BOROUGH COUNCIL OF KING'S LYNN & WEST NORFOLK

JOINT PANEL MEETING

Minutes from the Meeting of the Joint Panel Meeting held on Thursday, 2nd February, 2023 at 4.30 pm in the Assembly Room, Town Hall, Saturday Market Place, King's Lynn PE30 5DQ

PRESENT

Councillors A Bubb, Mrs J Collingham, C J Crofts, S Dark, M de Whalley, A Dickinson, P Gidney, B Jones, C Manning, J Moriarty, C Morley, C Rose, C Sampson and D Whitby

Cabinet Members present: S Dark and A Dickinson

Apologies for absence were received from Councillors A Bullen, S Collop, G Hipperson, C Hudson, Mrs V Spikings and M Wilkinson

1 APPOINTMENT OF CHAIR FOR THE MEETING

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RESOLVED: Councillor J Collingham was appointed Chair for the meeting.

2 APPOINTMENT OF VICE CHAIR FOR THE MEETING

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RESOLVED: Councillor C Sampson was appointed Vice Chair for the meeting.

3 MINUTES OF THE PREVIOUS JOINT PANEL BUDGET MEETING

RESOLVED: The minutes of the previous meeting were agreed as a correct record.

4 DECLARATIONS OF INTEREST

There was none.

5 URGENT BUSINESS

There was none.

6 **MEMBERS PRESENT UNDER STANDING ORDER 34**

Councillor A Kemp was present.
Councillors F Bone, I Devereux, H Humphrey, Parish and D Tyler were present on zoom.

7 **CHAIRS CORRESPONDENCE**

There was none.

8 **BUDGET AND CAPITAL PROGRAMME**

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Officers presented the Financial Plan 2022/2027 to Members. The Chair thanked officers for their presentation and invited questions and comments from the Panel, as summarised below, some of which had been provided in advance:

In response to a question on suggesting the IDBs reduced their levies to assist with the funding gap, it was noted that they were able to raise their levy each year by statute, and the Council was not in able to withhold funding or dictate their levies, but lobbying of the government on how they were funded would continue.

The question of how business rates were assessed and shared between County and District as the Borough should not depend on rebates if it was to grow. The report set out the issues with the business rates retention scheme, currently the surplus growth in rates was distributed in the Norfolk Pool. However it was not known how this would work in the future until Government announced their proposals for the scheme going forward. Councillor Morley clarified that it was important to know the distribution of the business rates with the County Deal.

A question on the breakdown of renewable energy rates into onshore and off shore was raised. The response was that offshore wind farms were not rateable (the Crown owned the seabed) so no business rates came directly from them. We do get business rates from the cables connecting the offshore windfarms to the national grid if the substation and the majority of distance the cable runs over land is in our area. Solar Farms were rated on their output in MWH.

Councillor Crofts asked for the breakdown of the amount of Council Tax collected which came to the Borough. This was confirmed as 7% which came to the Borough, and 3% of that was passed out to the IDBs leaving 4% to the Borough.

Under standing order 34 Councillor Kemp asked whether the Borough would continue to receive the Shared Prosperity Fund in 2025 if the County Deal was approved. It was confirmed that the Fund was picked up in the Capital Programme report. SPF allocations up to 2024/25 were allocated directly to the Borough Council and other districts and it was understood that under the County Deal arrangements would to NCC. It would be important for the borough to engage with NCC to ensure the priorities identified in the West Norfolk Investment Fund continued to be met from the SPF.

Councillor Bubb asked which fees and charges were rising. It was explained that work was being carried out on fees there were some statutory charges would go up including the planning fees.

Councillor Ryves asked about the major projects in the capital programme and the projected profit or loss shown over the years on some projects when the property market may reduce and whether additional losses had been factored in. It was explained that the major housing projects formed the significant part of the capital programme which were currently forecast to generate a surplus overall would continue to be reviewed. Also consideration would need to be given on whether to change from sale of properties to private rented. It was explained that the valuations of the properties in the schemes were based on market values and were set out in the Parkway report.

Council de Whalley asked whether any contingencies had been built into schemes and revised significantly to which it was confirmed that there were contingencies built into projects and schemes would be under regular review to reflect the need for any changes.

