

OVERVIEW AND SCRUTINY

Minutes of a meeting of the Overview and Scrutiny Committee held on 14 February 2018 in the Council Chamber, North Norfolk District Council, Holt Road, Cromer at 9.30 am.

Members Present:

Committee: Cllr K Ward (Chairman)

Cllr S Bütikofer
Cllr J English
Cllr V Gay
Cllr S Hester
Cllr M Knowles

Cllr B McGoun
Cllr R Reynolds
Cllr E Seward
Mr B Smith
Mr N Smith

Officers in Attendance: The Corporate Director (NB), the Chief Technical Accountant, the Democratic Services Manager and the Democratic Services Officer.

Members in Attendance: Cllr W Northam (Portfolio Holder for Financial Services, Revenues and Benefits), Cllr A Claussen-Reynolds, Cllr R Price, Cllr J Rest, Cllr N Coppack, Cllr N Pearce, Cllr S Arnold, Cllr A Fitch-Tillett and Cllr G Perry-Warnes.

Also in Attendance: Members of the public.

The Chairman welcomed members of the public.

113. APOLOGIES

None

114. SUBSTITUTES

None

115. PUBLIC QUESTIONS

No public questions were received.

116. MINUTES

The minutes of the Overview and Scrutiny Committee held on 17 January 2018 were accepted as an accurate record and signed by the Chairman.

Digital Transformation Scheme: the Committee had requested that the report going to Cabinet on 5 February 2018 should include a table showing cashable savings to date and, if this was not possible, increased capacity. A table had been provided for Cabinet but it did not provide the level of detail requested. The Chairman had since discussed this with the Corporate Director (NB) and clarified the level of detail

required. A revised table would be included in the report going to Full Council on 21 February.

117. ITEMS OF URGENT BUSINESS

None

118. DECLARATIONS OF INTEREST

To be taken, if necessary, at the appropriate item on the Agenda.

119. PETITIONS FROM MEMBERS OF THE PUBLIC

None

120. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE BY A MEMBER

A matter had been referred but it had not been received by the Monitoring Officer within the 7 days' notice period and could not be considered until the March agenda. It concerned the LGA Peer Review. The Chairman had made enquiries and discovered that the last review had taken place 3 years ago, in February 2015.

The Corporate Director (NB) and Cllr S Bütikofer had been trained to be peers. Reviews were undertaken for a variety of reasons. The suggestion to hold one at the present time was because there had been a lot of changes recently and it would be helpful to look at good practice in managing transition. It was believed that the request for a Review had to come from the Administration. Mrs S Bütikofer would check this.

This item would be put on the Work Programme for March.

121. RESPONSES OF THE COUNCIL OR THE CABINET TO THE COMMITTEE'S REPORTS OR RECOMMENDATIONS

The Committee made the following recommendations to Cabinet at their meeting on 5th February:

Agenda Item 15: Asset Management Plan

'That the Asset Management Plan reflects the changes discussed, striking a balance between commercialisation and public service'

This had been a resolution from the 13 December meeting of Overview and Scrutiny. The Committee had done some work on the Plan after the meeting but the changes that they suggested were not incorporated into the document that went to Cabinet because they had arisen from an informal, and therefore unconstitutional, meeting.

At Cabinet on 05 February 2018, there was no discussion on the item, despite the recommendation being present on the Cabinet agenda. No decision was made with regards to the Overview and Scrutiny recommendation. The Chairman of Overview and Scrutiny had been concerned about this and had raised her concerns with Officers and the Portfolio Holder.

Agenda item 12: Digital Transformation Plan

'That the report going to Cabinet on 5 February 2018 should include a table showing cashable savings to date and if this is not possible increased capacity.'

A revised table would be included in the report going to Full Council on 21 February.

Recommendation: that the estimated savings currently mentioned in the report are converted into actual savings for each project in individual business cases which will be brought to Overview and Scrutiny throughout the lifetime of Phase 2.

Medium Term Financial Strategy

At the meeting of Overview and Scrutiny on 08 November 2017, the following recommendation had been made: "As part of the budget setting process officers produce a report showing for each of the last ten years what payments have been made from the benefits earmarked reserve". This was not in the Budget report that went to Cabinet on 05 February or today's meeting of Overview and Scrutiny. The Chairman had asked Cabinet that this should be included in the report which went to Full Council on 21 February and was assured that it had been added

122. ASSET MANAGEMENT PLAN

Due to a pre-meeting, where it was accepted that it was not possible to have a substantive discussion at today's Overview and Scrutiny on this topic, it had been agreed that the Portfolio Holder would not be present at the meeting.

