

SCRUTINY COMMITTEE

Minutes of a meeting of the Scrutiny Committee of South Norfolk District Council held at South Norfolk House, Long Stratton on 6 February 2019 at 9.30am.

Committee Members Present: Councillors: G Minshull, B Bernard, B Duffin, C Gould, T Lewis, T Palmer, R Savage and J Wilby

Apologies for Absence: Councillor: L Hornby

Substitute Members in Attendance: Councillor: V Thomson

Cabinet Members in Attendance: Councillor: M Edney

Other Members in Attendance: Councillor: D Bills

Officers in Attendance: The Director of Growth and Business Development (D Lorimer), the Director of Communities and Wellbeing (J Sutterby), the Assistant Director of Resources (P Catchpole), the Head of Business Transformation (H Ralph), the Accountancy Manager (M Fernandez-Graham), the Group Accountant (J Brown) and the Senior Governance Officer (E Goddard)

1245. 2018/19 BUDGET CAPITAL STRATEGY 2019/20 to 2023/24

Cllr Edney introduced the report which sought to provide members with details of the Council's proposed five-year Capital Strategy and outlined the steps required to develop a 20-year strategy, as now required by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG).

The Accountancy Manager provided members with a presentation and explained the key issues, as detailed in the report, advising the Committee of the assets and investments held by the Council and the level of external borrowing required to fund the capital programme. Members considered the Strategy and officers responded to a number of questions on points of detail.

In response to a member's question regarding whether the Council's collaboration with Broadland District Council would have any impact on the figures, officers confirmed that, as both Councils had agreed to keep their own assets, there would

be no effect in the foreseeable future. Cllr Edney confirmed that there was no appetite for a merger of the two Councils and that, although the collaboration of the workforce would strengthen the Councils' positions in the event of any future Local Government structural changes, there were no plans to merge the Councils.

Members noted that further work was required across the Council to lengthen the time horizon for the Strategy to at least 20 years and requested that members were kept up to date on the progress of the longer-term Strategy and that this should be reported back to the Scrutiny Committee within the next 12 months.

The Committee discussed the Council's intention to borrow over the next five years and members' attention was drawn to the table at Section 4.4 of the report which highlighted the capital expenditure already planned or which could be undertaken to meet the Council's priorities. The Assistant Director of Resources advised members that it was the Council's practice to only borrow for investments which would generate a return to cover the interest incurred and Cllr Edney reminded the Committee that the income and savings generated by the Council were for the benefit of the District's residents and businesses.

In response to a member's question regarding whether SNC was permitted to invest in properties outside of Norfolk, officers explained that there was no fixed policy but advised that, as there were currently plenty of investment opportunities within Norfolk, the Council had not looked outside of the County and had no plans to do so in the near future. The Accountancy Manager drew members' attention to the Prudential Code, as detailed in Section 3.2 of the report, advising that councils were not permitted to borrow more than required, purely in order to profit from the investment of excess sums. Members were reassured that all the Council's commercial investments were within South Norfolk and were intended to deliver economic growth and housing regeneration in addition to financial return. The Director of Growth and Business Development reminded members that only commercial properties were owned by South Norfolk Council and that all residential properties were owned by Big Sky Developments, whose focus was to create good properties at market rates for the benefit of local residents.

During discussion, officers clarified the different classifications of investments, advising members that assets such as car parks and the SNC offices were classed as operational assets rather than investments. It was then:

RESOLVED:

1. To endorse the recommendations of Cabinet for the Capital Strategy 2019/20 to 2023/24;

and
2. To recommend that members are kept up to date on the progress of the Longer-Term Strategy which should be reported back to the Scrutiny Committee within the next 12 months.

1246. REVENUE BUDGET, CAPITAL PROGRAMME AND COUNCIL TAX 2019/20

The Committee considered the report which detailed the Revenue and Capital Budgets from which Council Tax levels would be determined by Full Council.

The Accountancy Manager provided members with a presentation and summarised the salient points in the report, advising of the changes likely to affect the Council's financial position such as the expected reset of business rates, the introduction of a new funding formula, and a review of New Homes Bonus. Members were pleased to note that the revenue budget was in a sustainable position and that, due to strong performance, the Council had achieved an increase in New Homes Bonus of £103K compared to 2017/18. It was also noted that the savings from the collaboration with Broadland District Council had not been factored into the budget and that the Council would continue to investigate other ways to make savings.

In response to a suggestion that charges should reflect the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) to assist those on low incomes, the Director of Growth and Business Development cautioned members that this would reduce the income so would widen the gap. She reminded the Committee that there were other sources of assistance for residents with low incomes, such as the Council Tax Support scheme.

Members briefly discussed the need to ensure the Council did not increase prices for services, such as garden waste collection, as this might discourage customers from using these services. Officers reassured the Committee that they had compared SNC's prices to those of other providers and were satisfied that they remained competitive.

In response to a question regarding whether the Council intended to fill recruitment gaps, officers clarified that posts would be filled where needed but that as SNC was constantly striving to find better, more efficient ways of working, some posts had been removed without any resulting reduction in service levels.

In response to a member's question regarding the Council's borrowing plans and whether these were secured on fixed or variable interest rates, officers advised that the majority of its borrowing would be on fixed, short-term rates rolled forward on a year-by-year basis.

After a brief discussion where officers responded to various points, the general consensus of the meeting was to endorse the recommendations of Cabinet, however, Cllrs Lewis and Bernard reserved their positions on this matter until the meeting of Council on 18 February 2019. The Chairman commended officers on their work and it was then:

RESOLVED:

To endorse the recommendations of Cabinet for the Revenue Budget, Capital Programme and Council Tax 2019/20.

1247. TREASURY MANAGEMENT STRATEGY STATEMENT 2019/20

After a brief introduction by the Cabinet Member, the Accountancy Manager presented his report which sought to outline the Council's approach to the management of its finances and the effective control of the associated risks and performance.

Members had no questions relating to the Statement and it was then:

RESOLVED:

To endorse the recommendations of Cabinet for the Treasury Management Strategy Statement 2019/20.

1248. COLLABORATIVE WORKING

The Chairman provided members with a verbal update on the progress of the Council's collaboration with Broadland District Council, summarising the current position on the recruitment of the joint senior management structure and the changes implemented across the two Councils to signify the one team approach. The Committee was also advised of the changes to IT and digital working which were currently underway to assist with the joint working.

1249. SCRUTINY WORK PROGRAMME, TRACKER AND CABINET CORE AGENDA

The Committee noted the Work Programme, Tracker and Cabinet Core Agenda.

The Chairman advised the Committee that two items were likely to be added to the agenda after the meeting of Council on 18 February 2019.

The Cabinet Member thanked Peter Catchpole and Matthew Fernandez-Graham, on behalf of the Committee, for their hard work and dedication, wishing them both well in their future careers.

(The meeting concluded at 11:00am)

Chairman