

MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK CABINET** held in the King Edmund Chamber - Endeavour House, 8 Russell Road, Ipswich on Monday, 5 November 2018

PRESENT:

Councillor: Nick Gowrley (Chair)
John Whitehead (Vice-Chair)

Councillors:	Gerard Brewster	David Burn
	Julie Flatman	Glen Horn
	Penny Otton	Jill Wilshaw

In attendance:

Councillor K Welham
Chief Executive (AC)
Assistant Director - Housing (GF)
Section 151 Officer (KS)
Corporate Manager – Finance (ME)
Corporate Manager – Internal Audit (JS)
Corporate Manager – Democratic Services (JR)

67 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Rachel Eburne and Councillor Diana Kearsley.

68 DECLARATION OF INTERESTS BY COUNCILLORS

There were no declarations of interest.

69 MCA/18/35 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 8 OCTOBER 2018

It was Resolved: -

That subject to Councillor Whitehead's title being changed to Cabinet Member for Finance on page 4 of the Minutes, the Minutes of the meeting held on the 8th October 2018 were approved as a true record.

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

70.1 There were no petitions received.

71 QUESTIONS BY COUNCILLORS

71.1 Councillor Otton asked the Cabinet Member for Environment, if he was aware of a survey being conducted about Waste Services and if so what was the cost of this?

71.2 In response the Cabinet Member for the Environment, stated that he was unaware of the survey. Councillor Barker, Lead Member for Waste, added that the survey was likely to be carried out by Serco, but agreed that members should be kept informed of this.

71.3 Councillor Otton also asked the Returning Officer why she had received a document detailing the result of the Bosmere by - election that was incomplete?

71.4 In response the Returning Officer confirmed that whilst he did not know why that particular form was incomplete the correct results were showing on the website.

72 MATTERS REFERRED BY THE OVERVIEW AND SCRUTINY OR JOINT AUDIT AND STANDARDS COMMITTEES

72.1 There were no matters referred.

73 MCA/18/36 FORTHCOMING DECISIONS LIST

73.1 There were no matters raised.

74 MCA/18/37 GENERAL FUND FINANCIAL MONITORING 2018/19 - APRIL TO AUGUST 2018

74.1 Councillor Whitehead introduced the report and highlighted the key points within the report as follows: -

- There was overall, a net favourable variance of £1,648k which was an improvement of £1,472k since the first report. The improved favourable position could be attributed to CIFCO (223K), Gateway14 (262k) and Business Rates (880K)
- Favourable improvements in Development Management (£172K) and Strategic Planning (87K)
- Unfavourable variances included Housing Solutions (Homelessness) £33k and PV panels (13K).

74.2 Councillor Whitehead went on to say that the Growth and Efficiency Fund detailed on page 28 of the report included the commitments in 2018/19 which would result in a remaining balance of £2.2m by March 2019.

74.3 The General Fund Capital Fund had been updated to include carried forward amounts from 2017-18 and included the £16.5m for Gateway14.

74.3 Councillor Whitehead then **MOVED** the recommendations in the report which Councillor Flatman **SECONDED**.

74.4 Councillor Otton asked the Cabinet Member for Finance if there was a reason why the Council had switched to long term borrowing and if it was right that the Council used the New Homes Bonus to support the budget?

74.5 In response the Cabinet Member for Finance stated that in terms of borrowing both the Gateway 14 and CIFCO, by using very low interest short term borrowing the Council had made some savings which had been banked. However, going forward when investing in long term assets it made sense to have borrowings, timings and long-term investments more balanced out. At the moment it was easy to borrow money cheaply, however with future uncertainties including Brexit, the Council did not want to find itself in a position where either credit was unavailable or was available at a high price. So it made sense to bank the savings now and try to balance the original short term borrowing that had been undertaken, by balancing it out with long term borrowing in-line with the investments that were long term investments. The borrowing would level out over time because of the timings and nature of the investments. In terms of the use of the New Homes Bonus to support the budget, each year the Council looks at how it could balance the budget without using the New Homes Bonus (NHB), in the last few years the Council has had to make modest use of the NHB to balance the budget. However, if the Council finds that it has a healthy positive variance then that bonus is banked and put into the Growth and Efficiency fund to use on worthwhile projects.

74.6 Councillor Otton also raised concerns relating to the CCLA and the 47k adverse variance in the Health and Safety budget and asked if there was an update on the Regent Theatre. She also queried whether the business rate retention figure was correct and why there was no mention of the contingency fund in the report?

