

RECOMMENDATIONS TO CABINET 3 FEBRUARY 2015 FROM THE RESOURCES AND PERFORMANCE PANEL MEETING HELD ON 27 JANUARY 2015

RP107: **URGENT BUSINESS UNDER STANDING ORDER 7** (*this item was taken after RP111*)

The Chairman reported that under Standing Order 7, the following item be considered as urgent business to allow the comments from the Panel to be considered by Cabinet at the meeting on 3rd February 2015.

The Chairman also reported that Members of the Regeneration, Environment and Community Panel had been invited to attend for this item.

Cabinet Report: Major Housing Development Final Approval – Part 1 Open

The Corporate Project Officer explained that this was one of two reports to be considered by Cabinet at the meeting on 3 February 2015. The open report addressed the background, consultation, leisure facilities, programme, governance and relevant risk implications. The second report would be taken in the exempt session of the Cabinet meeting as it related directly to the business case, the contract negotiations and related financial aspects of the project.

The aim of the project was to achieve a significant delivery of housing over a 4-5 year period, accelerating house building in West Norfolk by bringing forward public land for development which would otherwise not be developed in the medium term, provide a commercial return for the Council over the longer term and act as a stimulus to the economic activity in the local area including the creation of apprenticeships. In addition, the scheme included significant improvements to the leisure facilities at Lynnsport with two new synthetic hockey pitches, 4 new tennis courts, additional community facilities and, importantly, a new access road together with an increased number of parking spaces for the Lynnsport complex.

The Corporate Project Officer outlined that the report went on to:

- Summarise the main issues raised through the recent consultation and the Council's proposed responses to the issues raised.
- Proposed modifications to the original outline plan following the public consultation exercise and set out the impact of those changes on the proposals for new leisure facilities.
- Detailed the proposed governance arrangements for the overall programme, including the 'trigger points' to give approval to commence each phase.

The Corporate Project Officer drew the Panel's attention to the table at 1.5 in the report which took account of the concerns raised by the public resulting in revised costings.

Reference was made to the fact that within the original proposal a provisional sum of £100,000 was made to cover the cost of converting the Dutton Pavilion to a community centre. It was now proposed (and provisionally agreed with Lovell) that this sum be used to build an extension to the pavilion to give the wider community access to community facilities. Once built, this area would be managed from Lynnsport at no additional cost to the Council.

The Corporate Project Officer explained that a common theme in many of the consultation responses and letters to the local press had been that of concern about the loss of the green space. The area most frequently cited had been the area where the existing soccer/rugby pitches, the cricket wicket and the Dutton Pavilion were located shown on the plan as Lynnsport 2. Local residents also referred to the concern about the loss of informal green spaces and areas to walk their dogs.

It was explained to the Panel that the original report proposed to re-provide two grass pitches elsewhere on the site and to provide two, new all-weather pitches to be managed by the Norfolk Football Association as a centre of excellence. Having considered and weighed up the strength of the arguments put forward, officers were recommending that the Lynnsport 2 area was no longer included within the Major Housing Scheme and that the existing football pitches and changing facilities were retained in situ. This would mean that the Norfolk FA centre of excellence proposal would not now go ahead.

The Corporate Project Officer explained that the scheme did include the development of a nature trail/wildlife area. This would be developed in conjunction with Norfolk Wildlife Trust and would bring back into much wider use an area of the Lynnsport complex which was at present little used.

In relation to traffic issues, it was explained that there remained four main areas of concern. These related to:

- The design and principle of a new road connection, Edward Benefer Way to Green Park Avenue;
- Proposals to limit access to parts of the existing Marsh Lane and Sedges estate by placing bollards at the top of Marsh Lane;
- The creation of 'rat-runs' created by the new road and proposed connectivity of the new development to the existing network; and
- There was some concern regarding how some people would use the new road and how this might be addressed via traffic calming measures.

It was highlighted that the scheme had been worked up through the Norfolk County Council (NCC) framework contract to ensure that it complied with best practice and was able to be adopted once built by NCC. During the process NCC had several stages of design where 'Safety Audits' were taken. Those Safety Audits tested design proposals for not only the whole scheme but junctions, proposed crossing, traffic calming and relationship between vehicles, cyclists and people. The scheme that was now being proposed passed all Safety Audits.

