

Minutes of the Scrutiny Committee Meeting held on 30 September 2016 at 10:00 am in the Elisabeth Room, Endeavour House, Ipswich.

Present: Councillors Mary Evans (Chairman), John Field (Vice Chairman), Trevor Beckwith, Kathy Bole, John Burns, Jessica Fleming, Michael Gower, Len Jacklin, Sandy Martin, Robin Millar and Robin Vickery.

Also present: Councillors Graham Newman, Colin Noble and Bill Quinton

Supporting officers present: Theresa Harden (Business Manager, Democratic Services) and Linda Pattle (Democratic Services Officer).

10. Public Participation Session

There were no applications to speak in the public participation session.

11. Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Sandra Gage (substituted by Councillor Sandy Martin) and from Councillor David Ritchie (substituted by Councillor Michael Gower).

12. Declarations of Interest and Dispensations

There were no declarations of interest or dispensations.

13. Minutes of the Previous Meeting

The Minutes of the meeting held on 28 July 2016 were confirmed as a correct record and signed by the Chairman.

14. Norfolk and Suffolk Devolution

The Committee considered a report at Agenda Item 5, providing an opportunity to consider and comment on the Norfolk and Suffolk devolution proposals and consultation arrangements, as part of the devolution process.

The Chairman welcomed to the meeting the following external witnesses and chairmen of scrutiny committees:

Doug Field, Joint Chief Executive of the East of England Co-op and Board Member, New Anglia Local Enterprise Partnership (LEP)

Chris Starkie, Chief Executive, New Anglia LEP

Councillor Elizabeth Harsant, Chairman of Strategic Overview and Scrutiny Committee, Ipswich Borough Council

Councillor Rachel Eburne, Chairman of Joint Scrutiny Committee, Babergh and Mid Suffolk District Councils

The Chairman also welcomed the following County Council members and officers:

Councillor Colin Noble, Leader of Suffolk County Council
Chris Bally, Assistant Chief Executive
Adam Barnes, Senior Strategic Communications Officer
Julian Brown, Business Development Specialist
Caroline Davison, Head of Policy

Councillor Colin Noble made some introductory remarks and Chris Bally presented Evidence Set 1. The witnesses were invited to make comments. Committee members and the chairmen of district and borough scrutiny committees had an opportunity to ask questions and comment on what they had heard.

Recommendation: The Committee agreed:

- a) To thank the Leader, Officers and representatives from the New Anglia Local Enterprise Partnership (NALEP) for providing evidence to the Committee.
- b) To acknowledge the substantial efforts and patience of all involved in getting the deal to this point, notwithstanding changing goal-posts and timescales.
- c) To recommend to the Leader and Assistant Chief Executive that the following issues should be clarified in an information bulletin to Scrutiny for the next meeting on 3 November 2016:
 - (i) an estimate of paid officer time put into devolution work;
 - (ii) the cost of the devolution consultation work in Suffolk;
 - (iii) clarification of the meaning of the statement in paragraph 42 of the report *"In relation to Mayoral costs the agreed intention of the Constituent Authorities is that the £25 million per annum funding allocation will be invested so as to leverage additional financial benefit for the Combined Authority which will, after an initial investment period, exceed the Mayoral costs arising from the creation of a Combined Authority"*.
 - (iv) a high level business plan which provided:
 - an outline estimate of the costs of setting up and running the Mayoral Combined Authority, including election costs;
 - greater clarity as to how the funding associated with the deal would be used and which funding elements were money not previously allocated to Suffolk or Norfolk;
 - the anticipated financial leverage achievable from the deal;
 - (v) an indication of what impact the deal would have on how tax was currently raised and spent in Suffolk and Norfolk;
 - (vi) an outline of the direction of "the journey" following the agreement of the first deal;

- (vii) clarity as to the circumstances in which an elected mayor would have power to over-rule majority decisions of the Combined Authority;
 - (viii) honesty about the potential impact of the devolution deal on existing local government structures;
 - (ix) the measures being taken to mitigate risk.
- d) To recommend that, should all authorities consent to the draft Orders for the Mayoral Combined Authority (MCA), the Scrutiny Committee should consider matters relating to the establishment of the MCA, prior to its set up.
 - e) Should a Mayoral Combined Authority be established, to seek further information about how the MCA would work with the New Anglia LEP to define respective roles and functions going forward.

