



East Suffolk House, Riduna Park, Station Road,
Melton, Woodbridge, Suffolk, IP12 1RT

Full Council

Members: All Councillors

Members are invited to a **Meeting of the Full Council**
to be held in the Deben Conference Room, East Suffolk House, Melton
on **Wednesday, 22 January 2020 at 6.30 pm**

An Agenda is set out below.

Part One – Open to the Public

Pages

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 Disclosable Pecuniary or Local Non-Pecuniary Interests 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.

3a Minutes - 25 September 2019

To confirm as a correct record the Minutes of the Meeting held on 25 September 2019

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3b	Minutes - 16 December 2019	14 - 20
	To confirm as a correct record the Minutes of the Extraordinary Meeting held on 16 December 2019	

4 Announcements

To receive any announcements from the Chairman, the Leader of the Council, members of the Cabinet, or the Chief Executive, in accordance with Council Procedure Rule 5.1(e).

5 Questions from the Public

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

6 Questions from Members

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

(a) Question from Councillor C Topping to the Leader of the Council

I would like to know what consultants we have engaged within the last 4 years and who we are currently engaged with? What they have/are engaged in, how much this has cost and the outcomes of the work they have done for us?

(b) Question from Councillor G Elliott to the Leader of the Council

This Council endorsed a policy supporting Fairtrade on 24 July 2019. The motion was somewhat watered down but still contained a commitment to the procurement and promotion of Fairtrade.

Therefore, this Council resolves to:

- Support food-based initiatives, including Fairtrade, that demonstrate a commitment to improving living standards and raising people out of poverty, while supporting our local economy.*
- Promote Fairtrade as part of this wider ethical approach, including through support for local groups, in the media including social media, and events, including during Fairtrade Fortnight.*
- Review its procurement policy, including its catering offer, to ensure that Fairtrade produce is included where possible, and that Fair Trade and other ethical considerations are given appropriate weighting when drawing up any contracts going out to tender.*

In view of this commitment will the Leader of the Council ensure that the East Suffolk House tea and coffee provision matches the Fairtrade provision of Riverside?

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) Councillor D Beavan has submitted the following Notice of Motion:

This Council calls on the Southwold Harbour Joint Committee to respect the unanimous motion passed at the last meeting of Waveney District Council on 20/03/2019 which called for “a new inclusive, independent and effective management committee subject to an agreed budget” by appointing two Cabinet members, the ward member, a representative of Southwold Town Council and four independent members to an eight person Harbour Management Committee.

(b) Councillor L Gooch has submitted the following Notice of Motion:

In the context of this council passing the Motion to acknowledge the Declaration of Climate Change in July 2019 and the fact that we are addressing Item 5 The Housing Development Strategy 2020 to 2024 in today’s meeting, it is essential that we marry these two directions.

To this end, I propose:

1. That all new council houses will be built carbon-neutral, for example by future-proofing with low carbon heating and the highest standards of energy efficiency.
2. That all developers of new affordable housing should be encouraged to meet these same high standards.
3. That all other developers of new housing should be encouraged to meet these same high standards.
4. That all existing council stock, and properties purchased for such use, should be retro-fitted to the highest standards as economically as possible.

(c) Councillor E Brambley-Crawshaw has submitted the following Notice of Motion

As part of its efforts to combat climate change, will The Council commit to a doubling of tree cover in the District by 2045, in line with the Friends of the Earth ambition.

This to include:

- An action to increase tree* planting on its own land by 100% of its January 2020 level in the next 25 years
- Using the planning process to encourage larger-scale planting to be incorporate into new housing and business development schemes across East Suffolk
- Encouraging Parish and Town Councils to adopt its ambition on their own land within the District
- Launching and funding a ‘Tree for Life’ campaign to encourage the planting of new trees* by East Suffolk families to commemorate new births and adoptions, and provide memorial trees for parents

nb * Trees should be appropriate for the geology and landscape, be native and wildlife-rich species

9	Update on Policing Matters To receive a verbal update from Mr Tim Passmore, Suffolk Police and Crime Commissioner, on Policing Matters	
10	Report of the Independent Remuneration Panel ES/0273 Report of the Leader of the Council and Cabinet Member with responsibility for Resources	21 - 39
11	Treasury Management Outturn Report for 2018/19 and Mid Year Report 2019/20 ES/0149 Report of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources	40 - 53
12	Treasury Management Strategy Statement for 2020/21 and Treasury Management Investment Strategy for 2020/21 ES/0271 Report of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources	54 - 73
13	Capital Strategy 2020/21 to 2023/24 ES/0268 Report of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources	74 - 89
14	Capital Programme for 2020/21 to 2023/24 including Revisions to 2019/20 ES/0270 Report of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources	90 - 106
15	Housing Revenue Account Budget Report 2020/21 ES/0269 Report of the Leader of the Council and Cabinet Member with responsibility for Resources, the Cabinet Member with responsibility for Housing, and the Assistant Cabinet Member for Resources	107 - 125
16	Review of the Local Council Tax Reduction Scheme for 2020/21 ES/0274 Report of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources	126 - 132
17	Update of the Anglia Revenues Partnership Agreement ES/0154 Report of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources	133 - 190
18	Proposed Changes to the East Suffolk Council Constitution ES/0272 Report of the Leader of the Council	191 - 199

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19	Summary of Urgent Executive Decisions ES/0053 Report of the Leader of the Council	200 - 202
20	Cabinet Members' Report and Outside Bodies Representatives' Report to Council ES/0267 Report of the Leader of the Council.	203 - 224

Part Two – Exempt/Confidential

Pages

There are no Exempt or Confidential items for this Agenda.

Close



Stephen Baker, Chief Executive

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Minutes of the Meeting of the **Full Council** held in the Deben Conference Room, East Suffolk House, Melton on **Wednesday 25 September 2019 at 6:30 pm**

Members of the Committee present:

Councillor Melissa Allen, Councillor Paul Ashdown, Councillor Stuart Bird, Councillor Chris Blundell, Councillor Jocelyn Bond, Councillor Elfrede Brambley-Crawshaw, Councillor Stephen Burroughes, Councillor Peter Byatt, Councillor Alison Cackett, Councillor Jenny Ceresa, Councillor Judy Cloke, Councillor Maurice Cook, Councillor Linda Coulam, Councillor Mike Deacon, Councillor Graham Elliott, Councillor John Fisher, Councillor Tony Fryatt, Councillor Steve Gallant, Councillor Tess Gandy, Councillor Andree Gee, Councillor Tony Goldson, Councillor Louise Gooch, Councillor Tracey Green, Councillor Colin Hedgley, Councillor Ray Herring, Councillor Mark Jepson, Councillor Richard Kerry, Councillor Stuart Lawson, Councillor Geoff Lynch, Councillor James Mallinder, Councillor Chris Mapey, Councillor Debbie McCallum, Councillor Frank Mortimer, Councillor Trish Mortimer, Councillor Mark Newton, Councillor Malcolm Pitchers, Councillor Carol Poulter, 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, Councillor Steve Wiles

Officers present:

Katherine Abbott (Democratic Services Officer), Stephen Baker (Chief Executive), Phil Gore (Head of Environmental Services & Port Health), Andy Jarvis (Strategic Director), Nick Khan (Strategic Director), Nicole Rickard (Head of Communities), Philip Ridley (Head of Planning & Coastal Management), Hilary Slater (Monitoring Officer and Head of Legal & Democratic Services).

Others present:

Mr Jim Crawford, Strategic Director, EDF Energy, Mr Richard Bull, Head of Transport Planning (Sizewell C), EDF Energy, and Mr Tom McGarry, Head of Communications, EDF Energy.

1 Apologies for Absence

Apologies for Absence were received from Councillor Edward Back, Councillor David Beavan, Councillor Norman Brooks, Councillor Tony Cooper, Councillor Janet Craig, Councillor T-J Haworth-Culf, Councillor Keith Patience, Councillor William Taylor and Councillor Kay Yule.

2 Declarations of Interest

There were no Declarations of Interest.

3 Minutes

With reference to item 9, Notices of Motion, of the Minutes of the Meeting held on 24 July 2019, Councillor Graham Elliott referred to the second Motion regarding the expansion of a commitment to Fairtrade by East Suffolk Council and to the minuted point of order made by Councillor Herring regarding there having been "insufficient debate" on the substantive Motion. Councillor Elliott considered there to have been no debate on the substantive Motion and proposed that this to be so recorded in the Minutes. The proposal was seconded and by majority vote it was

RESOLVED

That the Minutes of the Meeting held on 24 July 2019, subject to the amendment of item 9 regarding the debate of the second Motion, be confirmed as a correct record.

4 Announcements

Council received the following announcements:

The Chairman of the Council, Councillor Colin Hedgley, announced that four past Councillors of the previous Suffolk Coastal and Waveney District Councils had passed away in recent months - Dennis Gooch, Les Binns, Simon Wood and Jim Bidwell. At the invitation of the Chairman, tributes were paid to each of the deceased Councillors by Councillor Mark Newton (Dennis Gooch), Councillor Stuart Bird (Les Binns), Councillor Judy Cloke (Simon Wood) and Councillor Stephen Burroughes (Jim Bidwell). At the conclusion of the four tributes, Full Council stood for a minute's silence as a mark of respect.

The Chairman of the Council announced the public engagements which he and/or the Vice Chairman, Councillor Keith Robinson, had attended since the last meeting of Council in July. These included:

- Launch of #MakeShipHappen campaign to raise funds to build a full size replica of the Sutton Hoo ship
- Operation Camouflage at Rock Barracks
- The Mayor of Beccles Civic Reception
- Speech Day at Woodbridge School
- Battle of Britain Commemorative Events and Thanksgiving Services
- Opening of Leiston Leisure Centre

At the invitation of the Chairman, the Leader of the Council, Councillor Steve Gallant, announced that Wednesday 2 October would be the start of the Council's Hothouse event at BT (Adastral Park) and to which many Councillors had confirmed their attendance. The Leader of the Council thanked those Councillors who had been able to commit to the three day event which, he said, would be a fantastic and unique opportunity to contribute to the development of the Council's new Strategic Plan setting the aims and objectives for East Suffolk for the coming four years. The Leader of the Council continued that, although the event would be intense, it promised to be a worthwhile experience for Councillors to work more closely with Officers to explore the type of organisation the Council wanted to be. He concluded by saying he was very much looking forward to what promised to be a productive and creative three days.

There were no announcements by other Cabinet Members or the Chief Executive Officer.

5 Questions from the Public

No questions from the electorate, as provided for by Council Procedure Rule 8, had been received.

6 Presentation on Sizewell C

Council received a presentation by Mr Jim Crawford, Sizewell C Project Development Director and Mr Richard Bull, Head of Transport Planning for Sizewell C, both of EDF Energy. The presentation included:

- Sizewell Cs positive contribution to UK energy policy: Safely and reliably meeting future energy demand and diversifying risk; low costs and risks for customers on a total system cost basis; high value infrastructure projects provide construction jobs, up-skilling and economic stimulus; and, meeting carbon emission reduction targets and mitigating risks
- Future power demand forecast to increase due to the electrification of heat and transport. This will have to be met by low carbon power
- EDF advocated a diverse generation mix to meet the UKs power sector objectives: nuclear complementary to renewables
- Sizewell C would replicate the design of Hinkley Point C with some site-specific additions
- Sizewell C could be built with greater cost certainty due to the replication of Hinkley Point Cs design, dovetailing construction on the two sites, leverage Tier 1 contractor experience, and the transition of key skills
- Replication of design would have economic benefits (25,000 job opportunities, 1000 apprentices/40% female, 2/3 of construction spend would be in the UK, education investment, the creation and growth of local businesses) and construction benefits (design cost savings, lower development costs, no design or quantity risks, learning in the supply chain, lower qualification costs)
- Sizewell C and its prime contractors were confident that a cost reduction of 20% (£4bn) could be achieved against the expected cost of Hinkley Point C
- Regulated Asset Base model could reduce financing costs : for partnership between consumers, policy makers and developers; operates under a Regulator; opportunity to attract a wide range of investors; opportunities to maximise savings
- Government had recently launched a consultation on financing for new nuclear projects reflecting the key role new nuclear has in future UK energy policy
- Decommissioning would take around 20 years but was a relatively straightforward process
- Socio-economic benefits at Hinkley Point C would be repeated and increased at Sizewell
- Freight management strategy options: Rail-led, integrated and road-led
- Key steps up to the submission of the Application outlined
- Key steps following the submission of the Application outlined

The Chairman invited questions.

Councillor P Byatt asked if EDF Energy was confident that it would be able to locate and employ the size of workforce and variety of skills required to complete the project on time and to budget. Mr Crawford replied that the project offered significant job opportunities for local people and added that discussions with further education providers were also underway regarding the training opportunities that would also be available.

Councillor G Elliott queried Mr Crawford's statement, during his presentation, that Greenpeace "supported nuclear power": Mr Crawford clarified that Greenpeace had recognised nuclear power generated low levels of carbon.

Councillor C Rivett referred to discussions with Network Rail and asked about the potential risks or consequences if delivery of this option were to be delayed. Council was briefly updated on EDF Energy's discussions with Network Rail around freight management. Councillor C Mapey asked about EDF Energy's contingency plans if a rail solution was not possible. Mr Bull referred to the integrated approach which would focus on delivery via the branch line; he added that the infrastructure would be provided by EDF Energy, subject to National Rail's agreement. He continued to state that EDF Energy was confident that the phased implementation of a range of mitigating measures, including key road schemes, would be successful.

Councillor M Deacon asked why a marine-led solution to freight delivery was not being pursued. Mr Crawford acknowledged that this was the most desirable solution however, the impact on the marine environment of the construction phases meant it was not feasible and so had been withdrawn as an option.

Councillor D McCallum noted that the presentation had stated some 64% of construction value would go to UK business and asked about the remaining 36%. Mr Crawford said the manufacturers of key nuclear components were located in France and that, at the moment, there was no such production in the UK.

There being no further questions, the Chairman thanked Mr Crawford for his informative presentation.

7 Questions from Members

The following Questions had been submitted by Members as provided for by Council Procedure Rule 9. The written response to each Question, below, was provided at the meeting.

(a) Question from Councillor M Deacon to the Deputy Leader and Cabinet Member with responsibility for Economic Development:

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"Councillor Byatt and I recently met with a senior ABP representative and were given a full briefing about the contribution ABP makes to Lowestoft Port and the surrounding area. Will the Deputy Leader extend an invitation to ABP Port Management to address Full Council about their operations and share their vision for the future part they can play in local economic development?"

Response from Councillor C Rivett, Deputy Leader and Cabinet Member for Economic Development:

"ESC has been working closely with ABP in relation to their port operations at Lowestoft for many years now. The role of the port in the Lowestoft economy cannot be underestimated and our ongoing work has been focussed on how we can assist the growth of the port's operations and, in particular, the close relationship they have with the offshore energy sector.

The Economic Development team have been working closely with Scottish Power Renewables, Petersons, James Fisher Marine Services and Cauldwell Marine – all recent inward investments to the port and surrounding areas to determine how we (and our partners such as the LEP) can help maintain and grow their business operations. Furthermore, as part of the Renaissance in East Anglia Fishing (REAF) Group, ESC are working alongside ABP to determine what opportunities BREXIT and the UK's withdrawal from the Common Fisheries Policy can present to our local fishing sector and what investment, particularly in the port, will need to be made to exploit these potential growth opportunities.

The Council is also working very closely with ABP regarding the Lowestoft Flood Risk Management Project and is in close contact regarding the Third Crossing Project. It is therefore very clear that ESC views ABP as a key partner in supporting economic growth in Lowestoft and indeed the port is at the centre of the Central Lowestoft Regeneration Area.

ABP have also recently consulted on a masterplan for Lowestoft Port and ESC provided a supportive and comprehensive response to their plans to develop the port. Again, our response was based on how the port's operation can support the town's economic growth and our role in enabling this.

This demonstrates that ESC and ABP have a long history of collaborative working across a number of areas. I am therefore very happy to extend an invite to ABP to attend Full Council so they can provide further details on their growth plans for Lowestoft port and how this will benefit the wider Lowestoft economy."

Councillor Deacon thanked the Deputy Leader for his response and said he was delighted that ABP would be invited to attend a future meeting of the Full Council. Councillor Deacon asked, as a supplemental question, if the Council was aware of ABPs concerns regarding the siting of the third crossing.

Councillor Rivett replied that ABP had fully stated its concerns within a masterplan for Lowestoft Port and that the Council had provided a constructive response to the consultation on that masterplan. He added that the Council would continue to work proactively with ABP to ensure a harmonious resolution to the siting of the crossing.

(b) Question from Councillor T Gandy to the Cabinet Member with responsibility for Community Health:

“Given the serious implications for public safety, how satisfied were you with the emergency evacuation procedures in place for the recent emergency in Normanhurst Close, and what lessons may have been learned for any future incidents requiring evacuation of residents and others?”

Response from Councillor M Rudd, Cabinet Member for Community Health

“Evacuation in Suffolk is led by Suffolk Constabulary and is only undertaken as a last resort in response to an emergency. The roles and responsibilities for each multi-agency partner are defined in the Suffolk Resilience Forum Guide to Evacuation and Shelter in Suffolk that is available on the Suffolk Resilience website.

East Suffolk Council supported a police-led emergency evacuation of over 100 properties on Sunday 28 July 2019 after dangerous chemicals were discovered in Normanhurst Close, Lowestoft. The Local Authority, supported by the Suffolk Joint Emergency Planning Unit and Sentinel Leisure Trust, established a Rest Centre for 37 evacuees at Water Lane Leisure Centre, dispatched a Liaison Officer to the incident to liaise with the Emergency Services and ran an ad hoc Emergency Control Centre to co-ordinate the support. In the following week, teams within the Housing Service supported two tenants who were unable to return to their properties due to the on-going complex police investigation.

