

Minutes of a Meeting of the **Shadow Cabinet** held in the **Conference Room** at **Riverside, 4 Canning Road, Lowestoft, NR33 0EQ** on **Monday, 18 February 2019** at **6.30pm**

Members present:

M Bee (Leader of the Shadow Authority), R Herring (Deputy Leader of the Shadow Authority), G Catchpole, S Gallant, T-J Haworth-Culf, G Holdcroft, R Kerry, M Ladd, B Provan, C Punt, C Rivett, D Ritchie, M Rudd and A Smith.

Other Members present:

P Ashdown and N Brooks (Assistant Cabinet Members)
D Beavan, P Byatt, A Cackett and T Cooper.

Officers present:

S Baker (Chief Executive Officer), P Harris (Communications Manager), A Jarvis (Strategic Director), N Khan (Strategic Director), S Lewis (Business Solutions Manager), L Rogers (Finance Manager - Financial Planning and Deputy S151 Officer), S Taylor (Chief Finance Officer & Section 151 Officer), N Wotton (WDC Democratic Services Manager) and S Davis (WDC Democratic Services Officer).

1. Apologies for Absence

Apologies for absence were received from Councillors A Fryatt, C Poulter and S Lawson.

2. Declarations of Interest

No declarations of interest were made.

3. Announcements

There were no announcements made.

4. Issues Arising from the Shadow Scrutiny Committee

There were no issues arising from the Shadow Scrutiny Committee.

5. Implementation Progress

The Shadow Cabinet received a presentation by representatives of the Central Implementation Team which gave an update on progress since the last meeting in January, together with details of critical tasks including:

- The Electoral Register would be published at the beginning of March

- Revenues and Benefits Billing would take place in March and Business Rate Bills would go out slightly earlier
- Planned changes to the ESC website – some changes would be made earlier in the background as all the changes needed could not be made in one go
- Changes to financial procedures including VAT issues and a single Nav database

The Shadow Cabinet were informed that the bills would include the new telephone contact number which would be live from the beginning of March and additional wording about East Suffolk Council. The wording would be circulated to Members together with FAQs and details would also be published on the website. It was noted that the remaining work streams were on target to be completed as scheduled.

In relation to communications and branding, Members were informed that:

- A graphic designer had been appointed to produce different designs of the East Suffolk logo that could be used on the various vehicles owned by the Council and Norse to ensure they were striking and promoted the Council as they moved around the District. Details would be shared with Members in the next few days with a view to everything being signed off by the end of the month. Most of the vehicles would then be rebranded by the end of March/first week of April at the very latest.
- Planning consent for the building signage had been received and it was hoped it would be installed the weekend of 30 March 2019. Consideration was being given to having a huge tarpaulin over it initially to enable a set piece event to be held that revealed the sign and kick started the new Council.
- The last editions of Coastline and Intouch would be sent out in the next few months and again would include a clear explanation of the new Council both on the front page and inside so that that the message was reinforced.
- The new phone number would be promoted in the media and a short film produced to be streamed over social media in the next few weeks.
- Briefings would be held to ensure staff were up to speed.
- Member Programme Board would receive an update on all the workstreams, implementation budget and any other sign offs needed.
- ICT – testing had taken place but there would need to be some downtime at the end of March/beginning of April.

A Member queried what the new phone number was and the address for the new Council. It was reported that the new phone number was an 03 number which was a non-geographical local rate. The Shadow Cabinet was informed that both addresses would continue to be used with East Suffolk House being the legal address and Riverside being the correspondence address. Concern was expressed that a single address was not being used and the matter was discussed in depth. The point was made that, after some considerable debate on the matter, the Member Programme Board had decided to keep both addresses but if, in future, it was deemed preferable to have a single address then this could be changed at that point.

A query was raised as to whether the new phone number could be included in monthly village magazines and the Communications Manager agreed, stating that he could also provide small articles upon request. Members were reminded that they could also use the information in the FAQs.

