

SCRUTINY COMMITTEE

Minutes of a meeting of the Scrutiny Committee of South Norfolk District Council held at South Norfolk House, Long Stratton on 6 February 2020 at 9.30am.

Committee Members Present: Councillors: G Minshull, B Bernard, V Clifford-Jackson, B Duffin, T Spruce, J Wilby, J Worley

Apologies for Absence: Councillors: J Rowe and R Savage

Officers in Attendance: The Director of Resources (D Lorimer), the Director of People and Communities (J Sutterby), the Director of Place (P Courtier), the Assistant Director of Governance and Business Support (E Hodds), the Assistant Director - Finance (R Fincham), the Assistant Director Chief of Staff (H Ralph), the Strategy and Programmes Manager (S Carey), the Capital Accountant (H Craske) and the Senior Governance Officer (E Goddard)

Also in Attendance Cllr S Nuri

1261 DECLARATIONS OF INTEREST

No declarations were made.

1262 MINUTES

The minutes of the meeting of the Scrutiny Committee held on 27 November 2019 were confirmed as a correct record and signed by the Chairman subject to the addition of Cllr Spruce in the list of members present at the meeting.

1263 BROADLAND DISTRICT COUNCIL AND SOUTH NORFOLK COUNCIL – STRATEGIC PLAN AND DELIVERY PLAN

Members considered the report of the Strategy and Programmes Manager, which invited the Committee to endorse Cabinet's recommendation to Council to approve and adopt the new Strategic Plan 2020-2024 and the interim Delivery Plan 2020/21 for Broadland and South Norfolk Councils. In presenting the report, the Strategy and Programmes Manager stated that the ambition arising from the feasibility study was to develop joint strategic priorities and delivery plans to provide a clear vision for the collaboration and to enable a common focus for the new one joint officer team. Both councils had their own vision, priorities and ambitions set out in their current respective plans which were very similar. Moving

forward, the “Our Plan” strategic plan would set out the visions, ambitions and priorities as a collaboration and would align to the 4 year political term of office, with a 6 month period for development, supported by a rolling 2 year delivery plan (following a one year interim plan), which would set the programme of work. The Delivery Plan included delivery measures to enable the success of activities to be monitored. The overarching vision was to work together to create the best place for everyone, now and for future generations and priorities included growing the economy, supporting individuals and empowering communities, protecting the natural and built environment whilst maximising quality of life and moving with the times, working smartly.

Following consideration by the Joint Lead Members’ Group, an amendment to the Strategy had been suggested to incorporate changes regarding the environment and the Environmental Strategy.

At its meeting on 3 February 2020, Cabinet had decided to recommend Council to approve the Strategic Plan 2020-2024 and the Interim one-year Delivery Plan for 2020/21, to include proposed changes regarding the environment and Environmental Strategy.

A question was raised about how the individual plans of the two councils could be aligned having regard to their differing timeframes. Officers confirmed that the new joint plan would replace the existing plans and incorporate the joint aims and ambitions for both councils which were very similar in terms of their priorities and ambitions and that these would be aligned with the four year political term of office.

With regard to a concern about increased risks associated with two organisations coming together, officers confirmed that Cabinet currently received a quarterly report on risks and that a piece of work on reviewing the approach to risk management was underway and would be brought forward for consideration by members.

Members then considered each of the main sections of the Plan and officers answered a number of questions.

Officers confirmed that, in terms of funding streams, the councils would remain two independently funded bodies, with differing risk appetites to income generation, particularly in respect of income from commercial services. With regard to how the budget was spent, particularly in relation to resources, officers confirmed that the cost apportionment had been verified with the External Auditors at 45% Broadland/ 55% South Norfolk.

In response to a comment that the inclusion of other delivery measures in relation to use of the leisure centres might be helpful, officers confirmed that a whole range of other data was available but the data supplied gave an overview of performance. With regard to the measures for household waste recycled, concern was expressed that measuring increases in the percentage of waste recycled did not help monitor any reduction in overall waste. Officers confirmed that part of the proposed changes from JLMG on the environment, was to include a new measure on the amount of residual waste which would pick up this point.

A member welcomed the proposals for apprenticeships and internships and noted the timescales for this which would see the establishment of internship placements for 16-18 year olds this year, followed longer term by the development of

apprenticeships and graduate schemes. Proposals for partnership working were also welcomed but, it was suggested, attracted additional risks which needed to be managed. In some instances, for example market towns, it was felt there was a need for a more coordinated approach to partnership working between all interested parties. Members were assured that work was ongoing to continue to develop strong, well designed partnership arrangements. In response to comments regarding the arrangements for review of performance, officers confirmed that quarterly performance reports were reviewed by Cabinet together with a high level review of the delivery plan measures and overview of individual projects through various committees.

