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

Apologies for Absence: None.

78. Confirmation of Minutes - 16 January 2023

RESOLVED that the minutes of the meeting held on 16 January 2023 be confirmed and signed by the Leader as a correct record.

79. Declarations of Interest

No declarations of interest were received.

80. Change to Order of Business

RESOLVED that the order of business be amended to allow the agenda item entitled 'Events and Culture in the City – Christmas 2023 and Beyond' to be considered as the next agenda item.

81. Events and Culture in the City - Christmas 2023 and Beyond

Purpose of Report

To provide members with a review of the Christmas Market in 2022, reflecting on:

- The visitor experience,
- The financial cost,
- Predictions over increasing attendance numbers and the consequential health and safety concerns.

The Chair expressed thanks to Officers and emphasised that proposals had not been taken impulsively or without extensive consideration. Recognition was given to the affection that was held for the market as a much loved institution, however public safety was the most important consideration moving forward.

The Chair confirmed that detailed and extensive discussions had taken place with the multi-agency Safety Advisory Group and the advice received was that no revisions to the market event plan would safely deal with any increase in visitor numbers beyond those experienced in 2022. It was noted that if the market continued to grow at the current rate, the event would become unsafe. In addition, the visitor experience would be adversely affected and as such, there was a compelling case for changes to be made moving forward. Consideration was given to the wider context, it was agreed that Lincoln was a highly successful visitor and tourist attraction which provided a great base from which to consider a new "Christmas in Lincoln" offer and wider events programme.

Further to discussions between Executive members and Officers, the following points were noted:

- Public safety was the principal consideration moving forward. The market had won awards for safety, but the event would become unsafe in 2023.
- When considering the financial implications, contracts for services had break clauses built in and as such, contractors could claim only for costs incurred at the point of cancellation. There was a compelling case for cancelling early to prevent contractors incurring large costs for the 2023 market.
- Contracts awarded for providing services across all events would mean that many contractors would be retained for other events and in turn, costs would be mitigated.
- The cost of cancellation was anticipated to be significantly less than the £260K net cost of operating the market.
- Although the market generated £13m, only £2m stayed within the local economy.
- Proposals included the use of the full budget allocation of £260K per annum into a new events programme – the largest investment in cultural activity in the Council's recent history.
- Consideration of a new events programme for the future would include work with local businesses from all sectors to ensure it had the desired impact and covered a range of events for both local residents and visitors from further afield.
- It was anticipated that other partners would step into this space and therefore increase and enhance provision which would create a much bigger 'critical mass' of activity – especially around the Christmas period.
- The economic benefit from 320,000 visitors could be distributed over a range of events across the full year and therefore, visitors may spend more if they had time to dwell and meander around the City centre and uphill areas to absorb the atmosphere which the history and heritage of the City offered e.g. the iconic Cathedral and Norman Castle which had both seen extensive investment in recent years.
- The replacement events programme would build content that would be marketed across the region and hence maintain the profile. There would be less of a national/international profile, as that would take the Council back to the issues experienced with crowding at the Christmas market. Lincoln did not have a large capacity events space.
- The Council did not market the Christmas market, and had not done so for many years, as its profile on social media had been sufficient. Therefore, the Council did not have a marketing budget and could not place a value on the equivalent exposure created from the market's profile.
- Extensive yearlong discussions with the Safety Advisory Group every year always resulted in recommendations for a range of infrastructure to maintain visitor safety, the cost of which was £750K in 2022 for the Christmas market. If the event were to be spread over a range of venues across the city, there would be a requirement to spread resources over a wider footprint or more likely, lead to a much higher infrastructure cost (e.g. CCTV, stewards, lighting, power, public address system, barriers, toilets etc) across a much wider area. The Council would need to make provision for 320,000 visitors with no effective way of managing how visitors moved between these areas. All areas would require safety plans to tackle excessive crowding.
- Stall holders enjoyed the Christmas market as it brought over 250,000 people into a concentrated area over 4 days enabling them to accrue

significant income. However, since Covid-19, the Council had struggled to attract the required level of stalls and was 50 stalls short in 2022. If the footprint were to be spread across the whole city centre and beyond, the attraction for those stall holders would reduce as the perception could be that a spread of visitor numbers resulted in less footfall.
- There would be a requirement to reduce stall fees to sell the space and therefore, the cost of the market would increase further resulting in a double impact of less income and higher costs.

