CABINET

Minutes of a meeting of the Cabinet of South Norfolk District Council held at South Norfolk House, Long Stratton on Monday 22 July 2013 at 9.00 a.m.

Members Present:

Cabinet: Councillors M Wilby (Chairman for the duration of the meeting) Y Bendle, D Bills, K Kiddie, G Wheatley

Apologies: Councillor J Fuller

Non-Appointed: Councillors F Ellis, M Gray, N Legg, T Lewis, J Mooney, B Riches, R Savage, K Weeks

Officers in Attendance: The Deputy Chief Executive (A Radford), the Director of Environment and Housing (A Jarvis), the Director of Growth and Localism (T Horspole), the Head of Asset Management (R Garfoot), the Head of Audit (S King), the Accountancy Manager (M Fernandez-Graham), the Business Improvement Manager (W Salmons), the Compliance and Risk Manager (L Mickleborough), and the HR and OD Manager (J Foglietta)

2200 CHAIRMAN'S ANNOUNCEMENTS

The Chairman referred to the success of the South Norfolk On Show, held Sunday 15 July 2013 and wished to formally thank all those involved in the day.

2201 DECLARATIONS OF INTEREST

The following member declared an “other” interest in the matter listed below and withdrew from the meeting whilst the matter was discussed:

<table>
<thead>
<tr>
<th>Member</th>
<th>Minute No</th>
<th>Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cllr D Bills</td>
<td>2208</td>
<td>HR and Payroll System</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Associate of a potential supplier</td>
</tr>
</tbody>
</table>
2202 MINUTES

The minutes of the meeting held 17 June 2013 were agreed as a correct record and signed by the Chairman.

2203 FINANCE PERFORMANCE AND RISK REPORT QUARTER 1 2013/14;

a) Performance and Risk Report Quarter 1 2013/14

The Subject of the Decision

Members considered the report of the Business Improvement Manager and the Compliance and Risk Manager, which provided Cabinet with a quarterly update on the Council’s performance through the Council’s strategic performance indicators and management of risk.

The Business Improvement Manager outlined the key developments in performance over the last quarter. He was pleased to report that 4 indicators had performed within the accepted tolerance level (amber), and the remaining 22 indicators had exceeded target, providing a 100% success rate across all strategic measures in the first quarter of 2013/14.

Members noted the positive start to the year with regard to sickness absence (BV 012), and that sickness levels were now 0.87 days per FTE lower than that within the same period the previous year.

Turning to those indicators categorised as amber, attention was drawn to LI 323 (the number of vulnerable households helped) and members noted that 14 homes had been brought up to standard in quarter 1 and that plans were in place for a further 75 Green Deal assessments.

Referring to NI 192, the % of household waste recycled and composted, the Business Improvement Manager explained that the Council was close to reaching target and that South Norfolk continued to have the lowest rejection rate in Norfolk for materials taken to the recycling facility.

LI 415, the % return on cash investments, had not quite met target, but it was noted that the risk had been spread over other investment streams such as commercial properties for rental income which was currently attracting a yield of 6.4%.

Concerning LI 199, the number of people continuing with regular exercise after taking part in the GP referral scheme, members noted that there had been a drop in the number of GP referrals.

The Business Improvement Manager explained that there had been an excellent start to the year with regard to the performance of the Council’s new strategic indicators, giving particular mention to LI 204, the reduction in subsidy to Leisure Services, LI 758, external funding identified and brought in to the local economy and LI 759, the % of top ten service requests made via online web forms. All these new indicators had exceeded target in the first quarter.
Turning to risks, the Compliance and Risk Manager outlined the four risks detailed at paragraph 3 of the report, scoring 15 or above. Members noted that two of the risks related to planning issues; the shortage of the 5 year land supply and that local plans and associated infrastructure works were not delivered. Referring to the need to ensure income streams were delivered, the Compliance and Risk Manager explained that risks relating to the leisure service, the property development programme, internal audit services contract and potential for CNC growth had been reviewed, however these risks currently remained below the level at which they would be reported to Cabinet.

The Decision

RESOLVED: To note the performance and risk report for quarter one 2013/14

The Reasons for the Decision

To ensure processes are in place to improve performance and that the management of risks are sound

Other Options Considered

None

b) Revenue Report April to June 2013

The Subject of the Decision

Members considered the report of the Accountancy Manager which detailed the financial performance on the Revenue Budget for the first quarter of 2013/14.

The Accountancy Manager referred members to the key areas of his report and drew attention the positive variances, in particular that resulting from the funding regime in relation to Business Rates where an overall growth of £426,000 for 2013/14 was predicted. In response to queries, the Deputy Chief Executive explained that the rate of growth was typical, but there was much more of an incentive for the Council to actively identify growth now that local authorities could retain 40% of this figure. Cllr G Wheatley added that it had always been the case that should business premises be expanded or improved, business rates were likely to increase. In some cases premises had benefitted from not being re-valued for a number of years after improvements had been made.