The key lessons for the Local Authority were considered at the quarterly Emergency Preparedness Forum on 21 August 2019. A multi-agency de-brief for all the Category 1 responders, including the police and Local Authority, was held on 23 September 2019.”

Councillor Gandy thanked the Cabinet Member for her response and, as a supplemental question, asked for clarification on the state of the two properties the two residents had been moved to. The response to this question was not available at the meeting but was subsequently provided to all Councillors.

(c) Question from Councillor P Byatt to the Leader of the Council:

“Following the previous disappointment in July with the Future High Streets Funds, does the recent announcement about our success with the New Towns Fund mean that plans for the Heritage Action Zone can be incorporated into this funding stream?”

Response from Councillor S Gallant, Leader of the Council

“The outcome of East Suffolk Council’s bid to the Future High Streets fund was very disappointing especially given the substantial work Officers from across the Council had contributed to the bid and the widespread support it received locally, regionally and nationally. The key lesson learnt from this experience is that the towns that were successful had a masterplan in place for their town centres. As a result of this ESC are now currently developing such a masterplan for Lowestoft’s town centre which will support a further bid for round 2 of the Future High Streets Fund and a bid into the recently announced Towns Funds that Lowestoft was invited to bid for. A crucial element in the production of an effective masterplan will be engaging with key stakeholders such as Lowestoft Town Council during its development.

The Towns Fund invites us to bid for up to £25m for Lowestoft (not restricted to the town centre) for progress regeneration and development projects. The Government expects communities, businesses and local leaders to join forces to draw up ambitious plans to transform their town's economic growth prospects with a focus on improved transport, boosting productivity, broadband connectivity, skills and culture. However, we still await detailed criteria from the Government so we know exactly what we can bid for.

The development of the town centre masterplan will provide a comprehensive approach to repurposing the town centre and guide future development and inward investment opportunities. Furthermore, it will include the HAZ area and will provide the basis for our bid to the Towns Fund and the second round of the Future High Street Fund. The North Lowestoft Heritage Action Zone is and will continue to play a vital role in the future regeneration of Lowestoft. The HAZ will help shape regeneration proposals within that area, complementing other key areas within the town (including the town centre and south seafront). This will allow ESC to seek further external grant funding, from a variety of sources, including the Towns Fund. The HAZ will also allow us to bring key partners to the table to ensure that initiatives are supported by a wide range of partners / community."

Councillor Byatt thanked the Leader for his response and, as a supplemental comment, suggested that, in addition to the Council's existing Heritage Champion, the Leader consider appointing an Assistant Heritage Champion. He added that, in comparison to the current "febrile" national political atmosphere, it was additionally important for the Council to be seen as a constant that continued to work with enthusiasm for and on behalf of its local communities, town and parish councils. The Leader of the Council stated that the Council would continue to work closely with all three tiers of local government and he was very pleased that Lowestoft Town Council was keen to work with the Council to develop the masterplan for the town centre.

8 Petitions

No petitions, as provided for by Council Procedure Rule 10, had been received.

9 Notices of Motion

No Notices of Motion, as provided for by Council Procedure Rule 11, had been received.

10 Political Balance of East Suffolk Council

Council received report **ES/0150** by the Leader of the Council. The report referred to the overall political composition of the Council to be reflected in the appointment of Councillors to seats on Committees and Sub-Committees, in accordance with the Local Government (Committees and Political Groups) Regulations 1990. The proportional allocation of seats had been reviewed following the announcement at the 24 July 2019 meeting of Full Council that former Independent Councillor T Cooper had moved to the Conservative Group; the implications for proportionate representation on the various Committees for the remainder of the Municipal Year to ensure decision-making continued to be undertaken democratically had been considered. The report provided the updated political balance of the Council and the composition of the Committees

and stated that Councillor Cooper had retained his seat on Planning Committee South, as a Conservative Councillor.

There being no questions or matters raised for debate, the Chairman moved to the recommendations which were proposed, seconded and by unanimous vote it was

RESOLVED

1. That the updated political balance of the Council and the composition of the Committees be noted; and
2. That the retention of his seat on Planning Committee South by Councillor T Cooper, as a Conservative Councillor, be noted.

11 Establishment of Community Partnerships

Council received report **ES/0156** by the Leader of the Council and the Cabinet Member for Customers, Communities and Leisure. The report provided an explanation of the purpose, structure, governance and funding of the Community Partnerships and sought approval of their establishment and associated funding.

The Leader of the Council introduced a detailed presentation in support of the report. The Leader of the Council said the proposed eight Community Partnerships would provide an innovative opportunity to connect with local communities across the District. An initial programme of eight workshops were planned between the end of October and the end of November; these would focus on data in the form of statistical facts and figures as well as insight in the form of local people's knowledge. The first round of Community Partnership meetings would commence between January and March 2020 and all District Councillors would be core members of their Community Partnership. Other key partners participating in the Community Partnerships would include the County Council, Suffolk Constabulary, Clinical Commissioning Groups, the Youth Voice, businesses, the voluntary sector, and community and social enterprise organisations. The Leader of the Council continued to state that the meetings of the Community Partnerships would focus on the development of solutions to the priorities agreed at the earlier workshops as well as to "live" issues which communities and their representatives identified. Each Community Partnership would have a budget of £10,000 in 2019/20, with a further £25,000 per year for three years. In addition, there would be strategic funding of £150,000 available in 2019/20 with a further £300,000 per year for three years. Each of the Community Partnerships would have a Chairman who would meet key strategic partners, including the Suffolk Constabulary, Clinical Commissioning Groups and the County Council, at quarterly meetings of the Community Partnership Board.

At the invitation of the Chairman, the Head of Communities provided the remainder of the presentation. This included:

- An example of the introductory information which would be provided to each Workshop
- A example of a Community Partnership 'area' profile including population key facts e.g. most over-represented and under-represented age groups, largest and smallest age groups, the number of people aged under 16, over 64 and over 85.

- Key facts on deprivation in the area e.g. the numbers affected by income deprivation, the percentage of people of working age affected by employment deprivation, the numbers of children and older people affected by income deprivation
- Using the DCLGs Index of Multiple Deprivation data to provide a comparison of the most deprived areas and the least deprived
- The highest and lowest life expectancy statistics by Ward (as at 2018)
- The prevalence of dementia and depression in the Community Partnership area
- The percentage of primary school children measured as overweight or obese according to the National Child Measurement Programme
- The percentage of adults who complete more than two hours exercise per week and the percentage of adults who do not exercise
- The number of children in care whose home is in the Community Partnership and the number of children in care placements in the area
- Data maps to indicate disability and social isolation
- Percentage of adults in receipt of Universal Credit

The Chairman invited questions.

Councillor T Goldson welcomed the proposed Community Partnerships which, he said, provided a real opportunity to make a positive difference; he asked if it was intended that there be cross-over and flexibility with County Councillors' divisional boundaries. The Leader of the Council replied that the Community Partnerships would work with a number of organisations and, unfortunately, the boundaries of these would not all be co-terminous with the Community Partnerships. He added that it was important for the County Councillors to play an integral part but this would mean that some may need to participate in more than one Community Partnership although most Councillors had a clear partnership within which most of their parishes fitted; he added that opportunities for neighbouring Community Partnership to work jointly on the same priorities would be sought to ensure economies of scale and a sensible, flexible approach.

Councillor L Gooch said the proposals would be a marvellous opportunity to improve lives and thanked the Leader and the Head of Communities for the detailed work so far; she asked why the budget for each Community Partnership had been set at the same amount when the make-up of each would differ considerably. The Leader of the Council said the rurality of some locations brought differing dimensions and challenges to the delivery of services but these were, obviously, as important as those within a more urban location, and, therefore, all the Community Partnerships would receive the same amount. Councillor Gooch agreed this was a logical approach but suggested that funding allocations should be reviewed in a year or so. The Leader of the Council said that Full Council could seek to recommend such a review if it so wished.

Councillor C Topping asked if the data to be provided to each of the Workshops would include traffic and parking matters. The Leader of the Council said the presentation had provided an example of the data that could be provided but, he said, the volume of data needed to be considered with care as it was important for the Community Partnerships to be able to focus on priorities. The Leader stressed the importance of

ensuring that any data which was reviewed by the Community Partnerships had been validated.

In response to a question from Councillor S Bird about how voting mechanisms for conflicting priorities were intended to work, the Leader of the Council replied that there would need to be a flexible approach and a willingness to compromise when agreeing priorities would be needed.

Councillor T Green also welcomed the proposed Community Partnerships and asked if the County Council's social care and early intervention teams could be involved in the Community Partnerships. Councillor Green also referred to the previous *Hidden Needs* document and asked that this be made available to newly elected Councillors. She also asked how the impact of the Community Partnerships would be reviewed and how their success would be measured. The Leader of the Council agreed that the *Hidden Needs* document was a key source of information for all Councillors and available on-line. He added that the Community Partnerships would go through a process of continuous review to ascertain how they were working and developing, albeit at different rates and in different ways.

Councillor P Byatt welcomed the involvement of all Councillors in the Partnerships. He asked that the participation of young people be encouraged and also that there be a sharing mechanism for issues being addressed by Community Partnerships to indicate common priorities and related solutions. Councillor Byatt hoped the formation of the Community Partnerships would be celebrated. The Leader of the Council agreed that it would be essential to share best practice and opportunities between the Community Partnerships. He added that the Strategic Board which included the eight Chairs would provide an opportunity for the sharing of information.

Councillor M Jepson welcomed the opportunity for all participants to come together, regardless of political persuasion, and asked that the forums be well-promoted. The Leader of the Council replied that a communication strategy would be put in place.

The Chairman invited debate.

Councillor C Blundell said he had a number of reservations about practical aspects of the Community Partnerships, these included the election of a Chair for each of the Community Partnerships and he was concerned that District Councillors on each Partnership might be undermined or "swamped" by the other participating bodies. Councillor Blundell said demands would be diverse and there would be the potential for conflict, therefore, he said it would be important for all participants to have an equal voice. The Leader of the Council confirmed that each Chair would be a Councillor and referred to the governance arrangements detailed within the report.

Councillor T Goldson said it would be important for the Chair of each Community Partnership to set realistic parameters and to provide good leadership to enhance the success of the Partnerships; he commended the proposals.

The Chairman moved to the recommendations which were proposed, seconded and by unanimous vote it was

RESOLVED

1. That the establishment of eight Community Partnerships, one for each of the areas shown on the map at Appendix A to ES/0156, be approved;
2. That the proposed purpose, remit, governance, structure and funding for Community Partnerships in East Suffolk, as set out in ES/0156, be endorsed;
3. That the proposed budget for the Community Partnerships, as set out in the table at paragraph 6.7 of ES/0156, be approved;
4. That all that can be done to ensure the success of the East Suffolk Partnerships be agreed; and
5. That a review in three years of the establishment, workings and success of the Community Partnerships be agreed.

12 Update of the Anglia Revenues Partnership Agreement

The Chairman advised Council that this report had been withdrawn. The reason for this was that the Joint Anglia Revenue Partnership (ARP) Committee, when it met on 17 September 2019, had been inquorate. Therefore, that Committee had not been able to formally approve the new Constitution as required before the individual partner Councils could be asked to also consider it for approval. The Chairman further advised that the ARP Committee next met in December and so this item would be deferred to the January 2020 meeting of East Suffolk's Full Council.

13 East Suffolk Food and Health and Safety Service Plan 2019/20

Council received report **ES/0151** by the Cabinet Member for Community Health. The report provided the Council's Service Plan for 2019/20 in the format prescribed by the Food Standards Agency in its Framework Agreement on Local Authority Law Enforcement and as also required by the Health and Safety Executive in the National Local Authority Enforcement Code. The 2018/19 Service Plan was required to be submitted for member review to identify performance against the agreed targets, any variance from the Plan and any areas for improvement in the service. Similarly, the draft 2019/20 Service Plan was required to be submitted for member consideration and approval.

In presenting the report, the Cabinet Member drew Council's attention to the key achievements delivered in 2018/19 and as set out in more detail in paragraphs 7.2, 13.2 and 19.2 of the Plan and also to the areas for service improvement as set out in more detail in paragraphs 8, 14 and 20 of the Plan.

The Chairman invited questions.

Councillor T Goldson, with reference to the table at paragraph 2.6 of the report, and the statistic that 97% of food hygiene interventions had been achieved, asked that future reports provide numbers of tasks completed as well as percentage performance against the target so it could be more easily understood. This was agreed.

There being no further questions or matters raised for debate, the Chairman moved to the recommendations which were proposed, seconded and by unanimous vote it was

RESOLVED

1. That performance against the Food and Health and Safety Service Plan 2018/19 be noted; and
2. That the Food and Health and Safety Service Plan for 2019/20 be adopted.

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

Council received report **ES/0152** by the Leader of the Council. The report provided individual Cabinet Members' reports as well as reports by Outside Bodies representatives.

The Chairman stated that the written reports would be taken as read and invited questions on their contents.

Councillor R Herring, with reference to the report by the Cabinet Member with responsibility for Communities, Leisure & Tourism, asked a question related to the Period Poverty initiative and previous contributions to its funding by a number of Councillors through their 2018/19 Enabling Communities Budgets. Councillor Herring said he had made such a contribution and had received a commitment that a proportion of that funding would be utilised by the initiative within his own Ward. However, he considered that funds had been predominantly used within urban areas and GP practices in rural areas did not appear to have been advised of the initiative and so had not requested one of the boxes of sanitary products. Councillor Herring also stated that he had been informed that Rendlesham Youth Club had requested a box, but this had not been received. He asked if the initiative could be more widely promoted and for it to better recognise that the same difficulties from period poverty were experienced in rural areas. He asked the Cabinet Member to review the individual contributions from Enabling Communities Budgets, the previous commitments given to facilitate the initiative within the Wards of those contributing Councillors and to address any areas where provision could be improved. The Cabinet Member thanked Councillor Herring for his question and undertook to review the issue, as requested. The Cabinet Member also asked all Councillors to let her know if there were host locations within their Wards for the boxes.

Councillor C Topping asked the Cabinet Member for Housing, with specific reference to the earlier presentation on Community Partnerships and the example of data and statistics that would be provided, asked if the quoted number of houses in poor condition included any Council houses. The Cabinet Member thanked Councillor Topping for her question. The Cabinet Member said Council houses were maintained to a very high standard and investment in housing stock continued to deliver re-wiring, new heating, replacement roofs, kitchens and bathrooms etc. However, the Cabinet Member undertook to check the quoted figure and to provide an answer outside of the meeting.

Councillor P Byatt asked the Cabinet Member for Planning and Coastal Management if he could raise the collapsing of the Pakefield Cliffs with the County Council. The Cabinet Member responded that this was not the direct responsibility of the coastal management team, but reassured Council that there was close working with all partners in this regard.

Councillor C Mapey asked the Leader of the Council (in the absence of the Cabinet Member with responsibility for Transport) for an update on civil parking enforcement. The Leader of the Council referred to issues with the Traffic Regulation Order and discussions with the Highways Department of the County Council and the Department of Transport. It was suggested that the Council's Car Parking Manager would be able to assist the Councillor with additional detail.

Councillor T Gandy advised the Cabinet Member with responsibility for Customer Services and Operational Partnerships that she was aware of a number of complaints from residents related to the length of time taken to speak with the Council's Council Tax team to seek advice. The Cabinet Member thanked Councillor Gandy for her question. He said that unfortunately he did not have the relevant statistical data with him, but would look into this matter outside of the meeting.

The meeting concluded at 9:20 pm.

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Chairman

<p>Unconfirmed</p>



Minutes of a Meeting of the **Extraordinary Full Council** held in the Deben Conference Room, East Suffolk House, Melton, on **Monday, 16 December 2019 at 6:00 pm**

Members of the Committee present:

Councillor Melissa Allen, Councillor Paul Ashdown, Councillor Edward Back, Councillor David Beavan, Councillor Stuart Bird, Councillor Chris Blundell, Councillor Jocelyn Bond, Councillor Elfrede Brambley-Crawshaw, Councillor Norman Brooks, Councillor Stephen Burroughes, Councillor Peter Byatt, Councillor Alison Cackett, Councillor Jenny Ceresa, Councillor Judy Cloke, Councillor Maurice Cook, Councillor Tony Cooper, Councillor Linda Coulam, Councillor Graham Elliott, Councillor John Fisher, Councillor Tony Fryatt, Councillor Steve Gallant, Councillor Andree Gee, Councillor Tony Goldson, Councillor Louise Gooch, Councillor Tracey Green, Councillor TJ Haworth-Culf, Councillor Colin Hedgley, Councillor Ray Herring, Councillor Mark Jepson, Councillor Richard Kerry, Councillor Stuart Lawson, Councillor Geoff Lynch, Councillor James Mallinder, Councillor Mark Newton, Councillor Keith Patience, Councillor Malcolm Pitchers, Councillor Carol Poulter, Councillor David Ritchie, Councillor Craig Rivett, Councillor Keith Robinson, Councillor Letitia Smith, Councillor William Taylor, Councillor Ed Thompson, Councillor Caroline Topping, Councillor Steve Wiles

Officers present:

S Baker (Chief Executive), A Jarvis (Strategic Director), N Khan (Strategic Director), D Povey (Principal Planner for Planning Policy and Delivery), H Slater (Monitoring Officer and Head of Legal and Democratic Services), P Wood (Head of Economic Development and Regeneration), N Wotton (Deputy Democratic Services Manager) and B Wright (Planning Officer for Planning Policy and Delivery).

1 Apologies for Absence

Apologies for absence were received from Councillors M Deacon, T Gandy, C Mapey, D McCallum, F Mortimer, T Mortimer, M Rudd and K Yule.

2 Declarations of Interest

Councillor J Ceresa declared a Local Non Pecuniary Interest in Item 5 - Mutford Neighbourhood Plan, as she was the District Councillor for that area and in Item 6 - London Road, Lowestoft, Hight Street Heritage Action Zone, as she was the Suffolk County Councillor for Lowestoft South.

