

# **Annex 6**

## **Financial Resilience**

**Key Messages:**

**Local taxation as a proportion of total funding has been steadily rising and now sits at 81%.**

**However, in 2021/22 this fell by 3% due to additional grant funding received from the government relating to the Covid 19 pandemic. In 2022/23 this proportion remained the same, reflecting matching growth in local taxation and total funding.**

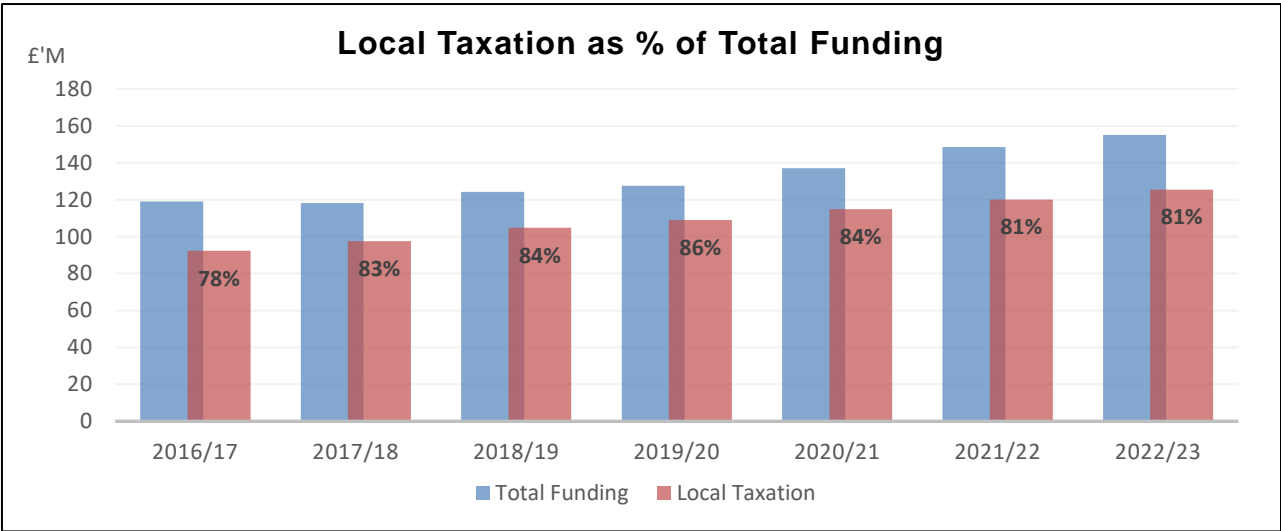
**We have seen a cumulative increase in Council Tax of 22.99% since 2009/10.**

**This compares to an increase in the consumer price inflation (CPI) index of 37.5% since 2009.**

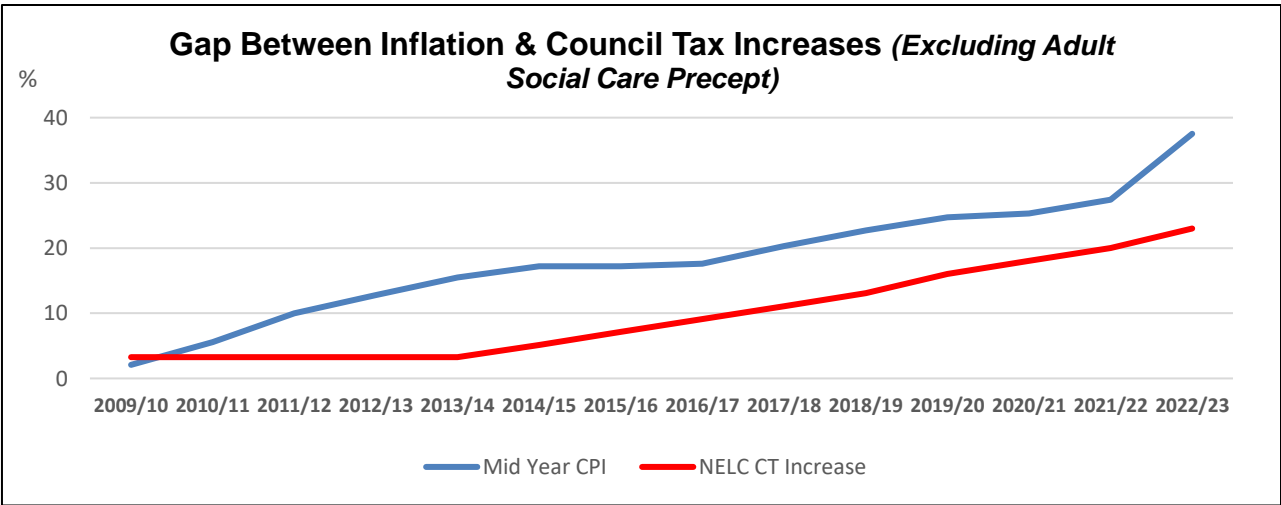
**A strong tax base, both in numbers and price, is a key element of sustainable funding.**