Discussion concluded that a new vision for the future delivery of an events and culture programme in the city, which incorporated 'Christmas in Lincoln,' was now necessary.

Councillor Neil Murray motioned an additional recommendation for the creation of a mechanism to enable meaningful consultation with Lincoln residents, businesses and key stakeholders for both the creation of a new "Christmas in Lincoln" offer and the wider events programme. The motion was seconded by Councillor Sue Burke, voted upon and carried.

Decision

1. That the issues raised in this report be noted.

2. That the existing budget provision for the Christmas Market be reallocated to provide a wider events programme, working with partners, throughout the year, including a new "Christmas in Lincoln" offer.

3. That businesses, residents and key stakeholders would be consulted with widely to enable their views to be considered in the creation of a new "Christmas in Lincoln" offer and wider events programme proposal.

4. That Policy Scrutiny Committee be invited to review that new programme, once officers had further developed proposals.

Alternative Options Considered and Rejected

As detailed within the officer's report.

Reasons for the Decision

If the success of the Christmas Market were to be simply measured in terms of attendance figures, then the market was hugely successful. This was by far the busiest market in its 40-year history.

However, success was not just measured by visitor numbers as there were many factors at work to create a broader barometer of success including:

- Visitor/resident experience
- Commercial success of the market itself
- The safety of those attending – the most important factor here

Whilst noting the success of the market in terms of its attraction to visitors across the wider region and beyond, as organisers of the event, the City Council must be cognisant of the escalating cost of putting the four-day event on, the emergence of a negative visitor experience due to visitor numbers at various times, and the predictions of increasing attendance volumes year on year in what was essentially a very constrained geographical footprint.

The officer's report considered these elements in detail and ultimately concluded that after 40 years of successful operation, it was time for the Christmas Market to 'bow out' to make way for a new offer over the entire Christmas period in Lincoln together with a wider programme of events throughout the rest of the year to attract a wide variety of visitors and hence placing a far less intensive demand on the City's infrastructure.

The 2022 Christmas market was exceptionally well planned and executed. The City Council deployed some of the most experienced staff/partners in the country to work on overseeing the market and the overall planning process was held up nationally as an example of best practice. Last year saw a significant uplift in visitor numbers from 2021 and whilst the plans for crowd control coped with this increase, they operated at near capacity. Visitors were not in danger, but the visitor experience suffered and hence the reputation of the market, as detailed within the report.

The graph in section 3.5 of the report confirmed that there was a general growth in numbers of people visiting the market year on year and as a result, the market had simply become so popular it has outgrown its current footprint and duration of event.

The City Council had sought the views of partners through the multi- agency Safety Advisory Group, who advised on the safe operation of events across the City. Their advice was that no revisions to the market event plan would safely deal with any increase in visitor numbers beyond those experienced in 2022. The only option was to:

- explore utilisation of a much wider area, and/or
- reduce the number of people attending (ticket event), and/or
- operate over a longer period (which included two Saturdays)

Officers had explored all these options, but none of them were viable in the current location. The event took place on open streets in commercial uphill Lincoln but was bounded by residential areas. The Council could not expand any further into these neighbouring streets without causing significant disruption and further complaints from residents. This resulted in the footprint remaining constrained.

In addition, roads had to be closed, causing disruption in the uphill area over the four days, preventing the City Council stretching the event over more days in the existing footprint. The cost of extending the infrastructure over two weekends (in an effort to spread visitor numbers over those two weekends) would be prohibitive.

The Council also had no control over how many people attended - this was a free to enter event and all were welcome. Ticketing the event in its entirety was impossible due to the many entry and exit points into the market footprint. Castle Square remained the hub of the market. Due to street design and hierarchy, many people either started their exploration of the market from here or arrived in this area quite quickly on their journey around the footprint. This was one of the main areas where crowds developed. By ticketing the Castle – it would limit numbers into the Castle and reduce volumes on the ramp at the exit – but it would significantly impact on crowding elsewhere as visitors would 'back up' into Castle Square and beyond. It took time to check tickets/ take payments/ answer queries at the gates – this impeded flow and would cause safety concerns at busy times. This was also the case at The Lawn entrance - ticketing here would lead to queues backing up the Castle ramp into the Castle.

