

BABERGH DISTRICT COUNCIL

Minutes of the meeting of the **BABERGH COUNCIL** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Wednesday, 26 February 2020

PRESENT:

Councillor: Kathryn Grandon (Chair)
Adrian Osborne (Vice-Chair)

Councillors:	Clive Arthey	Peter Beer
	David Busby	Trevor Cresswell
	Derek Davis	Mick Fraser
	Honor Grainger-Howard	Richard Hardacre
	John Hinton	Michael Holt
	Bryn Hurren	Leigh Jamieson
	Elisabeth Malvisi	Margaret Maybury
	Alastair McCraw	Mary McLaren
	Mark Newman	John Nunn
	Jan Osborne	Alison Owen
	Lee Parker	John Ward

In attendance:

Officers:

- Chief Executive (AC)
- Strategic Director (KN)
- Assistant Director - Assets and Investments (EA)
- Assistant Director – Corporate Resources and Section 151 Officer (KS)
- Assistant Director - Customer Services (SW)
- Assistant Director Law and Governance and Monitoring Officer (EY)
- Assistant Director - Housing (GF)
- Assistant Director - Economic Development & Regeneration (FD)
- Corporate Manager - Financial and Commissioning and Procurement (ME)
- Corporate Manager - Democratic Services (JR)
- Senior Finance Business Partner (SB)
- Senior Governance Support Officer (HH)

Apologies:

- Sue Ayres
- Melanie Barrett
- Sue Carpendale
- Siân Dawson
- Jane Gould
- Robert Lindsay
- Zachary Norman
- Stephen Plumb

204.1 There were no declarations of interests.

205 BC/19/32 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 21 JANUARY 2020

It was resolved:

205.1 That the minutes of the meeting held on 21 January 2020 be confirmed and signed as a true record with the following amendments:

205.2 Paragraph 200.1: At Cabinet it was agreed that the Overview and Scrutiny Committee should review *the funding for Citizens Advice* annually.

205.3 That Councillor Margaret Maybury be removed from the attendance list, as she had forwarded apologies for the meeting.

205.4 To note that Councillor Maybury did not vote on the minutes as she was absent from the previous meeting.

206 BC/19/33 ANNOUNCEMENTS FROM THE CHAIRMAN AND LEADER

206.1 Councillor Grandon, Chair of Babergh District Council, referred to Paper BC/19/33, which was for noting.

206.2 She invited Councillor Ward, the Leader to make his announcements.

206.3 Councillor Ward made the following announcements:

INR & Sudbury Bypass

Following recent commentary in the media, he had decided to clarify a couple of things regarding bypasses.

Firstly, although the business case for the Sudbury Bypass was not at present sound, due to new ways of calculating the costs and benefits, Babergh was still supportive of the project. He hoped, it would be revived in the future, which was why it remained one of the goals in the new Corporate Plan.

Conversely, whilst the business case for the INR was very strong, he regrettably accepted that it would be impossible to deliver the significant additional housing needed to pay for the road. Mid and East Suffolk were already committed to meeting the government's current housing targets in their new local plans and were unable to add any more. SCC's Cabinet had now formally brought the project to an end. However, as he had said in the press, this was a setback for Ipswich and the whole county and he was sure it would have to be revisited at some point in the future, hopefully sooner rather than later.

Sudbury Vision Event

Last month's 'What Next for Sudbury?' exhibition and consultation event was very well attended, and they had 569 completed questionnaires. There had been feedback received and that was being worked through and would be discussed with interested parties and partners first before sharing anything more widely.

Equality & Diversity Training

The Leader provided another plea to sign up to the mandatory equality and diversity training. Just under half of Members from BMSDC have attended so far and all Members need to do this.

207 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES

207.1 There were no petitions received.

208 QUESTIONS BY THE PUBLIC IN ACCORDANCE WITH COUNCIL PROCEDURE RULES

208.1 Councillor Grandon referred to the tabled papers for questions received from members of the public.

COUNCIL QUESTIONS RECEIVED FROM MEMBERS OF THE PUBLIC BDC 26th February 2020

Question 1

Mr P Marshall to ask the following questions:

1. To ask the Leader of the Council:

In a recent Babergh Cabinet meeting which was broadcast on You Tube, it was advised that the proposed terms to a lease with Hotel operator for the Belle Vue site in Sudbury were being changed from 25 years to 24 years. The Chief Executive did also propose that the terms could be changed to 24 years and 364 days. Please can you confirm that the change to the proposed lease terms has NOT been done to circumnavigate any of the Asset of Community Value implications under the Localism Act 2011 which would be a consideration if the base term were 25 years and if not close to circumnavigate what was the reason for the change.

