

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

Apologies for Absence: None.

65. Confirmation of Minutes - 4 January 2021

RESOLVED that the minutes of the meeting held on 4 January 2021 be confirmed.

66. Declarations of Interest

No declarations of interest were received.

67. Draft Medium Term Financial Strategy 2021-26

Purpose of Report

To recommend the draft Medium Term Financial Strategy for the period 2021-26 and the draft budget and Council Tax proposal for 2021/22, for consultation and scrutiny.

Decision

- (1) That the Executive agree, for consultation and scrutiny, the Draft Medium Term Financial Strategy 2021-2026 and the Draft Capital Strategy 2021-2026, including the following specific elements:
 - a proposed council tax increase of 1.9% for 2021/22;
 - a proposed housing rent increase of 1.5% for 2021/22;
 - the Council is member of the Lincolnshire Business Rates Pool in 2021/22;
 - the Draft General Fund Revenue Forecast 2021/22-2025/26 as shown in Appendix 1 and paragraph 4 of the report and the main basis on which this budget has been calculated;
 - the Draft General Investment Programme 2021/22-2025/26 as shown in Appendix 2 and paragraph 6 of the report and the main basis on which the programme has been calculated;
 - the Draft Housing Revenue Account Forecast 2021/22-2025/26 as shown in Appendix 3 and paragraph 5 of the report and the main basis on which this budget has been calculated;
 - the Draft Housing Investment Programme 2021/22-2025/26 as shown in Appendix 4 and paragraph 7 of the report and the main basis on which the programme has been calculated.
- (2) That the Executive agree to delegate to the Chief Finance Officer approval of the final Business Rates Base for the financial year commencing 1 April 2021 and ending 31 March 2022 and submission of the base (via the NNDR1 return) to the Department for Communities and Local Government by 31 January 2021.

- (3) That all changes to the base estimated in the Draft Medium Term Financial Strategy 2021/26 be reported to the Executive as part of the Final Medium Term Financial Strategy 2021-26 on 22 February 2021.

Alternative Options Considered and Rejected

None.

Reason for Decision

The financial landscape for local government presented an unprecedented challenge to the Council. The Covid-19 pandemic was having immediate effects on the Council's budgets as a result of increases in spending on local services and plummeting income from sales, fees and charges and commercial activities. Beyond the immediate impact, the crisis would cast a longer term shadow on the Council's finances. The Government had pumped billions of pounds into the economy to support the response phase of the pandemic and to protect jobs and services. In the medium-term the levels of additional national borrowing and the United Kingdom's budget deficit would need to be managed down at the same time as meeting ongoing needs to invest in recovery to achieve the growth required to repay the national deficit. The Government's strategy to address this challenge was not yet known, nor what it would mean for local government funding more generally. Furthermore, there remained potential longstanding impacts on the Council's local income sources if behaviour, working practices and spending patterns in the city continued to change.

The Council's reliance on local income streams had increased significantly in recent years as Government funding had reduced through austerity measures and new funding mechanisms introduced, resulting in the Council having to be more self-sufficient and secure its own funding sources. Historically, less than 20% of the Council's funding sources were subject to any level of volatility. For 2021/22, 90% was now subject to volatility and emphasised the financial risk that the Council faced from its income streams. In addition, the Council faced further financial uncertainty surrounding significant national reforms to the allocation of funding to local government through the Fairer Funding Review, the implementation of the 75% Business Rates Retention scheme and Business Rates reset, all of which would affect the Council's Medium Term Financial Strategy. These reforms, intended for implementation in 2021/22, had now been delayed with no firm date set.

In this current exceptionally difficult financial situation, faced with volatility, complexity and uncertainty, the Council's overriding financial strategy had been, and would continue to be, to drive down its net cost base to ensure it maintained a sound and sustainable financial position. The key mechanism for carrying out this strategy was through the Towards Financial Sustainability Programme, which sought to bring service costs in line with available funding and, alongside this, to use the Council's influence and direct investment to create the right conditions for the city's economy to recover and once again grow.

