



## **SOUTH NORFOLK SCRUTINY COMMITTEE**

**Minutes of a meeting of the South Norfolk Scrutiny Committee of South Norfolk Council, held on Thursday, 15 February 2024 at 10.10 am.**

**Committee Members Present:** Councillors: J Rowe (Chairman), T Laidlaw (Vice-Chair), J Cork, K Cross, T Graham, J Overton and S Ridley

**Apologies for Absence:** Councillors: B Bernard and D Thompson

**Cabinet Member in Attendance:** Councillors: R Elliott, J Fuller and L Overton-Neal

**Officers in Attendance:** P Courtier (Director of Place), D Lorimer (Director of Resources), J Sutterby (Director of People and Communities), E Hodds (Chief of Staff), G Denton (Assistant Director of Economic Growth), R Fincham (Assistant Director of Finance), N Howard (Assistant Director for Regulatory), H Mellors (Assistant Director of Planning), M Pursehouse (Assistant Director of Individuals and Families), S Carey (Strategic Advisor and Deputy Monitoring Officer) and J Hammond (Democratic Services Officer)

**Also in Attendance:** Councillors: M Rosen and J Webber

### **1363. CHAIRMAN'S ANNOUNCEMENT**

On behalf of the Committee, the Chairman congratulated Cllr J Fuller on his elevation to the House of Lords.

### **1364. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr B Bernard.

### **1365. DECLARATIONS OF INTEREST**

Cllr K Cross declared a non-pecuniary interest in respect of Minute Items: 1366(1) Revenue Budget and Council Tax 2024/25, and 1366 (2) Capital Strategy and Capital Programme 2024/25 to 2028/29, as she was a Director of the Big Sky Group Ltd. She advised that she would not vote on the items nor take part in discussions relating to Big Sky.

## 1366. 2024/25 BUDGET

### 1) Revenue Budget and Council Tax 2024/25

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 2024/25 Revenue Budget and contained details of the proposed fees and charges for 2024/25.

The main area to highlight in the report was that Cabinet was recommending that Council raise its Council Tax for a Band D property by £5.00 for 2024/25, which meant that a Band D property charge would increase to £170. The Portfolio Holder for Finance and Resources informed the Committee that 76% of responders to the budget consultation were in favour of an increase in Council Tax.

One member noted that only 116 responses were received to the Council's budget consultation, which was disappointing. They suggested that officers looked to increase engagement in future years. Another member was disappointed that members were not specifically advised of the consultation as they felt they could have widened engagement through their work with Parish Councils and residents. The Assistant Director of Finance advised the Committee that the response rate for the budget consultation had always been low, he added that the Council did publicise the consultation through its website and via social media. He agreed to look into methods of increasing the response rate in the future.

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 4% increase in its core spending power. In response to a query the Assistant Director of Finance explained that the 4% increase was better than previously expected, however, it did not meet the increased rate of inflation. The Committee was advised that, as the Final Local Government Financial Settlement had been received there was no longer a requirement to delegate to the Assistant Director of Finance.

Discussion turned to the maintenance of streetlights. The Portfolio Holder for Finance and Resources explained that the maintenance of streetlights in Council owned carparks was paid for by the Council out of its budgets. The

Council was also responsible for streetlighting in Costessey and Gillingham, the costs for these were recouped through special expenses.

The Leader of the Council informed the Committee that there was due to be a surplus in the 2023/24 budget due to additional in-year investment income. He explained that Cabinet was working alongside the Leaders of the Opposition Parties to make a proposal to Council, at its meeting on 21 February 2024, on how the additional funds should be spent. A number of suggestions were made by the Committee and Portfolio Holders, including:

- Leisure Support Reserve
- Household Support Fund
- Help Hub
- Flood Prevention
- Enforcement of Planning Conditions
- Public Realm Improvements for Wymondham
- Community Action Fund

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."

With regard to South Norfolk Council's former offices, one member noted that the budget assumed the sale of the site would be completed by the end of March 2024 and queried whether this date was realistic. The Director of Resources assured members that the sale of the site was progressing, however, there was likely to be a delay. She could not give an exact date for completion but advised that it would be within the current calendar year. In response to further queries the Leader of the Council explained that there were holding costs associated with the delay, which were regrettable but not considered to be damaging to the budget.

It was then,

## **RESOLVED**

### **TO RECOMMEND TO COUNCIL**

1. The approval of the 2024/25 base budget.
2. That the Council's demand on the Collection Fund for 2024/25 for General Expenditure shall be £9,046,550, and for Special Expenditure shall be £7,511.
3. That the Band D level of Council Tax be increased by £5 to £170.00, for General Expenditure.

## 2) Capital Strategy and Capital Programme 2024/25 to 2028/29

The Committee considered the report of the Assistant Director of Finance, which presented the Capital Strategy and proposed Capital Programme for 2024/25 to 2028/29.

Members attention was drawn to the Capital Programme at Appendix B, which totalled £23.88M for 2024/25. The overall Capital Investment Programme over the five-year period to 2028/29 was £97.1M.

Schemes within the Capital Programme included:

- Enriching Our Communities
  - Big Sky
  - Housing
  - Health & Leisure
  - Public Realm
- Growing a Prosperous Economy
- Moving with the Times – Our Own Needs
  - Jointly with BDC
  - SNC Only Costs

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

Attention was drawn to the 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.

One member noted that the 2023/24 Capital Budget was due to end with slippages, where projects had been delayed and committed funds not spent. They requested that in future the budget and capital programme be split by:

- Projects with a high probability of being completed; and
- Aspirational projects.

