

CABINET

DATE	12 th February 2025
REPORT OF	Councillor Stephen Harness - Portfolio Holder for Finance, Resources and Assets
RESPONSIBLE OFFICER	Sharon Wroot, Executive Director – Place and Resources
SUBJECT	Draft Budget and Medium-Term Financial Plan 2025/26 – 2027/28
STATUS	Open
FORWARD PLAN REF NO.	CB 01/25/23

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 business 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

That Cabinet recommends to Full Council, approval of:

- the 2025/26 Budget and summary 2025/26 – 2027/28 Medium Term Financial Plan ('MTFP') contained within Appendix 1 (Annex 4).
- a 1.98% increase in Council Tax in 2025/26
- the application of a 2% Adult Social Care precept in 2025/26
- the business plans contained within Appendix 1 (Annex 1).
- the Capital Investment Strategy included within Appendix 1 (Annex 3).
- the 2025/26 - 2027/28 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, recently approved in December 2024 at Full Council. It is acknowledged that this plan will need to be subject to regular review throughout the year, as there will always be some matters of uncertainty. Notably, our continuing work on transformation and achieving financial sustainability.
- 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 worked with partners, its commissioner, and the Department for Education to deliver an improvement programme designed to implement whole system change and improvement. A number of activities, including a reconfiguration of staffing structures, a renewed sufficiency strategy to reduce reliance on high-cost external placements and a new case management system to support better decision making have been progressed and are being delivered. The impact of this transformational activity is starting to be seen within the service and is having a positive impact on outcomes for our children and young people, as well as supporting financial sustainability.
- 1.3 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, in particular within Adult Social Care which is seeing both increases in demand and complexity of care. Consequently, the business plans incorporated within this Plan reflect the Council's continued focus on transformation, incorporating key priority areas designed to cross-cut services and enable responses to demand and service pressures to be most effective. Where appropriate, it is planned that capital receipts will continue to be applied to support the wider transformation programme.
- 1.4 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 are progressing and will support the Borough at a time of 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 volatile interest rates over recent financial periods. This approach will help to ensure that external borrowing remains affordable, sustainable and prudent.
- 1.5 Despite a range of social, economic and demand related challenges, the Council's remains focused upon the achievement of financial sustainability by embracing the area's economic potential, growing the local tax base, and delivering efficient and affordable public services.
- 1.6 The provisional Local Government Financial Settlement published in

December 2024 has provided councils with an increase in funding of 6% in cash terms, after additional tax raising powers. The settlement includes 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. The increase in funding is welcomed, however it remains that we have an ageing population, increasing social care demand and complexity, and health inequalities to resolve. 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.

- 1.7 As in 2024/25, 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 reviewed in 2025/26 with a view to provide a multi year settlement in future years. Indeed, a review of relative needs and resources and a reset of the accumulated business rate growth remains well overdue. The Greater Lincolnshire Devolution has now been approved, so can allow local leaders sustainable funding and greater freedom to take decisions on how to provide vital services in our communities.
- 1.8 The medium-term financial plan (MTFP) incorporated within this report, reflects the outcome of the provisional financial settlement, updated priorities and an analysis of risk and opportunities. Whilst the 2025/26 budget, shows a balanced position, this is reliant on the delivery of ambitious business and transformation plans. Current planning assumptions also indicate that the Council is facing budget gaps of £4.0m and £6.0m per annum in 2026/27 and 2027/28 respectively, therefore further transformation will be required to deliver longer term financial sustainability.
- 1.9 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 2025/26 reflects a range of issues including transformation and volatile social care demands.
- 1.10 As in 2025/26, 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, full details of this can be found in the specific annex of this report.

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 is continuing with its transformation journey 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 a programme of work designed to address identified areas for improvement 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 2024 and January 2025.
- 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 Full Council approval in February 2025.

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

- 13.1 Council Plan
<https://www.nelincs.gov.uk/your-council/council-plan-our-vision-and-aims/>
- 13.2 Draft Budget, Finance and Business Plan 2024/25-2026/27
<https://www.nelincs.gov.uk/assets/uploads/2023/06/5-Budget-Finance-and-Commissioning-PlanPDF-4592KBicon-namepaperclip-prefixfa.pdf>
- 13.3 Council Tax Base Report 2025/26
<https://www.nelincs.gov.uk/assets/uploads/2024/06/9.-Council-Taxbase-Cabinet-Report-2025-final.pdf>

14. CONTACT OFFICER(S)

Sharon Wroot
Executive Director - Place and Resources
Tel: (01472) 32 4423

COUNCILLOR STEPHEN HARNESS

PORTFOLIO HOLDER FOR FINANCE, RESOURCES AND ASSETS

Appendix 1

Budget, Finance and Business Plan

2025/26 –
2027/28



**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.

Section	Page	
Overview	3	
Financial Outlook	4	
Context	5	
Financial Strategy	6	
Budget Approach	7	
Provisional Local Government Finance Settlement	8	
Medium Term Financial Plan	10	
Funding	12	
Service Budgets and Other Issues	21	
Reserves	23	
Capital and Long-term Investment	26	
Member Scrutiny and Consultation	28	
Robustness of Estimates and Adequacy of Reserves	29	
Impact Assessment	38	
		Annexes
		Annex 1 – Business Delivery and Commissioning Plans
		Annex 2 – Capital Programme
		Annex 3 – Capital Investment Strategy
		Annex 4 – Medium Term Financial Plan
		Annex 5 – Budget Engagement
		Annex 6 – Financial Resilience
		Annex 7 – Flexible Use of Capital Receipts

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, recently approved in December 2024 at Full Council. It is acknowledged that this plan will need to be subject to regular review throughout the year, as there will always be some matters of uncertainty. Notably, our continuing work on transformation and achieving financial sustainability.

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Sharon Wroot, Executive Director – Place and Resources

Financial Outlook

The provisional Local Government Financial Settlement published in December 2024 has provided councils with an increase in funding of 6% in cash terms, after additional tax raising powers. The settlement includes 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. The increase in funding is welcomed, however it remains that we have an ageing population, increasing social care demand and complexity, and health inequalities to resolve. 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.

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Context

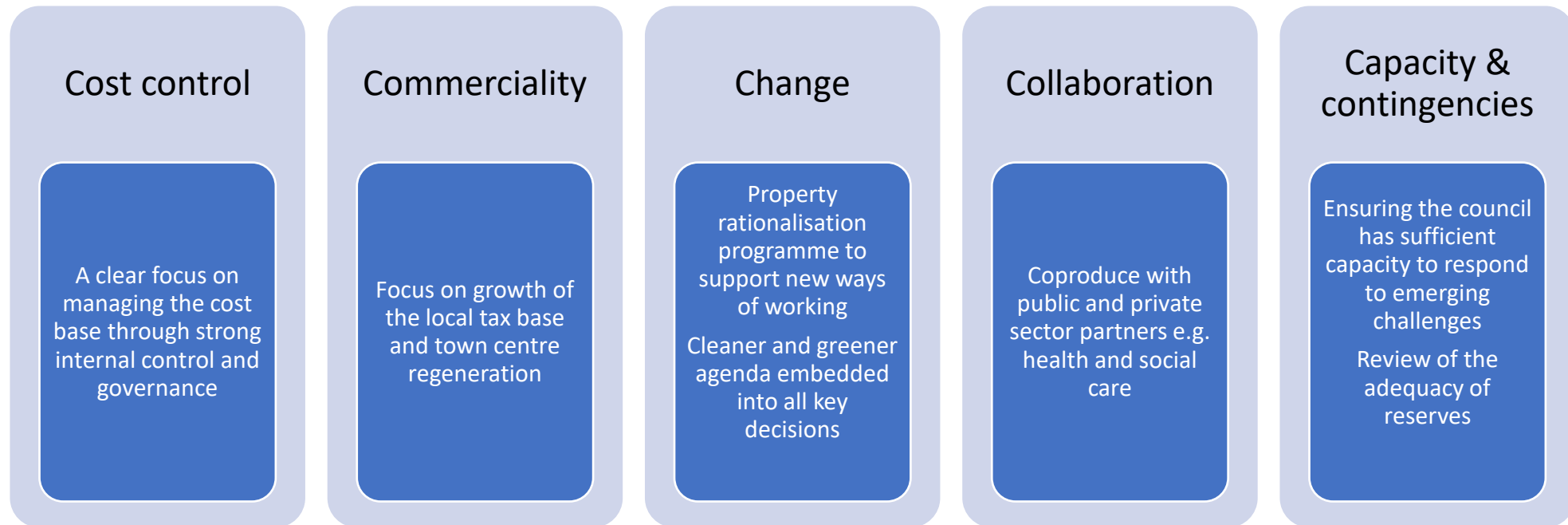
This financial plan is set within the context of significant change and challenge for the organisation. There are a wide range of issues, both local and national, that have been considered when developing the plan.



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 newly updated 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 provisional Local Government Finance Settlement announced in December 2024 indicated that core spending on local services will increase by 6% in cash terms nationally. The settlement incorporated a referendum limit of 3% on council tax with the option to apply a further 2% Social Care Precept.

Local government financial reform is expected to be consulted on during 2025/26 with expectations that 2026/27 will see the first multi-year settlement in a decade. If based upon the direction of allocation for new funding streams in 2025/26, clearly aligned to need and ability to raise funding, this should prove beneficial, however it still leaves the council with risks and uncertainty over the medium term.

Increased complexities and demand within both Adults and Children's social care remain a key risk for the Council, and one which despite additional funding will require close monitoring throughout 2025/26.

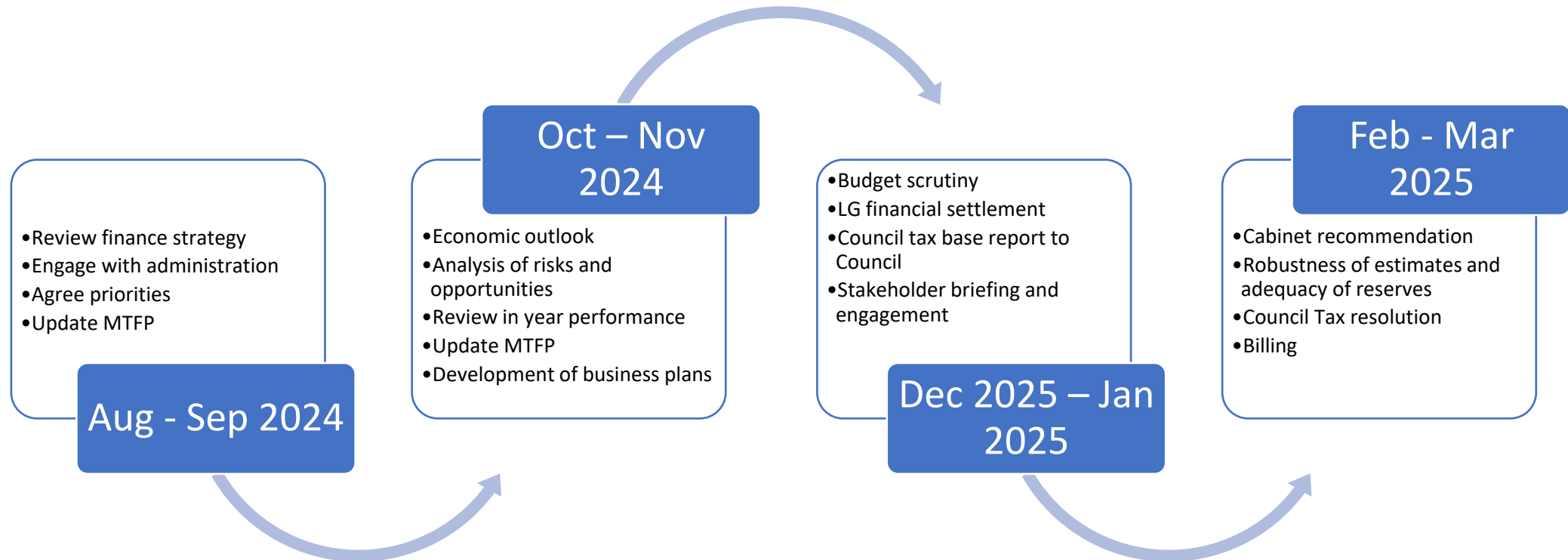
Key headlines:-

- A full provisional settlement for the 2025/26 financial year only
- A percentage increase in Revenue Support Grant based upon the Consumer Prices index (1.7%)
- Continuation of the Better Care Fund and ASC Discharge at 2024/25 levels, rolled into one grant renamed Local Authority Better Care Grant
- Continuation of Market Sustainability and Improvement Fund at 2024/25 levels
- Decrease in New Homes Bonus allocation to £0.4M and discontinuation of the Services Grant £0.3M
- An increase in the Social Care Support Grant of £3.1M
- New grants with allocation based on needs including Recovery Grant (£5.4M) and Children's Social Care Prevention (£1.6M)
- Confirmation of the Extended Producer Responsibility funding (£3.1M)

We now await the final settlement, expected in early February 2025 to confirm the above funding. The final settlement will also include detail of the funding that will be provided to the Council to cover the direct cost of the employer national insurance increase.

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 2025/26.

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 2025/26 to 2027/28. 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 2025/26-2027/28			
	2025/26 £000	2026/27 £000	2027/28 £000
Revenue Support Grant	11,640	11,902	12,128
Business Rates Retention	55,992	58,158	59,735
Council Tax Income	77,443	80,060	82,348
Cumulative ASC Precept	14,704	14,851	14,926
Collection Fund - Council Tax	1,200	0	0
Collection Fund - Business Rates	370	0	0
New Homes Bonus	414	150	150
Improved Better Care Fund	9,942	10,240	10,547
Social Care Support Grant	20,167	20,772	21,395
Adult Social Care Market Sustainability and Improvement Funding	3,411	3,889	4,091
Extended Producer Responsibility (pEPR)	3,124	3,218	3,314
Recovery Grant	5,432	5,595	5,763
Children's Social Care Prevention	1,553	1,600	1,648
Domestic Abuse Safe Accommodation Grant	486	501	516
Employers NIC Increase Funding	1,613	1,626	1,627
TOTAL FUNDING	207,491	212,561	218,187
Budget Envelopes	182,087	186,773	191,020
Other Budgets	20,054	26,625	30,024
TOTAL REVENUE SPEND	202,141	213,398	221,044
Net Contributions to Earmarked Reserves	5,350	3,150	3,150
TOTAL BUDGET REQUIREMENT	207,491	216,548	224,194
FUNDING SURPLUS / (GAP)	0	(3,987)	(6,006)

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	2025/26							Non Cash Budgets	Overall Budget
	Opening Cash Envelope	In year Budget Transfers	Service Moves/Relinks	MTFP Adjustments	Pressures	Savings	Closing Cash Envelope		
Resources	21,494	1,012	636	32	1,105	(264)	24,015	(14,576)	9,439
Environment	13,678	467			2,979	(2,229)	14,895	4,195	19,090
Economy and Growth	21,031	312	58		834	(320)	21,915	9,208	31,123
Children and Family Services	44,666	884	(109)	57	7,243	(1,425)	51,316	12,159	63,475
Public Health and Wellbeing	(104)	67	183	486	0	0	632	1,316	1,948
Adult Services	60,357	2	227		11,338	(2,610)	69,314	128	69,442
Total	161,122	2,744	995	575	23,499	(6,848)	182,087	12,430	194,517

Non cash budgets reflect the internal support and management recharges.

Funding – Retained Business Rates

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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 2026/27 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)
- Creation of Greater Lincolnshire combined authority
- The establishment of the Humber Freeport to 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 2024/25. This position is considered when assessing the levels of bad debt provision required as part of the NNDR return which will be submitted in January 2025 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

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Business rates are a key source of income for the Council with approximately £55.9M estimated for 2025/26.

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 will be finalised during January as part of the NNDR1 process and a projected deficit for the Council is estimated at £2.0m for 2024/25 and this will be repaid to the Collection Fund as part of the 2025/26 budget. Fluctuations in business rates are managed through the Business Rates Reserve where funds are available.

Business Rate Reset

The Government intends to 'reset' the business rates retention system from 2026/27. The reset will apply nationally, but business rates growth generated within designated areas such as Freeports, Enterprise Zones and Investment Zones will be exempt in line with current policy. Further details are in the [Local Government Funding reform consultation](#) which has been published alongside the Provisional Local Government Finance Settlement.

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 2025/26. The increase in the tax base to 47,205.5 from the 2024/25 position of 46,801.2 equates to an additional 404.3 Band D equivalent properties. This delivers an extra £648K 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 the maintenance of the maximum discount at 65% for working age residents. From 2025/26 the level of council tax support received will be based on an income tier system rather than specific income levels. These administration changes have been implemented to enable a simpler application process for applicants and lower delivery costs.

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 2024/25 has been reviewed during December 2024 and is forecast to be £1.2M 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

Empty Properties

In accordance with Government flexibilities, customers, North East Lincolnshire continues to implement all additional premiums for empty properties within the area. In November 2024 there were 349 properties which have the additional empty property premium attached to their account, this accounts overall for £0.8M of Council Tax billing. Continued review of all empty properties within the area has been completed. This is to ensure that all appropriate properties have the additional Council Tax long empty homes premium attached and to ensure information held by the Council is robust

Foster Carer Discount

As part of the Councils commitment to the support of foster carers it was approved in the summer to introduce a Council Tax relief for foster families from April 2025. This relief offers eligible foster carers a maximum of 100% relief. This provision would impact approximately 100 households, reducing the Council Tax income by approximately £143K.

Single Person Discount

During 2024/25 a complete review of all recipients of the Single Person Discount has been undertaken. This has involved all residents who receive the discount confirming the reduction is still appropriate to their circumstances. For Council Tax support customers, a desk-based review was completed using information held within the Local Taxation and Benefits Service. This review saw the Council Tax Base increase by 461.7 Band D equivalents, increasing income by £740k at the current North East Lincolnshire Council average band D level of tax.

Funding – Council Tax

Council Tax is the most significant source of income for the Council with approximately £77.4M (excluding adult social care precept) forecast for 2025/26. This represents around 37% of total funding.

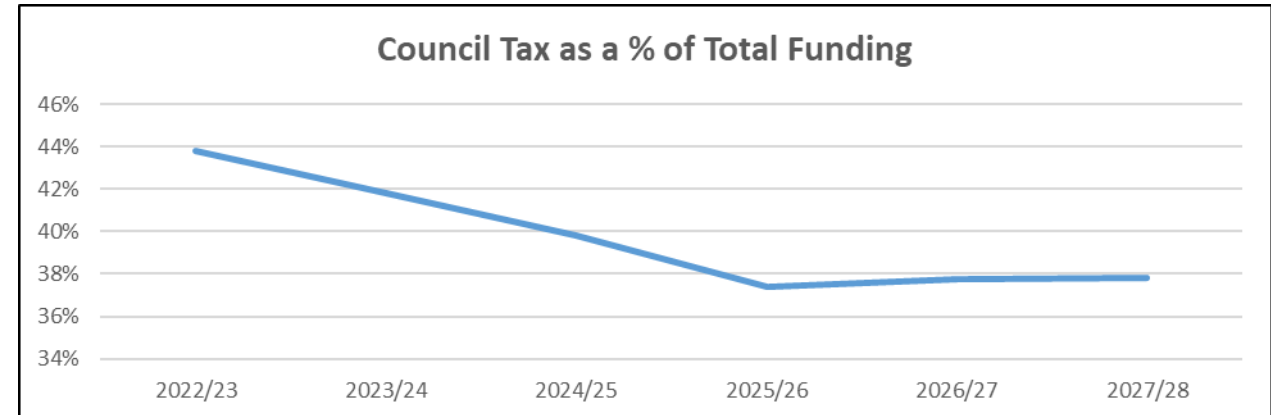
The core referendum limit for council tax remains at 3%. This financial plan has utilised a 1.98% increase to Council Tax for 2025/26. Planning assumptions for 2026/27 and 2027/28 is a continued increase of 1.98%.

