

Present: Councillor Gary Hewson (*in the Chair*),
Councillor Liz Bushell, Councillor David Clarkson,
Councillor Jane Loffhagen, Councillor
Rebecca Longbottom, Councillor Ric Metcalfe, Councillor
Clare Smalley, Councillor Rachel Storer, Councillor
Pat Vaughan and Councillor Loraine Woolley

Apologies for Absence: Angela Andrews

1. Declarations of Interest

No declarations of interest were received.

2. Draft Medium Term Financial Strategy 2023-28

The Budget Review Group considered the draft Medium Term Financial Strategy 2023-2028 and provisional 2023/24 budget and Council Tax proposals. A copy of the Medium-Term Financial Strategy was appended to the report.

Jaclyn Gibson, Chief Finance Officer, presented the report and highlighted that the main objectives of this meeting were to:

- examine the principles and planning process that underlaid the proposed budget and Council Tax for the 2022/24 financial year
- ensure that at each stage the budget was clear, focused, achievable, realistic, and based on sound financial practices;
- ensure that at each stage the budget had clear linkages with corporate plans that formed the Council's Policy Framework, establishing that they were identifiable and designed to improve services in the Council's strategic priority areas.

A number of questions were provided in advance of the meeting which, together with responses provided, were noted as follows:

Question: The Independent Remuneration Panel had been asked to review Special Responsibility Allowances. To this end, shortly before Christmas, many members were interviewed by the Panel. No report has been received to date. What provision has been made for member allowances in the budget proposals?

Response: The current budget for members allowances for 2022/23 was prepared on the basis of a 1.75% increase, in line with the assumption for the staff pay award at that time.

However, as part of the current budget preparation the budget for members allowances was rebased to assume an increase of 4.75% for 2022/23, and then a future years increases of 3% 2023/24 and then 2% per year thereafter. These future year assumptions were in line with the staff pay award assumptions.

Question: The Draft MTFS includes assumptions about rates of inflation in the future. As a matter of interest, which organisation forecasts the rates of inflation have you used?

Response:

- We used a variety of sources of information to forecast levels of CPI and RPI, including latest Office of Budget Responsibility (OBR), Institute of Fiscal Studies (IFS) and the Bank of England.
- In terms of pay inflation we based this on previous pay settlements, any signals from Central Government, indications from regional briefings of the pay bodies etc.
- In terms of utilities inflation, we based this on forecasts provided by our energy supplies.
- We also undertook comparison with the other Lincolnshire Authorities.
- These were informed estimates, which were subject to change –as the last 12 months had shown.

Question: Visit Lincoln has announced on its website that the Lincoln Christmas Market would take place between the 7th and 10th of December 2023. However, there was no mention of the Christmas Market in the Fees and Charges section of the Draft MTFS. Was there a reason for this?

Response: We do not always include the Christmas Market fees and charges in the schedule to Full Council in March as it can be too soon after the previous market has taken place to assess whether there needed to be any amendments to the charges for the next market. The relevant schedules would be presented to Full Council for approval in due course.

Question: At the meeting of the Upper Witham Drainage Board on the 23rd of January, it was agreed to increase the 'penny rate' by 15%. On page 20 (44) of the Draft MTFS, an inflationary increase of 10% had been assumed. How would this difference in figures affect the budget proposals?

Response: The draft budget was prepared prior to receiving the provisional (and now confirmed) penny rate increases from the 3 IDB's and assumed the increase would be 10%. The actual position was now as follows:

	22/23 Levy	Increase	23/24 Increase	Levy	Draft MTFS	Pressure
	£	%	£	£	£	£
Witham First	147,704	29%	42,834	190,538	162,470	28,068
Witham Third	281,925	15%	42,289	324,214	310,120	14,094
Upper Witham	493,068	15%	73,960	567,028	542,370	24,658
	922,697		159,083	1,081,780	1,014,960	66,820

This additional cost of £66k per year, would be reflected in the final version of the MTFS, increasing the annual net budget by the same amount.

Question: Why couldn't the increases be separated on the Council Tax Bill?

Response: Unfortunately due to legislation it wasn't allowed. Officers were working on how it could be separated as it was a huge disadvantage to the 17 affected Councils.

Question: At the MTFS Member Development meeting on Monday the 23rd of January, you spoke about the possibility of making changes to the Minimum Revenue Provision. Please could you outline this in a bit more detail and also give the pros and cons of this course of action?

Response: Jaclyn Gibson, Chief Finance Officer, circulated a more in depth response via a handout which explained the proposed amendments to the Council's Minimum Revenue Provision.

Question: One of the main arms in the council's strategy for financial sustainability and bridging the financial gap through investment leading to growth. I strongly support the work of investment in the City but as you highlighted, it was not without some risk and rests ultimately on external factors. What were other comparable district councils doing to mitigate the existing and future budget pressures? Whilst I realise each council is different, were their approaches similar?

Response: Due to the differences in each Council's financial position and service delivery it was hard to make direct comparisons as each organisation adopted a different approach. In addition, not all Council's set out their strategies for delivering savings/efficiencies in the same way and at the same point in time.

Broadly though there were key themes including:

- Reviewing fees and charges
- Service reductions
- Transformational change through technology
- Reviewing assets to maximise income and efficiency of use
- Use of earmarked reserves
- Delivery and supporting economic growth.

Question: If, for budgetary reasons there were delays or changes to Phase 1a of the Western Road Corridor, what impact would that have on the £20million secured from central government for the road improvements?

Response: Phase 1a and the new eastern access bridge to WGC were two distinct parts of the overall development. There were no linkages between the funding or delivery of the schemes that would mean any delays or changes to Phase 1a would impact on the LUF2 funding.

