

Meeting of the Budget - Joint Overview and Scrutiny

**Tuesday, 13 January 2026, 10.00
am**



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Committee Members present

Councillor Bridget Ley (Chairman)
Councillor Gareth Knight (Vice-Chairman)
Councillor Matthew Bailey
Councillor Emma Baker
Councillor Barry Dobson
Councillor Tim Harrison
Councillor Anna Kelly
Councillor Robert Leadenham
Councillor Nikki Manterfield
Councillor Paul Martin
Councillor Habib Rahman
Councillor Rhea Rayside
Councillor Max Sawyer
Councillor Lee Steptoe
Councillor Elvis Stooke
Councillor Sarah Trotter
Councillor Murray Turner
Councillor Pam Byrd
Councillor Helen Crawford

Cabinet Members present

Councillor Rhys Baker
Councillor Ashley Baxter
Councillor Richard Cleaver
Councillor Phil Dilks
Councillor Virginia Moran
Councillor Philip Knowles
Councillor Paul Stokes

Other Members present

Councillor David Bellamy
Councillor Ben Green
Councillor Graham Jeal
Councillor Kyle Abel
Councillor Ian Selby
Councillor Mark Whittington

Officers

Karen Bradford, Chief Executive
Rachel McKoy, Monitoring Officer
Richard Wyles, Deputy Chief Executive and Section 151 Officer
James Welbourn, Democratic Services Manager
Kay Boasman, Head of Waste Management and Market Services
Ayeisha Kirkham, Head of Public Protection
Mark Rogers, Head of Service (Technical Services)
David Scott, Assistant Director of Finance and Deputy Section 151 Officer
Gyles Teasdale, Head of Property and ICT
Emma Whittaker, Assistant Director (Planning & Growth)
Joshua Mann, Democratic Services Officer

59. Public Speaking

There were none.

60. Apologies for absence

Apologies for absence were received from Councillors Charmaine Morgan, Chris Noon, Gloria Johnson, Pam Bosworth, and Susan Sandall.

Councillor Pam Byrd substituted for Councillor Charmaine Morgan and Councillor Helen Crawford substituted for Councillor Zoe Lane.

Councillors Emma Baker, Habibur Rahman, and Max Sawyer sent apologies that they were delayed but would be joining the meeting.

61. Disclosure of interests

There were none.

62. Minutes of the previous meeting

The minutes from the previous meeting held on 14 January 2025 were AGREED as an accurate record.

63. Fees and Charges Proposals for 2026/27

The Fees and Charges Proposals for 2026/27 report was introduced by the Leader of the Council.

The report outlined the following proposed changes to discretionary services for 2026/27:

Art Centres	- Changes to charges were based on competitive pricing against alternative local options.
Bus Stations	- 0%
Car Parking Charges	- 0%
Markets	- 0% - Charges waived for Bourne during 2026/27 whilst Town Hall works were underway.
Waste Services	- £1.50 increase for first green waste bin and 50p increase for subsequent bins
Pre-planning advice and street naming and numbering charges	- Increase by up to 4%.
Environmental Health	- Full cost recovery analysis resulted in some charges being reduced
Cemetery	- Increase by 5%

Leisure Centres	- LeisureSK Ltd could increase charges to an upper limit of 3%.
Licencing	- Full cost recovery analysis undertaken
Street Trading	- New Charge
Community rooms & guest rooms (HRA)	- Increase by 3.8%

The report outlined that details of regulatory fees and charges for 2026/27 were contained within Appendix B.

Planning charges were expected to be increased by Government in line with the Consumer Price Index as of September 2025 (3.8%). Formal confirmation of an increase was expected by March 2026.

It was expected that statutory licensing charges would remain as outlined within Appendix B of the report.

Following an internal audit recommendation, the Charging Policy was reviewed, and an updated version was included within Appendix C of the report.

During discussions, Members commented on the following:

- The Leader of the Council noted that he had received a significant list of questions from a Member, some of which he had responded to. He agreed to respond to the remaining questions following the meeting.
- A Member suggested adding a surcharge to houses of multiple occupants (HMOs) of 6-beds or more. The Leader noted the suggestion and was not opposed to the principle. An officer noted that there were 61 licenced HMOs within South Kesteven, 51 of which contained 6-bedrooms or less. It was suggested that the Housing Overview and Scrutiny Committee considered this issue following benchmarking against neighbouring authorities.

10.19am – Councillor Habib Rahman arrived.

