

CABINET

DATE	21/02/2024
REPORT OF	Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director – Place and Resources
SUBJECT	Finance and Business Plan 2024/25 – 2026/27
STATUS	Open
FORWARD PLAN REF NO.	CB 01/24/02

CONTRIBUTION TO OUR AIMS

The Council has two clear strategic priorities – Stronger Economy and Stronger Communities. In order to achieve these priorities, the Council needs to have a clear and robust finance and commissioning plan which focusses on long term financial sustainability.

EXECUTIVE SUMMARY

The Budget, Finance and Business Plan outlines how the Council plans to deliver its agreed financial strategy over the coming three-year period. The document focuses on the delivery of core services at a time of continued uncertainty and outlines how we are investing for the future.

RECOMMENDATIONS

1. That Cabinet recommends to Full Council, approval of:
 - the 2024/25 Budget and summary 2024/25 – 2026/27 Medium Term Financial Plan ('MTFP') contained within Appendix 1 (Annex 4).
 - a 2.98% increase in Council Tax in 2024/25
 - the application of a 2% Adult Social Care precept in 2024/25
 - a provision from 1st April 2024 that
 - in the case of empty homes an additional 100% premium can be levied on properties that have been empty for 12 months or more
 - the business plans contained within Appendix 1 (Annex 1).
 - an annual organisation wide uplift in fees and charges (where permissible by law) in line with the Consumer Prices Index (CPI) or any official index replacing it or to ensure full cost recovery, where appropriate
 - the Capital Investment Strategy included within Appendix 1 (Annex 3).
 - the 2024/25 - 2026/27 Capital Programme set out in Appendix 1 (Annex 2).
 - The Flexible Use of Capital Receipts Policy included within Appendix 1 (Annex 7).

REASONS FOR DECISION

The Council must determine how it is to operate within the forecast financial resources over the medium term. To comply with its legal obligations, the Council must set a balanced budget for 2024/25 and provide a realistic financial forecast for the medium-term financial planning period.

1. BACKGROUND AND ISSUES

- 1.1 This Budget Finance and Business Plan outlines how the Council will support the delivery of its strategic outcomes and priorities as detailed within the Council Plan. It is acknowledged there are a number of significant uncertainties at present and, as a consequence, this plan will need to be subject to regular review throughout the year. Notably, further transformation and change in targeted areas will be required to ensure the Council delivers the right outcomes and remains financially sustainable over the medium term.
- 1.2 The Council has faced significant challenges and associated demand pressures within children's services over the past few years. As a consequence, the Council has worked with partners, its commissioner, and the Department for Education to deliver an improvement programme designed to implement whole system improvement and improve outcomes for children and young people.
- 1.3 However further action is still required to support longer term sustainability and stability. These actions include a reconfiguration of staffing structures to ensure the service meets the needs of children, a renewed sufficiency strategy to reduce reliance on high-cost external placements and a new case management system to support better decision making.
- 1.4 It is acknowledged that further transformation and change in targeted areas will be required to ensure the Council delivers the right outcomes and remains financially sustainable over the medium term. As a consequence, the business plans incorporated within this Plan reflect the Council's continued focus on transformation and change and incorporates different ways of responding to demand and service pressures.
- 1.5 In addition, the Council is progressing with its ambitious property rationalisation programme which will deliver efficiency savings, reduce the carbon footprint and support new ways of working. Where appropriate, it is planned that capital receipts will continue to be applied to support the wider transformation programme.
- 1.6 The Council is continuing to take a more commercial approach through its capital programme and investments are supporting the Council's strategic objective of enabling the growth of a strong and sustainable economy. Major investments such as the redevelopment of Freshney Place and Riverhead Square are progressing well and will support the Borough at a time of significant economic challenge.
- 1.7 The capital programme remains under regular review, to ensure it reflects

- the Council's current priorities, and ensure that our projects and programmes remain viable, particularly considering the increase in interest rates over the past 18 months. This approach will help to ensure that external borrowing remains affordable, sustainable, and prudent.
- 1.8 The final Local Government Financial Settlement announced on 5th February 2024 has provided the Council with a real term increase in funding, after taking into account additional tax raising powers. Specifically, the settlement incorporates a council tax referendum limit of 3% and the flexibility to apply a further 2% Social Care Precept to meet extra cost and demand-led pressures. Given the current challenges in relation to the cost of living, it is proposed that the council tax hardship fund in increased from £50k to £100k from 2024/25.
 - 1.9 These additional tax raising powers alongside a range of one-off grants, has provided an uplift in income of 7.5%. However, even with this increase in income, the Council has had to bring forward a range of proposals designed to offset the difference between spending need and income available.
 - 1.10 As part of the final settlement announced on 5th February 2024, the Government announced additional social care funding over and above that announced in the December 2024 provisional settlement. This additional funding will be held with other budgets pending further detail on associated productivity plans which need to be completed and submitted to DLUHC by July 2024.
 - 1.11 As in 2023/24, the settlement only covers a single year. There is still no clear timetable for reviewing longer term changes to the local government financial model, that would be expected to include a fair funding review and business rate retention.
 - 1.12 The Council is committed to working with Government on a long-term plan to fund local services and supporting wider devolution where local leaders have sustainable funding and greater freedom to take decisions on how to provide vital services in our communities.
 - 1.13 The business plans incorporated within this budget reflect the continued focus on transformation and change, designed to look at different ways of responding to demand. Historically short-term funding has not been an effective way of dealing with rising numbers, and it is imperative that these programmes continue, if we are to improve outcomes and provide support for local communities.
 - 1.14 The Council has a responsibility to ensure it can respond quickly to risk and uncertainty and does so by holding a range of reserves specifically for that purpose. As can be seen in the detail of the plan, reserves have fallen consistently over the last few years as earmarked reserves have been utilised. There remains a risk that balances may be insufficient to meet in-year pressures, resulting in use of General Fund balances.

- 1.15 The current level of reserves and continued uncertainty necessitates a review of the level of reserves to ensure the Council has sufficient capacity to deal with the risks and opportunities it currently faces. It is important to note that this level of uncertainty is likely to remain for some time as the medium to long-term impact of the outcome of the work in respect of the Children's Services Improvement Plan is fully understood.
- 1.16 In summary, despite the current economic and demand led challenges the Council's remains committed to the achievement of financial sustainability by embracing the area's economic potential, growing the local tax base, and delivering efficient and affordable public services.

2. RISKS AND OPPORTUNITIES

- 2.1 The budget planning approach considers the most likely financial scenario faced by the Council over the next three financial years. External factors linked to the economic climate, demographic issues and potential changes in local government funding bring significant uncertainty and therefore risk into the financial planning process.
- 2.2 However, the Council must avoid non-compliance with its fiduciary responsibilities to set a robust, balanced budget, maintain appropriate levels of reserves and secure value for money in service delivery.
- 2.3 In establishing the budget, the Council needs to take account of its regulatory and legal requirements in relation to Equalities, Environmental Issues and Data Protection.
- 2.4 The budget consultation arrangements form part of the process of identifying and capturing legal and regulatory issues. Individual impact assessments will be undertaken for budget proposals.

3. OTHER OPTIONS CONSIDERED

- 3.1 Option appraisals have been undertaken in setting the budget.
- 3.2 A range of options have been considered when considering service delivery within defined financial resources to support the delivery of the Council's outcomes.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

The economic and financial environment in which the Council is operating remains challenging and any significant issues will be communicated externally through a variety of media. The report has been circulated to key stakeholders as part of budget consultation and engagement.

5. FINANCIAL CONSIDERATIONS

As set out in the report.

6. CHILDREN AND YOUNG PEOPLE IMPLICATIONS

- 6.1 The Council continues to face significant demand pressures within

children's services. As a consequence, additional resources have been allocated towards this area of the Council's activities.

- 6.2 The Council is working with partners to deliver an improvement programme designed to address areas of weakness in the system. This will improve outcomes for children and reduce financial pressures over time. This is a long-term programme, which will continue to be monitored over the course of the finance and business plan.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

- 7.1 Ultimately, all resourcing decisions taken by the Council impact upon the environment. Therefore, the Council takes climate change and environmental issues into account in the establishment of the plan.
- 7.2 The Council's budget process looks towards consuming resources more efficiently, eliminating waste and supporting and developing the green economy and infrastructure, reinforcing the Council's 2030 net zero ambition and the implementation of the Council's Carbon Roadmap.
- 7.3 This includes recognising and realising the economic and social benefits of a high-quality environment. By working towards a low carbon economy, the area will be prepared for, and resilient to, the impacts of climate change.
- 7.4 Budget consultation arrangements form part of the process of identifying and capturing environmental implications. Environmental impact assessments will be undertaken for individual budget proposals.

8. CONSULTATION WITH SCRUTINY

- 8.1 The proposed budget and business plans were shared with councillors as part of established consultation arrangements during December 2023 and January 2024.
- 8.2 Following confirmation of the Local Government financial settlement and consultation processes, the medium-term financial plan has been updated. This Budget, Finance and Business Plan and supporting annexes is subject to Cabinet and Full Council approval in February 2024.

9. FINANCIAL IMPLICATIONS

As set out in the report

10. LEGAL IMPLICATIONS

- 10.1 The Council must set a balanced budget at the start of every year for the coming financial year. It is unlawful for the Council to spend more money than it has available. Section 114(3) of the Local Government Finance Act 1988 explains the consequences if it appears that the Council's expenditure in any particular financial year will exceed available resources.
- 10.2 The Council is under a number of duties in connection with how it carries out its functions which have to be balanced. These include the following duties

of particular relevance to this report:

- The fiduciary duty to establish and maintain a balanced budget;
- The duty for continuous improvement in the delivery of its functions having regard to strategic effectiveness, service quality and availability, fairness, sustainability, efficiency and innovation; and
- The duty when making decisions to have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics.

10.3 The above report contains authoritative advice and guidance from the s151 officer. Members are required to have regard to this advice when making their decisions.

11. HUMAN RESOURCES IMPLICATIONS

The financial forecast outlined in this report may have human resource implications for Council staff. All employment matters will be dealt with in accordance with established council and HR procedures in order to achieve the relevant savings identified by the options and the decisions taken which may include redundancy (the usual appointments committee process will be adhered to). Trade Unions and staff will need to be informed of the proposals being considered prior to any public announcements or public decisions. Trade Unions and staff will need to be kept engaged throughout the respective processes with consultation as appropriate in accordance with the procedural and legal requirements.

12. WARD IMPLICATIONS

All wards affected

13. BACKGROUND PAPERS

Draft Budget, Finance and Business Plan 2024/25-2026/27
[Draft Budget, Finance and Business Plan 2024/25-2026/27](#)

Financial Strategy 2020-2030
[Financial Strategy 2020-30](#)

14. CONTACT OFFICER(S)

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PORTFOLIO HOLDER FOR FINANCE, RESOURCES AND ASSETS

Appendix 1

Budget, Finance and Business Plan

2024/25 –
2026/27



**Stronger Economy: Stronger Communities.
Together we can be stronger.**

Our Council Plan pledges to work with partners to invest in our people and our place.

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Overview

This Budget, Finance and Business Plan outlines how the Council will support the delivery of its strategic outcomes and priorities as detailed within the Council Plan. It is acknowledged there are a number of significant uncertainties at present and, as a consequence, this plan will need to be subject to regular review throughout the year. Notably, further transformation and change in targeted areas will be required to ensure the Council delivers the right outcomes and remains financially sustainable over the medium term.

The Council has faced significant challenges and associated demand pressures within children's services over the past few years. As a consequence, the Council has worked with partners, its commissioner, and the Department for Education to deliver an improvement programme designed to implement whole system improvement and improve outcomes for children and young people. However further action is still required to support longer term sustainability and stability. These actions include a reconfiguration of staffing structures to ensure the service meets the needs of children, a renewed sufficiency strategy to reduce reliance on high-cost external placements and a new case management system to support better decision making.

It is acknowledged that further transformation and change in targeted areas will be required to ensure the Council delivers the right outcomes and remains financially sustainable over the medium term. As a consequence, the business plans incorporated within this Plan reflect the Council's continued focus on transformation and change and incorporate different ways of responding to demand and service pressures. In addition, the Council is progressing with its ambitious property rationalisation programme which will deliver efficiency savings, reduce the carbon footprint and support new ways of working. Where appropriate, it is planned that capital receipts will continue to be applied to support the wider transformation programme.

The Council is continuing to take a more commercial approach through its capital programme and investments are supporting the Council's strategic objective of enabling the growth of a strong and sustainable economy. Major investments such as the redevelopment of Freshney Place and Riverhead Square are progressing well and will support the Borough at a time of significant economic challenge. The capital programme remains under regular review, to ensure it reflects the Council's current priorities, and ensure that our projects and programmes remain viable, particularly considering the increase in interest rates over the past 18 months. This approach will help to ensure that external borrowing remains affordable, sustainable and prudent.

In summary, despite the current economic and demand led challenges the Council's remains committed to the achievement of financial sustainability by embracing the area's economic potential, growing the local tax base, and delivering efficient and affordable public services.

Sharon Wroot, Executive Director – Place and Resources

Financial Outlook

The Local Government Financial Settlement published in February 2024 has provided Councils with an increase in funding of 7.5% in cash terms, after taking into account additional tax raising powers. The settlement assumes a council tax referendum limit of 3% and the flexibility to apply a further 2% Social Care Precept to meet extra cost and demand-led pressures. Whilst the increase in funding is welcomed, this needs to be considered within the context of rising social care demand, inflationary pressures, significant national pay awards and increased energy costs. It is acknowledged that the Council does not operate in isolation from the communities it represents and the impacts of the cost of living have been considered in the development of this plan.

As in 2023/24, the settlement only covers a single year with longer term changes to the local government financial model, including fair funding and business rate retention, being postponed to 2025/26 at the earliest. Indeed, a review of relative needs and resources and a reset of the accumulated business rate growth remains well overdue. Regardless of this, the Council has worked with the other upper tier councils in the Greater Lincolnshire area to bring forward a wider devolution proposal where local leaders have sustainable funding and greater freedom to take decisions on how to provide vital services in our communities.

The medium-term financial plan (MTFP) incorporated within this report, reflects the outcome of the financial settlement, updated priorities and an analysis of risk and opportunities. Whilst the 2024/25 budget, shows a balanced position, this is reliant on the delivery of ambitious business plans and reliance on non-recurrent funding streams. Current planning assumptions also indicate that the Council is facing budget gaps of £8.6M per annum from 2025/26 and further savings will be required to deliver longer term financial sustainability.

The Council holds strategic reserves to ensure it has the capacity to respond to emerging risks, policy change, or transformation. The level of these reserves is also reviewed as part of the planning process and reported on through the budget monitoring process to ensure they remain adequate. The current level of reserves and continued uncertainty necessitates regular review to ensure the Council has sufficient capacity to deal with the risks and opportunities it currently faces. The proposed increase to the net contribution to reserves in 2024/25 reflects a range of issues including business rate instability, transformation and healthcare integration.

As in 2023/24, it is proposed that the Council makes use of the Government's flexibility to use capital receipts to fund the revenue costs of transformation and change. For example, further investment is still required to fund transformation and change within Children's services and support the increased use of digitalisation and automation within wider service delivery. Investment will also be required to support a range of significant change projects including Greater Lincolnshire devolution, leisure and libraries review, health and social care integration and the EQUANS contract review.

Context

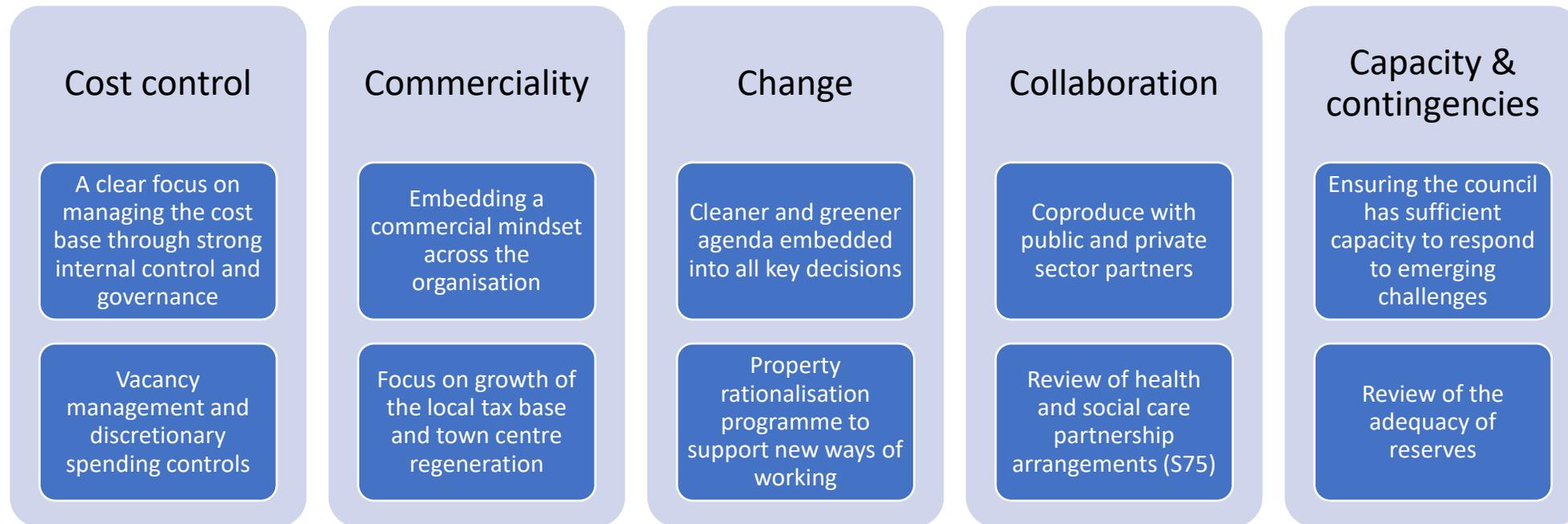
This financial plan is set within the context of significant change and challenge for the organisation. There are a wide range of issues, both local and national, that have been considered when developing the plan.



Financial Strategy

Despite the challenging financial and economic conditions and increasing demand within social care, the Council remains committed to the achievement of long-term financial sustainability by embracing the area's economic potential and by growing its local tax base.

The Council's Financial Strategy is closely aligned to the Council Plan, Local Plan, Economic strategy and housing delivery plan and has five key strands.



Budget Approach

North East Lincolnshire's Place Partnership, of which the Council is one stakeholder, has agreed an Outcomes Framework which outlines our approach to achieving our priorities for the Borough – Stronger Economy and Stronger Communities. Underpinning the Outcomes Framework, a Council Plan has been developed that states the intended aims of North East Lincolnshire Council that support the agreed Place outcomes.

Our Business Plans included in Annex 1 provide more detail about the activity that will support delivery of the Council Plan within agreed budget envelopes, enabling us to decide how best to use the total resources available to achieve our outcomes in the most efficient, effective, equitable and sustainable way.

The Outcomes Framework for North East Lincolnshire has five key priorities, and those are that our people should:

- Reach their full potential through skills and learning;
- Benefit from a green economy and a high-quality environment;
- Enjoy good health and wellbeing;
- Benefit from a strong local economy;
- Live in a safe environment, can have their say about things that are important to them and participate fully in their communities

Our model is essentially about evidence-based decision making, based on good quality data and insight driven intelligence that enables us to deliver the right outcomes at the right cost. It is an ongoing and inclusive process of strategic activities which determine where and how best to deploy the resources available.

We are continuing to develop and refine our approach to commissioning, particularly in terms of bringing together resources and capability to make best use of data and insights, working more closely with our partners to co-produce solutions and understanding where it makes sense for the Council to enable others to deliver services in a more cost effective and responsive way.

Local Government Finance Settlement

The Local Government Finance Settlement announced in February 2024 confirmed that core spending on local services will increase by 7.5% in cash terms nationally and will help councils deal with inflationary and other cost pressures next year. The increase in funding assumes that councils will raise their council tax bills by the maximum amount allowed up to the referendum limit which has forced difficult decisions in the context of the current financial and economic climate.

In terms of local government financial reform, this is not now expected until the next parliament and leaves the council with risks and uncertainty over the medium term. The settlement has confirmed the planned additional funding for adult and children's social care which goes some way to dealing with the known issues and demand pressures we continue to face.

However, increased complexities and demand within both Adults and Children's social care is a key risk for the Council, and one which despite additional funding will require close monitoring throughout 2024/25.

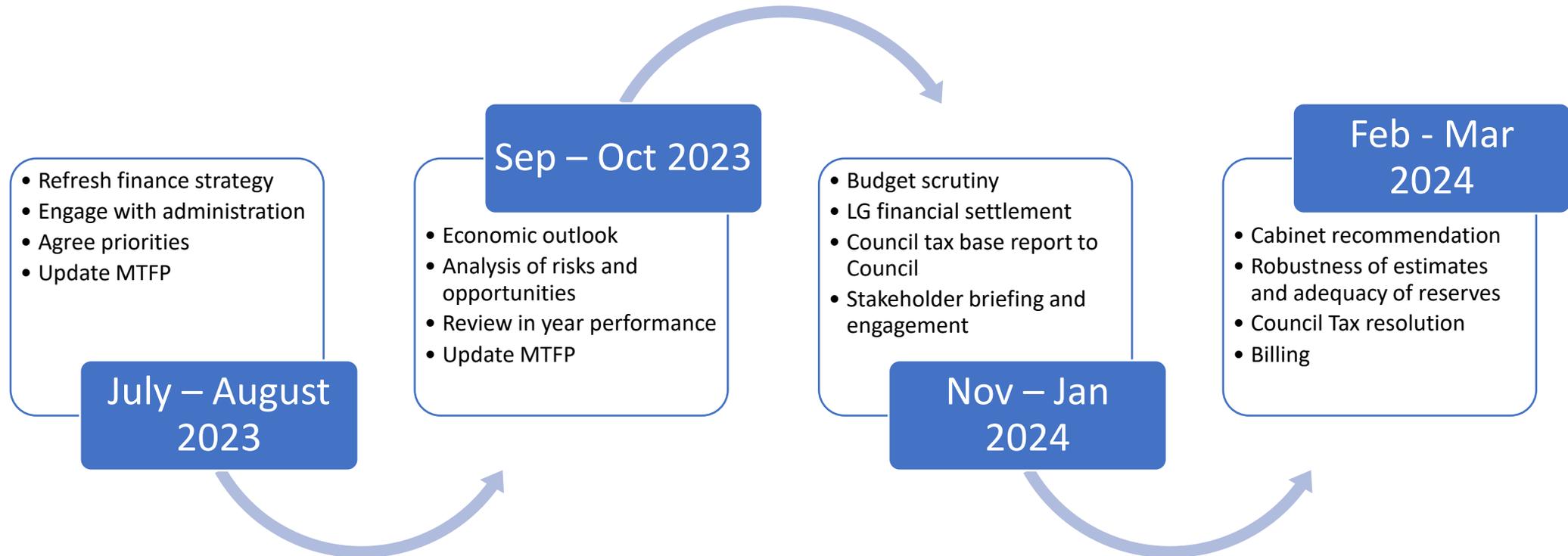
Key headlines:-

- A full settlement for the 2024/25 financial year only
- A percentage increase in Revenue Support Grant based upon the Consumer Prices index (6.7%)
- Core council tax referendum principle of 3%, and a new 2% precept for Adult Social Care
- Continuation of the Better Care Fund at 2023/24 levels
- An increase in the Social Care Support Grant, the Market Sustainability and Improvement Fund and the Adult Social Care Discharge Grant
- Reduction in the Services Grant of £1.3M
- Increase in New Homes Bonus allocation to £0.7M

As part of the final settlement announced on 5th February 2024, the Government announced additional social care funding over and above that announced in the December 2024 provisional settlement. This additional funding requires the Council to produce a productivity plan by July 2024.

Timeline

The whole process of agreeing and approving the Budget, Finance and Business Plan is a process over many months. The key stages in the budget setting process are detailed below.



Medium Term Financial Plan

The medium-term financial plan (MTFP) reflects the outcome of the financial settlement, updated priorities and an analysis of risk and opportunities. Funding assumptions have been made for years 2 and 3 of the plan due to the settlement only confirming funding for 2024/25.

The Council holds strategic reserves to ensure it has the capacity to respond to emerging risks, policy change, or transformational initiatives which may arise. The level of these reserves is also reviewed as part of the planning process and reported on through the budget monitoring process to ensure they remain adequate.

The table summarises the MTFP for 2024/25 to 2026/27. Year 1, shows a balanced position which is reliant upon delivery of the service business plans set out in Annex 1, these will be reviewed and reported on as part of the in-year resources monitoring process. Services have also been provided with indicative budget envelopes for Years 2 and 3 of the MTFP, though these will require savings to be achieved to manage within those envelopes and for the Council to achieve longer-term financial sustainability.

MEDIUM TERM FINANCIAL PLAN 2024/25 - 2026/27				
2023/24 £000		2024/25 £000	2025/26 £000	2026/27 £000
	FUNDING			
10,656	Revenue Support Grant	11,362	11,658	11,891
48,577	Business Rates Retention	54,103	56,605	58,650
70,012	Council Tax Income	73,817	76,031	78,312
11,730	Cumulative ASC Precept	14,044	14,466	14,899
525	Collection Fund - Council Tax	4,130	0	0
0	Collection Fund - Business Rates	(199)	0	0
296	New Homes Bonus	660	150	150
8,059	Improved Better Care Fund	8,059	8,140	8,221
12,961	Social Care Support Grant	17,047	16,193	16,517
1,826	Market Sustainability and Fair Cost of Care Fund	3,411	3,479	3,549
1,607	Services Grant	277	0	0
1,130	Adult Social Care Discharge	1,883	1,977	2,017
167,379	TOTAL FUNDING	188,594	188,699	194,206
158,454	Budget Envelopes	165,290	169,694	172,006
8,037	Other Budgets	14,825	25,163	28,384
0	Other Budgets - Social Care Productivity Plans	1,625	0	0
166,491	TOTAL REVENUE SPEND	181,740	194,857	200,390
	Net Contributions to Earmarked Reserves -			
1,400	- Transformation	2,350	2,350	2,350
0	- Business Rate Risk	2,000	0	0
(562)	- Management of Change (e.g.devolution, major contracts)	2,404	0	0
50	- Hardship	100	100	100
167,379	TOTAL BUDGET REQUIREMENT	188,594	197,307	202,840
Shortfall		0	8,608	8,634

Medium Term Financial Plan

Budget envelopes define the level of investment across each core area of Council activity. Envelopes have been established by considering the forecast funding projections, current expenditure levels, service plans and strategic priorities.

There has been significant work undertaken to review the level of investment required across budget envelopes including intelligence from budget monitoring information. Ongoing risks in strategic demand sensitive areas will need to be mitigated through transformational activity and investment.

The table shows the proposed budget envelopes for each service area.

