Minutes of a meeting of the **JOINT PERFORMANCE MONITORING PANEL AND POLICY DEVELOPMENT PANEL** held in the Council Chamber, Council Offices, Priory Road, Spalding, on Thursday, 26 January 2023 at 6.30 pm.

PRESENT
A R Woolf (Chairman)

B Alcock	A C Cronin	J L Reynolds
A C Beal	R A Gibson	G T D Rudkin
F Biggadike	J L King	S Timewell
H J W Bingham	J D McLean	J Tyrrell
M D Booth	N H Pepper	S C Walsh
C J T H Brewis	P A Redgate	D J Wilkinson

Apologies for absence were received from or on behalf of Councillors J Avery, T A Carter, M Hasan, G P Scalese, S-A Slade and A C Tennant

In Attendance: The Deputy Chief Executive – Corporate Development, the Assistant Director – Finance, the Strategic Finance Manager (PSPS) and the Democratic Services Officer.

Action By

20. ELECTION OF CHAIRMAN

Councillor A R Woolf was elected as Chairman for the duration of the meeting

21. DECLARATION OF INTERESTS

Councillor Woolf declared an interest at agenda item 3 in that he was the owner of an electric vehicle.

22. BUDGET OVERVIEW 2023/24 AND DRAFT BUDGET

Consideration was given to the report of the Deputy Chief Executive – Corporate Development, which asked the Joint Panel to scrutinise the draft budget for 2023/24.

The Joint Panel received a presentation from the Deputy Chief Executive – Corporate Development which highlighted the following main areas of the report:

- Spending Review for 2023/24;
  - It was noted that significant representations, from Members of Parliament and local council Leaders, had been made to central Government in respect of the Internal Drainage Board levy and how this element was embedded within the Council's

accounts;
- Revenue Budget and Medium Term Financial Plan (MTFP);
- MTFP summary;
- Budget Pressures and Risks;
- Improvements built in and further opportunities;
- Outstanding areas;
- Housing Revenue Account (HRA);
- HRA Budget Summary; and
- Timetable of the budget consultation:
    - authority from Cabinet had been delegated to the Portfolio Holder to commence the budget consultation on 10 January 2023;
    - the public consultation commenced on 20 January 2023 and would end on 10 February 2023;
    - consultation with members of the Joint Performance Monitoring Panel and Policy Development Panel was taking place at the current meeting on 26 January 2023;
    - the budget papers would be presented to Cabinet on 14 February 2023 and Full Council on 2 March 2023 where the Council Tax would be set.
- The Deputy Chief Executive – Corporate Development concluded by stating that the budget setting process had taken place against an unprecedented unstable financial environment and that numerous influential factors beyond the Council's control were still unresolved. These included, but were not exclusive to:
    - pay settlement for 2023/24;
    - inflation;
    - investment income; and
    - business rates.

Following consideration of the report and the presentation, the following issues were raised by the Panel:

- Members thanked the Deputy Chief Executive – Corporate Development, the Assistant Director – Finance and the Strategic Finance Manager (PSPS) for producing the report and for the delivery of a clear and concise presentation.

- Members referred to business rates and stated that these were already unaffordable. Were they set to increase further?
    - The Assistant Director – Finance responded that:
        - business rates were ultimately determined by

central Government. Rateable values of businesses were set by the Valuation Office Agency and multipliers applied to arrive at rates payable;
        - a review of business rates had taken place and the valuation list, to be launched in April 2023, would reflect both increases and decreases in rateable values;
        - increases in rateable values would be staggered over a three-year period; where this occurred, local authorities would be compensated from central government for any loss of income received during the intervening period; and
        - decreases in rateable values would be immediately effective.
- Members asked for clarification of the size of shop unit which determined whether businesses rates were payable. Concern was expressed for larger shops, where rates were payable, and for empty shop units which were not contributing to the economic vibrancy of towns.
    - the Deputy Chief Executive – Corporate Development responded that:
        - a report which detailed business rate reliefs and banding values would be circulated to the Panel; and
        - the report for the review of business rates had been released in December 2022 and any changes would be reflected in demands from April 2023.

- Members were concerned with residential rent increases and asked whether any support plans were to be in place for tenants who worked.
    - The Deputy Chief Executive – Corporate Development responded that members were mindful of the current financial climate and were actively considering how all tenants could be supported with rent increases.

- Members noted that the budget for 2022/23 had included a spend of £2000 on playing field equipment which was considered inadequate. Such facilities were required more than ever in the post-Covid era and a greater investment was called for in 2023/24.
    - The Deputy Chief Executive – Corporate Development would refer the query to the service

and report back to members.

- Members referenced the HRA and commented that the write-off of SHDC's £67.456million loan from central government would support tenants by around £11 per week. A stronger representation to Government to cancel the debt was called for.
    - The Deputy Chief Executive – Corporate Development responded that representations were made at the time of the decision, and it was unlikely that the government would change its policy position at this time.

- Members referred to the HRA account and queried whether the allocation for repairs and maintenance was adequate. The cost of raw materials had increased significantly and members requested that the budgeted per centage increase be circulated.
    - The Deputy Chief Executive – Corporate Development expressed confidence that the HRA could afford the required works.

- Members asked whether the Council was building enough new homes to offset those that were sold through the Right To Buy scheme.
    - The Deputy Chief Executive – Corporate Development confirmed that:
        - the Council was seeking to replace properties which had been sold through the Right To Buy scheme;
        - a number of Section 106 acquisitions were accounted for in the Capital Programme and were due for completion in the near future;
        - new acquisitions were modern properties with low repair requirements which yielded attractive rents; and
        - the healthy financial status of the HRA enabled improvements to existing stock as well as investment in new stock.

