

## OVERVIEW & SCRUTINY COMMITTEE

Minutes of the meeting of the Overview & Scrutiny Committee held on Wednesday, 12 July 2023 in the Council Chamber - Council Offices at 9.30 am

<b>Committee Members Present:</b>	Cllr N Dixon (Chairman)	Cllr S Penfold (Vice-Chairman)
	Cllr V Holliday	Cllr C Cushing
	Cllr P Fisher	Cllr L Vickers
	Cllr M Batey	Cllr J Boyle
	Cllr G Bull	Cllr R Macdonald
<b>Members also attending:</b>	Cllr T Adams (Observer)	Cllr A Brown (Observer)
	Cllr L Shires (Observer)	Cllr J Toye (Observer)
	Cllr A Varley (Observer)	Cllr L Withington (Observer)
<b>Officers in Attendance:</b>	Democratic Services and Governance Officer - Scrutiny (DSGOS), Chief Executive (CE), Director for Communities (DFC), Assistant Director for Finance, Assets, Legal & Monitoring Officer (MO), Director for Resources / S151 Officer (DFR) and Data Analyst (CDA)	

### 19 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr N Housden.

### 20 SUBSTITUTES

None.

### 21 PUBLIC QUESTIONS & STATEMENTS

None received.

### 22 MINUTES

Minutes of the meeting held on 14<sup>th</sup> June 2022 were approved as a correct record and signed by the Chairman.

### 23 ITEMS OF URGENT BUSINESS

None received.

### 24 DECLARATIONS OF INTEREST

None declared.

### 25 PETITIONS FROM MEMBERS OF THE PUBLIC

None received.

### 26 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE BY A MEMBER

None received.

## **27 RESPONSES OF THE COUNCIL OR THE CABINET TO THE COMMITTEE'S REPORTS OR RECOMMENDATIONS**

The DSGOS noted that Council had approved the purchase of additional waste vehicles, as considered by the Committee at the June meeting.

## **28 2022/23 OUTTURN REPORT**

Cllr L Shires – Portfolio Holder for Finance and Assets introduced the report and informed Members that the outturn position was better than expected with previous forecasts suggesting a £900k overspend. She referred to p30 and noted that the surplus from the previous year had been placed into the general reserve to offset the impact of inflation, but the full £616k would no longer be required as the overspend was only £261k. It was noted that £500k had been allocated for net zero initiatives, and £250k for temporary accommodation. The DFR stated that the outturn position of the capital programme showed a significant underspend, with a planned budget of £16.3m against £6.8m spent. She added that the reasons for this related to slippage and delays in awarding contracts, with funds therefore carried over.

### Questions and Discussion

- i. Cllr C Cushing referred to the business rates shortfall and asked whether this would be recovered or remain a shortfall. The DFR replied that it was a fluctuation in income that would not be recovered. Cllr C Cushing stated that in this case the overspend would be £0.782m and not the lower figure quoted. He then asked whether major project costs were reforecast to account for cost variations, and referred to the Fakenham roundabout project being a prime example. The CE replied that the capital programme reflected the Council's aspirations and ambitions but they were complex projects to deliver, and slippage could therefore be expected. He added that the retained capital budget had reasons for delays listed, and in the case of the Fakenham roundabout, the Council had pledged a financial contribution of £900k, but the works could only be scheduled during autumn and winter due to it being a primary tourism corridor. It was noted that whilst efforts had been made to progress the project, nutrient neutrality regulations had also caused delays, and whilst the Cromer Coast Protection Scheme and refurbishment of Mundesley sea defences had received funding from the EA, they had also been subject to significant cost inflation. The DFR stated that there had been limited capacity available to update cost estimates within the Finance Team, but following recruitment of additional accountants, this could be given greater attention going forward.
- ii. Cllr L Shires stated that any estimates completed in 21-22 would be inaccurate due to the significant inflation that had occurred, and asked whether Members sought regular updates to ensure accuracy or affordability. Cllr C Cushing stated that budget monitoring reports were provided regularly throughout the year, but anything that had been costed over six months ago was likely to be inaccurate. He added that estimates had to be as accurate as possible, otherwise it would be difficult to set and monitor the capital programme with any degree of accuracy.
- iii. Cllr V Holliday stated that £781k was not a significant improvement over the

