



Scrutiny Committee

16:32 to 18:03

Thursday, 23 January 2025

Present: Councillors Wright (Chair), Galvin (Vice-Chair), Carrington, Davis, Maguire (substitute for Prinsley), Padda, Osborn, Sands (M) (substitute for Harper) and Smith

Apologies: Councillors Catt, Fox, Fulton-McAlister, Harper and Prinsley

In attendance: Councillor Stonard, Leader of the Council

Davina Howes, Executive Director of Communities and Housing
Jan Robinson, Head of Legal and Governance (Monitoring Officer)
Helen Chamberlin, Head of Strategy Engagement and Culture
Emma Smith, Senior Strategy Officer

1. Declarations of interest

There were no declarations of interest.

2. Minutes

RESOLVED, to approve the accuracy of the public and exempt minutes of the meetings held on 10 October 2024 and 12 December 2024 and of the extraordinary meeting held on 7 November 2024.

3. We are Norwich Business Plan

The Leader of the Council introduced the report. He was proud to present the draft Business Plan to the Scrutiny Committee based on the ambitions within the Council's community-led plan We are Norwich which had been adopted by the Council in March 2024. The Business Plan was more than a list of projects but included the leadership to deliver change for the city and its residents. The priorities and guiding principles that had been agreed as part of the community-led plan We are Norwich were reflected throughout the plan.

The city faced numerous challenges including the cost of living crisis and climate change and the Council would address the challenges head on. The Business Plan was moving to an Outcomes Based Accountability (OBA) approach to demonstrate the Council's commitment to transparency and accountability. It would provide value to communities including partner organisations. He welcomed feedback on the draft to refine the plan.

The Head of Strategy, Engagement and Culture presented the report using slides (which are available [here](#)). The community-led plan We are Norwich had been based on outcomes based which enabled to build the OBA approach taken for the Business Plan. This approach had been built and trialled over the previous years with a number of service areas. The approach was different to traditional methods of measuring performance. The approach generally was as follows:

1. Identification of outcomes.
2. Development of a logic model to connect results to actions.
3. Development of KPIs to monitor the delivery of the outcomes.

The KPIs would be monitored on a more regular basis which would enable the Council to intervene earlier to correct course. The OBA model suggests that targets are within three domains and that KPIs should be a mixture of qualitative and quantitative. The KPIs could change over the course of reaching the outcomes and a balance needed to be struck between adaptability and steady reporting.

The approach had been trialled with the Customer and Digital Strategy and other service areas such as Environmental Strategy. And the learnings from this trialled would be rolled out across the organisation. The Business Plan was aligned to the proposed budget for 2025-2026. Once the approach had been fully embedded it was hoped that the Business Plan would be an iterative process to ensure that it could respond to emerging needs, such as devolution and local government reorganisation. Collaboration was crucial in developing the plan and the work with partners to deliver for the residents of Norwich.

Members commented that they were supportive of the OBA approach as they felt that this would enable better monitoring of the Council's performance and how it was delivering for residents and could sit alongside more traditional forms of monitoring.

A member commented that they would provide more detailed feedback through email as she was involved in the development of logic models as part of her employment. Consideration should be given on the resources required to deliver the outputs and providing more detail on the inputs and outputs.

In response to a member's question the Head of Strategy, Engagement and Culture confirmed that the citywide engagement piece had been for the community-led plan We are Norwich which had been a significant change in approach. The work to define the Reducing Inequalities Target Areas (RITAs) was being finalised and the Strategy team was working with the Community Enabling Team to work with community groups and residents on these.

A member commented that the Business Plan did not include any reference to outcomes of the addressing digital exclusion by upskilling residents who were not able to access technology.

The Chair asked whether consideration could be given to updating the KPI target for system down time as this was currently based on availability excluding and scheduled down time. The Executive Director of Communities and Housing said that this was something that could be explored.

A member asked for clarity why some corporate priorities had less detailed KPIs and outcomes than other. The Head of Strategy, Engagement and Culture confirmed that the areas that had more defined outcomes had already gone through OBA and this would be developed and worked through on an iterative process across the Council. The process would be over a period of time to work through this across the organisation and areas would be added back into the plan before the end of the period covered by the plan.

