



Scrutiny Committee

Minutes of the Meeting Held on 18 October 2023
at 10am at County Hall Norwich

Present:

Cllr Steve Morphew (Chair)
Cllr Daniel Elmer (Vice-Chair)
Cllr Carl Annison
Cllr Lesley Bambridge
Cllr Philip Duigan
Cllr John Fisher
Cllr Tom FitzPatrick
Cllr Keith Kiddie
Cllr Mark Kiddle-Morris
Cllr Jamie Osborn
Cllr Brian Watkins

Also Present:

Hollie Adams	Committee Officer
Debbie Bartlett	Interim Executive Director of Adult Social Services
Harvey Bullen	Director of Strategic Finance
Grahame Bygrave	Interim Executive Director of Community and Environmental Services
Cllr Margaret Dewsbury	Cabinet Member for Communities and Partnerships
Kat Hulatt	Director of Legal Services and Monitoring Officer
Cllr Andrew Jamieson	Deputy Leader and Cabinet Member for Finance
Cllr Kay Mason Billig	Leader of the Council
Tom McCabe	Chief Executive Officer
Cllr Greg Peck	Deputy Cabinet Member for Finance
Cllr Graham Plant	Leader and Cabinet Member for Governance and Strategy
Peter Randall	Democratic Support and Scrutiny Manager
Cllr Alison Thomas	Cabinet Member for Adult Social Care
Laine Tisdall	Committee Officer
Sara Tough	Executive Director of Children's Services
Cllr Eric Vardy	Cabinet Member for Environment and Waste

1 Apologies for Absence

1.1 Apologies were received from Cllr Ed Maxfield and Cllr Brian Long.

2 Minutes

2.1 The minutes of the previous meeting held on 19 July 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 was one public question received, from a Mr Richard Adcock. A written response was supplied by the Cabinet Member for Highways, Infrastructure and Transport. The question and the response are attached to these minutes at appendix A. Mr Adcock was in attendance and asked a supplementary question to the committee.

4.1.1 Mr Adcock asked if it was possible for Norfolk County Council to make it easier for members of the public to ask questions on matters of public spending, highlighting implementation of bus lanes, Low Traffic Neighbourhoods (LTNs), and decisions relating to adult and children care.

4.1.2 The Chair thanked Mr Adcock for his question and advised that the Council's constitution was currently being reviewed, with public engagement likely to be looked at in further detail. A report from Governance and Scrutiny looking into the Council's scrutiny mechanisms was also awaited.

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 at this meeting, however the Chair commented that a supplementary meeting of the Scrutiny Committee would need to be arranged soon as call-ins had been received very recently.

7 Strategic and Financial Planning 2024-25

7.1 The Committee received the annexed report (7).

7.1.1 The Cabinet Member for Finance introduced the report to the Scrutiny Committee, which supported the Committee's scrutiny of the Council's process to develop the 2024-25 Budget, and provided an opportunity to consider savings proposals, the approach to public consultation, and the activity required to deliver a balanced budget. The Cabinet Member for Finance noted that the report considered the financial implications of the Council's Strategic Review, a briefing of the Council's current and future financial position, along with an overview of the Council's statutory and non-statutory obligations.

7.2 The following points were discussed and noted.

- The Chair asked the Cabinet Member if he could clarify the differences between statutory and non-statutory services. The Cabinet Member stated that although statutory services such as household waste and libraries were mentioned in the report, the requirements for statutory provision were not always precisely defined. The Libraries and Museums Act 1964 included a statutory duty for the Council to provide a comprehensive library service for all constituents in the area. The Council was duty-bound to ensure children and adults made full use of the library service, while ensuring that books and printed material were lent free of charge. The Cabinet Member remarked that the Council had made a commitment not to close any libraries within Norfolk.
- The Cabinet Member mentioned that the Council was obliged to improve public health provision in Norfolk, under Section 12 of the Health and Social Care Act 2012. This could take the form of healthy eating guidance, facilities for the treatment or prevention of illnesses caused by smoking, or incentives to encourage a healthy lifestyle. In all examples of statutory services, there was an element of discretion as to how this would be provided in practice.
- The Cabinet Member stated that his comment relating to the Strategic Review at a recent Cabinet Meeting was within the context of the County Deal. The money unlocked by devolution would form a large part of the Council's infrastructure planning and provision of non-statutory services, as no further European Union funds would be forthcoming.
- A Committee Member thanked the Cabinet Member for Finance for his presentation to the Committee and queried about the Council's current financial position. The report mentioned £26m of savings had been identified, however there appeared to be a budget gap of £46m for 2024/25, which represented a large shortfall of £20m to be closed. The Committee Member asked the Cabinet Member to outline the process as to how the £20m gap could be closed, and whether this would involve the identification of further savings through the Internal Strategic Review for savings, the usage of the Council's reserves, or money from outside sources. The Committee Member also asked if the Council was identifying a long-term funding settlement through the Local Government Association (LGA), and whether any good news was forthcoming from the government's Local Government funding review in December 2023. The Cabinet Member for Finance responded that 95% of the planned savings for the 2023/24 financial year were expected to be achieved, a figure of £15.5m against the £17m in the budget. The remaining £1.5m savings was due to come from Adult Social Care, however a delay in the transformation of physical disability services meant that this saving was not expected this year. A budget target of £10m in savings through continued efficiencies and better working practices had been set for the next financial year. The £10m in efficiency savings was considered part of filling the £46m budget gap. A working group was currently looking at ideas to

