



Scrutiny Committee

Minutes of the Meeting Held on 21 June 2023
at 10 am at County Hall Norwich

Present:

Cllr Steve Morphew (Chair)
Cllr Daniel Elmer (Vice Chair)

Cllr Carl Annison
Cllr Lesly Bambridge
Cllr Phillip Duigan
Cllr Tom FitzPatrick
Cllr Mark Kiddle-Morris
Cllr Keith Kiddie

Cllr Brian Long
Cllr Ed Maxfield
Cllr Jamie Osborn

Also, present (who took a part in the meeting):

Cllr Andrew Jamieson	Deputy Leader and Cabinet Member for Finance
Harvey Bullen	Director of Strategic Finance
Titus Adam	Head of Strategic Finance
Tom McCabe	Chief Executive
Paul Cracknell	Executive Director of Strategy and Transformation
Caroline Clarke	Director of Democratic & Regulatory Services
Peter Randall	Democratic Support and Scrutiny Manager
Tim Shaw	Committee Officer

1A Apologies for Absence

1A.1 Apologies were received from Cllr John Fisher, Cllr Brian Watkins, Ms Helen Bates (Church Representative) and Mr Paul Dunning (Church Representative).

1B Tim Shaw, Committee Officer

1B.1 The Chair extended the Committee's thanks to Tim Shaw, Committee Officer, who was attending his last meeting of the Committee prior to his retirement from the County Council.

2 Minutes

The minutes of the previous meeting held on 18 May 2023 were confirmed as an

accurate record and signed by the Chair.

3. Declarations of Interest

3.1 There were no declarations of interest.

4. Public Question Time

4.1 There were no public questions.

5. Local Member Issues/Questions

5.1 There were no local Member issues/questions.

6 Call In

6.1 The Committee noted that there were no call-in items.

7 Update from the Chair of the Norfolk Countywide Community Safety Partnership (NCCSP) Scrutiny Sub Panel

7.1 The annexed report (7) was received.

7.2 The Scrutiny Committee received a progress report from the Chair of the Norfolk Countywide Community Safety Partnership (NCCSP) Scrutiny Sub Panel, Cllr Mark Kiddle-Morris.

7.3 In presenting the report, Cllr Kiddle-Morris drew attention to the issues that were due to be considered by the next meeting of the NCCSP on 28 September 2023 which would include a report on the Thematic Review of Norfolk Domestic Homicide Reviews, with information on how Domestic Violence Change Champions were working in Norfolk, and an overview of the response by the NCCSP to the new Serious Violence Duty.

7.4 The Committee **RESOLVED:**

To endorse the report on the progress being made by the Scrutiny Sub Panel, from their meeting on 8 June 2023.

8 *The Chair agreed that the Committee should consider item 9 on the agenda at this point in the proceedings.*

9 Finance Monitoring Report 2022-23 Outturn

9.1 The annexed report (at item 9 on the agenda) was received.

9.2 The Committee received a report that provided a summary of the outturn position for the 2022-23 Revenue and Capital Budgets, General Balances, and the Council's Reserves at 31 March 2023, together with related financial information.

9.3 Members of the Committee discussed the report with Cllr Andrew Jamieson, Deputy Leader and Cabinet Member for Finance and Harvey Bullen, Director of Strategic Finance.

