

MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK OVERVIEW AND SCRUTINY COMMITTEE**
held in the Virtual Meeting on Thursday, 14 January 2021

PRESENT:

Councillor: Keith Welham (Chair)
Keith Scarff (Vice-Chair)

Councillors: Terence Carter
Paul Ekpenyong

James Caston
David Muller

In attendance:

Councillor(s): John Whitehead - Cabinet Member – Finance
John Field

Officers: Assistant Director - Housing (GF)
Assistant Director – Corporate Resources and Section 151 Officer (KS)
Corporate Manager - Financial and Commissioning and Procurement (ME)
Senior Finance Business Partner (SB)
Senior Governance Officer (HH)

Apologies:

None

1 DECLARATION OF INTERESTS BY COUNCILLORS

1.1 There were no declarations made by Members.

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

2.1 There were no petitions received.

3 QUESTIONS BY THE PUBLIC

3.1 None received.

4 QUESTIONS BY COUNCILLORS

4.1 None received.

5 MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK

- 5.1 Councillor Whitehead introduced paper MOS/20/1 and provided the following main points from the report.
- 5.2 The initial projections of the effects of the pandemic on the Council's finances were horrendous, but since those early days, Central Government had been generous with their assistance to local councils, helping them to minimise the impact of the pandemic on finances, which would extend through to the end of the first quarter of 2021/22. The Budget report detailed the financial impact of Covid-19 and the present economic environment in which the country now found itself, as detailed in paragraphs 4.5 through to 4.18. The Government had announced a one-year Spending Review and would soon be starting a consultation on a future replacement for New Homes Bonus. They had delayed the Fair Funding Review, Business Rates Review and a business rates reset. This made it very difficult to make any forecast beyond March 2022 for the four-year outlook. In addition, the Provisional Finance Settlement was only announced on 17 December 2020 and details of this provisional settlement were included in paragraphs 4.19 - 4.21 but some of the changes had still to be fed through into the Budget numbers.
- 5.3 The draft budget did show healthy surpluses throughout the four-year period, but he emphasised how much uncertainty was built into the numbers beyond March 2022 for the reasons outlined above. The budget that was approved in February 2020 for the present year 2020/21 and incorporated an increase in the Mid Suffolk share of Council Tax by 1.66% in that year. This increase was assumed to continue year-on-year throughout the four-year outlook. This draft budget for 2021/22 continued with that assumption. These were modest annual increases, which along with a small growth every year as new-built homes become occupied, meaning that the Council would be gradually building up an ever-more robust council tax-base to serve the Council for the future. Current projections showed raising of £6.382m from Council Tax in 2021/22, increasing to £6.987m by 2024/25. This year £1m would be added to the Commercial Development Risk Management Reserve, whilst awaiting planning permission on the revised Masterplan for Gateway14 development before groundworks can begin. A further £0.5million was added to the Climate Change and Biodiversity Reserve.
- 5.4 Cllr Whitehead had recommended to Cabinet a need to consider further significant additions to reserves to cover future Planning Legal and Planning Enforcement expenditure before finalising the numbers in February. He believed that it was vital that the Council could robustly defend any planning application going to appeal.
- 5.5 It was anticipated getting CIFCO fully invested by the end of March 2021 and therefore no further capital investment for yield had been incorporated into the future Capital Programme. The details of the future Capital Programme from April 2021 to March 2025 were set out in Appendix A.
- 5.6 Councillor Scarff queried the Business Rates referring to paragraph 8.5 and asked when Government would be changing the Business Rate system.

