

MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK OVERVIEW AND SCRUTINY COMMITTEE** held in the Britten room, Endeavour House, 8 Russell Road, Ipswich on Thursday, 18 January 2018

PRESENT:

Councillor: Rachel Eburne – Chair

Councillors:	James Caston	John Field
	Lavinia Hadingham	Lesley Mayes
	Derek Osborne	Kevin Welsby

In attendance:

Strategic Director (KN)
Assistant Director – Corporate Resources (KS)
Assistant Director – Housing (GF)
Senior Finance Business Partner (SB)
Professional Lead HRA Accountant (TA)
Corporate Manager – Law and Governance (JR)
Governance Support Officer (HH)

13 **APOLOGIES FOR ABSENCE/SUBSTITUTIONS**

An apology of absence was received from Councillor Derek Osborne.

14 **TO RECEIVE ANY DECLARATIONS OF PECUNIARY OR NON-PECUNIARY INTEREST BY MEMBERS**

There were no declarations of interests.

15 **MOS/17/31 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 16 NOVEMBER 2017**

It was RESOLVED: -

The minutes of the meeting held on 16 November 2017 be confirmed as a true record.

RESOLUTION TO EXCLUDE THE PUBLIC

The Corporate Manager – Law and Governance explained that under the Local Government Act 1972, paragraph 12, the Committee had the opportunity to exclude the public as set out in the Agenda, but it was for the Committee to decide whether they wished to exclude the public or not.

The motion to exclude the public was put to the Committee and it was agreed NOT to exclude the public as no Members voted and the motion fell.

It was RESOLVED: -

That the public not be excluded from the meeting for the following item

MOS/17/30 CONFIDENTIAL MINUTE OF THE MEETING HELD ON 16 NOVEMBER 2017 (EXEMPT INFORMATION BY VIRTUE OF PARAGRAPH 3 OF PART 1)

It was noted that the minute to be signed had been amended as follows:

- The date had been corrected from 19 November 2017 to 16 November 2017.

It was further noted that the minute would now be in the public domain.

It was RESOLVED: -

That the minute of the meeting held on 16 November 2017 be confirmed as a true record and to be in the public domain.

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

None received.

17 MOS/17/32 DRAFT JOINT MEDIUM TERM FINANCIAL STRATEGY AND MID SUFFOLK 2018/19 BUDGET (MCA/17/37)

17.1 The Cabinet Member for Finance introduced the annual budget and said it was very positive in terms of the level of service and funding for the Councils' residents.

17.2 Councillor Eburne said funding for the Council was generated from a number of sources and that Council Tax generated the largest income followed by Business Rates. She asked for clarification for the upcoming changes for the way Business Rates were to be collected next year.

17.3 The Assistant Director – Corporate Resources, said that the Government was introducing a new Business Rate Retention pilot scheme in Suffolk next year and that this meant that some grants, such as Revenue Support Grant and Rural Services Deliver Grant, would no longer be individual grants but would have to be funded from the retained business rates income and in the budget for 2018/19 had been absorbed into the Baseline Business Rates figure.

17.4 Currently 50% of the Business Rate Retention went to the Government and of the remainder 50% retention, 40% went to the Council and 10% went to Suffolk County Council. For 2020/21 the Government had announced that 75% of the Business Rates would be retained locally, but what percentage would belong to the Council was yet unknown.

17.5 Currently the Business Rates Pool in Suffolk retained 50% of the Business

Rates Growth, but under the new pilot scheme 100% of the growth would be retained, which would be additional income retained in Suffolk.

- 17.6 Under the 75% retention proposals, the Government was making changes to the way various grants were paid and for instance, the Public Health Grant would no longer be paid to Councils but would have to be funded from the retained income from business rates. Changes were also expected to the amount of services the Council was responsible for. This meant that even though there was going to be an increase in the income retained by the Business Rate scheme, the Council was likely to also be responsible for funding more services.
- 17.7 In relation to the above the Cabinet Member for Finance said that work was being undertaken in Cabinet to encourage business growth, and that the income from the growth of Business Rates was expected to increase. The business development side of the Council was a large part of the Strategic Plan.
- 17.8 Guidance was still awaited from the Government on how the pilot scheme was going to work, but an estimated one million pounds were to be retained in the District and spent on growth initiatives. Suffolk County Council had given up the right to receive any of the retained additional funding but would need to be consulted by each district and borough on how it was planned to spend the money.
- 17.9 Business Rates were calculated on the rateable value of the property, which was based on factors such as the floor size of the property and the level of rental income that could be generated. A discussion followed around the Stowmarket development as an example of how the Council was supporting business growth in the district.
- 17.10 Members then discussed the cost of £114,000 to be spent on security for the old HQ in Needham Market (Page 88) and the future plans for the site. Members were encouraged to go to the briefings for the HQ sites.
- 17.11 In the Capital Programme, the cost of the upkeep of Stradbroke Pool of £30,000 per year was explained as both annual maintenance and general upkeep of the pool (page 93).
- 17.12 Questions then returned to Business Rates and Business Rate Collection Fund Deficit (Appendix A, page 37, line 17). The Council was the collecting authority for business rates and the money was kept in a Collection Fund, which paid the 50% to the Government and 10% to Suffolk County Council as detailed in bullet point 17.4. Other impacts on the Collection Fund included provision for appeals, rebates and changes to the number of businesses. The expected deficit of £975,000 in 2018/19 generated by the significant business rate rebate in 2017/18 was to be covered from the Business Rates Equalisation Reserve.
- 17.13 Members were advised that any surplus in the Collection Fund was diverted

to the Business Rate Equalisation Reserve. The balance in this reserve was used to pay any deficit in the Collection Fund.