The budget position for the Christmas Market was also explored within the officer's report.

Officers' professional advice was that the market was not sustainable moving forward. The cost of operating the market had escalated to in excess of £250K per annum putting pressure on the Medium-Term Financial Strategy. None of the options for crowd control with higher visitor numbers were viable and the visitor experience would start to deteriorate. In addition, the City's reputation would suffer.

After 40 years the market's success had outgrown its footprint and had a business model that would not recover the infrastructure costs associated with hosting a regional/national event in a medieval setting, as magical as it was.

As indicated throughout the officer's report, the approach to 'Christmas in Lincoln' needed a rethink and this must take place with some urgency to enable the Council to extract itself from the market related contracts already in place and enable partners to step into the space to organise their own offers.

Officers were assessing Christmas in the City in a more holistic way to reflect the desires and ambitions expressed by many businesses and residents feeding back to the Council this year. Whilst further work was ongoing to develop a potential programme, the shape and structure would be moulded around a number of core aspects moving forward:

- Movement to a model of "Christmas in Lincoln"
- Utilisation of partners to also organise activity
- Investment in wider Christmas infrastructure
- Development and curation of a range of cultural events throughout the year
- To support a re-emergence of the Lincoln Cultural Arts Partnership (LCAP)

Note: Meeting adjourned at 19:10

82. Housing Revenue Account Business Plan 2023-2028

Note: Meeting resumed at 19:14

Purpose of Report

To present the Housing Revenue Account (HRA) Business Plan for 2023/28.

Proposals were also set out to undertake a thorough review of the HRA during the first half of 2023 with the goal of developing an exciting 30-year business plan setting out what we wanted to achieve over the next 30 years.

Executive was asked to approve the HRA Business Plan for 2023/24 and to support the development of an updated and wide-ranging 30-year business plan during 2023.

Decision

That the Housing Revenue Account Business Plan for 2023/24 be approved and the development of an updated 30-year business plan during 2023 be endorsed.

Alternative Options Considered and Rejected

None.

Reasons for the Decision

With 7,794 council properties, the Council was required to maintain a ring-fenced HRA, covering the income and expenditure relating to the Council's own housing stock. The Local Government and Housing Act 1989 specified the items that could be charged and credited to the HRA. Furthermore, the Council had a legal duty to ensure the HRA remained solvent.

The HRA Business Plan defined our income and expenditure plans for the delivery of council housing in Lincoln, The Plan and associated budgets were reviewed and monitored annually.

A one-year business plan was reviewed and approved in February 2022. In the normal course of events the 30-year plan would have been developed in 2023. However, this normal cycle had been disrupted by events beyond our control that would have significant effect on the viability of the business plan and its delivery in the short to medium term. For example, the war in Ukraine, the subsequent cost of living crisis and the uncertain political situation in the UK. The long-term plan needed to be fundamentally reviewed and updated.

Our goal was to refresh the business plan for the 2023/24 financial year and undertake a full strategic review during the first half of 2023, with the aim of having an updated HRA Business Plan that looked generationally at Lincoln's wider housing and community needs, developed and approved for the start of the 2024/25 financial year.

Over the next thirty years we planned to invest a total of £220million modernising and improving our homes.

Energy efficiency was a key issue for our tenants. We continued to improve the thermal performance of our homes and our properties currently had an average SAP (energy efficiency) rating of 70 which was higher than the national average of 67.

Our target was to acquire 400 additional properties between 2020 to 2025. To date we had acquired a total of 217 additional properties and expected to acquire a further 52 properties in 2022/23. We were confident that we would achieve our target by 2025 and were working to acquire an additional 149 properties, 61 of which would be owned by the council.

The HRA Business Plan included sections on the changing business environment; coherence with the golden thread performance framework; involvement of residents; service delivery; and financial planning.

Note: Jo Walker, Assistant Director of Growth joined proceedings at this stage.

83. Western Growth Corridor Scheme Delivery

Purpose of Report

To update Executive on progress towards achieving a start on site and the wider funding and delivery arrangements for the Western Growth Corridor (WGC) development, since the report of 17th October 2022 (*Western Growth Corridor – Next Steps*).

