



SOUTH NORFOLK SCRUTINY COMMITTEE

Minutes of a meeting of the South Norfolk Scrutiny Committee of South Norfolk Council, held on Thursday, 16 February 2023 at 10.00 am.

Committee Members Present: Councillors: T Holden (Committee Member, in the Chair), J Overton and T Spruce

Apologies for Absence: Councillors: J Hornby (Chairman), J Halls (Vice-Chair), Y Bendle, B Bernard, J Rowe and J Worley

Cabinet Member in Attendance: Councillor: A Dearnley

Officers in Attendance: D Lorimer (Director of Resources), J Sutterby (Director of People and Communities), R Fincham (Assistant Director of Finance), E Goddard (Senior Governance Officer) and J Hammond (Democratic Services Officer)

Also in Attendance: Councillor: T Laidlaw

1335. APPOINTMENT OF CHAIRMAN

In the absence of the Chairman and Vice-Chairman it was

RESOLVED

To appoint Cllr T Holden as the Chairman for the meeting.

1336. APOLOGIES FOR ABSENCE

Apologies were received from Cllrs Bendle, Bernard, Halls, Hornby, Rowe and Worley.

1337. DECLARATIONS OF INTEREST

No declarations of interest were received.

1338. MINUTES

The minutes of the meeting of the Scrutiny Committee held on Thursday 26 January 2023 were confirmed as a correct record.

1339. 2023/24 BUDGET

a) Revenue Budget and Council Tax 2023/24

The Portfolio Holder for Finance and Resources and the Assistant Director of Finance introduced the report, which presented a summary of the Council's draft 2023/24 Revenue Budget and contained details of the proposed fees and charges for 2023/24.

The main area to highlight in the report was that Cabinet was recommending to Council not to raise its Council Tax for 2023/24, which meant that a Band D property would stay at £165. The Assistant Director of Finance advised that not increasing Council Tax was affordable for the Council in the short term as a balanced budget could be set.

The report showed the draft revenue budget requirement for each area, which had been reviewed by the Corporate Leadership Team (CLT) and Portfolio Holders to ensure they were sufficient to deliver services. The Portfolio Holder for Finance and Resources highlighted the additional costs associated with providing the Council's statutory services. He further confirmed that the revenue budget was in accordance with the Council's Delivery Plan, which sought to advance the Council's priority areas, including:

- Growing the Economy
- Supporting individuals and empowering communities
- Protecting and improving the natural and built environment, whilst maximising quality of life
- Moving with the times, working smartly and collaboratively.

In terms of the Local Government Financial Settlement, members were advised that the Council was guaranteed a 3% increase in its core spending power. In response to a query the Assistant Director of Finance explained that the 3% increase was better than previously expected, however, it did not meet the increased rate of inflation.

Discussion turned to the Council's investment in the Big Sky Group, members questioned how the delays in Big Sky's developments as a result of nutrient neutrality had impacted the Council's revenue budget and what could be done to restart development. The Assistant Director of Finance reminded members that the Council was looking to aid all developers in the County through the Joint Venture Company established to deliver a programme of mitigations for nutrient neutrality.

In terms of the investment in Big Sky, Members were informed that Big Sky was due to repay the Council £2M this year and a further £7M over the next year. The level of investment in Big Sky could reduce if they were unable to find additional development sites within the County.

The advice of the S151 Officer in determining the Council's budget and Council Tax, as required by the Local Government Act 2003, was:

- Overall, in my opinion the budget has been based on a reasonable set of assumptions with due regard to the risks and is therefore robust.
- Assuming Cabinet and Council agree the revenue budget as set out in this report,

then in my opinion the level of reserves is adequate for known and potential risks at this time.

It was unanimously,

RESOLVED

To recommend to Council

- a) The approval of the 2023/24 base budget; subject to confirmation of the finalised Local Government Finance Settlement figures which may necessitate an adjustment through the General Revenue Reserve to maintain a balanced budget. Authority to make any such change be delegated to the Assistant Director of Finance.
- b) That Council's demand on the Collection Fund for 2023/24 for General Expenditure shall be £8,635,275, and for Special Expenditure shall be £7,424.
- c) That the Band D level of Council Tax be £165.00, for General Expenditure and £0.14 for Special Expenditure.

b) Capital Strategy and Capital Programme 2023/24 to 2027/28

The Committee considered the report of the Assistant Director of Finance, which presented the Capital Strategy and proposed Capital Programme for 2023/24 to 2027/28.