Service Budget Envelopes		2024/25				
Services	Opening Cash Envelope	In year Budget Transfers	Service Moves/Relinks	Pressures	Savings	Closing Cash Envelope
Resources	20,187	2,396	699	(1,036)	(427)	21,819
Environment	13,454	1,008	0	397	(498)	14,361
Economy and Growth	24,515	263	(699)	(1,488)	(1,052)	21,539
Children and Family Services	42,089	2,606	(63)	2,202	(994)	45,840
Public Health and Wellbeing	(64)	(1)	147	0	0	82
Adult Services	57,983	(44)	(84)	3,794	0	61,649
Total	158,164	6,228	0	3,869	(2,971)	165,290

Funding – Retained Business Rates

Under the current Business Rates Retention (BRR) scheme, the Council retains 49% of income collected locally, adjusted for write offs, bad debts and appeals. In addition, we receive a top up grant from Government which recognises we do not have the ability to raise sufficient funding locally to support our baseline need.

Changes to the local government funding system have once again been postponed until the next Parliament acknowledging emerging challenges in relation to social care demand and the business rate system.

Growth and Outlook

The Council is continuing to drive and support economic and housing growth which in turn will deliver improved levels of local taxation. Business Rates growth has been planned over the MTFP period; this is in addition to normal inflationary (CPI) uplifts which are also assumed. There are several key schemes in the Borough that are expected to contribute to this growth:-

- Freshney Place Leisure development
- Towns Fund Investments in Grimsby Town Centre (St James House, Riverhead, Garth Lane)
- Levelling up investment / Cleethorpes Masterplan (Sea Road, Pier Gardens)
- South Humber Infrastructure and Investment Programme (SHIIP)

In addition, the establishment of the Humber Freeport will stimulate growth across the Humber and Greater Lincolnshire areas

Collection Rates

Collection performance for Business Rates is improved against previous years as at the mid-point of 2023/24. This position is considered when assessing the levels of bad debt provision required as part of the NNDR return which is submitted in January 2024 to central government. Forecasting the overall collection rate is particularly challenging in the current economic environment and is dependent upon a range of factors, including the level of business rate reliefs available to local business. For this reason, the Council maintains a Business Rates Reserve to smooth income.

Funding – Retained Business Rates

Business rates are a key source of income for the Council with approximately £54.1M estimated for 2024/25.

Ratings List

A new business ratings list came into effect on 1st April 2023, based upon valuations as at 1st April 2021. The impact from the changes to individual business ratings bills is being managed through transitional reliefs.

Collection Fund Deficits

The collection fund forecast was finalised during January as part of the NNDR1 process and a projected deficit for the Council is estimated at £0.2m for 2023/24 and this will be repaid to the Collection Fund as part of the 2024/25 budget. Fluctuations in business rates are managed through the Business Rates Reserve where funds are available.

Funding – Council Tax

Changes to the Council Tax Base (CTB) are influenced by local demographics on supply and demand for new builds, levels of void properties, locally set discounts and the Council Tax Support Scheme (CTSS). Account is taken of the projections in the Local Plan in terms of potential supply of new homes and intelligence from the Economic Development team on projected demand generated by growth in local employment. A prudent level of growth from new homes has been factored into the financial plan.

Council Tax Base

The CTB report, set the tax base for 2024/25. The increase in the tax base to 46,801.2 from the 2023/24 position of 45,710.4 equates to an additional 1,090.8 Band D equivalent properties. This delivers an extra £1.95M at the current North East Lincolnshire Council average band D level of tax. This is built into the medium-term financial plan.

Council Tax Support

The CTB report recommended no further changes to the CTSS and to maintain the maximum discount at 65% for working age residents. In 2018/19, a Council Tax Hardship Reserve was established to support Council Taxpayers within the scope of the scheme. Given the current challenges in relation to the cost of living, it is proposed that this fund is increased from £50k to £100k from 2024/25. At the same time, a review of the application process and criteria will be undertaken.

Empty Homes

An additional empty property surcharge is to be applied to encourage long-term empty properties (12 months+) to become sustainably occupied.

Collection

There is discretion in estimating the Council Tax collection rate. Collection rates do not appear to have been strongly impacted by the cost-of-living crisis and rates remain at expected levels. Therefore, the decision to maintain the current 98.2% collection rate has been made (as part of CTB report). Both surpluses and deficits can occur in year on the Collection Fund due to factors such as collection rates, levels of bad and outstanding debt, eligibility for council tax support; and tax base growth assumptions. The Council Tax collection fund for 2023/24 has been reviewed during December 2023 and is forecast to be £4.1M in surplus for NELC by the end of the financial year. The position is reviewed annually and reflected within the financial plan.

Funding – Council Tax

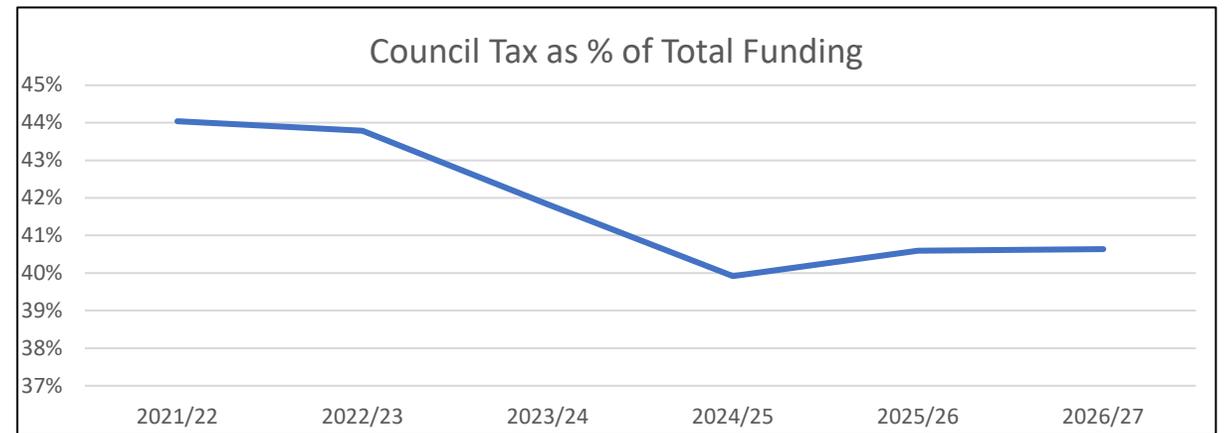
Council Tax is the most significant source of income for the Council with approximately £73.8M (excluding adult social care precept) forecast for 2024/25. This represents around 40% of total funding.

The core referendum limit for council tax remains at 3%. This financial plan has therefore utilised a 2.98% increase to Council Tax for 2024/25. Planning assumption for 2025/26 and 2026/27 is that the referendum limit will reduce to 2%.

In addition, a 2% Adult Social Care (ASC) precept is factored into the MTFP in line with this latest legislation. The ASC precept will raise a total of £14.0M in 2024/25 which will mitigate increased social care demand pressures. The table shows historical and forecast levels of Council Tax and associated tax base levels, this excludes the ASC precept. The planned Council Tax increase is to allow the Council to create sustainable recurrent income to fund frontline services, where central funding isn't necessarily available.

Over the period of the MTFP we have seen an increase in Government grant funding due to the Government's continued social care support. This is reflected in the fall in council tax as a % of total funding over recent years.

Council Tax	2023/24	2024/25	2025/26	2026/27
Base	45710.4	46801.2	47269.2	47741.9
Price Increase	1.98%	2.98%	1.98%	1.98%
Funding	£70.7m	£73.8m	£76.0m	£78.3m



Funding - Other Funding

The Council receives notification of a range of other grant funding for the next financial year.

Revenue Support Grant - There has been an increase in Revenue Support Grant in 2024/25 based upon the Consumer Prices index (CPI), and It has been assumed that this continues over the MTFP period.

Social Care Support Grant - The final settlement has confirmed an uplift to the Social Care Support Grant in 2024/25 to £17.0M, and the additional allocation has largely been put in place to deal with known demand pressures within the system. An additional one-off £1.6m was included though as part of the final settlement, with conditions requiring productivity plans to be produced. This element is therefore to be retained within other budgets, pending distribution on completion and approval of the productivity plans by the respective social care service. It has been assumed that the ongoing element of the grant will see uplifts in future years of the MTFP.

The Improved Better Care Fund (iBCF) - Core iBCF allocations for 2024/25 have remained at 2023/24 levels. The Council works closely with the Health and Wellbeing Board to ensure the funds are targeted effectively to meet Adult Social Care needs. The 2024/25 allocation for NELC is £8.1M.

Services Grant - For NELC the allocation in 2024/25 is £0.3M, a reduction from £1.6M on 2023/24. It is assumed that this grant phases out completely in 2025/26.

Adult Social Care Market Sustainability and Improvement Funding - This grant is to address issues such as discharge delays, social care waiting times, low fee rates, and workforce pressures. NELC's allocation for 2024/25 is £3.4M.

Adult Social Care Discharge Fund - This funding is required to be pooled as part of the Better Care Fund. The funding will be distributed using the existing Improved Better Care Fund grant shares. The allocation for NELC is £1.9M

New Homes Bonus (NHB) – NHB is paid as an incentive to encourage housing growth by rewarding local authorities for net additional homes to the council tax base. An increase in the tax base has seen the NELC allocation increase to £0.7M in 2024/25.

Funding – Service Grants

In addition to general support grants, the Council receives grants for specific services.

Public Health – A ringfenced grant of £12.5M has been confirmed for 2024/25.

Education Funding - The national funding formula for each of the Dedicated Schools Grant (DSG) notional blocks introduced in 2018/19 remains in place.

Schools Block – The total core schools budget for 2024/25 will be £59.6 billion. Funding through the mainstream schools national funding formula (NFF) sees an increase of 1.9% per pupil compared to 2023-24.

High Needs Block (HNB)- The HNB of the DSG will increase by 4.3% for 2024/25 to £31.4M before any deductions, compared to £30.4M in 2023/24. Whilst this increase is welcomed it is expected that the HNB will continue to face financial pressures, and deficits, due to increasing demand and complexity, with this position expected to continue for the foreseeable future.

Early Years Funding - As in previous years the amount that councils can centrally retain is a maximum of 5% from the Early Years Block allocation to fund central services, this does require the agreement of the Schools Forum. Significant investment has been made in Early Years funding with extensions to free entitlement for 2-year-olds from April 2024 and 9-month year olds from September 2024.

Pupil Premium - Pupil premium rates will increase from April 2024 by £25 for primary pupils (from £1,455 to £1,480 per child) and £15 for secondary (from £1,035 to £1,050). The rates for children looked after, and children who cease to be looked after, will rise by £40 (from £2,530 to £2,570). The rates for service children will increase by £5 (from £335 to £340).

Funding

The Council has been proactive over the past year in generating external funding to support a range of initiatives linked to its key outcomes. Funding has been generated from a range of different sources and will contribute towards longer term financial sustainability. Listed are just some of the most significant areas where the Council has already secured external funding to support future service delivery.

£1.7m Supplemental Substance Misuse Treatment and recovery grant for 2022-25

Supporting Families Programme 2024/25 of £0.6m, with an additional payment by results, estimated at around £0.3m giving a total of £0.9m to help families tackle complex problems and enabling local authorities to provide more effective services.

Start for Life Grant, approximately £1.0M expected in 2024/25, to be used to fund a range of initiatives across early years.

Delivering Better Value, £1M grant to support the Council and local area partners to improve the delivery of SEND services for children and young people whilst working towards financial sustainability

Funding

These sources of external funding are reflected within business plans and cover areas of both revenue and capital expenditure. In terms of future opportunities, the Council is continuing to be proactive in identifying further external funding opportunities. These will be reflected within the medium-term financial plan as the funding is secured.

£20M from the Government's Levelling Up Fund to support regeneration and redevelopment of Freshney Place.

£7.5M of Department for Education grant and section 106 monies to be used towards new school provision and places.

£8.4M of DLUHC grant has been secured to repair the three major bridges and resurface the carriageway along the A180, between Pyewipe roundabout and Riby Square, due to their significant deterioration.

Successful bid for a 150-place free school for children & young people with social, emotional and mental health (SEMH) needs was successful. Council is working with the DfE to secure a provider for the identified site.

£18.4M Cleethorpes Levelling Up Funds to support regeneration including a new building at Sea Road, refurbishment of Pier Gardens and a new pedestrianised/event space in the Market Place.

Other Budgets and Issues

In addition to service plans and issues covered within the commissioning plans, there are some general corporate type issues to be considered

Fees and Charges

The Council will undertake an annual review of all fees and charges to ensure value for money when delivering services is being achieved. In line with established policy, an uplift in line with an estimated CPI rate for the March preceding the MTFP period will be applied, unless an alternative specific methodology or approach is deemed to be necessary for that service area. The forecast rate uplift at March 2024 is 3.9% (based upon November CPI).

Vacancy Management

The Council is to maintain a vacancy factor of 5% over the financial planning period, which is effectively an efficiency target to achieve staff cost savings and to maximise the benefits from turnover of staff and utilising the remaining workforce.

Discretionary Expenditure

Controls to reduce discretionary expenditure will continue into 2024/25, this is in line with the financial strategy. It remains a budget manager's responsibility to limit this type of expenditure and to ensure governance and internal controls are implemented and adhered to. This type of expenditure will be closely monitored and challenged where necessary.

Children's Services

The Council continues to face significant demand pressures within children's services which are above and beyond core funding allocations. The Council is continuing to work with partners, its commissioner and the Department for Education (DfE) to deliver an improvement programme designed to address areas of weakness in the system, which will improve outcomes for Children and families and reduce the financial pressures in the system over time.

Other Budgets and Issues

Use of Capital Receipts

The Council has been successful in generating significant capital receipts from a disposal of land to encourage wider regeneration and investment and the disposal of other assets as part of a wider property rationalisation programme.

As a result, the Council can extend its flexible use of capital receipts plans in support of the Medium Term Financial Plan and to fund transformation activity towards the achievement of longer-term financial sustainability. Further details will be provided within the policy statement in the budget and council tax setting report, but a summary table is provided below of planned usage.

Flexible use plans	2024/25	2025/26	2026/27
Utilisation on transformational activity (See Annex 7)	£12.0M	£2.0M	£2.0M

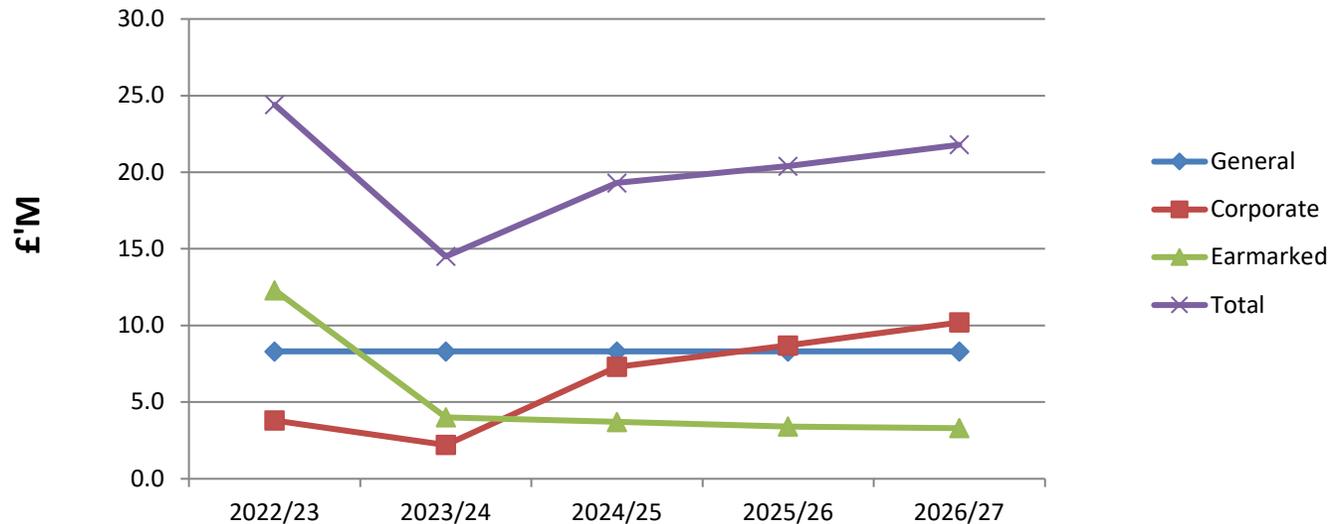
It is also recommended that the Council use £5.5m of capital receipts generated to reduce its effective debt liability and reduce ongoing borrowing costs over the Medium-Term Financial Plan and beyond. The revenue savings from the write down of the Capital Financing Requirement over the MTFP period is as follows –

Debt write down plans	2024/25	2025/26	2026/27
Savings on borrowing costs	£1.8M	£1.2M	£0.9M

Reserves

As part of the financial planning process all reserves, general and earmarked, are reviewed in detail. The graph below shows the current forecast closing balance in each year of the financial plan. Whilst service reserves are being utilised in line with plans, the overall capacity within reserves has reduced over recent years. In the current economic environment, it is essential that the Council continues to review corporate and technical reserves.

Council Reserves - Forecast Closing Balance



General Fund

Retained to deal with unexpected events. The level is reviewed annually as part of budget setting to ensure it is adequate and appropriate. Currently approximately 4.5% of annual budget requirement. This is comparable to other authorities.

Partner & Service Reserves

Held for specific purposes relating to delivery. These are held in addition to defined budget envelope and used to support clearly defined activity and outcomes over and above business as usual

Corporate and Technical Reserves

Used to smooth the Council's financial position. These include reserves to support strategic change and transformation.

Reserves

The ongoing risk and uncertainty around the economy, service demand and transformational activity may mean we incur additional expenditure over the period of the MTFP, where this is currently unknown. It is important to ensure that our reserves remain robust to be able to respond to such calls on expenditure, whilst being able to minimise the impact on planned service delivery.

Corporate Reserves are used to smooth the Council's financial position and they include reserves to support strategic change and transformation, forecast closing balances are detailed below:-

Corporate Reserves		Forecast Closing Balance			
		2023/24	2024/25	2025/26	2026/27
		£000	£000	£000	£000
Transformation	To support costs of key transformation	2,000	3,350	4,700	6,050
Business Rates Equalisation	To mitigate fluctuation in business rates income	0	2,000	2,000	2,000
Management of Change	To fund the costs of change	0	1,700	850	0
Council Tax Hardship	Used to support council tax hardship claims	200	270	340	410
Total		2,200	7,320	7,890	8,460

** Please note that closing balances exclude any drawdowns over the MTFP period at this stage which are TBC*

Reserves

Service Reserves are held in addition to budget envelopes and used to support clearly defined activity and outcomes over and above business as usual. These are detailed below:

Earmarked Reserves	Forecast Closing Balance			
	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Resources	796	438	80	29
Economy and Growth	1,575	1,573	1,571	1,569
Environment	35	35	35	35
Public Health	742	220	220	220
Adult Services	0	700	700	700
Childrens Services Reserves	215	131	131	131
Partner Reserves	415	373	373	373
Technical Reserves	255	255	255	255
Total	4,033	3,725	3,365	3,312

** Please note that closing balances exclude any drawdowns at this stage which are TBC*

Capital and Long-Term Investment

Capital and long-term investment has both legal and regulatory requirements which sets out the powers the Council has and the frameworks it must comply with and operate within for capital investments. The Council is guided by the Local Government Finance Act, DLUHC guidance and CIPFA Codes of Practice, including CIPFA's revised Prudential Code of Practice 2021 that brought in new restrictions on borrowing which are focused on investments that are made 'primarily for financial return', including commercial property. The Capital Investment Strategy is the umbrella document that covers both the Service Delivery and Commercial Return elements of the Council's investments.

The underlying principles of the capital strategy follow the financial strategy -

Commissioning	Aligning capital investment to support priorities that contribute to the outcomes framework
Regeneration and Growth	Stimulate regeneration and economic growth through local investment
Cost Control	Supporting the economic and efficient delivery of core services

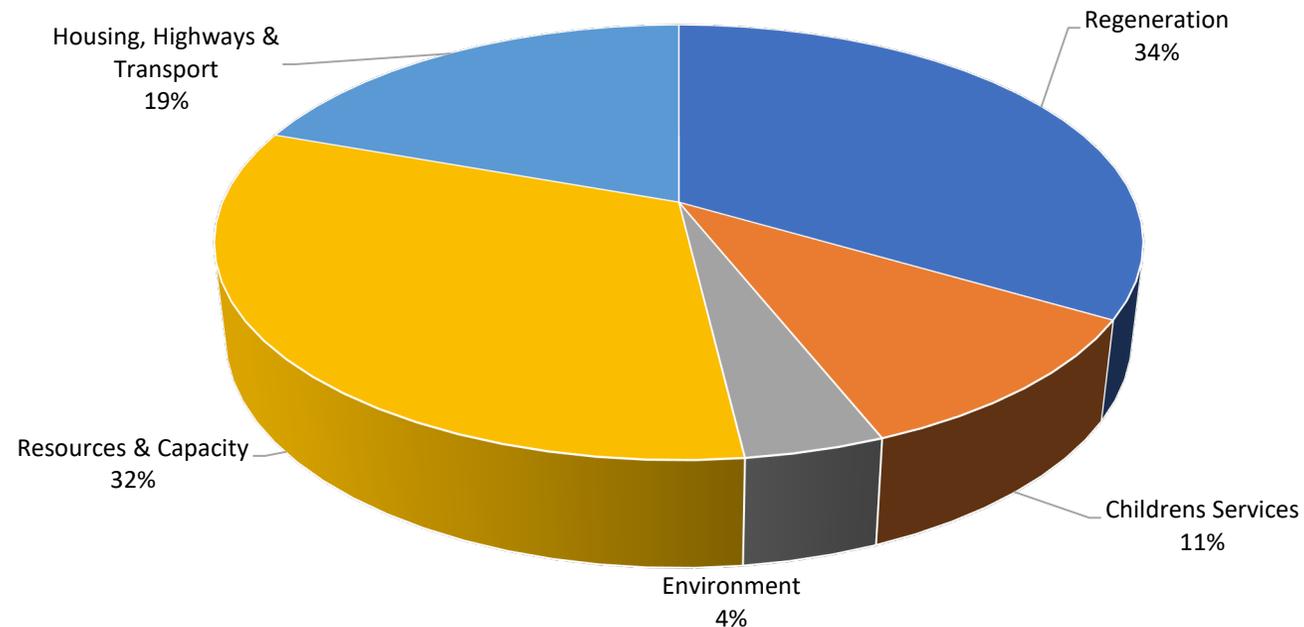
The Prudential Code requires Local Authorities to ensure Capital investment -

Links to Strategic Planning
Ensures effective Asset Management
Delivers Value for Money
Is prudent and sustainable
Is subject to an affordability assessment
Can be delivered practically

Capital and Long-Term Investment

The Capital Investment Strategy will drive the long-term focus of the capital programme. Significant investment will focus on sustainable business growth, skills and place making. The Capital Programme is undergoing a process of review and reprofile in line with the priorities set out. Below is the investment planned across service and priority areas

Capital Investment 2023/24 - 2026/27



Member Scrutiny and Consultation

The role of scrutiny in the budget setting process is key to ensure sufficient challenge and governance is in place to support the robustness of the Budget, Finance and Commissioning Plan. Informal briefing sessions have been held with members in December 2023 and formal briefing sessions in January 2024.

Members Overview & Scrutiny	Budget scrutiny informal workshop to consider the initial outlook during December 2023.
	Post Finance settlement, formal scrutiny of business plans during January 2024
	All member briefing prior to budget council
Political Groups	Targeted Budget Setting Meetings held between Finance and Service areas to discuss budget detail
	Political group briefing
Engagement Events with Other Stakeholder Groups	Budget issues and surveys to be publicised via local and social media channels
	Engagement with public organisations, partners and local businesses
	Information provided with Council Tax bills
Cabinet & Council Meetings	Council December 2023 Council Tax Base (Inc. Support Scheme)
	Cabinet February 2024 - Final Budget
	Council February 2024 - Final Budget

Robustness of Estimates and Adequacy of Reserves

Underlying budget assumptions

Business plans outlining the approach to delivery within budget envelopes have been prepared and are included within the Financial Plan. Budget envelopes take into account a range of factors including council priorities, forecast funding projections for the Council as a whole, the economic environment, anticipated demand, and regulatory change.

The reasonableness of the underlying budget assumptions is challenged throughout the budget setting processes. Specific considerations when testing the reasonableness of budget assumptions include current financial performance, provisions for inflationary pressures, known trends and demand pressures, realism of income targets and alignment of resources with the Council's service priorities.

The overall level of risk within the 2024/25 budget is considered to be high in relative terms. Whilst this level of risk can be considered manageable, it must be on the understanding that key decisions are taken and, where identified savings are not delivered, alternative savings options will be needed. In terms of the longer medium-term financial planning period, economic instability, the cost of living, Local Government funding reform, the net zero ambition, high needs and rising social care demand remain significant challenges. In addition, there are a number of significant change projects underway:

- End of the current contractual relationship with EQUANS,
- The emerging Greater Lincolnshire devolution agenda; and
- Review of the current health and social care integration arrangements.

The established governance arrangements in place within the Council will ensure that monitoring of delivery of budget envelopes and service priorities will take place. These include Scrutiny Panels, Cabinet and Council Meetings, Leadership Team, special purpose boards and the financial planning process itself.

Continued uncertainty within both the public sector and the wider economy bring both risks and opportunities to the Council, both in terms of the current planning period and future years. As a consequence, we are making plans to try and manage those, but likely to remain beyond the current planning period. The Council will therefore be required to revisit its financial plans on a more regular basis. Through the risk and opportunity management framework, the significant risks impacting on the budget are recognised.

Robustness of Estimates and Adequacy of Reserves

The Budget is set within the context of continued economic uncertainty, with inflation, energy costs, interest rates and national pay awards all presenting challenges.

The major financial risks are outlined in more detail below.

Local Government Financial Model

Whilst the Government has confirmed that, the Review of Relative Needs and Resources ('Fair Funding Review') and the business rates reset will not be implemented until the next Parliament, these reforms could have a significant impact on the Council's overall funding profile during the medium-term financial planning period.

The Fair Funding review will see the introduction of a new system for allocating funding between Councils, which will be based on the updated and improved methods of estimating Councils differing revenue raising capacities and differing spending needs.

The Government has confirmed that it plans to revisit the priorities for reform of the local government finance system, taking account of wider work on the future of the business rates tax and on the Social Care system.

Children's Services

The Council is continuing with its transformation and improvement journey within Children's services. Integrated Front Door has seen a reduction in safeguarding referrals and an increase in contacts for family help. Whilst the Children in care population and children placed externally continues to reduce, numbers are still higher than comparable areas. In respect of placement demand, the lack of sufficient local provision coupled with excess demand for places nationally has led to an increase in costs and the higher use of this more expensive provision. Following recent Ofsted inspections, there is now a greater focus on the outcomes for children and accompanying this is the consideration of cost and value for money. In respect of the reliance on agency social workers, the Council is focussed on creating a competitive offer and salary, alongside a clear progression criteria for social workers, as well as creating additional capacity to develop a sustainable infrastructure to ensure a safe system across the scope of children's services.

