



Scrutiny Committee

**Minutes of the Meeting Held on 4 June 2019
10 am Edwards Room, County Hall, Norwich**

Present:

Cllr Steve Morphew (Chair)
Cllr Alison Thomas (Vice-Chair)

Cllr Roy Brame
Cllr Emma Corlett
Cllr Phillip Duigan
Cllr Chris Jones
Cllr Keith Kiddie
Cllr Joe Mooney
Cllr Richard Price
Cllr Dan Roper

Church Representatives present:

Mr Paul Dunning

Substitute Members present:

Cllr Ed Connolly
Cllr Ed Maxfield

Cllr Fran Whymark

Also present:

Cllr David Harrison

The Chair welcomed everyone to the first Scrutiny Committee under the new governance arrangements.

1 Apologies for Absence

1.1 Apologies for absence were received from Cllr Ron Hanton (Cllr Ed Connolly substituted); Cllr Marie Strong (Cllr Ed Maxfield substituted) and Cllr Tony Adams (Cllr Fran Whymark substituted).

2 Declarations of Interest

2.1 There were no declarations of interest.

3 **Items of Urgent Business**

3.1 There were no items of urgent business.

4 **Public Question Time**

4.1 There were no public questions.

5 **Local Member Issues/Questions**

5.1 One local Member question was received from Cllr Mick Castle, a copy of the question and the response is attached at Appendix A to these minutes.

6 **Cabinet Items called in for consideration at this meeting**

6.1 There were no items called-in from the Cabinet meeting held on Monday 20 May 2019.

7 **Terms of Reference and Working Arrangements**

7.1 The Committee received a report by the Executive Director of Strategy and Governance that reviewed the terms of reference for Scrutiny Committee which were included within the constitution. Members considered the Constitution insofar as it related to the Committee that were relevant to their way of working.

7.2 In response to a question about ensuring there were sufficient dedicated officers supporting scrutiny, it was confirmed that a review of the scrutiny officers' role could be included in the review of the new governance arrangements when it took place.

7.3 The two Parent Governor Representatives would be appointed from LA maintained schools and it was expected that, once nominations had been received and a subsequent election held, appointments would be made in time for the two Parent Governor Representatives to attend the July Scrutiny Committee meeting.

7.4 **RESOLVED**

That the Scrutiny Committee **note** the terms of reference included within the Constitution that were relevant to its way of working.

8 **Briefing on Strategic and Financial Planning**

8.1 The Committee received a report by the Executive Director of Finance and Commercial Services that provided a briefing on the Council's current and future financial position. The purpose of the report was to ensure that the Committee understood the Council's strategic and financial planning process and could

- undertake an effective role in its scrutiny.
- 8.2 The Committee was asked to consider its role in scrutinising the County Council's current and future strategic and financial planning and to identify the next steps for future scrutiny.
- 8.3 The Cllr Andrew Jamieson, Cabinet Member for Finance and Simon George, Executive Director of Finance and Commercial Services attended for this item.
- 8.4 The Cabinet Member for Finance introduced the report, during which the following points were noted:
- 8.4.1 The revenue outturn position for 2018-19 had shown a small underspend of £0.087m on a net budget of £388.799m, increasing general balances to £19.623m at 31 March 2019, with reserves increased by £1m over the financial year.
- 8.4.2 The draft [Statement of Accounts for 2018-19](#) had recently been published on the Norfolk County Council website.
- 8.4.3 The Cabinet Member advised that, although the Children's Services department had overspent its budget, other departments had made additional savings which had led to a balanced budget being achieved overall. The overspend in Children's Services had largely been due to the high and increasing levels and complexity of need across the service, in particular children with special educational needs and children at risk of harm. These were long-term pressures and the Committee noted that strategies had been put in place to reduce the overspend. It was also noted that the budget for 2019-20 included £14.5m for known pressures, with special educational needs (SEN) being an area of continued pressure, which would need careful monitoring.
- 8.4.4 Significant areas of spend on strategic projects had also been made throughout the financial year, for example Better Broadband, county farms, completion of the Northern Distributor Route (NDR) and the Great Yarmouth Third River crossing.
- 8.4.5 The 2020-21 budget planning process was currently underway and the Committee noted that there were many uncertainties about government funding which had led to assumptions being made on the removal of the Revenue Support Grant (RSG), the loss of Adult Social Care Funding, the spending review, green paper, etc. Therefore, service department budgets would be set on a secure range of assumptions – a phased withdrawal of RSG; no Adult Social Care grant and an assumed council tax increase of 1.99%. If the Government decided to continue the Adult Social Care grant in 2020-21, the budget gap could reduce and if there was no reduction in RSG, the budget gap could fall to £23m. If both grants were received, the level of savings would vary significantly.
- 8.4.6 Any increase in council tax of more than 1.99% was unlikely at this stage in line with the expected referendum limit of 2% when the Government funding was announced.
- 8.4.7 The following allocation of the £20m savings targets for 2020-21 across the

