

MINUTES OF THE MEETING OF THE BABERGH OVERVIEW AND SCRUTINY  
COMMITTEE HELD IN BRITTEN ROOM - ENDEAVOUR HOUSE, 8 RUSSELL ROAD,  
IPSWICH ON MONDAY, 22 JANUARY 2018

PRESENT: Barry Gasper - Chairman

Clive Arthey  
Bryn Hurren  
Fenella Swan

Peter Burgoyne  
Alastair McCraw

61 APOLOGIES AND SUBSTITUTES

An apology of absence was received from Councillors Melanie Barrett and Jenny Jenkins and from Peter Patrick – Cabinet Member for Finance.

62 DECLARATION OF INTERESTS

None received.

63 BOS/17/29 CONFIRMATION OF MINUTES OF THE MEETING HELD ON 20  
NOVEMBER 2017

**It was RESOLVED: -**

**The minutes of the meeting held on 20 November 2017 be confirmed as a true record with the following amendments:**

**Page 5, paragraph 57.3 to be amended to:**

**The Committee requested that the item: “reviewing the impact, the office move has had on staff and the financial impact of the move to Endeavour House, with the aim of learning points for other future major change activities” be added to the Forward Plan in April.**

64 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE  
COUNCIL'S PETITION SCHEME

None received.

65 BOS/17/30 DRAFT JOINT MEDIUM TERM FINANCIAL STRATEGY AND 2017/18  
BUDGET

65.1 The Chair read out to Members questions received from Councillor Alan Ferguson and which was tabled at the meeting. He asked the officers to forward the answers to all Committee Members after the meeting. The Questions and Answers are attached.

- 65.2 The Assistant Director, Corporate Resources responded to Members' requests to forward a detailed breakdown of the Transformation Fund to the Committee Members. In the future a copy of the Quarterly Budgetary Monitoring report was to be forwarded to Members. The report was also available found on the website.
- 65.3 It was clarified that report BCa/17/36 went to Cabinet in December. Report BCa/17/42 went to Cabinet in January and was the most up to date report of the two. Further updates were being added at the final stages before the report went back to Cabinet in February.
- 65.4 CIFCO investments, BMS Invest and it's new staffing structure and the work for Investment and Development were yet to be finalised and were not included in the Budget. The income for the Pre-application Charges had not yet been included either.
- 65.5 Members questioned the Council's deficit and if reserves were still needed to repay this. Members were reassured that the debt was being reduced.
- 65.6 Officers clarified that there was £500,000 in reserve to pay for debt but that this was not a large amount for the size of the Council. The exact distribution of reserves was to be found on page 28, paragraph 13.5. The Transformation Fund balance of £126K was marked as the absolute final reserve.
- 65.7 Members then asked if additional information was going to be added to the report for the installation of Solar Panels and CIFCO. The response was that the Solar panels were included in the General Fund, but as CIFCO was an independent company, it would provide its own report to Cabinet.
- 65.8 Members asked for clarification on the Debt Cap (page 33, paragraph 18.9) and the prediction for the next years and officers explained how the Housing Revenue Account (HRA) had previously been maintained, and that the HRA and 30-year Business Plan were a calculated projection of how the funding would be achieved. The Government's announcement that councils could increase rents CPI by + 1% and had an impact on the HRA's Income and Expenditure for 2020/21 and the Business Plan. It was confirmed that the Debt Cap was fixed by the Government.
- 65.9 In response to Members questions, officers explained that the Universal Credit, which was in operation as a full service now, and rent recovery had not yet had an impact on debt recovery. The Council had a good rent collection system in place and the Bad Debt Provision had been estimated to increase only increase slightly (Page 33, paragraph 19.1).
- 65.10 The In-year Operation Surplus Variance of £766,000 were explained to be mostly due to the revenue contribution from the Capital Program. Currently a review of the housing stock was being undertaken and an estimated Capital Spend of £1100 per property was included in the budget. Currently the Capital Spend was £1300, which was slightly above the national average.