To seek authority to proceed with the next stages of delivery as follows:

- To approve the delivery arrangements for the Phase 1a infrastructure works, which were required to provide access to the development from Skellingthorpe Road.
- To approve the proposed delivery arrangements to progress the detailed design of the first 52 homes on land owned by the Council at the gateway to the development, off Skellingthorpe Road, to enable the submission of a Reserved Matters application during summer 2023.
- To approve in principle, the proposed delivery arrangements for the gateway housing, to allow for delivery once the initial infrastructure works had been completed and subject to planning consent. The final form of agreement shall be subject to a further Executive approval.
- To acknowledge the award of funding under the Levelling Up Fund Round 2 (LUF2), which would enable the accelerated delivery of the Tritton Road bridges and spine road, known as Phase 1b of the WGC development.
- To agree to delegate the final signing of the Memorandum of Understanding (MoU) in respect of the LUF2 funding to the Director of Major Developments and Section 151 Officer, in consultation with the Leader of the Council, to enable the initial feasibility and design work to proceed as set out in this report, in order to inform the full delivery strategy and to meet the funding timescales.
- To approve the proposed consultation and engagement strategy to keep the community and stakeholders informed of project progress prior to and during the construction phases.

Decision

1. That the proposed delivery arrangements for the Phase 1a infrastructure works, which were required to provide access to the development from Skellingthorpe Road be approved.

2. That the proposed delivery arrangements to progress the detailed design of the first 52 homes to enable the submission of a Reserved Matters application during summer 2023 be approved.

3. That the proposed delivery arrangements for the gateway housing be approved in principle, to allow for development once the initial infrastructure works had been progressed and subject to planning consent. The final form of development agreement would be subject to a further Executive approval

4. That the award of funding under the Levelling Up Fund Round 2 (LUF2), which would enable the accelerated delivery of the Tritton Road bridges known as Phase 1b of the WGC development be acknowledged.

5. That the final signing of the Memorandum of Understanding (MoU) in respect of the LUF2 funding be delegated to the Director of Major Developments and Section 151 Officer, in consultation with the Leader of the Council, to enable the initial feasibility and design work to proceed as set out in this report, in order to inform the full delivery strategy and to meet the funding timescales.

6. That the proposed consultation and engagement strategy to keep the community and stakeholders informed of project progress prior to and during the construction phases be approved.

Alternative Options Considered and Rejected

As detailed within the officer's report.

Reasons for the Decision

On 20th January 2022, outline planning consent was granted for the overall WGC development, with detailed consent for the two access points into the site at Skellingthorpe Road (southern access) and Tritton Road (eastern access).

Significant progress had since been made in order to prepare for and enable a start on site and to plan for the wider delivery of the scheme. This included securing funding, expanding resources for delivery, cost-planning, procurement, stakeholder engagement and progressing the technical design and approval process for the infrastructure which was required to open up the site.

This report set out the proposals for the delivery of the Phase 1a infrastructure (Skellingthorpe Road – Southern Access), which was scheduled to commence on site during Spring/Summer 2023. The report further outlined the proposals for progressing the detailed design of a first phase of 52 homes at the gateway into the site and arrangements for delivery thereafter, subject to planning consent.

Finally, the report set out initial details and arrangements for taking forward the design, development and delivery of the Phase 1b infrastructure (Tritton Road bridges and spine road) following the announcement of the LUF2 funding award in January 2023.

The proposals were in accordance with the principles approved by Executive on 20th March 2019 and the terms of the Delivery Agreement, which was in place between the Council and Lindum Western Growth Corridor (LWGC), as adjoining landowners to jointly promote the overall development.

The Western Growth Corridor (WGC) represented one of 4 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 was 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, 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 (640 affordable), 20 hectares of commercial/employment space, a new Leisure Village, improvements in accessibility to 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 and had been leading on bringing forward development of the area in a viable, sustainable and deliverable way since 2016. WGC is a key priority within the City Council's Vision 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) which was a subsidiary of the locally owned and based construction/development company Lindum Group. Together the Council and LWGC submitted a planning application for the whole development on 03 April 2019.