- A Member exclaimed that price increases could freeze out individuals from accessing services. The Section 151 Officer confirmed that all impacts had been analysed during the budget setting process.
- Regarding the Charging Policy, a Member queried the rationale of how fees were tested and cost structures established. The Leader noted the cost structures had been set following a review, the result of which was both increases and decreases to some fees. Ultimately, the Charging Policy was the framework within which the fee structures could be subsequently set.
- Confirmation was sought that the service quality would remain in instances where prices had increased. The Leader confirmed this to be the case but noted that there were proposed changes to the Green

Waste Service, as would be discussed by the Environment Overview and Scrutiny Committee at their meeting later in the day.

Given the implications the proposals had for taxi services, Councillor Tim Harrison declared a pecuniary interest and did not take any further part in proceedings.

Following consideration of the fees and charges proposals for 2026/27, it was proposed, seconded, and AGREED to endorse the updated Charging Policy, as set out in Appendix C.

10.41 – Councillor Emma Baker arrived.

64. Budget Proposals for 2026/27 and indicative budgets for 2027/28 and 2028/29 - General Fund

The Budget Proposals for 2026/27 and Indicative Budgets for 2027/28 and 2028/29 – General Fund was introduced by the Leader of the Council.

The report brought together the conclusions of the budget preparatory work and covered a number of areas:

- The funding position for the General Fund (section 3)
- Draft General Fund budget proposals (section 4)
- The draft Capital Programme 2026/27 – 2028/29 (section 5)
- Capital Financing (section 6)
- Reserves and Balances (section 7)

The funding position for the General Fund

The provisional settlement was announced on 17th December 2025 and included:

- a full baseline reset (for the first time since the Business Rate Retention were introduced in 2013-14),
- major changes to all the Relative Needs Formulas (RNFs), and
- the simplification of many grants.

This was a three-year settlement with each of the latter two years subject to an annual settlement process and therefore considered to be indicative.

The core principle of the Fair Funding Review was to maintain an equal balance of local authorities Core Spending Power (CSP) which took into account Core Government Grants, Specific Grants and Council Tax. The Government modelled the base CSP for 2025/26 at £20.592m which has formed the base over the next 3 years.

The Government stated there was funding certainty over the 3 year period although this was only achieved by assuming maximum Council Tax

increases. As such, a Council Tax increase of 2.99% was suggested. If Council tax increases were excluded, the Council's actual funding from Government reduced from £10.711m to £9.893m in 2028/29 – a reduction of £0.818m. Without confirmation that sufficient funding had been made available to fund the new weekly food waste collection service, the decrease was even greater.

Lincolnshire authorities had intended to apply for Pool Status for 2026/27 as this had been financially beneficial for all Lincolnshire Councils over previous financial years. However, following the provisional settlement announcement and clarification of the business rate reset guidelines whereby the Government was providing a 100% safety net, there was no financial business case to remain in the Lincolnshire Pool. This decision was confirmed by the Councils financial advisors who had confirmed there was no financial benefit for being part of a Pool.

General Fund Budget Proposals

The Council was legally required to produce a balanced budget each year and Table 5 showed this could be achieved for 2026/27 without reliance on reserves. However, the 3-year outlook remained difficult as the Council transitioned towards its newly established baseline funding levels following the Fair Funding Review and Business Rate Reset. It was therefore recommended that a transfer was made to the Budget Stabilisation Reserve to ensure financial resilience if the financial outlook remained difficult.

The budget proposals for 2026/27 incorporated a number of service changes required to meet operational demands. These proposed increases were formulated in response to a combination of Cabinet priorities, changes in statutory responsibilities and service delivery pressures. The proposals were set out in Tables 7 and 8 of the report.

Capital Programme 2026/27 – 2028/29

The schemes included within the capital programme were designed to deliver the Council ambitions for growth and investment in its assets to support the delivery of quality services. The capital programme contained key investments across General Fund assets including:

- Vehicle replacement £1.046m
- Wheelie Bin Replacement £0.155m
- River Witham Footbridge £0.050m
- Grantham Canal £0.200m
- Car Park Improvements £0.120m
- Wharf Road Car Park Refurbishment £0.650m
- Disabled Facilities Grants (100% grant funded) £0.975m

Capital Financing

The proposed schemes have been funded by a combination of external grants as well as capital and revenue reserves. No further internal borrowing was necessary although the Council continued to carry the cost of internal borrowing.

It was proposed that the General Fund Capital Programme for 2026/27 be financed from the following funding sources:

£1.201m Capital Receipts Reserve
£0.975m Grants and Contributions
£1.245m Local Priorities Reserve
£0.088m ICT Reserve
£0.055m Climate Change Reserve

At the time of compiling the report, the £0.975m grant funding for Disabled Facilities Grants was not yet confirmed (but was anticipated as part of the settlement) and therefore the financing or level of the 2026/27 investment may have needed to be amended when the level of grant funding was confirmed.

Reserves and balances

Table 12 of the report outlined a summary of the proposed General Fund Revenue Reserve Movements.

