

Present: Councillor Gary Hewson (*in the Chair*),
Councillor Thomas Dyer, Councillor David Clarkson,
Councillor Chris Burke, Councillor Clare Smalley,
Councillor Rachel Storer, Councillor Pat Vaughan,
Councillor Calum Watt and Councillor Emily Wood

Apologies for Absence: None.

1. Declarations of Interest

No declarations of interest were received.

2. Draft Medium Term Financial Strategy 2024-29

Budget Review Group considered the draft Medium Term Financial Strategy (MTFS) 2024-2029 and provisional 2024/25 budget and Council Tax proposals. A copy of the Medium-Term Financial Strategy was appended to the report.

Jaclyn Gibson, Chief Finance Officer, presented her 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 2024/25 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 by Members in advance of the meeting which, together with responses provided, were noted as follows:

Question: Referred to page 8 of the report. Could clarification be provided in respect of the point 'difficult decisions about the size and scope of services it can continue to provide...'. What service areas specifically, did the finance team view as being considered for reduction?

Response: There were currently no specific service areas that had been identified as being considered for reduction and the MTFS stated that a programme to deliver the savings targets would be developed over 2024/25 and 2025/26. This covered a range of measures and would not just focus on service reductions.

Question: If the Council completely removed the neighbourhood working element of the Council's service delivery, how much would be saved for the full MTFS period?

Response: The cost of the neighbourhood working team was c£190K per annum, a total cost of £981K over the period of the MTFS.

Supplementary Question: Was the overhead cost of circa £20K for the office itself included?

Response: Yes.

Question: Why was the proposed 2.92% Council Tax increase set at 2.92% rather than 3%. Was this a political decision to be viewed as increasing Council Tax by a lower amount when compared to neighbouring District Councils or was it set at 2.92% for accounting purposes?

Response: Historically, Council Tax was set slightly below the referendum limit rather than at the maximum, i.e. usually 1.9% or 2.9%. The Band D equivalent needed to be divisible by 9 and the nearest percentage to 2.9% that achieved that was 2.92%. There was no link with neighbouring Districts' Council Tax proposals.

Question: If the Council ran a similar Council Tax Support (CTS) scheme similar to other neighbouring District Councils, what would the cost difference be?

Response: The budgeted cost of the 2024/25 CTS scheme was £1.28M, based on the Council's share of 14%. If the scheme was capped at a maximum 90% support (instead of 100%) for eligible working-age recipients, the estimated cost would be 10% lower i.e. cost £1.52M which was £128K lower. However, officers would then have a number of smaller Council Tax balances to collect (i.e. 10% of a taxpayers' liability who may have previously received 100% support through CTS). Therefore, costs of collection/recovery would be increased and the Council's bad debt provision would be affected due to potential increased numbers of debts submitted for write-out.

Question: Would the "Cost of Living Co-Ordinator" have a budget to deliver initiatives? How much would the budget be?

Response: The Cost-of-Living Co-ordinator had a number of funds for which the role had responsibility, with other officers and partner organisations, to ensure that support was delivered to residents of Lincoln. This included:

- Household Support Fund – providing vital support for food, fuel and related needs (over £0.5M delivered to date in 2023/24)
- UK Shared Prosperity Fund Cost of Living projects (£128,334 over 2023/24 and 2024/25)
 - Provision of fuel vouchers to residents directly and through trusted partner organisations
 - Lincoln Community Grocery vouchers to new Council tenants/those placed in housing by the Council
- Implementing Money Adviser Network which increased prompt access to money and debt advice
- Working with colleagues and partners to develop a funding bid for local advisors providing financial, energy efficiency and gas safety advice through the Cadent Centres for Warmth scheme.

Question: How much would the City Centre Spring Clean cost and who would fund it? (UKSFP, General Funds). Requested clarity on the definition of "City Centre".

