

OVERVIEW & SCRUTINY COMMITTEE

Minutes of the meeting of the Overview & Scrutiny Committee held on Wednesday, 12 August 2020 in the remotely via Zoom at 9.30 am

Committee Members Present:	Mr N Dixon (Chairman)	Mr H Blathwayt
	Mrs W Fredericks	Mr P Heinrich
	Mr N Housden	Mr G Mancini-Boyle
	Mr N Pearce	Miss L Shires
	Mr J Toye	Mr A Varley
Members also attending:	Mr A Brown (Observer)	Mrs S Bütikofer (Observer)
	Mr C Cushing (Observer)	Ms V Gay (Observer)
	Mrs P Grove-Jones (Observer)	Mr J Rest (Observer)
Officers in Attendance:	Democratic Services and Governance Officer (Scrutiny) (DS&GOS), Chief Executive (CE), Head of Legal & Monitoring Officer (HLS), Head of Finance and Asset Management/Section 151 Officer (HFAM), Chief Technical Accountant (CTA) and Revenues Manager (RM)	

Also in attendance:

36 TO RECEIVE APOLOGIES FOR ABSENCE

Apologies were received from Cllr T Adams and Cllr E Spagnola.

37 SUBSTITUTES

None.

38 PUBLIC QUESTIONS & STATEMENTS

None received.

39 MINUTES

Minutes of the meeting held on 22nd July 2020 were approved as a correct record and signed by the Chairman, subject to the following amendment:

On p9 Cllr V Gay stated that there was approximately £200k remaining in the Sheringham Leisure Centre Project's contingency fund, as opposed to the stated £200k of contingency funds spent.

40 ITEMS OF URGENT BUSINESS

None received.

41 DECLARATIONS OF INTEREST

None declared.

42 PETITIONS FROM MEMBERS OF THE PUBLIC

- i. The DS&GOS informed Members that a petition had been received against the pedestrianisation of North Walsham Town Centre, however it had not met the threshold for debate due to a significant number of incomplete addresses. It was reported that Cabinet had chosen to respond to the petition, and the CE explained that since social distancing measures had been put in place, there had been regular reviews of the area. As a result, whilst traffic had been excluded from the market place to allow safe queuing, this had now been relaxed following the reopening of non-essential retail establishments to allow traffic and parking. It was noted that ten of fifteen normal parking spaces and two of three blue badge spaces had now been reinstated, although one hours free parking remained in place at the bank loke car park. The CE informed Members that whilst the scheme had been amended as a result of the petition, it was always the intention of the Council to create a Covid-safe pedestrian environment, to balance the needs of customers with local businesses.
- ii. Cllr V Gay stated that the Council would keep the situation in North Walsham under review, and remain alert to the needs of disabled individuals. She added her thanks to all involved and Cllr E Seward who had worked to resolve the issues as soon as possible.

43 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE BY A MEMBER

None received.

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

- i. The DS&GOS informed Members that Cabinet had accepted the recommendation to undertake a viability study of whether a much earlier demolition of the existing Splash facility would allow for a much earlier opening of the new facility, whilst also delivering enhanced project viability and cost savings.
- ii. On the MTI recommendations it was noted that Cabinet had accepted the recommendation to offer a blanket six-month extension to projects from rounds two and three of funding to account for the delays and impact of Covid-19.
- iii. On recommendations from the customer services report, it was noted that Cabinet had accepted the recommendation for an all Member briefing on the digital by design proposals, to take place at an appropriate time, once further discussion with the portfolio holder had taken place. The CE confirmed that the recommendations had been discussed at SLT, and stated that a further briefing on the digital by design proposals which addressed how they would improve customer complaint handling could potentially come to the Committee's September meeting. On recommendation three, to provide a more detailed report on the nature of complaints, it was stated that it was unlikely that more detail would be available, but this was under review. It was

reported that the Council had just received its annual Local Government and Social Care Ombudsman report, which was very favorable and would also be brought to the September meeting. Cllr S Butikofer noted that no complaints had been upheld by the ombudsman which was a very positive outcome for the Council, and thanked staff for their efforts.

