



Scrutiny Committee

16:30 to 18:30

13 December 2018

Present: Councillors Wright (chair), Fullman (vice chair), Carlo, Fulton-McAlister (M), Hampton, Manning, Raby, Smith, Stewart, Thomas (Va) and Thomas (Vi)

Apologies: Councillors Coleshill and Sands (S)

1. Public questions/petitions

One question had been received:

Question 1

Mr Jon Watson:

“Following the letter submitted by the committee, written by Cllr James Wright to Norfolk County Council forming a response from the Scrutiny committee to the proposals by Norfolk County Council to close Children’s Centres in Norfolk, can the committee confirm whether any response been received by the committee from Norfolk County Council? If not, will the committee do anything to follow up on this?”

Cllr Wright, chair of scrutiny’s response:

“Thank you for your timely question, Mr Watson.

In short, I have so far received no response from the Children’s Services committee.

As you are aware, as part of our scrutiny into the council and partner responses to domestic abuse it became very apparent that the closure of children’s centres could reduce the opportunity to identify cases of domestic abuse.

Margaret Hill from Leeway told us that the children’s centres had been a place for families to drop in and had been a great support for families living at the refuges, particularly in helping

them with parenting skills. As a place where perpetrators were unlikely to go, the centres were useful to display notices of support and assistance to people experiencing domestic violence and ran “Power to change” courses.

I understand that County Councillor Ed Maxfield has called for an extra meeting of the Children’s Services committee to consider the children’s centre proposals. If I can, I will attend that meeting to present the views of this committee in person.

However, in the meantime I will write a follow-up letter to Cllr Stuart Dark, seeking a response to the original letter and also drawing his attention to the work of the committee with regards to domestic abuse.”

In response to a supplementary question Councillor Wright said that as an elected representative committee it would have been courteous to have received a response to the committee’s correspondence given the work undertaken by the committee and the significance of the closure of children’s centres upon the residents of Norwich.

2. Declarations of interest

There were no declarations of interest.

3. Minutes

It was noted that the resolution on page 11 of the agenda should read:

- (1) thank Margaret Hill and Trudy Lock (Leeway) and John Lee (Norwichconnect/Spurgeons) for attending the meeting and answering questions;

RESOLVED to approve the accuracy of the minutes of the meetings held on 22 November 2018 subject to the above revision.

4. Scrutiny Committee Work Programme 2018-19

The strategy manager advised that at the January meeting of the scrutiny committee he would provide the scope for a potential joint scrutiny of the New Anglia Local Enterprise Partnership to be considered at the February meeting.

RESOLVED to note the scrutiny committee work programme 2018-19.

5. Update of the Norfolk Health Overview and Scrutiny Committee representative (verbal update)

The substitute representative on the NHOSC said that the last meeting had focused on the work of the Norfolk Continuing Care Partnership (CCP) which provided care to patients given a terminal diagnosis. The CCP was comprised of Clinical Commissioning Groups (CCGs) which had joined together to deliver care across Norfolk (excluding Great Yarmouth).

The committee heard that individuals had struggled to get the care that they needed. The CCP acknowledged there were problems delivering care due to a number of factors including high staff turnover at contracted care agencies. The CCP had implemented a new set of standards for their contracted care organisations to achieve; including the minimum pay of staff and that staff be paid in between visits. The committee heard evidence from staff that they were not contracted for enough time; 15 minute visits being scheduled when 30 minutes were really needed.

The Norfolk and Norwich University Hospital (N&N) had given a presentation; members heard that it had been placed on special measures. This did not impact upon the status of it being a teaching and University based hospital. A plan was in place which they had to achieve to come out of special measures. If this the hospital could be taken over by another trust.

The Care Quality Commission's report had highlighted bullying as an issue but the committee heard that levels of bullying at the hospital had since reduced. The trust had focused on engaging with trade unions at a hospital wide level holding regular formal and informal staff meetings which had impacted positively on bullying levels.

RESOLVED to note the update of the NHOSC representative.

6. Draft Corporate Plan 2019-2022

(Councillor Harris, deputy leader and cabinet member for social housing and Councillor Davis cabinet member for social inclusion attended the meeting for this item.)

