

MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK OVERVIEW AND SCRUTINY COMMITTEE** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Tuesday, 22 November 2022

PRESENT:

Councillor: Keith Welham (Chair)
James Caston (Vice-Chair)

Councillors: Terence Carter Paul Ekpenyong
David Muller BA (Open) MCMI Keith Scarff
RAFA (Councillor)

In attendance:

Councillor(s): John Whitehead – Cabinet Member for Finance
John Field
Rachel Eburne

Officers: Director for Assets and Investments (EA)
Corporate Manager for Finance, Commissioning & Procurement (RH)
Lead Officer for Overview and Scrutiny (AN)

20 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

20.1 None received.

21 DECLARATION OF INTERESTS BY COUNCILLORS

21.1 None declared.

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

22.1 None received.

23 QUESTIONS BY THE PUBLIC

23.1 None received.

24 QUESTIONS BY COUNCILLORS

24.1 None received.

25 MOS/22/01 DRAFT GENERAL FUND (GF) AND HOUSING REVENUE ACCOUNT (HRA) 2023/24 AND FOUR-YEAR OUTLOOK

- 25.1 Councillor Whitehead – Cabinet Member for Finance – introduced the report to the Committee outlining before Members the request from Mid Suffolk Overview and Scrutiny Committee that the General Fund and Housing Revenue Account be reviewed by the Committee earlier in its development, the unexpected increase in base rates, and that Members would be asked to review the assumptions made for the 2023/24 General Fund and Housing Revenue Account.
- 25.2 The Corporate Manager for Finance, Commissioning and Procurement presented the report to the Committee outlining before Members the 2023/24 General Fund Forecast carried out in February 2022, the current financial position of the 2022/23 General Fund, the assumed General Fund 2023/24 costs (including employee costs, contracts, sales, fees and charges, and interest) and funding (including Council Tax, business rates, and Central Government Grants), and the total draft funding surplus.
- 25.3 Councillor Ekpenyong questioned if the Inflationary Reserve could only be used once and whether the same value would be available for use each year. The Corporate Manager for Finance, Commissioning and Procurement confirmed that the reserve could only be used once and that the value would not be the same next year.
- 25.4 Councillor Ekpenyong questioned how the 2022/23 budget was being used to calculate the assumptions for 2023/24. The Corporate Manager for Finance, Commissioning and Procurement responded that the current 2022/23 budget positions were used in conjunction with expected trends to determine the assumptions for the next financial year and the impact that this would have on the finances.
- 25.5 Councillor Field questioned if assumptions had been made strictly for the business already being conducted by the Council or if items on Forward Plans had been taken into account. The Corporate Manager for Finance, Commissioning and Procurement responded that the assumptions had been calculated on current business and that no changes to the service had been projected.
- 25.6 Councillor Scarff questioned whether the contingency budget used to fund the pay review was a budget or a reserve. The Corporate Manager for Finance, Commissioning and Procurement responded that it was a budget not a reserve and had been covered in the assumptions as such.
- 25.7 Councillor Field questioned if different increments in staff pay were considered within the pay review assumptions. The Corporate Manager for Finance, Commissioning and Procurement responded that pay increments were covered in the 4% Pay Award for 2023/24.

- 25.8 Councillor Scarff queried if the 5% assumption for the Vacancy Management Factor was realistic. The Director for Assets and Investments responded that this factor was being constantly monitored, that the figure was dependant on staff choices and recruitment markets, and that the assumption had been carefully considered.
- 25.9 Councillor Eburne queried what the Vacancy Management Factor had been for the first 6 months of 2022/23. The Corporate Manager for Finance, Commissioning and Procurement responded that this figure was not readily available but that it would be provided to Councillors outside of the meeting.
- 25.10 Councillor Caston questioned how Babergh had lower employee costs than Mid Suffolk and whether this was due to Mid Suffolk hiring more staff. The Director for Assets and Investments responded that all employees were hired to work for both Babergh and Mid Suffolk but that due to caseload some employees may carry out more work for one Council which was reflected in the employee costs assumptions.
- 25.11 Councillor Welham questioned how extra project staff were accounted for within the budget and how their salaries would be paid. The Cabinet Member for Finance responded that funds were reserved especially for projects and that extra staff hired to work on these projects would have their salaries funded through these reserves.
- 25.12 Councillor Eburne requested more details concerning the assumption made for the Shared Legal Service. The Corporate Manager for Finance, Commissioning and Procurement responded that this would be provided outside of the meeting.
- 25.13 Councillor Welham questioned whether incomes or savings from the solar panels installed at leisure centres were factored into the assumptions. The Director for Assets and Investments responded that those savings had not been factored into the assumptions but will be incorporated into the final budget due to be presented in January.
- 25.14 Councillor Carter queried if upcoming changes to bin collection services were factored into the assumptions. The Director for Assets and Investments responded that there was still uncertainty regarding what additional services would be required and that these changes had not been factored into the assumptions.
- 25.15 Councillor Eburne questioned if there were plans to receive capital receipts that would reduce our short-term borrowing and if this had been taken into account. The Corporate Manager for Finance, Commissioning and Procurement responded that the assumption was that no new short-term borrowing would occur in 2023/24 however this would be reviewed when the capital programme is considered by Cabinet and Council.
- 25.16 Councillor Ekpenyong questioned the reasons behind the 2.5% assumption for long-term borrowing. The Corporate Manager for Finance, Commissioning

and Procurement responded that the figure was based on current long-term borrowing, that this rate was a fixed value, and the assumption that any borrowing in 2023/24 would be short-term borrowing.