Response from Cllr Ward:

Belle Vue House and the former swimming pool site have been listed as an Asset of Community Value since 31st March 2015. The District Council gave

notice on an intention to dispose of this site originally in 2015. A community bid was received in 2015 but was unsuccessful when assessed against the other bids received, and this did contribute towards the delay in bringing this site forward with the selected party, a hotel operator.

The 18-month protected period was triggered again in November 2019, primarily due to the request for expressions of interest in Belle Vue House and the unknown nature as to whether that interest would be on a freehold or leasehold basis. Whilst the protection is in place against disposal of both the house and swimming pool site, a lease of either building for less than 25 years would not constitute disposal as defined by the Localism Act 2011. Therefore, should the Council wish to proceed with a lease to the Hotel Operator we would be able to do so on a lease of less than 25 years. A final decision on this has yet to be made. Also, the design of the hotel scheme has been an iterative process and several changes have been made including changing it from two separate buildings to a single stacked building to reduce the land needed for the scheme. The hotel scheme has been consulted on recently in the “What Next for Sudbury” Event; these responses are currently being analysed and a final review of the whole scheme will be required before an agreement for lease is entered into or a planning application is submitted.

This project is good for Sudbury and the whole district and it has a lot of support, which is why the Cabinet voted for it and the full Council approved its financing.

209 QUESTIONS BY COUNCILLORS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES

None received.

210 BC/19/34 OVERVIEW AND SCRUTINY COMMITTEE REPORT

Note: Councillor Maybury left the meeting at 5:41 pm.

210.1 Councillor McCraw, Chair of the Babergh Overview and Scrutiny Committee, referred to Paper BC/19/34 and presented his report.

210.2 Councillor Beer was pleased that the contact tool would be updated and forwarded to Members.

Note: Councillor Maybury returned to the meeting at 5:52 pm.

211.1 Councillor Maybury subsequently declared that she had an interest in this Item, as a Director of the Citizens Advice.

211 BC/19/35 GENERAL FUND BUDGET 2020/21 AND FOUR-YEAR OUTLOOK

211.1 The Chair invited Councillor Ward, the Leader and Cabinet Member for Finance to introduce Paper BC/19/35.

Note: The Tabled Papers included an updated Appendix C

- 211.2 Councillor Ward informed Members that the report contained the revenue and capital budgets and the Council's strategic financial aim. The General Fund budget enabled the Council to agree the budget and to consider the medium-term financial position, ensuring it was sustainable.
- 211.3 He continued that the Government had deferred the Fair Funding Review, the Business Rate review and the Business Rate reset for twelve months.
- 211.4 The financial settlement for this coming year provided an additional £265k as indicated in paragraph 4.14 of the report. The Council had a sound financial strategy responding to the changing landscape of funding and he referred to section 6 in the report. Self-sufficiency and maximising of income streams continued, including finding new ways of working. Projection of future funding was on-going, and it was important to work on the projected Four-year Outlook, which was detailed in paragraphs 8.2 to 8.18. The current projection had produced a compelling case for the increase of Council Tax.
- 211.5 He then advised that Council tax increases would be implemented to the maximum level allowed of £5 per year or 3.1% for Band D properties and thereafter be increased by 2% for the following years. The increase of Council tax revenue would help to offset the ongoing cost the Council faced, as illustrated in the tabled Appendix C, and would generate an additional income of £308k for 2020/21.
- 211.6 There would be an increase in long term parking charges from £2 to £3 for 24 hours parking, though the first three hours would remain free.
- 211.7 Since 2011/12 the Council had saved a total of £17.4m through maximising shared services, better use of technology and maximising commercial opportunities. Further savings of £2.6m have been identified for the next year and beyond and details were in paragraph 8.18.
- 211.8 He then detailed the main budget entries for the General Fund Budget and added that £278k was earmarked from reserves to achieve a balanced budget. He remarked that it should be noted that the use of reserves of £278k was half of the amount for the current year. For 2020/21 the Council would be in a position to transfer a surplus of £711k to the Transformation Fund, details of which could be found in paragraphs 8.6 -8.10.
- 211.9 The Council would be using all of the New Homes Bonus and Section 31 Grant, which was a total of £4.11m. However, there would still be a budget gap of £1.1m at the end of March 2024 as indicated in paragraphs 8.19 to 8.23.
- 211.10 Reserve levels were illustrated in paragraph 7.5 table 3. At the end of March 2021, it was expected that £994k would be in the Transformation Fund. However, the Reserves level excluding CIL, had dropped by 6% during the

period March 2019 to March 2021.