The strategy manager presented the report. He said in the last two years the council had undertaken a wide ranging engagement exercise which asked what the city wanted and then worked backwards to ask what the council could do to help achieve this and imbed this practice in new ways of working. This work has been launched with a 'City Vision' conference and resulted in a Norwich 2040 City Vision document. This was a high level aspirational document, stating the city's long term ambitions and informed the council's new corporate plan.

The constitution required that a draft corporate plan be considered by the scrutiny committee with comments and recommendations forwarded to cabinet for consideration. The corporate plan provided the basis for everyone in the council and its contractors to understand where they fitted into the organisation. It had to balance aspirations against the significant challenges the council faced.

The new corporate plan had the same vision, mission and values as the last and asked how the council ensured that people, residents, tenants stayed at the core of what the council does. Three new priorities were proposed:

- 1) People living well
- 2) Great neighbourhoods, local environment and housing
- 3) Inclusive economy

In terms of achieving our priorities the role of the council sat in three boxes:

- 1) Delivering services
- 2) Enabling others
- 3) Influencing

In tandem with the changes to the corporate plan, a new performance framework was being developed. The new performance framework measured outputs and outcomes. Outcomes could be for the city and not exclusively the council's own work but might be achieved by partners.

Members discussed the draft corporate plan. A member asked how to define social mobility. The strategy manager said with high levels of deprivation and intergenerational poverty in the city, the focus would be on children in households where employment was precarious and there was a lack of tertiary education. The focus was how by 2040 these children could be trained to undertake the jobs the city needed.

A member raised that climate change should be more prominently incorporated into the corporate plan. The plan should include reference to a climate emergency such as threats of prolonged heat waves and flooding but it was accepted that it was difficult to find measures the council could adopt. The strategy manager said the environmental strategy was still in place and existed in conjunction with corporate plan.

A member suggested that the corporate plan could include a climate change target such as 'keeping the city resilient in face of the changing climate'. Climate change should be incorporated into the policy and program of the organisation not just mitigated against. In terms of an inclusive economy the city council could strengthen the local economy through the local procurement of services and goods and encouraging others to do the same. This could increase resilience within the local economy. The strategy manager said that the 'Preston Model' of a circular local economy with the council as one of several anchor institutions was hard to measure but that was the aspiration.

A member suggested that as the council was signed up to the UK 100 city's pledge it could be possible to highlight the council's commitment to climate change that way.

A member suggested that the three new priorities could sit within two wider themes which could be envisaged as circles with sustainable development as the inner circle surrounded by a wider circle of democracy. The democracy theme fitted visions, mission statement and putting people first. The explicit relationships the city council had with its citizens, stakeholders and partners could sit under the heading; 'what are we doing to achieve democracy?'. This could be incorporated with transparency and encouraging the public to participate. For example the publication of open source data could encourage citizens to take an active role in their neighbourhoods.

In response to a member question the strategy manager said that the city vision work attempted to target those residents who did not habitually engage in consultations. There were big pieces of engagement ongoing via the local area survey. He emphasised that there was an engagement role for ward councillors too who were out in the community.

A member said that the corporate plan was not as accessible as it could be.

Members discussed the performance framework. The strategy manager said that the performance framework was a draft document and would be reviewed extensively at the end of next year. It was agreed that members would like longer to consider their comments on the documents and would return these to the strategy manager to collate by 7 January 2019.

RESOLVED to:

- 1) note the report;
- 2) and to provide comments to the strategy manager by 7 January 2019 to be incorporated into the report to be considered by cabinet.

7. Equality Information Report

The strategy manager presented the report. He said that there was a statutory duty to produce an Equality Report. This year the report style had been revised and the aim was to provide a document that would be useful to officers conducting an equality impact assessment which would enable meaningful dialogue about how people might be affected by actions that were taken.

The data presented was not only in relation to protected characteristics but included other vulnerable groups such as care leavers and rough sleepers.

The strategy manager noted that the on the table on page 65 of the agenda the percentage increase on previous years was the increase within Norwich. At page 66 of the agenda it was suggested that the word 'lead' may not be clear to people. On page 74 of the agenda the first point, the word ten was missing, therefore it should read:

"The data for disciplinary, grievance, leavers and promotions for the year 2017/18 is not appropriate to publish as some datasets **are based on** fewer than **ten** employees and **the** lower number ~~which~~ poses a threat to employee confidentiality."

