



Scrutiny Committee

Minutes of the Meeting Held on 30 July 2019
at 10:03am in the Edwards Room, County Hall, Norwich

Present:

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

Cllr Roy Brame
Cllr Ed Connolly
Cllr Phillip Duigan
Cllr Ron Hanton
Cllr Chris Jones

Cllr Keith Kiddie
Cllr Ed Maxfield
Cllr Joe Mooney
Cllr Richard Price

Substitute Members present:

Cllr Terry Jermy for Cllr Emma Corlett
Cllr Brian Watkins for Cllr Dan Roper

Also present:

David Allfrey	Infrastructure Delivery Manager
Grahame Bygrave	Assistant Director of Highways and Waste
Paula Cuthbertson	Associate, Transport and Development Planning, WSP
Cllr Margaret Dewsbury	Cabinet Member for Communities and Partnerships
Helen Edwards	Chief Legal Officer (Monitoring Officer)
Cllr Tom Fitzpatrick	Cabinet Member for Innovation, Transformation and Performance
Simon George	Executive Director of Finance and Commercial Services
Cllr Andrew Jamieson	Cabinet Member for Finance
Tom McCabe	Executive Director of Community & Environmental Services
Chris Walton	Head of Democratic Services

1 Apologies for Absence

- 1.1 Apologies were received from Cllr Emma Corlett (Cllr Terry Jermy substituting) and Cllr Dan Roper (Brian Watkins substituting)

2. Minutes

- 2.1 The minutes of the meeting held on the 4 June 2019 were declared as an accurate record and signed by the Chairman

3. Declarations of Interest

- 3.1 There were no declarations of interest.

4. Urgent Business

- 4.1 No urgent business was discussed

5. Public Question Time

- 5.1 No public questions were received

6. Local Member Issues/Questions

- 6.1 No local Member questions were received

7. Call ins

- 7.1 No call ins had been received

8. Point of Order

- 8.1 The Committee chose to take item 9, "Strategic and Financial Planning Scrutiny", next, and then return to the running order of the agenda

9. Strategic and Financial Planning Scrutiny

- 9.1 The Committee had agreed to invite Cabinet Members and Executive Directors to future Scrutiny Committee meetings to discuss underlying risks and activities on any firm budget proposals before they were presented to Cabinet

- 9.2.1 Cabinet Member for Communities and Partnerships Cllr Margaret Dewsbury gave background to her portfolio and the associated budgets and answered the Chairman and Scrutiny Committee's questions:

- Cllr Dewsbury's portfolio covered Trading Standards, Norfolk Fire and Rescue, Museums Services, Community Resilience, Community Services, County Archives, the Record Office, Arts, Adult Education, Active Norfolk, the Library Service and Information Services
- Norfolk Fire and Rescue Service went over budget in 2019-20 due to extra costs arising from the "Beast from the East" and field fires in the summer
- Following the recent Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection, the next Integrated Risk Management Plan (IRMP), was being put together, to start in May 2020.
- Possible future challenges on the Norfolk Fire and Rescue Service budget related to ongoing discussions around potential pay increases for Fire and Rescue Staff, a possible Government ruling on pensions and the possibility of a summer fires contingency fund; the hottest July day ever recorded was a few days earlier and it was likely that the extreme summer heat and fires seen in 2019 could become more regular
- The Library and Museums Services brought in revenue through events and fees; the Castle Keep project and a historical anniversary in 2021 at Norwich Castle Museum would increase visitor turnout. Adult Learning planned to put a reserve in place to mitigate against less well attended courses
- The Vice Chair **asked** Cllr Dewsbury to investigate areas for further

development to bring in revenue to offset pressure in other, demand led areas

- Cllr Dewsbury reported that departments in her portfolio supported other departments through projects which supported vulnerable people.
- Cllr C Jones asked what criteria the Fire Service used by to decide what situations were 'exceptional' and required one off funding; Cllr Dewsbury **agreed** to send this information to Cllr Jones.
- The Executive Director of Community and Environmental Services clarified that the Fire Service had a reserve in place and could carry a large risk. The cost of supernumerary staff while training new recruits and maintaining staff training levels could be an additional challenge to the Service.
- Cllr Dewsbury hoped to see the model at Attleborough Library, which had been developed into a community hub, rolled out in other towns
- The chairman **PROPOSED** that the Committee **recommend** that the Cabinet Member quantify the value added of projects for other departments and services within the Council carried out by departments in her portfolio as part of planning for the future
- The Chairman noted that the IRMP would go to Full Council for agreement as it was part of the Policy Framework

