

RECOMMENDATIONS TO CABINET 8 JANUARY 2013 FROM THE MEETING OF THE RESOURCES AND PERFORMANCE PANEL 2 JANUARY 2013

RP96: PROCUREMENT REVIEW

The Chief Executive presented the report and explained that as part of the service review process the Portfolio Holder had requested officers to design and procure an external review of the Authority's procurement practices and purchasing arrangements. The report therefore considered the scope of the task and requested authority to start the process.

The Panel was informed that the Borough Council's Procurement Unit had been in place for approximately 7 years. It initially focused on delivering savings through collaborative procurement, reviewing and implementing standing orders and developing a procurement strategy. While still focusing on such issues and contributing to the Council's financial management and approach to efficiencies it now also advised and led on larger procurement exercises for the Council including competitive dialogues, recent examples where substantial savings had been secured include involvement in the refuse and recycling tender.

Members' attention was drawn to section 2.5 of the report. The Chief Executive advised that it was proposed that the work was commissioned as a focused spending reduction and value for money exercise, procured on a 'no win no fee' basis, with the emphasis being placed on supplier spend analysis work as this was where real savings may be achieved.

The Chief Executive explained that a number of options had been considered, including:

- 1) Full review of the commissioning models for internal service provision.
- 2) Continue with Current Procurement Work.

In response to questions from Councillor Langwade on the potential staffing implications, the Chief Executive explained that the Procurement Unit was staffed by 1.6 full time equivalents and also contributed to regional and partnership procurement activity and there was no spare capacity.

Councillor de Winton commented that it was a sensible approach for the Council to engage external consultants to review the expenditure data on goods and services and to select those categories where savings could be achieved.

In response to questions from Councillor White, the Chief Executive explained that the consultants would be employed on a 'no win no fee' basis. If no savings were identified then the consultants would not receive a fee.

RESOLVED. That Cabinet be informed that the Resources and Performance Panel supports the recommendations as set out in the report to Cabinet.

RP97: **COUNCIL TAX TECHNICAL REFORMS TO EXEMPTIONS AND DISCOUNTS FOR EMPTY PROPERTIES AND SECOND HOMES**

The Chief Executive presented the report which detailed the recommended policy changes to the reductions for empty properties and second homes from 1 April 2013. The Local Government Finance Act 2012 enabled Billing Authorities to use their discretion to amend the reductions for certain properties in their area and to retain their share of the additional income raised. Similar proposals were being considered by all Norfolk District Councils; these proposals also had the support of Norfolk County Council and the Police and Crime Commissioner.

The Council also had existing powers to reduce the discount for long term empty properties. These had only been enacted for one year in 2008/2009, but they were now included again as part of the package of amendments.

Members were provided with background information as set out at Section 1 of the report.

The options available to the Council were outlined as detailed in the report.

The Panel's attention was drawn to the seven recommendations set out in the report.

In response to questions from Councillor de Winton on the rebate the Borough Council received from the Norfolk County Council in relation to second homes, the Chief Executive explained that it was in the Borough Council's interest to leave in the incentive for the identification of second homes. However, Norfolk County Council could review the rebate arrangements if they so wished. At a recent Norfolk Leaders meeting it had been confirmed that the County Council had no current plans to review the current arrangements.

In response to questions from Councillor White on whether the discount would apply to derelict empty homes and empty new buildings, the Deputy Chief Executive advised that it would not apply to derelict buildings. Only buildings entered on the Council Tax register would be required to pay Council Tax.

Following questions from Councillor Loveless on empty properties be re-classified as uninhabitable, the Deputy Chief Executive explained that the owner would need to prove that the property was uninhabitable, but that the use could be changed for business purposes. In order to determine a property uninhabitable there were strict criteria to meet relating to major structural defects to prove that the property was uninhabitable.

Councillor de Winton suggested that a publicity drive be undertaken by the Council to encourage second home owners to register properties with the Council. The Chief Executive commented that this was a good idea.

In response to questions from Councillor Wright on whether there was a potential danger that developers would stop building houses if they were unable to sell in the current market, the Deputy Chief Executive explained that

a developer would not normally build houses if they could not be sold. When a property was completed, Council Tax was payable.

Following questions from Councillor White, the Chief Executive explained that in Wales, temporary short term lets had been used by some property owners to 'restart the clock' and hence avoid the payment of the premium applied to properties vacant for over 2 years.

Councillor J Collop asked for clarification of paragraph 3.5. The Chief Executive explained that a discussion had been held at both Norfolk Chief Executives and Norfolk Leaders meetings and it had been agreed by all Norfolk District Councils that the same reductions/changes would be proposed to each Council. Each District Council would therefore need to present the proposals and seek approval from Full Council.

