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OVERVIEW & SCRUTINY COMMITTEE

Minutes of the meeting of the Overview & Scrutiny Committee held on Wednesday, 8 May 2024 in the Council Chamber - Council Offices at 10.00 am

Committee	Cllr N Dixon (Chairman)	Cllr S Penfold (Vice-Chairman)
Members Present:	Cllr M Batey Cllr C Cushing Cllr V Holliday Cllr R Macdonald	Cllr J Boyle Cllr A Fletcher Cllr N Housden Cllr L Vickers

Members also attending:

Officers in Attendance: Democratic Services Officer - Scrutiny, Assistant Director for Finance, Assets, Legal & Monitoring Officer, Director for Resources / S151 Officer, Chief Executive and Estates and Asset Strategy Manager

Also in attendance: Cllr T Adams, Cllr L Shires, Cllr H Blathwayt, Cllr A Brown, Cllr L Withington, Cllr A Varley

161 APOLOGIES

Apologies for absence were submitted by Councillors Sarah Butikofer and Mike Hankins.

162 SUBSTITUTES

Councillors Phillip Bailey and Peter Fisher substituted for Councillors Butikofer and Hankins.

163 DECLARATIONS OF INTEREST

None received.

164 CALL IN ROCKET HOUSE, CROMER

The Chairman, Councillor Dixon, referred the committee to the procedure set out in the report on the way in which the committee would consider the call-in request. The Monitoring Officer confirmed that no further information had been submitted in relation to the Call-in prior to the meeting.

The Chairman welcomed Councillors Cushing, Vickers and Fitch Tillett to the meeting and Councillor Cushing speaking on behalf of all three Councillors stated that they had called in the decision on the Rocket House, Cromer as they felt so strongly about the Cabinet decision that they had no other choice to request the call in.

Councillor Cushing added that it was the process and information that the Cabinet had considered and not the decision itself that was the subject of the call in as council decisions should be transparent to the residents who fund the council. When considering projects that involved significant costs it was not unreasonable for there to be an examination of options available along with a detailed business case and

this was lacking at the April Cabinet meeting.

Councillor Cushing drew the Committee's attention to the previous Cabinet reports on this subject at its meetings on 4 September 2023 (which included papers that were exempt and not available to the public) and 8 January 2024.

Councillor Cushing added that the report to the Cabinet meeting on 17 April 2024 was a five page report on work on the building that would cost the council £830K although it may well cost the council more than that. The report did not specify the exact work that this money would be spent on. There had been mention of the need to get external funding but it was not addressed whether this was achievable.

Councillor Cushing queried whether the £830K would meet all the costs of the works that would be necessary and would have expected a Cabinet report that explained why repairing the building was the best option with a detailed business case for the work that listed all the work, the costs involved, the timescale involved, as well as potential future costs and revenue.

Councillor Cushing added that a risk assessment was missing to cover all the potential risks to the building especially in relation to storm surges on the effect of such surges and the necessary remedial work would have on getting and the cost of insuring the building.

Councillor Cushing questioned whether further work was needed on the building's lifts as mobility scooter had changed in size since the lift was built.

Councillor Cushing stated that he felt it had been a flawed process and bearing in mind the Council's financial position there needed to be a proper audit trail of the decisions that had been made and urged the Committee to send the issue back to the cabinet so that the further information that is required can be publicly made.

The Chairman asked the Leader of the Council, Councillor Adams, if he had any comments at this stage.

Councillor Adams expressed disappointment that the decision had been called in as it was not possible for members of the public to speak at the meeting.

Councillor Adams added that the areas that the cabinet had considered were in the previous Cabinet reports but there were a number of issues though that could not be discussed in public. There had been a site visit and an all-member briefing that all Councillors were invited to attend.

Councillor Adams stated that the decision was made at the capital budget meeting in January and was therefore within the council's policy and budget framework.