During discussions, Members commented on the following:

- The Section 151 Officer explained that the Government had confirmed funding for the Food Waste rollout had been factored in within the funding settlement, however, the Section 151 Officer expressed disappointment about the transparency of the explicit funding amount.
- It was confirmed the Ministry for Housing, Communities and Local Government were considering additional funding for areas affected by Internal Drainage Boards.
- Regarding the one-off proposed budget increases, it was confirmed that the figures costed for the body-worn cameras included the operating costs.
- Clarification was sought whether there had been a reliance on reserves, contrary to the wording in 4.2, given the reserve movements demonstrated in Table 5. It was confirmed these movements were earmarked reserves and demonstrated funds being transferred into reserves, rather than out of.
- It was confirmed there had not been any cuts to the Leisure and Culture Services, instead the net service cost reduction was due to changes in depreciation charges and the carried remaining budget and Government grant from the previous financial year.

- A Member suggested creating a £100,000 training and development reserve for apprenticeships. The Leader agreed to take the suggestion to Cabinet for consideration.
- It was confirmed that £500,000 had been moved into the Pension Reserve in readiness for costs associated with Local Government Reorganisation.
- In view of the likely upcoming LGR changes, modelling had taken place on the financial impact on local government employee pensions.
- Clarification was sought about the £850,000 set aside for renovation of the Deepings Leisure Centre site. The Leader confirmed there was still the intention and the means to renovate the site and the Leader had been engaging with the local MP.
- Referring to the proposed recurring budget increase in table 7, the remit of the proposed Enforcement Officer role was questioned. It was confirmed this role was within the Public Protection team, overseeing issues such as littering and street trading. It was noted a new Corporate Enforcement Policy was being considered by Cabinet on 15 January 2026.
- Referring to the proposed one-off budget increases in table 8, the purpose of the mobile CCTV cameras was questioned. It was confirmed that these were intended to gather evidence and information at known fly-tipping hotspots. The Leader noted that the primary intention of the cameras was to deter fly-tipping rather than generate revenue. An officer informed Members that a fly-tipping penalty matrix was included within the new Corporate Enforcement Policy being considered by Cabinet.
- A Member suggested a Member Briefing could be held about fly-tipping within South Kesteven.
- A visiting Member suggested a 1.99% council tax rise with savings instead made to non-statutory roles. The Leader welcomed greater detail of the cost savings.

11.38am – Councillor Max Sawyer arrived.

- A visiting Member requested greater transparency of the analysis and data behind the decision to disband the Lincolnshire Business Rates pool. The Section 151 Officer noted this was an annual decision and that SKDC reserved the right to opt-in in 2027/28. He also confirmed the budget proposed not to opt into the pool for 2026/27 because the growth within the pool expected during 2026/27 was insignificant and the Government were pledging 100% safety net reimbursement should any authority drop below their baseline. Were SKDC in the pool then they would have to subsidise partnering authorities in these circumstances rather than the government.
- Reassurance was sought that council tax increases were not intended to reimburse previous poor decision making. The Leader stated there was an element of financial recovery required due to the decisions of previous administrations.

- The Head of Paid Service confirmed there was not currently support from Government for a four-day working week.
- It was queried why there weren't any funds allocated to the A1 reserve. The Cabinet Member for Environment and Waste confirmed this was because SKDC could not enforce the closure of the road for the street teams and, as such, it was unsafe to carry out work whilst the A1 was open. Closure of the A1 was the prerogative of Highways England. Despite this, the Cabinet were committed to safe maintenance of the A1 where possible and encouraged knowledge of any instances of litter or fly-tipping to be reported on 'Fix My Street' or to the Cabinet Member directly.

Members noted the Budget Proposals for 2026/27 and indicative budgets for 2027/28 and 2028/29 - General Fund.

The meeting adjourned at 11.56.

65. Budget Proposals for 2026/27 and indicative Budgets for 2027/28 and 2028/29 - Housing Revenue Account

The meeting resumed at 12.09.

The Budget Proposals for 2026/27 and indicative Budgets for 2027/28 and 2028/29 - Housing Revenue Account (HRA) were introduced by the Leader of the Council.

The HRA budget was set in the context of balancing the sustainable 30-year financial business plan, with the following priorities outlined within the Housing Strategy:

1. The commitment to deliver new affordable and specialist housing in partnership.
2. Continual improvement of the quality, standard and safety of homes.
3. Support people to live healthy and independent lives in their homes.
4. Facilitate housing to be sustainable.
5. Support our communities to be sustainable.