Councillor C Rivett declared a Local Non Pecuniary Interest in Item 5 - Mutford Neighbourhood Plan, as he was the District Councillor for that area.

3 Announcements

Chairman of the Council

The Chairman reported that he would provide an update on the events that he and the Vice Chairman had attended, on behalf of the Council, at the next scheduled Full Council meeting on 22 January 2020.

The Chairman then stated that he was sad to report that 3 former Councillors had recently passed away.

Former Waveney District Councillor, David Young, had been elected in 1998, after serving as Member of Suffolk Police Authority. He had been elected to Waveney District Councillor as the Liberal Democrat for Kirkley and he subsequently became Leader of the Liberal Democrat and Independent Group. He had also been the Liberal Democrat Parliamentary candidate for Waveney District Council in 2001 and for Suffolk Coastal District Council in 2005.

Former Waveney District Councillor, Nick Brighouse, had been elected in 1975 as a Conservative and he had served for 20 years, until 1995. Nick had been very active within the Council and he was Chairman of the Council from 1977 to 1979. He was then Leader of the Council from 1984 to 1986. Nick was also a Member of Suffolk County Council from 1989 to 1997.

The Chairman then invited Councillor Herring to say a few words about former Suffolk Coastal District Councillor, John Geater.

Councillor Herring reported that he had been sad to learn that John had passed away in November and Councillor Herring reported that he had attended his funeral on behalf of the Council. John had been elected in 1974 and had served as a Councillor for 34 years. John had been particularly interested in Felixstowe Port and energy production and he had supported the development of Sizewell. He had a family business in the Leiston area and he had then taught for many years and had inspired future generations. He had always been a happy and positive person and would be greatly missed by his local community. His daughter, Susan, had also been a Suffolk Coastal District Councillor in the last administration, stepping down from this role in May 2019.

The Chairman of the Council then asked all those present to stand for a minutes' silence, as a mark of respect for the former Councillors who had recently passed away.

Leader of the Council

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The Leader of the Council reported that he had made the following appointments to Outside Bodies, using his delegated authority:

- Access and Amenity Fund (Executive Function) – Councillor James Mallinder, Cabinet Member for the Environment
- Coastal Communities Team Committee (Executive Function) – Councillor Letitia Smith, Cabinet Member for Communities, Leisure and Tourism
- Galloper Wind Farm Fund Panel (Executive Function) – Councillor James Mallinder, Cabinet Member for the Environment

- Suffolk Local Access Forum (Exec Function) – Councillor James Mallinder
- Sparsity Partnership for Authorities Delivering Rural Services (SPARSE) (Non-Executive Function) – Councillor Chris Mapey replaces Councillor Stephen Burroughes

Cabinet Members

There were no announcements from the Members of the Cabinet on this occasion.

Chief Executive

There were no announcements from the Chief Executive on this occasion.

4 Petitions

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

5 Mutford Neighbourhood Plan

Councillor Ritchie, Cabinet Member for Planning and Coastal Management, presented the report which sought approval for the Council to 'make' the Mutford Neighbourhood Plan. He reported that he was supported this evening by B Wright, Planning Officer for Planning Policy and D Povey, Delivery and Principal Planner for Planning Policy and Delivery. It was noted that the Parish Clerk for Mutford, Mr Armstrong, had been instrumental in the creation and development of the plan, and he had demonstrated that it was not necessary to have a Planning Consultant involved in the creation of a Neighbourhood Plan.

Councillor Ritchie reported that Mutford consisted of 550 inhabitants and was located between Carlton Colville and Beccles in the North of the District. The dwellings were dotted around the parish and it was noted that Hulver Road within the village, was named after the anglo saxon word for Holly, which was 'Hulver'. The East Suffolk Council Waveney Local Plan allocates one potential site for development, which would be modest and proportionate for the village. It was noted that local residents had been keen to preserve the rural aspect of the village and to try and preserve the 'dark skies', as many areas were blighted by light pollution.

In accordance with the regulations, a referendum regarding the Neighbourhood Plan had been held and the residents had voted to adopt the Neighbourhood Plan. It was confirmed that following the result of the referendum, the Council was required to formally 'make' the plan within 8 weeks. The Extraordinary Full Council meeting this evening was slightly beyond that timescale, as the Full Council meeting scheduled for 27 November 2019 had been cancelled due to the General Election.

The Planning Officer for Planning Policy and Delivery reported that the Planning Team had worked with the Parish Clerk and the residents of Mutford throughout the process and they had developed a very good working relationship. The Neighbourhood Plan had gone through all of the regulatory stages and no issues had arisen.

Councillor Fryatt took the opportunity to ask how long it had taken for the Mutford Neighbourhood Plan to be completed? The Principal Planner for Planning Policy and

Delivery reported that it had taken approximately 3 years, which was about average when compared to other parishes.

Councillor Byatt queried whether the proposed Barnby Bends bypass had been included within the Mutford Neighbourhood Plan. Councillor Ritchie reported that the Barnby Bends was to the North of Mutford and the road was the historical boundary for the village.

Councillor Elliott took the opportunity to congratulate all those involved in the development of the Neighbourhood Plan and he had been particularly interested in the emphasis on retaining the 'dark skies' for the village.

There being no further questions or debate, Councillor Ritchie proposed the recommendation, which was seconded by Councillor Kerry and it was then unanimously

RESOLVED

That the Council “make” the Mutford Neighbourhood Plan (referendum version) part of the statutory Development Plan for the Mutford Neighbourhood Area.

6 'London Road', Lowestoft, High Street Heritage Action Zone

Councillor Rivett, Deputy Leader and Cabinet Member for Economic Development, presented the report which sought approval for the required match-funding contribution and the additional budget requirement for additional staffing requirements to assist with this project.

It was noted that East Suffolk Council had been successful in its bid to move on to the next stage of Historic England's High Street Heritage Action Zone Programme. The confirmation and funding was on an 'in principle' basis, dependent upon the successful design and submission of a Delivery Plan to Historic England by 20 December 2019. The Delivery Plan would include details of the 'in principle' grant funding allocation of £561,870.00 from Historic England, profiled for the duration of the four year programme.

The Council was required to provide match-funding of £338,738.00, which would be profiled over the 4 years. It was noted that this funding would not be committed before confirmation that the funding from Historic England had been awarded. It had been agreed previously with Finance that the Council's match-funding would come from the Business Rates Equalisation Reserve.

In order to fulfil the terms of the existing North Lowestoft Heritage Action Zone and the London Road High Street Heritage Action Zone, additional staff resource was required from the Planning and Coastal Management Team. This funding would provide additional, fixed term dedicated Planning resources to effectively deliver both Heritage Action Zones, for the four year period of the programme and it was noted that this would also be funded from the Business Rates Equalisation Reserve.

The Head of Economic Development and Regeneration confirmed that the Council would be the Accountable Body for the funding and would therefore own and manage

the risks associated with the delivery of the project. The Governance of the project would be overseen by the High Street Heritage Action Zone (HSHAZ) Board, with assistance from the HSHAZ Project Delivery Team. It was noted that this project would provide an excellent opportunity to make significant improvements for the area and raise aspirations of local residents.

Councillor Patience stated that he was born in the Harbour Ward and had lived there all his life. He was concerned that neither of the 2 Heritage Action Zones included Surrey Street, as there were many important buildings on that street, which needed to be protected for the future. He queried what was happening to protect and support areas outside of the Heritage Action Zone? The Deputy Leader and Cabinet Member for Economic Development reported that there were many projects underway in the Lowestoft area. The Council had been unsuccessful in its bids last year, however the Council would be reapplying for Round 2 in Summer 2020. Furthermore the Council had been invited to bid to the Towns Fund with a potential £25 million being available for the town. The Council was committed to taking all opportunities that were available to it, to improve the local area. The Head of Economic Development and Regeneration confirmed that the Council was applying for significant investment including the Towns Fund. A Master Plan for the area was being created and it would focus upon matters which were important to local people, such as making the town centre more welcoming and vibrant.

Councillor Green reported that she was very supportive of the proposals, however she sought clarification regarding the rationale behind the costs over the 4 year project. The Head of Economic Development and Regeneration reported that the figures were based upon the Draft Delivery Plan for the project, whereby the money would be received in phases over the 4 year term of the project and the expenditure was planned accordingly. More detailed information would be provided within the Draft Delivery Plan, in due course.

Councillor Gooch welcomed the project and she queried the level of support being provided to local businesses, as she was concerned that several small businesses had closed recently. She also queried whether the Council was able to influence the shop owners, to try and encourage them to have tidy and well maintained shop fronts, which would help to improve the overall appearance of the town centre. The Deputy Leader and Cabinet Member for Economic Development reported that the Economic Development Officers were working to support local businesses and every effort was being undertaken to facilitate the improvement in shop frontages in the town.

Councillor Byatt commented that the additional Planning Officers were due to be in post from April 2020 to April 2024. He queried what would happen if there was a delay in their recruitment, would their employment be extended to ensure that the Council had the additional resource for 4 years? The Deputy Leader and Cabinet Member for Economic Development confirmed that advice would be sought and every effort would be taken to consider all of the impacts regarding these posts, in order to best meet the needs of the Council.

Councillor Byatt reported that partnership working to improve Lowestoft was essential and he asked if Ward Councillors could be kept informed and involved with this Project, as they would have a valuable role in disseminating information to the public. The

Deputy Leader and Cabinet Member for Economic Development reported that the promotion of Lowestoft was crucial and the Council would be using a wide range of ways to publicise its work in this respect, including social media. It was also important to celebrate those new businesses that were doing well and hopefully encourage other local people to become more enterprising.

Councillor Topping stated that local people had been very upset by the removal of the archives in Lowestoft and it was important to engage the local communities in positive things that were happening locally. The Deputy Leader and Cabinet Member for Economic Development agreed that this was important and reported that there would be regular Heritage Action Zone newsletters in order to keep the public apprised of the latest developments.

The Deputy Leader and Cabinet Member for Economic Development took the opportunity to move the recommendations contained within the report and they were duly seconded by the Cabinet Member for Planning and Coastal Management, it was then

RESOLVED

1. That the required match-funding contribution from East Suffolk Council for the 'London Road' Heritage Action Zone programme of; £66,750 Year 1 (2020/21), £84,877 Year 2 (2021/22), £36,059 Year 3 (2022/23) and £151,052 in Year 4 (2023/24), totalling £338,738 and to be funded from the Business Rates Equalisation Reserve be approved.
2. That the additional budget requirement totalling £181,283 over four years, commencing 2020/21 to resource an additional Area Planning Officer (0.5 FTE) and a Design & Conservation Officer (0.5 FTE), funded from the Business Rates Equalisation Reserve and which will cover both the existing North Lowestoft and the 'London Road' Street Heritage Action Zones be approved.

7 Draft Calendar of Meetings for 2020/21

The Leader of the Council presented the Draft Calendar of Meetings for the 2020/21 Municipal Year for approval. He reported that the Calendar of Meetings provided the framework for the democratic and decision-making processes that underpins the delivery of the key priorities identified within the Council's Strategic Plan. It was noted that the Chairman of the Council and the Chairmen of the 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.

The Calendar of Meetings for 2020/21, once approved, would be published on the Council's website via CMIS. It was noted that Democratic Services would also ensure that all Councillors receive electronic calendar invitations to all of the Committees upon which they sit, to include Full Council meetings. The Leader then took the opportunity to propose the recommendations which were seconded by Councillor Rivett and it was

RESOLVED

1) That the Head of Legal and Democratic Services, in consultation with the Leader of the Council, be granted delegated authority to make any necessary changes to the Calendar of Meetings throughout the year.

2) That the Draft Calendar of Meetings of East Suffolk Council, its Cabinet and Committees, for 2020/21 be approved.

The Chairman of the Council thanked everyone for attending the meeting and wished them all a Happy Christmas. He then announced that there would be a short recess and the Scrutiny Committee meeting would therefore commence at 6.55pm.

The meeting concluded at 6.42 pm.

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Chairman

COUNCIL

Wednesday, 22 January 2020

REPORT OF THE INDEPENDENT REMUNERATION PANEL

EXECUTIVE SUMMARY

1. To consider a report from the Independent Remuneration Panel (IRP) about its review of the Members' Allowances Scheme (MAS) for East Suffolk Council (ESC), and its proposed amendments to the MAS, following its review.
2. To consider whether the Council wishes to adopt all or part of the recommendations put forward by the IRP, with regard to the MAS.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in the District
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Cabinet Member:	Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources
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Supporting Officers:	Hilary Slater Head of Legal and Democratic Services 01394 444336 hilary.slater@eastsoffolk.gov.uk Sarah Davis Democratic Services Officer 01502 523614 Sarah.davis@eastsoffolk.gov.uk
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1 INTRODUCTION

- 1.1 On 25 May 2018, the East Suffolk (Local Government Changes) Order 2018 (the Changes Order) came into force and provided for the abolition of Suffolk Coastal District Council (SCDC) and Waveney District Council (WDC) from 1 April 2019 and the creation of the new East Suffolk Council (ESC) on the same day, in place of SCDC and WDC. Elections for ESC were held on 2 May 2019 and 55 Councillors took office on the fourth day after their election, on 7 May 2019.
- 1.2 During the period from 25 May 2018 until 6 May 2019, known as the “Shadow Period”, a Shadow Council (SC) for ESC was created by the Changes Order. The SC consisted of all 42 SCDC and 48 WDC Members (90 total), notwithstanding the abolition of each Council on 1 April 2019.
- 1.3 Article 10 of the Changes Order required the SC to formulate proposals for a Members’ Allowances Scheme for adoption by the ESC.
- 1.4 The Local Authorities (Members’ Allowances) (England) Regulations 2003 (the Regulations) usually apply in the formulation of such a scheme. The 2003 Regulations require the appointment of an Independent Remuneration Panel (IRP) to make recommendations as to the contents of any such MAS to be adopted. The Local Authorities (Members’ Allowances) (England) Regulations 2003 require Local Authorities to have an approved MAS in place for the payment of allowances to Elected Members.
- 1.5 An IRP is comprised of community representatives and is independent of the Council so the public can have confidence that the production of a report by them on any MAS is undertaken on an impartial basis. Any recommendations from the IRP are referred to Full Council for consideration so that the process is open and transparent.
- 1.6 The SC considered that it might be challenging for an IRP to carry out a comprehensive review of Members’ Allowances and have a new Scheme in place for the ESC to adopt at its first Annual Meeting on 22 May 2019. Not only was the timetable tight for this, but it would be difficult to assess the workload of newly elected Councillors until some months after their election when the demands on their time, in serving the larger wards created by the new Council, could be quantified. It was agreed that the IRP needed to understand the role of an East Suffolk Councillor in detail, and to hear from those newly elected Councillors, about how they were going about their important, new work, to represent their now larger wards.
- 1.7 In July 2018, three individuals were selected from the pool of five SCDC/WDC IRP members and their report REP39 (SH) recommending an equalised Scheme based on the SCDC and WDC Schemes was considered and approved by the SC on 28 February 2019. This enabled a Scheme to be in place from 7 May 2019 when the new ESC Councillors took office.
- 1.8 At its Annual Meeting on 22 May 2019, ESC considered report ES/0011 and agreed to adopt the MAS approved by the SC on 28 February 2019. It was also agreed to commission an in-depth review of the MAS within six months as this would give newly elected Members an opportunity to gain some experience of their wards, and the new Council, which they could share with an IRP.
- 1.9 The IRP was commissioned in September 2019 to carry out the in-depth review of the ESC MAS.

2 IRP'S METHODOLOGY

2.1 The IRP was tasked with reviewing the MAS to ensure that it was fit for purpose, given the ESC's position as the largest District Council in the country by population. The IRP recognised the enormously innovative changes which the ESC had made, in reducing the number of Councillors from 90 to 55. Also, that the ESC Members were now working with larger budgets and bigger wards. The IRP realised that it needed to respond similarly, as the roles of individual Councillors had changed. Therefore, the IRP has endeavoured to apply the Regulations in a way that reflect the increased responsibility on each Councillor in responding to the demands of the new Council.

2.2 Consequently, the IRP decided to approach the review by using several different methods to obtain evidence including:

- Benchmarking the current and proposed Scheme against other local and national Local Authority Schemes;
- Asking Members to complete a questionnaire to enable the IRP to understand the roles, responsibility and time commitments of being an ESC Councillor generally as well as the requirements for those Members holding positions that carried a Special Responsibility Allowance (SRA);
- To understand the different workloads, demands on their time and experiences of being an ESC Councillor, the IRP interviewed all the Group Leaders and several other Members who met one or more of the following criteria: newly elected; a returning SCDC/WDC Councillor; someone with caring responsibilities eg children/dependents; from a rural ward; from a large town; from the north of the District; from the south of the District; and also a newly appointed Committee Chairman.
- The IRP also interviewed the Council's Head of Communities in relation to the role of the Chairman of the eight new Community Partnerships.

2.3 In order to determine the Basic Allowance (BA), the IRP used the same approach they had in the review which they carried out for the former Waveney District Council in 2017, whereby a percentage allocation of time had been worked out for different elements of the Councillor's role, including Use of Home, Member Development, being a Ward Councillor, Meetings and Preparation Time. An element for Information Technology (IT) had not been included in this review, as it was no longer applicable. In addition, the IRP had compared the BA of the ESC against that of other local authorities, both locally and nationally, that had similar population sizes.

3 IRP'S FINDINGS

3.1 Taking into account the above and comprehensive discussions, the IRP noted that there had been an unprecedentedly large response to the questionnaires which they had sent out, and Members had expressed some strong opinions in them. In summary:

- The workload for Members had increased significantly – double in most cases – the role had been redefined and could not be viewed as part time. There were a number of Members who felt that this was affecting their work/life balance. In particular, contact through emails and phone with constituents had increased.