# Financial Resilience - Funding

The Council has become less reliant on Government grants as local businesses and residents provided an increasing proportion of overall funding between 2016 and 2021. This proportion has since appeared to stabilise, as the amount of earmarked social care grants we receive has grown alongside local taxation revenue.



Despite a rising reliance on local taxation, council tax levels are 14% lower than if they had risen in line with inflation since 2009/10.



**Key Messages:**

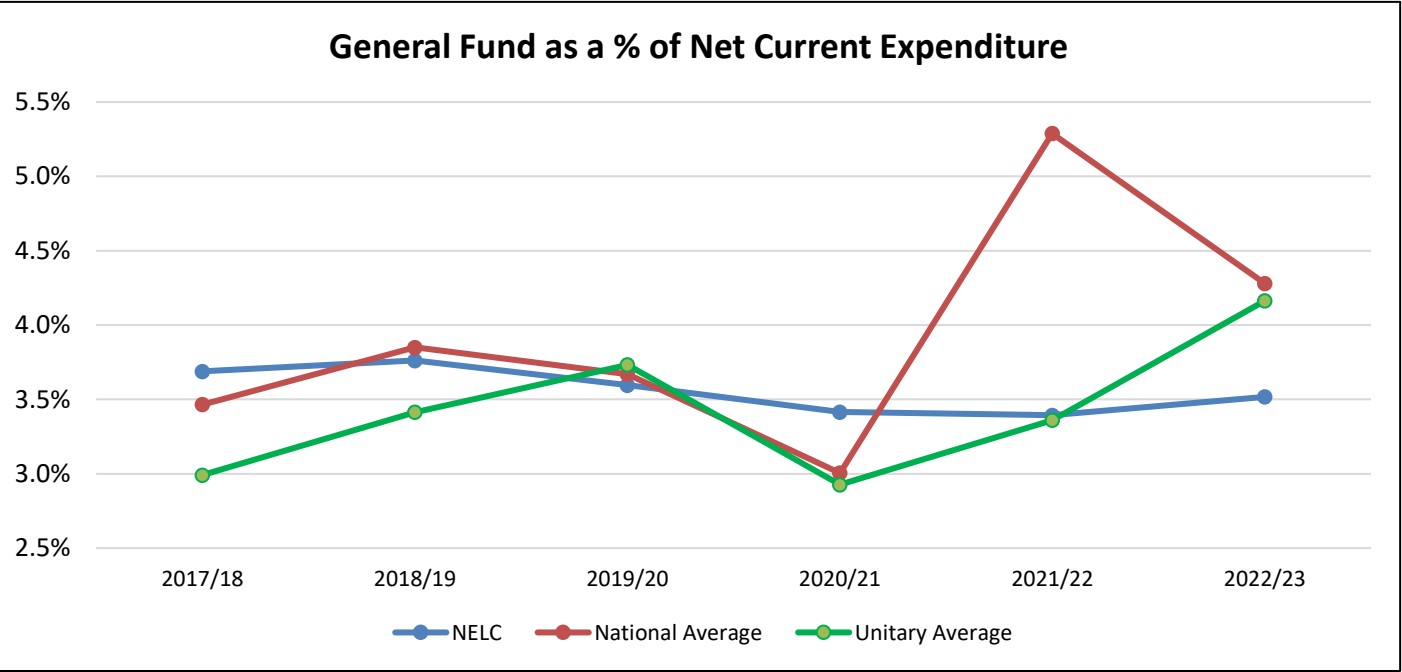
**The general fund as a percentage of net current expenditure is in line with the unitary council average.**