9.4 During debate of the report the following points were made:

- The Deputy Leader and Cabinet Member for Finance summarised the forecast financial outturn position for the Council for 2022-23 and in so doing gave the Committee an overview of the budgetary pressures that had arisen during the year.
- The Committee's attention was drawn to the increased number of children with complex special needs and disabilities (which continued to grow as a percentage of the number of looked after children), the increased cost of home to school transport, the savings that were being achieved through the connecting communities programme, the use that was made of reserves, the creation of the Capital Review Board, and that the Council had borrowed £10m last year against an assumption that it would borrow £80m.
- The Vice-Chair questioned the resilience of the financial projections for Children's Services which (Covid related expenditure aside) at year end had for many years had an overspend and asked if the Council could be assured that there would not be a further overspend in Children's Services in future years.
- In reply, the Deputy Leader and Cabinet Member for Finance said that the Council was always looking at new ways to improve its financial projections for Children's Services but there were many reasons outside of its control why this was not always possible. The financial pressures in Children's Services were mainly due to the growth in demand exceeding the budget rather than overall budgeted savings not being met.
- The Council was looking to provide services for individuals with very complex needs in the most cost-effective way, both through more internal provision and through joint working with neighbouring authorities to provide specialist care facilities and make for reductions in home to school transport costs.
- The Committee's attention was drawn to paragraph 2.7 of the report which showed that the new models of working through the transformation programme were effective in allowing the Council to meet its needs for children with complex needs.
- It was noted that the Government had put additional money into the High Needs Block following the Autumn Statement and more money was expected in future years. This would allow the Council to reduce its dependence on independent care and provide more direct care from its own facilities.
- In reply to questions, it was pointed out that the Council had agreed with the DFE a plan whereby the High Needs Block deficit would be reduced over several years. It was however unknown at this stage how the level of future demand would change over time. Many other Local Authorities were in a similar position to Norfolk in having a shortfall in the dedicated schools grant.

- The Deputy Leader and Cabinet Member for Finance said that the forecast demand for services was usually greater than that for which financial planning allowed. The Director Financial Strategy added that the Council's budget was a plan for which financial circumstances, sometimes outside of the control of the Council, were unpredictable or changed during the year. The Finance Department made strenuous efforts to maintain as robust a financial position as was possible.
- It was agreed that budget setting documents, such as the Budget and Medium-Term Financial Strategy (MTFS), should explicitly mention the costs associated with the Council meeting the risks included in its climate change strategy.
- It was noted that the delay in the start of the Connecting Communities Project against the original MTFS timeline had impacted on the saving profile and hence savings delivery for 2022/23.
- The Chair said that when explaining the use made of outside agencies, such as Newton Europe, the Council should set out the agency costs alongside the results that were achieved. The sums paid to Newton Europe were dependent on the level of saving achieved but the agency costs were not clear from reading the report.
- In reply, the Director of Financial Strategy said that he did not have these figures to hand but that this was a timing issue in the initial phase, and the details would be made available shortly.

9.5 The Committee RESOLVED:

- To note the Cabinet report, and feedback to officers the comments set out in these minutes.**
- To note the implications for the 2024-25 budget setting process.**

10 Strategic and Financial Planning 2024-25

- 10.1 The annexed report (at item 8 on the agenda) was received.
- 10.2 The Committee received a report that supported the Committee's scrutiny of the Council's process for developing the 2024-25 Budget, and in particular represented an opportunity for the Committee to consider the overall timeline and activity required to deliver a balanced budget.
- 10.3 During discussion of the report with Cllr Andrew Jamison (Deputy Leader of the Council and Cabinet Member for Finance), Tom McCabe (Chief Executive), Harvey Bullen, (Director of Strategic Finance) and Paul Cracknell (Executive Director of Strategy and Transformation) the following key points were noted:
 - The Deputy Leader and Cabinet Member for Finance said that the report marked the formal start of the Council's annual budget setting process for 2024-25.