Robustness of Estimates and Adequacy of Reserves

Adult Social Care

Adult service provision within the public sector is one of increasing demand and complexity against a backdrop of financial constraint. Delivering safe and effective Adult Social Care services within this context presents an ongoing challenge in maintaining service quality and also sustainable care markets to meet need. Income generated through the Adult Social Care Precept continues to be being used to support sustainable service delivery alongside improved Better Care Fund, social care and discharge funding allocations. The Council has appropriate arrangements in place to monitor social care pressures and has committed to taking action to mitigate and manage the impact of increasing demands within the social care system through identification of efficiencies to investment in transformation and system change leading to reduction in cost or avoidance in spend. Additional social care grant received in 2024/25 will be used to support transformation activities.

Housing

The cost of temporary housing and demand from both adult social care and children's services and increasing staff resource within the homeless service remains a challenge. The recent acquisition of Swan House has offered an opportunity to reduce these pressures and improve the future outlook for residents. A full review of housing service provision and its links to other areas of the council and external organisations is being considered to provide a more structured service offering that can help to stabilise spending hand demand more efficiently.

Education

High needs are continuing to present significant financial pressures to the Council. The Council is currently participating in the Delivering Better Value in SEND national DfE programme to explore and implement creative solutions to some of the current challenges that the Local Authority face regarding appropriate support and provision for children with SEND. The aim of this programme, is to begin to create sustainability across the SEND system. In addition, the development of a Free school will increase local provision to meet need.

Robustness of Estimates and Adequacy of Reserves

Economic environment

The Council is continuing to operate in a challenging financial and economic environment which is impacting on individuals, businesses and communities. Assumptions within the medium term financial plan will continue to be updated to reflect macro-economic impacts. Despite this, the Council remains committed to the achievement of long-term growth and financial sustainability and this has been demonstrated through continued growth in the council tax base. Capital investment detailed within the MTFP is anticipated to make a significant contribution to the Council's strategic objective of enabling the growth of a strong and sustainable local economy.

Capital and long-term investment

Capital investment is necessary to deliver the Council's priorities. Each year the Council takes the opportunity to review the programme, to reflect current priorities, and ensure that projects and programmes remain viable. This approach ensures the Council continues to operate within its approved Treasury Strategy and that any external borrowing remains affordable, sustainable and prudent. Following a review of the Prudential Framework last year, councils now have to explain why, not just what they are doing with their investment activity, needing to demonstrate more transparency and openness in how good governance has been exercised. The Council has well established appraisal processes in place and any new borrowing is predicated on the preparation of a sound business case. Details of the Council's material non-financial investments are included within the updated Capital Investment Strategy.

Treasury management

The Council has adopted the CIPFA Code of Practice for Treasury Management and has a Treasury Management Strategy which sets security as the primary principle to mitigate against current instability within financial markets. Risk is mitigated by effective treasury management procedures, scrutiny by the Audit and Governance Committee, engagement of external advisors and monthly review and challenge by S151 officer on Treasury activity.

Robustness of Estimates and Adequacy of Reserves

Performance management and reporting arrangements

The Council has well-established financial performance reporting arrangements in place which are set out within Financial Procedure Rules. Arrangements are reviewed on an annual basis taking into account national guidance, changes in Council responsibilities and the comments from both internal and external audit. The Council's budget monitoring arrangements require services to prepare budget action plans to deal with spending variations on budgets.

The capital programme is also monitored in the quarterly performance monitoring report and a specific capital focussed performance report is provided to the leadership team quarterly. The capital programme is actively managed with requests for reprofiling challenged and schemes decommissioned where necessary. There is a robust process for the submission and prioritisation of capital bids.

In relation to Value for Money, the Council is continuing to test its performance in terms of economy, efficiency and effectiveness and has arrangements built into its key contractual and partnership arrangements. This principle is particularly important given the current level of risk and uncertainty.

Key Accountabilities

Budget holders are accountable for managing and reporting the performance of services or contracts, and ensuring that mechanisms are in place to give assurance that the data used for reporting is robust, and that performance is reported at an appropriate frequency. An important part of a budget holder's responsibility for resource management is to ensure that spend is targeted at the Council's desired outcomes and to seek positive assurances that spend and income is compliant with Council's policy and procedures, financial rules and regulations, and that services and contracts are operating at an agreed standard to contribute to delivery of outcomes. Budget holders/service managers are accountable for:

- **Delivering agreed service outcomes** within the Business Plan
- **Monitoring the budget and performance** on a monthly basis.
- **Identifying and reporting variance and performance exceptions** in line with corporate reporting requirements.

Robustness of Estimates and Adequacy of Reserves

Key Accountabilities (continued)

- **Managing resources** in line with Council procedures and requirements, in particular the Council's HR policies and project management guidance.
- **Complying with the Council's Contract Procedure Rules and Financial Regulations** (including seeking positive assurance within the service over their operation through review and testing).
- **Ensuring financial transactions are properly authorised** and coded in accordance with Financial Regulations and Report any control breaches.
- **Delivering value for money** through continuous improvement activity to capture and report on efficiency gains and improved outcomes
- **Working closely with Resources** to ensure that decisions are made in a timely way, based on robust financial and management information, are risk assessed and have resources allocated before commitments are made.

Partnership governance

The Council has numerous partnership agreements with significant levels of contractual budget arrangements. There are risks associated both with the financial management arrangements and in terms of delivering the outcomes which have been agreed between both parties. Strategic and operational governance and monitoring arrangements are put in place to ensure that members and officers receive assurances that where risks are identified, mitigating actions are in place to address them. The Council's key partnership arrangements will be subject to regular review throughout the MTFP period.

Robustness of Estimates and Adequacy of Reserves

Financial resilience assessment

Local context must be taken into account when forming an overall picture of financial resilience. This includes an analysis of future demand, performance, a focus on the key longer-term revenues and expenditure and the key risks to which the Council will be exposed to.

A resilient financial plan is built around a strong local taxation base, less reliance on government funding grants, defined service expenditure and adequate reserve levels. For North East Lincolnshire Council, local taxation represents the majority of total funding, with a significant proportion of this coming from Council Tax which allows the greatest level of local determination. Any decisions around council tax price increases therefore need to be considered against service delivery plans.

The key conclusions from the Council's assessment of financial resilience include:

- Local taxation, as a proportion of total funding, has been steadily rising over a number of years. However, this has recently started to reduce with additional grant funding received from the government for social care demand.
- The General Fund as a percentage of net current expenditure is in line with the unitary council average. Whilst the Council's earmarked reserves are reducing, the General Fund provides resilience. The General Fund, as a percentage of net current expenditure is forecast to be 4.4% in 2024/25
- There are a number of significant and complex schemes approved in the capital programme. These require considerable negotiation and project management. Whilst delivery of them is vital, it is recognised they have long term delivery profiles which can move significantly.
- Projections show that the 65 year olds and over 80 year old population is growing. The projections for North East Lincolnshire follow the same trend as both the Yorkshire and Humber and England. However the percentage of older people within our area remains higher than average for both.
- At the end of the current planning period, projections show the number of young people (aged 0-19) remain stable. Children Looked After (CLA) numbers have now started to reduce but remain higher than the national average.
- Corporate reserves have shown a year on year decrease since 2020/21. There remains a risk that balances may be insufficient to meet in-year pressures, resulting in use of General Fund balances. Service specific reserves remain low and project a decrease over time and are largely fully committed.

Robustness of Estimates and Adequacy of Reserves

Adequacy and availability of reserves

The Council holds reserves for three specific purposes:

- *General reserves* to deal with unexpected events and help smooth the impact of uneven cash flows
- *Corporate and technical reserves* to smooth the Council's financial position; and
- *Partner and Service Reserves* held for specific purposes relating to service delivery.

It is proposed that the level of prudent General Fund reserves is maintained at £8.3 Million for the current year. This balance reflects the level of risk within our current planning assumptions. The General Fund balance will be reviewed during 2024/25, taking into account the overall adequacy of reserves and the latest financial position.

Corporate reserves have shown a year on year decrease since 2020/21. There remains a risk that balances may be insufficient to meet in-year pressures, resulting in use of General Fund balances. Notably, Service specific reserves remain low and project a decrease over time and are largely fully committed. Planned top up of reserves in 2024/25 will provide additional resilience against specific risks and support ongoing change programme.

The Council's Corporate and General reserves are held to provide more stability in the financial planning process. These include reserves to support strategic change, fluctuations in business rates and borrowing costs. As can be seen in the detail of the plan, reserves have fallen consistently over the last few years as earmarked reserves have been utilised. The plan presented seeks to re-establish corporate reserve at an appropriate level over the MTFP period.

Flexible Use of Capital Receipts

The Council has been successful in generating significant capital receipts from a disposal of land to encourage wider regeneration and investment and the disposal of other assets as part of a wider property rationalisation programme.

As a result, the Council plans to extend its flexible use of capital receipts plans in support of the Medium Term Financial Plan and to fund transformation activity towards the achievement of longer-term financial sustainability. Key assumptions have been factored into the Capital Investment Programme and within asset disposal plans over the MTFP period 2024/25 – 2026/27.

Further details on the application of capital receipts and anticipated savings are detailed within Annex 7.

Robustness of Estimates and Adequacy of Reserves

Conclusion

There is a clear understanding of the duties of the Council's statutory Financial Officer and the implications of them being exercised are fully understood.

The proposed budget for 2024/25 is considered to be based upon robust estimates but as stated earlier contains risk, predominantly in relation to inflation, service demand and the wider economic environment. Whilst reserves have reduced over previous years, plans are in place for them to be built back up. Indicative budget allocations for 2025/26 and 2026/27 are considered to be reasonable based upon planning information available at the present time.

Whilst budget deficits are currently forecast in years 2 and 3 of the plan, and these will need to be addressed as part of next years budget round when the Council will hopefully have greater intelligence on its medium term funding outlook. Clearly though there is increased risk and uncertainty relating to the financial and economic environment within which the Council is operating and the impact this will have on the Council's overall financial standing.

Whilst the business plans contain challenging targets, they have been risk assessed and will be subject to continuous monitoring by the Council's leadership throughout the year. Well established budget monitoring processes are in place which include arrangements for the identification of variances and implementation of remedial actions where necessary.

Sharon Wroot

Executive Director – Place and Resources (Section 151 Officer)

Impact Assessment

Public bodies have a duty to promote and deliver on equality and the council has to publish an annual report on how it has met this duty – **Equality Assessment**

Any public body that collects stores and processes personal data has a duty to ensure it does so in line with legal requirements – **Data Protection Assessment**

To look after and make best use of our assets such as Agriculture; Fisheries; Energy; Industry; Transport; waste management; water management; telecommunications; tourism; town and country planning and land usage – **Strategic Environmental Assessment**

The impact assessments need to take place before reports are submitted for information/decision. Failing to work within the law on these issues will put the council at risk of legal challenge. Furthermore, they are designed to protect and enhance the rights and lives of citizens, so it is vital that they are considered properly.

The decision making process

The pre-budget consultation and engagement exercise has sought views from all Members, the public, local businesses, key partner organisations and other stakeholders on the Council's draft budget. The Council is committed to its legal and legislative requirement

Cabinet will consider the results and outcomes of the consultation and of all relevant impact assessments to support informed recommendations regarding the Council's budget and priorities

The full Council meeting in February 2024 will make decisions on the Council's Budget for 2024/27 based on recommendations from Cabinet

Council and Cabinet will take into account feedback from all consultation when making its decisions.

In addition, reports to Cabinet and Council also require evidence that equality has been considered and responded to where necessary.

When developing proposals Officers of the Council undertake impact assessments for individual budget proposals. Budget options are reviewed as the pre-budget consultation evolves, using the consultation feedback received. The pre-budget consultation is the key process to inform the budget decision making process and Officers of the Council undertake specific consultation in developing and implementing the budget proposals approved, where appropriate.

Impact Assessment

The draft budget reports are published on the Council's website, along with any background papers as appropriate.

Everybody living, working, studying, visiting or otherwise engaged with North East Lincolnshire Council may be potentially affected by the Council's and its budget plans

This includes businesses, employees of the Council, Unions as well as, partners, contractors and other stakeholders

Some efficiency savings may impact on staff and this could lead to redundancies and changes in service provision

Where there are changes to the level of service received by the public, consultation will be undertaken and all those affected will be consulted with and able to have a say in the process

Financial decisions

The Council has access to resources which are limited by statute and democratic processes, so service provision is constantly being reviewed to secure value for money and remain affordable. Ensuring financial resilience will often mean changes in the services provided and how they are provided, who they are delivered to and who receives the services

When making decisions that may affect people the Council will aim to ensure that their views are sought and considered so that we can understand the impact of decisions, what matters to them, what they consider as priorities, what areas are in need of improvement and how the choices made may impact on their lives

The budget proposals that may lead to investment, re prioritisation or efficiency savings and/or potential changes in service provision are screened for impact against the protected characteristics groups.

Where proposals involve staff changes and rationalisation, appropriate consultation in line with Council policy will be followed and monitored for any disproportionate and adverse impacts on individual groups.

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Resources

Vision

To support the organisation in a way that is pro-active, flexible, efficient, and responsive to the needs of services, residents, partners and businesses and elected members, whilst ensuring that we have robust governance arrangements in place that mitigate the risk of financial, reputational, safeguarding and service delivery failure.



Resources Service Areas

Key areas of activity include:-

Legal services

Governance (democracy, registrars, elections, coroners, civic)

Strategy, Policy and Performance

Communication and Customer

Audit and Assurance *

Local Taxation and Benefits *

Finance

ICT & Digital

People and Culture

Estates (operational and commercial)

Business Support

Print & Design

* Shared service with North Lincolnshire Council

Resources

Summary of delivery against 2023/24 business plan

Business support redesign	Business Support Re-design is ongoing with structure and role profiles being developed ready for formal consultation with workforce and Trade Unions. On target to implement new structures from 1st April 2024. Offer, statement of service, service agreements, final catalogue and Sharepoint Hub to be available as part of whole Central Business Support Model by mid-January 2024.
People strategy	Delivery of the key activities within the People Strategy is ongoing with clear service priorities and governance arrangements in place to track and manage progress. Launch of the Employee Voice will provide opportunity for the workforce to have a voice and Academy NEL launch in February will provide a springboard for the Academy to continue to develop.
Procurement/social value	Procurement/Social Value – our new Procurement Strategy and Social Value policy was adopted by Cabinet in November 2023. We have developed training related to this which we are rolling out, and we are developing our reporting methodology.
Children’s services ICT	ICT – the procurement of the new Children’s Services ICT platform is being finalized following the tender exercise.
Customer service management platform	Implementation of the new Customer Service Management Platform is on-going with no major issues. After the initial pilot with a small number of reporting forms that is reflected in the dashboard data, we are simplifying and amalgamating existing forms where possible to move to the new platform with the aim of providing a more user-friendly experience and improved integration with the back-office systems.
Digital platform	Cabinet approved the business case for the implementation and development of a new digital platform that will improve the security and functionality of our websites.
Asset rationalisation	Assets – the property rationalisation programme, which aims to reduce our carbon footprint and building costs, is on track for delivery as planned with staff moves taking place between January and March 2024. The property disposal programme remains on track to deliver the required capital receipts for 2023/24, with further plans developed for the 2024/25 disposal programme.

Resources

Current resources

Main Budget Areas	Current budget (£000)
People & Organisation	6,123
Finance & Local Taxation	2,934
Law & Governance	4,342
ICT, Assets & Policy	4,459
Other	3,240
Total	21,098

Year	Revised budget (£000)
2024/25	21,983
2025/26 (indicative)	20,868
2026/27 (indicative)	20,839

Key planning assumptions

Energy pressure reduced by £1.8M from previous MTFP assumption.

Cleaning contract inflation and audit fee increase funded as well as National living wage increase.

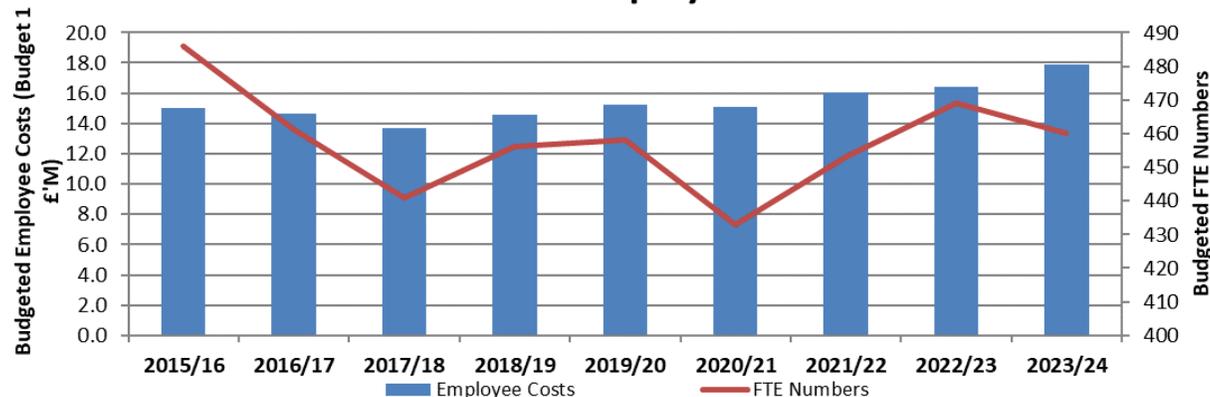
Organisational Development and Academy investment £0.5m.

One-off £0.1m to support commercial estate/market pressures pending full savings from property rationalisation

Savings from property rationalisation, Holiday Extra, Business Support Review, staff capitalisation will be used to manage/offset other pressures.

Natural turnover of staff savings of £0.4M assumed within budget envelope (95% occupancy).

Resources Employee Cost



Resources

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<p>Resources cover a wide range of support services that facilitate and enable delivery of the Council's priorities. There are continued Capacity challenges across the service area at present linked to ongoing transformational activity and significant investment programme. Support for children's services improvement plan and activities is central to this.</p> <ul style="list-style-type: none">➤ Capacity challenges across the service area at present linked to ongoing transformational activity and significant investment programme. Support for children's services improvement plan and activities central.➤ People strategy - Delivery of the key activities is ongoing with clear service priorities and governance arrangements in place to track and manage progress.➤ ICT and Digital – Significant work programme linked to new children's ICT system, website redevelopment and customer services management platform.➤ Property rationalisation – remains a major focus aligned to Council aims to reduce carbon footprint and building costs and drive footfall within the town centre.➤ Procurement / social value – development of new procurement strategy and social value policy➤ Economic conditions – challenging economic conditions continue to impact upon communities. Range of support provided for local communities and businesses over past year.
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<p>Main focus will be on driving efficiencies through new ways of working and maximising digital opportunities through automation, digitalisation and system enhancements.</p> <p>Ensuring that resources has the capacity to support the significant change and transformation programmes across all service areas.</p>

Resources

Priorities for 2024/25

Priority	Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
<p>Priority 1 – Academy NEL</p>	<p>The Academy plays a critical part in the attraction, retention and progression of talent through our Grow your Own strategies, the academy provides development pathways for our Graduates and Apprentices and also facilitates opportunities for employees at all levels wishing to explore and progress their careers through our 5As Leadership Programme.</p> <ul style="list-style-type: none"> • Aspire provides an insight into management and leadership and is aimed at anyone not currently in a people management role who have the desire to progress or have been identified as future leadership talent through our succession mechanism. • Activate ensures all newly promoted or appointed managers gain the right skills and knowledge from day one, provisioning skills in business and HR practice, the political environment and core people management • Achieve provides those identified as talent the stepping stone to future opportunities, accredited programmes, coaching and mentoring • Accelerate is a bespoke package of learning designed to support the journey into Senior Leadership roles, this includes the training provisioned through the LGA • Agile delivers in the moment training that would include changes in policy, government legislation, new processes or more generic learning opportunities that include business acumen and project management as part of the suite. <p>Through continuous performance management we are able to align the individual's aspirations and performance needs to the right program or individual learning requirements, this also informs our succession process and enables the right learning for the right person at the right time.</p>			
<p>Priority 2 – External legal fees</p>	<p>This is a volatile budget area led by the number of cases in public proceedings for Children's Services. Whilst case numbers have reduced by a third over the past year, cases that are left are more complex. Continued improvements in Children's Services should see spend start to reduce. In turn, budgets around court fees and expert (translators/drug and alcohol</p>			

Resources

Priorities for 2024/25

Priority	Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Priority 3 – Property rationalisation	Continuation of the Council's property rationalisation programme. To become a modern and efficient Council, we will utilise our estate (building and assets) to maximum opportunity and value, reducing emissions, waste and unnecessary costs, whilst ensuring the workforce and its partners remain connected , having the ability to work together in-person, benefitting creativity, culture, improving the delivery of services. Capital receipts from the programme will be used to support other transformational activities.	✓	✓	✓
Priority 4 – Capitalisation of salary costs	In line with the Council's significant ongoing capital investment programme, additional opportunities exist to capitalise professional and support staff salary costs where it is appropriate to do so. This approach will reduce pressure on revenue budgets, enable additional capacity to be brought in where appropriate.	✓		
Priority 5 – Local Taxation and Benefits	A service review of systems and processes within Local Taxation & Benefits will focus upon Housing Benefits performance and the administration of single person discounts.	✓	✓	✓
Priority 6 – Cyber	Further development of cyber arrangements to protect business critical systems, loss of confidential data, integrity, and availability of information.	✓	✓	

Resources

Priorities for 2024/25

Priority	Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Priority 7 - Agency Framework	To deliver an effective solution to the engagement of agency workers, with considerations of cost, maintenance, quality, and assurance of compliance. The final model will consider internal process enhancements to ensure we have a complete record of our workforce which will highlight any areas of risk or high reliance of temporary workers and result in improved induction compliance and management of assets in line with the engagement of our permanent workforce. The new model would also ensure tighter financial control within contracts, cost savings and governance of safer recruitment practices.	✓		✓
Priority 8 – Business Support Re-design	Deliver and embed a professional, centrally managed Business Support model which is locally deployed, flexible and resilient to meet the changing demands of services across the Council. Central management of resourcing the varied service requirements and fluctuation in demand will result in tighter financial control. Foster a collaborative and inclusive culture for Business Support with a focus on contract and relationship management to monitor performance and continuous improvement against regularly reviewed service agreements. Drive efficiencies and process and ways of working across Business Support and the services supported through automation, digitalisation and system enhancements which will create financial savings.	✓	✓	

Resources

Priorities for 2024/25

Priority	Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Priority 9 – Planning and implementation for the new Procurement Act	The Procurement Act 2023 received Royal Assent in October 2023 and we expect that the new regulations will be implemented in October 2024. The new act aims to improve public procurement to be simpler, more flexible, and improve transparency. Prior to it going live we will need to ensure that all relevant officers are trained in the new requirements, there is engagement with members, stakeholders and suppliers to ensure that they understand the new arrangements, and ensure that we have the necessary policies, processes and governance arrangements in place to meet the new requirements.	✓	✓	✓

Resources

Capital investment to support delivery of business plan

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
RESOURCES	16,184	27,375	17,000	22,000
Law and Governance				
Audio Visual System for Grimsby Town Hall	0	72	0	0
Deputy S151				
Capital Investment	847	9,004	13,203	20,000
Capital Rec't Flexibility	9,000	12,000	2,000	2,000
Policy, Strategy and Resources				
Backlog Maintenance	2,839	0	0	0
Property Rationalisation Programme	341	0	0	0
Cartergate Office Development	137	0	0	0
ICT Refresh	652	578	0	0
Heritage Assets at Risk	500	3,568	0	0
Business Centre Improvement	200	0	0	0
LMS Implementation	21	0	0	0
Bradley Replacement 3G Pitch	5	0	0	0
M365 Transformation Programme	164	131	0	0
CRM Developments	104	77	0	0
Changing Places Fund	84	0	0	0
Childrens Services Platform	1,188	1,746	1,626	0
Motor Caravan Parking Pilot Scheme	17	0	0	0
Digital Platform	85	199	171	0

Environment & Regulatory Services

Vision

North East Lincolnshire to lead the way towards a green future.

We recognise that we are part of a larger system of change and need to work with others to achieve a sustainable future for our place.

We must prioritise our actions so that we use our resources in the best way to have the greatest impact. We will do this by considering our strengths as an organisation and sphere of influence, to guide where our resources are best placed.



Environment & Regulatory Service Areas

Key areas of activity include:-

Street Scene:

- Street Cleansing
- Garage & Fleet
- Recycling & Waste

Regulation and Enforcement:

- Trading Standards
- Crime & Anti-Social Behaviour
- Environmental Crime
- Pollution Control
- Licencing
- Food, Safety and Port Health

Open Spaces:

- Grounds Maintenance
- Bereavement Services
- Resort Team

Environmental Strategy:

- Ecology
- Carbon Reduction and Energy
- Biodiversity and natural asset management

Environment & Regulatory services

Summary of delivery against 2023/24 business plan

Depot Rationalisation	Completion of single modern depot site by Q2 2024 to deliver higher town centre footfall and more efficient service delivery. Office block refurbishment brought forward in the plan delivers benefits to programme. Will deliver service and environmental efficiencies.
Fleet Rationalisation	This work is data led with some low usage vehicles identified and disposed of. This work will gain momentum once all services operate from a single depot at Doughty Road and will underpin the wider transition towards a low carbon fleet.
Waste Quality Improvements	Work is ongoing to identify opportunities to increase both the quality and quantity of recycling whilst ensuring it aligns to the Government Strategy on Simpler Recycling published in October 2023.
Waste Contract Partnership	The partnership with neighbouring councils is working well operationally in accordance with the partnership arrangement and is delivering greater resilience to the waste disposal arrangements.
Fees and Charges, including Green Waste	Our fees and charges were increased where possible to ensure that we operate on a full cost recovery basis which is in line with other Local Authorities.
Regulatory Services – Border Target Operating Model	The Commercial Regulatory Team are working to implement the new Border Target Operating Model in April 2024 which will see a new risk-based approach to inspection of both EU and non-EU imports.
Street Cleansing	Street cleansing within the expanded Zone 1 area within the Town Centre has delivered improved cleanliness and response times to issues and incidents.

Environment & Regulatory Services

Current resources

Main Budget Areas	Current budget (£000)	Year	Revised budget (£000)
Waste Disposal	5,877	2024/25	14,361
Waste Collection Services	2,816	2025/26 (indicative)	13,791
Street Cleansing	1,298	2026/27 (indicative)	13,961
Grounds Maint. & Parks	1,201		
Other	814		
Total	12,006		

Key planning assumptions

Additional waste contract inflation funded of £0.272m.

