BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

CABINET

Minutes from the Meeting of the Cabinet held on Tuesday, 31st January, 2017 at 5.30 pm in the Committee Suite, King's Court, Chapel Street, King's Lynn

PRESENT: Councillor B Long (Chairman)
Councillors A Beales, R Blunt, N Daubney, I Devereux, A Lawrence, Mrs K Mellish and Mrs E Nockolds

CAB111 MINUTES

RESOLVED: The Minutes of the Meeting held on 6 December 2016 were approved as a correct record and signed by the Chairman

CAB112 URGENT BUSINESS

None

CAB113 DECLARATIONS OF INTEREST

None

CAB114 CHAIRMAN'S CORRESPONDENCE

None

CAB115 MEMBERS PRESENT UNDER STANDING ORDER 34

Under Standing Order 34, Councillor D Pope attended the meeting for all reports on the agenda.

CAB116 CALLED IN MATTERS

None

CAB117 FORWARD DECISIONS

The Forward Decision List was noted.

CAB118 MATTERS REFERRED TO CABINET FROM OTHER BODIES

Comments from King's Lynn Area Consultative Committee on 15 December 2016 relating to Special Expenses were noted.

CAB119 **FINANCIAL PLAN 2016/2021**

The Assistant Director – Finance presented the Council's Financial Plan for 2016-21. As part of the council tax setting process the Council updates its longer term Financial Plan to take account of any changes in financial settlements, inflation on service costs and revised priorities of the administration.

In February 2016 the Council set out a Financial Plan for 2015/2020. The Plan reflected the significant financial challenges faced by the Council including the phasing out of Revenue Support Grant (RSG) over the course of this parliamentary term, changes to the distribution of New Homes Bonus, the impact of the Business Rates revaluation from 2017 and a 100% Business Rates Retention Scheme from 2020.

The Plan showed that the Council could present a balanced budget for the period 2016-2021 although there was still uncertainty in funding which was estimated to be received from New Homes Bonus and business rates growth in the period to 2020. The significant risk was from 2020/2021. The impact of the implementation of the new 100% Business Rates Retention scheme and the Fair Funding Review from 2020/2021 were unknown, but there was considerable downside risk. Whilst a substantial amount of work had already been undertaken to reduce costs and generate additional income future reiterations of the cost reduction programme would require income generating options previously not supported to be re-considered.

In last year's Spending Review the Government provided some financial certainty by offering councils the option to take up a four year settlement offer 2016-2020 subject to publishing an 'efficiency plan'. The Council took up the Government offer. The Secretary of State for Communities and Local Government announced as part of his statement on the provisional local government finance settlement delivered on 15 December 2016 that *'97% of councils have taken up the offer and met our expectations of reform by publishing a long term efficiency plan*'.

The provisional local government finance settlement announced by Government on 15 December 2016 confirmed the second year of the 4 year offer. It should be noted that the 4 year offer only included RSG and Rural Services Delivery Grant (RSDG). The ending of RSG had been clearly signaled and it was assumed that the Council would receive no RSG from 2020/2021. As with RSG it was also assumed that the Council would receive no RSDG from 2020/2021.

The report explained that the Government focus was on Councils' 'core spending power' inclusive of locally generated resources. The core spending power analysis tables published by the Government for each Council assumed that Councils in the lowest quartile of Council Tax levels (which included the Borough Council) would introduce the full £5 per annum per Band D dwelling Council Tax increase now permitted under the Council Tax Referendum Principles. The additional Council Tax generated was included in the Government's calculation of a 0.4% increase in core spending power over the Spending Review period.

The baseline business rates funding allocation also announced on 15 December 2016 included the impact of the Business Rates Revaluation 2017

and was broadly as anticipated in the current plan.

The Secretary of State also announced in the Autumn Statement that a Bill would be introduced into Parliament early in 2017 to provide the framework for the new 100% business rates retention scheme, with trials beginning later in the year. The revised arrangements for business rates retention would not provide this Council with funding to replace the reductions announced in RSG. Under the new arrangements there would still be a formula adjustment to redistribute business rates between two tier authorities and to address economic differences. There would also be a reset of the baseline funding and it was not known how much, if any of the growth would be retained from 2020.