- The Deputy Leader and Cabinet Member for Finance said that it was important to consider the Council's debt in the context of debt servicing costs. A rise in interest rates would not affect the Council's historically low repayments. The Council had in the recent past locked into borrowing for the next 40-50 years at rates as low as 1.65%, a situation that was unlikely to arise again the foreseeable future.
- Table 2 on page 29 of the agenda provided a commentary on 2024-25 Medium-Term Financial Strategy (MTFS) pressure assumptions. It was pointed out that these referred to demand and demographic pressures and £25m held centrally as provision for anticipated service growth driven by expenditure within Adults and Children's Services. This money would be held centrally, and service departments could bid for funds to meet their service plan requirements.
- The Chair said that the £25m would in the past have been allocated fully to service departments at the start of the financial year and if there were any changes needed during the year then they would have been met by virement from one budget heading to another. Holding back a fund of £25m might mean a loss of accountability to Scrutiny or Full Council.
- In reply, the Director of Financial Strategy said that by holding this reserve centrally the finance department was able to look more closely at the reasons why service departments needed additional funds to meet demographic change. The change provided for more financial transparency when comparing pressures across the organisation. The use of this sum would be reported to Cabinet and Full Council and was expected to be fully allocated by the start of 2024.
- Members talked about how the change in the shape of the local inclusion programme meant that the Council was recruiting a significant number of new people, an increase in the Council payroll and an increased risk for other providers of changes in the market arising from reducing independent service provision.
- In reply, the Deputy Leader and officers said that the Council's main concern had to be with its own budget, the care market could be expected to adapt to meet changed circumstances and that the transformation programme took account of the staffing implications. This whole issue was more a matter for a Select Committee.
- It was important for Select Committees to be given every possible opportunity to help formulate and scrutinise service department budgetary proposals before the overall budget next came back to Scrutiny Committee. The Scrutiny Committee would then be able to centre its deliberations on the Council's overall budget rather than on scrutinising issues of fine detail which had not gone through the select committee route.
- The Chair said that it was important for the Scrutiny Committee to have a written update on the current position regarding Newton Europe and the additional value that they brought to the work of the Council before Scrutiny Committee decided how it might want to examine this issue.

- It was noted that the savings targets by department were set out on page 36 of the report. Some 25% of savings were expected from Children's Services, and it was appropriate at this time in the budget setting cycle to have such a challenging target.
- It was pointed out that if as part of a County Deal functions were transferred to the County Council the costs of providing for those functions would follow as well. The assumptions regarding the costs of running the election would be explained to Council when the matter was considered in December.
- It was also pointed out that there were assumptions within the budget setting process in relation to future pay increases and levels of inflation.
- The Chair asked how with a Chief Executive model of governance the departmental funding challenge mechanism was going to be improved to prevent an undershooting of the savings that Cabinet and Full Council expected to achieve.
- In reply, the Deputy Leader said that in his opinion the budget challenge system had worked well and had helped achieve robust and meaningful savings. Together with the Strategic Review the challenge system had helped those working for the organisation to identify more closely with the overall work of the Council rather than look at issues just in terms of how they impacted on their own department.
- It was pointed out that the MFTS did not include reference to the planning for climate change related risks. In future years it would be useful to have a section of the MFTS that related specifically to this issue.

10.4 The Committee **RESOLVED**:

- To note the Cabinet report and feedback to officers the comments set out in these minutes.**
- To note the proposed strategic and financial planning timeline presented by officers and the outline of the role of scrutiny moving forward.**
- To agree the proposed approach for budget scrutiny set out in the report and for this to include the Scrutiny Committee being provided with an opportunity to focus on Council reserves, the funding of the capital programme and the financial implications of the Strategic Review as part of budget 'deep-dives' in the run up to Council adopting the proposed budget in February 2024.**
- Note the current position in relation to the setting of the Council's budget for 2024/25 and that the overall budget would next come before the Committee in February 2024.**
- To agree that the MFTS should include a section that refers to the planning issues associated with climate change related risks.**

11 Scrutiny Committee Forward Work Programme

11.1 The annexed report (at item 10) was received.

- 11.2** The Scrutiny Committee asked officers to explore the possibility of adding an item to the fairly full work programme to allow National Highways to attend a future meeting to explain the work that they were doing on the A47 and A11 in Norfolk.
- 11.3** It was also noted that officers would examine whether a joint task and finish group could be set up with the Police and Crime Panel to scrutinise the work of Norfolk Integrated Domestic Abuse Service, and that the next periodic report from the NCCSP would be moved from September to October 2023.
- 11.4 RESOLVED**

That the Committee:

Note the current forward work programme as set out in the appendix to the report subject to the comments made above.

The meeting concluded at 13.26 pm

Chair