Reason for recommendation:

- a) The Committee was grateful to the witnesses for giving up their time to answer members' questions as part of an open and frank discussion.
- b) Members were aware that during the previous year discussions about possible devolution had taken up a great deal of the time of senior councillors and officers from across Norfolk and Suffolk authorities, and the LEP. They had had to respond to several changes of approach from central government, for example about which authorities should be included in the deal and the deadlines associated with the various stages of the negotiations.
- c) Whilst appreciative of the information provided, members considered it would be helpful to receive more details on a range of questions arising from the discussion.
 - (i) Members heard that to date there had been no formal accounting of the amount of officer time spent on devolution, but there had been an "opportunity cost", in that time spent on this subject had meant less time for other important issues. The Committee wished to gain an understanding of the costs in officer time.
 - (ii) The Committee received information about the consultation work which had taken place in Norfolk and Suffolk, some in-house and some commissioned from Ipsos Mori. Members wished to know the cost of the Suffolk consultation work.
 - (iii) Members were aware that the proposal to have an elected mayor for Norfolk and Suffolk was controversial, but that this element of the deal was a non-negotiable requirement from central government. With regard to the Mayoral costs, the Committee considered that the wording of the Norfolk and Suffolk draft Governance scheme was ambiguous and should be clarified.
 - (iv) The Committee heard that no business plan relating to the proposals had been published, and considered that a high level plan should be made available, covering information on the following points:

- Members heard that the intention was to keep the costs of a Mayoral Combined Authority to a minimum, but they were aware that there would be some salary costs to the mayor, his or her support staff, and there would be scrutiny and audit functions. The Committee wished to see an estimate of these costs outlined.
 - The Committee considered that there was ambiguity as to how the funding associated with the deal would be spent, particularly in relation to those Norfolk authorities which had already withdrawn from the deal. Members heard that it was estimated that the deal would provide Norfolk and Suffolk with nearly £1 billion over 30 years. They wished to receive more detail about how much of this could be considered “new” money not previously allocated to Norfolk or Suffolk through existing funding arrangements.
 - Members heard that there would be an opportunity to create financial leverage through borrowing against, for example, the devolved single pot and that this would enable investment at an early stage in order to release growth. Questions were asked about the extent to which the existing ability to borrow would be increased by the promise of funds payable in the future, particularly in light of the potential for changes at national level. The Committee wished to receive an estimate as to what the anticipated financial benefit might be.
- (v) A question was raised as to the extent to which the devolution deal would result in a greater proportion of the tax currently raised centrally being spent locally. Officers responded that this would need to be calculated, but emphasised that the deal should be considered as the start of a “journey”, as in the Greater Manchester deal, where further powers and funding had been devolved in subsequent years.
- (vi) Members were informed that the first Greater Manchester deal had been followed by further deals in subsequent years which included £6bn health and care budgets, to pilot 100% Business Rates growth, an infrastructure, public service reform investment fund, Troubled Families, joint commissioning of offender management, and absorbing the joint waste disposal authority. The Committee considered it would be useful for councillors and the public to have a better understanding of what might be included in future deals for Suffolk and Norfolk, and an indication of when they might be expected.
- (vii) The Committee heard that in some specific cases the elected mayor would have a power of veto over decisions of the Combined Authority. Members wished to receive a more detailed explanation of the circumstances in which this could occur.
- (viii) Members were aware that the intention behind the devolution proposals was that there would be working across existing organisational boundaries. The focus would be on allowing decisions to be made at a local level wherever possible. This might mean a new

role for town and parish councils and area committees. Some councillors considered it inevitable that the role of the county councils would change. The Committee urged that there should be more openness about the possible impact of devolution on the current local government structures.

- (ix) The Committee recognised that there were significant risks in embarking on a process of devolution. Not all the details of the process had been fully elaborated and the willingness of central government to devolve powers could change. However, members also acknowledged that there were risks inherent in not accepting the deal. The Committee wished to know more about measures being put in place to mitigate risks.
- d) The Committee wished to have an opportunity to scrutinise and comment on the arrangements for establishing an MCA, if the Devolution deal were accepted.
- e) Members heard that if an MCA came into existence, it and NALEP would need to agree a joint strategy for economic growth. It was anticipated that housing, transport and skills would fall within the remit of the MCA, whilst the LEP would largely be concerned with private sector growth. The Committee wished to receive further information about the proposed division of responsibilities of the two bodies.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

The meeting adjourned for lunch from 1:00 to 1:30 pm.