Response: The City Centre Spring Clean was budgeted to cost £46K per annum and covered both Lincoln Central Car Park and Street Cleansing. It would be funded from Vision 2025 reserves until 2025/26 and then formed part of the core

budget. In terms of street cleansing, works in 2024 it would be aligned with the formal Great British Spring Clean which ran 15 March 2024 to 31 March 2024. Targeted work would be undertaken and included jet washing around litter bins and benches and stain removal from hot spots. The high volumes of litter in the High Street bins had been recognised and some of the funding for the Big Belly bin trial that was proving to be so popular, would be used. Anti-littering campaigns were planned, which would be self-funded and included use of our increased social media profile, which the Council accepted covered more than the City Centre. Referred to Lincoln Central Car Park. Works were scheduled as and when needed.

Supplementary Question: Did the City Centre Spring Clean refer to Lincoln Central car park?

Response: Yes.

Supplementary Question: Could a map of the area that covered the City Centre be provided to Budget Review Group?

Response: A map of the area that covered the City Centre would be followed up further to the meeting.

Question: Referred to paragraph 4.4 of the report on page 12 of the agenda pack. Was the small business support team (costing £0.260M) funded via UK Shared Prosperity Funding (UKSPF)?

Response: The small business support team was funded from income from workspaces and as part of the General Fund Core budget. There was a separate Business Advisor that had been funded through UKSPF.

Question: The Business Rate gains continued to accumulate to circa £2.1M. Given that the circa £2.1M was assumed to be removed from the Council budget in 2026/27, where did the money currently received, get spent? They money could not be relied upon for day-to-day revenue spending.

Response: Although the Council had accumulated £2.1M of growth above its business rates baseline, it had to pay a levy of 50% of this gain to Central Government. It therefore only kept £1.05M of this growth which supported the overall cost of providing Council services. It was not allocated to a particular area. The reset of the business rates system and the loss of this income was one of the key factors that drove the total amount of savings required from 2026/27 onwards.

Question: Referred to paragraph 4.14 of the report on page 15 of the agenda pack. The report assumed a 2.92% Council Tax rise this year with assumptions of further increases of 1.9% per annum for the subsequent MTFS years. Why was the maximum Council Tax rise of 3% not assumed and if increases were raised to 3% per annum, how would the outlook of the MTFS be changed?

Response: The Council Tax Referendum Limit had been at 2% for a number of years and had only been increased to 3% for 2023/24 and 2024/25. The Council had used the additional flexibility this had provided.

Beyond 2024/25 there was no indication as to what the Referendum Limits would be as that would be post General Election. It was therefore prudently assumed, that the temporary increase in the limits would be reverted to the previous 2%. For every 1% increase in Council Tax, circa £77K was generated.

Question: Referred to paragraph 5.2 of the report on page 18 of the agenda pack. The report stated that the Council planned to achieve an energy

performance rating of C for all its housing properties by 2030. The Council had set itself a net zero policy by 2030 and therefore, did the report confirm that the target would not be met?

Response: The question was not specifically a budget related question.

Question: Referred to Appendix 1 of the report which showed a fall in the Directorate of Communities and Environment (DCE) budget over the MTFS period, despite contractual changes which would inevitably increase costs. Therefore, where were the funding reductions coming from?

Response: There were no funding reductions included in the DCE Directorate. The reduction in net cost was primarily as a result of the majority of Directorate income inflating at circa 3% per annum and expenditure inflating at a lower percentage (inflation was not provided on all expenditure types). In addition, there were some fixed terms costs in the initial years which were not included recurrently.

Question: Referred to Appendix 6 of the report which showed that there was a reserve of £50,000 for improvement works to City Hall. Could clarification be offered on what the works were?

Response: This was a reserve set aside for future works to City Hall as part of the Better Use of Assets pillar.

Question: Referred to Appendix 6 of the report. Was the reserve of £50,300 for corporate training an overly high figure?

Response: With a workforce of 600 employees, a training reserve of £50,300 equated to £83 per employee. The reserve was set aside to fund both officer and member training.

