

OVERVIEW AND SCRUTINY

Minutes of a meeting of the Overview and Scrutiny Committee held on 13th March 2019 in the Council Chamber, North Norfolk District Council, Holt Road, Cromer at 9.30 am.

Members Present:

Committee: Cllr S Hester (Chairman)

Cllr M Knowles

Cllr P Grove-Jones

Cllr N Pearce

Cllr P Bütikofer

Cllr A Claussen-Reynolds

Cllr N Smith

Cllr R Reynolds

Officers in

Attendance: The Chief Technical Accountant, the Democratic Services & Governance Officer (Scrutiny), the Democratic Services Manager, the Corporate Director (NB), the Head of Economic & Community Development, the Economic Growth Manager, the Head of Legal Services, and the Policy & Performance Management Officer.

Members in

Attendance: Cllr J Rest, Cllr J Lee, Cllr N Coppack, Cllr E Seward (portfolio holder for Finance, Revenues & Benefits), Cllr A Fitch-Tillett (portfolio holder for Coastal, Health & Wellbeing), and Cllr N Lloyd (portfolio holder for Environment, Property).

130. APOLOGIES

Apologies were received from Cllr B Hannah, Cllr J English, Cllr B Smith, Cllr V Gay and Cllr R Shepherd.

131. SUBSTITUTES

Cllr J Lee for Cllr J English.

132. PUBLIC QUESTIONS & STATEMENTS

None received.

133. MINUTES

The minutes of the Overview and Scrutiny Committee meeting held on 13th February 2019 were signed as a correct record subject to the following amendments:

During the Enforcement Board Update Cllr M Knowles wished to make it clear that his statement on page 4 of the minutes referred to a specific property that had ongoing issues over a ten year period.

134. ITEMS OF URGENT BUSINESS

None received.

135. DECLARATIONS OF INTEREST

None received.

136. PETITIONS FROM MEMBERS OF THE PUBLIC

None received.

137. ENFORCEMENT BOARD – UPDATE REQUEST

At the last meeting of the Overview & Scrutiny Committee, Members resolved to ask that the Corporate Director (NB) attend the next meeting to provide an update on the work of the Enforcement Board, as he was unable to attend the previous meeting.

Questions and Discussion

The Corporate Director (NB) apologised that he was unable to attend the previous meeting due to a clash with other meetings. It was explained that the main Enforcement Board update had gone to Cabinet in February the week before Overview and Scrutiny.

In reference to issues identified on the sharing of case information with Members, it was noted that previous discussions had been held to determine the best method of communicating this information to Members. The Corporate Director (NB) explained that a number of recommendations were being implemented that included; changes to the case matrix to better catalogue the extensive information. He added that cases would be scheduled in order of importance to display key information first. It was explained that updates could only provide the key details on each item, as there would be extensive amounts of information for each case. Members were informed that they could then request further information on specific items as and when required if needed for Parish Council updates or separate queries.

The Corporate Director (NB) clarified that smaller planning enforcement issues were not dealt with by the Enforcement Board, as there was a dedicated team for these issues in the Planning Department. As a result, it was suggested that Members looking to ask questions on small planning enforcement issues could be signposted to that team. In contrast, Members were informed that the Enforcement Board continued to manage more complex issues, some of which moved very slowly.

The Democratic Services Manager informed Members that Cabinet had resolved to increase the frequency of Enforcement Board updates from six-monthly to quarterly. Cllr P Bütikofer asked whether it would be possible to co-opt Councillors onto the Board. The Corporate Director (NB) replied that the Enforcement Board had always been viewed as a non-political entity that Members should not influence, though he agreed that Members should be informed of its actions. He added that if Members were invited to attend meetings as observers, it would be difficult to determine which Members would be relevant.

The Head of Legal Services stated that from a governance perspective, it was not good practice to have joint Officer-Member Boards, and from an enforcement perspective Members could inevitably be skewed by their ward's interests. She added that Member's input could still be sought, but without full commercial training it would be dangerous for officers and Members to work together, as it could stifle the Board's ability to objectively assess cases. Cllr P Bütikofer stated that he accepted this view, but asked if it would be possible for Members to observe relevant meetings. The Head of Legal Services replied that unlike many officers, she had statutory protection on the advice that she gave to

Members. For most officers on the Enforcement Board, this was not the case, and if Members were to attend meetings, officers could be inclined to give advice that would please Members. She added that at a strategic level if Members were not happy with this process then they could provide feedback, though their involvement would not be beneficial at an operational level. Cllr P Bütikofer accepted this response, but stated that it was important for Members to be kept informed. The Head of Legal Services replied that officers had worked to improve this communication, but clearly there was still work to be done as Members had a right to the information.