- 211.11 The Capital Programme was set out in Appendix B and the planned spend for 2020/21 was £11m. The main areas of spend were just under £1m for Housing Grants, £8.7m invested in CIFCO and under £1m for further investment in the two leisure centres.
- 211.12 The major difference this year in the budget included that the Council was not expected to complete further investment into CIFCO until 2021/22, the Belle Vue capital investment had been delayed to 2021/22 and that the Council had not yet used any of the Strategic Property Investment Fund.
- 211.13 The Capital Investment Strategy had further details of the Council's borrowing capacity and the impact on the Capital Programme.
- 211.14 Change to the Empty and Unfurnished Property discount was detailed in paragraphs 11.1 to 11.7, and the period for the 25% discount had been reduced from 3 months to 28 days, after which full council tax payment was required. The uninhabitable discount remained unchanged.
- 211.15 The Pay Policy Statement was a statutory requirement and was included in section 12 of the report.
- 211.16 Councillor Ward **MOVED** recommendations 3.1 to 3.5 in the report, which was **SECONDED** by Councillor Arthey.
- 211.17 In response to Councillor Maybury's questions relating to the surplus of £711m for the New Homes Bonus, which was being transferred to the Transformation Fund, Councillor Ward confirmed that was the case.
- 211.18 Councillor Maybury then referred to page 47 with reference to continuing a discount of 12 months for unfurnished and empty properties and queried if this was reduced, then properties could be brought back into use quicker.
- 211.19 Councillor Ward responded that this was the purpose of the Empty and Unfurnished Property discount of 28 days. However, the Uninhabitable Discount remained at 12 months, as it was recognised that this could be the length of time to bring a property back into use.
- 211.20 Councillor Ward clarified paragraph 11.10, and that if a property had been unoccupied for more than six weeks the then application for the property being unfurnished could be applied for again.
- 211.21 Councillor Maybury referred to page 51, paragraph 12.21, and page 53 regarding gender pay gap. She asked why the gender pay gap did not affect equality within the Council.
- 211.22 The Chief Executive explained how the gender pay gap was calculated and was undertaken with Mid Suffolk District Council and the shared workforce.

- 211.23 Councillor Maybury queried if there were no pay gap details in the report, could there not be a possible claim for inequality.
- 211.24 The Chief Executive explained further how the gender pay gap was calculated and that the Council still had a gender pay gap due to the distribution of gender within the workforce. However, this did not have a relation to equality within the workforce. He offered to respond further to Councillor Maybury's queries outside the meeting.
- 211.25 Councillor Hinton referred to the Transformation Fund (page 37) and asked what this fund was used for.
- 211.26 Councillor Ward responded that transformation was an ongoing process within the Council and that the transfer of £711m from the New Homes Bonus to the Transformation Fund would be used for projects such as the Climate Change Task Force and carbon reduction implementation, which all required funding.
- 211.27 The Assistant Director of Corporate Resources clarified that £22k was to go out of the fund in 2020 for the Town Vision work and that the transparency for the Transformation fund was included in the quarterly budget monitoring reports, as an appendix and could be found on the Website.
- 211.28 Councillor Hardacre inquired why there were no environmental aspects included in the report other than paragraph 19.1 on page 53, and how funding would be allocated for the environment within the budget.
- 211.29 Councillor Ward assured Members that the environmental impact was assessed in all projects and that the environment was a key factor in all the work undertaken by the Council. The Climate Change Task Force would be advising on specific environmental activities the Council would have to implement to mitigate the impact of Climate Change.
- 211.30 Councillor Hinton referred to page 87 and thought any future proposals for Climate Change mitigation should be included as budget entries and not just as part of the Transformation Fund. He asked for clarification of funds transferred to the Transformation Fund on page 87. He was concerned that the terminology was confusing and that it was unclear what the surplus money would be spent on.
- 211.31 Councillor Hinton continued that the Cabinet could approve funding up a certain amount and he asked for clarification of what the Transformation Fund would be spent on.
- 211.32 Councillor Ward responded that the reserves would be for future projects unless already earmarked for specific projects. The Transformation Fund would not be allocated, until the Climate Change Taskforce had reported back to the Council.
- 211.33 Councillor Malvisi detailed the work of the Climate Change Taskforce, and

that information and data was being collated across the County by Groundwork, which would be completed by the end of March 2020. She assured Members that the Climate Change Taskforce would report back to Council in April 2020.

211.34 In response to Councillor Hinton's queries, Councillor Malvisi explained that Groundwork produced environmental impact assessments and carbon reduction reports.

