



Scrutiny Committee

16:30 to 19:00

3 February 2022

Present: Councillors Matthew Fulton-McAlister (vice chair in the chair) Everett, Carlo, Driver, Galvin, Giles, Maxwell (substitute for Councillor Thomas Va Lubbock (substitute for Councillor Wright) Osborn, Sands (M) (substitute for Councillor Thomas Vi) and Sands (S).

Apologies: Councillors Huntley, Manning, Stutely, Thomas (Va), Thomas (Vi) and Wright,

1. Declarations of interest

Councillor Fulton-McAlister declared a conflict of interest in item *6 below – NCSL Business Plan 2022-23 as a member of the NCSL Board and would leave the meeting for the discussion and vote on that item.

Councillors Driver, Harris, Kendrick and Waters declared a non-pecuniary interest in item 3 below, The Council's budget 2022-23 as council tenants.

2. Scrutiny committee work programme 2021-22

The chair introduced the item and highlighted that a scope for the item on for the March meeting of the committee needed scoping.

Members discussed the scope for the March meeting of the scrutiny committee which would focus on 'a sustainable, inclusive Norwich economy following Covid-19'. Members suggested that a presentation on the work of the Good Economy Commission would be useful with questions submitted in advance. The presentation could be linked to the cost of living crisis and how this would affect the city and perhaps any mitigating measures. A member suggested that a discussion on the council tax reduction scheme would be useful as there were indications from central government that this may not be available in future years and this could affect the city's economy.

A member asked whether a public meeting with the task and finish group on fly tipping and communal bins would be going ahead. As Councillor Stutely, chair of the task and finish group, had given apologies for the meeting, the monitoring officer replied

that she would ask him to circulate an update to members on this with information on how to engage.

RESOLVED that the scope for the item on a sustainable, inclusive Norwich economy following Covid-19 would focus on the work of the Good Economy Commission and the effects of the cost of living increases on Norwich citizens (including reference to the council tax reduction scheme).

3. 2022-23 budget

The chair introduced the item and said that he would take questions on each section of the report in turn.

He invited Councillor Kendrick, cabinet member for resources, to present the item. The report would be considered at cabinet on 9 February 2022 before being debated at full council. Producing a balanced budget continued to be a challenge but the report set out how funds would be spent on services for the city. It included £3.2m of savings and additional income with £2.1m being drawn from reserves.

The budget continued to prioritise housing in the city with a five year programme of investments in council owned homes to include kitchen, bathroom and heating system upgrades and solar panel installations.

The chair invited questions from members of the committee on each section of the budget report.

Local government finance

In response to a member's question, the cabinet member for resources said that the impact of not raising council tax would mean around £1.9m less income in 2022-23 which would equate to a 30% reduction in services. The council's revenue support grant had also fallen from £7.8m to £0.22m which was around a 97% decrease over the last ten years.

A member asked what the process would be for a review of commercial investments as the government guidance meant that no further investments could be made. The executive director of corporate and commercial services replied that an asset management review would be starting which would look at the purpose for holding all assets. The assets management strategy would be considered at cabinet in March with all properties being given a review.

In response to a member's question on the impact of the increase in base interest rates, the executive director of corporate and commercial services said that in terms of Treasury Management, borrowing was at a fixed term rate and could be borrowed in advance of need. Regarding cash holdings, this would have a positive return.

A member asked how much revenue had been lost with the enforced four year rent reduction. The deputy leader and cabinet member for social housing replied that it was difficult to say exactly but it was calculated to be approximately £200m which was a significant hit to the council.

General fund

A member referred to page 37 of the report which outlined payroll inflation estimates and asked what would happen if inflation increased. The executive director of corporate and commercial services replied that the paper was based on estimates and assumptions and if inflation increased, mitigations from across the entire budget would be investigated to support that. There was a general fund contingency and a risk reserve, both of which it would be appropriate to use to fund a pay award.

A member asked whether the increased employee costs of £6m at page 55 of the agenda were a total deficit or if it was being spread over a certain time period. The executive director of corporate and commercial services said that there was no timeframe to recover the deficit but the council had to ensure it was meeting its future liabilities.

A member asked why housing benefit expenditure was reducing so much over time. The executive director of corporate and commercial services said that a written response would be given to the councillor on this as the relevant officer was not present.

