

Minutes of a meeting of the **JOINT PERFORMANCE MONITORING PANEL AND POLICY DEVELOPMENT PANEL** held in the Council Chamber, Council Offices, Priors Road, Spalding, on Tuesday, 13 January 2026 at 6.30 pm.

PRESENT

B Alcock (Chairman)

D Ashby
P Barnes
A C Beal
M D Booth

C J T H Brewis
L J Eldridge
M Geaney
R A Gibson

J L Reynolds
M Le Sage
I Sheard
A R Woolf

Apologies for absence were received from or on behalf of Councillors N Chapman, M Hasan and J Whitbourn

In Attendance: The Director of Finance (Section 151 Officer), the Assistant Director - Housing, the Head of Finance Delivery SHDC (PSPS), the Portfolio Holder for Strategic and Operational Housing and the Democratic Services Officer.

7. ELECTION OF CHAIRMAN

Councillor Alcock was elected as Chairman for the duration of the meeting.

8. DECLARATION OF INTERESTS

Councillor Brewis declared that he was a Director of PSPS.

9. BUDGET OVERVIEW 2026/27 – 2030/31

Consideration was given to the report of the Director of Finance (Section 151 Officer) to consider and scrutinise the Council's financial outlook, provisional finance settlement and draft General Fund budget position prior to consideration by Cabinet and Council.

The Director of Finance (Section 151 Officer) and the Head of Finance Delivery SHDC (PSPS) attended for this item.

The Director of Finance introduced the report to members and the following main points were highlighted by way of a presentation (appended to the minutes at Appendix 1):

- The role of Overview and Scrutiny as part of the budget process;
- A recap of the process to date;
- Key headlines from the Provisional Local Government

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Finance (LGF) Settlement 2026/27 including significant complex changes and the release of illustrative figures for subsequent years, which will be updated on an annual basis;

- A summary of budget pressures;
- A summary of efficiency proposals;
- The provisional draft budget; and
- Next steps.

In addition, it was highlighted that:

- £5 million of grant funding towards Internal Drainage Board had been secured for 2026/27;
- Due to the late notification of the finance settlement from central government and the fact that further information was still awaited, the report had been prepared and presented with the caveat that work on the budget remained ongoing. This included, in particular, the following elements:
 - The Capital Programme and its funding arrangements, which were yet to be finalised; and
 - Financial assumptions relating to food waste collection and Extended Producer Responsibility, which had not yet been confirmed and would be incorporated into the budget when available. It was noted that these outstanding elements would have a consequential impact on the Treasury Management position and, in turn, on projected investment income;
- Work undertaken to date had reduced the 2026/27 initial funding gap from £2.5m to £250,000. It was noted that pressure was anticipated to increase in subsequent years and that, while further management measures would be required, the overall position was considered reasonable moving forward.

Members considered the report and made the following comments:

- Members queried whether grants consolidated within the finance settlement were ring-fenced for their respective purposes.
 - The Director of Finance explained that, while the consolidation of grants represented a departure from previous settlement approaches, the settlement documentation clearly identified the individual grant values and confirmed that these remained ring-fenced for their intended purposes.

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- Members queried the likely impact of forthcoming changes to business rates, including the revaluation of licensed premises.
 - The Director of Finance explained that the business rates revaluation would potentially affect all ratepayers across the district. It was noted that, while the intention of the revaluation was that increases and reductions should broadly balance out at a national level, the impact would vary between individual businesses depending on their circumstances and ability to absorb change. Members were advised that the local implications would not be fully understood until detailed data was available later in the process.

- Members queried why government calculations overestimated Council Tax income by £109,000.
 - The Director of Finance explained that the national funding methodology applied standardised assumptions in relation to collection rates, Council Tax base growth, and the application of premiums for second homes and empty properties. It was noted that these assumptions did not fully reflect South Holland's local circumstances, which resulted in an overestimation within the government's calculations.

- Members commented on the savings and efficiency proposals relating to the generation of income from CCTV and expressed concern that transferring these costs to Parish Councils, while not representing a saving to the local taxpayer overall, could potentially place the future provision of the service at risk.

- Members queried whether the projected £175,000 reduction in premises-related expenditure over a two-year period was realistic and raised concerns that previous maintenance issues, including those at the Lutyens Memorial, suggested there was a risk that savings could result in underinvestment in Council buildings.
 - The Director of Finance reassured members that the anticipated reduction related to specific service areas, principally relating to the leisure contract and the swimming pool, and not to council-wide asset maintenance. The property team remained responsible for ensuring buildings were kept in good

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repair.