211.35 Councillor Hurren referred to paragraph 11.7, page 47, and asked if the Council was liable to pay council tax on its own empty properties and if there was an audit trail for this. He also queried if the Housing Association billed for unfurnished and empty properties.

211.36 Councillor Ward would respond to these questions outside the meeting.

211.37 Councillor Busby inquired why there was a difference between the figures for Belle Vue on page 86 and page 135, Appendix B.

211.38 The Assistant Director for Corporate Resources explained that the differences between the two figures was because funding for Belle Vue was allocated in the current year and would be carried forward to the year and 2021 when the project required the funding.

211.39 The Assistant Director for Corporate Resources acknowledged that there was an error in the budget and referred to page 56 and said this would be updated before being published.

211.40 Councillor Busby asked for a separate vote for each recommendation, to which the Monitoring Officer explained that the voting would be by roll call and that each recommendation would then be a separate recorded vote. However, should there be a specific recommendation that Members wished to have recorded separately then that would be adhered to.

211.41 Councillor McCraw thought that the General Fund Budget was a complete unit and he did not think one should start dividing the recommendations up separately. He thought that the budget was a sensible budget, having not only received the Budget at the Overview and Scrutiny Committee but received budget briefings before this final General Fund Budget. He recognised there were some issues with the figures, but he thought one could not fairly compare the Joint Investment Strategy with the General Fund Budget since the document served different purposes.

211.42 Councillor Busby asked that it be **NOTED** that he abstained from voting on recommendation 3.2.

211.43 The recommendations were put to Members for voting and the vote was **CARRIED**.

211.44 In accordance with Council Procedure Rule 19.3 the vote was recorded as

follows:

FOR	AGAINST	ABSTAIN			
Cllr Clive Arthey					
	Cllr Peter Beer				
		Cllr Dave Busby Cllr Trevor Cresswell			
Cllr Derek Davis					
Cllr Mick Fraser					
Cllr Honor Grainger-Howard					
Cllr Kathryn Grandon					
Cllr Ric Hardacre					
		Cllr John Hinton			
Cllr Michael Holt					
Cllr Bryn Hurren					
Cllr Leigh Jamieson					
Cllr Elisabeth Malvisi					
		Cllr Margaret Maybury			
Cllr Alastair McCraw					
Cllr Mary McLaren					
Cllr Mark Newman					
		Cllr John Nunn			
Cllr Adrian Osborne					
Cllr Jan Osborne					
		Cllr Alison Owen			
Cllr Lee Parker					
Cllr John Ward					
Total	17	Total	1	Total	6

It was **RESOLVED**: -

- 1.1 That the General Fund Revenue Budget proposals for 2020/21 and four-year outlook set out in the report be approved.
- 1.2 That the General Fund Capital Budget proposals for 2020/21 and four-year outlook set out in the report be approved.
- 1.3 That the General Fund Budget for 2020/21 is based on an increase to Council Tax of £5 per annum (10p per week) for a Band D property, which is equivalent to 3.1%, to support the Council's overall financial position.
- 1.4 That from 1 April 2020 properties that are unoccupied and unfurnished (Class C discount) receive a 25% reduction for the first 28 days as set out in section 11.
- 1.5 That the proposed Pay Policy Statement for 2020/21 as set out in section 12 be approved.

212 BC/19/36 HOUSING REVENUE ACCOUNT (HRA) BUDGET 2020/21 AND LONGER-TERM OUTLOOK

212.1 The Chair of the Council invited Councillor Ward, to introduce Paper

BC/19/36 and to move the recommendations in the report.

212.2 Councillor Ward stated that the Council had a sound 30-year business plan, which had resulted in favourable positions for both revenue and capital for 2020/21. This had been helped by the ending of the annual 1% rent reduction imposed by the Welfare Reform and Work Act 2016. The Act now allowed rents to be increased by CPI (currently 1.7%) +1% for five years from 2020-21. The remaining 25 years of the Business Plan were based on an annual rent increase of CPI only. The full 30-year Business Plan was attached at Appendix B.

212.3 A fundamental review of housing services had been undertaken during 2019/20 to identify savings, efficiencies and income generation opportunities to achieve a sustainable business plan into the future. The scope of this review was provided in section 7.1 of the report.

212.4 The Council was continuing with an aspiration to increase the housing stock. New homes of all types would provide the Council with New Homes Bonus and Council Tax income, whilst additional council housing would deliver rental income and wider financial and social benefits.