In response to a comment about the need to ensure that services and support were available to all, including those without IT access, and in the right way, officers reported that work was underway to develop a new customer experience plan following the move to one joint officer team to ensure that customers' needs were met but mindful of the need to maximise efficiency and the use of IT. The proposals would also look at locality working to ensure staff and services were accessible.

With regard to remote working, officers assured members that measures were in place to ensure that staff were given the necessary tools and support to work flexibly and remotely and that training would be given to managers to enable them to support remote working by their staff. Progress continued to be made to develop robust IT infrastructure to facilitate this and to ensure business continuity in the event of any emergency. It was noted that adequate training budget for staff would be available to ensure staff were in the best position to support the delivery of the Plans.

Members were supportive of the recommendations and the proposal to include reference to the environment and the environmental strategy in the Plans.

It was unanimously

RESOLVED: to endorse the Cabinet's recommendation to Council to approve the adoption of the Strategic Plan 2020-2024 and the Interim one-year Delivery Plan for 2020/21, subject to the inclusion of reference to the environment and the environmental strategy.

1264 2020/21 BUDGET – CAPITAL STRATEGY AND CAPITAL PROGRAMME 2020/21 TO 2024/25

Members considered the report of the Capital Accountant which set out the Council's capital strategy for the next 5 years and the capital programme and capital financing for that period. The Assistant Director - Finance highlighted the key issues in the report stating that the Council owned significant assets valued at £32m which would likely require capital investment over the next 20 years and it currently held £18.6m in loans and equity in its companies. The Programme totalled £78m including slippage and additional budget for investment in IT infrastructure and software to support collaboration. Revenue reserves of £4.9m would be required to fund the programme and reduce borrowing. Overall the strategy was deliverable and affordable and the risks were actively managed.

The biggest call on the capital programme was the large proportion of borrowing relating to Big Sky, much of which was however likely to be short term pending repayment on the delivery of projects. This figure could vary depending on potential slippage of projects and an allowance had also been made to facilitate any new projects identified. Funding of the capital programme would be by way of borrowing (45%), capital receipts (30%), grants (18%), reserves (6%) and S106 monies (1%). Attention was drawn to the sum of £4m which had been allocated provisionally for the likely need to refurbish or replace the depot which would be the subject of a detailed report to Cabinet. It was also noted that the sum of £4m allocated for disabled facilities grants was offset by external funding.

Members noted that, at its meeting on 3 February 2020, Cabinet had decided to recommend Council to approve the capital strategy and programme for 2020/21-2024/25 and the programme of work for 2019/20 to align key elements of ICT infrastructure and corporate systems across the two councils.

In response to a question about the likelihood of reserves being used, officers confirmed that these would be needed to fund vehicle replacements. In respect of a comment about the allocations for Big Sky, officers assured the member that this investment was monitored in accordance with the treasury management strategy and was mindful of the need for spending to be prudent and affordable. In response to a concern about the need to balance liquid assets and fixed assets having regard to the fact that proceeds from the sale of capital assets could not be used to fund revenue expenditure, officers commented that capital funds invested in Big Sky returned an income to the Council which was in excess of the returns which could be achieved if the funds were invested in the banks. Going forward, this position would continue to be monitored and any mitigating steps would be taken to respond to any changes in market conditions should the need arise, for example houses not selling could be rented out to generate a revenue income.

With regard to borrowing, rates continued to be very favourable. It was noted that, whilst the Council had both borrowed and lent to other local authorities, it was not practical to assist parish councils in their financial management by utilising their surplus reserves in the form of loans. With regard to the extent of borrowing proposed, officers confirmed that the budget usually allowed for a level of borrowing depending on how the budget proposals progressed but that this had not been needed to date. The Council had been prudent in setting aside reserves for items such as the vehicle replacement scheme and was in a good position to fund the proposed programme. In response to a questions, officers confirmed that, despite longer term plans for future leisure provision in Diss, the proposed works to the current Diss Leisure Centre were necessary. They also confirmed that a business case in relation to the Council's potential involvement in the Framingham Earl leisure facility was to be investigated.

With regard to the proposals for funding the programme of work to align the ICT infrastructure and corporate systems in use across the two councils, officers referred to the detailed proposals set out in appendix D of the report. IT provision at both sites had been reviewed, much of which was reaching its end of life requiring investment over both sites. There was a need to build a flexible foundation to accommodate the current joint needs and future needs, creating efficiencies for staff and investments which should facilitate longer term savings. IT provision for members was part of the proposals and would include access to calendars. In

response to questions, it was confirmed that the proposals would enable any specific needs of existing or new staff to be readily accommodated, action was already being taken to reduce the carbon cost through the use of IT and appropriate security measures would continue to ensure the protection of data.

It was then

RESOLVED: to endorse the Cabinet's recommendation to Council to approve the capital strategy 2020/21 to 2024/25 and the programme of work for 2019/20 to align key elements of ICT infrastructure and corporate systems across both councils.