Members discussed car parking charges both in parks and as an additional income for the council. The head of environment services explained that the larger increase in fees for parking at parks in 2022-23 was due to them initially being introduced in the larger parks and they would continue to expand over the less busy parks which accounted for the drop off in figures. In terms of overall car parking fees dropping off in 2024, he explained that there were a number of factors relating to this – the city was seeing an increase in car parking with people returning to the city centre for work and the increase was anticipated to return to pre-Covid figures.

HRA Business Plan and budget

A member asked how opportunities for replacing kitchens and heating systems would be used to make the housing stock more energy efficient and whether the retrofitting grant money could be used for these. The interim head of asset management replied that within the five year plan, the council was looking at a whole house approach to maximise value for money. Aligned with that would be work around sustainability.

In response to a member's question on where net zero plans were reflected within the budget, the deputy leader and cabinet member for social housing said that the issue was taken seriously and an asset review of stock was needed to see if it could be enhanced or if major works were needed. The cabinet member for resources added that the council would continue to press central government to help local governments with funding in this area.

A member referred to the disability adaptation budget and asked how the council would continue to support residents. The deputy leader and cabinet member for social housing replied that demand for the service had risen by 95% which was a positive step. There had been 198 adaptations in the financial year and the budget increases had seen value for money for residents.

(Councillor Everett left the meeting at this point.)

A member asked what action could be taken around void property turnaround times as 44 days seemed high when housing was in demand. The executive director of community services said that the council was aware of the challenge and proposals would be brought to cabinet as part of the improvement process and the transfer of building services to NCSL. This would mean that very clear performance targets could be set. The senior finance business partner confirmed that £6.6m figure relating to voids included £4.2m of repairs to cover the backlog with the remainder covering void managements and the neighbourhood services team running costs.

Capital and commercial investment strategy

A member referred to the consultation on the budget and asked how this was fed into the process. The executive director of corporate and commercial services said that there was public engagement and reporting on the results of the consultation and it was for members to give consideration on how that information was used for the final documents.

In response to a members questions, the executive director of development and city services said that the team was moving at pace on the review of assets. The executive director of community services added that the processes for this would be escalated to move forward on the Business Plan review.

The cabinet member for resources highlighted paragraph 4.43 which gave details of the £11.4m Towns Deal funding budgeted to be spent on eight projects which had been agreed by the Towns Deal Board.

Treasury Management Strategy

A member referred to risk 13 in the risk register and asked what the impact on the waste services workforce would be with budget cuts and an increased waste KPI to meet. The head of environment services replied that this was outsourced to Biffa and a change to processes had been agreed which would give them the opportunity to engage with the workforce and manage the transition to increased recycling rate. This would continue to be monitored.

A member commented that investing in renewable energy was allowable under the Public Works Loan Board and asked if there was any progress on addressing this. The cabinet member for resources said that the council had a good track record of action on climate and green issues as a whole and would look into investments which further improved climate change targets. The executive director of corporate and commercial services added that there were no obstacles in working together across the council but the challenge would be to find those projects which were self sustaining. The executive director of development and city services said that the council had invested and delivered on a number of fronts, including drawing down on funding to improve estates and manage carbon footprints.

A recommendation that the Council reviews the potential increase in car use and income generated as recognized in the budget versus the corporate plan ambition to reduce car use, increase sustainable transport use and redevelop its surface car parks was defeated with four voting in favour and six voting against.

A recommendation to ensure resource dedicated to appointing a retrofitting task force to oversee retrofitting work with the aim of helping to mitigate cost of living in the city was defeated with four voting in favour and six against.

It was **RESOLVED** to:

- 1) Ensure there is political commitment to investing in renewable or green energy projects.
- 2) Where financially and legally viable, fit the lowest carbon emitting heating systems in council properties.
- 3) Ensure there is budget available to carry out any recommendations of the fly tipping and communal bins task and finish group.

4. Appointment of chair

Having declared a conflict of interest in item *6 below, Councillor Fulton-McAlister (vice chair in the chair) left the meeting at this point.

It was **RESOLVED** to appoint Councillor Giles as chair for the remainder of the meeting.

5. Exclusion of the public

RESOLVED to exclude the public from the meeting during consideration of item *6 (below) on the grounds contained in the relevant paragraphs of Schedule 12A of the Local Government Act 1972 (as amended).

***6. Norwich City Services Ltd Business Plan 2022-23 (para 3)**

(An exempt minute exists for this item)

Members discussed the Norwich City Services Ltd Business Plan 2022-23 and asked questions of officers.

RESOLVED to recommend to cabinet the recommendations outlined in the exempt minute.

CHAIR