- Members queried why some of the budget lines did not appear to reconcile.
 - The Director of Finance explained that the movements within the budget were derived from a combination of inflation assumptions, rounding, service-level adjustments and outcomes from the Star Chamber process. As a result, the figures did not reconcile on a like-for-like basis and additional budget adjustments beyond the headline pressures and savings contributed to the overall efficiency requirement.
- Members queried why income from investment interest was forecast to remain flat, despite expectations that interest rates would change over the medium term and questioned whether this represented a financial risk.
 - The Director of Finance explained that this budget line remained subject to further work and that a flat assumption had been applied at this stage to avoid overstating income without full information. It was noted that the final position would depend on movements within the capital programme, treasury management activity and reserve balances, and that the figure was therefore likely to change as these elements were finalised. In acknowledging the sensitivity of the investment income line to market volatility, the Director of Finance advised that the Council had some flexibility to manage exposure through internal borrowing arrangements, including between the General Fund and the Housing Revenue Account, which could reduce reliance on external borrowing and help mitigate risk.
- Members asked for details regarding the £500,000 'Direct Revenue Financing of Capital Expenditure' budget line within the Medium-Term Financial Strategy (MTFS).
 - The Director of Finance explained that this sum represented an in-and-out budget movement, with a corresponding entry within relevant service areas, and therefore had a net nil impact on the Council's overall revenue position. It was further noted that, while the Capital Programme was still being finalised, it was not anticipated to differ significantly from the 2025/26 position, and any amendments would be fully funded and would not adversely affect the revenue budget.

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- Members sought clarification on the anticipated level of Internal Drainage Board (IDB) levies and the associated risk.
 - The Director of Finance advised that positive and ongoing discussions were taking place with the Internal Drainage Boards through the Special Interest Group. It was noted that, in line with Government advice, grant assumptions within the budget had been based on 2025/26 figures. Whilst indicative information had been shared, formal confirmation of IDB levy requirements was not expected until spring or summer 2026, and this uncertainty presented a degree of ongoing risk within the projections.

- Members raised concerns about the Council's use of expensive temporary accommodation for homelessness and queried whether the financial examination of a Council-owned provision, such as a hostel, had been considered.
 - The Director of Finance advised that the current approach to homelessness provision was considered effective, and while alternative options were not currently being progressed, Members were welcome to explore and propose other solutions for consideration.
 - The Portfolio Holder for Housing further explained that a Council-owned provision had previously been explored; however, an identified property had been assessed as unsuitable and was not taken forward. It was noted that the Council's reliance on bed and breakfast accommodation had significantly reduced as a result of a strategic shift towards prevention activity. Members were also advised that the approved departmental restructure had strengthened this preventative approach, including expanding engagement with private sector landlords to secure additional accommodation. In addition, funding secured through round three of the Local Authority Housing Fund had enabled improvements to temporary accommodation, and the introduction of small 'top-up' charges from April 2026 was intended to support tenant readiness and assist the transition to longer-term housing solutions.

- Members requested further detail regarding the £455,000

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annual saving attributed to staff vacancies and sought clarification on the potential impact of forthcoming Local Government Reorganisation (LGR) on staffing levels and resources.

- The Director of Finance explained that:
 - The vacancy saving was generated through natural staff turnover, recruitment lead-in times and new starters commencing on lower salary points within established grades. It was noted that this approach reflected common practice across the local government sector and was informed by historic experience, which demonstrated that approximately 4% in-year savings could be achieved in this way; and
 - In relation to Local Government Reorganisation, he advised that while some statutory roles were likely to consolidate under any future arrangements, operational service staff would continue to be required. It was further noted that a degree of natural workforce reduction could occur; however, experience elsewhere had shown that reorganisation typically created increased short-term demand for staff capacity due to transformation, transition and service integration activity.
- Members queried changes to the Council's pension contribution levels following the triennial review.
 - The Director of Finance advised that the triennial pension review had resulted in a reduced employer contribution rate of 18.3%, which was due to take effect from April 2026. It was noted that this reduction would deliver a significant saving of approximately £700,000, which had been incorporated into the 2026/27 budget and reflected within the Medium-Term Financial Strategy forecasts for subsequent years.
- The Chairman acknowledged that a substantial amount of work had been undertaken by officers to develop the draft Budget and Medium-Term Financial Strategy. However, it was noted that the late receipt of the Government finance settlement, combined with uncertainty within some of the data presented, had made the Panel cautious about suggesting specific variations at this stage. It was further

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observed that the timing of the report had limited members' ability to scrutinise the budget as fully and effectively as it would have wished.

- In conclusion, the Panel recommended that Cabinet be urged to continue detailed exploration and refinement of the budget during the remaining period, with a view to improving the overall position prior to the Council Tax rate being set.

AGREED:

That following scrutiny of the Draft Budget and Medium-Term Financial Strategy for the period 2026/27 to 2030/31, the comments of the Joint Performance Monitoring Panel and Policy Development Panel be noted and considered by Cabinet on 17 February 2026.

10. HRA BUSINESS PLAN AND ASSET MANAGEMENT STRATEGY

Consideration was given to the report of the Assistant Director - Housing which asked members to provide feedback on the Housing Revenue Account (HRA) Business Plan 2026-2056 and HRA Asset Management Strategy 2026-2035.

The Assistant Director – Housing and the Portfolio Holder for Strategic and Operational Housing attended for this item, with support from the Director of Finance.