Cllr J Lee stated that he supported the comments of the Corporate Director (NB) and the Head of Legal Services on Member involvement on the Board, and agreed that on complex cases it would not be helpful for Members to attend. He added that if Members wanted information on a specific case then it should be expected that they pursue this information themselves.

Cllr P Grove-Jones questioned whether the decision not to involve Members would preclude the Cabinet portfolio holder for Planning and Enforcement, then asked how many CPOs were being considered and how many had been completed. The Head of Legal Services replied that it would be difficult for officers to maintain an objective approach when put under pressure by a Cabinet Member. The Corporate Director (NB) replied to the question on CPOs and stated that one had recently been completed, concerning two properties in Sculthorpe. He stated that another property had just completed sale, following the threat of a CPO. Two further properties were under threat of a CPO, and three more cases were being considered following the last meeting of the Board. He added that Cabinet authorisation was needed to approve the budget for pursuing CPOs, and that out of the last twelve that had been threatened as a last resort, only two CPOs had been completed. Cllr P Grove Jones then asked what the average timescale was to complete a CPO. The Corporate Director (NB) replied that on the most recent occasion, it had taken 18 months to complete, though there had been a two year lead-up to begin this process. In summary, it was suggested that CPOs took roughly a year to complete, and potentially longer if there were complications.

Cllr R Reynolds stated that he had supported the original decision for Members not to be on the board and continued to support the officer's opinion. The main reasons for this were confidentiality and financial concerns.

Cllr E Seward stated that he had noted that the Board had been established for some time, and whilst CPOs had worked in the past, they were not a quick means to achieve results. As a result, it was expected that the Government may look to review the CPO process in the future. He then asked whether it would be worth carrying out an exercise pre-emptively to determine what changes would be needed in order to streamline the process.

Cllr J Lee stated that he was happy with the work of the Enforcement Board as it was, and suggested that Members should look at the success of the Board to date. He added that he often passed properties that would otherwise be derelict were it not for the work of the Board.

Cllr M Knowles stated that many queries were concerned with smaller cases, and that when he had reported an issue recently, he had received a response in 24 hours, though noted that on other occasions it had taken much longer to get a response.

Cllr A Claussen-Reynolds stated that Oak Street in Fakenham had been vastly improved by the work of the Enforcement Board.

Members agreed that they were now happy to commend the Report.

RESOLVED

To commend the Enforcement Board Update.

138. MANAGING PERFORMANCE QUARTER 3 2018/19

The Corporate Director (NB) informed Members that the Report sought to provide a quarterly update for Members on major projects.

Questions and Discussion

The Corporate Director stated that overall the organisation was working well, and that new software for performance management was currently being introduced to go live following the election in May. One of the key improvements that the Inphase system offered was to provide better, more useable information.

Cllr A Claussen-Reynolds referred to page 84 on the new joint waste services contract. She stated that it had been reported that Kier were now potentially £40m in debt, and asked if this would have any effect on the Council. The Corporate Director (NB) replied that the Councils position would remain the same until the Interim Report was released. In terms of the financial position, he stated that there was no cause for concern at present, and that the Council remained in touch with its treasury advisor.

Cllr P Grove-Jones noted that land at Catfield had been delayed for development again, and asked whether the Hopkins development that had been delayed could be progressed at either the Catfield or Station site. The Corporate Director (NB) replied that there were a number of issues with old buildings, a technical company that had been hampered by utilities issues, and a number of small businesses that were currently in very poor properties. Furthermore, there were only six industrial units, meaning that there was limited scope for the area. On the Station site, it was suggested that there was potential for development, but it was not likely to be for industrial use. Cllr P Grove-Jones asked if the land at the Catfield site still belonged to the previously identified farmer. The Corporate Director (NB) replied that it was only part of the site, and he did not know who owned the rest of the land.

RESOLVED

To note the Report.

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

i. Cllr J Rest submitted the following request:

That the Committee conduct a review of the content of the facts and figures provided by the section 151 Officer with regards to Fair Meadow House - Itteringham. Consideration should be given to the original set up and concept of how this part of the 'Itteringham Project' was to be operated. Although no trading figures have been provided for the shop, I'm confident that part of the project is filling the criteria it was intended to achieve, i.e. a valuable community service. I would request that a robust review is carried out on the future viability of Fair Meadow House, and that a review date is set to decide at the end of the 2019 season its continued use. I appreciate this report cannot be carried out and reported on before the elections in May 2019, however I see no reason as to why this

request should not be added to the O&S Work Programme as soon as possible, post May 2019.