- The extra and greater responsibilities for all Members and especially those with SRAs was evident. Consequently, Members required greater skills to manage the increased budgets and duties. The concept that this was a volunteer occupation was diminishing.
- Significant additional travel to and from meetings and visiting constituents was now required for many Members. Some of this mileage could not be claimed and there was no recognition of the additional time required. In some cases, this could require a Member to be travelling a round trip of 3 - 4 hours to attend a meeting that lasted for 2 hours.
- Members who have an outside occupation were having to take time off at their own cost or lose holiday entitlement.
- There was a strong opinion regarding the lack of diversity within the Council which many respondents attributed to the small allowances. Comments were made that people who were self-employed could not afford to become a Councillor. Likewise, employed people might find it difficult to get the time off required to fulfil their role effectively.
- On a positive note, all respondents were enthusiastic about the challenges ahead with the new Council.

4 IRP'S RECOMMENDATIONS

- 4.1 Using the data accumulated from the questionnaires and the information provided by Democratic Services, the IRP reviewed the Members' activity and work levels against the previous results in 2017, as well as the payments made to Members from Suffolk County Council, other large Councils in East Anglia, and across the UK. This, taken together with the increased demands on Councillors' workload, time spent, and increased budget responsibilities, led the IRP to make the following recommendations:
- 4.1.1 That the Basic Allowance (BA) be increased to £7,500, backdated to 7 May 2019.
- 4.1.2 That, in relation to SRAs, the following be recommended with payments backdated to 22 May 2019 or when appointed to the position:
- (a) The same method being retained for calculating SRAs e.g. by agreeing a multiplier of the Basic Allowance for each position rounded to the nearest 2 decimal places. However, given the proposal to significantly increase the BA, the IRP have proposed that the current multipliers be reduced across the board to offset some of the increased budget costs, therefore, the SRAs for the following positions have all had their multiplier reduced but the actual payments (rounded to the nearest whole pound) will be higher due to the BA increasing:
- Leader of the Council - £18,750
 - Deputy Leader of the Council - £12,500
 - Cabinet Members - £7,289
 - Chairman of Council - £9,375
 - Vice-Chairman of Council – £3,125
 - Planning Committee Members – £1,563

- (b) To reflect the higher level of responsibility and frequency of meetings, the SRA for the two Chairmen and the two Vice-Chairmen of both Planning Committees (North and South) be set at the higher level of £6,463 and £3,125 to create a differential between them and the other Committee Chairmen and Vice-Chairmen (Scrutiny, Audit & Governance and Licensing Committees) who will receive the same payment as currently £5,050 and £2,442 respectively.
- (c) No payment be made at present for the Chairman and Vice-Chairman of the Strategic Planning Committee on the basis that the postholders are currently receiving a higher level of SRA for being Chairmen of the Planning Committees, however, this decision should be reviewed in a year's time when more information about workload is available.
- (d) The SRA for the Assistant Cabinet Members be increased to £5,050 which is equivalent to a Scrutiny, Audit & Governance and Licensing Committee Chairman, subject to a review of the level in a year's time, at which stage the Assistants will have been in post for some time and their roles should be better understood, and can be further considered.
- (e) The Chairmen of the new Community Partnerships receive an SRA of £2,442 which is equivalent to a Vice-Chairman of a Scrutiny, Audit & Governance or Licensing Committee, and this should be reviewed once the Community Partnerships have operated for a year.
- (f) Licensing Committee Members should receive an SRA of £750 to reflect the frequent requirement to sit on Licensing Sub-Committees which have a quasi-judicial function.
- (g) In addition to claiming 100% of the highest SRA they are eligible for, Members can also claim 25% of the next highest eligible SRA provided it is not claimed for attending the same Committee e.g. the Licensing Committee Chairman could not claim a second SRA for being a Licensing Committee Member but they could claim if they were also a Planning Committee Member. The payment of a second SRA to be reviewed in a year's time.
- (h) The formula for determining SRAs for Leaders of the Opposition Parties/Groups remains the same and is based on the Leader's Allowance divided by 55, which gives an allowance of £340.91. To receive this allowance, there needs to be at least three Opposition Members in the same Political Party and if this was the case, the Opposition Leader would receive an allowance of £1,022.72. The allowance would then increase by £340.91 for each extra Member in that Opposition Party/Group.
- (i) That no change be made to the allowance for Co-opted Members of ESC in that they will be paid an amount per meeting, the amount being the BA multiplied by between 1% to 4%, the % to be determined at the discretion of the Chairman of the Committee on which the co-opted Member sits.

4.1.3 That the BA and SRAs in the MAS be specifically linked to the annual staff pay award in order to preserve the link with Officers' pay.

4.1.4 That no change be made to the rates for the Travelling and Subsistence and Dependent Carers Allowances.

4.1.5 That the Travel and Subsistence list of Approved Duties be extended to include the excess mileage for visits to constituents of journeys in excess of a 10 mile round trip in order to recognise the additional miles that some Members have to travel to visit their constituents

due to the ward boundary changes (eg if the journey is normally a 12 miles round trip then Members can claim 2 miles at the normal mileage rate of 45p per mile).

- 4.1.6 That the MAS include a payment equivalent to at least the Real National Living Wage (which is currently £9.30 and usually changes annually in November) to be payable for every hour or part thereof for any “standard journey” (using a method such as AA route map) within the District by car or public transport that takes longer than two hours (e.g. for a journey that routinely takes two hours 15 minutes, a claim could be made for £9.30 for the 15 minutes over and above the two hours as well as claiming mileage as normal. If a journey takes longer than normal e.g. to follow a diversion and subsequently exceeds two hours, the additional time cannot be claimed for, as this would be a one off and not a “standard journey”).
- 4.1.7 That the introduction of the claims as detailed in 4.1.5 and 4.1.6 above be reviewed in a year’s time as it is difficult to quantify the impact of them at this point.
- 4.2 That, subject to the above recommendations being approved, the IRP review the following in a year’s time:
- Whether to pay the Strategic Planning Committee Chairman and Vice-Chairman an SRA
 - The level of SRA for Assistant Cabinet Members
 - The level of SRA for Chairmen of Community Partnerships
 - Whether to continue paying a second SRA and, if so, whether to review the percentage payable
 - The payment of excess mileage for visits to constituents for any round trip journeys over 10 miles
 - The payment for any “standard journeys” over a two hours round trip
- 4.3 In addition to the above relating to Allowances and payments under the MAS, the IRP received several comments from Members regarding other issues and have therefore made the following general recommendations:
- 4.3.1 Problems with broadband signal – That the Council’s IT department provide any support necessary to those Members who live in an area where the broadband signal is deficient to enable them to carry out their duties as effectively and efficiently as possible.
- 4.3.2 Lack of diversity on the Council and the view that the current Scheme did not help to attract people to stand as Councillors – That the Council investigate ways to attract different people from different backgrounds and with a range of skills, by inspiring companies to encourage their workforce to consider becoming a Councillor, or to enable the self-employed to be adequately recompensed for lost work.

5 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 5.1 It is important that all the policies and procedures which are in place to support Councillors in carrying out their roles are regularly reviewed to ensure that they continue to be appropriate and meet the needs of the ESC. The Councillors of ESC ought to be appropriately recompensed for the time they give to the new Council, the establishment of which brought about significant efficiency savings, as set out in the East Suffolk Business Plan.

6 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 6.1 The establishment of IRPs and the setting of MAS are governed by the Regulations. The IRP acts in accordance with the guidance issued to support the Regulations.
- 6.2 Statutory legislation provides for all Members to be paid the same BA and SRAs for undertaking additional responsibilities. The role of the IRP is to review and make recommendations in respect of these and other allowances payable to Elected Members.
- 6.3 The ESC has to have regard to the recommendations in the IRP report and may adopt any of the recommendations put forward in full or in part.
- 6.4 **Basic Allowances**
- 6.4.1 The Members' BA budget from the predecessor Councils was £517,000 (including £34,000 for an IT allowance for SCDC Councillors) and this was maintained in the first ESC budget.
- 6.4.2 The IRP proposes that all 55 Members receive an increase in the BA from £4,883.40 to £7,500, backdated to 7 May 2019, when they took office. The current cost of the Basic Allowance is £268,587 but the proposed new cost would be £412,500 (see Table 1 below), which equates to a saving of £104,500 from the BA budget for SCDC and WDC (which is lower than the current savings of £248,413).
- 6.4.3 If the recommendation to increase the BA is approved, the budget for BAs will need to be revised as part of the 2020/21 budget setting process.
- 6.5 **Special Responsibility Allowances**
- 6.5.1 The Members' SRA budget for the predecessor Councils was £228,200 and this was also maintained within the first ESC budget.
- 6.5.2 The IRP proposals are shown below in Table 1 and, if approved, would result in the costs rising from the current cost of £148,062 to £220,195, which equates to a saving of £8,005 from the SRA budget for the predecessor Councils (which is lower than the current savings of £80,138).
- 6.5.3 The SRA budget figures have been based on the following:
- A multiplier of the BA, rounded to the nearest 2 decimal places, being agreed for each SRA position, with the resulting Allowance payment then rounded to the nearest whole pound.
 - Cabinet consisting of 10 Members (Leader, Deputy Leader and 8 Cabinet Members each claiming an SRA).
 - The total SRA budget figure is based on each position being filled by an individual and claiming 100% of the applicable allowance.
 - However, given the recommendation that Members can also claim 25% of the second, next highest SRA to which they are eligible, the actual costs are likely to be less than budgeted depending on how many second SRAs are claimed.

6.5.4 If approved, the budget for SRAs will be revised as part of the 2020/21 budget setting process.

6.6 Proposed New Allowances

6.6.1 At this point, it is difficult to quantify the financial impact of how many claims will be made for visits to constituents and journeys over two hours, however, it is considered that the additional costs are unlikely to be significant and can be accommodated in the overall budget.

6.7 The budget for 2019/20 is a full year budget and can also accommodate the costs of backdating the BA and SRAs as applicable.

Table 1 – Basic and Special Responsibility Allowances:				
Position	New Allowance (rounded to nearest £)	Multiplier (rounded to nearest 2 decimal places)	Actual No of Members	Total Cost
Basic Allowance	£ 7,500		55	£ 412,500
Leader of the Council	£ 18,750	2.50	1	£ 18,750
Deputy Leader of the Council	£ 12,500	1.67	1	£ 12,500
Cabinet Members	£ 7,289	0.97	8	£ 58,312
Assistant Cabinet Members	£ 5,050	0.67	4	£ 20,200
Planning Committee Chairman	£ 6,463	0.86	2	£ 12,926
Planning Committee Vice-Chairman	£ 3,125	0.42	2	£ 6,250
Scrutiny Committee Chairman	£ 5,050	0.67	1	£ 5,050
Scrutiny Committee Vice-Chairman	£ 2,442	0.33	1	£ 2,442
Licensing Committee Chairman	£ 5,050	0.67	1	£ 5,050
Licensing Committee Vice-Chairman	£ 2,442	0.33	1	£ 2,442
Audit & Governance Committee Chairman	£ 5,050	0.67	1	£ 5,050
Audit & Governance Vice-Chairman	£ 2,442	0.33	1	£ 2,442
Chairman of the Council	£ 9,375	1.25	1	£ 9,375
Vice-Chairman of the Council	£ 3,125	0.42	1	£ 3,125
Planning Committee Members	£ 1,563	0.21	14	£ 21,882
Licensing Committee Members	£ 750	0.10	13	£ 9,750
Community Partnership Chairmen	£ 2,442	0.33	8	£ 19,536
Leader of Labour Group (7 Members)	£ 2,386		1	£ 2,386
Leader of the GLI Group (8 Members)	£ 2,727		1	£ 2,727
Total SRA				£ 220,195
Total				£ 632,695

7 OTHER KEY ISSUES

7.1 The MAS is based purely upon roles and responsibilities and, therefore, it has been agreed that an Equality Impact Assessment is not required as it will be applied equally regardless of protected characteristics.

8 CONSULTATION

- 8.1 The IRP members were appointed following a formal recruitment process to ensure equality, openness and transparency. Specific exclusions applied but these were clearly laid out in the application form and person specification.
- 8.2 To formulate their proposals, the IRP met with all three ESC Group Leaders as well as a number of Councillors that met their criteria as detailed in 2.2 above.
- 8.3 In addition, the IRP met with the Council's Head of Communities in relation to the role and responsibilities of the new Community Partnership Chairmen.

9 OTHER OPTIONS CONSIDERED

- 9.1 The Regulations require the Council to have a MAS. Given the IRP's recommendation to review certain elements of their proposed changes in a year's time once more information is available, Members could decide to defer consideration of all the IRP's proposals for a year. However, deferring the review would not accord with the Shadow Authority's recommendation to review Members' Allowances within six months of the ESC being created, so as to assess the recognised impact of Members serving in their new wards, with larger areas and greater responsibilities, and to ensure that Councillors are adequately remunerated.

10 REASON FOR RECOMMENDATION

- 10.1 To ensure that the MAS has been fully reviewed, in accordance with the recommendations of the Shadow Authority for East Suffolk, and to take account of the new ESC, the reduction in the number of Members and its larger wards. In addition, to ensure that any increase in Members' workload by virtue of serving the largest District Council in the country by population is recognised and appropriately reflected in the MAS.

RECOMMENDATION

That the recommendations of the Independent Remuneration Panel for a new Members' Allowances Scheme for East Suffolk Council, as set out in paragraph 4 above, be approved in whole or in part.

APPENDICES

Appendix A	The IRP Budget Spreadsheet (showing current and proposed payments)
Appendix B	The current Members' Allowances Scheme
Appendix C	The proposed Members' Allowances Scheme

BACKGROUND PAPERS – none

IRP BUDGET SPREADSHEET

Position	Current Payments				Proposed Payments				Change			
	Allowance	Multiplier (rounded to nearest 2 decimal points)	Actual No. of Members	Total Cost	New Allowance	Multiplier (rounded to nearest 2 decimal points)	Actual No of Members	Total Cost	Mult	By Individual	By Allowance	Total
Basic Allowance	£ 4,883		55	£ 268,587	£ 7,500		55	£ 412,500		£ 2,617	£ 143,913	£ 143,913
Leader of the council	£ 14,650	3.00	1	£ 14,650	£ 18,750	2.50	1	£ 18,750	-0.50	£ 4,100	£ 4,100	£ 4,100
Deputy leader of the Council	£ 9,767	2.00	1	£ 9,767	£ 12,500	1.67	1	£ 12,500	-0.33	£ 2,733	£ 2,733	£ 2,733
Cabinet Members	£ 5,695	1.17	8	£ 45,560	£ 7,289	0.97	8	£ 58,312	-0.20	£ 1,594	£ 12,752	£ 12,752
Assistant Cabinet Members	£ 2,442	0.50	4	£ 9,768	£ 5,050	0.67	4	£ 20,200	0.17	£ 2,608	£ 10,432	£ 10,432
Committee Chairman Planning	£ 5,050	1.03	2	£ 10,100	£ 6,463	0.86	2	£ 12,926	-0.17	£ 1,413	£ 2,826	£ 2,826
Vice Chairman Planning	£ 2,442	0.50	2	£ 4,884	£ 3,125	0.42	2	£ 6,250	-0.08	£ 683	£ 1,366	£ 1,366
Committee Chairman Scrutiny	£ 5,050	1.03	1	£ 5,050	£ 5,050	0.67	1	£ 5,050	-0.36	£ -	£ -	£ -
Vice Chairman Scrutiny	£ 2,442	0.50	1	£ 2,442	£ 2,442	0.33	1	£ 2,442	-0.17	£ -	£ -	£ -
Committee Chairman Licensing	£ 5,050	1.03	1	£ 5,050	£ 5,050	0.67	1	£ 5,050	-0.36	£ -	£ -	£ -
Vice Chairman Licensing	£ 2,442	0.50	1	£ 2,442	£ 2,442	0.33	1	£ 2,442	-0.17	£ -	£ -	£ -
Committee Chairman Audit & Gov	£ 5,050	1.03	1	£ 5,050	£ 5,050	0.67	1	£ 5,050	-0.36	£ -	£ -	£ -
Vice Chairman Audit & Gov	£ 2,442	0.50	1	£ 2,442	£ 2,442	0.33	1	£ 2,442	-0.17	£ -	£ -	£ -
Chairman of the Council	£ 7,325	1.50	1	£ 7,325	£ 9,375	1.25	1	£ 9,375	-0.25	£ 2,050	£ 2,050	£ 2,050
Vice Chairman of the Council	£ 2,442	0.50	1	£ 2,442	£ 3,125	0.42	1	£ 3,125	-0.08	£ 683	£ 683	£ 683
Planning Committee Members	£ 1,221	0.25	14	£ 17,094	£ 1,563	0.21	14	£ 21,882	-0.04	£ 342	£ 4,788	£ 4,788
Licensing Committee Members	£ -	0.00	13	£ -	£ 750	0.10	13	£ 9,750	0.10	£ 750	£ 9,750	£ 9,750
Community Partnership chairs	£ -	0.00	8	£ -	£ 2,442	0.33	8	£ 19,536	0.33	£ 2,442	£ 19,536	£ 19,536
Leader of Labour Party	£ 1,865			£ 1,865	£ 2,386		1	£ 2,386		£ 521	£ 521	£ 521
Leader of the GLI	£ 2,131			£ 2,131	£ 2,727		1	£ 2,727		£ 596	£ 596	£ 596
Total SRA				£ 148,062				£ 220,195				£ 72,133
Total				£ 416,649				£ 632,695			£ -	£ 216,046

Savings	Current	Was Pre-ESDC	Saving with ESDC				Proposed	Proposed Saving on Pre-ESDC
Basic	£ 268,587	£ 517,000	£ 248,413				£ 412,500	£ 104,500
SRA	£ 148,062	£ 228,200	£ 80,138				£ 220,195	£ 8,005
Total	£ 416,649	£ 745,200	£ 328,551				£ 632,695	£ 112,505

Part 5 – MEMBERS’ SCHEME OF ALLOWANCES

SCHEME OF MEMBERS’ ALLOWANCES FOR EAST SUFFOLK COUNCIL FROM 22.5.2019.

