

CABINET**17:30 to 18:35****7 February 2018**

Present: Councillors Waters (chair), Harris (vice chair), Davis, Herries, Kendrick, Maguire, Packer and Stonard

Also present: Councillors Schmierer and Wright

1. Declarations of interest

Councillors Harris, Kendrick and Waters declared a 'pecuniary' interest in item 5 'Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan 2018-19'.

2. Public questions/petitions

No public questions or petitions were received.

3. Minutes

RESOLVED to agree the accuracy of the minutes of the meeting held on 17 January 2018.

4. Corporate Plan updates

Councillor Waters, leader, presented the report.

The head of strategy and transformation noted some amendments to the report, detailed below:

- Page 22 should read 'Fuel poverty levels in Norwich have fallen so that they are now below the national averages'.
- Page 29, Key performance measures, SCL1 the target should read 88%; and
- Page 30 VFM8 should read TBC (to be confirmed).

Councillor Waters highlighted the process of engagement that was taking place with stakeholders and residents as part of the budget consultation and 2040 Norwich city vision.

In response to a question from Councillor Schmierer, the head of strategy and transformation said a broader change to the corporate plan was scheduled for next year. The approach to date was to seek tight focussed ways to measure performance. City accessibility arguably presented a challenging area to measure and there was a limit to the city council's influence in this area.

RESOLVED to recommend updates to the corporate plan 2015-20 for the year 2018-19 to council for approval.

5. Budget, Medium Term Financial Strategy (MTFS) and HRA Business Plan 2018-19

(Councillors Harris, Kendrick and Waters having declared a 'pecuniary' interest in this item.)

The chair highlighted that one appendix relating to this item, appendix 7 was an exempt item. He advised that if members wished to discuss this then the public would have to be excluded. Appendix 6 to this item was circulated at the meeting.

Councillor Kendrick, cabinet member for resources, presented the report.

He highlighted the impact of the reduction in central government funding to local government finances. He emphasised that half the council's income came from fees, charges and rental income including from commercial properties. He noted that with £10 million of savings need in the next 4 years tough decisions were required.

Councillor Waters, leader said the change to council tax capping for district councils from 2% to 3% was announced after the budget consultation had been launched.

Appendix 6 detailed the responses to the budget consultation. Councillor Waters emphasised that significant responses had been received in the region of 1,700. He noted that the majority of respondents were in favour of increasing council tax in order to protect key services.

Councillor Harris, cabinet member for social housing highlighted that the HRA (Housing Revenue Account) showed rent continuing to reduce by 1% in line with the government's mandatory four year rent reduction. She noted that the Housing and Planning Act 2016 provision for HRA's to compensate registered providers for extended right to buy was yet to be determined.

In response to a question from Councillor Schmierer, Councillor Waters agreed the Council Tax system was dysfunctional. Councillor Kendrick highlighted the difference between the lowest and highest rates paid were three fold and noted that in Wales, the government had introduced two new council tax bands.

The chief executive officer stated that the fair funding review, (a consultation), was out with local authorities. This represented an appropriate vehicle to submit council comments and proposals to government and the chief finance officer was reviewing this.

RESOLVED to:

Note:

- The budget consultation process that was followed and the feedback gained as outlined in [appendix 6](#).

- The section on the robustness of the budget estimates and adequacy of reserves as set out in paragraphs [140](#) to 157.
- That the Council Tax resolution for 2018/19, prepared in accordance with Sections 32-36 of the Local Government Finance Act 1992 as amended by the Localism Act 2011, will be calculated and presented to Council for approval once Norfolk County Council and the Office of the Police and Crime Commissioner for Norfolk have agreed the precepts for the next financial year.

Recommend to council to approve:

General Fund

1. The council's net revenue budget requirement as £15.696m for the financial year 2018/19 ([Table 3](#)) including the budget allocations to services shown in appendix [2](#) and the growth and savings proposals set out in [appendix 1](#);
2. An increase to Norwich City Council's element of the council tax of 2.99%, meaning that the Band D council tax will be set at £256.46 ([para 83](#)), with the impact of the increase for all bands shown in [table 6](#);
3. The planned use of £1.504m of General Fund reserves to finance the budget requirement in 2018/19 (shown in [table 9](#));
4. The prudent minimum level of reserves for the council as £4.232m [para 155](#));
5. The general fund capital programme 2018/19 to 2022/23 ([para 118](#));
6. The creation of earmarked reserves in relation to commercial property, and income received from on-lending to Norwich Regeneration Limited, and the transfer of additional income generated from these sources above the MTFS savings targets to the relevant earmarked reserve ([para 15](#)).

Housing Revenue Account

7. The implementation of the minimum 1% rent reduction in accordance with legislation set down in the Welfare Reform and Work Act 2016. ([para 98](#)).
8. The proposed Housing Revenue Account budgets ([para 95](#)).
9. The prudent minimum level of housing reserves as £5.844m ([para 110](#)).
10. The proposed housing capital programme 2017/18 to 2021/22 ([para 132](#)).
11. A 4% increase in garage rents ([para 100](#)).
12. The creation of an HRA spend-to-save earmarked reserve to fund the HRA's share of costs required to deliver relevant savings and efficiencies through the transformation programme ([para 93](#)).
13. The transfer of £500k of underspend forecast to be achieved in 2017/18 to the HRA's spend-to-save earmarked reserve ([para 93](#)).

6. Treasury Management Strategy 2018-19

Councillor Kendrick, cabinet member for resources, presented the report.

He explained the strategy took into account current codes and guidance but noted that these were currently being revised and were not available to be considered at present.

Councillor Wright noted that the scrutiny committee had recommended that after election members be provided with training on treasury management. It was agreed this recommendation should be taken forward.