**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.**

**Financial Resilience - Reserves**

The Council’s general fund balance is currently £8.3M and has remained unchanged since 2016/17. The general fund, as a percentage of net current expenditure is currently forecast to be 3.52% in 2022/23.

The chart below demonstrates that the Council’s general reserves have remained roughly in line with the unitary council average over the past four years, however the England average has recently seen a large peak in general reserve balances. This may be due to the Covid pandemic, with a number of authorities carrying grant funding forward in unallocated reserves which has since been spent.



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

**Key Messages:**

**There are a number of significant and complex schemes in the approved capital programme.**

**These require considerable negotiation and project management.**

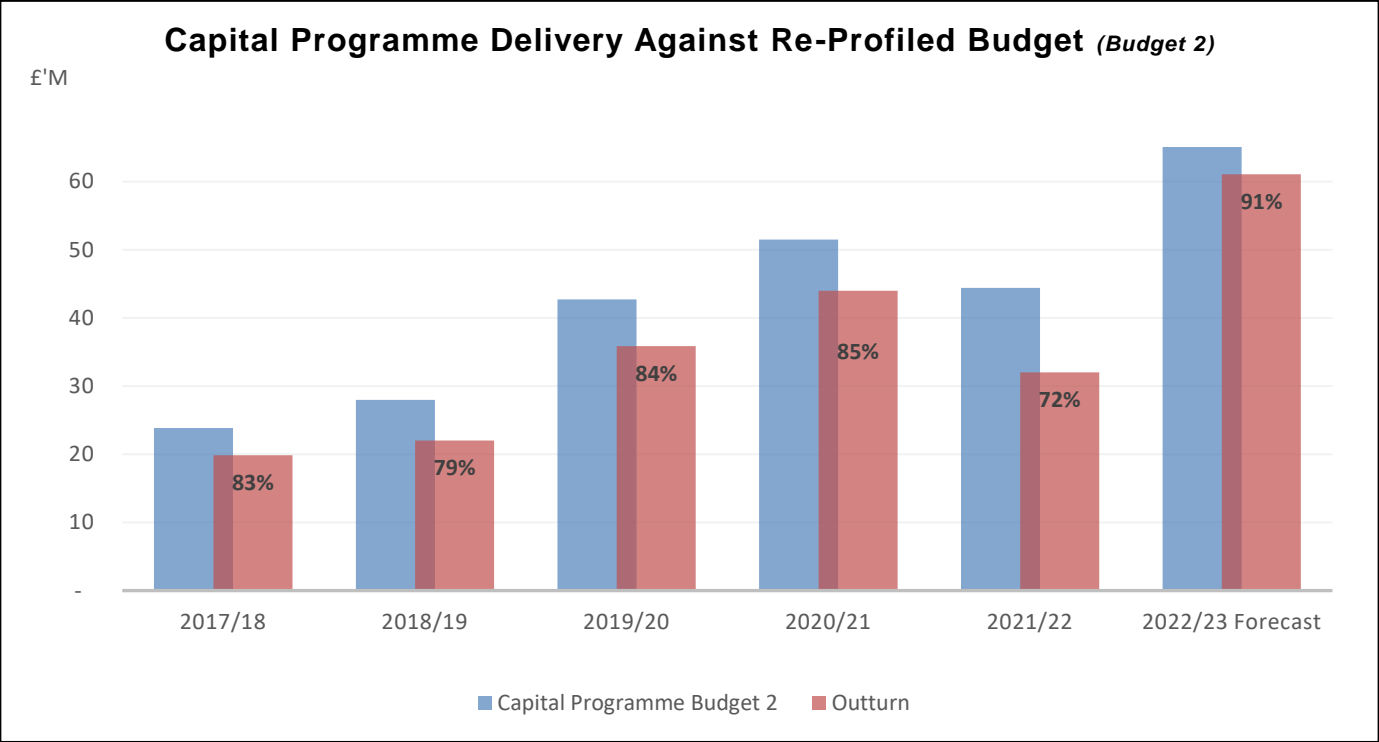
**Whilst delivery of them is vital it is recognised they have long term delivery profiles which can move significantly.**