balance the Council's budget. Various budget challenges were recorded in the report, with Budget Challenge 3 due for consideration in December 2023 once the County Deal decision has been taken. There were several tests outlined in the finance monitoring report, which was reported to Cabinet each month regarding the Council's financial position and revenue, along with the delivery of savings for the current financial year. Further detail about the budget would be reported in January as part of the Council's future planning. The Cabinet Member stressed that the Council was on a sound financial footing with a robust budget. Difficult decisions about savings and council tax levels had been made. The Council had safeguarded its financial resilience and known risks could be managed adequately through this budget. The Cabinet Member commented that the recent spate of Section 114 notices from other local authorities illustrated a lack of resilience in local government. It would only take a few external shocks to cause problems. The Council had increased direct contact with Secretaries of State, however the likelihood of receiving a long-term funding settlement within the lifetime of the current Parliament had diminished. The Cabinet Member stated that there is little need to make inroads into reserves at present. The Adult Social Services department was commended for their work towards a long-term strategy.

- Committee Members commented on the County Deal settlement, which was reported as £600m over 30 years, asking if the fund would be ring-fenced for big capital projects or to plug gaps in the Council's budget. The Cabinet Member for Finance confirmed the fund would be ring-fenced. The Council would have discretion on how money would be spent. It could be used on infrastructure projects such as transport improvements, broadband installation, coastal defences, and economic development. Business cases would need to be drawn up and presented to government. The Cabinet Member stressed that the £20m per year had to be taken in context of the wider Council budget of £1.2bn once essential spending was considered.
- A Committee Member asked if Net Zero was taken into consideration within the report. The Council has an obligation to set carbon reduction targets in the local transport plan with resources set aside to deliver the reduction, however this did not appear to feature within the report. The Committee Member commented that they expected to see climate change mitigations within the longer-term budget expectations, particularly within the transport sector. The Cabinet Member for Finance responded and confirmed there was a grey area between non-statutory and statutory spending. The Council had set its own Net Zero commitment before the government's 2050 target, with work due to continue towards this achievement. The Council had set aside £25m in its budget over next two years towards achieving Net Zero and had a responsibility to ensure required finance is in place to make said commitments. The Committee Member clarified the Council had a quantifiable need to set carbon reduction targets in the local transport section and expressed concern that the Council did not have the resources in place to reach these targets. The Cabinet Member for Finance stated that the situation

was fluid. The Council was awaiting guidance from the Department of Transport towards drawing up a Local Transport Plan and confirmed that Net Zero targets in the transport sector within Norfolk were funded. The Committee Member expressed concern this was not reflected in the report, and asked how the Council would meet and work towards its obligations. The Cabinet Member for Finance stated that he could not confirm with certainty how this would be funded, as detailed guidance from the government was still awaited. The Chair responded that this line of questioning would be better answered at a future Scrutiny Meeting which was scheduled to cover matters related to Infrastructure.