Cllr G Wheatley stressed the need to be cautious at this stage, when referring to the forecast of a positive variance of £600,000 for year end. He explained that there was tremendous pressure on a number of services and that the Council could not continue to rely upon positive variances such as that from the leisure service, to compensate for areas such as the transport fleet where there had been unexpected repair costs and higher than expected costs relating to fuel.
RESOLVED: To note the position for the first quarter of 2013/14, and the reason for the variances on the General Fund.

The Reasons for the Decision
To ensure that reserves and revenue budgets are in place to meet the Council’s corporate objectives.

Other Options Considered
None

2204 CAPITAL REPORT QUARTER 1 2013/14;

The subject of the decision
Members considered the report of the Accountancy Manager, which monitored capital expenditure in the first quarter of 2013/14, against the amended capital programme as approved by full Council on 8 July 2013.

The Accountancy Manager outlined the salient points of his report to members, stressing that it was still early days with only capital expenditure of £284,456 against the annual budget of £9,770,589.

Cllr N Legg, referring to the replacement generator at South Norfolk House, suggested that a government grant might be available, and the Deputy Chief Executive agreed to look into the matter further.

The Decision

RESOLVED: To note the progress on the Capital Programme for the first quarter.

The Reasons for the Decision
To ensure that the capital programme is aligned to the Council’s priorities and is fully funded.

Other Options Considered
None
2205 TREASURY MANAGEMENT REPORT – QUARTER1 2013/14;

The subject of the decision

Members considered the report of the Accountancy Manager, which reviewed the treasury management activity during the first quarter of the financial year 2013/14 and reported on the prudential indicators as required by CIPFA’s Treasury Management Code of Practice.

The Accountancy Manager explained that some of the Council’s longer term investments were coming up for renewal and that only substantially lower interest rates were available on new investments made, explaining why the rate of return was forecast to be lower this financial year.

The Decision

<table>
<thead>
<tr>
<th>RESOLVED:</th>
<th>TO RECOMMEND THAT COUNCIL:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a) Approves the 2013/14 prudential indicators for the quarter;</td>
</tr>
<tr>
<td></td>
<td>b) Notes the treasury activity in Quarter 1 and that it complies with the agreed strategy;</td>
</tr>
</tbody>
</table>

The Reasons for the Decision

To ensure that the Council adheres to the Prudential Code and that investments are made in accordance with the Treasury Management Strategy.

Other Options Considered

None

2206 MEDIUM TERM PLAN AND IMPLICATIONS OF THE COMPREHENSIVE SPENDING REVIEW 2012/13;

The subject of the decision

Members considered the report of the Head of Finance, which set out the implications of the Comprehensive Spending Review (CSR) for the Council’s finances and South Norfolk in general, together with a revised Medium Term Financial Plan (MTP) that covered the period 2014/15 up to 2016/17.

The Accountancy Manager drew members’ attention to the key areas of the report, in particular the 35% reduction in New Homes Bonus available to local authorities from 2015/16 onwards. Members noted that Management Team was confident that a balanced budget could be achieved for 2014/15, however, a funding gap of 2.7 million was predicted over the following two years.
During discussion, Cllr M Gray referred to Your Neighbourhood, Your Choice, and expressed concerns that projects and funding were not adequately synchronised. He pointed to the significant underspends, suggesting that these funds might help to meet the savings needed from 2015 and Cllr K Weeks concurred with this view. Cllr Weeks felt that officers had done a magnificent job in achieving savings for the Council, but stressed that these savings could not be repeated year on year.

Cabinet agreed that all options needed to be considered when deliberating savings.

The Decision

RESOLVED: To approve the revised Medium Term Plan as a basis for further work

The Reasons for the Decision

To enable the Council to continue to reduce its cost base in a managed way through long term financial and service planning.

Other Options Considered

None

2207 DEVELOPMENT OF NEW INTERNAL AUDIT SERVICES CONTRACT;

The subject of the decision

Members considered the report of the Deputy Chief Executive, which sought Cabinet approval to launch a procurement exercise to replace the current audit services contract.

The Head of Audit explained that current arrangements that had been in place since 2007, would expire in 2014 and therefore a re-procurement exercise was necessary. She explained all partners in the Audit consortium had agreed to move forward as a collective in the re-procurement process.

Attention was drawn to a typographical error in the report at paragraph 2.5, second bullet point (the word “need” to be replaced with “not”) and it was noted that the Council did not believe that a radical “outsource” option would offer the best solution.
The Decision

RESOLVED: To approve the launch of the procurement exercise to replace current arrangements which expire in September 2014, accepting that the Council will contribute £5,000 to procurement costs through to determination of a successful contractor and provide the Commissioning Manager at no additional cost.

