Present: Councillor Ric Metcalfe *(in the Chair)*, Councillor Donald Nannestad, Councillor Sue Burke, Councillor Bob Bushell and Councillor Rebecca Longbottom

Apologies for Absence: Councillor Naomi Tweddle

80. Confirmation of Minutes - 15 January 2024

RESOLVED that the minutes of the meeting held on 15 January 2024 be confirmed and signed by the Chair as a true record.

81. Declarations of Interest

No declarations of interest were received.

82. Western Growth Corridor Scheme Delivery - Eastern Access

Purpose of Report

1. To provide an update on the progress with the delivery of the Skellingthorpe Road (southern access) works and proposed housing development.

2. To provide an update on proposals for the design and delivery of the main bridge and road link, which would form the eastern access point into the Western Growth Corridor site.

3. To seek approval to move forward with enabling works, relating to vegetation clearance and the diversion of statutory services, in order to maintain the programme for delivery of the eastern access work, in line with funding timescales.

Decision

1. That the progress being made in respect of the first phases of delivery to open up the Western Growth Corridor site, which was of strategic importance to the future growth of the city, be acknowledged.

2. That the proposed enabling works associated with the eastern access be approved, in order to maintain the programme for delivery to meet the required funding timescales.

Alternative Options Considered and Rejected

None.

Reasons for the Decision

The delivery arrangements proposed within the officer's report would open up the Western Growth Corridor (WGC) development via its eastern access, creating opportunities for housing growth and contributing directly and indirectly to the economic growth of the city.

The creation of this access would then further provide the opportunity to deliver a connecting spine road (to link with the Skellingthorpe Road – Southern Access), thereby opening up the full potential of the site and resulting opportunities to support sustainable economic growth.

The development would bring a number of positive benefits in respect of reducing inequality and supporting inclusive growth through the provision of affordable housing, sustainable transport links and wider energy efficiency measures, employment opportunities and access to leisure and green spaces.

Delivery of the Eastern Access would directly open up the land within the ownership of the City Council and forming part of the Western Growth Corridor site. This would provide the opportunity for the delivery of a range of housing across all types and tenures to serve the needs of the City. The Council would be ensuring that a high quality of development was achieved, in line with its objectives and wider vision statement to create sustainable, inclusive communities.

The area for development had a fantastic environment and some very special attributes in terms of existing quality landscape, views of the historic area and the biodiversity of the natural environment, which would be utilised to create a quality community environment. The detailed development proposals for both the infrastructure and subsequent housing development, would be required to take account of these assets and to seek to preserve key landscape features and enhance biodiversity across the site.

The vision for the Western Growth Corridor was to deliver a high quality, sustainable development which sought to address the challenge of climate change in terms of the overall scheme design and its constituent parts – housing layout and built form, energy, biodiversity, transport and construction methodology.

In respect of the Eastern Access, the value engineering and design process sought to improve the overall design, to reduce the quantum of material to be used and to seek to source this sustainably. The opportunities identified to date would realise a 50% reduction in fill material, with greater potential still to be explored leading to significant carbon (and cost) efficiencies. A sustainability report assessment would be carried out as part of the design and delivery process, comparing the previously approved bridge solution to the current proposal.

In respect of the first phase of housing, a sustainability report had been provided which demonstrated that the proposals would deliver a scheme which would produce 87% less carbon than a standard building regulation compliant scheme. The proposals would go further than this, exceeding the proposed Future Homes Standard for development.

This demonstrated the Council’s commitment to leading the way in the delivery of a new standard of housing, which was differentiated from the existing market offer and a positive and significant step towards the delivery of net zero development.

All costs associated with the design and enabling works in the current financial year would be funded by the LUF2 grant, as previously reported to Executive

The final project costs would be subject to the technical design process which was currently underway and delivery would be subject to agreement with all funding partners. A further report would be presented in March 2024 to seek approval, ahead of entering into contract to proceed to the delivery stage

83. Accredited Real Living Wage Increase October 2023

Purpose of Report

To recommend the proposed increase to the living wage, as announced by the Living Wage Foundation in September 2022.

Decision

That the increase to the latest accredited living wage uplift be implemented during April 2024.