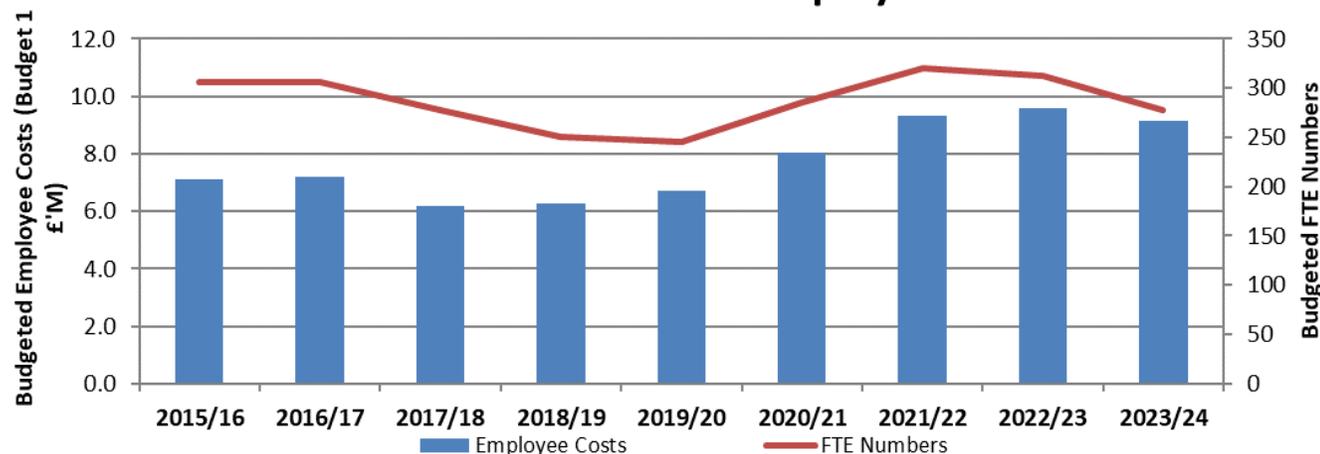
Reduced spending of £0.5m per annum on waste disposal

Income generated from increased fees and charges to be utilised towards managing other service pressures.

Energy price inflation and National Living Wage changes funded.

Natural turnover of staff savings of £0.5M assumed within budget envelope (95% occupancy).

Environmental Services Employee Cost



Environment & Regulatory services

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<p>Vacancy Management: The service employs a large and diverse workforce responsible for delivering a range of frontline operational and technical regulatory functions. The retention of fees and charges within the service will help to mitigate the impact of the vacancy management. This will be supported by limiting overtime in Street Cleansing and managing agency spend where appropriate.</p> <p>Cleethorpes Habitat Management Plan: The new plan will require the council to carry out additional maintenance on the SSSI. In the absence of additional resources this work will need to be absorbed into the existing work programme which will reduce capacity to deliver on the existing work programme.</p> <p>Unachievable Enforcement Income: The operating model for the Environmental Enforcement Team includes a level of fixed penalty notice income. This level of income is unsustainable and further vacancies may need to be held to manage this pressure.</p> <p>Emissions Trading Scheme (ETS) The Autumn Statement announced the inclusion of energy from waste will be part of the ETS scheme from 2028. This will bring additional financial burdens to waste disposal operations.</p> <p>Border Target Operating Model The Commercial Regulatory Team are working on the new approach due to be implemented on 30 April 2024. This will see a new risk-based approach to inspection on both EU and non-EU imports. There is some uncertainty about the level of resource and income generation.</p>
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<p>Full Cost Recovery: Ensure services achieve full cost recovery and are benchmarked with neighbouring councils.</p> <p>Review energy consumption: Align with demand at Bereavement Services.</p> <p>Waste Disposal Options: Consider future waste disposal options post 2029, including potential risks following introduction of Emission Trading Scheme.</p> <p>Depot Rationalisation: Contributes to a more efficient and integrated workforce.</p>

Environment & Regulatory Services

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 1	Consolidate operational services at Doughty Road Depot site.	✓	✓	
Priority 2	Explore opportunities to reduce energy consumption at Bereavement Services and review operating model during periods of lower demand.	✓	✓	
Priority 3	Ensure Full Cost Recovery for all services including Garden Waste Collections	✓		
Priority 4	To review the operational fleet and identify vehicles with a low usage data and challenge the reasons why to optimise our vehicle fleet.	✓	✓	

Environment & Regulatory Services

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 5	Consider future waste disposal options post 2029.	✓	✓	
Priority 6	To identify areas of poor recycling performance and contamination and seek to improve performance. Improved performance will reduce penalty costs associated with diverting recycling to disposal.	✓	✓	
Priority 7	Implement the Border Target Operating Model for EU and non-EU imports	✓		
Priority 8	Explore place-based approach to Cleethorpes Resort	✓	✓	

Environment & Regulatory Services

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 9	Deliver Cleethorpes Habitat Management Plan within existing resources	✓	✓	✓
Priority 10	Design Food waste Service for Implementation in 25/26	✓	✓	✓
Priority 11	Plan the journey to Net Zero			✓
Priority 12	Work across Greater Lincolnshire to develop and implement a Local Nature Recovery Strategy and shape further partnerships which may arise from devolution.		✓	✓
Priority 13	Work together with our partners to tackle crime and anti-social behaviour across the borough focusing on the priorities agreed through the Community Safety Partnership		✓	✓
Priority 14	Develop a Long-Term Plan for Grimsby based on the priorities of local people with a focus on Safety & Security, High Streets Heritage & Regeneration and Transport & Connectivity	✓	✓	✓

Environment and Regulatory Services

Capital investment to support delivery of business plan

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
ENVIRONMENT	9,353	1,012	72	107
Fleet Replacement Programme	720	835	0	0
Enhancement of Bereavement Services	507	27	0	0
Depot Rationalisation (subject to Cabinet/Executive review)	6,458	0	0	0
Scartho Cemetery Lodge & Waiting Rooms	539	0	0	0
Environmental Services Mgt System	47	0	0	0
Regulatory Services Management System	14	0	0	0
Memorial Testing & Repairs	81	0	0	0
Play Areas	763	0	0	0
Cremators - Relining	106	0	0	0
Urban Tree Challenge Fund	64	95	72	107
LA Treescapes Fund	54	55	0	0

The background image shows a town square or public space. In the foreground, there is a white metal railing and a paved area. In the middle ground, a large yellow metal structure, possibly a sculpture or a utility structure, stands prominently. Behind it, a multi-story brick building with many windows is visible. The sky is blue with scattered white clouds. The overall scene suggests a well-maintained urban environment.

Economy (Regeneration)

Vision

To promote the towns within North East Lincolnshire as great places to live, work, visit and stay, by revitalising our town centres, supporting the growth of existing businesses and attracting new investment.

Economy (Regeneration) Service Areas

Economy and Growth function including town deal, strategic programme management, external funding and strategic business cases, contract and accountable body management, account management, economic development, and inward investment.

Key areas of activity are:-

Regeneration project delivery

Leisure services delivered by Lincs Inspire Ltd.

Culture, heritage, tourism, and sport

Skills

Regeneration

Summary of delivery against 2023/24 business plan

Skills, Strategy and Action Plan	Finalised and approved. We will now focus on the delivery of the actions to support the skills needs of the local economy and our residents.
Sport & Physical Activity Strategy	<p>Sport & Physical Activity Strategy finalised and approved to set a 5-year vision to support residents to become more active, more often and identify priority areas for action.</p> <p>Playing Pitch developments continue with the delivery of the Clee Fields project and wider grant funding investment secured for tennis court refurbishments to improve local sports and parks facilities.</p>
Tourism and Marketing	<p>UKSPF 'Coast Lovers Wanted' tourism marketing campaign completed in Q1 and 'Embrace Autumn' campaign launched in Q2. Engagement ongoing with Destination Lincolnshire on the development of a Local Visitor Economy Partnership & Destination Management Plan for Greater Lincolnshire and letter of support provided in Q3.</p> <p>Humber Museum Partnership activities commenced in Q1. HMP funded staff members joined the Grimsby Fishing Heritage Centre team in Q2. Technician commenced in Q2. Essential maintenance works completed on the Ross Tiger and reopened to the public in Q1.</p> <p>A total of 20 events held at the Meridian Showground during Q1 to Q3 giving more opportunities for local people to engage in events, and economic benefits for businesses and accommodation providers.</p>
Regeneration	<p>2025 Group launched to promote positive messaging from business and the community to support town centre regeneration as a result of High Streets Task Force support on Placemaking.</p> <p>Businesses and community groups continue to be supported through UK Shared Prosperity Fund until 2025. Launched in March 2023, the fund is supporting a total of £1.7m ringfenced activities including culture, leisure and tourism events and campaigns, and business support interventions, with a further £1.4m committed to projects through an open call.</p> <p>St James House planning application approved in October, work to start on site December 23. Freshney Place Pre-Contract Services Agreement underway including preparation works within the former BHS building.</p>

Regeneration

Summary of delivery against 2023/24 business plan

Regeneration (continued)	<p>Final detailed designs for new Sea Road building underway. Initial surveys of Pier Gardens commenced in preparation of future design work.</p> <p>Grimsby Town Centre projects progressing with Riverhead Square works to be completed in early 2024, Onside constructions works commenced, and early stage works to the Freshney Place Leisure scheme underway.</p> <p>The first two ecological sites on the South Bank of the Humber, Cress Marsh and Novartis Ings are fully operational, supporting wider investment in the South Humber area.</p>
Culture and Heritage	<p>£700,000 secured from Arts Council England and Heritage Fund for delivery of Create North East Lincolnshire which will support events and development activities over the next 3 years</p> <p>NEL announced as a Heritage Place by National Lottery Heritage Fund.</p> <p>Numerous successful events were delivered by partners including Reflections – A nighttime spectacular, Festival of the Sea, Our Future Starts Here and Edible Grimsby took place.</p> <p>Successful delivery of heritage led regeneration programmes including Heritage Fund supported Cleethorpes Townscape Heritage Programme and Historic England's support for the Partnership Schemes in Conversation Areas (PCiSA) on Grimsby Docks.</p>

Economy (Regeneration)

Current resources

Main Budget Areas	Current budget (£000)
Freshney Place	(1,500)
Leisure	2,270
Planning	(824)
Retained Function Team	816
Other	506
Total	1,268

Year	Revised budget (£000)
2024/25	2,594
2025/26 (indicative)	2,461
2026/27 (indicative)	2,463

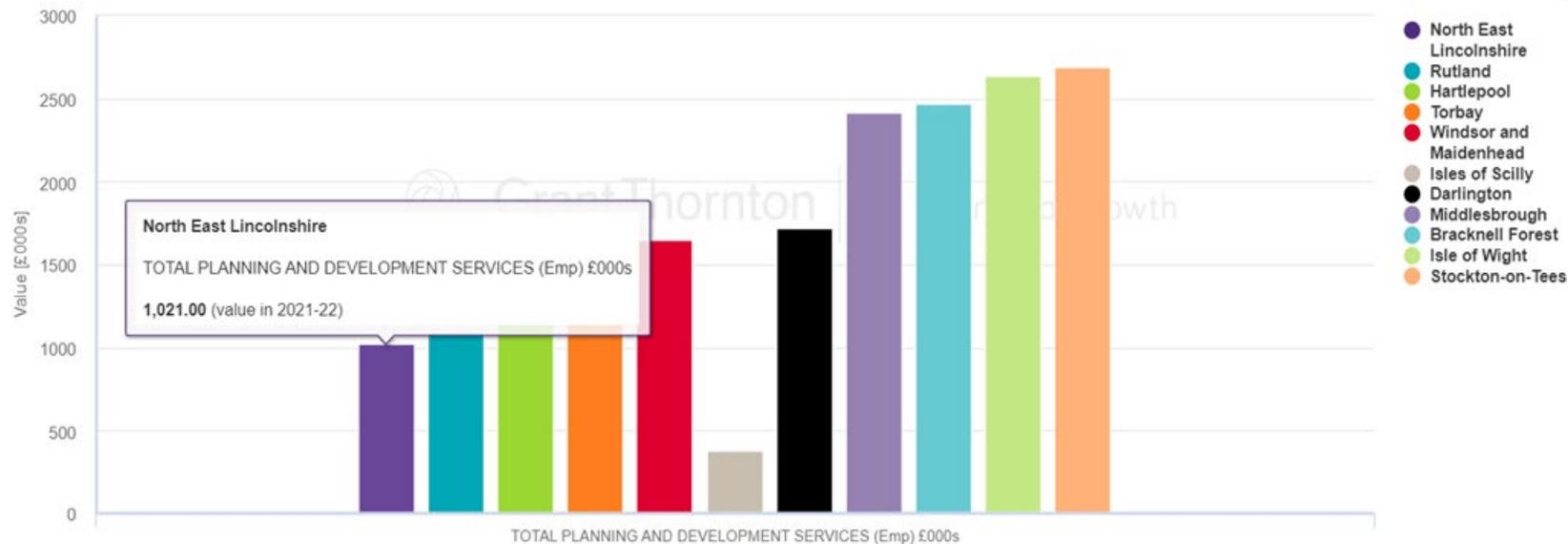
Key planning assumptions

Reduced energy pressure of £1.165m (compared to existing MTFP)

Estimated net income of £1m from Freshney Place operation.

National living wage increase funded.

Assumed increases in planning fees in accordance with Autumn Statement announcement.



Regeneration

Overview, challenges and opportunities

Overview	To promote the towns within North East Lincolnshire as great places to live, work, visit and stay, by revitalising our town centres, supporting the growth of existing businesses, and attracting investment. This will also provide opportunity and positive change for our young people.
Key challenges and opportunities	<p>Challenges:</p> <ul style="list-style-type: none">• Ongoing challenge in recruitment and demand for a skilled workforce across North East Lincolnshire.• Inflationary price and supply chain pressures within the construction industry continue to affect project delivery.• Facility condition and backlog maintenance challenges across the services estate and historic vessels. There is an increasing need to identify funding and prioritise future investment.• Revenue budget performance across Meridian Showground and Grimsby Fishing Heritage Centre may be impacted by cost-of-living challenges for service industry.• The budgets for tourism, events and creative activities remain small, so continued success is dependent on external funding and encouragement of other organisations to deliver. <p>Opportunities:</p> <ul style="list-style-type: none">• Areas of priority & focus for funding partners: across Culture and Heritage where NEL is a Heritage Place for Heritage Fund, which provides a significant opportunity to increase investment over the next 10 years. And Sport & Physical Activity where Sport England have recently announced the potential of 5-year funding for Place Partnerships.• Delivery of people and skills projects funded by UK Shared Prosperity Fund in Financial year 2024-25.• Through the Humber Museum Partnership and secured funding for the Dynamic Collection project to increase visitor numbers and school visits to grow income at Grimsby Fishing Heritage Centre.• Greater Lincolnshire Devolution has the potential of increasing access to regeneration funding in the future.• Income development for Meridian Showground through additional bookings and fees from concession contracts etc.• Continue to utilise allocated UKSPF to deliver events during 2024-25 and carry out an 'out of area' Spring and Autumn marketing campaign to attract more visitors to the area.

Regeneration

Overview, challenges and opportunities

Key challenges and opportunities	<ul style="list-style-type: none">•Local Skills Improvement Fund projects beginning to be delivered in line with the actions outlined in the Greater Lincolnshire Local Skills Improvement Plan.•Continue to develop our long-term approach to leisure and libraries service provision.•Freeport - seed capital projects and future retained business rates which will be reinvested across the Humber to promote investment and trade.•Long Term Plan for Towns Programme – providing £20m across a 10-year period to support the regeneration of Grimsby town centre.
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<ul style="list-style-type: none">• Capitalisation – continuing to maximise the capitalisation of staff costs through external funding opportunities.• Planning fee uplift in line with inflation.• Review of fees and charges across the service – review and increase prices and hire charges at the Meridian Showground and Grimsby Fishing Heritage Centre.• Leisure estate review – progress to the next stage of the sport and leisure review.• Library review – progress the planned review of libraries and archives service considering future opportunities for service development and priorities for future service delivery within the resources available, including options for co-location of services.• External funding – continue to successfully apply for external funding from a range of sources to maximise benefits e.g. Levelling Up Funds, Arts Council England, Heritage Fund, Sport England.

Regeneration

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 1	Commitment to review the leisure estate to develop our long-term plan for leisure facilities and developments.	✓	✓	✓
Priority 2	Strategic review of library and archives service to develop our long-term plan for these services.	✓	✓	✓
Priority 3	Delivery of Grimsby Town Centre and Cleethorpes Masterplan projects, supporting the transformation and regeneration of these areas			✓
Priority 4	Place culture and heritage at the heart of creative placemaking to bring vibrancy to Grimsby town centre and the resort of Cleethorpes	✓	✓	✓
Priority 5	Devolution – maximising the benefits to be achieved via the Greater Lincolnshire Devolution Deal	✓		✓
Priority 6	Enterprise Zones – continue to focus on development of these sites to deliver revenue income through 100% retained business rates to 2041	✓		✓

Economy (Regeneration)

Capital investment to support delivery of business plan

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
ECONOMY AND GROWTH				
Regeneration	18,534	56,742	10,133	0
Clee HLF Townscape Heritage	426	1,082	0	0
SHIP Scheme	1,332	1,050	0	0
Playing Pitch Reprovision	4,338	403	0	0
Cleethorpes Public Art	25	40	0	0
Heritage Action Zone	485	0	0	0
Town Deal Investment	30	4,583	0	0
Towns Fund - Central Library	250	3,685	0	0
UK Shared Prosperity Fund	256	672	0	0
Leisure Capital Grant	80	80	0	0
Freshney Place Leisure Development	5,500	17,565	5,547	0
Cleethorpes Masterplan - Market Place LUF Scheme	203	4,440	0	0
Towns Fund - St James House	500	579	0	0
Towns Fund - Garth Lane	265	3,089	4,410	0
Towns Fund - Activation Fund	223	223	176	0
Towns Fund - Riverhead Square	2,785	0	0	0
Towns Fund - Public Realm Connectivity	150	2,942	0	0
Cleethorpes Masterplan - Sea Road LUF Scheme	1,200	7,735	0	0
Cleethorpes Masterplan - Pier Gardens LUF Scheme	200	8,375	0	0
Tennis Court Refurbishment	276	0	0	0
Play Zone	10	199	0	0

Economy (Town Centre)

Capital investment to support delivery of business plan

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
Economy (Town Centre)	229	0	0	0
CCTV Review & Upgrade	73	0	0	0
Safer Streets 4	156	0	0	0

Economy (Housing, Highways & Transport)

Vision

To responsibly support the economic development and growth of the borough through sustainable infrastructure and travel and by delivering housing, that meets residents needs and aspirations, promoting health and wellbeing – all underpinned by the effective and efficient use of council owned assets and resources delivering positive services/outcomes for NEL and its residents.

To decrease barriers for development on brownfield land and deliver the ambition of Town Centre waterside living.



Housing Highways & Transport

Summary of delivery against 2023/24 business plan

Housing Strategy	Route Map for Town Centre Waterside living developed with Homes England, setting out the ambition, delivery route and partnership with Homes England to achieve increased housing delivery on brownfield land in NEL. Housing Strategy successful through scrutiny and full consultation period now complete. Approximately 140 responses to the consultation to review and consider. Overall positive contributions gained through the consultation and scrutiny. Final version of the strategy is to be present to cabinet within quarter 4 2023/24.
LTP	The Local Transport Plan (LTP) three-year programme has been agreed with the Portfolio Holder (PfH). The 2023/24 programme is in progress, with 35 schemes and with an expected successful completion on all schemes. 2024/25 programme has been reviewed in November 2023 with PfH approval in January 2024 to allow early mobilisation and longer lead in time to develop the schemes.
BSIP	Bus Service Improvement Plan (BSIP) has been adopted in February 2023. The programme of activity has been reviewed and agreed with Department of Transport (DfT) and is currently being delivered in conjunction with Stagecoach. An example of one of the improvements, is the introduction of CCTV, to George Street, Riverhead and Town Hall street where the existing bus shelters in the town centre are located. The CCTV is monitored by our Security control room and will provide reassurance to bus users that the shelters are being monitored to deter crime and Anti-Social Behaviour (ASB) activity.
A180 Bridge Refurbishments	Funding of £8M DfT with a £2M NELC contribution from capital borrowing. Contract for first structure has been awarded with works expected on site in March 2024. Successful trial traffic management and inspection phase carried out Nov 2023 with good insight into potential traffic management and network management issues identified.
Corporation Bridge	The Corporation Bridge project started on site on 6th February 2023. Restoration works are progressing, with the majority of the steel base plates exposed and detailed inspection on the condition completed. Scaffolding has been installed to allow an inspection of the underneath of the bridge. The initial inspection has identified the condition of the underneath has deteriorated greater than previously believed and additional surveys are ongoing to determine the extent of the deterioration and confirmation of what additional works are required. These additional works will mean the project will have the programme extended to enable the works to be undertaken. When the full extent of the additional works is known, the programme will be adjusted to accommodate. The Council have identified additional funding to introduce a lighting scheme to the bridge, which is being progressed and will be erected and operational by the end of the project.

Main Budget Areas	Current budget (£000)	Year	Revised budget (£000)
Regeneration Contract	11,947	2024/25	19,934
Supporting People	1,990	2025/26 (indicative)	18,493
Concessionary Transport	3,401	2026/27 (indicative)	18,933
Housing Support	1,135		
Other	749		
Total	17,724		

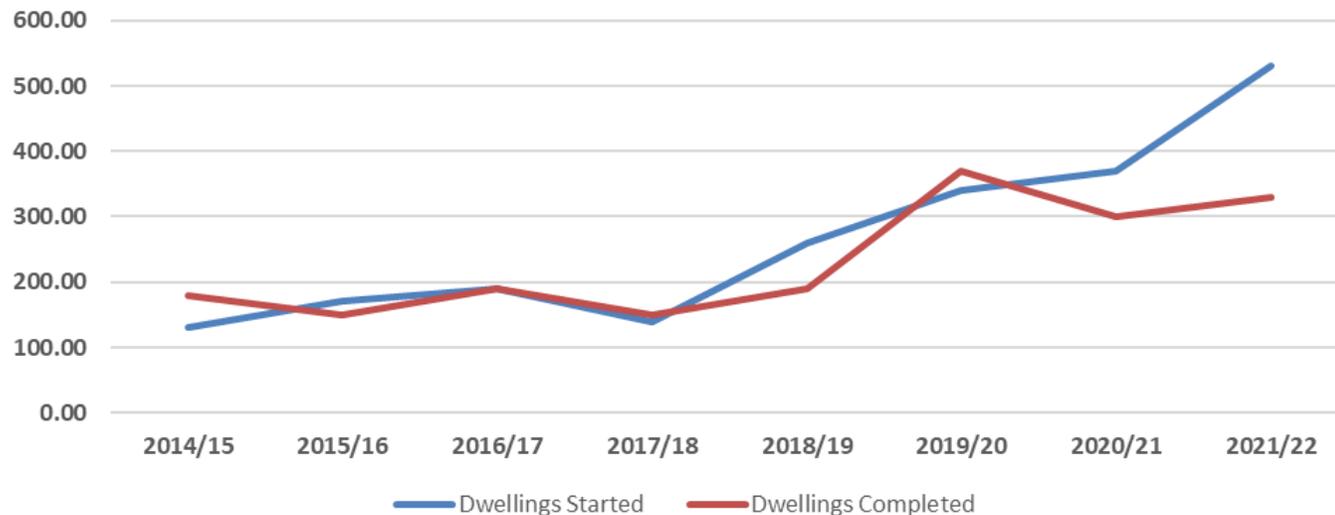
Key planning assumptions

Reduced energy pressure of £0.76m (compared to existing MTFP)

Increased contract inflation impact of £0.44m funded.

Potential options around increased fees and charges for Planning and HMO licensing to be used to cover any existing pressures.

Dwellings Started V's Dwellings Completed



Economy (Housing Highways & Transport) Service Areas

Budgets managed by EQUANS on behalf of the Council including:

Car parks, Public Transport, Highways, Housing, Planning, Building Control.

Housing development and regeneration.

Home Options

Disabled Facilities Grant

Housing Highways & Transport

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<ul style="list-style-type: none">• Cost of temporary housing and demand from both adult social care and children's services increasing staff resource and financial resource within the homeless service. Swan House offers an opportunity to reduce these pressures and improve the future outlook for residents.• Cost of materials leading to spiralling construction costs within highways and housing, requires close monitoring of project costs and innovation in terms of materials or construction methods.• Reviewing Street Lighting technology to gauge opportunities for capital investment to improve the energy efficiency of NELC assets and reduce energy costs.• Partnership / Stakeholder Management during Equans contract review is a challenge for both Highways and Housing. Managing relationships between multiple organisations through contract change is essential to providing quality public services.• Homes England relationship is developing well with their appetite to deliver within NELC strengthening, Greater Lincs devo specifically brownfield funding is an opportunity to maintain momentum.
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<p>Fees and charges review across the service, highways, housing and car parks will provide a more commercial approach to how the business recovers costs for chargeable services, providing year on year income with an established methodology for then reviewing and raising charges in line with inflation.</p> <p>LTP Review will help to identify opportunities to maximise spend efficiency while maintaining a high standard of service delivery across the highway network. Maximising the reach of the LTP funding for projects outside of traditional schemes could also reduce NELC capital borrowing.</p> <p>Capitalisation of staff costs through external funding opportunities is being explored across both the Housing and Highways to reduce staff costs along with associated capital costs such as software, equipment and other oncosts etc.</p> <p>A full review of housing service provision and its links to other areas of the council and external organisations is being considered to provide a more structured service offering that can help to stabilise spending hand demand more efficiently.</p>

Housing, Highways and Transport

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 1	Fees & Charges Review – Street Works income including permit fee review, full cost recovery on licences (skips, scaffolds etc)	✓		
Priority 2	Housing Service Provision Review – Currently at scoping stage, interaction with corporate resources being discussed, completion end of quarter 4.		✓	
Priority 3	Programme Management EQUANS – manage contract change, as well as improved forecasting and spend on large programme or civil engineering schemes. (corporation bridge, A180, annual resurfacing)	✓	✓	✓
Priority 4	Western & Matthew Humberstone Disposals	✓		
Priority 5	Review of Street Lighting and opportunities to increase energy efficiency	✓	✓	
Priority 6	Devolution – maximising the benefits to be achieved via the Greater Lincolnshire Devolution Deal and transition towards a joint Transport Authority		✓	✓

Housing, Highways & Transport

Capital investment to support delivery of business plan

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
Housing, Highways and Transport	18,773	23,093	7,788	0
Disabled Facilities Grants	5,274	3,700	3,500	0
Local Transport Plan Schemes	5,923	4,864	4,288	0
Housing Assistance Grants and Loans	205	384	0	0
Immingham Lock Flood Def Gates	62	0	0	0
Corporation Rd Bridge Refurb	3,613	1,655	0	0
Rough Sleeper Accom Grant	61	0	0	0
Gy and Imm Flood Innov Funding	1,550	1,563	0	0
Sustainable Warmth - new scheme	237	0	0	0
Flood Defences - Humberston Fitties	118	0	0	0
A180 Structures	318	10,927	0	0
Abbey Walk Car Park Security Measures	23	0	0	0
Weelsby Avenue Depot Works	41	0	0	0
Grimsby Surface Water Flood Alleviation	85	0	0	0
Bus Service Improvement Plan	1,011	0	0	0

Children and Family Services 'Our children our future'

Vision

A place our children can grow up happy and healthy, safe in their homes and communities, with people that love them.