departments was noted:

£9m	Adult Social Care
£4.5m	Children's Services
£5m	Community & Environmental Services
£0.5m	Strategy & Governance
£1m	Finance & Commercial Services

- 8.4.8 The Executive Directors had already started to develop savings proposals and these would be presented to Cabinet at its meeting in early October. In view of the lack of information about the funding allocation for 2021-22, approximately £35m of funding would be held centrally which would be allocated once more information was known about the RSG. It was expected that this would be no later than December 2019.
- 8.5 In response to questions from the Committee, the following points were noted:
- 8.5.1 As Executive Directors had been asked to develop savings proposals, it was unclear at the present time where expected savings would be set and where the knock-on savings in the next financial year would fall. The Cabinet Member for Finance agreed there was intense pressure to make savings.
- 8.5.2 Cabinet would receive a budget monitoring report at its meeting on 15 July 2019. The Executive Director of Finance & Commercial Services advised that the estimate of the pressures would not move, and departmental Executive Directors would need to find savings solutions in order to balance their departmental budgets.
- 8.5.3 Although service departments had been allocated £40m of savings, the actual requirement was £35m which left some room for Members to make budget choices. The allocations had been made on the basis of net budgets, after the withdrawal of the required statutory services and work was being undertaken to explore how costs could be removed without having an impact on front-line services.
- 8.5.4 The first budget proposal report would be presented to Cabinet at its meeting on 7 October 2019, after which it was expected Scrutiny Committee would consider it. The Cabinet Member said that he wanted the whole process to be as transparent as possible and he hoped ongoing, open dialogue could be maintained throughout the budget process.
- 8.5.5 In light of the fact that there was no information yet about the funding allocations for 2021-22, it was noted that the process to address the 2021-22 gap of £34.971m would need to be considered in late 2019, when it was hoped the outcome of the Spending and Fair Funding Reviews would be known. Therefore the £35m 2021-22 budget gap would be held centrally and be addressed later in the budget process.
- 8.5.6 It was not yet known when the Government would be announcing its funding allocations, but it was expected this would be before the end of 2019, although

with the change of Prime Minister and therefore other Cabinet Members, it was not yet known who would be making the decisions. It was hoped the settlement would be in line with previous years, however caution was needed until a decision was made.

- 8.5.7 The Executive Director of Finance & Commercial Services said that Rishi Sunak MP had been a strong advocate for local government and had received representations about local government funding from a number of bodies. He added that it was likely the Government would make a budget announcement in November, leading to it being December before the budget allocations were known. Therefore, it was likely there would be a rollover settlement.
- 8.5.8 It was confirmed that the best case scenario was a shortfall of £11m, and the worst case scenario was £60m gap. The Executive Director said that once the process of identifying savings had been carried out, a better view of the gap in out-turns would be known.
- 8.5.9 The £10m savings from Business Transformation would be made through a review of non-frontline expenditure across the authority and would focus on – smarter working; contract compliance and optimisation; buildings rationalisation; collaborative operating model; inward corporate funding; Digital Norfolk; Traded services and Local Service Strategy.
- The Corporate Select Committee had discussed the capital investment for the transformation with regard to IT and the total spend of approximately £13.2m to upgrade Oracle or provide a new system to enable the project to proceed. The Executive Director of Strategy and Governance was leading the project to introduce a new Enterprise Resource Planning (ERP) system, although this would not take place until 2021 and therefore other savings would be needed in 2020.
- 8.5.10 The overall risk regarding the funding settlement and the likely change of politicians was being monitored, with regular lobbying of civil servants taking place. Civil servants had acknowledged the pressures faced with regard to the special educational needs profile and recognised the problem faced by many Councils.
- 8.5.11 The risks around Brexit had been included on the Corporate Risk Register, including the risks around employing sufficient staff within the care sector; and trends of foreign currencies. Therefore it was a case of waiting to see what happened once the new Government was in situ.
- 8.5.12 Regarding revenue raising measures, the Cabinet Member for Finance advised that both the Norse Group and Norse Care were confident in forecasting a steady increase in their dividends to Norfolk County Council. Repton Property Development Company had now been established which would lead to expected revenue in the future. Some work was being carried out to look at all the County Council's assets to ascertain if there were any further opportunities for enhancing revenue.
- 8.5.13 The importance of the Council continuing to lobby Government for a fair funding