Members attention was drawn to the Capital Programme at Appendix B, which totalled £52.7M for 2023/24. The overall Capital Investment Programme over the five-year period to 2027/28 was £112.9M.

Schemes within the Capital Programme included:

- Supporting Individuals – Housing
- Supporting Individuals – Health and Leisure
- Improvements in the Public Realm
- Protecting the Environment
- Investment in the Economy
- Our Own Needs (including the Horizon Centre, IT, Bins Purchase, Waste Vehicles and Opportunities funding)

Financing for the programme was through a mix of grants, revenue reserves, capital receipts and borrowing.

The Portfolio Holder for Finance and Resources recognised that the Capital Programme was larger and more ambitious than in previous years. It also included a number of new key projects to help bring forward key economic development projects, make improvements to the public realm and protect the environment.

Attention was drawn to the new guidance from HM Treasury regarding Public

Works Loan Board (PWLB) borrowing, which stated that PWLB borrowing could only be taken out to support service delivery, housing, economic regeneration, preventative action, and treasury management. Loans solely for financial gain or speculative investment were not permitted.

It was then unanimously

RESOLVED

To recommend that Council approves the Capital Strategy and the Capital Programme for 2023/24-2027/28

c) Treasury Management Strategy Statement 2023/24

The Portfolio Holder for Finance and Resources and the Assistant Director of Finance introduced the report, which set out the Treasury Management Strategy Statement 2023/24 and associated policies.

The Council had three key treasury management principles:

1. **Security** – To ensure monies are not placed at undue risk, by ensuring all monies were invested in appropriate counterparties or instruments commensurate with the organisation's risk appetite.
2. **Liquidity** – To ensure that cash flow was adequately planned, with cash being available when it was needed, and that sufficient funding was available to finance the organisation's capital investment plans.
3. **Yield** – To maximise investment returns (commensurate with risk) and minimise borrowing costs to minimise the costs to the organisation.

Members attention was drawn to the revised Treasury Management and Prudential Codes published by CIPFA on 20 December 2021. It was noted that as formal adoption was not required until the 2023/24 financial year, this year would be the first time the changes were incorporated into the report.

As at the end of December 2022, the Council had treasury investments of £53.9M, and £33.5M in loans to wholly owned Council companies. However, the application of resources (capital receipts, reserves etc) to finance capital expenditure was expected to reduce the level of investments over time.

The Bank Rate rose from 3.00% to 3.50% in December 2022, the eighth change in the rate in 12 months. However, the Council's treasury advisors, anticipated that the rate will peak at 4.50% by December 2023, and have declined to 4.00% by March 2024. On that basis, the expected investment return for 2023/24 had been calculated as £978,000.

South Norfolk Council currently had borrowings of £20M. The sources of borrowing considered by the Council were:

- Public Works Loan Board (PWLB)
- Bank Overdraft
- Other Local Authorities

- Financial Institutions
- Municipal Bonds Agency

The Assistant Director of Finance assured members that the Authority would not borrow more than, or in advance of, its needs purely to profit from the investment of the extra sums borrowed. He added that treasury management was never risk free, but the primary objective of the Council's treasury management function was to minimise risk to the principal amounts involved, whilst maintaining optimum liquidity and return.

The Chairman thanked officers for their hard work in preparing the Council's budget.

It was then unanimously,

RESOLVED

To recommend to Council:

- 1) The Treasury Management Strategy Statement 2023/24
- 2) The Treasury Management Policy Statement 2023/24
- 3) The Annual Investment Strategy 2023/24
- 4) The Treasury Management Practice (TMP1)
- 5) The Treasury Management Scheme of Delegation
- 6) The Prudential Indicators
- 7) The Minimum Revenue Provision (MRP) Statement

1340. SCRUTINY COMMITTEE WORK PROGRAMME, TRACKER AND CABINET CORE AGENDA

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

The Senior Governance Officer advised members that the meeting scheduled for 2 March 2023 would only be held in the event of a call-in.

With regard to the meeting scheduled for 6 April 2023, no items were due to be brought before the Committee, as such it was likely the meeting would be cancelled.

(The meeting concluded at 10.35 am)

Chairman