The Senior Strategy Officer confirmed that the Council was taking a testing approach and worked with areas that were in a better state of readiness. An example of this was the Environmental Strategy team who were working the Strategy team to develop KPIs and testing these, including the use of existing data sources and how regularly these would need to be monitored. The KPIs would be tested internally to understand whether they measured progress against outcomes. The Norwich Climate Commission had been involved in the development of the outcomes and KPIs related to the "A climate responsive Norwich" programme.

A member commented that he believed that the guiding principles should be reconsidered and reworded. The Leader confirmed that the guiding principles had been based on the adopted community-led plan We are Norwich. Any changes to these would need to be agreed by Full Council and the intention for the guiding principles was that they provided an overarching aspiration for the five years that the community-led plan was in place.

In response to a member's question the Head of Strategy, Engagement and Culture confirmed that actions and outcomes related to race and ethnicity were addressed within the Council's Equality, Diversity and Inclusion Action Plan.

A member commented that it was not clear how many outcomes had been brought into the new plan and asked for clarity as to why the approach would be different. The Executive Director of Communities and housing responded that the Business Plan brought together actions and delivery. The plan included actions that had been agreed and articulated what would be delivered. The way in which progress would be reported would be different to older models and several of the actions within the plan would be familiar as they had been actions that had been committed to. He suggested that the Audit Committee could consider the delivery and ways of working. In response to a follow up question the Executive Director of Communities and Housing said that individual actions within the plan would have an associated engagement plan and strategy to ensure that residents understood what the Council was delivering.

A member expressed concern that existing KPIs and data sets would not be transferred over. The Executive Director of Communities and Housing confirmed that some data sources would be transferred over into the new KPIs, this would not mean that the Council would only be using new data sets. The Government and other organisations required the Council to record and report on a variety of data due to requirements related to funding. The data sets would continue to be used in the background to monitor and track trends.

Councillor Galvin provided an update on the work of the Making Norwich a Truly Accessible City Task and Finish Group, the group had had its first meeting. She suggested that the OBA model could be considered for the recommendations from the group.

A member asked for clarity on the progress of aligning the budget and the priorities within the community-led plan. The Head of Strategy, Engagement and Culture confirmed that work was ongoing with the finance team. This work was complicated and the focus was currently on setting the budget for 2025-2026.

In response to a member comment the Head of Strategy, Engagement and Culture said that the business plan currently commented on responding to the Government's white paper and was not specifically around a unitary authority for Norwich. Members commented that they felt that this should be included within the document.

A member asked for clarity on the meaning of "review" as several actions used this wording. The Head of Strategy, Engagement and Culture said that this could mean different things in differing actions as they related to differing things. Members commented that it would be helpful to provide a definition of "review" and "develop" so it was clear what the Council would be doing with associated timelines and timescales for these reviews.

A member commented that the Scrutiny Committee could consider the financial mapping at a future meeting and that this could be scoped further.

RESOLVED, unanimously, to recommend to Cabinet:

- 1) To endorse the approach that has been taken for the We are Norwich Business Plan
- 2) To include wording within the narrative of the Business Plan that the Council is committed to a unitary authority for the Norwich urban area.
- 3) To clarify what is meant by "review" and "develop" within the actions of the Business Plan
- 4) That timescales and timelines for when reviews will be completed are included in the plan
- 5) To encourage partners and elected members to be involved in developing Outcome Based Accountability (OBAs) Key Performance Indicators (KPSs).
- 6) To consider including an outcome on working with community groups to break down digital exclusion by upskilling residents or providing equipment.
- 7) To ask officers to provide a template for developing OBAs for the work of the Making Norwich a Truly Accessible City Task and Finish Group
- 8) That the monitoring framework is accessible to the public.
- 9) To ensure that any existing data sets are retained and where possible maintained.

RESOLVED, unanimously, that the Scrutiny Committee considers the progress of aligning financial models with the delivery of services as part of a future meeting.