9.2.2 Cabinet Member for Innovation, Transformation and Performance Councillor Tom Fitzpatrick gave background to his portfolio and answered the Chairman and Committee's questions:

- Cllr Fitzpatrick's portfolio area involved developing ways of working more efficiently across all departments, and therefore overlapped other Cabinet Members' portfolios
- New innovations included rolling out LoRaWAN (Long Range Wide Area Network) across Norfolk, the Internet of Things Conference, and development of the innovation Centre at County Hall, among others
- Performance was addressed by making changes to reporting systems and strengthening the performance framework
- Where possible, capacity would be built internally for projects, and if this was not possible, a business case would be put forward to develop capacity.
- revenue savings would be created by replacing HR and Financial systems which were no longer fit for purpose; there would be an initial outlay but following this, an estimated £20m saving was expected in 2022-23 with a possible further £11m savings in the following 10 years
- The ownership of schemes varied; some sat with the department in question, while others were corporate or organisational changes
- The RAG reporting system was being reviewed with the aim of making it more meaningful
- the 6-year plan would look at strengthening the improvement framework and developing consistency; a programme of projects with targets and measures would be developed
- The innovation centre was a demonstration centre for technology and innovations; Cllr Fitzpatrick **agreed** that a session could be arranged for Scrutiny Committee Members to visit
- A Member queried what strategies were in place to prevent duplication. Cllr Fitzpatrick reported that paper-based systems had enabled silo-working and made information sharing more difficult. Steps to reduce the risk of these occurring were being looked into, including mail being sent to a central point for electronic distribution to recipients, and making information accessible across the system, eliminating the need for paper

- Cllr Fitzpatrick planned to meet with Communications to promote the innovations and technologies in place across Norfolk County Council
- Improvements to and impacts on other services from innovations would be monitored through work in partnership with other Cabinet Members
- The Vice Chair **PROPOSED** that the Committee **recommend** that the Cabinet Member quantify the value added of projects for other departments and services within the Council carried out by departments in his portfolio as part of planning for the future; Cllr Fitzpatrick noted that some of the changes also saved time for other tasks to be carried out and helped improve staff morale

9.2.3 Cabinet Member for Finance Cllr Jamieson gave background to his portfolio and answered the Chairman and Committee's questions:

- Cllr Jamieson offered to discuss plans in further detail with a sub-group of the Committee after the October Cabinet meeting, before the budget consultation
- In order to meet the savings gap in 2020-21, the Council was looking to make £40m savings. This would be met through £10m savings from system improvements and innovations, £20m savings from service sectors (£9m from Adult Social Care, £4.5m from Children's Services, £5m from Community and Environmental Services, £0.5m from Strategy and Governance and £1m from Community Services) and £10m savings from financial services
- Final budget proposals would be put forward in September 2019, and brought to Cabinet in October 2019 prior to consultation
- Concerns were raised about cuts to non-essential services; Cllr Jamieson did not believe the Council would need to consider cutting back to statutory obligations at that time
- A Member asked what the impact would be to the Council of the proposed £200m borrowing; Cllr Jamieson noted that as the Public Works Loan Board was lending at a fixed rate of 2% over 50 years, it was prudent to use this facility while it was available.
- Income generation to support the Council to balance budgets was developing; examples included the Norse Group who were developing a sustainable dividend, NorseCare who were looking into growth, and Repton Property Developments who were starting to develop housing. These, and other income generation schemes, would help offset the risk of borrowing.
- Borrowing would support the Council to develop more schools and with other Capital projects
- The risk of overrun of capital projects on budgets was queried; Cllr Jamieson **agreed** to provide a written response to Cllr Maxfield on this
- Cllr Jamieson confirmed that money spent and potential underspends in all departments were monitored
- The business case for borrowing from the Public Works Loan Board would be reviewed by Cabinet and that Scrutiny Committee could look at associated projects before decisions were taken.
- Cllr Jamieson clarified for the Chairman that revenue costs were not included in assumptions of capital projects, but would be included in the business case
- Department surpluses were either used to increase departmental reserve funds or to offset overspends in other departments. Surpluses caused by unspent grants allocated within a financial year would be carried forward to the following year within departmental reserves