Councillor Morley asked about service cost recovery allocation and exposure by the Council's companies. It was confirmed that Alive West Norfolk would be setting their own fees and charges. The Council's budget reflected the management fee income from Alive West Norfolk. West Norfolk Housing and West Norfolk Property companies service level agreements were being drafted. Any exposure through those would have to come through their Boards and the Shareholder Committee in terms of taking action to address that. The financial plan was based on the projects and the level of income which should be received from them based on forecasts.

A question was asked on a profit and loss for each service which it was explained that in appendix 2 of the papers a breakdown of each area was included.

In regards to setting targets for reducing increasing service costs, it was explained that work was continuing under the cost management and income generation plan which would be carried out to address the budget gaps in the future.

A question was asked about why there was an increase in service costs from £16.5m to £20m – appendix 3 of the report gave a detailed analysis is cost increases and services. There were some 1 year changes built in in 2023/24 which would increase again the following year as they couldn't be guaranteed to continue beyond 2023/24.

With regard to the question on why the cost of refuse collection had increased, Appendix 3 of the report gave the explanations for the changes in budget by each service area.

A pie chart was requested to show net flows to evaluate council tax and business rates as a percentage of the requirement. This was being looked at and would be circulated once it was available.

On being put to the vote there were 3 abstentions for recommendations 2 and 3.

RESOLVED: That the Joint Panel support the recommendations to Cabinet, as set out below.

Recommendation 1
It is recommended that Council note the revision to the Forecast for 2022/2023 as set out in the report.

Recommendation 2
Council is recommended to approve the Policy on Earmarked Reserves and General Fund Balance and the maximum balances set for the reserves as noted in the report and at Appendix 7.

Recommendation 3
It is recommended that Council :
1) Approves the budget requirement of £22,287,700 for 2023/2024 and notes the projections for 2023/2024, 2024/2025 and 2025/2026.
2) Approves that the pension lump sum payments are paid in advance for three years at a value of £5.430m.
3) Approves the level of Special Expenses for the Town/Parish Councils as detailed in the report.
4) Approves the Fees and Charges 2024/2025 detailed in Appendix 4.
5) Approves a Band D council tax of £143.87 for 2023/2024.

Recommendation 4
It is recommended that Council approves a minimum requirement of the General Fund balance for 2023/24 of £1,114,390.

9 TREASURY MANAGEMENT STRATEGY

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Officers presented the Treasury Management Strategy and informed Members that the Council was required to receive and approve the

Treasury Management Strategy Statement, Annual Investment Strategy, and Minimum Revenue Provision Policy Statement.

The Chair thanked officers for their report. There were no questions. On being put to the vote there was 1 abstention.

RESOLVED: That the Joint Panel support the recommendations to Cabinet as set out below.

Cabinet is asked to recommend that Council approve:

- The Treasury Management Strategy Statement 2023/2024, including treasury indicators for 2023-2027.
- The Minimum Revenue Provision Policy 2023/2024
- The Investment Strategy 2023/2024

10 CAPITAL STRATEGY

Click here to view the recording of this item on You Tube

Officers presented the Capital Strategy for 2023/24 which outlined the principles and framework that shaped the Council's Capital decisions.

The Chair thanked officers for their report and invited questions and comments from the Panel, as summarised below.

Councillor Morley asked whether there was enough flexibility in the Treasury Strategy to respond to the capital programme. It was confirmed that there was monthly monitoring of the programme and finances and opportunity to amend the forecasts in the mid year treasury report. At the moment it reflected what was in the capital programme, but more work would be undertaken on the projects feeding into it. There was increased volatility due to the current climate which meant it was important to regularly monitor them.

Under standing order 34 Councillor Kemp asked whether with the saving of money on turnover savings would it put additional pressure on staff with already heavy workloads. It was confirmed that at the present time there were a high number of unfilled posts which were actively being recruited to. Where there was a need other alternatives to fill those gaps were considered.

Councillor Kemp also asked if there was a fair apportionment of staff resources on the Town Deal or MUCH work. It was confirmed that the County Council had staff working on their projects whilst the Borough Council staff had supported the business case side of these projects as the accountable body. There would be some support going forward but not to the detriment of the Borough.