4. Scoping Document – Communicating with the Council – January 2025

The Chair introduced the report. He and the Vice-Chair had met with officers before the committee meeting and discussed this item. The suggestion was that a report

would be brought to the next Scrutiny Committee meeting on the items within the scoping document and the questions submitted by Councillor Davis. The scoping document was based on a motion to council that had been referred from Council to Scrutiny Committee and progress had been made against a number of the actions within the motion. The report would provide members with updates on these and the Committee could then consider whether further review was required for any areas that had not been addressed.

RESOLVED to ask officers to provide a report detailing progress against the actions within the motion as detailed in the scoping document and the questions submitted by Councillor Davis.

(The Chair closed the meeting).

CHAIR



Scrutiny Committee

16:30 to 18:30

Thursday, 30 January 2025

Present: Councillors Wright (Chair), Calvert (substitute for Galvin), Champion (substitute for Fox) Carrington, Davis, Fulton-McAlister, Harper, Padda, and Smith

Apologies: Councillors Galvin (Vice-Chair), Catt, Fox, Prinsley and Osborn

In attendance: Councillor Stonard, Leader of the Council
Councillor Kendrick, Cabinet Member for An Open and Modern Council

Louise Rawsthorne, Chief Executive
Alistair Rush, Interim Chief Finance Officer (s151 Officer)
Jan Robinson, Head of Legal and Governance (Monitoring Officer)
Robert Mayes, Head of Finance
Shaun Flaxman, Senior Finance Business Partner

1. Declarations of interest

There were no declarations of interest.

2. The council's provisional 2025-2026 and medium-term financial strategy

The Cabinet Member for An Open and Modern Council introduced the report. The meeting was an opportunity for the Scrutiny Committee to ask technical questions on the budget. The proposed budget was balanced against a background of financial difficulties for the local government sector which was a credit to the management of the budget by officers and the administration.

The Interim Chief Finance Officer presented the report using slides (which are available [here](#)).

Section 1 - Strategic overview

The budget was being set under a new Government that had announced that there would be significant reform to the way in which local government would operate, including a return to multi-year settlements in future financial years, this would better enable the Council to plan for the medium-term as it created more certainty. A review of the local government finance system would take place alongside a review of business rates. The Government had reviewed the grant distribution system which had introduced the recovery grant. With Devolution and Local Government being a consideration, this would have large implication for the Council as a local authority in

a two-tier area and a period of significant change over the next few years was imminent.

The local government finance settlement for 2025-2026 was a roll-over settlement for Norwich City Council, which meant that the overall position would be a break-even position in terms of funding stream. The Council had also had confirmation from the Government that it would recompense local authorities for the increase in National Insurance Contributions (NIC). This would not cover aspects of the supply chain that the Council commissioned services from third parties. In the context of Norwich City Services Limited (NCSL) the council would be recompensing NIC as it was a wholly owned company.

Section 2 - General Fund

As part of the budget setting process for the General Fund the Council had reviewed its statutory duties and contractual commitments which had identified growth and a reduction in come of £2.66 million. This growth and the impact of inflation would be funded through additional income and savings of £3.2 million. Appendix 2(e) of the report detailed these proposals. To support the balanced budget and the Council's core spending a Council Tax increase of 2.99% was proposed. This was the maximum increase that the Council could apply without a referendum. Core spending power was an important measure as this was how the Government measured the available resources that a local authority had available, which impacted the calculation of any funding from Government. This did not include any precepts from Norfolk County Council and the Police and Crime Commissioner, due to the timing of the Council's budget Council meeting a further meeting was required on 25 February 2025 for the Council to make its statutory Council Tax resolution.

Reserves

Short-term growth proposals would be funded from reserves to reflect the one-off nature of the expenditure, there was a proposal to merge the earmarked Invest-to-Save and Business Change reserves as these were looking to achieve similar outcomes. These reserves were designed to provide opportunities to invest in services to make these more efficient where new ways of working may not be enough to drive efficiencies. It was also proposed to create a Feasibility Earmarked Reserve of £0.5 million as it was recognised that there was significant change for the Council in a number of areas and the Council needed to understand the feasibility of any proposed changes and the related viability of these changes. Reserves remained health and would be kept under review as these could only be used once, reserves would be replenished where possible from underspends.

Consultation

The consultation on the budget for 2025-2026 had seen a significant response rate compared to 2024-2025. There had been over 2000 responses, it was not possible to detail whether this had been representative of the population of Norwich as a whole as that level of data was not available.

