system, reduction in Microsoft Unified Support and a reduction in the Serco contract.	(617,964)
Commercial	Customer Service Centre	Saving	Service Development / Efficiency	Service efficiencies	Re-procurement of new CSC contract delivering cost reduction	(832,668)
Corporate Property	Utility Costs	Saving	Price Change	Energy/utility price	Reduction in energy cost estimates based on current usage and price expectations. This reflects a partial unwinding of the 2023/24 budget pressure.	(2,087,516)
<b>TOTAL ADJUSTMENT</b>						<b>(944,053)</b>

## Other Budgets

Budget Book Line	Service	Change Category (1)	Change Category (2)	Type of Change	BUDGET ADJUSTMENT	2024/25 £
Other Budgets	Pay Award	Cost Pressure	Price Change	Pay award	Anticipated increase in pay costs as a result of the pay award (4% estimate assumed at global level).	8,778,357
Other Budgets	Pension Liabilities	Cost Pressure	Central & Technical Budget Adjustment	Central & technical adjustment	Cost of pension liabilities increase by inflation annually, partially offset by attrition.	262,152
Other Budgets	Council Tax Support	Cost Pressure	Central & Technical Budget Adjustment	Central & technical adjustment	Contribution to District Council's Single Person Discount counter fraud activity. This cost pressure should be offset by an increase in the Council Tax base (1.5% growth assumed).	71,000
Other Budgets	Eastern Inshore Fisheries & Conservation Authority	Cost Pressure	Central & Technical Budget Adjustment	Central & technical adjustment	Inflation on the annual payment to Eastern Inshore Fisheries & Conservation Authority.	10,474
Contingency	Contingency	Saving	Central & Technical Budget Adjustment	Central & technical adjustment	Proposed reduction in the contingency to £6m as the level of inflation reduces.	(500,000)
Other Budgets	Insurance	Saving	Service Development / Efficiency	Service efficiencies	Reduction in insurance costs following contract re-tender. Modest inflation assumed beyond 2024/25	(980,004)
Other Budgets	Pension Liabilities	Cost Pressure	Central & Technical Budget Adjustment	Central & technical adjustment	Reduction in employer contribution rates following impact assessment of 2023 triennial review, mitigated down by a higher than planned for 2023/24 pay award.	(2,181,842)
Highway maintenance additional spend (2023/24)	Highways	Other	Other	Other change	Reversal of 2023/24 additional temporary investment in highways (shown as a separate line on the budget book).	(7,000,000)
<b>TOTAL ADJUSTMENT (CURRENT POSITION)</b>						<b>(1,539,863)</b>

**CAPITAL INVESTMENT PROGRAMME**

**APPENDIX B**

* Scheme by Area (all figures in £m)	2023/24			2024/25			Future Years		
	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding
<b>Adult Care and Community Wellbeing</b>									
B Adult Care	0.484	-	0.484	-	-	-	-	-	-
B Safer Communities	0.025	-	0.025	-	-	-	-	-	-
B Registration Celebratory & Coroners Services	0.020	-	0.020	-	-	-	-	-	-
B Better Care Fund	7.585	7.585	-	-	-	-	-	-	-
P Welton - Extra Care Housing	1.159	-	1.159	-	-	-	-	-	-
<b>Sub-total</b>	<b>9.273</b>	<b>7.585</b>	<b>1.688</b>	-	-	-	-	-	-
<b>Children's Services</b>									
B Schools Maintenance Programme	4.888	4.888	-	-	-	-	-	-	-
B Provision of School Places (Basic Need)	1.639	1.939	(0.300)	-	-	-	55.029	29.371	25.658
B Devolved Capital	0.962	0.962	-	-	-	-	-	-	-
B Foster Care	0.120	-	0.120	0.050	-	0.050	0.350	-	0.350
B Other Children's Social care	0.009	-	0.009	-	-	-	-	-	-
B Connect the Classroom	0.464	0.471	(0.007)	-	-	-	-	-	-
B Alternative Provision school expansion	0.300	-	0.300	-	-	-	-	-	-
P SEND Reorganisation	14.531	9.259	5.272	7.845	-	7.845	-	-	-
P Children's Homes	2.011	0.412	1.599	-	-	-	-	-	-
P Lincolnshire Secure Unit	0.116	0.116	-	-	-	-	-	-	-
P Lincs Secure Unit	10.279	7.266	3.013	-	-	-	-	-	-
P New SEMH School	-	-	-	5.286	-	5.286	7.714	-	7.714
P 2 bed crisis Children's Home	-	-	-	0.750	-	0.750	-	-	-
<b>Sub-total</b>	<b>35.319</b>	<b>25.313</b>	<b>10.006</b>	<b>13.931</b>	-	<b>13.931</b>	<b>63.093</b>	<b>29.371</b>	<b>33.722</b>
<b>Fire and Rescue</b>									
B Fire Fleet and Equipment	2.237	-	2.237	3.115	-	3.115	4.718	-	4.718
B Fire & Rescue and Emergency Planning	0.030	-	0.030	-	-	-	-	-	-
P LFR Control Room	-	-	-	4.568	-	4.568	-	-	-
<b>Sub-total</b>	<b>2.267</b>	-	<b>2.267</b>	<b>7.683</b>	-	<b>7.683</b>	<b>4.718</b>	-	<b>4.718</b>