**The capital programme is updated on a quarterly basis for any additions, reprofiling and decommitments.**

**Some new projects, including the “Think Cleethorpes” Masterplan and the Freshney Place Leisure scheme have hit headlines recently and brought increased publicity to our capital investment programme.**

# **Financial Resilience – Budget Outturn**

The chart below shows the percentage of the capital investment programme delivered against the re-profiled programme (2022/23, Qtr3 Forecast). The overall trend of the re-profiled capital programme is growth, standing at £67 Million in 2022/23. The 2022/23 forecast is showing delivery of 91%.



There is a notable dip in both the re-profiled capital programme and the delivery figure in 2021/22. This is possibly owing to a focus on COVID-19 recovery efforts, which may have limited the capacity of both local and central government for discretionary capital scheme funding and delivery.

Risks around inflation and interest rate increases will continue to be high on the agenda and may present challenges in terms of the capital investment programme budget and the resilience of the contractor market and materials costs.

Key Messages:

According to ONS's 2018 projections, North East Lincolnshire's 2023 total population stands at 160,028, of which 34,918 (21.82%) are of pensionable age.

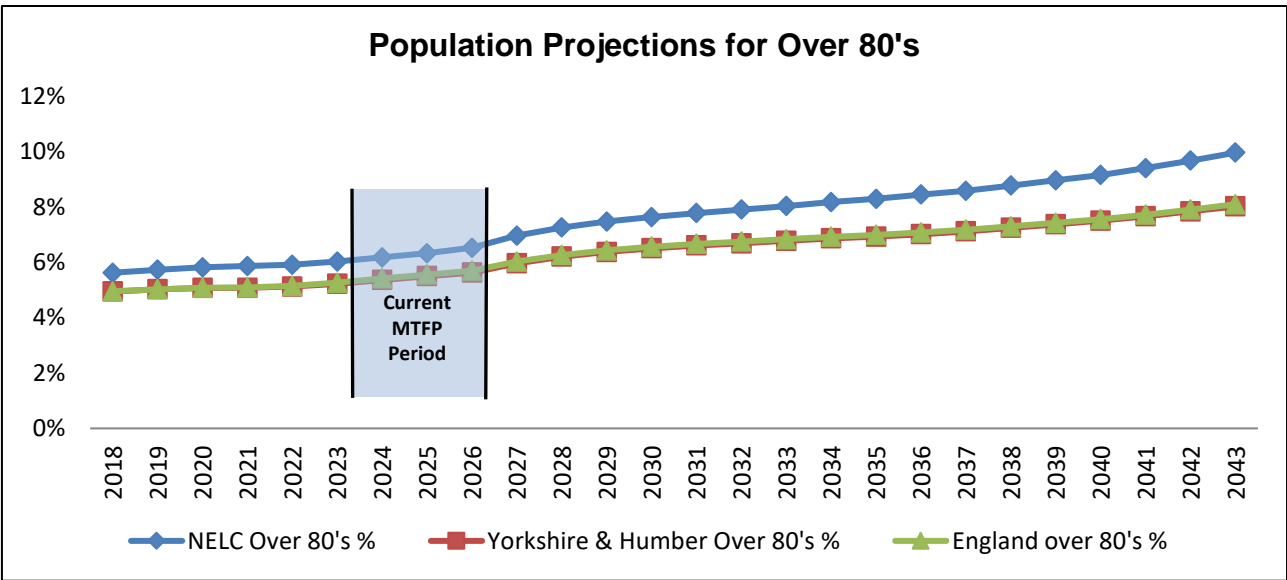
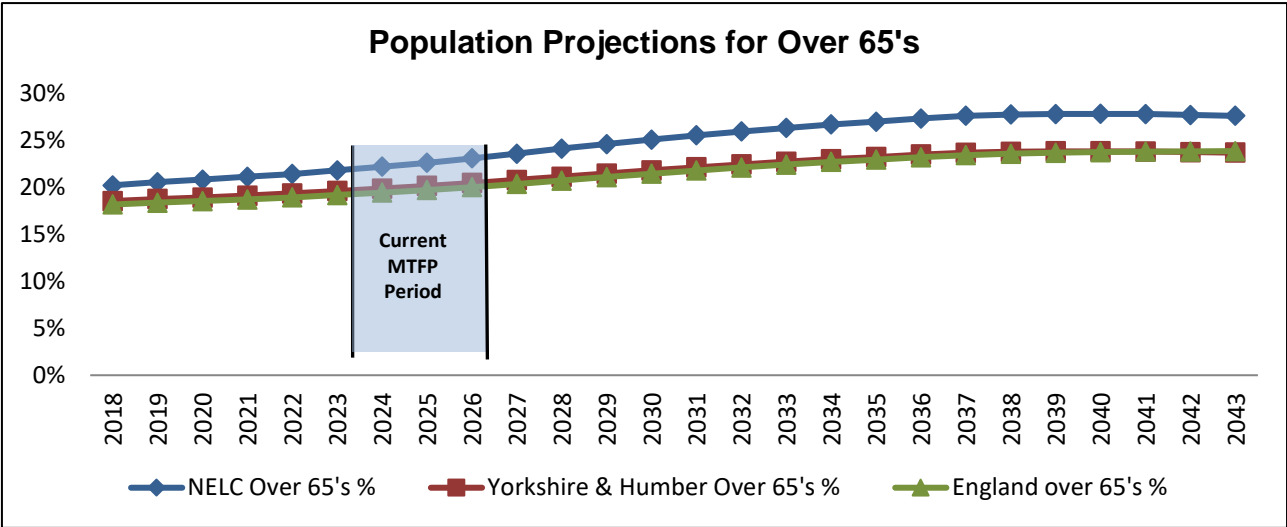
ONS projections suggest that by 2043, 158,816 people will reside in North East Lincolnshire, of whom 43,860 (27.62%) will be over 65. This indicates an increase of 5.8% in the proportion of over-65s in the 20 years between 2023 and 2043.

At the end of the latest MTFP period, projections show the proportion of over 65's to reach 23.09%, and for the over 80's to reach 6.52%.

These projections follow a similar trend to both the Yorkshire and Humber and England estimates, however the % of older people in NEL are consistently higher than either average and the gap continues to grow. This increasing disparity is likely to result in increased demand and associated costs for NEL.

Financial Resilience – Demand

The ONS estimate that North East Lincolnshire's total population will decrease by 1,212 by 2043. However even with this overall reduction the number of over 65's will grow by 6.2%, 9,570 residents. Further detailed projection can be found below.



Key Messages:

Through the current planning period, the total number of young people (aged 0-19) is projected to remain stable.

However, rising numbers of Children Looked After (CLA) continue to put pressure on Council resources.

CLA numbers have risen by 413 since 2013. This is a key challenge for the Council.

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

The recently approved children’s social care pilot shows that central government is attempting to address these increasing numbers. However, the scale of the challenge in NEL indicates a larger localised issue.

Financial Resilience - Demand

Children Looked After numbers continue to place funding pressures on the Council. We have seen numbers more than double between 2017 and 2023.