212.5 The table in section 10.1 of the report detailed the HRA budget for 2020/21, based on a 2.7% rent increase, and highlighted the movement from the 2019/20 budget.

212.6 A surplus position of £334k was forecast, which was a significant improvement on the 2019/20 position. This had been achieved by reducing both revenue and capital budgets (table in 10.1). He proposed to transfer this surplus to the HRA reserves.

212.7 He outlined the key adverse movements as:

- A reduction in income of £187k, primarily due to 2020/21 being a 52-week year whereas 2019/20 was 53 weeks, and delays in new builds.
- An increase of £189k in general management costs due to staff costs and the transfer of an ICT budget to the HRA.
- An increase of £56k for Repairs and Maintenance.
- An increase of £68k for Property Services.

212.8 Set against these were favourable variances, notably a reduction in Revenue Contribution to Capital of £1.047m due to the revised capital programme.

212.9 In addition to the rent increase, it was proposed to increase sheltered housing charges by £2 per week to ensure recovery of the actual cost, but that utility charges were kept at the same level as the current year. Garage rents would remain at the current level and work was continued to look for alternative uses for unviable garage sites.

- 212.10 Next year would see a focus on the terms of all contracts (those more than £50k) being reviewed, to identify savings opportunities, as well as a decision whether on the long-term future of Building Services was via a joint venture with Flagship Housing. A review of the HRA Business Plan will also be undertaken. Income increases or savings would continue to be reflected in the budget and would be monitored during the year.
- 212.11 The Right to Buy sales were lower than those projected in the business plan. In 2018/19 Babergh sold 15 against an original projection of 27 sales. The reinvestment limit of 30% of Right to Buy sales income would be an increasing problem, as the building and acquisitions programme progressed.
- 212.12 A detailed breakdown of all the HRA earmarked reserves (revenue and capital) forecast to 31st March 2021 could be found in Appendix C and showed an improvement over the year of nearly £1.9m. Paragraph 6.2 of the report detailed the predicted movement in the revenue reserves over the next 30 years. It indicated a slight reduction from £12.9m to £12.6m. In paragraph 6.3 the debt repayment profile for the next 30 years, with all debt being repaid by 2049/50 was explained.
- 212.13 Paragraphs 11.1 to 11.4 summarised the capital investment programme for the next four years and Appendix A provided more detail. Section 6.4 gave a graphical view of the expenditure. Working with Iceni to identify development sites, the aim was to build a further 156 affordable homes and 23 for shared ownership over the period 2020/23. It was anticipated that a cumulative capital programme budget of just under £51.2m, which included £26.9m for new builds and acquisitions, would be financed from a number of sources as shown in paragraph 11.2 and the Appendix, including £11.7m borrowing. Strategic priority reserves would not be used to finance this programme.
- 212.14 Councillor Ward **MOVED** recommendations 3.1 to 3.9 in the report, which was **SECONDED** by Councillor Jan Osborne.
- 212.15 Councillor Beer asked if unused garages sites, would be utilised to make space for parking places for the surrounding estates.
- 212.16 Councillor Jan Osborne, Cabinet Member for Housing, responded that a review was being undertaken and included an option for utilisation of unused garage space. However, some sites had dual tenure.
- 212.17 Councillor Maybury queried the increase of £2 per week for the sheltered housing services and whether this was in addition to the increase in rent.
- 212.18 Councillor Ward confirmed that this was the case and that the increase in Sheltered Services costs was as a result of an increase in costs.
- 212.19 Councillor Maybury questioned why garage rents were not being increased and added that many garages were used for storage. She thought that an increase in garage rent would help to free up garage sites, which could then

be used for housing.

- 212.20 In response to Councillor Maybury's further questions regarding garage rents, Councillor Ward explained that garages were often tied to the Council's housing provision and that it was not viable to increase garage rents, as this would only generate a small increase in income.
- 212.21 Councillor Jan Osborne added that this was the reason for the review of garage sites and to establish which sites were no longer required.
- 212.22 Councillor Hardacre referred to the graph on page 102 and if this indicated an inability to build further housing during the first two years.
- 212.23 The Assistant Director for Housing responded that the graph was an indication of the current situation and he expected that the graph would shift in line with new builds coming forward over the next few years.
- 212.24 Councillor McCraw referred to questions raised at the Overview and Scrutiny Committee regarding the proposed 229 houses to be built in the district and the confirmation at the Committee meeting that it was the intention for further building programmes going forward.
- 212.25 Councillor Hinton queried page 106 for the Capital Investment Programme for the HRA. He wondered where the income from the Right to Buy scheme receipts were included and the resulting losses from the rental income from the sale of the housing stock.
- 212.26 The Assistant Director for Housing referred to table 11.2 which included the Right to Buy receipts, however, Right to Buy had been declining during the past years and the HRA Business Plan would be revised to reflect this.
- 212.27 Councillor Maybury asked for the actual receipts figures for the Right to Buy and the Assistant Director for Housing would provide these outside the meeting.
- 212.28 Recommendations 3.1 to 3.9 were put to Members for voting and the vote was **CARRIED**.
- 212.29 In accordance with Council Procedure Rule 19.3 the vote was recorded as follows:

