

Present: Councillor Ric Metcalfe (*in the Chair*),
Councillor Donald Nannestad, Councillor Chris Burke,
Councillor Sue Burke, Councillor Bob Bushell and
Councillor Neil Murray

40. Confirmation of Minutes -3 October 2022

RESOLVED that the minutes of the meeting held on 3 October 2022 be confirmed and signed by the Leader as a correct record.

41. Declarations of Interest

No declarations of interest were received.

42. Setting the 2022/23 Budget and Medium Term Financial Strategy 2023/24 – 2027/28

Purpose of Report

To update the Executive on the latest Medium Term Financial Strategy (MTFS) position for the Council, including the challenges in preparing for the 2023/24 and future years budget, setting out the parameters within which the Council would prepare these budgets and confirm the Council's approach to development of the budget and Medium Term Financial Strategy.

The report included an update on the current economic position and developments in national policy, specifically the recent fiscal statement and the implications for public sector and local government spending. This, along with the unavoidable and unprecedented, costs pressures, cost of living crisis and rising demand for Council services, would inform the development of the MTFS. Further details in respect of budget parameters for 2023/24 and future years, planning assumptions, together with budget strategic and service planning preparation was outlined at Appendices A and B of the report.

Decision

1. That the significant financial challenges and risks faced by the Council, particularly the unplanned, and unavoidable increasing cost pressures be noted.
2. That the projected budget parameters for 2023/24 and future years and the planning assumptions, as set out in Appendix A of the report, be noted.
3. That the budget, strategic and service planning preparation programme, as set out in Appendix B of the report, be noted.

Alternative Options Considered and Rejected

None.

Reason for Decision

The Council's Vision 2025 and five strategic priorities drove the medium-term financial planning process, with changes in resource allocation determined in accordance with policies and priorities. The Medium Term Financial Strategy provided the framework for the development of annual budgets in line with the aims of the Council's strategy and priorities.

The refreshed Medium Term Financial Strategy would include financial projections for the five-year financial planning period through to 2027/28. It would set out the financial parameters within which the Council was required to work and the recommended approach to addressing the financial challenges the Council faced to develop a balanced, sustainable budget and set at Council Tax for 2023/24.

In March 2022, Council agreed the budget for 2022/23 and Medium Term Financial Strategy 2022-2023; at that point the Council was in a robust financial position with a balanced MTFs, based on delivering a remaining budget gap of £0.750m, in the General Fund by 2024/25.

Much had changed since March 2022, with spiralling inflation, soaring energy prices and nationally agreed pay proposals set to add significant cost pressures to the Council's budgets. These were in the main part caused by national issues, beyond the Council's control, and were impacting all councils. In addition, the current cost of living crisis had the potential to increase demand for the Council's services by those who relied on the safety net provided by local government. These unforeseen and unavoidable pressures had seriously impacted the assumptions that underpinned the MTFs. These new pressures came at a time when the Council was still recovering from the detrimental financial effects of Covid-19 pandemic and after facing a decade of austerity measures.

Furthermore, there still remained uncertainty around the level of funding for local government beyond the current financial year. The Fair Funding Review and Business Rates Retention Policy remained unresolved, whilst plans for the re-set of the Business Rates tax base originally planned for 2020 were also still unknown. Despite a three-year Spending Review announced for 2022/23 to 2024/25 the Local Government Financial Settlement was for only one year. These reforms had the ability to fundamentally alter the course of the MTFs. Providing certainty on these issues would make a significant difference to the Council's financial planning and therefore the services it delivered.

As a result of these factors, the Council, and local government as a whole, was yet again having to update their medium-term financial strategies in a very uncertain environment. The rise in inflation (of over 6%) since the Spending Review had all but wiped out any real terms increase in core spending power. With inflation still yet to peak, with latest forecasts predicting this to reach 11% by October 2022, the impact on the Council's running costs were forecasted to be hugely significant. The LGA had warned that the impact on council services could be extremely challenging with reductions to services due to £3.6bn of inflation and energy price pressures across local government over the next few years.

Against this backdrop of significant uncertainty and volatility, this report set out the current financial planning assumptions that would form the basis of the MTFs refresh. This medium-term financial planning was critical to ensuring that the

Council had an understanding of the likely level of available resources and the potential costs of delivering services, identifying budget shortfalls at the earliest opportunity to ensure appropriate action could be taken in advance.

Based on the current financial planning assumptions it was estimated that the Council would need to make reductions in the annual net cost base of the General Fund of £2.75m. This was a significant target for the Council to achieve, particularly in light of the annual revenue reductions of £10m that had been delivered over the past decade. The Council would ultimately have to make some difficult decisions over the next twelve months as it prioritised which services it could afford to continue to deliver, doing so in the midst of a cost of living crisis.