- Committee Members asked the Cabinet Member for Finance if he could identify and expand on budget pressures identified since the budget was set. The Cabinet Member responded to say that the Council had experienced considerable additional pressures, such as pay inflation. A new pay offer had been made, consisting of a fixed increase of £1,925 per annum for all grades up to Level L, and 3.88% increase for grades above Level L. However, every 1% in pay inflation equated to further cost pressures of £3m pressure. The inflation rate nationally remained above expectations and would need to be addressed in budget plans. The latest inflation figure which was released earlier that day confirmed the inflation rate remained at 6.7%. The funding of programmes towards special education needs and disabilities had previously caused issues for local authorities. The Council successfully negotiated with the Department of Education to implement a solution known as “Safety Valve” towards this. Ultimately Children’s Services would be subject to triannual reporting to the Department of Education to see if targets set by government were being met. The Cabinet Member for Finance remarked that he did not foresee any changes to the local funding formula taking place before the next General Election. Several corporate finance options were identified to act as a counterbalance to rising costs since the Council’s budget was set, such as flexible use of capital receipts, however the options would likely only offset the additional costs rather than help bridge the £46m budget gap. The Cabinet Member for Adult Social Services stated that any policy changes expected from the government had been subject to further delays. There was an element of concern that Adult Services may only receive small amounts of funding which would be received late and spent immediately. A long-term funding solution for Adult Services was not expected until after the next General Election. The Cabinet Member for Finance and Leader of the Council had previously lobbied the government for clarity on this issue.
- The Chair shared the frustration regarding the dearth of long-term financial planning and asked if demand was outstripping supply regarding Adult Social Care’s prevention strategy. The Cabinet Member for Adult Social Services mentioned the balancing act in Adult Social Care was a day-to-day issue and took priority for the department. The Cabinet Member for Finance commended Adult Social Services for their work over several years regarding their strategy towards prevention of outcomes. An officer mentioned an

increase in reablement had a real effect on outcomes and care for people, stating that Adult Social Care is not always a reactive department.

- The Vice-Chair noted that the report mentioned an assumed 4% rise in pay in 2023/34, however nationally there had been an average pay rise of 7.8%, while the public sector had recently seen pay rise by 6.7%; he asked for assurance that the 4% figure would hold, or if it could be removed from the report to improve clarity. The Cabinet Member for Finance stated he could not confirm for certain that the 4% figure would hold, and that the report had been completed prior to the 6.7% public sector rise. An officer mentioned the 4% figure was the projected inflation rate for 2024/25 and would be reviewed later in the budget process to ensure it was still appropriate. There was an expectation inflation would continue to fall, but uncertainty remained as to what level it would eventually settle at. Local government pay offers tended to be set at a lower level than other public bodies and the private sector, as offers were put forward based on what authorities could afford. The officer confirmed figures would continue to be reviewed until the final budget decision was taken at Cabinet and County Council meetings in January/February 2024.
- The Vice-Chair mentioned the report included a council tax assumption of 4.99% and asked if lower or higher rates had been modelled. The Cabinet Member for Finance stated that every 1% increase in council tax brought in an extra £5m. The 4.99% figure was felt what the Council required to continue delivering services at the current level of provision. The Cabinet Member remarked that he would prefer to keep that figure in use as a ceiling to help officers and departments plan their budgets. The Chair mentioned that during the previous consultation on council tax increases there was a 10% option, and asked if this option would be included again. The Cabinet Member for Finance stated it was preferable to have a large range of options in the consultation, but that he believed the range would not go further than 4.99% this time around.
- A Committee Member asked if there were any savings which required consultation and if this may delay the budget setting process. The Cabinet Member for Finance stated that the previous winter there had been issues which had been consulted on over the Christmas and New Year period which ultimately did not delay the process. The Cabinet Member outlined his belief that if there were any items brought to Cabinet which identified reasonable savings but required consultations, that this would not change the agreed timetable. The Chair asked what criteria would determine savings being put out for consultation. The Monitoring Officer clarified that the impact on individuals or definable groups would be considered, and that the Council would consult to identify impacts and report findings back to Cabinet before a decision was ultimately taken.
- A Committee Member expressed concern that a large proportion of spending cuts in the report appeared to fall on Adult Social Care. There had been an announcement a short while ago of £6.3m extra funding in 2023/24 and

£3.4m in 2024/25, which was welcome but did not address the longer-term uncertainty within this department. The Committee Member mentioned there was a growing need for the Council to increase capacity within Adult Social Care to meet demand and asked whether the Council was retaining carers in the system and what was being done to address the shortfall. The Cabinet Member for Finance responded to say Adult Social Care was the largest department in terms of spending in Norfolk. The Council spent £900m on Procurement per year, of which a substantial proportion was devoted towards Adult Social Care. The focus was towards the transformation of services rather than cessation. The Cabinet Member noted the importance of highlighting the benefits of a career in social care. The Interim Executive Director of Adult Social Services stated Adult Social Care targeted money towards recruitment and retention. Norfolk County Council vacancies had improved however there were still issues in the social work department. The apprenticeship scheme was highly effective in bringing in people to the department and technological solutions were being considered to see how it could free up carers to provide more care.

