EASTSUFFOLK
COUNCIL

Riverside, 4 Canning Road, Lowestoft, Suffolk,
NR33 0EQ

Full Council

Members: **All Councillors**

Members are invited to a **Meeting of the Full Council**
to be held in the Conference Room, Riverside, Lowestoft
on **Wednesday, 25 January 2023** at **6.30pm**
This meeting will be broadcast to the public via the East Suffolk YouTube Channel at https://youtu.be/l8CO0Z7zzUk

An Agenda is set out below.

Part One – Open to the Public

Pages

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1 Apologies for Absence
To receive apologies for absence, if any.

2 Declarations of Interest
Members and Officers are invited to make any declarations of interests, and the nature of that interest, that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered.

6 Questions from Members

The following question(s) from Members has/have been submitted in pursuance of Council Procedure Rule 9:

a) Question submitted by Councillor Caroline Topping to Councillor Steve Gallant, Leader of the Council

Would the Leader agree that when a Councillor is elected by the people to represent them and their ward, they should make every effort to attend as many meetings as possible to those committees, etc that they have been selected to sit on (more than the bare minimum) and especially the 10 'Full Council' meetings that are scheduled a year? There are Councillors who have not attended a 'Full Council' meeting for an entire calendar year, have only attended virtual Cabinet meetings or a Planning meeting (where they are not the nominated members, have attended as visitors and have no voting rights). I think when people elect a councillor to represent them it is with the expectation that they will be represented and as fully as possible.

b) Question submitted by Councillor David Beavan for Councillor James Mallinder, Cabinet Member with responsibility for the Environment

Currently the 2017 Clean Growth Strategy is not on target to improve all homes to EPC rating C or above by 2035. Can you confirm whether the Warm Home scheme is limited to households that have a combined gross income of less than £30,000 and do not have gas central heating, and as a result what percentage of households in East Suffolk are not covered by your scheme? How do you plan to help these households reduce their energy bills and carbon emissions to meet our target of net zero by 2030?

c) Question submitted by Councillor David Beavan for Councillor Craig Rivett, Deputy Leader and Cabinet Member with responsibility for Economic Development

As requested, I have supplied you with a full copy of the original 1509 will of William Godyll which bequeathed Havenbeach Marsh to the people of Southwold. Please can you answer my original question, and tell the council what the legal basis is for your transfer of the ownership of the camping field from the Harbour Lands and Southwold Town Council to East Suffolk District Council as evidenced in the pictures of our GIS asset map (to be emailed to all councillors)?

d) Question submitted by Councillor Janet Craig to Councillor Stephen Burroughes, Cabinet Member with responsibility for Customer Experience, IT and Operational Partnerships

100 car parking spaces in Sudbury and Stowmarket have been covered in solar panels to help power two Council owned Leisure Centres and provide Electric Vehicle charging points for Leisure Centre users, providing a useful income stream. This was achieved using part funding from two Government schemes.

This sounds like a positive move to support not only residents but also the visitor economy, so what is there to prevent this Council from following the example from colleagues in Babergh & Mid-Suffolk, and applying to these two sources of grant funding (Getting Building Fund and Public Sector Decarbonisation Scheme). We could then do something similar at our Leisure Centres, and also potentially expand the existing EV provision at other Council premises?

7 Petitions

No petitions have been received as provided by Council Procedure Rule 10.

8 Notices of Motion

The following Motions have been submitted in pursuance of Council Procedure Rule 11:

a) Motion submitted by Councillor Tom Daly, to be seconded by Councillor Louise Gooch

Opportunity for a Reset

This Council notes:

1. That Scottish Power Renewables are explicit that onshore substation construction will not now start until 2024/2025. This affords a window of opportunity to push for a complete reset of approach.
2. National Grid Ventures are consulting on proposals to bring new interconnectors ashore to join our electricity grid to Europe. They propose digging single 1.8GW cables into our AONB to feed rural substations and pylons.
3. Each windfarm is also queuing for their own connection. It would be more efficient for our communities, the environment, producers and consumers if a national offshore grid was established to connect everything to an area of high demand like London, rather than Suffolk which is a net producer.
4. Their sister company, National Grid ESO, is excluding the option of an offshore grid in the consultation.

This Council resolves:

1. To formally support a change of approach that protects the rural integrity of our villages and countryside now and into the future.
2. To write to Graham Stuart MP, the Energy Minister, backing the call from James Cartlidge MP for National Grid ESO to conduct an "independent and open-minded review of offshore options".
3. To write to the Rt Hon Grant Shapps MP, Secretary of State for Business, Energy and Industrial Strategy, proposing he consider this review.

b) Motion Submitted by Councillor Peter Byatt, seconded by Councillor Louise Gooch

This Council notes that:

On 23rd November 2022 this Council approved a Motion regarding sewage pollution flowing untreated into our local waterways and coastal waters.

As a brief reminder, we agreed that a letter should be written to Anglian Water asking for a number of actions to be taken to address this and related issues as a matter of urgency. In addition it was also decided to write to the Secretary of State for the Environment to ask for our water systems to be protected, and for there to be engagement with all stake-holders to work together to improve water quality across East Anglia.

On December 22nd (conveniently timed just before the Christmas period) the Environment Agency announced that their original plans to clean rivers, lakes and coastal waters of sewage and agricultural materials have been moved back from 2027 to 2063 – some 36 years.

This Council agreed to write to Anglian Water and the Environment Agency before this unexpected announcement by the Environment Agency.

Given this unexpected announcement and lengthy delay, this Council asks:

That this matter be discussed at the next Suffolk Public Sector Leaders Group on 17th February, which includes all six Council Leaders, their Chief Executives, the Chief Officers of both Clinical Commissioning Groups that cover Suffolk, the Police and Crime Commissioner and the Chief Executive and Chair of the New Anglia LEP.

That the Group discusses the issue of sewage and other water pollution across the whole of Suffolk, and further ask that the six Leaders write to the Environment Agency and our seven Constituent Members of Parliament, expressing their concern at this serious delay in dealing with such an important matter which affects all of Suffolk's residents and visitors.

In addition, given that the Environment Agency are due to publish details of their overall Improvement Plans this month, ask that there be details specifically for Suffolk and East Anglia.

9 Suffolk Strategic Approach to Home Energy Efficiency Improvements

To receive a presentation from Councillor Kerry, Cabinet Member with responsibility for Housing, and Teresa Howarth, Principal Environmental Health Officer for Private Sector Housing.

10 Capital Strategy 2023-24 to 2026-27 ES/1427 **24 - 40**

Report of the Cabinet Member with responsibility for Resources

11 Treasury Management Strategy Statement for 2023/24 & Treasury Management Investment Strategy for 2023/24 ES/1428 **41 - 68**

Report of the Assistant Cabinet Member for Resources

12 Council Tax Premiums on Second Homes and Empty Properties ES/1430 **69 - 92**

Report of the Cabinet Member with responsibility for Resources

13 Housing Regulation ES/1432 **93 - 168**

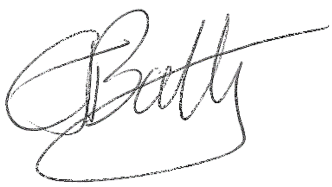
Report of the Cabinet Member with responsibility for Housing.

14 Freeport East Business Rates Relief and Retained Rates Policies ES/1146 **169 - 196**

Report of the Deputy Leader and Cabinet Member with responsibility for Economic Development and the Cabinet Member with responsibility for Resources.

Part Two – Exempt/Confidential

Close



Chris Bally, Chief Executive

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Agenda Item 3

Unconfirmed

Minutes of a Meeting of the **Full Council** held in the Conference Room, Riverside, on **Wednesday, 23 November 2022** at **6:30 pm**

Members present:
Councillor Paul Ashdown, Councillor Edward Back, Councillor David Beavan, Councillor Stuart Bird, Councillor Chris Blundell, Councillor Elfrede Brambley-Crawshaw, Councillor Norman Brooks, Councillor Stephen Burroughes, Councillor Peter Byatt, Councillor Jenny Ceresa, Councillor Judy Cloke, Councillor Maurice Cook, Councillor Tony Cooper, Councillor Linda Coulam, Councillor Janet Craig, Councillor Tom Daly, Councillor Mike Deacon, Councillor John Fisher, Councillor Steve Gallant, Councillor Tess Gandy, Councillor Andree Gee, Councillor Louise Gooch, Councillor Colin Hedgley, Councillor Mark Jepson, Councillor Richard Kerry, Councillor Stuart Lawson, Councillor Geoff Lynch, Councillor James Mallinder, Councillor Keith Patience, Councillor Malcolm Pitchers, Councillor Sarah Plummer, Councillor Carol Poulter, Councillor Mick Richardson, Councillor David Ritchie, Councillor Craig Rivett, Councillor Keith Robinson, Councillor Mary Rudd, Councillor Letitia Smith, Councillor Rachel Smith-Lyte, Councillor Ed Thompson, Councillor Caroline Topping

Officers present: Stephen Baker (Chief Executive), Jason Beck (Principal Planner (Policy and Delivery)), Chris Bing (Head of Legal and Democratic Services), Andy Jarvis (Strategic Director), Matt Makin (Democratic Services Officer (Regulatory)), Andrea McMillan (Planning Manager - Policy, Delivery and Specialist Services), Brian Mew (Chief Finance Officer & Section 151 Officer), Agnes Ogundiran (Conservative Political Group Support Officer), Tamzen Pope (Coastal Engineering Manager), Dickon Povey (Principal Planner (Policy and Delivery)), Fiona Quinn (Head of Environmental Services and Port Health), Philip Ridley (Head of Planning and Coastal Management), Jon Stockwin (LFRMP Project Delivery Manager), Anthony Taylor (Senior Planner (Policy and Delivery)), Karen Thomas (Head of Coastal Partnership East), Nicola Wotton (Deputy Democratic Services Manager)

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1 Apologies for Absence

Apologies for absence were received from Councillors Tony Fryatt, Tony Goldson, Tracey Green, Frank Mortimer, Trish Mortimer, Debbie McCallum, Mark Newton, Russ Rainger, Steve Wiles and Kay Yule.

Councillors David Beavan, John Fisher, Sarah Plummer, Rachel Smith-Lyte, Ed Thompson and Caroline Topping all gave apologies as they would need to leave the meeting at around 8.30 pm.

2 Declarations of Interest

Councillor Chris Blundell declared an Other Registerable Interest in Item 8b - Notice of Motion regarding Insulating Homes, during the debate on this item, as he was a residential landlord.

Councillor Janet Craig declared an Other Registerable Interest in Item 17 - Contract for East Suffolk Services Limited, as she was a Member of Lowestoft Town Council, which would be affected by the contract.

Councillor Keith Patience declared an Other Registerable Interest in Item 17 - Contract for East Suffolk Services Limited, as he was a Member of Lowestoft Town Council, which would be affected by the contract. He stated that he would leave the meeting for that item and would take no part in the discussions or voting.

3a Minutes - September 2022

RESOLVED

That the minutes of the Meeting held on 28 September 2022 be agreed as a correct record and signed by the Chairman.

3b Minutes - November 2022

RESOLVED

That the minutes of the Extraordinary Meeting held on 2 November 2022 be agreed as a correct record and signed by the Chairman.

4 Announcements

The Chairman of the Council

The Chairman reported that since the last Full Council meeting, she had attended a number of civic engagements which included:

- Sunday 30 October 2022 - Mayor of Beccles - Civic Service at St Michael's, Beccles
- Tuesday 1 November 2022 - East Suffolk Awards - Launch Photoshoot at Snape Maltings, Snape
- Sunday 13 November 2022 - Lowestoft Remembrance Parade & Service at Claremont Pier/Royal Plain
- Sunday 13 November 2022 - Wreath Laying & Service of Remembrance at War Memorial, St Mary's Road/St Michael's Church Beccles

The Vice Chairman had also attended a number of engagements, which included

- Sunday 2 October 2022 - The Suffolk Harvest Festival at Trinity Park, Ipswich
- Thursday 13 October 2022 - Disability Advice Service - Opening of New Offices

at 14 The Square, Martlesham Heath

- Saturday 12 November 2022 - Remembrance Services - West Suffolk Chair at Abbey Gardens Rose Garden, Bury St Edmunds
- Thursday 17 November 2022 - Building Better Opportunities - Celebration Event at Kesgrave Community Centre, Twelve Acre Approach

The Chairman took the opportunity to remind Members that her Civic Carol Service would take place at Our Lady, Star of the Sea Church, Gordon Road, Lowestoft on Sunday, 11 December 2022 at 3.00 pm. She asked Members to confirm their attendance with the Civic Secretary by 5 December 2022. Light refreshments would be served after the Carol Service, in the Stella Maris Hall, which adjoined the Church.

Councillor Gallant, Leader of the Council

<u>Executive Decisions Exempt from Call-In</u>

The Leader reported that in accordance with the Council's Constitution, he was required to report all executive decisions which were exempt from call in to the next meeting of Council. This evening, he had one such decision to update Members on, which related to the formation of Freeport East.

On 14 October 2022, Councillor Rivett, Deputy Leader and Cabinet Member with responsibility for Economic Development, had taken a Portfolio Holder decision, to approve that Freeport East Limited be incorporated on the finalised version of the Articles of Association and Members Agreement, circulated to the Freeport East Supervisory Board members on 12 October, subject to any minor amendments which were made to these incorporation documents at the Board meeting on 17 October 2022.

At the time the decision was taken, it was exempt from call in due to urgency, as the decision needed to be made before the meeting of Freeport East Supervisory Board, which took place on 17 October 2022. It was noted that the Chairman of the Council had agreed to this request.

<u>County Deal for Suffolk</u>

The Leader stated that last week, the Chancellor of the Exchequer confirmed, in his Autumn Statement, that there would be a 'County Deal' for Suffolk. The full details of the proposed deal had not yet been published and this was expected to happen in the coming weeks.

This would be the first county deal of its kind in the country and a model was being pursued which would see the Leader of the County Council directly elected by the people of Suffolk.

The proposed change would not add any new levels of bureaucracy, nor would it create any new offices. The Leader took the opportunity to clarify that a model which would see a directly elected Mayor for Suffolk was not on the table.

In keeping with Suffolk's collaborative way of working, this deal had been developed in partnership with the county's district and borough councils, as well as the Police and Crime Commissioner and MPs. Once the full details were announced, it would be taken forward to public consultation with Suffolk's communities and businesses.

Be a Councillor Events

The Leader updated Members that two 'Be a Councillor' Events had been held this month, which were designed to provide further information to those people who were considering standing for Election to this Council next year. There was a session at East Suffolk House and at Riverside and the sessions provided information on what it was really like to be an East Suffolk Councillor, what the Council does and the support available for Councillors.

The Leader thanked the Member Development Steering Group, the Opposition Group Leaders and Councillor Caroline Topping for their contributions to the evenings. Some very positive feedback had been received from some of the attendees so it was hoped that they would consider standing for election in May next year.

Appointment of a Strategic Director for Growth

The Leader stated that Members would be aware that the Council commissioned the Local Government Association to carry out a full corporate peer challenge in February 2022. One of the resultant recommendations was in relation to a lack of capacity at senior level and they recommended the appointment of a third Strategic Director, to support strategic decision-making with a particular focus on corporate governance, providing a line of sight across a range of work programmes. This would further strengthen accountability and alignment to the Strategic Plan.

The peer challenge process was invaluable and the Cabinet debated and approved the creation of a third Director post and associated funding at its meeting on 5 July 2022 and the Council engaged the services of Tile Hill, an executive recruitment company, who had recently assisted with the recruitment of a Managing Director for East Suffolk Services Limited.

The Director recruitment ran in tandem to the recruitment of a new Chief Executive and the Leader summarised the recruitment process. It was noted that Tile Hill had focussed their search on approaching and speaking with potential candidates with significant corporate experience. The advert closed on 23 September and 35 applications were received. Longlisting took place on 30 September and following further, more forensic, conversations with the longlisted candidates, a shortlist of 4 was agreed on 17 October. The shortlisted candidates were offered an opportunity to meet individually with the Leader and also with Stephen Baker.

The Leader reported that the interviews took place on 3 and 4 November with day 1 involving a Stakeholder Panel of representatives from the public, private, voluntary and community sectors and they also appeared before a panel of members of the Corporate Management Team. Day 2 took the form of a more traditional interview Panel of Members and officers. The Leader was very pleased that the incoming Chief Executive, Chris Bally, was able to take part in this interview process.

The Leader explained that following the interviews, a formal Appointments Committee met and unanimously agreed that Kate Blakemore should be appointed. In accordance with the Council's Constitution, Cabinet Members were given an opportunity to raise any material or well-founded objections to this recommendation and none were received.

The Leader updated Members about Kate's professional background and areas of expertise. Kate had demonstrated that she was a highly competent officer with significant experience in public service and there was no doubt that she would be an asset to the Council, and she was due to start in early February 2023.

The Leader explained that, as with the appointment of the new Chief Executive, he had made a point of including the other two Group Leaders in the process. Before the growth paper was taken to Cabinet, he had sought the views of both Councillor Byatt and Councillor Beavan, at one of the regular Group Leader get togethers. He was pleased that both of the other Group Leaders acknowledged the necessity for this growth post, with Councillor Beavan being particularly keen to ensure that it led to a top-down review of capacity within the officer structure.

The Leader expressed his disappointment and surprise that Councillor Beavan had later declared that the GLI Group would play no part in the recruitment process. The Leader was only able to assume that his Group had changed his mind as to the value of the post and felt that that the Members of his Group could offer no value to the process. The Leader stated that he found it difficult to believe that any Group Leader would unilaterally disengage from such an important matter, without seeking the wider views of the group first.

The Leader confirmed his gratitude to Councillor Byatt for his engagement and the role he played in both the selection process and the appointments committee.

Retirement of Stephen Baker, Chief Executive

The Leader confirmed that the Chief Executive, Stephen Baker, would be retiring at the end of the year, after more than 17 years in the role at East Suffolk Council and the predecessor Councils Suffolk Coastal District Council and Waveney District Council. Therefore, this would be the last Full Council meeting which he would be attending.

Although there would be events taking place in December to pay tribute to Stephen Baker, the Leader reported that he could not let this evening pass without paying tribute to a man who had served Suffolk with huge distinction, for a number of decades.

He became one of the first joint Chief Executives in the country, when he combined his role at Suffolk Coastal with duties at Waveney and, throughout the journey of the creation of East Suffolk Council, his calm authority, his diligence and his drive helped ensure the success of the process. Stephen had served Members with distinction and he had also been the Head of Paid Service for literally thousands of employees over the decades and it would be almost impossible to find anyone who would have a bad word to say about him.

The Leader stated that when he spoke with officers, he had heard repeatedly that Stephen Baker was a proper leader who wanted the very best from those he worked with but who also cared about every one of them and who spearheaded a collaborative, supportive culture that achieved results for local communities.

The Leader confirmed that Stephen would be missed by all. However, whilst he was delighted to have secured the services of Chris Bally, who would take up his role at the start of next year, he knew that Stephen would leave a huge hole. He had set the highest standards for East Suffolk Council and he had created a legacy which would outlast us all. He deserved his long-awaited retirement, and he would depart East Suffolk Council with gratitude and respect for 40 years of service to local government, which left a wonderful legacy for East Suffolk.

Cabinet Members

Councillor Burroughes - Cabinet Member with responsibility for Customer Experience, ICT and Operational Partnerships

Councillor Burroughes confirmed he was pleased to provide an update on the ongoing pay negotiations with Unison, on behalf of the East Suffolk Waste collection crews. Following the recent settlement of the national pay award, which resulted in a £1,925 per year pay increase for each member of staff, negotiations on the additional local uplift element of the 2022 pay claim had continued.

Councillor Burroughes reported that last week at a meeting facilitated by ACAS, the Council and Norse put a further pay offer to the union. This offer recognised the increasingly challenging financial situation nationally, concerns about pay parity with the local haulage and waste collection sector and the important service the teams provide. The pay offer met the unions request for an additional £1.25 per hour for both HGV drivers and loaders and included a significant improvement in the local arrangements for sick pay. The pay uplift was accepted, the offer on sick pay was received positively and was taken to a ballot of the waste collection staff. The ballot closed at 5.30 pm today and the result of the ballot was that it had been overwhelmingly accepted.

Throughout this process, the Council's priority had been to ensure that a solution was reached in the very best interests of all parties. Despite considerable publicity around this issue, including interventions which had not always been helpful, the Council had conducted negotiations diligently and respectfully throughout. He stated that personally he was very pleased that this matter was now approaching a satisfactory conclusion.

Councillor Kerry - Cabinet Member with responsibility for Housing

Councillor Kerry expressed his shock and sadness, to learn of the tragic death of 2 year old Awaab Ishak from Rochdale, which last week saw a coroner determine that the damp and mould within his home had been a contributing factor to his death.

The condition of council properties was extremely important to the Council and its tenants, and the Council was committed to working together to resolve problems quickly and efficiently. There was also a dedicated repairs team to provide professional repairs, when needed.

Councillor Kerry reported that as soon as the coroners findings were known, the Council had initiated an in depth review of how it currently managed reports from tenants of condensation, damp and mould in their homes. A project team had been set up, to update the policy and procedure, and to ensure that communication was provided, in writing, to each tenant following an inspection.

Councillor Kerry confirmed that unfortunately, with the cost of living crisis and people across the country struggling to afford increasing energy bills, it was anticipated that there may be an increase in reports of damp and mould. Therefore, the Housing Team were developing new processes, to ensure the service could manage the potential increase in inspections required.

As condensation, damp and mould was an issue which affected a wide variety of homes, the Council offered all residents advice and guidance on how to limit the conditions where condensation causes problems. This information was available on the Council's website and Democratic Services would share the links to the correct pages with Members, outside of this meeting.

Councillor Ritchie - Cabinet Member with responsibility for Planning and Coastal Management

Councillor Ritchie reported that he was delighted to announce that the vacancy for a Co-opted Member on the Southwold Harbour Management Committee had been filled, following a rigorous interview process, which took place yesterday. The position had been offered to Mr John Ogden and Councillor Ritchie was very pleased to confirm that he had accepted.

John had spent 34 years in the Armed Forces, giving him a great understanding of public sector working and commercial interface. He had also been a consultant for the Department for International Trade and Advisor for ibd Business Advice Group, UK Business Advisors and Business Growth Solutions UK. As a result of his working background, John had a wealth of strategic planning and management, organisational development, budgetary, and personnel management experience.

It was noted that John was also a Commercial Skipper for Rivers Cruise Restaurants and Suffolk River Trips, as well as being a qualified RYA Yachtmaster Offshore, with over 40 years cruising and racing experience in the UK and abroad. Since 2019 he had been a Class Captain at Waldringfield Sailing Club.

Councillor Ritchie confirmed that John would be an excellent addition to the Harbour Management Committee and he looked forward to working with him.

Councillor Smith - Cabinet Member with responsibility for Communities, Leisure and Tourism

Councillor Smith reported that since the Council had launched its Ease the Squeeze programme at the end of August, almost 300 residents had been helped to manage their money, with rising energy costs, access food and a range of other things. Seventeen 'Help with Money' roadshows had taken place in towns across the District in partnership with organisations such as Citizens Advice East Suffolk, Anglia Water, Police, Fire Service, Housing Associations, Suffolk Family Carers and Christians Against Poverty. It was noted that 31 Warm Rooms had been established around the District and 13 café's had signed up as Comfort Food venues – offering a free hot meal and drink. The Family Cooking on a Budget classes started this month and the Field to Fork Community Growing Spaces grants launched on Monday.

The Warm Homes Team had developed Winter Warmth packs, with a range of items to keep people warm at home and a stock of cooking equipment, including microwaves and slow cookers, for those who do not have access to a cooker or cannot afford to buy one.

With funding through Suffolk County Council, a grant scheme had been established to enable voluntary organisations and community groups to keep residents warm and fed this winter to try and reduce levels of respiratory conditions. There had been lots of interest and the first grants had been awarded this week.

Chief Executive

Stephen Baker confirmed that this was indeed his last Full Council meeting as Chief Executive of East Suffolk Council and he thanked the Leader for his kind words earlier. However, as there were several weeks to go until he retired, he did not wish to dwell on it this evening.

Stephen wished to record his own thanks. He stated that being a Chief Executive of a Local Authority was one of the most extraordinary, unique, demanding yet fulfilling, maddening and yet compelling, but also incredibly rewarding roles to have.

He took the opportunity to thank all those present for making it such an amazing experience and thanked the team of colleagues who had enabled Members and officers to achieve so much. Stephen confirmed that being the Chief Executive for East Suffolk Council and for the two predecessor Councils, Suffolk Coastal and Waveney, had been without a doubt been the utmost honour and privilege.

5 Questions from the Public

No questions were submitted by the electorate as provided by Council Procedure Rule 8.

6 Questions from Members

a) <u>Question submitted by Councillor Keith Patience to Councillor Mary Rudd, Cabinet Member with responsibility for Community Health</u>

In a few months, Lowestoft will see the addition of another crossing over Lake Lothing.

As the Gull Wing will be the third 'opening' bridge for Lowestoft, this will, as with the other two bridges, create issues with queueing traffic, and the extra engine emissions this will cause.

It is a known fact that idling engines can double harmful emissions and leave fumes lingering nearby.

Given that the Gull Wing Bridge is close to properties in Denmark Road, as well as a Children's Play Area, what is this Council prepared to do to encourage vehicle users to turn off their engines whilst traffic is queueing there, and wherever else there are queues across Lowestoft, as a result of bridges opening.

Response from Councillor Mary Rudd, Cabinet Member with responsibility for Community Health

Thank you for your question, Councillor Patience.

- The Gull Wing Bridge is positioned further up the estuary than the Bascule Bridge and will be taller so that smaller vessels can get under it. As such it will open less frequently than the Bascule Bridge and the impact on traffic queues will be smaller.
- By having three routes across the estuary, it should generally improve traffic flows and reduce congestion.
- Air Quality was considered during the bridge planning stage and extensive air quality modelling was carried out which included assessing the impact from changes to traffic flows. Nitrogen Dioxide and particulates were both modelled. As would be expected when diverting and changing traffic flows, there were predicted areas of both improved and worsening air quality due to the building of the bridge – however all areas were predicted to be considerably below the health based national objective levels.
- If queuing does occur onto Denmark Road and beyond, this is unlikely to be significant to users of the play area in terms of the national health-based objectives. However, regardless of the significance of any impact on air quality, it would seem sensible to encourage drivers to switch off their engines when queuing, if possible.
- Any signage on the highway, or relating to the highway, would be the responsibility of SCC highways department. East Suffolk Council will liaise with SCC to consider signage aimed at encouraging drivers to turn off engines while queuing.

The Chairman asked Councillor Patience if he wished to ask a Supplementary Question and he confirmed that he did not. He stated that he wished to reflect upon the answer he had received to his question.

b) Question submitted by Councillor David Beavan to Councillor Craig Rivett, Deputy Leader and Cabinet Member with responsibility for Economic Development

Will you finally, after four months and four emails, correct the erroneous annexation on our GIS map of Southwold's North Field, Havenbeach Marsh which we use for a commercial camping field? Can you tell me when we will start paying the people of Southwold rent for this land which was bequeathed to them by William Godyll in 1509, suggested at £27,000 pa by the District Auditor in 2007 and, as charitable trust land, is legally excluded from adverse possession?

Response from Councillor Craig Rivett, Deputy Leader and Cabinet Member with responsibility for Economic Development

Despite a request to do so, Councillor Beavan has not provided any authoritative documentation to support his question. This being the case, I can only conclude that there isn't an issue.

Supplementary Question from Councillor Beavan

I did reply to the Strategic Director. I feel that you have evaded my question.

Response from Councillor Rivett

Three quarters of a page of a word document does not constitute evidence, we need more than that to investigate further. This is just an attempt to delay progress. Any income from the camping field is ring-fenced and goes to the Harbour funds, which is managed by the Harbour Management Committee and yet you keep bringing up historical matters.

This Council had recently spent £1 million on the Southwold Business Hub, which was supported by Southwold Town Council and all Members, except for you, Councillor Beavan.
Southwold Town Council have thanked this Council for making these projects a reality, and despite these many attempts to try and scupper progress, this Council wishes to support Southwold Town Council and its aims.

7 Petitions

No petitions have been received as provided by Council Procedure Rule 10.

8 Notices of Motion

The Chairman announced that, in accordance with Council Procedure Rule 11.4, the Leader of the Council and the Leaders of the Opposition Groups had met to discuss the 2 Motions and agreed a way forward. The recommendation from this meeting was that both Motions would be discussed by Full Council this evening. She therefore proposed from the Chair that both Motions be discussed this evening and it was seconded by the Leader of the Council. The Chairman invited Members to vote on the proposal to debate both Motions this evening and it was unanimously **CARRIED**.

a) Motion submitted by Councillor Peter Byatt

The Chairman invited Councillor Byatt to read out his Motion.

Councillor Byatt proposed the Motion, which was seconded by Councillor Deacon, who reserved his right to speak, and Councillor Byatt read out the following:

This Council notes that sewage pollution continues to be allowed to flow untreated into our local waterways and coastal waters.

It is imperative for our residents health, the environment and our economy that water quality issues are addressed.

This Motion calls upon this Council to write a letter to Anglian Water to demand that it

- *Improves water quality checks in a bid to protect our rivers and coastline from pollution*
- *Takes action to address all recent sewage discharges as a matter of urgency*
- *Ensures that all its outfalls are equipped with operationally functioning Event Monitors or other sensors that are checked and maintained regularly*
- *Ensures that all of its communication with Council Environmental Officers is prompt and informative*
- *Reduces surface water run-off overwhelming the Combined Sewer System*

The Chairman invited Members to debate.

Councillor Mallinder, Cabinet Member with responsibility for the Environment, stated that local waterways and the sea were the barometers of the health of the local area. Rubbish and pollution would find its way into the waterways to the detriment of wildlife and the local population. He stated that he wished to propose an amendment to the Motion, to expand its scope. He proposed the following amendment:

This Council notes that sewage pollution continues to be allowed to flow untreated into our local waterways and coastal waters.

It is imperative for our residents health, the environment and our economy that water quality issues are addressed.

This Motion calls upon this Council to write a letter to Anglian Water to <u>ask that</u> it –

- *Improves water quality checks in a bid to protect our rivers and coastline from pollution*
- *Takes action to address all recent sewage discharges as a matter of urgency*
- *Ensures that all its outfalls are equipped with operationally functioning Event Monitors or other sensors that are checked and maintained regularly*
- *Ensures that all of its communication with Council Environmental Officers is prompt and informative*
- *Reduces surface water run-off overwhelming the Combined Sewer System*

<u>And to also write to the secretary of state for the environment to</u>

- *<u>To acknowledge and act to protect our water systems</u>*
- *<u>Engage with all stake holder to work together to improve water quality throughout East Suffolk.</u>*

Councillor Mallinder stated that language was important, therefore he had changed the word 'demand' to 'ask' and he had included writing to the Secretary of State for the Environment, who was Therese Coffey, an MP for part of the East Suffolk District, to try and gain support for this crucial matter and he called for a seconder.

Councillor Gallant seconded the amendment to the Motion and he reserved his right to speak.

Councillor Byatt stated that he was happy to support the amendment to his Motion, which he felt, strengthened it further.

Councillor Daly raised concerns regarding significant future housing developments, in areas that did not have sufficient capacity within the sewage network to cope with additional properties. He stated that this should be given greater prominence and consideration in Planning Applications. Councillor Gallant clarified that only the amendment was under discussion at this time, not the merit of the Motion in its entirety.

As the amendment had been moved and seconded, the Chairman invited Members to vote and the amendment was **CARRIED**. She then invited Members to debate the substantive motion.

Councillor Daly stated that there needed to be more information about water treatment plants and whether they had the capacity to deal with the extra sewage from additional homes. Local communities and their environments were badly affected by sewage discharges into waterways and the number of discharges would increase, if water treatment plans were put under greater pressure all the time, with additional housing developments being built. He felt that information about capacity in the sewage processing system should be a consideration and included within the Neighbourhood Plan. It was in the interests of everyone to minimise the number of sewage discharges.

Councillor Byatt stated that there was national duty to sort out the water crisis, which he felt was due to poor planning and neglect. There was not one river in England that was in good condition. East Suffolk attracted many tourists due to the countryside and the waterways should be clean. There was currently an alert regarding poor water cleanliness for the sea and beach in Lowestoft. Anglian Water provided statistics regarding discharges and between 2018 to 2021 there had been 50,351 discharges, which had lasted for 51,950 hours, which equated to 34 discharges a day. This was clearly unacceptable and Anglian Water needed to improve. Councillor Byatt explained that he wished the Council to work alongside Anglian Water, the Environment Agency, the Internal Drainage Boards, the 3 MPs and the Secretary of State for the Environment to improve the local environment. Action was needed now, to make vital improvements for the environment.

Councillor Ritchie, Cabinet Member with responsibility for Planning and Coastal Management, stated that water quality had actually improved over recent years. He explained that during heavy rains, storm drains would open, which would release 99% rain and only 1% sewage, therefore the proportion of waste being released was actually low. He stated that Anglian Water was one of the better water companies and was always within the top quartile in the league tables. Anglian Water were making improvements, however, they did not have unlimited resources. He noted that the Environment Bill was discussed in Parliament last year, which would compel water companies to do more to protect the environment.

Councillor Gallant confirmed that Anglian Water were one of the better companies, nationally, and it was important for everyone to do what they could to support the environment.

There being no further debate, the Motion was put to the vote and it was unanimously **CARRIED.**

b) Motion Submitted by Councillor Caroline Topping

The Chairman had been advised that Councillor Beavan would be submitting the Motion this evening and therefore, the Chairman invited Councillor Beavan to read out the Motion.

This Council notes:

1. A study from Warwick University has found that the average household in East Suffolk may see increases in energy bills of £1160 per year, even with government support from the EPG. Without it, average energy bills would increase by as much as £2063.
2. It is estimated that all households in East Suffolk combined could save up to 31% of its primary energy consumption per year (£46-76 million in energy bills or 120000 tons of CO2) if buildings were properly insulated.
3. East Suffolk has an estimated 22081 properties that would benefit from solid/cavity wall insulation, 13782 properties that would benefit from roof/loft insulation, 34791 properties that would benefit from floor insulation, and 18238 properties that would benefit from condensing boiler upgrades.
4. Warwick University have offered to assist in a pilot programme for scalable community investment in home insulation, at no cost to ESC. Warwick University will identify 100 to 200 'clusters' where work is scaleable, e.g. terraced houses where the workmen can move rapidly from one house to another. ESC would then organise community meetings in a few selected pilot areas – a community session with contractors, information about financial support and existing government schemes, evidence on the cost-benefit calculation. Residents can sign up for reduced costs. This model could be used as a blueprint for other locations with ESC leading the way.

This Council resolves:

1. To explore the offer from Warwick University's economics team to collaborate on a pilot and engage if appropriate.

Councillor Beavan stated that this motion simultaneously addressed the two biggest issues of the day – the cost of living and the climate crisis. Residents faced an average increase in energy bills of £1,000 this winter, which may rise to £2,000 after April 2023. This would cost residents, in total, £170 million this year alone. Councillor Beavan explained that this cost could be reduced by £60 million, at a capital cost of £300 million, with a five year payback period, especially for the 11,000 properties that were rated EPC E or lower. It was noted that an academic survey stated that 43% of buildings would benefit.

Councillor Beavan reported that there were 120,000 residential properties in East Suffolk and a survey found that 80% could be raised an EPC grade through insulation and boiler replacements. There were significant fixed costs of time and money for one household to organise this on their own, however, this could all be done together as a community group, which would save time and money. Warwick University would organise community meetings in coherent neighbourhoods, which needed similar work so that a contractor could work down the street, which would then be checked by East Suffolk's building inspectors. The pilot scheme would then produce a blueprint to deploy across the country, with East Suffolk leading the way.

Councillor Beavan clarified that Warwick University would supply their time for free, as long as best practice was followed at all times. The Council would need to provide meeting rooms and some officer time to coordinate with them. He commented that an FT article last week had stated that the UK had the oldest housing stock in the world, according to the Building Research Establishment, with 38% being pre-1946. The insulation of homes collapsed in 2013 by 96% and had not recovered since. The spending review announced last month £6 billion more for insulation from 2025, which was good news but was two years too late. If the government could afford £30 billion to reduce bills until April 2023, surely it could afford £10 billion to reduce bills forever? Councillor Beavan stated that there needed to be a national mission to insulate homes and it needed to start immediately in East Suffolk. If we do not act soon, could lose our residents' money, our country's energy security and, ultimately, the planet.

Councillor Beavan moved the Motion and it was seconded by Councillor Smith Lyte.

The Chairman invited Members to debate.

Councillor Kerry, Cabinet Member with responsibility for Housing, reported that many projects were already underway across East Suffolk to improve homes. The Council had recently bid for £12 million funding and further bids for additional fund would be submitted in due course. It was noted that 1,000 households had already benefitted from projects which provided cavity wall and loft insulation, as well as solar panels. He did not think it prudent to add in another project, from an unknown element. He reported that East Suffolk had won several awards for its work in relation to insulation and home improvements, however, they had not received enough publicity. The projects currently underway were successful, therefore, he would not be supporting the motion this evening.

The Leader stated that he would not support the Motion. The projects the Council was working on were successful and it was important for the Council to have control over projects. He queried why Warwick University did not wish to work in nearby Coventry, which had similar housing issues. The Leader reminded Members that a large insulation project had previously been undertaken in the Harbour Ward, which had been poorly completed and had caused ongoing problems for those living in the properties. Those problems had needed to be rectified by the Council's Building Control Team. The Council's current projects were working well and there would be no value in taking part in the pilot scheme.

Councillor Byatt stated that the Council should explore Warwick University's offer. The pilot would only take up a small amount of officer time and it was important to improve resident's homes, improve insulation and find solutions to the problems in old houses. This would also help householders, as they would not need to undertake research into the various options available and seek quotes, they would be assisted throughout the project. Councillor Byatt acknowledged the difficulties with the project undertaken in the Harbour Ward and he had been pleased when the Scrutiny Committee had examined the problems with the implementation of the project and standard of work in the Harbour Ward. However, it was important to help residents with energy costs and help those houses affected by mould. Warwick University's offer ought to be explored at the very least, to see how it could potentially help residents.

Councillor Topping stated that she lived in a 1950's ex local authority house, which was of good construction but would benefit from some energy efficiency measures and insulation. She had looked into additional insulation which would cost around £8,000 and would take 13 years to pay for itself, and, like many other home owners, this was unaffordable. There needed to be more support for people who owned their own homes, who needed some help to have improved insulation. She noted that whilst Waveney District Council, had supported the pilot scheme in the Harbour Ward, it had not been completed well and some properties had been made virtually uninhabitable. It was therefore imperative that any works undertaken to improve homes were done to the highest standard.

Councillor Blundell took the opportunity to declare an Other Registerable Interest at this point during the meeting, as he was a residential landlord. He reported that it was not straightforward to insulate a home, the insulation required would depend upon the age and construction of the building and there could be issues with modern homes too. There were many different styles and construction of homes across the district, therefore, it would be a complex matter to determine which types of insulation should be used for each property.

Councillor Gooch stated that she was baffled by the response of some Councillors this evening. Warwick University was one of the best universities in the UK, with a long history of analysis and were experts in their field. She felt that this pilot scheme would be a fantastic opportunity for the District and had the potential to benefit many residents.

Councillor Daly stated that Members should not be complacent. It was important to get involved with this project, as there was expertise and additional resources available. He felt very strongly that the Motion should be supported.

Councillor Jepson stated that it would be helpful to get some more information from Warwick University regarding costs and more detail about the pilot scheme generally, before making any decisions.

Councillor Brambley-Crawshaw expressed her support for the Motion and explained that further information would be provided by Warwick University, if the Council were interested in joining the pilot scheme.

Councillor Smith-Lyte stated that there was a climate emergency and action was required. All households were affected by the huge increases in gas and electricity prices, even with the support from the government and many people were struggling. If insulation was installed into homes on a large scale, those residents would save significant amounts of money and also reduce their carbon emissions. Warwick University had offered help and support and this needed to be explored further. She felt that the Council should jump at this opportunity.

Councillor Beavan stated that Warwick University had made a very good offer. They would provide all of the research and support at the meetings, Council officers would only be required to co-ordinate the meetings. It would not hurt for the Council to express an interest in the pilot scheme and find out more about what it entailed. The current Warm Homes scheme was not available to those people who earned over £30,000 and therefore many people were ineligible for any support. Local residents were being badly affected by the cost of living crisis and there was also a climate crisis. This pilot scheme would address both of those issues. Councillor Beavan stated that he was just asking for the Council to explore this opportunity with Warwick University and find out more about it. He asked for Members to support the Motion.

The Chairman invited Members to vote upon the Motion and upon being put to the vote, it was **NOT CARRIED.**

9 East Suffolk Cycling and Walking Strategy

The Chairman invited Jason Beck, Principal Planner, to give a presentation to Members on the East Suffolk Cycling and Walking Strategy.

Jason Beck explained to Members that the purpose of the East Suffolk Cycling and Walking Strategy was to create safe, coherent, direct, comfortable, and attractive cycling, walking and wheeling environments that would lead to improvements in health and wellbeing, facilitate greater social interaction and play, encourage more environmentally sustainable lifestyles, reduce road congestion, and support economic growth.

It was noted that the Initial Consultation took place between October 2020 to December 2020 and this stage allowed the public to map issues and to make recommendations. There were approximately 800 comments received. The Consultation on the Draft Strategy took place between November 2021 to January 2022 and over 1,000 comments were received. The Draft Strategy was also considered by the Steering Group and the Local Plan Working Group, before it was adopted by the Cabinet at its meeting on 4 October 2022.

Members noted that the Strategy was a live and interactive document, which used colour coding and overlays to illustrate the various cycling and walking routes. The Strategy had several sections which included: Recommendations Map, Key Corridors, Site Allocations, Leisure Routes, Community Recommendations, Policy Context and Funding Mechanisms.

The next steps for the Strategy were:

- The Infrastructure Development Framework (IDF) would provide estimates on funding options
- The prioritisation table would be considered and reviewed
- Monitoring would be undertaken over time

There were also potential implementation opportunities which included:
- Planning applications
- Neighbourhood Plans
- Other funding opportunities e.g. SCC or CIL

It was noted that there would be ongoing Communications to raise the profile of the Strategy and increase public engagement. Jason invited Members to send any queries relating to the Strategy to him via email, outside of the meeting.

The Chairman thanked Jason for his interesting and informative presentation.

10 Bungay and Worlingham Neighbourhood Plans

Council received report **ES/1341** from Councillor Ritchie, Cabinet Member with responsibility for Planning and Coastal Management. The report sought approval to 'make' the Neighbourhood Plans for Bungay and Worlingham.

Councillor Ritchie reported that after a number years of hard from Bungay Town Council, Worlingham Parish Council and their respective communities, both neighbourhood plans successfully passed their referendums on the 17th November. For Bungay, 522 people voted (13.3% turnout) and 85% voted ‘yes’. For Worlingham, 730 people voted (25.3% turnout) and also 85% voted ‘yes’.

It was noted that both neighbourhood plans had been built around wide engagement with the community and the plans had undergone several rounds of consultation. The neighbourhood areas for both plans cover part of the Broads Authority executive area. The Broads Authority will be making their own decision to ‘make’ the neighbourhood plans at the Broads Authority meeting on 2nd December.

Councillor Ritchie stated that officers at East Suffolk Council and the Broads Authority have provided support and guidance to the Parish and Town Councils throughout the course of the development of the plans. Both neighbourhood plans have been shaped by their communities and include a number of policies which respond to important local issues.

For the Bungay neighbourhood plan the policies address (amongst other matters):

- Allocation of land for the development of approximately 70 homes plus open space, landscaping and biodiversity enhancement
- design principles for new residential development, supported by a design guide;
- provision of Affordable Housing including allowing First Homes exception sites on the edge of the town
- Support for a new community hub and an expanded medical centre
- New sports and education facilities
- Heritage in Bungay
- Supporting vitality in the town centre
- Creation of a new green corridor to the south of the town
- Safeguarding landscape and ecological character
- Support for Biodiversity improvements

For the Worlingham Neighbourhood Plan the policies address (amongst other matters):

o Guiding new development to respect the identity of Worlingham, particularly in development on the Beccles and Worlingham Garden Neighbourhood
o A mix of housing to help meet local needs
o Housing design and character, including heights of dwellings and security
o Providing accessible and adaptable dwellings in Worlingham
o Provision of new sports facilities on the Beccles and Worlingham Garden Neighbourhood
o Protection and enhancement of pedestrian and cycle routes
o Design of landscaping schemes on new development
o Securing community input into the design and management of the new country park on the Beccles and Worlingham Garden Neighbourhood
o Providing Biodiversity Net Gain and supporting wildlife corridors
o Protection for three Local Green Spaces
o Drainage and Sustainable Drainage Systems

The Chairman invited questions to Councillor Ritchie.

Councillor Plummer commented that she was a resident of Worlingham and she thanked all those who had been involved in the creation of the Neighbourhood Plan, as she felt it was an excellent document.

The recommendation was then moved by Councillor Ritchie and was seconded by Councillor Rudd.

The Chairman invited Members to debate.

Councillor Ritchie stated that the Neighbourhood Plans would benefit both areas significantly, as communities received 15% of Community Infrastructure Levy funding and that increased to 25% if a Neighbourhood Plan was in place.

There being no further debate, the recommendation was put to the vote and it was unanimously

RESOLVED

That the Council make the Bungay Neighbourhood Plan (Referendum version, September 2022) and the Worlingham Neighbourhood Plan (Referendum Version, July 2022) part of the statutory Development Plan for the parts of the Bungay and Worlingham Neighbourhood Areas within East Suffolk following positive Referendum results.

11 Continuation of East Suffolk Community Partnerships and Enabling Communities Budget

Council received report **ES/1342** from Councillor Smith, Cabinet Member with responsibility for Communities, Leisure and Tourism, which sought support for the continuation of the East Suffolk Community Partnerships and Enabling Communities Budgets until the end of March 2027.

Community Partnerships were set up in late 2019, with the aim of ensuring that the new Council remained close to its communities. The eight Community Partnerships identified their priorities at a workshop in each area in late 2019. Priorities were agreed on the basis of data about the area and local insight about local needs. The £25,000 budget that each Community Partnership had each year had enabled the support of a wide range of projects to tackle the identified needs. Each £1 that the Council had invested in Community Partnerships had attracted £2.60 of match funding, which was quite remarkable. Councillor Smith took the opportunity to thank the eight Chairmen and their Vice Chairmen for their commitment to leading the Partnerships.

Councillor Smith reported that the Community Partnership Board provided an opportunity for the eight Community Partnership Chairs to work with a range of strategic partners from the voluntary, public and business sectors to make a real difference across the District. The Board focussed on four priorities - Isolation and Loneliness, Transport and Travel, Mental Wellbeing and Inequalities and, in 2020 and 2021, on the Covid response and recovery.

The Peer Review 'deep dive' of Community Partnerships identified multiple benefits and was hugely positive but also provided a useful roadmap for the next stage of evolution of the Community Partnerships.

It was noted that the Community Partnerships had provided an ideal structure around which to build the Council's Covid-19 response, getting food, medicine and other support to the most vulnerable in local communities. They were the framework for the far-reaching Ease the Squeeze cost of living programme, of which the Council could be very proud.

Members were advised that earlier this month, the Cabinet recognised the impact of the Community Partnerships and Board and recommended that Full Council endorsed the continuation of the Community Partnerships for the next four years from April 2023, with funding from the New Homes Bonus, for the first two years of that period. Cabinet also recommended the continuation of the Enabling Communities Budgets of £7,500 per Councillor, to support grassroots community projects in each ward across the District.

Councillor Smith commented that the Community Partnerships and Enabling Communities Budgets demonstrated the Council's commitment to its local communities and the intention to invest in the things that local communities felt were important, as Members and the Council face the challenges ahead. Councillor Smith thanked Nicole Rickard, Head of Communities, the Communities Team and all those involved with the Community Partnership meetings for their ongoing hard work. Members then gave a short round of applause.

Councillor Smith moved the recommendations contained within the report and was duly seconded by Councillor Gallant, who reserved his right to speak.

N.B. Councillor Janet Craig left the meeting at this point in the proceedings at 8.12 pm.

The Chairman invited questions to Councillor Smith. There being no questions, the

Chairman invited Members to debate.

Councillor Byatt commented that the Community Partnerships were a tremendous asset and he hoped that any decisions taken to extend their funding would not be reneged upon at a later date. He also wondered if the £7,500 Enabling Communities Budget was sufficient for each Councillor, as there was significant work that needed to be done in the community. Finally, he asked Members to consider if there needed to be a change to the Lowestoft and Northern Parishes Community Partnership, as it currently served a population of 66,000 and other Community Partnerships had much smaller populations to support. He commended the work of Councillor Ashdown, Chairman of the Lowestoft and Northern Parishes Community Partnership, and suggested that the Community Partnership may benefit from being separated into two, at some point in the future.

Councillor Jepson, Chairman of the Felixstowe Peninsula Community Partnership, stated that the Community Partnerships had provided continuity and sustainability for projects, making a tangible difference to many people. He hoped that the good work would continue.

Councillor Topping commented that when East Suffolk Council had been created, there had been fears that Councillors would lose touch with local people, however, she felt that the Community Partnerships had been amazing. She commended the work of Councillor Cloke, Chairman of the Beccles, Bungay and Halesworth Community Partnership and thanked all officers involved in the delivery of the Community Partnerships.

Councillor Mallinder, Chairman of the Melton, Woodbridge and Deben Peninsula Community Partnership, stated that he supported the Community Partnerships whole heartedly and he was keen to embed their legacy for future years. He also took the opportunity to thank all the officers involved.

Councillor Gooch reported that she was very impressed by the Community Partnerships and their political neutrality. She felt that everyone could share ideas and that the meetings were very inclusive. She also thanked officers for their excellent support.

Councillor Gallant stated that Members should be proud of the Community Partnerships, as they had all worked together to make them a success. However, there had been a challenging time with Covid and there would be further difficult times ahead, with the cost of living crisis. The Community Partnerships and the Enabling Communities Budgets were an important way of supporting local residents. He was very pleased that all those present were supportive of the recommendations within the report and he thanked all those involved.