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 £14.7M in 2025/26 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

Council Tax	2024/25	2025/26	2026/27	2027/28
Base	46,801.20	47,205.50	47,677.50	47,915.90
Price Increase	2.98%	1.98%	1.98%	1.98%
Funding	£75.0m	£77.4m	£80.1m	£82.3m



Funding - Other Funding

The Council has received provisional 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 2025/26 based upon the Consumer Prices index (CPI), and it has been assumed that this continues over the MTFP period.

Social Care Support Grant – The provisional settlement has confirmed an uplift to the Social Care Support Grant in 2025/26 to £20.2M with the additional allocation being driven by both known demand pressures within the system plus the additional impact that the increase in Employers NIC has on social care costs.

The Local Authority Better Care Grant (iBCF) - In 2025/26 both the Core iBCF and the ASC Discharge Grant have been rolled into this funding stream. Allocations for 2025/26 have remained at 2024/25 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 2025/26 provisional allocation for NELC is £9.9M.

Services Grant – As forecast in the previous MTFP this grant has been phased out completely in 2025/26. A reduction in funding of £0.3M.

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 2025/26 is £3.4M aligned with the funding in the previous financial year.

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. There has been a decrease in the provisional NELC allocation to £0.4M in 2025/26.

Domestic Abuse Safe Accommodation Grant – The provisional settlement confirmed that this existing grant (£0.5m) will now be rolled into the core funding settlement.

Funding - Other Funding

The Council has received provisional notification of a range of new grant funding for the next financial year.

Recovery Grant – This new grant is targeted towards areas with greater need and demand for services (as proxied by deprivation), and less ability to raise income locally (specifically, council tax). The provisional NELC allocation is £5.4M in 2025/26

Childrens Social Care Prevention Grant – This new grant is distributed using an interim children's relative needs-based formula, which allocates funding based on estimated need for children's social care services, varying cost of delivering children and young people's services and an authority's relative ability to raise council tax. The provisional NELC allocation is £1.5M in 2025/26

Extended Producer Responsibility – This new grant aims to compensate local authorities for the waste disposal cost of packaging. The provisional NELC allocation is £3.1M for 2025/26

It is anticipated that additional funding will be allocated in the final settlement to reflect the additional cost to the local authority as a direct result of the increase in employers NIC rate, the value of this funding is still to be confirmed.

Funding – Service Grants

DRAFT

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

Public Health – A ringfenced grant of £12.5M was awarded for 2024/25, the 2025/26 allocation has not yet been announced

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 2025/26 will be £63.9 billion. Funding through the mainstream schools national funding formula (NFF) sees a national average increase of 2.23% per pupil compared to 2024/25

High Needs Block (HNB)- The HNB of the DSG will increase by 9% in 2025/26 against the 2024/25 baseline resulting in £34.4M locally. 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 – The amount that councils can centrally retain has changed to a maximum of 4% from the Early Years Block allocation to fund central services in 2025/26, this does require the agreement of the Schools Forum. Significant investment has been made in Early Years funding with further extensions to free entitlement from September 2025.

Childrens and Families Grant – a new grant in 2025/26 approximately £1.7M which consolidates existing DfE Children’s Social Care programmes, including the Supporting Families programme, Supported Accommodation Reforms and Staying Put

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.

£3.7M Bus services Improvement Plan grant to support delivery of modern and integrated bus networks

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 2025 is 2.5% (based upon November CPI Forecast).

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 2025/26, 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 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

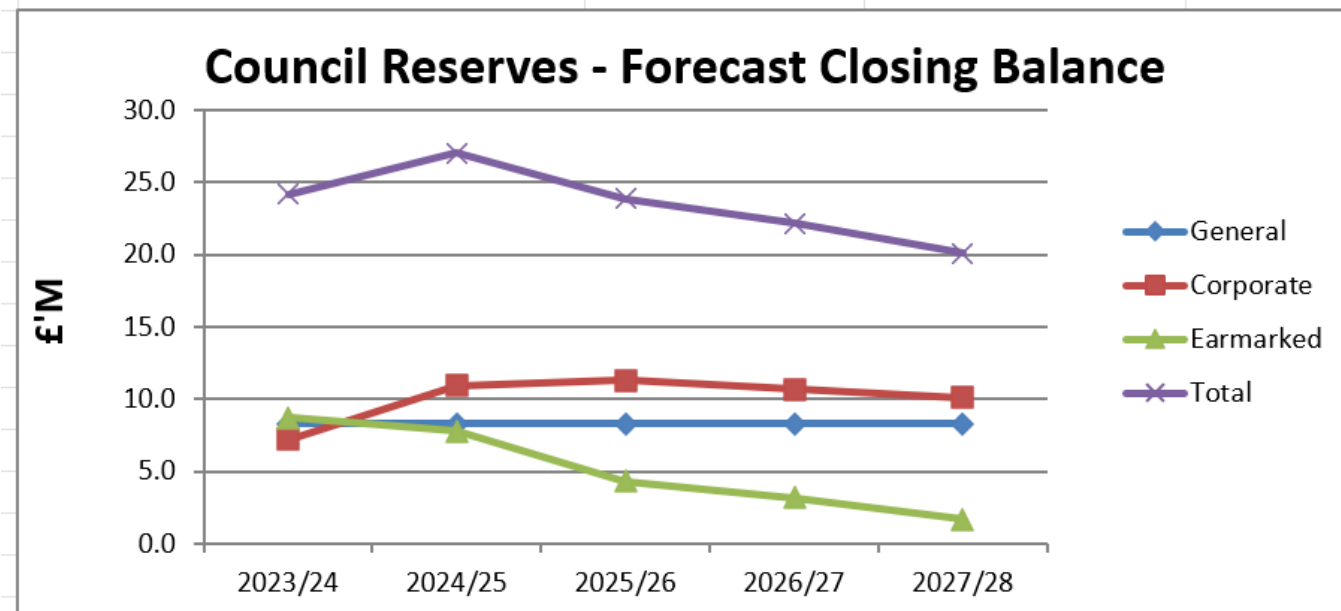
The Council has been successful in generating capital receipts through the disposal of assets as part of the wider property rationalisation programme.

As a result, the Council will maintain 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	2025/26	2026/27	2027/28
Utilisation on transformational activity (See Annex 7)	£2.0M	£2.0M	£0.0M

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 is expected to reduce. In the current economic environment, it is essential that the Council continues to review corporate and technical reserves.



General

- 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 3% of annual net current expenditure. This is comparable to other authorities.

Partner & service

- 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

- 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 the Council incurs 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	
		2024/25	2025/26
		£'000	£'000
Debt Financing	To be utilised if cost of debt rises	1,500	2,400
Transformation	To support costs of key transformation	847	1,197
Business Rates Equalisation	To mitigate fluctuation in business rates income	3,900	2,000
Management of Change	To fund the costs of change	1,704	1,704
Major Contracts	To support ongoing change in major contracts	879	0
Medium Term Financial Plan	To support ongoing change in demands / pressures within the	2,000	2,000
Council Tax Hardship	To support council tax hardship claims	94	50
Social Care Volatility Reserve	To cover demand variations in social care	0	2,000
Total		10,924	11,351

** 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	2024/25	2025/26
	£000	£000
Resources	0	0
Economy and Growth	1,520	970
Environment	35	35
Public Health	3,288	1,628
Adult Services	700	700
Childrens Services Reserves	621	16
Partner Reserves	989	341
Technical Reserves	599	599
Total	7,753	4,289

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

Capital and Long-Term Investment

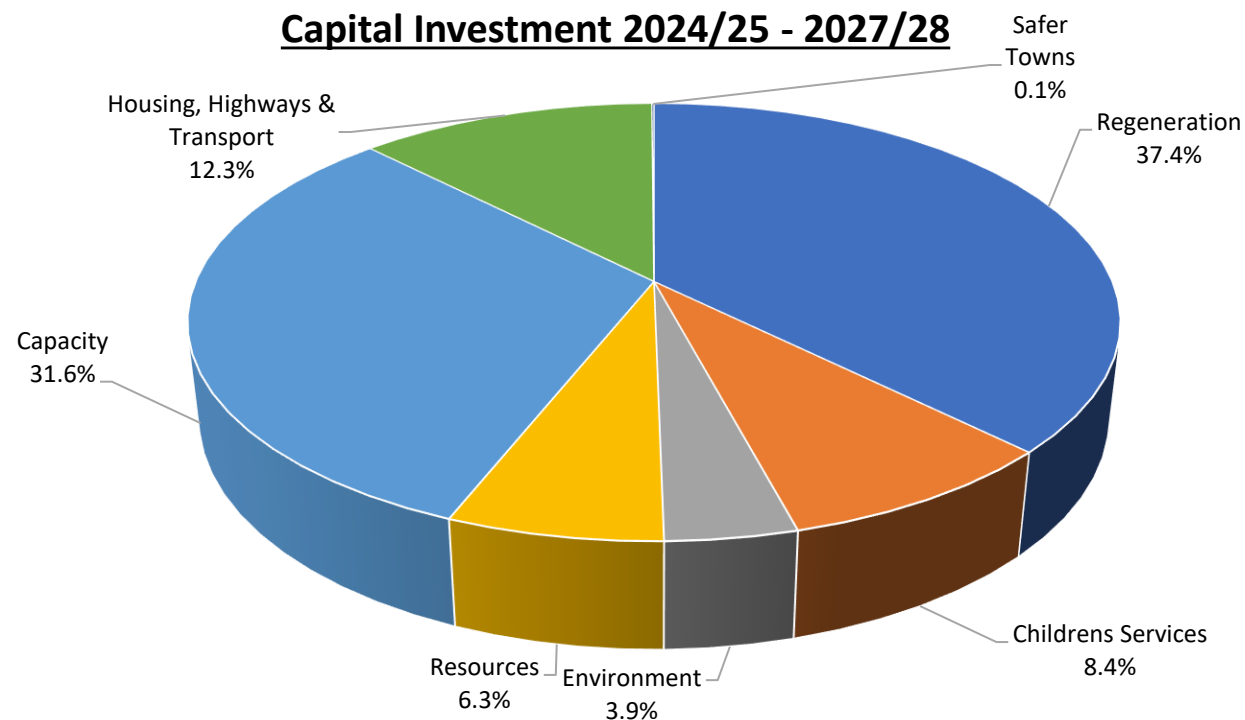
Capital and long-term investment has both legal and regulatory requirements which sets out the powers the Council has and the frameworks it must comply with and operate within for capital investments. The Council is guided by the Local Government Finance Act, MHCLG guidance and CIPFA Codes of Practice, 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



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 2024 and formal briefing sessions in January 2025.

Members Overview & Scrutiny	Budget scrutiny informal workshop to consider the initial outlook during December 2024.
	Post Finance settlement, formal scrutiny of business plans during January 2025
	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 2024 Council Tax Base (Inc. Support Scheme)
	Cabinet February 2025 - Final Budget
	Council February 2025 - 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 2025/26 budget and medium-term financial plan remains high. 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 factors, Local Government funding reform, the net zero ambition, high needs, the national minimum wage and rising social care demand remain significant challenges. In addition, there are a number of significant change projects in progress:

- Insourcing of EQUANS contract,
- Greater Lincolnshire devolution; and
- Health and social care integration.

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 regular basis. Through the risk and opportunity management framework, the significant risks impacting on the budget are recognized and managed.

Robustness of Estimates and Adequacy of Reserves

The Budget is set within the context of continued economic challenges; 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

The Government has confirmed that, the Review of Relative Needs and Resources ('Fair Funding Review') and the business rates reset will be implemented during 2025/26, these reforms will 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 safeguarding referrals and contacts for family help stabilise over the past year. 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. There is now a greater focus on the outcomes for children and accompanying this is the consideration of cost and value for money through valuing care activities. In respect of the reliance on agency social workers, the Council is now much less reliant and 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 2025/26 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 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 is underway and 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. Housing provision, extra care housing, children's residential and care leaver accommodation all form part of medium-term transformational activities.

Education

High needs are continuing to present significant financial pressures to the Council and this is causing ongoing overspends against the Dedicated Schools Grant High Needs Block. The Council has been 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. This programme ends in June 2025 and the council will need to ensure the progress made in creating sustainability across the SEND system continues.

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, 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. Financial and performance data is presented in an integrated way within quarterly resource monitoring reports. 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. Capital challenge meetings and oversight of major projects is undertaken monthly.

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.
- 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 decreased 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 2025/26, taking into account the overall adequacy of reserves and the latest financial position.

Corporate reserves stabilised in 2024/25 after decreasing over a number of years. There remains a risk that balances may be insufficient to meet in-year pressures, resulting in use of General Fund balances. Service specific reserves are limited and are largely fully committed. Planned top up of reserves (transformation, social care demand) in 2025/26 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 transformational change, fluctuations in business rates and borrowing costs.

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 2025/26 – 2027/28.

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 2025/26 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 2026/27 and 2027/28 are considered to be reasonable based upon planning information available at the present time. Clearly the impending review of local government funding represents both an opportunity and a risk for the Council. For this reason, it is essential that the Council engages in any consultation processes that take place.

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 continuing 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 2025 will make decisions on the Council's Budget for 2025/28 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

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, reprioritisation 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.

Annex 1 - Contents

Section	Page
Resources	2
Environment and Regulatory Services	9
Economy (Regeneration)	15
Economy (Housing, Highways and Transport)	23
Economy (Safer & Stronger Place)	29
Children and Family Services	35
Adult Services	45
Public Health	51
Key Priorities	58

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 2024/25 business plan (1)

Business support redesign	Full transition to the new business support model in October 2024, with all vacancies resulting from the change management process being successfully filled. 100% of service agreements have been initiated and agreed in principle. Ongoing exploration on improving processes to drive efficiencies is identifying areas to focus on especially around areas where the use of AI and TEAMS could provide significant efficiencies.
Academy NEL	Progress on the development of the AcademyNEL programmes is progressing well, with full launch in Q4 still on track. SharePoint site launched, content is now in continuous improvement phase and will grow as required. Continuation of the CPD accreditation now ongoing. Children's Services, continues to be a key area of focus, and further development discussions to take place with Education and Adult Social Services.
Agency Framework	Contract has been agreed and lessons learnt completed. Promotion of the framework is underway across the Council. Significant reduction in agency spend by 77% since 2022 and 80% of agency spend is through the framework. Further work to be undertaken around governance ensuring tighter control on recruitment, compliance and finances.
Planning and implementation of the Procurement Act 2023	Preparation for the implementation of the Procurement Act 2023 has been completed, this includes amendments to the Contract Procedure Rules, development of e-learning, a review of templates and development of new processes. The Act is due to go live 24 th February 2025, having been postponed from October 2024.
Property rationalisation & Disposal Programme	Phase 1 of property rationalisation was completed successfully. The scope for Phase 2 (delivery of some services from the Holme Hill building) has changed and the business case is to be revised. The programme for the disposal of surplus assets is continuing. Most offers are subject to planning consent which creates a cashflow risk, but the programme is expected to deliver near the planned level of receipt during 2024/25. A new approach of disposing lower risk properties via auction has been agreed and is to be piloted in early 2025.

Resources

Summary of delivery against 2024/25 business plan (2)

External legal fees	The improvement in Children's Services has had a positive impact on spend on external legal fees, due to the reduction of formal public proceedings.
Capitalisation of salary costs	The budget target for the capitalisation of salary costs (£0.8m) has been delivered in accordance with accounting standards.
Local Taxation & Benefits	<p>Housing Benefits performance has improved and delivering to expectations after a focused effort to reduce the backlog of cases.</p> <p>A review of Single Person Discounts has been undertaken to ensure that these are correct. This has resulted in an increase to the Council Tax base.</p>
Cyber	Our Cyber Security Strategy has been launched, training and engagement has taken place with both officers and members. We continue to take a robust approach to cyber security including engagement in the government's Cyber Assessment Framework ready support programme.

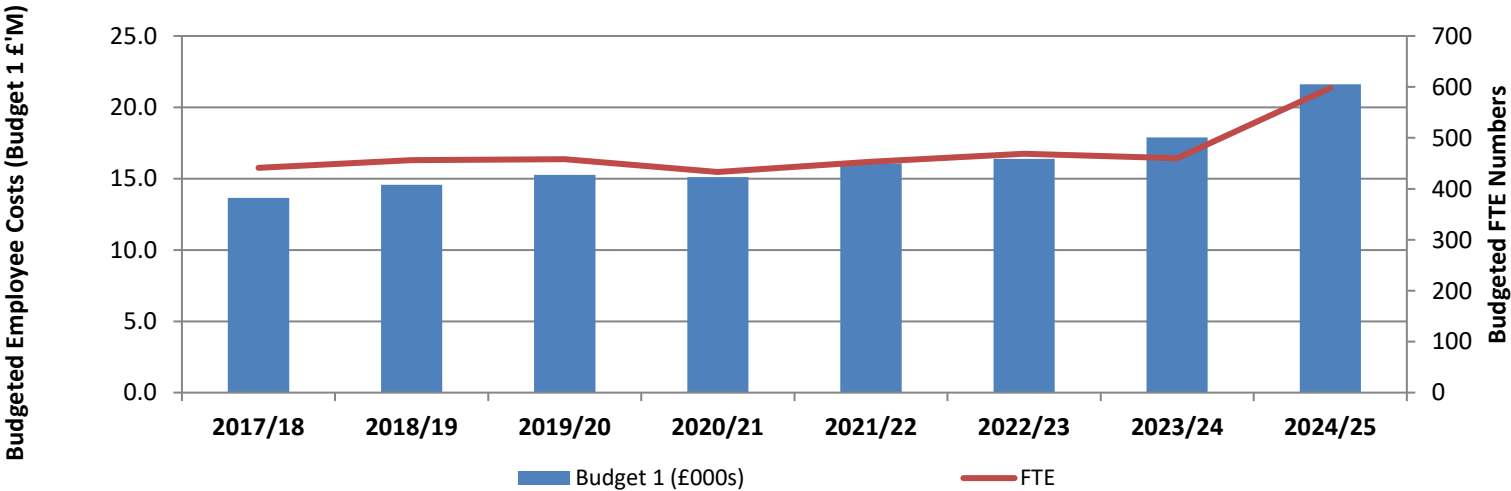
Main Budget Areas (Cash/Controllable Budgets)	Current Cash Budget £'000
Assistant Chief Executive	35
Assistant Director People & Organisation	7,790
Deputy s151	3,138
Law and Governance	6,188
Policy, Strategy and Resources	7,571
Total	24,722

Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
2025/26	23,142	24,015
2026/27 - Indicative	23,127	24,375
2027/28 - Indicative	23,127	24,411

Key planning assumptions

- Funding of ICT costs to deliver strategic strategy, application strategy and licensing.
- Alignment of income from commercial estate with commitments under property rationalisation.
- Cleaning contract inflation, Insurance inflation and audit fee increase funded.
- Continue to capitalise salary costs in line with accounting standards.
- Commitment to ongoing twinning activities (£15k) funded.
- 95% occupancy of staff vacancies is maintained within the budget envelope and the increase in Er’s NIC to 15% is reflected

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 along with the Equans insourcing programme, major capital projects assurance and reporting, and support to the development of the Greater Lincolnshire devolution deal.</p> <ul style="list-style-type: none"> ➤ People strategy refresh - delivery of the refreshed People Strategy and 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, digital platform redevelopment, information management and resilience programme and cyber security. Development of new and emerging technology through AI prototypes and testing. ➤ Property rationalisation – remains a major focus aligned to Council aims to reduce carbon footprint and building costs, drive footfall within the town centre and ensure the most effective use of our buildings. ➤ 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>We will continue to focus on driving efficiencies through new ways of working and maximising digital opportunities through automation, digitalisation and system enhancements.</p> <p>The key opportunities for Resources relate to digital technology, particularly AI development; a strategic review of assets including both the corporate and commercial estate; the on-going drive to maximise the taxbase; and the on-going improvements to our recruitment, learning and development offers aimed at making NELC an employer of choice and improving recruitment and retention.</p> <p>Ensuring that resources has the capacity to support the significant change and transformation programmes across all service areas.</p>