We are ambitious for a child's future with a focus on learning and aspiration so they can be the best they can possibly be.



Children and Family Services areas

Key areas of activity include:-

Regulated Services

Safeguarding & Early Help

Education and Inclusion

Safeguarding, Early Help & Regulated Services

Summary of delivery against 2023/24 Business plan

Overview of achievements this quarter:	North East Lincolnshire Children Services continues it's transformation and improvement journey, with the appointment of a new Director of Children's Services who commenced in post in December 2023, along with a Service Director Safeguarding Family Help and Youth Justice, a Service Director Regulated Services, and a Head of Children's Strategy Vision and Evaluation. Six Deputy Service Directors have also been appointed and will commence in post by end February 2024
Improving Outcomes For Children	<ul style="list-style-type: none">• Ofsted Monitoring Visit January 2024: Permanence was the subject of this monitoring visit. The feedback will be published on 21 February 2024.• Family Hubs: The Family Hubs and Start for Life universal offer continues to develop with an increased number of groups and activities across the four current sites delivering; and parental feedback is very positive.• Integrated Front Door: Integrated Front Door has seen a reduction in safeguarding referrals and an increased in contacts for family help. This follows the launch of the new Early Help Strategy and assessment, as well as the multi-agency referral form being switched off. The quality of referrals continues to improve enabling informed, timely decision making for children.• Populations and demand: Children in care population and children placed externally continues to reduce.• YOUnique awards: The YOUnique awards were held in November 2023 which were well attended and well received, not least as an opportunity to acknowledge and celebrate the achievements of our children in care and care leavers, and those who care and support them.
Stable & Resilient Workforce	<ul style="list-style-type: none">• Children's Vision: Building on collaborative working to date, a new vision of 'Our Children Our Future' has been developed and there are further opportunities to roll this out across Children's Services, the Council and the wider partnership, to be underpinned by strategic planning, governance and reporting processes.• Children's Services Workforce: The initial scope has focussed on creating a competitive offer and salary, alongside a clear progression criteria for social workers, as well as creating additional capacity to develop a sustainable infrastructure to ensure a safe system across the scope of children's services.

Main Budget Areas	Current budget (£000)	Year	Revised budget (£000)
Commissioning	13,292	2024/25	45,840
Fostering and Adoption	10,342	2025/26 (indicative)	45,011
Residential Care	5,305	2026/27 (indicative)	45,436
Education and Inclusion	6,463		
Safeguarding and Early Help	9,295		
Other	2,221		
Total	46,918		

Key planning assumptions

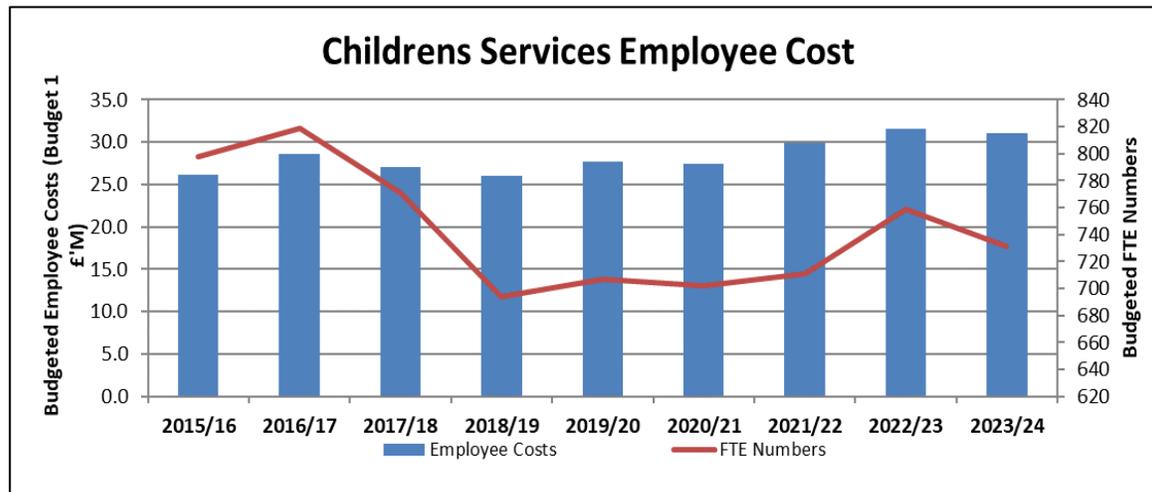
Estimated contract inflation impact of £0.68m funded.

Demand reduction of £1.5M built in to budget

Ongoing further review of resources and needs to be undertaken in year.

Natural turnover of staff savings of £0.8M assumed within budget envelope (95% occupancy).

Other risks to be managed within service.



Children & Family Services

Overview, challenges and opportunities

Overview	North East Lincolnshire Children Services are undertaking a significant period of change to ensure children and parents live in safe, supportive and loving families. Together with partners, North East Lincolnshire have agreed an improvement plan bringing together the findings of Ofsted inspections and recent diagnostic work undertaken by our strategic partners to improve outcomes for children and young people.
Key challenges and opportunities	<p>We are aware that we must continue improving across all areas and drive quality to ensure we are improving outcomes for children and young people in North East Lincolnshire. Key challenges across the two priority areas:</p> <p>Improving Outcomes For Children</p> <p>Foster carers: There is a continued focus on reviewing and refining the foster carers financial policy to take account of the skills and current knowledge as well as foster carers commitment to their learning and development</p> <p>Care Leavers: Work is underway to review the supported accommodation offer to care leavers as part of the refresh of the care leavers offer</p> <p>Stable & Resilient Workforce</p> <p>Supervision: While it is recognised that the compliance measures of supervision have increased, there is an amplified focus on further improving the timeliness and quality of provision</p> <p>Corporate Parenting: Work is underway to raise awareness of corporate parenting and further develop the corporate parenting offer across Children's Services, the wider Council and the wider partnership. A self assessment is being undertaken which will help to shape and influence the corporate parenting arrangements</p> <p>Partnerships: Work is commencing to review and refresh the local arrangements, to take account of Working Together 2023, and to further develop the infrastructure and associated workstreams. There are also opportunities to review, refine and refresh the partnership governance arrangements across corporate parenting, youth justice and SEND to provide the environment for high support and high challenge</p>

Children & Family Services

Overview, challenges and opportunities

Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes

We are aware of our responsibility to ensure a sustainable financial position

Foster carers: There is a continued focus on reviewing and refining the foster carers financial policy to take account of the skills and current knowledge as well as foster carers commitment to their learning and development

Sufficiency: There is a focus on finalising and launching the sufficiency strategy for children in care and care leavers, which will be underpinned by a robust delivery plan. This will enhance sufficiency landscape to enable children and young people to be in a family care setting and in our local community wherever possible

Stable & Resilient Workforce - Build a stable, permanent, workforce to deliver high quality services to children. This will include a redesign of the current structure to ensure this is fit for purpose with an offer which makes this attractive across the region alongside shaping the offer to 'grow our own' future workforce

Partnerships: Work is commencing to review and refresh the local arrangements, to take account of Working Together 2023, and to further develop the infrastructure and associated workstreams. There are also opportunities to review, refine and refresh the partnership arrangements to ensure children receive the right offer of help at the right time.

Children and Family Services Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 1	Improving outcomes for children – continue to enhance the quality of practice, supervision and oversight to enhance the outcomes for children in NEL.	✓	✓	✓
Priority 2	Children in Care Sufficiency – better capture needs, cost and outcomes of our children in care. This will support children to get the right support at the right time, ensuring they are supported at the lowest level need and therefore reducing reliance on high-cost placements.	✓	✓	✓
Priority 3	Build a stable, permanent, workforce to deliver high quality services to children. This will include a redesign of the current structure to ensure this is fit for purpose with an offer which makes this attractive across the region alongside shaping the offer to 'grow our own' future workforce		✓	✓
Priority 4	Case Management System – procure and implement the new case management system by December 2024, ensuring that we redesign processes around to new operating model to ensure they are fit for purpose, efficient and support the practice model.		✓	✓

Children and Family Services

Capital investment to support delivery of business plan

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
CHILDREN SERVICES INVESTMENT (DETAILED WITHIN RESOURCES CAPITAL PROGRAMME)				
Childrens Services Platform	1,188	1,746	1,626	0

Education & Inclusion

Summary of delivery against 2023/24 business plan

Free School	Our bid for a 150-place free school for children and young people with social, emotional and mental health (SEMH) needs was successful. We are in the process of securing the land and reviewing the site condition and are working with the Department for Education to secure a provider.
Delivering better outcomes	We were one of only 55 councils to be selected to be part of a new project funded by the Department for Education dedicated to improving outcomes for children and young people with special educational needs and disability (SEND) in North East Lincolnshire.
EHE	The numbers of Electively Home Educated (EHE) children continues to high in line with other local authorities, who have also experienced significant increases of parents choosing to EHE. However, positively, Qtr 3 shows a stabilisation in numbers at 396.
Timeliness of EHCP Assessments	Whilst significant efforts have gone into increasing efficiencies within the Local Authority's statutory process, there continues to be work to be done, to reduce the number of requests for assessment coming into the statutory assessment system. The programme of work under Delivering Better Value in SEND will support this. Collectively SEND teams have worked hard to reduce the backlog of EHCP requests awaiting assessment by an EP from 123 to 42 at the end of 2023.

Education & Inclusion

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<p>The SEMH free school is progressing as planned and is on track to open a year earlier than originally planned, hopefully in September 2026 with possibility of a 2027 opening if DfE timescales slip . Applications for a Multi Academy Trust to deliver the new school has now closed and are being evaluated. The appointed Trust will be announced in the new year. Further communication/press release will be shared once legal documents are completed to announce the site and an update on progress. On target to deliver.</p> <p>2 x primary schools, Waltham and Scartho including 2 x 12 place Resource Specialist Provision units. Subject to planning and tender award, the opening of both the new schools is September 2025 .</p>
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<p>The Local Authority is currently participating in the Delivering Better Value in SEND national DfE programme to explore and implement creative solutions to some of the current challenges that the Local Authority face regarding appropriate support and provision for children with SEND. The aim of this programme, is to begin to create sustainability across the SEND system.</p> <p>The Local Authority has applied for and received a £1M grant as part of this programme which will be invested in additional workforce development opportunities for education settings, providing some additional capacity to existing outreach terms and other key services children with SEND and their families' access. Pilot projects in new outreach services are also underway to understand better if there is the potential to improve access to education provision, earlier through a different model, therefore avoiding more specialist provision longer term, keeping children within their own localities. Running alongside this project, is an extensive capital programme of works to create additional places for children with EHCPs in North East Lincolnshire.</p> <p>The biggest project is part of the national DfE special free school wave 3 programme. This will enable the Local Authority to increase special school provision for children with SEMH by 150 places over two years from September 2027, thus reducing the number of independent non-maintained special school places by 150. Currently projected fees for a day independent non-maintained special school place are on average £50k. This is nearly twice the cost per place of funding for the new special school, generating a significant cost avoidance for future long-term planning. Alongside the new SEMH special school, there is also a programme working with mainstream partners to create resource specialist provision across the borough.</p> <p>The first setting was opened in September 2023, with further RSPs planned to open in September 2024, and January 2025. Both new Primary schools will also be built with RSP provision integral to the new build. These are also set to open September 2024. Each place in RSP cost avoids either an Academy Special school place, or an independent non-maintained special school place. This is not only then a more cost-effective model, but one that generates more positive outcomes for children appropriately placed in these settings.</p>

Education and Inclusion

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 1	Using allocated capital funding, deliver on 40-50 additional high needs places at key stage 1 and 2 for children with EHCPs. Pilot successfully in place at Littlecoates Primary, with further places at other local settings to be available from September 2024.	✓		✓
Priority 2	Complete all EHCP requests within the 20-week timeframe to ensure children and young people have timely and impactful support to access high quality educational provision.		✓	✓
Priority 3	Implement and embed a refreshed model for the virtual school to ensure children who are looked after, or are in need, receive the support they need to thrive and succeed.			✓
Priority 4	Work with children, young people, families and stakeholders to reduce the numbers of children becoming EHE, and reintegrating EHE children back into education settings.			✓
Priority 5	Review post 16 transport offer alongside wider transport review, to ensure that a refreshed model enables young people to be sufficiently prepared for adulthood and accessing their local communities and education provision.	✓		✓

Education and Inclusion

Capital investment to support delivery of business plan

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
Education and Inclusion	4,121	17,243	5,212	0
Schools - Devolved Formula Cap Grant	136	100	0	0
Schools - Backlog Maintenance	271	350	350	0
Schools - Basic Need Sufficiency of Places	3,418	12,493	3,796	0
SEND Special Prov Fund	288	4,300	1,066	0
New Nursey Places	8	0	0	0

Adult Services

Vision

All adults in North East Lincolnshire will have healthy and independent lives with easy access to joined up advice and support, helping them to help themselves.



Adult Services Service Areas

Key areas of activity include:-

Single point of access (SPA)

Home based care and support (domiciliary care)

Residential care

Intermediate bed-based care

Extra care housing

Supported living

Rehabilitation and re-ablement

Aids, adaptations (assisted living) and telecare

Carers' support services

Mental health, connected mental health act functions and learning disability support,

Adult mental health practitioners, guardianship and appropriate adult functions

Disability residential, and day services

Social work statutory functions

Specialist community transport

Safeguarding

Charging functions

Deputyship

Mental Capacity Act/deprivation of liberty safeguards

Adult Services

Summary of delivery against 2023/24 business plan

Discharge	Discharge performance continues to be good and this has been recognised by NHSE/ECIST as well as within the ICB following deep dive analysis of processes.
MH Strategy	Mental Health Strategy launched as part of the HCP. This has been led by people with lived experience and is now in the implementation phase.
Reablement	Reablement and rehabilitation review programme continues to progress. We have established new data sets and have seen improvement in performance. The programme will continue throughout 2024/25
CQC	CQC preparation has started. There is an established system group. We have carried out a full policy review and have made good progress on reviewing and gathering key information required in readiness for the NEL inspection.
S75 Implementation	Agreement has been reached with the ICB on the timescales for the implementation of the new S75. We will operate in shadow form between January – March 2024 with the full operating arrangement to be in place from 1st April 2024. Drafting of the agreement is progressing well and the agreement is subject to formal agreement of both Humber and North Yorkshire ICB and North East Lincolnshire Council
Practice framework	The North East Lincolnshire Practice framework has been developed and launched which underpins a consistent approach to social work practice (strengths based) across the Health and Care Partnership

Main Budget Areas	Current budget (£000)	Year	Revised budget (£000)
Integrated Care Board	58,778	2024/25	61,649
Other	202	2025/26 (indicative)	60,385
Total	58,980	2026/27 (indicative)	61,663

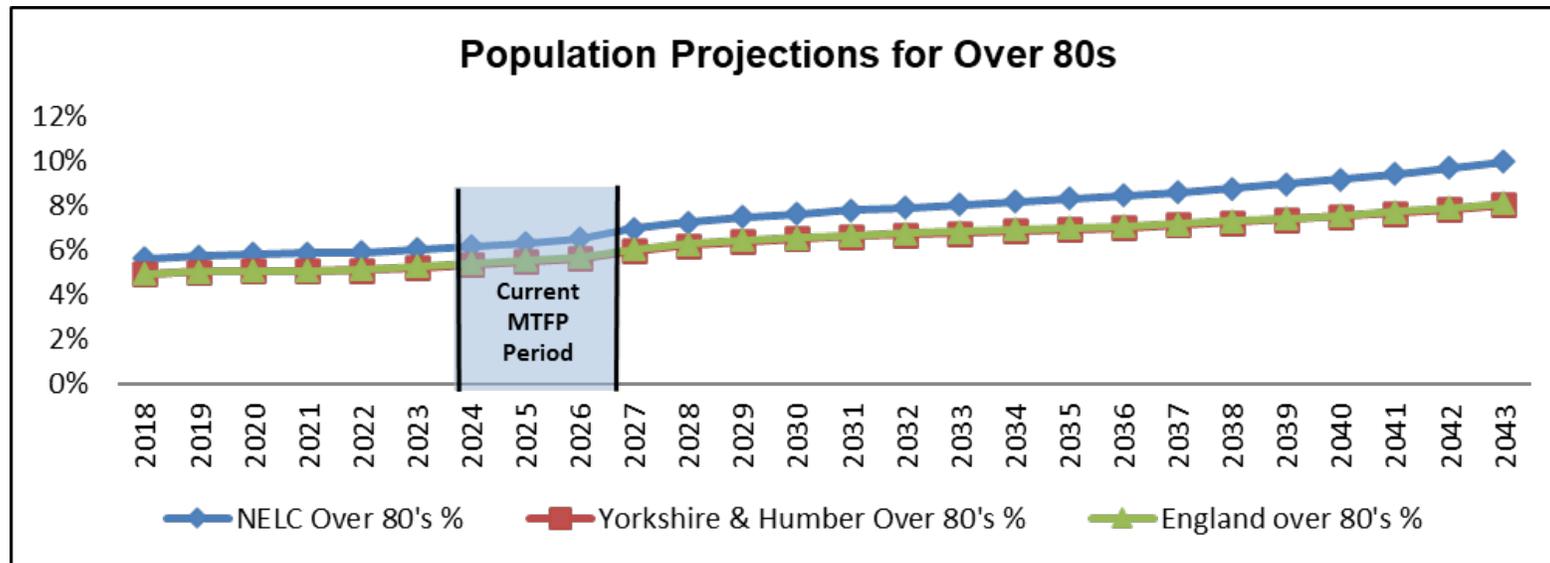
Key planning assumptions

Additional social care support grant arrangement continue over the MTFP period.

Adult social care precept applied in 2024/25 to create additional funding to meet pressure. Future of ASC precept uncertain.

Investment of £3.2M already factored into the 24/25 budget to cover inflationary and activity pressures. However other demographic risks to be managed.

Other demand and demographic pressure cannot be centrally funded at this time, need to understand risk that presents.



Adult Services

Overview, challenges and opportunities

Overview	<p>To ensure that NELC meets its statutory duties relating to adult social care within the context of rising demand and a challenging financial position. This will require innovation as well as ensuring that the approach to support people is strengths and asset based to support people to achieve better outcomes.</p>
Key challenges and opportunities	<p>Demand continues to rise in line with the growth in the number of older people in North East Lincolnshire which creates significant challenges for the 2025/26 and 2026/27 budget.</p> <p>The significant increase in the national minimum wage creates challenges for adult social care fees for 2024/25 based on the methodology used.</p> <p>There are key pieces of commissioning activity that need to be undertaken between 2024-2027. These include shared lives, support at home, Extra care and market shaping of bed-based services for older people. All of these are significant pieces of work and present capacity challenges in their delivery.</p> <p>The structure of integration doesn't always enable us to determine the pace at which change happens</p> <p>Increasing complexity of care and support needs for working aged adults continues to be a challenge</p> <p>The S75 between NELC and ICB is a significant opportunity to innovate to improve outcomes and deliver financial efficiency. Different approach to contract/partnership oversight of key contracts Implementation of strength's-based practice, development of telecare and digital solutions</p> <p>New commissioning opportunities such as shared lives /Extra care are being developed which offers different models of delivery of social care support</p> <p>Organisational review of transport including adult social care.</p> <p>Review of working aged adults care packages</p> <p>Management of voids</p>

Adult Services

Overview, challenges and opportunities

Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes

Embedding strengths-based practice to manage demand

Telecare/digital – transformation and expansion

Review of out of hours care provision

Ensuring cost recovery and charging is optimised.

Efficiencies of transport costs following the organisational transport review

Transfer of non-regulated provision from regulated providers

Commissioning frameworks that ensure a continued stable market and meet the needs of the people of North East Lincolnshire over the next 5 years and beyond.

Continuation of reablement/review programme (year 2)

Adult Services

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority	Embedding of strength's-based practice underpinned by the practice framework. This should be the foundation of managing demand and therefore delaying and avoiding the need for long term care packages	✓	✓	✓
Priority	Commissioning of shared lives and the completion of the frameworks for support at home, supported living, shared lives, telecare and Extra Care. Development of complex services with lead providers for people transitioning from children's services	✓	✓	✓
Priority	CQC regulation – we will be inspected by March 2025. Preparation will continue to be a key priority throughout 2024/25		✓	✓
Priority	Completion of the reablement review for pathway 1 (intermediate care at home) and pathway 2 (discharge to assess) will maximise the efficiency of the pathway ensuring people have the opportunity to be reabled avoiding the need to long term care packages	✓	✓	✓



Public Health

Vision

We want people to be informed, capable of living independent lives, self-supporting and resilient in maintaining/improving their own health. By feeling valued through their lives, people will be in control of their own wellbeing, have opportunities to be fulfilled and are able to actively engage in life in an environment that promotes health and protects people from avoidable harm.

Public Health Services

The Local Authorities (Public Health Functions and Entry to Premises by Local Healthwatch Representatives) Regulations 2013 sets out the mandatory public health responsibilities of local authorities. These mandated services are bound together with the conditions associated with the Council's receipt of the public health grant, which top tier councils have been in receipt of since April 2013 to enable them to deliver the responsibilities that transferred from the NHS.

Public health mandated services include: -

Health Protection

Providing public health expertise and advice to NHS.

Open Access to Sexual Health Services

The National Child Measurement Programme

0-5 Healthy Child Programme

NHS health check assessment

Drug / Alcohol Services (condition of the Public Health Grant)

Oral health epidemiology survey

Public Health

Summary of delivery against 2023/24 business plan

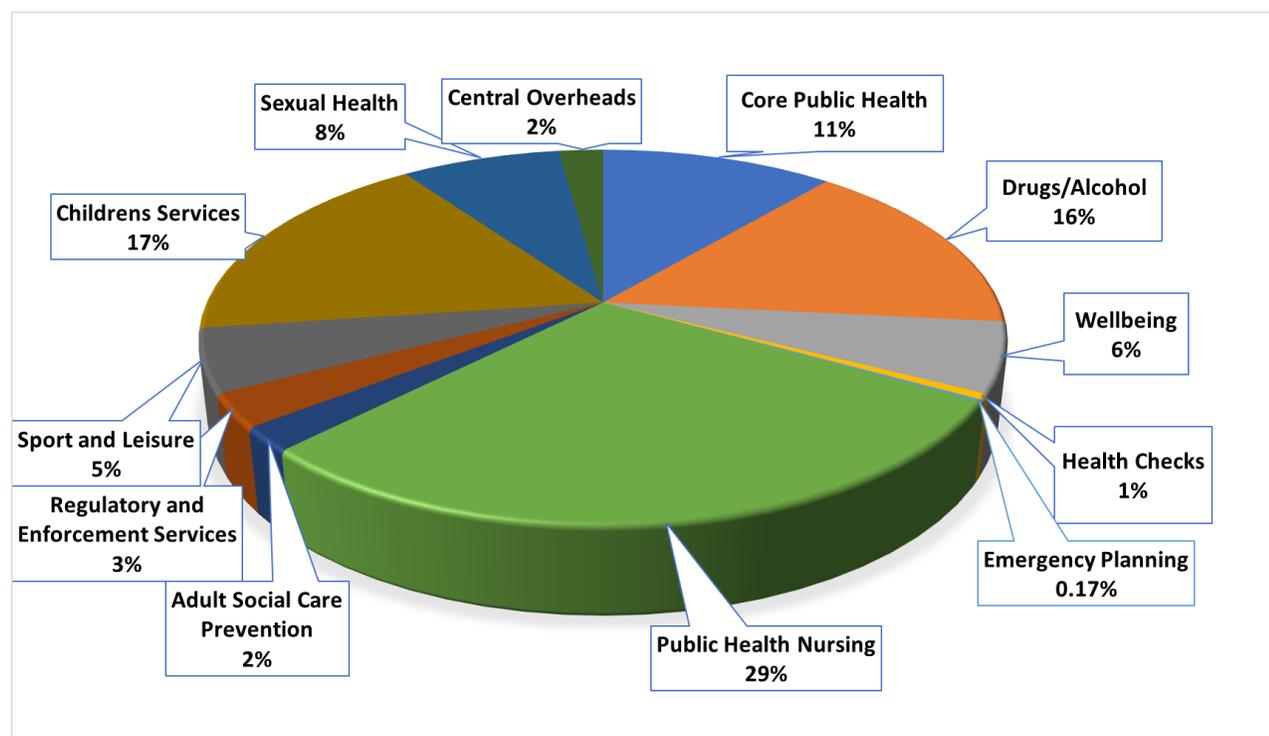
Leadership and Strategy	<p>During 2023/24 a decision was made to recruit to a Northern Lincolnshire Director of Public Health. NEL Public Health have continued to work in close partnership with colleagues from Northern Lincolnshire throughout the year and together have developed an initial plan scoping out areas of current and potential further joint collaboration.</p> <p>The NEL strategic frameworks for mental health, suicide prevention, healthy weight, workplace health and tobacco have continued to be implemented via their corresponding strategic boards. The review of the Health and Wellbeing Strategy has been delayed until 2024/25 due to the need to await the arrival of the new Northern Lincolnshire DPH.</p>
Mandated Public Health Services	<p>The Northern Lincolnshire Integrated Sexual Health contract and the Sexual Health contract with pharmacies are both on track for re-commissioning by the end of the financial year with a full health needs assessment informing the contract specifications. The Northern Lincolnshire Combatting Drugs Partnership has been established and the 10-year drug strategy is now being implemented.</p> <p>The main substance use contract is due for re-commissioning during 2024/25. The mandated healthy child programme has continued to progress in line with expectation and the first CQC inspection of The Public Health Nursing service has been completed with a Good rating achieved. The Greater Lincolnshire arrangements for Health Protection have come to an end and work is now focussed on a Northern Lincolnshire footprint, with a key focus on targeted screening for infectious diseases.</p>
Key Programmes and Projects	<p>Progress has been made on all key programmes of work including starting well, the tobacco programme, development of the wellbeing academy and a new revised approach towards workplace health.</p> <p>Of particular note is the receipt of the initial non-recurrent £312k ICB health inequalities grant, which has enabled Public Health to develop specific targeted projects focusing on the communities in NEL facing the greatest health inequalities. The projects include a targeted offer of the NHS Health Check Programme, a targeted tobacco control project, a maternal wellbeing project (focusing on reducing prematurity rates in NEL), a programme to support families in terms of achieving a healthy weight and grants for the VCSE sector for specific community-based projects.</p> <p>A further recurrent £293kp.a. inequalities funding has now been secured from the ICB. The Population Health Management Executive Group will develop the over-arching plan to tackle health inequalities across our region including identifying how this recurrent fund will be spent. In addition to the Health Inequalities Grant, Northern Lincolnshire Public Health have jointly received 2-year funding from the ICB to focus on healthy maternal weight. We have recruited to maternal weight posts and a referral process is now in place to provide this additional support to pregnant women.</p>

Public Health

Current resources

Main Budget Areas (excluding allocations to services)	Current budget (£000)	Year	Revised budget (£000)
Adults Wellbeing	147	2024/25	82
Public Health Grant Reserve	165	2025/26 (indicative)	78
Total	312	2026/27 (indicative)	78

Indicative public health grant allocations to individual service areas



Key planning assumptions

These figures relate to core council funding only and not the public health grant, which is netted off for this purpose.