The Government was working with representatives of local government on a Fair Funding Review to *'thoroughly consider how to introduce a more up-to-date, more transparent and fairer needs assessment formula'*. The review was looking at all the services provided by local government and would determine the starting point for local authorities under the 100% business rate retention scheme. The Secretary of State announced that he would update on progress to Parliament early in 2017. It was anticipated that there would be winners and losers as a result of the funding review.

Under the current business rates retention scheme the Council retained 40% of any net growth in the business rates achieved and 100% of any growth in business rates from Renewable Energy facilities. In preparing the Financial Plan 2016/2021 assumptions had been made on continued growth in business rates. There was however no guarantee that business growth would materialise as developers/businesses would respond to changing market conditions, and the added uncertainty as the Brexit arrangements unfolded. There was therefore a significant level of risk with this approach. If the anticipated projects did not progress as planned or were cancelled the growth would not be achieved.

The DCLG published its response to the consultation document on New Homes Bonus which had shaped allocations for New Homes Bonus in 2017/2018 and beyond. The savings of £240 million from the reform of the New Homes Bonus had been allocated to social care authorities through a new Adult Social Care Support Grant. The changes in the allocation of New Homes Bonus had resulted in an estimated reduction for this Council of £6.7m in funding from New Homes Bonus over the period 2017-2021.

The report reminded Members that over recent years the Council had adopted a policy of seeking efficiencies and different ways of delivering services producing significant levels of savings. A robust process to identify proposals to address the continuing budget deficit had been underway since the autumn 2015. In taking up the offer of a four year funding settlement the Council was required to publish an efficiency plan and monitor progress on delivery of savings.

It was noted that work was underway to produce the changes required to deliver the savings identified, before 2019/20. The work being completed, and therefore the savings being generated, were monitored closely and reported in the monthly monitoring reports. Where savings were achieved in advance of 2020/2021 these would be transferred to reserves to fund investment in major capital projects which would provide future revenue income. As at the end of November 2016 the Council had achieved 81% of

actual savings against the target for 2016/2017.

The costs of services of the Council had been updated. In terms of containing spending a number of service budgets had been held at 2016/2017 levels and increases had been made only where known price increases have occurred. Growth items had only been included where there was a statutory requirement including minimum pay pledges and the apprenticeship levy.

It remained difficult in the current economic climate to estimate levels of income in certain services including planning, car parks and industrial estates and a cautious approach had been taken in projecting forward into 2017/2021.

Fees and charges had been reviewed as part of the estimates process, car parking charges were increased last year and it was proposed that there would be no increase in 2017/2018 with current charges held for 1 April 2017.

The report explained that the Council had a planned approach to the use of the general fund balance. As in previous years the Council continued to make use of working balances and reserves to protect against volatile changes in the cost of services, receipt of income and more significantly funding levels from business rates growth. At no time did the Plan take working balances below the minimum level as stated in the Policy on Earmarked Reserves and General Fund Working Balance of the Council.

The figures shown in the Financial Plan for 2017/2021 included a £4 per annum per Band D dwelling increase in council tax for 2016/2017 with a £4.50 increase each year from 2018/2019. The increases were in line with the Council's published efficiency plan. The overall £5 increase permitted under the Council Tax Referendum Principles included increases in special expenses and the Borough precept.

The Financial Plan 2016/2021 showed that the Council could present a balanced budget. The current general fund balances would be required to support the budget in the event that income levels were not achieved and/or delayed, whilst further cost reductions were made. The savings required by the end of the Financial Plan were £2.6m and may be even higher depending on the impact of the new 100% Business Rates Retention scheme and the Fair Funding Review.

The funding for the period to 2019/2020 was presented with a degree of certainty in respect of RSG and RSDG funding as the Council had taken up the 4 year offer. However there were still potential further changes to New Homes Bonus and uncertainty if the Business Rates growth included in the Plan did not come to fruition.

The report showed that the significant risk was from 2020/2021. The detailed arrangements for the implementation of the new 100% Business Rates Retention scheme were not known and the re-set of the baseline may mean that the Council did not retain all the growth currently included in the Plan. The Fair Funding Review would determine the starting point under the new 100% Business Rates Retention scheme.

In discussing the report and recommendations explanations were given on the planned approach for the retention of balances to make savings in future

years, and the changes in the New Homes Bonus allocation which would reduce over the coming 6 years. Concern was expressed both about the retrospective reduction in the allocation of New Homes Bonus as it was considered a disincentive to build new homes and the potential for the reduction in funding with the Business Rates Review.