The Assistant Director of Finance recognised that there were challenges in delivering the programme and slippages were common amongst all Councils as a result of areas outside of its control. He assured members that a thorough review of the programme had been completed. With regard to the layout of the of the Capital Programme, Members were advised that projects were grouped by each of the Council's corporate priorities. Other members expressed their support for the current layout of the programme.

Discussion turned to the Clean Hydrogen Programme project within the Capital Programme. The Leader of the Council explained that South Norfolk was in an excellent geographical position to benefit from clean energy, due to its close proximity to pipelines and offshore wind farms. He recognised that it was beyond the council's capital resources to take full advantage of this and that cooperation between the Government and private businesses was required. The initial purpose of the Clean Hydrogen Programme would be to

work collaboratively with partner organisations to undertake investigative research.

It was then,

## **RESOLVED**

TO RECOMMEND TO COUNCIL the Capital Strategy and the Capital Programme for 2024/25 to 2028/29.

*The Committee adjourned at 11.00am and reconvened at 11.08am, when all the Committee members listed above were present.*

### **3) Treasury Management Strategy Statement 2024/25**

The Portfolio Holder for Finance and Resources and the Assistant Director of Finance introduced the report, which set out the Treasury Management Strategy Statement 2024/25 and associated policies.

The Council had three key treasury management principles:

1. **Security** – To ensure monies were 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.

The Assistant Director of Finance explained that in order to ensure that the tax-payers money was not placed at an undue risk the Council would only use banks which were:

- UK banks; and/or
- Non-UK but domiciled in a country which had a minimum sovereign Long-Term rating of AA.

As at the end of December 2023, the Council had treasury investments of £62.1M, and loans of £20.2M in 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 5.00% to 5.25% in August 2023, the fifth change in 12 months, however, there had been no changes to the Bank Rate since then. The Council's treasury advisors anticipated that that the rate would remain at 5.25% until September 2024, then decline to 5.00%. They anticipated a further decline to 3.00% by December 2025. As interest rates had been volatile in recent months it was assumed that investment earnings would achieve a rate of 4.5% for 2024/25. On that basis, the investment return for 2024/25 had

been calculated as £1,400,000.

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.

One member highlighted the CIPFA recommendation that all Councillors received adequate training in treasury management. The Assistant Director of Finance confirmed that the necessary member training would be scheduled.

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 2024/25
- 2) The Treasury Management Policy Statement 2024/25
- 3) The Annual Investment Strategy 2024/25
- 4) The Treasury Management Practice (TMP1)
- 5) The Treasury Management Scheme of Delegation
- 6) The Prudential Indicators
- 7) The Minimum Revenue Provision (MRP) Statement

### **1367. STRATEGIC PLAN 2024-2028 AND DELIVERY PLAN 2024-2026**

Members considered the report of the Strategic Advisor & Deputy Monitoring Officer, which sought approval for the adoption of the new Strategic Plan 2024-2028 and Delivery Plan 2024/26.

The Strategic Advisor & Deputy Monitoring Officer advised the Committee that the Strategic Plan was an external facing document which set out the Council's vision and priorities for the coming four years. The main aims of the Strategic Plan were to:

- Set the overarching vision and priorities for the district and the organisation for the coming years.
- Showcase the Council's achievements from the past few years.

- Outline how the Council will change the way in which it will work to achieve the best outcomes for residents and businesses.

The Strategic Plan was broken down into four key priority areas:

- Enhancing the environment
- Growing a prosperous economy
- Enriching our communities
- Moving with the times

The Plan included detail on the current challenges, opportunities and actions the Council was planning on taking, for each of the four key priority areas.

The Delivery Plan set out the key activities to be delivered within the first two years and would be aligned to the four strategic priorities and broken down into business as usual and projects/programmes of work. The Delivery Plan also set out several Key Performance Indicators (KPIs) which would be reported into Cabinet three times a year. These KPIs would be reviewed by a Task and Finish Group.

In response to a query the Strategic Advisor & Deputy Monitoring Officer confirmed that small amendments had been made to the Strategic and Delivery Plans since they were brought before the Committee on 12 December 2023.

With regard to the priority *“Growing a prosperous economy”*, One member requested clarification on the energy infrastructure constraints. The Assistant Director of Economic Growth explained that whilst energy flowed through the district it could not always be used by businesses within the district. For example, the Food Enterprise Park required the establishment of a direct grid connection in order to facilitate growth.

Discussion turned to the priority *“Enriching our communities”*, one member highlighted the sought outcome to *“Ensure the recommendations from the Private Rented Bill are implemented if put into statute legislation”*. It was noted that there was cross-party support for the legislation. Some members wanted to see the legislation strengthened to ensure that private evictions could be avoided, whether or not the legislation was set by Government. The Assistant Director of Individuals and Families informed members that the Housing Team were seeing more households leaving private rentals due to the rent becoming unaffordable as opposed to households being faced with eviction by private rental landlords.

After further discussion it was unanimously,

## **RESOLVED**

TO RECOMMEND THAT COUNCIL approve the adoption of the Strategic Plan 2024-2028 and Delivery Plan 2024-2026.

**1368. SCRUTINY COMMITTEE WORK PROGRAMME, TRACKER AND CABINET FORWARD PLAN**

The Committee noted the Work Programme, Tracker and Cabinet Forward Plan.

The Strategic Advisor and Deputy Monitoring Officer confirmed that the Cost-of-Living review would be brought to the next meeting of the Scrutiny Committee on 29 February 2024.

(The meeting concluded at 11.27 am)

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Chairman