



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 replay loads 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



Scrutiny Committee

16:30 to 17:40

14 February 2019

Present: Councillors Wright (chair), Fullman (vice chair), Carlo, Hampton, Raby, Smith, Stewart, Thomas (Va) and Thomas (Vi)

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

1. Public questions/petitions

There were no public questions or petitions.

2. Declarations of interest

There were no declarations of interest.

3. Scrutiny Committee Work Programme 2018-19

Members agreed that as relevant research was due to be published, the item on viability assessments would be replaced with an item on the scrutiny of Norfolk County Council's decision not to renew the Highways Agreement. The scope would be worked on by officers and agreed with the chair and vice chair.

The item on the New Anglia LEP would be considered in the new civic year as additional work was needed to devise a scope for this item.

RESOLVED to:

- (1) postpone the housing viability item to the new civic year; and
- (2) add an item to the scrutiny work programme for the 21 March 2019 meeting on Norfolk County Council's decision not to renew the Highways Agreement.

4. Employment practice research

The economic development officer presented the report.

The research had been commissioned following a motion passed by council in 2018. It was undertaken as three separate strands covering issues relating to zero hours

contracts, issues relating to hard to fill vacancies and the issues facing Norwich workers in relation to low pay and insecure employment.

The research had shown that younger and older employees were more in favour of zero hours contracts. Those employees of 'prime working age' on zero hours contracts often found it difficult to access mainstream financial products which could lead to anxiety, depression and a lack of motivation. Those on zero hours contracts were entitled to the same holiday pay as other employees but many were not aware of this.

The economic development officer gave the example of McDonald's as being a favourable employer to work for on a zero hours contract. Employees on these contracts had the same rights as permanent employees and once they had been employed on a zero hours contract for two years, they would be offered a permanent role. Members noted that 90% of these employees did not take the offer of a permanent contract.

The research policy recommendations were highlighted but it was explained that most of these were not within the gift of local authorities. Local authorities could however lobby central government on good working practices. The economic development officer said that the use of zero hours contracts would grow unless there was legislation in place to stop or regulate these.

Following the presentation of the report, members watched a short video on the Universal Basic Income in Finland <https://www.bbc.co.uk/news/world-europe-47169549>

Members discussed the next steps following the conclusion of the piece of research. When employees were asked what the council could do to support workers in low paid or insecure jobs, the answer was that employees did not know which agencies to approach for advice on employment rights. The economic development manager said that there would always be employers saying that they were not getting good quality applicants for the vacancies being advertised as school leavers still had a lack of skills. This could be improved by employers investing time in their workforces. The chair commented that he had been involved in a programme called 'World of Work' in which employees would visit their old school to speak to the students about work and what employers would expect of them. The economic development team had been involved in a small project on interview skills which had also shown some positive results.

Members discussed the training and wages in the care industry. A member commented that employees in this sector were expected to complete online training which was wholly inadequate for a practical job. There was not enough money in the care system to pay fairly for jobs as care companies were bidding for contracts which meant that it was a competitive systems and costs had to be kept as low as possible. The knock on effect of this was that employers were not able to pay salaries which were attractive enough to keep people in these roles.

A member asked whether the city council could pilot a co-operative model to run a care facility with a view to providing a more satisfying work environment. The

economic development officer said that this could be considered if the will and the resources were available to set up such a project.

The economic development manager said that Norwich had a resilient economy as it had a varied employment sector but the geography of the city also meant that it was a service area for a wide range of people. Although there was a wide spread of employment sectors, the salaries were not high and there were not many progression options; therefore skills provisions needed to be considered over a long term period to enable choice within the labour market and empowering employees through choice.

A member said that she had conducted some research around 'Deliveroo' drivers and had found that many did not know that they were self-employed. When these employees were asked what help could be given to them, they said that they wanted to move to an employment model. She also referred to taxi drivers and asked what could be done to alleviate these problems within small local firms. The economic development officer said that there was a need to advise workers of their rights as it was difficult to get to the employers. If employees could be educated on their rights, they could push this back to the employer.

The chair referred to the annual safeguarding briefing given to taxi drivers at city hall and queried whether this could be a forum to advise them of their employment rights.

A member commented that there seemed to be a great emphasis on investment in infrastructure where there should be more emphasis on soft infrastructure - investing in people including school leavers transitioning into work. If young people did not receive support at home, a mentor should be available to improve their chances of finding employment. The economic development manager said that mentoring scheme had been undertaken in many schools. The scheme was voluntary however which meant that those that needed it the most did not put themselves forward.

RESOLVED to ask officers to identify contact points that the council has with organisations and employers and consider how these could be used to inform people of their employment rights.

CHAIR