

MINUTES OF A MEETING OF THE BABERGH SCRUTINY COMMITTEE HELD IN THE COUNCIL CHAMBER, COUNCIL OFFICES, CORKS LANE, HADLEIGH ON MONDAY 30 JANUARY 2017

PRESENT: Mark Newman – Chairman

Peter Burgoyne
Tina Campbell
Alan Ferguson
Barry Gasper

Kathryn Grandon
Bryn Hurren
John Nunn

1 DECLARATION OF INTERESTS

None declared.

2 MINUTES

RESOLVED

That the Minutes of the meeting held on 25 January 2016 be confirmed and signed as a correct record.

3 PETITIONS

None received.

4 QUESTIONS FROM THE PUBLIC

None received.

5 QUESTIONS FROM COUNCILLORS

None received.

6 DRAFT JOINT MEDIUM TERM FINANCIAL STRATEGY AND 2017/18 BUDGET

2017/18 GENERAL FUND BUDGET UPDATE

The Assistant Director of Corporate Resources introduced Paper S87 and S99 which had been considered by the Strategy Committee on 1 December and 12 January respectively. Members were asked to consider, and comment on, the Council's draft Joint Medium Term Financial Strategy (MTFS) and 2017/18 Budget for the General Fund, Housing Revenue Account (HRA) and capital programme. It was explained that the figures would change as they are still being updated as further information becomes available from the Government. A separate Scrutiny Committee meeting is scheduled for 22 March 2017 to discuss the HRA 30 year Business Plan, before it is presented to Strategy Committee in April.

The medium term position of three scenarios was explained in terms of the weakest, medium and strongest financial positions.

During the debate Members raised questions and officers responded with the following:

- The Council needed to review the projected deficit over the coming months in order to reduce the risk and develop a plan to bridge the gap.
- The employee costs of £8 million included employers' pension contributions, National Insurance and training costs.
- Members asked whether the Transformation Fund was being used to fund projects. It was confirmed that the use of the Transformation Fund was reported to Strategy Committee as part of the regular budget monitoring reports.
- The discrepancies between the figures in Paper S87 and S99, were the result of updates following additional information being received, and the Government's announcement of the settlement figure.
- The Solar Panel Project, generated a net income of £455,000 for Babergh.
- The Revenue Support Grant is decreasing year on year, and both District Councils had a planned tariff payment to Central Government in 2019/20.
- The Pension Fund is updated triennially and the March 2016 update showed that funding levels had improved. The Pension Fund was funded to 86%, and 43.4% of the pensionable pay figure was the current contribution into the Pension Fund annually. Babergh was to reduce its pension contributions over the next 3 years by 2.5% annually to be at 36% in 2019/20.
- An options appraisal is underway to explore options for reducing public realm costs. The outcome of this exercise would be shared with Portfolio Holders initially and then with Members more widely. 9.6% inflation increase over three years for employee costs had been included in the medium term figures. This included the cost of annual increments and 1% pay award.

As a result of its scrutiny, Members accepted the recommendations approved by the Strategy Committee and recommended a plan to reduce the financial deficit.

RECOMMENDATION TO STRATEGY COMMITTEE

That a plan be put in place to reduce the financial deficit over the next year.

The business of the meeting was concluded at 10.10 a.m.

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Chairman