

Present: Councillor Gary Hewson (*in the Chair*),
Councillor Chris Burke, Councillor Annie Currier,
Councillor Lucinda Preston, Councillor Anita Pritchard,
Councillor Clare Smalley, Councillor Rachel Storer and
Councillor Pat Vaughan

Apologies for Absence: Councillor James Brown and Councillor Thomas Dyer

3. **Declarations of Interest**

Councillor Pat Vaughan declared a Personal Interest with regard to the agenda item titled 'Draft Medium Term Financial Strategy 2025-2030'.

Reason: His daughter worked in the Revenues and Benefits Team at City of Lincoln Council.

4. **Draft Medium Term Financial Strategy 2025-30**

Budget Review Group considered the Draft Medium Term Financial Strategy 2025-2030 and provisional 2025/26 budget and Council Tax proposals. A copy of the Medium-Term Financial Strategy was appended to the report. The results of the public engagement on the Budget Proposals for 2025/26 were also tabled at the meeting for members' information.

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 2025/2026 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 and other 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: For clarification, are the first build of housing on the Charterholme development a Council build investment under Major Development General Fund or is this a Lindum Development ?

Response: The land on which the first 52 homes at the Charterholme development was being built belonged to the Council. The Council had entered into a development agreement with Lindum Homes to build the homes on the Council's behalf. The Council would fund the cost of the works and would receive the proceeds of the sales. The homes were built as part of the General Fund and would be market homes for sale. The anticipated capital receipt from these sales was included in the General Investment Programme (page's 39-41) of the Medium Financial Term Strategy.

A report to the Executive on 22 July 2024 set out the detail of the development.

Supplementary Member Comment: If the Council did not do this, then we would not be able to build Council houses.

Response: The General Fund did not impact on the Housing Revenue Account. The Council had obtained grant funding from Homes England to assist with the project, which had specific grant conditions in terms of the tenure of the first 52 homes. The homes would be market homes as the gateway to the development.

Supplementary Question: Who would pay for the new link road for the southern access into the site?

Response: This was common infrastructure and was funded equally between the two landowners (the Council being one).

Supplementary Question: What financial benefit would the Council accrue from the scheme?

Response: There was a minimum land value for the Council set at £2m. Any amount over this would be subject to profit share arrangements as per the development agreement with the contractor.

Supplementary Question: When was the £2m land receipt expected?

Response: The new homes were on the market with a planned 18-month build time. We were expecting a completion date of Summer 2026.

Question: What is the sinking fund (AGP) and City Hall Sinking Fund. I don't see any reserved for the homeless.

Response: The AGP and City Hall sinking funds were earmarked reserves, which were monies set aside for a future use, i.e. they were similar to a savings account where resources could be contributed to each year and used when the need arose. It was particularly prudent to set reserves aside on a gradual basis for future capital commitments rather than be faced by a large cost in a future year.

The All Grass Pitches (AGP) sinking fund was money set aside to pay for the future replacement of the pitches at Yarborough Leisure Centre. The City Hall sinking fund was money set aside to meet future maintenance requirements.

As resources to provide homelessness support were a day-to-day service requirement, rather than a need to set resources aside for a future need, the expenditure and income were included within the revenue budgets (under the Directorate of Housing) rather than in the earmarked reserves.

Gross expenditure budgets for homelessness spend were c£1.9m in 2025/2026.

Supplementary Question: The Council had a legal requirement to take reasonable steps to help someone threatened with homelessness for a period of 56 days. Was temporary accommodation used to help relieve the pressure?

Response: The Council used both its own housing stock as well as other accommodation i.e. hotels, leased properties etc as temporary accommodation. The cost of all of these was however greater than funding through housing subsidy, which was capped at the local housing allowance rate. Using the Council's own housing stock was a cheaper alternative to the more expensive hotels but there was a balance with managing the Council's housing waiting list.

Supplementary Question: Had any work been carried out to examine the benefits of tenants being able to relocate to smaller, more efficient council properties?

Response: A Right-Sizing Incentive Scheme was available to Council tenants. More people were turning to council housing because they were getting priced out of the private market with significant increases in lease costs; therefore the Council had taken the decision to borrow to fund house building through the Charterholme development. No further major financial decisions would be taken moving forward until the future stability and growth was known over time.

Question: The office space at City Hall was now sparsely used. Was there any room for other organisations to come into the building?

Response: The Medium Term Financial Strategy encompassed a strand to maximise use of its assets including that of City Hall. Efforts were being made to try to secure further tenants to the building. Initial plans had been developed, however, it was best to wait until we secured a tenant before we relocated existing staff around the building. We hoped to introduce a public sector hub, although any interest from other organisations would also be considered.

Question: Was the cost known to the authority resulting from employer's national insurance contributions having been increased?

Response: The cost to the General Fund was c£350,000. It had been estimated that the Government grant would be c£140,000, however, the final allocation was announced as £184,000. There was also an additional cost of £210,000 to the Housing Revenue Account, for which there was no grant funding provided.

Supplementary Question: How was this additional cost covered?

Response: It was built into the Medium Term Financial Strategy as an ongoing budget cost.

Supplementary Member Comment: This financial year was not so critical as the Council had been able to retain some monies it had expected to lose, although future years would be much harder.

Question: In terms of fees and charges, car parking charges were a high income stream for the Council. Was there a strategy in place to maintain this income moving forward taking into account the environmental momentum to encourage less cars in the City?

Response: A refreshed car parking strategy had been approved by Executive last year which reflected climate change issues. Although we didn't have a specific strategy to replace car parking income in the MTFS, longer term the potential to utilise existing car park sites for alternative uses to generate income could be considered.

Supplementary Question: Why had licensing fees and charges not been increased in the Medium Term Financial Strategy?

Response: The majority of licensing fees and charges were set in statute and could not be increased.

Member Comment: Officers were praised for the excellent report presented to them this evening. The Council had managed well which was due to prudence and diligence.

RESOLVED that:

Budget Review Group agreed to provide its comments and recommendations to the next Performance Scrutiny Committee meeting, prior to progression to Council, and wished the following statement to be recorded:

'Budget Review Group took this opportunity to scrutinise the Draft Medium Term Financial Strategy 2025/2030 and noted the questions which were tabled for the meeting and also raised during the meeting, for which replies were given.'

Also, the Committee noted the budget consultation results.

Budget Review Group agreed that with the information available at this time to officers and which had been relayed to members, that the proposals were a sustainable strategy for the Council's objectives regarding the Medium Term Financial Strategy 2025/2030.'