Questions and Discussion

Cllr J Rest stated that the matter had arisen after he had asked for the S151 Officer to compile a Report on the matter. Though he noted that the business had only been running for one year, his main concerns were about the accommodation available at Fair Meadow House, and therefore suggested that the Overview and Scrutiny Committee should investigate the matter and add it to its Work Programme.

The Chairman asked if Cllr J Rest had any figures to support his concerns. Cllr J Rest replied that whilst the original income had been expected to reach £36,350 per annum, the property had only achieved £12,033, which with running costs of £10,500, meant that the property had only had only achieved a £1,400 profit. He then stated that the initial investment was approximately £600k and that profits were 4% lower than originally expected.

The Head of Legal Services stated that reviewing cases such as this was exactly what the Scrutiny Committee should be pursuing. She added that the Council had only recently taken over the running of the property, and that occupancy levels were expected to improve as a result of changes that had recently been made. It was stated that there was a plan B in the value of the building, though wider issues concerned the Council's approach to resolving its future funding gaps. At present, taking into account the Council's three main income streams, there was still roughly a £2m budget gap predicted for 2021. As a result, asset commercialisation would likely become a necessity to meet the deficit. It was suggested therefore, that the Council would need to become less risk averse in order to generate more income, though work would be required to ascertain the level of risk that was acceptable to Members, and to identify income generating projects. Cllr J Rest stated that he absolutely agreed with the need for this work, and reiterated his request for it to be added to the Scrutiny Work Programme. The Head of Legal Services agreed that the Scrutiny Committee must review the Itteringham project as an example, alongside work to identify the Council's appetite for risk to reach a cross-party consensus on commercialisation moving forward.

Cllr J Lee suggested that in the case of Itteringham, more investment was needed for the property to reach its full potential. He stated that the figures were not yet worrying, and that time was needed for the investment to fully develop. Overall, it was suggested that purchasing the property was still a good investment due to the value of the property identified as a plan B. Cllr J Lee then stated that his investments had fallen alongside those of many businesses and suggested that markets needed time to settle. He then stated his support for the work to be added to the Scrutiny Work Programme.

Cllr N Smith stated that the property was not yet in his ward, but would be following the boundary changes if he was re-elected. He stated that the initial surveys on the property had been inadequate, which had caused further issues, but that he still believed that purchasing the property and the shop was the right decision.

The Chairman asked the Committee whether it felt that this work would be more appropriate for the Asset Management Working Group, or the Scrutiny Committee. The Head of Legal Services replied that identifying the Council's appetite for investment risk and asset commercialisation was a substantial amount of work, and would be more appropriate for the Scrutiny Committee.

RESOLVED

That a review of Meadow House - Itteringham be added to the Overview and Scrutiny Work Programme for 2019/20, alongside work to identify the Council's appetite for commercialisation, to be supported by the Head of Legal Services.

ii. Cllr S Hester submitted the following request:

That the substantial increase in water bills in the district be considered by the Committee. It was noted that the increase could be linked to ongoing maintenance costs. It was agreed that Anglian Water should be invited to attend a Committee meeting when possible to explain whether maintenance costs had been passed on to customers and caused higher bills.

Questions and Discussion

The Democratic Services & Governance Officer (Scrutiny) suggested that if Members agreed that they would like to invite Anglian Water to attend a future meeting to respond to the Chairman's request, then it would be helpful to identify other issues to further support the request.

Cllr J Lee stated that it was vital to raise the issues arising with regard to infrastructure upgrades around potential new developments identified in the draft Local Plan. He then stated that he had not noticed an increase in his water bill as a result of maintenance costs. The Chairman replied that he had anecdotal evidence to this effect.

RESOLVED

That Anglian Water be invited to attend a meeting of the Overview and Scrutiny Committee in 2019/20 to respond to concerns of bill increases and network improvements around potential new developments.

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

The Democratic Services and Governance Officer (Scrutiny) informed Members that Cabinet had resolved to accept the Committee's recommendation that the frequency of Enforcement Board updates should be increased from six-monthly to quarterly.

141. TOURISM UPDATE

The head of Economic and Community Development introduced the Report and apologised on behalf of Cllr N Dixon; portfolio holder for Tourism, and the Visit North Norfolk (VNN) representative who were not able to attend the meeting.

Questions and Discussion

The Head of Economic and Community Development stated that the update provided Members with an overview of the current relationship between VNN and NNDC, that had evolved over recent years. It was stated that previously NNDC had funded the core costs of VNN, however this had evolved to the point that VNN had become self-sustaining. As a result, NNDC now funded specific marketing campaigns only, such as the work underway to promote the Deep History Coast.