- Members referred to current reviews within the Council relating to the escalating cost of homelessness and the Council's desire to drive economic growth and asked for clarification of how far-reaching the reviews were across the authority.
    - The Deputy Chief Executive – Corporate Development responded that:

        - a thorough 'root and branch' review of homelessness was taking place;
        - as an alternative to the current use of bed and breakfast accommodation, opportunities to invest in assets to assist individuals into a home more quickly were being sought;
        - Next Steps Accommodation Programme (NSAP) and Rough Sleeping Accommodation Programme (RSAP) properties were being delivered;
        - a specific and significant focus on how the Council supported growth and attracted businesses to the area was underway and opportunities were progressing.

- Members referred to page 24 of the report regarding the planned Capital Programme expenditure and asked for clarification of the £55,000 allocation for footpath lighting for the coming year and the following three years.
    - The Deputy Chief Executive – Corporate Development responded that:
        - the £55,000 allocation would fund a phased replacement of Council owned footway lighting; and
        - bids were still being reviewed for the Capital Programme. The affordability of bids would need to be considered as part of this process, nonetheless the final value of the Capital Programme was expected to be higher than that stated in the report.

- Members asked for clarification of the £65,000 'Changing Places – Holbeach' Capital Programme allocation.
    - The Deputy Chief Executive – Corporate Development confirmed that a grant of £150,000 had been awarded to the Council for three enhanced toilet facilities, one of which was planned to be built in Holbeach.

- Members asked whether the transfer of the Internal Drainage Board levy to a precept would be beneficial.
    - The Deputy Chief Executive – Corporate Development responded that:
        - the outcome would depend on the direction taken by central Government;
        - immediate support may or may not be available; and

        - current levies across the three authorities within the S&ELCP were significant and accounted for between 55 per cent and 68 per cent of the Council Tax income. Large, embedded Internal Drainage Board levies affected small local authorities disproportionately and the charging model needed to be addressed from a legislative perspective.

- Members asked for clarification of carried staff vacancies and whether this could be maintained.
    - The Deputy Chief Executive – Corporate Development confirmed that a 4 per cent employee vacancy factor existed. This had previously been successfully achieved and could reasonably be assumed to be achieved for 2023/24.

- Regarding the Pension Fund, members queried:
    - whether it was perceived that the Pension Fund deficit would increase over the period;
    - the per centage of employees who were members of the Pension Fund; and
    - the per centage contribution made by employees into the Pension Fund.
        - The Deputy Chief Executive – Corporate Development responded that:
            - the Triennial Valuation had shown that the South Holland Pension Fund had performed well, and the deficit situation had improved;
            - the Pension Fund deficit was previously recovered over a rolling 20-year period but new rules had stipulated a contraction of this arrangement. To this end, on the current 3-year cycle, the deficit was on course for a 17-year recovery and the period would reduce further over the years to become a fully balanced Pension. This action was not expected to impact the performance of the Pension Fund;
            - the percentage of staff who were members of the Pension Fund would be circulated to members after the meeting;

- the Council operated an automatic opt-in to the Pension scheme but ultimately membership remained the choice of employees;
- employee contribution to the Pension Scheme varied according to salary level and details would be circulated after the meeting; and
- employees had the option to increase contributions through Additional Voluntary Contributions (AVCs).

- Members noted that the budget allocated for the Sheep Market toilets was significant.
    - The Deputy Chief Executive – Corporate Development confirmed that an allocation had been made within the budget to replace the toilets however the Capital Programme was subject to review.

- Members welcomed the £29,000 allocation for ‘Electric Vehicle Charging’ as stated on page 25 of the report but noted a lack of allocation for future years. Was future investment in electric charging points planned?
    - the Deputy Chief Executive – Corporate Development stated that the gross cost of the two schemes was significantly higher than the stated £29,000 and implementation relied on additional grant funding;
    - the relevant service was seeking further bidding opportunities for grant funding; and
    - further opportunities for electric vehicle charging points were being sought.

- Members noted the £528,000 stipulated in the Capital Programme for ICT and asked whether this was sufficient. In addition, the importance of ICT alignment across the partnership had been established, including by the Joint Scrutiny of the Partnership Task Group, and it was suggested that any expenditure needed to include the caveat of swift delivery.
    - The Deputy Chief Executive – Corporate Development responded that:
        - bids were being considered to support the ICT budget;
        - replacement cloud-based programmes could be financed through Revenue support rather

than through the Capital Programme; and
  - ICT budgets were undergoing change due to developments in how services were being provided.

- Members asked whether Spalding specific expenditure, such as for the cemetery, should be funnelled through the Spalding Special Expenses Account rather than through the South Holland District Council Capital Programme. A comparison was made with the financial responsibilities of Parish Councils.
  - The Assistant Director – Finance responded that the Spalding Special Expenses Account was not a recognised body but remained an extension of the asset of the Council. The running costs of Spalding specific services were included in the Council Tax of Spalding residents only.

- The Chairman concluded the meeting by highlighting 'Notes to Assumptions' on page 8 which demonstrated that a thorough approach to the budget setting process had been taken. Credit was relayed to all officers involved.

AGREED:

That following consideration of the report and the draft budget for 2023/24 as set out at Appendix A, the comments of the Joint Panel be noted for Cabinet's consideration at its February meeting.

23. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

(The meeting ended at 7.22 pm)

(End of minutes)