The public health grant allocation in 2023/24 totalled £12.3m. Two thirds of this was used to fund core and mandated public health services. The remaining third was used to support other budgets which contribute to public health outcomes.

Pressures in public health are fully funded through the ring-fenced grant, including management of pay awards, contract and cost inflation.

Public Health

Overview, challenges and opportunities

Overview	To bring innovative solutions to reducing health inequalities within a constrained budget envelope
Key challenges and opportunities	<p>Financial challenges include inevitable increases in contract costs for the mandated commissioned services (sexual health and substance use), increase in demand led services and significant new pressures around pharmaceutical costs. Once the reserve is spent, this will also pose a financial pressure for the service.</p> <p>Other risks are that health outcomes remain poor in North East Lincolnshire with some of the highest levels of health inequalities both when comparing NEL to other authorities and between our most and least deprived wards. These include our life expectancy and Healthy Life expectancy rates, smoking prevalence rates (in particular, smoking in pregnancy), obesity levels (including childhood obesity), premature birth rates, teenage pregnancy rates, under 25 repeat abortion rate, breastfeeding rates, admissions into hospital for alcohol related conditions and alcohol related mortality indicators.</p> <p>Review PHG investment to ensure we can measure how effective they are in dealing with health inequalities.</p> <p>The appointment of a Northern Lincolnshire Director of Public Health and the continued partnership arrangements with North Lincolnshire Public Health could lead to further joint working in the future which may bring economies of scale eventually. Access to other fixed terms sources of funding eg tobacco grants is another opportunity which will be fully explored by the directorate in partnership with N Lincolnshire.</p>
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<ul style="list-style-type: none">• A detailed focus on those corporate budgets which receive public health grant investment to ensure that they are effectively tackling health inequalities in NEL• A review of the specifications of all internally delivered public health services (public health nursing / wellbeing service)• Continue to lobby central government for the appropriate uplifts to meet NHS pay deals• Continue to access other sources of funding (e.g. tobacco grants, health inequalities funding)• Use of reserve as a contingency risk pot for any unforeseen pressures, so as to not to pose any risk to the corporate budget.

Public Health

Priorities for 2024/25

Priority	Description	Financial benefit	Improved performance	Improved outcomes
Priority 1	<p>Focus on reducing health inequalities (both between NELC and other areas and between wards within NEL) This includes:-</p> <ul style="list-style-type: none">• A review of the Health and Wellbeing Strategy for Northern Lincolnshire, which will need to dovetail with the integrated care partnership strategy and ensure a strong place focus for the ICP in North East Lincolnshire• Continued partnership work with the HNY Health Care Partnership on the Health Inequalities and Population Health Management Plans for the area• Continued partnership work with the ICB on the implementation of the agreed projects through the Health Inequalities Grant• Continued implementation of key strategic frameworks including Healthy Weight/ Healthy Lives and the new sexual health contract• Review of the public health grant investment into corporate budgets in terms of their impact on reducing health inequalities in our area	✓	✓	✓
Priority 2	Continued implementation of the Starting Well Programme – with a focus on optimising a range of early years outcomes, and overall improving the percentage of children who are achieving a good level of development at 2-2.5 years and school readiness, including associated inequalities.	✓	✓	✓
Priority 3	Tobacco Control and Smoking Cessation – continued implemented of the tobacco control strategic framework	✓	✓	✓
Priority 4	Mental Health and Suicide Prevention – continued implementation of the Mental Health Strategic Framework and the Suicide Prevention Framework	✓	✓	✓
Priority 5	Re-commissioning of the Substance Use contract and continued implementation of the 10 Year Drug Strategy for North East Lincolnshire	✓	✓	✓

Annex 2 Capital Programme



**Stronger Economy: Stronger Communities.
Together we can be stronger.**

Our Council Plan pledges to work with partners to invest in our people and our place.

Capital and Long-term Investment

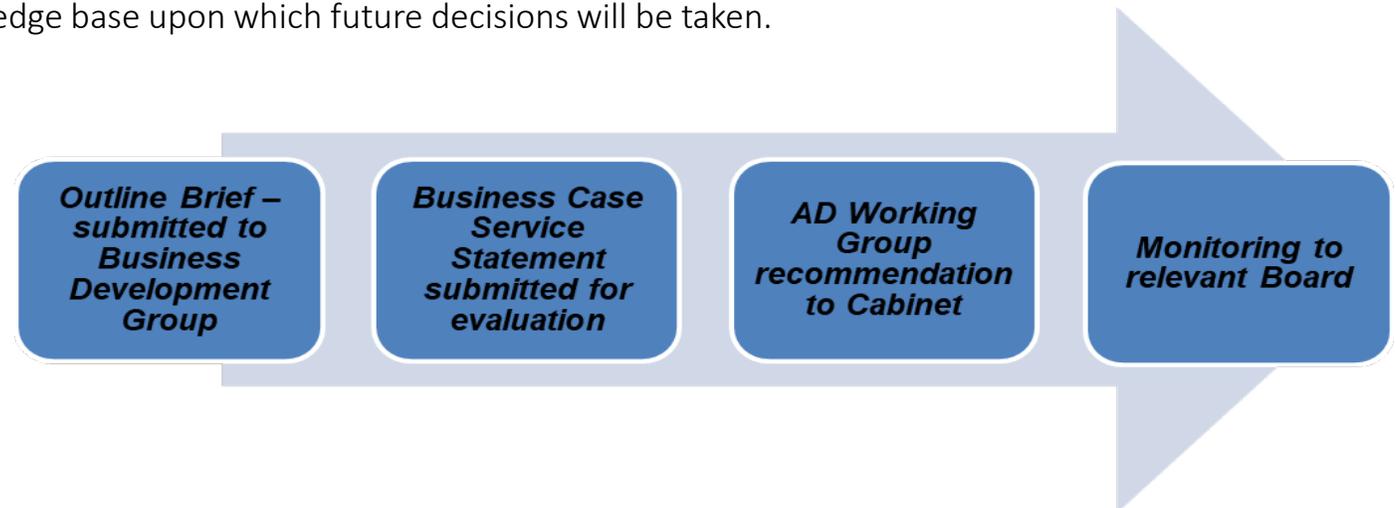
There is a robust Business Case Development Gateway Process for both revenue and capital funding. The well-established capital governance framework was extended to cover all aspects of investment including non-treasury. It's built on the HM Treasury Five case evaluation model.

All investment decisions will be supported by a Business Case Service Statement. The Business Development Group is represented by officers from the Assets, Finance, Policy, Strategy and Performance, Audit, Procurement, Legal, ICT and Economic Regeneration teams and the group scores the proposals and makes recommendations to the Assistant Directors Working Group. Supported schemes that require Cabinet Approval then progress onwards to full Cabinet approval. All in year approved schemes are listed for approval in the quarterly budget monitoring reports.

The significant programmes have specific Boards in line with the Councils Project Management Framework that govern delivery and performance. The overall capital programme delivery is reported to the Assurance Board and through Council Plan Resources and Finance quarterly monitoring reports.

Evaluation is essential and requires management initiative and intensive monitoring. The thoroughness of an evaluation will depend upon the scale of the impact of a programme or scheme and will also be informed on the extent of public interest.

There may be a high level of media interest around a project which has required a significant degree of expenditure, or one which is highly complex, unusual, or represents a pilot for future large-scale programmes. Evaluation reports will be widely disseminated and published, where appropriate, to contribute to the knowledge base upon which future decisions will be taken.



Capital Investment Programme

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
ECONOMY AND GROWTH				
Regeneration	18,534	56,742	10,133	0
Clee HLF Townscape Heritage	426	1,082	0	0
SHIP Scheme	1,332	1,050	0	0
Playing Pitch Re provision	4,338	403	0	0
Cleethorpes Public Art	25	40	0	0
Heritage Action Zone	485	0	0	0
Town Deal Investment	30	4,583	0	0
Towns Fund - Central Library	250	3,685	0	0
UK Shared Prosperity Fund	256	672	0	0
Leisure Capital Grant	80	80	0	0
Freshney Place Leisure Development	5,500	17,565	5,547	0
Cleethorpes Masterplan - Market Place LUF Scheme	203	4,440	0	0
Towns Fund - St James House	500	579	0	0
Towns Fund - Garth Lane	265	3,089	4,410	0
Towns Fund - Activation Fund	223	223	176	0
Towns Fund - Riverhead Square	2,785	0	0	0
Towns Fund - Public Realm Connectivity	150	2,942	0	0
Cleethorpes Masterplan - Sea Road LUF Scheme	1,200	7,735	0	0
Cleethorpes Masterplan - Pier Gardens LUF Scheme	200	8,375	0	0
Tennis Court Refurbishment	276	0	0	0
Play Zone	10	199	0	0

Capital Investment Programme

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
Housing, Highways and Transport	18,773	23,093	7,788	0
Disabled Facilities Grants	5,274	3,700	3,500	0
Local Transport Plan Schemes	5,923	4,864	4,288	0
Housing Assistance Grants and Loans	205	384	0	0
Immingham Lock Flood Def Gates	62	0	0	0
Corporation Rd Bridge Refurb	3,613	1,655	0	0
Rough Sleeper Accom Grant	61	0	0	0
Gy and Imm Flood Innov Funding	1,550	1,563	0	0
Sustainable Warmth - new scheme	237	0	0	0
Flood Defences - Humberston Fitties	118	0	0	0
A180 Structures	318	10,927	0	0
Abbey Walk Car Park Security Measures	23	0	0	0
Weelsby Avenue Depot Works	41	0	0	0
Grimsby Surface Water Flood Alleviation	85	0	0	0
Bus Service Improvement Plan	1,011	0	0	0
Swan House	252	0	0	0

Capital Investment Programme

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
RESOURCES	16,184	27,375	17,000	22,000
Law and Governance				
Audio Visual System for Grimsby Town Hall	0	72	0	0
Deputy S151				
Capital Investment	847	9,004	13,203	20,000
Capital Rec't Flexibility	9,000	12,000	2,000	2,000
Policy, Strategy and Resources				
Backlog Maintenance	2,839	0	0	0
Property Rationalisation Programme	341	0	0	0
Cartergate Office Development	137	0	0	0
ICT Refresh	652	578	0	0
Heritage Assets at Risk	500	3,568	0	0
Business Centre Improvement	200	0	0	0
LMS Implementation	21	0	0	0
Bradley Replacement 3G Pitch	5	0	0	0
M365 Transformation Programme	164	131	0	0
CRM Developments	104	77	0	0
Changing Places Fund	84	0	0	0
Childrens Services Platform	1,188	1,746	1,626	0
Motor Caravan Parking Pilot Scheme	17	0	0	0
Digital Platform	85	199	171	0

Capital Investment Programme

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
ENVIRONMENT	9,353	1,012	72	107
Fleet Replacement Programme	720	835	0	0
Enhancement of Bereavement Services	507	27	0	0
Depot Rationalisation	6,458	0	0	0
Scartho Cemetery Lodge & Waiting Rooms	539	0	0	0
Environmental Services Mgt System	47	0	0	0
Regulatory Services Management System	14	0	0	0
Memorial Testing & Repairs	81	0	0	0
Play Areas	763	0	0	0
Cremators - Relining	106	0	0	0
Urban Tree Challenge Fund	64	95	72	107
LA Treescapes Fund	54	55	0	0

Capital Investment Programme

SCHEME	2023/24 Revised Capital Programme	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme
	£000	£000	£000	£000
Economy (Town Centre)	229	0	0	0
CCTV Review & Upgrade	73	0	0	0
Safer Streets 4	156	0	0	0
Education and Inclusion	4,121	17,243	5,212	0
Schools - Devolved Formula Cap Grant	136	100	0	0
Schools - Backlog Maintenance	271	350	350	0
Schools - Basic Need Sufficiency of Places	3,418	12,493	3,796	0
SEND Special Prov Fund	288	4,300	1,066	0
New Nursey Places	8	0	0	0
TOTAL CAPITAL PROGRAMME	67,194	125,465	40,205	22,107

Funding				
External Grants	33,481	71,714	17,051	107
Corporate Borrowing	22,800	41,047	20,854	20,000
Capital Receipts	9,000	12,000	2,000	2,000
Revenue Contributions	5	0	0	0
Other Private inc S106	1,908	704	300	0
TOTAL FUNDING	67,194	125,465	40,205	22,107

Annex 3

Capital Investment Strategy 2024/2033



**Stronger Economy: Stronger Communities.
Together we can be stronger.**

Our Council Plan pledges to work with partners to invest in our people and our place.

Context and Vision

North East Lincolnshire has a stable and resilient economy, that is now being fuelled by the renewable and low carbon energy sectors, alongside investment in ports and logistics and the flagship seafood sector.

All of this puts the area in a unique place to grow through inward investment, skills, innovation and job growth.

North East Lincolnshire is building a new economic future. Over the next decade and beyond, there are strong prospects for growth in offshore wind and the transition to a low cost, low carbon economy; and for improved productivity and export-led growth in port-related logistics and in advanced manufacturing, chemicals and food processing.

The creation of the Council's flagship South Humber Industrial Investment Programme (SHIIP), a long term multi-million-pound economic growth programme founded to develop up to 195 hectares of employment land across six Enterprise Zone sites has helped to unlock major new business investment for the area.

The Capital Investment Strategy will drive the long-term focus of the capital programme. Significant investment will focus on business growth, a green economy, skills and place making.

Context and Vision

Some of the activities that will help achieve the Council's vision –

Local Plan	Maintaining an up to date and relevant Local Plan.
Grimsby Town Centre	A substantial investment in Grimsby Town Centre with re-purposed creative business space and family leisure activities.
Cleethorpes Town Centre	Investment in priority projects for Cleethorpes Town Centre and the resort to enhance the future tourism offer.
Humber Freeport	Freeport status – bringing increased trade and investment, innovation and the promise of high value jobs to the area.
Renewable Energy	Renewable energy – emerging technologies and opportunities through innovation for businesses and our workforce.
Industrial Development	A focus on industrial development to support our growing businesses and attract new investment.
Culture, Heritage, Leisure and Tourism	Activities to support greater engagement in culture, heritage, leisure and tourism through events and creative workspace as outlined in the Creativity Strategy.
Net Zero	The Government's Ten Point Plan for a Green Industrial Revolution and Energy White Paper entitled 'Powering our Net Zero Future' offers opportunity for investment across the borough and links in with our own Carbon Road Map.

Context and Vision

Notable capital investment schemes that are expected to incur spend over the medium- term financial plan period include:

Freshney Place Leisure Development

The Council has secured significant grant monies for the transformation of the western end of Freshney Place. The leisure development will house a new cinema, with local and regional operator Parkway Entertainment Group coming in as an anchor tenant.

The plans will also feature a remodelled entrance to the centre, which will be lined with units for leisure and eateries, and an entrance to a new and transformed Market Hall.

Alongside these plans, the Council has launched a new project aiming to improve the town centre street scene. Focused on the Victoria Street West pedestrian precinct and surrounding streets, officers are encouraging owners of a relatively small number of street-facing properties to make improvements.

Cleethorpes Regeneration

The Council has secured more than £18.4m of Levelling Up grant for the resort. The key vision is to reintroduce the historic Market Square, creating a safe and flexible space that can accommodate markets, festivals and associated retail events, which will encourage outdoor dining, and provide a healthier, more pleasant environment.

The funding will also support the redevelopment of the Sea Road site which received planning permission for a new building and is currently being marketed and there is also an opportunity to change Pier Gardens, retaining the Victorian heritage and feel, but making it more attractive

Capital and Long-term Investment

Capital and long-term investment has both legal and regulatory requirements which sets out the powers the Council has and the frameworks it must comply with and operate within for capital investments.

The Council is guided by the Local Government Finance Act, DLUHC guidance and CIPFA Codes of Practice, including CIPFA's revised Prudential Code of Practice 2021 that brought in new restrictions on borrowing which are focused on investments that are made 'primarily for financial return', including commercial property.

The Capital Investment Strategy is the umbrella document that covers both the Service Delivery and Commercial Return elements of the Council's investments.

The underlying principles of the capital strategy follow the financial strategy –

Commissioning	Aligning capital investment to support the outcomes framework
Regeneration & Growth	Stimulate regeneration and economic growth through local investment
Cost Control	Supporting the economic and efficient delivery of core services

The Prudential Code requires Local Authorities to ensure Capital investment –

- Links to Strategic Planning
- Ensures effective Asset Management
- Delivers Value for Money
- Is prudent and sustainable
- Is subject to an affordability assessment
- Can be delivered practically

See Investment Management Practices below for details on how the Council will manage these requirements

Funding Capital Investment

The funding of the capital investment programme is informed by prudential Indicators. These ensure that the plans of the Council are affordable, prudent and sustainable and that the requirements of the Prudential Code are met.

The Council is committed to affordable capital investment, the underlying test is that capital financing costs will not exceed 10% of the net revenue budget over the life of the capital programme. A significant investment may add to financing costs and in the short term flex this indicator but on completion generate revenues which bring the indicator back into line.

The Council is currently maintaining an under-borrowed position subject to a minimum investment balance of £10m. This means that the capital borrowing need (the CFR), has not been fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used temporarily.

This has been a prudent approach as investment returns have been low and counterparty risk is still an issue that needs to be considered, however, this strategy has a limited lifespan and only delays, rather than removes, the borrowing required to support our Capital plans. As at 31st December 2023 the Council has £165m of borrowing. With current capital investment plans and replacement borrowing up to £103m of new borrowing will be required over the next 3 years.

As a net borrower with a significant borrowing requirement, debt finance features significantly in the financing plan although there are other sources of funding for the capital programme. Capital receipts generated from the disposal of assets and Housing grant repayments will be used to finance capital investment although where a surplus asset can be used to unlock development rather than generate a receipt this will be considered as part of the business case and options appraisal. Generating capital receipts reduces the need to borrow and therefore can reduce the debt financing costs of the Council. The Council also uses capital receipts to fund transformational revenue costs, which is detailed in the Flexible Use of Capital Receipts Policy within this Medium-Term Financial Plan (Annex 7).

Seeking innovation funding through an increasing emphasis on collaborative and partnership initiatives, whilst also looking at how the Council contributions can continue to unlock other funding sources to support its key investment priorities.

Grant funding is a critical part of funding the Councils capital investment aspirations and securing the right grant support for the major schemes will add value, sustainability and reduce financial risk.

Funding Capital Investment

The Council's chief objective when borrowing money is to strike a low-risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Our default strategic response to the expected (but far from certain) cyclical adjustment to a lower rate environment is to combine regular short-term borrowing transactions with occasional new longer-term borrowing at relatively steady intervals to average out the cost of borrowing whilst delivering short-term savings and seeking to limit the cost of carry.

Currently the Public Works Loan Board (PWLB) Certainty Rate is set at gilts + 80 basis points for borrowing.

In November 2020, the PWLB announced some new restrictions on access to borrowing and, whilst we believe these will not be prohibitive for NELC, we continue to view other local authorities and alternative lenders as active options in meeting our overall borrowing requirement as cost effectively as possible.

To borrow from the PWLB, local authorities are required to submit a summary of their planned capital spending and PWLB borrowing for the following three years. The S151 Officer or equivalent must confirm to the PWLB that the Council does not plan to buy investment assets primarily for yield in the next three years.

Investment assets bought primarily for yield would usually have one or more of the following characteristics:

- buying land or existing buildings to let out at market rate
- buying land or buildings which were previously operated on a commercial basis which is then continued by the local authority without any additional investment or modification
- buying land or existing buildings other than housing which generate income and are intended to
- be held indefinitely, rather than until the achievement of some meaningful trigger such as the completion of land assembly.

Funding Capital Investment

Common across both financial and non-financial investments is the need for holistic council-wide planning, robust due diligence and formal oversight processes. Latest guidance suggests that an Authority's commercial 'risk appetite' is likely comparable to its Treasury Risk appetite. However, a holistic approach to risk could equally allow more risk to be taken on non-treasury Investments given that little risk (and therefore return) is created on the treasury side. NELC's overall risk appetite along with specific policies and arrangements for non-treasury investments is set out in this strategy.

Policy on Borrowing in Advance of Need

The Council will not borrow more than or in advance of its needs purely to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Borrowing for Commercial or Social Return

DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. Financial investment is covered solely within the Treasury Management Strategy. Non-financial investments, essentially the purchase of income yielding assets, are covered by this Capital Strategy. This could include investments made for Service purposes where Non-financial 'social' returns are considered alongside pure financial gain. Such activity may include loans supporting service outcomes, investments in subsidiaries and investment in property portfolios where local tenant demand is not being met by private sector provision. Equally, non-financial investments could include Commercial investments made in other financial assets and property primarily for financial return. These investments require increased investment management. The Authority currently has no plans to acquire assets purely for their yield. To support frontline services, as central Government funding changes over time, Councils must consider how best they might deploy their resources, knowledge and borrowing capacity to replace lost income. The drivers, characteristics, available credit data and risks associated with such transactions will differ from one scheme to another as well as from general treasury activity. The Authority must compile and maintain a schedule setting out a summary of existing material non-treasury investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure. Material non-Treasury investments are listed on pages at the end of this Annex along with their objectives and specific Governance arrangements.

Risk

The Council's risk appetite defines the type of investment opportunities it is willing to consider and prioritise and will be expressed through its tolerance to risk in respect of capital security, meaningful liquidity and yield volatility.

The Council is Exposed to a Range of Broad Risks:

Strategic	Key initiatives undertaken by the Council such as significant purchases, new ventures, and other areas of organisational change. Misreading the environment, economy and choosing the wrong direction.
Financial	Investment of the Council's assets and cash flow, market volatility, currency etc. The Council's Treasury Management Strategy (TMSS) defines the risk appetite in respect of delivery of Treasury Management Activity. Financial risk associated with Non-Treasury Investments is within this strategy.
Macroeconomic	Growth or decline of the local economy, interest rates, inflation and the wider national and global economy.
Credit and counterparty	Ability of other parties to deliver on contracted obligations. Failure to do so could result in financial loss to NELC.
Operational	Operational exposures within NELC, its counterparties, partners and economic sensitive activities. Including knowledge and ability gaps.
Environmental and social	Environmental & social impact of the Council's strategy and interests.
Reputational	Council's dealings and interests, and the impact of adverse outcomes on the Council's reputation, resources and public perception.
Governance	Ensuring that prudence and careful consideration sit at the heart of the Council's decision-making, augmented by quality independent advice and appropriate checks and balances.

Risk

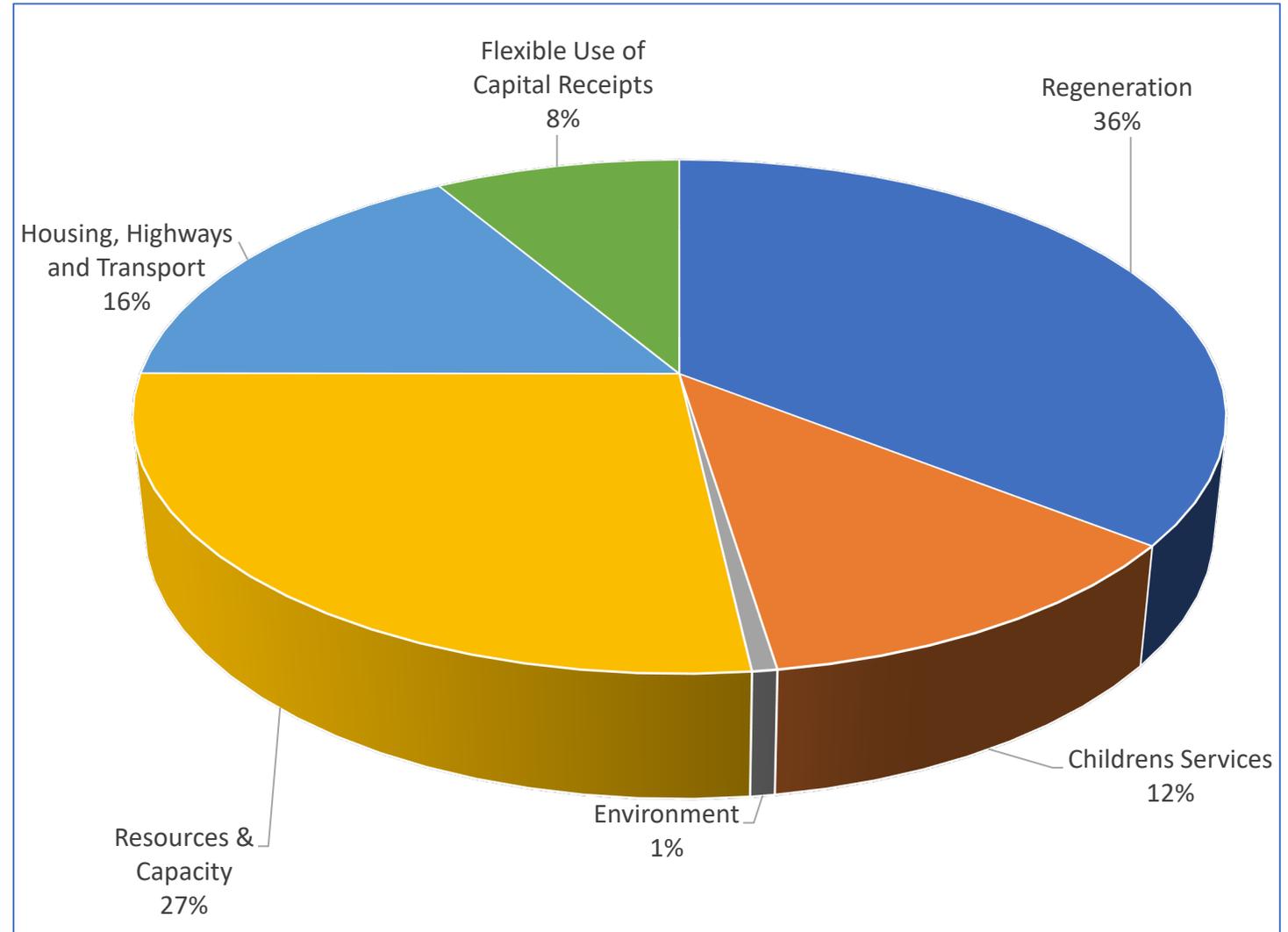
Understanding the Councils risk appetite shapes the capital investment strategy and the type of investment the council is willing to consider and undertake.