Councillor Morley commented that officers should be advising on the prudential indicators and what they meant.

On being put to the vote, there were 4 Abstentions.

RESOLVED: That the Joint Panel support the recommendations to Cabinet as set out below:

1) That Cabinet approve the Capital Strategy for 2023/2024.

11 **CAPITAL ESTIMATES REPORT**

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Officers presented the Capital Estimates report which revised the 2022/2023 projections for spending on the capital programme, set out an estimate of capital resources available for 2022-2027, detailed new capital bids to be included in the programme and outlined provisional figures for capital expenditure for the period 2022-2027.

The Chair thanked officers for their report and invited questions and comments, as summarised below.

Some questions had been submitted in advance as follows:
It was suggested that the reserves be held at the current figures as they were under threat. The expenditure per annum may be overstated as the forecast had been reduced from £69m to £35m. It was reported that reserves would be on hold pending evaluation to support the budget proposals set out in the financial plan.

More information was requested on the Capital Financing Requirement against the backdrop of costs escalating over time and a potential funding gap that would need covering. It was reported that there was an increase in unsupported borrowing requirement built into the financial plan based on the current programme and projections. Projects would undergo reassessment and financial implication would be determined through the decision making channels. A breakdown of the financing requirement could be seen at section 4.7.1 of the financial plan.

With regard to what assets would exist against unsupported borrowing, it was reported that these funding streams supported a number of projects in the capital programme, the detail for which would be provided in a separate table to follow.

A question was asked on what the predicted deficits of the major housing projects were. This was covered earlier in the meeting.

In response to a question on what the options for disposal of assets, it was confirmed that there was currently no strategy in place to deal with the disposal of assets and no proposals in the financial plan for such other than the housing development.

Following a question on the cost of de carbonisation, it was explained that this was being looked at and would be responded to when the information was available.

A question was asked on where the underwriting of the Guildhall and Parkway deficit. The funding of the Capital programme was set out in section 7 of the Capital programme report, although the detail of funding against each capital project would follow.

In response to a question on the cost of operational schemes attention was drawn to Appendix 2 of the Capital Programme report which listed each project.

In response to a question of how the leisure refurbishment was funded, it was explained that it was through various schemes - capital receipts, unsupported borrowing, grants and reserves. The detail of the funding against each project would follow.

A question was raised on whether risk assessments had been carried out on various strategies. It was noted that emerging pressures continued to be updated and reflected in the corporate risk register and project registers. There was a mix of costs the either had or had not been included in service lines depending on delivery stages. Also, a number of projects would be included as part of the cost management and income generation plan to be developed during the year to be incorporated into the Medium Term Financial Plan to address the budget gap in 2026/27.

Councillor Morley raised the issue of projected spend on capital projects, it was acknowledged that this was something he had previously raised and was taken on board with the continuing challenge of getting up to date figures.

Under standing order 34 Councillor Kemp asked where the £3m deficit for the Guildhall was shown in the budget, to which it was explained that at the moment it was shown as unsupported borrowing waiting to see if more funding would be gained from other sources.

Councillor Sampson asked of the situation with the future budget shortfall for year 4 was comparable with other authorities and what was being put in place to manage it. In response it was explained that work would be ongoing to address it looking at investment opportunities for revenue, cost management , service expenditure and efficiencies.

It was noted that many other authorities were in the same situation and some were drawing down on reserves if they could or raising fees and charges.

The S151 Officer reported that since the reports were published for this meeting some changes had taken place with the Cabinet papers where formatting had taken place, in particular the content in some of the appendices had been re-ordered into alphabetic order. Also, some amendments were required to the Capital Programme report where a table would be provided to show the changes.

The meeting did not exclude the press and public but ensured debate was kept in the public domain.

On being put to the vote there were 4 abstentions.

RESOLVED: That the Joint Panel support the recommendations to Cabinet as set out below:

It is recommended that:

1) Cabinet recommends to Council the amendments to capital schemes and resources for the 2022-2027 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 2022-2027 as detailed in the report.

The meeting closed at 5.46 pm