

APPENDIX A.

DRAFT MINUTE FOR MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)

- 5.1 Councillor Whitehead introduced paper MOS/20/1 and provided the following main points from Paper MOS/20/1..
- 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 £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.

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- 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 the Government intended to change the Business Rates in 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 it 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 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 2.027, 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.

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- 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 currently suspend the collection of

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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 to £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 Council 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 overreaching principles.
- 5.33 Members debated the recommendations and that the comments made at this meeting should be included in the recommendations to cabinet. Further

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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.