Question: Referred to Appendix 6 of the report. Why was the reserve of £7,100 for a Mayoral Car held as the Council did not have a mayoral car?

Response: The Council had a Mayoral car, which was leased. The balance of £7,100 was a residual reserve and was subject to a year-end request for reallocation to the Guildhall.

Supplementary Question: The mayoral car was regarded as too small. Had that been reviewed?

Response: The Mayoral car was under lease for a number of years and therefore, we would have to wait until the renewal was due.

Comment: It was positive that the Mayoral car was powered by electric.

Question: What was the staff wellbeing reserve of £28,260 for?

Response: Examples of initiatives from the reserve included: -

- Global Corporate Challenge/Virgin Pulse x 4 years
- Employee Wellbeing classes
- Financial Wellbeing courses
- EAP
- Production of "Your Health Matters Guide" for every employee
- Menopause videos

Question: There had been a £10,000 tank memorial reserve for a number of years. What was the purpose of the reserve?

Response: The £10,000 was gifted to the Council when the memorial was built, and maintenance responsibility transferred to the Council. It was intended to provide for future maintenance costs.

Question: Was the circa £300K Vision 2025 reserve allocated to specific projects?

Response: There was an unallocated amount of £310,790 on the Vision 2025/2030 reserve. This was held for commitment against future schemes as part of the development of Vision 2030.

Question: If elected members supported the reallocation of £50,000 from the Vision 2025 reserve to a Bus Shelter Maintenance reserve, was a reallocation possible? The reallocated money would be spent on bus shelter maintenance.

Response: A reallocation of £50,000 from the Vision 2025 reserve to a Bus Shelter Maintenance reserve was financially possible however such a move reduced resources for the future development of Vision 2030.

Question: What amount was planned for the events budget for 2024/25? Consideration given to inflation, in terms of spending power, was the events budget increasing or decreasing in 2024/25?

Response: The events budget for 2024/25 was £290,560. Consideration given to current inflation; the budget was increasing in real terms.

Question: Could a narrative be provided in respect to the decisions of the proposed new parking charges? Some parking charges are proposed to be increased, some not and some had changed more than others.

Response: Tariff setting had always been carried out in a nuanced way across Council car parks in order that running costs were reflected, customer demand and usage considered and in order that a range of pricing options for residents and visitors were provided. Some car parks with lower usage and therefore lower demand had not been increased as much as some, where usage and therefore demand, running costs and maintenance were higher. This also enabled an annual global increase that was typically in line with inflation.

Supplementary Question: Car parking was part of the Council's main income stream. When was the new car parking strategy due and when would it be available for Members to view?

Response: Officers understood that the car parking strategy had been progressed and confirmed that clarification of the date it could be viewed by Members, would be followed up further to the meeting.

Question: Could an update be provided on the figures for the Council's Investment Properties? Additionally, could Members be notified if they met, under or over performed the original projections made?

Response: The requested information was contained on page 13 of Appendix B: Capital Strategy.

Question: On the 24 January 2024, Michael Gove announced increased funding for Local Government as part of the final Local Government finance settlement. Whilst this was mainly aimed at Social Care authorities, how was the City of Lincoln Council impacted?

Response: No further details had been provided by Department for Levelling Up, Housing and Communities (DLUHC) in terms of the specific allocation of the

additional funding that was announced. This would be released in the final Finance Settlement which was due in early February.

Supplementary Comment: Of the £600M anticipated, £500M was planned for Social Care. Of the remaining £100M, £3M was planned for drainage levy support allocation and approximately £140,000 was anticipated. Additional drainage levy costs were expected to be £180,000 this year.

Supplementary Question: When further information was received, could it be forwarded for Members' consideration?

Response: Information would be received in time for the final Finance Statement/Budget in early February which would be updated. The information would be emailed to Members also.

Question: Referred to paragraph 2.6 of the report on page 9 of the agenda pack. What specifically, were the initiatives that the new Cost-of-Living Living Co-Ordinator post planned to deliver? Referred to paragraph 4.4 of the report on page 12 of the agenda pack. Would the Cost-of-Living Co-Ordinator form part of the £280K per year, Welfare Advice and Welfare Reform Support Services scheme?