It was noted that the proposals were prudent and the increase was in line with the Government's expectations of local authorities. Attention was drawn to the small increase in Council Tax since 2005 which now totalled £2 per week for the services provided. Support was expressed for locally run and accountable Business Rates Scheme. Congratulations were given to officers for the work carried out to date and the proposals for the budget.

Under Standing Order 34, Councillor D Pope expressed disappointment that there was only a briefing for Members on the budget rather than a formal meeting. He drew attention to the high reliance on borrowing in the document, which he felt that with the forthcoming potential years of financial upheaval was a risk. He also considered that any increase in Council tax was against the manifesto pledge.

In response it was noted that the Manifesto pledge was made at a point in time 2 years previously, and the Government had now included an increase by Councils into their settlement figures.

With regard to the borrowing element of the Plan it was explained that it related to the Capital Accounts, not the Revenue Accounts. The Reserves had been built up in a planned approach to deal with the future uncertainty. Attention was drawn to the fact that the Borough's Council Tax was now half that of the Police precept to which it had previously been equal. In real terms the Borough's Council Tax was a reduced significantly less than RPI or CPI since 2005.

Recommendation 1

That Council approve the revision to the Budget for 2016/2017 as set out in the report.

Recommendation 2

That Council 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

That Council :

1) Approves the budget of £17,754,730 for 2017/2018 and notes the projections for 2018/2019, 2019/2020 and 2020/2021.

2) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report.

3) Approves the Fees and Charges 2017/2018 detailed in Appendix 4.

4) Approves a Band D council tax of £116.87 for 2017/2018

Recommendation 4
That Council approve a minimum requirement of the General Fund balance for 2017/2018 of £887,737

Reason for Decision

The Council is obliged to set a Budget Requirement and level of council tax before the beginning of a financial year commencing on 1 April.

CAB120 **CAPITAL PROGRAMME AND RESOURCES 2016/2021**

The Assistant Director Resources presented a report which:

- revised the 2016/2017 projections for spending on the capital programme
- set out an estimate of capital resources that would be available for 2016-2021
- detailed new capital bids that were recommended to be included in the capital programme for the period 2017-2021
- outlined provisional figures for capital expenditure for the period 2016-2021

In discussing the Capital Programme it was noted that it was a full and robust Programme the phases for which would only progress once they had been fully evaluated and considered. If the previous phase did not work the next would not continue.

It was noted that there had been deliberate policy choices to pursue the proposals and to align the economic policies with the social policies, and working hard to mitigate the risks on sites such as the NORA developments which were now valued homes. The schemes put forward were usually with land owned by the Council, with low rate loans when they were required fulfilling social objectives for the whole of the town.

Under Standing Order 34 Councillor Pope commented that those things achieved to date were remarkable and were a credit to those officers and Members involved. He commented that he wanted things to progress but to also be evaluated carefully before progression. Councillor Pope undertook to raise some small questions directly with officers which Cabinet Members requested to be copied in with.

Compliments were paid to officers ability to document the scope of the progress in such a clear manner, with the controls in place to review and measure.

RECOMMENDED: 1) That the amendments to capital schemes and resources for the 2016-2021 capital programme as detailed in the report be approved.

2) That new capital bids are to be funded from available capital resources and included in the capital programme 2017-2021 as detailed in the report.

Reason for Decision
To report amendments, rephasing and resources to the 2016-2021 Capital Programme

CAB121 **CAPITAL AND LOCAL PROPERTY INVESTMENT FUND STRATEGY 2017-2021**

The Assistant Director – Finance presented a report which set out the Capital and Local Property Investment Fund Strategy, which supported by a number of other documents, provided a framework for the delivery of the capital programme and ensured that capital investment was directed to the Council's Corporate Priorities and helped achieve the Financial Sustainability Plan. It therefore provided the rationale for any capital spending and property investment plans.

In response to a question on the delegation set out in the report for the use of the Policy it was explained that the decision would be taken after consultation with the Leader and 2 cabinet members, thus ensuring a Member not involved with any proposal would also be involved. It was noted that the investment would be in the Borough.

Under Standing Order 34, Councillor Pope asked how members would know what decisions were being taken. It was confirmed that once taken the decision would be published, either on the intranet or web depending on it being exempt. Members of the Panels could carry out post decision scrutiny and review on how the decisions and the policy had worked holding those decision makers to account.