1265 2020/21 BUDGET – REVENUE BUDGET AND COUNCIL TAX 2020/21

Members considered the report of the Assistant Director – Finance on the Council's revenue budget for 2020/21 and their attention was drawn to the changes in the budget set out in detail in the report. It was noted that a large element of the budget relating to housing benefits (£31m) would be recouped via government subsidy. With regard to government funding, the revenue support grant was now nil and changes to business rates retention were expected in 2021/22 together with the phasing out of the new homes bonus. A new scheme to replace the new homes bonus was anticipated but no details were as yet available and therefore a "worst case scenario" approach had been taken in relation to the budget. It was proposed to increase fees and charges in line with inflation. With regard to the medium term financial strategy, savings were expected arising from the one joint officer team structure but in view of the reduction funding incomes there would be a funding gap of approximately £1m. It was anticipated this would be met from the government's replacement for the new homes bonus funding stream but, the Council was also looking to generate additional income and there was potential for Big Sky to help fund the gap. Overall the Council was in a good position and the view of the S151 officer was that the budget was robust and reserves were adequate. The report included a recommendation for a £5 increase in council tax for 2020/21 to support the budget.

Members noted that, at its meeting on 3 February 2020, Cabinet had decided to recommend Council to approve the revenue budget for 2020/21 and council tax as proposed in the report.

In response to questions, officers confirmed the budget still included provision for those streetlights for which parishes had not taken on responsibility and it was felt could not be turned off. With regard to the pay awards for staff, the arrangements for the interim period were noted and that a new performance related pay scheme was currently being explored.

RESOLVED: to endorse the Cabinet's recommendation to Council to approve the revenue budget and council tax for 2020/21 as set out in the report.

**1266 2020/21 BUDGET – TREASURY MANAGEMENT STRATEGY STATEMENT
2020/21**

Members considered the report of the Assistant Director – Finance outlining the Council's approach to management of its borrowing, investments, cash flows, banking, money market and capital market transactions and the effective control of the associated risks and performance. The security of investments remained a primary consideration for the Council. Reserves could continue to be used to borrow up to £9.6m internally from cash balances and up to £28m of external borrowing could be utilised for economic and housing growth and property investment. There was currently no borrowing in place and the proposed level of borrowing was prudent and affordable. Members' attention was drawn to the investment parameters set out in the report which provided a secure framework for investments.

Members noted that, at its meeting on 3 February 2020, Cabinet had decided to recommend Council to approve the Treasury Management Strategy Statement, the Policy Statement, the Annual Investment Strategy, the Treasury Management Practice Credit and Counterparty Risk Management, the Treasury Management Scheme of Delegation, the Minimum Revenue Provision Statement and the Prudential Indicators and Limits for the next 5 years.

Members expressed the desire where possible to ensure the Council utilised ethical options for borrowing/investment and also asked if training could be made available to members on treasury management matters. Officers stated that a training session for members on treasury management was being earmarked for the summer. With regard to ethical investments, officers agreed that it was possible to include reference in the strategy to the Council's preference to invest ethically where possible and viable. It was noted that, where possible, options for environmentally favourable replacement of items such as vehicles and boilers would be considered and that this was addressed in detail in the environmental strategy.

In response to concerns about the current difficulties associated with the Council's auditors, the Director of Resources explained that she had met with the Council's auditors and with other local authorities about the current difficulties being experienced in securing the completion of public sector audits. The current issue was a national one arising from pressure being placed on all local authority auditors to undertake more robust audits of public services following major failings in the private sector with the audit of some national companies. There were cost and time implications for the auditors arising from the requirement for higher levels of audit and this, together with a shortage of qualified auditors, had created a significant issue. It had become apparent that the 31 July audit deadline was not a statutory requirement but that the Council's auditors were endeavouring to complete the audit by the end of September with formal sign off in October.

Members supported the proposals for the authority's approach to the management of its borrowing, investments, cash flows, banking, money market and capital market transactions and the effective control of the associated risks and performance, and added their desire to see training offered on this topic to members and, where possible to look to place the Council's investments with ethical companies.

RESOLVED: to endorse the Cabinet's recommendation to Council to approve the various treasury management documents as detailed in the report, subject to reference in the treasury management statement that where possible, the Council will look to place its investments with ethical companies.

1267 SCRUTINY WORK PROGRAMME, TRACKER AND CABINET CORE AGENDA

The Committee noted the work programme, tracker and cabinet core agenda. The Senior Governance Officer reported that a review of the Community Action Fund would be added to the work programme for consideration at the meeting on 25 March 2020.

Members were reminded that they could suggest future items for consideration and should do so through the Scrutiny TOPIC form.

(The meeting concluded at 11.25 am)

Chairman