Councillor J Collop referred to the Motion he had put to Council asking for a reduction to 0% for second homes.. He informed Members that where there were a significant number of holiday homes in Cornwall, North Yorkshire, the Cotswolds and Devon, the Councils had made a reduction to 0%. Councillor J Collop stated that he therefore wished to recommend 0% to Cabinet.

Councillor Langwade commented that the Chief Executive had informed the Panel that the Council benefitted significantly from the rebate it received from Norfolk County Council.

The Leader, Councillor Daubney advised that the rebate received from Norfolk County Council brought an enormous advantage for the people of West Norfolk. Without the rebate received, the West Norfolk Partnership would not exist. Following comments from Councillor D J Collis, the Leader explained that significant sums had been spent over previous years to alleviate the deprivation, provide social and affordable housing and outlined the valuable work carried out by the West Norfolk Partnership. The Leader also outlined the current programme in West Norfolk to raise attainment levels. He highlighted that without the work of the West Norfolk Partnership this would not have been possible. Councillor J Collop commented that it would be helpful if the Leader could provide figures to Members on the work undertaken.

Councillor Mrs S Collop referred to recommendation 1 and commented that following bereavement, the estate of that relative could take longer than 3 months to process. In response, the Chief Executive explained that in such circumstances the Council could assist and come to an arrangement with those involved, if an application was made to the proposed hardship fund.

Councillor D J Collis commented that he seconded the proposal put forward by Councillor J Collop.

Councillor Moriarty attended under Standing Order 34 for this item. At the invitation of the Chairman, Councillor Moriarty was invited to address the Panel. He informed Members that prior to the meeting he had sought clarification as to why 5% was being proposed. Councillor Moriarty referred to the different types of second homes within the Borough, in particular those located in smaller communities where as much revenue as possible was favoured. He commented that within his own Ward communities suffered from

second home owners. If there was a problem or issue within a particular community, could the rebate received from Norfolk County Council be used to address these issues.

In response, the Leader, Councillor Daubney commented that the Council did try to follow the problems/issues and identify a way to address them in order that the whole Borough would benefit. He referred to the current project of raising the attainment levels which had enabled West Norfolk to contribute to the initiative.

In response to questions from Councillor White on the payment received from the MOD and American Forces, the Deputy Chief Executive advised that payment was received as a lump sum.

Councillor J Collop referred to recommendation 7 and suggested that there was a wider Member involvement and not just the Portfolio Holder when considering applications for Discretionary Hardship Fund. In response, the Leader commented that he was happy to involve other Members when considering such applications.

The Panel then considered and voted upon each recommendation as set out in the report.

Recommendation 1

The reduction for empty and unfurnished properties for the first three months after they become empty and unfurnished remains at 100 per cent. Following this no reduction would apply and the full council tax charge will be payable.

The Panel voted and agreed recommendation 1.

Recommendation 2

The reduction for uninhabitable properties is reduced from 100 per cent to 50 per cent applicable for 12 months or until the property is reoccupied or habitable again, whichever is sooner.

The Panel voted and agreed recommendation 2.

Recommendation 3

The reduction for Long Term Properties is reduced from 50 per cent to zero.

The Panel voted and agreed recommendation 3.

Recommendation 4

The reduction for Second Homes without an occupancy restriction is reduced from 10 per cent to 5 per cent.

Councillor J Collop proposed an amendment to the recommendation that the occupancy restriction be reduced from 10 per cent to 0 per cent which was

seconded by Councillor D J Collis. The Panel voted on the amendment which was lost.

The Panel then voted on the substantive recommendation which was agreed.

Recommendation 5

The reduction for Second Homes with an occupancy restriction is reduced from 50 per cent to 5 per cent, although the exemption for the period of the occupancy restriction remains unchanged.

Councillor J Collop proposed an amendment to the recommendation that the occupancy restriction be reduced from 50 per cent to 0 per cent which was seconded by Councillor D J Collis. The Panel voted on the amendment which was lost.

The Panel then voted on the substantive recommendation which was agreed.

Recommendation 6

A premium of 50 per cent of the annual council tax is levied for properties empty two years or more, subject to any exceptions in the regulations.

The Panel voted and agreed recommendation 6.

Councillor White requested that his vote be recorded that he was against recommendation 6.

Recommendation 7

Delegated authority is given to the Portfolio Holder for Resources to consider individual applications to the Discretionary Hardship Fund.