As the work that the Committee had done in January had not been incorporated into the Cabinet report, the report before the Committee today was identical to the papers considered in December. The Chairman did not want Members to waste their time by going through the same report again. The work undertaken by Overview and Scrutiny Members had been deemed unconstitutional because it hadn't been done as part of a formal committee or task and finish group. The Chairman had since met with the Portfolio Holder, the Corporate Director (NB) and the Estates and Asset Strategy Manager to go through the feedback from Overview and Scrutiny Members with the aim of developing a cross-party strategy that everyone was comfortable with.

There was a concern regarding the delay because the Asset Management Plan was in the Budget. However, the only active project was Beach Road, Wells, and this project would not be going to Cabinet in March, so the delay was not material.

It was agreed to retain the £2m Property Fund in the Budget papers, but to re-state that this money could not be spent until the governance process for the Asset Management Plan had been signed off by Full Council.

The Portfolio Holder had asked officers to re-draft the report and it was hoped this would be available for March Cabinet.

Mr J Rest asked that copies of the work that the Overview and Scrutiny Committee had done should be circulated to all Members.

Mr E Seward proposed the following recommendation: "The Overview and Scrutiny Committee remains concerned about the Democratic deficit in the document and recommends oversight in the implementation of the new Asset Management Plan".

The amended Asset Management Plan would go to Cabinet, Overview and Scrutiny and Full Council in March.

RESOLVED

The Overview and Scrutiny Committee remains concerned about the Democratic deficit in the current document and recommends that the proposed revisions reflect this concern and further recommends ongoing oversight in the implementation of the new Asset Management Plan.

It was agreed to retain the £2m Property Fund in the Budget papers, but to re-state that this money could not be spent until the governance process for the Asset Management Plan had been signed off by Full Council.

123. TREASURY MANAGEMENT STRATEGY STATEMENT 2018-19

This item was introduced by the Portfolio Holder, Mr W Northam.

The report set out details of the Council's treasury management activities and presented a strategy for the prudent investment of the Council's surplus funds, as well as external borrowing.

Once again investment returns would be low. For the purpose of setting the budget, it had been assumed that investments would achieve an average rate of 3.3%, and that new long-term loans would be borrowed at an average rate of 2.54%.

The Authority was currently debt free, although current capital expenditure plans implied a need to borrow over the forecast period for the Splash and Sports Hub projects.

Recent training provided by Arlingclose had been well-attended. Arlingclose had been impressed by the quality of questions asked by Members.

In response to questions from Mr S Hester, the Chief Technical Accountant explained that investment limits were set by the Treasury team, with advice from Arlingclose. They had been revised after the financial crisis and were deemed to be appropriate.

RESOLVED

To recommend to Full Council that The Treasury Management Strategy Statement is approved.

Mr N Smith abstained from voting.

124. 2018/19 BUDGET REPORT

This item was introduced by the Portfolio Holder, Mr W Northam.

The report presented for approval the 2018/19 budget along with the latest financial projections for the following three years to 2021/22. It reflected several months' work by officers and Members of the Cabinet and would be presented to Full Council for approval on 21 February 2018.

The Portfolio Holder highlighted some of the key points:

- a) The report recommended an increase in the Council Tax, and the position shown in the recommendations assumed this increase. This would be the first increase in 8 years. It was the government's intention that taxpayers should fund council activities. NNDC was currently in the bottom quartile of Band E charges.
- b) Local government financial settlement: the final announcement was expected in

February and would be reported to full Council. Adjustments would be made, if necessary. The four-year settlement was welcomed because it allowed some certainty in forward planning.

- c) New homes bonus: this was introduced in 2011/12 to incentivise and reward Councils and Communities that build new homes in their area. The bonus was originally paid as an un-ringfenced grant for six years and was paid based on the net additional homes plus an additional supplement of £350 per affordable dwelling. The payment was then split between local authority tiers: 80% to the lower tier and 20% to the upper tier. However, a new baseline of 0.4% of national projected housing growth was introduced last year, below which no bonus would be paid. There were potentially further changes to come in respect of the allocation methodology but nothing further had been announced as part of the provisional settlement following the introduction of the baseline and reduction in the length of the scheme last year. There was currently forecast to be a balance within the New Homes Bonus earmarked reserve of just over £1.9 million at 1 April 2018. This had been earmarked to support the Council and communities for future growth opportunities and development and also to provide one-off funding for the Local Plan work currently being undertaken.
- d) The budget included savings focused mainly on income maximisation and efficiency.
- e) Reserves were forecast to be above the minimum recommended balance. The level of reserves was reviewed each year and came under internal and external appraisal.
- f) Significant impacts on the budget:
 - A potential one-year extension of the waste management contract with Kier.
 - National Pay Review.
 - Splash and North Norfolk Community Sports Hub.
- g) Capital: The 2018/19 budget showed a surplus of £747,882. It was recommended that this was used for the Digital Transformation Programme.
- h) Recommendation 7: further information had been requested by the Overview and Scrutiny Committee on the Digital Transformation Programme and Asset Management Plan. The original recommendation had included police funding. This had not been supported by Cabinet and would not go through to Full Council.