FOR	AGAINST	ABSTAIN
Cllr Clive Arthey		
Cllr Peter Beer		
Cllr Dave Busby		
Cllr Trevor Cresswell		
Cllr Derek Davis		
Cllr Mick Fraser		
Cllr Honor Grainger-Howard		
Cllr Kathryn Grandon		
Cllr Ric Hardacre		

Cllr John Hinton			
Cllr Michael Holt			
Cllr Bryn Hurren			
Cllr Leigh Jamieson			
Cllr Elisabeth Malvisi			
Cllr Margaret Maybury			
Cllr Alastair McCraw			
Cllr Mary McLaren			
Cllr Mark Newman			
Cllr John Nunn			
Cllr Adrian Osborne			
Cllr Jan Osborne			
Cllr Alison Owen			
Cllr Lee Parker			
Cllr John Ward			
Total	24	Total	0
		Total	0

It was **RESOLVED: -**

- 1.1 That the HRA revenue budget proposals for 2020/21 and longer-term outlook set out in the report be approved.
- 1.2 That the HRA capital budget proposals for 2020/21 set out in Appendix A in the report be approved.
- 1.3 That the CPI + 1% increase of 2.7% in Council House rents, equivalent to an average rent increase of £2.38 a week be implemented.
- 1.4 That garage rents are kept at the same level as 2019/20.
- 1.5 That Sheltered Housing Service charges be increased by £2 per week to reduce the subsidy by £26k.
- 1.6 That Sheltered Housing utility charges are kept at the same level as 2019/20.
- 1.7 That the budgeted surplus of £334k be transferred to the HRA reserves in 2020/21.
- 1.8 That in principle, Right to Buy (RTB) receipts should be retained to enable continued development and acquisition of new council dwellings.
- 1.9 That the revised 30-year HRA Business Plan in Appendix B be noted.

213 BC/19/37 JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2020/21

213.1 The Chair of the Council invited Councillor Ward to introduce Paper BC/19/37.

213.2 Councillor Ward, the Leader, summarised the concerns of the MHCLG and

CIPFA, which had resulted in separate Capital, Investment and Treasury Management strategy statements and prudential indicators following the new guidance issued by CIPFA and MHCLG.

- 213.3 Councillor Ward then directed Members' attention to the main points in the report. The Capital Strategy in Appendix A summarised the capital expenditure and financing requirements of the full capital programme, for both the GF and HRA, the details of which were detailed in the Budget Reports.
- 213.4 The report outlined the capital expenditure and capital investment decisions and the associated risks and rewards along with how risk was managed for future financial sustainability.
- 213.5 Capital expenditure for the next four years was shown in table 1 (paragraph 2.3) and the financing was detailed in table 2 (paragraph 2.11). The tables indicated that the total capital expenditure planned for 2020/21 was £32.89m, and most of the general fund expenditure would be funded by borrowing.
- 213.6 Appendix A included Prudential Indicators, which demonstrated that the Councils' investment plans were affordable, prudent and sustainable, and decisions were made according to good practice. Tables 1, 4, 6, 8 and 9 illustrated the affordability and impact of capital expenditure decisions and included both Councils' overall capital and treasury framework.
- 213.7 Tables 6 and 7 outlined borrowing measured against two benchmarks – the Capital Financing Requirement and Liability Benchmark. Babergh's CFR was expected to increase by £21.34m to £177.77m in 2020/21 and the Outstanding Debt to increase by £15.25m to £138.21m.
- 213.8 Appendix B detailed those expenditure items in the capital programme that specifically relate to assets bought/owned by the Councils to generate a return, or for regeneration or development of the local area. In this context "Investments" means non-treasury management activities, which were described separately in Appendix C. There were 2 types of these investments:
- Service Provision – where the Councils lend to or buy shares in organisations that provide a service
 - "For profit" Commercial Investments which generated a return – such as the Council owned companies CIFCO and Gateway 14, but also our directly-owned property assets.
- 213.9 Both Councils were continuing to develop their property and commercial portfolios, either by purchasing them directly or through the Councils' investment companies.
- 213.10 Appendix C sets out the Council's Treasury Management Strategy and borrowing requirement and borrowing and treasury management investment

strategies. It also included the list of Approved Investment Counterparties and Limits. Table 1 (paragraph 3.3) illustrated the breakdown of the Capital Financing Requirement over the next four years. Both Councils had an increasing CFR due to the capital programme and investments.

