



**MINUTES**

**SCRUTINY COMMITTEE**

**5.00pm – 7.30pm**

**8 February 2010**

**Present:** Councillors Stephenson (Chair), Watkins (Vice Chair), Blower, Cannell, Dylan, Fairbairn, Jeraj, Little(A) and Wiltshire

**Apologies:** Councillors Bradford, Driver and Offord

**1. BUDGET PROPOSALS FOR 2010/11**

The chair said that the purpose of the meeting was to consider the suite of draft reports to be presented to the executive and to test that it is consistent with strategies and priorities and consider the budget in the context of the council's vision and priorities.

**Draft Corporate Plan**

The director of transformation presented the annexed report which provided the context for the budget proposals in order to ensure priorities and funding were aligned. This was a first draft and over the following weeks it would be formalised and finalised with scrutiny committee having another opportunity to consider it in March before the corporate plan was finally recommended to council by the executive. The final corporate plan would provide the overall direction of the council leading to a cascade of further strategic plans, delivery plans/targets and individual appraisals.

Councillor Waters, executive member for resources and governance, said that the public expected the council to deliver a wide range of services even in a recession. The draft corporate plan was work in progress but he suggested it was the right approach to meet those demands with the key elements of controlling costs whilst delivering continuous improvement and customer focus. He suggested that the following draft budget reports should provide the confidence that there was sufficient resources in the budget to deliver the things the administration were putting forward in the corporate plan.

The portfolio holder and officers then responded to questions and comments made by members on details within the draft corporate plan.

The portfolio holder and the director of regeneration and development commented on the range of interventions by the council to support businesses in the city and to deliver more jobs including regeneration work, the HCA partnership and work with partners to encourage inward investment. Work throughout the council was responsible for the strong and prosperous city priority and changes at senior management and administration level in the economic development team would not prevent it from being fully focussed on its enabling role and there were clear skill sets within that team to drive this work forward. Some members suggested that the figures of supporting the creation of at least 330 new jobs in 250 businesses were not achievable/measurable and there could be no guarantee that anything created would be 'new' jobs or businesses or that any created would be sustainable. The portfolio holder acknowledged that the wording of this bullet point could be clarified.

In reply to questions and comments on paragraph 10 – opportunities for all, the portfolio holder said that in the scrutiny committee's work programme it would be receiving a report on the financial inclusion strategy at its meeting in March 2010. The proposal was to spend the same amount as last year and to build on the campaigns undertaken and the partnership working with the Citizens Advice Bureau and other advice services in the city. The financial inclusion support the council gave would be co-ordinated in a more effective way with investment in staff training, signposting and support for credit unions.

The director of transformation said that Councillor Morrey would chair the independent commission on climate change but that all of the other members were independent.

The portfolio holder for housing and the director of regeneration and development said that consultation would be held with tenants on the best ways of encouraging and rewarding tenants who look after their homes and keep gardens tidy. The aim was to ensure that those who did keep their house in good repair and garden tidy did not 'lose out'.

A member queried how improved customer satisfaction was measured. The deputy chief executive officer said that the council took every opportunity to get feedback from those using its services including regular surveys and mystery shopping. The director of transformation added that it was a national requirement to undertake a place survey every two years and this enabled the council to benchmark against other similar local authorities.

The portfolio holder for resources and governance and the director of transformation commented on the partnership work undertaken to tackle deprivation including research commissioned by the City of Norwich Partnership which had helped to develop various strategies ie homelessness strategy. Other work had been undertaken under the City of Norwich Partnership 'umbrella' including health, obesity and teenage pregnancy etc. There had also been a range of projects carried out through the neighbourhood renewal fund.

## **Budget 2010/11 General Fund**

The head of finance presented the annexed report and circulated revised paragraphs 17 (four year financial predictions) and table following paragraph 25 (council tax proposal).

The portfolio holder for resources and governance introduced the budget which sought to absorb inflation costs as much as possible to keep the council tax increase low.

In response to questions, the director of finance said that having a strong reserves position had enabled the council to handle the recession and the proposed budget recognised the need to ensure that reserves are returned to a similar position so that frontline services could be protected if the same level of pressure re-occurred. He did not expect interest rates to rise in the short term and the biggest change that could benefit the council's position would be if the government moved the requirement for subsidising concessionary bus fares to an upper level local authority. The director of transformation commented on the capacity for the council to become even more efficient. The good efficiency work undertaken so far had been recognised by GoEast recommending the work the council has done as best practice to the Department for Communities and Local Government.

In reply to further questions, the head of finance said that the way concessionary bus fares was reflected in the annex needed to be updated; the council's total debt was approximately £85 million but this needed to be considered against the balance sheet which was worth £850 million approximately. The deputy chief executive officer said that the recommended growth (Ref IF11) relating to food waste recycling was an estimated cost based on a recycling rate of 55%. The director of regeneration and development said that the main costs involved in waste collection were staff and vehicles and commented on the opportunities for savings when looking at how food waste recycling could link to existing recycling schemes.