Question:

- How widely has the consultation been advertised to residents?
- I appreciate the cost saving of using an online consultation but have paper copies been made available?
- When will the feedback from the general public and citizen panel be made available? I would have like to have seen it as part of the budget review report pack/meeting. Would this be possible in future?

Response: The budget consultation had been published on the Council's website and promoted through its social media channels. In addition, the consultation had been sent directly to the 509 members of the Council's Citizen's Panel.

Given the timeframe for consultation, it was not practical to provide and then collate paper responses. As in recent years, to ensure efficiency, the consultation was online only.

Consultation on the budget does not commence until the draft budget had been considered by the Executive in mid-January. This was the earliest it could be presented after the Local Government Finance Settlement that was announced in late December.

Feedback from both the public and Members (as part of the scrutiny process) was scheduled to be presented to the Executive along with the final budget proposals on the 20th February.

Members felt that it would be beneficial to be updated on the number of consultation responses from the Citizen's Panel at future Budget Scrutiny Meetings going forward.

Question: Overall, the improved funding position had a positive outcome on contribution rates, reducing secondary payments considerably. However, the cost of accruing future pensions had increased, particularly given the increase in inflation and that had driven up the primary rates from 17.3% of pensionable pay to 23.4%. Could you, please, explain what that means as it appeared to imply that the council had to contribute 23.4% of pay towards the employee's future pension?

Response: The Council paid two elements of pension contributions. Primary contributions were the estimated cost of benefit built up every year, after deducting the employees' contributions, this was expressed as a % of the employees' pensionable pay. From 1st April 2023 this rate would be 23.4% of each employee's pensionable pay.

Secondary contributions were the difference between the primary contribution rate and the amount the employer needed to pay. In broad terms payment of the secondary rate was for benefit already accrued at the valuation date and was aimed at reducing any funding deficit on the pension fund.

Question: The first item in the table was the Western Growth Corridor - £7.59m. The second paragraph down from the table goes on to say: "The largest scheme delivered directly by the Council is Phase 1a of the Western Growth Programme...". Does that mean that the Council was financially responsible for all aspects of Phase 1a including the proposed road works and construction of 300 "units" with no contribution from Lindum?

Response: The comment "The largest scheme delivered directly by the Council is Phase 1a of the western Growth Programme..." was intended to differentiate from the £19m Towns Fund that is shown in the Capital Programme, which was not directly deliverable by the Council as we were acting as the Accountable Body and the majority of funding was passed onto external bodies to deliver the schemes, as such it was not directly delivering the £19m of spend. Whereas for the Western Growth Corridor the Council was directly responsible for the budget allocation. This budget included the Council's contribution towards its share of infrastructure costs (with the other landowner, Lindum's, responsible for their

share) and the cost of building the first 52 units on the Council's land (Lindum were responsible for their own build costs).

Question: At the meeting of the Performance Scrutiny Committee, there was a statement: "A review of existing council housing stock had been completed and identified that to improve the existing energy performance for a C or D would cost on average £30,000 per property." Based on 7,396 council houses, the cost of improving the energy performance of the Council's housing stock would be some £221,880,000. I appreciate that would be an expectation of receiving government grants to help with this work but it must still represent a significant cost to the Council. This was a substantial part of achieving the Council's self-imposed target (July 2019) of achieving Net Zero by 2030. With over 7,000 "units" and 7 years remaining to achieve the target there was a significant amount of work to do. Yet there was no mention of this work in the draft document or any allocation of funds for it. What were the Council's plans and estimates of costs for achieving this substantial part of their objective of achieving Net Zero by 2030 and why was there no mention of this in the Draft MTFS?

Response: The £30k per property that was quoted had since been clarified as an example provided by delivery partners such as E.On of what costs per property could be (based on other councils' experience), this was not specific to Lincoln. Work was currently underway on a retrofit assessment of a range of property types, cost and the measures for our own stock before we could confirm an accurate figure.

The Decarbonisation Plan for the Council's housing stock is one of the three key elements of the current review of the 30-Year Business Plan. Using the desktop data of estimated costs would inform the level of budget provision set aside in the revised Plan. The reference to this was in the MTFS in terms of updating the Plan in line with Vision 2025 priorities, including the environmental focus. However, given the costs involved with decarbonisation the Council would need to seek external grant support to achieve this along with their need to be carbon offsets due to too their currently being no solution to gas boilers. The updated 30-Year Business Plan was due to be completed during 2023 and would inform the MTFS 2024-2029.

Question: The figures quoted from the 2021 Census showed that the city had a population of "around 103,900" and that 20,030 of those were students studying at our 2 universities. This showed that students made up over 19% of the total population. At the meeting of the Performance Scrutiny Committee held on 8 December 2022, Cllr Chris Burke presented his Portfolio report, in which he had encouraged us to read the Lincoln City Profile 2021/22. The population section of that document gave a figure for the city's population of 100,049 and a total of 18,705 students. Using the stats provided in the document for age ranges, it was possible to determine that students made up around 25% of the city's working-age population (the way that the figures were presented meant 18 to 69 age range was used). From the more recent (and perhaps more accurate) 2021 Census data, was it possible to determine what percentage of the city's working-age population were students?

Response:

The percentages were as follows:

Census 2021 population figure for ages 18-69 = 74,187

HESA 2020/21 student data for Lincoln = 20,030

Percentage of working age population which are students = 27%.

RESOLVED that the Budget Review Group:

- (1) be presented with an update on the number of consultation responses from the Citizen's Panel at future Budget Scrutiny Meetings going forward.
- (2) Agreed to provide its comments and recommendations to the Executive prior to referral of the final budget proposals to Council on 21st February 2023.