RECOMMENDED: 1) That the Capital and Local Property Investment Fund Strategy 2017-2021 as attached to the report be approved.

2) That a Local Property Investment Fund be set up and managed as detailed in the Capital and Local Property Investment Fund Strategy 2017-2021 as attached to the report.

Reason for Decision

The previous capital strategy was approved in 2009 and is overdue for review

CAB122 **CONTAMINATED LAND INSPECTION STRATEGY**

Councillor Devereux presented a revised Contaminated Land Inspection Strategy which had been updated following the issuing of revised defra guidance and the decision to remove contaminated land grant

In response to a question it was explained that the legislation surrounding Contaminated Land was not EU derived, but the Environmental Protection Act 1990, so it was unlikely to be repealed.

Under Standing Order 34 Councillor Pope asked what the situation would be if Management Team declined a request for funding under the new

arrangements. The Environmental Health Manager (Environment) responded that to date when a case had been made for any funding it had been looked upon favourably. He also confirmed that where a site was also part in another authority's they would be expected to part fund any works.

Attention was drawn to the work carried out on a number of orphan sites which had been or were being dealt with in a commercial framework

RECOMMENDED: That a new and updated Contaminated Land Inspection Strategy be adopted.

Reason for Decision
Ensure that the Contaminated Land Inspection Strategy follows best current guidance

CAB123 **LOCAL SEA DEFENCE FUNDING UPDATE**

A report was presented which explained that the Wash East Coastal Management Strategy (WECMS) was a joint coastal management strategy between the Environment Agency (EA) and Borough Council. The strategy covered the coastline between Wolferton Creek to Hunstanton. The strategy area was divided into three units which had their own unique characteristics. The whole area had 1,100 residential properties, over 4,000 static caravans, key infrastructure (Anglian Water Sewage Treatment Plant), tourism amenities and agricultural land at risk of coastal flooding and erosion over the next 100 years.

The Wash East Coastal Management Strategy (WECMS) was adopted by the Borough Council in January 2015.

The annual recycling of beach material in Unit C South (Hunstanton to Wolferton Creek) was an integral part of shoreline management and was led by the Environment Agency. This work was until recently funded wholly by central government via Flood and Coastal Erosion Risk Management Grant in Aid (FCRM GiA). Policy changes in 2010 meant that the recycling could no longer be fully funded by FCRM GiA and local communities were now expected to contribute to the maintenance and upkeep of local sea defences.

The report explained that the East Wash Coastal Management Community Interest Company (EWCMCIC) was set up on 26th February 2015 to raise funds from local business within the area, but notably caravan parks, land owners and some beach bungalows.

Total funds collected for 2015/16 were £206,130.97, and Anglian Water had agreed an additional contribution of £80,000 for 2017/18.

Attention was drawn to the excellent news that £300,000 of additional funding had been secured which would play a big role in ensuring the recharge process for the next 6 years. Thanks and congratulations were given to all those involved in the process.

RESOLVED: 1) That the success in raising contributions to fund local sea defence works be noted and the Community Interest Company be congratulated for the progress made.

2) Request that officers work with the Environment Agency, the Community Interest Company and other partners to identify a funding package that will meet the costs of the 'mini recharge' referred to in paragraph 3.2 of the report.
3) That the King's Lynn Police Cadets be thanked for their help delivering the Flood Warning and Local Sea Defences leaflets in Hunstanton, Heacham, Snettisham and King's Lynn areas

Reason for Decision
To update Members on the work of the Local Sea Defences Funding Group

CAB124 **SCHEME OF DELEGATION UPDATE**

Councillor Long presented a report which recommended an updated scheme of delegation for approval. The Scheme had been amended to take account of the changes in Portfolio responsibilities.

Under Standing Order 34, Councillor Pope asked why the levels of virement had changed for Members and officers to which he was informed it was to ensure it complied with the new Financial Regulations.

RECOMMENDED: 1) That Council approve the amended Scheme of Delegation

2) That the Chief Executive, in consultation with the Leader be given delegated Authority to make minor amendments to the Scheme to resolve any anomalies which may occur.

Reason for Decision
To ensure that the Delegation Scheme mirrors the decision making structure

The meeting closed at 6.50 pm