It was therefore put to the vote and it was unanimously

RESOLVED

1. That the recommendation of Cabinet to continue to support and enable the Community Partnership Board and the eight Community Partnerships (one for each of

the areas shown on the map at Appendix 1 to this report) until the end of March 2027 be agreed.
2. That the continuation of support for the Enabling Communities Budgets at the current level (£7,500 per Councillor) until the end of March 2027 be agreed.
3. That the £1,064,000 funding per annum for the 2023/24 and 2024/25 financial years from New Homes Bonus, and to fund at a similar level for the following two years, subject to the funding being available, be agreed.
4. That the purpose, remit, governance and structure of Community Partnerships in East Suffolk, as set out in this report and continue to review the impact of the Community Partnerships annually, through an annual monitoring report, be endorsed.

12 Scrutiny Committee Annual Report 2021/22

Council received report **ES/1343** from Councillor Bird, Chairman of the Scrutiny Committee, which contained a formal summary of the activities and achievements of the Scrutiny Committee during the 2021/22 Municipal Year.

Councillor Bird reported that it was an honour to be the Chairman of the Scrutiny Committee and he was supported by a very experienced and enthusiastic Vice Chairman, Councillor Deacon. The Scrutiny Committee was currently restructuring to ensure that it was as effective and impactful as it could be. It was noted that the Scrutiny Committee had an away day, to consider its Forward Work Programme for the municipal year.

Councillor Bird reported that the Scrutiny Committee performed a vital statutory function for the Council. He paid tribute to the Members of the Scrutiny Committee and he thanked Sarah Davis and latterly, Ben Bix, for the support they had provided to him in relation to this committee.

Councillor Bird then moved the recommendation within the report and this was seconded by Councillor Deacon.

Councillor Deacon stated that he appreciated being the Vice Chairman of the Committee and commended the good work that had been undertaken.

There being no questions, the Chairman invited Members to debate.

Councillor Gooch stated that she had enjoyed serving upon the Scrutiny Committee until her appointment onto the Audit and Governance Committee in May 2022. She stated that she had requested the review into dental provision within the district, which was particularly poor in the Lowestoft area. She had been heartened by the political neutrality of Members and how they had all worked together to raise the issue of the lack of dental provision, which had then been taken forward by Peter Aldous MP. She felt this was also testimony to the open mindedness of the Chairman and Vice Chairman of the Scrutiny Committee, who worked for the benefit of residents.

There being no further comments, the recommendation was put to the vote and it was unanimously

RESOLVED

That the Scrutiny Committee's Annual Report be noted.

13 Cabinet Members' Report and Outside Bodies Representatives' Report to Council

Full Council received report **ES/1344**, which was presented by Councillor Gallant, Leader of the Council, and provided individual Cabinet Members' reports on their areas of responsibility, as well as reports from those Members appointed to represent East Suffolk Council on Outside Bodies. The Leader stated that the written reports could be taken as read and he invited relevant questions on their contents.

Councillor Byatt stated that he had provided Outside Body Updates in relation to the Internal Drainage Boards. He reported that he had been asking questions about sewage and foul water pollution at the meetings he attended and he had been advised that thorough monitoring was being undertaken in this respect. He took the opportunity to thank the Leader for appointing him to the Internal Drainage Board Outside Bodies.

14 Exempt/Confidential Items

The Chairman reported that in exceptional circumstances, the Council may, by law, exclude members of the public from all, or part of, a decision-making meeting. There were various reasons that the Council, on occasions, had to do this and examples were because a report contained information relating to an individual, information relating to the financial or business affairs of a particular person, or information relating to any consultations or negotiations.

This evening, there was one set of Exempt Minutes and two Exempt reports to be considered.

The Exempt Minutes were from the Full Council meeting which took place on 28 September 2022.

Item 16, a report on the Lowestoft Flood Risk Management Project provided an update on the progress of the project, which will manage the flood risk to Lowestoft from all sources, including pluvial, fluvial, and tidal and seeks approval for further progress with the project. When completed, the project will protect residential and commercial properties, as well as infrastructure such as road and rail networks.

Item 17, a report on the Contract for East Suffolk Services Limited sought approval for the contract which will replace the existing services arrangements between the Council and its two joint ventures with Norse Commercial Services Limited (Waveney Norse Limited and Suffolk Coastal Norse Limited) – which would come to an end on 30 June 2023.

On the proposition of Councillor Ceresa, seconded by Councillor Gallant, it was by a unanimous vote

RESOLVED

That under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraphs 3 and 4 of Part 1 of Schedule 12A of the Act.

The meeting was then adjourned from 8.30 pm to 8.38 pm for a comfort break.

N.B. During this time, Councillors David Beavan, John Fisher, Sarah Plummer, Rachel Smith-Lyte, Ed Thompson and Caroline Topping left the meeting.

15 Exempt Minutes

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

16 Lowestoft Flood Risk Management Project

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

17 Contract for East Suffolk Services Limited

- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting concluded at 9.39 pm.

…………………………………………..
Chairman

Agenda Item 10

ES/1427

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Capital Strategy 2023/24 to 2026/27
Report by	Councillor Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officer	Brian Mew Chief Finance Officer and Section 151 Officer Brian.mew@eastsuffolk.gov.uk

Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is **NOT** in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:
The Capital Strategy (***Appendix A***) gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability
Options:
To comply with the CIPFA Prudential code the report is required to be produced and presented to members, and consequently, no other options have been considered.

Recommendation/s:
That the Capital Strategy 2023/24 to 2026/27 be approved.

Corporate Impact Assessment

Governance:
The report complies with the Charted Institute of Public Finance and Accountancy (CIPFA) Prudential Code to provide information and scrutiny on the Council's Capital Strategy.
ESC policies and strategies that directly apply to the proposal:
East Suffolk Council Strategic Plan
Environmental:
No impacts.
Equalities and Diversity:
No impacts.
Financial:
Management of the Council's capital budget plans and the impact on the council's cash flows transactions.
Human Resources:
No impacts.
ICT:
No impacts.
Legal:
No impacts.
Risk:
Non-compliance with CIPFA's Prudential Code

External Consultees:	None

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: *(Select only one primary and as many secondary as appropriate)*		Primary priority	Secondary priorities
T01	**Growing our Economy**		
P01	Build the right environment for East Suffolk	☐	☐
P02	Attract and stimulate inward investment	☐	☐
P03	Maximise and grow the unique selling points of East Suffolk	☐	☐
P04	Business partnerships	☐	☐
P05	Support and deliver infrastructure	☐	☐
T02	**Enabling our Communities**		
P06	Community Partnerships	☐	☐
P07	Taking positive action on what matters most	☐	☐
P08	Maximising health, well-being, and safety in our District	☐	☐
P09	Community Pride	☐	☐
T03	**Maintaining Financial Sustainability**		
P10	Organisational design and streamlining services	☐	☐
P11	Making best use of and investing in our assets	☐	☒
P12	Being commercially astute	☐	☒
P13	Optimising our financial investments and grant opportunities	☐	☒
P14	Review service delivery with partners	☐	☐
T04	**Delivering Digital Transformation**		
P15	Digital by default	☐	☐
P16	Lean and efficient streamlined services	☐	☐
P17	Effective use of data	☐	☐
P18	Skills and training	☐	☐
P19	District-wide digital infrastructure	☐	☐
T05	**Caring for our Environment**		
P20	Lead by example	☐	☐
P21	Minimise waste, reuse materials, increase recycling	☐	☐
P22	Renewable energy	☐	☐
P23	Protection, education, and influence	☐	☐
XXX	**Governance**		
XXX	How ESC governs itself as an authority	☒	☐

How does this proposal support the priorities selected?

Production of the Capital Strategy is a requirement under the CIPFA Prudential Code demonstrating the Council's governance of its capital plans.

Background and Justification for Recommendation

1	Background facts
1.1	The Capital Strategy (Appendix A) gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability.

2	Current position
2.1	Section 2 of the Strategy outlines the draft Capital Programme 2023/24 to 2026/27 and the way in which it is to be financed. The overall planned expenditure is £461.30 million (General Fund £378.67m and HRA £82.63m) over 2022/23 to 2026/27. The 2023/24 planned capital expenditure is £121.04 million (General Fund £86.10m and HRA £34.94m).
2.2	Section 3 of the Strategy refers to the Asset Management Strategy, this highlights the treatment of asset disposals and the continuation of the prudent policy of not anticipating capital receipts before they are received.
2.3	Section 4 covers Treasury Management, including both borrowing and investments. Treasury Management is a well-established Council activity that operates within a tightly controlled framework.
2.4	Section 5 presents the Council's approach to Service Investments and the joint venture commitments with the Norse Group for a package of services including Refuse Collection, Cleansing and Maintenance.
2.5	Section 6 explores the Council's other financial liabilities, both in terms of existing commitments (e.g., the Pension Fund deficit) and guarantees.
2.6	Section 7 explores the in-built revenue implications within the Capital Programme, its financing costs and evaluates its overall "prudence, affordability and sustainability".
2.7	Section 8 explains how the Strategy is underpinned by a systematic approach to obtaining and maintaining the necessary knowledge and skills required, to operate effectively, whilst (simultaneously) adequately protecting the Council's financial risk exposure and wider interests.
2.8	The Strategy concludes in Section 9 which includes an explicit statement by the CFO in accordance with the Prudential Code, providing assurance to Members that the Capital Strategy as a whole is affordable, and that risk has been identified and is being adequately managed. It also provides an update on the proposed implementation in the revision to the Prudential Code which is currently completing the consultation stage.

3	How to address current situation
3.1	The Capital Strategy is a critical component in the delivery of many ambitions included within the Strategic Plan. It is not only essential to achieving one of the three overarching strategic priorities of the Plan ("Financial Sustainability") but is also vital in the delivery of a vast range of service development and delivery initiatives.

4	Reason/s for recommendation
4.1	Approval of the Capital Strategy by Full Council is a requirement under the CIPFA Prudential Code.

Appendices

Appendices:	
Appendix A	Capital Strategy 2023/24 to 2026/27

Background reference papers:
None

APPENDIX A

East Suffolk Council

Capital Strategy 2023/24 – 2026/27

1) Introduction

1.1 This Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability. It has purposely been written in an accessible style to enhance understanding of what can be very technical areas.

2) Capital Expenditure and Financing

2.1 Expenditure

2.1.1 Capital expenditure occurs when the Council spends money on assets such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example individual assets costing below £10,000 are not capitalised and are charged to revenue in year.

2.1.2 Further details on the Council's capitalisation policy can be found in the 2021/22 Draft Statement of Accounts:

- Note 1 (n)

2.1.3 In 2023/24, East Suffolk Council is planning total capital expenditure of £46.44 million (and £414.86 million over the next four years) as summarised in Table 1 below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2022/23 budget	**2023/24 budget**	**2024/25 budget**	**2025/26 budget**	**2026/27 budget**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
General Fund Services	39,802	86,102	81,244	83,029	88,490
Council Housing (HRA)	6,639	34,941	15,672	12,690	12,690
TOTAL	**46,441**	**121,043**	**96,916**	**95,719**	**101,180**

2.1.4 The main General Fund capital projects scheduled for 2023/24 are as follows:

- *Felixstowe Beach Village (£1.5 million)* - Construction and development of Felixstowe Beach Village
- *Felixstowe North - Garden Neighbourhood Regeneration Project (£6.0 million)* - Provision within the programme to provide a new leisure centre and associated infrastructure. This project will require significant borrowing therefore a business case will be presented to Council in respect of further progression of the Leisure Centre element of the project and prior to any further commitment in tendering for construction and entering into new borrowing for the project.
- *Felixstowe South – public realm (£2.0 million)* - Development of South Seafront area in Felixstowe.

- *Lowestoft Barnards Way (£2.75 million)* – redevelopment of site to provide start up units.
- *Lowestoft Corton & North Corton Hybrid Scheme (£7.0 million)* - works to part remove and part rebuild defences to the north of Corton Village in line with 2010 Shoreline Management Plan policy.
- *Lowestoft LUF £4.0 million)* – continuation of Lowestoft Seafront redevelopment and subject to grant funding being secured
- *Lowestoft Flood Risk Management/Tidal Barrier (£14.81 million)* – construction of tidal walls and barrier for the protection of Lowestoft against tidal surges.
- *Lowestoft Towns Fund (£9.89* million) - Towns Fund Grant investment of £24.9m in projects to regenerate the town, driving economic growth and acting as a catalyst for future investment
- *Newcombe Road, Lowestoft (£1.9 million)* – redevelopment of site to provide start up units to facilitate regeneration in Lowestoft.
- *Operational vehicles and Grounds Equipment (£5.25 million)* – replacement programme of operational vehicles and equipment.
- *Port Health – (£1.1 million)* – System investment for PRS/Neoma projects
- *Pakefield Coastal Resilience project (£1.79 million)* - Flood and Coastal Resilience Innovation Programme funded by the Environment Agency
- *Resilient Coast Projects £7.30 million)* - Flood and Coastal Resilience Innovation Programme funded by the Environment Agency
- *Railway Building, Lowestoft (£1.7 million)* – Purchase and development of building contained within the Railway site.
- *Southwold Caravan Site (£1.6 million)* – redevelopment and enhancement of the Caravan site.
- *Southwold Harbour Pier (£6.0 million)* – enhancement of the pier and subject to grant funding.

2.1.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that the Council's housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

2.1.6 Capital investments include loans and shares made for service purposes and property to be held primarily for financial return in line with the definition in the CIPFA Treasury Management Code.

2.2 Governance

2.2.1 The evaluation, prioritisation, and acceptance of capital schemes onto the Capital Programme is carried out in accordance with strict criteria that ensures that new schemes reflect Council priorities and can be delivered within available resources (e.g., due priority is given to schemes yielding savings and/or generating income as well as meeting a Council priority). Proposals are shaped by senior managers in consultation with councillors and considered at the Head of Service budget meetings (in October/November each year) which also includes the Strategic Director responsible for the service area, the Chief Finance Officer (CFO) and relevant members of the finance team. The Head of Housing budget meeting also considers the HRA capital programme.

2.2.2 The draft Capital Programme is then subjected to formal Scrutiny prior to setting the budget followed by Full Council approval.

2.3 Financing

2.3.1 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council's own resources (revenue, reserves, and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is presented in Table 2 below.

Table 2: Capital Financing

	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
External sources (Grants)	21,569	52,002	50,406	51,849	86,810
Revenue resources	12,675	43,166	17,577	12,745	13,495
Debt	12,197	25,875	28,933	31,125	875
TOTAL	**46,441**	**121,043**	**96,916**	**95,719**	**101,180**

2.3.2 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as "Minimum Revenue Provision" (MRP).

Table 3: Replacement of prior years' Debt Finance

	2022/23 Actual	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Minimum Revenue Provision (MRP)	1,353	1,742	2,755	3,398	3,923

2.3.3 The Council's annual MRP statement can be found at Annex A below.

2.3.4 The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP. The CFR is expected to increase by £77.48 million between 2022/23 and 2026/27 which is due to capital projects being financed through borrowing. Based on the above figures for expenditure and financing, the Council's estimated CFR is presented in Table 4 below.

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement (CFR)

	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
General Fund services CFR	70,442	95,545	122,026	150,578	158,880
Council housing (HRA) CFR	60,403	59,440	59,440	59,440	49,440
TOTAL CFR	**130,845**	**154,985**	**181,466**	**210,018**	**208,320**

3) Asset Management

3.1 Asset Management Strategy

3.1.1 The Council recognises the importance of ensuring that capital assets continue to be of long-term use especially against a rapidly changing operational and technological backdrop. Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a major priority. An updated Asset Management Strategy (AMS) was approved in July 2019, broken down into four key components:

- Administrative Improvements.
- Compliance and Sustainability.
- A strategic approach to assets; and
- Reducing expenditure and increasing income.

The AMS takes a longer-term view comprising:

- 'Good' information about existing assets.
- The optimal asset base for the efficient delivery of Council objectives.
- The gap between existing assets and optimal assets.
- Strategies for purchasing and constructing new assets, investment in existing assets, transferring of assets to other organisations and the disposal of surplus assets; and
- Plans for individual assets.

3.2 Asset Disposals

3.2.1 When a capital asset is no longer needed, it may be sold so that the proceeds - known as capital receipts - can be spent on new assets or to repay debt. Repayments of loans and investments also generate capital receipts. Table 5 below summarises the overall budget projections for capital receipts.

Table 5: Capital Receipts

	2022/23 Actual	**2023/24 Budget**	**2024/25 Budget**	**2025/26 Budget**	**2026/27 Budget**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
General Fund Asset sales	-5,599	0	0	0	0
HRA Asset Sales	-1,860	0	0	0	0
TOTAL	**-7,459**	**0**	**0**	**0**	**0**
General Fund Loans repaid	160	160	1,720	160	160
HRA Loans repaid	0	0	1,440	0	10,000
TOTAL	**160**	**160**	**3,160**	**160**	**10,000**

3.2.2 The Council operates a deliberately prudent policy of not assuming future capital receipts within its General Fund capital income projections.

4) Treasury Management

4.1 Introduction

4.1.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

4.1.2 Due to decisions taken in the past, the Council currently (30th November 2022) has borrowing of £65.65 million at an average interest rate of 4.44% and £131.34 million in treasury investments at an average consolidated rate of 2.52%.

4.2 Borrowing

4.2.1 The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between short-term loans (currently available at around 4%) and long-term fixed rate loans where the future cost is likely to be higher than the current 4.65%.

4.2.2 Projected levels of the Council's total outstanding debt (which comprises borrowing, leases and transferred debt) are shown below in Table 6, compared with the Capital Financing Requirement (Table 4 above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Debt (incl. leases)	83,447	109,322	138,255	169,380	170,255
Capital Financing Requirement	130,845	154,985	181,466	210,018	208,320

4.2.3 Statutory guidance is that debt should remain below the Capital Financing Requirement, except in the short-term. As can be seen from Table 6, the Council expects to comply with this in the medium term.

Liability Benchmark

4.2.4 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the minimum amount of borrowing required to keep investments at minimum liquidity level. This assumes that cash and investment balances are kept to a minimum level of £10 million at each year-end. The Liability Benchmark shows that based on the current capital plans there is no requirement to borrow in 2024/25 and 2025/26, however the Council will need to borrow in 2024/25 to 2026/27 due to the reduction in financial resources available.

Table 7: Borrowing and the Liability Benchmark

	31.3.22 Actual £m	31.3.23 Estimate £m	31.3.24 Forecast £m	31.3.25 Forecast £m	31.3.26 Forecast £m
Loans CFR	119.91	129.34	149.81	176.27	206.92
Less: Balance sheet resources	-167.60	-167.60	-167.60	-167.60	-172.10
Net loans requirement	-47.69	-38.26	-17.79	8.67	34.82
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
Liability benchmark	**-37.69**	**-28.26**	**-7.79**	**18.67**	**44.82**

Affordable Borrowing Limit

4.2.6 The Council is legally obliged to set an affordable borrowing limit (also termed the "Authorised Limit" for external debt) each year. In line with statutory guidance, a lower "Operational Boundary" is also sets as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised Limit and Operational Boundary for External Debt

	2022/22 limit	**2022/23 limit**	**2023/24 limit**	**2024/25 limit**	**2025/26 limit**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Authorised limit – borrowing	168,380	168,380	168,380	168,380	168,380
Authorised limit – leases	6,620	6,620	6,620	6,620	6,620
Authorised limit – total external debt	175,000	175,000	175,000	175,000	175,000
Operational boundary – borrowing	166,380	166,380	166,380	166,380	166,380
Operational boundary – leases	6,620	6,620	6,620	6,620	6,620
Operational boundary – total external debt	173,000	173,000	173,000	173,000	173,000

4.2.7 Further details on borrowing are contained in the Treasury Management Strategy

4.3 Investments

4.3.1 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

(Treasury Management) Investment Strategy

4.3.2 The Council's Investment Strategy is to prioritise security and liquidity over yield; focussing on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with other local authorities or selected high-quality banks, to minimise the risk of loss.

4.3.3 Table 9 below summarises the Council's current and forecast treasury investments.

Table 9: Treasury Management Investments

	2022/23 current	2023/24 forecast	2024/25 forecast	2025/26 forecast	2026/27 forecast
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Near-term investments	110,000	100,000	100,000	100,000	100,000
Longer-term investments	25,000	25,000	25,000	25,000	25,000
TOTAL	**135,000**	**125,000**	**125,000**	**125,000**	**125,000**

4.4 Risk Management

4.4.1 The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

4.5 Governance

4.5.1 Treasury management decisions are made daily and are therefore delegated to the CFO, who must act in line with the Treasury Management Strategy approved by the Council. Annual outturn reports on treasury management are also approved by the Council (following recommendation from Audit and Governance Committee), whereas mid-year updates are reported exclusively to the Audit and Governance Committee.

5) Investments for Service Purposes

5.1 As published in the Councils Draft Statement of Accounts 2021/22 at 31st March 2022, the Council held net investments as follows:

- Suffolk Coastal Norse Limited - the Council has held a 20% equity share since April 2009. The Council's share of Net Assets / (Liabilities) at 31st March 2022 was £312,000; and
- Waveney Norse Limited – the Council has held a 19.9% equity share since April 2008. The Council's share of Net Assets / (Liabilities) at 31st March 2022 was £563,000.

<u>*Governance*</u>

5.1.1 Decisions on service investments are made by the Council's Cabinet and require the support of a full business case. The Council is also represented on the boards of both Norse joint venture companies.

5.1.2 The Council has exercised its right not to renew the contract it holds with Norse for the provision of operational services, and therefore the contract will come to a natural end in July 2023.

5.1.3 East Suffolk Services, a Local Authority Trading Company (LATCo) will operate as an 'arms-length' commercial business, separate to the Council, following the conclusion of the Norse contract. The Council has set a loan provision of £1.9m as an investment for service purposes within the capital programme.

6) Other Liabilities

6.1.1 Outstanding Commitments

6.1.2 The Council also has the following outstanding commitments:

- A commitment to achieve a fully funded position on the Pension Fund (over a 20-year period from 2013 to 2033). The deficit was valued at £45.93 million as at 31st March 2022, from 2020/21 the deficit payment was incorporated into the primary employers' pension contribution rate rather than an annual lump sum payment; and
- The Council has also set aside £15.24 million (as at 31st March 2022) to cover the financial risk associated with Business Rates appeals lodged with the Valuation Office Agency (VOA).

6.2 Guarantees

6.2.1 The Council became "self-financing" in respect of its retained housing stock (in the former Waveney district) from April 2012. The self-financing regime applied to all authorities and replaced the former housing subsidy system whereby the Council made annual subsidy payments to the Government funded from its HRA. Its introduction entailed a one-off redistribution of 'debt' between local authorities, and locally this resulted in the Council taking on PWLB loans, which it is required to service (instead of making housing subsidy payments).

6.2.2 A 30-year Business Plan for the Council's HRA has been developed, which is currently generating sufficient rental income each year to run an efficient and effective housing management service, whilst at the same time servicing the outstanding debt (which is scheduled for repayment in full by March 2042 i.e., within the 30-year timeframe). However, if the HRA is unable to repay the outstanding debt at any point in the future, the Council (through its General Fund) is liable to repay any remaining balance. The remaining balance on HRA debt as at 31st March 2022 was £60.40 million.

6.3 Governance

6.3.1 Decisions on incurring new discretionary liabilities are taken by Directors and Heads of Service in consultation with the CFO. For example, in accordance with the Financial Procedure Rules (Part 3 of the Constitution, Paragraph 2.1.25), credit arrangements – such as leasing agreements – cannot be entered into without the prior approval of the CFO.

7) Revenue Implications

7.1 Financing Cost

7.1.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, Business Rates, and general Government grants.

Table 10: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (General Fund)

	2022/23 budget	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget
	£000's	£000's	£000's	£000's	£000's
Financing Costs (£m)	1,657	1,963	2,892	3,535	4,060
Proportion of Net Revenue Stream	8.30%	9.38%	12.66%	14.92%	16.77%

Table 11: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (HRA)

	2022/23 budget	**2023/24 budget**	**2024/25 budget**	**2025/26 budget**	**2026/27 budget**
	£000's	**£000's**	**£000's**	**£000's**	**£000's**
Financing Costs (£m)	3,347	3,734	4,705	5,348	5,873
Proportion of Net Revenue Stream	16.84%	17.81%	21.27%	24.10%	26.40%

7.1.2 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for many [occasionally up to 50] years into the future.

7.2 "Prudence, Affordability and Sustainability"

7.2.1 The CFO is satisfied that the proposed Capital Programme (Section 2) is prudent, affordable, and sustainable based on the following:

<u>*Prudence*</u>

- Prudential indicators 10 and 11 presented above (Paragraph 8.1.1) are within expected and controllable parameters. Thus:
  - *Prudential Indicator 10 (General Fund) - Proportion of Financing Costs to Net Revenue Stream* – the growth in financing costs reflects the Council's ambitions for capital investment in its strategic priorities over the medium-term.
  - *Prudential Indicator 11 (HRA) - Proportion of Financing Costs to Net Revenue Stream* – the indicator profile mirrors the HRA 30-Year Business Plan, which is a fully-costed strategy that will see all outstanding debt repaid by 2042/43.
- *Underlying Prudent Assumptions* – a prudent set of assumptions have been used in formulating the Capital Programme. This is illustrated in the approach to capital receipts whereby the proceeds are not assumed within projections until the associated sale is completed and the money received by the Council; and
- *Repairs and Maintenance* – the approach to asset maintenance is professionally guided with assets maintained in a condition commensurate with usage and expected life, addressing those items that could affect ongoing and future maintenance, in the most appropriate and cost-effective manner.

<u>*Affordability*</u>

- The estimated general fund 'revenue consequences' of the Capital Programme (£11.82 million over four years) have been included in the draft 2022/23 Budget and Medium-Term Financial Strategy (MTFS), extending to 2026/27; and
- The MTFS is underpinned by a Reserves Strategy, which includes contingency funds in the event that projections are not as expected (further supported by CFO report to Council under Section 25 of the Local Government Act 2003 on the robustness of estimates and the adequacy of financial reserves and balances).

<u>*Sustainability*</u>

- Capital schemes that are expected to deliver long-term revenue savings and regenerate the area are given due priority. For example, the Lowestoft Tidal Barrier (unlocking brownfield development sites and providing a boost to future income from Business Rates and Council

Tax), the Towns Fund Project which will look to regenerate Lowestoft Town Centre and seek to attract external interest and investment in the Town.

- As explained in Section 3.1 above, the Asset Management Strategy represents an enhancement to the Council approach to asset planning through (especially) taking a longer-term view. This includes providing for future operational need, balancing the requirement to achieve optimal performance, whilst taking account of technological change and managing the risk of obsolescence.

8) Knowledge and Skills

8.1 Officers

8.1.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Most notably:

- *Finance* - the Chief Finance Officer (CFO) is a qualified (CIPFA) accountant with many years of experience. The Council sponsors junior staff to study for relevant professional qualifications including AAT, CIPFA and ACCA. The Council also pays for (and ensures attendance on) training courses and conferences across all aspects of accounting, including (especially) Treasury Management to keep professional client status under “MIFID II” (the “Markets in Financial Instruments Directive”, incorporated into UK law in November 2017); and

- *Property* – the Asset and Investment Manager (AIM) – a qualified (MRICS) surveyor, with many years of experience – is responsible for Asset Management within the Council. The Asset Management service comprises of, and performs the Estates Management, Building Services, Resorts, Capital Projects and Development functions of the Council. Each function is headed by an appropriately qualified professional within their individual specialism (e.g., the Building Services team is led by a MRICS Building Surveyor). As with Finance, the Council is strongly committed to supporting both professional and wider staff development within its Asset Management function, with a number of staff on the pathway to becoming qualified RICS surveyors and with apprentice opportunities within the Asset Management team. The AIM will also play a key role in the Council’s approach to commercial investment and trading (highlighted above in Section 6).

8.1.2 The Council also has a separate Housing team that is responsible for overseeing social housing developments within the district.

8.2 External Advisors

8.2.1 Where the Council does not have the relevant knowledge and skills required, judicious use is made of external advisers and consultants that are experts/specialists in their field. The Council currently employs Arlingclose Limited as Treasury Management advisers, and the Asset Management team will appoint property advisors (e.g., development managers, valuers etc.) to support their work where required. The approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with risk.

8.3 Councillors

8.3.1 Specifically with regard to Treasury Management, the Council acknowledges the importance of ensuring that members have appropriate capacity, skills, and information to effectively undertake their role. To this end, newly elected East Suffolk councillors with Treasury Management responsibilities will receive tailored training sessions from the Council’s Treasury Management advisors (Arlingclose), and regular refresher sessions will also be undertaken for the Audit and Governance Committee.

9) CFO Statement on the Capital Strategy

9.1 Prudential Code

9.1.1 Paragraph 24 of the Prudential Code determines that….” the Chief Finance Officer should report explicitly on the affordability and risk associated with the Capital Strategy”.

9.1.2 Accordingly, it is the opinion of the CFO that the Capital Strategy as presented is affordable, and associated risks have been identified and are adequately managed.

9.2 Affordability

9.2.1 The Capital Strategy is affordable and there is a range of evidence to support this assertion, including:

- *Capital Programme* – the Programme as presented above (in Section 2.1) is supported by a robust and resilient MTFS extending through until 2026/27 that contains adequate revenue provision, including sufficient reserves in the event that plans and assumptions do not materialise as expected.
- *Asset Management* – as presented above (in Section 3.1) the Asset Management Strategy is taking a strategic longer-term (i.e., beyond 2024/25) view of the Council's asset base. A fundamental aim of the Strategy is to achieve the optimum balance between future operational need and affordability, which is reflected in its component parts including strategies for purchasing and constructing new assets, investment in existing assets, transferring of assets to other organisations and the disposal of surplus assets; and

9.3 Risk

9.3.1 The risk associated with the Capital Strategy has been identified and is being adequately managed. Evidence to support this assertion includes:

- *Treasury Management Strategy* – the Council is in the process of formally approving its Treasury Management Strategy for 2023/24 in accordance with CIPFA's “Treasury Management in the Public Services: Code of Practice 2017”. That Strategy was developed by the Council's (professionally qualified and experienced) Finance team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance.
- *Investment Strategy* – the Council is also formally approving an Investment Strategy for 2022/23 in accordance with MHCLG's “Statutory Guidance on Local Government Investments (3rd Edition) 2018”. As with the Treasury Management Strategy, the Investment Strategy was developed by the Finance team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance; and

9.3.2 In addition, the CFO is satisfied that there are no major omissions – in terms of financial liabilities – from the Capital Programme in the medium-term.

9.4 Capital Strategy Updates

9.4.1 The Capital Strategy is a 'living document' and will be periodically – usually annually – updated to reflect changing local circumstances and other significant developments.

Annex A

Annual Minimum Revenue Provision Strategy

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Ministry for Housing, Communities and Local Government's Guidance on Minimum Revenue Provision.

2. The broad aim of the Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

3. The Guidance requires the Council to approve an Annual MRP Statement each year and recommends several options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

4. For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant Public Works Loan Board rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.

5. Capital expenditure incurred during 2023/24 will not be subject to a charge until 2024/25.

Agenda Item 11

ES/1428

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Treasury Management Strategy Statement for 2023/24 & Treasury Management Investment Strategy for 2023/24
Report by	Councillor Edward Back Assistant Cabinet Member for Resources
Supporting Officer	Brian Mew Chief Finance Officer and Section 151 Officer brian.mew@eastsuffolk.gov.uk

Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is **NOT** in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:
This report sets out the Council's Treasury Management Strategy for 2023/24 and the Treasury Management Investment Strategy for 2023/24 and covers: • the current treasury position; • treasury indicators which limit the treasury risk and activities of the Council; • prospects for interest rates; • the borrowing strategy; and • the investment strategy
Options: To comply with the CIPFA Treasury Management Code the report is required to be produced and presented to members, and consequently, no other options have been considered.

Recommendation/s:
That the Treasury Management Strategy Statement and the Treasury Management Investment Strategy for 2023/24 be approved.

Corporate Impact Assessment

Governance:
The report complies with the Charted Institute of Public Finance and Accountancy (CIPFA) Treasury Management code to provide information and scrutiny on the Councils Treasury Management function.
ESC policies and strategies that directly apply to the proposal: East Suffolk Council Strategic Plan
Environmental: No impacts.
Equalities and Diversity: No impacts.
Financial: Management of the Council's cash flows, banking and capital market transactions.
Human Resources: No impacts.
ICT: No impacts.
Legal: No impacts.

Risk: Treasury Management in Local Government is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services and in this context is the "management of the Council's cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks". This Council has adopted the Code and complies with its requirements.

External Consultees:	None

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: *(Select only one primary and as many secondary as appropriate)*		**Primary priority**	**Secondary priorities**
T01	**Growing our Economy**		
P01	Build the right environment for East Suffolk	☐	☐
P02	Attract and stimulate inward investment	☐	☐
P03	Maximise and grow the unique selling points of East Suffolk	☐	☐
P04	Business partnerships	☐	☐
P05	Support and deliver infrastructure	☐	☐
T02	**Enabling our Communities**		
P06	Community Partnerships	☐	☐
P07	Taking positive action on what matters most	☐	☐
P08	Maximising health, well-being, and safety in our District	☐	☐
P09	Community Pride	☐	☐
T03	**Maintaining Financial Sustainability**		
P10	Organisational design and streamlining services	☐	☐
P11	Making best use of and investing in our assets	☐	☒
P12	Being commercially astute	☐	☒
P13	Optimising our financial investments and grant opportunities	☐	☒
P14	Review service delivery with partners	☐	☐
T04	**Delivering Digital Transformation**		
P15	Digital by default	☐	☐
P16	Lean and efficient streamlined services	☐	☐
P17	Effective use of data	☐	☐
P18	Skills and training	☐	☐
P19	District-wide digital infrastructure	☐	☐
T05	**Caring for our Environment**		
P20	Lead by example	☐	☐
P21	Minimise waste, reuse materials, increase recycling	☐	☐
P22	Renewable energy	☐	☐
P23	Protection, education, and influence	☐	☐
XXX	**Governance**		
XXX	How ESC governs itself as an authority	☒	☐

How does this proposal support the priorities selected?
Production of the Treasury Management Strategy Statement for 2023/24 & Treasury Management Investment Strategy for 2023/24 is a requirement under the CIPFA Treasury Management Code demonstrating the Council's governance of its investment and loans portfolio.

Background and Justification for Recommendation

1	Background facts
1.1	Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
1.2	Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

2	Current position
2.1	The Treasury Management Strategy for 2023/24 set out in **Appendix A** covers: Treasury management issues: • the current treasury position. • treasury indicators which limit the treasury risk and activities of the Council. • prospects for interest rates. • the borrowing strategy; and • the investment strategy.

3	How to address current situation
3.1	The report recommends that the Treasury Management Strategy for 2023/24 and the Treasury Management Investment Strategy for 2023/24 be approved by Full Council.

4	Reason/s for recommendation
4.1	The CIPFA Treasury Management code requires the strategies to be produced and presented at Full Council prior to the start of the financial year.

Appendices

Appendices:	
Appendix A	Treasury Management Strategy Statement 2023/24
Appendix B	Treasury Management Investment Strategy 2023/24

Background reference papers:
None.

Treasury Management Strategy Statement 2023/24

Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for income are considered in the Investment Strategy.

External Context

Economic background: The ongoing impact on the UK from the war in Ukraine, together with higher inflation, higher interest rates, uncertain government policy, and a deteriorating economic outlook, will be major influences on the Authority's treasury management strategy for 2023/24.

The Bank of England (BoE) increased Bank Rate by 0.75% to 3.0% in November 2022, the largest single rate hike since 1989 and the eighth successive rise since December 2021. The decision was voted for by a 7-2 majority of the Monetary Policy Committee (MPC), with one of the two dissenters voting for a 0.50% rise and the other for just a 0.25% rise.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged but shallow recession in the UK with CPI inflation remaining elevated at over 10% in the near-term. While the projected peak of inflation is lower than in the August report, due in part to the government's support package for household energy costs, inflation is expected remain higher for longer over the forecast horizon and the economic outlook remains weak, with unemployment projected to start rising.

The UK economy grew by 0.2% between April and June 2022, but the BoE forecasts Gross Domestic Product (GDP) will decline 0.75% in the second half of the calendar year due to the squeeze on household income from higher energy costs and goods prices. Growth is then expected to continue to fall throughout 2023 and the first half of 2024.

Credit outlook: Credit default swap (CDS) prices have followed an upward trend throughout the year, indicating higher credit risk. They have been boosted by the war in Ukraine, increasing economic and political uncertainty and a weaker global and UK outlook, but remain well below the levels seen at the beginning of the Covid-19 pandemic.

CDS price volatility has been higher in 2022 compared to 2021 and this year has seen a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

The weakening economic picture during 2022 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several local authorities and financial institutions, revising them from to negative from stable.

There are competing tensions in the banking sector which could impact bank balance sheet strength going forward. The weakening economic outlook and likely recessions in many regions increase the possibility of a deterioration in the quality of banks' assets, while higher interest rates provide a boost to net income and profitability.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (November 2022): The Authority's treasury management adviser Arlingclose forecasts that Bank Rate will continue to rise in 2022 and 2023 as the Bank of England attempts to subdue inflation which is significantly above its 2% target.

While interest rate expectations reduced during October and November 2022, multiple interest rate rises are still expected over the forecast horizon despite looming recession. Arlingclose expects Bank Rate to rise to 4.25% by June 2023 under its central case, with the risks in the near- and medium-term to the upside should inflation not evolve as the Bank forecasts and remains persistently higher.

Yields are expected to remain broadly at current levels over the medium-term, with 5-, 10- and 20-year gilt yields expected to average around 3.6%, 3.7%, and 3.9% respectively over the 3-year period to September 2025. The risks for short, medium, and longer-term yields are judged to be broadly balanced over the forecast horizon. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 2.50%, and that new long-term loans will be borrowed at an average rate of 4.65%.

Local Context

At the end of November 2022, the Council held £65.65m of borrowing and £131.34m of investments and is set out in further detail at Appendix B. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The Council expects to comply with this recommendation during 2023/24 and in the subsequent years.

Borrowing Strategy

The Council currently holds £65.65m of loans, a decrease of £160k on the previous year which is due to the principal repayment on one of current loans. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2023/24 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs; ensure the delivery of the Capital Programme; and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board).
- any institution approved for investments (see below).
- any other bank or building society authorised to operate in the UK.
- any other UK public sector body.
- UK public and private sector pension funds (except local Pension Fund).
- capital market bond investors.
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues; and

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing.
- hire purchase.
- Private Finance Initiative; and
- sale and leaseback.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Council does not hold any LOBO's (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Debt rescheduling: The PWLB allows Council's to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Liability benchmark: To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts shown in the Capital Programme for borrowing, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Prudential Indicator: Liability benchmark

	31.3.22 Actual £m	**31.3.23 Estimate £m**	**31.3.24 Forecast £m**	**31.3.25 Forecast £m**	**31.3.26 Forecast £m**
Loans CFR	119.91	129.34	149.81	176.27	206.92
Less: Balance sheet resources	-167.60	-167.60	-167.60	-167.60	-172.10
Net loans requirement	-47.69	-38.26	-17.79	8.67	34.82
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
Liability benchmark	**-37.69**	**-28.26**	**-7.79**	**18.67**	**44.82**

<u>Treasury Investment Strategy</u>

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council's treasury investment balance has ranged between £123.34 million and £163.45 million.

Objectives: The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy: Given the increasing risk from short-term unsecured bank investments, the Council invest mainly in more secure and/or higher yielding asset classes and will continue to do so during 2023/24.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown. These limits exclude any interest payments which will be paid to the Council periodically.

Table 1: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£25m	Unlimited
Secured investments *	25 years	£25 m	Unlimited
Banks (unsecured) *	13 months	£25 m	Unlimited
Building societies (unsecured) *	13 months	£15m	£15m
Registered providers (unsecured) *	5 years	£25m	£25m
Money market funds *	n/a	£20m	Unlimited
Strategic pooled funds	n/a	£20m	£50m
Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£10 m

*This table must be read in conjunction with the notes below.

Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than [A-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £20m per counterparty as part of a diversified pool e.g., via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency although they are not a zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £50,000 per company as part of a diversified pool in order to spread the risk widely.

Registered providers (unsecured): Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity, and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts (REIT): Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £20m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit, rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment return to fall but will protect the principal sum invested.

Investment limits: In order that investment balances are not put at too higher risk the maximum that will be lent to any one organisation (other than the UK Government) will be £25 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries, and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 2: Additional Investment limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker’s nominee account	£10m per broker
Foreign countries	£4m per country

Liquidity management: The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over at least two providers (e.g., bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The lower the score the lower the risk is.

	2022/23 Q2	Target
Portfolio average credit score	4.8	4

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	Target
Total cash available within 3 months	£30.00m

Interest rate exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£150,000
Upper limit on one-year revenue impact of a 1% fall in interest rate	£150,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Maturity structure of borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	75%	0%
20 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than one year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2022/23	2023/24	2024/25	2025/26	2026/27
Limit on principal invested beyond year end	£10.0m	£5.0m	£5.0m	£5.0m	£5.0m

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e., prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement, and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary	2022/2023 Limit £m	2023/2024 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m
Borrowing	173.00	173.00	173.00	173.00	173.00
Total Debt	173.00	173.00	173.00	173.00	173.00

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2022/2023 Limit £m	2023/2024 Limit £m	2024/25 Limit £m	2025/26 Limit £m	2026/27 Limit £m
Borrowing	175.00	175.00	175.00	175.00	175.00
Total Debt	175.00	175.00	175.00	175.00	175.00

Related Matters

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating derivative exposures. An allowance for credit risk calculated using the methodology on Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive (MiFiD): The Council has opted up to professional client with its providers of financial services, including advisers, banks, brokers, and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Finance Officer believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2023/24 is £2 million, based on an average investment portfolio of £100 million at an average interest rate of 2%. The budget for debt interest paid in 2023/24 is £2.39 million, based on an average debt portfolio of £65.73 million at an average interest rate of 3.25%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g., from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g., from cheap short-term borrowing, then 50% of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Finance Officer, having consulted the Cabinet Member for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast November 2022

Underlying assumptions:

- UK interest rate expectations have eased following the mini budget, with a growing expectation that UK fiscal policy will now be tightened to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower, although the path for interest rates and gilt yields remains highly uncertain.
- Globally, economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates, and tighten economies into recession.
- The new Chancellor dismantled the mini budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.
- The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The short- to medium-term outlook for the UK economy is bleak, with the BoE projecting a protracted recession.
- Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.
- Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.
- However, in a departure from Fed and ECB policy, in November the BoE attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium term. This did not stop the Governor affirming that there will be further rises in Bank Rate.

Forecast:

- The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets.
- Following the exceptional 75bp rise in November, Arlingclose believes the MPC will slow the rate of increase at the next few meetings. Arlingclose now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.
- The UK economy likely entered into recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.
- Arlingclose expects gilt yields to remain broadly steady despite the MPC's attempt to push down on interest rate expectations. Without a weakening in the inflation outlook,

investors will price in higher inflation expectations given signs of a softer monetary policy stance.

- Gilt yields face pressures to both sides from hawkish US/EZ central bank policy on one hand to the weak global economic outlook on the other. BoE bond sales will maintain yields at a higher level than would otherwise be the case.

	Current	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.50	4.00	4.25	4.25	4.25	4.25	4.00	3.75	3.50	3.50	3.50	3.50
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.75	1.00	1.00	1.00	1.25	1.50	1.75	1.50	1.25	1.25
Arlingclose Central Case	3.00	3.90	4.40	4.40	4.40	4.35	4.30	4.25	4.00	3.75	3.75	3.75	3.75
Downside risk	0.00	0.25	0.50	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00
5yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.36	3.65	3.90	3.90	3.90	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
10yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.46	3.70	3.75	3.75	3.75	3.70	3.70	3.70	3.70	3.70	3.70	3.70	3.70
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
20yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.88	4.00	4.00	4.00	4.00	4.00	3.90	3.90	3.90	3.90	3.90	3.90	3.90
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
50yr gilt yield													
Upside risk	0.00	0.60	0.70	0.80	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Arlingclose Central Case	3.24	3.40	3.40	3.40	3.40	3.40	3.30	3.30	3.30	3.30	3.30	3.30	3.30
Downside risk	0.00	0.70	0.90	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%
PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
UKIB Rate (Maturity Loans) = Gilt yield + 0.60%

Annex B – Existing Investment & Debt Portfolio Position

	Nov-22 Actual Portfolio £m
External borrowing:	
Public Works Loan Board	**65.65**
Local authorities	**0**
Other loans	**0**
Total external borrowing	**65.65**
Other long-term liabilities:	
Leases	5.60
Total other long-term liabilities	
Total gross external debt	**71.25**
Treasury investments:	
The UK Government	**30.00**
Local Authorities	**61.00**
Other Government entities	
Secured investments	
Banks (unsecured)	**10.00**
Building societies (unsecured)	
Registered providers (unsecured)	
Money Market Funds	**10.00**
Strategic Pooled Funds	**20.34**
Real Estate investment trusts	
Other investments	
Total treasury investments	**131.34**
Net debt	**-60.09**

Annex C – Summary of Existing Debt & Investment Portfolio Position as at November 2022

Debt Portfolio:

Type of Loan	Start Date	Maturity	Principal	Interest Rate	GF/HRA
Maturity Loans					
Fixed	30/11/1995	30/09/2024	2,000,000	8.375%	GF/HRA
Fixed	10/08/2007	31/03/2055	3,000,000	4.550%	GF/HRA
Fixed	28/03/2012	28/03/2039	10,000,000	3.470%	HRA
Fixed	28/03/2012	28/03/2036	10,000,000	3.420%	HRA
Fixed	28/03/2012	28/03/2027	10,000,000	3.010%	HRA
Fixed	28/03/2012	28/03/2041	10,000,000	3.490%	HRA
Fixed	28/03/2012	28/03/2032	10,000,000	3.300%	HRA
Fixed	28/03/2012	28/03/2042	8,000,000	3.500%	HRA
Equal Instalments of Principle (EIP)					
Fixed	15/05/2015	15/11/2035	2,640,000	3.69%	GF
Annuity					
Fixed	10/09/1968	26/08/2028	5,829.12	7.62%	GF/HRA
		Total	65,645,829		

Investment Portfolio:

Counterparty	Type of investment	Principal Balance	Duration	Start Date	Effective Maturity	Interest Rate
Bank 1 (Lloyds)	Instant Access	10,000,000	Overnight	N/A	N/A	2.15%
		10,000,000				
DMO (Central Government)	Fixed Term	5,000,000	5 Months (153 days)	23/09/2022	23/02/2023	2.83%
DMO (Central Government)	Fixed Term	5,000,000	4 Months (124 days)	28/09/2022	30/01/2023	3.27%
DMO (Central Government)	Fixed Term	5,000,000	2 Months (64 days)	03/10/2022	06/12/2022	2.42%
DMO (Central Government)	Fixed Term	5,000,000	3 Months (92 days)	17/10/2022	17/01/2023	2.91%
DMO (Central Government)	Fixed Term	5,000,000	1 Month (30 days)	01/11/2022	01/12/2022	2.45%
DMO (Central Government)	Fixed Term	5,000,000	2 Months (65 days)	01/11/2022	05/01/2023	2.70%
		30,000,000				
North Lanarkshire Council	Fixed Term	5,000,000	1 Year	21/02/2022	20/02/2023	0.70%
Blackpool Borough Council	Fixed Term	5,000,000	1 Year	16/03/2022	15/03/2023	0.75%
Fareham Borough Council	Fixed Term	5,000,000	1 Year	24/02/2022	23/02/2023	0.75%
Peterborough City Council	Fixed Term	5,000,000	1 Year	14/04/2022	13/04/2023	1.20%
London Borough of Croydon	Fixed Term	5,000,000	1 Year	29/06/2022	28/06/2023	1.35%
London Borough of Croydon	Fixed Term	5,000,000	1 Year	27/07/2022	26/07/2023	1.60%
Darlington Borough Council	Fixed Term	5,000,000	364 days	01/09/2022	31/08/2023	2.30%
Cheltenham Borough Council	Fixed Term	3,000,000	6 months	13/10/2022	13/04/2023	3.00%
Suffolk County Council	Fixed Term	5,000,000	1 year	30/09/2022	29/09/2023	3.15%
Epping Forest District Council	Fixed Term	2,000,000	6 months	03/10/2022	14/04/2023	3.55%
Epping Forest District Council	Fixed Term	4,000,000	9 months	18/10/2022	18/07/2023	4.10%
London Borough of Haringey	Fixed Term	5,000,000	6 months	14/11/2022	15/05/2023	3.40%
Wirral Borough Council	Fixed Term	2,000,000	3 months	17/11/2022	23/02/2023	3.00%
Watford Borough Council	Fixed Term	5,000,000	2 years	29/09/2021	29/09/2023	0.20%
		61,000,000				
Money Market Fund (MMF) - (CCLA)	Instant Access	10,000,000	Overnight	N/A	N/A	2.82%
		10,000,000				
Pooled Property Fund 1 (CCLA)	Notice - Long Term	10,818,950	N/A	29/11/2017	N/A	3.91%
Pooled DIF 1 (CCLA)	Notice - Long Term	4,774,348	N/A	25/11/2019	N/A	3.91%
Pooled DIF 2 (NinetyOne)	Notice - Long Term	4,749,478	N/A	17/10/2019	N/A	2.60%
		20,342,776				
	Total	**131,342,776**				

Investment Strategy Report 2023/24

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to regenerate and provide service delivery in the locality

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

The Council typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £100 million and £130 million during the 2023/24 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2023/24 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council may lend money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows

Category of borrower	31.3.2022 actual			2023/24
	Balance owing £000	Loss allowance £000	Net figure in accounts £000	Approved Limit £000
Subsidiaries	0	0	0	10,000
Suppliers	0	0	0	0
Local businesses	0	0	0	500
Local charities & Community Groups	0	0	0	500
Parish Councils	0	0	0	500
Housing associations	0	0	0	5,000
Residents	0	0	0	0
Employees	0	0	0	0
TOTAL	0	0	0	16,500

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Councils statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding service loans by presenting a full business detailing.