Now more than ever, careful and prudent financial management would be required if the Council was to balance the reductions required in the net cost base, ensuring it remained in a sustainable financial position, whilst still aspiring towards Vision 2025.

43. Localised Council Tax Support Scheme 2023/24

Purpose of Report

To propose options for consultation on a 2023/24 Council Tax Support scheme, and an accompanying Exceptional Hardship Payments scheme.

Decision

- (1) That the potential options for a Council Tax Support scheme for 2023/24, as detailed in Section 5 of the report to the Executive, be approved for public consultation and scrutiny.
- (2) That a 'no change' scheme for 2023/24 be agreed as the preferred option for public consultation and scrutiny.
- (3) That further detailed modelling of a Universal Credit banded scheme with a view to adopting such a scheme from 2024/25 be undertaken.
- (4) That an Exceptional Hardship Fund of £25,000 for 2023/24 be approved.

Alternative Options Considered and Rejected

As set out in Section 5 of the report to the Executive, two options for a Council Tax Support Scheme would be subject to public consultation and scrutiny:

- Option 1: No change to the current scheme.
- Option 2: 'Introduction of a 'banded scheme' for Universal Credit based on earnings income

There would be public consultation on the Exceptional Hardship Payments Scheme, as detailed in paragraph 5.8 of the report.

The outcome of the public consultation would be considered by the Executive on 3 January 2023 and the proposed 2023/24 scheme would require a decision by Council by 31 January 2023.

Reasons for the Decision

The Council Tax Support Scheme (CTS), which replaced the national council tax benefit system on 1 April 2014, may be determined by each billing authority, after consultation with precepting authorities, key stakeholders and residents.

As at 24 August 2022, there were 8,441 residents claiming CTS in Lincoln, of whom 2,636 were pensioners and were protected under the CTS. There was discretion to determine the level of support to the remaining 5,805 working age claimants (including those classified as 'vulnerable' for CTS purposes) in a local scheme which could change the level of support provided.

Unless a decision by the Council was made to apply scheme changes to vulnerable working-age customers, the localised CTS scheme would historically only be applied to non-vulnerable working age.

The current, 2022/23 scheme had the following restrictions for working age customers:

- Capital limit £6,000;
- Minimum entitlement of £2 per week;
- Property banding capped at Band B, so that a customer residing in a Band C and above property, would only have their CTS calculated on Band B liability;
- Backdating restricted to one month; and
- Temporary absence from home in line with Housing Benefit regulations.

Modelling for each of the proposed Council Tax Support Scheme options was based on assumptions such as upgrading of benefit figures; Council Tax increases of between 1.9% and 2.5%; no increase in caseload for 2023/24, also a 5% caseload increase of no more than 5%; and a collection rate of 98.75%.

Another key factor to be considered was to ensure our software supplier, NEC, was able to accommodate the changes being proposed. Normally, NEC would need to know about any potential significant changes required to the software system by the end of September 2022 preceding the new year a CTS scheme was being proposed – i.e. by the end of September 2022, for the 2023/24 scheme.

Exceptional Hardship Payments (EHP) assisted persons who had applied for CTS and faced 'exceptional hardship' – it was similar to the Discretionary Housing Payment scheme (DHP) for Housing Benefit shortfalls. EHP provided a further financial contribution where an applicant was in receipt of CTS but the level of support being paid by the Council did not meet their full Council Tax liability. The Council was required to provide financial assistance to the most vulnerable residents, who had been disproportionately affected by the changes made in 2023 to the CTS Scheme.

Since April 2013, the Council has agreed to introduce an EHP scheme each year, in order to provide a safety net for customers, in receipt of Council Tax Support who were experiencing difficulty paying their Council Tax. Exceptional Hardship fell within Section 13A(1) of the Local Government Finance Act 1992 and formed part of the CTS Scheme.

The cost of EHP awards was borne solely by City of Lincoln. As at 26 August 2022, a total of £11,551.44 EHP had been awarded for 2022/23. It was proposed that an EHP budget of £25,000 be in place for 2022/23.

The EHP scheme could be particularly vital if the option proposed in paragraph 5.6 of the officers report of a 'banded scheme' for Universal Credit based on earnings income' was implemented – as this could potentially be used in appropriate circumstances to make payments to CTS recipients with reduced awards under the scheme resulting in exceptional hardship being suffered as a result.

44. Western Growth Corridor-Next Steps

Purpose of Report

To update the Executive on progress since securing planning consent in January 2022 and to seek authority to proceed with the next stages of the delivery of the Western Growth Corridor (WGC) development, including:

- Starting the procurement process for the design and build of the Tritton Road bridges and spine road that would complete the transport infrastructure through the site, so that delivery timescales could be met should funding for the Tritton Road bridges from Levelling Up Fund Round 2 (LUF2) be secured; and
- The use of Compulsory Purchase Order (CPO) powers to enable delivery of Phase 1a of the development.