- 5.7 The Assistant Director – Corporate Recourses responded that if the the Government intended to change the Business Rates in 2022 then the work would have to start early this year. The implementation date had been scheduled to April 2022, which was the deadline Officers were working to.
- 5.8 Councillor Caston queried the lack of growth for Business rates and asked if this was because of the current uncertainty.
- 5.9 The Assistant Director – Corporate Resources explained that the figures in the report were from February 2020. However, the Council submits a return to the Government this month and the new figures would be added to the final report for Council. It was difficult to predict the income from business rates, as there were a couple of changes in relation to the offshore wind farm coming into a site in Bramford.
- 5.10 Councillor Welham referred to Table 1, page 12 and asked if the Lower Tier Service Grant was explained in the report. To which the Assistant Director responded that it was detailed in page 12, bullet point 1. The New Homes Bonus had not all been used and some of the balance had been allocated to this new one-off Lower Tier Services Grant, for one year only.
- 5.11 Councillor Welham queried page 22 and the spend of £1m on Gateway and asked if this had been envisaged for the start of the financial year.
- 5.12 The Cabinet Member – Finance, responded that this had happened during the past year. Gateway 14 did not have a cashflow and did not provide an actual income and it was prudent to put this money aside until income was certain.
- 5.13 In response to Councillor Welham’s question regarding the reserves Table 7, line 40 of £2.027m, the Assistant Director – Corporate Resources explained that Table 7 was for the current year and she referred to Table 6 on page 22, which detailed the projected position for next year and at the allocations of extra reserves was details at the bottom. She added, in response to a further question, that the £2m surplus for the current year was planned to be allocated to the Growth and Efficiency Fund.
- 5.14 Councillor Welham asked that this was made clearer in the report.
- 5.15 He continued questioning officers regarding service charges, page 23, and why there was an increase of £43K for Endeavour House and if going forward it would be possible to give up some of the floor space, if it was not utilised.
- 5.16 The Cabinet Member – Finance explained that the Council was tied into a rental agreement. The Assistant Director – Corporate Resources added that there was a break clause in the rental agreement. However, the agreement had included planned increases for service charges for each year.
- 5.17 Councillor Carter queried if the service charges could be reduced, to which

the Assistant Director explained the cost incurred and agreement for the service charges.

- 5.18 Councillor Whitehead – Cabinet Member – Finance added that there were some costs incurred in the service charge agreement and he hoped that these would reflect reality going forward.
- 5.19 Members asked the following to be amended in the report:
- The heading on page 26 and 27.
 - That scale of the graphs to be the same to make comparison easier.
 - Appendix B, page 28, to be amended to Appendix A
- 5.20 Councillor Ekpenyong referred to section 8.19 regarding the pension fund and whether the contribution of 23% was a future assumption for contributions.
- 5.21 The Assistant Director – Corporate Resources explained that the 23% was the employer's contribution and this remained the same. The employer had to pay 23% of the basic pay for each employee into the pension fund and it was separate from the National Insurance Contributions. The pension fund was not yet a 100% funded, however, at the last evaluation of the pension fund the trajectory had indicated the fund was nearly fully funded, therefore the pension deficit lump sum allowed a 1% reduction over next three years and was reflected in the £69K savings.
- 5.22 Councillor Ekpenyong referred to page 24 and asked for context of the waste contract as there was an increase of £235K.
- 5.23 The Assistant Director – Corporate Resources believed this increase was tied up with the negotiations with the waste contractor SERCO, as there was an agreed increase in the payments made by the Council. The number of bin collections by SERCO were increasing and the Council had to pay for this increase in volume of collections and the cost implications incurred.
- 5.24 Councillor Carter inquired if SERCO also collected the brown bins for which the collections had currently been suspended.
- 5.25 The Assistant Director responded that SERCO had experienced staff shortages, as staff either became ill or had to self-isolate due to the Covid-19 Pandemic. It had therefore been agreed to suspend the collection of the garden waste bins to enable crews to be transferred to the refuse and recycling bin collections.
- 5.26 Councillor Caston queried the cost of transport on page 23, he realised the conversion to vegetable oil had increased the running cost by £88K but asked if this included installation of tanks and infrastructure to enable the running of the vehicles on vegetable oil.
- 5.27 The Cabinet Member – Finance responded that the cost for the tanks was £50k per site and that there was also Community Infrastructure Levy (CIL)

funding grants available to fund the required infrastructure implications.

- 5.28 Councillor Ekpenyong referred to page 21 and the draft Capital Investment Programme and the empty homes grant and asked for clarification.
- 5.29 The Assistant Director – Housing explained that the Empty Homes Grant was used by the Private Sector Housing Team for maximisation of private rented homes for use and occupation. Grants could be offered as incentives, in the form of improvements to the properties and to make them safe for tenants to use.
- 5.30 Councillor Ekpenyong questioned where the funding for electrical charging points were to be found in the budget and the Assistant Director – Corporate Resources responded that the Assistant Director for Environment and Commercial Partnerships was leading on this project, and that it had not been included in the Capital Programme at this stage. She would get a response to members outside the meeting.
- 5.31 Councillor Whitehead added that £1/2M had been put aside last year and again this year for climate change initiatives.
- 5.32 Members debated the issues including:
- That there was a lot of uncertainty for the future.
 - That further clarification for the biodiversity fund should be included in the budget report.
 - That the General Fund budget was sound given the circumstances under which it had been prepared.
 - That more focus on staff welfare and mental health, especially during the pandemic should be included (reference page 15, 6.4 and 6.5) and that staff welfare should be included in public documents and in the overarching principles.
- 5.33 Members debated the recommendations and that the comments made at this meeting should be included in the recommendations to cabinet. Further considerations for funding should be allocated for planning enforcement and legal costs associated with planning.
- 5.34 Councillor Ekpenyong proposed the recommendations, which was seconded by councillor Caston