Councillor J Collop proposed that there was a wider Member involvement and not just the Portfolio Holder when considering applications for Discretionary Hardship Fund. The Leader agreed that he would propose wider Member involvement to Cabinet.

RESOLVED: That Cabinet be informed that the Resources and Performance Panel supports the recommendations as set out in the report to Cabinet, subject to recommendation 7 being amended to read:

- 7) Delegated authority is given to the Portfolio Holder for Resources in consultation with other Members (to be agreed) to consider individual applications to the Discretionary Hardship Fund.

RP98: **CAPITAL PROGRAMME AND RESOURCES 2012 - 2016**

The Chief Accountant presented the report which:

- Revised the 2012/2013 projections for spending on the Capital Programme.
- Set out an estimate of capital resources that will be available for 2012 –

2016.

- Detailed new capital bids that were recommended to be included in the Capital Programme for the period 2013 – 2016.
- Outlined provisional figures for capital expenditure for the period 2012 – 2016.

The Panel was informed that the current economic conditions continued to depress activity in the local property market. The Council had achieved successes during 2012 with land sales in King's Lynn and Hunstanton for commercial development which had generated significant capital receipts. It was highlighted that the Council was faced with a situation where capital resources to fund the Capital Programme continued to be limited and as a consequence had to further revise its capital ambitions and current plans.

The report set out a programme for 2012/2016 that could be delivered if predicted land sales came about. Certain capital funds came from grants, VAT shelter receipts and reserves, but a large part of funds were to come from land sales. These sums included in 2012 – 2016 were anticipated from receipts from identified sites and the large scale housing development, but if the market fell back further then it may be necessary to revise the programme.

Members were reminded that in previous years a draft 10 year programme of works had been presented to Cabinet. In light of the continuing economic climate and uncertainty around funding particularly estimates over the longer term, the report would focus on the programme for the period 2012 to 2016. Officers would continue to prepare a rolling 10 year programme to identify future operational capital priorities.

The Chief Accountant explained that the Council had always set out to deliver as ambitious a Capital Programme as possible to meet its corporate priorities, and it would continue to aim even in difficult times. A full updated Capital Programme 2012 – 2013 of £8,119,370 was reported at the Cabinet meeting on 19 June 2012. Since that date further amendments to the programme had been reported as part of the monitoring reports, and were summarised at section 2.2 of the report. The Panel was advised that further amendments and rephrasing to the Capital Programme 2012/2013 were proposed as detailed in section 2 of the report.

The medium-term capital programme 2013 – 2015 was outlined as set out at section 3 of the report.

The Panel was advised that given the current financial position of the Council and the limited capital resources available, new bids on the Capital Programme had to be controlled. The additional schemes which were proposed for inclusion in the 2013 – 2016 Capital Programme were detailed at section 4 of the report.

The Panel was invited to ask questions/comment on the report. A summary of which is set out below.

In response to questions from Councillor Morrison on the rephrasing of the water sea defences, the Chief Executive explained that part of the works related to the original Marina Scheme in King's Lynn, where budget had been

allocated to undertake initial works to enable development.

Councillor de Winton commented that it was important that the Council identified ways to raise income and find revenue from other sources.

Councillor D J Collis referred to pages 23 and 24 and the Disability Discrimination Act works to Council buildings. The Chief Accountant explained that the amendment to reduce the budget was possible as the remaining works originally planned from the overall budget could be undertaken within the revised budget. The Deputy Chief Executive added that a hefty contingency of £¹/₄m had been allocated to undertake a programme of works which had now been completed. All major buildings under the Council's ownership had now had the necessary works carried out to allow disabled access. The remainder of the works now identified were the bigger schemes such as the installation of a new lift at the Town Hall, which the original budget did not include.

Following a further question from Councillor D J Collis, the Deputy Chief Executive advised that the provision of a disabled toilet on Floor 2 in King's Court still remained in the plan for additional refurbishment works to be undertaken.

Councillor D J Collis referred to page 33 – Waterfront infrastructure (modifications to existing CIF2 road). The Chief Accountant explained that this item was in the 10 year decade of development programme and related to future development of the waterfront area, but had now been rephased.

Councillor D J Collis commented that he was concerned that the Council was selling its capital assets to create additional income and questioned how long was the Council able to continue this practice. He highlighted the importance of the Council making provision to secure further assets for future years. In response the Leader advised that the Council was constantly looking at opportunities for future years and referred to the point made by Councillor de Winton in order to secure the Council's future. The Leader commented that the Council would need to look at more private/public partnerships. The Leader added that given the current situation of the country, the Borough Council had rephased its capital budget remarkably well using a sensible approach and good progress was being made.