Councillor Adams advised that the problems with the building had first occurred in 2011 and talked about in public in 2014 and crossed multiple administrations and it was now time do something about it. A scheme of works had been prepared including tanking out the building and meeting electrical and technical requirements that were needed to repair the building that it was hoped could be done within the £1m budget. It would also make the building more efficient and meet net zero goals.

Councillor Adams added that the demolition of the building would have cost the Council more than refurbishing it and the council would not been able to afford that and would have needed external funding if it could find it to undertake a demolition.

There were also cultural and social impacts of demolishing the building.

Councillor Adams stated that some of that information was in the exempt information within the report that went to Cabinet in September.

The Monitoring officer reminded the Committee of the need for exempt information to remain private and not to be discussed in a public session.

Councillor Adams commented that the building “won’t wash its own face” but that the building should be seen as much more than an item on a balance and loss spreadsheet as it makes a contribution to the Cromer and wider economy.

Councillor Adams advised that the building was insured and has reopened well to previous storm surges. The maintenance costs were now starting to bite but up to then it had been performing reasonably well as a lease.

Councillor Adams would consider alternative arrangements for the building but didn’t consider that there were any. Cabinet had made a logical decision at the meeting on 14 April.

The Chairman stated that those Councillors who had called-in the decision now had the opportunity to question the Cabinet Member(s) and officers.

Councillor Fitch Tillett asked about the survey costs of £50K and how they were tendered. The Estates and Asset Strategy Manager stated that it was tendered through the council’s procurement rules but didn’t cost the 50K that was budgeted for.

Councillor Fitch Tillett further asked why there was not an income and expenditure spreadsheet presented in the Cabinet papers. The Estates and Asset Strategy Manager advised that there was a spreadsheet that showed all the financial information that was used to develop the options appraisal in the September Cabinet report.

Councillor Vickers asked if that information was available to all Councillors. The Estates and Asset Strategy Manager advised that this was exempt because it included confidential information.

Councillor Vickers asked if future risks from storm surges had been quantified. Councillor Shires commented that the committee when asking for information either says there is not enough information or too much information. The Council though is insured against storm surges.

Councillor Vickers further asked about external sources of funding. Councillor Adams stated that it had not been possible so far to get any external funding to help with the cost of refurbishment.

Councillor Cushing asked what the cost estimate for the work on damp walls was. Councillor Adams advised that this was included in the £830K refurbishment costs and the costing had been undertaken by a quantity surveyor.

Councillor Cushing queried whether all the work needed would be covered by the £830k cost that was in the Cabinet report. Councillor Adams said that all the works were included in that cost.

The Director of Resources commented that VAT should be recoverable, and the council presents costs as net unless vat is not recoverable. Full council did approve a budget of £1m and there will be some officer time which will be charged to the Capital budget plus other incidental costs but as currently aware the costs of undertaking all the work will enable the building to be rectified within budget.

Councillor Vickers asked if the Overview and Scrutiny Committee and Councillors had the right to scrutinise the rationale for such projects. Councillor Adams said it was a valid right.

The Chairman asked the Committee members if they had any questions for the Cabinet members and officers.

Councillor Housden asked if original bill of quantities for the building had been examined. The Estates and Asset Strategy Manager advised that the independent surveyor had been given the original building drawings.

Councillor Housden added that the cabinet report referred to extensive damage to the galvanised steel building and if that corrosion was not dealt with the whole building would fall. The Estates and Asset Strategy Manager stated that the surveyor had taken core samples.

Councillor Adams added that the survey work had revealed the council worst fears about the building but structurally it is not going to go away any time soon. It was a problem caused by damp and was not catastrophic.

Councillor Penfold asked if the costs were a best guesstimate and there was still a tendering process to go through for the work. The Estates and Asset Strategy Manager advised that this was a budget cost based on the quantity surveyor's assessment and if the procurement process reveals that it will cost more it would need to go back to Cabinet. The details of that procurement would need to be confidential to ensure that there was market competitive in the tendering process.

Councillor Fletcher asked about what time pressure there was on the project. The Estates and Asset Strategy Manager stated that the damp was a real problem and it needed to be dealt with. The damp is causing damage to artefacts as well as ill health to staff.