Resources

Capital investment to support delivery of business plan

SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
RESOURCES				
Law and Governance				
Audio Visual System for Grimsby Town Hall	72	-	-	
Deputy S151				
Capital Investment	2,087	13,344	19,700	20,000
Capital Rec't Flexibility	12,000	2,000	2,000	
Policy, Strategy and Resources				
Backlog Maintenance	2,897	-	-	
Property Rationalisation Programme	487	-	-	
Cartergate Office Development	68	-	-	
ICT Refresh	640	955	734	1,808
Heritage Assets at Risk	600	3,207	-	
Business Centre Improvement	100	97	-	
M365 Transformation Programme	157	252	258	199
Customer Services Mgt Platform	45	-	-	
Childrens Services Platform	1,175	2,671	-	
Digital Platform	20	422	-	
Northgate Cloud Upgrade	37	-	-	
CS Platform Residential Homes	40	-	-	

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
- Private Sector Housing
- Environmental Crime/ASB
- Pollution Control
- Licencing
- Food, Safety and Port Health
- Civil Enforcement & Parking

Open Spaces:

- Grounds Maintenance
- Bereavement Services
- Resort Team

Environmental Sustainability:

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

Environment & Regulatory Services

Summary of delivery against 2024/25 business plan

Doughty Road operational services consolidation	Operational construction continues. Successful move of Licensing team to new garage offices, Fleet, Grounds Maintenance and Street Cleansing have relocated to refurbished office and are co-located.
Plan the journey to net zero including opportunities to reduce energy consumption at Bereavement Services	Our Green Future Annual Report provided an update on all workstreams in the Waste Strategy, Carbon Roadmap and Natural Assets Plan. Overall, the report showed that significant progress has been achieved in relation to carbon reduction. Awarded £4.7 million to support ambition to decarbonise our estate, including Grimsby Crematorium.
Modernise waste services	Reviewing recycling performance data to target communication and work with communities where an increase in recycling behaviour is likely. Food waste group convened and is working on operational delivery plans and business case.
Review operational fleet	Fleet replacement programme approved including plans for additional electric vehicles. Discovery work continues to understand the factors that influence future use of fleet assets and how best to maximise utilisation.
Waste disposal options	Commenced discovery for future waste disposal options at the expiry of the current contract in 2029.
Border Targeting Model	New Border Target Operating Model (BTOM) implemented 30th April 2024 with successful transfer of operations to Immingham BCP with new 7-day extended hours operation. Significant increase in throughput requiring official controls.
Cleethorpes Resort	Awaiting completion of LUF schemes to understand future requirements.
Cleethorpes Habitat Management Plan	Draft finalised and submitted to Natural England for approval. Successful bid for £250K to Heritage Lottery to deliver DUNE project which complements the principles in the Cleethorpes Habitat Management Plan.
Local Nature Recovery Strategy	Work on the draft plan continues with public consultation scheduled for March 2025.

Main Budget Areas (Cash/Controllable Budgets)	Current Cash Budget £'000	Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
		2025/26	14,145	14,895
Waste Services	2,772	2026/27 – Indicative	14,315	14,928
Waste Disposal And Strategy	8,220	2027/28 - Indicative	14,315	14,717
Street Cleansing	1,496			
Grounds & Bereavement Services	1,068			
Other	1,419			
Total	14,975			

Key planning assumptions

Current waste contract assumptions around length, volumes and inflation are funded.

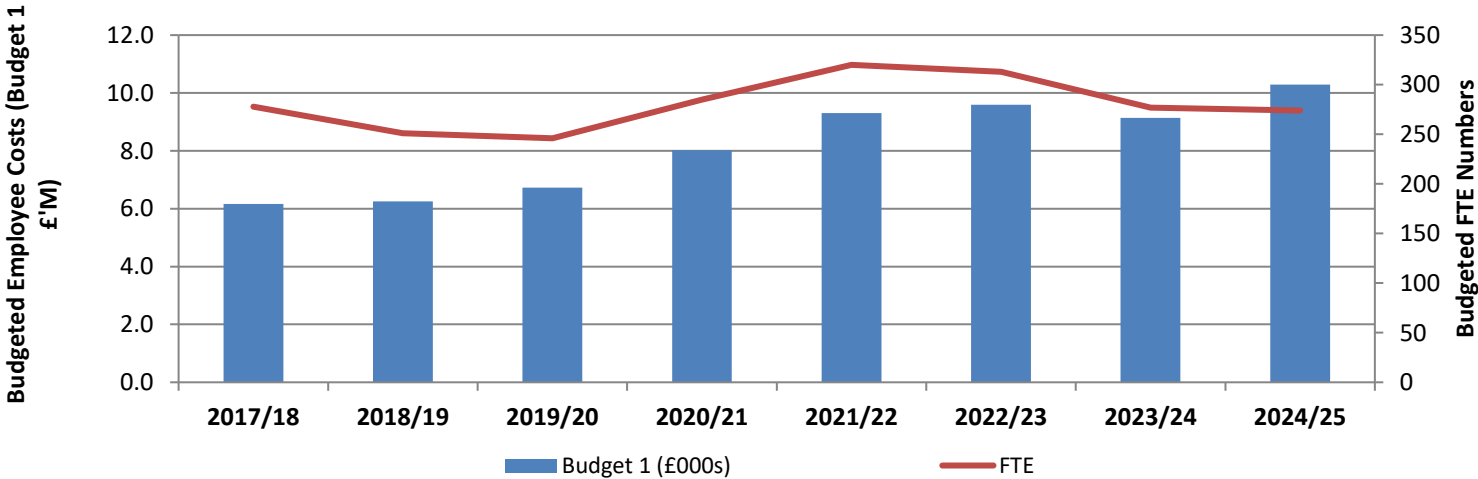
Street Cleaning and Grounds Maintenance funded at enhanced level, in line with 24/25.

Resourcing required for implementation of Extended Producer Responsibility reporting is funded

Full year impact of Port Health, including income and staffing levels have been reflected and help to fund additional waste costs.

95% occupancy of staff vacancies is maintained within the budget envelope and the increase in Er’s NIC to 15% is reflected.

Environment Employee Cost



Environment & Regulatory services

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<p>Vacancy Management Factor: The service employs a large and diverse workforce responsible for delivering a range of frontline operational and technical regulatory functions. Staffing levels will be maintained in key services whilst seeking to deliver the vacancy factor.</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>Enforcement Income: The operating model for the Environmental Enforcement Team includes an ambitious level of fixed penalty notice income.</p> <p>Emissions Trading Scheme (ETS) 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>Extended Producer Responsibility (EPR) Payments to support waste and recycling collections will present an opportunity.</p> <p>Border Target Operating Model Implemented from 30 April 2024 but impact on resources subject to further work and service transformation.</p> <p>Managing decarbonisation and operational service delivery Ambitious scheme at Grimsby Crematorium will need careful management.</p> <p>Integration of Regulatory Services functions post June 2025</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>Waste Collection and Disposal Options and EPR: Consider future waste disposal options post 2029, including potential risks following introduction of Emission Trading Scheme. Implement Food Waste collections.</p> <p>Depot Rationalisation: Contributes to a more efficient and integrated workforce.</p>

Environment and Regulatory Services

Capital investment to support delivery of business plan

SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
ENVIRONMENT				
Fleet Replacement Programme	673	1,743	-	
Enhancement of Bereavement Services	150	-	-	
Depot Rationalisation	4,492	-	-	
Scartho Cemetery Lodge & Waiting Rooms	3	-	-	
Regulatory Services Management System	4	-	-	
Play Areas	3	-	-	
Urban Tree Challenge Fund	95	72	107	
LA Treescapes Fund	55	-	-	
Salix - Public Sector Decarbonisation Scheme	854	4,562	-	

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

Economic Development and Inward Investment

Regeneration

Summary of delivery against 2024/25 business plan (1)

Devolution & Skills Action Plan

- Devolution (Skills) is split into three workstreams: Adult Skills Fund readiness conditions, Careers and Care Leavers. Each workstream is on target with delivering their project plans for their agreed target dates.
- The Skills Strategy and Action Plan is now in delivery. The short-term actions have been completed, and the medium-term actions have been refreshed and approved by the newly established NEL Skills Board.
- Key delivery includes:
- Greater Lincolnshire & Rutland Local Skills Improvement Plan (LSIP) – In final stages of delivery.
- 15 UKSPF People & Skills projects directly aligned to need in North East Lincolnshire.
- Skills Board established, led by industry representative. The board's role is to challenge and support the delivery of the Skills Action Plan.
- Successful funding bid to deliver careers events for young people, adults, the community and parents. Additional funding to host women into manufacturing and engineering events.
- Adult Learning collaboration group to collectively promote opportunities for adult learning. This includes a revised webpage, events and a collaborative marketing campaign.
- Support of the adult careers team to exceed the number of adults using their service by 27% compared to 23/24.

Review Leisure Estate

- Leisure estate development complete at Clee Fields with a new partnership in place with YMCA Humber as leisure operator for this facility.
- Sport England grant funding secured to deliver feasibility and facility strategy development work associated with review process.
- Delay in second phase of review linked to internal capacity and resource allocation within leisure services, the external grant funding from Sport England will support mitigating this delay. The review process will continue across 2025.

Library and Archives Services

- Phase-1 of review complete, including public consultation, data and finance review and needs assessment complete.
- Cabinet approval secured to progress to phase-2 review in early 2025. The review process will continue across 2025.

Enterprise Zones

- DFDS in planning to develop c30,000 sq. ft office space (non-EZ site at Pioneer Park), and interest secured on the final EZ plot in NELC ownership on Pioneer park.
- First phase of CATCH's ambitious expansion complete, supporting an additional 80 apprenticeship places per year.

Regeneration

Summary of delivery against 2024/25 business plan (2)

Grimsby Town Centre and Cleethorpes Masterplans

- The Council has entered into contract for the Freshney Place Leisure scheme.
- Grimsby Town Centre projects progressing with Riverhead Square largely complete, Onside construction works well underway, and early stage works to the Freshney Place Leisure scheme underway. Developer appointed for Garth Lane housing project with planning application submitted. St James House development progressing well, scheduled to complete March 2025.
- Increased positivity in the town centre, led by 2025 Group messaging and events as well as grant funded interventions through High Street Accelerator and Green Spaces Fund, improving the visual appearance, and match funding Safer Streets initiatives to reduce crime.
- Sea Road building construction commenced. Third party food and drink operator pre-let in legals for material element of the building. Technical design for Pier Gardens and Market Place largely completed.

Creative Placemaking

- Over £10m has been invested by Heritage Fund in NEL since 2020 (£6.5m from 1995 -2019) including £3.7m for Weelsby Hall.
- £250,000 secured from DUNE project focusing natural heritage of Cleethorpes' saltmarshes and dunescape.
- 46 successful funding bids and 5 successful sponsorship bids with £5,481,488 investment levered in through arts, culture and heritage funding.
- 11 successful recipients of national grant funding enabled £42,320 additional funding via Create North East Lincolnshire Creative Match and levered in £889,256.
- 3 major creative events (Our Future Starts Here (The Culture House), Festival of the Sea (Swan Events) and Edible Grimsby (Emergency Exit Arts and The Culture House) plus 7 further murals from the Paint the Town Proud (Creative Start) programme.
- UKSPF 'Coastal Time' out of area tourism marketing campaign completed in Q1 and Autumn campaign completed in Q3. DiscoverNEL social media statistics continue to increase. Engagement ongoing with the LVEP on the development of a Greater Lincs Destination Management Plan.
- Year 2 of the Humber Museum Partnership activities progressing well including an exhibition 'Hometown Heroes' in Q2. Collections review is ongoing to identify gaps. Museum blog and education newsletter developing well. School visits increased and SEND back packs in use. Dynamic Collections Project progressing with a team of volunteers working through the museum's ephemera collection. Heritage Heroes group for adults with additional needs going well, with the whole museum team engaged in delivering workshops every week.
- 15 events held at the Meridian Showground between Q1 to Q3 giving more opportunities for local people to engage in events, and economic benefits for businesses and accommodation providers.

Main Budget Areas (Cash/Controllable Budgets)	Current Cash Budget £'000
PMO Team	257
Regeneration	2,505
Total	2,762

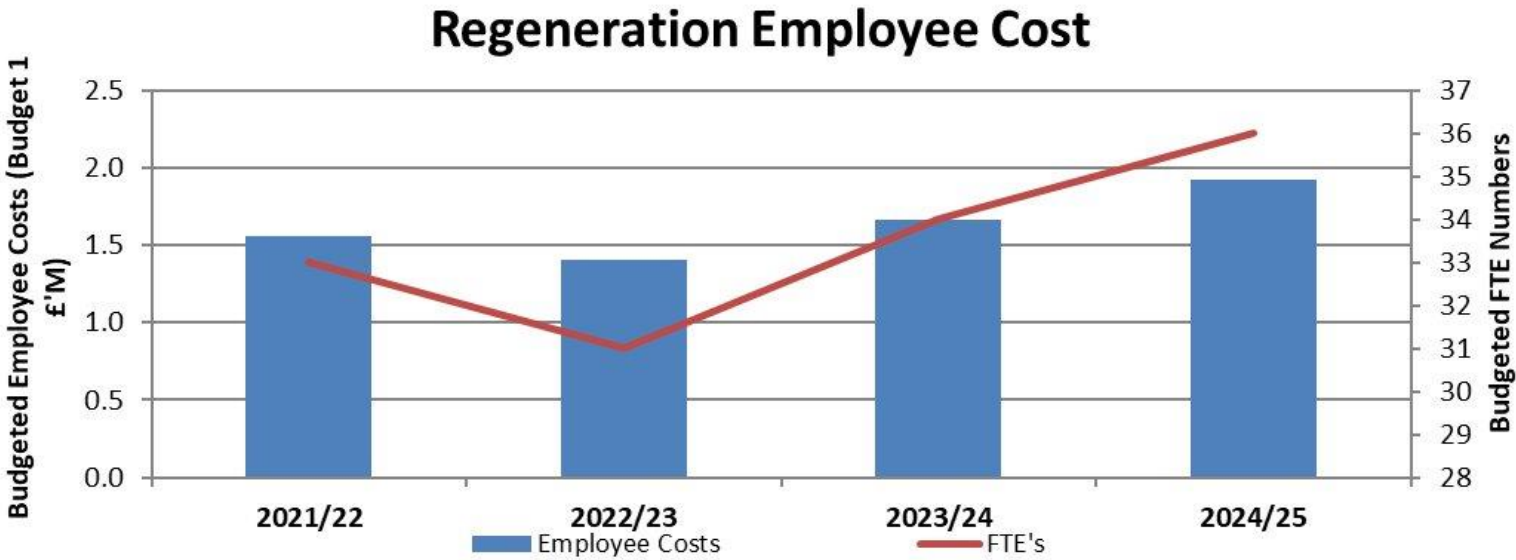
Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
2025/26	2,463	2,245
2026/27 – Indicative	2,464	2,487
2027/28 – Indicative	2,464	2,486

Key planning assumptions

Budget levels to remain in line with previous MTFP assumptions.

One off savings through the utilization of an Economic Development reserve will reduce cost base for 25/26

95% occupancy of staff vacancies is maintained within the budget envelope and the increase in Er’s NIC to 15% is reflected.



Regeneration

Overview, challenges and opportunities (1)

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"> • Cost increases in the construction industry have slowed, but viability remains a significant challenge. • Risk of utility availability for inward Investment projects being reviewed. • Freeport seed capital released to projects but timeframe for delivery poses a challenge as no extension to defrayal deadline of March 2026. • Ongoing challenges in terms of developing a skilled workforce for industry across North East Lincolnshire. • Awareness and take up of opportunities by adults is an ongoing challenge due to barriers to access. • Employer support for engagement with schools, colleges and adults furthest from the labour market is challenging with a high rate of micro businesses and SMEs in the area and competing priorities in time and cost. • Facility condition and backlog maintenance challenges across the services estate and historic vessels. MEND application submitted in Q1 and announcement to be in Q4. • 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 leisure, 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"> • NEL is a Heritage Place for Heritage Fund and Priority Place for Arts Council England which provides opportunities for investment in arts, heritage and culture. • NEL has a new Place Partnership with Sport England to explore funding and investment opportunities to support people across North East Lincolnshire to be more active, more often. • Continue to develop and expand our relationship with Historic England to support culture & heritage regeneration within our place, with a focus on the Kasbah and Grimsby Town Centre. • Possible future funding opportunities through the new Greater Lincs LVEP. • Freeport tax site business rates which will be reinvested across the Humber to promote investment and trade.

Regeneration

Overview, challenges and opportunities (2)

Key challenges and opportunities

Opportunities (continued):

- UK Shared Prosperity extended for one year to March 2026.
- Long Term Plan for Towns Programme providing £20m across a 10-year period to support the regeneration of Grimsby town centre, including Freshney Place and Garth Lane.
- Next phase of CATCH expansion to the existing building to create a decarbonisation centre, and offshore wind technician facility will be completed by March 2026.
- Devolution of the Adult Skills Funding presents an opportunity for local skills provision.
- Through the Humber Museum Partnership grow visitor numbers and school visits to develop a better understanding of our heritage and increase income at Grimsby Fishing Heritage Centre.
- Greater Lincolnshire Devolution has the potential to increase both policy influence and access to regeneration funding in the future, along with supporting skills needs.
- Income development for Meridian Showground through additional bookings and fees from concession contracts, increase in fees for utilities and new waste fees.
- Continue to utilise allocated UKSPF to deliver events during 2024-25 and carry out an 'out of area' Spring marketing campaign to attract more visitors to the area.
- Continue to develop our long-term approach to leisure and libraries service provision.

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

- Capitalisation – continuing to maximise the capitalisation of staff costs through external funding opportunities.
- Planning fee uplift in line with statutory increase.
- Review of fees and charges across the service in line with inflation as a minimum.
- Leisure estate review – progress to the next stage of the sport and leisure review.
- Library review – progress phases-2 of the libraries and archives review.
- External funding – continue to apply for external funding from a range of sources to maximise benefits.

Economy (Regeneration)

Capital investment to support delivery of business plan

SCHEME	2024/25 Revised Capital Programme £000	2025/26 Revised Capital Programme £000	2026/27 Revised Capital Programme £000	2027/28 Revised Capital Programme £000
ECONOMY AND GROWTH				
Regeneration				
Clee HLF Townscape Heritage	647	492	-	
SHIP Scheme	299	529	407	
Playing Pitch Reprovision	229	654	-	
Cleethorpes Public Art	53	-	-	
Heritage Action Zone	50	300	250	
Town Deal Investment	3,950	631	-	
Towns Fund - Central Library	3	-	-	
UK Shared Prosperity Fund	704	-	-	
Leisure Capital Grant	80	-	-	
Freshney Place Leisure Development	4,689	18,771	17,164	
Cleethorpes Masterplan - Market Place LUF Scheme	532	3,887	-	
Towns Fund - St James House	2,229	-	-	
Towns Fund - Activation Fund	143	314	-	
Towns Fund - Riverhead Square	562	261	-	
Towns Fund - Public Realm Connectivity	40	2,529	-	
Cleethorpes Masterplan - Sea Road LUF Scheme	938	7,520	-	
Cleethorpes Masterplan - Pier Gardens LUF Scheme	600	7,643	-	
Tennis Court Refurbishment	36	-	-	
Play Zone	209	-	-	
Freshney Place Fit Outs	-	300	300	350
Cleethorpes Masterplan - LUF Wayfinding	20	352	-	
Cleethorpes Masterplan - LUF Logistics	6	144	-	

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.



