

## Public Document Pack



Please note that the following documents were published separately from the main agenda for this meeting of the Council to be held on Tuesday, 27th February 2024 at 6.30 pm in The Guildhall, Saltergate, Lincoln, LN1 1DH.

- (f) Minute Extracts - Recommendations of the Executive -19 February 2024  
*(In relation to Council Agenda Item Nos 4 (a), 4 (b), 4 (c) and 4 (d))*

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## EXTRACT FROM COMMITTEE

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Executive

19 February 2024

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### 84. Furnished Properties Without a Resident-Council Tax Premium

#### Purpose of Report

This report was to consider using new discretionary powers to introduce a council tax premium charge for furnished domestic dwellings that were occupied periodically.

#### Decision

That it be recommended to Full Council, the introduction of a council tax premium charge of 100% from 1<sup>st</sup> April 2025 for dwellings where;

- a) There was no resident of the dwelling, and
- b) The dwelling was substantially furnished.

NB – details of exceptions to this premium were expected to be mandated in legislation before 1<sup>st</sup> April 2025.

#### Alternative Options Considered and Rejected

None.

#### Reasons for the Decision

The number of holiday/second homes had grown nationally over recent years reducing housing stock for residents in areas with a high number of holiday homes used personally or for Airbnb. This also increased prices in the area, and absent owners were taking up housing stock but not contributing to the area socially or economically.

The Levelling Up and Regeneration Act received Royal Assent on 26th October 2023.

Section 77 of the Act provided a discretionary provision to the Local Authority to raise a premium of no more than 100% on second homes. 'Second homes' were not defined within the Council Tax legislation and the properties that were the subject of the premium were dwellings where;

- a) There was no resident of the dwelling, and
- b) The dwelling was substantially furnished.

A resident in relation to the dwelling meant an individual who had their sole or main residence in the dwelling.

As 12 months' notice to existing owners of second homes was required, the earliest that the new charges would apply was from 1<sup>st</sup> April 2025.

A consultation in September 2023 was held to identify properties where the premium charge would not be applied in England.

The outcome of this consultation had not been received although officers expected that new legislation would be received before 1<sup>st</sup> April 2025.

## **89. Medium Term Financial Strategy 2024/2029**

### Purpose of Report

To consider recommending the Medium-Term Financial Strategy for the period 2024-2029 and the budget for 2024/25 to the Council for approval.

To consider recommending the Capital Strategy 2024-2029 to the Council for approval.

### Decision

That the Council be recommended to approve the Medium Term Financial Strategy 2024-2029, and the Capital Strategy 2024-2029, which included the following specific elements:

- a proposed council tax Increase of 2.92% for 2024/25;
- the Council being a member of the Lincolnshire Business Rates Pool in 2024/25;
- the General Fund Revenue Forecast 2024/25-2028/29, as shown in Appendix 1 and the main basis on which this budget had been calculated (as set out in paragraph 4);
- the Housing Revenue Account Forecast 2024/25-2028/29, as shown in Appendix 2 and the main basis on which this budget had been calculated (as set out in paragraph 5);
- the General Investment Programme 2024/25-2028/29, as shown in Appendix 3, and the main basis on which the programme had been calculated (as set out in paragraph 6).
- The Housing Investment Programme 2024/25-2028/29, as shown in Appendix 4, and the main basis on which the programme had been calculated (as set out in paragraph 7).

### Alternative Options Considered and Rejected

None.

### Reasons for the Decision

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

In addition, the Council was facing growing demands for some of its key services as those more vulnerable in the city looked to the council for support as the cost-of-living crisis continued to impact on household incomes. The imbalance

between housing supply and demand and the reliance on temporary accommodation, to provide the necessary support, were of particular challenge to the Council.

Alongside these cost and demand pressures, there still remained uncertainty around the level of funding for local government beyond the current Spending Review period and the implementation of the planned national funding reforms. These reforms had the ability to fundamentally alter the course of the MTFS. Although it had been confirmed that these fundamental reforms would not be implemented in 2024/25, and there was a high likelihood that this would be the case in 2025/26 as well, all this did was shift the financial challenges to later in the MTFS period. This was further compounded by the risk of a new round of public expenditure austerity measures. The funding outlook for local authorities therefore remained uncertain.

As a result of these factors, the financial landscape for local government continued to pose a challenge to the Council and was set in the context of this significant, inherent uncertainty. It was a long time since the Council had any medium-term certainty during budget setting, which made financial planning in this climate extremely challenging.

The Council would continue to build on its successful financial planning to date, driving down the net cost of services by implementing a range of transformational changes in the way in which it operated and delivered services, while continuing to prioritise investment in the City and its economy to grow future tax bases. Adopting this approach would ensure that the Council carefully balanced the allocation of resources to its vision and strategic priorities, whilst ensuring it maintained a sustainable financial position and delivered the required reductions in its net cost base.

Prior to submission of the MTFS 2024-2029 and budget to the Executive and Full Council, public consultation and member scrutiny had been undertaken.

The MTFS set out the overall framework on which the Council planned and managed its financial resources to ensure that they fitted with, and supported, the direction of the Council's vision and strategic priorities.

The MTFS integrated revenue allocations, savings targets and capital investment, provided the budget for the next financial year and provided indicative budgets and future council tax and housing rent levels for the period covered by the strategy.

In light of the current economic conditions and the impact these were having on the Council's finances, along with the inherent uncertainty in financial planning, the existing objectives of the MTFS had been reviewed to ensure they remained relevant. As a result, the key overriding objective continued to be;

- To drive down the Council's net cost base, in line with available resources, to ensure that it maintained a sound and sustainable financial base, delivering a balanced budget over the life of the MTFS;

The further objectives that the MTFS sought to achieve were detailed within the officer's report.