Alternative Options Considered and Rejected

None. The Council was committed to maintaining its living wage accreditation.

Reasons for the Decision

The aim of implementing the accredited living wage was to ensure that no employees were paid below the accredited living wage hourly rate. Since achieving accreditation, the Council had taken an active role externally to encourage Lincoln businesses to also pay the accredited living wage.

In November 2020, the Government introduced a higher minimum wage rate for all staff over 23 years of age and by law all employers must pay at least £10.42 per hour with effect from April 2023. This calculation was through a percentage of median earnings currently at 55%. The calculation for the living wage was made through the cost of living, based on a basket of household goods and services.

In October 2023 it was announced that the real living wage would increase from £10.90 an hour to £12.00 an hour.

Currently there were thirty-five employees who were paid less than the proposed living wage rate of £12.00. Fifteen employees were on scale point 2 and twenty on scale point 3.

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 1st 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 1st 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 1st 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 1st April 2025.

85. Vision and Town Clerk 2025 Progress Report

Purpose of Report

To present to Executive a progress report that summarised the achievements and successes delivered by the Council's Vision 2025 strategic plan to date; and;

To request that the progress report be reviewed and approved by Executive, (Digital document -Appendix A circulated**)**, in order that it could be published and promoted.

Decision

1. That the 'Vision 2025 – Celebrating our Progress' report '**Appendix A**' be received and reviewed; and

2. That the progress report be approved for publication, and its promotion in accordance with the proposal set out in paragraph 3.4 of the covering report be approved by Executive.

Alternative Options Considered and Rejected

There were no alternative options available, as the progress report was for information purposes.

Reasons for the Decision

In 2022 the Council published an interim review of its Vision 2025 strategic plan. The Council would soon be developing its Vision 2030 strategic plan; the progress report '**Appendix A**' sought to both consolidate and celebrate the achievements made during the current plan period and serve as the precursor to commencing the next strategic planning cycle.

The 'Vision 2025 – Celebrating our Progress' report took account of feedback received during its development and was currently being finalised in corporate style. **Appendix A** would follow when completed, in advance of Executive.

The content and format of the progress report had been influenced by the topics emphasised during the recent Growth Conference, and had been developed with the support of all directorates.

The publication style used in the progress report sought to make the document engaging for external stakeholders, presenting information in a more visual way and removing the need for large amounts of text. Emphasis had been given to some of the Council's key achievements by displaying them in case study format, offering opportunities for the Council to showcase those achievements that had the biggest impact on the city.

The officers report supported the Council in commencing its next strategic planning cycle, presenting an overview of the achievements delivered by Vision 2025 and helping to set the scene for Vision 2030. The report reflected all corporate priorities within Vision 2025, and aimed to support development of the next strategic plan.

86. Financial Performance - Quarterly Monitoring

Purpose of Report

To present the third quarter's performance (up to 31 December 2023) on the Council's General Fund, Housing Revenue Account, Housing Repairs Service and Capital Programmes, and to seek approval for changes to the capital programmes.

Decision

1. That the financial performance for the period 1 April 2023 to 31 December 2023 be noted.

2. That the underlying impact of the pressures and underspends identified in paragraphs 3.3 (and Appendix B), 4.3 (and Appendix D), and 5.2 (and Appendix F) of the officer's report be noted.

3. That the proposed carry forward requests and transfers to earmarked reserves detailed in paragraph 3.8 and 3.9 be approved;

4. That the changes to the General Investment Programme and Housing Investment Programme as approved by the Chief Finance Officer detailed in paragraphs 7.6 and 7.14 of the officer's report be noted.

5. That the changes to the General Investment Programme and Housing Investment Programme, as detailed in paragraphs 7.3, 7.4, 7.5, 7.11 and 7.12 of the officer's report, be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

Financial Procedure Rules required members to receive, on a quarterly basis, a report prepared jointly by the Chief Finance Officer and Corporate Management Team commenting on financial performance to date. This report was designed to meet this requirement.

Whilst there were still a number of variables which were subject to a level of uncertainty, based on the latest set of assumptions as at the end of the third quarter (up to 31 December 2023), the forecast financial position of the Council for 2023/24 was detailed at paragraph 2.2 of the officer's report, together with the detailed financial position shown in sections 3-7 and the accompanying appendices.