Economy (Housing Highways & Transport) Service Areas

Key areas of activity are:-

Highways & Transportation

- Car parks
- Public Transport
- Highways Maintenance
- Flood Risk & Drilage
- Traffic Management

Housing development and regeneration.

- Housing Strategy & Policy
- Afordable Homes
- Brownfield Development
- Stragey Partnerships
- Developer Engagement

Home Options

- Homlessness
- Housing Releated Support
- Home Choice Lincs

Housing Highways & Transport

Summary of delivery against 2024/25 business plan

Major Highways Projects

- **Corporation Bridge** - The complications experienced during the corporation bridge project are well documented, the council has demonstrated a robust project management approach to this project with a further update on both timelines and spend expected in February.
- **A180** - The A180 scheme continues to progress with works on site winding down over the winter periods. The scheme is currently on budget and meeting the spend profile set out within the capital funding grant received from the DfT.
- **Bargate** - Major works to improve accessibility and road safety at Bargate are now complete, with the bridge structure and additional junction surfacing works finished in November 2024.
- **Broadway SuDS** – Following a successful DEFRA Flood Risk Innovation Fund bid in 2021 the council was awarded £4m in capital funding to build two schemes within the borough to better tackle surface water flooding and use more innovative ways to increase the resilience of properties to flooding in Broadway Grimsby and Woodlands Avenue Immingham. Works on Broadway are now complete with only planting of the SuDS areas remaining while design works for Woodlands Avenue are ongoing with construction expected to start in 2025/26.

LTP

- **The Local Transport Plan (LTP)** - This three-year programme has been agreed with the Portfolio Holder (PfH). The 2024/25 programme is in progress, with 38 schemes and an expected successful expenditure of 99.7%. The 2025/26 programme is currently being considered for PfH approval in January 2025, this will allow early mobilisation and longer lead in time to develop the schemes.

BSIP

- **Current Position** – BSIP continues to be a success with the council delivering on bus improvement measures across the borough and funding spending commitments. Measures such as bus priority; concessionary fares; ticket promotions; signal box priority; and ride to work month have all been completed this year. Work around the feasibility of a transport hub in Grimsby is in progress.
- **Future Opportunities** – Recently the government has announced an additional £1.6m in revenue funding for BSIP project within NELC and £2m in Capital investment for BSIP during 2025/26, master planning the spend for 25/26 is currently in progress.

Main Budget Areas (Cash/Controllable Budgets)	Current Cash Budget £'000
Transport Policy	3,329
Supporting People	1,978
Street Lighting	1,748
In Scope Contract	12,794
Other	-693
Total	19,156

Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
2025/26	18,575	19,302
2026/27 – Indicative	19,015	19,828
2027/28 - Indicative	19,015	19,828

Key planning assumptions

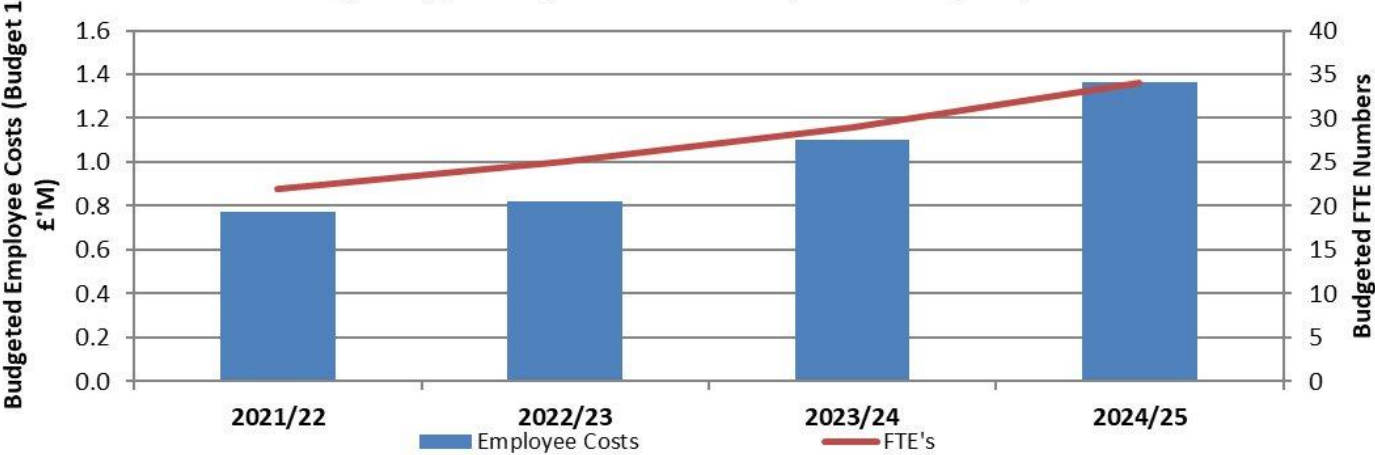
Review of housing provision to align with service requirements and optimise performance outcomes is funded.

Contract inflation funded.

Funding options around festive lighting is to be reviewed, with a savings assumed to be realised within the year.

95% occupancy of staff vacancies is maintained within the budget envelope and the increase in Er’s NIC to 15% is reflected.

Housing. Highways and Transport Employee Cost



Housing Highways & Transport

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<p>Temporary Accommodation – The situation around temporary housing and the demand for service access has not reduced over the last 12 months and continues to be the service number one pressure.</p> <p>Inflationary Costs - Cost of materials and project overheads have stabilised over the last year however scheme affordability continues to be a concern with the teams continuing to seek innovative ways to both deliver schemes and keep construction cost down. This risk will continue to be monitored.</p> <p>Capital Investment - Reviewing existing assets and the way we approach both maintenance and renewal offers us opportunities to make savings especially through capital investments to provide progressive in year savings. Investment in Street Lighting technology is one such example, however due to uncertainty over energy costs the business model for investment must rely on more than one component to produce savings.</p> <p>Equans / Partnership Opportunities – As the council moves toward bringing key services such as Highways & Transportation back in house, there may be opportunities to review how we operate and produce a more resident / placed based focused offering.</p> <p>Strategic Relationships – The Council continues to build its relationship with Homes England exploring places-based solutions and how infrastructure can improve housing development opportunities, especially around brown field sites.</p>
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<p>Fees & Charges - Fees and charges were reviewed across the service, highways, housing and car parks were implemented during the last financial year. This more commercial approach to how the council recovers costs for chargeable services has been a success and the council will continue to build on this established methodology, regularly reviewing charges and raising fees in line with inflation.</p> <p>Housing Review - A full review of housing service provision is currently ongoing, this review will address the multiple service pressures the council faces such as temporary accommodation, homelessness, housing related support and the housing register. It will also identify where stronger links with partners will help to tackle in year pressures and address preventative measures to reduce future risk and service demands.</p>

Housing, Highways & Transport

Capital investment to support delivery of business plan

SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
ECONOMY AND GROWTH				
Housing, Highways and Transport				
Disabled Facilities Grants	5,060	3,715	-	
Local Transport Plan Schemes	6,091	4,628	-	
Housing Assistance Grants and Loans	266	383	-	
Immingham Lock Flood Def Gates	3	-	-	
Corporation Rd Bridge Refurb	2,871	-	-	
Rough Sleeper Accom Grant	61	-	-	
Gy and Imm Flood Innov Funding	1,409	500	-	
Sustainable Warmth	30	-	-	
Flood Defences - Humberston Fitties	83	-	-	
A180 Structures	8,871	1,655	-	
Grimsby Surface Water Flood Alleviation	62	-	-	
Bus Service Improvement Plan	317	820	-	
Towns Fund - Garth Lane	677	6,405	-	
Toll Bar Drop Off	524	-	-	
Greater Lincs Groundwater Project	-	1,850	150	
Local Authority Housing Fund 3 (LAHF3)	-	360	-	
Car Park Schemes	250	150	-	
Transport Hub	1,900	-	-	

Economy (Safer and Stronger Place)

To work in partnership to make communities safer, supporting victims of crime and ASB and creating opportunities to change people's lives for the better.

To provide attractive, vibrant SAFE town and resort centres, alive with the hustle and bustle of a variety of thriving businesses and a growing residential community where culture and heritage is embraced, and a diverse offer of recreational activities and pastimes can be enjoyed by all.



Safer & Stronger Place

Key areas of activity include:-

CCTV & Security:

- Strategic CCTV arrangements
- CCTV Control Room
- Security Team

Crime and Anti-Social Behaviour:

- Community Safety Partnership arrangements
- Serious Violence Duty
- Violence Against Women and Girls
- Strategic Anti-Social Behaviour arrangements
- Public Space Protection Orders
- Modern Slavery

Counter Terrorism:

- Prevent Partnership arrangements
- Channel
- Protect & Prepare Partnership arrangements

Town Centres:

- Long Term Plan for Towns
- Safer Streets
- Placed Based Initiatives

DRAFT

Safer & Stronger Place

Summary of delivery against 2024/25 business plan

Anti-Social Behaviour (ASB)	Tackling Anti-social behaviour remains a key priority for the Council and wider Community Safety Partnership. Latest data available from April to December 2024 indicates that all reported ASB is up by 52 incidents from 1638 to 1723 incidents. when compared to the same period in 2023. Positively data available for the same period indicates Youth ASB has reduced by 78 incidents from 676 to 539 incidents when compared to the same period in 2023.
Complex Lives Approach	Developed via the Community Safety Partnership arrangements, the Council and Humberside Police have developed Operation Luscombe. Local Community Policing, Homeless provision and ASB-Community Safety teams have developed a model which both supports individuals but also identifies where more punitive measures can be introduced where necessary. This has resulted in a reduction of rough sleepers in the Town Centre.
Safer Streets (Town Centre)	The Safer Streets initiative has been received positively by local retailers and businesses in the town centre. The project has established a Youth Hub, introduced 8 additional cameras and increased CCTV operative capacity, introduced Safer Street Ambassadors and additional Enforcement patrols to enforce the Public Space Protection Order. Extended the retailer Radio network scheme to include licenced premises and undertaken monthly multi-agency days of action as part of Operation Mastery. This has resulted in a reduction of crime and anti-social behaviour in the town centre.
Counter Terrorism Prevent & Protect	Arrangements remained strong to protect the area from Counter Terrorism threats during 2024/25 with the Local Authority receiving positive feedback from the Home Office following their annual benchmark assessment. Wider work continues to ensure regeneration projects in Grimsby Town Centre and Cleethorpes consider Hostile Vehicle Mitigation and wider counter terrorism as part of the design phase.
CCTV & Security Review	As part of the Council's preparations to re-integrate provision currently provided by Equans ahead of the contract expiration in June 2025, a review of the Equans Security Services (including Closed-Circuit Television (CCTV) was undertaken during 2024 to determine how future security arrangements will be provided for the Council post June 2025. Following an option appraisal and submissions to a Scrutiny Working Group and Communities Scrutiny Panel a decision was made to bring back both the CCTV and Security provision under local authority control post June 2025.
Long Term Plan for Towns	Following a wide-ranging engagement and consultation exercise over the summer, a 10 year vision was completed and signed off by the Greater Grimsby Board in June 2024. A recent announcement has confirmed that the Government will retain and reform the initiative as part of a new regeneration programme, with confirmation that up to £20m will still be available over a 10-year period, with a revised prospectus being published in early 2025. A delivery sub-group reporting to the Greater Grimsby Board remains in place and will be re-instigated once the prospectus has been published.

Main Budget Areas (Cash/Controllable Budgets)	Current Cash Budget £'000
Safer Towns & Communities	336

Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
2025/26	363	368
2026/27 – Indicative	445	451
2027/28 - Indicative	445	451

Key planning assumptions

Cost will continue to be managed within the specific funding received for this area

Safer & Stronger Place

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<p>Safer Streets (Town Centre): Continue to deliver a range of interventions to support the regeneration of Grimsby town centre, improve safety and security and minimise the threat of crime and anti-social behaviour. Challenge remains around long-term sustainability of delivery. It is anticipated that Long Term Plan funding can be utilised to continue with the initiative.</p> <p>Long Term Plan for Towns: This opportunity will enable a Long-Term Plan for Grimsby with £20m of funding over 10 years, based on the priorities of local people, community leaders, business and local agencies, with a focus on Safety & Security, High Streets, Heritage & Regeneration and Transport & Connectivity.</p> <p>Crime & Anti-Social Behaviour: Continue the work with our partners to tackle crime and anti-social behaviour across the borough focusing on the priorities agreed through the Community Safety Partnership arrangements.</p> <p>Preventing Violent Extremism: Continue to work together with partners to ensure North-East Lincolnshire meets the requirements of the revised Contest Strategy including the Prevent Duty and Protect & Prepare requirements.</p> <p>CCTV & Security: Following Equans integration, continue to provide public reassurance in our Town centre, resort & communities by helping to prevent and detect crime, environmental crime and anti-social behaviour, and provide an effective security offer, whilst ensuring budget is cost neutral.</p> <p>Selective Licensing: Implementation of Selective Licensing in the East Marsh (subject to Cabinet decision following consultation). Implementation of Areas of Action in Sidney Sussex & Heneage. This will require meticulous planning, due diligence and meaningful community engagement, followed by effective enforcement to deliver the required outcomes which will benefit our local communities.</p> <p>Safer & Stronger Review – A review of the provision within Safer & Stronger during 2025 will provide opportunity to strengthen the Councils placed based approach around safety and regeneration.</p>
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<p>Selective Licensing: Up-front costs are required to deliver this initiative with full cost recovery factored in over a 3-year period. This will need to be managed carefully to ensure the initiative remains cost neutral.</p> <p>CCTV & Security: Costs for the re-integration of CCTV and Security have been carefully scrutinised, this will need to be managed carefully as the provision is returned to Local authority control to ensure a balanced budget is retained.</p>

Safer & Stronger Place

Capital investment to support delivery of business plan

SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
ECONOMY AND GROWTH				
SAFER TOWNS & COMMUNITIES				
HAS & Green Spaces	300	150	-	

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:-

Safeguarding, Youth Justice and Family Help

Regulated Services

Education and Inclusion

Main Budget Areas (Cash/Controllable Budgets)	Current Cash Budget £'000
AD Regulated Provision	36,626
Director Childrens Services	-3,942
Education and Inclusion	3,867
Safeguarding and Early Help	8,381
Women, Childrens and Families	66
Total	44,998

Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
2025/26	45,441	51,316
2026/27 – Indicative	45,787	49,906
2027/28 - Indicative	45,787	49,138

Key planning assumptions

Additional funding received in relation to ongoing social care pressures has enabled the funding of known pressures.

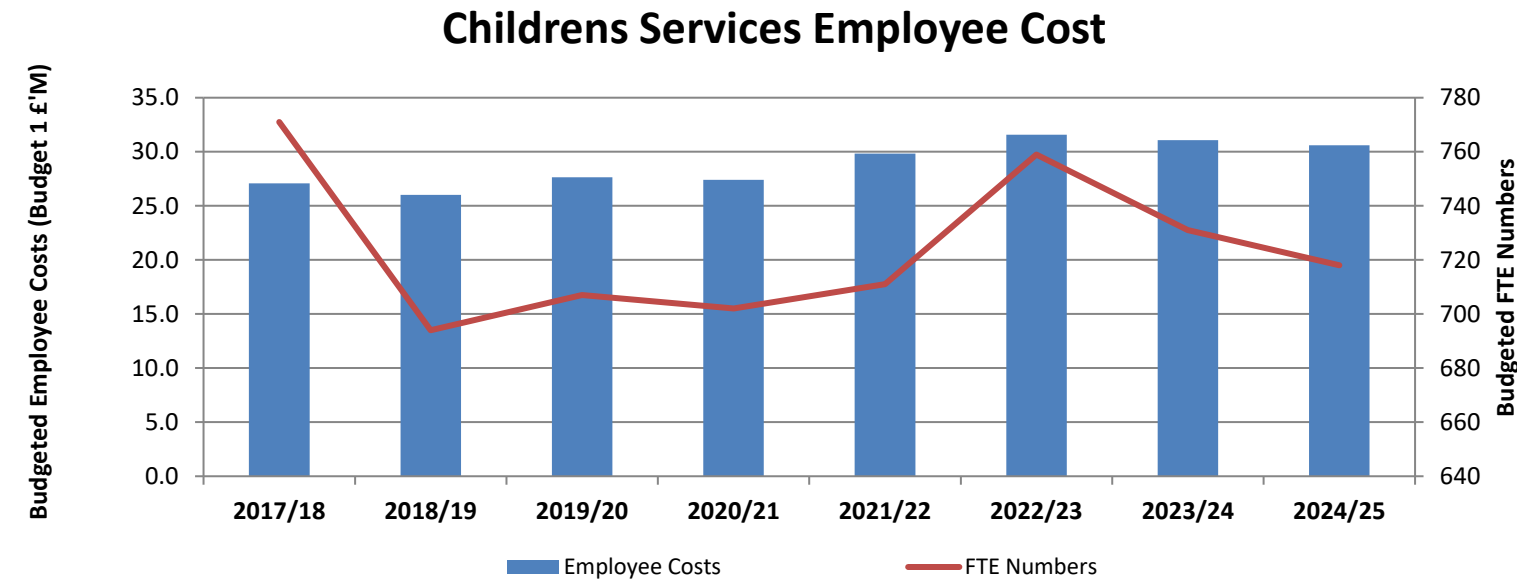
Pressures including out of area placements and educational transport have been considered and funded at a level appropriate to the continuing transformation activities in these areas.

Above funding reflects the expected savings from both the residential home review and fostering and in-house residential opportunities.

Additional reduction of £0.7M built into budget in relation to ongoing transformational activities.

95% occupancy of staff vacancies is maintained within the budget envelope and the increase in Er’s NIC to 15% is reflected.

Other risks to be managed within service.



