

BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

CABINET SCRUTINY COMMITTEE

**Minutes of a Meeting of the Cabinet Scrutiny Committee
held on Wednesday 20th June 2012 at 6pm
in the Committee Suite, King's Court, Chapel Street, King's Lynn.**

PRESENT:

Councillors C Joyce (Chairman)
B Ayres, J Collop, A Lovett, I Mack (Vice Chairman)
T Manley, G Sandell, M Tilbury and A Tyler

Other Members Present:

Councillor N Daubney, Leader & Portfolio Holder for Corporate/Strategic Issues & Resources
Councillor B Long, Deputy Leader & Portfolio Holder for Environment
Councillor A Beales, Portfolio Holder for Regeneration

CSC1: APPOINTMENT OF CHAIRMAN

Councillor Joyce and Councillor A Tyler were nominated for Chairman of the Cabinet Scrutiny Committee. Councillor A Tyler stated that he did not wish to be appointed and therefore the nomination was withdrawn.

RESOLVED: That Councillor C Joyce be appointed Chairman of the Cabinet Scrutiny Committee for the municipal year.

CSC2: APPOINTMENT OF VICE-CHAIRMAN

RESOLVED: That Councillor I Mack be appointed Vice-Chairman of the Cabinet Scrutiny Committee for the municipal year.

CSC3: MINUTES

The minutes of the meeting held on 21st March 2012 were agreed as a correct record and signed by the Chairman.

CSC4: URGENT BUSINESS UNDER STANDING ORDER 7

There was no urgent business to report.

CSC5: DECLARATIONS OF INTEREST

There were no declarations of interest.

CSC6: **MEMBERS PRESENT PURSUANT TO STANDING ORDER 34**

There were no Members present under Standing Order 34.

CSC7: **CHAIRMAN'S CORRESPONDENCE**

The Chairman had no correspondence to report.

CSC8: **RESPONSE TO PREVIOUS COMMITTEE RECOMMENDATIONS**

There were no previous Committee recommendations.

CSC9: **MATTERS CALLED-IN PURSUANT TO STANDING ORDER 12**

There were no matters called-in pursuant to Standing Order 12.

CSC10: **ESTABLISHMENT OF NORFOLK POLICE AND CRIME PANEL**

Councillor Mack acknowledged the considerable amount of work that had been undertaken by both senior officers and Cabinet Members in the establishment and arrangements for a Norfolk Police and Crime Panel (PCP) but sought assurance that Cabinet had fully considered and taken into account the requirement to achieve political balance across the County in appointing Members to the Panel. In response, the Leader explained that Norfolk County Council were the lead authority but in conjunction with all the other District Councils the rules of procedure had been fully considered to ensure that political balance was achieved. Councillor Long also explained that all the District Councils were requested to appoint one Councillor to be a member of the PCP and that Norfolk County Council would appoint three Councillors which as far as possible would achieve political balance across the county. The Leader also confirmed that the necessary guidelines and set formula had been followed and that lengthy discussions had been held at the Norfolk Leaders Group to ensure proportionality was achieved.

The Chief Executive explained that there was initially a degree of uncertainty pending the outcome of local elections in May in both Norwich and Great Yarmouth, however an officer working group, representing all eight local authorities had been established to oversee the development of the arrangements for the Norfolk PCP and to ensure that the formula was followed to achieve political balance. This may need to be revisited following future local elections.

Councillor Beales referred to the Cabinet report, paragraphs 3.1 and 3.3 which clearly outlined the requirements of the Act and proposed arrangements which he had considered when supporting the Cabinet's decision.

Councillor Joyce questioned whether there was a conflict of interest in appointing Councillor Long as the Council's representative on the PCP as

“Portfolio Holder for Community Safety” with the Council itself being subject to scrutiny by the PCP and the Portfolio Holder for Community Safety in particular.

The Leader stated that the Cabinet did not consider there to be a conflict of interest and the recommendation was open for debate at Full Council.