1. Basic and Special Responsibility Allowances

- 1.1 A basic allowance is payable to all Councillors as set out in the Table below. No claim is required.
- 1.2 In addition, Special Responsibility Allowances are payable to those Councillors holding the offices set out in the Table below. These are paid monthly and no claims are required.
- 1.3 A Councillor who does not wish to receive basic and/or Special Responsibility Allowances may give notice in writing to the Chief Executive. The notice can be withdrawn (in writing) at any time and the Allowances will be reinstated from the date of that second notice.
- 1.4 Basic and Special Responsibility Allowances accrue on a daily basis and are payable from the date on which the Councillor takes office and will cease on the date on which the office ceases.
- 1.5 These Allowances count as earnings for Income Tax and National Insurance and the appropriate deductions will be made.
- 1.6 The link between increases in officers’ pay and increases in Members’ Allowances is to be maintained so that any inflation increases applied to officers’ pay will be similarly applied to Members’ Allowances (including to the Basic Allowance and Special Responsibility Allowances).
- 1.7 Only one Special Responsibility Allowance will be paid to each Member (whichever is the higher allowance).

Table of Member Allowances	Amount
Basic Allowance	£4,883.40
Leader of the Council	£14,650.20
Deputy Leader of the Council	£9,766.80
Cabinet Members	£5,695.08
Assistant Cabinet Members	£2,441.76
Committee Chairman	£5,049.60
Vice Chairman of Committees	£2,441.76
Chairman of the Council	£7,325.16
Vice Chairman of the Council	£2,441.76
Leaders of Opposition Parties/Groups (based on minimum of 3 in opposition group x number in opposition group)	£266.40 (Leader ÷ 55)
Planning Committee Members (N) or (S)	£1, 220.85

2 Travelling and Subsistence Allowances for Members and Independent Persons

- 2.1 Travelling and subsistence allowances may be claimed by Councillors, Co-opted Members and Independent Persons to reimburse expenses that they have necessarily incurred in the performance of an approved duty.
- 2.2 Claims must be made via the online MyHR system accessible from the Council’s Intranet. Guidance on using the system may be obtained from the Democratic Services Team. The claims must provide full and clear details of the duties to which they relate. Claims should be made regularly and not allowed to accrue for several months, and will only be paid a maximum of 3 months following the date of the duty.

- 2.3 The current rates of these Allowances are shown below.
- 2.4 The definition of an approved duty for this purpose is shown below. An essential consideration is that the duty must be approved in advance of its performance. All formal meetings of the Council, Cabinet and Committees are so approved.
- 2.5 A profit element may occur; a P11D will be used if applicable in the following June. Subsistence Allowances will be taxed where receipts are not produced.
- 2.6 Payments are made on the twenty-third day of each month and will normally include claims received by the fifth day of the relevant month. Late claims will be paid in the following month. Payment is by bank credit and an advice slip will be issued in respect of each payment made.

Travelling Allowances

- (a) Public service transport — the actual costs incurred. The Council has determined that travel by rail should be by standard class. Travel warrants may be obtained for rail journeys. Payment will be made on production of a receipt.
- (b) Taxi fares - in cases of urgency or where no public transport is reasonably available, the actual fare and any reasonable gratuity paid, on the production of a receipt. Otherwise, payment will be limited to the appropriate fare for travel by public transport.
- (c) Members' own vehicles - a single payment irrespective of engine capacity of 45p per mile for cars (this rate does not attract tax up to a maximum of 10,000 miles and the Council has previously determined that no lump sum payment will be made); 24p per mile for mopeds; 24p per mile for motor cycles and 20.0p per mile for bicycles. The above rates are equal to those currently approved by the HMRC, and as of 6 April 2016 are exempted from tax and National Insurance contributions for all miles travelled in Members' own vehicles. Travel allowance rates will be varied in line with future revisions to HMRC statutory mileage rates.
- (d) Carriage of passengers - the rates specified in (c) above may be increased in respect of the carriage of passengers, not exceeding four, to whom a travelling allowance would otherwise be payable under any enactment, by 5p per mile per passenger.
- (e) Tolls, ferries and parking fees — the actual fees paid, and payment will be made on production of a receipt.
- (f) Other modes of travel - prior approval from the Proper Officer is required for travel by air. Payment will be made on production of a receipt.

3. Subsistence Allowances

- 3.1 No subsistence will be paid for breakfast, lunch or tea. However, an evening meal allowance will be paid where purchased outside of the District for the actual cost of an evening meal up to a maximum of £25.00 on the production of a receipt where an overnight stay is required (except that the Monitoring Officer is able to approve greater amounts in exceptional circumstances, examples of which would be the need to purchase a meal in Central London or if attending a meeting at a rural conference where it was not possible to find alternative provision). An evening meal allowance will only be paid on the production of a receipt. No overnight subsistence allowances will be payable.
- 3.2 The booking of Conferences, accommodation and travel arrangements for Members which have been approved will continue to be coordinated by Council Officers, where possible, to maximise any discounts that can be achieved.

4. Dependent Carers' Allowances

- 4.1 The Allowance for specialist care of dependents (in circumstances previously approved by the Council's Monitoring Officer) is set at a maximum of £20.00 per hour, per carer/nurse, for actual costs incurred.
- 4.1 The Allowance for care of child dependents (in circumstances previously approved by the Council's Monitoring Officer) is set at:
Babysitting – up to a maximum of £10 per hour.
Child minding – up to a maximum of £10 per hour, unless provided free of charge under a government scheme, for actual costs incurred.
- 4.2 Payment of the Dependant Carers Allowance is subject to the production of a receipt and should not be provided by a family member. Payment made on the production of receipts.

5 Co-Opted Members of the Council

- 5.1 To be paid an amount per meeting, the amount being the Basic Allowance multiplied by between 1% to 4%, the % to be determined at the discretion of the Chairman of the Committee on which the co-opted Member sits.

6 Additional notes

- 6.1 Basic and Special Responsibility Allowances and Co-optee Allowances are subject to Income Tax under the PAYE system and to National Insurance deductions.
- 6.2 HMRC may consider claims for tax relief for expenses incurred as a Councillor or Co-optee and may require reasonable proof of those expenses. For further information please visit the HMRC website.
- 6.3 National Insurance contributions will be deducted when the Allowances payable in any month exceed the prescribed threshold. You will be exempt from paying National Insurance once you have reached the state pension age.
- 6.4 The receipt of these Allowances can affect entitlements to Benefits and they must be disclosed as income when claiming Housing Benefit and other means tested benefits.
- 6.5 A record of all claims and payments is maintained and is open to public inspection. A record of the payments made to each Councillor and Co-opted Member must be published annually.
- 6.6 Councillors and Co-opted Member must remain responsible for the accuracy of their own claims.

7 Approved duties

- 7.1 The duties for which travelling and subsistence allowances may be claimed are set out below. Effectively, the rules are designed to allow claims for travel and subsistence where appropriate for any formal duty carried out on behalf of the District Council:
- 7.2 Attendance at any meeting of the Council and its Committees, Joint Committees, Sub-Committees, Panels and Working Parties, where a Councillor is a Member of that Committee or acting as a Substitute Member, provided that the meeting is formally established and arranged in advance and is open to at least two Councillors. (The exception to this would be where the Chairman of the relevant Committee, Joint Committee etc. has specifically extended an invitation to non-Members of the Committee to attend).
- 7.3 Attendance at meetings of any outside bodies, or committees and sub-committees of those bodies, provided the member has been appointed as the Council's

representative, either ad hoc or on a continuing basis and no other arrangements exist for the payment of expenses to the Members of that body.

- 7.4 Meetings and engagements undertaken by the Leader of the Council, Deputy Leader or Cabinet Members through the course of their duties and as part of their specific roles and responsibilities.
- 7.5 Leader/Deputy Leader of the Opposition Groups where meetings have been called by the District Council/officers and where the Opposition Leader(s) have been invited to attend for specific meetings for consultation purposes.
- 7.6 Attendance at meetings of Town and Parish Councils within a member's Ward, which the member attends as a representative of the District Council.
- 7.7 Attendance at any meeting or event, including site visits, at the invitation of the Chief Executive or an Officer authorised by the Chief Executive to assist with the functions of the Council.
- 7.8 Attendance at official and courtesy visits of a civic nature within the United Kingdom at the request of the Chief Executive or an Officer authorised by the Chief Executive.
- 7.9 Attendance at conferences, seminars and meetings which relate to the interests of the district or any section of the local community and for which the Council has appointed the member as a delegate or where the conference fees are paid under a general authorisation.
- 7.10 Attendance at any training courses/Member briefings at the invitation of the Chief Executive or an officer authorised by the Chief Executive or where such training is arranged by the Council, a Committee or Sub-Committee.
- 7.11 Attendance at consultative and/or informative meetings approved by the Council, a committee or sub-committee with groups or local taxpayers to discuss Council business.
- 7.12 Attendance at Court, Inquiries or Tribunal hearings on behalf of the Council where attendance is requested by the Chief Executive or an Officer authorised by the Chief Executive.
- 7.13 Attendance at meetings, forums, panels and task groups of the Local Government Association. (Note: where a member has been appointed in a representative role on behalf of the LGA such claims will be reimbursed by the LGA).

NOTE: Party political meetings and attendance at Member/Ward Surgeries are specifically excluded from this Scheme, and travel expenses will not be paid under the East Suffolk Council Members' Allowances Scheme for these meetings.

PROPOSED MEMBERS' SCHEME OF ALLOWANCES

SCHEME OF MEMBERS' ALLOWANCES FOR EAST SUFFOLK COUNCIL AGREED 22.01.20
BACKDATED TO MAY 2019 OR UPON APPOINTMENT WHERE APPLICABLE.

1. Basic and Special Responsibility Allowances

- 1.1 A basic allowance is payable to all Councillors as set out in the Table below. No claim is required.
- 1.2 In addition, Special Responsibility Allowances are payable to those Councillors holding the offices set out in the Table below. These are paid monthly and no claims are required.
- 1.3 A Councillor who does not wish to receive basic and/or Special Responsibility Allowances may give notice in writing to the Chief Executive. The notice can be withdrawn (in writing) at any time and the Allowances will be reinstated from the date of that second notice.
- 1.4 Basic and Special Responsibility Allowances accrue on a daily basis and are payable from the date on which the Councillor takes office and will cease on the date on which the office ceases.
- 1.5 These Allowances count as earnings for Income Tax and National Insurance and the appropriate deductions will be made.
- 1.6 The link between increases in officers' pay and increases in Members' Allowances is to be maintained so that any annual pay increases applied to officers' pay will be similarly applied to Members' Allowances (including to the Basic Allowance and Special Responsibility Allowances).
- 1.7 Up to two Special Responsibility Allowances will be paid to each Member – 100% of the highest eligible allowance and 25% of the second highest allowance provided the second allowance does not relate to a position on the same Committee.

Table of Member Allowances	Amount (rounded up)
Basic Allowance	£7,500
Leader of the Council	£18,750
Deputy Leader of the Council	£12,500
Cabinet Members	£7,289
Assistant Cabinet Members	£5,050
Planning Committee Chairmen (N) and (S)	£6,463
Planning Committee Vice-Chairmen (N) and (S)	£3,125
Scrutiny, Audit & Governance and Licensing Committee Chairmen	£5,050
Scrutiny, Audit & Governance and Licensing Committee Vice-Chairmen	£2,442
Chairman of the Council	£9,375
Vice- Chairman of the Council	£3,125
Planning Committee Members (N) and (S)	£1,563
Licensing Committee Members	£750
Community Partnership Chairmen	£2,442
Leaders of Opposition Parties/Groups (based on minimum of 3 in	£1,023
Opposition Party/Group: Leader Allowance ÷ 55 x number in Party/Group)	(Leader ÷ 55 = £340.91 x 3)

2 Travelling and Subsistence Allowances for Members and Independent Persons

- 2.1 Travelling and subsistence allowances may be claimed by Councillors, Co-opted Members and Independent Persons to reimburse expenses that they have necessarily incurred in the performance of an approved duty.
- 2.2 Claims must be made via the online MyHR system accessible from the Council's Intranet. Guidance on using the system may be obtained from the Democratic Services Team. The claims must provide full and clear details of the duties to which they relate. Claims should be made regularly and not allowed to accrue for several months and will only be paid a maximum of 3 months following the date of the duty.
- 2.3 The current rates of these Allowances are shown below.
- 2.4 The definition of an approved duty for this purpose is shown below. An essential consideration is that the duty must be approved in advance of its performance. All formal meetings of the Council, Cabinet and Committees are so approved.
- 2.5 A profit element may occur; a P11D will be used if applicable in the following June. Subsistence Allowances will be taxed where receipts are not produced.
- 2.6 Payments are made on the twenty-third day of each month and will normally include claims received by the fifth day of the relevant month. Late claims will be paid in the following month. Payment is by bank credit and an advice slip will be issued in respect of each payment made.

Travelling Allowances

- (a) Public service transport — the actual costs incurred. The Council has determined that travel by rail should be by standard class. Travel warrants may be obtained for rail journeys. Payment will be made on production of a receipt.
 - (b) Taxi fares - in cases of urgency or where no public transport is reasonably available, the actual fare and any reasonable gratuity paid, on the production of a receipt. Otherwise, payment will be limited to the appropriate fare for travel by public transport.
 - (c) Members' own vehicles - a single payment irrespective of engine capacity of 45p per mile for cars (this rate does not attract tax up to a maximum of 10,000 miles and the Council has previously determined that no lump sum payment will be made); 24p per mile for mopeds; 24p per mile for motor cycles and 20.0p per mile for bicycles. The above rates are equal to those currently approved by the HMRC, and as of 6 April 2016 are exempted from tax and National Insurance contributions for all miles travelled in Members' own vehicles. Travel allowance rates will be varied in line with future revisions to HMRC statutory mileage rates.
 - (d) Carriage of passengers - the rates specified in (c) above may be increased in respect of the carriage of passengers, not exceeding four, to whom a travelling allowance would otherwise be payable under any enactment, by 5p per mile per passenger.
 - (e) Tolls, ferries and parking fees — the actual fees paid, and payment will be made on production of a receipt.
 - (f) Other modes of travel - prior approval from the Proper Officer is required for travel by air. Payment will be made on production of a receipt.
- 2.7 In addition to the above and to recognise the time spent travelling around the larger District, Members may claim an amount equivalent to the Real National Living Wage for every hour or part thereof of any "standard journey" that routinely takes in excess of a 2 hour round trip within the District.

3. Subsistence Allowances

- 3.1 No subsistence will be paid for breakfast, lunch or tea. However, an evening meal allowance will be paid where purchased outside of the District for the actual cost of an evening meal up to a maximum of £25.00 on the production of a receipt where an overnight stay is required (except that the Monitoring Officer is able to approve greater amounts in exceptional circumstances, examples of which would be the need to purchase a meal in Central London or if attending a meeting at a rural conference where it was not possible to find alternative provision). An evening meal allowance will only be paid on the production of a receipt. No overnight subsistence allowances will be payable.
- 3.2 The booking of Conferences, accommodation and travel arrangements for Members which have been approved will continue to be coordinated by Council Officers, where possible, to maximise any discounts that can be achieved.

4. Dependent Carers' Allowances

- 4.1 The Allowance for specialist care of dependents (in circumstances previously approved by the Council's Monitoring Officer) is set at a maximum of £20.00 per hour, per carer/nurse, for actual costs incurred.
- 4.2 The Allowance for care of child dependents (in circumstances previously approved by the Council's Monitoring Officer) is set at:
Babysitting – up to a maximum of £10 per hour.
Child minding – up to a maximum of £10 per hour, unless provided free of charge under a government scheme, for actual costs incurred.
- 4.3 Payment of the Dependant Carers Allowance is subject to the production of a receipt and should not be provided by a family member. Payment made on the production of receipts.

5. Co-Opted Members of the Council

- 5.1 To be paid an amount per meeting, the amount being the Basic Allowance multiplied by between 1% to 4%, the % to be determined at the discretion of the Chairman of the Committee on which the co-opted Member sits.

6. Additional notes

- 6.1 Basic and Special Responsibility Allowances and Co-optee Allowances are subject to Income Tax under the PAYE system and to National Insurance deductions.
- 6.2 HMRC may consider claims for tax relief for expenses incurred as a Councillor or Co-optee and may require reasonable proof of those expenses. For further information please visit the HMRC website.
- 6.3 National Insurance contributions will be deducted when the Allowances payable in any month exceed the prescribed threshold. You will be exempt from paying National Insurance once you have reached the state pension age.
- 6.4 The receipt of these Allowances can affect entitlements to Benefits and they must be disclosed as income when claiming Housing Benefit and other means tested benefits.
- 6.5 A record of all claims and payments is maintained and is open to public inspection. A record of the payments made to each Councillor and Co-opted Member must be published annually.
- 6.6 Councillors and Co-opted Member must remain responsible for the accuracy of their own claims.