Updates were reported as follows:

General Fund Revenue Account

For 2023/24 the Council's net General Fund revenue budget was set at £14,402,660 which included a planned contribution from balances of £191,110 resulting in an estimated level of general balances at the year-end of £2,228,739 (after allowing for the 2022/23 outturn position).

The General Fund Summary was currently projecting a forecast underspend of £289,602 (Appendix A provided a forecast General Fund Summary) resulting in general balances at the year-end of £2,518,341. This position maintained balances above the prudent minimum of c.£1.5-2m.

There were a number of forecast year-end variations in income and expenditure against the approved budget, as detailed at paragraphs 3.3-3.5 of the report, with the main variances provided in Appendix B to the report.

The cost pressures in relation to the pay award were unavoidable, and the levels of income in relation to development in the city were primarily driven by economic factors, both of which had required the resetting of budgets as part of the MTFS. However, in relation to the increasing cost of housing benefits which the Council was bearing the Corporate Management Team had commissioned a range of responses, these would focus on both manging the demand for temporary accommodation as well as exploring options to increase the supply of suitable accommodation to reduce the reliance on costly bed and breakfast usage. In addition, careful review of all supported accommodation claims was in place to ensure the appropriate levels of housing benefit were awarded.

While the forecast outturn for the General Fund was a budget underspend, there still remained uncertainty in terms of service demands and income forecasts. As such the final outturn position for the year was still subject to further change and would continue to be carefully monitored. At this stage no additional mitigations, other than those currently being implemented in response to temporary and supported accommodation costs, were recommended. Strong budgetary control should continue to be a focus to ensure expenditure and income remained balanced within the budget, resulting in a positive contribution to reserves at outturn.

Ear Marked Reserves-Carry Forward Requests

Financial Procedure Rules stated that Assistant Directors were able to carry forward any budget provision not utilised during the financial year, to be used for the same purpose in future years subject to their Directorate as a whole not being overspent. Based on the forecast outturn as at quarter three, and subject to the final cash limit outturn, for each Directorate in 2023/24 a list of requests (to be transferred from the surplus to earmarked reserves for drawdown in future years) totalled £60,400.

In addition to the above carry forward requests, a number of requests for additional transfers to reserves had been made, whereby Directorates had requested a transfer to a new, or existing, reserve for a number of underspent budgets, to be used for alternative purposes or to mitigate risks, in future years, subject to their Directorate as a whole not being overspent. Based on the forecast outturn as at quarter three, and subject to the final cash limit outturn for 2023/24, this list of requests totalled £126,650.

These carry forward requests and additional reserve contributions were included in the forecast outturn position.

Further details of the General Fund Earmarked Reserves were set out in paragraph 6 and Appendix G of the officer’s report.

Towards Financial Sustainability Programme

The savings target included in the MTFS for 2023/24 was £185,210.

Progress against this target, based on quarter 3 performance, showed that secured savings totalled £126,080 for the General Fund, with a further £121,590 identified, which resulted in an over-achievement of £62,460 in year.

A summary of the specific reviews that had contributed to this delivery were shown in Appendix K.

Housing Revenue Account

For 2023/24 the Council's Housing Revenue Account (HRA) net revenue budget was set with a planned contribution from balances of £58,930, resulting in an estimated level of general balances at the year-end of £1,125,517, after allowing for the 2022/23 outturn position.

The HRA was currently projecting a forecast overspend of £13,787 which would result in HRA balances of £1,111,730 at the end of 2023/24. (Appendix C provided a forecast Housing Revenue Account Summary). This position maintained balances above the prudent minimum of circa £1m.

Although the forecast position was an overspend, there were a number of significant variations in income and expenditure against the approved budget as outlined at paragraph 4.3-4.5 of the report, with full details of the main variances provided in Appendix D of the report.

As detailed throughout this report, there still remained a number of variables in the forecast assumptions, and as such the final outturn position for the year was still subject to further change. At this stage no additional mitigations, other than those currently being implemented in response to the issues faced by the Housing Repairs Service (HRS) and to the rising cost of Disrepair claims, were recommended. Strong budgetary control should continue to be a focus in this financial year to ensure expenditure and income remained balanced within budget.