Safeguarding, Early Help

Summary of delivery against 2024/25 Business plan

Overview of achievements	North East Lincolnshire Children Services continues the transformation and improvement journey to strengthen the outcomes for children and families at pace. A revised improvement plan has been developed to focus priority areas of focus in relation to leadership and management, help and protection, children in our care, care leavers and education and inclusion, and progress reported through relevant governance arrangements.
Improving Outcomes For Children	<ul style="list-style-type: none">• The Monitoring Visit was completed in September 2024 and had a focus on CIN / CP and demonstrated progress being made for children and families (access letter here)• The Front Door Health check was undertaken in October 2024 as part of the regional sector led improvements which demonstrated progress and positive outcomes for children. This will be revisited in May 2025.• The quality and impact of supervision and the recording of rational for decisions remains a focus across all leaders to drive forward the practice developments of effective assessments, meaningful and purpose intervention and good quality partnership planning with children and families• The practice model has been reshaped and simplified with a move away from a signs of safety approach to a relational, strengths based and solution focused approach. Work is progressing to roll out the risk analysis approach as part of this across the workforce.• There has been a sharpened focus on the partnership identification and response to child sexual abuse (both intra-familial and outside the home)• The family help review has now commenced. This will strengthen the offer to children and families, prevent duplication and build in a 7 day offer of help responsive to the needs of children and families• There is a sharpened focus on the wider context and environmental and safeguarding responses for children with a disability to ensure the practice and outcomes are effective
Stable & Resilient Workforce	<p>Children's Vision: Building on collaborative working to date, a new vision of 'Our Children Our Future' has been developed and has continued to be rolled out and embedded across Children's Services, the Council and the wider partnership, and are referenced in and underpinned by strategic planning, governance and reporting processes.</p> <p>Children's Services Workforce: There is now a full permanent leadership team in place to drive forward practice developments and outcomes for children, including Director of Children's Services, Service Directors, Assistant Director, Deputy Service Directors, Service Leads and Practice Supervisors. There has been a sharpened focus on the recruitment of permanent social workers using a range of creative methods. This has led to a reduction in the use of agency staff from 74 agency workers in 2023 to 21 currently meaning children benefit from continued relationships</p>

Regulated Services

Overview, challenges and opportunities

Overview	<p>North East Lincolnshire Children Services are undertaking a significant period of change to ensure children and parents live in safe, supportive and loving families.</p> <p>North East Lincolnshire Children's Services have reviewed and refreshed the agreed improvement plan considering the progress made and the next steps to continue the transformation journey.</p> <p>Progress includes; establishing a permanent managerial workforce across Children's Social Care, developing new recruitment and retention strategies for foster carers (including the Foster Friendly Business scheme), improving the quality of our children's homes and reducing the number of children placed with external providers.</p>
Improving Outcomes For Children	<p>A key challenge has been the number of children placed in external provision, whilst this has reduced substantially, there is a continuing need for more NELC foster carers and further developed children's home provision.</p> <p>Recruitment and retention of foster carers: There is a continued focus on reviewing and refining the foster carers offer recognising their skills the support needed. The allowance model has been updated and launched, alongside a refreshed training, development and support offer.</p> <p>A strengthened focus on recruitment has resulted in a substantial increase in enquiries and foster carers progressing to assessment</p> <p>Care Leavers: the local offer to care leavers has been refreshed to deliver a robust, compliant and effective partnership offer. There is a focus on building and developing further the supported accommodation available to care leavers, however, further provision is needed</p> <p>Supervision: Supervision policy and practice has been refreshed and relaunched with the workforce and workshops have taken place to support this. Supervisions are completed timely and to a higher standard enabling a focus on impact and outcomes for children</p> <p>Corporate and Community Parenting: Work has taken place to raise awareness of corporate and community parenting and further develop the offer across the Council and the wider partnership. A -assessment was undertaken helping to shape and influence the corporate and community parenting arrangements. Corporate Parenting Fortnight took place in October/November and a LGA Peer review will take place in January 2025</p>

Children's Services

Overview, challenges and opportunities

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

Foster carers: The foster carers financial policy has been reviewed, updated and launched to take account of the skills and current knowledge as well their learning and development. This ensures clear, transparent and consistent arrangements that support carers development and will improve retention. In addition, the Foster Friendly business model has been developed and is integral to supporting the recruitment of foster carers. These support the key aim of reducing children placed in external provision, this is both the best outcome for children and will mean continuing budget savings

Sufficiency: The sufficiency strategy for children in care and care leavers was finalised and launched underpinned by a robust delivery plan. This focuses on enhancing and sustain a robust sufficiency landscape including foster carers, children's homes and supported accommodation for 16/17 year olds that enables children and young people to be in a family care setting and in our local community wherever possible

Work also continues in relation to joint funding and support to those placed in externally commissioned provision with partners in the ICB to identify and agree a fair and appropriate funding model.

Stable & Resilient Workforce - the current structure has been redesigned to ensure it is fit for purpose with an offer which makes this attractive across the region alongside building the offer to 'grow our own' future workforce including a focus on social work students and apprentices. This is showing success with a significant increase in permanent Social Workers recruited

Children and Family Services

Capital investment to support delivery of business plan

SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
CHILDRENS SERVICES				
AD Regulated				
Childrens Residential Transformation	600	930	70	

DRAFT

Education & Inclusion

Summary of delivery against 2024/25 business plan

SEMH Free School	Plans for the 150-place free school for children and young people with social, emotional and mental health (SEMH) needs is now at design concept stage with three options for consideration which has been shared with ward councillors. A provider has now been awarded the contract and there are monthly project meetings to ensure the project remains on track for a September 2027 full opening.
Delivering Better Value	In 2023 we were one of only 55 councils to be selected to be part of a new project Delivering Better Value, 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. Mainstream school workforce development has been a significant area of focus, particularly in relation to inclusive practice, speech and language, strengthening skills, knowledge and practice in relation to identified themes including autism, trauma informed practice and behaviour support. Training has been identified following evaluations of 60 settings in relation to their inclusive practice, with action plans developed for each. New service development has also been piloted such as targeted support for 30 children to support them in mainstream settings. Communities of practice are also being developed to continue to support settings post DBV project. A further area of focus is data improvement to enable deeper understanding of our children and families for future commissioning and linked to our SENDAP strategies and creating the right places for children and young people locally with SEND.
EHE	The numbers of Electively Home Educated (EHE) children in North East Lincolnshire is higher than our statistical neighbours, with emerging trends of sibling groups, female students and children about to start school for the first time becoming EHE. EHE has a significant impact on school budgets as well as the concerns around outcomes for this cohort of children and young people. Transformation support is being utilised to ascertain the reasons why so many families opt for EHE with discovery work taking place with parents, children, school leaders, police, health and the VCSE to scope the support available.
Timeliness of EHCP Assessments	The recruitment of a permanent Education Psychology team is a primary area of focus for Education and Inclusion; we have successfully recruited both a permanent Principal and Senior EP and plan to launch a campaign which replicates the successful children's permanent leadership team model. EHCP timeliness has increased by 40% since this time last year because of clear delivery plans and increased EP resourcing.

Education & Inclusion

Overview, challenges and opportunities

Overview	
Key challenges and opportunities	<p>The DfE's SEMH free school is progressing as planned and is on track to open in September 2027. The appointed Trust is meeting regularly with the DfE and the LA and concept designs are now being evaluated. On target to deliver.</p> <p>The builds of the 2 x primary schools, Waltham and Scartho including 2 x 12 place Resource Specialist Provision units is now well underway and the School Admissions team is now accepting applications. 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

Capital investment to support delivery of business plan

SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
Education and Inclusion				
Schools - Devolved Formula Cap Grant	135	81	-	
Schools - Backlog Maintenance	148	350	-	
Schools - Basic Need Sufficiency of Places	8,700	8,313	-	
SEND Special Prov Fund	1,037	4,415	-	
SEMH Free School	10	15	-	
Wraparound Childcare Programme	308	-	-	

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

DRAFT

Adult Services

Summary of delivery against 2024/25 business plan

Discharge	Discharge performance continues to be good
MH Strategy	Mental Health Strategy launched and year 1 priorities have been delivered.
Reablement	Reablement and rehabilitation review programme continues to progress and phase one has been completed resulting in some in significant improvements in outcomes and productivity
CQC	CQC preparation is well established. NEL is due to be inspected against the new adult social care framework for local authorities by Dec 2025
S75 Implementation	The new s75 arrangement is signed and in place. Further exploration of how this can be further enhanced with the Health and Care Partnership is being explored
Practice framework & strengths based practice	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 (Controllable Budgets)	Current Cash Budget £'000
Adult Services	623
ICB	62,639
Total	63,262

Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
2025/26	60,586	69,314
2026/27- Indicative	61,864	74,166
2027/28 - Indicative	61,864	79,357

Key planning assumptions

Additional funding received in relation to ongoing social care pressures have been reflected in the increased budget envelope.

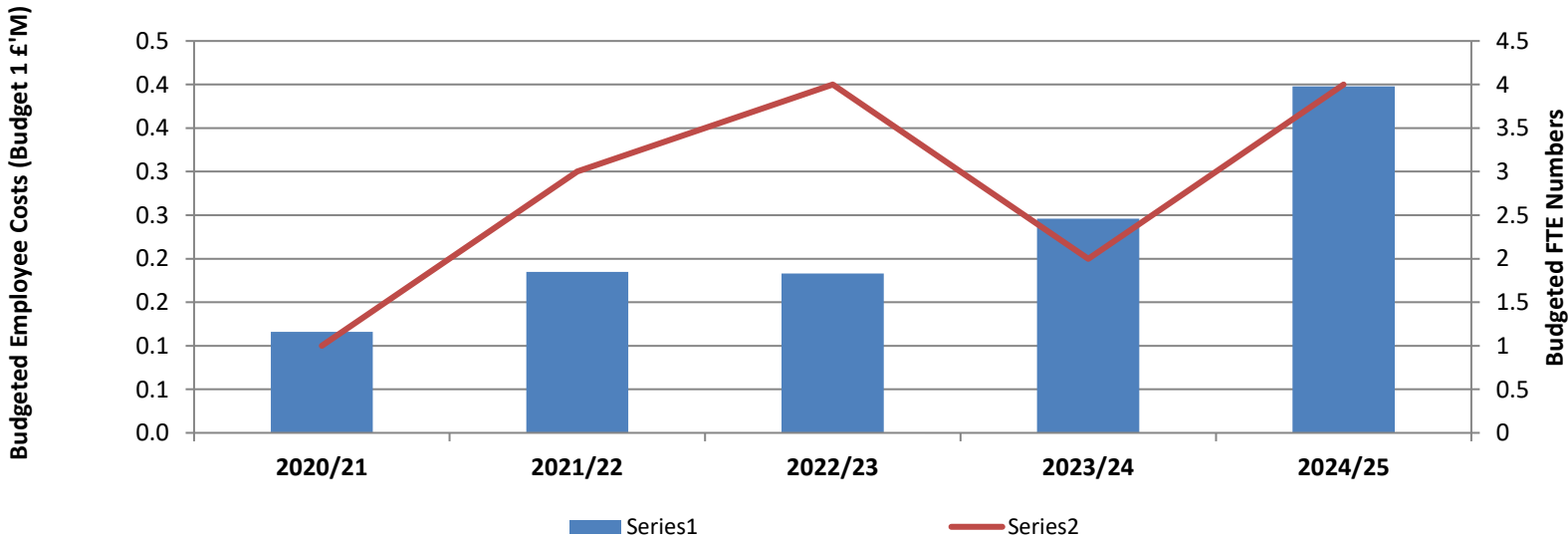
An Adult Social Care precept has been applied in 2025/26 to create additional funding to meet pressures.

Increased demand pressure and Inflationary pressure, as direct result of Employers NIC increase to 15% and NLW increase, are both funded.

Expectations remain that transformational activities are undertaken to minimise the impact of these above costs. As such, savings of £2.6m covering transformational activities have been included in the budget envelope.

Longer term demands and demographic pressure cannot be fully funded at this time, further work is required to understand this risk.

Adult Services Employee Cost



Adult Services

Overview, challenges and opportunities (1)

Overview	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.
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 2025/6 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>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>Strengths based practice and a focus on progression continues to be a significant opportunity to enhance outcomes and further reduce reliance on care packages</p>

Adult Services

Overview, challenges and opportunities (2)

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

- Embedding strengths-based practice to manage demand. This moves to a preventative approach to supporting people to live more independently across North East Lincolnshire and supports the development of the practice framework agreed by all partners. This should be a key enabler for demand management. However, the risks around the demands for adult social care alongside the increased complexity of people's support needs remain a risk for short, medium and long term financial sustainability.
- Telecare/digital - the recent reprocurement of the telecare contract gives the platform to further expand the use technology to further enhance the delivery of care and support. The new support at home framework, commencing in October 2025 also specifies the use of digital solutions to support with the management of demand as well as enhancing outcomes for people.
- Implementation of the support at home framework including out of hours care provision from October 2025. The new framework allows for the predicted increase in demand as well as supporting people with more complex needs within their own homes.
- Ensuring cost recovery and charging is optimised in line with the council's policy and the requirements set out in Adult Social Care charging policy and guidance.
- 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. This includes the start of marking shaping of older people's residential care services, the introduction of shared lives and the embedding of the new community living framework.
- Day services – review of the day service model for older people and working aged adults including transport to ensure future models reflect best practice and the needs of people who use the service.
- Continuation of reablement/review programme (phase 2) for bed based rehabilitation and reablement to build on the success of the intermediate care at home transformation programme (phase one) which has resulted in better outcomes and more people being supported for the same contract value
- Extra Care Housing- the commissioning of two new Extra Housing Schemes for commencement in 2027/2028



Public Health

Vision

“We want everyone to have a healthy life; to have a decent home, a fulfilling job, and someone they can trust. We will work with partners to reduce the health inequalities residents are facing and narrow the life expectancy and healthy life expectancy gaps within the borough”.

Public Health Services (1)

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 Services (2)

In addition to the mandated functions, there is a wide breadth of other responsibilities of the public health service, including (but not limited to):

Health Visiting Services (over and above the mandated 0-5 Healthy Child Programme)

School Nursing

Public Mental Health and Suicide Prevention

Public Health Children and Young People Agenda (Starting Well /Developing Well)

Tobacco and Smoking Cessation

Domestic Abuse Prevention

Healthy Weight

Public Health Older People Agenda (frailty, end of life)

Healthy Places and Wider Determinants of Health

Adult Wellbeing Service

Healthwatch and Patient Advocacy and Complaints Services

Refugee and Asylum Seeker Integration Service

Public Health

Summary of delivery against 2024/25 business plan (1)

Leadership and Strategy

Through our new joint Northern Lincolnshire Director of Public Health arrangement, NEL Public Health has continued to work in close partnership with colleagues from North Lincolnshire throughout the year. This has included undertaking a Northern Lincolnshire LGA strengths and risks self-assessment and a joint peer review led by the regional Association of Directors of Public Health. The latter focussed on how embedded public health is across the organisation and the Place, as well as how well the two areas work collaboratively with one another. A number of useful recommendations have resulted from the two exercises, which are now in the process of being implemented.

The first Northern Lincolnshire Director of Public Health Annual Report was published which was very well received and focused on the social determinants of health. Following this, the new Health and Wellbeing Strategy for NEL is now being developed which will focus on the same 8 themes. This will ensure our future focus is on health as an asset rather than poor health being a burden. The themes are good work, money/resources, education/skills, transport, our surroundings, housing, the food we eat and friends/family/communities. The terms of reference and membership of the Health and Wellbeing Board have also been reviewed during 24/25 and we have engaged the LGA to provide support to enable us to increase engagement to, from and within the board.

Reducing health inequality is now a strategic priority for all organisations in the place partnership. A population health management programme targeted at our most deprived communities is underway with community led plans to address health and social determinants being produced for the four most deprived communities in NEL.

Mandated Public Health Services

A new Northern Lincolnshire Integrated Sexual Health contract and the Sexual Health contracts with the pharmacies have both been successfully commissioned during 24/25. We have also continued to shape and influence the Northern Lincolnshire Combatting Drugs Partnership and its implementation of the 10-year drug strategy. We are on track to re-commission the main substance use contract during 25/26. The mandated healthy child programme and oral health promotion service have both continued to progress in line with expectations. We are currently reviewing the processes for the implementation of the NHS Health Check scheme ready for the contract to be recommissioned during 25/26. We will also be recommissioning the Healthwatch and Patient Advocacy contracts during 25/26 with the groundwork being undertaken during 24/25. Health Protection arrangements are now focused on a Northern Lincolnshire footprint, with an emphasis on targeted screening for infectious diseases and improving vaccinations, particularly for MMR, shingles and flu

Public Health

Summary of delivery against 2024/25 business plan (2)

Key Programmes and Projects

Progress has been made on all key programmes of work, in particular the Starting Well and the Smoking Cessation/Tobacco programmes and the projects which are being delivered via the ICB Health Inequalities and maternal weight grants. These include a maternal wellbeing service, a maternal weight programme and a new programme called “Lets Go Grimsby” which has been co-created with families and education experts to support families in achieving a healthy weight. The refugee and asylum seeker integration service now forms part of the public health service. The Domestic Abuse strategic agenda transferred to Public Health Directorate this year too. This provides an opportunity to take a public health approach to this cross-cutting issue, informed by the findings of an independent review which we commissioned. . Following an earlier commissioning exercise, we have also seen the opening of a new NEL single point of contact for domestic abuse service, with demand suggesting it is already offering greater accessibility for victims seeking support.

Main Budget Areas (Cash/Controllable Budgets)	Current Cash Budget £'000
Public Health – Core	160
Public Health Children, Domestic Abuse & Oral Health	54
Total	214

Year	Opening Cash Budget (£000)	Revised Cash Budget (£000)
2025/26	146	632
2026/27 - Indicative	146	632
2027/28 - Indicative	146	632

Key planning assumptions

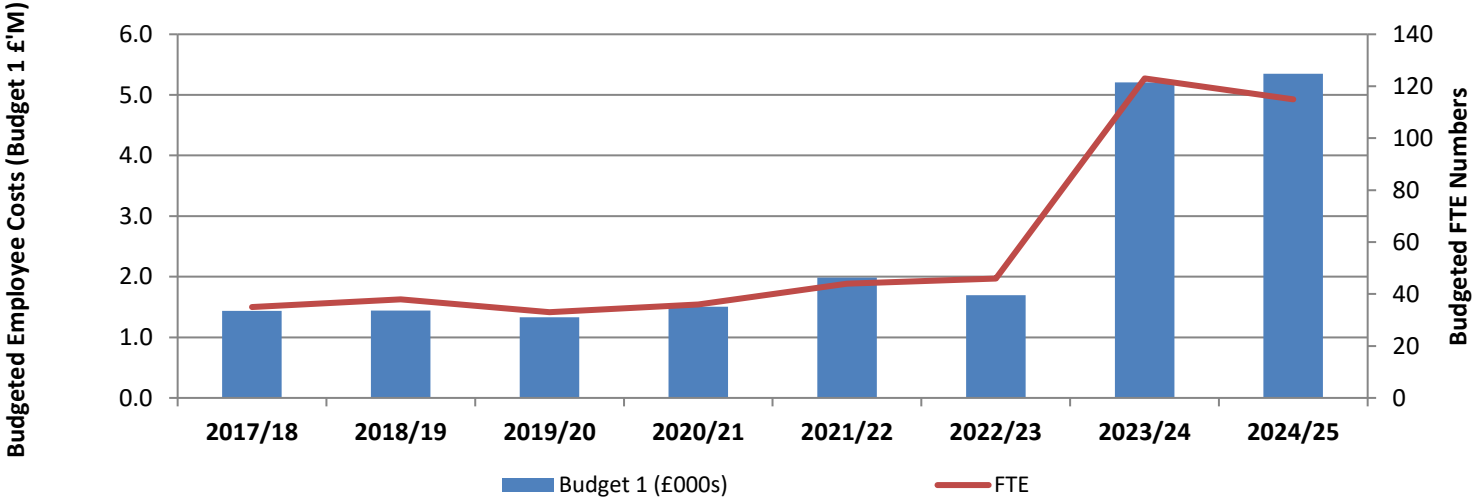
These figures relate to core council funding only and not the public health grant, which is netted off for this purpose.

Domestic Abuse Safe Accommodation Grant will form part of the core funding settlement.

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

Growth in employee costs after 22/23 relates to public health nursing staff transferring from children's to public health.

Public Health Employee Cost



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 inevitably include 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. A significant financial challenge is the service being able to continue to meet both NHS and NJC pay awards and increasing NI and pension costs within its own public health grant allocation. The NHS pay award and changes in NI for Public Health Nursing (Health Visiting / School Nursing) in particular poses a major sustainability risk if the uplift in Public Health Grant remains out of sync with salary inflation levels. Although the Public Health Nursing service is currently carrying vacancies which reduces the imminent threat of those pressures, these vacancies are presenting a capacity issue in terms of delivering mandated and critical services for vulnerable families in our area. Other risks include sustainability of other grant funding into public health in addition to the public health grant including domestic abuse grants and refugee/asylum seeker support grants.</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>The opportunities are the Northern Lincolnshire Public Health arrangements which could lead to permanent partnership work with North Lincs, eventually potentially producing economies of scale; the transformation programme for smoking cessation through the new investment that we have gained from central Government and also planned transformation programmes for our front line public health services to ensure that they are both sustainable for the future and are focussed appropriately on the health priorities for NEL.</p>
Plans to achieve long term financial sustainability and key risks to delivery within indicative budget envelopes	<ul style="list-style-type: none"> • A continued focus on those corporate budgets which receive public health grant investment to ensure that they are effectively tackling health inequalities in NEL, with a particular focus on investment into leisure services. • Independent reviews followed by a transformation programme for our front-line 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.

Key Priorities



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.