45 COVID-19 FINANCIAL IMPLICATIONS – 2020/21 REVISED BUDGET UPDATE

The HFAM introduced the report and stated that it highlighted the additional costs and income pressures caused by Covid-19. He noted that in May the forecasted deficit had been approximately £1m, though this had now reduced significantly due to further Government funding as a result of continued lobbying efforts. The HFAM reported that Government support had been received in stages, with an initial payment of £50k, followed by £1m in April, and £185k in July, to a current total of approximately £1.3m. It was recommended that lobbying continued for a fourth tranche of support funding, as a further funding stream had been announced that would aim to address lost income, for which it was estimated the Council could receive up to approximately £1.1m. A funding stream for Council's with in-house leisure facilities was also in the process of being established, though it was reported that the Council would not be eligible without a change in the criteria, as NNDC's leisure facilities were run by an external contractor. The HFAM stated that the current forecasted deficit was approximately £400k, as a result of additional funding, with the caveat that increased cost pressures remained. He added that income loss remained the key area of concern at approximately £1.5m, most of which was lost parking revenue, though parking revenue was showing significant signs of improvement. The HFAM stated that a reserve had been identified to meet the budget gap if required, but the situation would be kept under review. He added that business rates were expected to fall by approximately 5% in the year ahead, though a rollover of funding arrangements caused by ongoing delays to funding reviews, meant that the budget deficit forecasted for the 2021/22 financial year could potentially fall from £1.8m to £1.5m.

Questions and Discussion

- i. Cllr L Shires sought to follow-up a written question on the forecasted 5% reduction in Council tax and business rates collection, and asked how the District's demographic might affect this, and whether a comparison could be made elsewhere in the country. The HFAM replied that he accepted that differences in demographics could influence the figure, and stated that he would model the variations when preparing the MTFS. Cllr L shires referred to a second question on whether current expenditure would continue as planned in light of Covid-19, and requested further clarification. The HFAM replied that discussion would continue on the Council's spending priorities, but were no current plans to reduce spending on front-line services and the Council had made some savings as a result of the Pandemic. He added that the focus would remain on reducing the deficit without having to use reserves, and that various proposals were being considered, such as zero base budgeting and a fundamental review of the Council's fees and charges.
- ii. Cllr G Mancini-Boyle noted that without Central Government support the Council would be in a far worse position. He then asked if there was a short, medium, and long term strategy for resolving the Council's forecasted budget deficits. The HFAM replied that in addition to the already mentioned proposals,

other ideas had been given consideration such as expanding car parking provision and developing partnerships for services such as public conveniences. He added that improving the Council's financial position to the point self-sufficiency was an aspiration of the Corporate Plan, and as a result, proposals would continue to be developed in the MTFP.

- iii. Cllr C Cushing reiterated Cllr Mancini-Boyle's comments on Central Government support for local authorities, and asked for clarification of the administration's plans to improve the Council's financial position. He added that he would also like to see further information on the Council's free and earmarked reserves. The HFAM replied that there were a number of earmarked reserves in addition to the general reserve, such as those for the delivery plan, business rates and contingencies, and stated that he be happy to provide more details on these if required.
- iv. Cllr G Mancini-Boyle referred to support received for loss of income revenue, and stated that the Council received 75% support in government grants after paying 5%, which appeared to amount to a 30% loss. He then asked whether the Council might break even or make a profit for the year, to which the HFAM replied that whilst there was a level of recovery possible, with significantly increased car parking revenue in July, he did not expect a full recovery. He added that the current figures were also based on a number of projections, and it had not yet been confirmed whether commercial income would be included in the support grants. Cllr S Butikofer stated that whilst car parking revenue was recovering, significantly increased costs remained elsewhere, as a result of the increased numbers visiting the District. She added that the response to Covid-19 remained a team effort and all parties had to continue to work together for the good of the District.
- v. Cllr J Toye referred to the Council's net operating expenditure in relation to the size of the deficit, and stated that at 1.5%, it had to be kept in context, as under current circumstances, it remained a relatively small amount. The Chairman agreed that the issue was not the in-year deficit, but stated that emphasis must be placed on the MTFP, as the forecasted deficits for the next three years were a much larger concern. He added that there were very limited options for reducing those deficits, and these would take considerable time to implement. The Chairman suggested that it would be helpful if the Committee could be involved in the process of identifying solutions to resolve future deficits, and suggested that it may be worthwhile making such a recommendation to Cabinet. Cllr L Shires agreed that working together would be beneficial, but stated that the wellbeing of the District's residents was also crucial, and had to be taken into account alongside economic recovery.
- vi. Cllr N Housden stated that he expected far worse economic conditions ahead, and without the ability to rely on continued support from Central Government, it would take the involvement of all Members the remainder of their term to fully resolve the Council's forecasted deficits. Cllr N Pearce stated that he fully supported a joint approach to resolving forecasted budget deficits by working with Cabinet to pre-scrutinise cost-saving and income generation proposals. Cllr S Butikofer stated that she was supportive of the idea and aim to bring the delivery plan forward each year for pre-scrutiny.