The Reasons for the Decision

To seek an enhanced Internal Audit Service, at a lower cost to clients

Other Options Considered

None

2208 HR AND PAYROLL SYSTEM;

The subject of the decision

Members considered the report of the HR and OD Manager which defined the business case for the purchase of an integrated HR and Payroll system.

The HR and OD Manager outlined the background to the report and the need to integrate the HR and Payroll systems. Members noted that the new system would attract revenue savings of approximately £14,000 per month.

Cllr G Wheatley explained that the case for change had been accelerated due to the current system’s inability to comply with HMRC’s requirement for submission of Real Time Information (RTI). There were also concerns that the current system would not meet the requirements of Pensions Auto-enrolment and changes to the Local Government Pension Scheme.

The Decision

RESOLVED: To:

1. Approve the business case for the procurement and implementation of an integrated HR and Payroll System;
2. Approve the release of funding form the IT capital budget FY 2013/14 to fund the capital costs;
3. Delegate authority to the Chief Executive, in consultation with the Cabinet member for Resources, to approve the selected framework and supplier for the provision of a new integrated HR and Payroll system.
The Reasons for the Decision

To comply with legislation and provide an efficient integrated system, with considerable revenue savings.

Other Options Considered

None

2209 DEVELOPMENT MANAGEMENT STRATEGY

Members noted the Development Management Strategy would be reported to a future meeting of the Cabinet.

2210 CABINET CORE AGENDA

Members noted the latest version of the Cabinet Core Agenda

2211 MATERIALS RECYCLING FACILITY

The subject of the decision

Members considered the report of the Head of Environmental Services, which outlined the Norfolk-wide procurement of a service to deal with kerbside collected dry recyclables, and sought approval to enter into a 10 year contract with NORSE Commercial Services Ltd.

Cllr K Kiddie was pleased to finally present the proposals to Cabinet, after a very lengthy and complex procurement process, carried out by the eight Norfolk authorities and overseen by the Norfolk Waste Partnership. Cllr Kiddie believed that the proposals were good news for the Council and Norfolk. They would provide an enhanced service to residents, whilst creating local jobs and supporting the wider economy. Members noted that the proposals would increase the range of materials that could be collected and recycled, including glass. It was estimated that these changes would increase collection rates to 45%, or possibly even higher.

During discussion, the Director of Environment and Housing drew attention to the risks associated with commodity values and market changes and members noted that the past contract had benefitted from particularly high prices.

In response to queries, Cllr Kiddie confirmed that consideration had not been given to weekly collections, however increases in recycling rates might lead to a need for larger bins for some. The Director of Environment and Housing explained that a very complex evaluation process had taken place to consider the extra costs of collecting more waste.

Cllr M Gray believed the proposals to be good news for both the Council and the public. He, suggested that there may be a reduction in the costs of collecting waste
from Mini Recycling Centres. The Director of Environment and Housing confirmed that the centres would be remaining in place.

Discussion then turned to the appendices of the report and it was proposed, seconded and

RESOLVED: that under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 Schedule 12A of the Act (as amended).

Officers responded to a number of questions on points of detail regarding the terms of the new contract

The Decision

<table>
<thead>
<tr>
<th>RESOLVED:</th>
<th>To:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Award to Norse Commercial Services Ltd (&quot;Norse&quot;) a ten year contract for the recycling of dry recyclable material (being the enhanced contract with glass) pursuant to the procurement process carried out, on the basis that such contract be entered into between the District Councils of the Norfolk Waste Partnership and the JVC (as defined below);</td>
<td></td>
</tr>
<tr>
<td>2. Approve the entry into a joint venture shareholders’ agreement between the seven Norfolk district Councils and Norse for the purposes of establishing a joint venture company (the ‘JVC’) to be the contractor under the recycling contract;</td>
<td></td>
</tr>
<tr>
<td>3. Approve the entry into such ancillary arrangements as shall be necessary pursuant to the establishment of the JVC and the award of the recycling contract to the JVC; and,</td>
<td></td>
</tr>
<tr>
<td>4. Delegate to the Director of Environment and Housing (in consultation with the Head of Finance, deputy Chief Executive, the Leader of the Council and Cabinet Member for Environment and Regulation) authority to agree all necessary arrangements for the establishment of a joint venture.</td>
<td></td>
</tr>
</tbody>
</table>

The Reasons for the Decision

To ensure greater benefits for residents and the consortium authorities.
Other Options Considered

As outlined in the report.

(The meeting concluded at 10.20 am)

Chairman