Key Priorities

Focus on cross cutting transformational priorities, aiming to building overall financial resilience

People & Place

Commercial Council

Deliver a more commercial focus inc. Fees & Charges, Rental Income, Investment Properties

Housing

Priorities centred around housing inc. housing strategies; residential homes; extra care facilities; housing subsidies

Digital & Technology

Provision of the latest technology to drive efficiency and improve delivery

Strategic Asset Management

Drive effective utilisation of current estate inc. property rationalisation; fleet management; utilisation of empty spaces.

Transport

Optimise the transport provisions inc. educational transport; adult transport; bus services; devolution

Productivity & Cost Effectiveness

Drive optimisation of our resources, to deliver best value inc. invest to save; restructuring; facilities management

Tackling the wider determinants of health

Priorities for 2025/26 included in the Medium-Term Financial Plan

Priority	Service Area	Priority Description (incorporating targets and outcomes)	Potential Opportunity 2025/26 (£m)	Recurrent Savings
Commercial Council	Resources	Commercial estate rent and service charge reviews	0.05	Yes
Commercial Council	Environment & Regulatory Services	Deliver Port Health transformation following implementation of Border Target Operating Model for EU and non-EU imports	1.30	Yes
Commercial Council	Regeneration	Fishing Heritage Centre Income Uplift	0.01	Yes
Commercial Council	Housing, Highways & Transport	External Funding / Sponsorship of Festive lights and Illuminations	0.07	Yes
Productivity & Cost Effectiveness	Resources	S151 – Effective utilisation of funding inc. Devolution and External Audit Grants	0.16	Yes
Productivity & Cost Effectiveness	Resources	Legal –review utilisation of staff capitalisation / restructure	0.06	Yes
Productivity & Cost Effectiveness	Regeneration	Effective use of economic development earmarked reserves	0.24	No
Productivity & Cost Effectiveness	Children's Services	Optimise Fostering and In-house Residential	0.50	Yes

Priorities for 2025/26 included in the Medium-Term Financial Plan

Priority	Service Area	Priority Description (incorporating targets and outcomes)	Potential Opportunity 2025/26 (£m)	Recurrent Savings
Productivity & Cost Effectiveness	Children's Services	Transformational Savings Target	0.68	Yes
Productivity & Cost Effectiveness	Adult Services	Review of CHC / ASC Package Funding	0.65	Yes
Productivity & Cost Effectiveness	Adult Services	Change in Commissioning activity	0.97	Yes
Productivity & Cost Effectiveness	Adult Services	Delivery of Care Act eligible services	0.25	Yes
Productivity & Cost Effectiveness	Adult Services	Further efficiency savings inc Transformation savings target	0.54	Yes
Productivity & Cost Effectiveness	Adult Services	Single Handed Care	0.20	Yes
Productivity & Cost Effectiveness	Corporate	Optimisation of borrowing costs aligned with capital programme.	2.39	No
Housing	Children's Services	Review of Children's Residential Homes including developing new homes with a view to returning children from external provision	0.25	Yes
Total Opportunities			8.31	

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Commercial Council

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Environment & Regulatory Services	Strategic approach to future waste collection and disposal, including impact of Emissions Trading Scheme (ETS), Extended Producer Responsibility (EPR) and Food waste.	✓	✓	
Environment & Regulatory Services / Regeneration	Review of business models for non-statutory heritage, culture and regulatory services to ensure cost effective	✓	✓	
Economy & Growth: Regeneration	Enterprise Zones – continue to focus on development of these sites to deliver revenue income through 100% retained business rates to 2041.	✓		✓
Economy & Growth: Regeneration	Sport and Leisure <ul style="list-style-type: none">- Delivery of sport & physical activity strategy through secured Sport England place partnership grant funding- Commitment to review the leisure estate to develop our long-term plan for leisure facilities	✓	✓	✓
Housing, Highways & Transport	Ongoing Fees & Charges Review – Street Works income including permit fee review, full cost recovery on licences (skips, scaffolds etc)	✓		

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Commercial Council

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Economy & Growth: Regeneration	<p>Culture, Heritage and Tourism</p> <ul style="list-style-type: none">- Deliver plan to increase the capacity at the Meridian Showground- Deliver phase-2 review of library and archives service to develop our long-term plan for these services- Deliver plan to increase income at the Grimsby Fishing Heritage Centre through school visits and a review of the catering and shop offer- Develop plan and funding options to maintain and protect the Ross Tiger.- Promote NEL as a visitor destination locally and out of the area.- Maximise the benefits of NEL as a Heritage Place (Heritage Fund) and Priority Place (Arts Council England)- Deliver Create NEL to support of the growth of culture and heritage activities.	✓	✓	

Productivity and Cost Effectiveness

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Resources: Business Support Re-design	<p>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.</p> <p>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.</p> <p>Drive efficiencies in process and ways of working across Business Support and the services supported through automation, digitalisation and system enhancements which will create financial savings.</p>	✓	✓	
Resources: Planning and implementation for the new Procurement Act	<p>The Procurement Act 2023 received Royal Assent in October 2023, implementation of the act has been postponed from October 2024 to February 2025. The new act aims to improve public procurement to be simpler, more flexible, and improve transparency.</p> <p>As part of the implementation of the act we are providing additional training for contract managers to ensure that contracts are more effectively managed, and we are compliant with the requirements of the Act.</p>	✓	✓	✓
Resources: Capitalisation of salary costs	<p>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.</p>	✓		

Productivity and Cost Effectiveness

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Environment & Regulatory Services	Manage strategic decarbonisation project and service delivery at Grimsby Crematorium.		✓	✓
Regeneration Housing, Highways & Transport	Review of Street Lighting and opportunities to increase energy efficiency	✓		
Housing, Highways and Transport	Programme Management EQUANS – manage contract change, as well as better forecast and spend on large programme or civil engineering schemes. (corporation bridge, A180, annual resurfacing)	✓	✓	✓
Children's Services	Identify any opportunities from the national review on potential profit caps for Children's Social Care providers	✓		

Productivity and Cost Effectiveness

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Children's Services	Children in Care Sufficiency – capture needs, cost and outcomes of our children in care. This supports 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.	✓	✓	✓
Children's Services	Build a stable, permanent, workforce to deliver high quality services to children. This will include a continuing 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	✓	✓	✓
Adult Services	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.	✓	✓	✓
Adult Services	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	✓	✓	✓
Adult Services	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	✓	✓	✓

Productivity and Cost Effectiveness

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Resources: Academy NEL	<p>The Academy plays a critical part in the attraction, retention and progression of talent though 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 though 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 individuals 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>		✓	✓

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Digital and Technology

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Council Wide	The Council will focus on advancing our Artificial Intelligence and Automation capabilities to enhance public services and improve operational efficiency. By doing so the Council will create a smarter, more efficient, and responsive Council for the benefit of all our resident, businesses and visitors.	✓	✓	✓
Resources	Delivery of the Information, Mangement and Resilience Project to improve the way the Council manages documents and file storage	✓	✓	
Resources	Improve the Council's data storage and reporting systems. This project aims to develop advanced technology for the Council's Data Warehouse, which is a central place where all important data is stored. By enhancing this technology, the Council will be able to manage and access data more efficiently and create better ways to generate reports that provide valuable insights and information to help the Council make informed decisions. Overall, these improvements will help the Council serve the community more effectively.		✓	✓
Resources	Further development and implementation of cyber arrangements to protect business critical systems, loss of confidential data, integrity, and availability of information through the delivery of the Cyber Strategy	✓	✓	
Resources	Commence re-procurement of Local Taxation and Benefits software system to support improved performance and integration within service.		✓	

Digital and Technology

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Children's Services	Case Management System – implement and further develop the new case management system by April 2026, ensuring that we redesign processes around to new operating model to ensure they are fit for purpose, efficient and support the practice model. Migration of education related info to the new system by 2026.		✓	✓
Children's Services	Implement and embed a refreshed partnership model for the virtual school to ensure children in our care and others with a Social Worker receive the support they need to thrive and succeed through the capture of accurate data	✓	✓	✓
Environmental / Infrastructure	Make improvements in Regulatory Services, Waste, and Highways by using digital technology. This will be done by enhancing the Customer Services Management Platform and improving business systems and processes. As a result, customers will experience faster, more efficient services and better overall satisfaction		✓	✓

Strategic Asset Management

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Resources: 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.	✓	✓	✓
Economy & Growth: Regeneration	Commitment to review the leisure estate to develop our long-term plan for leisure facilities and developments.	✓	✓	
Economy & Growth: Regeneration	Strategic review of library and archives service to develop our long-term plan for these services.	✓	✓	
Housing, Highways & Transport	Matthew Humberston Disposals	✓		
Children's Services	Optimisation of Family Hubs to deliver a partnership response across communities that provides help at the right time and reduces the populations requiring statutory services.	✓	✓	✓

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Strategic Asset Management Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Resources	A strategic review of the corporate operational and non-operational estate. This will ensure that we are confident that we are maximising the use of the estate, we have a robust plan for future service requirements, and a plan for non-operational land and buildings that may be surplus to requirements.	✓	✓	✓
Resources Environment & Regulatory Services	Review of the operational fleet review during the Equans end of contract transition to ensure that we are clear about fleet requirements, and we maximise the use of the existing fleet.	✓	✓	

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Transport

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Children's Services	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.	✓	✓	✓
Regeneration Housing, Highways & Transport	Devolution – maximising the benefits to be achieved via the Greater Lincolnshire Devolution Deal and transition towards a joint Transport Authority	✓	✓	✓
Adult Services	Day services review to incorporate a review of transport	✓		✓
Corporate Transport Policy	To review all corporate approaches to transport		✓	

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Housing

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Housing, Highways & Transport	Housing Service Provision Review – Currently at scoping stage, interaction with corporate resources being discussed.		✓	
Children's Services	Review and develop accommodation for Care Leavers and homeless young people – including developing new supported accommodation suitable to their needs		✓	✓
Adult Services	Extra Care - To commission the delivery of two Extra Care Schemes (October 2025 for full delivery in October 2028)	✓	✓	✓
Adult Services	Housing with Care Strategy - To deliver the action plan outlined in the Housing with Care Strategy	✓	✓	✓

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Place Medium Term Transformational Priorities

Service Area	Description	Financial benefit	Improved performance	Improved outcomes
Environment & Regulatory Services	Deliver Cleethorpes Habitat Management Plan within existing resources		✓	✓
Environment & Regulatory Services	Plan the journey to Net Zero			✓
Environment & Regulatory Services	Work across Greater Lincolnshire to develop and implement a Local Nature Recovery Strategy and shape further partnerships which may arise from devolution.		✓	✓
Environment & Regulatory Services	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		✓	✓
Environment & Regulatory Services	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	✓	✓	✓

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Place

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Economy & Growth: Regeneration	Delivery of Grimsby Town Centre Masterplan - supporting the transformation and regeneration of Grimsby Town Centre.			✓
Economy & Growth: Regeneration	Delivery of the Cleethorpes Masterplan - supporting the transformation and regeneration of Cleethorpes.			✓
Economy & Growth: Regeneration	Delivery of the Skills Action Plan to support adults and young people to access training and work that meets the needs of business		✓	✓
Economy & Growth: Regeneration	Maximise benefits of Devolution	✓	✓	✓
Economy & Growth: Regeneration	Maximise benefits of Freeport and industrial development	✓		✓

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People

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Children's Services	Improving outcomes for children aligned to the transformation plan including to enhance the quality of practice, supervision and oversight.	✓	✓	✓
Children's Services	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 development of resource specialist provisions within mainstream schools to be available from September 2025	✓		✓
Children's Services	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.		✓	✓
Children's Services	Work with children, young people, families and stakeholders to reduce the numbers of children becoming EHE, and where appropriate support EHE children back into education settings.			✓

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People

Medium Term Transformational Priorities

Service Area	Priority Description (incorporating targets and outcomes)	Financial benefit	Improved performance	Improved outcomes
Public Health	Focus on reducing health inequalities (both between NELC and other areas and between wards within NEL)	✓	✓	✓
Public Health	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.	✓	✓	✓
Public Health	Tobacco Control and Smoking Cessation – continued implemented of the tobacco control strategic framework	✓	✓	✓
Public Health	Mental Health and Suicide Prevention – continued implementation of the Mental Health Strategic Framework and the Suicide Prevention Framework	✓	✓	✓
Public Health	Re-commissioning of the Substance Use contract and continued implementation of the 10 Year Drug Strategy for North East Lincolnshire	✓	✓	✓

Annex 2

Capital Investment 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

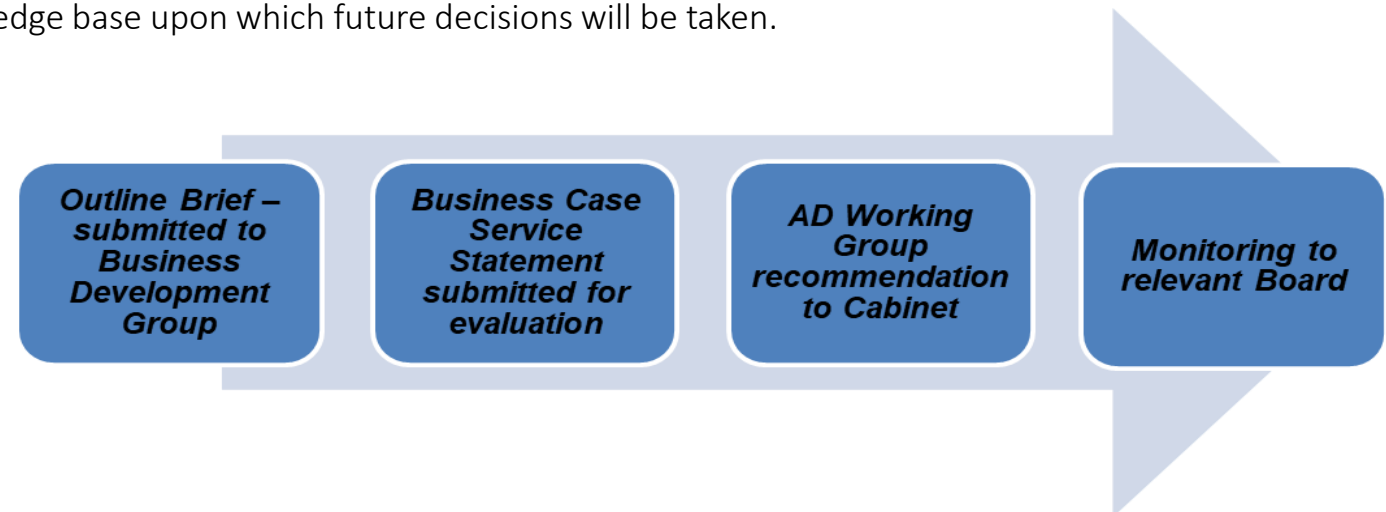
There is a robust Business Case Development Gateway Process for both revenue and capital funding. The well-established capital governance framework was extended to cover all aspects of investment including non-treasury. It's built on the HM Treasury Five case evaluation model.

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.



Annex 2

Capital Investment 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 Investment Programme

SCHEME	2024/25 Revised Capital Programme £000	2025/26 Revised Capital Programme £000	2026/27 Revised Capital Programme £000	2027/28 Revised Capital Programme £000
ECONOMY AND GROWTH				
Regeneration				
Clee HLF Townscape Heritage	647	492	-	
SHIP Scheme	299	529	407	
Playing Pitch Reprovision	229	654	-	
Cleethorpes Public Art	53	-	-	
Heritage Action Zone	50	300	250	
Town Deal Investment	3,950	631	-	
Towns Fund - Central Library	3	-	-	
UK Shared Prosperity Fund	704	-	-	
Leisure Capital Grant	80	-	-	
Freshney Place Leisure Development	4,689	18,771	17,164	
Cleethorpes Masterplan - Market Place LUF Scheme	532	3,887	-	
Towns Fund - St James House	2,229	-	-	
Towns Fund - Activation Fund	143	314	-	
Towns Fund - Riverhead Square	562	261	-	
Towns Fund - Public Realm Connectivity	40	2,529	-	
Cleethorpes Masterplan - Sea Road LUF Scheme	938	7,520	-	
Cleethorpes Masterplan - Pier Gardens LUF Scheme	600	7,643	-	
Tennis Court Refurbishment	36	-	-	
Play Zone	209	-	-	
Freshney Place Fit Outs	-	300	300	350
Cleethorpes Masterplan - LUF Wayfinding	20	352	-	
Cleethorpes Masterplan - LUF Logistics	6	144	-	

Capital Investment Programme

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SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
ECONOMY AND GROWTH				
Housing, Highways and Transport				
Disabled Facilities Grants	5,060	3,715	-	
Local Transport Plan Schemes	6,091	4,628	-	
Housing Assistance Grants and Loans	266	383	-	
Immingham Lock Flood Def Gates	3	-	-	
Corporation Rd Bridge Refurb	2,871	-	-	
Rough Sleeper Accom Grant	61	-	-	
Gy and Imm Flood Innov Funding	1,409	500	-	
Sustainable Warmth	30	-	-	
Flood Defences - Humberston Fitties	83	-	-	
A180 Structures	8,871	1,655	-	
Grimsby Surface Water Flood Alleviation	62	-	-	
Bus Service Improvement Plan	317	820	-	
Towns Fund - Garth Lane	677	6,405	-	
Toll Bar Drop Off	524	-	-	
Greater Lincs Groundwater Project	-	1,850	150	
Local Authority Housing Fund 3 (LAHF3)	-	360	-	
Car Park Schemes	250	150	-	
Transport Hub	1,900	-	-	
SAFER TOWNS & COMMUNITIES				
HAS & Green Spaces	300	150	-	

Capital Investment Programme

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SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
RESOURCES				
Law and Governance				
Audio Visual System for Grimsby Town Hall	72	-	-	
Deputy S151				
Capital Investment	2,087	13,344	19,700	20,000
Capital Rec't Flexibility	12,000	2,000	2,000	
Policy, Strategy and Resources				
Backlog Maintenance	2,897	-	-	
Property Rationalisation Programme	487	-	-	
Cartergate Office Development	68	-	-	
ICT Refresh	640	955	734	1,808
Heritage Assets at Risk	600	3,207	-	
Business Centre Improvement	100	97	-	
M365 Transformation Programme	157	252	258	199
Customer Services Mgt Platform	45	-	-	
Childrens Services Platform	1,175	2,671	-	
Digital Platform	20	422	-	
Northgate Cloud Upgrade	37	-	-	
CS Platform Residential Homes	40	-	-	

Capital Investment Programme

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SCHEME	2024/25 Revised Capital Programme	2025/26 Revised Capital Programme	2026/27 Revised Capital Programme	2027/28 Revised Capital Programme
	£000	£000	£000	£000
ENVIRONMENT				
Fleet Replacement Programme	673	1,743	-	
Enhancement of Bereavement Services	150	-	-	
Depot Rationalisation	4,492	-	-	
Scartho Cemetery Lodge & Waiting Rooms	3	-	-	
Regulatory Services Management System	4	-	-	
Play Areas	3	-	-	
Urban Tree Challenge Fund	95	72	107	
LA Treescapes Fund	55	-	-	
Salix - Public Sector Decarbonisation Scheme	854	4,562	-	
CHILDRENS SERVICES				
AD Regulated				
Childrens Residential Transformation	600	930	70	
Education and Inclusion				
Schools - Devolved Formula Cap Grant	135	81	-	
Schools - Backlog Maintenance	148	350	-	
Schools - Basic Need Sufficiency of Places	8,700	8,313	-	
SEND Special Prov Fund	1,037	4,415	-	
SEMH Free School	10	15	-	
Wraparound Childcare Programme	308	-	-	
TOTAL CAPITAL PROGRAMME	82,486	108,372	41,140	22,357

Capital Investment Programme

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Funding				
External Grants	41,781	68,841	357	
Corporate Borrowing	26,251	37,531	38,783	22,357
Capital Receipts	12,000	2,000	2,000	
Revenue Contributions	35	-	-	
Other Private inc S106	2,419	-	-	
TOTAL FUNDING	82,486	108,372	41,140	22,357

Denotes a Major Project

Denotes a Major Education Project

Annex 3

Capital Investment Strategy



**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.

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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.
Devolution	Improving the economic, social and environmental wellbeing of the people who live or work in our area through improved local transport and roads, the provision of good quality housing, boosting the economy by supporting local businesses to create new, high paid, high skilled jobs and improving training to ensure local people can take advantage of the new jobs

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	<p>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.</p> <p>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.</p> <p>Alongside these plans, the Council is aiming to improve the town centre street scene.</p>
Cleethorpes Regeneration	<p>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.</p> <p>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</p>

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, MHCLG 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 are generally lower than debt costs and counterparty risk is still an issue that needs to be considered, however, this strategy only delays, rather than removes, the borrowing required to support our Capital plans. As at 31st December 2024 the Council has £169m of borrowing. With current capital investment plans the peak change in debt levels is estimated at £73m over the forecast period, during which time we also have £58m of debt maturities, resulting in £131m of new borrowing being required over the next 4 years.