* Scheme by Area (all figures in £m)	2023/24			2024/25			Future Years		
	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding
<b>Other Budgets</b>									
B New Developments Contingency Fund	-	-	-	4.425	-	4.425	30.000	-	30.000
B Capital Fund	-	1.568	(1.568)	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>1.568</b>	<b>(1.568)</b>	<b>4.425</b>	<b>-</b>	<b>4.425</b>	<b>30.000</b>	<b>-</b>	<b>30.000</b>
<b>Place</b>									
B Highways Asset Protection	56.296	45.607	10.689	38.723	38.723	-	-	-	-
B Integrated Transport	4.905	3.337	1.568	3.337	3.337	-	-	-	-
B Boston Development Schemes	0.914	-	0.914	-	-	-	-	-	-
B Network Resilience	1.787	-	1.787	0.240	-	0.240	0.600	-	0.600
B Heritage/archives	1.625	-	1.625	2.000	-	2.000	1.500	-	1.500
B Lincolnshire Enterprise Partnership Contribution	1.536	-	1.536	-	-	-	-	-	-
B Flood & Water Risk Management	0.584	-	0.584	4.922	-	4.922	-	-	-
B Local Flood Defence Schemes	0.504	-	0.504	1.037	-	1.037	3.500	-	3.500
B Other Highways	2.374	-	2.374	-	-	-	-	-	-
B Local Highways Improvements (pinch points) to support Coastal Routes	0.664	-	0.664	-	-	-	16.795	-	16.795
B Equipment & Vehicles at Waste Transfer Stations	0.250	-	0.250	-	-	-	0.543	-	0.543
B Other Transport Initiatives	0.403	-	0.403	-	-	-	-	-	-
B Libraries	0.323	-	0.323	-	-	-	-	-	-
B Energy Efficiency Street Lighting	0.224	-	0.224	-	-	-	-	-	-
B Economic Development- Business Unit Development	0.191	-	0.191	-	-	-	-	-	-
B Fire Suppression at Waste Transfer Stations	0.028	-	0.028	-	-	-	0.160	-	0.160
B Holdingham Roundabout (Sleaford Growth Schemes)	0.070	-	0.070	-	-	-	-	-	-
B Waste	-	-	-	-	-	-	0.135	-	0.135
B Countryside Rights of Way	0.045	-	0.045	-	-	-	-	-	-
B Other Growth and the Economy - Economic Infrastructure	0.044	-	0.044	-	-	-	-	-	-
B A46 Roundabouts	0.021	-	0.021	-	-	-	-	-	-
B Other Environment & Planning	0.006	-	0.006	-	-	-	-	-	-
B Teal Park Lincoln	(0.001)	-	(0.001)	-	-	-	-	-	-
B A18 Safer Road Fund	(0.007)	-	(0.007)	-	-	-	-	-	-

