

## CABINET MEMBERS REPORT TO COUNCIL

31 January 2024

### **COUNCILLOR CHRIS MORLEY - CABINET MEMBER FOR FINANCE**

For the period 23 November to 18<sup>th</sup> January 2024

#### **1 Progress on Portfolio Matters.**

The main drivers of the Finance team over the last period have been:

Completing the audit work on the much delayed Statement of Accounts for 2019/20 financial year;

Continuing a more granular review of Earmarked Reserves;

Cost management discussions with Assistant Directors against, for this administrative transition year, a 5% cost reduction target; and continuing the budget and forward financial planning process which will culminate in the Financial Plan 2023 -2028 report, due to be presented to Council next month.

The Government has publicly stated that they are offering a Settlement of +6.5% for next year but local Districts are only receiving an average of +4.9% and our total revenue support is slightly less than expected by the tune of £0.5m.

Unfortunately, our Revenue Account, and this is the Account by which our ability to be a “going concern” is assessed, has now been reduced to the point (and contrary to opinions made in the public domain) where we need a significant funding boost. Without this we cannot meaningfully cut our services and financial outgoings to recover to a reasonably sound financial platform.

As we stand today, we are having to use £4.48m of our Reserves to balance our finances for the forthcoming year 2024/25 and £3.8m for 2025/26, However, this is not sufficient to cover the gap in 2025/6 with a £2.3m gap still remaining over and above our minimum reserve level balance which we wish to maintain. Therefore, without something changing our financial “black hole” will engulf us earlier than expected. These figures may change as final adjustments are made in the lead up to the full Council on 22<sup>nd</sup> February.

We will be recommending to Council that we increase Council Tax by the most allowable figure and as I write, our returns from Business Rates appear to be holding up. We will also have to increase our fees and charges this year, having mostly been held constant for the last period. The average increase will be around 10% for discretionary services but there are significant variations proposed such as +5.6% for trade waste, but car parking by an average of 11.9%. Notwithstanding these increases our headline budget figures are still, for 2024/5:

Total Net Cost	£27.07m	
Income	£12.25m	Business Rates
	£7.97m	Council Tax
	£2.37m	Government Support (various)
Total Income	£22.59m	
To balance	£4.48m	Withdraw from Reserves.

So, what has been going “wrong”?

- At least 15% real terms squeeze on support from Government since 2015;
- Recent tax increases from an unnecessarily low base;
- Significant deprivation and homelessness costs;
- Monies needing to be saved for flood and coastal erosion;
- We continue with our Climate Change Strategy;
- AND 43% of our Council Tax goes towards funding Internal Drainage Boards (IDBs). This is a levy placed on us and comes out of our Council Tax receipts – it is not a separate charge that we merely pass on to our tax payers and collect the sums, as apparently, some IDB Board Members think.

## IDBs

The residents of West Norfolk are not alone in seeing their hard earned money going, disproportionately, to fund the work of these Boards. 23 District Councils (and these are all, like West Norfolk, relatively small Boroughs in terms of Finance, but carry serious responsibilities) have joined to form a Special Interest Group (SIG) to lobby for IDB costs to be funded centrally.

IDBs do important and critical work, a significant proportion (around ½) of this country is affected by water levels in river basins, and as we see, now on a regular basis, significant flooding around the country. Residents in places such as West Norfolk, cannot be expected to bear the brunt of local IDB costs and the Government should step in.

The lobby for this is growing, the SIG has made its case to the PM and senior MPs of all Parties. The Leader of this Council has written at length to both of our MPs and Liz Truss is taking a lead for us by co-hosting a meeting in the Houses of Parliament early next month. The subject is gathering much traction (election year?), so much so that, despite being one of the founder members, there is only 1 place for us at the meeting. Our S151 Officer will be representing us and most ably.

#### SPECIAL EXPENSES

Quite rightly, these costs are under more scrutiny than hitherto and are expenses incurred by this Council in performing, on its land around the Borough, activities (such as grass cutting) which would normally be undertaken by a Town or Parish Council. These costs are ascribed to each Parish or Town and paid for through the Council Tax demand.

We intend to put in place more information on the make up of these costs and in the unparished areas of Kings Lynn, provide more local powers to direct the work as seen fit locally.

#### COUNCIL TAX SUPPORT SYSTEM (CTSS)

This Administration recognises the increasing issues with the cost of living, even as it affects families who have 1 or in some cases 2, working members. We are therefore recommending the continuation of CTSS benefits but not only widening the eligibility but increasing the benefit, for those eligible, to 100%.

#### LEVELLING UP & REGENERATION ACT 2013

This Act was put into Law last October and it permits the following changes to Council Tax which we are recommending be put into place by this Council.

#### **Changes to the existing premium for long term empty properties.**

There is already a premium for those properties that have been

empty, with no valid reason, for 2 years and more, this currently starts at an extra 100% and rises to 300% after 10 years.

Nobody likes to see empty houses blighting the area and we can now start charging double tax from 1 year of being empty. We can start charging such properties from April this year and we are recommending to Council that we do just that.