9.3 The Committee **RECOMMENDED** that the Cabinet Member for Innovation, Transformation and Performance and Cabinet Member for Communities and

Partnerships quantified the value added of projects for other departments and services within the Council carried out by departments in their portfolios as part of planning for the future

9.4 The Committee took a break from 12:03 to 12:15

10. Norwich Western Link

10.1 The Committee continued discussion from the extraordinary Scrutiny Committee meeting held on 22 July 2019 on the process and examination on the evidence by which the decision had been made at the Cabinet meeting of 15 July 2019.

10.2 The Chairman and Committee Members questioned Cllr Jamieson on the Financial Aspects of the Norwich Western Link project:

- The Chairman had reviewed the options appraisal report, which was considered by Environment Development and Transport Committee in October and November 2018, after the extraordinary meeting on the 22 July
- The Chairman asked about costing of non-road-based options. It was confirmed that appendices h and d of the options appraisal report showed the options, including the non-road-based options, broken down according to relative cost basis. This report acknowledged that non-road-based options would be beneficial as complementary to road-based options
- The allowance for inflation if the project over-ran was queried. Cllr Jamieson **agreed** to calculate the extra inflation required if the project overran by a year, and circulate to the Chairman; scheme delay was included in the risk assessment of the project
- Optimism bias was queried; this was a measurement used in the economic appraisal of the project to assess risk, which accounted for the uncertainty of early work which could underestimate value, cost, delays and other factors; optimism bias was calculated at net present value with the economic assessment based on 2010 prices
- It was confirmed that in the options appraisal the same criteria (using DfT's Early Appraisal Sifting Tool – EAST) were used on all 82 options.
- Clarification was requested on the construction costs for the upgrade at the A47 Wood Lane junction being delivered by Highways England. The Infrastructure Delivery Manager confirmed that only the extra over-costs of adding the Norwich Western Link junction to the Highways England junction would be met by Norfolk County Council; the junction would be designed to join as easily as possible with the Highways England junction
- Learning from delivery of the Norwich Distributor Road (NDR, now called Broadland Northway), had been applied to the Great Yarmouth 3rd river crossing and would be applied to the Western Link project
- The Associate, Transport and Development Planning, WSP, confirmed that each structure on the Norwich Western Link had a medium level optimism bias applied to them because of the risk involved in their construction; there were approximately 9 structures along the scheme including the viaduct; the cost applied was a fair representative because of the optimism bias applied.
- The Infrastructure Delivery Manager **agreed** to check and circulate to Committee the risk allowance used for the NDR at the various stages of its delivery, the original and total price of this project and the original and final local contribution to the project. He also **agreed** to include information on lessons learned, profiling of NDR costs and risk transference

- Cllr Maxfield proposed setting up a working group to look further at the process of decision making for the NWL project to inform decision making in the future, such as testing assumptions around the impact of large infrastructure projects on the County, policy, and climate change. The Vice Chair was not in support of a working group as she could not see a clear purpose or outcome.
- The Chairman **suggested** that the meeting was adjourned and that the Chair and Vice-Chair would discuss with Officers how to take discussion on this item forward and circulate this to the Committee.
- Cllr Maxfield suggested that pre-meetings were held before Scrutiny meetings to discuss and agree lines of questioning and the approach to be taken in the meeting

10.3 The Committee **AGREED** that the Chair and Vice-Chair would discuss with Officers how to take discussion on this item forward in the future, and would bring back a suggested approach to Committee at an appropriate time

11. Scrutiny Committee Forward Work Plan

11.1 The Committee considered the forward work plan

11.2 The Chair and Vice-Chair planned to meet with Chairs of Select Committees to discuss and plan the Committee's forward work plan; the Committee **agreed** with this approach

11.3 The Committee **AGREED** the forward work plan

The meeting concluded at 13:18

Chair