Questions and Discussion

- a) Mr E Seward asked how changes in reserves could be agreed until the Asset Management Plan had been agreed. The Corporate Director (NB) explained that the money could be in the budget before there was a policy framework for spending it. It had been impossible to change the papers in time for Full Council.
- b) Mr Seward expressed concern about the loss of second homes Council Tax. He asked, when we had agreed to remove the discounts, if any consideration had been given to getting the money back. The Corporate Director (NB) said that dialogue had been entered but that Norfolk County Council was taking a solid line about retaining the money. They might give some grant funding help if Districts took on some of the activities which they had traditionally funded. Nothing, as yet, had been finalised.
- c) Mr Seward said that there had been a meeting on 1 February 2018 to discuss a return of some of the second homes Council Tax with Norfolk County Council. He asked who had attended from NNDC and if officers could tell the Committee the outcome. Mrs S Bütikofer expressed concern because it was believed that NNDC may not have been represented. Members asked for a written response detailing who attended, the brief they were given and the outcome. The Chief Technical Accountant would find out and report back to Members. The Corporate Director (NB) explained that there were other forums for discussion, including S151 Officer

groups. Officers and Members had made a real effort to have discussions with NCC and put NNDC's case.

- d) Mr S Hester asked why a bid had been made for a tractor for the Countryside team. He suggested that it should be compatible with the livestock trailer in the car park. The Corporate Director (NB) explained that the bid referred to a replacement tractor for Holt Country Park and would only be used there, with the existing implements. The livestock trailer referred to by Mr Hester was for transportation of the Bagot goats. Mrs G Perry-Warnes asked if a lease option had been considered for the tractor. The Chief Technical Accountant confirmed that it had, but that purchase had been more cost-effective.
- e) Referring to the proposal for a Music Centre of Excellence, Mrs B McGoun asked if there had been any reports back on the Sporting Centre of Excellence, and who was benefitting. She expressed concern that the Centre could be excluding children from the east of the District. The Corporate Director (NB) said that the Sporting Centre of Excellence had completed 2 years of its work. In the first year there had been 72 children, including some from Broadland and Stalham High Schools, involved across a range of sports – usually sports where it was hard to find facilities elsewhere for top coaching. Mrs S Arnold added that 2 young people had already gone on to represent the county. The Music Centre of Excellence would be a similar scheme, also based at Gresham's School. It was aimed to commence the scheme at the beginning of the next academic year. Ms V Gay echoed Mrs McGoun's concern that Centres of Excellence should cater for children across the District. Mr J Rest asked if the business case could include dance, art and crafts and drama. The Corporate Director (NB) said that experience gained from the Sporting Centre of Excellence showed that it was necessary to narrow the range of what was offered, otherwise it was difficult to get enough coaches. It was important to concentrate on disciplines not provided by state schools. The Chairman asked if Mr Rest's request could, nonetheless, be taken into account when the business case was made because state schools were cutting their budgets in these areas.
- f) In reply to a further question from Mrs B McGoun, it was explained that Fair Meadow House, Itteringham was part of the community shop purchase in 2017. Mrs S Bütikofer asked why a building survey hadn't been carried out before the shop was purchased. The Chief Technical Accountant replied that she believed a survey had been commissioned prior to the shop being purchased. The Corporate Director (NB) said that a response would be provided for Members. The Chairman queried if the £25,000 for remedial works had been included in the business case and how this had impacted the NPV calculations on the investment. The Chief Technical Accountant said that it had not been initially included but that the purchase price had been £25,000 less than anticipated so that there would be little financial impact. The Chairman asked that this should also be included in the response.
- g) Walsingham Public Convenience works: the Corporate Director (NB) confirmed that NNDC owned the facility and that the damage was to a part for which it was responsible. If the work was not done the toilets would have to close. Walsingham was a major tourist attraction and this toilet would be high priority to maintain. The Council was also in dialogue with the religious establishments in Walsingham about provision of additional facilities for festivals.
- h) Business Rates: Ms V Gay asked how many appeals were outstanding against the 2010 list. The Chief Technical Accountant said that the number was approximately 2,000. It was a widespread problem with 300,000 outstanding appeals across the country.
- i) Employee budgets: Ms V Gay asked on what basis employee costs had been calculated to increase by £45,000 from April 2019. The Chief Technical Accountant said that extensive modelling had been done, based on the HR system. Mrs S

Bütikofer observed that the report estimated the impact would be 4% - 6% on the total pay bill but that UNISON said it would be a 2% increase. The Corporate Director (NB) said that no update had been received in the last 2 weeks but that a written response would be obtained for circulation to Members.