The Council's Appetite to Risks:

Strategic	High appetite where there is a direct gain to the Council's revenues, specifically local taxation streams, contributes directly to the Council's priorities or the ability to deliver its statutory duties more effectively.
Financial	Medium appetite for a range of asset types, property and longer-term investments, subject to careful due diligence and an emphasis on security as well as proportionality within the approved capital investment plan.
Macroeconomic	High appetite for exposure to local economic growth. Low appetite for exposure to national and global growth, with No appetite for out of Borough investment. Low appetite for interest rate risk and inflation risk.
Credit and counterparty	High appetite for secured or diversified credit risk, as well as exposure to highly rated counterparties, partners and financial institutions with strong balance sheets. Low appetite for unsecured investments or lending.
Operational	High appetite for efficiency of council process. Low appetite for 'Business as Usual' operational risks such as pricing errors, errors in administration, IT, project management failure including use of external consultants.
Environmental and social	High appetite for environmentally sustainable investments, for social value and improving community and family outcomes.
Reputational	Low appetite to undertake activity which will damage the Council's reputation or public perception
Governance	No appetite to compromise strong governance or internal control, including decision making, evaluation, monitoring and project management.

Capital and Long-term Investment

The Council's long term financial strategy remains focused on the achievement of financial sustainability by embracing the area's economic potential and growing the local tax base. The Capital Programme for 2024/25 -2026/27 totals £187.8m and comprises the following:-



Governance

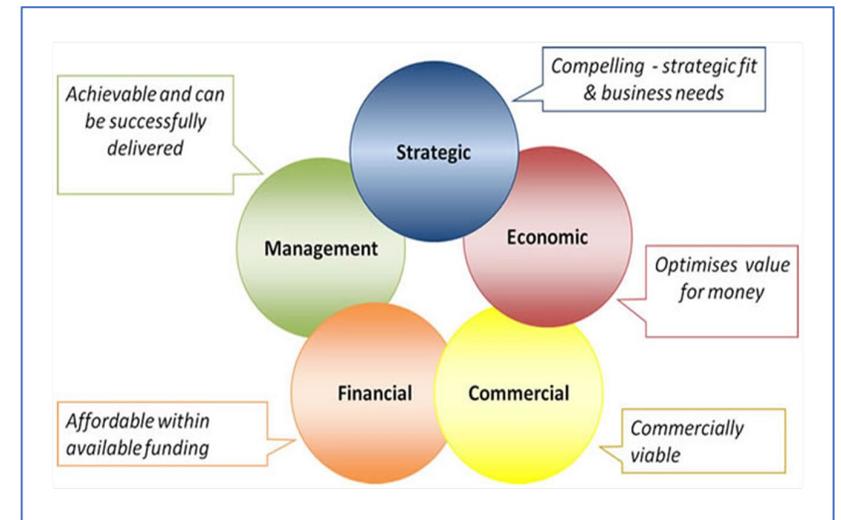
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All investment decisions will be supported by a Business Case Service Statement. The Business Development Group is represented by officers from the Assets, Finance, Policy, Strategy and Performance, Audit, Procurement, Legal, ICT and Economic Regeneration teams and the group scores the proposals and makes recommendations to Leadership Group. Supported schemes that require Cabinet Approval then progress onwards to full Cabinet approval. All in year approved schemes are listed for approval in the quarterly budget monitoring reports.



Governance – Prudential Indicators

The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

To ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that **debt does not, except in the short term, exceed the total of capital financing requirement** in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. Although net indebtedness is forecast to increase over the next 4 years, total debt is expected to remain below the approved CFR

The **Ratio of Financing Costs to Net Revenue Stream** indicates overall affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

The **Liability Benchmark** forecasts our need to borrow over a 50-year period. This aids decision making when it comes to the quantum and term to be chosen. It represents the level of our anticipated borrowing and in the ordinary course of business would not be expected to be exceeded. It therefore should closely mirror the Operational Boundary.

A further key prudential indicator the **Authorised Limit** represents a control on the **maximum level of borrowing**. This represents a legal limit beyond which external debt is prohibited and can only be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

The **Operational Boundary for External Debt** is the limit beyond which external debt is not normally expected to exceed. (i.e. prudent but not worst case). It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

Prudential Indicators

To demonstrate that the Authority has fulfilled the objectives it lays out, the Prudential Code requires the following indicators to be set and monitored each year.

Estimates of Capital Expenditure: The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital Expenditure and Financing	2023/24 Revised £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Total Expenditure	67.2	125.5	40.2	22.1
Capital Receipts	9.0	12.0	2.0	2.0
Government Grants	33.5	71.8	17.0	0.1
Section 106 and Revenue	1.9	0.7	0.3	0.0
Borrowing	22.8	41.0	20.9	20.0
Total Financing	67.2	125.5	40.2	22.1

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	31.03.23 Actual £m	31.03.24 Estimate £m	31.03.25 Estimate £m	31.03.26 Estimate £m	31.03.27 Estimate £m
Total CFR	203.1	218.0	246.5	258.0	267.9

Prudential Indicators

The peak change in debt levels is estimated at £59.9m over the forecast period during which we also have £42.7m of debt maturities. Total new borrowing required will therefore be around £102.6m (including a £10m minimum liquidity float and subject to capital spend being in line with forecast).

Gross Debt and the Capital Financing Requirement: To ensure that over the medium-term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

External Debt	2022/23 Actual £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Debt at 1 April	154.4	169.6	179.6	212.6	223.9
Expected Change in Debt	15.2	10.0	28.5	10.4	10.0
Other Long-term liabilities	0.0	0.0	0.0	0.0	0.0
Expected Change in Long-term Liabilities	0.0	0.0	0.0	0.0	0.0
Gross Debt at 31 March	169.6	179.6	212.6	223.9	229.5
Capital Financing Requirement	203.1	218.0	246.5	258.0	267.9
Under/(Over) Borrowing	33.5	38.4	33.9	34.1	38.4

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income. As borrowing arrangements typically form very long-term commitments, once drawn the ability to generate savings from this portion of Council spend is very limited.

Ratio of Financing Costs to Net Revenue Stream	2022/23 Actual	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
General Fund	6.92%	8.26%	7.84%	8.96%	9.66%
Including non-financial investment financing	0.66%	0.84%	0.71%	0.67%	0.65%

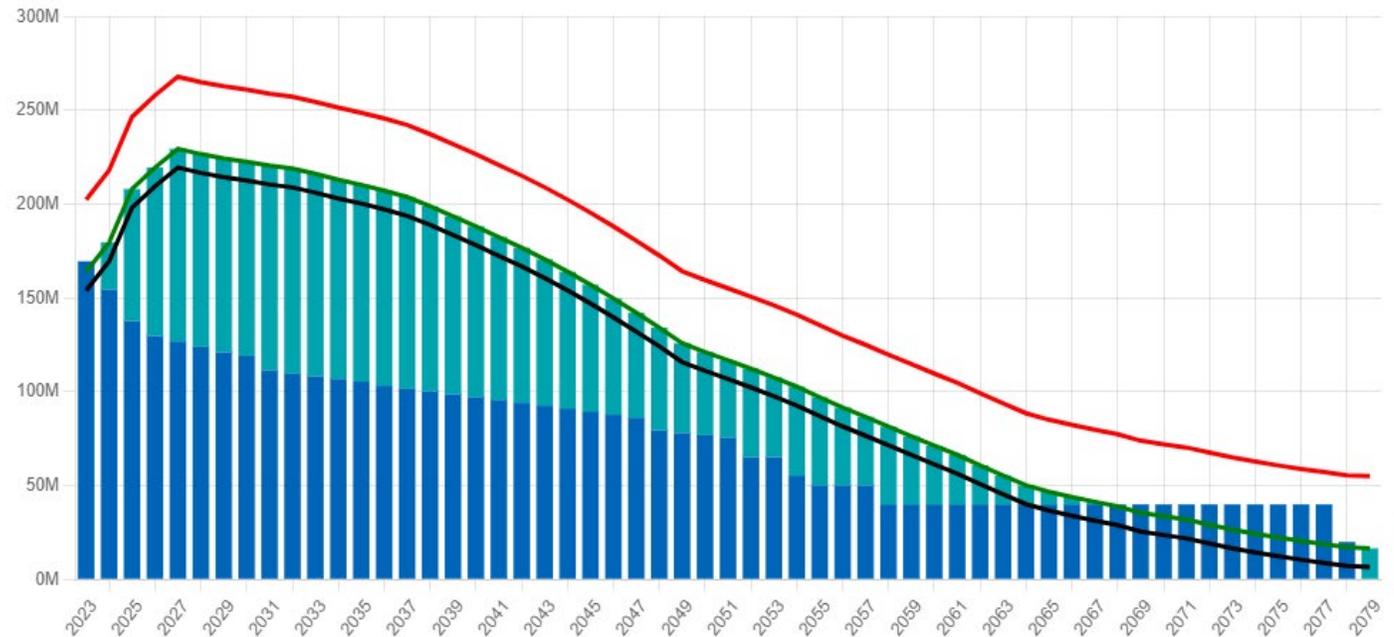
Prudential Indicators – The Liability Benchmark

The Benchmark forecasts our need to borrow over a 50-year period. This aids decision making when it comes to the quantum and term to be chosen, the aim being to avoid cost of carry revenue implications and avoid the trap of defaulting to ultra-long tenors just because the yield curve tail slopes downward. It represents the level of our anticipated borrowing and in the ordinary course of business would not be expected to be exceeded. It therefore should closely mirror the Operational Boundary.

The Benchmark (across) shows that after peaking in 2026/27 both the Capital Financing Requirement and borrowing are forecast to reduce steadily in the long-term. This is however subject to change dependent on the size of future Capital Programme borrowing levels.

The benchmark assumes:

- future capital expenditure beyond the current programme funded by borrowing of c£5m a year on average
- minimum revenue provision on new capital expenditure based on an annuity profile of c30 years average
- No changes to Reserves beyond the current MTFP period (3 years)
- existing borrowing (dark bars) is replaced as it matures.



Prudential Indicators

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition in February 2023.

Authorised Limit for External Debt: This is a key prudential indicator that represents a control on the maximum level of borrowing. This is a legal limit beyond which external debt is prohibited and can only be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. The Authorised Limit is a statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

Authorised Limit	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	250	260	270	280
Other Long-term Liabilities	40	40	40	40
Total Financing	290	300	310	320

Operational Boundary for External Debt: This is the limit beyond which external debt is not normally expected to exceed. (i.e. prudent but not worst case). It links directly to the Authority's estimates of capital expenditure, the Liability Benchmark, capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance leases and other liabilities that are not traditional loans but still form part of the Authority's debt.

Authorised Limit	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	220	230	240	250
Other Long-term Liabilities	30	30	30	30
Total Financing	250	260	270	280

Prudential Indicators – Non-financial Investments

In accordance with the DLUHC’s statutory guidance the Council sets Limits and Indicators to quantify its risk appetite when making, adding and retaining investments. Limits are set for both Financial (Treasury) investments and non-financial investments. The 2024-25 Prudential Indicators for non-financial investments are listed across. Those for Treasury investments are listed elsewhere in this report and in the Treasury Management Strategy Statement for 2024-25. The Limit for non-financial investments held during 2024-25 will be £80m.

Expected income from non-financial investments in 2024-25 is £1.85m or 1% of overall net service expenditure.

Authorised Limit for External Debt: This is a key prudential indicator that represents a control on the maximum level of borrowing. This is a legal limit beyond which external debt is prohibited and can only be set or revised by full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Authorised Limit - Non-Treasury	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	80	80	80	80
Other Long-term Liabilities	0	0	0	0
Total Financing	80	80	80	80

Operational Boundary for External Debt: This is the limit beyond which external debt is not normally expected to exceed. (i.e. prudent but not worst case). It links directly to the Authority’s estimates of capital expenditure, the Liability Benchmark, capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance leases and other liabilities that are not traditional loans but still form part of the Authority’s debt.

Operational Boundary - Non-Treasury	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Borrowing	60	60	60	60
Other Long-term Liabilities	0	0	0	0
Total Financing	60	60	60	60

Investment Management Practices

All investment activities present risk exposure for the Council. The council's policies and practices emphasise that the effective identification, management and containment of risk are the prime objectives of investment risk management activities. The Section 151 Officer will formulate suitable criteria for assessing and monitoring the financial and non-financial risks of investments. The criteria for investments will be agreed by Cabinet.

The Council's General Risk Management Framework for Non-Financial Investments (IMP 1):

Strategic risks	Capital investment decisions must be aligned to the Council's Corporate Plan, be driven by Value For Money considerations, and support service objectives. The Leadership Team are responsible for implementing this strategic alignment. The Council will undertake an annual review of commercial and service investments (where existing) with a view to divestment, to avoid or minimise additional external borrowing, where value can no longer be demonstrated, or strategic objectives have changed.
Capacity To Deliver	Whilst funding availability is the critical limiting factor on the Council's capital investment plans, additional consideration will be given to the capacity and skills requirements for delivering funded schemes. This will include, technical knowledge, procurement expertise and project management capacity. The leadership Team are responsible for ensuring the Authority has the necessary capacity to deliver and maintain all capital schemes.
Financial risks	In considering the affordability of its capital plans, the Council will consider all the resources available on a forward basis, across the totality of its capital plans. Revenue income and expenditure forecasts for the forthcoming year and the two following years will be confirmed in the MTFP, with longer term impacts on the Authority assessed during the scheme approval process. The financial resilience of any tenant will be considered as part of the initial due diligence and before agree any subsequent lease.

Investment Management Practices

All investment activities present risk exposure for the Council. The council's policies and practices emphasise that the effective identification, management and containment of risk are the prime objectives of investment risk management activities. The Section 151 Officer will formulate suitable criteria for assessing and monitoring the financial and non-financial risks of investments. The criteria for investments will be agreed by Cabinet. The overall approach toward risk management of non-financial investments is set out in IMPs across.

General Risk Management Framework for Non-Financial Investments (IMP 1):

Macroeconomic	There are many external market risks which can impact the delivery and/or success of capital investments but are beyond the Council's control. Associate Directors are responsible for monitoring and addressing these risks. Where feasible these risks will be transferred.
Credit and counterparty	Where income is derived from an asset, the creditworthiness of the counterparty will be assessed as part of initial due diligence before entering a commitment and regularly monitored throughout the duration of the arrangement.
Operational	Liquidity Risk – the S151 Officer will be responsible for monitoring the realisability of all non-financial investments and for factoring this into the annual retention reviews.
Environmental and social	Consistent with the Council's Declaration of Climate Emergency all capital investment will have regard to the various policies maintained by the Authority. The policies can be viewed here .

Investment Management Practices

All investment activities present risk exposure for the Council. The council's policies and practices emphasise that the effective identification, management and containment of risk are the prime objectives of investment risk management activities. The Section 151 Officer will formulate suitable criteria for assessing and monitoring the financial and non-financial risks of investments. The criteria for investments will be agreed by Cabinet.

The Council's General Risk Management Framework for Non-Financial Investments (IMP 1):

Governance	<p>All Non-Financial investment projects must initially be presented as a Business Case to the Business Development Group (BDG) before any commitment is made. BDG will recommend (or not) the project to the Assistant Directors Group for final approval for addition to the Council's Capital Programme.</p> <p>In the case of Commercial Investments, the S151 Officer retains a final veto due to the potential implications for the Council's future access to borrowing.</p> <p>The Capital Programme is then approved quarterly by Cabinet, with Officers being responsible for the provision of robust evidence to support Members decision-making</p> <p>Progress against the agreed Capital Programme will be reported to Cabinet quarterly. NB Some larger schemes have additional reporting frameworks (see previous pages for further details)</p>
Reputational	<p>The Council will – as part of its due diligence – consider any potential reputational risk arising from investment in a non-financial asset. This will include potential issues arising from the activities of a tenant/counterparty. Whilst such activities could be hidden from the Council, all reasonable steps will be taken to ensure that all aspects of the investment are aligned with the Councils strategies and general ethos.</p>

Investment Management Practices

Material Non-Financial Investment – Freshney Place Shopping Centre Acquired 2022	
Category of Non-Financial Investment	Service Related (not primarily for yield)
Objective	As a critical site within the Grimsby Town Centre Masterplan, the asset was acquired to protect the operation of the shopping centre (safeguarding 1700 local jobs) and its contribution to the town centre and wider North East Lincolnshire economy, whilst also retaining provision to develop the scheme that will support the wider transformation of the town centre. Close fit with Building The Economy We Need objective of the Local Plan.
Criteria	Place Making (Regeneration) Promotion of Business Growth (Economic Benefit) Given the strategic importance of the site to Grimsby town centre, the Council has a moderate-high risk tolerance on the project Target Net Income 2024/25 = £1m
Risk Management and Governance arrangements	Given the specialised nature of the asset, day to day operations are managed by Queensbury Retail and Montagu Evans Internal oversight is undertaken by Freshney Place Development Board Scrutiny is undertaken by a Cabinet Sub- Committee
Exit Plan	Continued ownership will be reviewed annually against prevailing market conditions, the Council’s risk appetite and competing priorities. This will be further reviewed once the current Leisure Development has been completed.

Investment Management Practices

Material Non-Financial Investment – Cartergate Office Building Completed 2015

Category of Non-Financial Investment	Service Related (not primarily for yield)
Objective	Regeneration of the Cartergate area of the Town Centre Securing a key local employer's presence in the town that retains skilled jobs in the area in keeping with Building The Economy We Need section of the Local Plan
Criteria	Regeneration Skills Retention Promotion of Business Growth (Economic Benefit) Given the proximity of the site to Grimsby town centre, the Council has a moderate risk appetite toward the project Target Net Income 2024/25= £0.328m
Risk Management and Governance arrangements	Day to day facility management is undertaken by EQUANS Internal oversight is undertaken by the Asset Management Team Scrutiny is undertaken by Audit & Governance Committee Borrowing for the development is linked to the associated lease cashflows so should the premises be vacated, there would be no ongoing revenue liability for borrowing that fell upon taxpayers.
Exit Plan	Continued ownership will be reviewed annually in the light of the prevailing market conditions, the Council's risk appetite and competing priorities. This will be reported to Cabinet as part of the annual budget setting process.

Annex 4

Medium Term Financial Plan



**Stronger Economy: Stronger Communities.
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Our Council Plan pledges to work with partners to invest in our people and our place.

Medium-Term Financial Plan

2024/25 –
2026/27
overview

MEDIUM TERM FINANCIAL PLAN 2024/25 - 2026/27				
2023/24 £000		2024/25 £000	2025/26 £000	2026/27 £000
	FUNDING			
10,656	Revenue Support Grant	11,362	11,658	11,891
48,577	Business Rates Retention	54,103	56,605	58,650
70,012	Council Tax Income	73,817	76,031	78,312
11,730	Cumulative ASC Precept	14,044	14,466	14,899
525	Collection Fund - Council Tax	4,130	0	0
0	Collection Fund - Business Rates	(199)	0	0
296	New Homes Bonus	660	150	150
8,059	Improved Better Care Fund	8,059	8,140	8,221
12,961	Social Care Support Grant	17,047	16,193	16,517
1,826	Market Sustainability and Fair Cost of Care Fund	3,411	3,479	3,549
1,607	Services Grant	277	0	0
1,130	Adult Social Care Discharge	1,883	1,977	2,017
167,379	TOTAL FUNDING	188,594	188,699	194,206
158,454	Budget Envelopes	165,290	169,694	172,006
8,037	Other Budgets	14,825	25,163	28,384
0	Other Budgets - Social Care Productivity Plans	1,625	0	0
166,491	TOTAL REVENUE SPEND	181,740	194,857	200,390
	Net Contributions to Earmarked Reserves -			
1,400	- Transformation	2,350	2,350	2,350
0	- Business Rate Risk	2,000	0	0
(562)	- Management of Change (e.g.devolution, major contracts)	2,404	0	0
50	- Hardship	100	100	100
167,379	TOTAL BUDGET REQUIREMENT	188,594	197,307	202,840
Shortfall		0	8,608	8,634

Annex 5

Budget Engagement



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Our Council Plan pledges to work with partners to invest in our people and our place.

Member Scrutiny and Consultation

The role of scrutiny in the budget setting process is key to ensure sufficient challenge and governance is in place to support the robustness of the Budget, Finance and Commissioning Plan.

Informal briefing sessions have been held with members in December 2023 and formal briefing sessions in January 2024.

Town and Parish Liaison Committee Budget Consultation

The Town and Parish Liaison Committee is a meeting of key stakeholders with the Borough. The Draft Budget, Finance and Business Plan has been shared and discussed at the Committee on 25th January 2024. The minutes of this meeting can be found via the following link:

[Town and Parish Liaison Committee | Democracy \(nelincs.gov.uk\)](https://www.nelincs.gov.uk/town-and-parish-liaison-committee-democracy)

Public Budget Consultation

A public budget consultation ran from 7th December 2023 to 18th January 2024. The consultation focused upon what the Council's priorities should be for the 2024/25 financial year. A survey asked about -

- Which services are the most important?
- What the Council should protect now and in the future?
- Ideas / comments about how the financial pressures on services should be handled.

The results can be viewed via the following link <https://www.nelincs.gov.uk/consultation-and-surveys/past-consultations>

Stakeholder Consultation

The Draft Budget, Finance and Business Plan has been shared with key stakeholders across the public, private and voluntary sector for comments and feedback.

Other

There has been coverage of the budget within local media, along with interviews and stories on local and regional broadcast media. Budget updates have also featured in the staff newsletter and in bulletins from the Chief Executive.

Budget Consultation - Summary

The Council's on-line consultation, giving residents, businesses and organisation a chance to have their say on our budget proposals for the next financial year, this year attracted 488 responses from across the Borough.

The six-week consultation was promoted via media release, social media activity and the consultation mailing list of over 5,000 subscribers, directing respondents to an on-line questionnaire on the budget challenges facing the authority.

The survey included sections where residents and businesses could indicate how much they supported specific functions on a scale of 1-10, 1 being least supported and 10 being most supported.

Those who took part highlighted that Child Protection as the area that they most supported. Planning remains the least supported priority area.

The changes in priority rankings compared to last year are highlighted below. Highways, Transport, Street Lighting and Car Parks, Home Options & Private Sector Housing; equally dropped six in the rankings, whilst Flooding jumped up four places.

The ranking of priorities determined from the consultation is provided in the chart over the page.

Budget Consultation - Summary

The ranking of priorities determined from the consultation is provided below-

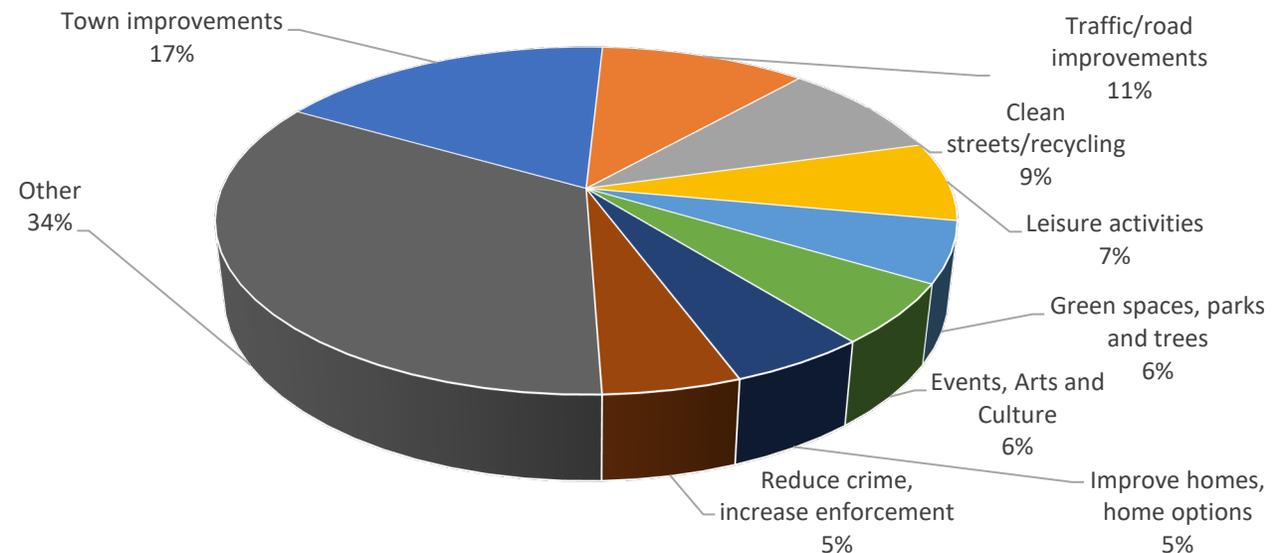
Area	2024 Average Score	2024 Rank	2023 Average Score	2023 Rank	Rise/fall in rank
Child Protection	7.8	1	7.8	2	+1
Adult Social Care	7.7	2	7.9	1	-1
Bins, Waste & Recycling Service	7.5	3	7.4	4	+1
Street and Grounds Cleaning	7.4	4	7.3	5	+1
Safeguarding	7.2	5	7.5	3	-2
Economy and Regeneration	7.1	6	6.8	11	+5
Children's health	7.0	7	6.8	10	+3
Special Educational Needs & Disability Specialist services	7.0	8	7.1	6	-2
Enforcement and Safer Communities	6.8	9	7.0	7	-2
Young and Safe	6.7	10	6.7	12	+2
Through Care and Disability	6.7	11	6.9	8	-3
Prevention & Wellbeing Services	6.6	12	6.4	14	+2
School Improvement Services	6.5	13	6.3	15	+2
Family Hubs	6.3	14	6.3	16	+2
Highways, Transport, Street Lighting and Car Parks	6.3	15	6.8	9	-6
Access and Inclusion Services	6.1	16	6.2	17	+1
Libraries and Leisure	6.1	17	5.8	20	+3
Flooding	6.1	18	5.6	22	+4
Home Options & Housing Related Support	6.0	19	6.6	13	-6
Neighbourhood & Countryside Services	5.9	20	5.8	19	-1
Cemeteries and Crematorium	5.7	21	5.5	23	+2
Tourism and Visitor Offer	5.7	22	5.7	21	-1
Drug and Alcohol Recovery	5.4	23	5.3	24	+1
Private Sector Housing	5.4	24	5.8	18	-6
Resources Services	5.4	25	5.2	25	0
Sexual Health	5.3	26	5.1	26	0
Planning	4.5	27	4.4	27	0

Budget Consultation - Summary

The respondents highlighted the following as further ideas in which the Council can save money whilst still supporting those residents that need it as well as delivery out statutory obligations.