Housing Repairs Service

For 2023/24 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature.

At quarter 3 the HRS was forecasting a deficit of £552,062 in 2023/24 as detailed within the forecast HRS summary at Appendix E, with full details of the main variances provided in Appendix F, together with a summary of the key variances provided at paragraph 5.2 of the officer's report.

The main contributory factor for this deficit was the ongoing recruitment and retention challenges, which were being felt not just by the council but across the construction industry as a whole. This inability to attract and retain staff resulted in a greater reliance on the use of sub-contractors to ensure that service demands were met. The cost of using sub-contractors was however more expensive than the HRS's own workforce, due to the ongoing impact of Covid19, inflationary factors and a reduced pool of contractors from which to secure services. These additional costs were therefore not fully offset by the vacancy savings achieved by not carrying out the work internally.

As the increased sub-contractor costs were not reflected in the service hourly rate and overhead recovery was not recouped on sub-contractors, this resulted in an under recovery of full costs from the HRA.

Whilst last year high vacancy levels, and the use of sub-contractors rather than our own workforce, resulted in an underspend on materials for the Council, this year higher than anticipated inflation levels, an industry wide issue, and an expected increase in repair jobs had resulted in an overspend on materials, further compounding the HRS forecast position.

The forecast deficit also included the impact of the national pay award, which was significantly over and above the assumptions included within the MTFS, as outlined in both the General Fund and HRA variances. The 2023/24 pay offer, made by the National Employers for Local Government Services earlier this year, was accepted by the Trade Unions for both Red and Green Book employees and was subsequently paid in December. The award reflected the higher of either, a flat rate increase of £1,925, or 3.5-3.8% to all employees, equivalent to a 9.4% increase for the lowest paid members of staff and with the majority of staff receiving pay rises above 5% for a second consecutive year.

It should be noted that due to the interconnection of the HRS and HRA, the consequential costs in the HRA were ordinarily reduced, and therefore offset any repatriated deficit. However due to the increased usage of more expensive sub-contractors and materials, and an increased volume of works, this was not the case this financial year as detailed above, and there was a significant additional cost for repairs and maintenance of the housing stock being incurred by the HRA. This additional cost was being offset against the overall HRA position.

Earmarked Reserves

The Council held a number of earmarked revenue reserves over both the General Fund and HRA. These reserves were sums set aside for specific purposes and to mitigate against potential future known or predicted liabilities. Key reserves included income volatility, business rates volatility, IT investment fund, asset sinking funds for future refurbishment etc. A number of these reserves were budgeted for use over the period of the MTFS.

The details of all the earmarked reserves and their forecast balance as at 31 March 2024 were attached at Appendix G, and summarised at paragraph 6.2 of the officer's report, with further details in the MTFS 2023-2028.

General Fund Investment Programme

The revised General Investment Programme (GIP) for 2023/24 amounted to £24.784m following the quarter 2 report. At quarter 3 the programme had reduced by £9.450m to £15.334m, as detailed at paragraph 7.2 of the officer's report.

Changes over the delegated limits which required approval by the Executive for the third quarter were detailed at paragraph 7.3 of the officer's report.

New projects added to the GIP, which required Executive approval, or recently added and approved by Executive in Quarter 3 were detailed at paragraph 7.4-7.5 of the officer's report.

The financial changes and reprofiles to the budget up to an approved limit, delegated to the Chief Finance Officer for approval for the third quarter 2023/2024 were detailed at paragraph 7.6, with a summary of the projected outturn position provided at paragraph 7.7 of the officer's report.

The overall spend on the General Investment Programme active schemes for the third quarter of 2023/24 was £8.2m, which was 67.57% of the budget (excluding externally delivered schemes), as detailed further at Appendix I of the report.

Housing Investment Programme

The revised Housing Investment Programme (HIP) for 2023/24 amounted to £16.862m following the quarter 2 position. At quarter 3 the programme had been decreased by £0.742m to £16.120m, as detailed within paragraph 7.10 of the officer's report.

All changes over the approved limit required approval by the Executive. The financial changes over the approved limit which required Executive approval for the third quarter 2023/2024 were detailed at paragraph 7.11 of the officer's report.