74.7 In response the Corporate Manager for Finance stated that the CCLA was a long-term investment, however the Council's investment advisors would also be reviewing the investment in the very near future. The Corporate Manager for Finance also confirmed that the overspend on the Health and Safety budget was due to a "one off" purchase of the "Sky Guard" software to ensure safety of staff when lone working.

74.8 The Section 151 Officer added that whilst the business rates calculation was complex to forecast, the figures had been checked with other colleagues across Suffolk and she was now more confident that this was the windfall figure from the business rates pilot scheme.

74.9 With regard to the general reserve fund the Section 151 Officer informed Councillor Otton that the details of the reserve fund could be found in appendix D of the report.

74.10 Councillor Brewster added that members of the Stowmarket Town Council had been working with MSDC's Procurement Team to appoint a development team for the Regent Theatre, there was one more appointment to be made and he was expecting a planning application to be coming forward in the new year.

74.11 Councillor Barker asked the Section 151 Officer how much income the PV panels were generating each year?

74.12 In response the Section 151 Officer stated that she would need to confirm the exact figure and come back to Councillor Barker with them.

74.13 Councillor Morley raised concerns relating to the references of the risk numbers in 5a and 5f on page 30 of the report.

74.14 The Corporate Manager for Internal Audit stated that he thought that this was just a matter of timing but would check the significant risk register to confirm this.

74.15 Councillor Horn queried how the Council was monitoring its invest to save programmes and whether there was a robust framework in place to be able to assess at any one time whether they were actually succeeding or not?

74.16 Councillor Gowrley added that he would like to see some feedback from the programme management of these schemes, what had been achieved and what lessons have been learnt from the process.

74.17 Councillor Welham sought clarification on the figure used for calculating new homes bonus in the medium-term financial strategy?

74.18 In response the Corporate Manager for Finance, confirmed that there were three potential scenarios shown for new homes bonus. The first scenario was the five-year average number of houses built as this was what the Council had delivered in the past. The projected completions – but this needed more work with the Planning Department to ensure that the numbers were tied up and finally the links to the council tax base. An additional piece of work needed to be done at the next cut-off date to make sure that these were all aligned.

By a unanimous vote.

It was RESOLVED: -

(i) That subject to any further budget variations that arise during the rest of the financial year, the following net transfers of £1,648k be approved:

a) Transfer from reserves of £5k being the net amount for the following specific earmarked reserves, referred to in section 5.8 and Appendix D of the report:

- **£111k to Carry Forwards (Strategic Planning)**
- **£32k to Waste**
- **£10k to Elections**
- **£122k from Planning for appeal costs**
- **£36k from Homelessness**

- b) **The remaining balance of the General Fund surplus of £773k be transferred to Growth and Efficiency Fund and £880k to the Business Rates Equalisation reserve.**
- (ii) **That the revised 2018/19 Capital Programme referred to in Appendix E and section 5.19 of the report be approved.**

Reason for Decision: To ensure that Members are kept informed on the current budgetary position for both General Fund Revenue and Capital.

75 MCA/18/38 HOUSING REVENUE ACCOUNT (HRA) FINANCIAL MONITORING 2018/19 - APRIL TO AUGUST 2018

75.1 Councillor Wilshaw introduced the report and informed Cabinet that the HRA was forecasting a deficit of £1.217K as at the end of August 2018 which was an adverse variance of £555k for the year.

75.2 The main reasons for the variance were planned maintenance – heating costs were £100k higher than budget mainly due to an increase in material costs, together with additional work identified during whole housing surveys. Void repairs were also reflecting a £177K adverse variance following the use of external contractors in order to reduce the let of empty properties by 23 days and BMBS reflected an adverse variance of £198k for the year - an improvement of £170k following the closure of 2000 outstanding jobs.

75.3 Further work will be undertaken following the recent announcement that the HRA debt cap will be abolished from the end of October. The outcome of this will be reported as part of the 2019-20 budget report.

75.4 Councillor Wilshaw then **MOVED** the recommendations which Councillor Whitehead **SECONDED**.

75.5 Councillor Whitehead asked a question relating to the work carried out by Blue Flame and the controls that the Council had in place to monitor this?

75.6 In response the Assistant Director for Housing confirmed that Blue Flame were a contractor that provided a whole house servicing contract. This would mean that a property would get an annual service where they were not just servicing and inspecting gas parts but also any electrical and mechanical items in the property at the same time. If they highlighted significant items to be replaced, then mechanical or electrical surveyors would consider whether or not those repairs or improvements were required either then or as part of a programme of activity in the future.