originally forecast £900k deficit, and asked how long the general reserve would last if used to regularly fund deficits of £261k. She added that an executive summary would also be useful to cover key points of information with trend analysis. Cllr L Shires replied that she would be happy to review whether an executive summary could be added to reports, and reiterated that the deficit had been offset by an underspend from the previous year. The CE stated that the Council had for many years had a year-end surplus, and it was appropriate to use reserves to close a deficit gap as and when necessary, taking into account that a £617k underspend had been placed into the general reserve the previous year to account for inflation. He added that to close the year-end with a £261k deficit was a reasonable position given the financial pressures the Council had faced, and it was not a risk to the Council to offset this deficit with the use of general reserves. It was noted that officers would not recommend this on an ongoing basis, but actions would be taken to address deficits by other means going forward.

- iv. Cllr A Brown stated that he was supportive of including trend analysis of the general reserve, and potentially also year-end surpluses or deficits to make the financial position of the Council as clear as possible for Members.
- v. The Chairman stated that financial reports were complex, and he had therefore discussed the format with the DFR to seek improvements and provide a more holistic view of the Council's financial position. He added that he expected many Members would have difficulty understanding all aspects of the report, and given the significance of financial decisions being made, it was crucial that all Members were able to properly understand reports. It was suggested that a workshop session may be helpful to improve reports going forward, enabling Members to better fulfil their financial monitoring responsibilities.
- vi. Cllr J Toyne stated that he agreed that reports needed to be made as clear as possible to enable Members to make the correct evidence-based decisions.
- vii. The recommendations were proposed en bloc by Cllr S Penfold and seconded by Cllr J Boyle.

## **RESOLVED**

**To recommend the following to Full Council:**

- a) The provisional outturn position for the General Fund revenue account for 2022/23;**
- b) The transfers to and from reserves as detailed within the report (and appendix-c) along with the corresponding updates to the 2023/24 budget;**
- c) The deficit of £0.261m relating to service overspends be funded from the General Reserve;**
- d) The deficit of £0.561m relating to retained business rates be funded from the Business Rates Reserve;**
- e) The financing of the 2022/23 capital programme as detailed within the report and at Appendix D;**

- f) The balance on the General Reserve of £2.649m;
- g) The updated capital programme for 2023/24 to 2025/26 and scheme financing as outlined within the report and detailed at Appendix E;
- h) The roll-forward requests as outline in Appendix F are approved.
- i) The transfer of £0.500m from the Delivery Plan Reserve to a new reserve 'Net Zero Initiatives' set up specifically to fund projects, initiatives and works to achieve net zero.
- j) The Provision of Temporary Accommodation capital budget for 2024/25 and 2025/26 of £0.250m per year be moved into 2023/24 giving a total budget of £0.750m in 2023/24 and that this be funded by temporary borrowing until it can be replaced by preserved right to buy capital receipts.

## 29 TREASURY OUTTURN REPORT 2022/23

Cllr L Shires – Portfolio Holder for Finance and Assets introduced the report and informed Members that it was a better and more easily understandable format. She added that the Council's investments had benefitted from rises in interest rates, however she was aware that inflation also had a negative impact on residents. The DFR stated this was one of the most technical reports reviewed by Members as Councils were self-regulating in terms of treasury management with CIPFA guidance, which meant that reports had to contain a certain level of detail that may be difficult for some to understand. She added that an executive summary was provided on p76, which showed capital expenditure of £6.862m over the year, and any further spending was outlined. It was noted that future internal borrowing would reduce the Council's investments and would need to be replenished. The DFR stated that whilst total investments were reported as £45m, the return of Covid grants would reduce this to £27m.