At point two the words 'part time' were missing therefore it should read:

"There had been a 5% increase in the number of female employees and a 7% drop in male employees. This is linked to an 80% increase in the number of **part-time** positions recruited to and women being more likely to work in these roles."

The strategy manager stated that the report did not include figures for hate crimes but these would be added in a circulated to committee members. He noted that there had been a drop of 10% in hate incidents but a rise of 34% in hate crimes.

A member asked if all recruiting managers had undertaken unconscious bias training as the figures illustrated that the drop off from short listing to recruitment for non-white and disabled applicants was a concern. The strategy manager said he would contact the human resources team for the information and circulate it. It was noted that the gender pay parity which the council achieved was commendable. It was

requested that the data deemed inappropriate to publish due to low numbers of employees in the data sets could this be broken down into gender and race.

A member noted that socio economic status was not a protected characteristic but it would be useful to measure impacts upon different socio economic strata.

At page 63 of the agenda a member noted that the figures for carers did not provide the Norfolk figure which they felt would be useful to include. At page 70 of the agenda figures for living wage employers in Norwich, it was suggested it would be useful to have this as a percentage of total employers. At page 61 of the agenda in the section on disability, there was disparity between figures for those with disabilities and those whose day to day activity was limited. The former being low and the latter high. The strategy manager agreed to check if this was an error. It was noted that the second figure might include mental as well as physical limitations and therefore account for the higher finding or that the second figure came from those who were economically inactive.

Members said the new layout of the Equality Information Report was very helpful.

RESOLVED to ask the strategy manager to:

- 1) include complementary data sets where possible;
- 2) ask HR if recruiting managers undertake training in unconscious bias;
- 3) schedule an item to look at equality impact assessments at a future scrutiny committee in the early New Year; and
- 4) circulate the amended report including the figures for hate crimes.

CHAIR



Scrutiny Committee

16:00 to 17:50

3 January 2019

Present: Councillors Wright (chair), Carlo, Driver (substitute for Councillor Smith), Hampton, Manning, Raby, Sands (M) (substitute for Councillor Fulton-McAlister (M)), Sands (S), Stewart, Stutely (substitute for Councillor Coleshill), Thomas (Va) and Thomas (Vi)

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

1. Declarations of interest

There were no declarations of interest.

2. Call in – Commercial Property Investment Strategy

The chair introduced the call in and invited Councillor Ben Price to address the committee, setting out his reasons for calling in the cabinet decision made on 12 December 2018 to:

- (1) approve the revised commercial property investment strategy;
- (2) increase the delegated authority to purchase commercial property investments under this strategy by £10m so that the maximum lot size for an individual acquisition is £20m;
- (3) recommend to council, as part of the overall budget setting process in February 2019, to approve:
 - a) a departure from the DHCLG's (Department for Housing, Communities and Local Government) Investment Code as set out in paragraphs 4.11 to 4.15 of the strategy;
 - b) the setting aside of 20% of the net new income achieved from the investment into the commercial property earmarked reserve as set out in paragraph 2.17 of the strategy.

Councillor Price said that he had two concerns around the Commercial Property Investment Strategy. The first was his concern about greater responsibility being given to officers and removed from elected members and the impact this would have

on the council's risk management and risk appetite. There had been no assurances from officers on how the associated risks would be mitigated. The second concern was that the impact of Brexit had not been included in any modelling. He had received no assurances that this had been mitigated for in the risk matrix.

If there was a larger reduction in the value of the portfolio than had been anticipated, this could exceed the minimum financial provision set aside for these circumstances. He highlighted the concerns of the president of the Chartered Institute of Public Finance and Accountancy (CIPFA) in relation to accelerated borrowing to invest in commercial properties.

The chair invited the chief finance officer to respond to the call in. She said that the programme of purchasing commercial property had been in place for the last three years with the delegation cap being increased to £10 million in 2017 and then £20 million in 2018, which was in line with other local authorities. The £20 million delegation cap would allow for the portfolio to diversify and would speed up the purchasing process. The strategy was not risk free and this was outlined in the risk assessment. Each property was analysed by due diligence criteria so risk could only be calculated for each individual property.