- settlement was stressed, with the Cabinet Member stating that he would like all Norfolk District Councils to unite to lobby for Norfolk.
- 8.5.14 The Executive Director of Finance & Commercial Services advised of the measures to generate commercialisation within the Council, highlighting externally traded services and that it could take approximately 2-3 years before the County Council would receive any dividend from Repton Development Co.
- 8.5.15 Members questioned whether the key dates in the budget cycle would allow sufficient time for the public consultation into proposed savings to start and asked whether the dates could be changed. It was suggested that discussions could be held with Executive Directors of Service Departments, so members of the Committee were aware of departmental savings proposals.
- 8.5.16 The Executive Director of Finance & Commercial Services advised that Norfolk County Council was not in the same financial position as Northamptonshire County Council and Somerset County Council. Norfolk had been placed 140th in the Local Government Finance list and the Executive Director confirmed the financial position in Norfolk was sound and he had signed off the accounts for 2018-19. He added that, although the Council faced challenges he was confident the budget was deliverable and manageable for the next financial year.
- 8.5.17 It was unlikely that the County Council would be adding to its county farms portfolio in the future, although it was acknowledged as an excellent opportunity to give young people a start in the farming sector.
- 8.5.18 The monitoring of the £120m in the capital programme for SEND would sit with Cabinet, then be scrutinised by the Scrutiny Committee if required. The Chair formally invited Paul Dunning, as Church representative to be part of the investigative work.
- 8.5.19 Some work was being undertaken to identify County Council properties where leases and rents were being charged to consider if these could be increased and therefore provided additional income for the County Council.
- 8.6 The Chair thanked the Cabinet Member for Finance and the Executive Director of Finance & Commercial Services for attending the meeting.
- 8.7 The Chair proposed that the Committee invite Cabinet Members and departmental Executive Directors to a future meeting to discuss the underlying risks and activities of any firm budget savings proposals before they were presented to Cabinet.
- 8.8 Scrutiny Committee considered its role in scrutinising the County Council's current and future strategic and financial planning and **RESOLVED** to
- invite Cabinet Members and departmental Executive Directors to a future Scrutiny Committee meeting to discuss the underlying risks and activities of any firm budget savings proposals before they were presented to Cabinet.

9 Scrutiny Committee Forward Work Plan

9.1 Scrutiny Committee received the report by the Executive Director of Strategy & Governance, asking it to consider a forward work plan for future meetings.

9.2 The following items were proposed to be included on the forward work plan. The topics in all the forward work plans would be discussed by the Chair with the Select Committee Chairs to review and allocate topics where appropriate:

- 9.3
- **Educational issues, including:**
 - **Cumulative impact of cutting services for families with disabilities.**
 - **Invite the Regional Schools Commissioner** to attend to scrutinise the process on how schools moved from local authority maintained to an academy. Also asking the Commissioner to provide an update on exclusions and provisions for SEND.
 - **New Schools** – particularly funding, section 106 funding and how the funding to build new schools was managed.
 - **Peer Review.** The Executive Director of Strategy & Governance advised that the Peer Review would still be taking place, most likely in the autumn 2019. The Chair would discuss the remit of the review with the Leader.
 - **Major Infrastructure Projects**, including:
 - **Review of the NDR** process and the lessons learned and whether these were being applied to future projects in terms of process, planning and funding.
 - **Third River Crossing.**
 - **Changes to the Child and Family Support service.**
 - **Revenue Generation**, particularly the wider implications of revenue generation, eg property portfolio and maximising the bottom line, as well as the social impact on users and buildings as well as on the property portfolio.
 - **Norwich Opportunity Area.**
 - **Norfolk's cycling strategy.** To develop more traffic free cycling routes in Norfolk, eg Thetford to Norwich, such as the current Wymondham to Norwich route. (The Chair advised that the Transforming Cities Fund report would be presented to Cabinet at its meeting on 10 June).

