1163 REVENUE BUDGET AND COUNCIL TAX 2016/17

The Accountancy Manager introduced his report detailing the Revenue Budget from which Council Tax levels would be determined by Full Council. He summarised the salient points and assured the Committee that the revenue budget was balanced and made no calls on general revenue reserves.

He outlined the challenges that the Council was facing in the form of reductions to funding from central government but reassured members that by increasing income and reducing expenditure, a balanced budget would be delivered in 2016/17. A forecast revenue surplus of £2.5million was anticipated in 2015/16 which would increase revenue reserves. Uncertainty remained around the future of the New Homes Bonus beyond 2016/17, which was subject to the results of a current government consultation. There were also anticipated
reductions in funding from the Revenue Support Grant (RSG) which would end in 2018/19 and from 2019/20 the Council would instead make a payment to the Treasury of £50,000 that year. To help the Council make up for these reductions in funding it was proposed that Council Tax should be increased by £4.32 (3.3%) in 2016/17 for a Band D property and further increases of £3.00 were proposed for each year after that.

The Committee considered the risks associated with the full devolution of business rates to local authorities from 2019/20. Officers explained that a number of Local Authorities had received claims for charitable relief from business rates from NHS Foundation Trusts. Members were informed that at present the Council received more than £1 million in business rates from NHS Foundation Trusts and if there was an application for a back-dated claim then this could cost the Council approximately £9 million. The Committee was informed that the Local Government Association was taking legal advice on behalf of its members around the validity of the NHS Foundation Trusts claims for charitable status. Members would be kept informed of this development.

The Director of Business Development responded to members’ concerns over the reduction in the RSG by explaining that all forms of funding had been taken into account in the budget before the Committee. It was explained that South Norfolk would not be alone in making a payment to the Treasury in 2019/20 and that if the Council signed up to the government’s proposed funding settlement by mid-October 2016 and produced an efficiency plan, then it would be partially protected from any further cuts to its RSG funding in future. However, this protection would not include any other forms of Government funding. In response to questions over the 2015/16 surplus, the Accountancy Manager explained that this had been created through good management of investments and higher than anticipated fees from planning applications and positive variances in non-pay expenditure. Officers indicated that further savings of £2.8 million would be needed by 2021 in addition to annual income increases of £1.8 million to maintain a balanced budget in the future. Overall, the budget gap would be in excess of £4 million.

Officers advised members that there were no significant new initiatives within the 2016/17 budget but that instead the forthcoming year’s business plan was building on existing strategies of increasing income in areas such as leisure and planning while undertaking LEAN reviews to reduce expenditure. The Council would also look to achieve efficiencies through influencing customer behaviour through the development of its website. Officers would also be reviewing the levels of service provided to residents and business to enable members to make decisions on whether these should be adjusted to release additional resources.

The Committee voted 6-0, with 2 abstentions, to endorse Cabinet’s recommendations.

**RESOLVED**

To endorse the recommendations of Cabinet for the Revenue Budget and Council Tax 2016/17
The Accountancy Manager outlined his report which proposed a Capital Programme for the period April 2016 to March 2021. He advised the Committee that this would advance the Council’s three priority areas as set out in the Corporate Plan whilst continuing with investment in Council assets and IT systems to improve service delivery. Members were informed that by investing in commercial properties, the Council was able to secure a 7% Gross return on investment compared to a return of only 0.89% for cash in the bank and this therefore represented better value for money for the taxpayer. However, this was at the detriment of liquidity. To assist in the Capital Programme, £3.5million would be used from the Council’s revenue reserves over the 5 year programme.

Responding to a question from Cllr T Lewis, the Director of Business Development confirmed that although £20million was signposted for investment in commercial property over the next three years, £8million of this had been allocated for commercial properties around the A11 and the Norwich Research Park. Members were assured that further details of these investments would be presented to a future Cabinet meeting. In the event that an investment opportunity arose which required immediate action before Cabinet had time to meet, members were reminded that the Chief Executive, in consultation with the Leader of the Council and the relevant portfolio holder was empowered to act on the Council’s behalf with retrospective approval from Cabinet.

In response to questions concerning potential borrowing options open to the Council, the Director of Business Development explained that if borrowing was done through the Public Works Loan Board (PWLB), then it would be done at a fixed rate, currently below 4%. However, options would be explored regarding the source of borrowing. Members queried if all funding options had been included in the figures quoted in the report, including from European Union (EU) funding. Officers confirmed that they were confident in the accuracy of the figures and that the Council was not currently in receipt of EU funds directly but actively signposted businesses in South Norfolk to apply for relevant EU funds.

Officers advised members that 2015/16 was the final year in which aids and adaptations would be funded from the LSVT receipts. Members queried whether the Right to Buy (RTB) receipts were used for this. The Director of Business Development explained that RTB receipts were accounted for as capital receipts. Following confirmation from Cllr Y Bendle and the Director of Business Development, members were assured that the Disabled Facilities Grant was well placed to meet any rising demand placed upon it as it was increasing to more than £700,000 in 2016/17.

The Committee voted 6-0, with 2 abstentions, to endorse Cabinet’s recommendations.

RESOLVED

To endorse the recommendations of Cabinet for the Capital Programme April 2016 to March 2021
1165  TREASURY MANAGEMENT STRATEGY STATEMENT AND INVESTMENT STRATEGY 1ST APRIL 2016 TO 31ST MARCH 2019

The Accountancy Manager introduced his report which outlined the Treasury Management Strategy Statement and Investment Strategy. Members were advised that although interest rates were currently predicted to increase by the end of 2016, there was no certainty about when this would happen and that over the last few years this anticipated increase had been pushed further into the future. The Committee noted that the Strategy in the report showed that the Council was well placed to fund its Capital Programme by borrowing from its own reserves.

Members asked if a change in interest rates would have any effect upon the proposals in the report. The Accountancy Manager assured the Committee that allowances had been made for any change in interest rates in the Council’s Medium Term Plan. In response to further questions about borrowing, the Director of Business Development explained that bonds were being offered by the Municipal Bond Agency which would be considered. Were a loan to be taken from the Public Works Loan Board, it would not be secured against Council property. The Committee was advised that officers would explore all potential sources of borrowing to provide the best outcome for the Council.

The Committee voted unanimously to endorse the Cabinet's recommendations.

RESOLVED

To endorse the recommendations of Cabinet for the Treasury Management Strategy Statement and Investment Strategy 1st April 2016 to 31st March 2019

1166  SCRUTINY COMMITTEE – WORK PROGRAMME AND CABINET CORE AGENDA

The Scrutiny and Information Rights Officer informed members that a report on the ASC Workforce would be presented in June 2016 and a report on South Norfolk Choice-based Lettings would be presented in December 2016. These had been added to the Work Programme.

Members also noted the Cabinet Core Agenda.

(The meeting concluded at 10:50am)