The consultation had been centred on five budget pledges. A majority of respondents had said that they loved Norwich as a place live, work and visit and a majority were in favour of the Council's investment approach in services. 50% of respondents had been supportive of the increase in Council Tax while 30% had been against the increase. In terms of how well the Council delivered services

respondents were split down the middle and there was a marginal opposition on increasing fees and charges.

Section 3 - Housing Revenue Account (HRA)

The proposed gross expenditure for 2025-2026 was £80.252 million with a gross income budget of £83.191 million. The prudent minimum level of HRA reserves was £5.848 million. This budget would be supported by an increase to rents by Consumer Price Index (CPI) + 1% which was in line with the rent setting standard and had been adopted by the Council for a number of years. For the 2025-2026 financial year this would be 2.7% as it was based on the CPI in September. Rents were crucial to fund the HRA and the services and improvements associated with this. There was a recognition that the Council's rents were relatively low in comparison to other local authorities. The average increase in rent would be £2.62 per week. It was also proposed to increase garage rents by 2.7%.

Section 4 - Capital Programmes

The total cost of the general fund capital programme for 2025-2026 was £29.933 million and a proposed five-year capital programme of £46.67 million. The HRA capital programme was ringfenced to fund improvements in the Council's housing stock and building new homes. This was proposed as £37.520 million for 2025-2026 and £231.044 million over the five-year period to 2030.

Section 5 - Treasury Management Strategy

The Head of Finance presented this section and highlighted that the contribution that Treasury Management made to the Council was significant. The Treasury Management Strategy (TMS) was key in setting the framework for delivery on how the Council managed its cash. Governance arrangements for this were critical as the TMS set out the levels and boundaries including the Minimum Revenue Provision (MRP) for the Council's borrowing and investment strategies. Cash balances remained healthy which were invested to maximise cash returns. The Council's borrowing strategy was to internally borrow wherever possible due to the high cost of borrowing. A large HRA loan of £50 million would be maturing in March 2026 and the strategy for this loan was to repay and delay refinancing into the financial year 2026-2027. As part of the TMS the Council was looking at increasing the amount of money held in Ethical, Sustainable Governance (ESG) funds wherever possible. A key driver was ensuring that any investments complied with regulations in terms of value for money and liquidity.

Section 7 – Chief Financial Officers statement

This was the statement issued by the s151 officer in line with section 25 and was a key part of the internal control framework. This was the s151 officer's opinion on the robustness of estimates and adequacy of reserves. The statement aimed to provide assurance on the state of the financial health of the Council and identified risks that the Council faced and the strength of the Council's finances. The Interim Chief Finance Officer said that his opinion was that robust estimates had been made as the Council had reviewed statutory duties and contractual arrangements that underlay the budget pressures. The savings proposed in the budget were deliverable and achievable within the timescales. The Council's finances were healthy which was contrasted to other local authorities, as the Council had healthy levels of reserves and investments that support the funding of services. While some authorities had

issued section 114 notices others were seeking exceptional financial support from Government to maintain service delivery.

The Chair highlighted the importance of maximising core spending power and why this necessitated the maximum increase in Council Tax. The Council however would continue to maintain its general Council Tax Reduction Scheme for those residents that required it.

The Chair then suggested that members asked questions on each section of the report, starting with the budget consultation.

Questions on the budget consultation

A member asked for clarification on the consultation that had happened with trade unions in relation to the budget. The Interim Chief Finance Officer confirmed that there had been no specific consultation with the trade unions as these would take place when the implementation of any savings proposals would start. The Chief Executive in her capacity as Head of Paid Service confirmed that there was ongoing consultation and engagement with trade unions on a range of matters including the implementation of the budget. Mechanisms were in place for union and officer representation both formally and informally. If the implementation of the savings required changes to staffing, then these would be consulted on.

In response to a member question the Interim Chief Finance Officer said that there was no empirical evidence why the response rate was significantly higher than in previous year. The approach taken for 2025-2026 had been on framing it in the context of a conversations and the budget pledges that had been set. Learnings from previous years had also been incorporated to better understand the technicalities and looked to make documentation as accessible as possible. For the next financial year the process would start earlier, as it had been impacted by the General Election and the transition between staff. This would enable themes and topics to be explored in more detail and present this to members to feed into the future planning.