Looking ahead the financial landscape for local government continued to pose a high level of uncertainty, with a number of unknowns in relation to both national and local economic factors. Layered on top of this was the lack of clarity on further government funding reforms, and the level of overall resources for local government beyond the current Spending Review period. Therefore, in order to ensure that the Council maintained a robust and sustainable financial position and was able to respond to the impact of external events and increased financial risks that it faced, the MTFS needed to remain flexible, the council's reserves resilient and the soundtrack record of delivering savings needed to be sustained, whilst ensuring that resources were directed towards its vision and strategic priorities.

## **90. Council Tax 2024/25**

### Purpose of Report

In light of the report on the Medium-Term Financial Strategy, as detailed at Minute 89, to consider the City Council's council tax requirement, together with the requirements of the County Council and the Police and Crime Commissioner for Lincolnshire and to allow the Executive to make a formal recommendation to Council for the overall levels of council tax for 2024/25.

### Decision

That the following recommendations be made to the Council:

1. That the recommendation of the Executive on 2 January 2024 be accepted that the Council Tax Base for 2024/25, as calculated in accordance with The Local Authorities (Calculation of Council tax Base) (England) Regulations 2012, be 25,669.23.
2. That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:
  - (a) £109,979,120 being the aggregate of the amounts which the Council estimated for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
  - (b) £102,073,510 being the aggregate of the amounts which the Council estimated for the items set out in Section 31A(3) of the Act.
  - (c) £7,905,610 being the amount by which the aggregate at 2(a) above exceeded the aggregate at 2(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31A (4) of the Act).
  - (d) £307.98 being the amount at 2(c) above (Item R), all divided by Item T (1 above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
  - (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

- (f) £307.98 being the amount at 2(c) above less the amount at 2(e) above, all divided by the amount at 1 above, calculated by the Council in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year.

**(g) City of Lincoln Council**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
£205.32	£239.54	£273.76	£307.98
<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£376.42	£444.86	£513.30	£615.96

being the amounts given by multiplying the amount at 2(f) above by the number which, in proportion set out in Section 5(1) of the Act, was applicable to dwellings listed in a particular band divided by the number which in proportion was applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken for the year in respect of categories of dwellings listed in different bands.

3. That it be noted that for the year 2024/25 Lincolnshire County Council had stated the following amounts in precepts issued to the Council, in accordance with the dwelling bandings shown below:

**Lincolnshire County Council**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
£1,052.46	£1,227.87	£1,403.28	£1,578.69
<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£1,929.51	£2,280.33	£2,631.15	£3,157.38

4. That it be noted that for the year 2024/25 Police & Crime Commissioner Lincolnshire had provisionally stated the following amounts in precepts issued to the Council, in accordance with the dwelling bandings shown below:

**Police & Crime Commissioner Lincolnshire**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
£202.80	£236.60	£270.40	£304.20
<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>
£371.80	£439.40	£507.00	£608.40

5. That having calculated the aggregate in each case of the amounts at 2(g), 3 and 4 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby set the following as the amounts of Council Tax for the year 2024/25 in accordance with the dwelling bandings shown below:

**Total Council Tax Charge 2024/25**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
£1,460.58	£1,704.01	£1,947.44	£2,190.87
<b>E</b>	<b>F</b>	<b>G</b>	<b>H</b>

£2,677.73      £3,164.59      £3,651.45      £4,188.24

Alternative Options Considered and Rejected

None.

Reasons for the Decision

The net General Fund Budget requirement as set out in the Medium Term Financial Strategy report totalled £15,427,670 which included a contribution to balances of £146,820. For 2024/25 a council tax increase of 2.92% had been applied. The council tax requirement for 2024/25 was £7,905,610. By reference to the Band D level, the 2024/25 council tax would rise by £8.73 to £307.98 per annum.

The requirements of Lincolnshire County Council and the Lincolnshire Police and Crime Commissioner were detailed in the report.

**91. Prudential Indicators 2023/2024 to 2026/27 and Treasury Management Strategy 2024/25**

Purpose of Report

To review and to recommend to the Council the adoption of the:

- Treasury Management Strategy 2024/25;
- Prudential Indicators;
- Minimum Revenue Provision (MRP) Policy Amended from 2023/24;
- Treasury Management Practices (TMP's)

Decision

- (1) That the Council be recommended:
- (a) To adopt the Treasury Management Strategy 2024/25, including the Prudential Indicators;
  - (b) To approve the revised Minimum Revenue Position Policy 2023/24;
  - (c) To approve the Treasury Management Practices

Alternative Options Considered and Rejected

None.

Reasons for the Decision

The report set out the operation of the Council's prudential indicators, its treasury function and its likely activities for the forthcoming year which incorporated the following four key elements:

- Prudential and Treasury Indicators – The reporting of the statutory prudential indicators together with local indicators, in accordance with the



requirements of the CIPFA Prudential Code for Capital Finance in Local Authorities and the CIPFA Treasury Management Code of Practice.

- Minimum Revenue Provision (MRP) Statement – The reporting of the MRP policy which set out how the Council would pay for capital assets through revenue each year (as required by regulation under the Local Government Act 2003).
- Treasury Management Strategy – This set out how the Council's treasury activity would support capital decisions, the day-to-day treasury management and the limitations on activity through treasury prudential indicators. The key indicator was the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This was the Authorised Borrowing Limit required by Section 3 of the Local Government Act 2003 and was in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code.
- Investment Strategy – This was included in the Treasury Management Strategy and set out the criteria for choosing investment counterparties and limiting exposure to the risk of loss, which was reported annually in accordance with Department for Levelling Up, Housing and Communities (DLUHC) Investment Guidance.

This report had been considered by Audit Committee on 30 January 2024.

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