7. Approved duties

- 7.1 The duties for which travelling and subsistence allowances may be claimed are set out below. Effectively, the rules are designed to allow claims for travel and subsistence where appropriate for any formal duty carried out on behalf of the District Council:
- 7.2 Attendance at any meeting of the Council and its Committees, Joint Committees, Sub-Committees, Panels and Working Parties, where a Councillor is a Member of that Committee or acting as a Substitute Member, provided that the meeting is formally established and arranged in advance and is open to at least two Councillors. (The exception to this would be where the Chairman of the relevant Committee, Joint Committee etc. has specifically extended an invitation to non-Members of the Committee to attend).
- 7.3 Attendance at meetings of any outside bodies, or committees and sub-committees of those bodies, provided the member has been appointed as the Council's representative, either ad hoc or on a continuing basis and no other arrangements exist for the payment of expenses to the Members of that body.
- 7.4 Meetings and engagements undertaken by the Leader of the Council, Deputy Leader or Cabinet Members through the course of their duties and as part of their specific roles and responsibilities.
- 7.5 Leader/Deputy Leader of the Opposition Groups where meetings have been called by the District Council/officers and where the Opposition Leader(s) have been invited to attend for specific meetings for consultation purposes.
- 7.6 Attendance at meetings of Town and Parish Councils within a Member's Ward, which the member attends as a representative of the District Council.
- 7.7 Attendance at meetings with at least one constituent within a Member's Ward, the Member may claim mileage in excess of any travel further than a 10 mile round trip from their home when the Member attends as a Ward Councillor, representing the District Council.
- 7.8 Attendance at any meeting or event, including site visits, at the invitation of the Chief Executive or an Officer authorised by the Chief Executive to assist with the functions of the Council.
- 7.9 Attendance at official and courtesy visits of a civic nature within the United Kingdom at the request of the Chief Executive or an Officer authorised by the Chief Executive.
- 7.10 Attendance at conferences, seminars and meetings which relate to the interests of the district or any section of the local community and for which the Council has appointed the member as a delegate or where the conference fees are paid under a general authorisation.
- 7.11 Attendance at any training courses/Member briefings at the invitation of the Chief Executive or an officer authorised by the Chief Executive or where such training is arranged by the Council, a Committee or Sub-Committee.
- 7.12 Attendance at consultative and/or informative meetings approved by the Council, a committee or sub-committee with groups or local taxpayers to discuss Council business.
- 7.13 Attendance at Court, Inquiries or Tribunal hearings on behalf of the Council where attendance is requested by the Chief Executive or an Officer authorised by the Chief Executive.
- 7.14 Attendance at meetings, forums, panels and task groups of the Local Government Association. (Note: where a member has been appointed in a representative role on behalf of the LGA such claims will be reimbursed by the LGA).

NOTE: Party political meetings and attendance at Member/Ward Surgeries are specifically excluded from this Scheme, and travel expenses will not be paid under the East Suffolk Council Members' Allowances Scheme for these meetings.

DRAFT

FULL COUNCIL

Wednesday, 22 January 2020

TREASURY MANAGEMENT OUTTURN REPORT FOR 2018/19 AND MID YEAR REPORT 2019/20

EXECUTIVE SUMMARY

1. The Treasury Management Policy Statement for 2018/19 requires an annual report and mid-year report to be produced by the 30th September 2019.
2. The report reviews performance of the treasury management function including prudential indicators in 2018/19 and incorporates a mid-year review of 2019/20.

2018/19 Summary:

- Suffolk Coastal District Council Investments totalled £66.89m as at 31st March 2019 and interest received on investment balances during the year totalled £0.55m.
- Waveney District Council Investments totalled £46.39m as at 31st March 2019 and interest received on investment balances during the year totalled £0.41m.
- Both Councils operated within its approved Prudential Indicator Limits for 2018/19.

2019/20 Summary to date:

- Investments totalled £109.36m as at 31st August 2019.
- Interest received to 31st August 2019 totalled £0.34m.
- The Council has operated within its approved Prudential Indicator Limits to date.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in the District
Cabinet Members:	<p>Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources</p> <p>Councillor Maurice Cook Assistant Cabinet Member for Resources</p>

Supporting Officer:	Simon Taylor Chief Finance Officer 01394 444570 simon.taylor@eastsuffolk.gov.uk
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1 INTRODUCTION

- 1.1 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.
- 1.2 The Council approves a strategy report at the beginning of each financial year, which identifies how it proposes to borrow and invest in the light of capital spending requirements, interest rate forecasts and economic conditions. The Cabinet monitors the implementation of the treasury strategy and reports are received quarterly during the year. The Audit & Governance Committee are responsible for ensuring scrutiny of the treasury management activities.
- 1.3 Under the Prudential Code for Capital Finance in Local Authorities, the Council determines at a local level its capital expenditure and can borrow or use alternative financing methods to finance capital spending provided that capital plans are demonstrably affordable, prudent and sustainable. The Code requires prudential indicators to be set and monitored, some of which are limits.
- 1.4 By the end of September each year, councils must report on their treasury management activities that have taken place over the past financial year to Full Council. The remainder of this report summarises the year’s activities and performance and provides an update on the activities that have taken place during the first half of the current financial year.

TREASURY MANAGEMENT OUTTURN 2018/19

2 THE ECONOMY AND INTEREST RATES

- 2.1 After weak economic growth of only 0.2% in Quarter One of 2018, growth picked up to 0.4% in Quarter Two and to a strong 0.7% position in Quarter Three, before falling back to 0.2% in the final quarter. With all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. With the date for the UK leaving the European Union being put back to 31st October 2019, Quarter One growth in 2019 came in at 0.5%, which was a direct result of stockpiling ahead of the original 31st March 2019 exit day. Growth is therefore expected to cool in Quarter Two of 2019.
- 2.2 The Monetary Policy Committee (MPC) raised the Bank Rate from 0.50% to 0.75% in August 2018, with little surprise that they have abstained from any further increases since then. It is unlikely that there will be any further movement from the Monetary Policy Committee until the uncertainties over Brexit clear. In the event of a disorderly exit, it is likely that the Bank Rate would be cut to support growth.
- 2.3 Nevertheless, the MPC has been having increasing concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling only marginally to 3.4% in the three months to January. British employers increased their hiring at the fastest pace in more than three years in the three months to January as the country’s labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

- 2.4 The Consumer Price Index (CPI) has been on a falling trend since peaking at 3.1% in November 2017, reaching a new low of 1.8% in January 2019 before increasing marginally to 1.9% in February. However, in the February and May 2019 Bank of England Inflation Reports, the forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

3 BORROWING

- 3.1 During 2018/19, neither Council entered into any new borrowing arrangements.
- 3.2 Given the large differential between short and longer term interest rates, which is likely to remain a feature for some time, as well as the pressure on Council finances, the debt management strategy sought to lower debt costs within an acceptable level of volatility (interest rate risk). Loans that offered the best value in the prevailing interest rate environment were PWLB variable interest rates loans. This supported the case for maintaining the Council's variable rate debt portfolio.
- 3.3 Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer term stability of the portfolio. The use of internal resources in lieu of borrowing was judged to be the most cost effective means. Waveney District Council's 2018/19 borrowing requirement for the General Fund capital programme was £0.77m for which cash balances were utilised. If the Council would have sought to borrow this amount on a short term one year basis this would have attracted an interest cost of £12,940 at a rate of 1.68%. The average interest amount lost by not having this amount invested would have been £7,700 at 1.0%, therefore making a saving of £5,240. Suffolk Coastal District Council remained debt free during 2018/19 with no borrowing required for the capital programme.
- 3.4 The Waveney District Council debt portfolio for 2018/19 can be seen in the table below and is summarised by £75.98m attributable to the HRA which includes £68.30m of Self-Financing loans taken out in 2011/12 and £11.59m of General Fund loans.

Loans as at 31st March 2019	Principal £m	Rate Range %	Maturity Range (years)
PWLB Fixed Rate Maturity/Equal Instalments of Principal Loans	67.28	3.01 - 8.38	3.0- 42.0
PWLB Variable Rate Maturity Loans	20.29	0.42 – 0.43	1.0 – 4.0
Total	87.57	0.42 - 8.38	1.0 - 42.0

4 INVESTMENT ACTIVITY

- 4.1 Both Council's investment policy for 2018/19 was governed by Ministry of Housing, Communities and Local Government (MHCLG) guidance and implemented in the annual investment strategy approved by the Council on 21st March 2018 for Waveney District Council and the 22nd March 2018 for Suffolk Coastal District Council. This policy set out the approach for choosing investment counterparties and was based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The MHCLG Investment Guidance requires local authorities to focus on security and liquidity, rather than yield.

- 4.2 The average cash balances held were £66.61m for Suffolk Coastal District Council and £45.10m for Waveney District Council. Investment income received was £0.55m for Suffolk Coastal District Council and £0.41m for Waveney District Council which exceeded the original planned budget of £0.37m for Suffolk Coastal District Council and £0.28m for Waveney District Council for the financial year 2018/19.

Suffolk Coastal District Council

	Balance at 1 st April 2018	Investment made	Investments repaid	Balance at 31 st March 2019
INVESTMENTS	£m	£m	£m	£m
Term Investments (liquidity & term <60 months)	52.39	358.0	-343.5	66.89

Waveney District Council

	Balance at 1 st April 2018	Investment made	Investments repaid	Balance at 31 st March 2019
INVESTMENTS	£m	£m	£m	£m
Term Investments (liquidity & term <60 months)	41.39	160.50	-155.50	46.39

- 4.3 As at the 31st March 2019 the investment profile of Suffolk Coastal District Council was as follows.

INVESTMENTS	Balance at 31 st March 2019 £m
Liquidity Investments	9.0
Short Term Investments	
September 2019 to May 2019	5.00
October 2018 to April 2019	2.50
December 2018 to December 2019	12.00
November 2018 to May 2019	5.00
January 2019 to January 2020	2.00
December 2019 to June 2020	2.00
January 2019 to April 2019	2.00
January 2019 to May 2019	3.00
February 2019 to May 2019	6.00
March 2019 to June 2019	2.00
March 2019 to March 2020	4.00
March 2019 to July 2020	5.00
Long Term Investments	
October 2018 to October 2020	5.00
November 2017 - onwards	2.39
Total	66.89

As at the 31st March 2019 the investment profile of Waveney District Council was as follows.

INVESTMENTS	Balance at 31st March 2019 £m
Liquidity Investments	13.0
Short Term investments	
July 2018 to July 2019	5.00
September 2018 to May 2019	5.00
October 2018 to April 2019	3.00
November 2018 to May 2019	3.00
December 2018 to June 2019	3.00
January 2019 to April 2019	3.00
January 2019 to July 2019	3.00
March 2019 to May 2019	1.00
March 2019 to July 2019	5.00
Long Term investments	
November 2017 - onwards	2.39
Total	46.39

4.4 Security of capital remained both Councils main investment objective. This was maintained by following each Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19.

4.5 Investments during the year included call accounts, deposits with UK Banks and Building Societies and Local Authorities. During the year there were no investments placed with counterparties outside of the UK.

5 COMPLIANCE WITH PRUDENTIAL INDICATORS

5.1 Both Councils complied with its Prudential Indicators for 2018/19, these were approved on the 22nd March 2018 for Suffolk Coastal District Council and on the 21st March for Waveney District Council. The Prudential Indicators for 2018/19 can be found at Appendix A and B.

TREASURY MANAGEMENT MID YEAR REVIEW 2019/20

6 TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY

6.1 The East Suffolk Council Treasury Management Strategy Statement (TMSS) for 2019/20 was approved at Shadow Council on 28th January 2019 and there have been no policy changes to date.

7 DAILY CASH MANAGEMENT

7.1 The Council's counterparty list (investment list) is continuously reviewed and updated taking into account published credit rating information, financial accounts, share prices, asset size, Government support and information from the Council's Treasury Advisors, Arlingclose.

8 INVESTMENT PORTFOLIO 2019/20

8.1 The Council held £109.36m of investments as at the 31st August 2019; the table below illustrates the maturity of investments over the forthcoming months and the average interest rate achieved on the investment.

	1st April 2019 £m	Average Interest Rate %	31st August 2019 £m	Average Interest Rate %
Call Accounts (Liquidity Funds)	31.0	0.49	7.00	0.40
Notice Accounts (32 & 95 Day)	0	0	3.00	0.85
Term Investments: 3 to 24 months	86.5	0.94	94.50	0.89
Property Investment Fund	4.78	4.69	4.86	4.69

- 8.2 The Council can confirm that the approved limits within the Annual Investment Strategy were not breached at the time of writing the report.

9 ECONOMIC OUTLOOK

- 9.1 Boris Johnson became Prime Minister in July and appears to favour exiting the European Union on 31st October 2019 with or without a deal. It is unlikely the UK will be able to negotiate a different withdrawal deal before the deadline and at the time of the report being written the Prime Minister is planning on suspending Parliament sometime between 9th and 12th September through to the Queen's speech on 14th October 2019. This combined with a potential General Election gives further rise to an unstable outlook for the economy over the next 12 months.
- 9.2 With the downside risks to the UK economy growing and little likelihood of current global trade tensions being resolved imminently with global growth recovering soon thereafter, our treasury advisor Arlingclose's central forecast is for that the Bank of England's MPC will maintain the Bank Rate at 0.75% but will stand ready to cut rates should the Brexit process cause or give rise to more uncertainty for business and consumer confidence and for economic activity.

10 TREASURY MANAGEMENT PRACTICES (TMP'S)

- 10.1 As a backdrop to the Council's approved treasury management policies, the Council also maintains a number of Treasury Management Practices (TMPS) which set out the manner in which the Council seeks to achieve the policies and objectives of the treasury function and how it will manage and control those activities. These were approved at Council in September 2013.
- 10.2 There have been no major changes during 2018/19 and during the first half of 2019/20.
- 10.3 The TMP'S can be viewed within the Finance service area on the Council's intranet page or by contacting the Financial Services Compliance Team.

11 INVESTMENT POLICY

- 11.1 The Council's investment policy has regard to the MHCLG's Guidance on Local Government Investments, Investment Regulations and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The Council's investment priorities will be security first, liquidity second, and then return.

12 CREDIT WORTHINESS POLICY

- 12.1 The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary.
- 12.2 Credit rating information is supplied by Arlingclose, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur, and this information is considered before dealing.

Banks 1 - good credit quality – the Council will only use banks which:

- i. are UK banks; and/or
- ii. are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AA+

and have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

- i. Short term – F1
- ii. Long term – A-

13 BANKING ARRANGEMENTS

- 13.1 Banking services for the Council are provided by Lloyds Banks Plc.

14 TREASURY MANAGEMENT ADVISORS

- 14.1 The external treasury advisors for the Council is Arlingclose.

15 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 15.1 The Treasury Management Outturn and Mid-Year report is a CIPFA requirement, the report does not link directly to the vision of the Business Plan, but through ensuring good governance arrangements and security of the Councils investment income this will help to achieve the planned actions set out in the Business Plan.

16 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 16.1 This report is to provide an update of the treasury management governance arrangements and performance for the previous and current year.

17 OTHER KEY ISSUES

- 17.1 The recommendations of this report do not directly affect or impact on the Council's policies, projects, initiatives or actions. Therefore, an Equality Impact Assessment is not required.
- 17.2 No other key issues to be considered.

18 CONSULTATION

- 18.1 There is no requirement upon the Council for consultation.

19 OTHER OPTIONS CONSIDERED

- 19.1 No other options were considered

20 REASON FOR RECOMMENDATION

- 20.1 The CIPFA Treasury Management Code requires a report to be produced covering the Council's Treasury Management activities for the former authorities, Suffolk Coastal District Council and Waveney District Council during 2018/19 and a Mid-Year Review of the Treasury Management activities for the successor authority, East Suffolk Council that have taken place during the first half of 2019/20. These reports must be presented to Full Council by 30th September 2019.

RECOMMENDATIONS

1. That the Annual Report on the Council's Treasury Management activity for 2018/19 incorporating the Mid-Year review for 2019/20 be noted.
2. That the Prudential Indicators Outturn position for 2018/19 in Appendix A and B be noted.

APPENDICES

Appendix A	Suffolk Coastal District Council Prudential Indicators Outturn position for 2018/19
Appendix B	Waveney District Council Prudential Indicators Outturn position for 2018/19

BACKGROUND PAPERS – none

APPENDIX A

Suffolk Coastal District Council - Compliance with Prudential Indicators 2018/19

1 ESTIMATED AND ACTUAL CAPITAL EXPENDITURE

- 1.1 This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and in particular, to consider the impact on the Council Tax.

	2018/19	2018/19	2018/19
	Estimated £m	In Year Forecast	Outturn £m
Total Capital Expenditure	12.49	8.84	6.66

- 1.2 The £2.18m variance relates to programme delivery being deferred until 2019/20.

2 ESTIMATED AND ACTUAL RATIO OF FINANCING COSTS TO NET REVENUE STREAM

- 2.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments. Any increase in the percentages requires an increased contribution from the revenue account to meet the borrowing cost.
- 2.2 As the capital programme was fully funded through either capital grants and contributions, capital receipts or from reserves the cost to the revenue stream is Nil.

	2018/19	2018/19
	Estimated %	Outturn %
Ratio of Financing Costs to Net Revenue Stream	0	0

3 CAPITAL FINANCING REQUIREMENT

- 3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. It takes account of both the borrowing requirement and the minimum revenue provision for debt repayment

	2018/19	2018/19
	Estimated £m	Outturn £m
Capital Financing Requirement	0	0

4 AFFORDABLE BORROWING LIMIT, AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

- 4.1 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set at £11m for 2018/19, with the actual total borrowing being nil.

- 4.2 **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set at £8m for 2018/19 with the actual borrowing amount being nil.

5 UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

- 5.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.
- 5.2 As the Council did not borrow during 2018/19 the outturn position was nil.

	2018/19	2018/19
	Estimated %	Outturn %
Upper Limit for Fixed Rate Exposure	100	0
Upper Limit for Variable Rate Exposure	100	0

6 MATURITY STRUCTURE OF FIXED RATE BORROWING

- 6.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.
- 6.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity structure of fixed rate borrowing	Upper limit %	Lower limit %	Actual Borrowing as at 31st March 2019 £m
under 12 months	100	0	0
12 months and within 24 months	100	0	0
24 months and within 5 years	100	0	0
5 years and within 10 years	100	0	0
10 years and within 20 years	100	0	0
20 years and above	100	0	0

- 6.3 No borrowing has been undertaken in 2018/19.