- Market assessment – evidencing an independent assessment of the market that the Council is/will be competing in, the nature and level of competition, how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements
- External Advisor Assessment – All service loans will be subject to assessment by the Council's External Treasury Advisor and a report will be included within the business case.
- Any external advice will be presented to the Audit & Governance Committee, Cabinet, and Council Committees as appropriate.
- Credit Ratings may be used to assess the risk appetite and will be subject to regular monthly review.

Annual Reporting:

- Reporting – As a minimum Service departments will provide an annual report to the Audit & Governance Committee which will include an update on the investment, and an independent external review if appropriate.

Service Investments: Shares

Contribution: The Council may invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Category of company	31.3.2022 actual			2023/24
	Amounts invested £000	Gains or losses £000	Value in accounts £000	Approved Limit £000
Subsidiaries	0	0	0	5,000
Suppliers	0	0	0	500
Local businesses	0	0	0	500
TOTAL	**0**	**0**	**0**	**6,000**

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding shares by presenting a full business detailing.

- Market assessment – evidencing an independent assessment of the market that the Council is/will be competing in, the nature and level of competition, how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements
- External Advisor Assessment – All service loans will be subject to assessment by the Council's External Treasury Advisor and a report will be included within the business case.
- Any external advice will be presented to the Audit & Governance Committee, Cabinet, and Council Committees as appropriate.
- Credit Ratings may be used to assess the risk appetite and will be subject to regular monthly review.

Annual reporting:

- Reporting – As a minimum Service departments will provide an annual report to the Audit & Governance Committee which will include an update on the investment, and an independent external review if appropriate.

Liquidity: The maximum period for which funds may be prudently committed is for 5 years, after which subject to satisfactory review this may be renewed annually for a 1-year period.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Councils upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition

<u>Regeneration/Service Investments: Property</u>

Contribution: The Council invests in local property to facilitate regeneration and provide service delivery. The income from these investments will repay any borrowing used in the purchase and to provide a maintenance budget without putting further pressure on the Councils finances.

Table 1: Property held for investment purposes in £ millions

Property	Actual	31.3.2022 Actual	
	Purchase cost £000	Gains or (losses) £000	Value in accounts £000
Investment Property – shop Lowestoft	166	34	200
Investment Property – shop Lowestoft	1,433	-1,113	320
Investment Property – shop Lowestoft	2,358	-1,438	920
Investment Property - Business Park Beccles	2,355	194	2,549
Investment Property - Business Centre Lowestoft	965	335	1,300
TOTAL	**7,277**	**-1,988**	**5,289**

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

The fair value of the Council's investment property portfolio is no longer sufficient to provide security against loss. However, the Council fully expects the fair value to increase following significant works to the adjoining car park, with the fair value expected to increase to that nearing the original purchase price.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding property investments by assessing the viability of the cost of financing the investment against the return on investment in terms of receivable income. Investments that are subject to short leases are unlikely to be considered due to the high risk of potential voids.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed; the Council ensures that borrowing is on an equal instalment basis and that revenue budgets cover the cost of the loan repayment.

<u>Loan Commitments and Financial Guarantees</u>

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

The Council does not have any current financial guarantees and all loans are through the Public Works Loan Board (PWLB).

<u>Capacity, Skills, and Culture</u>

Elected members and statutory officers: It is important that the members and officers involved in the Treasury Management function have appropriate capacity, skills, and information to enable them to take informed decisions on specific investments, to assess the risk and strategic objectives and to ensure that the Council's risk exposure is managed. Periodically the Council's external Treasury advisors, Arlingclose will hold member training sessions which will provide members with a raft of technical advice specifically designed for the Council's environment. Additionally, Officers have a wide range of information available to them from various sources such as the Charted Institute of Public Finance and Accountancy (CIPFA), Arlingclose and Room 151. Officers will also attend a number of courses/seminars throughout the year and have periodical strategic meetings with the Council's treasury advisors.

Property Investment deals: Officers negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local Authorities operate and have access to a number of external bodies who can provide specific advice and direction.

Corporate governance: All of the Council's procedures provide a corporate governance arrangement that ensure accountability and for decision making on investment activities and ensure that the Council's Chief Finance Officer/Section 151 Officer is fully briefed on the Council's investment position at any one time.

<u>Investment Indicators</u>

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 2: Total investment exposure in £millions

Total investment exposure	**31.03.2022 Actual £000**	**31.03.2023 Forecast £000**	**31.03.2024 Forecast £000**
Treasury management investments	143.37	120.00	120.00
TOTAL INVESTMENTS	**143.37**	**120.00**	**120.00**
Guarantees issued on loans	65.81	65.65	65.49
TOTAL EXPOSURE	**-77.56**	**-54.35**	**-54.51**

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 3: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2022 Actual £000	31.03.2023 Forecast £000	31.03.2024 Forecast £000
Property Investments	2.80	2.64	2.48

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 4: Investment rate of return (net of all costs)

Investments net rate of return	2021/22 Actual	2022/23 Forecast	2023/2024 Forecast
Short & Long Term Treasury Management investments	0.34%	1.89%	2.50%
Long Term Treasury Management property investments	4.49%	3.57%	3.50%
Long Term Treasury Management multi asset investments	3.59%	2.70%	2.70%
Property Asset Investments	10.91%	8.00%	8.00%
ALL INVESTMENTS	**19.33%**	**16.16%**	**16.70%**

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Council Tax Premiums on Second Homes and Empty Properties
Report by	Councillor Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officer	Brian Mew Chief Finance Officer and Section 151 Officer Brian.mew@eastsuffolk.gov.uk

Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is **NOT** in the public interest to disclose the exempt information.	Not applicable.
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:
The purpose of this report is to approve changes to Council Tax premiums - as included within the Levelling Up and Regeneration Bill – which, subject to the Bill receiving Royal Assent prior to 31 March 2023, are due to become effective from 1st April 2024.
Options:
The Council could consider the option of not approving these changes to Council Tax premiums and maintaining the present position. This option is not recommended for the reasons outlined in this report.

Recommendations:

That Full Council approve

1. That, in principle, the following additional Council Tax premiums be applied from 1 April 2024, subject to the Levelling Up and Regeneration Bill receiving Royal Assent:
   - 100% premium for properties which have been empty and unfurnished for a period of between 1 and 2 years;
   - 100% premium for second homes.
2. That Chief Finance Officer and Section 151 Officer be granted delegated authority to implement the introduction of these additional premiums when the Levelling Up and Regeneration Bill receives Royal Assent.

Corporate Impact Assessment

Governance:
None arising directly from this report.
ESC policies and strategies that directly apply to the proposal:
East Suffolk Strategic Plan Medium Term Financial Strategy East Suffolk Council Discretionary Council Tax Reliefs and Charges policies East Suffolk Housing Strategy 2017-23 East Suffolk Council Private Sector Housing Strategy 2019-2023 (updated October 2020)
Environmental:
Empty homes represent a wasted resource and where opportunities arise to renovate and return these properties to use, the end result will be a modernised, more energy efficient home utilising fewer resources than a new build.

Equalities and Diversity: An Equalities Impact Assessments (EqIA) has been prepared in respect of the proposals contained in this report, and is attached as Appendix C. Bringing long term empty properties back into use as affordable homes can support those on low incomes and suffering poverty, and the additional income from these premiums will support the provision of services by all precepting authorities.
Financial: The implementation of the proposals contained in this report in 2024/25 would increase the council tax base which has financial implications for precepting authorities as their income from a given level of Band D council tax is increased. At 2022/23 council tax levels, the Second Homes 100% premium could potentially result in increases in council tax income as follows: Suffolk County Council £5.853m; Suffolk Police and Crime Commissioner £1.007m; and East Suffolk Council £717k. In practice, as outlined in the main part of this report, these figures could be somewhat lower due to customer behaviours, such as redesignating primary residences, switching properties to business rates, etc., although the risk of this is considered to be relatively low. In addition, by the time the premiums are implemented in 2024/25, the council tax levels are likely to have been subject to two further annual increases, e.g. an equivalent 2024/25 income figure for ESC would probably be £760k. For town and parish councils, an increase in the tax base means that if the parish kept its precept the same as the previous year, it would see a reduction in the parish element of the council tax. Alternatively, it could keep the parish element of the council tax the same and receive a higher level of precept income. If towns and parishes adopted the latter approach, they could potentially receive additional income over £308k at 2022/23 council tax levels. Potential income related to the proposed change to the empty property premium is more difficult to predict as the eligibility of a property for this premium changes over time. Financial benefit is likely to decrease in time as the premium is there to incentivise empty properties back into use, and change behaviours. Consequently, this is an income stream to note rather than rely upon. However, based on the October 2022 CTB1 return, it is reasonable to assume that additional income could be generated in 2024/25 to the precepting authorities in the region of: Suffolk County Council £505k; Suffolk Police and Crime Commissioner £87k; and East Suffolk Council £62k. Estimated income for town and parish councils has not been broken down to parish level, but based on the average parish council tax, could be in the region of £27k in total.
Human Resources: None arising directly from this report.

ICT: None arising directly from this report.
Legal: The recommendations set out within this report are subject to the Levelling Up and Regeneration Bill receiving Royal Assent.
Risk: None arising directly from this report.

External Consultees:	There is no formal requirement to consult on changing these council tax premiums in advance of them being implemented in April 2024.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: *(Select only one primary and as many secondary as appropriate)*		Primary priority	Secondary priorities
T01	**Growing our Economy**		
P01	Build the right environment for East Suffolk	☒	☐
P02	Attract and stimulate inward investment	☐	☐
P03	Maximise and grow the unique selling points of East Suffolk	☐	☐
P04	Business partnerships	☐	☐
P05	Support and deliver infrastructure	☐	☐
T02	**Enabling our Communities**		
P06	Community Partnerships	☐	☐
P07	Taking positive action on what matters most	☐	☐
P08	Maximising health, well-being and safety in our District	☐	☐
P09	Community Pride	☐	☐
T03	**Maintaining Financial Sustainability**		
P10	Organisational design and streamlining services	☐	☐
P11	Making best use of and investing in our assets	☐	☒
P12	Being commercially astute	☐	☐
P13	Optimising our financial investments and grant opportunities	☐	☒
P14	Review service delivery with partners	☐	☐
T04	**Delivering Digital Transformation**		
P15	Digital by default	☐	☐
P16	Lean and efficient streamlined services	☐	☐
P17	Effective use of data	☐	☐
P18	Skills and training	☐	☐
P19	District-wide digital infrastructure	☐	☐
T05	**Caring for our Environment**		
P20	Lead by example	☐	☐

P21	Minimise waste, reuse materials, increase recycling	☐	☐
P22	Renewable energy	☐	☐
P23	Protection, education and influence	☐	☐
XXX	**Governance**		
XXX	How ESC governs itself as an authority	☐	☒

How does this proposal support the priorities selected?

The vision of the East Suffolk Strategic Plan is to "deliver the highest quality of life possible for everyone who lives in, works in and visits East Suffolk". The proposals in this report are intended to assist in addressing the problems of the provision of affordable housing in the district, by way of incentivising the bringing back into occupation and repurposing of empty properties and second homes. The potential Council tax income arising from the premiums also directly contributes to the Financial Sustainability theme, and will support other precepting authorities in the provision of services, especially the County Council.

Background and Justification for Recommendation

1	Background facts
1.1	A large part of the Council Tax legislation is mandatory on all billing authorities within England. Discounts (such as Single Person Discounts), Disregards and Exemptions are set by statute with no discretion allowed. However, the Local Government Finance Act 2012 introduced opportunities for Local Authorities to raise additional revenue from Council Tax, and incentivise the occupation of empty properties, by providing some discretion over the application of discounts and premiums on second homes and empty properties. The changes arising from this legislation came into effect on 1 April 2013.
1.2	The main discretionary areas relate to the following: (a) Second homes (premises which are no-one's sole or main residence but are furnished); (b) Unoccupied and substantially unfurnished premises; (c) Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs; and (d) Premiums where premises have been unoccupied and substantially unfurnished for a period exceeding 2 years.
1.3	The tax base for the area is the estimated number of chargeable dwellings expressed as a number of band D equivalents, adjusted for an estimated number of discounts, exemptions and appeals plus an allowance for non-collection. Discounts and premiums as outlined above are reflected as increases or decreases in the tax base. Increases or reductions in the council tax base have financial implications for precepting authorities as their income from a given level of Band D council tax is either increased or reduced.
1.4	Premiums were introduced by Government in 2013 with a view to encouraging homeowners to occupy homes and not leave them vacant in the long term. Initially premiums could only be charged at 50% but legislation was changed to allow a progressive charge to be made as follows: • Dwellings left unoccupied and substantially unfurnished for 2 years or more, up to 100%;

	• Dwellings left unoccupied and substantially unfurnished for 5 years or more, up to 200%; and • Dwellings left unoccupied and substantially unfurnished for 10 years or more, up to 300%.
1.5	Regarding second homes, billing authorities are currently allowed to apply a discount of between 0% and 100% to this category of chargeable dwellings.
1.6	The Government's Levelling Up and Regeneration Bill was published in May 2022 and includes further discretionary options for the application of Council Tax premiums on empty properties and second homes. Subject to the Bill receiving Royal Assent the proposed changes will come into effect on 1 April 2024. If the Council wishes to adopt any changes arising from the Bill it is required to make a resolution confirming its requirements by no later than 31 March 2023.

2	Current position
2.1	It is a statutory requirement for the Council to set and review annually its Discretionary Council Tax Discounts. The Full Council meeting of 23 February 2022 approved that no changes be made to the Council Tax discounts to be applied from 1 April 2022, which were approved by the Shadow Council at its meeting on 3 December 2018 (REP 9(SH)). The current level of discount applied to second homes across the district is 0%.
2.2	At its meeting 28 February 2019, the East Suffolk Shadow Council approved Council Tax Long Term Empty Property Premiums as follows: • 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019, • 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and • 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021.

3	How to address current situation
3.1	The Government encourages all billing authorities to adopt Council Tax premiums on empty properties with a view to incentivising property owners to bring those properties back into use. As outlined above, premiums are currently charged where properties are left unoccupied and unfurnished for periods exceeding 2 years.
3.2	In May 2022 the Government published the Levelling Up and Regeneration Bill (the Bill). The Bill includes proposals aimed at further addressing empty properties through the application of Council Tax premiums, in addition to measures which recognise the impact that high levels of second home ownership can have in some areas.
3.3	Through the Bill it is the Government's intention to: a) reduce the minimum period for the implementation of a Council Tax premium for empty premises from two years to one year; and b) allow Councils to introduce a Council Tax premium of up to 100% in respect of second homes.

3.4	The changes outlined in 3.3 are subject to the Bill receiving Royal Assent, and will become effective from 1 April 2024 at the earliest. In its current form the Bill requires billing authorities to make a resolution confirming their intentions on the application of the premiums at least 12 months prior to the financial year in which the changes will come into effect; meaning that the Bill will require Royal Assent to be obtained prior to 31st March 2023 in order for billing authorities to be given the powers to make a resolution and adopt the changes for the year commencing 1 April 2024. The Bill continues to make its way through Parliament, with an aim of it obtaining Royal Assent in 'spring 2023'. It is currently uncertain whether the Royal Assent will have been granted in time to allow the changes to be implemented in 2024/25.
3.5	This report seeks an in principle decision from Full Council to agree proposals in regards to the Council Tax premium proposals set out within the Bill, subject to Royal Assent being obtained. An early, in principle, decision is recommended to allow timely decisions to be made if and when the Royal Assent is granted.
3.6	Whilst recognising the importance of second homes to the visitor economy, the Council and its predecessor councils has also long recognised the potential negative impact of second homes in terms of the supply of homes available to meet local housing need, and the affordability of housing to local people. Some business sectors in coastal communities could also face difficulties due to the decline in resident populations as a result of local properties being purchased as second homes. It is also not unreasonable that second home owners should make a financial contribution to the areas in which their properties are located, and to assume that second home owners are, generally, in a financial position to make that contribution.
3.7	East Suffolk has a significant level of second home ownership, and is clearly the type of area that the Government has in mind in promoting this legislation. This is illustrated in Appendix A, which shows the percentage of second homes on a parish by parish basis (Source: October 2022 CTB1 return). The map included as part of this Appendix also shows that second home ownership is heavily concentrated in coastal holiday locations. It is also worth noting that these figures do not take into account domestic properties that are in the business rates system as holiday lets, just those that have a liability for council tax. Consequently, in some parishes, the proportion of dwellings that are not principal residences is considerably higher.
3.8	Financially, the application of a 100% Second Homes Premium could generate significant levels of additional council tax income for precepting authorities in East Suffolk. Appendix B illustrates this potential income on a parish by parish basis based on the October 2022 CTB1 return and 2022/23 council tax levels. The Second Homes 100% premium could potentially result in increases in council tax income as follows: Suffolk County Council £5.853m; Suffolk Police and Crime Commissioner £1.007m; and East Suffolk Council £717k.
3.9	For town and parish councils, an increase in the tax base means that if the parish kept its precept the same as the previous year, it would see a reduction in the parish element of the council tax. Alternatively, it could keep the parish element of the council tax the same and receive a higher level of precept income. If towns and parishes adopted the latter approach, Appendix B indicates potential additional income to them of over £308k at 2022/23 council tax levels.

3.10	A degree of caution does need to be exercised over income projections from a Second Homes premium as there are a number of ways in which income could be reduced as a result of customer behaviour, principally: • Transferring the properties to business rates • Claiming single occupancy • Redesignating properties as principal residences • Selling the properties The following paragraphs consider the likelihood of these potential “leakages” of income from the premium arising from these actions. It should be recognised that thus far these council taxpayers have been willing to keep their properties in council tax and contribute to local finances rather than redesignating their properties in some way. Overall, the risk to potential income is considered to be relatively small.
3.11	Regarding transferring properties to business rates, currently, properties that are available to let for more than 20 weeks (140 days) in a calendar year can be assessed for business rates by the Valuation Office Agency (VOA). The only detail needed to support such a claim is evidence of an advertisement for let for the property. Along with other authorities, the Council campaigned for a number of years for this “loophole” whereby second home owners could avoid council tax and benefit from small business rate relief to be closed. From April 2023 this criteria will still apply but additionally it must be demonstrated that the property was available to let for more than 20 weeks in the previous year, and proof must be provided that the property was actually let for short periods totalling at least 70 days. The burden of providing evidence to support future changes will be the homeowners and will be verified by the Council and reported to the VOA. This change should ensure that any properties transferring from Council Tax to Business Rates relate to genuine circumstances where the property is being utilised for business purposes.
3.12	Couples who own second homes may claim that they are living separately and are single occupants of each respective property. If such cases arise there will be mechanisms available to the Council, through Anglia Revenues Partnership, to check the circumstances giving rise to any discount or exemption claimed, including single person discounts. These circumstances can be verified against the information that has been supplied to the council to claim the reduction. Financial penalties can be imposed where false information is provided and will assist in ensuring that data held is accurate.
3.13	The possibility of second home owners redesignating properties as their principal residencies is potentially more problematic. However, similar checks to those outlined above can be applied, and in addition, this action would be of no financial benefit, or would even have a negative impact, if the other property was in a billing authority area that also applied a second home premium.
3.14	Second home owners could ultimately decide to sell their properties rather than pay the additional council tax, which although potentially reducing income, would release properties into the market to help address local demand.
3.15	Legislation to apply a 100% premium on second homes was introduced in Wales in 2017/18 and the premium was paid on 24,873 properties in 2021/22. This number had increased across Wales by 2,005 from the number recorded at the outset of

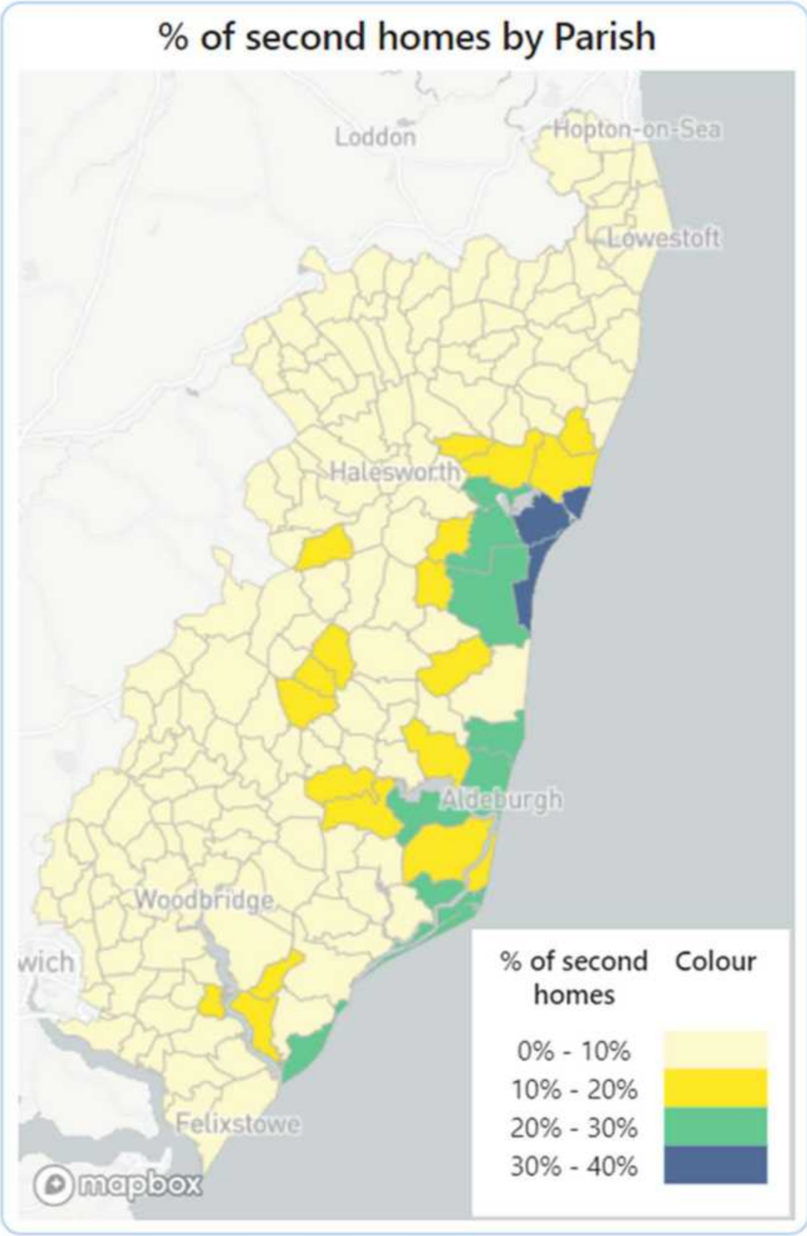
	the scheme in 2017/18. Some areas, which historically had the highest number of second homes have seen downward adjustments to the numbers of recorded second homes and the maximum recorded reduction in any area is 9%. It is uncertain whether these downward trends have been triggered by avoidance or are evidence that the premiums have achieved one of the intended outcomes of bringing second homes back into use as mainstream housing provision.
3.16	By the time the premiums are implemented in 2024/25, council tax levels are likely to have been subject to two further annual increases, e.g. an equivalent 2024/25 income figure for ESC would probably be £760k.
3.17	Regarding the measure in the Bill to reduce the minimum period for the implementation of a Council Tax premium for empty premises from two years to one year, reducing the number of long term empty properties has long been a key objective of the Council. Following an extensive Scrutiny Committee review of this subject, in December 2021 Cabinet accepted the recommendations of the Scrutiny Committee and requested officers to develop a Business Case to consider what additional resources or incentives could be put in place to ensure more empty homes are brought back into use. Subsequently in April 2022, Cabinet approved revenue funding to deliver a three year long term empty homes programme. The application of a 100% Council Tax premium for empty premises after one year would be completely consistent with this programme and the key objective of incentivising bringing properties back into use.
3.18	Potential income related to the proposed change to the empty property premium is difficult to predict as the eligibility of a property for this premium changes over time. Financial benefit is likely to decrease in time as the premium is there to incentivise empty properties back into use, and change behaviours. Consequently, this is an income stream to note rather than rely upon. However, based on the October 2022 CTB1 return, it is reasonable to assume that additional income could be generated in 2024/25 to the precepting authorities in the region of: Suffolk County Council £505k; Suffolk Police and Crime Commissioner £87k; and East Suffolk Council £62k. Estimated income for town and parish councils has not been broken down to parish level, but based on the average parish council tax, could be in the region of £27k in total.

4	Reason/s for recommendation
4.1	The purpose of this report is to approve changes to Council Tax premiums in 2024/25 which will further incentivise the occupation of empty properties and generate additional Council Tax income for precepting bodies, facilitating the delivery of essential front line services within Suffolk as a whole.

Appendices

Appendices:	
Appendix A	East Suffolk Second Home Numbers by Parish
Appendix B	East Suffolk Second Home Council Tax Estimates by Parish
Appendix C	Equalities Impact Assessment (EqIA)

Background reference papers:		
Date	**Type**	**Available From**
December 2022	Levelling Up and Regeneration Bill	Levelling-up and Regeneration Bill - Parliamentary Bills - UK Parliament


% of second homes by Parish
Loddon
Hopton-on-Sea
Lowestoft
Halesworth
Aldeburgh
Woodbridge
wich
Felixstowe
mapbox
% of second homes
Colour
0% - 10%
10% - 20%
20% - 30%
30% - 40%

Appendix A

PARISH	No. of Properties	Second Homes	%
ALDEBURGH	1940	581	29.9%
ALDERTON	220	11	5.0%
ALDRINGHAM	641	187	29.2%
ASHBY	18	0	0.0%
BADINGHAM	233	9	3.9%
BARNBY	237	3	1.3%
BARSHAM	90	1	1.1%
BAWDSEY	212	58	27.4%
BECCLES	5059	51	1.0%
BENACRE	35	2	5.7%
BENHALL	296	11	3.7%
BLAXHALL	129	24	18.6%
BLUNDESTON	560	2	0.4%
BLYFORD	47	2	4.3%
BLYTHBURGH	218	56	25.7%
BOULGE	14	0	0.0%
BOYTON	78	4	5.1%
BRAMFIELD	197	17	8.6%
BRAMPTON	172	2	1.2%
BRANDESTON	136	10	7.4%
BREDFIELD	148	0	0.0%
BRIGHTWELL	28	1	3.6%
BROMESWELL	136	7	5.1%
BRUISYARD	77	4	5.2%
BUCKLESHAM	252	1	0.4%
BUNGAY	2459	31	1.3%
BURGH	79	0	0.0%
BUTLEY	94	9	9.6%
CAMPSEA ASHE	182	8	4.4%
CAPEL ST ANDREW	35	3	8.6%
CARLTON COLVILLE	3600	16	0.4%
CHARSFIELD	161	3	1.9%
CHEDISTON	110	6	5.5%
CHILLESFORD	79	6	7.6%
CLOPTON	144	4	2.8%
COOKLEY	49	1	2.0%
CORTON	762	35	4.6%
COVEHITHE	15	0	0.0%
CRANSFORD	77	0	0.0%
CRATFIELD	153	7	4.6%
CRETINGHAM	101	5	5.0%
CULPHO	22	1	4.5%

Appendix A

PARISH	No. of Properties	Second Homes	%
DALLINGHOO	84	5	6.0%
DARSHAM	245	26	10.6%
DEBACH	32	0	0.0%
DENNINGTON	256	6	2.3%
DUNWICH	84	30	35.7%
EARL SOHAM	210	10	4.8%
EASTON BAVENTS	4	4	100.0%
EASTON	174	5	2.9%
ELLOUGH	25	2	8.0%
EYKE	168	4	2.4%
FALKENHAM	76	0	0.0%
FARNHAM	62	3	4.8%
FELIXSTOWE	12192	222	1.8%
FLIXTON EAST	22	0	0.0%
FLIXTON WEST	79	0	0.0%
FOXHALL	129	0	0.0%
FRAMLINGHAM	2061	41	2.0%
FRISTON	221	36	16.3%
FROSTENDEN	99	7	7.1%
GEDGRAVE	17	1	5.9%
GISLEHAM	319	7	2.2%
GREAT BEALINGS	118	2	1.7%
GREAT GLEMHAM	117	15	12.8%
GRUNDISBURGH	729	9	1.2%
HACHESTON	173	5	2.9%
HALESWORTH	2681	61	2.3%
HASKETON	183	4	2.2%
HEMLEY	26	3	11.5%
HENHAM	36	6	16.7%
HENSTEAD AND HULVER STREET	149	2	1.3%
HERRINGFLEET	29	0	0.0%
HEVENINGHAM	67	7	10.4%
HOLLESLEY	590	12	2.0%
HOLTON	412	10	2.4%
HOMERSFIELD	71	3	4.2%
HOO	40	4	10.0%
HUNTINGFIELD	94	7	7.4%
IKEN	58	13	22.4%
KELSALE	511	23	4.5%
KESGRAVE	5752	20	0.3%
KESSINGLAND	2365	192	8.1%
KETTLEBURGH	115	5	4.3%
KIRTON	551	2	0.4%

Appendix A

PARISH	No. of Properties	Second Homes	%
KNODISHALL	398	26	6.5%
LEISTON	3066	93	3.0%
LETHERINGHAM	36	0	0.0%
LEVINGTON	113	3	2.7%
LINSTEAD MAGNA	18	0	0.0%
LINSTEAD PARVA	38	0	0.0%
LITTLE BEALINGS	184	1	0.5%
LITTLE GLEMHAM	80	1	1.3%
LOUND	165	3	1.8%
LOWESTOFT	23293	216	0.9%
MARLESFORD	108	5	4.6%
MARTLESHAM	2711	15	0.6%
MELTON	2244	37	1.6%
METTINGHAM	88	3	3.4%
MIDDLETON	218	21	9.6%
MONEWDEN	62	6	9.7%
MUTFORD	216	1	0.5%
NACTON	372	5	1.3%
NEWBOURNE	113	3	2.7%
NORTH COVE	195	1	0.5%
ORFORD	428	121	28.3%
OTLEY	330	5	1.5%
OULTON BROAD	4685	58	1.2%
OULTON	2286	9	0.4%
PARHAM	123	6	4.9%
PEASENHALL	296	25	8.4%
PETTISTREE	79	5	6.3%
PLAYFORD	99	1	1.0%
PURDIS FARM	860	4	0.5%
RAMSHOLT	13	2	15.4%
REDISHAM	58	0	0.0%
RENDHAM	119	14	11.8%
RENDLESHAM	1307	11	0.8%
REYDON	1483	149	10.0%
RINGSFIELD	146	2	1.4%
RUMBURGH	134	1	0.7%
RUSHMERE ST ANDREW	2701	10	0.4%
RUSHMERE	33	0	0.0%
SAXMUNDHAM	2320	72	3.1%
SAXTEAD	124	5	4.0%
SHADINGFIELD	77	1	1.3%
SHIPMEADOW	62	1	1.6%
SHOTTISHAM	87	9	10.3%

Appendix A

PARISH	No. of Properties	Second Homes	%
SIBTON	100	5	5.0%
SNAPE	364	29	8.0%
SOMERLEYTON	159	0	0.0%
SOTHERTON	40	5	12.5%
SOTTERLEY	51	0	0.0%
SOUTH COVE	12	2	16.7%
SOUTH ELMHAM ALL SAINTS	64	1	1.6%
SOUTH ELMHAM ST JAMES	88	2	2.3%
SOUTH ELMHAM ST MARGARET	43	1	2.3%
SOUTH ELMHAM ST MICHAEL	23	1	4.3%
SOUTH ELMHAM ST PETER	14	0	0.0%
SOUTH EMLHAM ST CROSS	50	4	8.0%
SOUTHWOLD	1138	428	37.6%
SPEXHALL	96	2	2.1%
ST ANDREW ILKETSHALL	127	0	0.0%
ST JOHN ILKETSHALL	16	0	0.0%
ST LAWRENCE ILKETSHALL	81	1	1.2%
ST MARGARET ILKETSHALL	74	5	6.8%
STERNFIELD	63	5	7.9%
STOVEN	33	1	3.0%
STRATFORD ST ANDREW	87	3	3.4%
STRATTON HALL	10	0	0.0%
SUDBOURNE	196	35	17.9%
SUTTON HEATH	464	3	0.6%
SUTTON	167	10	6.0%
SWEFFLING	101	12	11.9%
SWILLAND	75	2	2.7%
THEBERTON	166	17	10.2%
THORINGTON	33	4	12.1%
TRIMLEY ST MARTIN	1017	2	0.2%
TRIMLEY ST MARY	1690	5	0.3%
TUDDENHAM ST MARTIN	175	1	0.6%
TUNSTALL	301	33	11.0%
UBBESTON	46	4	8.7%
UFFORD	424	7	1.7%
UGGESHALL	74	1	1.4%
WALBERSWICK	315	121	38.4%
WALDRINGFIELD	248	19	7.7%
WALPOLE	123	6	4.9%
WANGFORD	314	42	13.4%
WANTISDEN	12	1	8.3%
WENHASTON	475	37	7.8%
WESTERFIELD	228	1	0.4%

Appendix A

PARISH	No. of Properties	Second Homes	%
WESTHALL	164	4	2.4%
WESTLETON	302	65	21.5%
WESTON	93	3	3.2%
WICKHAM MARKET	1137	25	2.2%
WILLINGHAM	62	0	0.0%
WISSETT	137	6	4.4%
WITNESHAM	379	3	0.8%
WOODBRIDGE	4100	124	3.0%
WORLINGHAM	1620	13	0.8%
WRENTHAM	517	22	4.3%
YOXFORD	424	29	6.8%
TOTALS	**120,601**	**4,096**	**3.4%**

Band D Second Homes by Parish - CTB1 October 2022

Appendix B

	Second Homes Band D	SCC Council Tax	ESC Council Tax	SPCC Council Tax	Parish Council Tax	Additional Income SCC	ESC	SPCC	Parish	Total
	A	B	C	D	E	A*B	A*C	A*D	A*E	
		£	£	£	£	£	£	£	£	£
Aldeburgh	634.56	1438.92	176.22	247.68	114.31	913,081	111,822	157,168	72,537	1,254,608
Alderton	10.56	1438.92	176.22	247.68	38.6	15,195	1,861	2,616	408	20,079
Aldringham-Cum-Thorpe	214.89	1438.92	176.22	247.68	13.77	309,210	37,868	53,224	2,959	403,260
All Saints & St. Nicholas, St. Michael and St. Peter S E	2.11	1438.92	176.22	247.68	32.63	3,036	372	523	69	3,999
Badingham	7.67	1438.92	176.22	247.68	70.18	11,037	1,352	1,900	538	14,826
Barnby	3.89	1438.92	176.22	247.68	38.61	5,597	685	963	150	7,397
Barsham and Shipmeadow	3.44	1438.92	176.22	247.68	10.06	4,950	606	852	35	6,443
Bawdsey	57.23	1438.92	176.22	247.68	40.48	82,349	10,085	14,175	2,317	108,926
Beccles	44.77	1438.92	176.22	247.68	39.74	64,420	7,889	11,089	1,779	85,178
Benacre	3.11	1438.92	176.22	247.68	0	4,475	548	770	0	5,793
Benhall & Sternfield	16.68	1438.92	176.22	247.68	30.97	24,001	2,939	4,131	517	31,588
Blaxhall	22.89	1438.92	176.22	247.68	49.87	32,937	4,034	5,669	1,142	43,781
Blundeston and Flixton	1.67	1438.92	176.22	247.68	21.42	2,403	294	414	36	3,147
Blyford and Sotherton	7.22	1438.92	176.22	247.68	42.03	10,389	1,272	1,788	303	13,753
Blythburgh	53.56	1438.92	176.22	247.68	42.63	77,069	9,438	13,266	2,283	102,056
Boulge	0	1438.92	176.22	247.68	0	0	0	0	0	0
Boyton	4.11	1438.92	176.22	247.68	68.16	5,914	724	1,018	280	7,936
Bramfield & Thorington	21.22	1438.92	176.22	247.68	35.02	30,534	3,739	5,256	743	40,272
Brampton with Stoven	3.23	1438.92	176.22	247.68	20.68	4,648	569	800	67	6,084
Brandeston	12.89	1438.92	176.22	247.68	44.92	18,548	2,271	3,193	579	24,591
Bredfield	0	1438.92	176.22	247.68	36.86	0	0	0	0	0
Brightwell, Foxhall & Purdis Farm	5.22	1438.92	176.22	247.68	7.01	7,511	920	1,293	37	9,761
Bromeswell	8.67	1438.92	176.22	247.68	34.73	12,475	1,528	2,147	301	16,452
Bruisyard	4.78	1438.92	176.22	247.68	40.89	6,878	842	1,184	195	9,100
Bucklesham	1.22	1438.92	176.22	247.68	45.33	1,755	215	302	55	2,328
Bungay	24.12	1438.92	176.22	247.68	95.18	34,707	4,250	5,974	2,296	47,227
Burgh	0	1438.92	176.22	247.68	0	0	0	0	0	0
Butley, Capel St Andrew & Wantisden	13.01	1438.92	176.22	247.68	24.84	18,720	2,293	3,222	323	24,558
Campsea Ashe	9.34	1438.92	176.22	247.68	38.44	13,440	1,646	2,313	359	17,758
Carlton Colville	13.55	1438.92	176.22	247.68	21.68	19,497	2,388	3,356	294	25,535

Band D Second Homes by Parish - CTB1 October 2022

Appendix B

	Second Homes Band D	**SCC Council Tax**	**ESC Council Tax**	**SPCC Council Tax**	**Parish Council Tax**	**Additional Income SCC**	**ESC**	**SPCC**	**Parish**	**Total**
	A	B	C	D	E	A*B	A*C	A*D	A*E	
		£	£	£	£	£	£	£	£	£
Charsfield	2.45	1438.92	176.22	247.68	42.91	3,525	432	607	105	4,669
Chediston, Linstead Magna & Linstead Parva	6.12	1438.92	176.22	247.68	20.83	8,806	1,078	1,516	127	11,528
Chillesford	5.56	1438.92	176.22	247.68	11.29	8,000	980	1,377	63	10,420
Clopton	6.44	1438.92	176.22	247.68	34.26	9,267	1,135	1,595	221	12,217
Cookley & Walpole	6.55	1438.92	176.22	247.68	65.49	9,425	1,154	1,622	429	12,630
Corton	24.67	1438.92	176.22	247.68	12.87	35,498	4,347	6,110	318	46,273
Covehithe	0	1438.92	176.22	247.68	0	0	0	0	0	0
Cransford	0	1438.92	176.22	247.68	0	0	0	0	0	0
Cratfield	7.66	1438.92	176.22	247.68	26.72	11,022	1,350	1,897	205	14,474
Cretingham, Hoo & Monewden	17.66	1438.92	176.22	247.68	13.04	25,411	3,112	4,374	230	33,128
Dallinghoo	4.79	1438.92	176.22	247.68	0	6,892	844	1,186	0	8,923
Darsham	25.88	1438.92	176.22	247.68	29.6	37,239	4,561	6,410	766	48,976
Debach	0	1438.92	176.22	247.68	0	0	0	0	0	0
Dennington	7.11	1438.92	176.22	247.68	42.53	10,231	1,253	1,761	302	13,547
Dunwich	35.34	1438.92	176.22	247.68	17.33	50,851	6,228	8,753	612	66,445
Earl Soham	10.33	1438.92	176.22	247.68	65.61	14,864	1,820	2,559	678	19,921
Easton	8.57	1438.92	176.22	247.68	56.15	12,332	1,510	2,123	481	16,446
Eyke	3.33	1438.92	176.22	247.68	64.83	4,792	587	825	216	6,419
Felixstowe	206.33	1438.92	176.22	247.68	70.87	296,892	36,359	51,104	14,623	398,978
Flixton, St. Cross S E & St. Margaret South Elmham	6	1438.92	176.22	247.68	10.44	8,634	1,057	1,486	63	11,240
Framlingham	37.32	1438.92	176.22	247.68	105.31	53,700	6,577	9,243	3,930	73,451
Friston	34.77	1438.92	176.22	247.68	36.75	50,031	6,127	8,612	1,278	66,048
Frostenden, Uggeshall and South Cove	10.89	1438.92	176.22	247.68	14.66	15,670	1,919	2,697	160	20,446
Gisleham	6.78	1438.92	176.22	247.68	16.73	9,756	1,195	1,679	113	12,743
Great Bealings	1.67	1438.92	176.22	247.68	56.4	2,403	294	414	94	3,205
Great Glemham	16.56	1438.92	176.22	247.68	63.41	23,829	2,918	4,102	1,050	31,898
Grundisburgh & Culpho	10	1438.92	176.22	247.68	32.52	14,389	1,762	2,477	325	18,953
Hacheston	4.34	1438.92	176.22	247.68	46.75	6,245	765	1,075	203	8,288
Halesworth	51.11	1438.92	176.22	247.68	81.34	73,543	9,007	12,659	4,157	99,366
Hasketon	3.67	1438.92	176.22	247.68	48.39	5,281	647	909	178	7,014

Band D Second Homes by Parish - CTB1 October 2022

Appendix B

	Second Homes Band D	**SCC Council Tax**	**ESC Council Tax**	**SPCC Council Tax**	**Parish Council Tax**	**Additional Income SCC**	**ESC**	**SPCC**	**Parish**	**Total**
	A	B	C	D	E	A*B	A*C	A*D	A*E	
		£	£	£	£	£	£	£	£	£
Hemley	3.33	1438.92	176.22	247.68	0	4,792	587	825	0	6,203
Henstead with Hulver Street	1.89	1438.92	176.22	247.68	32.86	2,720	333	468	62	3,583
Heveningham	9.45	1438.92	176.22	247.68	96.2	13,598	1,665	2,341	909	18,513
Hollesley	13.34	1438.92	176.22	247.68	68.54	19,195	2,351	3,304	914	25,764
Holton	9.12	1438.92	176.22	247.68	48.51	13,123	1,607	2,259	442	17,431
Homersfield	2.45	1438.92	176.22	247.68	80.15	3,525	432	607	196	4,760
Huntingfield	6	1438.92	176.22	247.68	81.26	8,634	1,057	1,486	488	11,664
Iken	16.89	1438.92	176.22	247.68	39.79	24,303	2,976	4,183	672	32,135
Kelsale-cum-Carlton	21.45	1438.92	176.22	247.68	55.17	30,865	3,780	5,313	1,183	41,141
Kesgrave	17.44	1438.92	176.22	247.68	67.93	25,095	3,073	4,320	1,185	33,672
Kessingland	134.99	1438.92	176.22	247.68	96.59	194,240	23,788	33,434	13,039	264,501
Kettleburgh	5.11	1438.92	176.22	247.68	50.52	7,353	900	1,266	258	9,777
Kirton & Falkenham	2.44	1438.92	176.22	247.68	41.91	3,511	430	604	102	4,648
Knodishall	24.99	1438.92	176.22	247.68	55.49	35,959	4,404	6,190	1,387	47,939
Leiston	74.54	1438.92	176.22	247.68	171.63	107,257	13,135	18,462	12,793	151,648
Letheringham	0	1438.92	176.22	247.68	28.97	0	0	0	0	0
Levington & Stratton Hall	3.33	1438.92	176.22	247.68	70.84	4,792	587	825	236	6,439
Little Bealings	1.67	1438.92	176.22	247.68	60.81	2,403	294	414	102	3,212
Little Glemham	0.67	1438.92	176.22	247.68	65.67	964	118	166	44	1,292
Lound	2.45	1438.92	176.22	247.68	24.22	3,525	432	607	59	4,623
Lowestoft	167.34	1438.92	176.22	247.68	146.63	240,789	29,489	41,447	24,537	336,261
Marlesford	4.77	1438.92	176.22	247.68	52.43	6,864	841	1,181	250	9,136
Martlesham	14	1438.92	176.22	247.68	66.29	20,145	2,467	3,468	928	27,008
Melton	35.32	1438.92	176.22	247.68	54.87	50,823	6,224	8,748	1,938	67,733
Mettingham	3.44	1438.92	176.22	247.68	17.74	4,950	606	852	61	6,469
Middleton	20.43	1438.92	176.22	247.68	40.1	29,397	3,600	5,060	819	38,877
Mutford	0.67	1438.92	176.22	247.68	34.85	964	118	166	23	1,271
Nacton	5.78	1438.92	176.22	247.68	30.52	8,317	1,019	1,432	176	10,944
Newbourne	3.23	1438.92	176.22	247.68	54.23	4,648	569	800	175	6,192
North Cove	1	1438.92	176.22	247.68	19.19	1,439	176	248	19	1,882

Band D Second Homes by Parish - CTB1 October 2022

Appendix B

	Second Homes Band D	**SCC Council Tax**	**ESC Council Tax**	**SPCC Council Tax**	**Parish Council Tax**	**Additional Income SCC**	**ESC**	**SPCC**	**Parish**	**Total**
	A	B	C	D	E	A*B	A*C	A*D	A*E	
		£	£	£	£	£	£	£	£	£
Orford & Gedgrave	128.55	1438.92	176.22	247.68	73.2	184,973	22,653	31,839	9,410	248,875
Otley	6.34	1438.92	176.22	247.68	17.21	9,123	1,117	1,570	109	11,919
Oulton	7.78	1438.92	176.22	247.68	17.08	11,195	1,371	1,927	133	14,626
Oulton Broad	45.89	1438.92	176.22	247.68	74.4	66,032	8,087	11,366	3,414	88,899
Parham	6.22	1438.92	176.22	247.68	49.76	8,950	1,096	1,541	310	11,896
Peasenhall	24.9	1438.92	176.22	247.68	49.71	35,829	4,388	6,167	1,238	47,622
Pettistree	4.33	1438.92	176.22	247.68	28.69	6,231	763	1,072	124	8,190
Playford	0.89	1438.92	176.22	247.68	89.82	1,281	157	220	80	1,738
Ramsholt	1.89	1438.92	176.22	247.68	0	2,720	333	468	0	3,521
Redisham	0	1438.92	176.22	247.68	0	0	0	0	0	0
Rendham	17.79	1438.92	176.22	247.68	21.88	25,598	3,135	4,406	389	33,529
Rendlesham	9.79	1438.92	176.22	247.68	166.68	14,087	1,725	2,425	1,632	19,869
Reydon	139.78	1438.92	176.22	247.68	24.18	201,132	24,632	34,621	3,380	263,765
Ringsfield and Weston	7.34	1438.92	176.22	247.68	36.3	10,562	1,293	1,818	266	13,940
Rumburgh	1	1438.92	176.22	247.68	32.67	1,439	176	248	33	1,895
Rushmere	0	1438.92	176.22	247.68	0	0	0	0	0	0
Rushmere St Andrew	10.56	1438.92	176.22	247.68	47.3	15,195	1,861	2,616	499	20,171
Saxmundham	62.21	1438.92	176.22	247.68	143.28	89,515	10,963	15,408	8,913	124,799
Saxtead	4.67	1438.92	176.22	247.68	40.49	6,720	823	1,157	189	8,888
Shadingfield, Sotterley, Willingham and Ellough	2.55	1438.92	176.22	247.68	39.95	3,669	449	632	102	4,852
Shottisham	8.77	1438.92	176.22	247.68	59.52	12,619	1,545	2,172	522	16,859
Sibton	4.77	1438.92	176.22	247.68	20.61	6,864	841	1,181	98	8,984
Snape	31.32	1438.92	176.22	247.68	34.44	45,067	5,519	7,757	1,079	59,422
Somerleyton, Ashby & Herringfleet	0	1438.92	176.22	247.68	17.97	0	0	0	0	0
Southwold	466.33	1438.92	176.22	247.68	109.59	671,012	82,177	115,501	51,105	919,794
Spexhall	1.67	1438.92	176.22	247.68	46.43	2,403	294	414	78	3,188
St. Andrew Ilketshall	0	1438.92	176.22	247.68	20.92	0	0	0	0	0
St. James South Elmham	2.11	1438.92	176.22	247.68	23.84	3,036	372	523	50	3,981
St. John Ilketshall	0	1438.92	176.22	247.68	0	0	0	0	0	0
St. Lawrence Ilketshall	1.22	1438.92	176.22	247.68	0	1,755	215	302	0	2,273

Band D Second Homes by Parish - CTB1 October 2022

Appendix B

	Second Homes Band D	SCC Council Tax	ESC Council Tax	SPCC Council Tax	Parish Council Tax	Additional Income SCC	ESC	SPCC	Parish	Total
	A	B	C	D	E	A*B	A*C	A*D	A*E	
		£	£	£	£	£	£	£	£	£
St. Margaret Ilketshall	5.33	1438.92	176.22	247.68	10.48	7,669	939	1,320	56	9,985
Stratford St Andrew and Farnham	6.01	1438.92	176.22	247.68	32.17	8,648	1,059	1,489	193	11,389
Sudbourne	36.45	1438.92	176.22	247.68	20.36	52,449	6,423	9,028	742	68,642
Sutton	11.78	1438.92	176.22	247.68	23.2	16,950	2,076	2,918	273	22,217
Sutton Heath	2.11	1438.92	176.22	247.68	26.56	3,036	372	523	56	3,987
Sweffling	13.12	1438.92	176.22	247.68	40.86	18,879	2,312	3,250	536	24,976
Swilland & Witnesham	4.89	1438.92	176.22	247.68	34.41	7,036	862	1,211	168	9,277
Theberton	17.89	1438.92	176.22	247.68	51.09	25,742	3,153	4,431	914	34,240
Trimley St Martin	1.89	1438.92	176.22	247.68	32.57	2,720	333	468	62	3,582
Trimley St Mary	4.45	1438.92	176.22	247.68	44	6,403	784	1,102	196	8,485
Tuddenham St Martin	0.78	1438.92	176.22	247.68	38.2	1,122	137	193	30	1,483
Tunstall	33.22	1438.92	176.22	247.68	39.45	47,801	5,854	8,228	1,311	63,193
Ubbeston	5.78	1438.92	176.22	247.68	119.43	8,317	1,019	1,432	690	11,457
Ufford	7	1438.92	176.22	247.68	54.8	10,072	1,234	1,734	384	13,423
Walberswick	162.11	1438.92	176.22	247.68	53.67	233,263	28,567	40,151	8,700	310,682
Waldringfield	22.11	1438.92	176.22	247.68	60.55	31,815	3,896	5,476	1,339	42,526
Wangford with Henham	42.1	1438.92	176.22	247.68	25.26	60,579	7,419	10,427	1,063	79,488
Wenhaston with Mells Hamlet	35.67	1438.92	176.22	247.68	57.27	51,326	6,286	8,835	2,043	68,490
Westerfield	1	1438.92	176.22	247.68	40.31	1,439	176	248	40	1,903
Westhall	3.23	1438.92	176.22	247.68	30.55	4,648	569	800	99	6,116
Westleton	71.22	1438.92	176.22	247.68	41.97	102,480	12,550	17,640	2,989	135,659
Wickham Market	21.33	1438.92	176.22	247.68	91.01	30,692	3,759	5,283	1,941	41,675
Wissett	5.56	1438.92	176.22	247.68	34.24	8,000	980	1,377	190	10,548
Woodbridge	120.55	1438.92	176.22	247.68	119.5	173,462	21,243	29,858	14,406	238,969
Worlingham	12.23	1438.92	176.22	247.68	30.46	17,598	2,155	3,029	373	23,155
Wrentham	18.22	1438.92	176.22	247.68	48.47	26,217	3,211	4,513	883	34,824
Yoxford	28	1438.92	176.22	247.68	41.18	40,290	4,934	6,935	1,153	53,312
Total	**4067.74**					**5,853,152**	**716,817**	**1,007,498**	**308,511**	**7,885,978**

East Suffolk - Equality Impact Analysis (EqIA)

EqIA reference: **EQIA474836227**

Service area/Team conducting EqIA: **Financial Compliance Financial Services, Corporate Performance and Risk Management**

Officer conducting the EqIA: **Brian Mew, Chief Finance Officer and Section 151 Officer**

Officer email address: **brian.mew@eastsuffolk.gov.uk**

Responsible Cabinet member: **Councillor Maurice Cook, Cabinet Member with responsibility for Resources**

Title of project/policy/initiative/action relating to this EqIA: **Council Tax Premiums on Second Homes and Empty Properties**

Is this a new project, policy, initiative or action that directly impacts people: **Yes**

Date of EqIA: **30/12/2022**

Does the project/policy/initiative/action relating to this EqIA have the potential for positive or negative impact on any of the protected characteristics?