All new projects were subject to Executive approval. There had been one new project to be funded from the Major Repairs Reserve which required approval during quarter 2 as detailed at paragraph 7.11 of the officers report.

One new project in quarter 3, having been approved under delegation in accordance with the Virtual Asset Management Group, was detailed at paragraph 7.12 of the officer's report:

The financial changes delegated to the Chief Finance Officer for approval as set out under Financial Procedure Rules for the third quarter 2023/2024 were detailed at paragraph 7.13 and a summary of the projected outturn position for the Housing Investment Programme at paragraph 7.14 of the officer's report.

The overall expenditure on the Housing Investment Programme at the end of quarter 3 of 2023/24 was £7.029m, which was 41.85% of the 2023/24 revised programme. This excluded expenditure relating to Western Growth Corridor, which was currently shown on the GIP, to be apportioned at year end (current forecast outturn £1.97m). This was detailed further at Appendix J.

A further £0.525m had been spent as at the end of January 2024, although this was still a low percentage of expenditure at this stage of the financial year, works had been constrained by the availability of contractors and materials, however new contracts were in place and spend was expected to increase by the end of the financial year. In addition, schemes such as Hermit Street had only recently commenced, and a number of the LAHF acquisitions were currently in progress but not yet complete.

87. <u>Treasury Management and Prudential Code-Quarterly Update</u>

<u>Purpose of Report</u>

To summarise and review the Council's treasury management activity and the prudential indicators at 31 December 2023.

CIPFA's new edition of the Code of Practice for Treasury Management (2021) recommended that Councillors should be informed of Treasury Management activities quarterly (previously twice a year). This report, therefore, ensured this Council was embracing best practice for the scrutiny of capital and investment activity in accordance with the Code of Practice (CIPFA).

Decision

That the Prudential and Treasury Indicators and the actual performance against the Treasury Management Strategy 2023/24 for the quarter ended 31 December 2023 be noted.

Alternative Options Considered and Rejected

None.

Reason for Decision

The prudential system for capital expenditure was well established. One of the requirements of the Prudential Code was to ensure adequate monitoring of the capital expenditure plans, prudential indicators (PIs) and treasury management response to these plans. This report fulfilled that requirement and included a review of compliance with Treasury and Prudential Limits and the Prudential Indicators at 31 December 2023. The Treasury Management Strategy and Prudential Indicators were previously reported to and approved by Council on 28 February 2023.
The Council had adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operated its treasury management service in compliance with this Code and the above requirements. These required that the prime objective of treasury management activity was the effective management of risk, and that its borrowing activities were undertaken in a prudent, affordable and sustainable basis.

It was noted that the Council held £28.315m of investments at 31 December 2023, achieving an average interest rate of 5.64% (2.10% 22/23). Actual interest earned in the 9 months period to 31 December 2023 totalled £1.440m.

It was noted that as at 31 December 2023, the Council held £109.243 million of external borrowing, of which 100% were fixed rate loans.

As at 31 December 2023, the average rate of interest paid during the first 3 quarters of the year on external borrowing was 3.26%.

As part of the Treasury Management Strategy, the Council established a range of Prudential Indicators (in accordance with professional practice) to monitor both Treasury and Capital as the two were intrinsically linked. Details of the performance against the Prudential Indicators was detailed at Appendix A to the officer's report.

The current economic update from the Council's treasury advisors (LINK) could be found in Appendix B.

This report highlighted the changes to the key prudential indicators, to enable an overview of the current status of the capital expenditure plans. It incorporated any new or revised schemes previously reported to members. Changes required to the residual prudential indicators and other related treasury management issues were also included.

88. Quarter 3 2023/24 Operational Performance Report

Purpose of the Report

To present an outturn summary of the Council's operational performance in quarter three of 2023/24.

Decision

1. That the achievements and challenges identified in the Quarter 3 2023/24 operational performance report be noted.

2. It be confirmed that the format of the performance report continued to meet requirements.

Alternative Options Considered and Rejected

None were considered.

Reasons for the Decision

Regular monitoring of the council's performance was a key component of the Local Performance Management Framework. This report covered the key strategic performance measures identified by members and Corporate Management Team (CMT) as of strategic importance.