15. Update on working with the New Anglia Local Enterprise Partnership and early implications of leaving the European Union

The Committee considered a report at Agenda Item 6, setting out an update on work with the New Anglia LEP and what was known to date about the implications of the decision to leave the European Union (commonly referred to as “Brexit”).

A paper was circulated at the meeting, showing the New Anglia business profile by sector.

The Chairman welcomed to the meeting the following external witnesses:

Doug Field, Joint Chief Executive of the East of England Co-op and Board Member, New Anglia Local Enterprise Partnership (LEP)

Chris Starkie, Chief Executive, New Anglia LEP

Paul Rous, Chairman of the Suffolk Branch of the Country Land and Business Association

The Chairman also welcomed the following County Council officers:

Alison Huxley, Economic Strategy Officer

Jai Raithatha, Head of Economic Development

Sue Roper, Assistant Director, Strategic Development

Sue Roper introduced the report. The witnesses were invited to make comments. Committee members had an opportunity to ask questions and comment on what they had heard.

Recommendation: The Committee agreed:

- a) To recommend that, as a matter of urgency, the Local Authority work with the LEP to undertake modelling of potential opportunities and challenges for Suffolk and Norfolk as a result of Brexit, to include potential impact on the employment market.
- b) To recommend to the Local Authority and the LEP that ongoing dialogue should take place with large business in Norfolk and Suffolk, on an individual basis, about their understanding of the potential impact of Brexit;
- c) To request further information to include:
 - (i) details of the scope of the modelling exercise;
 - (ii) details of sector sizes by turnover, by numbers employed, and by existing import and export values;
- d) To ask the Assistant Director (Strategic Development) to circulate a link to a House of Commons Library briefing on trade agreements.

Reason for recommendation:

- a) The Committee heard that at this early stage it was difficult to understand fully how the decision to leave the European Union would affect the local economy. Initial research showed a mixed picture: for some local businesses the immediate effects had been positive; for others they had been negative. The LEP had written to all the local authorities across Norfolk and Suffolk, asking them to share information about the implications of which they were currently aware. The Committee welcomed the LEP's role in co-ordinating intelligence, and wished to encourage County Council officers to assist in modelling potential opportunities and challenges. The Committee considered that it would be especially important to consider any skills gaps resulting from changes to employment laws. The witnesses considered that such a piece of research could be commissioned quite quickly.
- b) The Committee recognised that in Suffolk and Norfolk there were relatively few big businesses, but members anticipated that the large enterprises would be those most likely to consider relocating to a different area because of Brexit. They were also likely to be undertaking early analysis of the potential implications of the decision. So far there had been only limited dialogue with the large businesses on an individual basis. Therefore, members wished to encourage discussions with individual major enterprises, so as to ascertain how the Local Authority and the LEP could assist them in maintaining their presence in the local economy.
- c) Members recognised the importance of the proposed modelling exercise and were interested to have more information about its scope. They considered that the paper tabled gave helpful information about the New Anglia business profile by sector, but suggested that it could usefully be

expanded to include information about the turnover, number of employees and level of imports and exports of the different sectors.

- d) Members expressed an interest in receiving a House of Commons Library briefing on trade agreements which was referred to during the meeting as a useful source of information about possible future options for trade agreements between the UK and the European Union.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

16. Report of the Scrutiny Task and Finish Group on Procurement and Contract Management

At Agenda Item 7 the Committee considered the findings and recommendations of a Scrutiny Task and Finish Group on Procurement and Contract Management. The Chairman welcomed Aidan Dunn, Head of Procurement and Contract Management, and Richard Hall, Head of Procurement Policy and Enablement. She introduced the report of the Task and Finish Group which she had chaired. She considered that a great deal of good work was taking place to improve the effectiveness and efficiency of the Council's procurement and contract management, but more could be done, as reflected in the Group's recommendations.

The Chairman was grateful for the support of the other members of the Group and she particularly thanked Theresa Harden for her excellent work in writing up the Group's findings.