It was stated that the industry had shifted away from the notion of Tourism, and had begun

to identify the sector as the visitor economy. It was noted that overnight visitors generally spent more, and that there was a general desire to extend the tourism season, in which case projects such as the Deep History Coast were essential.

The Head of Economic and Community Development stated that NNDC was also a member of Visit Norfolk, for which it paid an annual subscription fee of £7000. He then noted that Visit East Anglia had just relaunched as an umbrella organisation that shared staff with VNN, and that membership of one organisation usually granted membership of the other.

Cllr A Claussen-Reynolds stated that the information provided identified that the trend of three night stays was falling, she then asked if this was the case across the rest of England, and whether anything could be done to address the decline. The Head of Economic and Community Development replied that he was not entirely sure yet whether there was a trend, though there did appear to be a decline in the number of overnight stays. He added that the self-catering accommodation appeared to be booming, and this had resulted in a decline in hotel numbers and catered accommodation. It was suggested that holiday parks were changing too, with less traditional lets, but a noticeable shift towards greater levels of ownership.

Members were informed that up to date statistics had just been released, and that trends could now begin to be analysed, such as the impact of Brexit and fluctuation in the value of the pound. Cllr J Rest asked whether the Council paid for these statistics, and it was confirmed that the Council paid jointly with other authorities, and received good value as a result. Cllr J Lee stated that the statistics generally mirrored what had been seen on the ground, such as greater numbers of visitors but a decrease in spending, and more bookings being taken locally as a result of less holidays being taken abroad. The Chairman agreed that as the market changed, shorter bookings could be causing a loss of revenue in some cases.

Cllr P Grove-Jones stated that she was unsure how the figures and statistics were calculated, but suggested that the cost of accommodation was important, as £110-120 per night was fairly expensive before any additional spending had been taken into account. She then stated that hopefully improvements would be seen once Brexit had been resolved.

Cllr P Bütikofer referred to the recent trend in the rise of companies such as Airbnb, and asked if there had been any noticeable impact from this. The Head of Economic and Community Development replied that whilst companies such as Airbnb had been seen to be a disruptor, he had not noticed any particular impact on the market, as they had simply become another means of advertising holiday properties. He noted that in other countries, there had been concerns raised regarding the regulation of Airbnb, but from his perspective it was just another portal for customers to book their accommodation.

In reference to the statistics provided, the Head of Economic and Community Development stated that the Council did have an officer to process this information, and that NNDC had also been collecting data from its car parks, beach huts, Splash and Cromer Pier. The latter of which had seen a significant increase in bookings. Beach visitor numbers were also now being counted, and these numbers would be included in the statistics. Social media was raised as an additional means of monitoring interest in the region, as the Council was able to monitor the amount of traffic that used the Deep History Coast app.

Cllr A Claussen-Reynolds referred to page 3 of the update and noted that the average spend was reported to have risen to £7625 in 2017 and asked whether this figure was correct. The Economic Growth Manager clarified that this figure for overseas visitors had

raised by £599 per visit from the previous year, not risen from £599.

The Chairman noted that day visits still represented the majority of visits to the district, and that further revenue needed to be raised from these visits. He asked if any research had been done to help achieve this, suggesting a tourism tax as an example. The Head of Economic and Community Development replied that such a tax had been talked about nationally, but it was a very contentious issue. He added that whilst some voluntary schemes were in place elsewhere, a general tax would likely be poorly received. Furthermore, wage rates in the sector were low and jobs remained relatively fragile, which in combination with small profit margins, suggested that further taxation would not be well received. The Chairman noted these concerns, but stated that the £10 charge at Norwich Airport used to create a development fund had been successful. Cllr P Grove-Jones noted that the tourism tax had been successful in various countries on the continent. The Head of Economic and Community Development suggested that it could be worth posing the question to the destination management organisations. Cllr J Lee stated that he felt that a tourism tax would cause serious damage to the industry, not forgetting also, that there would be issues with collection and policing.

The Head of Economic and Community Development stated that a key aim was to increase the share of revenue from visitor spend, through income for services provided such as car parking, beach huts, Cromer Pier, and better marketing. He added that the profit share from Cromer Pier had been good, and that the new leisure contracts should also produce a significant saving whilst the new leisure facilities would generate additional income.