Councillor J Collop asked what the projected income was for car parks within the next year. The Deputy Chief Executive advised that the following item on the agenda would provide details and would be contained within the next monthly Budget Monitoring Report which was available to all Members.

In response to questions from Councillor de Winton, the Deputy Chief Executive explained that £2.3 m was from reserves and that £2.2m related to unsupported borrowing or charged against revenue.

Councillor J Loveless referred to page 24 and asked if there was any budget allocated to refurbish the remainder of the seats in the Arts Centre. Previously the front half had been recovered, but the remainder of the seating was now noticeable and uncomfortable. In response, the Chief Accountant advised that the Capital Programme did not include budget provision for

further works and would check if there were plans for future works.

Councillor J Loveless also referred to footpath repair works at Lynnsport. The Chief Accountant advised that £44,350 had been allocated within the 2012/2013 Capital Programme for car park and footpath repairs.

RESOLVED: That Cabinet be informed that the Resources and Performance Panel supports the recommendations as set out in the report to Cabinet.

RP99: **BUDGET MONITORING 2012/2013**

The Chief Accountant explained that the report updated the 2012/2013 revenue estimates and the projections for 2013 to 2015. The figures would form the base on which the new Financial Plan 2012/2016 would be formulated for council tax setting purposes in February 2013.

The Panel was reminded that the original budget 2012/2013 was approved by Council on 23 February 2012. Throughout the year the Deputy Chief Executive had monitored the budget and, where necessary, Executive Directors had sought approval for additional budget provision. The purpose of the report was to formally establish base estimates and projections on which a revised Financial Plan for 2012/2016 could be built. This would leave the report to Cabinet and Council in February 2013 to focus on future years.

The variances between the approved budget and revised budget had been detailed in the monthly Monitoring Reports for April to October 2012 which had been distributed to Members. The adjustments were summarised at section 1.2 of the report.

The Chief Accountant advised that over the period April to October 2012 Service Managers had continued to take every opportunity to reduce costs and increase income in line with the now embedded culture of active management of service costs. A summary of the savings, including one or two additional spending requirements was set out at section 1.3 of the report. It was highlighted that in addition to the movements detailed at section 1.3, the variances set out at section 1.5, had been reported and all additional costs had been offset by increased income, reduced expenditure and transfers to/from reserves within service areas.

Members were informed that the projections 2013 to 2015 were also approved by Council on 23 February 2012. The projections had been updated as part of the monthly monitoring process for those areas identified in 2012/2013 which had an ongoing impact in future years. The projection for 2013/2014 was set out at section 2.2 of the report.

The Panel was advised that over the past years coupled with careful use of the working balance had allowed the Council to balance the Budget for 2012/2013 and 2013/2014 giving time to move on with a planned and organised change to the operation of the services to meet the potential deficit of future years. The revised Plan in 2014/2015 showed a shortfall of income/resources compared to rising service costs of £800,000. Management Team, with Cabinet guidance was currently preparing the next phase of the cost reduction plan. This would address the shortfall identified for 2014/2015 in a

carefully planned and managed way, together with estimated further reductions arising from the announcements made in the Chancellor's 5 December Autumn Statement for the period 2015/2017. This would ensure that in the current comprehensive spending review period the Borough Council addressed the anticipated shortfall for the entire period at the outset, enabling a further period of organisational stability to enable staff to focus on the delivery of quality services and Member priorities.

The Chief Accountant outlined the impact on the General Fund Balance of the changes to the budget and projects as detailed at section 4.1 of the report.

In response to questions from Councillor Morrison relating to the savings to be achieved with the merger of the Revenues and Benefits service areas with North Norfolk, the Deputy Chief Executive explained that none had been secured to date, but they had not been planned to be achieved until 2013/2014 in any event.

Councillor Morrison referred to page 52 and the budget being reduced by £13,500 for public cleansing supplies and services and whether this would affect the public perception. In response the Chief Accountant explained that budgets had been reviewed with Service Managers. The Deputy Chief Executive added that when there was a proposed reduction in budget, it was not at the expense of the level of service being delivered. The Leader, Councillor Daubney commented that previously when public perception had been measured for all services, last year the public perception was that the public cleansing in King's Lynn was satisfactory.

Councillor Morrison asked if it would be appropriate to send a message to all officers congratulating them on the level of savings achieved to date. This was seconded by Councillor D J Collis. In response, the Deputy Chief Executive advised that this would be welcomed.

RESOLVED: That Cabinet be informed that the Resources and Performance Panel supports the recommendations as set out in the report to Cabinet.