

Present: Councillor Naomi Tweddle (*in the Chair*),
Councillor Donald Nannestad, Councillor Bob Bushell,
Councillor Rebecca Longbottom and Councillor
Joshua Wells

Apologies for Absence: None.

72. Confirmation of Minutes - 6 January 2025

RESOLVED that the minutes of the meeting held on 6 January 2025 be confirmed and signed by the Chair as a true record.

73. Declarations of Interest

No declarations of interest were received.

74. Charterholme Delivery - Eastern Access and First 52 Homes (ONE@CHARTERHOLME)

Purpose of Report

1. To provide an update on the delivery of the Eastern Access, including the rail overbridge, and the agreements which were in place with Network Rail and Lincolnshire County Council.
2. To provide an update on the development of the first 52 homes and to set out options for the management of the residual public open spaces within this phase.
3. To outline the ongoing work with partners in relation to the detailed design of the site wide infrastructure and the prospective funding arrangements to support its delivery

Decision

1. That the progress with the delivery of the Eastern Access and the provisions that had been agreed to assist in managing the longer-term risks for the Council be noted.
2. That the proposals for the management of the retained areas in respect of the first 52 homes, namely that these were to be retained by the Council and a service charge levied as set out within the officer's report be approved.
3. That the work towards a potential future funding package to support accelerated delivery be noted.

Alternative Options Considered and Rejected

To transfer the residual green spaces and common areas of the land into a Management Company, which would ultimately be managed independently of the Council, with costs recovered via a service charge on the new home-owners.

Reasons for the Decision

Conditional approval by Executive in July 2024 to progress with the delivery of the eastern site access from Tritton Road to include a vehicle and multi-user bridge oversailing the railway line was subject to final approval of the technical designs and legal agreements being in place with Network Rail and Lincolnshire County Council (LCC) regarding construction, adoption, maintenance and the granting of rights for the resulting infrastructure. This had now been secured. The City and County Council had entered into respective bridge agreements with Network Rail to cover the arrangements for construction and adoption of the asset in September 2024, allowing the City Council to enter into contract with John Graham Construction Ltd for delivery of the bridge and access road, which was progressing well.

The City Council had also entered into a Section 278 Agreement with LCC which permitted carriageway works to the existing highway at Tritton Road to form the bell-mouth and a new signalised junction to serve the site once housing development commenced. Additional works to tie in with Tritton Road and Dixon Street junctions was also part of this scope of works.

In addition to the bridge works, the City Council had now entered into a Development Agreement with Lindum Developments Limited for the delivery of the first 52 homes, following the Executive decision in July 2024 and final approval of the legal drafting and associated finances, in line with that decision.

Works had now commenced on site for the first phase of 19 homes, which were due to be completed in summer/autumn 2025 onwards.

In preparation for the marketing and sale of these first homes, the development site had now been rebranded with the launch of 'Charterholme' in December 2024. The first 52 homes would be known as 'One@Charterholme' for marketing purposes.

By way of further preparation, ahead of housing sales and the delivery of the development over the next 2-3 years, arrangements for the management of the residual green spaces and common areas also needed to be determined.

Retention of the residual green spaces and common areas of land by the Council allowed for flexibility for the management of the first phase to be embedded with any future management arrangement to ensure consistency across the development.

It was also proposed that a service charge be implemented in order to cover these costs, being commonplace on new developments of this nature and a mechanism to ensure that quality spaces were maintained. This was particularly important for this gateway site, to set the standards for future phases and given that this phase consisted of 100% market homes. It was also considered appropriate to ensure a consistent approach to the funding arrangements for open spaces within the subsequent development parcels.

A further report to Executive would be presented in due course to set out the site wide management arrangements, once the design and scope for the central green area was further developed and the design parameters for the

development parcels had been crystalised, alongside the funding arrangements for the delivery of the site wide infrastructure.

As set out in previous reports, officers were continuing to work with partners such as Homes England to seek to secure a further funding package to support the delivery of the wider site infrastructure such that the Council could maintain its role as master developer and deliver fully serviced housing sites to the market, for third party development or for the direct delivery of its own Council housing stock.

A full business case for funding was being prepared for completion this Spring, with a decision expected in Summer 2025. A further report would be tabled to update on the design and funding proposals once there was more information to present.

75. Draft Medium Term Financial Strategy 2025-2030

Purpose of Report

To recommend to Executive the draft Medium-Term Financial Strategy (MTFS) for the period 2025 - 2030; the draft budget and Council Tax proposal for 2025 - 26; and the draft Capital Strategy 2025 - 2030.