A member asked that the Equality Impact Assessment referenced in the report could be circulated. The Interim Chief Finance Officer said that this would be provided after the meeting. The assessment looked at the overarching impact of the budget as whole, individual proposals would require detailed Equality Impact Assessments.

A member asked for more detail on the process that had been used for the savings and growth proposals. In response the Interim Chief Finance Officer said that the finance team had sought input from service managers to understand what they identified as budget pressures and issues which were then prioritised in line with the MoSCoW method; Must Haves, Should Haves, Could Haves and Won't Haves. Prioritisation was given to statutory and contractual commitments on level of savings. Different funding streams and options had also been explored. Savings had been proposed by service managers including informed discussions of any implications.

In response to a member's comment officers confirmed that the link between the We Are Norwich Business Plan and the budget consultation would be built into the consultation approach to help residents understand the budget in the context of the Council's corporate priorities.

Members commented that the approach of texting members of the public had caused some concerns as it had been sent to people who no longer lived in Norwich

but were still listed as contacts in the system and that people had been concerned that the text was part of a scam. Officers confirmed that they would explore this and align work between finance, strategy, communications and other service areas to ensure that the response rate was maintained while ensuring that the right people received texts that made it clear that it was safe.

Questions on the General Fund

A member asked for clarification of the source of funding for agency staff spend. The Interim Chief Finance Officer confirmed that this would be funded from existing budgets in the first instance. Heads of Service and the Executive Leadership Team (ELT) sought to fund this from the General Fund where possible except for staff working on projects where this project was funded from reserves. The unbudgeted spend would need to be met from the overall service budget while ensuring that front-line services. The Council had been working on reducing the agency spend by ensuring that requests for agency spend were appropriately challenged and questioned.

In response to a question the Interim Chief Finance Officer confirmed that the Invest to Save Earmarked reserve had been used to fund specific projects and the balance would have some movement.

The Interim Chief Finance Officer assured members that the risk reserve in relation to Lion Homes (Norwich) Limited had been created as a prudent measure to cover the risk of the liability in relation to Lion Homes.

A member asked for confirmation of the benefits of being in a pooling arrangement for retained business rates. The Interim Chief Finance Officer confirmed that business rates were complicated, the Council collected business rates but did not retain the full amount. If the Council was not in a pool then a higher proportion of business rates would need to be paid to Government who would distribute this on different criteria. The income retained was not a significant level of income and pool set its own distribution approach and had recently reduced the amount the Council would retain.

In response to a member question the Interim Chief Finance Officer confirmed that capital investment in the asset in Telford was required as it generated an income for the Council. Periodic review and refurbishment of these assets was crucial to maximise income, and the return of investment would cover undertaking the refurbishment. Income from other properties would cover the short-term loss of income. The Council had chosen to invest in assets outside of Norwich to spread the risk of investing and allowed for the income to be reinvested in Norwich whether through direct or indirect services.

A member asked when the migration of residents from Housing Benefit to Universal Credit would be completed and the impact this would have on the service area. The Interim Chief Finance Officer said that he would provide this information outside of the meeting.

The Interim Chief Finance Officer responded to a member question and confirmed that in relation to the proposed growth in insurance was to seek to cover inflationary process at a broader level. A number of insurance policies had changed as a whole as insurers were not willing to insure at the same level. The service was looking at increasing skills within this area.

A member asked for clarification why the homelessness prevention fund was underspent by 90%. In response the Senior Finance Business Partner confirmed that this amount would be rolled into the reserves and utilised. Further information would be provided outside the meeting.

The Interim Chief Finance Officer confirmed that in regard to the purchase of equipment for Norwich City Services Limited (NCSL) had been following discussions between NCSL and the Council. If the Council purchased the equipment this would be reflected in discounts of the service delivery and if contractors were to change this would ensure that the Council had the equipment for services to be delivered.

