

BABERGH DISTRICT COUNCIL

Minutes of the meeting of the **BABERGH OVERVIEW AND SCRUTINY COMMITTEE** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Monday, 21 November 2022

PRESENT:

Councillor: John Hinton (Chair)
Adrian Osborne (Vice-Chair)

Councillors: Melanie Barrett Siân Dawson
Robert Lindsay

In attendance:

Councillors: David Busby – Cabinet Member for Finance, Assets, and Investments
Jan Osborne – Cabinet Member for Housing

Officers: Director for Economic Growth and Climate Change (FD)
Corporate Manager for Finance, Commissioning, and Procurement (RH)
Corporate Manager for Governance and Civic Office (JR)
Lead Officer for Overview and Scrutiny (AN)

Apologies:

Councillors: Kathryn Grandon

30 APOLOGIES FOR ABSENCE / SUBSTITUTION

30.1 Apologies were received from Councillor Grandon.

31 DECLARATION OF INTERESTS

31.1 None declared.

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

32.1 None received.

33 QUESTIONS BY THE PUBLIC

33.1 None received.

34 QUESTIONS BY COUNCILLORS

34.1 None received.

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

- 35.1 Councillor Busby – Cabinet Member for Finance – introduced the report to the Committee outlining before Members the current financial situation for Babergh Council and that the Committee would be asked to review the assumptions made for the 2023/24 General Fund and Housing Revenue Account.
- 35.2 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 gap.
- 35.3 Councillor Barrett questioned whether the 2022/23 Pay Award was the only employee salary increase actioned this year and the reasons for an assumed 4% Pay Award increase next year. The Corporate Manager for Finance, Commissioning and Procurement confirmed that this was the only salary increase issued this year and that the 4% assumption had been determined through discussions with other Suffolk authorities.
- 35.4 Councillor Barrett queried the pensions costs rising to 26% and removing the lump sum. The Corporate Manager for Finance, Commissioning and Procurement responded that the current contribution per employee equates to 23% and accumulates a lump sum and that, following discussion with Suffolk County Council, in an aim to decrease budget deficit this had been increased to 26%.
- 35.5 Councillor Lindsay questioned how the £500,000 for the Pay Review was assumed. The Corporate Manager for Finance, Commissioning and Procurement responded that the £500,000 was a very broad estimate of the potential cost and that this was a “middle of the road” value.
- 35.6 Councillor Busby questioned what the assumptions were for the cost of gas beyond the fixed term contract ending in September 2023. The Corporate Manager for Finance, Commissioning and Procurement responded that this was continuously being reviewed and that more accurate and detailed assumptions and pressures would be detailed before the Overview and Scrutiny Committee in January 2023.

- 35.7 Councillor Lindsay queried what benefits we received from contributing to the refuse contract and how often this contract is reviewed and renewed. The Director for Economic Growth and Climate Change responded that there are benefits from the economies of scale that come from bulk purchasing and that negotiations for the current refuse contract are still yet to be finalised.
- 35.8 Councillor Lindsay questioned if there would be any new borrowing in the 2023/24 financial year. The Corporate Manager for Finance, Commissioning and Procurement responded that this would be looked into further when presenting the pressures and savings for the 2023/24 General Fund for Overview and Scrutiny in January 2023.
- 35.9 Councillor Barrett questioned if we would be able to charge for garden and trade waste in the future. The Corporate Manager for Finance, Commissioning and Procurement responded that the contents of the upcoming Recycling and Waste Strategy did not impact the General Fund for 2023/24.
- 35.10 Councillor Barrett questioned the assumed pressure for planning income in 2023/24 in comparison to the 2022/23 budget. The Corporate Manager for Finance, Commissioning and Procurement responded that there had been a gradual national reduction in the amount of planning applications submitted which would result in this assumed loss of income.
- 35.11 Councillor Lindsay queried what the Government's current position was on the New Homes Bonus. The Corporate Manager for Finance, Commissioning and Procurement responded that it was expected that a full review would have been conducted by now but that in the absence of this it had been assumed that the current scheme would be rolled over.
- 35.12 Councillor Barrett questioned if there had been any work conducted to find efficiency savings. The Corporate Manager for Finance, Commissioning and Procurement responded that there was a separate piece of work being conducted on finding efficiency savings which would be going to SLT and Cabinet before coming back to Overview and Scrutiny Committee.
- 35.13 Councillor Hinton questioned how the savings from the reduction in accommodation would impact the General Fund 2023/24 assumptions. The Corporate Manager for Finance, Commissioning and Procurement responded that these reductions in cost were already included in the baseline figures.
- 35.14 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 budget deficit.

- 35.15 Councillor Lindsay queried the reasons for the increase in expenditure, in particular that of contractors. The Director for Economic Growth and Climate Change responded that these assumptions were based on contractor price and were calculated from the average market conditions. The Cabinet Member for Housing raised that the assumed increase in maintenance and repairs costs covered bringing the Council's housing stock up to modern standards and that these costs should decrease in the future.
- 35.16 Councillor Barrett questioned why there was an assumed 100% increase for gas and electricity expenditure. The Corporate Manager for Finance, Commissioning and Procurement responded that this question would be answered outside of the committee meeting.
- 35.17 Councillor Lindsay questioned why the assumption was made that there would be no new rental builds in Babergh in 2023/24. The Corporate Manager for Finance, Commissioning and Procurement responded that this was a difficult number to assume and that more details would be presented in the January review. The Cabinet Member for Housing followed that there was a target to build 65 new homes every year for five years but that due to additional pressures within this year's HRA budget this annual target had to be reduced.
- 35.18 Councillor Lindsay further questioned the reasons behind the assumption for a 0% increase in garage rents. The Cabinet Member for Housing responded that there was very little demand for rental garages within Babergh.
- 35.19 Members debated the item on issues including:
- The timing of the Budget and HRA review
 - The potential difference between the proposed assumptions and the final Budget and HRA
 - The influence of Central Government and the markets on the financial assumptions made
- 35.20 Councillor Osborne proposed the recommendation as set out in the Officer's report.
- 35.21 Councillor Dawson seconded the proposal.

By a unanimous vote

It was RESOLVED:

- 2.1 That the draft budget assumptions as set out in the report for the 2023/24 General Fund and Housing Revenue Account budgets be noted.**

The business of the meeting was concluded at 14:55pm.

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Chair