Decision

1. That procurement by officers be commenced on the Tritton Road bridges and Spine Road so that the Council would still be able to meet the timescales involved in delivering the LUF2 funding requirements should the Council be awarded and accept any funding offer made.
2. That the Council uses compulsory purchase powers to acquire the two identified strips of unregistered land to enable the commencement of the opening-up infrastructure works of Phase 1a of the Western Growth Corridor development.
3. That the power to override third party rights and easements under section 203 of the Housing and Planning Act 2003 be authorised.
4. That authority be delegated to the Strategic Director for Major Developments and the City Solicitor to approve the final form of the application and use of the required compulsory purchase order powers and the decisions about the extent of the land or rights over land to be acquired provided that these were necessary for the purposes of delivering Western Growth Corridor and were within the area identified on the plan, as detailed at Appendix A of the report.
5. That progress to date and the activities outlined in the report to further progress the scheme be supported.

Alternative Options Considered and Rejected

None.

Reason for Decision

The Western Growth Corridor (WGC) represented one of four sustainable urban extension (SUE) areas around Lincoln identified and promoted in the Central Lincolnshire Local Plan for development to meet the area's growth projections up to 2036. It was the closest SUE to the city centre and had the greatest opportunity to achieve real sustainability both within the development and for the surrounding communities. It was the major area for housing and employment growth in the city itself and a key part of delivering Lincoln's Growth Strategy over the next 20 years.

The Central Lincolnshire Local Plan adopted in April 2017 following a robust and thorough examination had now approved the principle for development of the site. Having established the principle of development, the next stage was to consider the key building blocks of the development at a broad rather than a detailed level. The Local Plan allocation was for a new neighbourhood of 3,200 new homes (20% affordable), twenty hectares of commercial/employment space, a new Leisure Village, improvements in accessibility and range of green space, flood mitigation improvements, remediation of the former tip and a range of improved connectivity (roads, cycle paths and pedestrian routes).

The City Council was a significant landowner (owning about 60% of the site included within the proposed masterplan area) and had been leading on bringing forward development of the area in a viable, sustainable and deliverable way since 2016. WGC represented a key priority within the City Council's Vision 2025 (and Vision 2020 before that) and delivered across all the Council's priorities and objectives. It was also the single biggest development area within the City boundary.

The remaining development land on WGC was owned by Lindum Western Growth Community Limited (LWGC), a subsidiary of the locally owned and based construction / development company Lindum Group. Together the Council and LWGC had submitted a planning application for the whole development on 3 April 2019.

Outline planning consent for the wider scheme and detailed consent for the two main access points into the development at Skellingthorpe Road and Tritton Road was obtained on 20 January 2022.

The government had launched a second round of Levelling-Up Funding on 23 March 2022 for large-scale capital schemes that delivered infrastructure to improve everyday life of residents and help to drive economic success and prosperity. The City Council in conjunction with Karl McCartney, as the local Member of Parliament, had submitted a LUF2 capital funding bid on 2 August 2022 for £20million to enable the accelerated delivery of the overbridge linking the development into Tritton Road, providing the much-needed alternative route to and from the city centre that avoided the rail level-crossing on Skellingthorpe Road. The outcome of the bid was expected later in 2022.

If successful, the funding would see an all vehicular/cycle/pedestrian bridge over the railway from the development into Tritton Road and a pedestrian/cycle bridge replacing the existing pedestrian rail crossing at Oak Farm (opposite the new LN6 development). A plan showing the location of the bridges was attached at Appendix E to the report. The funding would enable the bridge to be delivered in 2025 which would be significantly ahead of the original date, to open-up more housing and accelerate the overall development to further minimise short-term negative impacts of the development on the existing communities.

The Council and LWGC worked jointly together as the two landowners (the developer team) to shape and progress the development including jointly commissioning work from expert consultants, identifying funding and financing opportunities, reviewing viability and delivery.

The developer team had continued to review the overall scheme viability and deliverability. Opportunities to secure further funding to accelerate delivery particularly of the main infrastructure through the site that opened-up further housing development were being actively pursued. The inflation cost pressures and uncertainty in the economy generally and specifically the cost and availability of construction materials and housing market issues had remained a concern. A range of options were being explored and developed to mitigate the impact of this on the ability to start on site and would be covered in a report to the Executive in the coming months.

45. Exclusion of the Press and Public

There was no requirement for the press and public to be excluded as the agenda item entitled 'Western Growth Corridor - Next Steps' was considered in the public domain in its entirety.

46. Western Growth Corridor-Next Steps

This item was considered in the public domain in its entirety as detailed under minute No 44 above.