Although there was a significant level of uncertainty about future funding, based on what was currently known, or could be reasonably assumed, there still remained a current projected budget gap of £1,750,000 which the Council had to close to ensure its financial sustainability. Although closing a gap of this size was a huge challenge, it was not unprecedented and the Council should have

the confidence that it had a track record of delivering strong financial discipline and that it could rise to the challenge once again. However, as a result of the previous level of savings delivered and with a reduced number of alternatives from which to deliver reductions, the Council was left with little option but to revert to a more traditional cost cutting measures approach in order to deliver the scale of reductions required within the short lead in time. It would also require the careful use reserves and balances in the short term.

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. The Council would continue to build on its successful financial planning to date and seek to protect the core services for the people of Lincoln, whilst at the same time allowing for significant investment in the city, and its economy, and delivery of the Council's vision. Adopting this approach would ensure that it carefully balanced the allocation of resources to its vision and strategic priorities, whilst ensuring it maintained a sustainable financial position.

Prior to submission of the Medium Term Financial Strategy 2021-2026 and budget and Council Tax proposal for 2021/22 to Full Council on 23 February 2021, this initial draft, as appended to the report, would be subject to public consultation and member scrutiny.

Specific details relating to the following aspects of the Medium Term Financial Strategy were set out in the report:

- The General Fund:
 - provisional finance settlement 2020/21;
 - Revenue Support Grant;
 - Business Rates retention;
 - Council Tax;
 - other specific grants;
 - Covid-19 support;
 - fees and charges;
 - spending plans;
 - the Towards Financial Sustainability Programme;
 - robustness and adequacy of the budget and reserves.
- The Housing Revenue Account:
 - housing rents;
 - financing the capital programme;
 - robustness and adequacy of the budget and reserves.
- The General Investment Programme;
- The Housing Investment Programme;
- The Capital Strategy.

Budget consultation would be undertaken primarily based on an online survey, the key purpose of which would be to:

- highlight the proposed budget and Council Tax for 2021/22, seeking views on the proposed increase;
- outline the scale of significant financial challenges facing the Council.

In terms of elected member budget scrutiny, an all member workshop would be undertaken during January 2021, albeit virtually, to ensure that as large a number of members as possible had the opportunity to fully understand the financial position of the Council. This would be followed by a Budget Review

Group which would focus on the detail of the draft Medium Term Financial Strategy, proposed budget and Council Tax recommendation.

Consultation and scrutiny comments and responses would be considered when the Executive made its final budget recommendations to Council at its meeting on 22 February 2021.

68. Collection Fund Surplus or 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 2020/21.

Decision

- (1) That the Executive confirms the action of the Chief Finance Officer in declaring a business rates deficit of £30,070,943 for 2020/21 subject to the confirmation of the business rates base by 31 January 2021.
- (2) That any amendments to the declared deficit be notified to the relevant preceptors and be included in the Final Medium Term Financial Strategy 2021-26 to be presented to the Executive on 22 February 2021.

Alternative Options Considered and Rejected

None.

Reason for Decision

Prior to setting the Council Tax for 2021/22 the City Council was required to estimate whether there was to be a surplus or deficit on both the Council Tax and Business Rates elements of the Collection Fund for the current financial year.

At the Executive meeting on 4 January 2021 the Council declared a deficit on Council Tax of £1,105,616 for the financial year 2020/21, of which its share was £165,680. The Council would declare a deficit on the Business Rates Collection Fund of £30,070,943 for 2020/21 subject to the confirmation of the Business Rates base by 31 January 2021, of which its share was £12,028,378.

Whilst this was a significant deficit, £26,397,692, of which the Council's share was £10,559,077, of the deficit was offset by Government grants received to compensate local authorities in respect of the expanded retail rate reliefs awarded to business in response to the Covid-19 pandemic. The remaining £3,673,251 deficit, of which the Council's share was £1,469,301, had arisen primarily due to an increase in provision for business rates appeals and an increase in empty property reliefs, both of which had been adversely affected by the Covid-19 pandemic.