In response to a member question the Interim Chief Finance Officer confirmed that the Council had a responsibility to maintain and improve the Provisions Market. Options were currently being explored to improve the market in future. The initial sum was reflective of the current state. The suggested amount to explore the development of the market including the viability and feasibility was a revenue cost. Any suggested improvements would become part of proposals for the capital programme. Ongoing repairs and maintenance costs would continue to be revenue funded as capital programme funds could only be used on new assets or enhancing assets.

The Chair asked for clarification on the degree of certainty on the projected spend for IT infrastructure. The Interim Chief Finance Officer said that the further into the future the less certainty was around any spend due to volatility. A number of internal assurances had been put in place to ensure that the figures were accurate and would continue to be challenged throughout the lifetime of the capital programme.

A member asked why the budget for solar thermal improvements had reduced. The Interim Chief Finance Officer confirmed that there were two elements to this, the budget in the HRA was around identifying appropriate locations to install these in. The Environmental Strategy Manager was exploring opportunities to ensure that the installation of solar would provide value for money for the Council in partnership with other organisations.

The Interim Chief Finance Officer confirmed that the pressure related to car parking income was due to the assumptions around income. The service was now looking at the financial modelling to ensure that lessons were learned and were exploring the level of activity at the Council's car parks. The previous model had assumed that the increase in volume of car parking would continue to increase.

Officers confirmed that the stock condition survey for the private rented sector would include both Houses in Multiple Occupancy and privately rented properties. The savings related to restructures were due to historical or recently implemented restructures which had delivered savings. These restructures took place in consultation with staff and the trade union.

Members raised concerns around moving the Citizen magazine online and the potential impact on residents. Officers assured members that these impacts would be explored as part of the review of Citizen magazine this would be considered before a decision would be brought to Cabinet.

Questions on the HRA

A member asked what the impact of inflation and interest rates would be on the HRA both in the medium and long term. The Interim Chief Finance Officer confirmed that the 30 year Business Plan would continue to be reviewed and updated over a long time frame to address the issues that may be encountered and was updated as there were economic changes. A wide range of factors are considered as part of the modelling to ensure this was balanced over its lifespan.

The Interim Chief Finance Officer responded to a member's question and confirmed that the Council was currently insulated from the increase in NIC due to existing contracts however when contracts were subject to renewal this would have an impact.

Members asked questions on a number of capital programmes within the HRA that had been underspent. Officers confirmed that some historic underspend had been due to the delay of works during the pandemic. There was also a labour and skill supply issue in Norwich and Norfolk which had slowed momentum. A capital board was in place to monitor spend more effectively to better understand where projects slipped behind. The service was looking at a large piece of procurement to have bigger contracts for the maintenance works to move these more swiftly. Through the completion of the stock condition survey the Council had a better understanding of the works required to properties and to better build a rolling programme of works.

In response to a request for clarification the Senior Finance Business Partner confirmed that the reference to the Government consultation on the rent increase was as Government had only extended the current standard for a further year. The Government was consulting on whether this should be extended for a further 5 years.

A member asked whether there had been an uplift in the Local Housing Allowance. Officers said that they would provide this information outside the meeting.

Officers clarified that the HRA Business Plan as a 30 year document provided an early warning system to provide a forecast on what would happen if things carried on as they currently did. To ensure that the stock was maintained investments had been incorporated into the budget in a way that would be balanced across the lifetime of the business plan. The HRA was a ring-fenced fund and it was best practice to produce a business plan to ensure that income from rents was spent on the benefit of tenants and that there was no cross-subsidy. In the context of Local Government Reorganisation, the ringfence would remain in place and be transferred over to any successor authority.

In response to a member question the Senior Finance Business Partner confirmed the projected amounts of properties lost to Right to Buy, the Government would be consulting on Right to Buy. An issue with Right to Buy receipts was the limits on how much could be used to spend on new council housing and the period in which it had to be spent.

Officer confirmed in response to member questions that the £1.5 million spend on Kings Court was because the Council owned the property, the reduction in planning and regulatory services' income had been due to delay in granting planning permission due to nutrient neutrality and that the reduction in community grants would not be removing or reducing support in relation to existing commitments.

RESOLVED, unanimously, to request that training be provided ahead of the next financial year on scrutinising the budget setting process.

(The Chair closed the meeting).

CHAIR