Councillor Boyle asked if the council would expect the financial cost of the works that has been mentioned apart from the structural issues bearing mind the age of the building. The Estates and Asset Strategy Manager confirmed that this was expected for maintenance and repair.

Councillor Holliday referred to the paragraph 4.13(c) of the Council's constitution which stated that "a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project above £100,000, for approval by the Cabinet" and paragraph 4.20 that said "To ensure that all capital proposals above £50,000 have undergone a project appraisal, stating the objective, details of any alternative means of achieving the objective, the justification for the project and the estimated capital costs, in accordance with guidance issued by the Chief Financial Officer" and asked if they had been complied with.

The Director of Resources advised that the Council hadn't got the point of being able to do a detailed project plan until the tender process had been completed as that would confirm whether the estimated cost of the work was correct or not.

The Estates and Asset Strategy Manager stated at the time of the capital bid there was a survey that detailed a sum of money and from other council work how much extra work would be needed to repair those extra elements that needed it.

Councillor Dixon asked what extra revenue expenditure would be needed from the council to enable the building to cover its costs. Councillor Shires advised that the building wasn't built as a commercial asset but to replace the existing houseboat and house the museum.

Councillor Adams added that the purposes of the building were important as the building performed more for the council than was measured on the council's balance sheet.

The Estates and Asset Strategy Manager advised that the building was treated in four parts café tenants, museum, lift and public toilets with a service charge that the tenants contribute to as does the council with the lift and toilets element.

Councillor Housden asked about interim lease arrangement with the RNLI and whether the lifts were going to be replaced. Councillor Adams advised that a short-term extension to the lease was going to be considered by the Cabinet at its next meeting and was hoping that the lifts could be upgraded rather than replaced.

The Chairman then invited the Councillors who had called-in the decision to sum up their arguments.

Councillor Cushing referred the Committee to a letter in the Eastern Daily Press that a resident in Fakenham had written saying that the work on the Rocket House was a waste of money. How would that resident know the contrary information to that point of view from the evidence that had so far been put into the public through the Cabinet reports. There was very little information in the April Cabinet report and the rest was in the exempt confidential September committee report. When spending council tax money, the council needed to be transparent in its decision making and a cost benefit analysis would help provide some clarity.

The Chairman then invited the Cabinet member(s) to give a final response.

Councillor Adams stated that the scope had been set out in the confidential papers and this issue had been considered for some time. The scale of the work needed wasn't in his original plan, but it was the right time to get this issue resolved. He understood the public concern about the level of expenditure, but it would cost more to take another path. It was a logical decision in considering the alternative options and including all the factors that were involved. More details will be released in future reports to the Cabinet as the governance and procurement processes are completed that will help to provide wider understanding of the issues involved.

The Chairman then invited contributions from members of the Committee and advised that Councillors Cushing and Vickers ceased their role as calling the decision and resumed their role as members of the committee.

Councillor Housden stated that it was a difficult decision to weigh up all the information and whether there was sufficient money allocated to resolve all the likely problems and the recommendations needed to be considered carefully as this issue wasn't going to stop at this call in.

Councillor Cushing referred to the need for an audit trail and it would be helpful for

the future to understand the premise on which the decision was made and there was no baseline for any of the £830k and it would be helpful to refer this decision back to the Cabinet and proposed recommendation (A) refer the decision back to the cabinet.

Councillor Holliday stated that it did not seem that the requisite information had been made available and seconded Councillor Cushing's proposal.

This was put to the vote with 5 votes for and 7 against and was lost.

Councillor Penfold proposed recommendation (C) to take no further action, in which case the original Cabinet decision will be effective immediately that was seconded by Councillor Fletcher.

This was put to the vote with 7 votes for and 5 against and was carried.

Resolved – that in respect of the call in of the Rocket House, Cromer Cabinet decision of 14 April 2024 that no further action be taken.

165 EXCLUSION OF THE PRESS AND PUBLIC

The meeting ended at 12.10 pm.

Chairman