### Questions and Discussion

- i. The Chairman noted that he had discussed several points with the DFR prior to the meeting, and that the executive summary should provide key points from the report, but improvements were needed to offer better understanding of the financial health of the authority.
- ii. Cllr C Cushing referred to Covid grant returns and suggested that it may have been helpful for a note explaining this to be included in the report. The DFR stated that Link Asset Services were the Council's new treasury management advisors, who were happy to provide training which officers could look to arrange as soon as possible. The Chairman suggested that all financial reports would benefit from good executive summaries, with the inclusion of annual trend analysis and notes to explain any significant changes.
- iii. Cllr V Holliday praised the report format but asked why the Council was still borrowing when it had significant investments, and whether this was due to the interest rate differential. The DFR replied that borrowing was used to maintain cashflow, as there were fluctuations as a result of council tax and business rates only being collected ten months per year. She added that short-term borrowing was therefore required around the end of year to carry over until collections resumed.
- iv. The recommendation was proposed by Cllr S Penfold and seconded by Cllr P Fisher.

## RESOLVED

1. To recommend the report to Full Council for approval.

### 30 CORPORATE PLAN 2023 - 2027

Cllr T Adams – Council Leader introduced the report and thanked officers and Members for their help in developing the Corporate Plan (CP), that would guide the authority over the next four years. He added that there would be a change to how the CP was delivered, with annual action plans replacing the four year delivery plan, as had been used in 2019. It was suggested that this would provide agility and allow the Council to take advantage of more opportunities and shape future actions. Cllr T Adams stated that work was underway to determine new contextual performance measures, some of which may already be actively monitored by the Committee. He outlined the key themes of the CP and stated that he looked forward to working with the Council and Members to deliver the Plan over the next four years.

#### Questions and Discussion

- i. The Chairman stated that it was positive that the Committee were considering the CP in July, taking into account that it had not come forward until October in 2019. He added that the previous CP had six themes, whilst the new proposal only had five, with the omission of financial sustainability as a key theme. It was suggested that the financial challenges facing the council had not gone away, and the Chairman therefore asked whether this should be given consideration for inclusion. Cllr T Adams replied that he was proud that the administration had been able to bring the CP forward so quickly, and suggested this was a benefit of a returning administration that sought to build on previous work. He added that various options had been considered for the key themes, but Cabinet Members had decided that financial sustainability had been covered throughout the CP, and would be given the necessary attention without being identified as a specific theme. It was noted that many aspects of financial sustainability would be covered under the strong and accountable Council theme, with further actions to be included within annual action plans. The Chairman accepted the points made but suggested that delivery of the wider CP would require a sure footing of financial sustainability, as had been identified in the previous Plan, and suggested that this may be a prudent item to consider going forward.
- ii. Cllr A Brown stated that he was the only Cabinet Member that had also been on Cabinet in 2019, and noted that the administration was in a very different place at the time. He added that the Council was now in a more sustainable position and no longer needed to place as much emphasis on ensuring the financial sustainability of the authority. The Chairman noted that financial challenges were still on the horizon and may present a bigger threat now than in 2019, therefore he felt that financial sustainability should still be given greater weight within the CP.
- iii. Cllr L Shires stated that whilst she was happy that finance was being given significant attention, financial sustainability was covered on p115, where the administration's intentions had been made very clear. Cllr T Adams stated that he too felt that financial sustainability had been given adequate attention within the CP and did not require its own theme.
- iv. Cllr S Penfold stated that whilst financial sustainability had been covered within the CP, there may be scope to make it more obvious to those outside of the organisation, by making explicit reference to the term within the document.
- v. Cllr C Cushing stated that he would have expected financial sustainability to be placed at the heart of the CP, and noted that the MTFs had shown there were

significant deficits forecast which required serious attention. He added that the administration should be focused on what could be done to ensure the Council's financial sustainability by generating income or finding efficiency savings. Cllr C Cushing stated that there was also a lack of long-term objectives within the CP, and suggested that the Plan would benefit from these to help with the formation of annual actions plans. Cllr T Adams replied that theme names within the CP didn't necessarily translate into specific actions, and he was sure that financial sustainability would be adequately covered within the Plan. He added that other Councils had made significant mistakes with risky commercial investments and he would ensure that the Council stayed well clear of these issues, with efforts instead focused on maximising the Council's existing assets such as car parks and beach huts. It was noted that the annual action plans would also include actions and targets that would set out the long-term objectives of the Council, which would allow a more agile approach to realise opportunities. Cllr T Adams noted that contextual measures, graphics and an introduction were yet to be included, and the final version would be more accessible to residents.