Recommendation: The Committee agreed:

- a) To endorse the report and recommendations of the Task and Finish Group and to thank the Group for its work.
- b) To add items on Ipswich Wet Dock and Lowestoft Third Crossing as separate items, to its forward work programme.
- c) That further scrutiny should take place to evaluate the role of legal services in relation to procurement and contracting.
- d) To seek further information about the schools building framework and whether there were opportunities to improve the programme by providing for early/design stage contractor involvement.

Reason for recommendation:

- a) The Committee considered that the Task and Finish Group had fulfilled its terms of reference and carried out a thorough review of the Council's arrangements for procurement and contract management. Members considered that the Group's recommendations were sensible and reflected the need for the Council to adopt a more commercial approach, whilst avoiding making the process cumbersome and more expensive.
- b) The Committee recognised that the Ipswich Wet Dock and the Lowestoft Third Crossing were both projects which would be high profile, expensive

and complicated. They wished to be assured that accountability arrangements were sufficiently robust and appropriate commercial expertise was available to ensure successful completion of the projects. It was suggested that it would be helpful to scrutinise the two projects on the same day, but separately, to enable comparisons to be drawn.

- c) The Task and Finish Group had discussed the involvement of the County Council's legal department in the drafting of contracts. The Committee accepted the Group's view that further scrutiny would be useful to fully understand the relationship between Directorates and the legal function in undertaking this work.
- d) The Group had sought views from the business sector about the experience of contracting with the County Council. It had received evidence suggesting that there was room for improvement in the framework for bidding for schools building work. The Committee accepted the Group's view that further information should be sought on the arrangements.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

Councillor Robin Millar left the meeting at 2:09 pm.

17. Information Bulletin

At Agenda Item 8 the Committee received an Information Bulletin.

18. Key Decision Forward Plan and Scrutiny Forward Work Programme

At Agenda Item 9 the Committee considered the Key Decision Forward Plan and the Scrutiny Committee Forward Work Programme.

Decision: The Committee agreed:

- a) In relation to the information item on Site selection for new primary schools, to request two case study examples to give a clearer indication of the process and documentation to support a new site for school development.
- b) In relation to the information item on Suffolk Libraries, to request two library case studies showing best practice examples of libraries which had increased footfall by widening the range of activities on offer.
- c) To request an information bulletin on the outcomes from discussions between the County Council and Suffolk Libraries regarding the need to replace footfall counters in libraries, and what action had been taken as a result.
- d) To note the proposal from the Chairman of the Audit Committee that future annual reports on compliments, comments and complaints should be considered by Scrutiny Committee.
- e) To postpone the item on Waste which was due to be considered on 20 December 2016.

- f) To add a new item to the forward work programme for 20 December 2016 on the Housing Development Company established with Forest Heath District Council and St Edmundsbury Borough Council.

Reason for decision:

- a) The Committee considered that it would gain a better understanding of the process for the selection of sites for new schools if it could be taken through the steps by means of two case studies.
- b) Members noted the list of activities that had contributed to the success of the libraries with high footfall. However, the Committee considered that it was insufficiently detailed to answer the question as to “what actually worked”.
- c) The Committee had previously made a recommendation to the County Council to take action to ensure that accurate and efficient measurement devices for footfall were maintained in library premises and renewed when necessary. Members wished to receive an update about steps taken to address this recommendation.
- d) A report on compliments, comments and complaints was submitted to the Audit Committee annually. However, that Committee had asked the Monitoring Officer to consider whether there was another committee which might more appropriately be given responsibility for receiving this annual report.
- e) The Committee had previously agreed that in December 2016 it would consider the impact of changes to household waste sites and to charges for green waste. However, members heard that it would not be possible to present the statistical analysis of the impact of these changes by December. They therefore agreed to defer the item to a later date.
- f) At its meeting on 10 November 2015 the Cabinet had approved the creation of a housing development company, subsequently named Barley Homes (Group) Ltd. The company was jointly owned by Suffolk County Council, Forest Heath District Council and St Edmundsbury Borough Council. The Committee wished to scrutinise the company’s activities to date.

Alternative options: None considered.

Declarations of interest: None declared.

Dispensations: None noted.

19. Urgent Business

There was no urgent business.

The meeting closed at 3:14 pm.

Chairman

CONFIRMATION DEFERRED TO 30.11.16