Categories	Number
Internal Improvements within NELC	37
Improvement in the town (e.g. Investment)	30
Reduce Management Costs	13
Corporate privatisation and the use of contractors and consultants	11
Clean Streets/recycling	7
Health and Social Care	5
Improve the communication between the public and the Council	4
Reduce Crime, increase enforcement	4
Support Community Projects	4
Better Employment opportunities	3
Improve Homes/ Home Options	3
Support local business	3
Use brownfield land for building	3

Finally, the respondents highlighted the following as priority areas of improvement they would like to see over the longer term should funding opportunities arise -



Annex 6

Financial Resilience

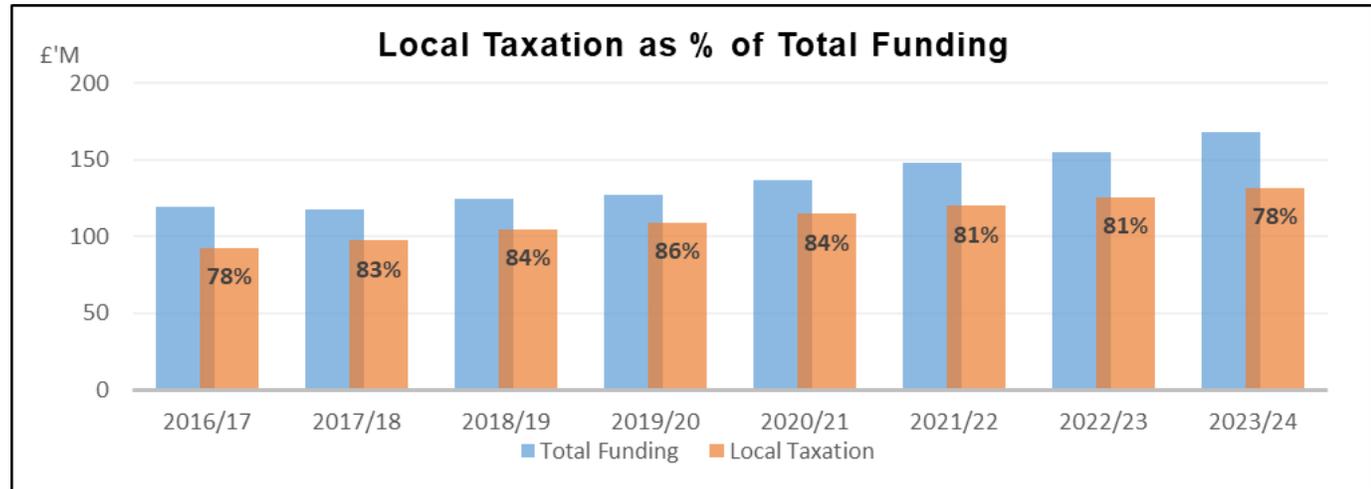


**Stronger Economy: Stronger Communities.
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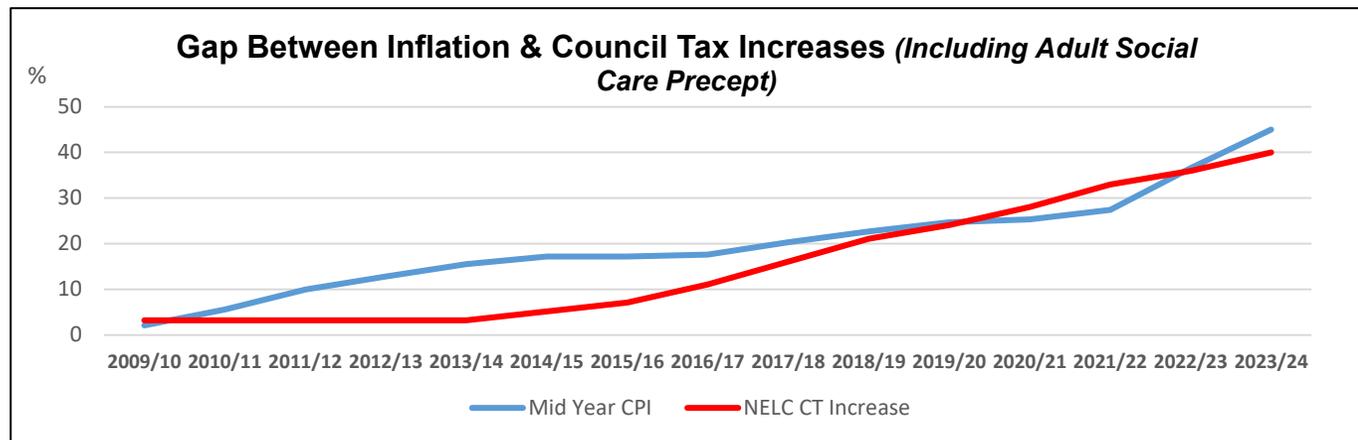
Our Council Plan pledges to work with partners to invest in our people and our place.

Financial Resilience - Funding

The Council became less reliant on Government grants as local businesses and residents provided an increasing proportion of overall funding between 2016 and 2021. This proportion has since started to reduce, as the amount of social care specific grants has grown alongside local taxation revenue.



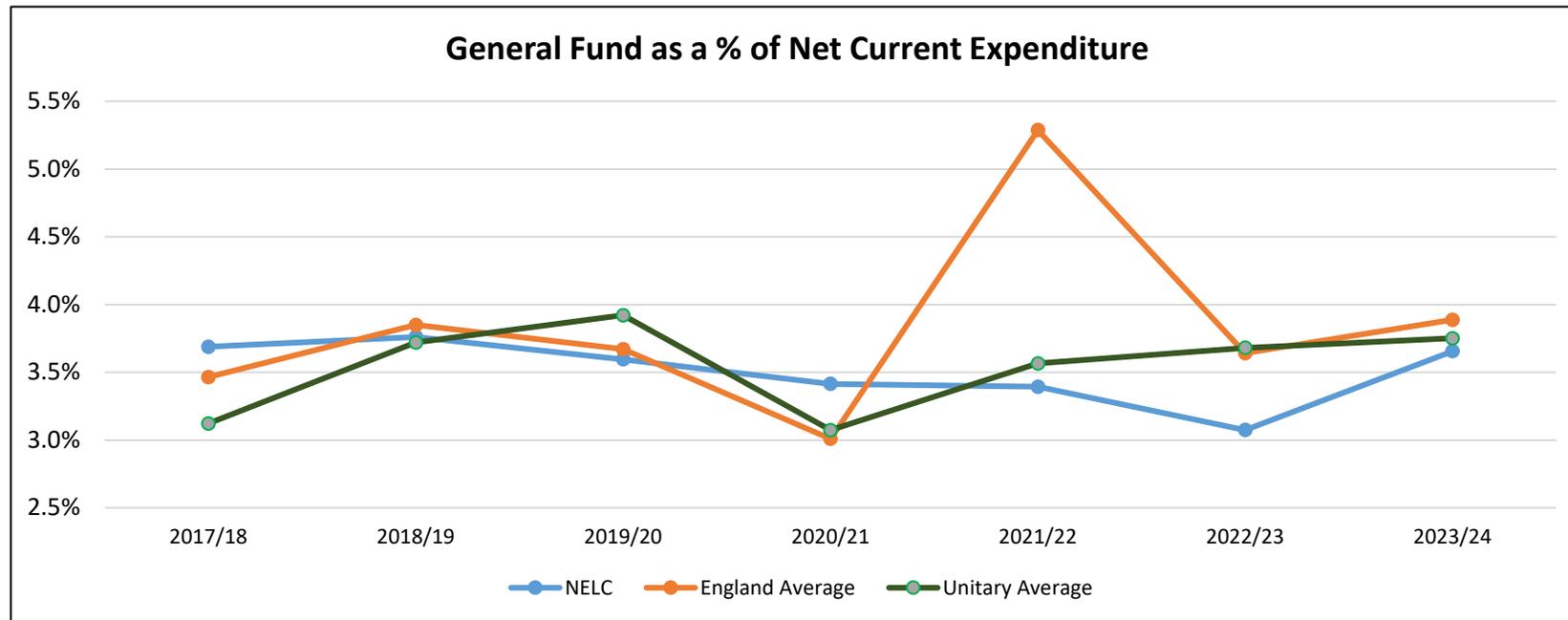
Despite a reliance on local taxation, council tax levels are 5% lower than if they had risen in line with inflation since 2009/10. We have seen a cumulative increase in Council Tax of 40% since 2009/10. This compares to an increase in the consumer price inflation (CPI) index of 45% since 2009.



Financial Resilience - Reserves

The Council's general fund balance is currently £8.3M. The general fund, as a percentage of net current expenditure is currently forecast to be 3.66% in 2023/24.

The chart below demonstrates that the Council's general reserves have remained roughly in line with the unitary council average over the past six years, however the England average saw a large peak in general reserve balances during 2021/22. This is due to the Covid, with a number of authorities carrying grant funding forward in unallocated reserves.

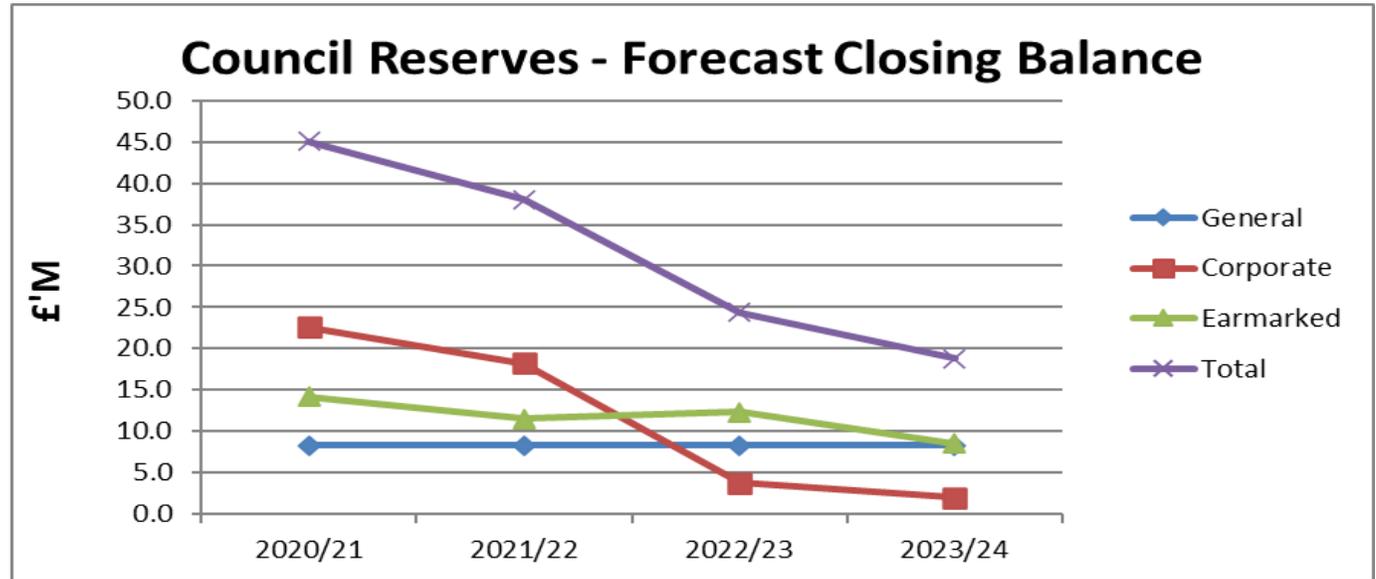


The general fund as a percentage of net current expenditure is in line with the unitary council average. While our earmarked reserves are more volatile, and more limited in their application, the general fund provides resilience at a time of reducing real terms funding for local government.

The adequacy of Council reserves is assessed formally on an annual basis, as part of the budget setting process.

Financial Resilience - Reserves

Corporate reserves have shown a year on year decrease since 2020/21. There remains a risk that balances may be insufficient to meet in-year pressures, resulting in use of General Fund balances. Service specific reserves remain low and project a decrease over time and are largely fully committed.

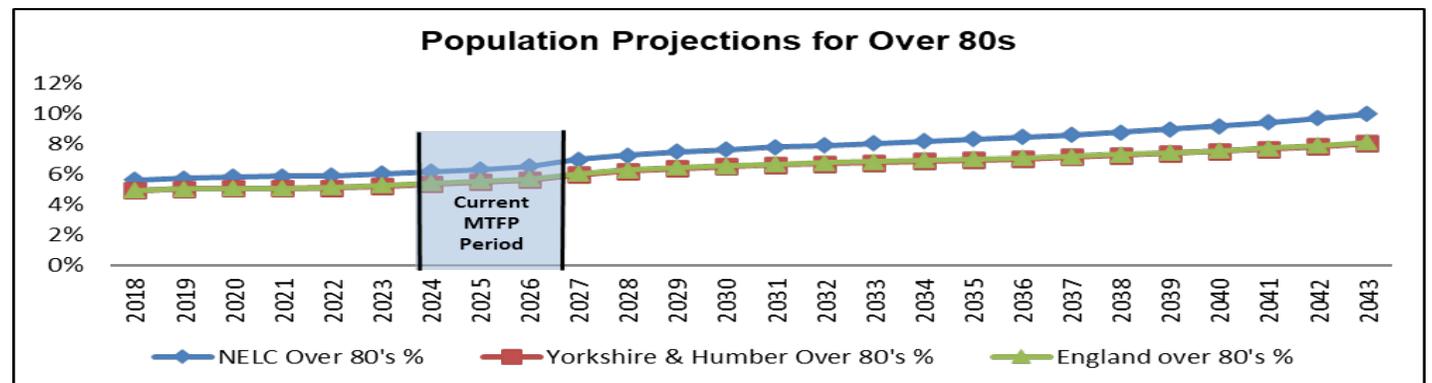
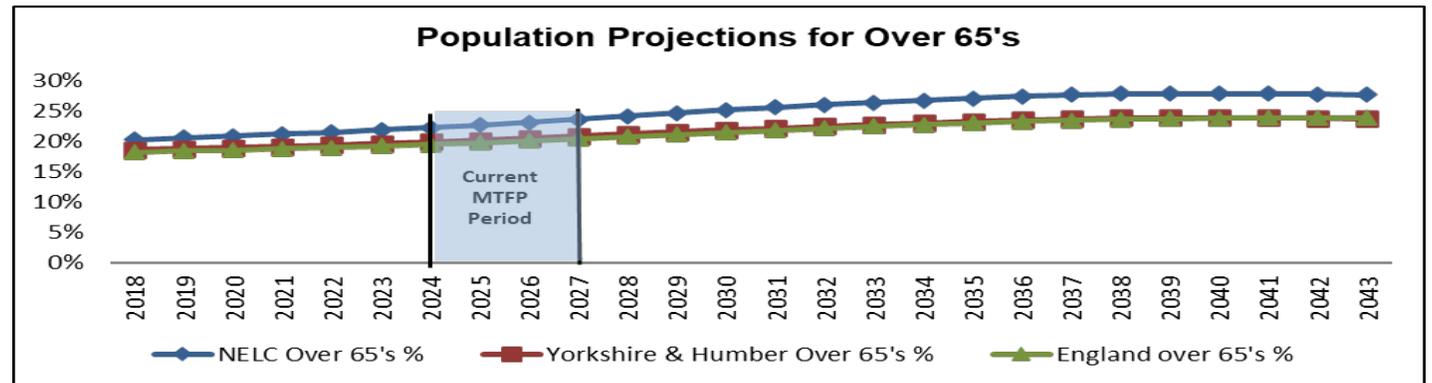


Planned top up of reserves in 2024/25 will provide additional resilience against specific risks and support ongoing change programme.

Financial Resilience - Demand

According to ONS estimates, North East Lincolnshire's 2024 total population stands at 159,951, of which 35,521 (22.21%) are of pensionable age. ONS projections suggest that by 2043, 158,816 people will be resident in North East Lincolnshire, of whom 43,859 (27.62%) will be of pensionable age. Indicating a growth of 5.41 percentage points to the proportion of persons of pensionable age in the 19 years between 2024 and 2043.

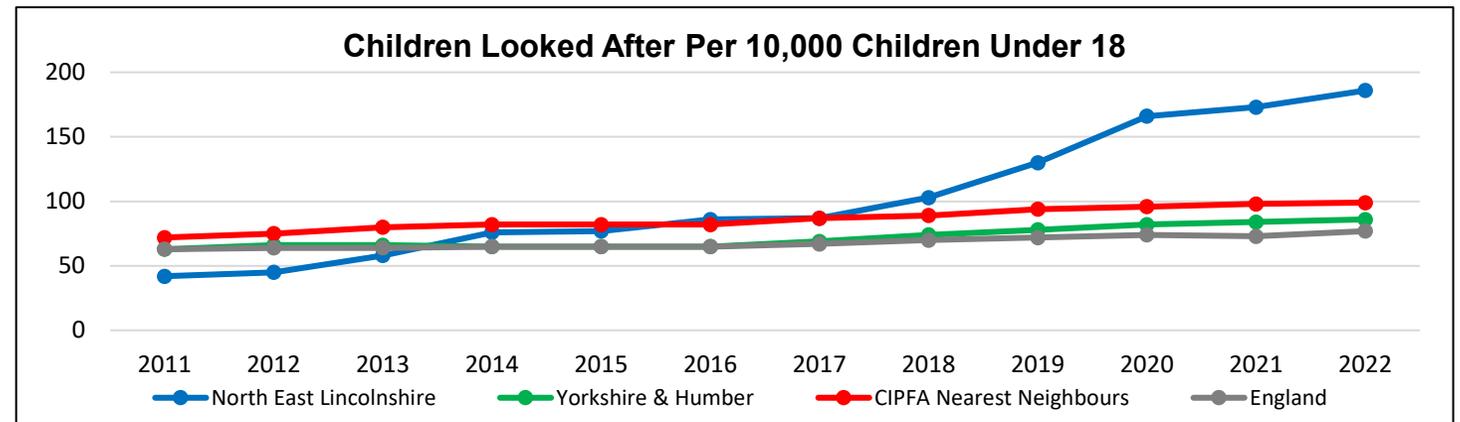
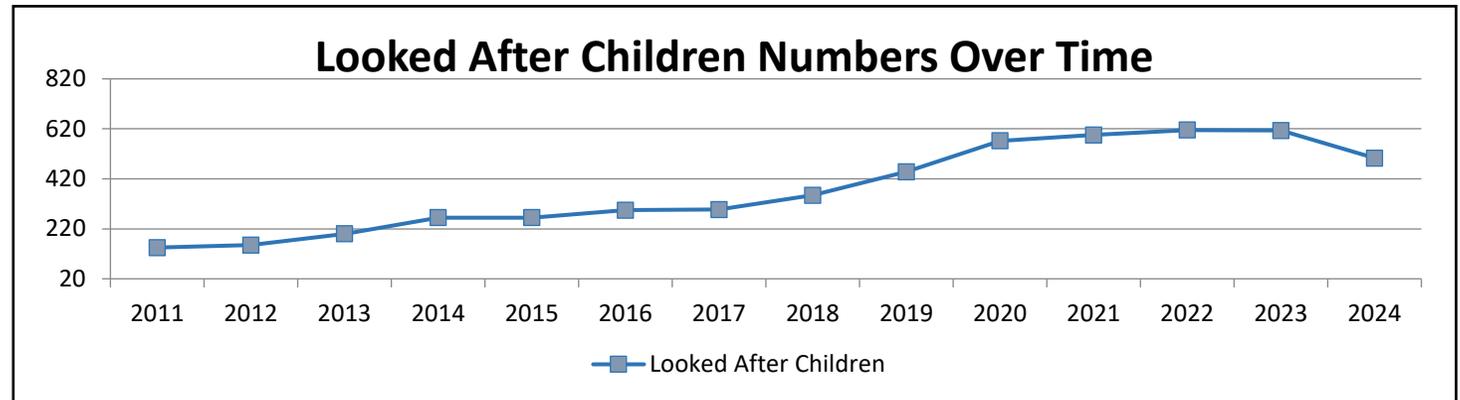
At the end of the latest MTFP period, projections show the over 65s to reach 23.59%, and 6.96% for the over 80s. The projections for NELC follow the same trend as both the Yorkshire and Humber and England, however our % of older people within our area remains higher than average for both and the gap continues to grow.



Financial Resilience - Demand

Children Looked After (CLA) numbers continue to place funding pressures on the Council. We have seen numbers more than double between 2017 and 2023. However, through continued transformational improvements we have seen a reduction in looked after children number to 503 as at the end of January 2024. This is a reduction of 110.

The graph of CLA numbers per 10,000 resident under-18s shows the increasing gap between NELC and our statistical neighbours, regionally, and nationally. Since 2011, NEL rates of CLA have increased by 141 per 10,000 Under-18s, compared with 24 for our CIPFA comparators and 13 for all English authorities. (2022 data last published)



Annex 7

Flexible Use of Capital Receipts



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Our Council Plan pledges to work with partners to invest in our people and our place.

Introduction and context

The Government's 2016/20 Local Government financial settlement provided local authorities with the opportunity to use capital receipts to fund the revenue costs of transformation for the first time.

To take advantage of the flexibility, the Council must act in accordance with the Statutory Guidance issued by the Secretary of State.

This Guidance requires the Council to prepare, publish and maintain a Flexible Use of Capital Receipts Strategy, with future Strategies included within future Annual Budget refreshes.

The Direction

The Direction issued by the Secretary of State under Sections 16(2)(b) of the Local Government Act specifies that Local Authorities can treat as capital expenditure, expenditure which:-

“is incurred by the Authority that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners”

It is a condition of the Secretary of State's direction that the flexible use of capital receipts in accordance with the direction only applies to capital receipts which have been received in the years to which the direction applies.

As part of the draft 2024/25 Local Government Financial Settlement, the Government confirmed that it will continue to support projects that reduce costs and improve efficiency by extending the flexibility to use capital receipts to fund revenue costs of these projects to March 2030.

The Government have also engaged with the sector to explore additional capital flexibility options to enable invest-to-save and transformation initiatives.

Strategy and Governance

The Council intends to make use of the flexibility in the financial planning period 2024/25 – 2026/27 and this has been factored into the Capital Investment Programme and within asset disposal plans.

Council approval of the use of this flexibility is required on an annual basis, with plans published on the Council's website and notification of planned use sent to The Department for Levelling Up, Housing and Communities (DLUHC).

Governance and approval

The Council's flexible use of capital receipts to fund transformational activity will continue to be subject to development of robust business cases.

Business cases will be required to demonstrate that:

- The initiative will transform service delivery.
- Generate on-going future savings or reduce future costs; and
- The costs being funded are implementation or set up costs and not ongoing operational costs.

Savings will be generated from the transformation activity funded through flexible use of capital receipts.

Plans and actual spend and savings achieved will be reported to DLUHC and published in accordance with guidance. Any in-year updates or changes to the Strategy are required to follow the same governance.

The Government has recently consulted with councils to identify and develop options for the use of capital resources and borrowing to support and encourage invest-to-save activity, and more flexibilities to use capitalisation. The outcome of the consultation will be considered and, if required, reflected in future iterations of this strategy.

Summary of planned receipts and application

The Council generates capital receipts predominantly from disposals in the following areas:-

- Operational estate (to support wider property rationalisation and efficiency plans and drive footfall within Town Centre)
- Former school playing fields (to support and enable housing development within the Borough)
- Commercial land (to accelerate economic development initiatives and inward investment).

It is estimated that the balance on the Capital Receipts Reserve at the end of the 2023/24 financial year will be £10.4M following the recent disposal of significant land interests at Stallingborough. This balance is available for utilisation through the Flexible Use of Capital Receipts Policy.

The current balance on the Capital Receipts Reserve will be supplemented by further anticipated disposals in 2024/25.

These receipts are available for utilisation through the flexible use of capital receipts over the period of the MTFP.

The Council's current MTFP is currently assuming the application of the following capital receipts.

	2024/25 £m	2025/26 £M	2026/27 £M
Capital Receipts	12.0	2.0	2.0

It should be noted that figures for 2025/26 and 2026/27 are provisional at this stage and will be updated as part of annual financial planning processes.

Summary of planned use (1)

The Council intends to use capital receipts to fund transformation across a range of service. Further detail is set out below.

Area	Key transformational activities	Total Investment (£M)	Target Savings (£M)
Adults	<ul style="list-style-type: none"> ▪ Embedding of strengths-based practice underpinned by the practice framework. This should be the foundation of managing demand and therefore delaying and avoiding the need for long term care packages 	3.0	1.5
	<ul style="list-style-type: none"> ▪ Commissioning of shared lives and the completion of the frameworks for support at home, supported living, shared lives, telecare and Extra Care. Development of complex services with lead providers for people transitioning from children's services 		
	<ul style="list-style-type: none"> ▪ Completion of the reablement review for pathway 1 (intermediate care at home) and pathway 2 (discharge to assess) will maximise the efficiency of the pathway, ensuring people have the opportunity to be reabled and avoiding the need for long term care packages 		
Resources	<ul style="list-style-type: none"> ▪ Investment in Academy NEL to provide essential and developmental knowledge and skills to the workforce. This will have a positive financial impact by eliminating ineffective and outdated ways of working, managing people and performance and attracting new and diverse talent to the organisation. 	1.0	1.0
	<ul style="list-style-type: none"> ▪ Continuation of the Council's property rationalisation programme. To become a modern and efficient Council, we will utilise our estate (building and assets) to maximum opportunity and value, reducing emissions, waste and unnecessary costs. 		
	<ul style="list-style-type: none"> ▪ Further investment and development of cyber arrangements to protect business critical systems, loss of confidential data, integrity, and availability of information. 		
	<ul style="list-style-type: none"> ▪ Introduce a new, more effective solution to the engagement of agency workers. 		
Regeneration	Commitment to review the leisure estate to develop our long-term plan for leisure facilities and developments.	0.1	0.1
	Strategic review of library and archives service to develop our long-term plan for these services.		

Summary of planned use (2)

Area	Key transformational activities	Total investment (£M)	Target Savings (£M)
Environment and Regulatory	<ul style="list-style-type: none"> ▪ Explore opportunities to reduce energy consumption at Bereavement Services and review operating model during periods of lower demand. ▪ Complete consolidation of operational services at Doughty Road Depot site. ▪ To review the operational fleet and identify vehicles with a low usage data and challenge the reasons why to optimise our vehicle fleet. ▪ To identify areas of poor recycling performance and contamination and seek to improve performance. ▪ Design Food Waste Service for implementation in 25/26 ▪ Plan the journey to Net Zero 	0.6	0.6
Housing, Highways and Transport	<ul style="list-style-type: none"> ▪ Housing Service Provision Review ▪ Review post 16 transport offer alongside wider transport review ▪ Review of Street Lighting and opportunities to increase energy efficiency 	0.1	0.5
Children's and Family	<ul style="list-style-type: none"> ▪ Improving outcomes for children workstreams – continue to support a wide range of service improvement activities, aimed at improving the key performance metrics in the improvement plan and supporting better outcomes for children in NEL. ▪ Children in Care Sufficiency – better capture needs, cost and outcomes of our children in care. This will support children to get the right support at the right time, ensuring they are supported at the lowest level need and therefore reducing reliance on high-cost placements. ▪ Reconfiguration – consult, agree and implement the reconfiguration of Children’s Services, ensuring that the service meets the needs of children. ▪ Case Management System – procure and implement the new case management system by December 2024, ensuring that we redesign processes around to new operating model to ensure they are fit for purpose, efficient and support the practice model. 	7.2	1.0

Impact on prudential indicators

The prudential indicators impacted by the utilisation of flexible use opportunities are set out below -

- Estimates of capital expenditure indicator increased by £8M to £12.0m in 24/25
- The Capital Financing Requirement is not directly increased beyond the previous MTFP, as there is now a plan to generate additional capital receipts to fund the transformational activity.
- Financing costs as a percentage of net revenue stream would also not increase beyond the previous MTFP due to the additional capital receipts to be generated to fund the activity.
- Furthermore, the longer-term revenue savings anticipated to be generated will help the Council achieve a balanced budget position.

The prudential indicators show that this strategy is affordable and will not impact on the Council's operational and authorised borrowing limits.