Response: Details of the initiatives had been set out previously. The Cost-of-Living Coordinator was not part of the £280K quoted.

Question: Referred to paragraph 5.2 of the report on page 18 of the agenda pack in relation to Spending Plans; in particular, 'New Homes'. The Council's 30-year Business Plan included the duration of the Western Growth Corridor (WGC) development. With the terminology used, why didn't the figure include the 3,200 homes target for the WGC?

Response: The 1,700 was specifically in relation to affordable homes. The new homes on Western Growth Corridor included a mix of affordable and market homes.

Question: Referred to paragraph 5.2 of the report on page 18 of the agenda pack in relation to Spending Plans; in particular, 'Decarbonisation'. The Council's commitment, in line with its declaration of a 'Climate Emergency', was to reach net Zero by 2030. The achievement of an Energy Performance Rating of 'C' for all Council houses did not equate to Net Zero. What spending plans did the Council have for reaching its own goal of Net Zero by 2030?

Response: As set out in paragraph 5.2 of the report and articulated within the Housing Business Plan, the plan acted as a guide to the future development of HRA budgets which focussed on the growth and allocation of surpluses in accordance with the four main objectives. It did not seek to allocate all of these surpluses at the present time.

Question: Referred to 'Capital Spending Plans' on page 60 of the agenda pack which confirmed that the total planned expenditure over the 5-year programme included £12.898M for the WGC. Referred to the Executive summary on Page 8 of the agenda pack which confirmed that '*delivery of Phase 1a of the Western Growth Corridor, a total gross cost of £18.1m, providing the infrastructure to open up the overall site and delivery of the first 52 homes (this will be primarily funded from sales values and external grants)*'. What was the difference between what was covered by the £18.1M and that covered by the £12.898M (other than £5.202M)?

Response: The £18.1M related to the total budget cost for Phase 1a and included expenditure incurred in the current financial year. The balance that remained of £12.898M was to be incurred in 2024/25 and 2025/26. These were gross expenditure budgets and did not include capital receipt income.

Supplementary Comment: The gross expenditure budget did not include any income from housing sales. It was the gross cost, not the net cost.

Question: Referred to 'Asset Management' on page 61 of the agenda pack which confirmed that *'there does however remain a legacy of outstanding investment required in the Council's assets, with a number of maintenance liabilities now arising. These are mainly in relation to operational assets...'*. What were the legacy operational assets and what was the level of investment required?

Response: This related to the Council's corporate asset estate, not legacy assets. Updated stock condition surveys were planned to be completed during 2024/25 to inform the future investment programmes.

Question: Referred to 'Prudential Borrowing' on page 62 of the agenda pack which confirmed that *'the MTFs includes an unsupported prudential borrowing requirement of £7.015m over the period 2024/24-2028/29. This includes temporary borrowing to support the Housing delivery of the Western Growth Corridor and associated shared infrastructure'*. How much of the £7.015M borrowing was required for the WGC and was it included in the £18.1M or £12.898M figures quoted earlier? As it was termed temporary borrowing, when would it or must it, be repaid?

Response: There was a requirement to cashflow Phase 1a of WGC to approx. £5.6M, due to the timing of cost incurred and receipts from property sales. Prudent provision has been made to allow the Council to temporarily borrow during this period. However, given the current cash balances it was unlikely the full amount of £5.6M would need to be borrowed. Any borrowing that was required would be done so through the PWLB on a short-term basis.

Question: Referred to 'Releasing Resources' on page 70 of the agenda pack which confirmed that *'although there is no specific savings target in the HRA the Council will continue to pursue the strands of its Towards Financial Sustainability Programme, where there are financial benefits for the HRA, releasing further resources for re-investment'*. Were the 'further resources' that may be released, Council houses or other building resources?