Outline planning consent for the overall development and detailed planning consent for the two access points into the development at Skellingthorpe Road and Tritton Road was granted on 20th January 2022

The Council and LWGC worked jointly together as the two landowners (the developer team), under the terms of the approved Delivery Agreement to shape and progress the development.

A risk register was in place for the delivery of Phase 1a and for the development as a whole. The risk registers were reviewed on a regular basis by the developer team as part of the project governance arrangements

84. Accredited Living Wage Increase September 2022

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 be implemented during April 2023.

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.

Currently there were 16 employees who were paid less than the proposed accredited living wage rate of £10.90.

85. Financial Performance-Quarterly Monitoring

Purpose of Report

To present the third quarter's performance (up to 31 December 2022) 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 2022 to 31 December 2022 and the projected outturns for 2022/23 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 General Fund carry forward request as detailed in paragraph 3.12 of the report 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, 7.4, and 7.11 of the officer's report be noted.

5. That the changes to the Housing Investment Programme, as detailed in paragraphs 7.3, 7.9 and 7.10 of the officer's report, be approved.

Alternative Options Considered and Rejected

None.

Reason for Decision

The Council approved a balanced budget earlier in 2022, but much had changed since that point. Spiralling inflation, soaring energy prices and nationally agreed pay agreements had added significant cost pressures to the Council's budget. 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. As a result of these pressures, when reporting the forecast position at the end of Quarter 2, the General Fund forecasted a significant financial shortfall for 2022/23 of £912,511, with cost pressures also in the Housing Revenue Account and Housing Repairs Service.

In response to this forecast position, the Council began developing a range of mitigation actions as part of a financial recovery programme in order to ensure it retained a sustainable financial position in 2022/23 and also in the medium-term (the impact of these inflationary pressures were not isolated to 2022/23 and had permanently increased the cost base of the Council).

Included within these actions was a review of the Council's Borrowing, Investment and Minimum Revenue Provision (MRP) strategies. This review had resulted in a proposed change to the current MRP Policy, which if approved would generate significant savings in the medium term, whilst still maintaining a prudent provision. The net saving in 2022/23 was £749,000.

As a result of this proposed reduction in capital financing costs, along with other actions taken during the year, including an in-year increase in some fees and charges and temporary recruitment measures, the General Fund was forecasting a significantly improved position for 2022/23, with a current estimate of a £70,358 budget shortfall. The forecast position on both the Housing Revenue Account and Housing Repairs Service had also improved since quarter 2.

Whilst there were a significant number of planning variables which were subject to unprecedented levels of uncertainty, based on the latest set of assumptions as at the end of the third quarter (up to 31 December 2022) the forecast financial position of the Council was detailed at paragraph 2.6 of the officer's report.

Updates were reported as follows:

General Fund Revenue Account

For 2022/23 the Council's net General Fund revenue budget was set at £8,907,490 including a planned contribution to balances of £60,700 (resulting in an estimated level of general balances at the year-end of £2,262,761 (after allowing for the 2021/22 outturn position).

The General Fund Summary was currently projecting a forecast overspend of £39,548 (Appendix A provided a forecast General Fund Summary), resulting in general balance at the year-end of £2,223,213.

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.

Whilst the contractual cost increases, pay settlement and utility increases were now known with certainty, there remained some uncertainty surrounding other budget assumptions, particularly in terms of service demands and income forecasts. The potential for further change during the fourth quarter therefore still remained.

In addition, other service costs and income were subject to fluctuation during the year as the cost-of-living crisis and external economic factors impacted both directly and indirectly on households and businesses. This could lead to an increased demand for council services, as the more vulnerable in the City looked to the Council for support; and a reduction in both income for services and collection rates, as household and business incomes became under pressure.

In addition to the MRP review, further actions had been taken during the last six months to implement control of expenditure and to seek to increase income. This included an in-year increase to fees and charges for car parking and the crematorium. These had resulted in a further positive impact on the forecast position.

As a result of the in-year actions taken the General Fund was forecasting a significantly improved position for 2022/23, with a current estimate of a £39,548 budget shortfall, an improvement of £872,962 from the quarter two forecast. This improved forecast did still assume the use of the inflation reserve of £150,000.

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 though there were no further mitigations recommended, however, as always, there would continue to be a need for strong budgetary control in this financial year to ensure expenditure and income remain balanced within the budget.