Clarification was sought on whether the issue of the £20k budget for branding had been addressed in the FAQs and the Communications Manager agreed to include it. He added that the Lowestoft Journal had asked about it and he had made it clear that it was not a case of rebranding as both Councils were ending to form East Suffolk Council. In addition, information had been included in Councillor Bee's column in the residents magazine to explain why the concern about the amount for branding was unbalanced given the savings created by the new Council. It was also pointed out that a local designer had been engaged to create the branding which was money back into the local economy. The Deputy Leader of the Shadow Authority agreed to add something to his Leader and Cabinet Briefing so that Town and Parish Councils in the Suffolk Coastal area would also receive information on the changes.

The Chief Finance Officer reported that, at the last Council meeting, clarification had been sought on whether Waveney and Suffolk Coastal cheques would still be honoured and he confirmed that Lloyds Bank would still accept them.

RESOLVED

That the position be noted.

NB Councillor P Ashdown left the meeting at 7pm.

6. Draft General Fund Budget and Council Tax Report 2019/20

Shadow Cabinet received report **REP33(SH)** by the Cabinet Members with responsibility for Resources, which was summarised by Councillor Provan. He stated that the report presented the East Suffolk Council draft General Fund Budget for 2019/20 and the Medium Term Financial Strategy (MTFS) for the period 2019/20 to 2022/23.

Members were informed that the report presented a balanced budget position for 2019/20, making use of the In-Year Savings Reserve of £3m. For future years, the MTFS was reporting annual budget gaps at just over £3.8m. Council Tax income remained one of the Council's most important and stable income streams, funding approximately 50% of the Council's Net Budget Requirement. The 2019/20 MTFS included a proposed Council Tax increase of 2.5% which equated to an increase of £4.05, providing a Band D Council Tax of £166.32. This increase generated an additional £351k of income for the Council in 2019/20.

The final Local Government Finance Settlement for 2019/20 was released on 29 January 2019 and the Council was due to receive Revenue Support Grant of £323k and Rural Services Delivery Grant of £248k. The Final Settlement was reflected in this budget report.

The point was made that the New Homes Bonus (NHB) was an extremely important source of incentivised income for the Council, delivering valuable projects and initiatives to the community. The 2019/20 NHB allocation to the Council was in the region of £2.4m, with up to

70% being allocated to the aforesaid purpose, but its use was also balanced against the overriding need to retain financial sustainability. Any unused NHB funding was held in a reserve.

Reference was made to Appendix B5 of the report and it was noted that it presented a healthy summary of the projected reserves and balances for the Council, with a total balance on earmarked reserves of £40m at the end of 2019/20. Two significant reserves for the Council were the Business Rates Equalisation and Capital Reserves, which were an important source of funding for the revenue contribution to the capital programme. Over £5m was planned to be used from these reserves in 2019/20.

The Government was working towards significant reform in the local government finance system in 2020/21, including the resetting of business rates baselines. This consequently provided much uncertainty and the Council would need to respond in increasingly innovative ways to support its communities and maintain the momentum of improvement over the medium and longer term.

The Shadow Cabinet was asked to consider and make recommendations to Shadow Council regarding the:

- Proposed budget for 2019/20 and to note the position with regard to future years;
- Assessment of reserve and balance movements;
- Council Tax Base for 2019/20 (to note)
- Proposed Band D Council Tax for East Suffolk Council of £166.32 for 2019/20, an increase of £4.05 or 2.5%

Clarification was sought on the Public Sector Pay increase of £200k per annum and it was noted that this figure was basic salaries plus on costs.

A query was raised in relation to the 25% of Business Rates Local Authorities lost to the Government and the Chief Finance Officer reported that in 2018/19 100% had been kept by the Council but for those not successful in the pilot there was a 50-50 split, although the Government was proposing to move to a 75-25 split with the funding being given to other Local Authorities to top up their budgets eg Suffolk County received extra funding.

Reference was made to Appendix B3 and the additional Income for Southwold Caravan and Camping Site and it was queried how this sat with the commitment to ringfence income to the Southwold Harbour. It was stressed that the figure of £122k was only a forecast, however, the commitment that any surplus income would be given back to the Harbour to pay the debt for the wall was reiterated.