Characteristic - Impact

Age: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Disability: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Gender reassignment: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or**

not.

Marriage and civil partnership: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Pregnancy and maternity: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Race: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Religion or belief: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Sex: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Sexual orientation: **No impact**

Reason: **The changes to policy will apply to all taxpayers who have dwellings which meet the criteria irrespective of whether they have any protected characteristics or not.**

Deprivation/Socio-economic Disadvantage: **Positive**

Reason: **Bringing long term empty properties back into use as affordable homes can**

support those on low incomes and suffering poverty. The proposals in this report are intended primarily to assist in addressing the problems of the provision of affordable housing in the district, by way of incentivising the bringing back into occupation and repurposing of empty properties and second homes. The potential Council tax income arising from the premiums will support the Council and other precepting authorities in the provision of services, especially the County Council.

What evidence or data has been collated or used to support the completion of this EqIA:
Published documents/reports/data

Details for published documents:

As a result of undertaking this EqIA do you need to provide information relating to the policy, project, initiative or action to the public in a different language or form and how do you propose to do this: **No**

As a result of completing this EqIA, has the Author, Service team, Project manager made any changes or adjustments to the policy/project/initiative/action: **No**

Is the policy/project/initiative/action subject to equality monitoring: **No**

Agenda Item 13

ES/1432

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Housing Regulation
Report by	Councillor Richard Kerry, Cabinet Member for Housing
Supporting Officer	Heather Tucker Head of Housing heather.tucker@eastsuffolk.gov.uk

Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is **NOT** in the public interest to disclose the exempt information.	This report is to be considered during the **OPEN** part of the agenda.
Wards Affected:	All Wards [Add additional wards or delete as required]

Purpose and high-level overview

Purpose of Report:

To set out the responsibilities of East Suffolk Council (ESC) as a Registered Provider (RP) of Social Housing, to ensure it is compliant with the Regulator of Social Housing's (RSH's) Regulatory Standards.

To provide information to Members on Housing Regulation Matters, which led to a Regulatory Notice being issued to ESC by the RSH for a breach of the Home and Rent Standards.

To provide an update on progress in relation to Rent Setting, and the Health, Safety and Compliance management in Housing Revenue Account (HRA) properties.

To present to Members key policy decisions, agreement of which will enable ESC to rectify incorrect rent accounts enabling the refund process to commence and ESC to be fully compliant with the RSH Rent Standard.

Due to the length and complexity of the report, a glossary has been provided at the end, which covers all acronyms used.

Options:

Option 1 – Members approve all rents previously converted from Social Rent to Affordable Rent, to be reset back to a Social (Formula) Rent, utilising Rent Flexibility, which is 5% for General Needs tenants and 10% for Retired Living Scheme Tenants

Option 2 – Members approve all rents previously converted from Social Rent to Affordable Rent, to be reset back to a Social (Formula) Rent, without utilising Rent Flexibility

Option 3 – Members approve any remaining Affordable Rents, from the original 260, which were permitted to be converted, to continue being charged an Affordable Rent.

The full reasons for recommending Option 1 are set out within the main body of this report.

Recommendation/s:

Full Council is asked that:

1. Members note the information contained within this report and endorse the actions set out to ensure the Council is compliant with the Regulator of Social Housing Consumer 'Home Standard'.

2. Members note the information contained within this report and endorse the actions set out to ensure the Council is compliant with the Regulator of Social Housing Economic 'Rent Standard'.

3. Members note that all heating service charges, also referred to as de-pooled rental charges, are (after further and more detailed legal advice) now acknowledged to be a breach of Section 11 of the Landlord and Tenant Act 1985 and that therefore, all such money received from this charge must be refunded in full, for the years 2010 – 2023.

4. Members agree to 'Option 1', listed above, that all tenancies formerly converted to an 'Affordable Rent' are reset back to a 'Social Rent' plus flexibility (5% for general needs and 10% for retired living schemes).

5. Members, whilst taking into consideration their fiduciary duties (as discussed at paragraphs 4.4 to 4.13 of this report) agree as a matter of policy that any money incorrectly charged for rent charges as a result of the mistaken conversion of social rents to affordable rents, or the setting of incorrect social rent levels, be refunded in full.

6. Members note that quarterly updates will be presented to Cabinet, detailing the progress against the Compliance and Rent Improvement Plans.

Corporate Impact Assessment

Governance:

Following a review of the circumstances and matters that led the Council to self-report to the RSH, in April 2022, a new Housing, Health and Safety Board (HHASB) was created. Further information on the HHASB is located in 1.68.

A monthly 'compliance dashboard' has been produced, which is now being used to both monitor and demonstrate ESC's levels of HRA stock compliance. Going forward, this dashboard will be provided to the Cabinet Member for Housing, so they also have oversight.

It is proposed that quarterly updates on regulatory matters are provided to Cabinet Members until the Regulatory Notice is no longer applicable.

Further, in Summer 2022, a Rents Development Group was created. This Group has been developing a Rent and Service Charge Policy, which will include the key decisions in this report, which Members will consider and are asked to approve.

Going forward, the Rents Development Group will oversee the refund programme, which will commence imminently. It will also review the annual rent setting process and ensure an annual sample audit is conducted by external specialists, who specialise in rent regulation.

The Council has commissioned an external, independent review of the governance of the housing service, to ensure that the right governance arrangements are in place, which will prevent any issues like this from occurring in the future.

ESC policies and strategies that directly apply to the proposal:

The Housing Strategy 2017-2023 sets out the Council's commitment to investing and improving its housing stock.

The HRA Business Plan sets out the proposed investment in the Housing Stock over a 30-year period.

Environmental:

There are no environmental factors affected by this issue.

Equalities and Diversity:

An Equality Impact Assessment (EQIA) has been completed (Ref EQIA477820335). The outcome of the EQIA is the overall impact on our tenants from this report and the recommendations made is positive. No amendments have been made following the completion of the assessment.
Financial:
The Council can charge two types of rent: Social Rent and Affordable Rent.
A Social Rent (SR) should not be higher than 'formula rent', which is calculated based on the relative value of the property, relative low-income levels, and the size of the property. An aim of this formula-based approach is to ensure that similar rents are charged for similar socially rented homes, throughout the country taking account of regional factors.
For an Affordable Rent (AR), the initial rent should not be set higher than 80% of market rent[1] (inclusive of service charges), as well as at any future relet.
There are 145 properties within the East Suffolk HRA stock that are legitimately being charged an affordable rent and indeed are required to be charged such a rent as the properties were either a new build or an acquisition with the use of Right to Buy (RTB) receipts to fund the purchase. These properties are therefore outside of the rent repayment matters being considered in this report.
It is proposed that properties previously converted from Social to Affordable Rent have their rent re-set back to Formula Rent plus flexibility.
ESC has been charging additional charges in relation to heating servicing. ESC has received specialist legal advice that these charges should not have been levied and therefore, a full refund must be administered to all affected current and former tenants.
At the time of producing this report, the forensic audit was 88% complete. Therefore, these figures are the current confirmed levels and also set out the 'projected' levels. The confirmed refund level for the heating charges totals £3,897,522, based on 88% audits completed. It is currently **projected** that when the audit is complete that this figure will increase to £4,454,311. This is calculated based on the charges mistakenly levied between 2010/11 and 2021/22.
The refunds owed in relation to the incorrect charging of rent is £2,405,383 based on 88% of the audits completed. It is **projected** that this will increase to £2,749,009 once the audit to completed.
This means that overall, for the period 2010/11 to 2021/22 the current confirmed level of refunds is £6,302,905 and is **projected** to increase to £7,203,320 once the audit is completed.
In addition to the refunds up to and including the financial year 2021/22, corrections will be made to rent accounts for the current financial year 2022/23. It is estimated a further £385,672 refunds will be owed for the incorrect charging for heating services and £451,431.71 in relation to incorrect charging of rents.
In addition to the initial refunds, there will also be an effect on the HRA Business Plan, due to a reduction in income. Income has been reduced in each future financial year by approximately £835,000. However, due to the proposed increase in rents for 2023/24 being at 6% (1% less than the Government Cap of 7%), this has significantly helped

[1] Market Rent - The amount of rent that can be expected for the use of a property, in comparison with similar properties located nearby

towards regaining income levels to a sufficient level to maintain the needs and aspirations of the HRA.
To date, of the 88% of tenancies (current and former), that the audit has completed, 72% of them have a record of claiming Housing Benefit at some point during the tenancy. Therefore, a significant amount of the refunds owed actually constitutes overclaimed housing benefit subsidy, and will need to be repaid to the DWP..
Human Resources: Since the issues were first identified, significant officer time has been spent working intensively to resolve them. In addition to this, interim support has been employed to support the work programme. This includes external specialists to deliver the forensic audit, and compliance experts to support the work related to stock compliance. To enable the refund process to happen at pace, we will shortly be recruiting some additional staff on a fixed term basis to support the day-to-day work related to rent collection, so our experienced rents officers can focus on the complex refund process.
ICT: As part of this programme of work, ESC has identified that significant work is required to improve the quality of data held electronically in relation to the effective management of the housing stock. Therefore, system updates are being planned and implemented as required.
Legal: The Housing and Regeneration Act 2008 sets out that Local authorities with social housing stock are "registered providers of social housing". Registered Providers are governed by the Regulator of Social Housing. There are a multitude of legislative and regulatory responsibilities that Registered Providers of Social Housing must ensure they adhere to including the Regulator of Social Housing Standards as well as Policy Statements issued by the Department for Levelling Up Housing and Communities. The regulation of Social Housing is increasing significantly and there are many changes, which it is essential that ESC complies with. The Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022, which effectively amend the Smoke and Carbon Monoxide Regulations 2015 to remove the exemption of social landlords, so that from 1 October 2022 housing associations and local authorities were subject to the 2015 Regs. This means that from this date ESC must ensure: • At least one smoke alarm is equipped on each storey of their homes where there is a room used as living accommodation: and • A carbon monoxide alarm is equipped in any room used as living accommodation which contains a fixed combustion appliance (excluding gas cookers) In addition to this, there is new legislation either planned or recently approved, which will shortly be enacted. These include:

The Social Housing Regulation Bill, which is currently going through Parliament and introduces a stronger regulatory regime for Registered Providers and delivers the measures set out in the Social Housing White Paper.

There are two key pieces of Legislation, which have received Royal Assent, following the review of the Grenfell Tragedy in 2017.

The new duties set out in the Building Safety Act 2022 and Fire Safety Order (England) 2022, will require the Council to carry out new programmes of work, to ensure they meet the duties.

Building Safety Act 2022

The Building Safety Act makes significant reforms to give residents and homeowners more rights, powers, and protections, which will ensure that homes across the country are safer.

It delivers protections for qualifying leaseholders from the costs associated with remediating historical building safety defects and includes an ambitious toolkit of measures that will allow those responsible for building safety defects to be held to account.

It overhauls existing regulations, creating lasting change and makes clear how residential buildings should be constructed, maintained and made safe.

The Act creates three new bodies to provide effective oversight of the new regime: the Building Safety Regulator, the National Regulator of Construction Products and the New Homes Ombudsman.

Together these changes mean owners will manage their buildings better, and the home-building industry has the clear, proportionate framework it needs to deliver more, and better, high-quality homes.

Many of the detailed provisions in the Act will be implemented over the next two years through a programme of secondary legislation.

The Fire Safety (England) Regulations 2022

The requirements set out in the Fire Safety Regulations 2022 come into force 23rd January 2023.

These regulations will make it a requirement in law for responsible persons of high-rise blocks of flats to provide information to Fire and Rescue Services to assist them to plan and, if needed, provide an effective operational response.

Also, the regulations will require responsible persons in multi-occupied residential buildings which are high-rise buildings, as well as those above 11 metres in height, to provide additional safety measures.

In all multi-occupied residential buildings, the regulations require responsible persons to provide residents with fire safety instructions and information on the importance of fire doors. The regulations apply to existing buildings, and requirements for new buildings may be different.

In high-rise residential buildings, responsible persons will be required to:

Building Plans: provide their local Fire and Rescue Service with up-to-date electronic building floor plans and to place a hard copy of these plans, alongside a single page building plan which identifies key firefighting equipment, in a secure information box on site.

External Wall Systems: provide to their local Fire and Rescue Service information about the design and materials of a high-rise building's external wall system and to inform the Fire and Rescue Service of any material changes to these walls. Also, they will be required to provide information in relation to the level of risk that the design and materials of the external wall structure gives rise to and any mitigating steps taken.

Lifts and other Key Fire-Fighting Equipment: undertake monthly checks on the operation of lifts intended for use by firefighters, and evacuation lifts in their building and check the functionality of other key pieces of firefighting equipment. They will also be required to report any defective lifts or equipment to their local Fire and Rescue Service as soon as possible after detection if the fault cannot be fixed within 24 hours, and to record the outcome of checks and make them available to residents.

Information Boxes: install and maintain a secure information box in their building. This box must contain the name and contact details of the Responsible Person and hard copies of the building floor plans.

Wayfinding Signage: to install signage visible in low light or smoky conditions that identifies flat and floor numbers in the stairwells of relevant buildings.

In residential buildings with storeys over 11 metres in height, responsible persons will be required to:

Fire Doors: undertake annual checks of flat entrance doors and quarterly checks of all fire doors in the common parts.

In all multi-occupied residential buildings with two or more sets of domestic premises, responsible persons will be required to:

Fire Safety Instructions: provide relevant fire safety instructions to their residents, which will include instructions on how to report a fire and any other instruction which sets out what a resident must do once a fire has occurred, based on the evacuation strategy for the building.

Fire Door Information: provide residents with information relating to the importance of fire doors in fire safety.

As part of the review into these regulatory matters, ESC has sought specialist external opinion from Trower's and Hamlin Law Firm. They have advised on a number of aspects specifically in relation to the Rent Standard and historical decisions made, which were at odds with guidance and / or legislation.

Risk:

This area of work has been added to the Corporate Risk Register.

Risk Description:

ESC has been found to not be compliant with the Rent Standard and 'Home' Consumer Standard following self-referral to Regulator for Social Housing. Rental charges dating back to ESC's predecessor authority Waveney District Council (WDC) did not meet requirements set out in 'Rent Standard'. Tenants who moved in after 2014 were potentially charged higher rents. Review also included aspects of health and safety of properties, inc. fire risk assessments, asbestos management, water safety, gas and electrical safety, etc.

Current Controls:

- Council self-referred to Regulator of Social Housing (RSH) in February 2022.
- In-depth review of the Housing Service conducted in line with the Regulatory (Rent) and Consumer Standards.
- Independent consultants appointed to review historic approach to rent conversions and to assess whether there are/were any other areas of non-compliance against the rent standard.
- Legal opinion sought on other service charges.
- Thorough audit of all aspects of compliance and development of action plan.
- ESC commissioned an independent inquiry into the governance/decision making issues raised in respect of the Rent Standard issues. The inquiry report will be available in early 2023.
- ESC has recruited a new Strategic Director position, focussed on governance, bringing leadership, direction and organisational resilience.

Mitigations:

- Forensic audit of potential overpayments of rent, being conducted looking at every rent account line by line. Definitive figure for overpayments and split between those paid by tenants and paid via housing benefit will not be available until completed. The audit is 88% complete and will be fully complete by January 2023. The data is being used to improve financial projections of potential tenant overpayments.
- Compliance consultant employed to ensure the right policies, processes and mechanisms for monitoring are in place to provide assurance that the housing stock is compliant with the Homes Standard. Following extensive work ESC is now compliant for safety inspections, servicing and surveys, with a backlog of electrical checks expected to be completed by end 2022/23. Ongoing work is delivering remedial safety works to buildings.
- Regular monthly meetings scheduled with Regulator.
- A permanent Housing Health & Safety Board has been created and provides senior level monitoring, control and direction.
- A substantial Improvement Programme is being developed for the Landlord's Service, supported by external Consultants.

Current Risk Score:

C2 (Amber)

External Consultees:	N/A

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: *(Select only one primary and as many secondary as appropriate)*		Primary priority	Secondary priorities
T01	**Growing our Economy**		
P01	Build the right environment for East Suffolk	☐	☐
P02	Attract and stimulate inward investment	☐	☐
P03	Maximise and grow the unique selling points of East Suffolk	☐	☐
P04	Business partnerships	☐	☐
P05	Support and deliver infrastructure	☐	☐
T02	**Enabling our Communities**		
P06	Community Partnerships	☐	☐
P07	Taking positive action on what matters most	☐	☒
P08	Maximising health, well-being and safety in our District	☒	☐
P09	Community Pride	☐	☐
T03	**Maintaining Financial Sustainability**		
P10	Organisational design and streamlining services	☐	☒
P11	Making best use of and investing in our assets	☐	☒
P12	Being commercially astute	☐	☐
P13	Optimising our financial investments and grant opportunities	☐	☐
P14	Review service delivery with partners	☐	☐
T04	**Delivering Digital Transformation**		
P15	Digital by default	☐	☐
P16	Lean and efficient streamlined services	☐	☒
P17	Effective use of data	☐	☒
P18	Skills and training	☐	☒
P19	District-wide digital infrastructure	☐	☐
T05	**Caring for our Environment**		
P20	Lead by example	☐	☐
P21	Minimise waste, reuse materials, increase recycling	☐	☐
P22	Renewable energy	☐	☐
P23	Protection, education and influence	☐	☐
XXX	**Governance**		
XXX	How ESC governs itself as an authority	☐	☒

How does this proposal support the priorities selected?

ESC is a social landlord who wants to be a landlord of choice and provide high-quality, affordable homes in communities where residents are proud to live.

Background and Justification for Recommendation

1	Background facts
1.1	East Suffolk Council (ESC) owns and is the social landlord for approximately 4,500 properties, which are managed under the Housing Revenue Account (HRA).
1.2	The stock consists of a mixture of bungalows, flats and houses and includes 13 Retired Living Schemes, one block over 18m tall and a number of properties used as Temporary Accommodation for homelessness under s188 and s193(2) of the Housing Act 1996.
1.3	There are also some commercial units and some units, which are leased to other providers.
1.4	Prior to East Suffolk Council being created, only Waveney District Council had retained its housing stock. Suffolk Coastal District Council had transferred its properties to a Registered Provider a number of years before. Therefore, the stock is predominantly located in the North of East Suffolk.
1.5	Local authorities with social housing stock became "registered providers of social housing" pursuant to the Housing and Regeneration Act 2008. However, local authority registered providers were not subject to any of the economic standards set by the RSH until they became subject to the Rent Standard with effect from 1 April 2020.
1.6	Registered Providers of social housing, which includes both Councils and Housing Associations, are governed by the Regulator of Social Housing (RSH).
1.7	The Housing and Regeneration Act 2008, sets out the role of the RSH.
1.8	The RSH has a set of standards, which Registered Provider (RP) landlords, must comply with. These include 3 economic and 4 consumer standards. The consumer standards are applicable to all RP's, including Councils. Not all the economic standards apply to Councils, because the RSH does not have the power to set them standards. The only economic standard, which Councils must comply with, is the Rent Standard (Appendix A).
1.9	The RSH has a 'co-regulatory' approach to supporting the regulation of social housing. There is an expectation that RPs are open and transparent and will make a self-referral to the RSH if there is reason to believe that there may be a breach of one or more of the Regulatory Standards.
1.10	The Consumer Standards are: ***The Tenant Involvement and Empowerment Strategy*** – Customer Service, Choice, Complaints, Involvement and Empowerment and ensuring there is an understanding of the diverse needs of tenants ***The Home Standard*** – Quality of accommodation, repairs and maintenance. This includes compliance with the 'Big 6' areas: Fire, Gas Safety, Electrical Safety, Water Safety (Legionella), Asbestos and Lifting Equipment (Lifts and Stairlifts). *(Appendix B)* ***The Tenancy Standard*** – Allocations, Mutual Exchanges and Tenancy Management ***The Neighbourhood and Community Standard*** – Management of neighbourhoods and anti-social behaviour.

1.11	The key outcomes of the Home Standard are summarised below: • Ensure council homes meet the Decent Home Standard and are maintained to this standard *(for more information on the Decent Homes Standard, please see background reference papers section of this report, for the link)* • Provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choice to tenants, and has the objective of completing repairs and improvements right first time • Meet all applicable statutory requirements that provide for the health and safety of occupants in their homes
1.12	The Rent Standard applies, (subject to certain exceptions) to 'low cost rental' accommodation, as defined by section 69 of the Housing and Regeneration Act 2008 with some limited exceptions (not relevant to this paper). This includes some types of Temporary Accommodation, which is used for those owed a duty under homelessness.
1.13	Registered providers must comply in full, with all the requirements and expectations set out in the Rent Standard. They must additionally comply with all the requirements and expectations of the Rent Policy Statement on the setting, increase and decrease of rents and service charges.
1.14	An initial high-level review of the Council's landlord service was conducted by the newly appointed Head of Housing at the end of 2021. This identified some areas, which may have constituted a breach of the Regulatory Standards.
	The Home Consumer Standard (Asset Compliance)
1.15	This section of the report sets out the issues and remedial actions taken in relation to ESC's compliance with the RSH Home Consumer Standard.
1.16	**Initial Review**
1.17	As part of the Head of Housing's review of the landlord service, it was identified that there was a lack of data in relation to compliance.
1.18	Officers involved in elements of the work believed ESC to be compliant, but due to the lack of reliable data, could not provide comprehensive documentary evidence.
1.19	In late 2021, a Compliance Consultant was recruited on an interim basis to conduct an in-depth review. The review would assess data processing and workflow processes and would provide officers with advice and guidance to ensure all HRA properties met the required standards.
1.20	The compliance audit reviewed all of the main areas of domestic property compliance: ○ Asbestos, ○ Electrical Safety, ○ Fire Safety, ○ Gas Safety, ○ Lifting Equipment (Lifts and Stairlifts) and ○ Water Safety (Legionella).
1.21	The Compliance Consultant quickly confirmed ESC could not formally evidence compliance with the Home Standard and that an Improvement Programme would be required to ensure ESC met the standards set out by the RSH.
1.22	In January 2022, the results of the initial audit were discussed with the Senior Management Team, Head of Finance (s151 Officer), Head of Legal and Democratic

	Services (Monitoring Officer), the Head of Internal Audit and ESC's Leader, Deputy Leader and Cabinet Members with responsibility for Housing and Resources.
1.23	It was agreed that a self-referral to the RSH would need to be completed, which the Head of Housing would lead on.
1.24	On 9th February 2022, an initial letter was sent to the RSH setting out the reasons why ESC felt it was not compliant with the Home and Rent Standard. (Appendix C)
1.25	A letter was sent to all tenants to advise them of the self-referral to the RSH and set out the reasons why. (Appendix D)
1.26	On 10th March 2022, following advice from the RSH, a further letter was sent to tenants providing details of the potential breaches of the Home Standard and to advise them of the work ESC was undertaking to try and remedy potential breaches of both the Home and Rent Standard. (Appendix E)
1.27	At the time of the letter being sent to the RSH, the Council was able to evidence the following in relation to compliance:
1.28	Asbestos (March 2022) Asbestos surveys had previously identified 93 communal areas within the housing stock, which had Asbestos Containing Materials (ACM). The Control of Asbestos at Work Regulations (2002) places a duty to manage ACM, however the re-inspection programme was not in place. Issues were also identified with the data quality between two software systems. This highlighted the need to align the data in both systems and ensure processes were put in place to maintain high quality records relating to the management of asbestos.
1.29	Electrical Safety (March 2022) It is set out in legislation that Social Housing providers must carry out an electrical inspection at least every 10 years. However, there is an anomaly with legislation for the private sector, which sets out that inspections must be carried out 5-yearly. Therefore, it will shortly be set out in legislation that social housing providers must also conduct electrical inspections every 5 years. Overall compliance with 10-yearly inspections was 92.68%, which was 23.99% compliance in communal electrical areas and 97.14% compliance in residential properties. Under section 11 of the Landlord and Tenant Act 1985, a landlord of residential tenancies granted for a term of less than seven years has implied repair duties. These includes the statutory duties to keep in repair and proper working order the installations in the dwelling-house for the supply of gas and space heating and heating water. This extends to cover electrical installations and electrical wiring.

	This equated to 206 communal areas and 160 residential dwellings, which had not had the required inspection.
1.30	Fire Safety (March 2022) At the time of the referral to the RSH, ESC was required to comply with the Regulatory Reform (Fire Safety) Order 2005. This meant that it was mandatory to carry out a Fire Risk Assessment, which must be completed by a competent person in Houses of Multiple Occupation, blocks of flats and maisonettes. The detailed assessment should identify the risks and hazards and: o Consider who may be especially at risk, i.e., people with mobility issues and their ability to evacuate if required. o Eliminate or reduce the risk of fire as far as is reasonably practical. o Provide general fire precautions to deal with any risk. o Take additional measures to ensure fire safety where flammable or explosive materials are used or stored. o Create a plan to deal with any emergency and where necessary record any findings. o Maintain general fire precautions, and facilities provided for use by firefighters. o Keep any findings of the risk assessment under review. As part of the internal review of compliance, ESC identified that 93 properties required a Fire Risk Assessment (FRA), of which 33 had recently been completed.
1.31	Gas Safety (March 2022) The Gas Safety (Installation and Use) Regulations 1998 places a number of statutory duties on a landlord of domestic tenancies granted for a term of less than seven years. The main duties are to: o Ensure the gas fittings and flues are maintained in a safe condition. o Ensure an annual safety check is carried out on each gas appliance/flue; and o Keep records of the gas safety checks. Under section 11 of the Landlord and Tenant 1985, a landlord of residential tenancies granted for a term of less than seven years has implied repair duties. These includes the statutory duties to keep in repair and proper working order the installations in the dwelling-house for the supply of gas and space heating and heating water. This extends to cover gas pipes and boilers. All communal systems were fully compliant and 99.89% of residential properties were fully compliant.

1.32	Lift Safety (March 2022) At the time of the referral to the RSH, ESC had responsibility for 14 lifts and 68 stairlifts, a contract was in place to complete the regular servicing, which was up to date. We previously conducted annual inspections to 'LOLER' standard, but these were ceased in March 2021. Therefore, it was identified that a re-inspection programme needed to be developed.
1.33	Water Safety (March 2022) At the time of the referral, ESC had water hygiene risk assessments for the 15 Retired Living Schemes, which were completed in 2019. At each site, a Retired Living Scheme Manager carried out weekly temperature tests and if any failure was identified, an order was raised for the remedial works to be completed by our in-house team.
	The Rent Standard
1.34	This section of the report sets out the issues and remedial actions taken in relation to ESC's compliance with the RSH Rent Standard.
1.35	**Initial Review**
1.36	ESC can charge two types of rent: Social Rent and Affordable Rent.
1.37	A Social Rent (SR) should not be higher than 'formula rent' (plus uplift if adopted), which is calculated based on the relative value of the property, relative low-income levels, and the size of the property. An aim of this formula-based approach is to ensure that similar rents are charged for similar socially rented homes, throughout the country taking account of regional factors. Social rents are exclusive of service charges which can be charged in addition.
1.38	For an Affordable Rent (AR), the initial rent should not be set higher than 80% of market rent (inclusive of service charges), as well as at any future relet.
1.39	AR's must also be set based on the criteria set out, including a RICS valuation being conducted. The Council must ensure that annual rent reviews do not exceed the limits provided by the Regulator of Social Housing (RSH).
1.40	If a Registered Provider (RP), chooses to set a limit on AR levels, for example, in line with Local Housing Allowance (LHA), then this needs to be set out in a Rent Policy.
1.41	As part of the Head of Housing's review of the landlord service, it was identified that there were potential breaches of the Rent Standard in relation to historical rent conversions.
1.42	As part of the review, it was identified that in 2014 the Council started to convert tenancies being re-let from Social Rent to Affordable Rent. The rationale for this, was that any additional income could be used to support a new build development programme, which would increase the number of socially rented homes available.
1.43	At the time of conversions commencing, officers made a decision to convert based on guidance in relation to Right to Buy receipts and the Affordable Housing Programme, which was administered by the Homes and Communities Agency.

	There is no record that a formal decision to proceed with this approach was considered by Members.
1.44	The issue of conversions was initially identified and considered in 2019 and Counsel opinion sought, which was received in early 2020. In summary, the view of Counsel was that the issue was ambiguous, but that it is was likely the conversions were not permitted and as a result ESC should seek clarification due to the ambiguity of the original guidance relating to conversions.
1.45	Following Counsel's advice, a letter was sent to Rt. Hon. Robert Jenrick MP, Secretary of State for Ministry for Housing Communities and Local Government (MHCLG) on 12th March 2020. No acknowledgement or response was ever received. Unfortunately, within days of the letter being sent, the country faced an unprecedented national lockdown and the work associated with Covid, and a change in Head of Service meant this issue was not reviewed again until late 2021.
1.46	Due to the complex nature of the issues identified as part of our internal review, we appointed external expertise who specialise in social housing regulation to independently review our historic approach to rent conversions and also to assess whether there are/were any other areas of non-compliance against the rent standard.
1.47	The external organisation is well regarded for their expert knowledge and ability to carry out audits against the regulatory standards. As an independent organisation, they would be best placed to offer the external, independent validation and advice required, to enable us to address this problem satisfactorily and provide us with the advice and guidance required to develop improved procedures which would prevent further non-compliance in the future.
1.48	As part of the review, we also identified that additional charges had been added to multiple rent accounts. These were to cover the servicing costs associated with gas, oil or electric heating. Historically, these were classified as "Service Charges" and Counsel opinion was sought in 2018, following which a decision was made to re-define these charges as "de-pooled rental charges".
1.49	These charges remain in place currently. The external organisation believed this approach was unusual and recommended a further legal opinion was sought on the matter. The Council appointed specialist legal advisors in early 2022 to provide that opinion. They determined that the charges should not have been applied, it was most likely a breach of legislation and remedial action would be required. This view was also subsequently supported by the Regulator for Social Housing.
1.50	In addition to the Affordable Rent conversions and the Heating charges listed above, the report from our external company identified a number of issues including: o Some formula rents not being set at the correct levels o When all rents and charges were due to be reduced by 1% per annum, from 2016-2020, as part of the Welfare Reform and Work Act 2016, in some cases, this did not happen o As a result of all of these separate issues, a thorough review was required to forensically check every tenancy and ensure the correct charges had been applied during each financial year.

1.51	On 9th February 2022, an initial letter was sent to the RSH setting out the reasons why the Council felt it was not compliant with the Home and Rent Standard. (Appendix C)
1.52	A letter was sent to all tenants to advise them of the self-referral to the RSH and set out the reasons why. (Appendix D)
1.53	On 10th March 2022, a further letter was sent to the RSH providing further details of the potential breaches of the Home Standard and to advise them of the work ESC was undertaking to try and remedy potential breaches of both the Home and Rent Standard. (Appendix E)
	Regulatory Notice
1.54	On 25th May 2022, the RSH issued a Regulatory Notice (Appendix F), which stated that:
1.55	*"a) East Suffolk Council had breached part 1.2 of the Home Standard; and as a consequence of this breach, there was the potential for serious detriment to the council's tenants."*
1.56	*"b) East Suffolk Council was not compliant with the legislative requirements of the Welfare Reform and Work Act 2016 (the Act). Since 2016, it charged inaccurate rents as a result of incorrectly applying additional service/de-pooled rent charges to the majority of its stock, which should have been included in the rent. It then subsequently did not apply the 1% rent reduction to these additional rental charges, also in contravention of the Act."*
1.57	*"c) East Suffolk converted more than 1,000 properties to Affordable Rent without the requisite permissions, in contravention of one or other of the Act and the Rent Standard (dependent upon the date of the conversion)."*
1.58	The Notice also stated that *'Complying with statutory health and safety requirements is a fundamental responsibility of all registered providers because of the potential for serious harm to tenants. Taking into account the seriousness and breadth of the issues, the durations for which tenants were potentially exposed to risk, and the number of tenants potentially affected, the regulator has concluded that it is proportionate to find that East Suffolk Council has breached the Home Standard and that there was a risk of serious detriment to tenants during this period. East Suffolk Council has demonstrated to the regulator that it understands the work it needs to undertake to ensure that it completes the required statutory checks and relevant safety actions, and the regulator will work with the council as it delivers this programme.'*
1.59	Following their investigation and the issuing of the Regulatory Notice, the RSH also said in the notice: *'East Suffolk Council is putting in place a programme to rectify these failures and the regulator will therefore not take statutory action at this stage, as it has assurance that the breach of the standards is being remedied. The regulator will work with East Suffolk Council as it continues to address the issues which have led to this situation, including ongoing monitoring of how it delivers its programme.'*
1.60	Following the publication of the Regulatory Notice, a further letter was sent to tenants advising them. (Appendix G)
	Improvement Plan
	Asset Compliance (Home Standard)

1.61	When the Council identified it was non-compliant with the RSH Home Standard a significant programme of remedial work was commenced immediately, to ensure compliance was reached at the earliest opportunity. Since then, a significant amount of work has been undertaken, which is set out by each area of compliance below:
1.62	***Asbestos*** 100% of communal areas have been surveyed for asbestos containing materials and 98% of ESC domestic units have been surveyed. The status of 77 units is uncertain and management surveys are being commissioned from our Contractor to confirm whether there is confirmed or presumed asbestos containing materials present. Re-inspections are examining the condition of Asbestos Containing Material (ACM) recorded in communal spaces and dwellings. If deterioration is observed, the necessary remedial actions must be undertaken. No re-inspections of communal spaces or dwellings have so far been commissioned but moving forward this will be a major focus of effort. The Council's contractor is developing a two-year re-inspection workplan to remedy this by the end of November 2024.This will provide a comprehensive asbestos data set for all HRA assets. To improve asbestos data quality more generally a 'whole house' management survey will be undertaken for every property which becomes void. To provide tenants with better information 'tenant friendly' asbestos management reports are being designed. The reports will be provided to tenants along with information about how to prevent any damage to the ACM. Until 2019 asbestos data and reports were stored in the Council's Keystone Asset Management System. A change of Contractor in September 2019, and technical difficulties with IT, subsequently prevented data being loaded into Keystone. The data was freely accessible in the contractors IT system, but data was stored in 2 places creating inefficiency and potential confusion. A project was developed to resolve this, and all data was added to our asbestos Register in Keystone, in late 2022, which is now a single source of all data. The operational Housing Asbestos Management Policy is programmed to be reviewed by the end of 2022/23. This will be updated and will incorporate the work programmes listed above. The Policy will be approved by the Housing, Health and Safety Board. Once the Policy is agreed, update training will be

	provided to all Trades Operatives and contractors as part of the implementation process.
1.63	***Electrical Safety*** A thorough audit and reconciliation project has been conducted to ensure there is a clear record of electrical inspections. This has enabled the development of a robust work programme, which will ensure all properties have had the required electrical inspection by the end of January 2023. The majority of properties have had electrical inspections within the last 5 years. Legislation will soon mandate a 5 yearly inspection cycle. Therefore, we have proactively programmed to complete this work and are currently on target for all properties to have a valid Electrical Inspection Condition Report (EICR) within 5 years by the end of 2022/23. To ensure continuity of the inspection programme, monthly monitoring has been put in place. This will provide an early warning of any under delivery allowing prompt action to be taken to ensure compliance is maintained.
1.64	***Fire Safety*** It is confirmed that 92 properties (not 93 as originally thought) require Fire Risk Assessments (FRA's). These were all carried out between January and July this year. The only exception is the Council's only over 18-metre-tall block, St Peters Court, which had an FRA in September 2021, and was reassessed in September 2022. A risk-based programme of FRA Reviews has now been introduced on a 12-, 24- or 36-month basis. For example, St Peters Court is a high-risk block, and all of the Retired Living Schemes are considered 'higher risk', due to their older person tenant profile, these will all be reinspected annually. Lower risk blocks of flats, for example which are general needs and brick built will be on a 24-month reinspection cycle. Blocks which pose the lowest risk will be reinspected on a 36-month cycle. In May 2022, ESC Cabinet approved ESC's first Fire Safety Strategy. The purpose of this strategy is to: • Ensure the Council's primary focus is on the life, safety and welfare of our residents and staff • Ensure the council's assets are protected from the spread of fire and interruption of business and protect the general public • Ensure we meet our legislative duties as landlord and 'responsible person'

- Ensure suitable resources are in place to prevent the cause and spread of fire and if/when they occur to minimise their impact within communal areas and individual properties.

The Fire Risk Assessment process identifies defects in the building which require addressing to reduce the risk of fire spread. As a result of the FRA inspections a significant programme of fire safety works has been identified. These works include compartmentation work, repair and replacement of fire doors, improvements to way finding signage and upgrades to alarm systems. Completion of these tasks will ensure all HRA buildings meet the legislative requirements, including the new measures set out in the Building Safety Act and Fire Safety (England) Regulations 2022.

To ensure appropriate resources are available to complete these works the Council has committed £2M from the Housing Revenue Account Reserves Budgets. Approval was received at Cabinet in October 2022, for Senior Officers in collaboration with the Cabinet Members for Housing and Resources to award appropriate contracts in line with procurement rules.

In collaboration with our contractors all FRA Actions are securely recorded, and given a timescale as set out in the Fire Safety Strategy. Officers review the FRA actions, allocate them to the most appropriate officer or contractor for completion and monitor completion deadlines. Actions cannot be marked as 'complete' on the system, until there is evidence and an audit trail showing completion.

This process enables officers to monitor how many actions are outstanding, how many are in progress at any one time and if any are at risk of being overdue. With this information officers can ensure the necessary resources are in place to meet the timescales set out in the Fire Safety Strategy.

To strengthen the understanding of fire risk and to suitably mitigate the risks with appropriate fire detection and safety systems, bespoke fire strategies have been commissioned for each of the higher risk buildings identified within the strategy. These technical documents will underpin the approach to enhance tenant safety.

It is anticipated that these strategies will highlight the need for a further programme of renewal for the fire detection and alarm systems along with fire doors to ensure the fire protection systems keep tenants safe are technologically sound and meet legislative change.

Further surveys have been completed of other fire safety systems including automatic opening ventilation systems, dry risers, sprinkler systems and reviewed the requirement for fire extinguishers.

	Proactive engagement with Suffolk Fire and Rescue Service has resulted in information to tenants being improved and updated. Additionally tactical fire-fighting training simulations have been undertaken at St Peters Court in late 2022 over a number of evenings.
1.65	***Gas Safety*** A quick review was able to confirm that the Council was almost fully compliant in terms of its gas servicing requirements. As part of the review, an opportunity to improve the way in which ESC treated cases where the tenant had refused entry for the gas servicing to be conducted was identified. This new process ensures a faster, more robust approach is taken to resolving these situations and enables full compliance.
1.66	***Lift Safety*** All lifts and stair lifts have now been fully serviced and also had an inspection carried out to 'Lifting Operations and Lifting Equipment Regulations' (LOLER). Having undertaken lift inspections in March and September 2022 a six-monthly inspection regime of all communal lifts has been developed. This will ensure they are maintained to the LOLER Regulations. A remediation process for any repairs identified as part of the servicing and inspection regime has also been put in place.
1.67	***Water Safety*** All HRA premises which require a legionella water safety inspection have been identified and inspected. An annual re-inspection programme has been established along with a process to ensure any remedial works are completed in a timely manner. Some of the remedial works can be completed by our in-house operatives, but for specialist works, quotations are requested from suitable contractors.
1.68	**Monthly Compliance Monitoring** Contract Meetings have now been set up with all contractors who undertake compliance activities, along with our in-house teams who conduct some compliance works.

	Prior to meetings, all contractors and supervisors from the Maintenance Service provide performance data from the previous month. This information sets out the work completed, work in progress and highlights any issues, which affect statutory compliance. Each meeting is attended by Senior Managers within the Housing Service with advice from our Compliance Consultant. Minutes of all meetings are taken, along with any decisions made or actions identified. After all of the performance data has been received and the meetings have taken place, a monthly dashboard is completed, which sets out ESC's level of compliance at the end of the previous calendar month. A shortened version of the dashboard, which removes any addresses or detailed contractor information, has been provided in Appendix H.
1.69	**The Creation of the Housing, Health and Safety Board (HHASB)** A Housing, Health and Safety Board (HHASB) was created in April 2022 and meets monthly. It is chaired by the Head of Housing and attended by officers across a number of specialisms including Strategic Management Team, Maintenance, Building Control and Corporate Health and Safety. The HHASB is a strategic leadership forum representing the housing service at ESC. The purpose of the HHASB is to ensure the efficient and effective planning, organisation, implementation, monitoring, audit and review of protective and preventative measures for health, safety and welfare for its Residents and Housing Staff and all those affected by the undertakings of the Council. This includes the strategic monitoring of compliance and ensuring properties meet all of the required standards set out in Legislation and / or Guidance. The aim of the HHASB is to continuously support, develop and monitor a culture of collaboration where concerns, ideas and solutions are freely shared and acted upon, and where the whole workforce is engaged in promoting a healthy and safe environment. This in turn helps the Council to fulfil their legal duties and continuously improve their approach to successful Health, Safety and Compliance management. The HHASB is a key element in supporting the Council's approach to Health and Safety (H&S) Management by regularly checking that the approach to H&S is in line with the corporate H&S Policy and acts on the findings to continually improve performance and raise standards. The HHASB actively and robustly monitors the compliance across all of its c.4,500 housing stock, to ensure it meets and exceeds expected standards. Where final decisions or approval are required on H&S matters, these are taken through the appropriate governance channels.

	The terms of reference, which set out the role of the board in more detail are at Appendix I. These will be updated at the January 2023 meeting, to reflect the monitoring of Mould and Damp cases too.
1.70	In December 2022, ESC received letters from the Secretary of State and the Regulator of Social Housing in relation to Damp and Mould. These letters were sent to all RP's and information was requested, which ESC has provided. We are now conducting a separate piece of work in relation to this issue, for which an update will be provided at a future meeting.
	Rent Standard
1.71	**Improvement Programme (Phase 1): Forensic Audit** When ESC identified it believed it was non-compliant with the RSH Rent Standard. It immediately commissioned a significant forensic audit. The forensic audit was designed to ensure a robust and in-depth review of every tenancy record held from 2010 to present day to check for any overcharging or erroneous service charges, which may have been levied.
1.72	This has included: Review of any advice and guidance relating to rent setting and service charges, which East Suffolk has acquired following the initial review and taking this into account in the forensic exercise. Review of any additional data sources available to East Suffolk which did not form part of the initial review. Assessment of the financial impact of service charges incorrectly levied for heating services on an individual tenancy basis to identify over charging. Affordable Rents – identifying those properties which have been incorrectly converted to Affordable Rents and resetting those rents as Social Housing Formula Rents, including a review of any tenancy changes and legal action and identifying any over or under charging and recommending any remedial rent and tenancy management activity. Affordable Rents – for those properties, which are subject to legitimate Affordable Rents, reviewing the level of rent charged and assessing this against the requirements of the Rent Standard. Review of any tenancy changes and legal action and identifying any over or under charging and recommending any remedial rent and tenancy management activity. Social Housing Formula Rents - reviewing the level of rent and service charges charged back to 2015 and assessing this against the requirements of the Rent Standard. Review of any tenancy changes and legal action and identifying any over

	or under charging and recommending any remedial rent and tenancy management activity. For each tenancy the audit will set out any refund owed to each tenant and/ or the DWP/Housing Benefit department setting out where this relates to rent and / or service charges. Identifying any other related issues and escalating them for attention.
1.73	The forensic audit commenced in May and was initially hoped to take 2-3 months. However, as the audit was scoped in more detail and due to the complex scenarios, which were being identified, it quickly became apparent that to ensure this was completed effectively, we would need to allow additional time. Therefore, it was agreed the audit would be completed by the end of January 2023. To date, 4382 properties have been audited, which equates to 8754 tenancies being audited.
1.74	The Council does not currently have a Rent and Service Charge Policy. Accordingly, part of the forensic audit and to ensure the correct calculations are made in relation to refund levels, the authority needs to make some key policy decisions. These are set out in this paper and will be reflected in the new Rent and Service Charge Policy, which will be presented to Cabinet for consideration and approval in March 2023.
	Service Charges
1.75	We have investigated how the charges were added to rent accounts and there is nothing to indicate rents were reduced to allow for the additional charge. Therefore, it is believed that these charges were added in addition to the rent charged.
1.76	Under section 11 of the Landlord and Tenant 1985, a landlord of residential tenancies granted for a term of less than seven years has implied repair duties. These include the statutory duties to keep in repair and proper working order the installations in the dwelling-house for the supply of gas and space heating and heating water. This extends to cover gas pipes and boilers.
1.77	The Council sought further specialist legal opinion, which advised that the authority should not be re-charging its tenants, outside the core rent, for costs associated with it complying with its statutory duties. Moreover, section 11(4)-(5) expressly prohibits a landlord from passing on the costs of complying with its repair duties under section 11 and provides that any covenant that seeks to pass on the costs would be void and of no effect.
1.78	Accordingly, and to correct this error the Council must ensure that all heating servicing charges are refunded in full to every affected current and former tenant.

1.79	Failure to refund tenants for these charges would have a breach of contract and/or potentially a claim in respect of any additional charges it has paid to cover the Council's heating servicing costs.
	Rent Conversions
1.80	Due to the way data is held on our current rent management system, it has not been possible to clearly identify exactly how many properties were converted from Social Rent (SR) to Affordable Rent (AR).
1.81	It is believed that approximately 1,300 tenancies have been converted between 2014 and 2022.
1.82	As part of the forensic audit, it was identified that following the initial counsel opinion sought in 2019, that as properties became available for re-let, if they had previously been converted to an AR, they were in some cases being converted back to a SR.
1.83	As no clear rationale for why some properties are AR and others are SR can be identified a policy decision is required to ensure a fair and consistent approach to rent setting. Officers have carefully reviewed a number of options, which are set out in the 'options' section of this paper.
1.84	While developing options, Officers have considered the rationale for using the ability to apply "rent flexibility" when re-setting rents at Social (Formula Rent).
1.85	The Policy Statement on Rents for Social Housing (2022), published by DLUHC, which RP's must have regard to when setting rent provides a flexibility option for registered providers to set rents at up to 5% above formula rent (10% for supported housing). If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability.
1.86	There are currently many competing demands that need to be covered in the HRA Business Plan, including the need to ensure all properties are maintained to a high standard, new requirements set out in legislation such as the Building Safety Act 2022 and Fire Safety (England) Regulations are adhered to, alongside ensuring that the Council's commitment to ensure all of the HRA stock can achieve Energy Performance Certificate (EPC) rating of Band C by 2030. In addition to this, the Council has also made a commitment to build at least 50 new homes per year and to pay back the HRA financing debt owed to the Government as soon as possible.
1.87	It is evident from the commitments above that there is significant investment required to both maintain, improve and increase our stock. The Council and its predecessor Waveney District Council have historically levied social rents below the maximum possible under the Formula Rent system. Accordingly, providing the level of investment required going forward is going to be a major challenge, which will require significant innovation and hard decisions. To summarise, achieving what is required and both maintaining and further improving the quality of the HRA stock won't be possible without applying rent flexibility.
1.88	Notwithstanding, the approach recommended by this report to resetting the relevant HRA tenancy rents from AR to SR is being proposed on the basis that for

	many tenants being converted back to Social Rent plus flexibility, there will be a refund and a lower weekly rent. No resident will be paying more rent than they do already as a result of this rent resetting exercise. This statement does not include the impact of any rent increase for 2023/24 which will be covered by the usual annual budget setting process. This approach is considered to be fair and also to ensure the future viability of the HRA. Set out below are details of how average rents will be affected by the action proposed.
1.89	If rents are reset back to Social (Formula) Rent without any uplift, the 'average social rents' for 2022/23 would be £82.46 for General Needs Tenants and £71.73 for Retired Living Scheme Tenants. This average rent is in relation to those tenants affected only.
1.90	If rents are reset back to Social (Formula) Rent plus 5% flexibility for General Needs Tenants, the 'average rent' for 2022/23 for such Tenants would be £86.22
1.91	If rents are reset back to Social (Formula) Rent plus 10% flexibility for Retired Living Scheme Tenants, the 'average rent' for 2022/23 for such Tenants would be £78.27.
1.92	Therefore, by utilising rent flexibility, the 'average rent' charged to those tenants affected would be £86.22 for General Needs Tenants and £78.27 for Retired Living Scheme Tenants.
1.93	If rent flexibility is used, the annual reduction in the HRA dwelling rent budget will be £451,431.71 rather than £701,653.42 if the allowable rent flexibility option is not applied.
1.94	In summary, it is considered that the approach to rent resetting proposed in this report is fair to tenants, providing a refund for many and a lower than current rent for the significant majority currently paying an Affordable Rent. It will also enable the Council to implement its developing programme of required improvements to homes, especially energy improvements. These will ultimately help tenants to keep affordably warm in their home and any as yet unknown works to address damp and mould issues, it is It is recommended that Members approve the use of rent flexibility.
1.95	A significant programme of work has been undertaken over the last few months to try and improve compliance with the Rent Standard.
1.96	The Forensic Audit will shortly be completed, which has been a significant programme of work. All tenancy records from 2010-2022 will have been analysed to assess the level of rent allowed to be charged, compared to the rent levels being charged and to identify any anomalies, to include identifying any potential refunds owed to current and former tenants.
1.97	This audit has also identified any erroneous service charges in relation to heating servicing, which should not have been charged and the level of refund owed, per tenant.

