



Scrutiny Committee

16:30 to 17:55

7 February 2019

Present: Councillors Wright (chair), Fullman (vice chair), Carlo, Hampton, Raby, Sands (S), Sands (M) (substitute for Councillor Fulton McAlister(M)), Smith, Stewart, Thomas (Va) and Thomas (Vi)

Apologies: Councillors Coleshill, Fulton-McAlister (M), and Manning

1. Public questions/petitions

There were no public questions or petitions

2. Declarations of interest

Councillor Fullman declared a pecuniary interest in item 6 below as he rented a council garage.

3. Minutes

RESOLVED to approve the accuracy of the minutes of the meetings held on 13 December 2018 and 3 January 2019.

4. Scrutiny Committee Work Programme 2018-19

The chair suggested that the scope for the March meeting of the scrutiny committee be discussed at the meeting on Thursday 14 February 2019.

RESOLVED to note the scrutiny committee work programme 2018-19

5. Update of the representative on the Norfolk Health Overview and Scrutiny Committee

Councillor Fullman said that the committee had discussed two health trusts; the Queen Elizabeth Hospital NHS Foundation Trust and the Norfolk and Suffolk NHS Foundation Trust. The Health Overview and Scrutiny Committee (HOSC) was impressed with the improvement plans being implemented at both of these trusts and the progress would be reported back to the HOSC in six months.

Councillor Fullman had asked HOSC to consider what improvements could be made to services for transgender people. Young transgender people were reporting high

levels of ignorance and misunderstandings by the health service. A first consultation could take up to two years to be arranged.

A member commented that one of the areas covered by the Care Quality Commission was staffing. He felt that training and the deployment of trained staff should be considered and not just how staff were recruited. Councillor Fullman said that this had been taken into consideration by some mental health trusts. On average, staff were only staying in their roles of up to two years so work was being undertaken on the reasons for this and how staff could be retained for longer.

RESOLVED to:

- (1) Note the update of the representative on the Norfolk Health Overview and Scrutiny committee; and
- (2) to ask members to discuss and share information on ways of providing timely services to transgender people, and to feed any information back to the NHOSC representative.

6. Pre-scrutiny of the proposed budget for 2019-20

(Councillor Fullman had declared an interest in this item.)

The chief finance officer presented the report. She said that councils were facing a decreasing amount of spend which was likely to continue with an increased demand on services.

There had been an increase in spend on commercial properties which was of concern to the Treasury due to the amount of borrowing being undertaken by local authorities.

The savings target for 18-19 had not been achieved, however, £1 million less of reserves had been used due to favorable increases in council tax and business rates along with £500,000 of income from commercial properties. There was a budget gap of £10.2 million over the next four year which would be 'smoothed' to a savings requirement of £2.2 million each year.

There was a need to enhance asset management planning and a review of general fund land and property holdings was recommended to be undertaken. There were also decreasing capital receipts so proposals were being put forward to increase the amount of revenue budget to fund capital expenditure.

Rental income from commercial property investments was diverted to fund council services but cash was also being set aside to repay loans and annual interest costs. To date, £33 million had been invested and there was around £1million in commercial property earmarked reserves which would be used to mitigate any risks such as empty rental periods. Commercial property assets would continue to be purchased within the limits set by cabinet in December 2018 which would allow for continued diversification of the councils commercial property portfolio. Other investments were being explored such as renewable energy or GP surgeries.

A member asked how much of a risk there was around central government imposing further mandatory rent reductions. The senior finance business partner said that the council had assurances that it could use the Consumer Price Index + 1% to calculate rent levels and it was hoped that this would be the case due to the shift in focus around social housing.

Members discussed alternative investments and how innovative the council could be in deciding these. The chief finance officer said that the council was looking to lobby central government on 'freeing up' limitations around fees and charges as there were many restrictions imposed upon local authorities. She gave the examples of planning fees being retained locally or introducing a tourist tax. Preventative work was being undertaken, working with partners to share costs but the work had to happen within the legal frameworks in place.

A member expressed concern regarding property investment and a potential rise in interest rates. He asked what stress tests had been performed and to what extent. The chief finance officer reminded members that the investments in the budget papers referred to commercial properties, not residential, but legal advice was taken in conjunction with monitoring the market. Stress tests were included in the modelling for each commercial property acquisition around interest rates and whether it would be viable to purchase the property. If there was an indication that interest rates would rise, the council would need to consider its position, however, fixed rate loans would be taken out.

Further discussion on commercial property investment included member's concerns about ethical and reputational issues being considered within the Commercial Property Investment Strategy. The strategy manager said that the capital programme was embedded within the council's corporate priorities and all acts of council needed to align with these priorities, including carbon emissions. Individual purchases should reflect the overall objectives but a wide range of issues would be considered, such as social value, alongside carbon emissions.

A member raised concerns about investing in retail properties when this sector was not showing any signs of improvement. The chief finance officer said that retail space had only been purchased within Norwich and was primarily offices. It was unlikely that the council would seek to increase holdings in the retail sphere.

A member asked for clarification on the relationship between the risk register, the Corporate Plan, service plans and the budget. The strategy manager explained that the Corporate Plan was the policy framework and the budget was the resourcing of the Corporate Plan. The budget was nested within the Medium Term Financial Strategy. The risk register was the mechanism for understanding and mitigating risk but sat at many different levels. The risks could be financial, reputational or around political changes and the mitigation of these could be operational. In summary, the framework of the Corporate Plan and the budget were the steady state in which objectives could be delivered and the risk register would mitigate any external factors. These gave an overall steer for the work of the council and were all very important to consider.

Discussion on the risk register continued with a member commenting that extreme weather events should be reflected in the corporate plan and risk register and should

be higher in terms of budget headings. The strategy manager said that the Fit for the Future programme was a move away from silo service working driven by statutory requirements. The council was on a journey to a point where wider things was not framed by statutory services; it was on a path to a culture change.

RESOLVED to note the proposed budget for 2019-20

7. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of items *8 to *9 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***8. Norwich Regeneration Ltd business plan (para 3)**

RESOLVED to note the Norwich Regeneration Ltd business plan.

***9. Exempt minute of the meeting of the scrutiny committee on 3 January 2019 (paras 3, 4 and 5)**

RESOLVED to approve the accuracy of the exempt minute of the meeting held on 3 January 2019.

CHAIR