- 65.11 Members discussed the HRA assets and sale of high value properties. The Government was introducing a high value sales levy in 2019/2020 which would have a significant effect on the Business Plan. This levy could be up to £1million per year if the Council decided not to sell the high value properties. The Chartered Institute had advised the financial team to use a figure of £750,000 per year when conduction scenario testing.
- 65.12 The Council could purchase other properties with 100 % of the money from sale of properties, unlike the Right to Buy Scheme which only allowed 30% of the sale to go the Council.
- 65.13 The Assistant Director – Housing was to produce a paper on the HRA testing scenarios and forward this to Member in March.
- 65.14 Members requested that they were informed, when the Council was buying houses in their ward.
- 65.15 The Capital Program investment for Hadleigh Swimming Pool was to remain the same for the four-year forecast (Appendix C, page 41) but as investment opportunities became possible in Babergh these figures would be updated.
- 65.16 Officers explained that four- year ICT hardware and software cost of £200,000 per year was to keep the Council current with ICT developments and to establish Customer Service Access Points in Sudbury and Stowmarket as part of the Customer Service program.
- 65.17 Members debated the income achieved for Waste MRF (page 78) and Recycling (page 72). It was noted that savings had also been achieved under Alignment of Chairman’s Expenses and Course Conference fees for Members.
- 65.18 Members discussed the Off-payroll Staff Costs and referred to the Information Bulleting presented to the Joint Overview and Scrutiny Committee 18 December 2017. It was clarified that not all the Off-payroll contracts were subject to be proposed by a business case, and that this depended on the reason and payroll grade of the contract.
- 65.19 The Assistant Director – Corporate Services, drew Members’ attention to the graph on page 55 for the Funding Gap, and explained that the New Home’s Bonus projection, was not included in the calculations to create the graph.
- 65.20 The Assistant Director – Corporate Resources as asked by Members to forward the slides from the Cabinet Briefing to Members to clarify the three variations of the forecasts for the General Fund Revenue Account (page 70).
- 65.21 Members were to receive a review of the balance position to reduce the debt deficient once this has been presented to SLT.
- 65.22 Members continued to discuss cost in the Statement of Accounts including:

- Costs for redundancy, staff costs and the annual savings for the integrations between the Councils;
- The cost of launching BMBS;
- The cost of security for the two vacant HQ sites;
- A brief summary of the future of the HQ sites, and that a Business Case for the sites would be brought to full Council for discussion;
- The one-off cost for redundancies as a result of the move to Endeavour House;
- The net income for the Solar Panels of £438,000 for 2018/19.

**It was RESOLVED: -**

**That report BOS/17/30 containing 2018/19 General Fund Budget – Early Indication (Report BCa/17/36) and the Draft Joint Medium Term Financial Strategy and 2018/19 Budget (BCa/17/42) be noted**

66 BOS/17/31 INFORMATION BULLETIN

**It was RESOLVED: -**

**That the Information Bulletin be noted.**

67 BOS/17/32 FORTHCOMING DECISIONS LIST

**It was RESOLVED: -**

**That the Forthcoming Decisions List be noted**

68 BOS/17/33 FORWARD PLAN

Members discussed the Forward Plan and the upcoming review of Planning Application Fees. Councillor Gasper to forward information received from John Foster to the Corporate Manager – Law and Governance.

**It was RESOLVED: -**

**That the Babergh Forward Plan be noted**

69 BOS/17/34 MSDC OVERVIEW AND SCRUTINY FORWARD PLAN

**It was RESOLVED: -**

**That the Mid Suffolk Forward Plan be noted**

## Babergh Overview and Scrutiny Committee Meeting 22 January 2018

### Questions received on 13 January 2018 from Councillor Alan Ferguson to be answered at the Committee meeting.

1. We have been given salary costs but what were the redundancy costs (all aspects including pension uplift) of the back office Babergh/Mid Suffolk merger?

*Answer: Integration of staffing between Babergh and Mid Suffolk took place over the period 2011/12 to 2013/14. In the Statement of Accounts each year the councils disclose the level of termination payments to officers. The accounts for both councils show total redundancy and pension fund costs of £3.534m over the three-year period. It may be the case that not all of these costs related to integration, so this is the worst-case position. Recurring annual savings from integration total £2.247m, so the payback period of the one-off costs was 1.6 years.*

2. What were the costs (in all respects) of the move to Endeavour House? How long will it take to amortise those costs?

*Answer: This information will be available in the near future. Officers are finalising a document, to share with all members, which will capture all the costs of the move to Endeavour House and the ongoing revenue projections.*

3. To what extent have the costs associated with questions 1 & 2 driving the deficits that we are now facing in FY 2018 to FY 21?

*Answer: The one-off costs associated with both of these initiatives have been funded from reserves rather than increasing the base budget. So, whilst they have not contributed directly to the deficits that Babergh is facing in the future, it has reduced the level of reserves that give the Council some resilience to respond to the challenges that it faces.*

4. Is there any truth in the rumour that we have an additional (unplanned deficit) as a result of our solar panel installations?

*Answer: No. The net income for Babergh in the proposed budget for 2018/19 is £258k. This is lower than the figure quoted at the Babergh Overview & Scrutiny Committee meeting on 22<sup>nd</sup> January 2018. The figure quoted there of £438k did not include the Minimum Revenue Provision charge, as a result of the borrowing costs, so the correct net income figure is £258k.*