Earmarked Reserves

Reasons for the carry forward request were detailed at paragraph 3.12 of the officer's report, resulting in the forecast outturn for the General Fund being a budget overspend of £70,358, subject to Executive approval

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

Towards Financial Sustainability Programme

The savings target included in the MTFS for 2022/23 was £1,050,000. Total savings secured and brought forward from last financial year were £716,410 leaving an in-year target of £333,590. Progress against this target, based on quarter 3 performance showed that secured savings totalled £191,530 for the General Fund with a further £90,970 identified, leaving a forecast shortfall of £51,090

A summary of the specific reviews that had contributed to this target were shown in Appendix K of the officer's report.

Housing Revenue Account

For 2022/23 the Council's Housing Revenue Account (HRA) net revenue budget was set at a £38,670 use of balances, resulting in an estimated level of general balances at the year-end of £1,063,872, after allowing for the 2021/22 outturn position.

The HRA was currently projecting a forecast overspend of £961 (Appendix C provided a forecast Housing Revenue Account Summary), which would increase the General Balances to £1064,833 at the end of 2022/23. This would result in balances being above the prudent minimum of circa £1m.

There were a number of forecast year-end 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 set 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 HRS and in response to void levels were recommended. Strong budgetary control should continue to be a focus in this financial year to ensure expenditure and income remain balanced within budget.

Housing Repairs Service

For 2022/23 the Council's Housing Repairs Service net revenue budget was set at zero, reflecting its full cost recovery nature..

At quarter 3 HRS was forecasting a deficit of £420,284 in 2022/23 as detailed within the forecast HRS summary at Appendix E, with full details of the main variances provided in Appendix F of the report.

The main contributory factor for this deficit was still the ongoing recruitment and retention issues, which were being felt across the industry, this resulted in a reliance on the use of sub-contractors. The cost of subcontractors was more expensive than the HRS's own workforce, due to the ongoing impact of Covid19, the current inflationary crisis and a reduced pool of contractors from which to secure services. These additional costs were therefore not fully offset by the vacancy and material savings achieved by not carrying out the work internally. These increased costs were further compounded by increased demands resulting from the higher level of voids currently being experienced, although this was partially offset by a reduction in responsive repairs works being requested.

The forecast deficit also included the impact of the nationally agreed pay award implemented in December, which was significantly over and above the assumptions included within the MTFS, and the impact of increased inflation on utilities as a result of the escalating cost of gas and electricity supplies as outlined in both the General Fund and HRA variances.

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 increased volume of works, primarily due to the levels of void properties, 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 though, set against the overall HRA position.

General Fund Investment Programme

The revised General Investment Programme for 2022/23 amounted to £30.156m following the quarter 2 report. At quarter 3 the programme had been reduced by £12.296m to £17.860m

All changes over the approved limit requiring approval by the Executive. for the third quarter were detailed at paragraph 7.3 of the officer's report

The financial changes delegated to the Chief Finance Officer for approval for the third quarter 2022/2023 were detailed at paragraph 7.4 of the officer's report.

The overall spending on the General Investment Programme for the third quarter of 2022/23 was £5.9m, which was 39.8% of the 2022/23 active programme (excluding externally delivered schemes), as detailed further at Appendix I of the report.

Although this was a low percentage of expenditure at this stage of the financial year, further expenditure was expected in quarter 4 on Disabled Facilities Grants, Town's Deal Schemes, HAZ, and various capitalised maintenance schemes. There was now expected to be further budget re-profiles to 2023/24 during quarter 4.

Housing Investment Programme

The revised Housing Investment Programme for 2022/23 amounted to £22.133m following the quarter 2 report. At quarter 3 the programme had been decreased by £1.634m to £20.499m, as detailed within paragraph 7.8 of the officer's report.

The financial changes over the approved limit requiring Executive approval for the third quarter 2022/2023; were detailed at paragraphs 7.9-7.10 of the officer's report. All new projects were subject to Executive approval. There had been one new project considered recently by the Executive during Quarter 3.

The financial changes delegated to the Chief Finance Officer for approval for the third quarter 2022/2023 were detailed at paragraph 7.11 of the officer's report.