- 25.17 Councillor Caston queried if short-term borrowing would be paid off using income from investments. The Corporate Manager for Finance, Commissioning and Procurement responded that this was a process that was followed.
- 25.18 The Corporate Manager for Finance, Commissioning and Procurement then presented the Housing Revenue Account (HRA) to the Committee outlining before Members the current 2022/23 HRA financial position, the assumed 2023/24 HRA expenditure (including employee costs, contractors, and utilities) and income (including rental income, garage rents, and service charges), and the assumed draft HRA deficit.
- 25.19 Councillor Scarff questioned if a new supplier for gas and electricity had been considered due to the size of the assumption made. The Director for Assets and Investments responded that there were fixed price contracts for the HRA gas and electricity that would expire next year which had caused the rise in costs for 2023/24 and that a new contract would be heavily negotiated at an appropriate time.
- 25.20 Councillor Scarff questioned if there would be benefits to raising garage rents and whether the lack of interest in garages meant that this land should be redeveloped. The Director for Assets and Investments responded that garage sites were constantly reviewed regarding their use and demand and that the 0% assumption had been calculated due to current low demand.
- 25.21 Councillor Ekpenyong questioned if there were costs from the maintenance of garages. The Director for Assets and Investments responded that there were costs associated with garage maintenance but that those accrued on a case-by-case basis determined by specific tenancy arrangements.
- 25.22 Councillor Eburne questioned whether the rental income assumption would remain at 5% and what the impact on the budget would be if this number changed. The Cabinet Member for Finance responded that the assumptions had been put together before the Autumn Statement (2022) and that 3%, 5% and 7% had all been explored before coming to a decision.
- 25.23 Councillor Scarff questioned if there were any avenues where the General Fund could support the Housing Revenue Account costs. The Corporate Manager for Finance, Commissioning and Procurement responded that the Council was restricted by law and could not subsidise the HRA but that work had been conducted regarding recharges between the General Fund and HRA to ensure that it was fair. The Cabinet Member for Finance further responded that the issue was one that the Cabinet Member for Housing was also exploring.

25.24 Members debated the item on issues including:

- The assumption made for garage rents and the possibility of increasing the rents
- Ways to decrease the deficit for the Housing Revenue Account
- Staffing costs and the impact of inflation on staff wages
- The assumptions made concerning premises costs, contractors, and supplies and equipment and the need for these figures to be broken down into details
- The value of comparing a new budget to an old budget
- The timeliness of Cabinet receiving quarterly performance budget information

25.25 Councillor Welham suggested the following recommendations:

1.1. That Mid Suffolk Overview and Scrutiny Committee welcomes this earlier opportunity to consider the draft budget assumptions and thanks Officers for their presentation and clarification.

1.2. That Cabinet and Officers take account of the comments made at this meeting of the Mid Suffolk Overview and Scrutiny Committee.

1.3. That Cabinet explores opportunities to reduce to a minimum the recharges to the Housing Revenue Account (HRA) from the General Fund (GF).

1.4. That Officers look further at the Vacancy Management Factor assumption of 5%.

1.5. That Officers consider further opportunities to increase garage rents.

1.6. That Mid Suffolk Overview and Scrutiny Committee suggests a more prudent assumption in respect of the Pay Award 2023/24.

1.7. That Mid Suffolk Overview and Scrutiny Committee recommends the cost assumptions for repairs and maintenance be looked at in more detail.

1.8. That more timely quarterly information on the General Fund's and Housing Revenue Account's income and expenditure be used to develop the budget and request that this information be made available to Mid Suffolk Overview and Scrutiny Committee.

25.26 Councillor Caston proposed the recommendations as read out by Councillor Welham.

25.27 Councillor Ekpenyong seconded the proposal.

By a unanimous vote

It was RESOLVED:

- 1.1. That Mid Suffolk Overview and Scrutiny Committee welcomes this earlier opportunity to consider the draft budget assumptions and thanks Officers for their presentation and clarification.**
- 1.2. That Cabinet and Officers take account of the comments made at this meeting of the Mid Suffolk Overview and Scrutiny Committee.**
- 1.3. That Cabinet explores opportunities to reduce to a minimum the recharges to the Housing Revenue Account (HRA) from the General Fund (GF).**
- 1.4. That Officers look further at the Vacancy Management Factor assumption of 5%.**
- 1.5. That Officers consider further opportunities to increase garage rents.**
- 1.6. That Mid Suffolk Overview and Scrutiny Committee suggests a more prudent assumption in respect of the Pay Award 2023/24.**
- 1.7. That Mid Suffolk Overview and Scrutiny Committee recommends the cost assumptions for repairs and maintenance be looked at in more detail.**
- 1.8. That more timely quarterly information on the General Fund's and Housing Revenue Account's income and expenditure be used to develop the budget and request that this information be made available to Mid Suffolk Overview and Scrutiny Committee.**

The business of the meeting was concluded at 11:50am.

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Chair