7 TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS

- 7.1 The Council invested £5m with a Local Authority for a period of two years from October 2018 to October 2020 at a rate of 1.35%.
- 7.2 The Council has £2.39m invested into a long term property fund.

Waveney District Council - Compliance with Prudential Indicators 2018/19

1 ESTIMATED AND ACTUAL CAPITAL EXPENDITURE

- 2.1 This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and in particular, to consider the impact on the Council Tax and in the case of the HRA, housing rent levels.

	2018/19	2018/19	2018/19
	Estimated £m	In Year Forecast	Outturn £m
Capital Expenditure			
Non-HRA	19.58	5.95	3.19
HRA	19.91	12.12	9.50
Total Capital Expenditure	39.49	18.07	12.69

- 1.2 The £2.76m variance on Non-HRA and the £2.62m HRA variance relates to programme delivery being deferred until 2019/20.

2 ESTIMATED AND ACTUAL RATIO OF FINANCING COSTS TO NET REVENUE STREAM

- 2.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments. Any increase in the percentages requires an increased contribution from the revenue account to meet the borrowing cost. The variances are due to the reduced capital outturn position compared to what had been budgeted.

	2018/19	2018/19
	Estimated %	Outturn %
Ratio of Financing Costs to Net Revenue Stream		
Non-HRA	16.91	5.94
HRA	37.00	31.00

3 CAPITAL FINANCING REQUIREMENT

- 3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

3.2 The Council met this requirement in 2018/19.

	2018/19	2018/19
	Estimated £m	Outturn £m
Capital Financing Requirement		
Non-HRA	37.42	37.80
HRA	77.75	77.75
Total	115.17	115.55

4 AFFORDABLE BORROWING LIMIT, AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

- 4.1 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and provides headroom over and above for unusual cash movements. This limit was set at £122m for 2018/19, with the actual total borrowing being £87.57m.
- 4.2 **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set at £119m for 2018/19 with the actual borrowing amount being £87.57m.
- 4.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits.

5 UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

- 5.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	2018/19	2018/19
	Estimated %	Outturn %
Upper Limit for Fixed Rate Exposure	100	77
Upper Limit for Variable Rate Exposure	50	23

6 MATURITY STRUCTURE OF FIXED RATE BORROWING

- 6.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period and in particular in the course of the next ten years.
- 6.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity structure of fixed rate borrowing	Upper limit %	Lower limit %	Actual Borrowing as at 31 March 2019 £m	Percentage of total as at 31 March 2019 %
under 12 months	50	0	0	0
1 year and within 2 years	50	0	0	0
2 years and within 5 years	75	0	3.0	4
5 years and within 10 years	75	0	10.0	15
10 years and within 20 years	75	0	23.28	35
20 years and above	100	0	31.00	46

6.3 All borrowing has been taken in conjunction with advice from the Council's Treasury Management Advisors.

7 TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS

7.1 There were no proposals for the Council to invest sums for periods longer than 364 days.

7.2 The Council has £2.39m invested into a long term property fund.

FULL COUNCIL

Wednesday 22 January 2020

**TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2020/21 & TREASURY
MANAGEMENT INVESTMENT STRATEGY FOR 2020/21**

EXECUTIVE SUMMARY

1. This report sets out the Council's Treasury Management Strategy for 2020/21 and the Treasury Management Investment Strategy for 2020/21 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
2. The report recommends that the Treasury Management Strategy for 2020/21 and the Treasury Management Investment Strategy for 2020/21 be reviewed and commented upon and recommended for approval.

Is the report Open or Exempt?

Open

Wards Affected:

All Wards across East Suffolk

Cabinet Member:

Councillor Steve Gallant
Leader of the Council and Cabinet Member with responsibility
for Resources

Councillor Maurice Cook
Assistant Cabinet Member for Resources

Supporting Officer:

Simon Taylor
Chief Finance Officer and Section 151 Officer
01394 444570
simon.taylor@eastsuffolk.gov.uk

1 INTRODUCTION

- 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 2017 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 TREASURY MANAGEMENT STRATEGY STATEMENT FOR 2020/21

- 2.1 The strategy for 2020/21 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 DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 3.1 The Treasury Management Strategy Statement is a CIPFA requirement; the report does not link directly to the Vision of the Business Plan, but through ensuring good governance arrangements and security of the Council's investment income this will help to achieve financial self-reliance and the planned actions set out in the Business Plan.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 Security of the Council's cash is the over-riding consideration in setting the Treasury Management Strategy Statement. The Council is constantly receiving advice from its external Treasury Advisors, Arlingclose, with regard to the creditworthiness of financial institutions in order to inform investment decisions.
- 4.2 The Council's banking provider is Lloyds Bank Plc.

5 REASON FOR RECOMMENDATION

- 5.1 The Local Government Act 2003 requires the Council to set out its Treasury Management Strategy and Investment Strategy in advance of each financial year. These strategies set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

RECOMMENDATION

That the Treasury Management Strategy Statement and the Treasury Management Investment Strategy for 2020/21 be approved.

APPENDICES	
Appendix A	Treasury Management Strategy Statement 2020/21
Appendix B	Treasury Management Investment Strategy 2020/21
BACKGROUND PAPERS – none	

Treasury Management Strategy Statement 2020/21

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 2017 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 commercial profit are considered in the Investment Strategy.

External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Councils treasury management strategy for 2020/21.

UK Consumer Price Inflation (CPI) for October registered 1.5% year on year, a 0.2% reduction from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August and has remained steady at this rate through September and October. The most recent labour market data for the three months to September 2019 showed the unemployment rate ticked back up to 3.8% while the employment rate was 76%, just below recent record-breaking highs. The headline three-month average annual growth rate for pay was 3.8% in September as wages continue to rise steadily. In real terms, after adjusting for inflation, pay growth increased 1.8%.

Gross Domestic Product (GDP) growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Services and construction added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The Bank of England maintained Bank Rate at 0.75% in November following a 7-2 vote by the Monetary Policy Committee (MPC). Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

Growth in Europe remains soft, driven by a weakening German economy which saw GDP fall -0.1% in Q2 and is expected to slip into a technical recession in Q3. Euro zone inflation was 0.8% year on year in September, well below the European Central Bank's (ECB) target of 'below, but close to 2%' and leading to the central bank holding its main interest rate at 0% while cutting the deposit facility rate to -0.5%. In addition to maintaining interest rates at ultra-low levels, the ECB announced it would recommence its quantitative easing programme from November.

In the US, the Federal Reserve began easing monetary policy again in 2019 as a pre-emptive strike against slowing global and US economic growth on the back of the ongoing trade war with China.

At its last meeting the Federal Reserve cut rates to the range of 1.50-1.75% and financial markets expect further loosening of monetary policy in 2020. US GDP growth slowed to 1.9% annualised in Q3 from 2.0% in Q2.

Credit outlook: Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ringfenced banks embedded in the market.

Metro Bank and TSB Bank hit the news headlines in 2019 both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

Interest rate forecast: The Council's treasury management adviser, Arlingclose, is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the need for greater clarity on the post Brexit transition period and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Annex A.

For the purpose of setting the budget, it has been assumed that new treasury management investments will be made at an average rate of 0.80%, and that new long-term loans will be borrowed at an average rate of 2.77%.

Local Context

On 30th November 2019, the Council held £77.41m of borrowing and £120.82m of investments. This 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 2020/21 and in the subsequent years.

Borrowing Strategy

The Council currently holds £77.41 million of loans, a decrease of £10.16 million on the previous year which is due to £10 million of variable rate loans being due for redemption. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £153 million.

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 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2020/21, 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.

The Council has previously raised all of its long-term borrowing from the PWLB but, as a consequence of the recent increase in PWLB borrowing by councils to invest in commercial property, the government increased PWLB rates by 1% in October 2019, making it now a relatively expensive option. The Council will now look to borrow any long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

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

- Public Works Loan Board (PWLB) and any successor body;
- 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
- include any other counterparty you intend to borrow from.

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.

The Council has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be 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.

Investment Strategy

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 (Suffolk Coastal and Waveney District Councils) investment balance has ranged between £85.78 million and £132.78 million, and similar levels are expected to be maintained in the forthcoming year.

Objectives: The CIPFA Code requires the Council to invest its 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.

Negative interest rates: If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the increasing risk and very low returns from short-term unsecured bank investments, the Council aims to diversify into more secure and/or higher yielding asset classes during 2020/21. This is especially the case for the estimated £30m that is available for longer-term investment. The majority of the Council's surplus cash is currently invested in either short-term unsecured bank deposits or Local Authority deposits. This diversification will represent a substantial change in strategy over the coming year.

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: Approved investment counterparties and principal limits

Credit rating	Banks unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£20m 5 years	£25m 20 years	£30m 50 years	£20m 20 years	£20m 20 years
AA+	£20m 5 years	£25m 10 years	£30m 25 years	£20m 10 years	£20m 10 years
AA	£20m 4 years	£25m 5 years	£30m 15 years	£20m 5 years	£20m 10 years
AA-	£20m 3 years	£25m 4 years	£30m 10 years	£20m 4 years	£20m 10 years
A+	£20m 2 years	£25m 3 years	£30m 5 years	£20m 3 years	£20m 5 years
A	£20m 13 months	£25m 2 years	£30m 5 years	£20m 2 years	£20m 5 years
A-	£20m 6 months	£25m 13 months	£20m 5 years	£20m 13 months	£20m 5 years
None	£4m 6 months	n/a	£10m 25 years	£10m 5 years	£20m 5 years
Pooled funds and real estate investment trusts	£10m per fund				

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

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of rating agencies. 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.

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: 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 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 through 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 £15m 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. 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 2011, 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 a reduction in the level of investment income earned 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 banks 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: Investment limits

	Cash limit
Any single organisation, except the UK Central Government	£25m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£25m per group
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
Registered providers & Registered Social Landlords	£10m in total
Unsecured investments with building societies	£15m in total
Loans to unrated corporates	£2m in total
Money Market Funds	50% of total investments

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.

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.

	2019/20 Q3	Target
Portfolio average credit score	4.9	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	£15.00m

Interest rate exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2020/21	2021/22	2022/23
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	50%	50%	50%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

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 year	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:

	2020/21	2021/22	2022/23	2023/24
Limit on principal invested beyond year end	£20.0m	£20.0m	£20.0m	£20.0m

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	2020/2021 Limit £m	2021/22 Limit £m	2022/23 Limit £m	2023/24 Limit £m
Borrowing	153.00	153.00	153.00	153.00
Total Debt	153.00	153.00	153.00	153.00

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	2020/21 Limit £m	2021/22 Limit £m	2022/23 Limit £m	2023/24 Limit £m
Borrowing	155.00	155.00	155.00	155.00
Total Debt	155.00	155.00	155.00	155.00

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 taken into account 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. The current value of any amount due from a derivative counterparty 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: 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 2020/21 is £0.80 million, based on an average investment portfolio of £100 million at an average interest rate of 0.80%. The budget for debt interest paid in 2020/21 is £2.61 million, based on an average debt portfolio of £77.41 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.

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

Underlying assumptions:

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31st January 2020. Following the General Election, the Conservative position in parliament has been strengthened, which eliminates the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty.
- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on whether the UK leaves the EU with a deal and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.
- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Annex B – Existing Investment & Debt Portfolio Position

	Nov-19 Actual Portfolio £m
External borrowing:	
Public Works Loan Board	77.41
Local authorities	0
Other loans	0
Total external borrowing	77.41
Other long-term liabilities:	
Leases	6.47
Total other long-term liabilities	
Total gross external debt	83.88
Treasury investments:	
Banks & building societies (unsecured)	10.96
Government (incl. local authorities)	93.00
Money Market Funds	2.00
Other pooled funds	14.86
Total treasury investments	120.82
Net debt	-36.94

Annex C – Summary of Existing Investment & Debt Portfolio Position

Type of Loan	Start Date	Maturity	Principal	Interest Rate	
Maturity Loans					
Fixed	30/11/1995	30/09/2024	2,000,000	8.38%	GF/HRA
Fixed	19/12/1996	31/03/2022	1,000,000	7.88%	GF/HRA
Fixed	10/08/2007	31/03/2055	3,000,000	4.55%	GF/HRA
Fixed	28/03/2012	28/03/2039	10,000,000	3.47%	HRA
Fixed	28/03/2012	28/03/2036	10,000,000	3.42%	HRA
Fixed	28/03/2012	28/03/2027	10,000,000	3.01%	HRA
Fixed	28/03/2012	28/03/2041	10,000,000	3.49%	HRA
Fixed	28/03/2012	28/03/2032	10,000,000	3.30%	HRA
Fixed	28/03/2012	28/03/2042	8,000,000	3.50%	HRA
Variable	28/03/2012	28/03/2022	10,286,000	0.92%	HRA
Equal Instalments of Principle (EIP)					
Fixed	15/05/2015	15/11/2035	3,120,000	3.69%	GF/HRA
Annuity					
Fixed	10/09/1968	26/08/2028	7,433	7.62%	GF/HRA
		Total	77,413,433		

Counterparty	Type of Investment	Principle		Start Date	Maturity	Interest Rate
Bank 1	Instant Access	4,960,000	n/a	n/a	n/a	
Bank 2	Instant Access	3,000,000	n/a	n/a	n/a	0.40%
Bank 3	32 Day Notice	500,000	n/a	21/05/2019	n/a	0.75%
Bank 4	95 Day Notice	2,500,000		21/05/2019		0.95%
		10,960,000				
Central Government	Fixed Term	5,000,000	<1 month	13/11/2019	02/12/2019	0.50%
Local Authority 1	Fixed Term	2,000,000	1 Year	03/12/2018	03/12/2019	1.01%
Local Authority 2	Fixed Term	2,000,000	6 months	03/06/2019	03/12/2019	0.85%
Local Authority 2	Fixed Term	3,000,000	6 months	07/06/2019	06/12/2019	0.85%
Local Authority 3	Fixed Term	10,000,000	1 Year	10/12/2018	10/12/2019	1.10%
Local Authority 2	Fixed Term	1,000,000	6 months	10/06/2019	10/12/2019	0.80%
Local Authority 2	Fixed Term	1,000,000	6 months	04/07/2019	03/01/2020	0.80%
Central Government	Fixed Term	3,000,000	<2 months	13/11/2019	06/01/2020	0.50%
Local Authority 1	Fixed Term	2,000,000	1 Year	04/01/2019	06/01/2020	1.01%
Local Authority 4	Fixed Term	3,000,000	6 months	19/08/2019	19/02/2020	0.80%
Local Authority 5	Fixed Term	2,000,000	278 days	29/05/2019	02/03/2020	0.92%
Local Authority 1	Fixed Term	4,000,000	1 Year	05/03/2019	05/03/2020	0.98%
Local Authority 6	Fixed Term	5,000,000	6 months	20/09/2019	20/03/2020	0.80%
Local Authority 7	Fixed Term	5,000,000	9 months	20/08/2019	20/05/2020	0.89%
Local Authority 2	Fixed Term	2,000,000	6 months	22/11/2019	22/05/2020	0.85%
Local Authority 8	Fixed Term	5,000,000	6 months	22/11/2019	22/05/2020	0.85%
Local Authority 2	Fixed Term	3,000,000	6 months	28/11/2019	28/05/2020	0.85%
Local Authority 9	Fixed Term	3,000,000	1 Year	25/06/2019	25/06/2020	0.95%
Local Authority 10	Fixed Term	5,000,000	6 months	08/07/2019	08/07/2020	0.95%
Local Authority 10	Fixed Term	5,000,000	1 Year	19/07/2019	20/07/2020	0.95%
Local Authority 11	Fixed Term	4,000,000	1 Year	31/07/2019	29/07/2020	0.95%
Local Authority 2	Fixed Term	3,000,000	1 Year	28/08/2019	26/08/2020	0.90%
Local Authority 12	Fixed Term	5,000,000	9 months	29/11/2019	01/09/2020	0.80%
Local Authority 13	Fixed Term	2,000,000	1 Year	25/09/2019	23/09/2020	0.90%
Local Authority 14	Fixed Term	5,000,000	2 Years	31/10/2018	30/10/2020	1.35%
Local Authority 15	Fixed Term	3,000,000	1 Year	01/11/2019	30/10/2020	0.83%
		93,000,000				
MMF 1	Instant Access	2,000,000	n/a	n/a	n/a	0.77%
		2,000,000				
Pooled Fund 1	Notice Long Term	9,856,000		29/11/2017		4.49%
Pooled Fund 2	Notice Long Term	5,000,000		17/10/2019		3.36%
		14,856,000				
	Total	120,816,000				

Investment Strategy Report 2020/21

East Suffolk Council

Introduction

The Council invests its money for two 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), and
- to earn investment income (known as commercial investments where this is the main purpose).

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 £97 million and £140 million during the 2020/21 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 2020/21 for treasury management investments are covered in a separate document, the treasury management strategy.

Commercial Investments: Property

Contribution: The Council invests in local commercial property with the intention of making a profit that will be spent on local public services.

Table 1: Property held for investment purposes in £ millions

Property	Actual	31.3.2019 actual	
	Purchase cost £000	Gains or (losses) £000	Value in accounts £000
Commercial shop	166	-22	144
Commercial shop	1,433	-603	830
Commercial shop	2,358	-450	1,908
TOTAL	3,957	-1,075	2,882

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.

Loan Commitments and Financial Guarantees

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).

Capacity, Skills and Culture

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 Chartered 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.

Commercial 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.