By a unanimous vote

It was RESOLVED: -

- 1.1 That the Overview and Scrutiny Committee asks that Officers and Cabinet take into consideration the comments made at this meeting, when submitting the General Fund Budget 2021 and Four-year Outlook for consideration at the Cabinet meeting and Council in February 2021.**

- 2.1 That the Overview and Scrutiny Committee asks that Cabinet considers funding be allocated for planning enforcement and legal costs associated with planning.**

6 MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK

- 6.1 The Chair, Councillor Welham invited the Cabinet Member for Finance to introduce the report.
- 6.2 Councillor Whitehead stated that for the year 2021/22 a surplus on the Housing Revenue Account (HRA) of £116k had been forecasted. This was a contrast to the large deficit forecasted for 2020/21 of £564k. The table in paragraph 5.2 compared the budgets for the two years with explanations behind the various line movements set out in detail in paragraph 5.5. Savings and efficiencies have been identified during a robust budget-setting process, as set out and explained in the report.
- 6.3 He would like to take this opportunity, to give Members some more background to the proposed Council House rent increase. In April 2020 council house rents was increased by 2.7%, being the Consumer Price Index plus an additional 1.0%. This was the first increase after four years of a central government-imposed reduction of rents by 1% each year. For the coming year, from 1st April 2021, an increase based on September 2020's CPI plus one percent works out to be only 1.5%. The net effect of these decreases then increased over a six-year period so that the average council house weekly rent in March 2022 would only be 11p higher than it was in March 2016 and therefore virtually unchanged.
- 6.4 Sheltered Housing utility charges would not be changed in 2021/22. There was an element of subsidy presently built into these charges there had been some reductions in the price of gas, electricity and especially oil. Therefore, utility prices for 2021/22 would be frozen whilst still make some reduction in the level of subsidy.
- 6.5 Sheltered Housing Service Charges had not been increased this current year. There remained an element of subsidy with these charges and to eliminate this subsidy in 2021/22, Service Charges would need to be increased by £2.90. The Council was not proposing to make such an increase and the recommendation for 2021/22 was an increase of just £1.00 per week. Members should note, as mentioned within paragraph 5.5 that it was the intention to develop a Rent and Service Charge Policy for sheltered housing during 2021 with a view to bringing it into effect for 2022/23.
- 6.6 There was an ambitious Capital Programme for the four years from 2021 to 2025. The Council had now identified development sites for 254 affordable homes and 119 shared ownership homes. New builds and acquisitions were forecast to cost £42.2m and the Housing Maintenance Programme £15.8m. Appendix A indicated how the capital programme was to be financed.

- 6.7 Councillor Whitehead draw Members' attention to paragraph 4.2, which explained how the Council would be reviewing the 30-year HRA Business Plan to incorporate new build specifications, the Design Guide, environmental 'retrofit' improvements and new safety enhancements. This new Business Plan, articulating the Council's vision for Council Housing should be coming to Cabinet by this summer.
- 6.8 Councillor Carter queried how the council would manage the utilities bills with regards to the 11 pence per month, as he was concerned for residents, who had lost employment or had reduced income caused by the current circumstances.
- 6.9 The Cabinet Member- Finance explained that the capping of utilities cost was for tenants in sheltered housing, which was collated and paid centrally. Council house tenants negotiated their own utilities contracts.
- 6.10 The Assistant Director – Housing added that the Council as landlord sought to support tenants, who were struggling, to help them remain in their homes. The Council had also imposed an eviction ban before Central Government, to support tenants who were impacted by the covid-19 pandemic.
- 6.11 Councillor Whitehead explained that the HRA budget was a ring-fenced account and was not subsidised by the General Fund, and therefore the Council produced a 30-year business plan to ensure a sustainable position. It was difficult to increase Council Housing rent but an increase would ensure retrofitting and improvement to tenant houses for environmental improvements and that they were sustainable.
- 6.12 Councillor Scarff referred to page 39 and the Right to Buy receipts, paragraph 7.17. The money received from this scheme could only be used as a 30% contribution toward a replacement home. He asked what happened to the 70%, of the sale of assets, which belonged to the authority.
- 6.13 The Assistant Director – Housing responded that when the Council received the value of the receipts for selling a a property, a significant amount belonged to the Government, therefore when the Council used the 30% value of the receipts allocated the value had to be matched funded from the Capital Programme.
- 6.14 Councillor Scarff referred to the Councils Development Programme, paragraph 5.18, and the ability to spend all its receipts. If the Council failed to spend all the receipts due to the restrictions imposed by the Covid-19 Pandemic, would the receipts have to be paid back to Government, or were officers confident that the full spend could be achieved under the current circumstance.
- 6.15 The Assistant Director – Housing assured Members that the Assets and Investment Team had been focusing on spending the Right to Buy receipts and the Government had extended the deadline for spending the receipts. This had been due to the housing market slowing down and that estate