Decision

13.1 That Executive agreed, for further consultation and scrutiny:

- The Draft Medium Term Financial Strategy 2025 - 2030, and
- The Draft Capital Strategy 2025 - 2030.

Including the following specific elements:

- A proposed Council Tax increase of 2.95% for 2025/26.
- A proposed housing rent increase of 2.7% for 2025/26.
- The Council's membership of the Lincolnshire Business Rates Pool in 2025/26.
- The Draft General Fund Revenue Forecast 2025/26 - 2029/30, as shown in Appendix 1 of the officer's report, and the main basis on which this budget had been calculated, as set out in paragraph 4 of the report.
- The Draft Housing Revenue Account Forecast 2025/26 - 2029/30, as shown in Appendix 2 of the officer's report, and the main basis on which this budget had been calculated, as set out in paragraph 5 of the report.
- The Draft General Investment Programme 2025/26 - 2029/30, as shown in Appendix 3 of the officer's report, and the main basis on which the programme had been calculated, as set out in paragraph 6 of the report.

- The Draft Housing Investment Programme 2025/26 - 2029/30, as shown in Appendix 4 of the officer's report, and the main basis on which the programme had been calculated, as set out in paragraph 7 of the report.

13.2 That delegated authority be given by Executive to the Chief Finance Officer to approve the final Business Rates Base for the financial year commencing on 1 April 2025 and ending 31 March 2026 and submission of the base (via the NNDR1 return) to the Ministry of Housing, Communities and Local Government (MHCLG) by 31 January 2025, with changes to the base estimated in the Draft Medium Term Financial Strategy 2025/30 being reported to the Executive as part of the Final MTFS 2025-30 on 24 February 2025.

Alternative Options Considered and Rejected

As detailed throughout the report.

Reasons for the Decision

The refresh of the MTFS needed to be seen in the context of a high level of financial uncertainty for the Council in relation to future Government funding levels. Significant changes to future public sector departmental spending through the Spending Review 2025, the allocation of this funding to local government through reforms to the distribution methodologies, and the implementation of a Business Rates Reset, were as yet unknown but all of which had the potential; to fundamentally affect the Council's funding trajectory and MTFS.

In addition, the announcement of the English Devolution White Paper, which set out the Government's plans to widen and deepen devolution in England and reform local government structures, could have fundamental implications for all tiers of local government.

Furthermore, the Council continued to face cost and demand pressures, along with pressures on income streams and new statutory requirements. Inflation, pay awards, national insurance contribution increases, higher maintenance and construction costs, higher borrowing costs and reductions in local income streams all had a significant impact on the Council's cost base. The Council also continued to see increased demand for services, by those who relied on the safety net provided by local government, driven in part by the cost-of-living crisis and a housing shortfall. In addition, new regulatory and statutory requirements added further cost pressures particularly in relation to recycling and housing standards/building safety.

As a result of these factors, the Council, and local government as a whole, were yet again having to update their medium-term financial strategies in an uncertain environment. It was a long time since the Council had any stability and certainty beyond a one-year timeframe, which made financial planning, and the subsequent impact on service delivery, in this climate extremely challenging.

The target savings were smaller in the first two years, then increased longer-term to address the underlying shortfalls between costs and targets.

The Council would continue to build on its successful financial planning to date, driving down the net cost of services by implementing 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 final MTFS 2025-2030 and the budget and Council Tax proposal for 2025/26 to Full Council on 4 March 2025, the budget proposals would be subject to further consultation and scrutiny.

76. Collection Fund Surplus Deficit - Business Rates

Purpose of Report

To inform the Executive of the estimated balance for the Business Rates element of the Collection Fund and the surplus or deficit to be declared for 2024/25.

Decision

That the action of the Chief Finance Officer in declaring a business rates deficit of £1,560,563 for 2024/25 be confirmed, subject to the confirmation of the business rates base by 31 January 2025, with any amendments to the declared deficit to be notified to the relevant preceptors and be included in the Final Medium Term Financial Strategy 2025-30, to be presented to Executive 24 February 2025.

Alternative Options Considered and Rejected

None. The Council was required to declare any surplus or deficit during January of each financial year and once approved had an obligation to notify its major precepting authorities (for business rates these were Lincolnshire County Council and the Government) of their share of the estimated surplus or deficit.

Reasons for the Decision

At the Executive meeting on 6 January 2025 the Council declared a deficit on Council Tax of £400,924 for the financial year 2024/25, of which it's share was £56,359.