- vi. Cllr L Shires referred to efficiency savings and stated that some residents perceived this negatively, and it was therefore not something she sought to include within the CP. She added that reference had been made to delivering services efficiently, but this had been deemed adequate for the purposes of the Plan.
- vii. Cllr V Holliday stated that a strong and accountable Council should be business as usual, and should not be seen as an aspiration. She added that her residents were mainly interested in well-paid jobs and affordable housing, which were clearer more tangible objectives, which did not appear to have been included. She added that rurality also appeared to have been overlooked within the Plan, and this was a crucial concern for the District.
- viii. Cllr S Penfold referred to p107 and noted that rural villages would be placed at the heart of the Council's services, and asked whether Members were satisfied that this claim would adequately address deprivation or a lack of investment. Cllr T Adams replied that rural matters would be covered in far greater detail than in the last CP, and whilst thoughts had been given to identifying a theme of rurality, it was felt that these issues could be better addressed across all other themes, with actions to be identified in the annual action plans.
- ix. Cllr J Toyne stated that financial sustainability should be embedded within any Council, and he did not therefore feel that it required its own distinct theme. He added that on matters of rurality, that many residents lived in rural inland communities, and focus should be placed on actions to address issues in these areas, which he believed were embedded within the Plan.
- x. Cllr V Holliday suggested that some actions within the Plan weren't particularly aspirational or were already complete, such as the Solar Port at the Reef, examination of the Local Plan and development of the Coastwise project, which were all already in progress. She added that it would be better for the Council to stretch itself with more aspirational targets and objectives. The CE stated that there was a programme of ongoing work which was reflected in the Plan, but actions such as developing a rural strategy was an aspiration that the administration had set for the first twelve months, with workshops set for September that would further outline items for the annual action plans. He added that the CP was a statement of political intent by the administration, and as a result many priorities would carry over from the previous term, but further aspirational priorities and actions could be raised during discussion and scrutiny of the action plan in October.
- xi. Cllr T Adams stated that Members could expect a degree of continuity given that the administration had remained in place following the election, however the actions outlined within the CP such as the Solar Port, and coastal transition programmes were still highly ambitious. He added that many further actions were expected to

come forward, such as the ongoing delivery of improved public conveniences, which would keep the Council very busy.

- xii. The Chairman summarised the three comments made by Members of the Committee and noted that whilst there did not appear to be support to form substantive recommendations, he hoped that Cabinet would still take them into consideration for development of the CP.
- xiii. The recommendations were proposed by Cllr S Penfold and seconded by Cllr P Fisher.

## **RESOLVED**

### **That the Overview and Scrutiny Committee:**

- 1. Considers and comments upon the content of the draft Corporate Plan 2023 – 2027 as a statement of the Council’s intent and ambition for the term of this Council administration, with any comments being reported to the meeting of Full Council to be held on 19<sup>th</sup> July 2023. Comments include:**
  - **For Cabinet to consider whether financial sustainability has been adequately addressed within the Corporate Plan and whether it should form a key theme.**
  - **For Cabinet to consider whether the headline objectives of the Corporate Plan are ambitious enough.**
  - **For Cabinet to consider whether issues of rurality have been adequately addressed within the Corporate Plan.**
- 2. Notes the arrangements outlined for a series of member workshops in September 2023 to contribute to the development of actions / proposals for inclusion in the 2024/25 Annual Action Plan and then for the draft Action Plan being presented as a pre-scrutiny item for discussion / agreement by the Overview and Scrutiny Committee at its 11<sup>th</sup> October 2023 meeting.**

## **31 HEADLINE BENCHMARKING REPORT (SELECTED MEASURES) - CIPFA COMPARISON**

Cllr T Adams – Council Leader introduced the report and noted that many of the issues had been discussed at the previous meeting, then thanked officers for preparing the report and invited questions from Members.