In relation to Green Waste, it was noted that the income had been the same for the last four years and the waste management fee to Suffolk County Council had also been the same. It was queried, therefore, if the Council should be aiming to increase green waste and reduce the amount given to County. The Chief Finance Officer reported that the £400k for County was a saving and paid towards Waveney's waste collection costs which cost £43 per bin collected. He pointed out that, in future, Members might wish to increase this but it had been left the same at present. Reference was made to the Government's proposal that all Council's deal with waste

in the same way and it was noted that the Waste Partnership was currently looking at the consultation document and East Suffolk Council would respond.

It was proposed, seconded and unanimously

RECOMMENDED TO THE SHADOW COUNCIL

That the following recommendations be made to Shadow Council on behalf of East Suffolk Council:

1. The General Fund Revenue Budget be approved as set out in the report and summarised in Appendix B4, and note the budget forecast for 2020/21 and beyond.
2. The Reserves and Balances movements as presented in Appendix B5 be approved.
3. No changes be made to the Local Council Tax Reduction Scheme.
4. The existing Local Council Tax Reduction Scheme for East Suffolk be adopted.
5. The Council Tax Base of 86,755.14 for 2019/20 be noted.
6. A Band D Council Tax for 2019/20 of £166.32 be approved.

7. Capital Strategy 2019/20 to 2022/23

Shadow Cabinet received report **REP35(SH)** by the Cabinet Members with responsibility for Resources, which was summarised by Councillor Provan. He stated that this was a new report for 2019/20 which gave a high level overview of how capital expenditure, capital financing and treasury management activities contributed to the provision of local public services in East Suffolk, along with an overview of how associated risk was managed and the implications for future financial sustainability.

The Strategy outlined the planned capital programme 2019/20 to 2022/23 and the way in which it was to be financed. This included overall planned expenditure of £207.5m (General Fund £151.4m and HRA £56.1m) over the four year period. In 2019/20 there was planned capital expenditure of £52.6m.

The point was made that this was a technical report that covered the new Asset Management Strategy, Treasury Management, the Council's approach to Service Investments and Commercial Investments, other financial liabilities including existing commitments and guarantees and in-built revenue implications within the Capital Programme and its financial costs.

It was proposed, seconded and unanimously

RECOMMENDED TO THE SHADOW COUNCIL

1. That the Capital Strategy 2019/20 to 2022/23 be recommended for approval by the Shadow Council.
2. That the comments on the ongoing development of the Asset Management Strategy and the Commercial Investment Strategy be noted.

8. New Insurance Policy

Shadow Cabinet received report **REP34(SH)** by the Cabinet Members with responsibility for Resources and the Chairman indicated that, following dispatch of the agenda, an updated version of the report had been circulated prior to the meeting without Appendix A to enable it to be discussed in public. The report was summarised by Councillor Provan who stated that it set out the background, process utilised and the results of a tender for East Suffolk Council's requirements for General Insurance Services.

Members noted that, as the tender was for a three year contract commencing on 1 April 2019 with an option to extend for a further two years, the total contract amount exceeded £250,00 and, therefore, under the Council's Contract Procedure Rules, Cabinet was required to approve the contract.

It was reported that having a single combined contract for all the Council's Insurance Services instead of one contract for each Authority generated savings of £998K. Clarification was sought on whether this saving was included within the Medium Term Financial Strategy (MTFS) given it predicted an ongoing shortfall and the Chief Finance Officer explained that the MTFS had been produced before the insurance contract savings had been known.

The point was made that the reports had been the result of a huge amount of work and the officers were thanked for their hard work.

It was proposed, seconded and unanimously

RESOLVED

That, under Section 5.3b)iv) of the Council's Contract Procedure Rules, Shadow Cabinet give approval to contract with Zurich Municipal Insurance based on the preferred tender option of £368,569 (inclusive of Insurance Premium Tax) for a period of three years with the option to extend for two further one year periods.

The Meeting concluded at 7.25pm.