Financial challenges of the HRA required Council in 2025/26 to allocate further financial resources during the financial year in response to increasing revenue costs. These pressures continued into 2026/27 and this financial growth was reflected in the proposed revenue budgets shown at Appendix A. Line 27 of Appendix A also showed the full extent of the decline of the balances and the Major Repairs Reserve balance reduced from £10.508m as at 31 March 2026 to £2.796m as at 31 March 2029.

To avoid creating an unsustainable medium-term outlook for the HRA, corrective actions were carried out across all budget areas of the HRA.

This analysis enabled a more accurate and targeted capital programme but within a financial limit which did not put the HRA under financial pressure in the medium term. However, in the longer-term HRA Business Plan projections indicated a potential need to draw on further reserves before potentially falling in a deficit position by 2032/33. Therefore, spending plans would need to be reviewed to take corrective action to avoid a deficit. SKDC were also waiting on the outcome from Government review of rent convergence proposals, which if positive may have provided an increase in revenue income to help potentially bring the business plan back into balance.

The provisional capital programme for the following 3 Financial Years was shown within Appendix B of the report.

Rent setting proposals increased the annual budgeted rental income from £29.856m in 2025/26 to £31.091m in 2026/27. The average weekly rental increase for individual properties was £2.65. The average rent in 2026/27 was £100.77 with a minimum of £66.12 and a maximum of £204.20.

Garage rents were proposed to increase by 2% and service charges were proposed to increase 3.8%.

In setting the budget for rental income for future years, in addition to the 4.8% rent increase, the following assumptions were made:

- Void rent of 1.5%
- Following Government changes to the Right To Buy (RTB) discount rates the sales forecast was set at 15 for 2026/27 based on the reduced activity levels during 2025/26 since the changes were introduced.

The 2026/27 Capital Programme (excluding any carried forward) was included as Appendix B.

The Major Repairs Reserve (MRR) was the primary source of funding for the HRA capital programme. It was proposed that it would fund investment in the housing stock over the following 3 years.

Based on the current level of capital expenditure over the following 3 years the MRR balance was forecast to significantly decrease from £15.316m as of 31 March 2025 to a projected balance of £2.796m at 31 March 2029. Together with the increased pressure in dealing with the revenue repairs and maintenance issues puts a severe financial strain on the HRA with the overall level of reserves forecast to reduce from £35.723m at 31 March 2025 to £8.486m at 31 March 2029.

Whilst the current HRA Business Plan showed a balanced position in the Medium Term, longer-term projections showed the need to draw on further reserves before potentially falling into a deficit by 2032/33.

This could have been mitigated if the Government provided capacity to increase rents through rent convergence. Further details were expected in January 2026 with the outcome of the recent consultation. If the outcome of rent convergence proposals was not sufficient to deal with the projected deficits within the HRA Business Plan then it would have been critical to revisit the future capital and revenue spending projections to ensure a balanced, fully funded business plan was attainable.

During discussions, Members commented on the following:

- Whether the current plan for the Major Repairs Reserve was sustainable. The Leader confirmed the current actions were not sustainable, but the current higher output was due to clearing the backlog of works. The Cabinet Member for Housing noted that only 37 properties were pending the completion of stock condition reports and the previously high level of the reserves was due to insufficient investment in the stock condition. The Section 151 Officer noted the investment had been shaped by demands from service level.
- Following LGR, it was confirmed HRAs would be amalgamated under the new unitary authority. The Head of Paid Service noted concern about the potential for consolidated HRA debt.
- Regarding decarbonisation, it was confirmed SKDC would match funding received from the Warm Homes Grant and were seeking additional funding.
- A Member praised the progress made by the current housing management team and noted the progress made on housing was why he broadly supported the administration.
- Both the Leader and the Section 151 Officer confirmed that the budget had not made any assumptions in respect of LGR.
- The approach of dealing with tenants in arrears was questioned. It was confirmed 6% of those in the Housing stock were in arrears at any one time and a range of support mechanisms would be emailed to Members by the Cabinet Member for Housing.
- The impact on the Capital Buy programme was queried if the projected 15 right-to-buy sales did not materialise. It was confirmed that purchases through the Capital Buy programme were intended to corollate with any sales through the right-to-buy scheme. As such it was not necessary to make additional purchases to replace properties if they were not sold through the right-to-buy scheme. The Head of Paid Service also confirmed that a £180,000 grant had been received from Homes England for a feasibility study.
- It was confirmed a summary of stock condition surveys would be presented to the Housing OSC.

12.55 – Councillor Matt Bailey left the Chamber.

- It was confirmed there was approximately £80 million of debt remaining on the HRA.

Following discussions, Members noted the Budget Proposals for 2026/27 and indicative Budgets for 2027/28 and 2028/29 - Housing Revenue Account.

66. Any other business which the Chairman, by reason of special circumstances, decides is urgent

There was none.

The meeting concluded at 13.00.