agents and legal establishments had been closed during the Covid-19 Pandemic lockdowns. It was possible to spend the amount of the receipts up front based on the houses being sold and the Assets and Investment Team was currently undertaking this. During the past eighteen months the Right to Buy scheme had slowed down due to the economic down-turn.

- 6.16 Councillor Carter questioned the increase for Council tenant rent, though he did not disagree with an increase, as he understood the reasoning.
- 6.17 The Assistant Director – Housing clarified that the increase was for all council tenants and the utility charges were for all communal council tenants, who shared a communal metering.
- 6.18 The Chair invited non-committee Members to ask questions.
- 6.19 Councillor Field question solar panels on council housing and whether tenants who lived in these properties received their electricity for free or at least as a reduction in their utility charges.
- 6.20 The Assistant Director – Housing responded that tenants received a reduction in utility charges.
- 6.21 Councillor Field then questioned the issues around the 30% restriction on the Right to Buy scheme. The Council must use the 30% of money to buy further housing and the Government was therefore forcing the Council to borrow the remainder of the money to be able to add to the Council housing stock. Did the Council then have to buy three times as many houses than planned in order to use the 30% allocation.
- 6.22 The Assistant Director – Housing explained that the Council did have to find the additional capital to supplement the 30% retained from the receipts from the Right to Buy Scheme.
- 6.23 Councillor Whitehead, Cabinet Member – Finance, added that the Council did not have to borrow all the money to supplement the scheme, funding was detailed in the Appendix. There were other ways of getting funding.
- 6.24 The Assistant Director – Corporate Resources clarified that there were different rules depending on what kind of property was sold, The Government allowed a number of assumed Right to Buy properties in the Business Plan and for some of those the Council was allowed to keep 100% of the receipt However, for other properties the figure was 25%.
- 6.25 Members debated the issues including:
- That the increases in service charges for Sheltered Housing was sensible and represented value for money.
 - That the report was excellent, well-constructed and thorough.
 - That the increase in council rents was acceptable.
 - That the Right to Buy receipts should be allowed to be kept by the

- Council for reinvestment into council housing.
- That the increases were modest in the Budget.

6.24 Councillor Whitehead clarified that the weekly increase in Council rent was on average £1.20 a week. The 11 pence were the difference between the Council rent six years ago and the current rent including increases and decreases. The 11 pence were included to illustrate that the increase of £1.20 had just surpassed the Council rent six years ago by 11 pence.

6.25 Members considered recommendations and the Chair suggested that the Committee endorsed the budget, but that Cabinet took the comments made at this meeting into account when considering the HRA Budget in February.

6.26 Councillor Ekpenyong proposed the recommendation, which was seconded by Councillor Caston.

By a unanimous vote

It was RESOLVED:-

That the Overview and Scrutiny Committee endorses the Housing Revenue Account Budget 2021/22 and Four-Year Outlook but asks that Officers and Cabinet Members take into consideration the comments made at this meeting, when submitting the budget for consideration at the Cabinet and Council meetings in February 2021.

7 MOS/20/3 REVIEW OF THE REPRESENTATION ON OUTSIDE BODIES - ADDITIONAL RECOMMENDATION

7.1 The Chair advised Members that this item was for voting only and asked for a proposer and seconder.

7.2 Councillor Scarff proposed recommendation 3.1, which was seconded by Councillor Muller.

By a unanimous vote

It was Resolved:

That the Mid Suffolk Overview and Scrutiny Committee recommends that Mid Suffolk District Council approaches the Suffolk Disabilities Forum to establish whether formal councillor representation on the forum would be appropriate and possible and that any appointment to the Suffolk Disabilities Forum be made by resolution of the Full Council.

8 FORTHCOMING DECISIONS LIST

It was REOLVED:

That the Forthcoming Decisions List be noted.

9 MOS/20/4 MSDC OVERVIEW AND SCRUTINY WORK PLAN

It was REOLVED:

That the Mid Suffolk Overview and Scrutiny Work Plan be noted.

The business of the meeting was concluded at 11:09 am

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Chair