- 17.14 Members then questioned the increase of nearly 20% in the General Fund Revenue Budget Summary Forecast (Attachment 1, page 87, line 10) and it was clarified that the increase in staff's annual pay awards, incremental progression in pay grades and the increase in the Pension Fund contribution accounted for a large part of the increase in the Net Service Cost. The Movement of Service Cost Budget Year on Year (Attachment 2, page 88 – 89) detailed a forecast for the Council for the next four years in more detail.
- 17.15 It was questioned why the employers Pension Fund contribution had increased so significantly between 2017/18 and 2018/19 as shown on page 38. It was explained that only half of the picture had been shown the previous year i.e. the future service cost percentage and not the deficit percentage too. This had been corrected for the report this year. Every three years a pension fund valuation took place which resulted in a recommendation to the employer (the Council) of how much money was required to maintain the Pension Fund. Suffolk County Council administered the Pension Fund and the Pension Fund Committee.
- 17.16 The entry of Other Management Cost in the HRA Business Plan (Appendix D, page 44) covered the cost of Babergh and Mid Suffolk Building Service (BMBS). BMBS's Business Plan was currently under review and a new Business Plan was to be presented to the Senior Leadership Team and Cabinet shortly. Members were to receive information regarding the review and new Business Plan in due course. The cost of £400,000 was expected to go down in the forecast for BMBS but there had been challenges not reflected in the original Business Plan and this was now being addressed.
- 17.17 It was noted, that Members expressed concern about the cost of BMBS and the length of time it had taken to get the service to work properly.
- 17.18 Members continued questions on Management Costs and asked for clarification of General and Special Management Costs (Appendix D, page 44). The General Management Cost covered areas such as staffing cost, but also included the general management of teams, repairs and maintenance. The Special Management cost included the management of special accommodation. The Officers were asked to provide a breakdown of the Special and General Management cost to Committee Members.
- 17.19 Members wanted to know if the 30-year HRA plan would be impacted by the Capital Programme Investment and if it would be possible for the Council to build or purchase more council houses.
- 17.20 The HRA Accountant responded that the money in the Capital New Build and Acquisitions could be used to buy or build new properties, but that this would not have an impact on the 30-year HRA plan. A report had been presented to the Senior Leadership Team containing the number of new builds and the number of acquisitions. This report was to be presented to Members soon.

- 17.21 To be noted: Members looked forward to receiving this report.
- 17.22 Members then discussed the recent increase in debt cap announcement from the Government. Officers were expecting guidance to be released in the future to confirm whether the Council would be one of the eligible authorities.
- 17.23 The Assistant Director – Housing, responding to Members questions, and said that the HRA Business Plan was being updated constantly and work was being undertaken to improve the financial position. It was the intention to bring a summary report of all the changes to Members early this year.
- 17.24 Members' attentions were drawn to point 10.7, page 25, which showed a cumulative funding pressure over the next three years of £2.5m to not have any reliance on New Homes Bonus funding, because Members were under the impression this was £0.4m.
- 17.25 It was confirmed that the New Homes Bonus Scheme for 2018/19 would remain at 0.4% as a baseline above which payments would be made for four years.
- 17.26 The table on page 14 had now been updated and would be available in the report to February Cabinet and published on the website.
- 17.27 Officers outlined the way the New Homes Bonus was predicted and referred to the Attachment 1, page 87. Members discussed the difficulties of predicting the forecast but agreed that since the Council had made a joint local plan detailing the number of houses, which was going to be built, the figures for the New Homes Bonus had to be based on this information. The difficult aspect was when these homes would be built and hence qualify for a New Homes Bonus payment.
- 17.28 Questions continued regarding Capital Financing Charges and Investment Income (page 87) and what these charges included. Some of the Charges included the borrowing of money to purchase the site for development in Stowmarket and Members requested that a breakdown of these two items were forwarded to Members.
- 17.29 Members made the following comments on the presentation of the 2018/19 General Fund Budget – Early Indication and Draft Joint MTFs and 2018/19 Budget and suggested the following for future presentations:
- The Committee asked if it was possible receive up to date reports in the future or if they could be emailed any late changes to reports before the Overview and Scrutiny Committee took place;
 - For future budgets Members felt it would be useful if the Business Rates information could more detailed and include a breakdown of the budget.
 - It would be helpful if information could be put in context with the local community to show the impact of the budget on the community and its

residents:

- Examples of where the money was coming from and what the money could be spent on would also be helpful.

It was RESOLVED: -

That Report MOS/17/32 be noted.

18 **INFORMATION BULLETIN**

There was no Information Bulletin.

19 **MOS/17/33 FORTHCOMING DECISIONS LIST**

19.1 Members discussed the Forthcoming Decisions List and were concerned that there was so many confidential report on the list.

It was RESOLVED: -

That the Forthcoming Decision List be noted.

20 **MOS/17/34 MSDC OVERVIEW AND SCRUTINY FORWARD PLAN**

20.1 Members requested that Scoping of Pre-planning Applications was added to the Forward Plan in May.

20.2 Members discussed the topic of enforcement in relation to parking and planning applications and agreed to discuss this with the Strategic Director and with Babergh Overview and Scrutiny at the Joint Overview and Scrutiny Committee on the 15 February. It was agreed that Enforcement was to be added at the end of the list of topics for future scrutiny.

It was RESOLVED: -

That the above requests be noted, and the Mid Suffolk Forward Plan be updated accordingly.

21 **MOS/17/35 BDC OVERVIEW AND SCRUTINY FORWARD PLAN**

It was RESOLVED: -

That the Babergh Forward Plan be noted.

The business of the meeting was concluded at 11.09 am.

.....

Chair (& date)