As a net borrower with a 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.

PWLB has some 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 have little or no direct social return or impact on the local economy and 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 accept more risk to be taken proportionally 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

MHCLG and CIPFA extend 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 22-24 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 such as significant purchases, new ventures, and other areas of organisational change. Misreading the environment, economy and choosing the wrong direction. Potential long-term impacts.
Financial	Exposure to market volatility, interest rate fluctuations, inflation impacts 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 global, national and local economies, interest rates, inflation and wider geopolitical developments including trade policy.
Credit and counterparty	Ability of other parties to deliver on contracted obligations. Failure to do so could result in financial loss to NELC.
Operational	Liquidity Risk. Assets may not be readily convertible into cash without loss. The Operational exposures within NELC, its counterparties, partners and economic sensitive activities. Including risk of fraud, knowledge and ability gaps.
Environmental and social	Environmental & social impact of the Council's strategy and interests. Any negative impacts should be proportionate to benefits attained through schemes.
Reputational	Through its transactions, the impact of adverse outcomes on the Council's reputation, resources and public perception of a failure to properly assess.
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. Compliance with legal and regulatory frameworks.

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Risk

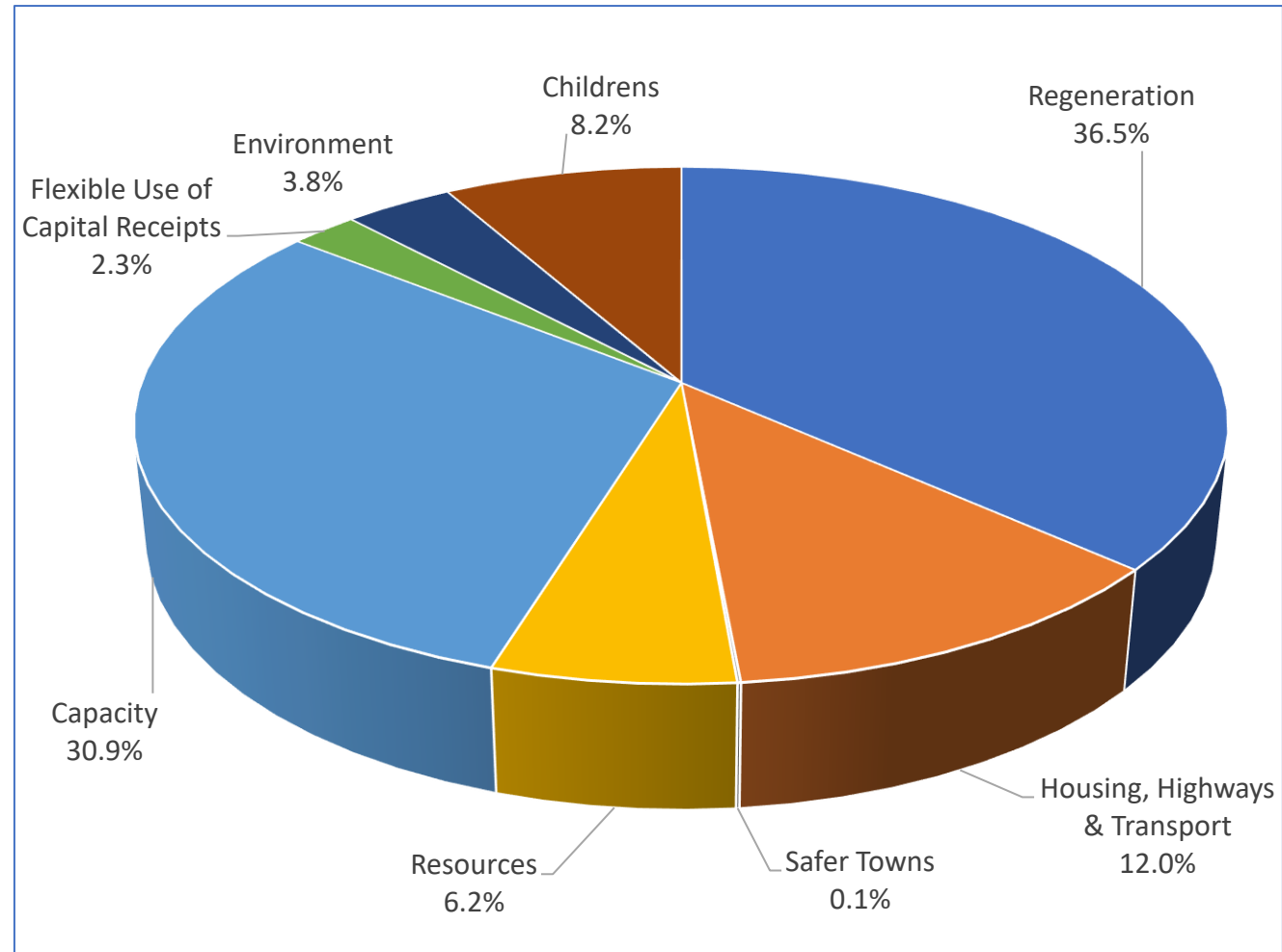
Understanding the Council's risk appetite shapes the capital investment strategy and the type of investment the council is willing to consider and undertake.

	The Council's Appetite to Risks:
Strategic	High appetite where there is a potential for 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	Medium 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, subject to careful due diligence of risk.
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.

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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 2025/26 -2027/28 totals £171.9m and comprises the following:-



Governance

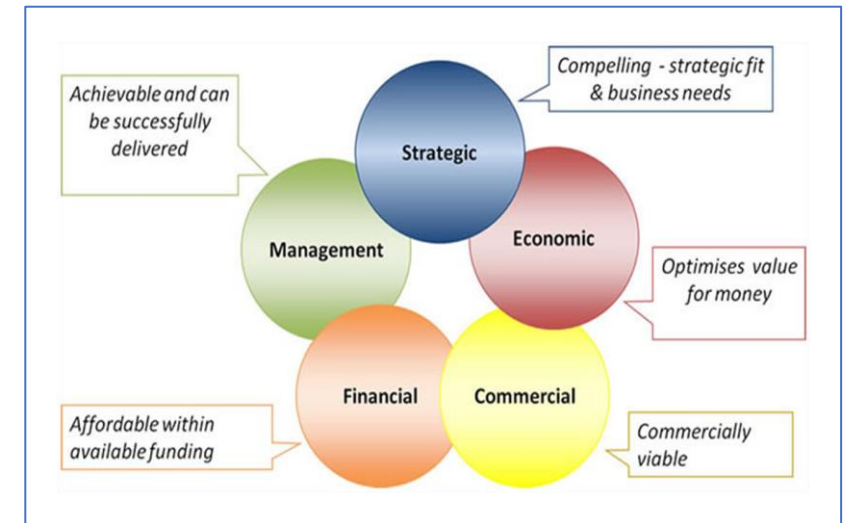
The significant programmes have specific Boards in line with the Councils Project Management Framework that govern delivery and performance. The overall capital programme delivery is reported through Council Plan Resources quarterly monitoring reports. In addition, large scale projects are reviewed monthly by the Major Project board to obtain assurance on project delivery.

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.

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 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. This ratio is forecast to remain below 10% over the MTFP period.

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 internal 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	Revised £m	Estimate £m	Estimate £m	Estimate £m
Total Expenditure	82.5	108.4	41.1	22.4
Capital Receipts	12.0	2.0	2.0	0.0
Government Grants	41.8	68.9	0.4	0.0
Section 106 and Revenue	2.4	0.0	0.0	0.0
Borrowing	26.3	37.5	38.7	22.4
Total Financing	82.5	108.4	41.1	22.4

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	31.3.24 £m	31.3.25 £m	31.3.26 £m	31.3.27 £m	31.3.28 £m
Total CFR	211.6	232.5	260.6	290.1	298.9

Prudential Indicators

The peak change in debt levels is estimated at £73m over the forecast period during which we also have £58m of debt maturities. Total new borrowing required will therefore be around £131m (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	2023/24 Actual £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m	2027/28 Estimate £m
Debt at 1 April	169.5	160.2	175.3	203.3	232.8
Expected Change in Debt	-9.3	15.1	28.0	29.5	8.8
Other Long-term liabilities	0.0	4.0	4.0	4.0	4.0
Expected Change in Long-term Liabilities	0.0	0.0	0.0	0.0	0.0
Gross Debt at 31 March	160.2	175.3	203.3	232.8	241.6
Capital Financing Requirement	211.6	232.5	260.6	290.1	298.9
Under/(Over) Borrowing	51.4	57.2	57.3	57.3	57.3

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.

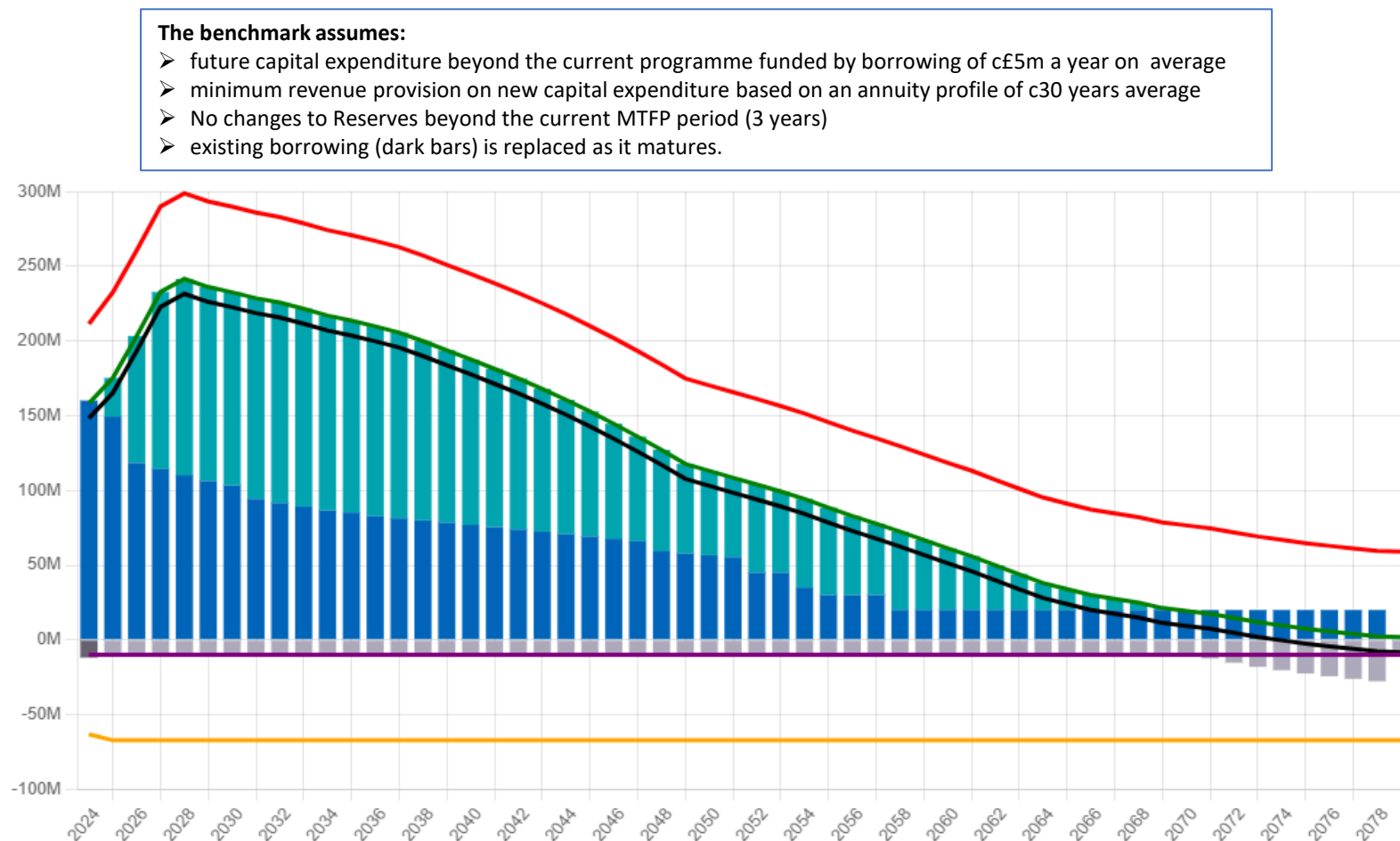
Ratio of Financing Costs to Net Revenue Stream	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
General Fund	6.70%	7.23%	8.83%	9.73%	9.86%
Including non-financial investment financing	0.66%	0.84%	0.71%	0.67%	0.65%

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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 2027/28 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.



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	2024/25 £m	2025/26 £m	2026/27 £m	2026/28 £m
Borrowing	260	280	300	310
Other Long-term Liabilities	40	30	30	30
Total Financing	300	310	330	340

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	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Borrowing	230	250	260	250
Other Long-term Liabilities	30	20	20	20
Total Financing	260	270	280	270

Prudential Indicators – Non-financial Investments

In accordance with MHCLG 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 2025-26 Prudential Indicators for non-financial investments are listed below. Those for Treasury investments are listed elsewhere in this report and in the Treasury Management Strategy Statement for 2025-26. The Limit for non-financial investments held during 2025-26 will be £80m.

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

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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.

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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 .

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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>

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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 2025/26 = £1.65M
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.

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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 2025/26 = £0.3M
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 on taxpayers for any borrowing.
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.

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Investment Management Practices

	Material Non-Financial Investment – E-Factor Loan - Completed 2025
Category of Non-Financial Investment	Service Related (not primarily for yield)
Objective	To facilitate regeneration of St James House in a key area of the Town Centre already identified for development. Securing a local partner'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 2025/26 = £0.1M
Risk Management and Governance arrangements	Day to day loan management is undertaken by the Economic Development team Internal oversight is undertaken by Finance and Legal Scrutiny is undertaken by Audit & Governance Committee Borrowing for the loan is linked to the associated repayment cashflows (which include a 1% uplift) so the associated risk on taxpayers reduces as the loan is repaid
Exit Plan	The loan is secured by property assets (with a margin) which could be recovered if the loan was defaulted upon.

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Annex 4

Medium Term Financial Plan



**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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Medium-Term Financial Plan

2025/26 –
2027/8 overview

MEDIUM TERM FINANCIAL PLAN 2025/26-2027/28			
	2025/26 £000	2026/27 £000	2027/28 £000
Revenue Support Grant	11,640	11,902	12,128
Business Rates Retention	55,992	58,158	59,735
Council Tax Income	77,443	80,060	82,348
Cumulative ASC Precept	14,704	14,851	14,926
Collection Fund - Council Tax	1,200	0	0
Collection Fund - Business Rates	370	0	0
New Homes Bonus	414	150	150
Improved Better Care Fund	9,942	10,240	10,547
Social Care Support Grant	20,167	20,772	21,395
Adult Social Care Market Sustainability and Improvement Funding	3,411	3,889	4,091
Extended Producer Responsibility (pEPR)	3,124	3,218	3,314
Recovery Grant	5,432	5,595	5,763
Children's Social Care Prevention	1,553	1,600	1,648
Domestic Abuse Safe Accommodation Grant	486	501	516
Employers NIC Increase Funding	1,613	1,626	1,627
TOTAL FUNDING	207,491	212,561	218,187
Budget Envelopes	182,087	186,773	191,020
Other Budgets	20,054	26,625	30,024
TOTAL REVENUE SPEND	202,141	213,398	221,044
Net Contributions to Earmarked Reserves	5,350	3,150	3,150
TOTAL BUDGET REQUIREMENT	207,491	216,548	224,194
FUNDING SURPLUS / (GAP)	0	(3,987)	(6,006)

Annex 5

Budget Engagement



**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.

Budget Consultation

Information to be included in the final report, once the budget consultation has been finalised.

Annex 6

Financial Resilience

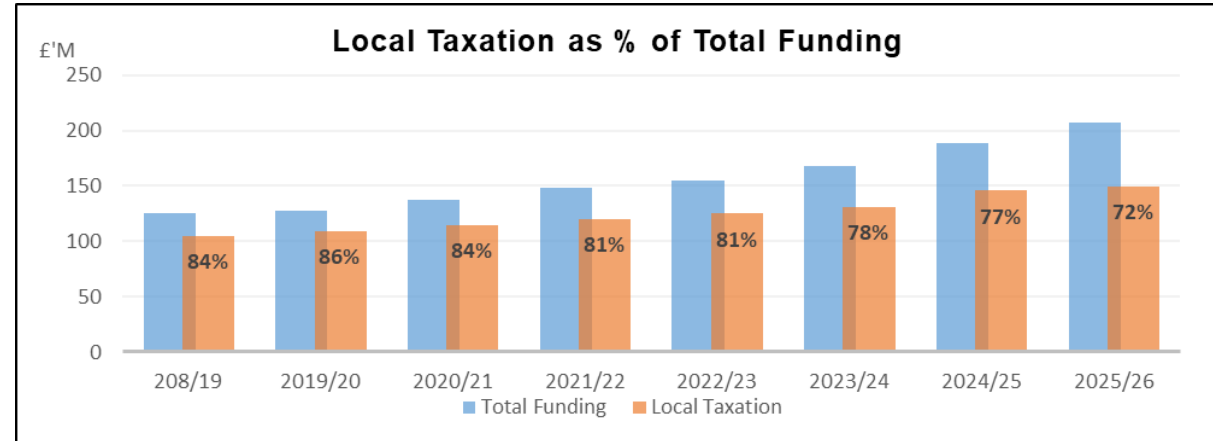


**Stronger Economy: Stronger Communities.
Together we can be stronger.**

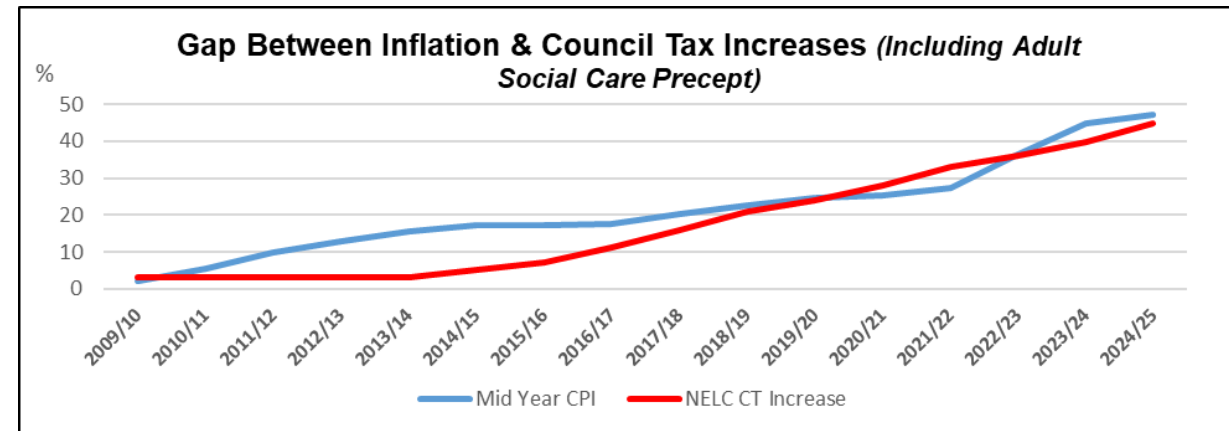
Our Council Plan pledges to work with partners to invest in our people and our place.