9.4 The Chair would meet with Officers to draw up a work programme which was feasible and coherent within the resources available.

9.5 The differences between select Committees and Scrutiny Committee was explained in that Select Committees supported policy development and the Scrutiny Committee being more selective in scrutiny as well as calling in decisions agreed by Cabinet.

9.6 RESOLVED

That the Scrutiny Committee note the Select Committee's work plans and consider adding the following topics to its forward plan:

- **Educational issues, including:**

- **Cumulative impact of cutting services for families with disabilities.**
- **Invite the Regional Schools Commissioner** to attend to scrutinise the process on how schools moved from local authority maintained to an academy. Also asking the Commissioner to provide an update on exclusions and provisions for SEND.
- **New Schools** – particularly funding, section 106 funding and how the funding to build new schools was managed.
- **Peer Review.** The Executive Director of Strategy & Governance advised that the Peer Review would still be taking place, most likely in the autumn 2019. The Chair would discuss the remit of the review with the Leader.
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- **Revenue Generation**, particularly the wider implications of revenue generation, eg property portfolio and maximising the bottom line, as well as the social impact on users and buildings as well as on the property portfolio.
- **Norwich Opportunity Area.**
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10 **Norfolk Countywide Community Safety Partnership Scrutiny Sub Panel**

- 10.1 The Committee received the report by the Executive Director of Strategy & Governance setting out the role of the Norfolk Countywide Community Safety Partnership Scrutiny Sub Panel.
- 10.2 The Scrutiny Committee was asked to appoint three Members (politically balanced: 2 Conservative and 1 Labour) onto the Countywide Community Safety Partnership Scrutiny Sub Panel. The Scrutiny Committee had the power to scrutinise and make reports and recommendations, regarding decisions taken by the 'responsible authorities' in connection with the discharge of their crime and disorder functions.
- 10.3 The Committee noted that the County Council had a statutory duty to ensure that it had a Crime and Disorder Committee to review, scrutinise and make reports and recommendations regarding the functions of the responsible authorities, but felt that the Committee needed to be refreshed.
- 10.4 Group Leads would forward nominations for membership of the Panel to the Head of Democratic Services.
- 10.5 Scrutiny Committee considered the report and **RESOLVED:**
- To note the report

- Group Leads to forward their nominations for membership of the Panel to the Head of Democratic Services.

The meeting concluded at 11.25 am.

Chair

Scrutiny Committee – Tuesday 4 June 2019

Local Member Questions

Question from Cllr Mick Castle

Despite the financial pressures faced by this Council does the Chair agree that having a dedicated Scrutiny Officer - quite separate from the Officer Team servicing Cabinet decision-making - will be key to developing robust and meaningful scrutiny?

Reply by the Chair:

Each Council should decide on the appropriate model of staffing resource whilst recognising that to be effective, it will need to be resourced. The model we have adopted is an integrated one, where officers supporting scrutiny are drawn from the corporate centre and also serve the Executive – that is a model recognised by the Government as one with merit. This Committee's Lead Director is the Executive Director of Strategy and Governance who is assisted by the Council's Statutory Scrutiny Officer (the Head of Democratic Services) and the Committee and Scrutiny Support Manager, both of who have extensive experience in supporting Scrutiny as those Members who served in the previous Cabinet system will recall. The Chief Legal Officer will also be an important resource that the Committee can draw upon. As the guidance rightly states, regardless of the model employed, the key outcome is that this Committee receives impartial advice.

As this is an integrated model the Scrutiny Committee must be seen as part of the system, not separate from it, and supported appropriately. If that works as it should there ought to be no need for a scrutiny officer. The danger is it could be seen as the scrutiny officer's role to support the work of the committee rather than the responsibility of the whole of the council. As we are in the very early days of the new governance, I am sure this is one area the committee will wish to review at some stage.