In response to these significant financial pressures that Councils were facing arising from the impacts of Covid-19 on local taxes as part of the Spending Review 2020, the Government announced a compensation scheme for irrecoverable local tax losses. Based on the principles of the consultative policy paper on this scheme, and the estimated deficit, the Council would receive

compensation of £1,082,564 towards its remaining share of the business rates deficit, leaving a balance of approximately £386,737 to be resourced by the Council through the General Fund.

69. Council House and Garage Rents 2020/21

Purpose of Report

To enable the Executive to consider a proposition to increase council house rents in line with the Government's Rent Policy for social housing (April 2020) and to seek approval for the introduction of revised rents from Monday 5 April 2021.

To seek approval for an increase of 3% on Council garage rents for 2021/22 in line with other fees and charges revisions by the Council.

Decision

That the Executive:

- (1) Support the basis of rent calculation for changes to individual Council house rents as set out in the report, which represents an increase in the average calculated 52-week Council house net rent in 2021/22 of 1.5% for social housing rents (£1.05 per week) and affordable rents (£1.61 per week) increase per property and that this be recommended to Council for approval.
- (2) Support the increase in Council garage rents for 2021/22 in accordance with the proposal set out in the report, equating to a 3% increase, and that this be recommended to Council for approval.

Alternative Options Considered and Rejected

None.

Reason for Decision

In keeping with the Housing Business Plan approved by Council and the Government's Rent Guidelines, the formula rent rise for 2021/22 was based on the Consumer Price Index in the previous September. In Lincoln's case this equated to an average rent increase of 1.5% from Monday 5 April 2021.

During the last nine months the Council had continued to add to its housing stock via the buy-back programme. Between 1 April 2020 to 18 December 2020 the following properties had been acquired as part of this programme:

- one bedroomed properties – 3;
- two bedroomed properties – 11;
- three bedroomed properties – 10;
- four bedroomed properties – 2;
- four/five bedroomed properties – 1.

The Government's Right to Buy Programme sales had negatively impacted on the Council's current stock and rental income between April to December 2020. To date, 17 properties had been sold which was lower than projected due to the Covid-19 pandemic but since July the Council had received 37 Right to Buy

applications. The loss of three-bedroomed properties in particular had a significant impact on the Council's ability to provide family homes.

The average weekly rent for the City of Lincoln Council, based on data at 18 December 2020 for net social housing rent calculated over 52 weeks, would increase from £69.79 in 2020/21 to £70.84 for 2021/22. This equated to an average equivalent increase of income per property of £1.05 per week over 52 weeks. The 50-week average rent would be charged at £73.67.

There were currently 260 properties charged at an Affordable Rent which was higher than social housing rent. Based on data at 18 December 2020 the increase, on the average weekly net rent calculated over 52 weeks, would result in rents moving from £107.82 in 2020/21 to £109.43 per week for 2021/22, equating to an average equivalent increase of £1.61 per week over 52 weeks

An increase in garage rents of 3% was proposed in line with the authority's fees and charges increase. This would result in an average increase in the rent charged to £8 per week for 2021/22 based on a calculated 52-week charge period, equating to an increase of £0.24 per week. Research had shown that the garage rents in Lincoln were mid-range when compared to similar locations in the East Midlands.

Councillor Donald Nannestad shared his concern that the Government's Right to Buy Programme continued to impact the Council's housing stock, with every property sold decreasing the amount of rent the authority was able to collect. Lots of people were still waiting for Council properties with there being significant pressure on the housing register and he added that the authority was losing properties to this scheme at a faster rate than it would be able to acquire or build them.

Councillor Ric Metcalfe made the point that a significant proportion of those houses purchased through the Right to Buy Programme were now owned by private landlords as opposed to former tenants enjoying the benefits of owning their own home.

70. Allotment Fees and Charges

Purpose of Report

To outline a proposal to increase allotments charges in order to deliver a contribution to the Towards Financial Sustainability Programme.

Decision

That the Executive supports changes to the fees and charges for allotments with effect from the annual billing in 2022 and new leases thereafter, as follows:

- (a) Removal of the 50% discount based on age.
- (b) Protection of discounts for those on means tested benefits at 50%.
- (c) Increase in base charges by 50%.
- (d) Income achieved above £30,000, linked to inflation, be ringfenced for allotment projects.