- A Committee Member praised the approach taken by Adult Social Care and remarked that the reablement service was very good, citing recent personal use. The latest Vital Signs report was released in September 2023 stating an overall target of 80% for the quality of Norfolk's care market, however the current figure was 56.6%. There was a recent report from the Health Foundation stating a 6% increase in real terms spending on care was required to cover future demand. The Committee Member asked whether Norfolk's care market was sustainable and what was being done to address the challenges. The Cabinet Member for Adult Social Services gave reassurance that many care homes were in a better place than their ratings suggest. The department had visited several care homes to challenge and help leadership, along with suggestions to improve provision of services. It was understood the Care Quality Commission (CQC) had a backlog of reassessments, which meant that the care home's ratings could not change until their reassessment had been conducted. The Chair expressed disappointment that the Council could not check Parent Assessment Manual (PAMS) ratings against CQC reassessments. An officer stated the Vital Signs report had been adjusted recently due to these factors not giving a full picture of the care market situation. Ways to improve briefing were being looked at.
- Committee Members asked about the effect of inflation on financing the capital programme, and what the impact would be. The Cabinet Member for Finance responded to say the Council was previously able to borrow at historically low rates of 1.8% for 50 years, however this was no longer applicable. The Cabinet Member stated that the Council was right to take advantage of the low interest rates to borrow towards capital projects, but that levels of borrowing would have to be restricted going forward. An additional borrowing figure of £50m was included in the report, additional to the Council's approximate external borrowing figure of £850m. Capital could be

raised through receiving grants or via selling assets. A Committee Member mentioned the external borrowing figure of £850m was different to the one reported earlier of over £900m.

- The Chair stated that capital spending would be looked at in detail at a future Scrutiny Committee meeting. The Cabinet Member for Finance stated the external borrowing figure was expected to rise to £1bn, and confirmed the funding was at a fixed rate for 50 years. A Committee Member mentioned there would be an impact on the Council's revenues due to the current inflation rate and financing of the capital program, and what this impact may look like. The Cabinet Member for Finance stated that the impact between borrowing at 6% per year rather than 2% as previous was very clear, and that Cabinet and departments had been briefed accordingly about their capital spending requests.
- The Chair remarked that the report contained a list of proposals, but did not appear to show impact assessments, which could be scrutinised in further detail at a future Scrutiny Committee meeting. The proposals included a Children's Services travel programme along with the decision to wind up the Transport for Norwich Advisory Committee. The Chair asked officers to look further into this.
- A Committee Member queried mentions of grant funding replacing Council funding within the report and asked what this may consist of. The Chair responded to say this would be looked at and clarified for a future meeting.

7.3 **RESOLVED**

1. The Scrutiny Committee **considered and commented** on the Strategic and Financial Planning 2024-25 report to Cabinet on the 2 October 2023, including:
 - Budget proposals identified to date.
 - The proposed approach to public consultation.
 - Service and budget related pressures identified to date.
 - Key areas of risk and uncertainty related to development of the 2024-25 budget.
2. The Scrutiny Committee **considered** implications for scrutiny of the overall NCC budget setting process.

8 **Update on Norfolk County Council owned companies**

- 8.1.1 The Scrutiny Committee received the report, which was produced in response to the Committee's request for details about the governance of Norfolk County Council's owned companies. The report intended to provide a high-level overview of performance and governance arrangements of the companies, background information, and an opportunity for the Committee to consider which additional information may be picked for scrutiny in the future.

8.1.2 An officer commented that the report related to current companies, and that several Council owned companies had been dissolved in the past three or four years. The Council only wished to have companies as when it benefited the needs of the Council in terms of service delivery or if it was a legal requirement.

8.2 The following points were discussed and noted:

- A Committee Member commented that the report appeared to show NP Law as dormant. The Monitoring Officer clarified that NP Law was a shared service and not a company. It was registered as a company to safeguard the NP Law name and ensure it could not be used as a company. A change of direction was ongoing at NP Law, but it would remain a shared service and not an external law firm, with discussions taking place about whether to wind up the company or to trademark the NP Law name. The company listed in the report was simply a shell company, with no money or personnel involved. The Committee Member thanked the Monitoring Officer for their clarification, as he had a brief concern that there may have been a conflict of interest given the content of the report.
- A Committee Member asked if Norse could be looked at in detail in the future, relating to impacts, size of the company and subsidiaries, and how the company met targets relating to social value, emissions reduction, and service improvement. In addition, the Committee Member asked if there were any risks of other local authorities terminating their contracts with Norse, as Norwich City Council had recently ended an arrangement with NPS, a Norse subsidiary.
- A Committee Member commented that it was important to ensure that the companies were doing the job the Council had intended them to do, citing the recent news that Croydon Council and Thurrock Council had issued Section 114 notices. It was imperative that the Council's companies utilised decent investment strategies tailored from advice given by qualified experts.
- Committee Members stated the report was useful as a starting point, and **asked** if a more in-depth report about Norse could be brought before the Scrutiny Committee.
- A Committee Member asked about how the Council's commercial activities and method of operations could be changed to ensure the Council's services were made sustainable and more responsive to the local needs of people. The Deputy Cabinet Member for Finance stated that all Norfolk County Council owned companies had produced a shareholder letter detailing the expectations of the Council, not only in terms of profitability but also social good. As an example, Repton Homes had exceeded the Council's target of affordable homes on Norfolk sites. The remit of the companies considered environmental effects.
- The Vice-Chair confirmed it was important not to get too involved in the