2	Current position
	Asset Compliance
2.1	At, 31st December 2022, the compliance levels were: **Aspect of Compliance** / **Level of Compliance** Asbestos Safety: 100% Electrical Safety: 97.67% Fire Safety: 100% Gas Safety: 99.97% Lift Safety: 100% Water Safety: 100%
	Rents
2.2	**Improvement Programme (Phase 2 and 3): Corrections, Rent re-setting and Refunds**
2.3	The next element of the Improvement Programme relates to corrections being made to rent accounts by the rent levels being re-set and the administrative process of issuing refunds to either the DWP or affected tenants.
2.4	This phase of the improvement programme is separated into two distinct phases; Phase 2 – Current Tenancies and Phase 3 – Former Tenancies.
2.5	A decision needs to be made on what level of refunds are going to be administered. There is a potential for legal challenge and reputational damage if the Council does not refund all erroneous charges from 2016, when the Welfare Reform and Work Act 2016 came into effect until 2020, the date when Local Authorities came under the Regulator for Social Housing Rent Standard. From 2020 onwards, there is a Regulatory expectation from the Regulator to apply refunds for any erroneous charges.
2.6	There is no legal or regulatory responsibility to refund tenants for erroneous charges prior to 2016. However, the Council has now received advice, which clearly sets out that although previous decisions were made in good faith, they were incorrect and as a result a large proportion of tenants have been overcharged. Therefore, Members need to consider their Fiduciary Duties, which are set out in the ‘Reasons for Recommendations’ section of this report.
2.7	It is recommended that Members make a policy decision to agree that any money incorrectly charged through either rent, service or de-pooled rental charges is refunded in full.
	Re-setting Current Tenancies (Phase 2)
2.8	These are tenancies which are currently active. This will involve the rent being ‘re-set’ to the formula rent plus flexibility. This would be 5% flexibility for General Needs Tenants and 10% flexibility for Retired Living Scheme Tenants.
2.9	There will then need to be a refund issued to each tenant who has been overcharged. We have identified several scenarios outlined below, which we will need to consider before administering any refund.

Aspect of Compliance	Level of Compliance
Asbestos Safety	100%
Electrical Safety	97.67%
Fire Safety	100%
Gas Safety	99.97%
Lift Safety	100%
Water Safety	100%

2.10	With current tenants (subject to those in receipt of relevant benefits – see below) we are proposing to credit their rent account with the amount due to be refunded. We will then write to each tenant and offer them several options including: 1. Refund in full (they will need to complete an online form and if they do not pay by Direct Debit (DD), they will need to provide proof of their ID and bank account, i.e., driving licence and a bank statement 2. Partial refund/partial account credit (they will need to complete an online form and if they do not pay by DD, they will need to provide proof of their ID and a bank account, i.e., a driving licence and a bank statement 3. Full credit to the tenants rent account and reduce or Defer their Standing Order or DD for a period until the credit on their account is reduced
2.11	The Council has sought legal advice and if a rent account is in arrears, any refund can be used to reduce the arrears level. Therefore, if a refund does not clear the arrears in full, then no refund will be payable to the tenant.
	Re-setting Former Tenancies (Phase 3)
2.12	Former tenancies are tenancies, which have already ended. The former tenant may have moved into a different ESC property, been rehoused by an RP, moved into their own, alternative accommodation, moved into residential care or have passed away.
2.13	There will then need to be a refund issued to each former tenant or their estate, where they have been overcharged. Several scenarios have been identified, which will need consideration before administering any refund.
2.14	With former tenants we are unable to credit 'clear' rent accounts. Therefore, we will take reasonable steps to trace all former tenants or contact those responsible for their estate and offer them a refund.
2.15	As they are not current tenants, we will require proof of ID and proof of a bank account before any refunds can be administered.
2.16	All refunds will be counter signed by two officers, to ensure proof of ID, proof of bank statement (where applicable) and the correct amount of money is being refunded.
	Refunds of Housing Benefit and Universal Credit – Housing Costs
2.17	The Council has been working closely with officers from the Anglia Revenues Partnership (ARP) who administer Housing Benefit (HB) claims.
2.18	Once arrangements are ready to commence the refund process, a report detailing all affected tenancies will be uploaded into the ARP system, which will then automatically recalculate any HB entitlement.
2.19	Following this, a report will then be sent back to the Council's Rent Management system, which will show the level of refund due to HB and the level of refund owed to the tenant.

2.20	For claimants in receipt of Universal Credit Housing Costs, this is not as easy to calculate. For those who are in receipt of an Alternative Payment Arrangement (APA), where their money is paid directly to the Council, it can be quite easily calculated. However, for those who have their Universal Credit (UC) payments, including Housing Costs paid directly to them, the Council may not even know if they are in receipt of UC.
2.21	Officers have met with the DWP, and conversations are still on-going to identify how this may happen. The current advice from DWP is that the contract of paying rent is between the tenant and the landlord, and therefore, any refund should be paid directly to the tenant. The tenant would then have responsibility to notify DWP and make any applicable repayments. We would need to advise all repayment recipients of this obligation as part of the repayment process and would seek to agree the wording of such advice with DWP.
	Regulator of Social Housing (RSH) – Regulatory Notice - Update
2.22	Officers from ESC have been meeting with the RSH each month since the Regulatory Notice was issued in May.
2.23	At each meeting, a comprehensive update on progress made has been provided, in writing.
2.24	The dashboard articulating the current levels of compliance is also shared.
2.25	Each meeting often has a particular focus, which so far has included Asbestos Safety, Water Safety (Legionella) and Fire Safety. All of these have involved Officers preparing a comprehensive paper ahead of the meeting, outlining the approach being taken.
2.26	These meetings will continue to take place on a regular basis, until the Regulatory Notice is withdrawn. However, it should be noted that the Council has engaged pro-actively at all meetings and been able to satisfy the Regulator that a robust approach is and will continue to be taken and improvements being made and embedded within the service.

3	How to address current situation
	Asset Compliance
3.1	It is essential that having made huge progress in improving compliance and data management the Council ensures that compliance is embedded as business as usual within the housing service.
3.2	All housing staff who work in East Suffolk properties need to understand risks, such as fire safety and asbestos awareness. Fostering a culture of collective responsibility, ensures everyone visiting a home identifies potential hazards and can report them easily and promptly.
3.3	We need to ensure that tenants can hold us to account. As their landlord we will be transparent with our progress, sharing performance data, safety standards and relevant information so tenants feel safe and are safe in their home.
3.4	***Structural Changes:***

	To ensure the service has sufficient knowledge, skills and capacity to continue to effectively manage the six big areas of compliance going forward, it was essential that a dedicated team was created to deliver this.
3.5	The complexities of compliance should not be underestimated and without the right knowledge, training, skills and expertise in the organisation there is a risk that the substantial improvements achieved to date will not be sustained.
3.6	A new structure which provides for officers focussed on managing the contracts and remedial works in relation to compliance was approved by Cabinet in December 2022. These jobs have since been advertised and new post holders should be in place by early 2023/24.
3.7	By recruiting dedicated officers to deal with this area of work, it will enable us to reduce our reliance on consultants, which is more expensive than directly employed staff.
3.8	***Third Party Assurance:*** A significant issue identified as part of the Grenfell Inquiry was the lack of third-party assurance. It was assumed by the building managers that everything that should have been done or was needed to be, had been done correctly. It was only as part of the Inquiry following the tragedy that a number of opportunities were identified to have been missed.
3.9	It is now expected that external third-party assurance is obtained to ensure the validity of the data being reported and technical standards are met.
3.10	The Council awarded contracts in late 2022, to enable a regime of external assurance is carried out in relation to Gas and Electrics.
3.11	By completing the assurance checks, it provides reassurance that the data can be relied upon, and all works are being carried out in line with legislative requirements and guidance.
3.12	***Review of Fire Alarm Systems:*** The housing service has identified as part of the Fire Risk Assessments, that several alarms are now reaching the end of their life expectancy and new, more modern alarm installations are required. A tender is being developed to identify an appropriately qualified individual or organisation, who can review the relevant buildings/systems individually, consider the cause and effect' in relation to fire and specify the most appropriate type of replacement alarm system.
3.13	***Compartmentation and Fire Door Works:*** The principle of the 'Stay Put' approach is that each dwelling in a block of flats is protected from fire and smoke by fire resisting walls, floors and doors. The effectiveness of the compartmentation of each flat has come under increased focus since the Grenfell Tower fire. As a consequence, Fire Risk Assessors have recommended detailed surveys of compartmentation be carried out at all of the Council's retired living schemes and at St Peters Court flats. This is because since these properties were constructed there have been significant changes to the recommended design of buildings and fire stopping measures. Additionally, previous programmes of work may have resulted in accidental or unintended breaches to the compartmentation.
3.14	A compartmentation survey has already been completed at St Peters Court, which has identified breaches in the compartmentation. A competitive tender process has been undertaken and a contract awarded for the compartmentation and fire door remedial works, which commences in January 2023.

3.15	Compartmentation surveys at the remaining Retired Living Schemes are now being programmed.
3.16	***Fire Safety (England) Regulations 2022:*** The new Fire Safety Regulations come into effect on 23 January 2023. Further information on the requirements, is set out in the 'legal' section of this report.
3.17	To ensure the Council meets all the new duties a project plan has been developed which sets out all the actions required by 23 January 2023. The progress of this project plan is being monitored by a project team on a weekly basis and the Housing, Health and Safety Board will monitor progress at the monthly meetings.
	Rents
3.18	***Embedding Compliance:*** As mentioned previously, it is essential that compliance is embedded within the housing service. All housing staff who deal with the rent setting and management process for our properties need to understand the relevant regulations and to keep abreast of legislative changes. The Council is keen to ensure that tenants can hold us, as their landlord to account and we will be transparent and provide performance and other data, so they can challenge when necessary.
3.19	***Structural Changes:*** To ensure there is sufficient knowledge, skills and capacity to continue to effectively manage the service, some changes to the structure of the service are required. Therefore, it is proposed that there will be a re-structure of the Tenant Services Team in 2023.
3.20	Additionally, the complexities of rent policy and guidance should not be underestimated and without the right knowledge, training, skills and expertise in the organisation, there is a risk that the considerable improvements now in place will be difficult to sustain. To mitigate this risk a training and development programme will be developed, and regular update training provided.
3.21	**Third Party Assurance:** It is now expected that external third-party assurance is obtained to ensure the validity of the data being reported.
3.22	We plan to commission a contract to enable a regime of external assurance is carried out in relation to annual rent setting.
3.33	By completing the assurance checks, it provides reassurance to ESC that the data can be relied upon, and all works are being carried out in line with legislative requirements and guidance.

4	Reason/s for recommendation
4.1	For the reasons set out in Sections 1.84 to 1.94 above, it is recommended that Members approve 'Option 1', which enables all converted rents to be re-set back to Formula Rent plus flexibility. By using flexibility, it will enable East Suffolk to improve their homes, including capital improvements, energy improvements and also enable more affordable homes to be created.
4.2	It is recommended that Members approve that any tenant who have overpaid rent or service charges, is refunded in full, from 2010-2023.
4.3	When considering the recommendations, Members must consider their *Fiduciary Duty*.
4.4	***Fiduciary duties***

	For some time, the Council has been mistaken in setting its rent policies for its council housing.
4.5	The Regulator of Social Housing (the Regulator) has since April 2020 regulated local authorities in relation to Council Housing. The Regulator has set out its expectations (for the period it has regulated the Council) that the Council's rents for its council tenants should be adjusted to correct the previous mistake and that the tenants are refunded. In view of the Regulator’s role the Council is, in practice, expected to implement the Regulator's preferred action.
4.6	Prior to the period the Regulator regulated the Council in relation to rents the Council was also mistaken in its rent setting policies and if it approves the adoption of the recommended option the Council would be seeking to provide restitution to those that were charged higher rents than would have been the case if the Council had not made such a mistake. To an extent this restitution is an exercise of discretion by the Council. The Council should therefore consider its fiduciary duty in considering whether to offer restitution to the affected tenants.
4.7	Prior to April 2020 the Welfare Reform and Work Act 2016 set out requirements and a process for setting social rents which the Council should have complied with. In practice the Council's mistake meant this was not complied with. The council was not challenged about its non-compliance at that time.
4.8	Prior to the 2016 Act the Council was required to have regard to guidance issued by central government in regard to setting council housing rents. The Council's mistake means it did not give proper regard to that guidance.
4.9	In exercising any function, the Council must act rationally, exercise that function for a proper purpose, taking into account only legally relevant considerations and in doing so, consider its fiduciary duties in relation to the Housing Revenue Account (its Council tenants) its taxpayers and residents.
4.10	In making a decision in relation to providing financial restitution to affected tenants the Council should have regard to its fiduciary duties. These could be briefly summarised as it acting as 'a trustee' of rental income, tax and public sector income on behalf of its tenants and rate and local taxpayers and other residents. The Council in effect holds money but does not own it, rather it spends money on behalf of its council tenants and leaseholders (and more widely its business rate and council taxpayers).
4.11	A number of leading cases in this area of law have involved highly politically sensitive subject matters. The Court of Appeal, in one of the leading cases stipulated that a local authority's fiduciary duties extended to having regard to the interests of their ratepayers (though in view of the Housing Revenue Account rules the Council should consider the impact on its council tenants – including future tenants and those who would not receive financial restitution and leaseholders) fairly balancing their wider interests against the beneficiaries of a course of action (in this case the affected tenants). Having regard to those interests does not mean that the council tenant, council tax and business taxpayers’ interests are paramount. However, the Council should in making a decision consider those interests as well as the proportionality of the cost of implementing the financial restitution to affected tenants.
4.12	In making a decision on the options, the Council must only take into account relevant considerations and exclude those which are irrelevant. In this context,

	relevant consideration should be given to the reasons the Council is of the opinion that providing restitutions to those of its tenants who have been charged a higher rent due to the Council's mistake is a proper course of action and also beneficial to the Council, its tenants, residents and local taxpayers.
4.13	In such a consideration, the Council should also have regard to the budget effect the restitution may have on the ability of the Council to offer an appropriate council housing service to its existing and future tenants. Though there is a relatively wide discretion given to local authorities in exercising their fiduciary duty; Members should be satisfied that in making financial restitution to the affected tenants the Council's housing service will not be financially affected to the extent that it was at risk of being unable to provide a housing service to the standards required by statute or under statutory guidance or required by the Regulator.

Appendices

Appendices:	
Appendix A	RSH – Rent Standard
Appendix B	RSH – Home Standard
Appendix C	First Letter to the RSH – 9th February 2022
Appendix D	First Letter to Tenants
Appendix E	Second Letter to the RSH – 10th March 2022
Appendix F	RSH – Regulatory Notice
Appendix G	Second Letter to Tenants
Appendix H	Compliance Dashboard
Appendix I	Housing, Health & Safety Board Terms of Reference

Background reference papers:		
Date	**Type**	**Available From**
June 2006	A Decent Home: Definition and Guidance for Implementation	Link: COVER (publishing.service.gov.uk)

Glossary

Acronyms and Definitions:	
ACM	Asbestos Containing Materials
APA	Alternative Payment Arrangement
AR	Affordable Rent
ARP	Anglia Revenues Partnership
DD	Direct Debit
EICR	Electrical Inspection Condition Report
ESC	East Suffolk Council
FRA	Fire Risk Assessment
H&S	Health and Safety
HB	Housing Benefit
HHASB	Housing, Health and Safety Board

HRA	Housing Revenue Account
LHA	Local Housing Allowance
LOLER	Lifting Operations and Lifting Equipment Regulations
MHCLG	Ministry for Housing, Communities and Local Government
RICS	Royal Institute of Chartered Surveyors
RP	Registered Provider
RSH	Regulator of Social Housing
RTB	Right to Buy
SR	Social Rent
UC	Universal Credit
WDC	Waveney District Council

Agenda Item 13

ES/1432

Regulator of
Social Housing

Rent Standard

April 2020

Contents

1. Required outcome

1.1 Registered providers[1] must set rents from 1 April 2020 in accordance with the Government's Policy Statement on Rents for Social Housing 2019 (hereafter Rent Policy Statement*)*[2] which can be found on the Ministry of Housing, Communities and Local Government (MHCLG) website[3].

2. Exclusions from this Rent Standard

2.1 This Rent Standard applies, subject to the exceptions in 2.2-2.5 below, to 'low cost rental' accommodation, as defined by section 69 of the Housing and Regeneration Act 2008. All other terms used in this Rent Standard are defined within the 'Policy Statement on rents for social housing'

[1] This Rent Standard applies to both private registered providers and local authority registered providers

[2] And any future amendments/additions to that Policy Statement

[3] https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020

2.2 This Rent Standard does not apply to the following categories of property, as defined in Chapter 5 of the Rent Policy Statement:

- Shared ownership low cost rental accommodation
- Intermediate rent accommodation
- Specialised supported housing
- Relevant local authority accommodation
- Student accommodation
- PFI social housing
- Temporary social housing
- Care homes.

2.3 This Rent Standard does not apply to property let to a high-income social tenant, for the period of time where that property is let to that tenant. Where a tenancy of a high-income social tenant ends, or where the tenant no longer fits the definition of "high income social tenant" as set out in the Rent Policy Statement, this Rent Standard then applies to that tenancy, and/or to future lettings of that property.

2.4 Where the application of this Rent Standard would jeopardise the financial viability of a private registered provider, the Regulator may agree, on request from that provider, an exemption to specific requirements of the Rent Standard for a period of time[4].

2.5 In a situation (such as an insolvency) where there is a mortgagee in possession, or receiver, in place, or where the registered provider's stock is sold to a non-registered landlord following intervention by the Regulator, neither the mortgagee in possession, nor the receiver, nor the landlord to whom the stock is sold will be bound by this Rent Standard.

3. Specific expectations

3.1 Registered providers must comply in full with all the requirements and expectations set out in this Rent Standard. They must additionally comply with all the requirements and expectations of the Rent Policy Statement on the setting, increase and decrease of rents and service charges.

[4] Further guidance on providers requesting an exemption can be found in the policy statement and arrangement for local authorities will be published by MHCLG in due course

2020 limit

3.2 In the year following the end of the social rent reduction period the maximum weekly rent for an existing tenant is the 2020 limit. “2020 limit” means the amount that is found by:

a. determining the average weekly rent for the tenant’s accommodation in the fourth relevant year specified in section 23(6) of the Welfare Reform and Work Act 2016, and

b. increasing that amount by CPI + 1%[5]

c. in this paragraph “average weekly rent” means:

i. in a case where the weekly rent changes because the accommodation is re-let after the start of the fourth year, the weekly rent payable by that tenant for that accommodation in respect of the most recent period for which rent was payable at that changed rate provided that that change complies with the requirements of the of the social housing provisions[6] of the Welfare Reform and Work Act 2016 Act and any Regulations made under those provisions; or

ii. in any other case, the average weekly rent payable by the tenant of that accommodation in respect of the fourth year.

3.3 This formula for calculating the 2020 limit applies to both Social Rent and affordable rent housing.

Social rent

3.4 Where accommodation is not affordable rent housing (see 3.8-3.9 below) the maximum weekly rent for a tenant who is granted a tenancy of the accommodation for the first time is formula rent. Formula rents are exclusive of any service charges.

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[5] CPI, where mentioned, is the Consumer Price Index rate published by the Office for National Statistics for September of the preceding financial year

[6] “social housing rent provisions” has the meaning in section 33 of the 2016 Act.

3.5 The formula rent of accommodation is found in accordance with the method set out in paragraphs 2.4 to 2.6 of the Rent Policy Statement. The rent set may include an upwards tolerance – “Rent Flexibility” – of

- if the accommodation is supported housing, 10% of formula rent; or
- if the accommodation is not supported housing, 5% of formula rent.

3.6 As set out in paragraph 2.8 and 2.9 of the Rent Policy Statement, formula rent is subject to the rent cap. The rent cap is determined in accordance with paragraphs 11 and 12 of Appendix A to the Rent Policy Statement.

3.7 Subject to the 2020 limit (see above), the weekly rent of any existing tenant may not be increased by more than:

- CPI +1% in any year; or
- if the tenant’s rent exceeds the rent flexibility level, CPI in any year.

Fair rent

3.8 In the case of tenancies subject to fair rent protection, the maximum weekly rent is the lower of the fair rent set by the Rent Officer, and formula rent (subject to both the rent caps and the rent flexibility level).

3.9 Registered providers may not increase the rent of a tenant with fair rent protection by more than CPI +1% in any year (even if the tenant’s rent is below the formula rent level and the maximum fair rent is increased by more than that amount).

Affordable rent housing

3.10 Affordable rent may only be charged where the property in question is provided by a:

a. registered provider pursuant to a housing supply delivery agreement between that provider and the Homes and Communities Agency (now known as Homes England) or the Greater London Authority and the accommodation is permitted by that agreement to be let at an affordable rent; or

b. registered provider pursuant to an agreement between a local authority and the Secretary of State and the accommodation is permitted by that agreement to be let at an affordable rent; or

c. local authority, and the Secretary of State, Homes England or the Greater London Authority has agreed that it is appropriate for the accommodation to be let at an affordable rent.

3.11 In addition to the above, Affordable Rent may be charged where the property has been acquired by a registered provider and was affordable rent housing when it was acquired.

3.12 Where Affordable Rent is being charged, the maximum rent inclusive of service charge for a new tenant under a new tenancy is 80% of the market rent[7] for the tenant's accommodation, subject to 3.13 and 3.14 below.

3.13 If the formula rent is higher than 80% of the weekly market rent (inclusive of service charges) for the tenant's accommodation, the maximum weekly rent is formula rent which is to be set as in paragraphs 3.3-3.6 above and would be exclusive of service charges.

3.14 The rent of an existing affordable rent tenant (including where they have a new tenancy) may not be increased by more than CPI +1% in any year, subject to 3.2 above. 'Existing tenant' in this context means an existing tenant of the specific property concerned. For the avoidance of doubt, the revised rent on re-letting to an existing tenant may only be re-based to 80% of current market value where the resulting rent would be no more than the rent arrived at by a CPI+1% increase.

Moving between types of rent

3.15 Where a tenancy subject to fair rent protection ends and the property is re-let, that new letting should be at social rent (or Affordable Rent where applicable and permitted. See 3.17a below).

3.16 On re-letting of a property previously occupied by a high-income social tenant, the new letting should be at social rent (or Affordable Rent where applicable and permitted. See 3.18a below).

3.17 Social rent properties may not be converted to:

a. Affordable Rent (other than in the circumstances set out in chapter 2 of the Rent Policy Statement);

b. market rent (other than in the circumstances set out in chapter 4 of the Rent Policy Statement); or

c. intermediate rent.

[7] market rent" means, in relation to accommodation, an estimate of its market rent inclusive of all service charges at the time the tenancy is granted that is based on a valuation in accordance with a method recognised by the Royal Institution of Chartered Surveyors.

3.18 Affordable Rent housing must not be converted (including on re-let) to:

a. market rent (other than in the circumstances set out in chapter 4 of the Rent Policy Statement); or

b. intermediate rent.

Local authority information requirements

3.19 Local authority registered providers shall communicate with the Regulator in an accurate and timely manner. This includes all data and information required by the Regulator in respect of compliance with this Standard. Where material issues that relate to non-compliance or potential non-compliance with the Rent Standard are identified by local authorities, they are expected to communicate these to the Regulator promptly.

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or call 0300 124 5225.

or write to:

Regulator of Social Housing
1st floor – Lateral
8 City Walk
Leeds LS11 9AT

RSH regulates private registered providers of social housing to promote a viable, efficient and well-governed social housing sector able to deliver homes that meet a range of needs.

Homes & Communities Agency

Agenda Item 13

ES/1432

HOME STANDARD

April 2012

Home Standard

1 Required outcomes

1.1 Quality of accommodation

Registered providers shall:

(a) ensure that tenants' homes meet the standard set out in section five of the Government's Decent Homes Guidance[1] and continue to maintain their homes to at least this standard

(b) meet the standards of design and quality that applied when the home was built, and were required as a condition of publicly funded financial assistance[2], if these standards are higher than the Decent Homes Standard

(c) in agreeing a local offer, ensure that it is set at a level not less than these standards and have regard to section six of the Government's Decent Homes Guidance.

1.2 Repairs and maintenance

Registered providers shall:

(a) provide a cost-effective repairs and maintenance service to homes and communal areas that responds to the needs of, and offers choices to, tenants, and has the objective of completing repairs and improvements right first time

(b) meet all applicable statutory requirements that provide for the health and safety of the occupants in their homes.

2 Specific expectations

2.1 Quality of accommodation

2.1.1 Registered providers may agree with the regulator a period of non-compliance with the Decent Homes Standard, where this is reasonable. Providers shall ensure their tenants are aware of the reasons for any period of non-compliance, their plan to achieve compliance and then report on progress delivering this plan.

[1] 'Decent Homes Guidance' means A Decent Home: Definition and Guidance for Implementation, published by the Department for Communities and Local Government in June 2006, and any guidance issued by the department or its successors, in relation to that document.

[2] 'Financial assistance' is assistance given by the Homes and Communities Agency (HCA) under section 19(3) of the Housing and Regeneration Act, 2008; and (with effect from 1 April 2012) given by the Greater London Authority (GLA). For the purpose of this standard, it includes financial assistance provided by predecessor bodies to the HCA.

2.2 Repairs and maintenance

2.2.1 Registered providers shall ensure a prudent, planned approach to repairs and maintenance of homes and communal areas. This should demonstrate an appropriate balance of planned and responsive repairs, and value for money. The approach should include: responsive and cyclical repairs, planned and capital work, work on empty properties, and adaptations.

2.2.2 Registered providers shall co-operate with relevant organisations to provide an adaptations service that meets tenants' needs.

www.gov.uk/hca
mail@homesandcommunities.co.uk
0300 1234 500

Homes and Communities Agency
Fry Building
2 Marsham Street
London SW1P 4DF

The Homes and Communities Agency is committed to providing accessible information where possible and we will consider providing information in alternative formats such as large print, audio and Braille upon request.

Publication date: March 2012

EASTSUFFOLK
COUNCIL

Regulator of Social Housing
Referrals and Regulatory Enquiries Team
Level 2
7-8 Wellington Place
Leeds
LS1 4AP

Your ref:
Our ref: RSH/2022/01
Date: 09 Feb 2022
Please ask for: Heather Tucker
Customer Services: 03330 162 000
Direct dial: 01502 523144
Email: heather.tucker@eastsuffolk.gov.uk

By Email: enquiries@rsh.gov.uk

Dear Sir / Madam,

Self-referral for Regulatory Non-Compliance

Further to our telephone discussion on 7th February 2022 with Jonathan Driscoll, I am writing to formally notify you that East Suffolk Council believes it is in breach of the standards set out by the Regulator of Social Housing. In line with the Governance and Viability Standard 2015, section 2.3 states *"Registered providers shall communicate in a timely manner with the regulator on material issues that relate to non-compliance or potential non-compliance with the standards."*

Following an in-depth review of the Housing Service during the last four months, which was conducted in line with the Regulatory (Rent) and Consumer Standards, we believe that we are in breach of the Rent Standard and potentially also the 'Home' Consumer Standard.

East Suffolk Council was created in April 2019, replacing the former Waveney and Suffolk Coastal District Councils. Prior to this, Waveney retained its housing stock, whereas Suffolk Coastal, had previously carried out a stock transfer. Therefore, given that the Councils were still separate sovereign councils at the time, a number of the legacy decisions relate only to Waveney District Council.

Rent Standard

In 2015, the Council entered into a Consortium with Orwell Housing Association Limited, Freebridge Community Housing Limited, Greenfields (now Eastlight Community Homes Limited), Saffron Housing Trust Limited and Ipswich Borough Council. Through the consortium, the Council entered into an Agreement with the Homes and Communities Agency, which allowed for up to 260 conversions from Social to Affordable Rented.

Waveney, and then East Suffolk Council (ESC), converted 1,374 tenancies, of which 15 have since been sold through Right to Buy (RTB). ESC has also acquired (purchased) or built an additional 83 properties and set the rent levels at Affordable Rent. With 260 conversions as an upper limit, we believe 1,114 tenancies were converted that should not have been.

The issue of conversions was considered in 2019 and a Counsel opinion sought, which was received in early 2020. In Summary, the view of Counsel was that the issue was ambiguous, but that it is was likely the conversions were not permitted and as a result ESC should seek clarification due to the ambiguity of the original guidance relating to conversions.

Following Counsel's advice, a letter was sent to Robert Jenrick MP, Secretary of State for MHCLG on 12th March 2020, which can be found in Appendix 1, at the end of this document. No acknowledgement or response was ever received.

In hindsight, this was the incorrect process and, following the advice from counsel, the self-referral should have been made to the Regulator of Social Housing. Unfortunately, within days of the letter being sent, the Country faced an unprecedented National lockdown and the work associated with Covid, and a change in Head of Service meant this issue was not reviewed again until very recently.

Throughout the last few years, whilst many tenancies have been converted from Social Rent to Affordable Rent, ESC has continued to provide data through the Local Authority Housing Statistics (LAHS) annually, which has not highlighted any potential issues with the conversion numbers. The published LAHS returns show transparency in the approach to the number of conversions taking place.

Due to the complex nature of the issues identified as part of our internal review, we appointed *David Tolson Partnerships (DTP)* to independently review our historic approach to rent conversions and also to assess whether there are/were any other areas of non-compliance against the rent standard. DTP are well regarded for their expert knowledge and ability to carry out audits against the regulatory standards. As an independent consultancy, we felt they would be best placed to offer the external, independent validation and advice required, to enable us to address this problem satisfactorily and provide us with the advice and guidance required to develop improved procedures which would prevent further non-compliance in the future.

As part of the review, we also identified that additional charges had been added to multiple rent accounts. These were to cover the servicing costs associated with gas, oil or electric heating. Historically, these were classified as "Service Charges" and Counsel advice was sought in 2018, following which a decision was made to re-define these charges as "de-pooled rental charges". These charges remain in place currently for both social and affordable rented properties. DTP believe this approach is unusual and have recommended a further legal opinion is sought on the matter. We have appointed Towers & Hamlins to provide that opinion. If it is determined that these charges should not have been applied, then remedial action will be required.

A copy of the 'Rent Review' conducted by DTP, dated 4th February 2022 has been included with this letter and is located in Appendix 2. It sets out a number of areas of non-compliance namely:

Social Rent

1. In 2015/16,

a. we did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%
b. 33 properties had a rent increase, which we need to investigate further

2. In 2016/17,
   a. we did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%
   b. 27 properties had a rent increase, which we need to investigate further
3. In 2017/18, we did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%
4. In 2018/19, 37 properties had a rent increase, which we need to investigate further
5. In 2019/20, there was an inconsistent approach to rent setting, which included 20 properties having a rent increase when they already had a gross rent of higher than Formula Rent and 33 properties had a rent increase of more than 2.7%, which we need to investigate further
6. In 2020/21, there was an inconsistent approach to rent setting, which included 11 properties having a rent increase of 1.5% when they were already above formula rent, 88 had an increase in rent of more than 1.5% and 2 of those properties already had a gross rent of higher than Formula Rent, which we need to investigate further

Affordable Rents

7. ESC has incorrectly converted approximately 1100 properties from Social Rent to Affordable Rent
8. ESC has not obtained valuations from RICS for Affordable Rent properties to confirm the rent inclusive of service charges is no more than 80% of the market rent
9. ESC has charged additional charges for Affordable Rent properties, namely the de-pooled rental charges listed in 15a-d below
10. In 2015/16, ESC did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%
11. In 2016/17, ESC did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%
12. In 2017/18, ESC did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%
13. In 2018/19, ESC did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%
14. In 2019/20, ESC did not reduce the de-pooled rental charges by 1% and therefore the gross rent did not reduce by 1%

Additional Charges

15. ESC has potentially incorrectly charged ‘de-pooled rental charges’ to cover costs associated with:
    a. Gas Boiler Services
    b. Gas Fire Services
    c. Electric Heating Services

d. Oil Heating Services

We are actively working to gain clarity on whether these charges have been levied appropriately. Again, we have instructed Trowers & Hamlins to provide us with the specialist advice we require.

In relation to the potential overpayments of rent, we believe this to be approximately £2.58M and, if the additional service / de-pooled rental charges were not permitted, this equates to a further £380,000. However, we need to conduct a forensic audit, looking at every account line by line and until that is completed, we will not be able to confirm a definite figure, and the split of overpayments between those paid by tenants and paid via housing benefit.

Home Standard

As part of our internal review, we have also been reviewing the compliance requirements within our housing stock and have identified some areas where we believe there may be a breach of the expected standards. At present, we do not hold sufficient data to enable us to ascertain whether we meet compliance requirements or not.

As a result, we have employed a Compliance Consultant, who is working with us full-time, to ensure we have the right policies, processes and mechanisms for monitoring in place to provide assurance that our stock is compliant and remains compliant in the future.

Fire

ESC does not appear to have been actively conducting adequate or appropriate Fire Risk Assessments on relevant buildings, including our Retirement Living Schemes. These were last risk-assessed in 2019 and while some significant work has been done, we are unable to find evidence of all of the recommended work being carried out.

We have recently appointed *Ensure Safety and Compliance* to conduct Fire Risk Assessments in 90 buildings across a six-month period. They commenced FRA's on our Retired Living Schemes during January and further are booked for February. We have developed mechanisms to ensure we are carrying out recommended works, so any identified risks are mitigated.

We are currently developing a new Fire Strategy, which we will be asking Cabinet to approve shortly. This will ensure the effective management of our stock to reduce the risk of fires.

We are also in the process of producing a Technical Fire Safety Standard. The overall purpose of this Standard is to support East Suffolk Council's Fire Safety Strategy and incorporates a range of minimum standards designed to meet the requirements of The Regulatory Reform – Fire Safety – Order 2005, within properties owned and/or managed by East Suffolk Council and takes into account, where relevant, published guidance on Fire Safety in purpose-built blocks of flats (2011), LACORS – Housing – Fire Safety and Fire Safety in Specialist Housing (2017) etc.

Compliance

We are currently undertaking a thorough audit of all aspects of compliance, including Gas, Electrical, Legionella, Asbestos and Lifts, to understand the current level of compliance and the development of an action plan to ensure we reach full compliance. Our external compliance consultant is working closely with us, to ensure we meet the expected standards. However, at this moment in time, I cannot provide proof of compliance, due to the current records held. We hope to have a better picture of compliance over the next month.

Next Steps and Remedial Action

We have developed an Action Plan, which can be found in Appendix 3. This sets out the steps we will be taking to rectify these issues to ensure we will reach compliance with the relevant Regulatory Standards.

The action plan covers a number of key areas, including the development of a robust Rent and Service Charge Policy, a forensic audit of all tenancies and the creation of a comprehensive governance process.

We will be considering whether there has been any detrimental impact on tenants as a result of the issues that have arisen, ensuring that we rectify any detriment as soon as practicably possible.

In regard to the Rents Issues, DTP are assisting us with dedicated external support to conduct a forensic audit of every single tenancy, dating back to 2014, to ensure correct rental charges are in place and any overpayments repaid to the tenant, or housing benefits, as required.

ESC will also be commissioning a comprehensive, external, independent Governance review to be carried out to understand how these issues were not identified sooner, or why more decisive action was not taken following the Counsel advice in early 2020. We want to ensure lessons are learnt and more robust mechanisms are put in place to prevent any issues such as this re-occurring in the future.

To ensure that ESC's housing service makes significant progress over the coming months, enabling it to become compliant with the Rent and Consumer Standards, we have developed three key groups:

Group	**Members**	**Purpose**
Strategic Project Board	Chief Executive, Strategic Directors, Head of Housing, Monitoring Officer, s151 Officer, Head of Audit, Communications	To monitor and ensure progress, provide scrutiny and challenge and be able to approve additional resources as required.
Members Project	Leader, Deputy Leader, Cabinet Holders for Resources and Housing and the	To ensure key Councillors have oversight of the project and can

Board	Leaders of the Opposition Groups	provide challenge to senior officers.
Operational Project Board	Key operational staff from Rents, Tenant Involvement, Customer Experience, Audit, Finance, Programme Management	To support the external investigation, deal with the transactional arrangements relating to refunds, system improvements and the development of new processes and procedures.

We are also in the process of making two senior appointments to support the level of work required, one with a focus on Housing Maintenance and the other with a focus on Rent compliance. We hope to have these on board by April.

I would like to take the opportunity to assure the Regulator that these matters are being treated with the upmost importance and will be prioritised over other work to ensure no unnecessary delays in resolving these issues.

We will continue to update the Regulator as we continue with our analysis of these issues and would suggest that we provide our next update within four weeks of this letter. However please do let us know if you wish to receive any additional information from us before then.

I look forward to hearing from you and discussing this in more detail in due course.

Yours sincerely

Stephen Baker | Chief Executive
East Suffolk Council

Heather Tucker | Head of Housing
East Suffolk Council

Appendices

1. Letter sent to MHCLG, 12 March 2020
2. Rent Review Report from DTP
3. Action Plan

<tenants name>
<Address starts here>
<Address line 2>
<Address line 3>
<Town>
<Postcode>

Your ref: xxxxxxxxxxxxxxxxxxxx
Our ref: xxxxxxxxxxxxxxxxxxxx
Date: xxxxxxxxxxxxxxxxxxxx
Please ask for: xxxxxxxxxxxxxxxxxxxx
Customer Services: 03330 162 000
Direct dial: xxxxxxxxxxxxxxxxxxxx
Email: xxxxxxx.xxxxxxxx@eastsuffolk.gov.uk

Dear <tenants name>

Your Tenancy

East Suffolk Council takes its responsibility as a landlord very seriously and over the last four months we have been carrying out an in-depth review to ensure we provide a good quality, cost-effective service, which delivers value for money for you, our tenants.

We have looked at all aspects of Health and Safety related to our properties, including Fire Risk Assessments, Asbestos Management, Water Safety, Gas and Electrical Safety as well as the management and maintenance of lifting equipment including Lifts and Stairlifts. This review has shown us that the data we hold is not as comprehensive and robust as it should be, so we are now arranging for additional inspections to be carried out, to ensure we hold correct data, which will enable us to manage our properties better.

We have also conducted a review of how we set our rental charges, to ensure we meet the requirements set out in the 'Rent Standard', a policy which, as Registered Providers, we must follow when setting rent. The review has identified that the guidance may previously have been misinterpreted and as a result, some tenants who moved in after 2014, may have incorrectly been charged a higher rent.

As a result, we are now arranging an independent external audit of every rent account to understand how many tenants might have been affected and what may have been incorrectly charged.

This will take approximately three months to be concluded, and at that point we will be in a position to tell you whether or not you have been affected. We will update you as soon as we know more, and we thank you for your patience as we investigate this matter thoroughly.

Please continue to pay your rent as normal. The issues here will only affect a proportion of tenants and, as we have said, we are currently working hard to establish who is affected. Should you be entitled to any form of refund, you will only be informed by the Council and not a third-party organisation.

Additionally, because we have identified some aspects of the service which do not meet the standards we expect to provide, East Suffolk has referred itself to the Regulator of Social Housing. They will now consider the information we have provided and will determine whether any action needs to be taken against the Council.

As soon as the issues were identified, we took the action which was required, and a group of senior officers has developed a robust plan to ensure this situation is rectified promptly. As a result, a significant amount of work is already underway, to ensure East Suffolk is fully compliant with all of the standards set out by the Regulator.

As part of our review, we have also looked at how we can improve our services to meet the aspirations set out in the government's Social Housing White Paper. This document sets out the actions the government will take to ensure that residents in social housing are safe, are listened to, live in good quality homes, and have access to redress when things go wrong

One area of focus is a new enhanced Tenant Involvement Service, which we are currently developing. We want tenants to hold us to account and scrutinise the delivery of the Housing Service, so that we continually improve. We will be sharing more information on this in due course.

Please be assured that your safety is our highest priority, and we will be working hard over the coming weeks and months to ensure all our properties meet the expected standards. As we have more information, we will of course ensure that you are made fully aware.

We do understand that you may have questions and we have set up a web page which contains information about the current situation and which we will update regularly. The web page is www.eastsuffolk.gov.uk/xxxxxx

If you have any questions about these issues which you do not feel are covered by this web page, please call xxxxxxxxxxxx or email xxxxxxxxxx

Yours sincerely,

Heather Tucker | Head of Housing
East Suffolk Council

EASTSUFFOLK
COUNCIL

FAO - Jonathan Driscoll, Lisa Driscoll and Marcus Roe
Regulator of Social Housing
Referrals and Regulatory Enquiries Team
Level 2
7-8 Wellington Place
Leeds
LS1 4AP

Your ref:
Our ref: RSH/2022/02
Date: 10 March 2022
Please ask for: Heather Tucker
Customer Services: 03330 162 000
Direct dial: 01502 523144
Email: heather.tucker@eastsuffolk.gov.uk

By Email: Jonathan.driscoll@rsh.gov.uk; lisa.driscoll@rsh.gov.uk; marcus.roe@rsh.gov.uk

Dear Sirs / Madam,

Update from East Suffolk Council

Further to our meeting on 1st March 2022, I am writing to provide you with an update on the work currently being undertaken by East Suffolk Council (ESC) in relation to potential non-compliance with the Home and Rent Standards. For ease of reading, I will break the updates down between the Home and Rent Standards.

Home Standard

All of the main compliance areas are broken down below. Each one has a table showing the current levels of compliance. This is a new mechanism we are using for monitoring compliance, and it is completed every month, so all of this data is based on the level of compliance at the end of February.

Fire

Number of properties requiring FRA (Fire Risk Assessments) 93	Number of FRA's due and completed	Number of FRA's that don't have a survey	Number of remedial actions
Target	**93**	**0**	**0**
Actual	**33**	**29**	**370**
Performance	**35.48%**	**31.18%**	**Noted**

We have recently appointed *Ensure Safety and Compliance* to conduct Fire Risk Assessments in 93 buildings across a six-month period, which will be completed in June. They commenced FRA's on our Retired Living Schemes during January and February and to date they have completed 33 and we have received 18 FRA's, which have highlighted 370 remedial actions. The other 15 FRA's are expected imminently. We have developed mechanisms to ensure we are carrying out recommended works, so any identified risks are mitigated.

We will use the risks identified in the current FRA's, to determine whether future FRA's should be conducted every 12, 24 or 36 months and ensure they are built into the appropriate programme going forward, so that all FRA's are conducted in line with the correct timescale.

As I mentioned in my previous letter dated 9th February 2022, we are currently developing a new Fire Safety Strategy, which we will be asking Cabinet to approve in the next three months. This will ensure the effective management of our stock to reduce the risk of fires.

We have also been developing a Technical Fire Safety Standard. The overall purpose of this Standard is to support ESC's Fire Safety Strategy and it incorporates a range of minimum standards designed to meet the requirements of The Regulatory Reform – Fire Safety – Order 2005, within properties owned and/or managed by East Suffolk Council, ESC and takes into account, where relevant, published guidance on Fire Safety in purpose-built blocks of flats (2011), LACORS (Local Authorities Coordinators of Regulatory Services) – Housing – Fire Safety and Fire Safety in Specialist Housing (2017) etc. The Technical Fire Standard and Fire Safety Strategy will be implemented together.

Gas Safety

Number of properties requiring LGSR (Landlords Gas Safety Record) inspection	**Total Number of LGSR's (Conducted in the past 12 months)**	**% LGSR's Compliant Communal**	**% LGSR's Compliant Domestic**
3,716			
Target	**3,716**	**23**	**3,693**
Actual	**3,712**	**23**	**3,689**
Performance	**99.89%**	**100.00%**	**99.89%**

This information has been taken from our Housing Management Software - Orchard system following the daily completion reports from Gasway, our Gas Servicing contractor that ESC update on Orchard. This information has been taken from our Housing Management Software - Orchard system following the daily completion reports from Gasway, our Gas Servicing contractor that ESC (East Suffolk Council) updates on Orchard.

Electrical Safety

Number of properties requiring EICR's (Electrical Installation Condition Report) 4,439	% Overall EICRs compliant	% of Communal Area EICRs compliant	% of Dwelling EICRs compliant	Number of overdue EICRs for communal	Number of overdue EICRs for Dwellings	Number of properties between 5 and 10 years	Number of dwellings within 5 years	Number of dwellings Over 10 Years
Target	4,439	271	4,168	0	0	0	0	0
Actual	4,114	65	4049	206	160	2,788	1,262	366
Performance	92.68%	23.99%	97.14%	76.01%	3.84%	62.81%	28.43%	8.25%

Our Electrical EICR Programme is managed by our inhouse workforce. We have 4,439 properties, which require testing. Our current records show that we have 336 properties, which have not been inspected within the last 10 years.

This information has come from 'Keystone,' which is our Housing Management Software for Assets. When an order is raised in 'Orchard' where the ECIR code is used, this is exported to 'Keystone.' However, there are errors in the way the information goes from 'Orchard' to 'Keystone,' which needs to be resolved. Therefore, it is believed the figure of 336 properties over 10 years is incorrect and is potentially much lower. Additional work is being carried out on the export files and trying to ascertain where the fault might be, so this can be resolved.

Water Hygiene (Legionella)

Number of properties requiring water check: 15	Number of properties with communal water facilities that have been risk assessed this includes 10% flat inspections	Number of water risk assessments overdue for review
Target	15	0
Actual	15	15
Performance	100.00%	100.00%

We have water hygiene risk assessments for the 15 schemes, which were completed in 2019. At each site, a Retired Living Scheme Manager carries out weekly temperature tests and if any failure is identified, an order is raised for the remedial works to be completed by our in-house team. We do not currently have a policy for the management of water hygiene, but once this is completed, it will set out the frequency of the risk assessments in the future.

We have instructed Nemco Utilities to conduct up to date risk assessments this month. We are expecting the reports to take up to two weeks to be provided to us, so we should get these in mid-April at the latest. However, we have asked them to confirm in writing, by the end of this month, that all inspections have been completed.

Asbestos Management

Number of properties requiring Asbestos check	Number of communal areas surveyed for asbestos	Percentage of Asbestos containing material overdue for reinspection's
93		
Target	93	0
Actual	93	93
Performance	100.00%	100.00%

We currently have a contract with 'Lucian,' who hold an Asbestos Register, but only for the properties they have surveyed since the contract commenced, in 2019.

We have a copy of all other asbestos surveys on our 'Keystone' system, but these have not been shared with Lucian, which means they are not listed on the Asbestos Register. We are now investigating how we share this information with Lucian, so that we have 'one' register, which we can use to ensure the effective management of Asbestos.

Following the Management and R&D surveys, removals that are practicable have been undertaken. For the external works, re-inspections should have taken place on a regular basis, based on the risk of the Asbestos being damaged. At present, we cannot locate this risk assessment so this will need to be undertaken in order to produce a programme over the next three years. We can confirm that there have not been any re-inspections since 2019.

Lift Safety

Number of properties requiring LOLER Inspections	Number of lifts and stair lifts requiring a LOLER examination	Number of lifts overdue a LOLER examination
82		
Target	82	0
Actual	0	82
Performance	0%	100%

We are responsible for 14 lifts and 68 stairlifts and we currently have a contract with 'Stannah' to complete the regular servicing, which is up to date. We previously used Zurich to conduct annual LOLER inspections, but these were cancelled in March 2021, we have now entered into a contract with 'Ray Tuttle' who will be conducting the inspections to the LOLER specification and produce LOLER certificates this month.

The following contracts have been in place since 2019: -

1. Gas - Gasway have the contract for gas servicing and safety checks, they carry out all repairs as part of the three-star service and anything else is quoted for, and we approve or look at a different approach going forward
2. Asbestos – We have a contract with Lucien for the Asbestos surveys. They carry out around 60 management surveys per year and R&D surveys for any major/programmed works. We will be issuing a variation to undertake the reinspection's
3. Electrics - The EICR's are carried out by the inhouse team, where all repairs are completed following the test and programme in if it requires a rewire
4. Lifts - We have a contract with Stannah Lifts who carry out the monthly inspections on the 14 lifts and the annual inspections of the 68 stairlifts

During the last few months, once we started to identify some issues in the approach of compliance management, we have awarded a number of new contracts: -

1. FRA's – We now have a contract with Ensures through a Fire framework with Advantage South West (ASW) to carry out the risk assessments and store on their Twine System, which we control and which issues the actions to the relevant team/contractor and can only be closed with evidence.
2. Water Hygiene – We now have a contract with Nemco Utilities who did the previous risk assessment in 2019. They will survey the communal areas and a 10% inspection of flats/rooms.
3. LOLER inspections/certification - We now have a contract with Ray Tuttle to undertake the six-monthly inspections on the lifts and the annual inspections on the stairlifts producing LOLER Certification

Conclusions

In all areas of compliance, we are not currently conducting any sample testing or external validation on the data held to give us assurance that it is correct. We are currently identifying which organisations can offer this level of independent assurance and looking at what measures we can put in place in house to also conduct some of this work, with immediate effect. We are currently obtaining quotes to provide a third-party assurance by desktop, and physical checks of at least 10% per month for the Gas, Electricals, Lifts and Water Hygiene which we hope to have in place in April 2022.