The overall expenditure on the Housing Investment Programme for the third quarter of 2022/23 was £7.566m, which was 37% of the 2022/23 revised programme. A further £1.18m had been spent as at the end of January 2023. This was detailed further at Appendix J.

Although this was 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 in future periods.

86. Quarter 3 2022-23 Operational Performance Report

Purpose of the Report

To present an outturn summary of the Council's operational performance in quarter three of 2022/23.

Decision

1. That the achievements and challenges identified in the Quarter 3 2022/23 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 CMT as of strategic importance.

The outturn summary report detailed performance against a total of 83 measures across the directorates Chief Executive's, Communities and Environment and Housing and Investment. 19 measures were recorded as volumetric (untargeted).

In total 64 performance measures out of the 83 were monitored against targets, of which fifteen were below target; twenty-one were within target boundaries; 24 had exceeded a higher target, and 4 measures were recorded as data not available for this quarter

The performance measures under each directorate linked directly into one Vision 2025 strategic priorities.

The Directorate for Major Developments (DMD) predominantly linked to Vision 2025, priorities "Driving Inclusive Economic Growth" and "Lets Address the Challenge of Climate Change." DMD was currently working to develop a number of performance measures to monitor service delivery within the Directorate. It was expected these measures would be reported from Quarter 4 2022/23. Updates on the key projects being delivered would also be reported alongside these measures.

The Quarter 3 2022/23 Operational Performance Report at Appendix A. detailed those targeted measures with performance above or below target by directorate at the end of the third quarter of 2022/23 and the reasonings behind the performance outturns. A count of the performance measures outturn status for each directorate at quarter 3 2022/23 was also detailed within page 4 of Appendix A

In addition to the directorate performance measures, the report also detailed the performance outturns for those corporate performance measures. These measures focussed on the areas of sickness, complaints, resources, health & wellbeing, and appraisals.

A full list of all performance measure outturns and supporting performance commentary was provided at Appendix B. Within this supporting appendix, in addition to those measures performing above/below target, Appendix B also contained –

- Those performance measures performing within target boundary at the end of the quarter (acceptable performance)
- The outturns for all performance measures recorded as volumetric (untargeted)

It was important to note that factors such as resource pressures, recruitment challenges and the cost of living crisis had continued to have an impact on performance in quarter 3 2022/23.

Looking ahead, the cost of living crisis could lead to a further increased demand for council services, as the more vulnerable in the city continued to look to the council for support, which could also further impact on performance. This was likely to be at a time when the council could see a reduction in both income for services and collection rates due to the increased financial pressures being faced by Lincoln’s residents and businesses.

The report had been considered by the Performance Scrutiny Committee at its meeting on 16 February 2023.

87. Medium Term Financial Strategy 2023-2028

Purpose of Report

To consider recommending the Medium-Term Financial Strategy for the period 2023-2028 and the budget for 2023/24 to the Council for approval.

To consider recommending the Capital Strategy 2023-2028 to the Council for approval.

Decision

That the Council be recommended to approve the Medium Term Financial Strategy 2023-2028, and the Capital Strategy 2023-2028, which included the following specific elements:

- a proposed council tax Increase of 2.91% for 2023/24;
- a proposed housing rent increase of 6.5% for 2023/24;
- the Council being a member of the Lincolnshire Business Rates Pool in 2023/24;
- the General Fund Revenue Forecast 2023/24-2027/28, as shown in Appendix 1 and the main basis on which this budget had been calculated (as set out in paragraph 4);
- the General Investment Programme 2023/24-2027/28, as shown in Appendix 2, and the main basis on which the programme had been calculated (as set out in paragraph 6).
- the Housing Revenue Account Forecast 2023/24-2027/28, as shown in Appendix 3 and the main basis on which this budget had been calculated (as set out in paragraph 5); and
- the Housing Investment Programme 2023/24-2027/28, 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

Much had changed since the Council approved the previous MTFS in March 2022, with spiralling inflation, soaring energy prices and national pay agreements all adding significant cost pressures to budgets. These were in the main caused by national issues, which were beyond the Council’s control and were impacting all Councils.

In addition, the Council was facing growing demands for some of its key services as those more vulnerable in the city, a client group that was impacted the hardest during Covid19, looked to the council for support as the cost-of-living crisis hit household incomes.