75.7 Councillor Gowrley sought confirmation that if there was significant cost this could be capitalised?

75.8 In response the Assistant Director for Housing confirmed that this was the case and presented some facts around Mid Suffolk housing stock including the fact the Council had completed 369 heating installations in the past 3 years with 37 being funded through “Warm Homes Funding” to provide air source heat pumps.

75.9 Councillor Otton asked why the decision was made to sell a high number of shared ownership housing and also asked how successful the installation of air sourced heating pumps had been?

75.10 The Assistant Director for Housing informed Cabinet that he would need to check the reasoning behind the decision to sell the shared ownership housing and report back to Cabinet. With regards to the air source heat pumps the Council endeavoured to fit air source heat pumps to all 1 and 2 bedroomed properties where mains gas was unavailable. Whilst it was desirable to fit sustainable heating to all properties it was not always possible due to the age and construction of the property. Air source heat pumps are not installed where the insulation values of a property cannot be raised to a sufficient level.

75.11 Councillor Morley raised concerns relating to the risk register and the references used for the risk numbers and asked that they were checked.

By a unanimous vote.

It was RESOLVED:-

- (i) That the potential or likely variations in relation to the HRA both Revenue and Capital compared to the Budget be noted.**
- (ii) That, subject to any further budget variations that arise during the rest of the financial year, the shortfall in funds of £555k, referred to in section 5.6 of the report, be noted;**
- (iii) That the revised 2018/19 Capital Programme referred to in Appendix A and section 5.10 of the report be approved.**

Reason for Decision: To ensure that Members are kept informed of the current budgetary position for both HRA Revenue and Capital Budgets.

76 MCA/18/39 HALF YEAR SIGNIFICANT RISK REGISTER 2018/19 - UPDATE AND SUMMARY OF WORK UNDERTAKEN

76.1 Councillor Morley introduced the report and informed Cabinet that the report provided Cabinet with the half year significant risk register and a summary of the work of the Audit and Risk Management Services during the first six months of the year.

76.2 The current risk register had 28 risks, 17 were scored as medium, 9 as high and 2 very high. Since the register was last reported to Cabinet in March 2018, two new risks had been added to the register, Gateway14 - relating to the income and capital projections and economic outcomes not being delivered and agile working arrangements. This risk was originally 5e (covering both public access and agile working arrangements) but this had now been split. Consideration of a new risk relating to Brexit was also being undertaken and was the subject of county wide discussion at the moment. A further update would be provided when available.

76.3 Councillor Morley then **MOVED** the recommendations in the report, which Councillor Flatman **SECONDED**.

76.4 Councillor Otton asked why with the current issues relating to the five-year land supply the risk was not classed as significant and marked in red?

76.5 In response the Cabinet Member for Planning stated that at the time the report was produced the evidence that the Council had, at that time, was that they had a 6.5 year land supply. Now that an Inspector had challenged that and come up with a different number, the Inspector had tasked the Council to come back with further evidence to support the 6.5 year figure. The risk with regard to the five-year land supply hadn't changed.

76.6 Councillor Otton queried risk 1e about the demographic of the needs of the district particularly around the aging population and stated that she was not convinced that the Council was acting on the information, she also asked for details under 5a relating to the new IT Board and what outcomes the new IT Board were looking for?

76.7 In response the Chief Executive informed Cabinet that the IT Board was an officer led Board looking at ongoing IT delivery and the partnership arrangements with the County. As for the risk around demographics, the Council was currently out to consultation with the draft Housing Strategy that firmly looked at needs both in terms of demographics as well as in terms of how the Council should be approaching and delivering against that need.

76.8 Councillor Otton then went on to ask about universal credit and how closely this was being monitored and also about risk 5J exploring alternative forms of council structure and what this meant?

76.9 In response the Assistant Director for Housing stated universal credit was monitored in the same way as all other rent arrear cases and in some cases was also monitored in isolation. There was an increase in rent arrears as a result of universal credit but there was an income management strategy in place to deal with this. A paper would be brought to Cabinet early in the new year summarising how successful the Council had been in delivering the pledges set out in that strategy. Officers were also working on an income management policy, which would be brought to Cabinet at the same time.

76.10 The Leader in response to the question on changing the governance structure of the Council stated that it was an existing risk that had been there for a long time and was related to the two councils merging. There had been no change on this since the previous report.

76.11 Councillor Welham asked if there was a clear link with 1b, 3a and 5f in the report and if one of the causes could be the lack of engagement with one of the consequences being stakeholder trust and whether these should be assessed alongside each other? He also went on to ask whether the Council should be using

more staff rather than the existing staff to overcome the problem of blocked and stalled sites and whether on Gateway 14 there was significant expenditure day to day on borrowing but no income - should this be included as a risk?