The Corporate Project Officer explained that, as part of the design process, the Council had consulted NCC Highways Planning for their advice, as they were a statutory consultee under the planning regulations. It was during that process that the issue of bollards arose at the top of Marsh Lane and the Council was asked to gauge the level of support such a proposal might have. Members will be aware that this proposal had caused much concern, especially with the local shop at the junction of Marsh Lane; where a petition had been produced with 1316 signatories against the proposal. After careful consideration, it was recommended by both the Borough Council and County Council officers that the proposal was dropped.

NCC Officers had also considered the public's concerns about the potential for the creation of rat-runs'. Whilst it was acknowledged that there would be additional traffic using the new route, the majority of it was likely to be locally generated. Highways Engineers also saw additional benefits being derived from the connectivity created. The lack of connectivity of roads was considered to be one of the reasons that King's Lynn's road network became exceptionally congested whenever problems arose on one part of the network. Connectivity was therefore seen as positive to the wider network as long as it monitored and updated as necessary during the early years of implementation.

The Corporate Project Officer explained that the other areas of concern mainly related to:

- Utility Provision;
- School Provision; and
- Health Provision including doctors, dentists, hospitals.

The utility provision required to facilitate the development was the direct responsibility of the Council as the developer, and would be provided through the scheme as and where required.

With respect to the provision of the required number of school places appropriate for the level of development proposed, officers were engaged in detailed discussions with the relevant officers at Norfolk County Council. There was a surplus of secondary school places in King's Lynn, consequently discussions were focussed to ensure that there were sufficient places for primary children in this part of King's Lynn.

In addition, with respect to health facilities, discussions were taking place with the appropriate health providers and officers from West Norfolk Clinical Commissioning Group to ensure that their plans take account of the impact of the development.

The Corporate Project Officer explained that with the exclusion of the Lynnsport 2 site from the scheme, this would reduce the number of homes to be built as part of the scheme on land at Lynnsport from 422 units to 269 units which, in conjunction with Marsh Lane and NORA sites, took the revised Major Housing Scheme total to 447 properties. Discussions were underway with Lovell to identify other sites in the Borough Council ownership to replace some of the lost units.

The Panel's attention was drawn to the changes to the sporting facilities proposed at Lynnsport at 4.2 in the report.

The Corporate Project Officer concluded that whilst the revised scheme necessarily saw a reduction in the investment available to enhance the sporting facilities at Lynnsport, compared to the original proposals, it did still represent a significant investment in infrastructure of £5,289,000, which included £825,000 of new sports facilities and the creation of a new car park and new access road. In total this undoubtedly represented a very positive enhancement for Lynnsport.

The Corporate Project Officer also drew the Committee's attention to the project timetable and the governance arrangements and trigger points detailed within the report.

The Corporate Project Officer also explained that the Major Housing Scheme would be delivered through a series of 'phases'; the first of which was the Marsh Lane site. The contract which had been tendered provides for each phase to be given approval only in the event that the contractors (Lovells) were able to demonstrate to the satisfaction of the Council, that it would meet a comprehensive viability clause. There were three elements, each of which must demonstrate the financial viability of the phase related to the units to be sold, the affordable units and any residual private rental units. The Council had the right not to proceed with the next phase if any of the above were not financial viable. It was recommended that the final decision on each phase was taken by Cabinet and Council. No penalty would be payable by the Council if the next phase was not triggered on those grounds.

The report also outlined the risk implications and the recommendations to be considered within the exempt report.

The Panel were then invited to comment/ask questions.

Councillor Tilbury referred to paragraph 3.1.2 of the report and asked whether the Norfolk FA were happy that the Council was not proposing to provide two new all-weather pitches. In response, the Corporate Project

Officer explained that the Norfolk FA were not happy but would continue to look at other options.

Councillor Mrs Mellish asked the Corporate Project Officer whether, in his opinion, the concerns of the residents had been addressed. In response, the Corporate Project Officer explained that there had been a considerable number of people against the scheme and road. He referred to the petition against the bollards at Marsh Lane and that it could now be confirmed that the bollards would be removed from the scheme. It would always be the case that some people would be satisfied with the scheme and others would not. A meeting with 3 people representing those people who had signed the petition had been held.

In response to a query from Councillor Chenery regarding open space, the Corporate Project Officer explained the proposals for that area of open space which would be carried out in conjunction with Norfolk Wildlife Trust and would keep the habitat as it should be.