<u>Rent Standard</u>

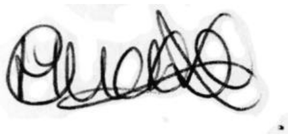
We have been working with David Tolson Partnerships (DTP) who will be overseeing the forensic audit of all tenancies. They have identified two potential candidates who can carry out the detailed review and I am meeting them both this week to discuss the work involved. We will then be working with DTP to establish a contract with a view of this being completed by the end of the March, so the audit can commence in April. It is anticipated, with two people conducting the audit, that this work will be completed by early June 2022.

I hope this letter provides sufficient assurance that East Suffolk is taking all reasonable steps to ensure compliance to meet both its own standards along with those set out by the Regulator as soon as practicable.

East Suffolk recognises that our ability to provide limited assurance currently falls below its obligations as a Social Landlord. However, we believe the steps now being taken, which are evidenced in this letter, provides assurance that East Suffolk will be compliant by June 2022.

Please let me know if you would like to arrange a further meeting to discuss these matters in more detail.

Yours sincerely



Heather Tucker | Head of Housing
East Suffolk Council

Regulator of
Social Housing

Decision

Regulatory Notice: East Suffolk Council (25 May 2022)

Published 25 May 2022

Applies to England

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RSH Regulatory Notice

- Provider: East Suffolk Council
- Regulatory code: 5070
- Publication date: 25 May 2022
- Reason for publication: Consumer Standards and Rent Standard
- Regulatory route: Reactive Engagement

Other providers included in the judgement

None

Regulatory Finding

The regulator has concluded that:

a) East Suffolk Council has breached part 1.2 of the Home Standard; and as a consequence of this breach, there was the potential for serious detriment to the council's tenants.

b) East Suffolk Council was not compliant with the legislative requirements of the Welfare Reform and Work Act 2016 (the Act). Since 2016, it charged inaccurate rents as a result of incorrectly applying additional charges to the majority of its stock which should have been included in the rent. It did not apply the 1% rent reduction to these additional rental charges also in contravention of the Act.

c) East Suffolk converted more than 1,000 properties to Affordable Rent without the requisite permissions, in contravention of both the Act and the Rent Standard.

The issue

East Suffolk Council made a self-referral to the regulator in February 2022 as it had identified issues with the completion of statutory health and safety checks and the level of rent it had charged a large number of its tenants.

East Suffolk Council told us it had not carried out fire risk assessments on all of its buildings and did not have evidence that remedial actions had been completed following previous assessments. The council also did not have data to provide assurance that it had completed tests and inspections within the relevant timescales in relation to electrical safety, water safety, asbestos management or lift safety.

In relation to the Rent Standard, East Suffolk Council told us that in 2015, it had entered into a consortium under the Affordable Homes Programme. Through the consortium, East Suffolk Council entered into an agreement with the Homes and Communities Agency (HCA), which allowed for up to 260 conversions from social to affordable rent. The council believes it has actually converted more than 1,000 additional tenancies from social to affordable rent outside of the terms of the agreement with the HCA. East Suffolk Council identified the issue in early 2020 and acknowledges that it should have referred the matter to the regulator at the time.

Recently, East Suffolk Council obtained the services of an external consultancy to independently review its historic approach to rent setting. The review identified that in 2018 additional charges had been added to multiple rent accounts which were defined as ‘de-pooled rental charges’ as they did not qualify as service charges. East Suffolk Council is exploring whether or not these additional charges should have been levied, but it has identified that they were not reduced by 1% during the period of the Act.

East Suffolk Council has now instigated detailed audit and reconciliation of all of its rent data. This exercise may uncover further errors in relation to rent setting.

In relation to the affordable rent conversion, the council reports that the total overcharge to tenants is in the region of £2.58 million. The council reports an additional £380k overcharge in relation to the de-pooled rental issue.

Our investigation

The Home Standard

As a local authority registered provider, East Suffolk Council is required to comply with the consumer standards, including the Home Standard. The Home Standard requires registered providers to have a cost-effective repairs and maintenance service and to meet all applicable statutory requirements that provide for the health and safety of tenants in their homes.

In respect of fire safety, East Suffolk Council has a statutory duty[footnote 1] to regularly assess the risk of fire and to take precautions to prevent the risk of fire. The regulator has learned that almost 100 fire risk assessments (FRAs) were overdue and that the council does not have a record of remedial actions being completed following previous FRAs.

With regard to electrical safety, East Suffolk Council is required to ensure that electrical installations are in working and safe condition both at the start of any tenancy and throughout that tenancy. [footnote 2] More than 200 communal electrical inspection certificate records (EICRs) and in excess of 150 domestic electrical EICRs were overdue. It is likely that many EICRs have not been completed for more than 10 years. East Suffolk Council could not provide assurance over the data provided to us.

For lift safety, the regulations[footnote 3] require all equipment used for lifting purposes to be subject to periodic examination. The council reported that inspections were overdue for all of its lifts (almost 100). Similarly, for asbestos safety,[footnote 4] East Suffolk Council reported that reviews of all the asbestos surveys completed were overdue, and the council also did not have access to all of the information about asbestos surveys completed by its contractors. With regards to water safety,[footnote 5] water risk assessments for a small number of properties were also overdue.

The regulator considered the case as a breach of part 1.2 of the Home Standard and has concluded that East Suffolk Council did not have an effective system in place to allow it to meet its statutory health and safety responsibilities across a wide range of areas.

Complying with statutory health and safety requirements is a fundamental responsibility of all registered providers because of the potential for serious harm to tenants. Taking into account the seriousness and breadth of the issues, the durations for which tenants were potentially exposed to risk, and the number of tenants potentially affected, the regulator has concluded that it is proportionate to find that East Suffolk Council has breached the Home Standard and that there was a risk of serious detriment to tenants during this period. East Suffolk Council has demonstrated to the regulator that it understands the work it needs to undertake to ensure that it completes the required statutory checks and relevant safety actions and the regulator will work with the council as it delivers this programme.

The Rent Standard

The Rent Standard requires that East Suffolk Council must set rents from 1 April 2020 in accordance with the Government's Policy Statement on Rents for Social Housing 2019.[footnote 6] In addition, the Rent Standard requires that where local authorities identify material issues that relate to non-compliance or potential non-compliance with the Rent Standard, they should communicate them to the regulator promptly.

Ensuring tenants are charged the correct rent is central to the role of all registered providers. Charging rents in excess of the permitted levels puts undue financial strain on both tenants and the public purse. The scale and seriousness of the breach of rent requirements reported by East Suffolk Council is significant and has been compounded by the fact the council continued to charge incorrect rents for a period of almost two years while knowing this may not be permissible. Taking these factors into account, we have concluded that it is proportionate to find a breach of both the Act and the Rent Standard.

In making this decision we acknowledge that since East Suffolk Council re-identified this issue in early 2022, the council has acted in an appropriate manner and understands the issues fully. It has taken appropriate advice and has developed a detailed plan to address all issues in a timely fashion. This includes:

- reimbursing tenants and other bodies who have been overcharged;
- engaging appropriate external advice on the nature of the errors, how they occurred, and the corrective actions;
- developing new rent policies and procedures to reflect current requirements;
- commissioning a detailed examination of its stock to be sure all issues are identified and addressed; and
- improving audit and validation of rent setting and annual rent changes.

The council has accepted the regulatory findings and is engaging positively with us, with support from external advisers, to take all steps necessary to resolve these issues.

Our investigation

Section 198A and 198B of the Housing and Regeneration Act 2008 (as amended) states that the regulator's regulatory and enforcement powers may be used if a registered provider has failed to meet a consumer or economic standard. In relation to consumer matters in order to use regulatory or enforcement powers under section 198A, as well as the failure to meet the standard, there should also be reasonable grounds to suspect that the failure has resulted in a serious detriment to the provider's tenants (or potential tenants) or that there is a significant risk that, if no action is taken by the regulator, the failure will result in a serious detriment to the provider's tenants (or potential tenants).

East Suffolk Council is putting in place a programme to rectify these failures and the regulator will therefore not take statutory action at this stage, as it has assurance that the breach of the standards is being remedied. The regulator will work with East Suffolk Council as it continues to address the issues which have led to this situation, including ongoing monitoring of how it delivers its programme.

About our Regulatory Notices

Regulatory notices are issued in response to an event of regulatory importance (for example, a finding of a breach of the Rent Standard or of a consumer standard that has or may cause serious harm) that, in accordance with its obligation to be transparent, the regulator wishes to make public. More detail about Regulatory notices is set out in Regulating the Standards (https://www.gov.uk/government/publications/regulating-the-standards).

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1. The Regulatory Reform (Fire Safety) Order 2005
2. Landlord and Tenant Act 1985
3. The Lifting Operations and Lifting Equipment Regulations 1998
4. The Control of Asbestos Regulations 2012
5. Health and Safety at Work Act 1974
6. Policy statement on rents for social housing (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781746/Policy_Statement.pdf)

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EASTSUFFOLK COUNCIL

Mrs XXXX
XXXXXXXX
Lowestoft
Suffolk
NR32 4BG

Your ref: 201001006022
Tenancy Number: 70021076
Date: 20/05/2022
Please ask for: Your Rent Officer
Customer Services: 03330 162 000
Direct dial: 01502 523593
Email: estates@eastsuffolk.gov.uk

Dear Mrs XX

I wrote to you at the end of February to update you on the review of Housing services we are undertaking. East Suffolk Council takes its responsibility as a landlord very seriously and this review will help us to ensure we provide a good quality, cost-effective service, which delivers value for money for you, our tenants.

Our review is looking at all aspects of Health and Safety related to our properties, including Fire Risk Assessments, Asbestos Management, Water Safety, Gas and Electrical Safety as well as the management and maintenance of lifting equipment including Lifts and Stairlifts. We have been carrying out more inspections than usual to ensure that we have comprehensive and robust data across all these areas. Thank you for your patience as this work is done.

Our review also considered how we set our rental charges, to ensure we meet the requirements set out in the 'Rent Standard'. When I wrote previously, I explained that some tenants who moved in after 2014 may have been incorrectly charged a higher rent. An independent, external audit of every rent account is now underway. This will identify which tenants have been affected and calculate any overpayments that should be credited back to the rent account.

Please continue to pay your rent as normal. The issues here will only affect a proportion of tenants and, as we have said, we are currently working hard to resolve any issues. If you have made overpayments on your account, you will only be informed by the Council and not a third-party organization.

I also told you East Suffolk Council had referred itself to the Regulator of Social Housing. Since then, the Regulator has considered the information we provided to them and has now shared its findings with us. As we anticipated, they confirm we have breached some important Housing Standards because of the issues we have identified with some safety data and rental charges. Their findings will be published in the form of a Regulatory Notice on 25th May 2022, on their website. Notices are published to provide full transparency for Tenants and the public.

The Regulator has, however also stated that we have engaged positively with the regulator and is taking “all steps necessary to resolve these issues.” In addition, they have said that “The Council has acted in an appropriate manner and understands the issues fully. It has taken appropriate advice and has developed a detailed plan to address all issues in a timely fashion.”

Please be assured that your safety is our highest priority, and that we strive to provide a good quality, cost-effective service, which delivers value for money for you, our tenants. We do understand that you may have questions. We have set up a web page which contains information you should find helpful. This will be updated regularly as our work progresses.

The web page is www.eastsuffolk.gov.uk/housing2022

Yours sincerely,

Heather Tucker | Head of Housing
East Suffolk Council

EAST SUFFOLK COMPLIANCE PERFORMANCE DASHBOARD

31 December 2022

For East Suffolk use only

Fire Risk Assessments

Number of properties requiring FRA 92	Number of FRAs due and completed	Trend from previous month	Number of remedial actions raised from April 2022 to date	Trend from previous month	Number of Priority 0 (Immediate) remedial actions	Trend from previous month	Number of Priority 1 (Short term - 2-4 weeks) remedial actions	Trend from previous month	Number of Priority 2 (Medium term - 3-6 months) remedial actions	Trend from previous month	Number of Priority 3 (Long term - 6-12 months) remedial actions	Trend from previous month	Average number of remedial actions completed per scheme	Trend from previous month	10% of third party quality assurance checks on FRA Actions	Trend from previous month
Target/Raised	92		1,488		0		68		1,206		214				0	
Completed			517		0		25		437		55		16.17		0.0	
Open Actions			969		0		41		769		159				0.0	
Performance	0.00%		34.74%				36.76%		36.24%		25.70%		0.00%			

Comment: We have Trivial 0, Tolerable 42, Moderate 46, Substantial 2, and untolable 0.. We now have all the contractors on board for carrying out these FRA actions Trail have complete around 200 which have not been closed down as they have not completed them on Twine, and P&D have not provided there figures for December so we know there are more completed than showing

Gas

Number of properties requiring LGSR inspection 3,673	Total Number of required LGSRs	Trend from previous month	% LGSRs compliant Commercial - Communal	Trend from previous month	% LGSRs compliant Domestic	Trend from previous month	Number of properties which expired within the month	Trend from previous month	Number of overdue LGSRs in legal process	Trend from previous month	Number of overdue LGSRs other issues	Trend from previous month	Number of LGSR Completed in a month	Trend from previous month	10% of third party quality assurance checks on LGSRs	Trend from previous month
Target	3,673		7		3,666		0		0		0		273		27	
Actual	3,672		7		3,665		0		1		0		263		0	
Performance	99.97%		100.00%		99.97%		0.00%		0.03%		0.00%		96.34%		0.00%	

Comment: The one outstanding is with our Legal team and one there are access issue with meter - awaiting update from tenant (only there can get the gas supplier to attend to the meter). Third party assurance inspections have started in December 2022 getting the information onto their system so they can make appointments to undertake the 10% physical inspections, the rest will have a desk top review and these will be discussed at the monthly contract meetings. Due to the LGSR being booked 6 weeks in advance the target are based on this, From January we are moving to the MOT style which will mean the target dates will remain the same as these can be booked up to 60 day ahead od the expiry date and still retain the original date, so we will be reviewing the target going forward from January 2023.

OTHER HEATING SERVICING

Number of properties requiring inspection 292	Total Number of required Inspections	Trend from previous month	% compliant Communal	Trend from previous month	% compliant Domestic	Trend from previous month	Number of properties which expired within the month	Trend from previous month	Number of overdue in legal process	Trend from previous month	Number of overdue other issues	Trend from previous month	Number of Other heating Completed in a month	Trend from previous month	10% of third party quality assurance checks on LGSRs	Trend from previous month
Target	292		2		290		0		0		0		17		2	
Actual	292		2		290		0		0		0		16		0	
Performance	100.00%		100.00%		100.00%		0.00%		0.00%		0.00%		94.12%		0.00%	

Comment:	No issues, Third party assurance inspections have started in December 2022 getting the information onto their system so they can make appointments to undertake the 10% physical inspections, the rest will have a desk top Review and these will be discussed at the monthly contract meetings

ELECTRICAL TESTING

Number of properties requiring electrical check: 4,512	% Overall EICRs compliant 10 years	Trend from previous month	% of Communal Area EICRs compliant 10 years (Included in the figures)	Trend from previous month	% of Domestic EICRs compliant 10 Years	Trend from previous month	% of EICRs compliant within 5 years	Trend from previous month	% of EICRs compliant between 5 and 10 years	Trend from previous month	% of EICRs Non-compliant Over 10 Years	Trend from previous month	Number of EICRs completed in a month	Trend from previous month	10% of third party quality assurance checks on EICR's	Trend from previous month
Target	4,512		87		4,512		4,512		0		0		109		11	
Actual	4,407		83		4,407		4,026		381		63		73		0	
Performance	97.67%		95.40%		97.67%		89.23%		8.44%		1.40%		66.97%		0.00%	

Comment:	Meeting set in January 2023 with our Keystone manager to remove properties no longer needing an EICR and to update where they have been completed but no SOR codes so the scheme has not picked these up. There have been access issues and a review to get Housing officers involved earlier and then moving to legal action as the gas process.

WATER HYGIENE

Number of properties requiring water checks: 16	Properties with communal water facilities this includes a 10% flat inspections	Trend from previous month	Number of water risk assessments overdue for review	Trend from previous month	Number of WRAs where it was not renewed prior to expiry	Trend from previous month	Number of remedial actions	Trend from previous month	Number of Priority 0 (Immediate) remedial actions	Trend from previous month	Number of Priority 1 (Short term - 2 months) remedial actions	Trend from previous month	Number of Priority 2 (Medium term - 9 months) remedial actions	Trend from previous month	Number of Priority 3 (Long term - 18 months) remedial actions	Trend from previous month
Target/Raised	16		0		0		45		0		1		42		2	
Actual	16		0		0		31		0		1		28		2	
Performance	100.00%		0.00%		0.00%		68.89%				100.00%		66.67%		100.00%	

Comment:	The last two reports have now been received, issued to Nemco for pricing and the rest to the inhouse DLO

ASBESTOS MANAGEMENT (Communal)

Number of properties requiring Asbestos check: 95	Number of communal areas surveyed for asbestos	Trend from previous month	% of Asbestos containing material reinspected	Trend from previous month	Number of properties which expired within the month	Trend from previous month	% of remedial actions completed	Trend from previous month	Asbestos Management Surveys in month	Trend from previous month	Asbestos Refurbishment Surveys in month	Trend from previous month	Bulk Samples in month	Trend from previous month	Air Testing Services in month	Trend from previous month
Target	95		139		0		0									
Actual	95		0		0		0		9		6		5		4	
Performance	100.00%		0.00%													

Comment:	Reviewed the where asbestos is present and have produced a list to Lucion of 139 areas which relates to 16 properties for reinspection who are putting together a programme for these inspections

LIFT SAFETY

Number of properties requiring LOLER: 82	Number of lifts and stair lifts requiring a LOLER examination	Trend from previous month	Number of lifts overdue a LOLER examination	Trend from previous month	Number of stair-lifts overdue a LOLER examination	Trend from previous month	Number of properties which expired within the month	Trend from previous month	Percentage of Stair lifts with an up to date service	Trend from previous month	Percentage of passenger lifts with an up to date service	Trend from previous month	Number of lifts and stair lifts where a service was not completed prior to the due date	Trend from previous month	Percentage of lifts out of action during the month	Trend from previous month
Target	82		0		0		0		70		12				0	
Actual	82		0		0		0		69		7		0		0	
Performance	100.00%		0%		0%		0.00%		98.57%		58.33%		0.00%		0%	

Comment: All Passenger Lifts are on target and we for the stair lifts we have 6 outstanding; 1x delayed - unsuitable working environment on site, 2x Delay due to Christmas, 1x booked for Monday 09/01/2023, 1x booked 13 January, 1x access issues, access letters sent 07/11/2022 & 30/11/2022 with no response to date.

Remedial Actions following inspections/survey

Number of properties requiring Actions following inspections	Number of fire remedial actions raised to date	Number of fire remedial actions allocated to date	Number of fire remedial actions not allocated to date	Number of fire remedial actions completed from April 2022	Number of fire remedial actions outstanding	Out of time action (included in the outstanding figures)	Number of Water remedial actions raised to date	Number of Water remedial actions allocated to date	Number of Water remedial actions not allocated to date	Number of Water remedial actions completed	Number of Water remedial actions outstanding	Number of Water remedial actions out of time	Number of LOLER remedial actions raised to date	Number of LOLER remedial actions allocated to date	Number of LOLER remedial actions not allocated to date	Number of LOLER remedial actions completed	Number of LOLER remedial actions outstanding	Number of LOLER remedial actions out of time
Totals	1,440	1,440	0	517	969	38	95	95	0	81	14	0	110	110	0	90	20	0

Comment:
These are the three areas that following surveys/inspections have produced more actions.
Fire - Trail have complete around 200 which have not been closed down as they have not completed them on Twine and we are still waiting for P&D for there data.
The Water Actions have been split between the inhouse DLO and Nemco, prices received and approved.
All the LOLER actions have been allocated to Stannah, some are within the current service contract the rest have are being priced and then checked and approved to complete there is 1 outstanding which is being completed at the next service.

Housing Health and Safety Board – Terms of Reference

Version 1 – March 2022

For Implementation – April 2022

Review Due – April 2023

Owner – Heather Tucker, Head of Housing

Purpose of the Housing Health and Safety Board (HHASB)

The HHASB is a strategic leadership forum representing the housing service at East Suffolk Council (ESC). The purpose of the HHASB is to ensure the efficient and effective planning, organisation, implementation, monitoring, audit and review of protective and preventative measures for health, safety and welfare for its Residents and Housing Staff and all those affected by the undertakings of the Council. This includes the strategic monitoring of compliance and ensuring properties meet all the required standards set out in Legislation and / or Guidance.

The aim of the HHASB is to continuously support, develop and monitor a culture of collaboration where concerns, ideas and solutions are freely shared and acted upon, and where the whole workforce is engaged in promoting a healthy and safe environment. This in turn helps the Council to fulfil their legal duties and continuously improve their approach to successful Health, Safety and Compliance management.

The HHASB is a key element supporting the Council's approach to H&S Management by regularly checking that the Council's approach to health and safety is in line with their H&S Policy and to act on the findings to continue to improve performance and raise standards.

The HHASB will actively and robustly monitor the compliance across all its c.4,500 housing stock, to ensure it meets and exceeds expected standards.

Where final decisions or approval are required on H&S matters, these will be taken through the appropriate channels for ESC.

Role of the HHASB

The role of the HHASB is to:

- Robustly monitor and where appropriate instigate change, to ensure all of the Council's Housing Stock is compliant with the relevant legislation, regulations, standards and guidance.

- Ensure the Council's legal obligations under the Health and Safety at Work etc. Act 1974 and associated regulations or other legislation pertinent to H&S are adequately resourced and fulfilled.
- Set the strategic direction within Housing in relation to health and safety.
- Consider new or updated legislation, guidance or best practice as part of the successful H&S management within the Housing Service.
- Ensure competent personnel, irrespective of grade or role, are in the right roles at the right time, and that their skills and knowledge are kept up to date.
- Set and monitor HHASB objectives so that effective H&S protective and preventative arrangements are in place at the right time for those to whom the Council owes a duty of care.
- Hold each other and their peers to account, challenging performance, celebrating success and sharing lessons learned for the benefit of the Council and their working partners.
- Demonstrate visible and genuine commitment to the leadership and communication of H&S matters in their respective roles, leading by example and acting as role models.
- Ensure appropriate financial and other resources are in place to successfully manage H&S within the Housing Service, including the provision of a H&S budget and suitable H&S training.
- Review and where appropriate, approve proposed new H&S policies, procedures or associated safe systems of work, or revisions to existing arrangements within the Housing Service.
- Consider the role of emergency planning for H&S in the context of business continuity, as required.
- Consider and act upon relevant H&S reports, information and legislation from the Health and Safety Executive, industry bodies and local enforcement officers.
- Promote co-operation, information sharing and learning across the Housing Service on all matters related to health, safety or welfare at work;
- Monitor and review the Council's H&S performance management and any emerging trends.

Membership of the HHASB

The Membership of the HHASB will include:

- Head of Housing (Chair)
- Strategic Director with responsibility for Housing
- Health and Safety Lead for ESC
- Health and Safety Officer for Housing Maintenance
- Housing Maintenance Manager
- Housing Maintenance Programme Manager
- Tenant Services Manager
- Housing Transformation Manager (Reserve Chair)
- Cyclical and Servicing Manager (once appointed to)
- PA to the Head of Housing, who will provide administrative support
- Communications Manager

Responsibilities of the HHASB

The Head of Housing will act as 'Chair' in the meetings, but if they are unable to attend, the Housing Transformation Manager will Chair the meeting.

Any member of the HHASB who is unable to attend a meeting, will be expected to send a suitable colleague to substitute on their behalf, who they will need to brief ahead of the meeting, if they have not attended in the last 6 months.

The PA to the Head of Housing will provide assistance with the effective operation of the H&S Board. This includes:

- Circulation of the date, time, venue, agenda and any relevant papers to the HHASB at least five working days before each meeting. It is the responsibility of all Colleagues to support the PA to achieve this timeline.
- Producing minutes of all meetings and ensuring they are recorded on the HHASB TEAMS Site

The HHASB, or their nominated substitutes, are expected to:

- Forward any agenda items or papers to the person providing admin support by their nominated deadline, i.e., in advance of the Agenda being issued

- Attend all HHASB meetings unless there is a significant reason for absence
- Adequately prepare for each meeting
- Ensure any allocated actions are completed within target time set
- Communicate meeting outcomes

Frequency of Meetings

Meetings will be held every month, in the third or fourth week of the month, where the previous months compliance performance will be reviewed.

Review of Terms of Reference

The Terms of Reference (TOR) will be reviewed annually to ensure they accurately reflect the role and purpose of the Board.

Agenda Item 14

ES/1146

EASTSUFFOLK COUNCIL

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Freeport East Business Rates Relief and Retained Rates Policies
Report by	Cllr Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development Cllr Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officers	Brian Mew Chief Finance Officer Brian.mew@eastsuffolk.gov.uk Paul Wood Head of Economic Development and Regeneration Paul.wood@eastsuffolk.gov.uk

Is the report Open or Exempt?	OPEN

Wards Affected:	Eastern Felixstowe Western Felixstowe Woodbridge Kesgrave Martlesham and Purdis Farm Rushmere St Andrew Deben Melton Carlford and Flynn Valley Wickham Market Rendlesham and Orford Framlingham Orwell and Villages

Purpose and high-level overview

Purpose of Report:

To seek approval from Full Council to adopt the Freeport East Business Rate Relief and Freeport East Retained Rates policies, as they apply to East Suffolk. As the billing authority for the Felixstowe Tax Site, the Council needs to approve a Rate Relief policy in order to award rate reliefs to businesses locating on the site, in accordance with the Freeport objectives. The retained rates policy sets out how the Council will manage retained rates income and the governance structure which will approve expenditure in line with Freeport East objectives. The policy details the allocation of rates into various 'pots' dependent on the end use of that funding as well as setting out the principle of 'top slicing ' to cover Freeport East's operational costs and any direct costs borne by ESC in its role as Lead Authority/ accountable body. Furthermore, the policy covers ESC's accountable body role with respect to the management of the pooled retained business rates contributed by all Freeport East billing authorities.

The use of these retained rates will partially reimburse ESC for forgone rates, allow significant infrastructure investment within the Freeport tax sites, thereby maximising the value of development which can take place on the site and contribute to a collective rates pool which will enable the delivery of wider Freeport East initiative as set out within the Full Business Case across the whole freeport zone.

Options:

ESC could decide not to adopt business rates relief or retained rates policies in relation to Freeport East, however this would result in the Felixstowe Tax Site not being able to operate as set out within the Memorandum of Understanding (MoU) with DLUHC and would also mean there was no structure with which to manage and distribute retained rates funding, which is a fundamental element of Freeport operation. This in turn would result in a failure to achieve Freeport East objectives as set out in the Full Business Case and MoU.

Recommendation/s:

1. That the Freeport East Business Rate Relief policy attached as Appendix A be approved.
2. That the Freeport East Retained Rates policy attached as Appendix B be approved.

Corporate Impact Assessment

Governance: Freeport East has established a governance process that will apply assessment criteria to proposed spend against Pot B and Pot C retained rates. This will involve Freeport East's Management Committee, which comprises all partners, receiving proposed projects and determining their suitability for funding. Dependent on delegation levels the management Committee will either approve expenditure or escalate to the FE Supervisory Board for approval. In all cases retained rates spend will be reported to the Supervisory Board. All three billing authorities in Freeport East will need to approve a consistent Business Rates Relief policy in order for them to use their discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief to those ratepayers who are eligible in their individual tax sites. In East Suffolk, the business rates relief policy will be administered by the Anglia Revenues Partnership on behalf of the Council.
ESC policies and strategies that directly apply to the proposal: East Suffolk Strategic Plan East Suffolk Economic Strategy
Environmental: The positive environmental impacts of Freeport East have previously been documented. There are no specific impacts from this report.
Equalities and Diversity: An Equalities Impact Assessment has previously been undertaken for Freeport East. There are no specific impacts from this report.
Financial: The focus of this report is the awarding of business rate relief and the management of retained business rates. In terms of the rate relief policy, the Council as billing authority will be compensated by the Government for the cost of these reliefs by way of Section 31 Grant. Under the proposed retained rates agreement, the key implication is that ESC will not receive all of the business rates income it would have received if development had taken place in the absence of the Freeport Tax Site. However, it can be argued that the estimated volume of business rates income associated with the Freeport Tax Sites is primarily attributable to this designation itself, and the incentives to businesses available in the sites. This is essentially the line that DLUHC has taken in discussion regarding the Full Business Case, that the Pot A "no detriment" arrangements are counter-factual and have not generally been proposed by other Freeports. However, DLUHC have now accepted the principle of the Pot A arrangements, although they have proposed a lower quantum for this than proposed in the Outline Business Case. Partly offsetting this, particularly or ESC, the Council's costs incurred in its accountable body role will now also be top sliced from retained rates income when this comes on stream, together with the costs of Freeport East itself. As accountable body, ESC has a key role in the management and allocation of the pooled elements of the Freeport East retained rates fund. This involves funding ring fenced for

tax site development and the wider Freeport East zone in line with Freeport East's objectives as set out within the Full Business Case and MoU.
Human Resources: There are no HR implications to this report.
ICT: There are no ICT Implications to this report.
Legal: Legal agreements between Freeport East, the Billing and County Council authorities will be established to provide the legal basis for the 3 pots, A, B &C and any relevant sub pots. These will build on best practice from Enterprise Zone agreements, detailing definitions, commencement & term, fund splits, escalation, freedom of information, intellectual property, termination, change control and governing law and jurisdiction. ESC will also be required, in its role as a billing authority and accountable body, to be a signatory to the MoU alongside Freeport East and the other billing authorities. Signing the MoU will commit ESC to enable and support the delivery of the Freeport East objectives. The Council will use its discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief to those ratepayers who are eligible in accordance with the Freeport East Business Relief Policy.
Risk: The key risk will be a failure to generate retained rates through lack of business investment on the tax sites. This risk is remote as the investment incentives are extremely competitive. One tax site (Gateway 14) has already announced a significant investment and negotiations with potential investors are underway in respect of the Felixstowe tax site.

External Consultees:	Consultation has taken place with all Freeport East partner organisations.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: *(Select only one primary and as many secondary as appropriate)*		Primary priority	Secondary priorities
T01	**Growing our Economy**		
P01	Build the right environment for East Suffolk	☐	☒
P02	Attract and stimulate inward investment	☒	☐
P03	Maximise and grow the unique selling points of East Suffolk	☐	☒
P04	Business partnerships	☐	☐
P05	Support and deliver infrastructure	☐	☒
T02	**Enabling our Communities**		
P06	Community Partnerships	☐	☐
P07	Taking positive action on what matters most	☐	☐
P08	Maximising health, well-being and safety in our District	☐	☐
P09	Community Pride	☐	☐
T03	**Maintaining Financial Sustainability**		
P10	Organisational design and streamlining services	☐	☐
P11	Making best use of and investing in our assets	☐	☐
P12	Being commercially astute	☐	☐
P13	Optimising our financial investments and grant opportunities	☐	☒
P14	Review service delivery with partners	☐	☐
T04	**Delivering Digital Transformation**		
P15	Digital by default	☐	☐
P16	Lean and efficient streamlined services	☐	☐
P17	Effective use of data	☐	☐
P18	Skills and training	☐	☐
P19	District-wide digital infrastructure	☐	☐
T05	**Caring for our Environment**		
P20	Lead by example	☐	☐
P21	Minimise waste, reuse materials, increase recycling	☐	☐
P22	Renewable energy	☐	☒
P23	Protection, education and influence	☐	☐
XXX	**Governance**		
XXX	How ESC governs itself as an authority	☐	☐

How does this proposal support the priorities selected?

Growing our Economy

Build the right environment for East Suffolk: Freeport East has led to the creation of the Felixstowe Tax Site and the adoption of a business rates relief and retained rates policies will enable further investment to develop the tax site. This will be in addition to the capital seed funding investment in the site and in combination will support significant business investment.

Attract and stimulate inward investment: the overarching aim of the Freeports initiative is to attract inward business investment to support the delivery of Freeport objectives i.e. Levelling Up, Innovation and Net Zero.

Maximise and grow the USPs of East Suffolk: As the country's busiest container port, the Port of Felixstowe is already a major economic USP for the District. The creation of the Freeport and subsequent investment in the Felixstowe Tax Site further embeds its importance and as part of the hugely important sub-regional logistics sector which exists in the wider Freeport East zone.

Support and deliver infrastructure: The creation of the Freeport is leading to the creation of new business infrastructure in the form of the three Tax Sites and Customs Sites. The approval of the FBC supports further investment in these sites and will support the delivery of retained business rates over 25 years which will in part be reinvested in infrastructure to support the sub-regional economy. The awarding of £25m of capital seed funding, part of the Freeport approval process, will lead to significant investment in the infrastructure of the tax sites.

Maintaining Financial Sustainability

Optimising our financial investments and grant opportunities: The creation of a Freeport will allow ESC to retain business rates, for a period of 25 years, from businesses who locate on the Felixstowe Tax Site. A portion of this income will be for ESC to use in whichever way it wishes, whereas the remainder will be pooled with retained rates from the other tax sites to create a fund for tax site development and achieving the wider objectives of Freeport East. Furthermore, the Freeport will allow access to a variety of external funding sources to support the objectives of Freeport East, which will support further sustainable economic growth within the District. Approval of the MoU will also result in the receipt of £25m of capital seed funding of which £12m has been allocated to the Felixstowe tax site.

Caring for our environment

Renewable Energy: A key Freeport East project is the Green Energy Hub which will focus on the generation and use of clean energy. As part of the hub an electrolyser will be established at the Port of Felixstowe to produce green hydrogen to decarbonise port activities. A further objective of the hub is to establish an offshore wind facility at Bathside Bay to provide laydown space and facilities to service nearby offshore wind farms. The use of retained rates will be crucial in enabling these developments as will the ability to award rate relief to incentivise inward investment.

Background and Justification for Recommendation

1	Background facts
1.1	The Freeport East Business Rate Relief and Retained Business Rates policies have been created to set out the Council's arrangements for the awarding of rate relief to qualifying businesses and managing retained rates, generated as a result of the Freeport East Initiative. The requirement to establish these policies flows from the Freeport East Full Business Case, which in April 2022 Cabinet approved the submission of (Cabinet report ES/1109).
1.2	The policies outline the decision making and governance processes associated with the awarding of relief and the management/ expenditure of the retained business rates, and details how they will be apportioned into different 'pots'. The Government have modelled the Freeport policies in relation to business rate relief and retained rates incentives, on the Enterprise Zone policy and therefore our proposed Freeport East Retained Rates and Freeport East Retained Business Rates policy mirrors this model.

2	Current position
2.1	Freeport East's Full Business Case was approved by the government's Treasury Assessment Panel in November 2022. Following approval, a Memorandum of Understanding was issued to Freeport East, the billing authorities and the accountable body (ESC) by DLUHC. This will form an agreement between DLUHC and these organisations which commits partners to deliver the objectives set out within the Full Business Case. Within the MoU the awarding of rate relief and the management/ allocation of retained rates is detailed. For ESC to comply with these elements of the MoU we need to establish policies for the awarding of Freeport business rate relief and the management/ expenditure of retained rates – this paper highlights the proposed policies which are contained in appendices A and B.
2.2	Over the course of the next 25 years, it is anticipated £69m of retained rates will be generated by the Felixstowe Tax Site out of a total of £343m generated across all tax sites. This represents a substantial investment fund which clearly requires robust policies and governance for its management – the policies outlined in this paper will address this.

3	How to address current situation
3.1	ESC, as both a Freeport East billing authority and accountable body have a key role to play in managing both our own retained rates and those generated in the other billing authority's tax sites. All retained rates generated will initially be 'top sliced' to cover Freeport East's operational costs and any direct costs to ESC in its accountable body role. Following this retained rates will then be allocated into three Pots:

	- Pot A1 – to partially reimburse the billing authority for any foregone business rates income - Pot A2 - to partially reimburse the county council for any foregone business rates income - Pot B – for investment in any and all tax sites within the Freeport East zone but with priority access for the tax site in which the income is raised. - Pot C – for investment across the Freeport East zone to deliver Freeport objectives as set out in the Full Business Case and Memorandum of Understanding.
3.2	Pots B and C will be collective pots that can be bid into by any Freeport East partner to support tax site investment and the delivery of wider Freeport East objectives, however priority access to this funding will be available for the tax site on which the income is generated. Proposals for expenditure against either pot will be assessed for approval, with reference to previously agreed assessment criteria, by the Freeport East Management Committee and Supervisory Board. ESC in its accountable body role will be required to approve Pot B and C spend to ensure it meets ESC's responsibilities to the Freeport policy objectives which we will be signatory to via the Freeport East Memorandum of Understanding (MoU). This MoU will be presented to Cabinet on 3 January 2023, seeking approval for ESC to be a signatory to the agreement.

4	Reason/s for recommendation
4.1	Approval of the Freeport East Business Rate Relief Policy will allow the Council to award up to 100% relief on business rates for qualifying businesses who invest in the Freeport East Tax Site in East Suffolk. Business rate relief is a major investment incentive of the Freeport policy and within East Suffolk it will apply at the Felixstowe Tax Site which is located within the Port of Felixstowe.
4.2	Approval of the Freeport East Retained Rates Policy will allow ESC to manage and appropriately allocate, alongside Freeport East, the retained rates ESC receives as a result of investment in the Felixstowe Tax Site. Furthermore, it provides a mechanism and governance structure to manage the pooling of retained rates by all the billing authorities for investment in tax sites and the wider Freeport zone in line with the objectives set out in the Full Business case which we will commit to deliver as signatories to the Freeport East Memorandum of Understanding.

Appendices

Appendices:	
Appendix A	ESC's Freeport East Business Rate Relief Policy
Appendix B	ESC's Freeport East Retained Rates Policy

Background reference papers:		
Date	**Type**	**Available From**
November 2022	Freeport East Full Business Case	Freeport East FBC v0.13.docx

EASTSUFFOLK
COUNCIL

Freeport East

Policy for granting Discretionary Non-Domestic Rates Relief

Contents

1. Purpose of the Policy

1.1. The purpose of this policy is to determine the level of discretionary relief to be granted to certain defined ratepayers within the tax site located within the Council's part of the Freeport East area. The policy includes the criteria for granting the relief from the establishment of the Freeport area until 30 September 2026. A map of the Freeport area is available at the following link, and is also shown in appendix A: https://www.gov.uk/government/publications/maps-of-freeport-east-tax-sites

1.2. Central Government is not changing the legislation relating to the reliefs available to businesses and has produced guidance for all local authorities that use their discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief to those ratepayers who are eligible. This policy follows the principles in the government guidance.

1.3. Where relief is granted correctly, the government will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme for the local share of the discretionary relief, using a grant under section 31 of the Local Government Act 2003.

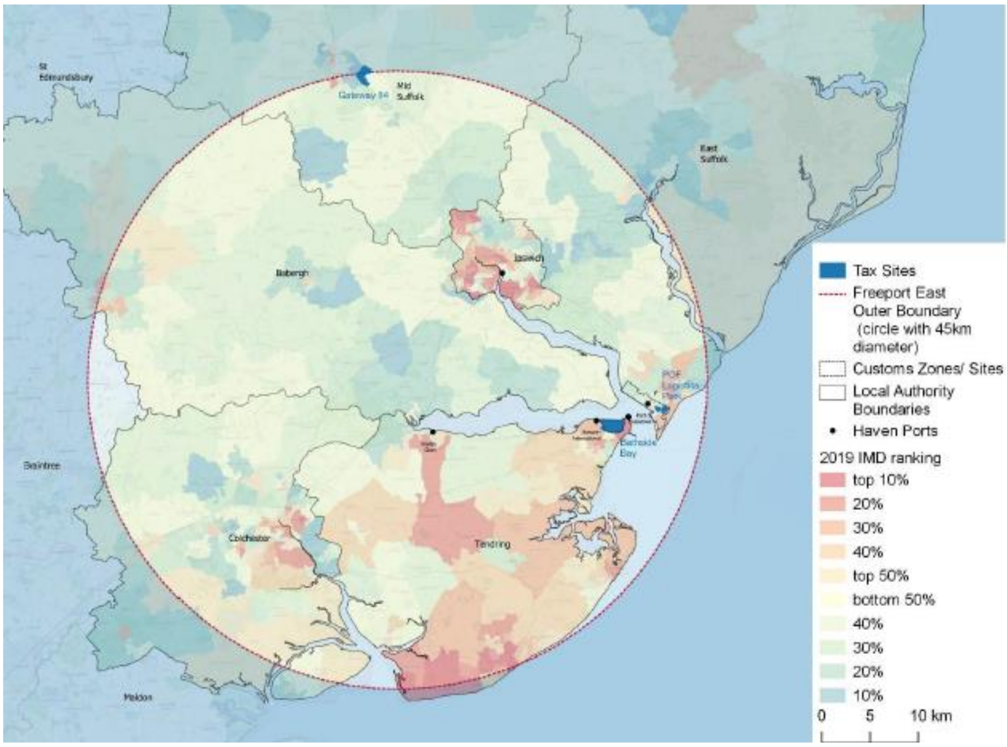
1.4. This document outlines the following areas:

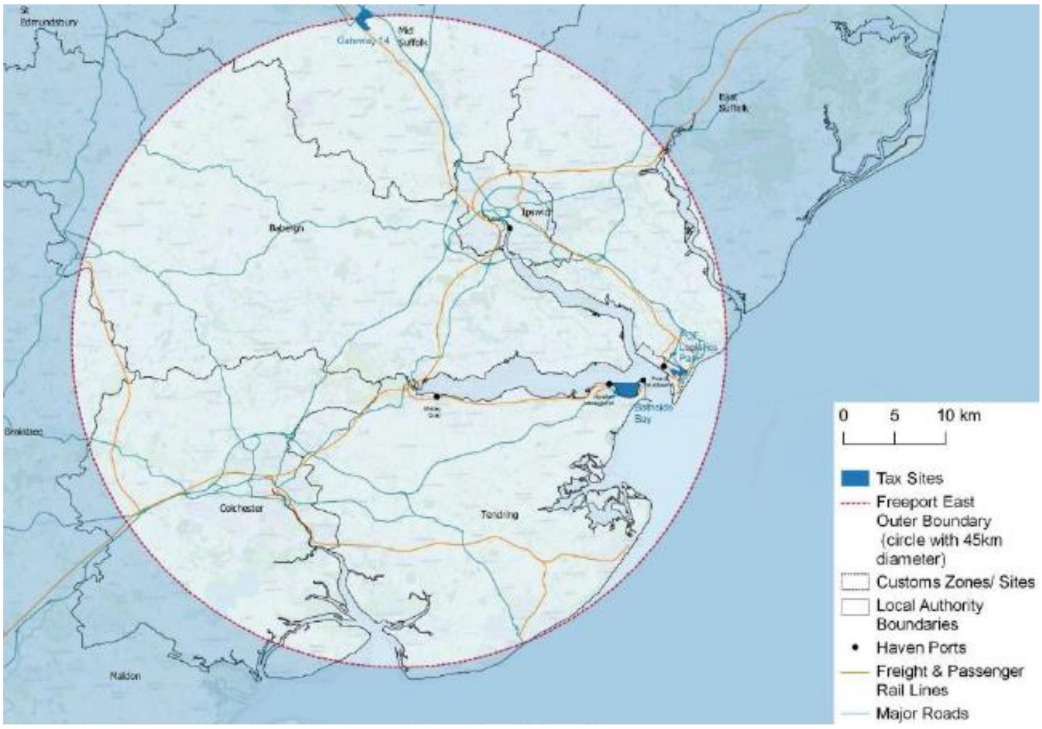
- Details of the criteria for receiving Discretionary Reliefs under the Freeport scheme;
- The Council's policy for granting the relief;
- Guidance on granting and administering the relief;
- Subsidy requirements including provisions for Subsidy Controls; and
- The Council's Scheme of Delegation.

1.5. This document covers all aspects of the relief (subject to changes in legislation). Where businesses apply for the relief, they will be granted, or not granted, relief in line with the following policy. It should be noted that all applications for relief shall be considered taking into account the objectives of Freeport East as set out in the Freeport East Business Case.

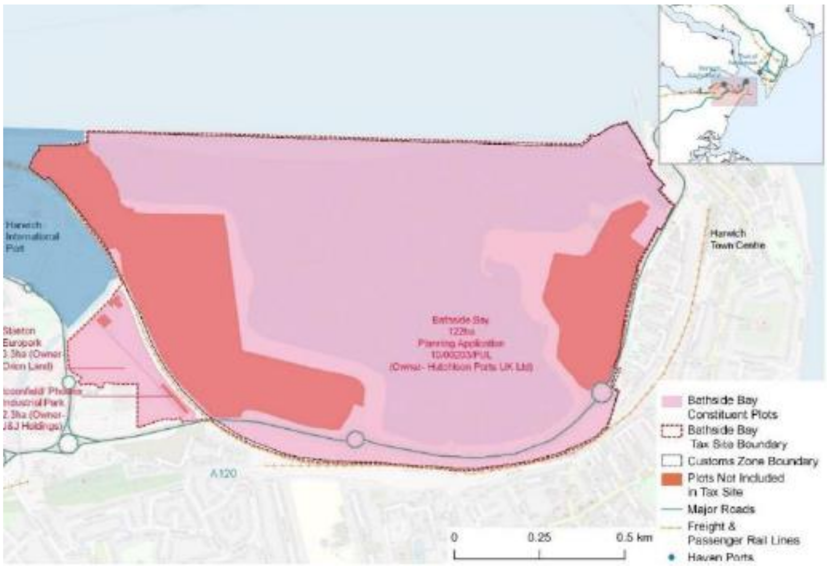
2. The Freeport East Tax Site

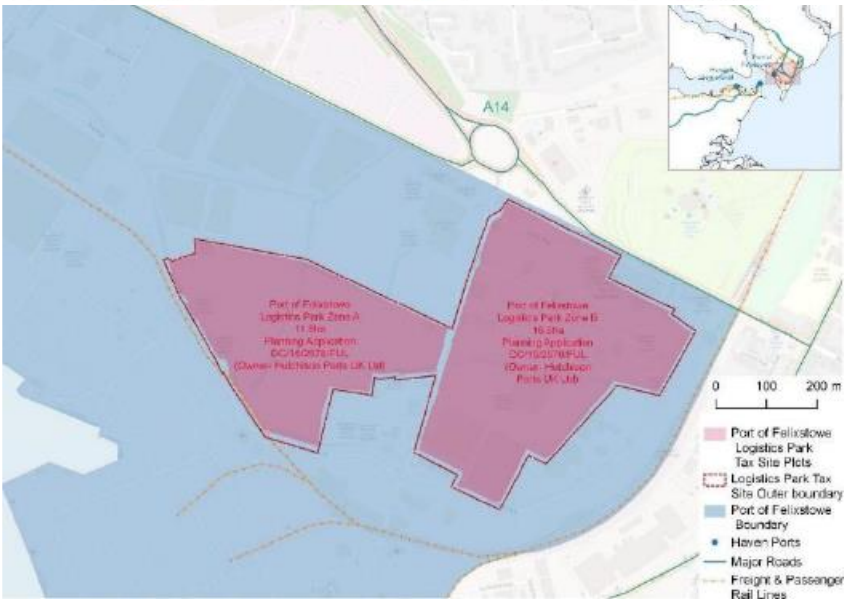
2.1. The Freeport East Tax Site in the Council's area is the Port of Felixstowe Logistics Park and the Anzani Avenue site as shown in detail in Appendix A. For information the maps below show the other tax sites in Freeport East, and the wider Freeport east area. below. The Tax Site was designated by the Government on 30 December 2021.