76.12 In response the Cabinet Member for Planning told Cabinet that there was a link between 1b and not engaging with our communities, in response to this there had been a reshuffle in staffing and the Assistant Director for Planning was now overseeing Planning and Communities in an attempt to help unlock the conversations with communities about where growth goes. In response to the question relating to unblocking stalled sites the Council had not been able to appoint to this post externally, however Navigus planning consultants had since been appointed to undertake this work.

76.13 The Cabinet Member for Finance in response to the question relating to Gateway 14 told Cabinet that the borrowings that Gateway14 Ltd were taking on, incurred an interest charge based on market rate and that interest was accruing to the Council, so the Council was taking income from Gateway14. In reality Gateway 14 will not have the cash flow to pay the income for this until they make the developments.

By a unanimous vote.

It was RESOLVED: -

That the content of this report, supported by Appendix A and B of the report, be approved.

Reason for Decision: To provide assurances that risk management processes in place are robust and effective.

77 MCA/18/40 PART 1 - BABERGH MID SUFFOLK BUILDING SERVICES (BMBS) BUSINESS PLAN 2017 - 2023

77.1 Councillor Gowrley sought clarifications as to the purpose of the report?

77.2 In response the Assistant Director for Housing informed Cabinet that the report had been presented to Cabinet on a number of occasions over the year primarily because of the strong and keen interest by Members in relation to figures and performance and being a newly created service area where a directly employed labour force was now managing housing repairs across the two districts. As a result of an internal audit on the financial aspects of the business plan it was felt prudent to bring an update on the financial aspects to Cabinet detailing the updates that had been made and to show the focussed overall net cost of the service and any contingency sitting below the bottom line.

77.3 Councillor Otton queried whether a stock condition survey needed to be undertaken so soon after the last one?

77.4 In response the Assistant Director for Housing stated as a provider in relation to stock condition the Council had recently carried out a stock condition survey, which actually amounted to 23% of stock within the Mid Suffolk district. That included both the external and the internal areas. The stock survey totalled about 800 dwellings and a number of larger blocks of flats as well. That meant that the Council now had up to date accurate stock condition data for that 23%. Best practice suggested that you should be surveying your stock every 5 years, or no more than every 5 years and the previous stock condition data was now some 7 or potentially 8 years old. Having done a sample stock condition survey the Council had been able to clone that data and look at the stock which was not surveyed as part of that process. Based on that data it shows that 63% of the stock was decent and 37% could potentially be non-decent. As a result of this a business case has been worked up to employ 2 stock condition surveyors that would, on a yearly basis survey 20% of the stock across Babergh and Mid Suffolk, and therefore every 5 years it would ensure that all of the stock had been surveyed and the data used to plan future planned and capital maintenance works.

77.5 Councillor Wilshaw asked how this would be funded?

77.6 In response the Assistant Director informed Cabinet that the cost of the stock condition survey would be funded from the housing revenue account. Any business case that was approved to employ staff, would be funded from the housing revenue account as well. A paper would be brought forward to an Administration Briefing solely devoted to stock condition in terms of summarising what had been said today and what the next steps would be.

77.7 Councillor Otton queried whether the decision to employ external contractors would be a Cabinet decision?

77.8 The Assistant Director for Housing replied that the decision would most likely be taken under officer delegations once a robust business case has been produced.

77.9 Councillor Gowrley asked what had happened to the information and data base from the 100% stock survey that had previously been undertaken by Ridge and why that had not been used to inform the Capital Programme and asked for that information to be brought back to Cabinet.

77.10 In response the Assistant Director for Housing informed Cabinet that the report would include that information, however that survey was now over seven years old so where it had highlighted properties that were of a non-decent standard the expectation would be that works have already taken place to those said properties to make sure that they were decent. But obviously the Council was dealing with a continuous rolling situation in which new tenants were moving in, tenants were moving out, and tenants who were maintaining their properties in whatever way and therefore that constant review of the said properties needed to be done to make sure that the data was accurate at all times.

On the proposal of Councillor Wilshaw and seconded by Councillor Whitehead

It was RESOLVED:-

That the revised Business Plan be noted and endorsed (Appendix A of the report).

78 EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)

78.1 The report was dealt with in the public section of the agenda.

79 MCA/18/40 PART 2 - BABERGH MID SUFFOLK BUILDING SERVICES (BMBS) BUSINESS PLAN 2017 - 2023

79.1 The report was dealt with in the public section of the agenda.

The business of the meeting was concluded at 3.55 pm.

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Chairman