operational details of the companies, as the role of shareholders was to ensure the companies were delivering for the council in the terms set out for them and meeting the expectations set out in the shareholder letter. The Vice-Chair stated it would be of interest to understand what the future financing requirements from the Council would likely be in terms of capital over the next 10 years, given the recent interest rate changes. Shareholders should focus on the finances rather than service delivery. The Chair stated it would be worth exploring this at a future meeting.

- A Committee Member asked if the County Farms portfolio fitted into this report. The Cabinet Member for Finance stated County Farms was not a limited companies and was considered part of Property Services. The Deputy Member for Finance confirmed that most of the land Repton had built on was originally County Farms land. There was a financial transaction between Repton and the Council, as the Council sold the land to Repton. The Chair stated he would like to see further scrutiny of Repton finances in the future. The Cabinet Member for Finance agreed to go through this in more detail at a future meeting.
- The Chair stated he would like to see Norse elements broken down more in a future report for scrutiny, as there were many different parts to Norse. The Committee **agreed** to scrutinise Norse and Repton Homes in further detail in the future.

8.3 **RESOLVED**

The Scrutiny Committee:

1. **Noted and commented** on the information contained in this report.
2. **Identified** any areas which the Committee wished to consider for future scrutiny:
 - A report to a future Scrutiny Committee meeting giving greater detail on Norse Group Ltd, setting out details including impacts, size of the company and its subsidiaries, how the company met targets relating to social value, emissions reduction, and service improvement
 - A report to a future Scrutiny Committee meeting giving greater detail on Repton Developments Ltd

9. **Scrutiny Committee Forward Work Programme**

9.1. The Scrutiny Committee received the report, which set out the current forward work plan for the Committee.

9.2 The following point was discussed and noted:

- A Committee Member asked if there was any update on planned scrutiny of the Norfolk Integrated Domestic Abuse Service (NIDAS). An officer confirmed there were meetings planned later today with officers about options, possibly including the terms of reference. The officer confirmed it would be a complex piece of work to conduct.

9.3 **RESOLVED**

The Scrutiny Committee **noted** the current forward work programme and **discussed** potential further items for future consideration.

The meeting concluded at 12:00

Cllr Steve Morphew, Chair



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MEMBER/PUBLIC QUESTIONS TO Scrutiny Committee 18 October 2023

4. PUBLIC QUESTIONS

Please Note: According to the NCC constitution, when a member of the public asks a question at the Scrutiny Committee or a Select Committee they receive an answer through the Chair of the committee. In circumstances where the Chair is unable to provide an answer, they may request that the relevant Cabinet Member or Officer provide a response.

4.1 Question from Richard Adcock

Why are the council spending our money on unnecessary projects like St Stevens at 6.1 million pounds when it's clearly not a priority as you have shown in reports in the evening news as you propose CUTS to much more important projects, which will effect the wellbeing & communities?

People should be first in any decisions NOT gardens on bus shelters.

Bus stops & Electric buses, if you look at the damage & dangers of production, materials, mining & running. Electric Buses/Vehicles these are doing much more damage to the environment & planet even if they don't catch alight when going into thermal runaway.

This is not a question that can be answered by the Chair on behalf of the Scrutiny Committee so he has asked that it be passed on to an appropriate cabinet member as the decisions referred to fall within the responsibility of cabinet

Response from the Cabinet Member/Officers

The works in St Stephens Street were funded by the Department for Transport's Transforming Cities fund. This was a specific grant that the county council received to invest in low carbon, sustainable transport options and improve access to employment and education opportunities. It was ringfenced to the scheme and the county council could not use that funding to spend on anything else. Using the government's own assessment tool the St Stephen's Street project represented very high value for money.

With regards to bus stops and electric buses, these have been fully funded by central government grants and private sector investment from the bus operators. We can confirm that none of the batteries used in the electric buses coming to Norfolk contain cobalt and that bus operators work with bus manufacturers to ensure all their supply chains are transparent, ethical and robust.