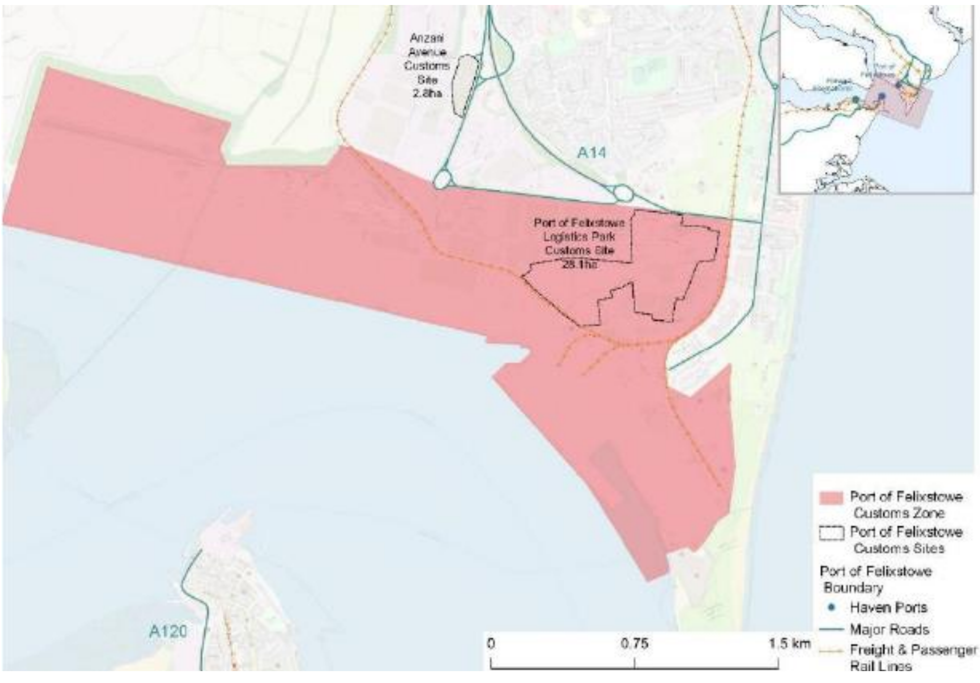

Babergh
Ipswich
Braintree
Colchester
Tendring
Maldon
Tax Sites
Freeport East Outer Boundary (circle with 45km diameter)
Customs Zones/ Sites
Local Authority Boundaries
Haven Ports
2019 IMD ranking
top 10%
20%
30%
40%
top 50%
bottom 50%
40%
30%
20%
10%
0 5 10 km


Babergh
Ipswich
Colchester
Tendring
Maldon
0 5 10 km
Tax Sites
Freeport East Outer Boundary (circle with 45km diameter)
Customs Zones/ Sites
Local Authority Boundaries
Haven Ports
Freight & Passenger Rail Lines
Major Roads

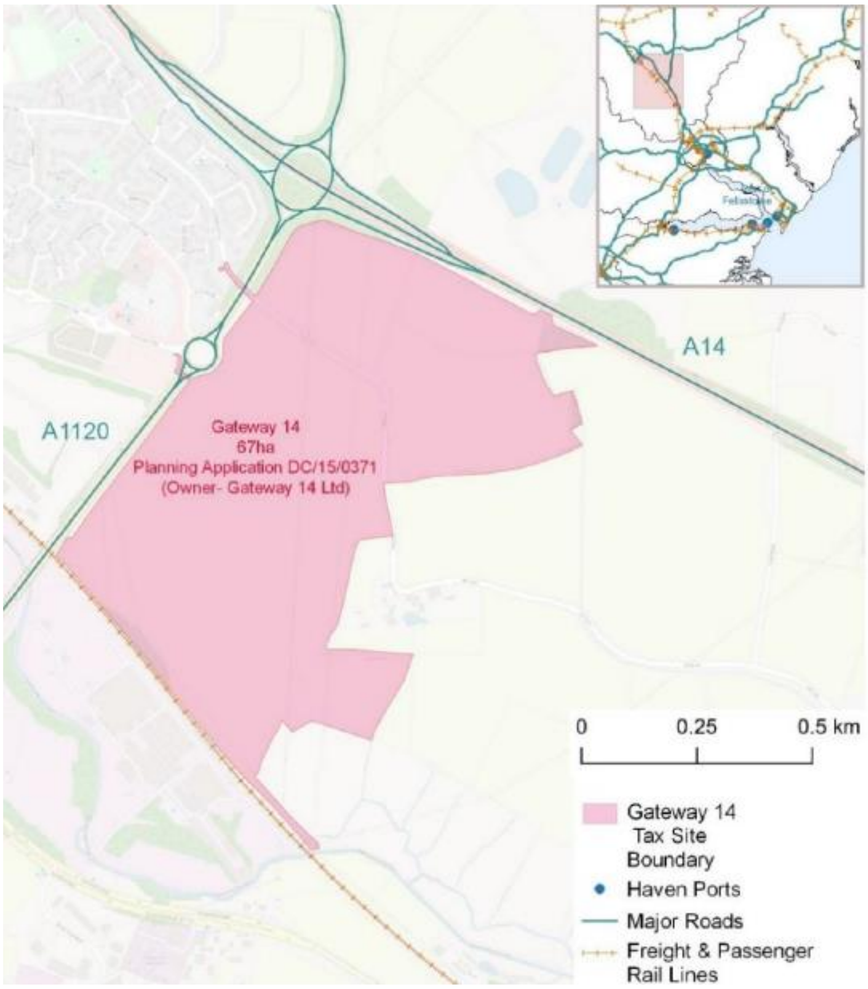
4


Harwich International Port
Harwich Town Centre
A120
0
0.25
0.5 km
Bathside Bay Constituent Plots
Bathside Bay Tax Site Boundary
Customs Zone Boundary
Plots Not Included in Tax Site
Major Roads
Freight & Passenger Rail Lines
Haven Ports


A14
0
100
200 m
Port of Felixstowe Logistics Park Tax Site Plots
Logistics Park Tax Site Outer boundary
Port of Felixstowe Boundary
Haven Ports
Major Roads
Freight & Passenger Rail Lines


Anzani Avenue Customs Site 2.8ha
A14
Port of Felixstowe Logistics Park Customs Site 28.1ha
A120
0
0.75
1.5 km
Port of Felixstowe Customs Zone
Port of Felixstowe Customs Sites
Port of Felixstowe Boundary
Haven Ports
Major Roads
Freight & Passenger Rail Lines

5



3. Discretionary Relief – Legislative Background

3.1. The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to top up cases where ratepayers already receive mandatory relief.

3.2. Over recent years and particularly since 2011, the discretionary relief provisions as defined by section 47 of the Local Government Finance Act 1988 (as amended) have been used by government to provide assistance to certain specified categories of business ratepayers without the need to change the legislation. However, whilst government provides general guidance, it is for the Council to ensure that all relief is granted strictly in line with the primary legislation and the Non-Domestic Rating (Discretionary Relief) Regulations 1989.

3.3. Unlike mandatory relief, ratepayers are obliged to make a written application to the Council. The Council is obliged to carefully consider every application on its merits, taking into account the guidance provided by government.

3.4. The decision to grant or not to grant relief is a matter purely for the Council. There is no statutory review process against any decision made by the Council, although as with any decision of a public authority, decisions can be reviewed by Judicial Review.

4. **Discretionary Relief – Freeport East**

4.1. Up to 100% discretionary business rate relief will be available to eligible businesses locating on tax sites within the Freeport area. Awards will be considered for new businesses moving into tax sites and certain existing businesses where they expand, on or before 30 September 2026.

4.2. Discretionary Relief under this policy will apply for a maximum of 5 years from the date which each beneficiary first receives relief. This means that if a business first received relief on 30 September 2026. The relief may be applied up to 29 September 2031.

5. Eligibility Principles – Awarding relief to new businesses locating to tax sites within the Freeport

5.1. Freeports business rates relief is available to new businesses moving into Freeport East after the date on which the Tax Site has been formally designated (30 December 2021), and on or before 30 September 2026, and occupying both existing and new hereditaments on the rating list.

5.2. Existing businesses within the Freeport area that seek to relocate onto a tax site in the Freeport area are unlikely to be eligible for the relief subject to consideration of paragraphs 5.6 and 6.6 below.

5.3. The business must occupy the hereditament and both existing and any new hereditaments must be shown on the local rating list.

5.4. New businesses which expand after moving into tax sites the Freeport (whether into new or existing buildings) will, in addition to any existing relief, be eligible for relief on any additional hereditaments they occupy within the Tax Site.

5.5. In considering what is a new business, the Council will lift the corporate veil and consider groups of companies to be single businesses.

5.6. The Council has discretion to apply additional tests as required on a case by case basis. The Council will look to avoid granting relief where businesses deliberately displace from within the Freeport East area in order to take advantage of the relief.

6. Eligibility Principles – Awarding relief to existing businesses within the Freeport tax sites

6.1. Subject to 6.3 to 6.6 below, full relief is available on a hereditament where a person has occupied the property comprising that hereditament for the first time on or after the date on which the Tax Site is designated (30 December 2021), and on or before 30 September 2026. This, for example, would include existing businesses expanding into a further property.

6.2. Subject to 6.3 to 6.6 below, partial relief is available on a hereditament where a person has occupied a room or similar within a hereditament for the first time on or after the date the Tax Site is designated (30 December 2021), and on or before 30 September 2026. For example, where an existing business builds an extension or takes on new rooms or floors in their building leading to an expansion of the hereditament.

6.3. Ratepayers cannot generally claim Freeport Relief merely by expanding their use of an existing room or similar within a hereditament. However, partial relief is available to a person in respect of part of a hereditament on which they were already the occupier or owner prior to the date on which the Tax Site is designated, provided that the space is within an existing room of a building and has become useable for the first time following development commenced on or after the date on which the Tax Site is designated (30 December 2021), and on or before 30 September 2026. A typical example would be installation of a mezzanine or access/fire control improvements to bring an existing space into use.

6.4. Improvements to space already or previously in use by the person prior to the date on which the Tax Site is designated, are not eligible for discretionary relief, e.g. general refurbishment or improved services such as heating and aircon.

6.5. The Council will need to determine the value of any part of the hereditament where partial relief is to be granted. Where the Council is unable to reasonably ascertain the increase in rates liability attributable to these factors, no relief shall be awarded.

6.6. The Council will retain the discretion to apply additional tests for Freeport Rates Relief in order to avoid or not incentivise displacement of business activity from within the Freeport or the surrounding area. This may include reducing the award of relief in cases where a ratepayer's occupation of a space arises in whole or in part from them vacating another space in the Freeport or surrounding area.

7. Principles for establishing the value of the Freeports Business Rates Relief

7.1 Subject to 6.3 below, the value of full relief for hereditaments falling within 5.1 above is 100% of the bill.

7.2 Subject to 6.3 below, the value of partial relief should be 100% of that part of the rates bill attributable to the part of the hereditament falling within 5.2 and 5.3 above where that increase is reasonably ascertainable. In establishing the part of the rates bill attributable to the part of the hereditament falling within 5.2 and 5.3 above, the Council will may have regard to:

- the survey and rating valuation of the hereditament provided by the ratepayer if available (e.g., for hereditaments valued by area on the rental comparison basis).
- a change to the rateable value where it is clear that the change is solely due to the addition to the valuation of the parts of the hereditament falling within 5.2 and 5.3 above.
- any other information the Council deems appropriate to determine the extent of the parts of the hereditament falling within 5.2 and 5.3 above.

7.3 The Council may withhold or reduce the Freeports Rates Relief in cases of displacement (see paragraphs 5.6 and 6.6 above)

8. Sequence of Reliefs

8.1 The relief will be applied after mandatory reliefs and other discretionary reliefs have been applied, excluding those where the Council has used its wider discretionary relief powers introduced by the Localism Act 2011. The Council may use its discretionary powers to offer further discounts outside this scheme, but where the Council applies a locally funded relief, this will be applied after the Freeport relief scheme.

9. Financing Reliefs

9.1 The government has indicated that it will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme for the local share of the discretionary relief, using a grant under section 31 of the Local Government Act 2003. However, this is not automatic, and the Council will ensure that relief is only granted strictly in line with government guidance.

10. Subsidy Control

10.1 The Subsidy Control Act provides the framework for a new, UK-wide subsidy control regime from 4 January 2023. The new UK subsidy control regime will enable public authorities, including devolved administrations and local authorities, to:

- deliver subsidies tailored to local needs
- support government priorities such as driving economic growth
- reach net zero

10.2 The Council will administer Freeport Business Rates Relief in accordance with the Statutory Guidance and associated documents issued by the Government, which are linked to below:

Statutory Guidance for the United Kingdom Subsidy Control Regime (publishing.service.gov.uk)

Subsidy Control rules: quick guide to key requirements for public authorities - GOV.UK (www.gov.uk)

Subsidy control principles assessment template - GOV.UK (www.gov.uk)

11. Administration of Discretionary Relief - Applications and Evidence

11.1 Relief must be applied for in writing by the ratepayer. The Council will ensure that the application forms for discretionary rate relief are made available to ratepayers upon request as well as through the Council's website. Reliefs will be administered by the Anglia Revenues Partnership.

Business rates » East Suffolk Council

11.2 Ratepayers are required to provide a completed application form plus any evidence, documents, accounts, financial statements, etc. necessary to allow the Council to make a determination. Application forms and guidance notes will set out the evidence requirements that need to be met for a decision to be made. Failure to provide the necessary evidence will delay the decision making process, could result in no relief being granted.

11.3 The Non-Domestic (Business) Rates Team can provide assistance or advice to any organisation or business on the completion of applications. The Council will provide this service and any guidance free of charge. Ratepayers are encouraged to approach the Council direct and not pay for such services through third parties.

12. Administration of Discretionary Relief – Granting of Relief

12.1 The Council will notify the ratepayer of all decisions made.

12.2 Where an application is successful, the rate relief will be awarded by means of a reduction in liability shown on the business rates bill issued to the ratepayer. Where this puts the account in credit for the year, a refund will be made by the Council. A new Rate Demand Notice will be issued and the following will be notified to the ratepayer in writing:

- The amount of the relief granted and the date from which it has been granted;
- If relief has ben granted for a specified period, the date on which it will end;
- The new chargeable amount;
- The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
- A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.

12.3 Where relief is not granted then the following information will be provided, again in writing:

- An explanation of the decision within the context of the Council's statutory duty; and
- An explanation of the appeal rights (see section 16 below).

12.4 Discretionary relief is to be granted from the date of the qualifying event.

12.5 Under Discretionary Rate Relief legislation, backdated applications can only be granted relief for the previous financial year within 6 months of the start of the current financial year.

13. Administration of Discretionary Relief – Variation of a decision

13.1 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:

- Where the amount is to be increased by the Council, from the date to be decided by the Council;
- Where the amount is to be reduced due toa reduction in the rate charge from the date of the decrease in the rate charge; and
- Where the amount is to be reduced for any other reason, to take effect at the expiry of a financial year, and so that at least one year's notice is given.

13.2 A decision might be revoked at any time and the change will take effect at the expiry of a financial year.

14. Scheme of Delegation – Granting, Varying, Reviewing and Revocation of Relief

14.1 All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003, and the Localism Act 2011. However, section 223 of the Local Government Act 1992 allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees, or Officers.

14.2 The Council's scheme of delegation allows for Head of NNDR Recovery and Enforcement to award, revise or revoke any discretionary relief applications. However any application which is considered to be of a significant nature, will be subject to consultation with the Section 151 Officer of the Council prior to final determination.

14.3 Applications that are refused will, on request, be reconsidered if additional supporting information is provided or the refusal is subsequently considered to be based on a misinterpretation of the application.

15. Scheme of Delegation – Reviews

15.1 The policy for grating relief will be reviewed annually or where there is substantial change to the legislation or funding rules. The Council's Section 151 Officer has been delegated powers which enable changes to this scheme to either meet the Council's requirements or changes in legislation.

16. Scheme of Delegation – Appeals

16.1 Where the Council receives an appeal from an ratepayer regarding the granting, refusal, or the amount of any discretionary relief, the case will be reviewed by the Head of Anglia Revenues Partnership (ARP). Where a decision is revised then the ratepayer shall be informed, likewise if the original decision is upheld.

17. Reporting changes in circumstances

17.1 Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief to be reported as soon as possible and, in any event, not more than 21 days from the event occurrence.

17.2 This will be important where the change would result in the amount of the award being reduced or cancelled e.g. where the premises become unoccupied or are used for a purpose other than that determined by the Council as eligible for relief.

17.3 Where a change of circumstances is reported, the relief will, if appropriate be revised or cancelled. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

18. Fraud

18.1 Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

Agenda Item 14

ES/1146

Freeport East

Policy for managing Retained Business Rates

1. Purpose of the Policy

1.1 The purpose of this policy is to set out East Suffolk Council's arrangements for managing retained business rates generated in the district as a result of the Freeport East Initiative.

1.2 The document outlines how the retained business rates will be apportioned into different 'pots' which will enable Freeport East to deliver against the objectives set out in the Full Business Case. It will also set out the decision making and governance process assocaited with the expenditure of retained business rates in each of the 'pots'.

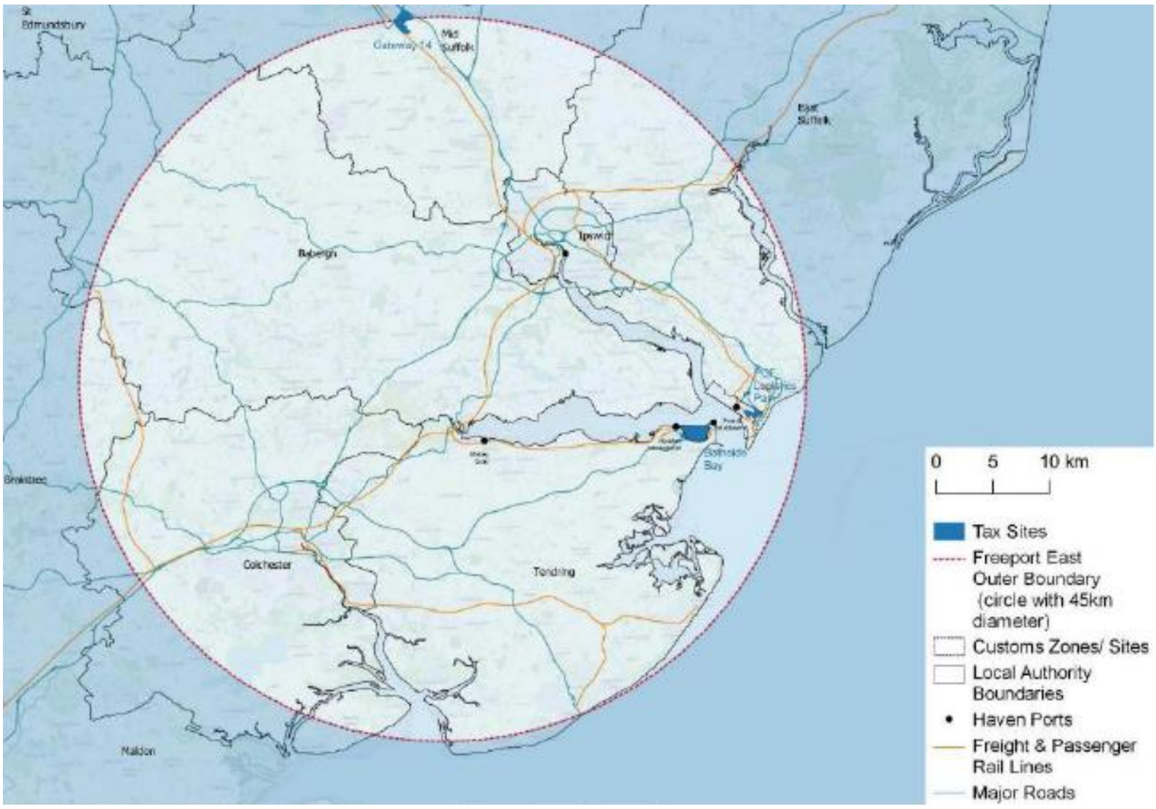
2. Freeport East Tax Sites and Retained Business Rates

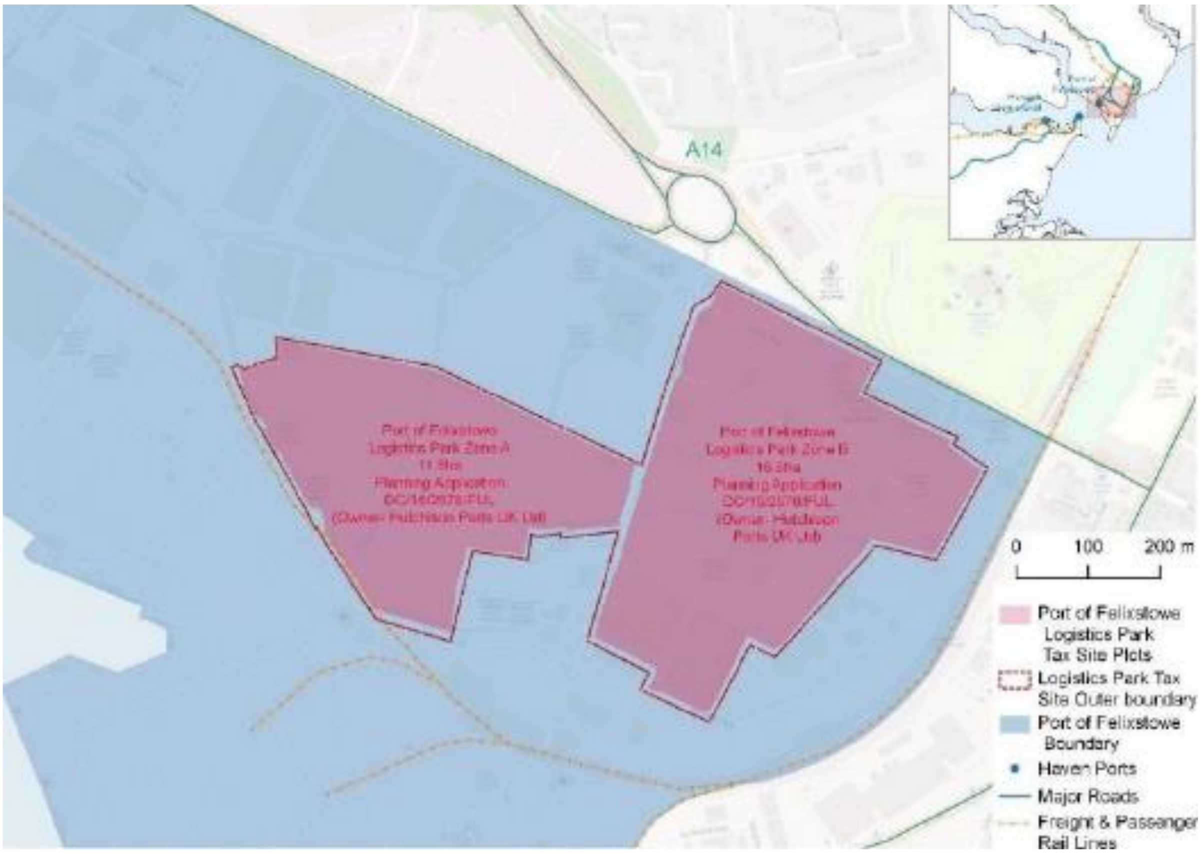
2.1 The Freeport East Tax Sites are the areas within the Freeport East Zone where a comprehensive range of tax reliefs will apply. These include:

- 100% relief from **Stamp Duty Land Tax**
- 10% enhanced rate of **Structures and Buildings Allowances**
- 100% **Enhanced Capital Allowances (ECA)** for use in freeport tax sites
- 0% **Employer National Insurance Contributions (NICs)** rate relief up to 9 years & up to £25k
- 100% relief from **Business Rates** for 5 years within Freeport tax sites.

2.2 It is only on these Tax Sites where businesses can apply for up to 100% business rate relief and where the relevant billing authorities (East Suffolk Council, Mid Suffolk District Council and Tendring District Council) can retain 100% of the business rate growth above an agreed baseline. The retained rates will be guaranteed for 25 years to encourage investment in regeneration and infrastructure development to support further sustainable growth. Rate relief and retained rates can only be awarded and generated on new investment within a tax site.

2.3 The Freeport East Tax Site within East Suffolk's council area is the Port of Felixstowe Logistics Park, also known as the Felixstowe Tax Site. The Tax Site was designated by the Government on 30 December 2021. The two maps below firstly show the whole 45km diameter Freeport East Zone and secondly the East Suffolk Tax Site in more detail.


Ipswich
Babergh
Colchester
Tendring
Maldon
Mid Suffolk
East Suffolk
Gateway 14
Felixstowe Bay
0 5 10 km
Tax Sites
Freeport East Outer Boundary (circle with 45km diameter)
Customs Zones/ Sites
Local Authority Boundaries
Haven Ports
Freight & Passenger Rail Lines
Major Roads


A14
0 100 200 m
Port of Felixstowe Logistics Park Tax Site Plots
Logistics Park Tax Site Outer boundary
Port of Felixstowe Boundary
Haven Ports
Major Roads
Freight & Passenger Rail Lines

2.4 Anticpated total business rates generation across the three Tax Sites is:

Tax Sites	Y 1-5	Y 6-10	Y 11-15	Y 16-20	Y 21-25	Total
Felixstowe (East Suffolk Council)	£4.3m	£13.5m	£15.7m	£17.2m	£17.2m	**£68.9m**
Harwich (Tendring DC)	£7.3m	£31.6m	£31.6m	£31.6m	£25.6m	**£127.9m**
Gateway 14 (Mid Suffolk DC)	£11.8m	£36m	£34.2m	£34.2m	£34.2m	**£150.5m**
Total	**£21.6m**	**£78.9 m**	**£82.6m**	**£83.1m**	**£77.1m**	**£343.3m**

The table shows that over the course of 25 years £68.9m of retained rates are anticipated to be generated at the Felixstowe Tax Site out of a total of £343.3m for the three Tax Sites combined.

3. Retained Business Rates 'Pots'

3.1 The principle of splitting retained business rates into pots based on how this funding will be used was first adopted by ESC (Waveney DC as was) for the Lowestoft and Great Yarmouth Enterprise Zone initiative. The government have modelled the Freeport business rate relief and retained rates incentives policy on the Enterprise Zone policy and as such ESC's Freeport retained policy mirrors this model.

3.2 Ahead of any allocation of retained rates Freeport East's operational costs will be 'top sliced' from all rates income generated by the three Tax Sites across the Freeport East zone. Furthermore, any direct costs attributed to ESC in its role as accountable body will also be topsliced. The amount of funding required to cover both Freeport East's and ESC's costs will be reviewed annually. The remaining retained rates will then be split into the following four pots:

Pot A1 – 16% of retained rates. This pot will partially reimburse ESC for the foregone income it would have received if this investment had taken place in the absence of the Freeport initiative. In any non-Freeport location around 50% of the retained business rates are retained by local authorities and used in the general fund budget.

Pot A2 – 4% of retained rates. This pot reimburses the County Council again for 'lost' income it would have gained in the absence of the Freeport initiative

Pot B – 35% of retained rates. This pot will be used to develop tax sites in a way which maximises business investment and thereby maximise future retained rates generation. Broadly, this pot will fund infrastructure investment or projects which support the acceleration and maximisation of business investment on any/ all of the tax sites as well as on adjacent areas, with priority access to the Pot for the site on which the monies are generated. Use of this Pot is subject to project approval by Freeport East to ensure that it is used to deliver on Freeport East aspirations.

Pot C – 45% of retained rates. This pot is for use across the whole of the Freeport East zone to deliver the objectives of the Freeport East initiative as set out within the Full Business Case. These include but are not limited to enhancing trade & inward investment, enhancing workforce skills, infrastructure investment, achieving net zero and promoting business innovation.

It is worth noting that there will be an additional pot relating to the Gateway 14 Tax Site in Mid Suffolk. Part of this site has previously been designated as an Enterprise Zone and therefore a specific additional pot will need to be negotiated with New Anglia Local Enterprise Partnership (NALEP). This is being modelled on the basis of a maximum 10%, but needs to be finalised. This will not affect the overall monies that will be available for Pot A or Pot B, but will reduce the overall sums available in Pot C

The geographical focus for each pot is as follows:

- Pot A1 –East Suffolk, Mid Suffolk and Tendring billing authorities
- Pot A2 – Essex and Suffolk County Councils
- Pot B – For use on all tax sites and local initiatives that will provide wider benefit to these sites and the businesses within it.
- Pot C – Focused on the Freeport Economic Area, supporting interventions that aim to support projects and programmes including inward investment, skills, innovation, trade, net zero, levelling up and regeneration

3.3 **Pot B principle**: As stated above Pot B retained rates will focus on infrastructuire investment which accelerates and maximises inward investment. Decisions taken on which tax sites to make this investment will also need to be mindful of those which will maximise the contribution to Pot C. This will assist with the collective buy in of individual billing authorities and wider Freeport East partners to Pot B investment decisions as Pot C will be used to benefit the whole Freeport East zone through meeting the objectives set out in the Full Business Case and Memorandum of Understanding.

4. Governance and decision making on retained rates spend

4.1 Legal agreements between Freeport East, the Billing and County Council authorities will be established to provide the legal basis for the 3 pots, A, B &C and any relevant sub pots. These will build on best practice from enterprise zone agreements, detailing definitions, commencement & term, fund splits, escalation, freedom of information, intellectual property, termination, change control and governing law and jurisdiction.

4.2 As stated above Pot A will be a simple partial reimbursemenmt to the billing authorities and county councils for foregone business rates income. Decisions on Pot B and C expenditure will initially be a matter for the Freeport East Management Committee, a forum comprising all Freeport partners. It is this group which will receive proposals for Pot B and C spend which will subsequently be subject to an assessment process undertaken by the Freeport East executive and the Accountable Body. The outcome of the assessment will then be reoported back to tne management Committee for dicsussion and decision, if it falls within the delegated powers of the committee. Descisions which sit outside these delegated powers will be escalated to the Supervisory Board. In all cases all decisions, whether delegated or not, will be reported to the Board.

4.3 ESC, in its accountable body role, will also be required to approve Pot B and C spend to ensure it meets ESC's responsibilities to the Freeport policy objectives which we are signatory to via the Memorandum of Understanding. Subgroups for each thematic area of the Freeport Policy will be tasked with the development of funding criteria that complies not only with the Freeport Policy objectives, Monitoring & Evaluation and Memorandum of Operation agreements but also aligns to local strategies and overarching programs relevant to each theme. Pot C will only be committed to projects/programmes that are within the Freeport area. ESC, in its role as accountable body, will also manage the pot C pooled business rate contribution of all the Freeport East billing authorities.

4.4 In assessing the value and suitability of the projects to be approved for funding from Pots B and C, Freeport East will conduct a cost benefit analysis against the measurable targets in the Monitoring and Evaluation criteria following best practice in programme management. As such the outputs to be considered could include:

- Business Growth
- Job Creation
- Apprentices
- Investment enquiries
- Development land allocated
- Land change use
- Planning applications
- Commercial floorspace developed
- Private Sector investment
- Trade volumes
- Foreign investment
- Skills outcomes
- Collaboration projects
- Net Zero indicators

4.5 Repayments on any loan to support the development of any tax site, would only come in the form of Pot B funding. Pot B’s % share will be set at a sustainable ratio that would allow the site to come forward in agreement with the billing authority and any parties that would be facilitating the availability of finance in advance of business rate income.

Agenda Item 15

ES/1429

EASTSUFFOLK COUNCIL

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Freeport East Capital Seed Funding
Report by	Councillor Craig Rivett Deputy Leader and Cabinet Member with responsibility for Economic Development Councillor Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officers	Paul Wood Head of Economic Development & Regeneration Paul.wood@eastsuffolk.gov.uk Brian Mew Chief Finance Officer Brian.mew@eastsuffolk.gov.uk

Is the report Open or Exempt?	OPEN

Wards Affected:	Eastern Felixstowe Western Felixstowe Woodbridge Kesgrave Martlesham and Purdis Farm Rushmere St Andrew Deben Melton Carlford and Flynn Valley Wickham Market Rendlesham and Orford Framlingham Orwell and Villages

Purpose and high-level overview

Purpose of Report:
To seek approval from Full Council to the proposed management and operation of the Freeport East Capital Seed Fund, which sets out how £25m of central Government Freeport capital funding will be managed and allocated. ESC, as Accountable Body, for Freeport East is required to establish a process for the management of these funds which demonstrates good governance and ensures they are allocated as detailed within the Full Business Case and Memorandum of Understanding (MoU). The Capital Seed Fund allocation will support Freeport East's development through major investment in the three tax sites to maximise inward investment and create confidence in Freeport East as a commercial proposition. Maximising the business investment potential through the use of the Capital Seed Fund will support the delivery of the wider Freeport East objectives as set out within the Full Business Case and Memorandum of Understanding (MoU) through the generation retained business rates.
Options:
Any other option aside from adopting a clear and robust process to manage the Capital Seed Fund would be contrary to the MoU ESC has signed committing the Council as billing authority and Accountable Body to deliver Freeport East objectives.

Recommendation/s:
That the Freeport East Capital Seed Funding Management process attached as Appendix A be approved in line with the Council's role as the Freeport Accountable Body.

Corporate Impact Assessment

Governance:
Proposals for the expenditure of the Capital Seed Fund will initially be jointly assessed by Freeport East and ESC in its role as Accountable Body. Recommendations on the award of funding will then be reviewed by the Freeport East Management Committee and subsequently the Supervisory Board subject to any future delegations. ESC is represented on both of these governance groups and will be required to provide final approval in its Accountable Body role. Monitoring and compliance through the delivery of capital seed funded projects will be undertaken by Freeport East and ESC.
ESC policies and strategies that directly apply to the proposal:
East Suffolk Strategic Plan East Suffolk Economic Growth Plan
Environmental:
The positive environmental impacts of Freeport East have previously been documented. There are no specific impacts from this report.

Equalities and Diversity: An Equalities Impact Assessment has previously been undertaken for Freeport East. There are no specific impacts from this report.
Financial: As Accountable Body, ESC is required to produce and ensure good governance of the Capital Seed Fund management and awarding process. It will hold the £25m capital seed pot and allocate based on the governance model described in the Governance Impact section. ESC's Section 151 Officer will be accountable for approving all seed capital awards and ensuring that they are in accordance with the requirements of the Memorandum of Understanding and the Freeport East Business Case.
Human Resources: There are no HR implications to this report.
ICT: There are no ICT Implications to this report.
Legal: Providing good governance of the Capital Seed Fund is a requirement of the MoU signed by ESC with DLUHC and Freeport East partners. The Subsidy Control Act provides the framework for a new, UK-wide subsidy control regime from 4 January 2023, and as the accountable body, the Council will administer seed capital funding in accordance with the Statutory Guidance and associated documents issued by the Government.
Risk: Any risk to the good governance of the Capital Seed Fund by ESC has been attempted to be mitigated by the process set out within the Capital Seed Fund Management document – see Appendix A.

External Consultees:	Consultation has taken place with all Freeport East partner organisations.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: *(Select only one primary and as many secondary as appropriate)*		**Primary priority**	**Secondary priorities**
T01	**Growing our Economy**		
P01	Build the right environment for East Suffolk	☐	☒
P02	Attract and stimulate inward investment	☒	☐
P03	Maximise and grow the unique selling points of East Suffolk	☐	☒
P04	Business partnerships	☐	☐
P05	Support and deliver infrastructure	☐	☒
T02	**Enabling our Communities**		
P06	Community Partnerships	☐	☐

P07	Taking positive action on what matters most	☐	☐
P08	Maximising health, well-being and safety in our District	☐	☐
P09	Community Pride	☐	☐
T03	**Maintaining Financial Sustainability**		
P10	Organisational design and streamlining services	☐	☐
P11	Making best use of and investing in our assets	☐	☐
P12	Being commercially astute	☐	☐
P13	Optimising our financial investments and grant opportunities	☐	☒
P14	Review service delivery with partners	☐	☐
T04	**Delivering Digital Transformation**		
P15	Digital by default	☐	☐
P16	Lean and efficient streamlined services	☐	☐
P17	Effective use of data	☐	☐
P18	Skills and training	☐	☐
P19	District-wide digital infrastructure	☐	☐
T05	**Caring for our Environment**		
P20	Lead by example	☐	☐
P21	Minimise waste, reuse materials, increase recycling	☐	☐
P22	Renewable energy	☐	☒
P23	Protection, education and influence	☐	☐
XXX	**Governance**		
XXX	How ESC governs itself as an authority	☐	☐

How does this proposal support the priorities selected?

Growing our Economy

Build the right environment for East Suffolk: Freeport East has led to the creation of the Felixstowe Tax Site and approval of the MoU will release capital seed funding part of which will be used to invest in this site to support significant business investment.

Attract and stimulate inward investment: the overarching aim of the Freeports initiative is to attract inward business investment to support the delivery of Freeport objectives i.e. Levelling Up, Innovation and Net Zero.

Maximise and grow the USPs of East Suffolk: As the country's busiest container port, the Port of Felixstowe is already a major economic USP for the District. The creation of the Freeport and subsequent investment in the Felixstowe Tax Site further embeds its importance and as part of the massively important sub-regional logistics sector which exists in the wider Freeport East zone.

Support and deliver infrastructure: The creation of the Freeport is leading to the creation of new business infrastructure in the form of the three Tax Sites and Customs Sites. The approval of the FBC supports further investment in these sites and will support the delivery of retained business rates over 25 years which will in part be reinvested in infrastructure to support the sub-regional economy.

Maintaining Financial Sustainability

Optimising our financial investments and grant opportunities: The creation of a Freeport will allow ESC to retain business rates, for a period of 25 years, from businesses who locate on the Port of Felixstowe Freeport tax site. A portion of this income will be for ESC to use in whichever way it wishes with the remainder pooled with retained rates from the other tax sites for further development of these investment zones and the delivery of Freeport East objectives across the whole Freeport zone. Furthermore, the Freeport will allow access to a variety of external funding sources to support the objectives of Freeport East, which will support further sustainable economic growth within the District.

Caring for our environment

Renewable Energy: A key Freeport East project is the Green Energy Hub which will focus on the generation and use of clean energy. As part of the hub an electrolyser will be established at the Port of Felixstowe to produce green hydrogen to decarbonise port activities. A further objective of the hub is to establish an offshore wind facility at Bathside Bay to provide laydown space and facilities to service nearby offshore wind farms.

Background and Justification for Recommendation

1	Background facts
1.1	As part of their flagship Freeport policy, government has committed to allocating Freeport East a total of £25m seed capital funding, following the approval of the Full Business Case and MoU. This funding is for investment in the three Freeport East tax sites and allocations, subject to due diligence and a robust governance process, have been made which will help support the maximisation of inward investment in these sites in line with Freeport East policy objectives i.e. enhancing trade & investment, creating hotbeds of innovation and levelling up.
1.2	To award funding from the Capital Seed Fund the Council, as Accountable Body, is required to establish a mechanism to allocate and manage grants based on the Tax Site allocations set out in the Full Business case and subsequently the MoU.

2	Current position
2.1	The Capital Seed Fund will be spent directly within the three designated Tax Sites to enable the Freeport to accelerate and de-risk significant infrastructure development which will maximise potential inward investment, creating confidence in Freeport East as a commercial proposition and creating the conditions for private sector partners to invest. Additionally, the seed capital funding also supports the freeport in kickstarting a comprehensive upskilling and employment programme for the local area.
2.2	The seed capital fund will be spent over a three-year period and is allocated as follows: • Felixstowe Tax Site £12m • Gateway 14 Tax Site £6m • Harwich Tax Site (Bathside Bay) £7m

2.3	For the Felixstowe site estimated spend is split between 2023/24 (£8.46m) and 2024/25 (£3.54m) and will support four main areas of infrastructure investment: • HV site power to support de-carbonisation in the Supply Chain • Managing flood risk through design • Contaminated land remediation • Site enabling works Details of Capital Seed Fund spend in the other tax sites is contained within the management document at Appendix A.
2.4	A grant funding process has been designed for the allocation of funds. Each project will require a full business case to be presented, evidencing compliance with all the relevant policies and to explain how the project will provide value for money. Each business case will be appraised against a set of criteria set out within the process policy.

3	How to address current situation
3.1	The Seed Capital Fund management and allocation process provides a mechanism to invest this funding in line with the objectives of Freeport East. In its role as Accountable Body, ESC is required to ensure good governance of these funds as prescribed within the MoU to which the Council is a signatory.
3.2	All projects applying for a capital seed fund award will be required to develop a business case to evidence their compliance with all relevant policies and explain how the project will provide Value for Money. These business cases will be jointly assessed by Freeport East and ESC to determine strategic fit with the vision of the tax site and Freeport East overall objectives, as well as deliverability of each project. Projects will then be taken through a Green Book Appraisal process, proportionate to the scale of funding involved and led by Freeport East. Areas assessed include strategic fit, value for money, deliverability, affordability, additionality and need.
3.3	Recommendations for seed capital awards are then reviewed by the Management Committee and Supervisory Board, subject to delegations. Subsidy control will be an important consideration during this process as significant levels of funding are being awarded to commercial organisations. As such the respective billing authorities as well as ESC in its Accountable Body role needs to ensure that all recipients of subsidy applied for and received are within their legal limits as a UK organisation.
3.4	Following an award Freeport East and ESC will ensure robust monitoring and compliance throughout the delivery phase to provide confidence that expenditure is being properly used to deliver the outcomes set out within the initial application.

4	Reason/s for recommendation
4.1	To access the Freeport Capital Seed Fund, government needs to be reassured that the Council, as Accountable Body, has a robust grant management process in place. This is a requirement of the MoU to which ESC is a signatory and to adopt and implement this process, Full Council approval is required due to the scale of funding (£25m) involved. Furthermore, ESC is a founding member of Freeport East and is keen to ensure the economic benefits of tax site investment are realised both for own district but the wider Freeport area – this funding will accelerate and maximise such positive economic outcomes.

Appendices

Appendices:	
Appendix A	Freeport East Capital Seed Fund Management

Background reference papers:		
Date	**Type**	**Available From**
November 2022	Freeport East Full Business Case	Freeport East FBC v0.13.docx

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Freeport East Capital Seed Fund Management

Background

Freeport East is comprised of 3 Tax Sites, each of which have a very different development model and ambition, but which are complementary in nature and collectively support the delivery of the Government's ambitious Freeport policy and Levelling Up agenda.

Our multi-site development is aimed at attracting new industry to the local area to create significant numbers of new, highly skilled jobs. It is transformational in nature, targeting new industry sectors (offshore wind, both fixed and floating, hydrogen production as well as encouraging and facilitating investment in established sectors including innovation, manufacturing, decarbonisation, advanced logistics and industrial uses) which do not yet have a presence in the UK, nor necessarily an established business model, in order to support the delivery of the Levelling Up Agenda alongside the Government's 10-Point Plan for a Green Industrial Revolution, Hydrogen and Net Zero Strategies and the British Energy Security Strategy.

Government has committed to allocating Freeport East a total of £25 million seed capital funding upon approval of its Full Business Case.

The seed capital allocation will enable the freeport to accelerate and de-risk important preparatory activities, creating confidence in Freeport East as a commercial proposition and creating the conditions for private sector partners to invest. Additionally, the seed capital funding also supports the freeport in kickstarting a comprehensive upskilling and employment programme for the local area.

Seed Capital Allocation

The Freeport East Seed Capital funding will be spent directly within the three designated Tax Sites to accelerate development over a three-year period, increasing the amount of time Freeport interventions can be accessed by incoming investors and to increase the amount of retained rates to unlock wider investment and provide funding to achieve wider freeport objectives.

In accordance with the Full Business Case, submitted to the Department for Levelling Up, Housing and Communities (DLUHC) and the signed Memorandum of Understanding (MoU), the proposed allocation of seed capital funds is as follows:

Tax Site	Allocation
Felixstowe	£12m
Gateway 14	£6m
Harwich / Bathside Bay	£7m

Any changes to this proposed allocation between sites would need to be separately approved by the Governing Body and in accordance with the MoU.

The **£12m Seed Capital allocation for Felixstowe** will look to support four main areas that are core infrastructure barriers to bringing forward the site:

- HV Site Power to Support De-Carbonisation in the Supply Chain
- Managing Flood Risk through Design
- Contaminated Land Remediation
- Site Enabling Works

The £6m Seed funding allocation for Gateway 14 will specifically be used to support the delivery of two programmes that are not commercially viable to deliver without public intervention:

- Investment in a battery storage facility on site which will help address the challenges around connections to the grid and high energy costs for businesses and deliver on our net zero ambitions. We are expecting to deliver this to coincide with the first occupation of the site in 2023.
- Fast-track delivery of the Innovation and Skills centre allowing tenants of the site to access the Freeport benefits prior to the cut-off point in 2026 as well as accelerating the generation of business rates and job creation in this high value cluster.

The £7m Seed Capital allocation for Harwich will specifically be used to support the following projects that seek to add value and support freeport policy objectives

- The installation of, and groundworks for, a new high-voltage power cable capable of supporting the planned usage of Bathside Bay as a Green Energy Hub
- The construction of new green access networks (to include new walking and cycling paths) to enable improved access to the port from the local area and a reduction in car usage for local traffic
- Environmental mitigations required as part of implementing the planning consents which must be in place prior to the port's operation

Annual Seed Capital Expenditure

The following table sets out estimated annual seed capital expenditure across the three Tax Sites, assuming the Full Business Case is approved in December 2022:

Expenditure	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	Total
Harwich	-	£5,600,000	£1,400,000		£7,000,000
Felixstowe	-	£8,460,000	£3,540,000		£12,000,000
Gateway 14	£250,000	£5,750,000			£6,000,000

Grant Funding Process

All projects will be required to develop a business case to evidence their compliance with all relevant policies and explain how the project will provide Value for Money.

These business cases will be subject to the following assessment and appraisal:

- An initial assessment is undertaken jointly by Freeport East and East Suffolk Council (as the Accountable Body) to determine strategic fit with the vision of the tax site and Freeport East overall objectives, as well as deliverability of each project. Projects that do not meet the eligibility criteria do not proceed beyond this stage.

- Projects are then taken through a Green Book Appraisal process, proportionate to the scale of funding involved and led by Freeport East. Areas assessed include strategic fit, value for money, deliverability, affordability, additionality and need.

- Recommendations of seed capital awards are reviewed by the Management Committee and the Supervisory Board, subject to any future delegations.

- Successful projects receive a funding award letter outlining specific conditions of the grant.

- Unsuccessful projects are provided with feedback on why their proposal was not awarded funding.

- Local Authorities will ensure that all recipients of subsidy are made aware of their legal obligation to check that all subsidy applied for and received is within their legal limits as a UK organisation.

- A pre-condition of the grant award will be that any recipient party must have proper procedures in place or adopt policies or procedures from either East Suffolk Council or Freeport East to ensure compliance with spend for any projects associated with the grant award. Appropriate provisions permitting Freeport to suspend, withhold or clawback funding will be included in grant funding agreements.

- The seed capital funding is administered by East Suffolk Council, as the Accountable Body.

- The Subsidy Control Act provides the framework for a new, UK-wide subsidy control regime from 4 January 2023. The new UK subsidy control regime will enable public authorities, including devolved administrations and local authorities, to:
    - deliver subsidies tailored to local needs
    - support government priorities such as driving economic growth
    - reach net zero

- East Suffolk Council will administer seed capital funding in accordance with the Statutory Guidance and associated documents issued by the Government, which are linked to below:

  Statutory Guidance for the United Kingdom Subsidy Control Regime (publishing.service.gov.uk)

  Subsidy Control rules: quick guide to key requirements for public authorities - GOV.UK (www.gov.uk)

  Subsidy control principles assessment template - GOV.UK (www.gov.uk)

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- Freeport East will ensure monitoring and compliance throughout delivery of the funded projects on behalf of East Suffolk Council and will act to resolve any conflicts between tax site owner plans and the grant award conditions to ensure all measures are being met.

- When an award is made, a Purchase Order and invoicing schedule is set up with the recipient and quarterly monitoring meetings are held with all projects to review funding, drawdown, delivery, outcomes and impact. These *quarterly meetings* are supported by a template, which is returned by each project in advance of the meeting and reviewed by Freeport East Head of Strategy, Policy & Delivery.

- Reports on monitoring and compliance will be provided on a quarterly basis to the Freeport East Management Committee.

- Data monitoring for all seed capital projects will be provided to Government on a six-monthly basis in line with requirements set for all Freeports.

- A project close-out template will be developed to capture lessons learned through delivery of the projects as/when funding / activity has been concluded.

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Agenda Item 16

ES/1426

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Calendar of Meetings for 2023-24
Report by	Councillor Steve Gallant Leader of the Council
Supporting Officer	Chris Bing Monitoring Officer and Head of Legal and Democratic Services Chris.bing@eastsuffolk.gov.uk 01394 444408

Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is **NOT** in the public interest to disclose the exempt information.	Not applicable.
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:
To seek approval for the Calendar of Meetings for the 2023 /24 municipal year. The Calendar of Meetings provides the framework for the democratic and decision-making processes that will underpin the delivery of the key priorities identified within the Council's East Suffolk Strategic Plan.
Options:
None. The Calendar of Meetings provides the framework for the Council's democratic and decision-making processes and is a statutory requirement. It also enables all Members of the Council to plan and insert proposed meeting dates in their diaries in advance and allows the public and press to view future meeting dates.

Recommendation:
That the Calendar of Meetings for 2023/24 be approved.

Corporate Impact Assessment

Governance:
There are statutory and constitutional requirements to hold Council meetings to formulate decisions and to approve policies / strategies. The publication of Agendas and reports for meetings are undertaken in accordance with statutory requirements. Meetings have been scheduled to enable effective decision-making whilst making the best use of resources. The meetings have also been programmed to ensure that decision-making is undertaken in a timely way to help with the implementation of Council strategies, plans, priorities and in fulfilling statutory and constitutional obligations. Publication of the Calendar of Meetings allows the public to know in advance when Council and Committee meetings are being held.
ESC policies and strategies that directly apply to the proposal:
Not applicable
Environmental:
Not applicable
Equalities and Diversity:
Our meetings will be convened in venues that meet the requirements of the Equality Act 2010, in terms of public accessibility, in order to ensure access to Council meetings for all. Both East Suffolk House and Riverside meeting the Equality Act 2010 requirements for public accessibility. In addition, copies of the Agenda, reports or supporting documentation can be made available in large print, Braille or in a different language, on request.

Financial: The cost of administering all of the proposed meetings can be met from within existing budgets.
Human Resources: Not applicable.
ICT: The public can view Council meetings (including Committees and Sub-Committees) online, via YouTube, when 'open' items of business are being considered. The Agenda and accompanying 'open' reports for meetings are made available to view on the Council's website.
Legal: There are statutory and constitutional requirements to hold Council meetings to formulate decisions and to approve policies / strategies. The publication of Agendas and reports for meetings are undertaken in accordance with statutory requirements. Meetings have been scheduled to enable effective decision-making whilst making the best use of resources. The meetings have also been programmed to ensure that decision-making is undertaken in a timely way to help with the implementation of Council strategies, plans, priorities and in fulfilling statutory and constitutional obligations. Publication of the Calendar of Meetings allows the public to know in advance when Council and Committee meetings are being held.
Risk: Not applicable.

External Consultees:	External consultation is not necessary. However, due care has been taken not to hold meetings at the same time as other nearby local authorities such as Suffolk County Council.