Response: The resources were in terms of revenue budget savings e.g. if savings were made that supported a service, then a proportion of those savings would be attributable to the HRA.

Question: Referred to 'Gambling Act - Permit Fees' on page 108 of Appendix 7 of the agenda pack. 'The table of fees includes entries for:

- Alcohol Licences Premises - Notification of **Less than 2 Machines** - Application Fee
- Alcohol Licences Premises - **More than 2 Machines** - Application Fee'

What would be the case if there was an application for 2 Machines?

Response: The wording should read '2 or less Machines'.

Question: Referred to 'Fixed Penalty Notices' on page 121 of Appendix 7 of the agenda pack.

All items listed in the table remained at the existing charge of £75, except for Dog Fouling which was £50. Why had the charge for Dog Fouling not been increased?

Response: Dog Fouling Fixed Penalty Notice was due to be reviewed during 2024/25.

Question: In general terms, the Western Growth Corridor was a major investment for the Council and represented a major risk, not least because of its long delivery period and unpredictable rising costs. How much had the Council invested in it to date and, after external grants were deducted, what was the Council's own financial investment in the whole development?

Response: The budget and MTFS proposals in relation to WGC were in line with previous reports submitted to the Executive for approval. There were no new proposals. This information was therefore available in the Executive reports.

Jaclyn Gibson, Chief Finance Officer confirmed that the consultation was still live, and would be until the end of the following week and had been pushed through social media and sent out to The Citizens Panel; 95% of responses received were from residents. The information would be included in documents proceeded to Council and Executive. Further questions and discussions were invited from Members of the Budget Review Group.

Question: Monies costed to the General Funds Account (GFA) was concerned with homelessness and the need for accommodation to be found which was often hotels. What was the Council's view? Homelessness was likely to increase and therefore, it would put more pressure on the GFA. Were the Council in a position to purchase somewhere that could be used to offer emergency housing?

Response: Costs had increased in 2024/25 by approximately £200K and were forecasted to increase to £300K thereafter. The Corporate Management Team (CMT) have actioned a range of measures, focussing on both = increasing supply of appropriate accommodation and managing demand.. Bed and Breakfast accommodation was very expensive and the recovery of expenditure was limited; up to the local housing allowance.

Note: *(Councillor Christ Burke wished it to be noted that he was a member of the YMCA Board)*

Comment: The Council had lobbied for additional support.

Question: Was the acquisition of property a possibility?

Response: A range of options had been considered regarding property acquisition. In addition, consideration had been given to adaptation of our own properties in our ownership.

Comment: Mortgage companies had forecasted mortgage failures and considerable increases were expected unless there was to be action from Central Government.

Comment: The provision of emergency accommodation was a major pressure on the GFA. The Council had a number of miscellaneous properties within its housing stock however they came with long term repair and maintenance issues and therefore were not entirely trouble-free. The issues required significant Government intervention.

Question: Who designed the questions asked within the consultation exercise?

Response: The Chief Finance Officer and the Policy Team.

Comment: A face-to-face consultation took place on 26 January 2024 facilitated by a company called EveryOne. The consultation engaged people in harder to reach communities and those unrepresented and was attended by approximately 23 individuals.

Comment: The exercise offered an indication of the issues faced by elected Members regarding expenditure as all services were often considered a priority. Hard choices had to be made at times.

Question: How much had it cost for EveryOne to facilitate the engagement event?

Response: Confirmation of the charge would be forwarded further to the meeting.

Comment: Officers were praised for the diligence demonstrated in going through the Budget papers. It was positive that there had been a fair amount of scrutiny. Budget making had become increasingly challenging. The Council was in a much more robust financial position compared to other authorities and had weathered the storm that others had yet to come through. The Council had managed well which was due to prudence and diligence.

RESOLVED that:

1. The Budget Review Group agreed to provide its comments and recommendations to the next Performance Scrutiny Committee meeting, prior to progression to Council.
2. Members would be provided with extra information under separate cover as requested in the discussion of budget proposals above.