In reply to queries regarding the recommended growth for strategic ICT review, this would be used to get expert advice on whether the council needed to increase the ICT knowledge within the council. If the initial scoping for the work indicated that there would be no benefits then the work would stop.

The deputy chief executive officer explained that the recommended growth for the accommodation review (Ref EF20) would consider the fact that City Hall was the council's most expensive asset and it was under utilised. The review would also consider development options relating to the rear car park and use of the police wing. It was appropriate to invest in this work now so that the council was ready for when the market improved and this would deliver a financial advantage at a later time.

The head of finance said that £6,116,000 was the full year saving for the transformation/savings programme. He was confident that the £573,000 identified as contingency for this programme would be required but if it wasn't the remaining amount would go to reserves. He agreed that 'contingency' might not be the best terminology for this budget heading. He added that the figure for other adjustments related to loss in interest from a recent government guidance on treasury management.

A member commented that the previous corporate plan had too many priorities. The director of transformation agreed but said that most of those had been delivered. There were less priorities in the current corporate plan and officers were confident that the budget showed that there was the required level of resources to deliver the priorities.

The executive member for resources and governance said that although there were a number of outstanding issues that needed to be addressed, he was confident that the proposed budget could deliver the corporate priorities and the details would be reiterated through service planning; team plans and individual plans etc.

### **Housing Revenue Account Budget 2010/2011**

The head of finance circulated the revised annexed report.

The executive member for housing said that the council had built on the excellent work from the housing improvement plan and taken advantage of opportunities presented by contract re-letting. Consultation had been undertaken on rents and service charge increases and she was confident that the budget was fair to both tenants and leaseholders and would deliver work required through the decent homes programme.

In reply to questions, the head of finance said that the significant changes in the budgets relating to rents, rates and other properties costs and miscellaneous income related to changes in the way water rates were budgeted. The significant change in the budget for housing subsidy related to the need to budget for reduced government subsidy. The significant budget movement for discretionary growth relating to gritting of sheltered properties in table 4 reflected the fact that until this year gritting for sheltered housing had not been in the budget but it was now being accounted for properly. The saving relating to the mediation service in table 3 related to the end of the current contract. There would continue to be a mediation service.

A member queried the level of change in reserves detailed in appendix 2. The head of finance said that the risk assessment was built on experience and judgement. The change in contractor also provided a degree of uncertainty which needed to be built into the figures.

### **Council Rents and Service Charges 2010/11**

The head of finance presented the annexed report and said that the proposed average rent increase of 2.4% was based on the government's calculation of housing subsidy and the consultation with tenants and leaseholders on what was a fair and reasonable level to enable the council to continue to provide high level services. Historically, the council had been under-recovering costs relating to service charges and the report recommended taking steps to begin to address this.

## **Capital Strategy**

The executive member for resources and governance introduced the annexed report. He commented on the problems caused by the recession which had led to a reduction in the expected level of capital receipts. However, the council did have a significant amount of Section 106 funding available.

In reply to questions, the deputy chief executive officer said that the report set out the guidelines for prioritisation. Initial views and recommendations would be made by the Capital Programme Board but any significant disposals would need to be considered by the executive.

The head of finance said that before considering whether it was appropriate to undertake prudential borrowing the council was required to do an options appraisal including 'whole life' costing to demonstrate the value for money and show the expected impact on council tax and rents.

## **Housing Capital Plan 2010/2014 and Capital Programme 2010/2011**

The head of finance introduced the annexed report.

A member queried whether it was expected that there would be difficulties in getting the funding from leaseholders for work undertaken. The executive member for housing said that the council had held frequent discussions with leaseholders and relationships had been improved. The head of finance said that consultation was always undertaken with leaseholder before any work is undertaken and the costs should not come as a surprise.

## **Non Housing Capital Plan and Capital Programme**

The head of finance presented the annexed report.

### **RESOLVED to :-**

- (1) inform executive that further work needs to be undertaken to the draft corporate plan to ensure that all the priorities can be met by the budget proposed.
- (2) recommend executive to make the following changes to the draft corporate plan:-
  - (a) clarify the wording in paragraph 8 – strong and prosperous city relating to supporting the creation of 330 jobs and 250 businesses;

- (b) amend paragraph 10 – opportunities for all –
    - (i) by inserting the correct percentage for the annual reduction in council's carbon footprint;
    - (ii) to indicate that the executive would consider the report of the independent commission on climate change and decide which of its recommendations to implement;
    - (iii) by clarifying the promise to encourage and reward tenants who look after their homes and keep gardens tidy for which no funding is allocated in the draft project;
  - (c) amend paragraph 11 – aiming for excellence by qualifying the promise to keep council tax increases to 1p per day by relating it to the relevant property band.
- (3) ask the head of finance to :-
- (a) clarify the wording in the revised council tax recommendations table in the general fund report relating to contingency for the transformation/savings programme.
  - (b) circulate details explaining why there was no change in the figure for bad debts in the HRA budget.
  - (c) ask that paragraph 18 of the report be re-written in plain English.

CHAIR