- j) In response to a question from Mrs S Bütikofer, the Chief Technical Accountant explained that an extension to the Benefits system was a planned upgrade as well as a response to the introduction of Universal Credit.
- k) Environmental Health Public Protection budget: Mrs S Bütikofer asked if some services were being dropped. The Corporate Director (NB) said that a response would be provided for Members.
- l) Mr R Reynolds said that enforcement was important to the Council and that he was pleased to see the bid of £15,000 for the purchase of a database of aerial photos.
- m) Storm surge project: Mr B Smith asked if the small underspend would be used for the whole District, or just for Mundesley. The Chief Technical Accountant replied that it was a small sum of money and would support the general budget. A more detailed response would be made to Members.
- n) Finance and Assets Related Bids: in response to a question from the Chairman, it was explained that the Collector's Cabin was in North Lodge Park, Cromer. The former ice cream kiosk and former life guard hut were believed to be in Sheringham but written clarification was requested.

The Committee thanked the Chief Technical Accountant for her work.

Decision

The Chairman said that, from the discussion, it was clear that the current document was still very much a work in progress and several questions had not been answered today. The documents for Full Council on 21 February had been published and the Committee had requested further information. A decision now needed to be made on supporting or rejecting the budget.

- a) Mr E Seward said that he sympathised with Cabinet Members and Officers who had to grapple with local government finances, often with information coming in at the last minute, at a time when it was becoming increasingly difficult to forecast the future. He did, however, have further questions and concerns:
 - National Joint Pay Review: all councils were providing for a 2% increase but did this include budgeting for a pay review to adjust the lower pay scales?
 - Waste contract extension: when this was last discussed by the Committee, the Environmental Services Manager had forecasted a cost of £500,000, not £1m.
 - There was increasing uncertainty that central government could continue to make the Rural Settlement grant.
- b) Mr Seward stated that, whilst his Group did support a rise in Council Tax as proposed in the Budget papers, he was also concerned about perception by the Council Tax payer if an increase was made without a perceptible increase in services. The Portfolio Holder explained that the increase was necessary to offset forecasted deficits in future years. Services had been maintained and the Council should be proud of the work it had done.
- c) The Chairman reminded the Committee that there was information requested by the Committee that was still outstanding. Mr N Smith also voiced concern about taking the report to Full Council when information was missing.
- d) The Chairman said that the Committee had asked questions that hadn't been answered, although written answers would be provided. On that basis the Committee could not support the Budget as it was currently drafted. She proposed that it should be rejected.
- e) Mr R Reynolds proposed that the Budget should be supported. A vote was taken

and the proposal was defeated with 4 Members voting in favour and 6 against. There were no abstentions.

- f) A vote was taken on the proposal to reject the Budget. This was carried with 6 Members voting in favour and 4 against. There were no abstentions.

RESOLVED

That the Overview and Scrutiny Committee does not support the 2018/19 budget as it is currently drafted.

125. THE CABINET WORK PROGRAMME

- a) The Lottery Scheme wouldn't be coming forward in the foreseeable future.
- b) The report on Market Towns would be coming in April.
- c) The Asset Management Plan would be added to the work programme for March.

RESOLVED

To note the Cabinet Work Programme.

126. OVERVIEW AND SCRUTINY WORK PROGRAMME AND UPDATE

- a) Arrangements had been made for the Health and Communities Team Leader to come in March. At the request of Mr S Hester, she would be asked to include a presentation from a mental health professional.
- b) Mrs S Bütikofer asked for a report on homelessness in the District. This was supported by Ms V Gay.
- c) After Full Council and clarification of the Membership of the Overview and Scrutiny Committee, reconsideration would be given to working with panels, task and finish groups etc.
- d) Beach huts task and finish group: Cllr Mrs J English and Cllr Mr M Knowles had volunteered to be a member of this group. It would be good to open up the group to Coastal Members who weren't on the Committee, if they were eligible. Members were asked to share their thoughts on this with the Chairman or the Democratic Services Manager.

RESOLVED

To note the Overview and Scrutiny Committee Work Programme.

The meeting ended at 11.23 am

Chairman

Minutes Note

Responses have been received to Members' questions and are attached at the Minutes Appendix.