Financial Resilience - Funding

Prior to 2020/21 the Council was less reliant on Government grants as local businesses and residents provided an increasing proportion of overall funding. However, since 2022/23 this proportion has since started to reduce, as the amount of social care specific grants has grown alongside local taxation revenue. We have seen a larger reduction in this proportion in 2025/26 due to the Governments funding reform, which incorporates other factors, such as deprivation into the allocation model.



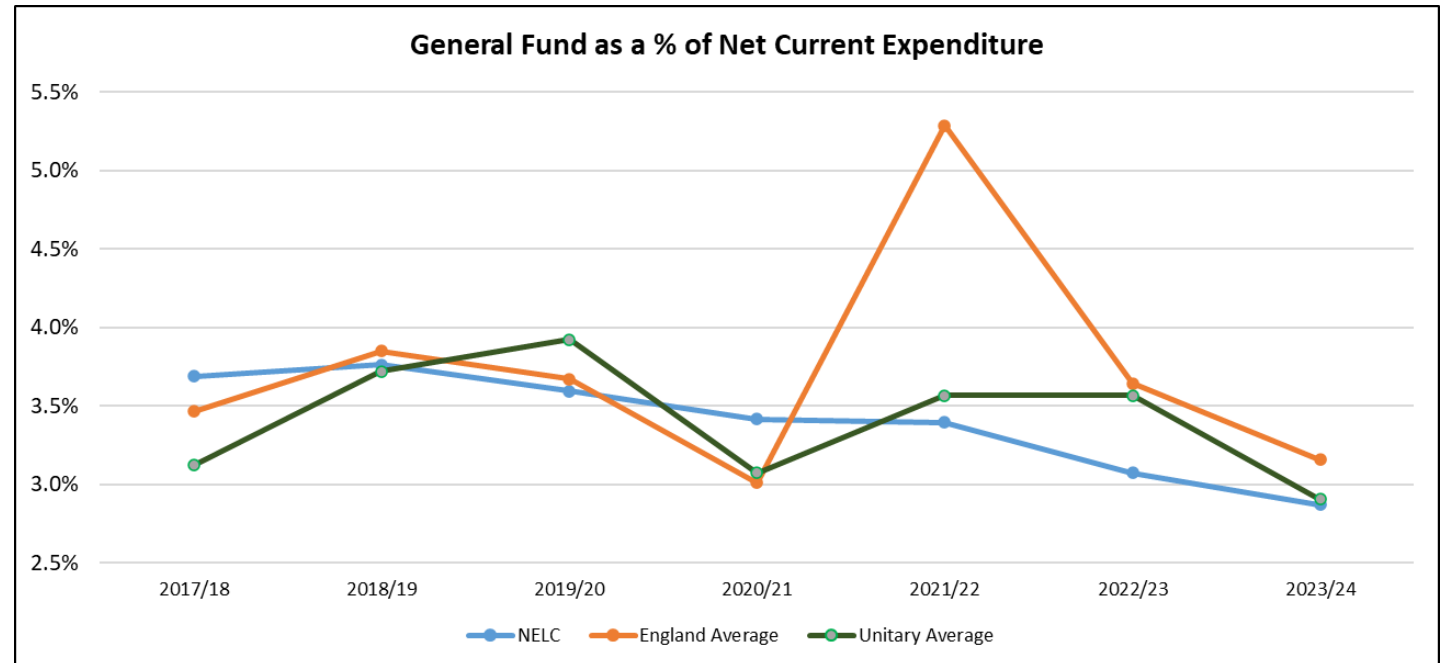
The cost of living increased sharply across the UK during 2021 and 2022. The annual rate of inflation reached 11.1% in October 2022, a 41-year high, before easing in subsequent months. Despite this council tax levels remain lower than if they had risen in line with inflation since 2009/10. We have seen a cumulative increase in Council Tax of 42% 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 was 2.87% on the 2023/24 outturn.

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.



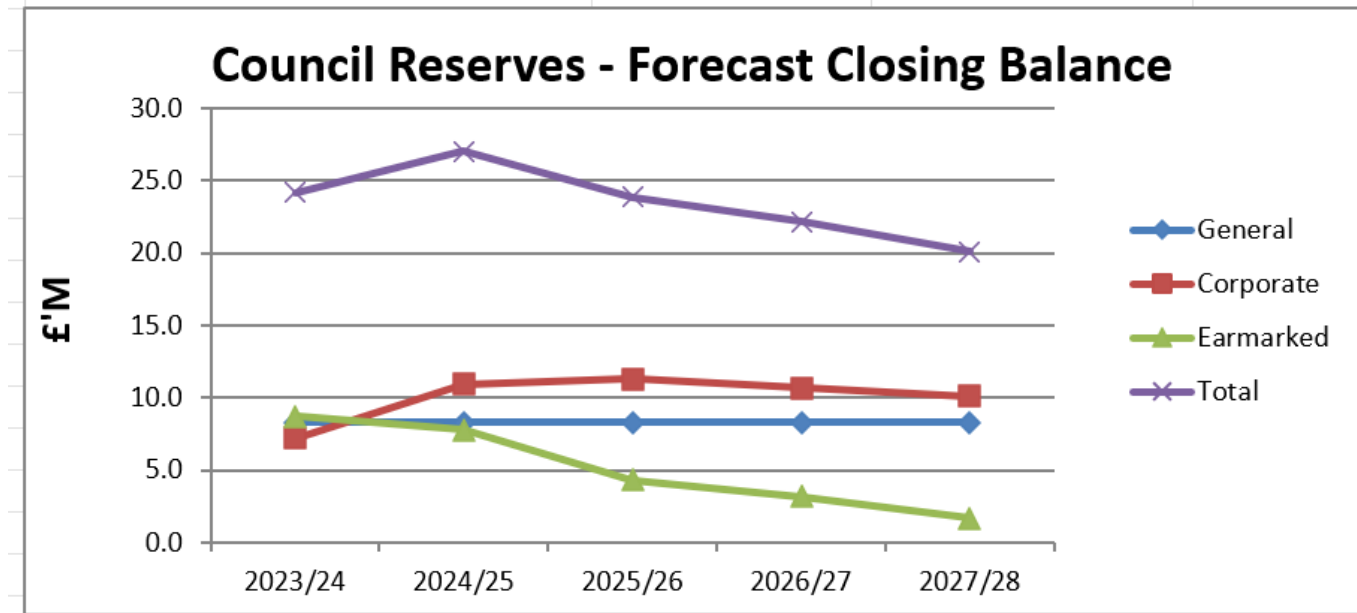
The general fund as a percentage of net current expenditure is in line with the unitary council average. While our earmarked reserves are more volatile, and more limited in their application, the general fund provides resilience at a time of reducing real terms funding for local government.

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

Financial Resilience – Reserves

Total reserves are expected to decrease from 2024/25 onwards. 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.

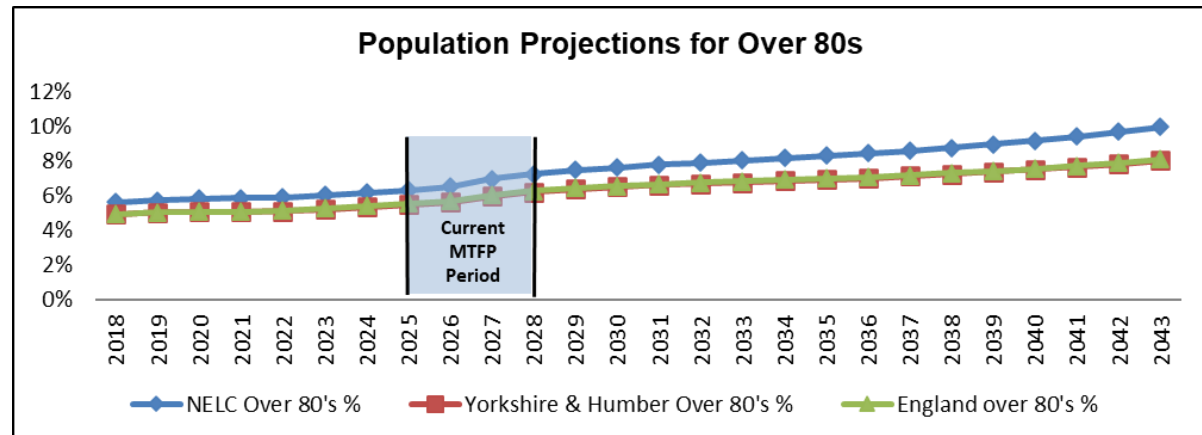
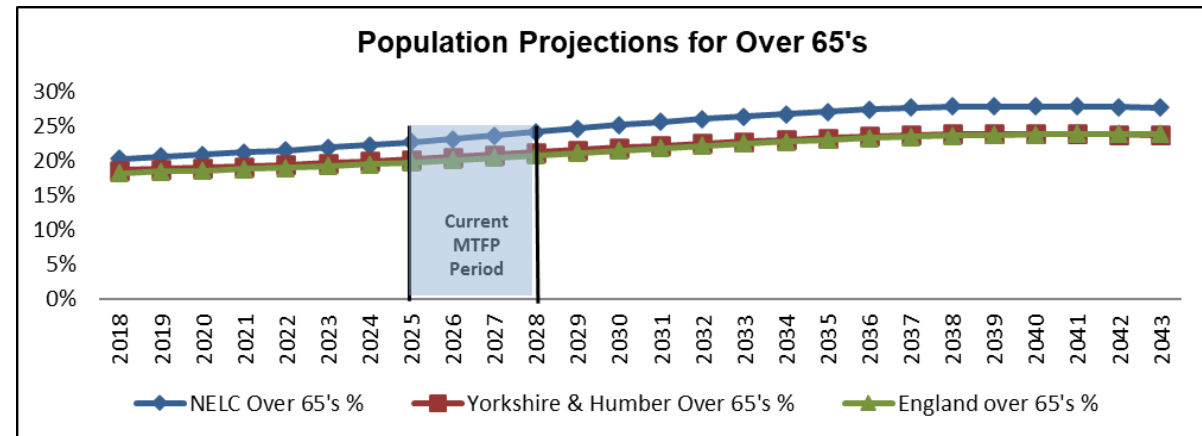


Planned top up of reserves in 2025/25 will provide additional resilience against specific risks and support ongoing change programme.

Financial Resilience - Demand

According to ONS estimates, North East Lincolnshire's 2025 total population stands at 159,843, of which 36,138.50 (22.61%) 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 5.01 percentage points to the proportion of persons of pensionable age in the 19 years between 2024 and 2043.

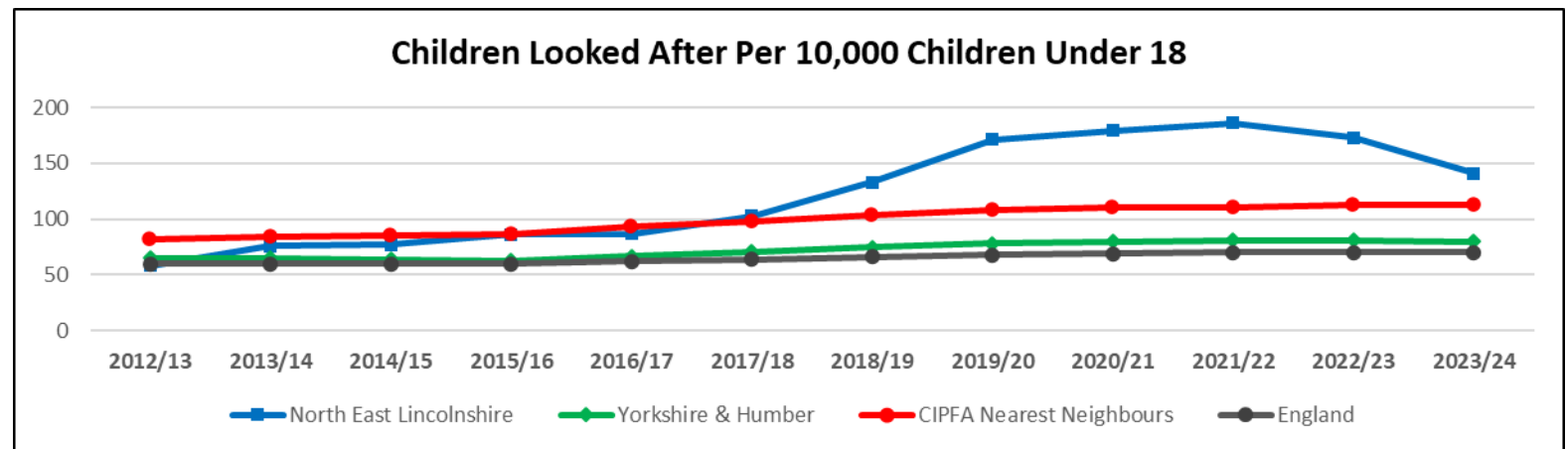
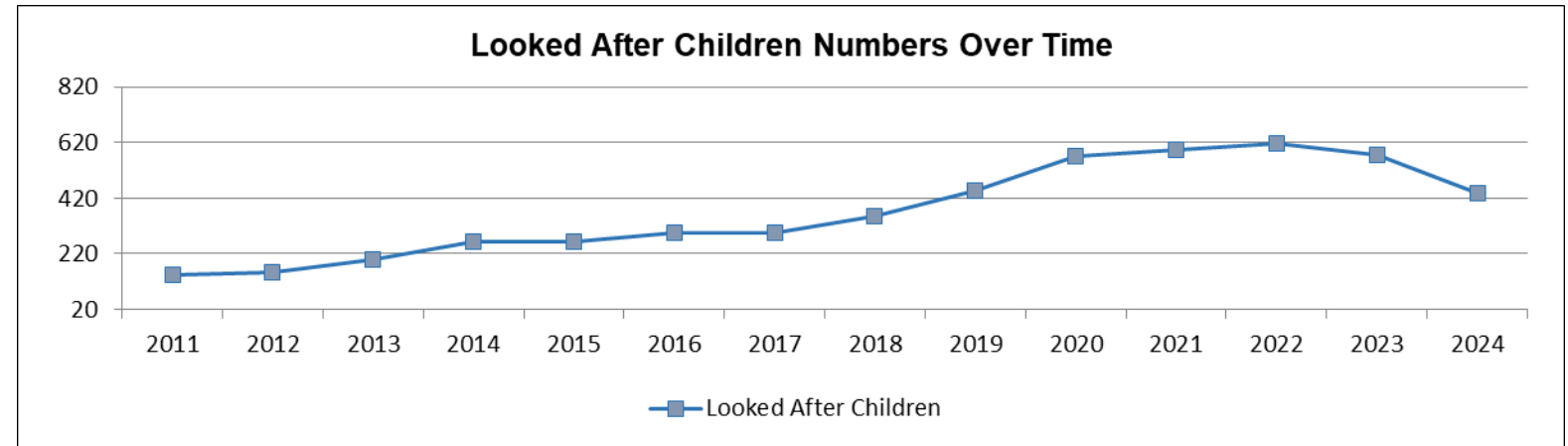
At the end of the latest MTFP period, projections show the over 65s to reach 24.12%, and 7.26% for the over 80s. The projections for NELC follow the same trend as both the Yorkshire and Humber and England, however our % of older people within our area remains higher than average for both and the gap 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 continue to see reductions in looked after of numbers. Our current number of looked after children as of January 2025 is 440. This is a reduction of 135 since the previous reporting period.

The graph of CLA numbers per 10,000 resident under-18s shows the increasing gap between NELC and our statistical neighbours slowly closing. The 2023/24 (last published) figures show that numbers have reduced by 32, which is only 28 above our CiPFA nearest neighbours.



Annex 7

Flexible Use of Capital Receipts



**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.

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.

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 2025/26 – 2027/28 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 Ministry of Housing, Communities & Local Government (MHCLG).

Governance and approval

The Council's flexible use of capital receipts to fund transformational activity will continue to be reviewed to ensure allocated expenditure demonstrates 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.

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

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 2024/25 financial year will be £0.5M. 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 2025/26.

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.

	2025/26 £m	2026/27 £M	2027/28 £M
Capital Receipts	2.0	2.0	0.0

It should be noted that figures for 2026/27 and 2027/28 are provisional at this stage and will be updated as part of annual financial planning processes.

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)
Children's and Family	Ongoing transformation of the overall Children's and Family service provision, to align the costs with nearest statistical neighbours	2.0	0.7

Impact on prudential indicators

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

- Estimates of capital expenditure indicator remains at £2m for FY 2025/26 and 2026/27, which is unchanged over this period from the previous MTFP.
- The Capital Financing Requirement is not directly increased beyond the previous MTFP, as there is 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 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.

Review of planned Flexible use of Capital Receipts in 2024/25

- During the financial year 2024/25 the Council intended to use capital receipts to fund transformation across a range of service.
- The value of the flexible use of capital receipts was expected to be £12m, with future savings to be realised of £4.7m.
- Full detail of these activities can be found on the subsequent slides.
- Whilst the transformational activities invested in are still ongoing, savings and cost reductions have started to be realised in several areas. Most notably within Children's and Family services, resulting in a forecast reduction in the cash budget envelope of £8.2m between 2023/24 and 2024/25
- Subsequently, all savings realised from these transformation activities have contributed to a balanced position being forecast for financial year 2025/26.
- The final value of the flexible use of capital receipts utilised in financial year 2024/25 will be included in the year end outturn report.

Review of planned usage from 2024/25

Area	Key transformational activities	Commentary
Adults	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	Strength based Framework developed and launched
	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	New frameworks developed and operational
	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	Reablement and rehabilitation review phase one complete with improved productivity demonstrated
Resources	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.	Academy NEL to be launched in Q4 of 24/25, CPD accreditation on track
	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.	Phase 1 of property rationalisation complete and programme of surplus asset disposal on track.
	Further investment and development of cyber arrangements to protect business critical systems, loss of confidential data, integrity, and availability of information.	Cyber strategy launched, training and development for officers and members.
	Introduce a new, more effective solution to the engagement of agency workers.	Agency framework contract agreed leading to significant reduction in spend
Regeneration	Commitment to review the leisure estate to develop our long-term plan for leisure facilities and developments.	Leisure estate reviews underway
	Strategic review of library and archives service to develop our long-term plan for these services.	Library and archives reviews underway

Review of planned usage from 2024/25

Area	Key transformational activities	Commentary
Environment and Regulatory	Explore opportunities to reduce energy consumption at Bereavement Services and review operating model during periods of lower demand.	Additional funding generated to support energy efficiency initiatives
	Complete consolidation of operational services at Doughty Road Depot site.	Construction on new depot well underway with certain services already relocated
	To review the operational fleet and identify vehicles with a low usage data and challenge the reasons why to optimise our vehicle fleet.	Waste modernisation project underway ahead of contract end, food waste group convened
	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	
Housing, Highways and Transport	Housing Service Provision Review	Full review of housing service provision underway.
	Review post 16 transport offer alongside wider transport review	Wider transport review underway
	Review of Street Lighting and opportunities to increase energy efficiency	
Children's and Family	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.	Improved outcomes evidenced by external monitoring visits
	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.	Sufficiency strategy finalised and launched
	Reconfiguration – consult, agree and implement the reconfiguration of Children's Services, ensuring that the service meets the needs of children.	New structure finalised and focus on social worker student and apprenticeships
	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.	Focus on further development of the case management system