213.11 Councillor Ward then summarised the content in Appendices D to I.

NOTE - Correction to Appendix A: page 130, paragraph 7.2, the Babergh number should read 4.44% and the Mid Suffolk 9.93%.

213.12 Councillor Ward **MOVED** recommendations 3.1 to 3.7 in the report, which was **SECONDED** by Councillor Holt.

213.13 Councillor Jamieson asked when the work would start on the old council offices in the Hadleigh and when this project would be completed.

213.14 Councillor Ward responded that it was hoped to commence building work in Corks Lane in Hadleigh in March 2020.

213.15 The Assistant Director for Assets and Investments responded that work was being undertaken for the build out profile for the site, including how to release the units in a timely manner for the site.

213.16 Recommendations 3.1 to 3.7 were put to Members for voting and the vote was **CARRIED**.

It was RESOLVED: -

- 1.1 That the Joint Capital Strategy for 2020/21, including the Prudential Indicators, as set out in Appendix A and the updates tabled at the meeting be approved.
- 1.2 That the Joint Investment Strategy for 2020/21, as set out in Appendix B be approved.
- 1.3 That the Joint Treasury Management Strategy for 2020/21, including the Joint Annual Investment Strategy as set out in Appendix C be approved.
- 1.4 That the Joint Treasury Management Indicators as set out in Appendix D be approved.
- 1.5 That the Joint Treasury Management Policy Statement as set out in Appendix G be approved.
- 1.6 That the Joint Minimum Revenue Provision Statement as set out in Appendix H be approved.
- 1.7 That the key factors and information relating to and affecting treasury management activities set out in Appendices E, F, and I be noted.

214 RECOMMENDATIONS AND REPORTS FROM CABINET / COMMITTEES

214a JAC/19/10 HALF YEAR REPORT ON TREASURY MANAGEMENT 2019/20

214a.1 Councillor Hurren introduced the report and said that this was the joint Treasury management report covering the position for the first six months of the financial year 2019/20. It provided details of the performance, effects of decisions taken during that period and confirms compliance with the Council's treasury management policy.

214a.2 The report explained in more detail the factors affecting the strategy and activities, including the regulatory framework, economic conditions, interest rate and liquidity risk.

214a.3 Interest rates during the year continued at very low levels, and the Bank of England Rate remained at 0.75%.

214a.4 Even though leaving the EU was delayed until 31 January 2020 a key concern was the limited transitional period following exit date, which would maintain and create additional uncertainty over the next few years. Adding to that, the ongoing dispute about the imposition of tariffs between the US and China contributed to a slowdown in the global economy during 2019.

214a.5 Councillor Hurren then outlined the point in the report including:

1. Banking activities undertaken were within the daily bank account limits.
2. Each Council has reduced its short-term debt. Babergh by £989k and Mid Suffolk by £2.67m.
3. Mid Suffolk lent a further £4.9m to Gateway 14 Ltd, which was financed from available short-term money market funds.
4. All investment activities undertaken were in accordance with the approved counterparty list.
5. The councils' investment activities including average returns can be found at Appendix C of the report on page 187.
6. Both Councils made another investment of £2m each in a higher yielding strategic pooled fund (Investec Diversified Income Fund)
7. Investment by both Councils in Funding Circle has reduced as unallocated funds have been reclaimed and existing loans repaid. For Babergh this was £191k of the £405k previously invested and for Mid Suffolk it was £183k of the £398k. Leaving the balance at 30th September as £214k for Babergh and £215k for Mid Suffolk.
8. Both councils were compliant with the upper limits for interest rate exposure.

The investment activity undertaken for the half year was done so in priority order of security and liquidity over yield as prescribed in the Treasury Management Strategy. He referred to 1.2 in Appendix A P 179.

- 214a.6 He continued that he could reassure Members that the Council's money and other peoples in our control never stands still and was always earning if possible. For this he would have to pay tribute to the small but very dedicated team.
- 214a.7 Councillor Hurren **MOVED** Recommendations 3.1 and 3.2 in the report, which was **SECONDED** by Councillor Ward.
- 214a.8 Councillor Hinton was concerned that the report was perhaps a little bit historical with regards to the financial markets due to the Covid-19 Pandemic and the effect this would have for the Council.
- 214a.9 Councillor Hurren responded that currently there were no figures for the effect of the Covid-19 Pandemic.
- 214a.10 The recommendations were put to Members for voting and the vote was **CARRIED**.