In response to a question from Councillor Schmierer, discussion ensued around precluding investing in companies that were not paying UK tax.

Councillor Waters said that he could agree with sentiment of that but it was noted by Councillor Stonard that it was difficult to distinguish between tax efficiency activities and not paying tax. It was agreed any new wording had to take account practicalities of how this could work and the chief finance officer was asked to consider if this could be incorporated into the strategy.

RESOLVED to:

Recommend to council for approval:

- (1) The Capital Prudential Indicators and Limits for 2018/19 through to 2020/21 contained within [paragraphs 16 - 43](#) of this report and Appendix 1.
- (2) The Borrowing Strategy 2018/19 through to 2020/21 ([paragraphs 26 – 30](#)).
- (3) The Treasury Prudential Indicators ([paragraphs 31 - 38](#)), including the Authorised Limit ([paragraph 36](#)).
- (4) The Minimum Revenue Provision (MRP) policy statement contained in [paragraphs 60 - 65](#) and [Appendix 1](#).
- (5) The Investment Strategy 2018/19 ([paragraphs 66 - 90](#)) and the detailed criteria included in [paragraph 74](#).

To ask:

- (6) the democratic and elections manager to include an all members briefing on the treasury management strategy in the councillor development programme for the next civic year.
- (7) the chief finance officer to consider incorporating into the strategy at paragraph 75 a point relating to not knowingly investing in companies which are taking part in tax avoidance activities.

7. Council tax reduction scheme 2018-19

Councillor Davis, cabinet member for social inclusion, presented the report. She highlighted that 1680 responses to the council tax consultation had been received which was a very high response rate.

RESOLVED to recommend council to make the following changes to the council tax reduction scheme (CTRS) for 2018-19 by continuing with the 2017-18 scheme with the following modifications:

- (1) increase the applicable amounts of CTRS 2018-19 should have reference to the composite rate of council tax increase, excluding social care.
- (2) increase the non-dependant deduction income brackets and level of non-dependant deductions by the composite rate of council tax increase, excluding social care; and that this should be based on level of income rather than the hours worked.
- (3) include Universal Credit (UC) applicants where it has been awarded without earned income as a non-dependant status in the group where no deduction is made.
- (4) the level of income brackets used to decide entitlement to 'second adult reduction' should be increased by the 2018-2019 composite rate of council tax, excluding social care.
- (5) align treatment of Bereavement Support Payments (BSP) with housing benefits and fully disregard BSP payments for working-age applicants.
- (6) amend the CTRS to mirror minor regulation changes to the new Employment and Support Allowance (ESA) for working-age applicants placed in work-related activity groups resulting in positive outcomes for working-age applicants in receipt of CTR or housing benefit.
- (7) allow automatic notification by the Department of Work and Pensions to the city council of UC awards, therefore removing the requirement for the customer to make a separate CTRS application.

8. Greater Norwich Infrastructure Investment Plan 2018-19 to 2022-23

Councillor Waters, leader, presented the report. He explained that the Greater Norwich Infrastructure Investment Plan required ratification by all councils in the Greater Norwich Growth Board partnership. He highlighted paragraph five of the report which listed the seven projects within Norwich supported by funding from the Infrastructure Investment Fund.

In response to a question from Councillor Schmierer, the head of city development services said that money which had been allocated to the Hewett School for their pool refurbishment would go back into the general pot which all councils in the partnership could bid for.

RESOLVED to:

- (1) approve the projects in Norwich to be included in the Greater Norwich Infrastructure Investment Plan 2018-19 to 2022-23 with the first year forming the Annual Growth Programme for 2018-19; and
- (2) recommend the draft of the Greater Norwich Infrastructure Investment Plan 2018-19 to 2022-23 to the Greater Norwich Growth Board (GNGB) for approval.

9. Norfolk Strategic Planning Framework

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report.

He noted that the document had received over 100 responses to its consultation and these were largely supportive. The document was not a policy but a high level visioning piece of work. It was produced across a number of authorities and in the spirit of cooperation and compromise.

RESOLVED to agree to the Norfolk Strategic Planning Framework.

10. Renewal of the highways agency agreement with Norfolk County Council – Key decision

Councillor Stonard, cabinet member for sustainable and inclusive growth, presented the report.

In response to a question from Councillor Schmierer, the head of city development services said that the city council staff would continue to be involved in the day to day management of the winter service but had a diminishing role. All contracting was provided by Norfolk County Council who led the strategy but the city council provided the local knowledge.

RESOLVED to:

- (1) endorse revisions to the existing highways agency agreement between Norfolk County Council and the council as set out in the report;
- (2) agree to extend the existing highways agency agreement by one year until 31 March 2020

11. Scrutiny Committee Recommendations

Councillor Waters presented the report and noted the amendment to it, detailed below:

- Page 221 Access to justice recommendations should read resolved to ask cabinet to consider.

Members discussed how best to consider recommendations for scrutiny and agreed to respond to those in the report at the March meeting of cabinet.

RESOLVED to respond to the recommendations within the report at the next meeting of cabinet on 14 March 2018.

12. Procurement of various housing upgrades and maintenance contracts – Key decision

Councillor Harris, cabinet member for social housing presented the report. She highlighted that of recommendation one, the basis for the award for Gasway had changed, to a discounted framework rate.

She emphasised that the upgrades and maintenance contracts represented £8 of investment and highlighted the council's commitment to providing good quality housing.

RESOLVED to:

- (1) approve the award of the contracts as described in the report.
- (2) delegate authority to the director of neighbourhoods in consultation with the deputy leader and social housing portfolio holder, to award a contract to the best value supplier for the replacement heating installations contract.
- (3) approve a one year extension of the housing electrical and mechanical maintenance contract with Alphatrack Systems Ltd.

CHAIR