RESOLVED: That the Panel supports the recommendations to Cabinet as follows:

Cabinet is asked for note the comments received through the public consultation exercise and proposed responses outlined in the report and to give consideration to the suggested changes to the original outline plan when considering the second report on the scheme which will be taken in exempt session, as set out in Section 8.

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 the Schedule 12A to the Act.

Major Housing Development Final Approval – Part 2 Exempt

The Corporate Project Officer explained that the report was the second of two reports to be considered by Cabinet at the meeting and should be read in conjunction with Part 1. This report directly related to the business case, the contract negotiations and related financial aspects of the project. The report:

- Updated Members on progress made with the project since the last report to Cabinet on the 7 October 2014, when Lovell was approved as the Council's preferred bidder; Lovell's Variant B was the preferred bid.
- Addressed the issues raised by Cabinet when the earlier version of the report was presented to Cabinet on 13 January 2015 and

proposed to prioritise the sale of the new homes as opposed to the inclusion of a significant element of long term private rental units.

- Explained the overall financial impact the proposal would have on the Council.
- Proposed modifications to the original outline plan following the public consultation exercise.
- Invited Cabinet to recommend to Council that final authority is given for the revised project to start.
- Sought agreement to the proposed governance arrangements for the programme.

RESOLVED: That the Panel supports the recommendations to Cabinet as follows:

1. Cabinet recommends to Council to

- (i) Give approval for
 - (a) the modified scheme, and in particular the exclusion of Lynnsport 2 from this project;
 - (b) the inclusion of the relevant capital costs and funding set out in Section 5 into the Council's capital programme for the period 2015/2018;
 - (c) the investment into the leisure facilities needed for the scheme to progress as set out in Section 4 of the Open report;
 - (d) the building of the new road from Edward Benefer Way to Lynnsport including the proposed car park proposals;
 - (e) the starting of phase 1 (Marsh Lane);
 - (f) the replacement of 'Private Rental units' with 'For Sale units' as set out in paragraph 1.4 of this report.
- (ii) That Cabinet and Council act as the bodies authorised to sign off the start of subsequent 'contracted phase' subject to; a business case being produced by Lovells and the 'contracted phase' meeting the financial viability tests set within the contract and outlined in this report.
- (iii) Give delegated authority to the Chief Executive in consultation with the Leader, Regeneration & Housing Portfolio holders to enter the proposed agreements with Lovell Partnerships Ltd.
- (iv) Approve the principle of funding the Local Authority Housing Company by the Borough Council; which will hold any properties that have not been sold as part of each phase as private rental units, until they can be sold without adversely affecting the property market.

- (v) Approve the programme governance arrangements set out in the Open report.
2. Cabinet resolves to authorise the release of an additional £200,000 to enable Lovells to continue with their pre-development works.

RP113: CABINET REPORT: FINANCIAL PLAN 2014/2018

The Deputy Chief Executive presented, with the aid of power-point, the Financial Plan for 2014/2018, which was produced on an annual basis, as part of the council tax setting process. The Council updated its longer term Financial Plan to take account of any changes in financial settlements, inflation on service costs and revised priorities of the administration. It also included Drainage Board levies for 2015/2016.

In relation to the revised budget for 2014/2015, it was explained that that main points were:

- Net ongoing savings in year of £330,000
- New leisure trust came into being
- Transferred £200,000 as a working balance to the new Trust
- Provided £100,000 to replenish reserves committed on Bus Station
- Set aside £380,000 as Business Rates Reserve
- Paid up front payment of £3.1m to Pension Fund
- Carry forward General Fund balance of £3.2m.

The presentation also covered the Government Funding Settlement – Budget and Settlement figures which included Revenue Support Grant, Business Rates; Council Tax Freeze, Rural Funding Grant and New Homes Bonus. Also, additional funding was received from Business Rates Growth, Business Rates Growth – Renewable Energy and Collection Fund Surplus. The Deputy Chief Executive also outlined the Major Income Streams which totalled £22,691,710 as follows:

- Car parking
- Planning fees
- Revenue Support Grant
- Business Rates
- Business Rates Growth
- New Homes Bonus
- Council Tax

The Panel were also informed of the key issues in the budget as follows:

- No increase in Council Tax
- No increase in car parking charges
- £150,000 for town centre promotions
- Continued success of the cost reduction programme
- Continued reduction in Revenue Support Grant
- Modest growth in Business Rates retained

- Rating appeals impacting on rates income retained
- Slow economic recovery for land sales
- Healthy balances and reserves
- Time to change to meet challenges.