### Questions and Discussion

- i. Cllr V Holliday asked whether performance benchmarking could be included alongside the performance report, in place of the contextual measures report or receive all three reports at the same meeting. She added that it would also be helpful to know whether any learning could be gained from the CIPFA nearest neighbours where they performed better than NNDC. She added that the report showed that other Councils were routinely reporting better performance than NNDC in certain areas, and there ought to be insights that could be gained from this. The CDA replied that the benchmarking report was very much owned by the Committee with Members determining which measures were reviewed, unlike regular performance monitoring of the CP. She added that the reports had been separated to avoid confusion, though this could be reconsidered again in the future if new datasets were included

within the CP. Cllr T Adams stated that it was unfair to suggest that all performance was poor, as many measures showed improvement, whilst others were out of date and some datasets such as recycling were misrepresentative, given that NNDC did not collect food waste. He added that Planning performance was also exemplary, which showed that NNDC was leading the group in some aspects of performance benchmarking. Cllr V Holliday accepted that performance was improving, but suggested that there were still areas where lessons could be learnt from other Councils.

- ii. Cllr L Shires referred to the CIPFA 8 measure of total expenditure per resident on p123, and asked when the data would be updated, as it was from over three years ago. The CDA replied that deadlines had been missed for submitting this data as it required the completion of audited annual accounts which were still delayed for many authorities. She added that under normal circumstances there was expected to be approximately one year's delay.
- iii. Cllr C Cushing referred to CIPFA 9a and 9b on p123, and asked why both were included as they appeared very similar. The CDA replied that it had been unclear which dataset the Committee wanted to review, but this could be reconsidered in October following the agreement of datasets used to inform the CP. Cllr T Adams noted that significantly more residents were included in dataset 9a which impacted performance. He added that the demographics of the District skewed the figure, and it may be prudent to consider a different measure of economic performance in October. Cllr V Holliday suggested that many pensioners were still economically active, and this should not be overlooked. The CE stated that whilst he accepted Cllr Holliday's comments, the report had to take into account nationally available datasets, alongside local variances and context that would impact performance such as demographics in the case of North Norfolk. He added that as a rural District, it was a fact that rural authorities received less funding per head of rural population for service provision than metropolitan boroughs, which meant that Councils were not working in a level playing field.
- iv. Cllr J Toye suggested that other Councils may be more focused in particular areas than NNDC, and this may need to be taken into account as part of the context in which performance data was reported.
- v. Cllr L Shires referred to the CIPFA 9a dataset and suggested that it was unfair to assume those over 65 may want to continue working, and it was therefore a somewhat flawed measure of economic performance.
- vi. It was suggested following discussion of performance report content that it would be preferred if all three reports were on the same agenda.
- vii. Cllr V Holliday asked whether further review would take place for areas where the Council was not performing as well as its CIPFA nearest neighbours. Cllr T Adams replied that measures would be reviewed to align with the new CP, and it may be better to wait until these were aligned to consider any further reviews.
- viii. The recommendation was proposed by Cllr P Fisher and seconded by Cllr S Penfold.

## **RESOLVED**

- 1. To receive and note the headline benchmarking data for NNDC compared to the CIPFA benchmarking group.**

## **ACTIONS**

- 1. Three performance reports to come to Committee on same agenda going**



**forward.**

### **32 THE CABINET WORK PROGRAMME**

The DSGOS informed Members that there was a significant number of items on the Cabinet work programme for September, including several property reports. He added that the Debt Management report that had been deferred in July was also expected in September, as well as a Coastwise update that may also come to the O&S Committee, should it fit within the already full work programme. It was noted that the MTFS was expected in November, as it was preferable to receive this in advance of the budget in January.

#### **RESOLVED**

**To note the Cabinet Work Programme.**

### **33 OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE**

- i. The DSGOS informed Members that an update on the Planning Service Improvement Plan was expected at the next meeting, specifically on the response received from statutory consultees. He added that the six-monthly Enforcement Board update was also expected, in addition to Performance Monitoring and the Debt Management Report. It was noted that Ambulance Response Times and access to NHS Dentistry services were due for consideration in October, and efforts would be made to improve the format of Ambulance data.
- ii. It was noted that given the number of potential items for September, some agenda management and reprioritisation may be necessary to ensure that the oversight was being applied to appropriate agenda items.

#### **RESOLVED**

**To note the Committee work programme.**

### **34 EXCLUSION OF THE PRESS AND PUBLIC**

The meeting ended at 11.30 am.

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Chairman