Cllr A Claussen-Reynolds asked whether any marriages took place on the Pier. The Head of Economic and Community Development replied that it was not licensed for marriages, and though receptions had been held there, if these displaced other (more profitable) events, however, they were not necessarily good income generators. It had been suggested that there was potential for the art deco building to be used for this purpose, and noted that Blackpool Council had built a wedding Chapel as a regeneration project.

RESOLVED

To note the update.

142. BUDGET MONITORING REPORT 2018/19 - PERIOD 10

The Chief Technical Accountant introduced the Report and informed Members that it summarised the budget monitoring position for the revenue account and capital programme to the end of January 2019.

Questions and Discussion

The Chief Technical Accountant informed Members the Council was expected to deliver a full year underspend of £781k, though the majority of this was due to payments received in relation to storm surges, and were one-off bonuses that could not be expected in the future. It was stated that the insurance money received would be returned to the asset management fund to reimburse money used for works to Cromer Pier. The Chairman asked if the money paid out from the insurance company had been the full amount claimed. The Chief Technical Accountant stated that it was not the full amount, as a smaller sum had been received previously as part of an initial payment.

Cllr P Grove-Jones asked if the Council still received any Government grants in relation to the storm surges. The Chief Technical Accountant replied that a small sum of £11,000 had been received in 2017 as part of the Bellwin scheme, but generally speaking the other

grants had been discontinued. Cllr P Grove-Jones referred to reports that suggested that Government funding had been significantly reduced for local authorities on the basis that it provided greater autonomy. In response to the subsequent budget concerns, it was confirmed that the budget gaps expected in 2020/21 had already taken into account annual increases in Council tax.

Cllr E Seward stated that future deficits had been identified during in the Budget Report, and it was the unknowns that remained the largest issue. He stated that the fair funding review was now set to begin, and the big fear was that car park revenues and business rates may be considered differently, which could have a significant impact on the budget. On Council tax, he expressed his frustrations, but noted that it had to be raised to meet the deficit. It was stated that the Council did have a comfortable level of reserves that could be used to balance the books, but that these could not be relied upon as a long-term solution. The Chairman stated that he accepted that there were challenges ahead, and that this was why it was so important for the Committee to place asset commercialisation on its Work Programme.

Cllr N Pearce stated that the Committee should recognise that many decisions were made on predictions and it must be recognised that officers could only give advice based on predictions. He then asked how Members could determine the level of risk necessary to meet the budget deficit. The Head of Legal Services replied that she had referred to commercialisation in its broadest sense, and that this could mean implementing savings, as well as making new investments. She added that in some cases community engagement may well be necessary to gauge the reception of less popular investments, and that in these cases the Council would need to make sure that it promoted the potential benefits to the community. It was suggested that the last commercialisation agenda had not been fully consulted on, and had failed accordingly.

Cllr P Grove-Jones suggested that an increase in the second homes tax could open up more properties whilst generating extra revenue. It was confirmed that the tax rate on second homes was now equal to 100% of the standard Council tax rate. The Head of Legal Services stated that it was a cross-county priority to deliver more affordable housing, but funding was needed to do this, and most projects would not generate significant income in the first five years. Moreover, it was suggested that returns on affordable housing would be lower than market housing. She then stated that there were options available that could save money, such as commercialising the public conveniences across the district. Cllr P Grove-Jones stated that it was important to remember that outsourcing didn't always work. The Head of Legal Services agreed but stated that at this stage, all options should remain on the table for consideration.

Cllr P Grove-Jones stated that she did not get the impression that Members had refused all commercialisation projects. The Chairman suggested that the issue with several of the commercialisation projects identified was that returns were often low, and alternate investment opportunities were needed that created savings. He then asked if recycling options could be considered, such as selling marketable recycled products.

Cllr M Knowles thanked the Head of Legal Services for her message on commercialisation and stated that it needed to be repeated at Full Council.

Cllr P Grove-Jones suggested that Victory housing should be asked to attend a meeting again in the future.

RESOLVED

To note the Report.

143. THE CABINET WORK PROGRAMME

The Democratic Services and Governance Officer (Scrutiny) informed Members that the Cabinet Work Programme had been completed for the year, and that unless any new business was set, Cabinet would not meet again until after the election.

144. OVERVIEW AND SCRUTINY WORK PROGRAMME AND UPDATE

The Democratic Services and Governance Officer (Scrutiny) reminded Members that representatives from the Norfolk and Waveney NHS CCG would be attending the next meeting to discuss the recently released draft Report on the Adult Mental Health Strategy. It was also stated that the Big Society Fund Annual Report would come to the next meeting, owing to the fact that no Cabinet meeting would be held in April.

The meeting ended at 12.01pm

Chairman