In reply to a question, the head of city development services said that to date, there had only been one property which could not be bid upon due to the previous delegated limit as the property consultants worked within the parameters set by the council.

Councillor Price commented that although a quorum of cabinet members was involved in the delegated decisions, his concern was the cumulative impact of purchases being taken out of the hands of elected members.

The chief finance officer said that research into processes by other councils had been undertaken and all had a delegation in place due to the speed needed to purchase properties. Norwich City Council stood out as it required a quorum of cabinet members for each decision and information about properties was circulated to all councillors once a bid had been made.

The head of city development services said that the financial matrix had been developed by Norwich City Council and was completed by the property consultants. These were not taken on face value as it was the council's responsibility to carry out due diligence. A 'red book' valuation was carried out for each property giving an independent valuation and took into account criteria such as covenant strength, break clauses and tenancy.

In response to a member's question, the chief finance officer said that the delegated cap of £20 million was in line with other local authorities' delegation limits and that this range would allow the council to purchase a wide range of assets. This would diversify the council's asset portfolio which would help to mitigate risk.

The chief finance officer addressed Councillor Price's concerns around the impact of Brexit. She said that she did not have the detailed information on what Brexit would mean as she had no concepts or tools to do so. The returns in the Medium Term Financial Strategy were assumed to be prudent and as cash holdings were being

used, the returns were currently higher than the assumed 2.9%. Property purchases had slowed in the run up to Brexit.

The cabinet member for resources commented that the council had been a commercial landlord for many years. There had been several high impact events happening over this time but there had been a steady growth in commercial properties. There would always be risk but the council had decades of experience in the commercial property field.

Councillor Price said that the information that purchases of commercial assets had slowed in the lead up to Brexit would have alleviated some of his concerns around the Commercial Property Investment Strategy. He understood that the council needed to raise income but was concerned about how the council was investing in the face of leaving the European Union and the assumption that returns were prudent. If the council was overcommitted, it would not have liquidity and therefore should not take undue risks.

A member commented that he understood that there were concerns around Brexit but the council needed to continue with business and make a revenue stream whilst mitigating risks as best it could.

A member referred to the strategies that the council had in place to ensure prudent investments were made and said that members should be reassured by these. The head of city development services said that part of this strategy was to limit the amount of retail properties purchased due to the current economic climate. Purchases were made for a number of different reasons including potential long term development and what additional value could be taken from properties.

A member said that they were concerned that a number of properties were being purchased but that they were not being maintained. The Commercial Property Investment Strategy did have an in-built maintenance structure but she would like to see the money 'working harder' and investigate additional benefits from investments such as renewable energy. The head of city development services said that the 'alternative sector' referenced at paragraph 2.11 of the report, could include assets such as solar or wind farms and the council would be looking to explore options in this alternative sector in due course.

In response to a member's question on the difference between security and liquidity of property, the chief finance officer explained that liquidity was a concept based around how quickly a property could be disinvested of. The council looked to place importance on yield and security above liquidity in terms of investing in commercial properties.

A member referred to the Public Works Loan Board and asked whether the council borrowed money from the board to purchase assets, how loans were secured and what monitoring would take place of these loans. The chief finance officer said that in terms of treasury management, the council would not borrow money for a specific purpose from the board but would borrow when necessary overall. There was a statutory framework against which local authorities had to set budgets which must be balanced and reviewed by external auditors. Budget reports were reviewed by the

scrutiny committee and cabinet before being agreed at council and this process gave scrutiny to the budget including any loans from the Public Works Loan Board.

A member questioned the percentage of retail acquisitions made by the council. The head of city development services said that the twenty percent of commercial property owned by the council classed as retail included historic purchases as well as offices with retail. A limit on this type of property had been set in view of what the council already owned and the council would not be looking to purchase more retail properties at the moment.

The chair thanked the officers and said that members had an increased understanding of the Commercial Property Investment Strategy. He said that the scrutiny committee could consider adding an item on this strategy to its future work programme if necessary.

RESOLVED to take no further action with regards to the call in of the Commercial Property Investment Strategy.

3. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of item *4 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***4. Call in – Commercial Services Strategy (Paras 3, 4 and 5)**

(An exempt minute exists for this item).

RESOLVED to take no further action with regards to the Commercial Services Strategy.

CHAIR