- vii. The Chairman stated that in order to have an impact on the year ahead, it would be beneficial to undertake the work as soon as possible in either October or November. He summarised that any recommendation to Cabinet must include reference to the MTFs and request that Cabinet shares its delivery plans for the next three years in a wide ranging approach that takes into account resident's needs, corporate priorities and viable options. He added that the previously mentioned summary of the Councils reserves would also be helpful. Cllr L Shires stated that she would also like to include a summary of proposals raised at the brainstorming session on income generation held earlier in the year, and also have this sent to Cabinet. She then proposed to take the recommendations en bloc, alongside the existing officers' recommendations, and was seconded by Cllr N Pearce.

RESOLVED

To note and agree:

- 1. The current package of financial support being provided to the Council by the government to support its response to COVID-19 and the continued importance of central government lobbying for further additional financial support;**
- 2. The updated forecast cost and income pressures being faced by the Council and the extent to which they exceed the available government funding and therefore the requirement for any deficit to be funded from alternative Council resources;**
- 3. The proposals for revising the budget at the current time (and the one-off costs to be funded from reserves) to ensure that budget monitoring for the remainder of the year is meaningful, including funding any year end deficit from the Property Reserve (£0.4m);**
- 4. The various caveats and risks associated with the current forecasts and;**
- 5. The proposals in respect of updating the Medium Term Financial Strategy (MTFS) and the financial planning framework for the 2021/22 budget.**

To recommend to Cabinet:

- 6. OSC recognises that the greatest financial risks are in the MTFs and with such uncertainties it's difficult to gain satisfactory assurances on long term financial stability. OSC therefore recommends that Cabinet shares its proposals for closing the future income/expenditure gaps with the Committee at the earliest opportunity for a pre-scrutiny review that would enable OSC's own proposals to be considered alongside Cabinet's, offering a collective approach to the challenge. This pre-scrutiny review should include the wide ranging concerns around people's needs, corporate priorities and viable options, to be conducted at the Oct/Nov 20 meetings, based on detailed delivery plans for the next 3 years.**

To recommend to SLT:

- 7. OSC requests a deeper understanding of the Council's reserves and asks**

the Head of Finance to produce a supplementary report with a detailed breakdown of amounts, timescales and projects (in the case of earmarked reserves) and any requirements and constraints in relation to the general (un-earmarked) reserves.

46 TREASURY MANAGEMENT OUTURN REPORT 2019-20

The CTA introduced the report and informed Members that the investment interest totalled just over £1.1m, which was positive though slightly under budget. She added that the average interest rate was approximately 3.4%, which was good considering the current global financial climate. It was reported that the effects of Covid-19 on the Council's investments were beginning to materialise, with approximately £33m of pooled investments reduced to a value of approximately £30m in March, though they risen approximately £1.5m since, but markets remained volatile. The CTA informed Members that this meant that there was an unrealised capital loss on the Council's investments, which would remain unrealised until the Council sold its investments. She added that it was highly unlikely that the Council would need to sell, and as a result, the risk remained relatively low. It was reported that the dividends from the pooled funds had risen, though this was decreasing as a result of Covid-19. It was noted that the Council remained one of the treasury manager's top earning clients, which was a positive reflection of the Council's investment strategy.