The Assistant Director - Housing introduced the report to members and the following main points were highlighted by way of a presentation (appended to the minutes at Appendix 2):

- Background;
- Headlines;
- Consultation: November 2025;
- Sewage treatment works: update;
- Asset Management Strategy: outcome;
- Stock investment requirements;
- Approach to financing;
- A summary and next steps.

Members considered the report and made the following comments:

- Members reported that residents had given positive

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feedback regarding the tenant engagement work.

- Members had queried whether an alternative plan had been considered to avoid the Council going into further debt.
 - The Assistant Director - Housing had explained that, based on current modelling and government requirements for energy efficiency and Decent Homes standards, additional borrowing was necessary, however grants and potential rent-setting changes may reduce reliance on debt. The plan would be reviewed annually as part of the budget setting.
- Members asked if divesting housing stock had been considered.
 - The Assistant Director - Housing had confirmed that stock transfer had not been considered as part of this work.
- Members raised concerns about underinvestment in sewage treatment works and pumping stations and whether assets would fail before funding was available.
 - The Assistant Director - Housing responded that, in her opinion, there had not been an underinvestment. An intensive maintenance contract was in place, all sites had been surveyed independently approximately two years ago and are subject to ad-hoc inspections by the Environment Agency. While a capital programme was not in place at present, the existing Medium-Term Financial Strategy had a contingency for capital investment, and the programme would commence during 2026/27.
- Members queried whether South Holland Homes should be brought into the HRA.
 - The Assistant Director - Housing had noted that the acquisition of the units by the HRA was subject to ongoing discussion. Tenant consultation would be necessary; however they would benefit from additional rights under the HRA.
- Members had sought clarification on tenant feedback suggesting disposal of high-cost homes.
 - The Assistant Director - Housing had confirmed that an asset performance evaluation would be undertaken as part of the strategy to identify

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properties that might be costly to maintain or obsolete. Findings would be reported back to councillors.

- Members had asked whether investment in properties would increase stock valuation.
 - The Director of Finance (Section 151 Officer) explained that valuations were based primarily on rental income rather than component upgrades however poor-quality stock could negatively affect valuation;
 - The Assistant Director - Housing added that capital improvements reduced repairs expenditure and reduced fuel costs for tenants.

- Members had queried the borrowing strategy and options.
 - The Director of Finance (Section 151 Officer) highlighted that borrowing for investment was not inherently negative if affordable and linked to asset enhancement. Options included maturity loans, equal instalment of principal, or annuity-based repayment, each with merits depending on circumstances.

- Members had questioned why repair and management costs were high compared to other authorities.
 - The Assistant Director - Housing had explained that costs related to the maintenance of sewage treatment works, which were unique to South Holland. The Council could not fully recover these costs through tenant charges due to regulatory limits -maximum rates needed to align with those charged by Anglian Water. Efforts to reduce running costs were planned, such as exploring the installation of solar panels to reduce electricity costs.

- Members had asked when the maintenance contract was last tendered and plans for future tendering.
 - The Assistant Director - Housing had confirmed the contract had last been tendered approximately two years ago. Plans were in place to retender and potentially break down the contract into smaller packages to achieve better value following capital investment.

- Members had queried why staffing and workforce capacity implications were listed as 'none'.

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- The Assistant Director - Housing had clarified that the Delivery team had been repurposed to focus on wider HRA capital investment, and most works were contracted out. The main requirement was contract management rather than direct delivery.
- In conclusion, members acknowledged the huge amount of work that had taken place to produce the report and thanked all involved. Nonetheless, members commented on the general uncertainty of planning for a 30-year period and stressed the need for ongoing monitoring. Both financial and human resources needed to be reviewed annually to avoid slippage and ensure programme delivery. The committee agreed that this feedback be relayed to Cabinet for consideration.
- Upon invitation by the Chairman, the Portfolio Holder concluded with her acknowledgement of the work undertaken in the production of the documents by the Assistant Director – Housing and her team, the consultant (Savills) and the PSPS Finance team, and for the support of members.

AGREED:

- a) That following the Panel's review of the HRA Business Plan 2026-2056, and the noting by Cabinet of the Panel's comments in respect of monitoring and resources, the recommendation to Cabinet to adopt the Plan be endorsed;
- b) That the recommendation to Council to delegate minor operational and legislative amendments to the HRA Business Plan 2026-2056 to the Assistant Director for Housing in consultation with the s151 Officer and the Portfolio Holder for Strategic and Operational Housing, be supported;
- c) That following the Panel's review of the HRA Asset Management Strategy 2026-35, and the noting by Cabinet of the Panel's comments in respect of monitoring and resources, the recommendation to Cabinet to adopt the Strategy be endorsed; and
- d) That the recommendation to Council to delegate minor operational and legislative amendments to the HRA Asset Management Strategy 2026-2035 to the Assistant Director for Housing in consultation with the s151 Officer and the

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Portfolio Holder for Strategic and Operational Housing, be supported.

11. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

(The meeting ended at 8.10 pm)

(End of minutes)