The Council would declare a deficit on the Business Rates Collection Fund of £1,150,563 for 2024/25 subject to the confirmation of the Business Rates base by 31 January 2025, of which its share was £624,225.

This deficit had arisen primarily due to the in-year and backdated element of Check Challenge and Appeals against the Ratings List.

The calculation of business rates was based on an estimate of rates collected in year compared to the estimate made the previous year, taking into account any previously declared surplus or deficit, and a forecast for the remainder of the current year.

Based on the forecast position of the in-year Collection Fund as at 31 March 2025 and taking into account an adjustment for the difference between prior year estimates compared to the actual outturn, it was estimated that there would be a deficit of £1,150,563 on the business rates element of the Collection Fund in 2024/25.

77. Council Dwelling and Garage Rents 2025-26

Purpose of Report

To propose to Council that an increase to current council house rents of 2.7% be approved within the terms of the Government's Rent Policy for social housing and to seek approval for the introduction of revised rents from Monday 7 April 2025.

To propose to Council that an increase of 3% on Council garage rents be approved for 2025/26, in line with the Authority's Fees and Charges increase.

Decision

1. That Council be recommended to approve the basis of rent calculation for individual Council house rents, as set out in paragraph 2 and 4 of the officer's report, which increased dwelling rents by 2.7% for social housing and affordable rents (from 7 April 2025).
2. That Council be recommended to increase garage rents for 2025/26, by 3% from 7 April 2025, in accordance with the proposal set out in paragraph 2 of the officer's report.
3. That the report and recommendation be referred to Full Council on Tuesday 21 January for approval to be sought.

Alternative Options Considered and Rejected

As detailed in the report.

Reasons for the Decision

Having considered the impact on tenants and financial pressures the Council had in delivering services, a rental increase of 2.7% to dwellings and 3% for garages for the 2025-26 financial year was proposed, as outlined in section four of the officer's report.

The proposed levels of rent for 2025/26 would come into effect from Monday 7 April 2024. Budgeted rental income for the year, subject to approval, would be circa £36,371,680.

The average 52-week net rent for Council dwellings would increase by £2.36 per week, across all property and rent types, under the proposed 2.7% increase.

The average 52-week rent for Council garages would increase by £0.27 per week under the proposed 3% increase.

Annual increases to housing rents were capped at CPI + 1% per annum for dwelling rents, with September 2024 being the applicable CPI figure for rent setting for 2025-26.

CPI in September 2024 was 1.7%. Therefore, the maximum housing rents could be increased in 2025-26 was 2.7%.

The financing for council housing was changed in April 2012 – the ‘Self-financing Regime’ was introduced under which local authorities were required to buy themselves out of the national housing subsidy regime in return for the keeping of future rental income at local level. The valuation of the housing stock and the Council’s Housing Revenue Account (HRA) Business Plan was based on rental income rising in line with the Government’s rent convergence policy and rent guidelines.

The Council’s ability to charge rents was governed by the Rent Standard, one of the economic standards that the Regulator of Social Housing (RSH) expected providers of social housing to comply with. It set the requirements around how registered providers set and increased rents for social housing in line with Government policy as set out in Policy Statement on Rents for Social Housing, detailed at 3.1, 3.2 and 3.4 of the officer’s report.

The Council had taken a considered approach regarding rental increases to tenants and their households within the last few years, balanced against our need to be financially sustainable and to continue to deliver services. In 2022/2023 a lower increase was approved at 3.6% (compared to a 4.1% maximum) and in 2023/2024 at 6.5% (compared to a 7% maximum) respectively.

78. Extract from Performance Scrutiny Committee - 5 December 2024 - Portfolio Holder Under Scrutiny - Quality Housing

Purpose of Report

To receive concerns raised by Performance Scrutiny Committee around health statistics in the City, requesting that current health statistics be reviewed together with liaison with the Local MP with a view to receiving suggestions on what improvements could be made locally.

Decision

That further member discussions be held in February 2025, following on from the outcome of additional information from the Community Leadership Scrutiny Committee on 28 January 2025, when external health bodies were to present reports on health inequalities and links to poverty in the City

Alternative Options Considered and Rejected

None.

Reason for the Decision

This action was agreed as a way forward in light of concerns raised by Councillor Gary Hewson, Chair of Performance Scrutiny Committee in relation to health in the city in which he highlighted that every year the statistics showed that regionally and nationally it was very poor.

79. 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

80. Leasing of Beaumont Manor

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.

81. Leisure Services Contract Update

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.