Questions and Discussion

- i. The Chairman thanked the officers for the report and with no questions Cllr W Fredericks proposed to commend the report to Council for approval, and Cllr J Toye seconded the proposal.

RESOLVED

To commend the report to Council

47 DEBT RECOVERY REPORT 2019-20

The HFAM introduced the report and informed Members that the Council's collection rates remained consistently in the upper quartile for both the county and country, which helped income generation and cash flow. The RM added that recovery action had been stopped for council tax and business rates on 18th March, which was prior to Government advice. He added that for the 2019/20 year, council tax collection rates still hit target, though business rates did not. It was noted that the latter was the result of an increase in NDR growth for the Bacton gas site, as the increased collection had not been received until after the 2019/20 accounts deadline. The RM stated that this was still a good news story, as the collectable rates had increased by approximately £1.1m and the rates retention share to NNDC was £577k, whilst Norfolk County was another £247k as it was a pilot year.

Questions and Discussion

- i. Cllr Shires referred to the Debt Management and Recovery Policy, and asked how residents were supported and what support was available. The RM replied that officers always reviewed each customer's situation carefully to determine what support could be offered. He added that all efforts were made to resolve issues prior the any collection action, though it was sometimes difficult to differentiate individuals who were not able to pay, from those who refused to pay. It was noted that council tax support was available to residents

if needed and the Team always made people aware of the support available. On business rates collection, the RM stated that there were exemptions, reliefs and discounts available but these are out of date and the Government's decision to review Non-Domestic (Business) Rates is well overdue. It was stated that the first post-lockdown soft reminders for outstanding payments had been sent last week, and some customers had paid after receiving this. The RM informed Members that mental health had become a much larger issue in recent years that the Team took very seriously. He added that the Help Hub was available for referrals, and check-up visits were undertaken by the police when serious concerns were raised.

- ii. Cllr W Fredericks wished to place on record her thanks to the Revenues and Benefits Team for their efforts.
- iii. Cllr L Shires stated that Mind were offering a certified suicide awareness course for free, and encouraged all Members and officers to sign-up for the training. The RM replied that HR had shared an invite for the training on 11th August, and he had requested that all Team members (excluding apprentices), be encouraged to sign-up on the same date.
- iv. The recommendations were proposed by Cllr L Shires and seconded by Cllr P Heinrich to be taken en bloc.

RESOLVED

To note and agree:

1. **To approve the annual report giving details of the Council's write-offs in accordance with the Council's Debt Write-Off Policy and performance in relation to revenues collection.**
2. **To agree the Debt Write Off Policy (shown in Appendix 2)**
3. **To agree the use of High Court Enforcement Agents if considered necessary (shown in Appendix 3)**

48 OFFICER DELEGATED DECISIONS (JUNE TO JULY 2020)

The CE introduced the report and stated that he was happy to take questions if required.

RESOLVED

To note the report.

49 THE CABINET WORK PROGRAMME

The DS&GOS informed Members that the Outturn report was expected to go to Cabinet in September alongside a further Covid-19 recovery report, and both would come to Scrutiny. He added that a budget monitoring report may also be expected.

50 OVERVIEW & SCRUTINY WORK PROGRAMME AND UPDATE

The DS&GOS suggested that from September the Committee would need to consider setting a work programme for the rest of the year. He suggested that he

would ask Committee Members to submit potential items for the Work Programme via email, which could then be filtered for suitability prior to formally agreeing a Work Programme for the remainder of the municipal year.

51 EXCLUSION OF THE PRESS AND PUBLIC

52 TO CONSIDER ANY EXEMPT MATTERS ARISING FROM CONSIDERATION OF THE PUBLIC BUSINESS OF THE AGENDA

The meeting ended at 11.40 am.

Chairman