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 now been confirmed that these fundamental reforms would not be implemented until 2025/26 at the earliest, and the Autumn Statement announced some much-needed additional funding for local authorities for the next two years (providing some limited and short-term stability), there could be no certainty beyond 2024/25. This was further compounded by the risk of a new round of public expenditure austerity measures. The funding outlook for local authorities therefore remained volatile and uncertain.

As a result of these factors, the financial landscape for local government continued to pose an unprecedented challenge to the Council and this MTFS was set in the context of significant and 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 changing the way in which it delivered services, but inevitably through reductions in the range and scale of services it could continue to deliver), whilst continuing to prioritise investment in the City and its economy. 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 2023-2028 and budget to the Executive and Full Council, public consultation and member scrutiny had been undertaken.

88. Council Tax 2023/24

Purpose of Report

In light of the report on the Medium-Term Financial Strategy, as detailed at Minute 86, 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 2023/24.

Decision

That the following recommendations be made to the Council:

(1) That the recommendation of the Executive on 3 January 2023 be accepted that the Council Tax Base for 2023/24, as calculated in accordance with The Local Authorities (Calculation of Council tax Base) (England) Regulations 2012,to be £25,249.48.

(2) That the following amounts be calculated for the year 2023/24 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992:

(a) £119,284,490 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) £111,728,580 being the aggregate of the amounts which the Council estimated for the items set out in Section 31A(3) of the Act.

(c) £7,555,910 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) £299.25 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) £299.25 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**
£199.50	£232.75	£266.00	£299.25
E	**F**	**G**	**H**
£365.75	£432.25	£498.75	£598.50

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 2023/24 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**
£1,002.42	£1,169.49	£1,336.56	£1,503.63
E	**F**	**G**	**H**
£1,837.77	£2,171.91	£2,506.05	£3,007.26

(4) That it be noted that for the year 2023/24 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**
£194.16	£226.52	£258.88	£291.24
E	**F**	**G**	**H**
£355.96	£420.68	£485.40	£582.48

(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 2023/24 in accordance with the dwelling bandings shown below:

Total Council Tax Charge 2023/24

A	**B**	**C**	**D**
£1,396.08	£1,628.76	£1,861.44	£2,094.12
E	**F**	**G**	**H**
£2,559.48	£3,024.84	£3,490.20	£4,188.24

Alternative Options Considered and Rejected

None.

Reasons for the Decision

The net General Fund Budget requirement as set out in the Medium Term Financial Strategy report totalled £14,402,660, which included a contribution to balances of £191,110. For 2023/24 a council tax increase of 2.91% had been applied. The council tax requirement for 2023/24 was £7,555,910. By reference to the Band D level, the 2023/24 council tax would rise by £8.46 to £299.25 per annum.

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

89. Prudential Indicators 2022-2023 to 2025/26 and Treasury Management Strategy 2023/24

Purpose of Report

To review and to recommend to the Council the adoption of

- Treasury Management Strategy 2023/24;
- Prudential Indicators;
- Minimum Revenue Provision (MRP) Policy Amended from 2022/23;
- Treasury Management Practices (TMP's)

Decision

(1) That the Council be recommended:

(a) To adopt the Treasury Management Strategy 2023/24, including the Prudential Indicators;

(b) To approve the revised Minimum Revenue Position Policy amended from 2022/23;

(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 31 January 2023 as detailed within the minutes of that meeting at Appendix B.

90. 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 2022/23.

Decision

That the Council's strategic risks, as at the end of quarter 3 2022/23, be noted.

Alternative Options Considered and Rejected

As detailed in the report.

Reasons for the Decision

The previous update of the Strategic Risk Register had previously been reported in November 2022. There remained thirteen strategic risks. The mitigations and control actions for each risk were detailed in the report.

91. 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.

These items were considered in private as they were was likely to disclose exempt information, as defined in Schedule 12A of the Local Government Act 1972. No representations had been received in relation to the proposal to consider these items in private.

92. Strategic Risk Register Quarterly Review

Purpose of Report

As detailed in the exempt report to the Executive.

Decision

That the recommendations 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.

93. Western Growth Corridor Scheme Delivery

Purpose of Report

As detailed in the exempt report to the Executive.

Decision

That the recommendations 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.