* Scheme by Area (all figures in £m)	2023/24			2024/25			Future Years		
	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding
B A16/A1073 Spalding to Eye Road Improvement	(0.016)	-	(0.016)	-	-	-	-	-	-
B Lincolnshire Waterways	(0.144)	-	(0.144)	-	-	-	-	-	-
B Lincoln Growth Point	(0.256)	-	(0.256)	-	-	-	-	-	-
B Rural Roads Fund	(0.926)	-	(0.926)	-	-	-	-	-	-
B Sutton Bridge Place Marking	-	-	-	0.054	-	0.054	-	-	-
P Grantham Southern Relief Road	21.061	-	21.061	30.036	-	30.036	0.837	-	0.837
P Spalding Western Relief Road (Section 5)	23.718	-	23.718	(3.649)	-	(3.649)	-	-	-
P North Hykeham Relief Road	6.606	3.580	3.026	4.424	3.097	1.327	177.154	97.980	79.174
P Broadband	1.505	-	1.505	1.093	-	1.093	3.770	-	3.770
P Lincoln Eastern Bypass	1.796	-	1.796	2.800	-	2.800	-	-	-
P A16 Levelling Up Fund (LUF)	5.177	-	5.177	-	-	-	-	-	-
P HWRC Skegness	-	-	-	-	-	-	2.000	-	2.000
P Economic Development - Horncastle Industrial Estate Extension	-	-	-	1.500	-	1.500	-	-	-
P Waste - Separated Paper and Card Scheme	1.247	-	1.247	0.465	-	0.465	-	-	-
P A52 Skegness Roman Bank Reconstruction	0.903	-	0.903	-	-	-	-	-	-
P A631 Louth to Middle Rasen Safer Road Fund	0.700	-	0.700	-	-	-	-	-	-
P A46 Welton Roundabouts (Integrated Transport/NPIF)	0.137	-	0.137	-	-	-	-	-	-
P Spalding Western Relief Road Section 1	-	-	-	0.090	-	0.090	27.700	-	27.700
P Skegness Countryside Business Park 2	0.040	-	0.040	-	-	-	-	-	-
P A631 Middle Rasen to Bishops Bridge Safer Roads Fund	0.013	-	0.013	-	-	-	-	-	-
P Spalding Western Relief Road Section 1 S106	-	-	-	-	-	-	(5.520)	-	(5.520)
P Spalding WRR Section 5 S106	-	-	-	(2.100)	-	(2.100)	(2.100)	-	(2.100)
P Electronic Ticket Machines	(0.004)	-	(0.004)	-	-	-	-	-	-
P A1084 Safer Road Fund	(0.011)	-	(0.011)	-	-	-	-	-	-
P HWRC Tattershall	-	-	-	-	-	-	(0.011)	-	(0.011)
P Holbeach Food Enterprise Zone	(0.337)	-	(0.337)	-	-	-	-	-	-
P Waste Transfer Stations	-	-	-	6.100	-	6.100	-	-	-
P Cross Keys Bridge electrification	-	-	-	1.200	-	1.200	-	-	-
P LED swap out	-	-	-	1.500	-	1.500	-	-	-
<b>Sub-total</b>	<b>133.995</b>	<b>52.524</b>	<b>81.471</b>	<b>93.772</b>	<b>45.157</b>	<b>48.615</b>	<b>227.063</b>	<b>97.980</b>	<b>129.083</b>

* Scheme by Area (all figures in £m)	2023/24			2024/25			Future Years		
	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding	Gross Investment	External Funding	Internal Funding
<b>Resources &amp; Corporate</b>									
B Property Maintenance	4.632	-	4.632	4.567	-	4.567	22.575	-	22.575
B Improvement Transformation	0.350	-	0.350	3.650	-	3.650	-	-	-
B Infrastructure and Refresh Programme	2.450	-	2.450	3.711	-	3.711	19.616	-	19.616
B County Farm Block	0.531	-	0.531	0.675	-	0.675	2.075	-	2.075
B Replacement ERP Finance System	0.127	-	0.127	-	-	-	-	-	-
B ICT Development Fund	0.013	-	0.013	-	-	-	-	-	-
P School Mobile Classroom Replacement	-	-	-	1.100	-	1.100	2.200	-	2.200
P Property Area Review	0.067	-	0.067	-	-	-	-	-	-
P Waddington Training Facility - Capital	0.378	-	0.378	-	-	-	-	-	-
P Fire Door Replacement	0.311	-	0.311	0.167	-	0.167	-	-	-
P Grantham Fire Project	0.469	-	0.469	-	-	-	-	-	-
P 2023 Device Replacement (Refresh)	2.384	-	2.384	-	-	-	-	-	-
P IMT (Cloud Navigator/Windows 10)	0.077	-	0.077	-	-	-	-	-	-
P Care Management System (CMPP)	0.014	-	0.014	-	-	-	-	-	-
P Orchard House B	0.500	-	0.500	4.500	-	4.500	-	-	-
P RAF Woodhall Spa	-	-	-	1.600	-	1.600	-	-	-
<b>Sub-total</b>	<b>12.303</b>	<b>-</b>	<b>12.303</b>	<b>19.970</b>	<b>-</b>	<b>19.970</b>	<b>46.466</b>	<b>-</b>	<b>46.466</b>
<b>Total Investment</b>	<b>193.157</b>	<b>86.990</b>	<b>106.167</b>	<b>139.781</b>	<b>45.157</b>	<b>94.624</b>	<b>371.340</b>	<b>127.351</b>	<b>243.989</b>

*\*refers to block or project*

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