In relation to the cost reduction programme, the Deputy Chief Executive explained that it began in 2009 and the savings to date were £7.9m which had been incorporated into the Financial Plan. The continued action helped to balance the budget to 2017/2018 but spending exceeded income and it was necessary to use balances of £2.2m in 2017/2018. Future grant reductions meant that the cost reduction programme would continue for the foreseeable future.

All services were under review with work streams in:

- Asset rationalisation
- Graphics and printing
- ICT Optimisation
- Procurement
- Channel Shift/Service Transformation.

The Leader referred to a comment which had been made in the press with regards the freezing of council tax. He added that the Council had planned ahead and instituted a programme of cost reduction and would continue to plan ahead.

The Deputy Chief Executive added that the Council did have time to consider how to deal with the deficit which was likely to come.

The Chairman thanked the Deputy Chief Executive for his report and invited questions and comments from the Panel, some of which are summarised below.

In response to a question from Councillor Humphrey regarding the pension payment which the Council had to make, the Deputy Chief Executive explained that what the Council had experienced significant variation in the levels of fund deficit but they were subject to reviews every 3 years. He added that there were two issues to consider, 1) were pension liabilities increasing over time and 2) what was the value of assets at the time of review.

Councillor Tilbury referred to the car parking charges, in particular the Valentine Road car park and asked for clarification over the charge. In response it was explained that the 60p charge before 10.00 am was designed to help workers in the town.

Councillor Tilbury also asked what the progress on payment machines being able to give change and payment by mobile phone. In response, the Leader explained that the introduction of payment by mobile phone was imminent. He added that the machines giving change were unreliable and expensive

and felt that many people would use their mobile phone app to pay for parking charges.

The Deputy Chief Executive explained that the Council was currently looking at how payment by mobile phone would link with the Banks.

The Chairman added that there was a safety element involved with the parking machines as they did hold a lot of money at times.

RESOLVED: That the Panel support the recommendations to Cabinet as follows:

Recommendation 1

It is recommended that Council approve the revision to the Budget for 2014/2015 as set out in the report.

Recommendation 2

Council is recommended to reaffirm the Policy on Earmarked Reserves and General Fund Working Balance and the maximum balances set for the reserves as noted in the report.

Recommendation 3

It is recommended that Council:

- 1) Approves the budget of £18,070,690 for 2015/2016 and notes the projections for 2016/2017 and 2017/2018.
- 2) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report.
- 3) Approves the Fees and Charges 2015/2016 detailed in Appendix 4.
- 4) Approves a Band D council tax of £111.97 for 2015/2016.

Recommendation 4

Council is recommended to approve a minimum requirement of the General Fund balance for 2015/2016 of £937,781.

RP114: **CAPITAL PROGRAMME AND RESOURCES 2014-2018**

The Chief Financial Officer presented the report which:

- Revised the 2014/2015 projections for spending on the capital programme;
- Set out an estimate of capital resources that would be available for 2014-2018;

- Detailed new capital bids that were recommended to be included in the capital programme for the period 2015/2018;
- Outlined provisional figures for capital expenditure for the period 2014-2018.

The Chief Financial Officer outlined the key points as follows:

- The Council continued to deliver major capital programmes.
- The Council remained responsible for leisure buildings.
- Almost 60% of funding was capital receipts.
- Receipts in general were slow in recovering.
- Future programmes may need to look to borrowing.
- Borrowing had a revenue impact.
- NORA Phase 3/Major Housing not included.

The Chairman thanked the Chief Financial Officer for her report and invited questions and comments from the Panel, some of which are summarised below.

Councillor Humphrey referred to page 35 replacement equipment at Lynnsport and asked if this was an invest to save item. In response, the Chief Financial Officer explained that the equipment at Lynnsport was changed every 7 years and charged each year into the revenue budget which was spread over the life of the asset.

RESOLVED: The Panel supports the recommendation to Cabinet as follows:

- 1) Cabinet recommends to Council the amendments to capitals schemes and resources for the 2014-2018 capital programme as detailed in the report.
- 2) Cabinet recommends to Council that new capital bids are to be funded from available capital resources and included in the capital programme 2015-2018 as detailed in the report.