### **A 100% (DOUBLE) Premium for 2<sup>nd</sup> Homes.**

The Act permits Councils to charge double Council Tax for 2<sup>nd</sup> homes from April 2025. We are recommending Council agree to this.

This is not just a money making exercise on the back of second home owners who we know contribute to local prosperity and very often, their communities. However, we do want to see vibrant communities all year round and hope this action will encourage this, but if people wish to sell their properties, the extra housing stock that becomes available will help to add to more full time occupation. Also, more opportunities for local people to stay in the area.

There will be exceptions, eg where there is a seasonal occupancy restriction and a full list of those categories of domestic properties who are excluded under the Act, if we go ahead, will form part of a communication programme later this year.

The financial impact of these changes will be addressed in the Recommendations to Council but the impact on our revenues will have to be negotiated with both the County and the Police Authority.

### **EXTERNAL AUDIT OF OUR ACCOUNTS**

At last we are coming to a conclusion on the financial year 2019/20.

We now have an unqualified opinion on our Statement of Accounts from the External Auditors, EY, and by the time this report is taken by Council we will have the results of the January Audit Committee meeting.

Having said this, we are still uncertain of the final cost that EY will claim. Furthermore, the fast track audit operation for 20/21 and 21/22, which the National Audit Office wanted to be completed by 31/3/24, now seems out of reach and we wait for further advice on

how the audits of these years are to be conducted (country wide); together, of course, with the associated costs.

### CAPITAL ACCOUNT

There is headroom for capital expenditure even though we have a tremendous and exciting programme, totalling some £150m over the next 4 years.

However, climate change, inflation, the geo-political issues that currently exist (and appear to be getting worse) and consequent interest rates are not helping deliver the plans we have for improvements to Town and communities, as we would wish.

The plans we have for delivering more rental and social houses through our subsidiary companies are not on hold but are under significant scrutiny. Interest rates are a significant factor in the finance and ownership analysis. We cannot afford to make a false move, notwithstanding our aspirations to improve, significantly, the opportunities for the businesses, people of and visitors to, West Norfolk.

I am sure more detail on this will be included in other Portfolio reports.

However, the underlying position I report further above, on our revenue account, and which is the yardstick for Government to measure our ability to be a going concern, is still the backcloth against which we are allowed to perform our investment strategies.

### SLAs and GRANTS

Excluding the significant Household Support Fund (£325K) and money we may allocate for the Night Shelter, we still have aspirations to support communities through grants totalling some £400K.

We are scrutinising the merits of each against our Corporate Plan and the relative likely outcomes, also bringing our SLAs up to date, where many have remained dormant for some time.

### PROCUREMENT

We are still weighing up the detail of the new Act and a Presentation is scheduled for Council later this year. Fuller report in future.

The Procurement Act is due to come into force in October 2024, with a six-month implementation period during which officers will be able to attend training. Secondary legislation is currently due to be published in the early part of this year.

The Government has provided some short videos which set out some of the basic intentions of the Act, and the key changes. These can be viewed at: [The Official Transforming Public Procurement Knowledge Drops - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/the-official-transforming-public-procurement-knowledge-drops).

### WINS LOTTERY

Our promotion was a limited success. The volume of Sales has crept up to around 800 from 700 per month and the scheme is useful for those local causes, which may not have a national presence but may be struggling either for start up or for continuity funds.

I recommend Members keep this scheme as part of the Council's "armoury" and promote its existence. We cannot afford to offer grants to all those who need funds and this scheme can offer some amelioration.

In terms of focussed support across the Borough I found it pleasing that the 2 significant winners of our little competition were from Downham Market with the third the young Linnets of Kings Lynn.

## **2 Forthcoming Activities and Developments.**

A communication package to explain to our Town/Parish Councils and communities details of our corporate plan and financial pressures.

Analysis of the review of Statutory and Discretionary services.

Project Plan for Staff Survey

Financial Plan

Plans and Costs for 21/22 and 21/22 audits of accounts

Review of SLAs and Grants

Continuous budget monitoring

Evolution of subsidiary companies and Shareholder Committees

Procurement review of future plans and process

### **3 Meetings Attended and Meetings Scheduled**

Regular weekly Portfolio meetings

27/11 Audit Committee

4/12. Grants and SLAs

“ . Joint Group Meeting

5/12. Grant Thornton Review of Housing Companies

“ . Cabinet

6/12. Further Cabinet briefing

7/12. Group Meeting budget development

11/12. Cabinet Sifting

13/12. MMPB

20/12. Cabinet Briefing

4/1/24. CPP

5/1. Informal Cabinet meeting

8/1. Cabinet briefing

9/1. Council Company training

10/1. IDB SIG

“ . CEO and Officers Statutory ad Discretionary service work analysis

“ Cabinet briefing

11/1 KLACC

Scheduled

18/1 Budget Consultation Ratepayers

“ . Freebridge presentation

“ . Cabinet informal.