Alternative Options Considered and Rejected

Numerous options had been explored as indicated by the pricing matrix set out in the report.

Reason for Decision

As a result of the financial challenges the Council faced, the Medium Term Financial Strategy 2021-26 would require a significant reduction in the Council's net cost base to ensure it maintained a sustainable financial position.

A programme of individual reviews had been developed which included a review of the net cost of the allotments service, with a requirement to reduce the net cost by £20,000 per annum. In addition, the review would also address the existing £10,000 per annum underachievement of income which had been the position in recent years. Achievement of these two objectives would reduce the net cost of the allotment service to approximately £67,000 per annum.

Proposed changes to the fees and charges for allotments with effect from the annual billing in 2022 and new leases thereafter, were noted as follows:

- removal of the 50% discount based on age;
- protection of discounts for those on means tested benefits at 50%;
- increase in base charges by 50%;
- income achieved above £30,000, linked to inflation, be ringfenced for allotment projects.

Councillor Ric Metcalfe highlighted the challenging circumstances currently facing the Council in balancing its budgets and contributions from services such as this needed to be made. He reminded the Executive that a substantial capital investment had been made in respect of allotments in the city so it did not seem appropriate to start making cuts to the service or even close sites in order to achieve savings. The proposal therefore reflected a position where those using this valuable service were asked to contribute slightly more in order that service provision could be maintained. He was confident that service users would recognise this as being the preferred solution, particularly in view of it being a modest increase with concessions in place as well as changes not coming into effect for twelve months.

Councillor Bob Bushell agreed with Councillor Metcalfe's sentiments and reiterated that significant investment had been made in allotments, particularly in respect of security, access to water, accessibility and a new site. Councillor Bushell was very keen for the service to continue to operate, especially in the current circumstances, as owning and maintaining allotments did contribute to improvements in physical and mental health. He added that the proposed increase was a small amount and that service users would still consider the service as being good value for money.

71. Proposals for the Review of Existing Public Space Protection Order Within the City Centre

Purpose of Report

To review the existing Public Space Protection Order relating to intoxicating substances and consider a proposal to vary the scope of this Order in consultation with the public and relevant partners.

Decision

That the proposal to extend and vary the Public Space Protection Order to include Zone 3, as set out in Appendix C of the report, and the amendment to the wording to that shown in the draft Order as set out in Appendix E of the report be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

In April 2015 the Council enacted a Public Space Protection Order under the Anti-Social Behaviour Crime and Policing Act 2014. This was renewed in February 2018 and the current Order was set out at Appendix A of the report.

A Public Space Protection Order may not last more than three years so should be reviewed before its expiration and may then be extended for a further period of up to three years. As part of the review the Order may be amended to add or remove prohibitions or requirements, change the geographical area or discharge the Order.

Consultation had been undertaken for 28 days, commencing on 2 November 2020, further to which five responses had been received with four coming from partners and one being received from a member of the public. All five responses had called for the existing Public Space Protection Order to remain in place, with all four partner responses calling for the extension of the geographical area of the Public Space Protection Order to cover St Rumbolds Street.

In addition to consultation responses, the Citizens Panel had also returned comments relating specifically to drug users and drunks in the city centre and St Rumbolds Street area. 45 separate comments about drug and alcohol misuse in the city centre had been received.

Evidence in respect of the current geographical area to remain in place for the Public Space Protection Order was included within the report, outlining the number of surrenders, breaches, fixed penalty notices and prosecutions. The report also set out additional evidence for the extension of the Public Space Protection Order to include St Rumbolds Street, referred to as Zone 3 in Appendix C.

Councillor Christopher Burke supported the proposed extension of the geographical area of the Public Space Protection Order and commended the scheme as having been very successful. He was aware of residents in the area proposed who had been aggrieved and upset by the consistent occurrence of

anti-social behaviour and understood that the Lincolnshire Police was also supportive of the proposal.

Councillor Neil Murray reflected on the introduction of the initial Public Space Protection Order and said it was a shame but necessary in order to protect people from such instances of anti-social behaviour.