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: *(Select only one primary and as many secondary as appropriate)*		**Primary priority**	**Secondary priorities**
T01	**Growing our Economy**		
P01	Build the right environment for East Suffolk	☐	☐
P02	Attract and stimulate inward investment	☐	☐
P03	Maximise and grow the unique selling points of East Suffolk	☐	☐
P04	Business partnerships	☐	☐
P05	Support and deliver infrastructure	☐	☐
T02	**Enabling our Communities**		
P06	Community Partnerships	☐	☐
P07	Taking positive action on what matters most	☐	☐
P08	Maximising health, well-being and safety in our District	☐	☐

P09	Community Pride	☐	☐
T03	**Maintaining Financial Sustainability**		
P10	Organisational design and streamlining services	☐	☐
P11	Making best use of and investing in our assets	☐	☐
P12	Being commercially astute	☐	☐
P13	Optimising our financial investments and grant opportunities	☐	☐
P14	Review service delivery with partners	☐	☐
T04	**Delivering Digital Transformation**		
P15	Digital by default	☐	☐
P16	Lean and efficient streamlined services	☐	☐
P17	Effective use of data	☐	☐
P18	Skills and training	☐	☐
P19	District-wide digital infrastructure	☐	☐
T05	**Caring for our Environment**		
P20	Lead by example	☐	☐
P21	Minimise waste, reuse materials, increase recycling	☐	☐
P22	Renewable energy	☐	☐
P23	Protection, education and influence	☐	☐
XXX	**Governance**		
XXX	How ESC governs itself as an authority	☒	☐

How does this proposal support the priorities selected?

There are statutory and constitutional requirements to hold Council meetings to formulate decisions and to approve policies / strategies. The publication of Agendas and reports for meetings are undertaken in accordance with statutory requirements.

Background and Justification for Recommendation

1	Background facts
1.1	The Calendar of Meetings provides the framework for the Council's democratic and decision-making processes and is a statutory requirement.
1.2	It also enables all Members of the Council to plan and insert proposed meeting dates in their diaries in advance and allows the public and press to view future meeting dates.
1.3	The publication of Agendas and reports for meetings must be undertaken in accordance with statutory requirements.
1.4	It is important that the Council's meetings are programmed to ensure that decision-making is undertaken in a timely way to help with the implementation of Council strategies, plans, priorities and in fulfilling statutory and constitutional obligations.

2	Current position
2.1	The Council has a current Calendar of Meetings for 2022-23, which was approved by Full Council at its meeting in January 2022. This enabled the effective consideration of Council business and covered the period from May 2022 to May 2023.
2.2	Previously, the start time of meetings has been standardised in order to give consistency and to accommodate the anticipated volume of business.
2.3	The Chairman of the Council / Chairmen of Committees have the power to call additional or 'Extraordinary' meetings when required, to accommodate urgent or unscheduled items of business or to change a meeting date to reflect unexpected circumstances (eg bad weather etc).

3	How to address current situation
3.1	It is therefore best practice for Full Council to approve a Calendar of Meetings for 2023-24, as recommended within the report.
3.2	The Calendar, once approved, will be publicised and will be available to view on the Council's website: www.eastsuffolk.gov.uk
3.3	The meeting papers for Full Council, Cabinet and the Committees are also available to view on the website.
3.4	The majority of the Council's meetings are available to view on the Council's YouTube channel, when 'open' items of business are being considered.

4	Reason for recommendation
4.1	To enable the effective scheduling of Council business for 2023/24.

Appendices

Appendices:	
Appendix A	The proposed Calendar of Meetings for 2023-24

Background reference papers:
None

EAST SUFFOLK COUNCIL - CALENDAR OF MEETINGS 2023/24

	MEETING DATE												
	2023								2024				
Committee	**MAY**	**JUN**	**JUL**	**AUG**	**SEPT**	**OCT**	**NOV**	**DEC**	**JAN**	**FEB**	**MAR**	**APR**	**MAY**
♦ **CABINET BRIEFING **** **Tuesday at 4.30pm**		20	18	15	19	17	21	12	16	20	19	16	21
CABINET **Tuesday at 6.30pm**		6	11		5	3	7	5	2	6	5	2	7
FULL COUNCIL **Wednesday at 6.30pm**	24		26		27		22		24	21	27		22
SCRUTINY COMMITTEE **Thursday at 6.30pm**			20		21	19	16	21	18	22	21	18	16
AUDIT & GOVERNANCE COMMITTEE **Monday at 6.30pm**			10		11			11			11		
STRATEGIC PLANNING COMMITTEE **Monday at 10.30am**			3			2			8			8	
PLANNING COMMITTEE NORTH **Tuesday at 2pm**		13	11	8	12	10	14	12	9	13	12	9	14
PLANNING COMMITTEE SOUTH **Tuesday at 2pm**		27	25	22	26	24	28	19	23	27	26	23	28
LICENSING COMMITTEE **Monday at 6.30pm**			17			16			15			15	
LICENSING SUB-COMMITTEE (Ad hoc)													
SOUTHWOLD HARBOUR MANAGEMENT COMMITTEE **Thursday at 4pm**			13		14		9		11		14		9
SHAREHOLDER REFERENCE GROUP – **Tuesday at 2pm**		6			5			5			5		

ARP JOINT COMMITTEE **Tuesday at 11am**		13			12			5			5		

COMMUNITY PARTNERSHIPS AND COMMUNITY PARTNERSHIP BOARD

			2023								2024				
	DAY	TIME	MAY 2022	JUNE 2022	JULY 2022	AUG 2022	SEPT 2022	OCT 2022	NOV 2022	DEC 2022	JAN 2023	FEB 2023	MAR 2023	APRIL 2023	MAY 2023
Aldeburgh, Leiston & Saxmundham CommunityPartnership	Ad-hoc	3.30pm													
Beccles, Bungay, Halesworth & Villages Community Partnership	Mon	6pm													
Carlton Colville, Kessingland, Southwold & Villages Community Partnership	Weds	Ad-hoc													
Felixstowe Peninsula Community Partnership	Ad-hoc	2pm													
Framlingham, Wickham Market & Villages Community Partnership	Thurs	6pm													
Kesgrave, Rushmere, Martlesham, Carlford & Fynn Valley Community Partnership	Ad-hoc	Ad-hoc													
Lowestoft & Northern Parishes Community Partnership	Weds	6pm													
Melton, Woodbridge & Deben Peninsula Community Partnership	Ad-hoc	4.30pm													
Community Partnership Board	Ad hoc	daytime													

Key to Symbols:

♦ **Private meeting**
** **Remote meeting**
~ **Extraordinary Meeting**

- **Meetings held at East Suffolk House, Melton, are indicated in gold(on Page 1)**
- **Meetings held at Riverside, Lowestoft are indicated in blue (on Page 1)**
- **Meetings held at the Meeting Room, Breckland House, St Nicholas Street, Thetford, IP24 1BT are indicated ingreen**
- **Meetings held at Stella Peskett Millenium Hall, Mights Road, Southwold, IP18 6BE are indicated in grey at 10am**

Bank & Public Holidays

2023- 29 May, 28 August, 25 and 25 December

2024 – 1 January, 29 March, 1 April, 6 May and 27 May

Notable Dates

4 May 2023 – District & Parish Elections
31 May and 1 June 2023 – Suffolk Show
4 – 6 July 2023 – LGA Conference
20 – 23 July 2023 – Latitude Festival

Please check the Council's website for more details and the papers for each meeting

Please refer to published agenda for confirmation of meetingarrangements

Please take notice that there are likely to be items at the aforementioned meetings that will be taken in private session. The most common reasons for the press and public being excluded are: information relating to any individual, information which islikely to reveal the identity of an individual and information relating to the financial orbusiness affairs of any particular person (including the authority holding that information).

Agenda Item 17

ES/1425

FULL COUNCIL

Wednesday, 25 January 2023

Subject	Cabinet Members' Report and Outside Bodies Representatives' Report to Council
Report by	Councillor Steve Gallant Leader of the Council

Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is **NOT** in the public interest to disclose the exempt information.	Not applicable.
Wards Affected:	All Wards

Purpose of Report:

To receive the Cabinet Members' Report and the Outside Bodies Representatives' Report to Council, for information.

Options:

Not applicable.

Cabinet Members' Reports to Council

Cabinet Member:	Councillor Mary Rudd, Cabinet Member with responsibility for Community Health
Contact Details:	mary.rudd@eastsuffolk.gov.uk Tel: 07867 372976

Licensing Services

Licensing Services is continuing to support licensed premises and drivers during the recovery from the pandemic and global economic difficulties caused by the war in Ukraine

In terms of numbers

(a) In relation to alcohol and entertainment, in December 2021 there were 1093 licensed premises and clubs in East Suffolk and in December 2022 there has actually been a small increase in this number, against a decrease in the number of licensed premises nationally year on year (since 2012 in the case of drink led premises and since 2017 in the case of food led premises), to 1125 Premises and Club Premises Licenses issued in East Suffolk.

(b) In relation to taxis, there was a decrease in the number of licensed hackney carriage vehicles in East Suffolk over the last 12 months an increase in private hire vehicles. In December 2021, there were 73 licensed hackney carriage vehicles, 350 licensed private hire vehicles and 81 private hire operators in East Suffolk. In December 2022, there were 65 licensed hackney carriage vehicles, 391 licensed private hire vehicles and 76 private hire operators. It is hoped that the new fare increase of 33% for a short journey on the standard Tariff 1 for the North of the district may reverse this shift from Hackney Carriage to private hire.

(c) In relation to gambling establishments in East Suffolk, in December 2021, there were 38 Gambling Premises Licences issued and by December 2022 there was a small reduction to 35 Gambling Premises Licences in East Suffolk.

The Christmas and New Year period has been quiet for Licenced Premises and no real issues have been reported by the Police, unfortunately there has been a further closure of a licenced premises between the Christmas and New Year Period.

Licensees in East Suffolk have had to be very resilient over the last year as the global financial difficulties have severely impacted their businesses with a significant drop in income through loss of custom coupled with an increase in expenditure. East Suffolk Council will do whatever it can to enable these businesses to grow in East Suffolk where the hospitality sector and night-time economy are of great importance to everyone who lives, works in and visits East Suffolk.

Cabinet Member:	Councillor Letitia Smith, Cabinet Member with responsibility for Communities, Leisure and Tourism
Contact Details:	letitia.smith@eastsuffolk.gov.uk Tel: 07824 865973

COMMUNITIES

Ease the Squeeze - Cost of Living Crisis response

Demand for support with the rising cost of living has continued to grow month by month, with over 400 referrals by the end of December – and 50% more referrals in December than in November. Just over a third of those contacting us have less than three days food left and almost 60% need help with budgeting, debt, accessing affordable credit, benefits and/or grants. The Financial Inclusion Team (within the Communities Service) are very busy, but are managing to contact everyone within 7 days of the contact (urgent food and other essentials needs are dealt with by the Communities Officers within 3 days).

In terms of the wider Ease the Squeeze programme, almost all projects are now live with key milestones as follows:

- 32 Warm Rooms funded, plus a joint grant for our network of libraries and multiple locations in both Beccles and Felixstowe
- 14 projects funded through the Cost of Living Community Grants in communities ranging from Sweffling to Felixstowe
- 13 locations offering Comfort Food – a chance for residents to access free hot food and drink at a local café/restaurant with the second phase of applications now live
- More than 250 Winter Warmth Packs distributed in East Suffolk so far
- Field to Fork Community Growing Space grants launched
- Tender process for an organisation to host a Food Network Co-ordinator live
- Cooking on a Budget and Community Pantry project launched early January
- Small stock of slow cookers, hobs and microwaves purchased for those with no means to cook hot food

We are holding an event focussing on the impact of the cost of living rises on rural communities on 26th January at East Suffolk House and will build on the 17 Help with Money roadshow events held in East Suffolk market towns between September and November 2022 with a programme of outreach at community events, schools and libraries.

East Suffolk Business and Community Awards

Judging for the awards took place in early January, including Community of the Year and Next Big idea – both supported through the Community Partnerships. I will update on the winners following the Awards event on 28th February.

East Suffolk Community Partnerships

Following the welcome decision by Full Council to continue to endorse and fund the Community Partnerships, the eight partnerships have been focussing on spending the remainder of their 2022/23 budgets. A number of Community Partnership have aligned at least part of their budget to the Ease the Squeeze programme whilst others are focussing on their refreshed priorities and there are some really creative projects being developed. Don't forget that all East Suffolk Councillors are integral to the success of the Community Partnership so please try to attend whenever you can.

2022/23 Enabling Communities Budget

Just a reminder that the end of the financial year is approaching fast and that all Enabling Communities Budget (ECB) applications need to be with the Funding Team by the end of February to ensure that they can be processed in time. The Communities Team will be producing the usual menu of options for Councillors who haven't yet spent all of their budget (this will be available in late January)

Youth Take Over Day

On 25th November 2022 as part of the annual Youth Take Over Day, the East Suffolk Council Communities Team ran an online session with 6 schools participating on the day and one additional school participating via a pre-submitted video submission. The challenge the young people had was to put together a big idea around the environment and climate change that they could deliver in their local community to meet the vision of the world in 2070. Schools were also asked to share good practice from their school around the environment and climate change. A judging panel heard presentations and ideas from each school and decided the winner. The winners of the challenge was Benjamin Britten High School, with SET Beccles and Felixstowe School also featuring in the top 3.

The day included presentations from Professor Mike Brock from University of East Anglia and also Daniel Wareing, East Suffolk Council Environmental Sustainability Officer. There was also a letter read out from Sir David Attenborough to inspire students for the day. The next steps after the day are sharing the learning from schools more widely and supporting schools on how best they can pursue their ideas. Some of the students' ideas are below:

- Holding a 'Green Day' in schools to educate about the environment – with activities like making bird boxes and planting flowers around school

- Encouraging local shops to sell items in recycled plastic packaging

- Planting more trees and asking local farmers and suppliers to encourage more wildlife (animal and insect homes, plants and more.)

TOURISM

Value of tourism – East Suffolk 2021

- 2021 volume and value of tourism report has recently been produced
- shows growth and recovery since 2020, still below pre-pandemic levels.
- to be expected since covid-related restrictions still in place during 2021.
- overall value of tourism in ES in 2021 was £466m - 57% up on 2020 but 34% < 2019

- 11,500 people employed in visitor economy - 27% higher than 2020 but 22% < 2019.

1. East Suffolk Visitor Economy Strategy

- approved by Cabinet in Sept
- focus – enabling sustainable growth in the sector
- support measures to exploit the numerous opportunities to sustainably grow the local visitor economy and mitigating any challenges.
- timing of the new strategy is important as it comes after one of the largest economic shocks the sector has ever faced

The district continues to offer an extremely strong tourism product built around 5 key strengths:

- Coastline
- Distinctive Towns & Villages
- Stunning natural landscape
- Events & Festivals
- History & Cultural Heritage

Growth Opportunities include:

- The growth of the 'staycation'
- Increased participation in cycling and walking activities
- Heightened awareness of wellbeing
- Rapidly growing interest in environmental matters
- The thirst for experiences
- Increase in dog ownership and including them on holiday.

Challenges:

- Enabling sensitive and sustainable growth that protects our high quality and diverse natural environment which is a major draw for tourist

- Proposed Sizewell C new nuclear development and wider 'energy coast' developments.
- £12 million Tourism Mitigation Fund negotiated with EDF that aims to mitigate potential negative impacts on the sector.

East Suffolk Visitor Economy Strategy group was re-established in November 2022 and will be monitoring the strategies progress.

2. Visitor economy capital investment

- Council has strong track record of investment in infrastructure supporting growth and development of visitor economy, examples include:

- The Kitchen@Felixstowe
    - Opened in May, on south seafront providing a contemporary destination café housed in an iconically designed building.
    - £1m+ development largely funded through the Coastal Community Fund secured by the Council's Economic Development & Regeneration team.
    - complements the private Beach Street private development and is part of a wider programme to enhance the visitor offer in this area of the resort.

- East Point Pavilion, Lowestoft
    - newly reimagined and refurbished East Point Pavilion opened in June to coincide with the First Light Festival.
    - interior completely redesigned to provide a contemporary food and beverage offer and live music venue.
    - £1.2m development represents a completely different visitor experience for Lowestoft and forms part of the ambitious wider regeneration and development programme

- Eastern Edge Beach Hut development, Lowestoft South Beach
    - 72 imaginatively/ boldly designed beach huts completed in June replacing the Jubilee Terrace beach hut development.
    - £3.5m scheme intentionally designed to provide a contemporary feel.
    - Alongside East Point Pavilion and First Light Festival forms part of a wider strategy to enhance, expand and modernise the tourism offer in Lowestoft.

ESC also has a very strong pipeline of capital investments which will continue to support a strong and diverse visitor economy offer. These include:

Beach Village and Activity Park, Felixstowe

- Work commenced last month and will complete by July 2023

Martello P Tower, Felixstowe

- Plans to develop the Napoleonic tower into an iconic visitor destination

Towns Fund Projects, Lowestoft

ESC successfully secured £24.9m from the Towns Fund to deliver a number of transformational projects in Lowestoft. All of these have a strong visitor economy focus as they are primarily leisure led developments and include:

- The redevelopment of the seafront along Royal Plain and Royal Green to improve the public realm and upgrade the popular Royal Plain fountains, complementing the EPP development
- Transforming the station building located in the heart of the town to a modern food and drink venue.
- A brand-new cultural attraction at the former Lowestoft Post office

- The development of a Cultural Quarter in the heart of the town centre providing new leisure facilities and upgrading the Marina Theatre.

3. Tourism partnership working

Alongside our direct delivery, ESC collaborates with a number of partners to achieve our ambitions for the tourism sector. We have worked with Visit East of England (VEE) to update the Destination Development Plan. The plan is a key tool used to influence government policy, attract funding and influence decision making.

Destination Development Plan 2022 by Visit East of England - Issuu

ESC has also been a key contributor to VEE's regional placemaking campaign which promotes the whole of the East of England as a tourism destination. With our long coastline, high quality natural and built environment and key attractions, East Suffolk continues to be a primary destination for people visiting this region. Collaborating on initiatives such as this maintains the district's positive profile.

ESC is also working closely with VEE, West Suffolk College and other partners on the £1.25m Visitor Economy Network Initiative (VENI) project. This is an industry collaboration project aimed at developing skills for the visitor economy and at a time of very high vacancy rates in hospitality is badly needed. ESC has been awarded funding to deliver a skills development project as part of the programme.

ESC is also collaborating with the Suffolk Growth partnership who have commissioned a review of Accessibility and Inclusion for the Suffolk Visitor Economy. ESC will be participating in a working group to develop the recommendations and actions from the review.

A key area that will be progressed is the development of accessibility guides, itineraries, destination information and how this is promoted to visitors and residents with accessibility needs.

4. Visit Suffolk Coast DMO

ESC jointly established the DMO in 2015 and has been a core financial contributor ever since. Funding is agreed based on three-year business plans setting out how the DMO will:

- Promote and market the Suffolk Coast to visitors
- Support the sector's recovery from the pandemic
- Grow advertising and membership
- Engage with regional/ national tourism bodies

Through direct engagement with the sector (the DMO has over 200 industry members) it monitors the health of the local tourism economy. Overall feedback during 2022 has been mixed with accommodation bookings generally down but last minute bookings being prominent. The DMO has created a 'special offers' section on its website to support businesses promoting their offers and to take advantage of the last minute booking trend.

The DMO has developed a Festival and Events Marketing Support Fund and has supported the following festivals this year:

- First Light Festival – June 2022, Lowestoft
- Maverick – July 2022, Easton
- Vessels Festival – July 2022, Lowestoft
- FolkEast – August 2022, Glemham
- Aldeburgh Food and Drink Festival – September 2022, Snape

The DMO works with festival organisers to deliver digital marketing campaigns to promote the events. This enables the DMO to demonstrate the power of digital marketing, so that in future the organisers can develop this type of marketing activity and make provision for it within future budgets.

The DMO's website www.thesuffolkcoast.co.uk is its primary mechanism for promoting East Suffolk as a tourism destination. It continues to outperform almost all other tourism sites across Norfolk and Suffolk. Users and page views have been down compared to 2021, however they continue to be significantly higher than in the comparable periods in 2020 and 2019. London and towns in the wider East of England area continue to be the most popular places the website audience comes from.

Social media continues to be an increasingly important tool for tourism promotion. Since 2019 the DMO's Facebook, Twitter and Instagram accounts have all displayed huge growth.

The Suffolk Coast launched their latest campaign on the 26th December, with a Google Display Ad campaign which will run for 30 days, and a Facebook Ads campaign which will run over a 2 month period. An in-depth analysis of page engagement, location data and demographics on www.thesuffolkcoast.co.uk has identified specific target audiences that offer greater potential for bookings and visits.

The new experiences section on the website went live at the end of 2022

https://www.thesuffolkcoast.co.uk/experiences-suffolk-coast.

The Suffolk Coast continues to be an active member of the regional DMO coalition in the East of England. The group is currently working on a placemaking exercise to establish a brand that can represent the East of England. A brand that crosses the visitor economy requirements and offers benefits to all business sectors. "Naturally" is the focus and the coalition are in discussions with agencies to develop the collateral that will support this theme prior to rolling out the campaigns for Autumn, Winter and 2023.

5. The Suffolk Coast Tourism Conference

East Suffolk Council were one of the key sponsors, speakers and exhibitors at the conference which was held on 29 November 2022. Over 160 DMO members and wider tourism industry representatives attended.

The packed programme covered:

- Year of the coast and industry insights
- Practical steps to reduce costs

- Updates from TSC DMO
- Social media
- ESC Digital Springboard Programme
- Energy Projects Update
- Updates from ESC on Felixstowe and Lowestoft developments
- Success on the Suffolk Coast – First Light Festival, Market Place project and the EPP

Feedback received has been extremely positive with 54% rating the overall event as 'excellent', 40% as 'very good' and 6% as 'good'.

For more information on the event The Suffolk Coast Tourism Conference 2022

6. East Suffolk Tourism Digital dashboard – t-stats

In September 2022, East Suffolk Council Cabinet approved the council's new Visitor Economy Strategy 2022 – 2027, which has recognised the importance of the visitor economy to the district and identifies clear strategic priorities and an action plan to deliver these.

ESC has appointed a supplier to provide a real-time data platform solution to monitor and track the visitor economy in the area that can provide live updates and incorporate data from the council, local businesses and national, regional and local data indicators that relate to the visitor economy.

This comes at a critical time for East Suffolk, with the need for real-time data required to measure the impact of a number of major energy/infrastructure projects will have on the district's visitor economy sector. This real-time data platform will act as a pilot project for East Suffolk for a two-year period. There is interest across Suffolk to expand this data platform solution should the pilot be a success and other local authorities can see the benefit of having such data available. Suffolk Growth are part funding the pilot.

7. Year of the Coast

Year of the Coast 2023 is for everyone living, working and involved with the coast – including visitor-facing coastal businesses and destinations. ESC is working with TSC DMO to promote 2023 as the Year of the Coast, to maximise visibility and to raise awareness of our coastline and inspire new audiences to love, visit and protect it.

Cabinet Member:	Councillor Richard Kerry, Cabinet Member with responsibility for Housing
Contact Details:	richard.kerry@eastsuffolk.gov.uk Tel: 07903 301075

There has been a significant amount of work being carried out by the Housing Service over the last few months, which I wanted to highlight.

Housing Needs

Housing Advisers Programme – Local Government Association 2022/23

The Housing Needs team was awarded £25,000 in May 2022 following a successful bid under the Housing Advisors Programme. The Housing Advisers Programme is designed to support councils seeking to innovate in meeting the housing needs of their communities.

The project involved commissioning an external review of East Suffolk Council's existing temporary and emergency accommodation (TA and EA) provision. The review required a detailed analysis over the district's geographical spread of accommodation and financial models associated with existing provision. The review has also looked in detail at the risk factors associated with the current model and provide advice on how confident we can be in relying on existing accommodation for successful service delivery.

The Officers leading on this project, Andy Gale and Anna Whalen, are two of the best-known names in the field of homelessness, allocations, and temporary accommodation. Both are recognised throughout the UK as leading a leading authority on all areas of Housing.

This project which is due to be finalised in January 2023 has provided incredible value to the services. The report includes a detailed analysis of the Housing Needs Service, a Temporary Accommodation Position Statement and a Predicted Temporary Accommodation Model that will allow us to look at the current demand and predict the likely increase over the next 2 years.

The purpose of the final report is to assist ESC with reducing the financial impact of placements into TA, which are anticipated to be significantly higher as a result of rising inflation and interest rates over the last 12 months and a predicted economic recession which may last for 2 or more years.

Rough Sleeping Initiative 2022/25

East Suffolk Council was awarded £2,434,258 under the Rough Sleeping Initiative (RSI) in June 2022 after a successful period of co-production with DLUHC. This included a considerable amount of work, and we are extremely pleased that this time government has awarded funding over a longer period of time from 2022 to 2025 giving the Council the ability to plan for services longer term rather than on an early basis.

This funding will allow ESC to continue to deliver existing and new services under RSI that will focus on reducing rough sleeping, addressing the needs of clients, offer supported accommodation to low and high need clients that otherwise would not be able to be housed and address rough sleeping through a partnership response aimed to reduce the number on the streets, encourage engagement and focus on homelessness prevention through a system of support that allows for recovery and community integrations.

One element of the bid, which is incredibly exciting is the funding to enable the creation of a Housing First model, which aims to support the most complex and entrenched rough sleepers to exit the cycle of rough sleeping for good.

Gateway to Homechoice

In 2022 ESC was the lead authority as part of the gateway to deliver the procurement of the CBL software as the contract was due to expire.

This was supported by the Legal and Procurement teams at ESC and has taken a significant amount to deliver given the procurement timeline for this project, from February 2021 to December 2022. This included a lengthy process including planning and scoping to ensure the software was able to meet the requirements of all LA forming part of the Gateway.

East Suffolk Council managed and facilitated the bidding process, moderation, and consultation with partners as well as contract discussions, negotiations with the service provider, quality assurance and legal contracts.

The implementation process has now come to an end, and we are proud to have been part of such a successful project that not only benefitted ESC but all those authorities that form part of the Gateway.

We currently have 4,514 people registered for housing on the Gateway to Homechoice, of which 1,691 are assessed as having a housing need, so are in Bands A-C. This is equivalent to 37% of the Housing Register.

Housing Needs Team Restructure

For the first time since 2016/17 the team has gone through a full-service restructure. The proposed restructure will align resources with demand placed on the service, as well as ensuring compliance with the Fixed-term Employees by replacing Fixed Term Contracts with permanent employment contracts. This excludes externally funded posts and those funded under the Rough Sleeping Initiative. The proposal will bring to a close the temporary arrangements which had been put in place to employ more costly agency staff due to the difficulties recruiting officers under fixed term arrangements.

The new structure will also see the creation for new roles within the team offering a greater level of resilience and allowing the service to meet current and future demand. The Local Government landscape has changed significantly in recent years and new challenges and ways of working had to adjust to enable us to meet the service demands.
The new structure was unanimously approved by Members at the Cabinet meeting held on 6th December 2022 and we are currently going through the 30-day consultation process with the team before a recruitment exercise can commence in order to implement the new structure.

Asylum Dispersal and Afghan Relocations and Assistance Policy scheme and Homes for Ukraine

In April 2022, an announcement from DLUHC set out the proposed introduction of 'full dispersal'.

One key driver behind the reform of asylum dispersal is to reduce/eliminate the need for contingency hotels; nationally there are over 31,000 people in contingency accommodation with 1,231 in 12 such hotels in the East of England.

ESC held a 'hot mapping' meeting with Serco, and the Housing Needs team have been leading on checking property suitability to progress any property proposals. We are therefore responding to the Home Office ask and will continue to work with Serco and other Local

Authorities in the region by ensuring expectations are realistic given the many challenges we face when finding suitable properties in the district.

Since this was put in place, we have approved eight properties in Lowestoft, in consultation with key partners to ensure suitability.

In addition, a three-bedroom home was provided for housing 3 single males from Afghanistan under the Afghan Resettlement Accommodation Programme. Both Housing Needs and Tenancy Services have supported other Register Providers in the district to help provide suitable accommodation to families that have fled the war in Ukraine.

Our Private Sector Housing Team has also provided an immense amount of support and resources inspecting properties under the Homes for Ukraine scheme and Housing Needs has worked closely with Suffolk County Council to ensure guests and hosts are aware of their housing options, how to gains the support from the Local Authority if needed as well as offers of financial assistance in the private rented sector.

Homelessness – Prevention and Relief update

There continues to be significant demand for housing advice and homelessness prevention services. The table below sets out the demand in the first half of 2022/23:

Homelessness Advice and Prevention/Relief	**April to September 2022**
Number of applications taken	620
Number of Prevention Duties Accepted	356
Number of Relief Duties Accepted	264
Number of successful Prevention Duties Discharged (existing or alternative accommodation)	187
Number of successful relief duties discharged	74

Private Sector Housing

Stepping Home

In June, the Stepping Homes from hospital service that supports residents to return home from hospital was Highly Commended in the National LGC (Local Government Chronicle) Awards.

The service resolves a huge range of housing issues that prevent a safe return home from hospital by working with a growing range of partners and if necessary, can accommodate patients in a halfway home hub until works are completed. This reduces pressures on health services, gives better outcomes to patients, provides a long-term safe home environment and saves money.

Minimum Energy Efficiency Standards (MEES) Project

Central Government Funding for a Suffolk wide project, led by East Suffolk, delivered an innovative educational and enforcement programme, tackling rented properties that have poor energy efficiency. The campaign saw targeted tv adverts on SKY and social media to raise awareness of the rules around renting our very poorly insulated homes. This was combined with information on grant funding for landlords to assist with improvements.

Overall, the programme reached 369 properties in ES and directly facilitated energy efficiency improvements to 74.

The work continues although the funding has finished.

Empty Homes Programme

In April, Cabinet approved a Business Case to enable a dedicated resource to be employed to ensure a dedicated focus on returning Empty Homes into use, which is an incredibly time intensive task. In August, the Council appointed an Empty Homes Officer on a 3-year programme to tackle some of the long-term empty homes in the District. In January, the policies to create a streamlined and clear approach were adopted by Cabinet and work now begins to make a difference.

Romany Lane Traveller Site

In January 2023, the Romany Lane traveller site returned to East Suffolk management and work has begun on a major refurbishment of the site to improve conditions and create a site fit for the current use and size. A new Site Manager was appointed in late 2022 and will be now be on site working with residents, to oversee the improvements and ensure the effective day-to-day running of the site.

Successful Funding and Delivery of the Green Homes Fund Local Authority Delivery

The Suffolk councils working together have secured over £20M of financial support for low-income household to insulate or add other energy efficiency improvements to their homes. The funding has been in separate phases and runs until March 2024. Current funding focusses on ‘off-gas’ properties but the previous phases delivered 512 measures to 444 homes, including those on mains gas. The service is delivered through the Warm Homes Healthy People service a partnership with all the Suffolk councils, which is hosted by ESC.

Ease the Squeeze Support

The Warm Homes Team have also been supporting the cost-of-living crisis and have supplied winter warmth packs to 230 households across Suffolk since the end of November. The packs include blankets, duvets, hats, scarves, hot water bottles, and chair warmers.

LANDLORD’S SERVICE

Housing Regulation: Rents Standard and Homes Standard

In April 2022 East Suffolk Housing self-referred to the Regulator for Social Housing (RSH) for potential breaches of regulation. Further information was provided to the Regulator, who confirmed the breaches and issued a Regulatory Notice in May 2022. The Notice specifies breaches of the Rent Standard and the Homes Standard.

The Service has undertaken a tremendous amount of work to resolve the issues identified and a lot of progress has been made. A dedicated report has been prepared for Full Council, which provides a full update and lays out recommendations for key decisions and policies that will allow the Council to transition to full compliance in 2023.

New Safety Regulations during 2022

Housing Revenue Account assets are subject to new Regulations, which came into force in 2022; the Building Safety Act 2022, Smoke and Carbon Monoxide Alarm (Amendment) Regulations 2022 and the Fire Safety Act 2021. These new pieces of legislation place additional obligations on building owners beyond those of the Regulatory Reform (Fire Safety) Order 2005. Our response to these changes includes the creation of new, permanent building safety roles in the housing maintenance team, and the installation of carbon monoxide detectors in all homes.

Social Housing (Regulation) Bill

The Bill aims to deliver the proposals set out in the Social Housing White Paper, by introducing a number of measures to give tenants greater powers, improve access to swift and fair redress, and enhance the powers of the Regulator of Social Housing. The Bill was introduced to Parliament in June and has received broad support in both Houses. It is at the Report stage in the House of Commons and is expected to make rapid progress. East Suffolk is evaluating the Bill and planning the necessary changes to ensure we are compliant. These include new measures for Tenant Satisfaction, an Annual Report for tenants and a new model for tenant engagement so that services are 'co-produced' with tenants.

Damp and Mould

On 15th November 2022, a coroner published a report on the tragic death of 2-year-old bot who she determined had died of a severe respiratory illness caused due to prolonged exposure to mould in his home environment. Following publication of this report, a project team was created to conduct a thorough review of damp and mould cases in homes owned by East Suffolk Council. We are actively reviewing recent cases in 21 homes and reviewing a further 40 cases where tenants have provided feedback on damp on mould in the last 3 years. This work is ongoing.

Following the Coroner's findings, the Department for Levelling Up, Housing and Communities (DLUHC) instructed the Regulator for Social Housing to undertake an assessment of damp and mould in social housing. ESC is providing information to the Regulator from our review of damp and mould cases.

DLUHC also wrote to all Local Authorities requesting information on their approach to tacking damp and mould in private homes, which ESC has responded to.

There is an interaction between this work, and the current cost of living crisis because instances of condensation and mould are aggravated when tenants cannot afford to adequately heat their homes.

We have recently published more information on our website around how to address damp and mould effectively in the home.

More information can be found here: [Mould removal and prevention » East Suffolk Council] and [Damp » East Suffolk Council]

Tenant Services

Rent Arrears and the cost-of-living crisis

The cost-of-living crisis has significantly impacted on our tenants as it has many households across the UK. Our rent arrears always increase between Q1 – 3 of the financial year, so we track how they compare year-on-year for the same week. Since August 2022, for the first time in 3 years, we have seen arrears increase from the same point the previous year.

We have further invested in our predictive analytics software and are currently implementing a Daily Processing module. On average the module reduces the number of cases for Rent Officers by 10%, allowing them to complete more cases per week.

We have allocated a proportion of the HRA Hardship Reserve for a 2-year fixed term Financial Inclusion Officer (FIO) who will work closely with the Financial Inclusion Team based in the Communities Team, alongside our permanent HRA FIO. Together they will support our tenants by identifying opportunities to increase incomes, provide budgeting advice and signpost for debt management services where appropriate.

Dedicated Telephone Line and 'One-Front-Door'

ESC Council Tenants have a dedicated phone line to report repairs, ASB and connect with their Housing & Rent Officer. Under the Council's One-Front-Door project, this phone line has been transferred from our Support Services team to Customer Services. After completing a comprehensive 6-week training programme, Customer Services officially went live on Monday 19th December 2022. We are continuing to support Customer Services with any queries they may have. The successful transfer of the phone line will ensure Tenants can not only deal with their housing queries but also the many other services delivered through Customer Services, ensuring we deliver the best service we can to our tenants.

Our Support Services team now have increased capacity to support their other workstreams including administration of compliance tasks, Right-To-Buy's, Invoicing (40% of all invoices into the Council are administered by this team) and tenancies.

Voids

The re-let time of HRA assets, referred to as 'voids' is a significant area of focus for the whole landlord service at present. We not only need to turn properties around quickly to minimise rent loss, but we also know there are many people living in acute housing circumstances awaiting suitable accommodation. Therefore, a Voids Improvement Project was launched in November alongside a new voids process aimed at making significant improvements. There is an initial 12 week intensive project aimed at making significant improvements, after which, a review will be conducted and further consideration given to other elements of the process, which could be improved. We already have other improvements planned in the last quarter of 2022/23 to help improve our performance, including a more extensive set of metrics to ensure we can effectively manage the voids and understand the timescales of each part of the process.

Housing Officers & Anti-Social Behaviour

Our Housing Officers are extremely busy. Their workloads have increased due to both the new workstreams that we are required to deliver as well as increased enquiries from tenants. We will be reviewing capacity in this area in 2023 to ensure we can deliver the level of service our tenants need.

Our ASB cases have reduced back to pre-pandemic levels, which saw a significant increase with everyone at home more, leading to increased complaints on both new cases and existing ones. We have welcomed a new ASB Officer in January 2023 who will continue to deliver excellent levels of service to complainants of ASB against Council Tenants.

Retired Living Service

Our Retired Living Service (RLS) Scheme Managers support our tenants in RLS's to live independently. Following the lifting of all Covid-19 restrictions we have been able to re-instate all the activities enjoyed by our residents at their schemes, these include Bingo, coffee mornings and cheese and wine events.

Some of our Retired Living properties can be harder to let, so we are currently considering how we can promote these. If you have any residents in your wards who are considering retired living, please contact Jayne Sissen and her team will arrange a visit to one of our 13 schemes. Retired Living is open to over 55's and we can even consider homeowners if they have insufficient capital in their existing home to fund a property suitable to their needs.

Housing Maintenance

The Housing Maintenance team have had a busy year with the new compliance work streams that have been introduced. Approximately 15 contractors have been procured to support delivery of these works. The Direct Labour Organisation (DLO) are also offering support. The DLO have resumed delivery of our kitchen replacement programme and a new kitchen unit supplier has been procured where they are now delivering on site, in a premade form. Not only are the units of a superior quality but there is a reduction in the Operatives non-productive time.

A new Maintenance Inspector has been recruited. This appointment followed a successful training shadowing programme, which was completed by four Operatives who had expressed an interest in the role. Additionally, a seconded Clerk of Works has been recruited. They will be assisting with the monitoring of the compliance works from this pool of Operatives. Feedback was very positive from both successful and unsuccessful candidates.

We have been carrying out improvement to our stores provision and increasing the items stocked, to reduce the need for operatives to travel to different locations to collect stock. This creates efficiencies and maximises the time to be spent on repairs and maintenance of our stock.

We are currently recruiting to a new Cyclical and Servicing Team, which will provide the support required for the compliance work programme, which includes Asbestos, Fire Safety, Gas Safety, Lift Safety and Water Safety. They will also have oversight of the Electrical Compliance work, which is completed by our in-house team. It is expected that those successfully recruited will be in post by April 2023.

We are currently developing a new Asset Management Strategy, which will be presented to Cabinet in March. This will set out the standard we expect our properties to meet. In April, we will be commencing a stock condition survey project, which will ensure 20% of stock is surveyed annually. This information will be compared against the standards set out in the Asset Management Strategy and enable us to develop capital improvement programmes to bring properties up to the standards agreed.

Housing Development

The Housing Development Programme has had another busy year identifying potential sites, developing business cases and seeking planning permission to enable ESC to increase its affordable housing provision.

So far in 2022/23, 1 Project consisting of 15 Homes has received planning permission with a further 2 Projects consisting of 16 Homes due for determination by end 2022/23.

ESC Cabinet has approved the potential development of 40 additional homes so far this year, subject to planning permission.

Overall Metrics:

- Currently we have 125 homes within the programme.
- Secured £277,654 commuted sums.

The current projections, taken from our live programme, are shown below. Completions in 2021/22 were significantly reduced and projections for 22/23 have dropped due to delays from Covid volatility in the construction sector and an on-going review of the HRA Business Plan, which will prioritise across redevelopment, new build and retrofit. As a reaction to construction sector volatility, we have taken the decision to absorb a programme delay while Employers Requirements and scopes are detailed further, and procurement strategies redesigned to better protect the council from risk of significant overspend.

Year	**Target**	**No. units**	**Affordable provision**	**New Build** S106 purchase, or ESC delivered	**Redevelopment** Refurbishment / conversions of existing assets or acquisitions.	**Percentage Certainty** Planning permission obtained	**Comments**
2016/17	50+	**11**	11	9	2	100%	
2017/18	50+	**5**	5	5	0	100%	
2018/19	50+	**33**	33	24	9	100%	
2019/20	50+	**38**	38	36	2	100%	
2020/21	50+	**12**	12	9	3	100%	
2021/22	50+	**30**	30	18	12	100%	
2022/23	50+	**1**	1	0	1	N/A	
2023/24	50+	**29**	29	28	1	79%	1 project consisting of 6 units does not have full planning permission however it does have a positive pre app

2024/25	50+	**96**	73	92	4	36%	3 projects consisting of 20 units do not have full planning permission however they do have a positive pre app

Strategic Housing Sites

Kirkley Waterfront – With further site due diligence, the team have continued to assess the viability of development for land holdings within the Kirkley Waterfront. This is a priority area for residential development in Lowestoft and one where ESC has actively intervened to become landowners. Following the 2020 viability report, efforts were made to progress a multiple site collaboration with other neighboring and adjacent landowners. After several months the decision was taken to progress ESC in isolation (a recommendation noted within the 2020 report). We are currently investing both time and funding to create a deliverable development opportunity. This will be achieved over the next 2/3 years by securing funding (internal and external), decontaminating / remediating the land and commencing work on a deliverable consent. Liaison with Homes England has seen additional external funding secured to assist with site investigations work. The team are currently working on a grant application under the Brownfield Land Release 2 scheme, which will be determined in April 2023. The current work programme intends to de-risk the site, ensure it is deliverable, by minimising ESC capital spend and utilising 3rd party funding.

North Felixstowe Garden Neighbourhood – Working with ESC Regeneration and Planning colleagues, Housing have recruited two posts to coordinate and deliver the NFGN master plan. Recruitment via the Homes England Public Practice route has seen private sector expertise brought in to help progress a strategic site with a significant number of homes for the district.

Sustainability and Environmental ambition

The Council's Housing Development Strategy 2020-2024 identifies 'Environmental Sustainability' as an essential element in the creation of homes and communities in which people want to live and work. It notes that lowering the whole-life carbon footprint of properties will help tenants save money and deliver lasting environmental, social, and economic benefits. Housing, both our existing stock and new build programme, has a huge role to play in the current environmental challenges we are facing.

Extensive research into greener development was undertaken in 2020-21. Reports to Scrutiny Committee concluded the Council is committed to leading by example in a movement towards delivering more sustainable housing as standard. Following a period of market research and stakeholder engagement, it was recommended this could be achieved initially by progressing pilot 'green' build schemes utilising fabric first principles. Research and learning from these projects would then be used to inform the future development proposals withing the programme. Some examples of this work are outlined below:

- **Deben Fields –** ESC first passivhaus scheme continues to progress, with Kier Construction being appointed as the successful main contractor in November. The project team are working to discharge all pre-commencement planning conditions for an intended start on site later this year.
- **Design Guide for ESC Development** – Having progressed from a Housing Design

Guide, Officers are now looking to extend this to include all ESC Developments. The purpose is to create a core guidance document, detailing the Councils vision, principles, and process of what is 'good design'. The guide will outline what ESC are committed to, and will be doing, to address 'good design', Provide overarching vision, intentions for development and processes that should be followed. Having a central document, which provides a firm steer on the Councils aspirations and expectations for design and development is incredibly useful to the Council but also to the public and applicants in being consistent in expectations. The project is currently awaiting CMT approval in early 2023.

- **Monitoring -** Alongside the Council's new build and redevelopment programme, it is recognised that the Council's existing HRA portfolio has a significant role to play in reducing the Council's carbon footprint. In line with ESC's ambition to reach carbon neutrality by 2030, the wider housing team are assessing the council's existing housing assets. Data driven decision making is assisting in preparing detailed programmes of work to ensure Council homes positively contribute towards this ambition, whilst also provide truly sustainable and affordable homes for our tenants. Monitoring systems have been installed in a number of properties and will be part of the standard spec for new build properties.

<u>Asset Reviews and Data:</u>

Evidence-based data is used to support the building of the right homes in the right locations. Demand for housing is high and prioritising what and where to build has previously been driven by planning policy and insights from our Housing Needs Officers, who manage our Housing Register and our Choice Based Lettings Scheme.

In 2021, the Housing Team commenced work with the East Suffolk Data Analyst to develop a more data-led approach. Whilst this project is on-going, the data will help to better understand and measure the demand for properties from Applicants on our Register. The software enables Officers to visualise and analyse historical data (2016-2021) and identify locations and property types, which have a high level of unmet demand.

This work has developed a new metric called 'bid ratio'. If this ratio is high, then a high number of applicants have bid for the available properties (and if the ratio is low then only a small number of applicants have bid for the available properties). Analysis of these bid ratios identify specific locations and property types (e.g., number of bedrooms) for which there is a high demand, and this information can inform our development programme.

If this data-led approach proves to be successful it will be shared with the Suffolk Office of Data Analytics (SODA), who will share the learning with other stock-holding Councils in Suffolk to rollout a data-led approach. SODA is a collaboration of all local authorities, Suffolk police and other public sector organisations to share valuable data about the communities within Suffolk.

In addition to this, the Housing Team have commenced a formal Asset Review of particular multiple dwelling properties. This looks at the physical condition of the property, the financial viability of its future use and inclusion within the HRA portfolio. Following the formal adoption of the HRA Asset Management Strategy, further asset reviews will be commenced, and an active asset management / investment programme established.

<u>Handover and Management</u>

With a growing pipeline of housing development projects 2022 has seen the development of a formalised Handover Procedure ensuring properties are handed over with all relevant documentation and approvals. This enables early engagement with the Landlord service reducing void times on new properties and allowing them to be added to Gateway to Homechoice ready for occupation on or very soon following completion.

Post occupancy procedures including defect reporting and leaseholder management for Shared ownership properties has also been developed this year. Formalising a workflow for dealing with repairs, maintenance, or defects for new build properties provides a valuable data set used to inform the specification of future properties.

We have also commenced post occupancy surveys for tenants to generate feedback on the properties we are providing. Additional questions have been added in relation to affordability and occupational comfort. The feedback will be collated and reviewed annually to inform any proposed changes to development priorities and specifications.

Team and Training

Housing Development have successfully recruited an additional Support Officer in 2022. Members of the team are currently enrolled on both internal and external training courses to improve capability. This includes Project Management and Construction Technology qualifications.

With a notable increase in the number of mixed tenure projects, we are investing in new appraisal software (ProVal) to give more accuracy and allowing detailed sensitivity analysis for development appraisals. This information will allow Officers to provide Members with detailed breakdowns of individual development opportunities in more detail than the current payback model.

Housing Accommodation

Proposals for a new logistics hub for Housing have continued to progress in 2022. A site at Barnards Way in Lowestoft has been identified as a potential operating base for the Housing Service. Alongside the logistics hub, the site will provide additional industrial units to generate an income for ESC. Site investigations have commenced and proposals for the site are being progressed with input from Housing as the sites end user. A project governance structure has been established and will be used to guide the strategic direction of the project and approve project decisions.

Housing Strategy and Enabling

The Housing Strategy and Enabling Team has continued to support local communities and their representatives in the delivery of affordable housing for local residents. SouthGen, the Community Land Trust group in Southwold, have delivered a scheme in partnership with Hastoe that was completed in the Spring 2022, delivering 4x2 bed flats for affordable rent and 5 homes as shared ownership (1x2 bed flat, 1x2 bed bungalow and 3x3 bed houses).

The Peninsula Villages Community Land Trust scheme at Bawdsey is expected to be completed by March 2023 delivering 4x2 bed houses in partnership with Orwell Housing Association.

Throughout the year, several workshops and events were held, highlighting the benefits of Community Led Housing and how local communities can commission such housing. Discussions are ongoing with officers on how local communities could bring forward their ambitions.

In addition, discussions with Housing Association Partners and Parish Councils have resulted in proposals for new affordable housing through the Rural Exception policy across sites throughout the district. Pre-application discussions with planning colleagues are ongoing.

Policy and Strategy work has included supporting planning colleagues on various planning documents: Affordable Housing Supplementary Planning Document (SPD) with draft S106 clauses; the Healthy Environment SPD; Self and Custom Build SPD, as well as providing advice to Neighbourhood Plan groups, developers and Parish/Town Councils on housing policy and need. In addition, frameworks for future Housing and Older Persons Housing strategies have been completed and Members will be consulted on during 2023.

Outside Bodies Representatives' Reports

Coast and Heaths AONB Joint Advisory Committee	
Representative:	Councillor James Mallinder
Contact Details:	james.mallinder@eastsuffolk.gov.uk Tel: 07810 815879

I was delighted to attend the latest Coast and Heaths AONB Partnership meeting

Interesting to hear the updates on various projects and consultations. From the RSPB suggestion of better protection of our landscapes to impact of the new coastal path.

Important committee though it is, it is always good to make sure we steer away from political influence or overtly supporting one group but to remember the principles of the AONB of championing and supporting our incredible biodiversity as an independent body.

Suffolk Flood Risk Management Scrutiny Panel	
Representative:	Councillor Judy Cloke
Contact Details:	judy.cloke@eastsuffolk.gov.uk Tel: 07825 386561

The most recent Flood Risk management Scrutiny Sub Committee took place on 18 October.

There is one rep from County and one each from the Districts and Ipswich Borough. I have attended previously as sub; this was my first meeting since being appointed the ESC rep.

At a previous meeting in 2020 (at which I was not present), the Committee had made a number of recommendations, as follows:

a) A need to recruit more specialist officers to plan and manage reactive flood maintenance work.
b) b) A need to ensure that there was sufficient resource to enable the collation and mapping of flood related highways data held by the Council.
c) c) A need to engage more actively with the planning system as it related to new developments and strategic planning, and to review potential external sources of funding that could be matched with Council budgets.
d) d) A need to work more effectively with utilities to ensure that work on highways verges such as grip cutting was safe and that utilities cables were located and buried to sufficient depth.
e) e) A need to ensure that equipment was upgraded when necessary to cope with current larger and more complex drainage assets.

f) f) A need to establish a longer-term more stable funding strategy to enable the council to plan and implement flood remediation measures effectively.
g) g) A need to assess whether it would be possible to strengthen the enforcement mechanisms the council employed when inadequate maintenance of privately owned drainage infrastructure or inappropriate land management results in flooding of the highway.

As a result of these recommendations, in 2021 a further £10m was allocated to Highways maintenance. I think we would all agree this is welcome news.

We received a presentation from a Suffolk Highways team on how this extra funding allocated for Highways' drainage will be spent. This funding would increase the number of highway flooding sites resolved, providing a highway network that is more resilient and accessible during heavy rain and severe weather events. The responsibility for the approval of annual programmes of work relating to this investment has been delegated to the Cabinet Member for Ipswich, Operational Highways and Flooding in conjunction with the Head of Operational Highways.

Appendices

Appendices:
None.

Background reference papers:
None.