CSC11: **LOCAL AUTHORITY MORTGAGE SCHEME**

Councillor J Collop questioned, in light of the current economic climate and the lack of demand for houses, what the basis was behind the Cabinet decision to endorse the scheme. In response, Councillor Long explained the idea behind the scheme was to assist first time buyers to secure an affordable mortgage in relation to the new build development on the NORA site and support new housing supply and local economic growth. It would also reduce the risks associated with the development. The scheme would allow buyers to access mortgages at a competitive rate by providing an indemnity for 20% of the loan. This specifically addressed problems faced by many first time buyers in being unable to provide substantial deposits. In response to a further question from Councillor J Collop, Councillor Long explained that the scheme was currently supported by a number of mortgage lenders and buyers would be subject to the strict credit criteria applied by each lender and it was up to each individual lender to determine the rate offered to purchasers, for example, variable or fixed rate. Lenders would also be subject to any relevant financial advice from the mortgage companies and it was for them to govern and control the scheme as the appropriate financial body.

In response to a question from Councillor Lovett as to whether the scheme was being considered for any other developments, Councillor Long stated that currently it was purely for the tranche of houses that Borough Council were selling on the NORA development, however it did not preclude it being considered in the future for other developments.

Councillor Mack explained that he supported the scheme, but questioned whether Cabinet had considered how the scheme would be viewed by private developers as it could be seen that the Council were providing it for their own financial gain. Councillor Long stated it was a commercial market and private developers had the option to offer a similar scheme if they wished. In response to a further question from Councillor Mack in relation to whether consideration had been given to the Council's reputation and the potential risks of the scheme, the Leader explained it had been discussed and the scheme was likely to stimulate the housing market which would assist private developers and therefore should be welcomed.

Councillor J Collop referred to Recommendation 2 in the Cabinet report in that a decision on the maximum loan size and other details and relevant timing be delegated to the Deputy Chief Executive in consultation with the Leader and Portfolio Holder for Community and suggested it precluded other Members being involved in the process. He also referred to any surplus monies that may be made from the scheme being ring fenced

however, this had not been stated in the Cabinet report. In response, Councillor Long explained that the price for each plot was not known and it was also not practical for other Members to be involved in and micro manage every decision. The principal of the overall scheme would not change. An indemnity would be in place for a fixed 5 years period for each mortgage granted under the scheme and it could be extended for a further 2 years if a mortgage was in arrears in the last 6 months of the initial 5 year period. Cabinet had recommended that a minimum of £1m was invested. Councillor Tilbury suggested that progress on the scheme was reported back via the Regeneration, Environment and Community Panel. Councillor Long undertook to do so, however the timing would be very much dependent on when the sale of the properties had been completed.

In relation to any surplus monies that may be made relating to the scheme, Councillor Long confirmed that they would initially be ring-fenced into a specific account but then released into the general fund.

In response to a query raised by Councillor Tilbury, Councillor Beales referred to section 3.4 of the report which stated that a £1m deposit would give an annual return of £40,000 based on a 4% deposit rate. Duncan Hall, Strategic Housing & Community Safety Manager also explained the mortgage companies recognised that the Council were taking a potential risk, hence the potential of achieving a £40,000 annual return was incorporated to reflect the risk. Default rates were currently running between 1-2%. Councillor Long explained that if no-one defaulted, the maximum return rate of 4% should be achievable.

In response to questions raised by Councillor J Collop, Councillor Long explained that it would be the responsibility of the mortgage lender to take any appropriate action, including repossession, in the event of a borrower defaulting. However, because of the nature of the scheme, it was hoped that default rates would be less than the national average. He also confirmed that the scheme had received a favourable report in the local press. The Leader also stated that there were a variety of schemes available to purchase properties and as with anything, if problems were encountered, people generally looked to blame someone but that this risk did not affect the Cabinet decision. Councillor Beales stated that there was a moderate risk compared to the high impact that the scheme would achieve. There were a number of risks associated with the scheme, and the Council would give careful consideration to how to manage these risks and the mitigating controls to be put in place. As with any borrowing scheme, there was a moral hazard, although the risks were unwelcomed they were associated as part of borrowing any money.

CSC12: EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED: “That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”.