The outturn summary report detailed performance against a total of 85 measures across the directorates Chief Executive's, Communities and Environment and Housing and Investment. In total 65 performance measures out of the 85 were monitored against targets, of which 7 were below target; 25 were within target boundaries; 33 had met or exceeded a higher target; 20 measures were recorded as volumetric, and there were no measures recorded as data not available for this quarter.

Out of the 85 performance measures monitored during the quarter with 65 targets allocated to them, 58 (89.2%) were within or exceeding the targets set. This was an improvement of 8.6% when compared to quarter 2 2023/24.

The Quarter 3 2023/24 Operational Performance Report found at Appendix A to the officer's report detailed those targeted measures with performance above or below target by each directorate at the end of the third quarter of 2023/24, and the reasonings behind the performance outturns.

In addition to the directorate performance measures, the report also detailed the performance outturns for corporate performance measures. These measures focussed on areas of resources, health & wellbeing, sickness, complaints (including Ombudsman rulings) and compliments.

To support the full operational performance report, a full list of all performance measure outturns and supporting performance commentary was provided at Appendix B, together with those performance measures performing within target boundary at the end of the quarter (acceptable performance) and the outturns for all performance measures recorded as volumetric (untargeted).

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**

A	**B**	**C**	**D**
£205.32	£239.54	£273.76	£307.98
E	**F**	**G**	**H**
£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

A	**B**	**C**	**D**
£1,052.46	£1,227.87	£1,403.28	£1,578.69
E	**F**	**G**	**H**
£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

A	**B**	**C**	**D**
£202.80	£236.60	£270.40	£304.20
E	**F**	**G**	**H**
£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

A	**B**	**C**	**D**
£1,460.58	£1,704.01	£1,947.44	£2,190.87
E	**F**	**G**	**H**
£2,677.73	£3,164.59	£3,651.45	£4,188.24

<u>Alternative Options Considered and Rejected</u>

None.

<u>Reasons for the Decision</u>

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 202425, 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.

92. Strategic Risk Register Quarterly Review

Purpose of Report

To provide a status report on the revised Strategic Risk Register as at the end of the third quarter 2023/24.

Decision

That the Council's strategic risks as at the end of quarter 3 2023/24, be noted.

Alternative Options Considered and Rejected

None were considered. The Strategic Risk Register contained the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that was being taken to manage those risks would undermine the Council's governance arrangements.

Reasons for the Decision

An update of the Strategic Risk Register developed under the risk management approach of 'risk appetite', was last presented Members in November 2023 and contained fourteen strategic risks as detailed within paragraph 3.1 of the officer's report.

Since reporting to Members in November, the Strategic Risk Register had been refreshed and updated by the Risk Owners and Corporate Management Team which had identified some positive movement in the Risk Register.

93. Exclusion of the Press and Public

RESOLVED that the press and public be excluded from the meeting during consideration of the following items of business because it was likely that if members of the public were present there would be a disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

94. Strategic Risk Register Quarterly Review

Purpose of Report

To receive the revised Strategic Risk Register as at the end of quarter 3 2023/24.

Decision

That the Council's strategic risks, as at the end of quarter 3 2023/24, be noted.

Alternative Options Considered and Rejected

None were considered. The Strategic Risk Register contained the key strategic risks to the delivery of the Council's medium and longer term priorities. A failure to monitor the action that was being taken to manage those risks would undermine the Council's governance arrangements.

Reasons for the Decision

The reasons for the decision were set out at Minute 92 above.

95. Disposal of Council Property-Newport Cemetery Lodge

Purpose of Report

As detailed in the exempt report to the Executive.

Decision

That the recommendation to the Executive, as set out in the exempt report, be approved.

Alternative Options Considered and Rejected

As detailed in the exempt report to the Executive.

Reasons for the Decision

As detailed in the exempt report to the Executive.

96. Yarborough Leisure Centre - Energy Efficiency Improvements

Purpose of Report

As detailed in the exempt report to the Executive.

Decision

That the recommendation to the Executive, as set out in the exempt report, be approved.

Alternative Options Considered and Rejected

As detailed in the exempt report to the Executive.

Reasons for the Decision

As detailed in the exempt report to the Executive.