It was RESOLVED: -

- 1.1 That the Treasury Management activity for the first six months of 2019/20 as set out in this report and Appendices be noted.**
- 1.2 That it be noted that both Councils' Treasury Management activity for the first six months of 2019/20 was in accordance with the approved Treasury Management Strategy, and that the Council has complied with all the Treasury Management indicators for this period.**

215 BC/19/38 PROPOSED CHANGES TO COUNCIL MEETING DATES 2020-21

- 215.1 The Chair invited Councillor Ward to introduce Paper BC/19/38 and move the recommendation in the report.
- 215.2 Councillor Ward, the Leader, explained the reasons for the proposed changes to the number of Council Meetings. Council meetings would be held every two months, with an additional meeting in February for the budget. If necessary additional meetings could be held.
- 215.3 Councillor Ward **MOVED** recommendation 2.1 in the report which was **SECONDED** by Councillor Beer.
- 215.4 Councillor Hinton was concerned that the reduction of Full Council meetings would not be compliant with the open and transparent clauses within the constitution and the corporate strategies.
- 215.5 Councillor Ward responded that there would only be a reduction of two meetings and added that Cabinet, Overview and Scrutiny, Joint Audit and

Standard meetings were all open to Members and members of the public.

- 215.6 Councillor McCraw said that he could not support this, and he would rather that the eight-meeting schedule remain in place and then cancel those which were not required. He felt that Council was a show piece and that the public expected it.
- 215.7 Councillor Davis queried the financial and the environment implications in the report and that these would not be affected by the proposed change to Council meetings. He disagreed, because there would be a reduction in cost for meetings and a reduction of trips to Ipswich for Members to attend the meetings. He reminded Members that the Council had made a pledge to be more environmentally friendly.
- 215.8 Councillor Hurren felt that this would affect the current processes and he would rather maintain the current schedule.
- 215.9 Councillor Parker thought that the proposed reduction in meetings was small and he failed to see the benefits.
- 215.10 Councillor Malvisi supported the proposed recommendations as less meetings would mean a reduction in paper and car journeys.
- 215.11 In response to Councillor Maybury's questions regarding the six-month rules for attending Council meetings, the Monitoring Officer confirmed that this was a statutory requirement and would remain in place unless a Councillor had been granted dispensation for attendance in accordance with a set number of rules.
- 215.12 Councillor Cresswell thought that since many of the Council's meetings were during the day, maintaining evening meetings for all Members to attend would benefit those, who were working, and he felt that any changes would not be beneficial.
- 215.13 Councillor Busby added that full Council meetings were a space in which Members could debate the decisions coming forward and allow those, who did not attend Cabinet meetings regularly, to voice the opinions of their Wards.
- 215.14 Councillor McCraw thought that regular evening meetings benefitted all Members, but especially those who were not part of any Committee and he asked that Councillor Ward reconsider the Motion.
- 215.15 Councillor Ward responded that matters were considered by either Cabinet or Council in accordance with the Constitution and that the Cabinet meetings were alternating between morning and afternoon meetings.
- 215.16 In response to several Members questions of accessibility to Cabinet meetings, Councillor Ward would look into the possibility for Members to ask questions, when attending via a Skype meeting and watching the live

streaming on YouTube.

215.17 Councillor Arthey referred to the Council's procedural rules and asked if it was possible to change the decision made by Full Council in September 2019 in relation to the six-months procedural rules.

215.18 The Monitoring Officer responded that the Members were not overturning any decision made by the Council but merely making an alteration to the dates, which would be allowed in accordance with the procedural rules.

215.19 Recommendation 2.1 was put to Members for voting and the vote was **CARRIED**.

By 10 votes to 13 votes and 1 abstention

It was RESOLVED:-

That the changes to Council meetings detailed in paragraph 3.1 be approved.

216 COUNCILLOR APPOINTMENTS

216.1 The Chair invited Councillor Ward, the Leader to propose any changes to Councillor Appointments.

216.2 Councillor Ward **PROPOSED** that Councillor Zac Norman be replaced with Councillor Mary McLaren on the Babergh Planning Committee, which was **SECONDED** by Councillor Beer.

It was RESOLVED: -

That Councillor Mary McLaren be appointed to the Babergh Planning Committee to replace Councillor Zac Norman.

The business of the meeting was concluded at 7.24 pm.

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Chair