CSC13: **UPDATE ON NORA HOUSING JOINT VENTURE AND AUTHORITY TO SIGN CONTRACTS FOR INFRASTRUCTURE FOR THE SITE AND CONSTRUCTION OF 46 HOUSING UNITS**

Councillor Mack took the opportunity to remind Members that Cabinet had resolved to agree the recommendations outlined in the report, and therefore the Committee had no powers (other than to have called it in) to make any counter recommendations.

In response to questions from Councillor J Collop, Councillor Beales outlined the reasoning behind the Cabinet's decision in recommending the signing of the contract for the on-site infrastructure and construction of 46 housing units which included both social and economic benefits. He also confirmed that the 10 units to be sold to Freebridge Community Housing would be sold at market value. Dale Gagen, Corporate Project Officer also added that the units would be sold at market value, less any costs for white goods and estate agent fees as neither would be required.

In response to a further question from Councillor J Collop in relation to what style of units were being sold to Freebridge Community Housing, the Leader suggested that this did not form part of the Cabinet's decision, and therefore it was not appropriate to scrutinise it. He explained that regular updates would be presented for consideration to the Regeneration, Environment and Community Panel. Councillor Beales explained that it was likely that a mixture of styles would be sold in relation to the 10 units but the price of the units was not known at this stage.

Councillor J Collop referred to the earlier item (LAMS) and Councillor Beales stated that the NORA Joint Venture Scheme was not dependent on the local authority mortgage scheme being in place, although it was helpful, it was not pivotal. He also confirmed that 7 of the units would be subject to the guidelines of the choice based lettings system. Councillor Long explained that the units, owned by Freebridge Community Housing are likely to be utilised to relocate tenants during the refurbishment works in relation to Hillington Square.

In response to a further question raised by Councillor J Collop, the Leader confirmed that Cabinet had not considered the consequences of having to evict tenants as part of their decision making process.

CSC14: **NORFOLK COUNTY COUNCIL MINERALS AND WASTE DEVELOPMENT PLAN DOCUMENTS – REPRESENTATIONS TO PRE SUBMISSION DOCUMENTS**

This item was subsequently withdrawn from the Agenda.

CSC15: **RECYCLE BLACK BIN WASTE**

In response to a question from Councillor Tilbury as to the viability on the proposals to recycle black bin waste, the Leader explained that this had formed part of Cabinet's discussion when making their decision. He acknowledged that the scheme that now was being proposed was on a larger scale than the process initially viewed and assessed but that the contract would ensure all liability risk rested with the commercial operator. The Leader responded to additional questions in relation to the proposals stating that consultation with the public to ascertain their views would be a major consideration in moving forward with the proposals and an assessment of local opinion would be carefully considered.

RETURN TO OPEN SESSION

CSC16: **PORTFOLIO HOLDERS' DECISIONS MADE UNDER DELEGATED POWERS**

The following Portfolio Holders' Decisions were noted:

Financial Assistance Revenue Grants (dated 12th April 2012)
Financial Assistance Revenue Grants (dated 9th May 2012)

In response to a question from Councillor Manley, the Chief Executive confirmed that grants were normally offered on a 12 month basis, however, if appropriate, an extension could be applied for to enable further time to secure match funding. However, the scheme was not opened ended as it would mean tying up funding that the Council could utilise elsewhere.

CSC17: **EXCLUSION OF THE PRESS AND PUBLIC**

RESOLVED: "That under Section 100(A)(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act."

CSC18: **PORTFOLIO HOLDERS' DECISIONS MADE UNDER DELEGATED POWERS**

The following Portfolio Holders' Decision was noted:

Lynnsport 3G Pitch

RETURN TO OPEN SESSION

CSC19: **PORTFOLIO HOLDERS' DECISIONS MADE UNDER DELEGATED POWERS**

The following Portfolio Holders' Decisions were noted:

Financial Assistance Revenue Grants
Financial Assistance Capital Grants
Norfolk Coast Partnership Memorandum of Agreement

CSC20: **DATE OF NEXT MEETING**

It was noted that the next meeting of the Cabinet Scrutiny Committee was scheduled to be held on Thursday 19th July 2012 at 6pm.

Meeting closed at 7.16pm