Investment Indicators

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	31.03.2019 Actual £000	31.03.2020 Forecast £000	31.03.2021 Forecast £000
Treasury management investments	113.28	102.00	110.00
Commercial investments: Property	2.88	2.88	2.88
TOTAL INVESTMENTS	116.16	104.88	112.88
Guarantees issued on loans	87.57	77.41	77.25
TOTAL EXPOSURE	-28.59	-27.47	-35.63

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	31.03.2019 Actual £000	31.03.2020 Forecast £000	31.03.2021 Forecast £000
Commercial investments: Property	3.36	3.20	3.04

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	2018/19 Actual	2019/20 Forecast	2020/2021 Forecast
Treasury management investments	0.89%	0.89%	0.85%
Treasury management property investments	4.21%	4.39%	4.40%
Commercial investments: Property	5.0%	1.2%	1.2%
ALL INVESTMENTS	10.10%	6.48%	6.08%

FULL COUNCIL

Wednesday, 22 January 2020

CAPITAL STRATEGY 2020/21 TO 2023/24

EXECUTIVE SUMMARY

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. Section 2 of the Strategy outlines the planned Capital Programme 2020/21 to 2023/24 and the way in which it is to be financed. Including the Revised 2019/20 Capital Programme, overall planned expenditure is £211.69 million (General Fund £152.61 million and HRA £59.08 million) over 2019/20 to 2023/24. In 2020/21, there is planned capital expenditure of £57.065 million.
3. Section 3 of the Strategy refers to the Asset Management Strategy approved earlier this year and highlights the treatment of asset disposals and the continuation of the prudent policy of not anticipating capital receipts before they are received.
4. Section 4 covers Treasury Management, including both borrowing and investment. Treasury Management is a well-established Council activity that operates within a tightly controlled framework. Borrowing levels are expected to remain comfortably within the Council's pre-set limits throughout the duration of the Strategy.
5. Section 5 presents the Council's approach to Service Investments and its ongoing joint venture commitments with the Norse Group for a package of services including Refuse Collection, Cleansing and Maintenance.
6. Section 6 sets out the position on Commercial Investment and the way in which an increase in commercial investment and trading by the Council is set to build on current levels of activity. This represents a 'mixed delivery approach' – combining in-house/direct and arm's length delivery (through a local authority trading company) –for a range of commercial activities.
7. Section 7 explores the Council's other financial liabilities, both in terms of existing commitments (e.g. the Pension Fund deficit) and guarantees.
8. Section 8 explores the in-built revenue implications within the Capital Programme, its financing costs and also evaluates its overall "prudence, affordability and sustainability".
9. Section 9 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.

10. The Strategy concludes in Sections 10 and 11. This 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.

Is the report Open or Exempt?

Open

Wards Affected:

All Wards in the District

Cabinet Members:

Councillor Steve Gallant

Leader of the Council and Cabinet Member with responsibility for Resources

Councillor Maurice Cook

Assistant Cabinet Member for Resources

Supporting Officer:

Simon Taylor

Chief Finance Officer and Section 151 Officer

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1 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 1.1 The Capital Strategy is a critical component in the delivery of many ambitions included within the Business Plan. It is not only essential to achieving one of the three overarching strategic priorities of the Plan (“Financial Self-Sufficiency”) but is also vital in the delivery of a vast range of service development and delivery initiatives.

2 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 2.1 All Financial and Governance implications are covered in the Capital Strategy (**Appendix A**).

3 OTHER KEY ISSUES

- 3.1 There are no other key issues arising from this report. Equality, (environmental) Sustainability and Partnership issues are considered as part of individual Capital Programme bids.

4 CONSULTATION

- 4.1 Professional guidance has been received (and followed) from the Council’s Treasury Management advisors (Arlingclose).

5 OTHER OPTIONS CONSIDERED

- 5.1 There are no alternative options.

6 REASON FOR RECOMMENDATION

- 6.1 There are no alternative options, the Council is required to have a Capital Strategy.

RECOMMENDATION

That the Capital Strategy 2020/21 to 2023/24 be approved.

APPENDICES

Appendix A

Capital Strategy 2020/21 to 2023/24

BACKGROUND PAPERS – None

East Suffolk Council

Capital Strategy 2020/21 – 2023/24

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 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 2018/19 Statement of Accounts:
- [Note 1 \(n\)](#) of Suffolk Coastal Accounts; and
 - [Note 1 \(o\)](#) of Waveney Accounts.
- 2.1.3 In 2020/21, East Suffolk Council is planning capital expenditure of £57.07 million (and £177.7 million over the next four years) as summarised in Table 1 below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
	£000's	£000's	£000's	£000's	£000's
General Fund Services	26,436*	41,640*	35,495	26,555	22,486
Council Housing (HRA)	6,591	15,425	12,691	12,185	12,185
TOTAL	33,027	57,065	48,186	37,740	34,671

* The Council currently has £2.5 million allocated in 2019/20 & 2020/21 for Commercial Investment. The ongoing development and implementation of the Commercial Investment Strategy could see significant future allocations in the Capital Programme for this purpose.

- 2.1.4 The main General Fund capital projects scheduled for 2020/21 are as follows:

- *Lowestoft Flood Risk Management/Tidal Barrier (£13.4million)* – currently the highest value scheme that the Council has with a budget allocation of £9.5 million included for Phase 1 works (Tidal Walls, Pluvial and Fluvial) and £3.9 million for Phase 2 works (the Tidal Gate);
- *Felixstowe Regeneration Project (£10.0 million)* – major investment in Felixstowe and progression of an overall £21 million regeneration initiative;
- *Land Acquisitions (£2.5 million)* - a block allocation to finance strategic land acquisitions, aimed at advancing the Council's housing and regeneration priorities;
- *Commercial Investment (£2.5 million)* - to progress the Council's Commercial Investment Strategy (see Section 6).

- *Lowestoft Beach Hut Replacement (£2.5 million)* – replacement of beach huts along with the demolition, reconstruction and enhancement of the adjoining café and amenity block;
- *East Point Pavilion (£1.5 million)* – development of new restaurant/café premises; and
- *Bungay Leisure Centre (£1.8 million)* – major redevelopment of leisure centre.

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 and includes £32.4 million allocated to the New Build Programme over the (four-year) forecast period, which is expected to deliver around 200 new homes.

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 added 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 Cabinet and 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

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
	£000's	£000's	£000's	£000's	£000's
External sources	9,418	17,233	24,255	28,078	24,539
Own resources	11,605	15,610	12,519	9,762	9,732
Debt	12,004	24,222	11,325	900	400
TOTAL	33,027	57,065	48,099	38,740	34,671

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). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are presented in Table 3 below.

Table 3: Replacement of Debt Finance

	2019/20 Actual	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
	£000's	£000's	£000's	£000's	£000's
Own resources	815	1,080	1,356	1,404	1,439

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 and capital receipts used to replace debt. The CFR is expected to increase by £23.687 million in 2020/21. 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)

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
	£000's	£000's	£000's	£000's	£000's
General Fund services	46,921	70,608	81,408	81,808	82,208
Council housing (HRA)	77,550	77,550	67,264	67,264	67,264
Capital investments	-	-	-	-	-
TOTAL CFR	124,471	148,158	148,672	149,072	149,472

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. The Council is also permitted to spend capital receipts on service transformation projects until 2021/22 (in line with its "Flexible Use of Capital Receipts Policy"). Repayments of capital grants, loans and investments also generate capital receipts. Table 5 below summarises the overall budget projections for capital receipts.

Table 5: Capital Receipts

	2019/20	2020/21	2021/22	2022/23	2023/24
	£000's	£000's	£000's	£000's	£000's
Asset sales	-	-	-	-	-
Loans repaid	10,160	160	10,446	160	160
TOTAL	10,160	160	10,446	160	160

- 3.2.2 The Council operates a deliberately prudent policy of not assuming future capital receipts within its capital income projections. The most significant capital receipt likely to be received during the timescale of this Strategy relates to the disposal of the former headquarters of Suffolk Coastal District Council at Melton Hill, Woodbridge and the value of capital receipts assumed within the Capital Programme will be updated to reflect this when they are realised.
- 3.2.3 The Council's Flexible Use of Capital Receipts Policy will form part of the General Fund Budget & Council Tax Report to Council on 26th February 2020.

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 2019) has borrowing of £77.41 million at an average interest rate of 3.25% and £120.82 million in treasury investments at an average consolidated rate of 1.29%.

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 cheap short-term loans (currently available at around 2.61%) and long-term fixed rate loans where the future cost is known but higher (currently 2.7 to 3.3%).
- 4.2.2 Projected levels of the Council's total outstanding debt (which comprises borrowing and leases) 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

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
	£000's	£000's	£000's	£000's	£000's
Debt (incl. leases)	95,884	119,946	131,111	131,876	132,116
Capital Financing Requirement	124,471	148,158	148,672	149,072	149,472

- 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 £30 million at each year-end. The Liability Benchmark is currently £95.88 million and is forecast to increase to £132.09 million over the next four years.

Table 7: Borrowing and the Liability Benchmark

	31.3.2020 forecast	31.3.2021 forecast	31.3.2022 forecast	31.3.2023 forecast	31.3.2024 forecast
	£000's	£000's	£000's	£000's	£000's
Outstanding Borrowing	83,880	83,720	83,560	83,400	83,240
Liability Benchmark	95,884	119,946	131,111	131,851	132,091

4.2.5 Table 7 above shows that the Council expects to remain borrowed below its Liability Benchmark.

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 set as a warning level should debt approach the limit.

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

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit
	£000's	£000's	£000's	£000's	£000's
Authorised limit – borrowing	148,380	148,380	148,380	148,380	148,380
Authorised limit – leases	6,620	6,620	6,620	6,620	6,620
Authorised limit – total external debt	155,000	155,000	155,000	155,000	155,000
Operational boundary – borrowing	146,380	146,380	146,380	146,380	146,380
Operational boundary – leases	6,620	6,620	6,620	6,620	6,620
Operational boundary – total external debt	153,000	153,000	153,000	153,000	153,000

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 From 2019/20, the Council plans to operate a more diverse strategy than in the past for longer-term funds, which will be invested more widely, including into bonds, loans, property and shares; this will better balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

4.3.4 Table 9 below summarises the Council’s current and forecast treasury investments.

Table 9: Treasury Management Investments

	2019/20 forecast	2020/21 forecast	2021/22 forecast	2022/23 forecast	2023/24 forecast
	£000's	£000's	£000's	£000's	£000's
Near-term investments	102,480	81,593	71,193	70,793	70,393
Longer-term investments	14,800	14,800	15,000	15,000	15,000
TOTAL	117,280	96,393	86,193	85,793	85,393

4.4 Governance

- 4.4.1 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 The Council will sometimes make investments for service delivery purposes where there is a strategic case for doing so. This is an approach that has been adopted for the delivery of a package of services including Refuse Collection, Cleansing and Maintenance whereby the Council has entered into joint ventures with the Norse Group. Given its public service objectives, the Council is willing to take more risk than with treasury investments, nevertheless the arrangements feature cost reduction incentives, from which the Council benefits in the form of Management Fee reductions.
- 5.2 As at 31st March 2019, the Council held net investments of £118,000 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 2019 was (£314,000); 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 2019 was £432,000.

Governance

- 5.3 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.

6) Commercial Investments

6.1 Current Investments

- 6.1.1 In recent years, the Council has invested in commercial property in the district on a selective basis, usually where there is a fit with corporate priorities and a positive financial return that can be used to contribute towards the protection of local services. As at 31st March 2019, the commercial property portfolio comprised three shop units in Lowestoft with an estimated Fair Value of £2.882 million. Estimated net return (after all costs) for 2019/20 is expected to be £153,000 (0.5%).

6.2 Commercial Investment Strategy

- 6.2.1 In recognition of the continued shortfall in local government funding and commitments made in the East Suffolk Business Plan (2015-23), the Council adopted a draft Commercial Investment Strategy (CIS) in September 2017 with a view to achieving a step change increase in commercial investment and trading by the Council.
- 6.2.2 The CIS has been developed into a business case advocating a commercial investment and trading delivery approach, including the creation of a local authority trading company (LATCO). Adopted in January/February 2019, and being progressively phased in during 2019/20 (following the development and approval of a full business case in support of each commercial activity), it is a mixed delivery approach covering the following activities:
- In-House
 - Commercial Property Investment

- Commercial Property Development
- LATCO
 - Residential Property Investment
 - Residential Property Development
 - Property Management Services
 - Construction Services (initially Roofing and Scaffolding)
 - Leisure Services (e.g. Holiday Lets and Beach Huts).

6.2.3 With regard to Commercial Property Investment, CIPFA expressed concern in October 2018 at what they perceive to be the increasing risk taken on by local authorities following a sharp increase in Public Works Loan Board (PWLB) borrowing by councils to invest in commercial property. Both CIPFA and MHCLG have made changes in recent years to codes of practice and statutory guidance in response to increased investment in property. This includes revisions to the CIPFA Prudential Code for Capital Finance in Local Authorities; the CIPFA Treasury Management in the Public Services: Code of Practice; and MHCLG Statutory Investment Guidance. MHCLG have indicated that there is unlikely to be any radical change to the current Statutory Investment Guidance.

6.2.4 CIPFA recently issued guidance on Prudential Property Investment in November, following circulation of draft guidance for consultation in June. The CIPFA Guidance expresses three main areas of concern:

- whether legal powers exist that permit local authorities to borrow to invest in property;
- whether the risks of incurring certain borrowing costs in exchange for uncertain investment returns are fully understood; and
- that ever-increasing purchases of commercial property funded by borrowing places a strain on the credibility of the prudential framework that could lead to statutory intervention.

6.2.5 Although not statutory in nature, the Council's approach will incorporate the CIPFA guidance; this will enhance the other risk management features that are being developed; this includes a strict governance framework, the use of real estate investment experts and diversified portfolios. The aim is to offset principle risks such as falling capital values and 'voids'. However, (within a tightly controlled framework) the Council ultimately accepts a higher risk on commercial investments compared to treasury investments.

6.2.6 One consequence of the recent increase in PWLB borrowing by councils to invest in commercial property has been an increase on 9th October 2019 of 1% in the interest rate for PWLB loans. HM Treasury's rationale for this was as follows: "Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms." For the Council, the implications of this are likely to be that, in order to optimise the Council's financial position, the Council increasingly finances the Capital Programme by way of internal rather than external borrowing, with a corresponding reduction in the level of cash balances available for investment.

6.2.7 As noted above (Paragraph 2.1.5), the Council currently has £5.0 million allocated in the Capital Programme for Commercial Investment.

6.3 Governance

6.3.1 Governance arrangements for commercial investment and trading continue to be developed. Tailored arrangements will be required for both the in-house and LATCO elements of the commercial investment and trading approach. Thus:

- *In-House* – Commercial Property Investment is an activity that requires quick decisions to be made if good commercial investment opportunities are to be realised. However, the requirement for speed must not be at the expense of professional expertise (e.g. on real estate investment) and strong oversight. Draft proposals include an officer “Property Acquisitions Group” - with provision for investment expertise – to consider and make recommendations on investment opportunities, overseen by a “Property Acquisitions Sub-Committee” with delegated decision-making powers; and
- *LATCO* – the arms length delivery of commercial investment and trading dictates a need for an appropriate balance between allowing the LATCO sufficient operational freedom to think and act with a commercial mind-set, but at the same time ensuring effective Governance arrangements are in place so that the strategic objectives of the Council are met and their general interest protected. Draft proposals include an independent LATCO Board with freedom to make day-to-day operational decisions, overseen by a Shareholder Committee appointed by Cabinet, being responsible for “reserved matters” (major decisions).

7) Other Liabilities

7.1 Outstanding Commitments

7.1.1 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 £75.39 million as at 31st March 2019 and back-funding payments of £3.0 million are scheduled to be made in 2019/20. For 2020/21 to 2022/23 onwards there will not be a deficit payment, which will instead be incorporated into the primary employers’ pension contribution rate; and
- The Council has also set aside £6.12 million (as at 31st March 2019) to cover the financial risk associated with Business Rates appeals lodged with the Valuation Office Agency (VOA).

7.2 Guarantees

7.2.1 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).

7.2.2 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 2019 was £76 million.

7.3 Governance

7.3.1 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.

8) Revenue Implications

8.1 Financing Cost

- 8.1.1 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)

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
	£000's	£000's	£000's	£000's	£000's
Financing Costs (£m)	1,381	1,615	1,899	1,947	1,982
Proportion of Net Revenue Stream	2.36%	3.37%	4.51%	4.71%	4.86%

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

	2019/20 budget	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget
	£000's	£000's	£000's	£000's	£000's
Financing Costs (£m)	2,278	5,410	5,497	4,622	4,622
Proportion of Net Revenue Stream	21.17%	35.24%	34.32%	29.21%	29.21%

- 8.1.2 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.

8.2 “Prudence, Affordability and Sustainability”

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

Prudence

- 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. The projected indicator profile is relatively flat from 2020/21, remaining well below 10% at all times.
 - *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.

Affordability

- The estimated 'revenue consequences' of the Capital Programme (£5.943 million over four years) have been included in the draft 2020/21 Budget and Medium-Term Financial Strategy (MTFS), extending to 2023/24; 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).

Sustainability

- Capital schemes that are expected to deliver long-term revenue savings/generate income 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 Leisure Centre Development Programme (driving up usage, enabling Management Fee reductions) and Commercial Investment (e.g. generating rental income from commercial property investments).
- 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.

9) Knowledge and Skills

9.1 Officers

9.1.1 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 Asset Management within the Council. The Asset Management department is well resourced and comprises the Estates Management, Building Services 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 Member of the Chartered Institute of Builders). As with Finance, the Council is strongly committed to supporting both professional and wider staff development within its Asset Management function, with the number of qualified RICS surveyors continuing to increase in recent years. The AIM will also play a key role in the Council's approach to commercial investment and trading (highlighted above in Section 6).

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

9.2 External Advisors

- 9.2.1 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 advisers (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.

9.3 Councillors

- 9.3.1 Newly elected councillors have been required to undertake induction training at both Suffolk Coastal and Waveney district councils for some years. However, with the inaugural election for the new Council having taken place in May, all councillors will receive training appropriate to their role in the new Council.
- 9.3.2 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 advisers (Arlingclose).

10) CFO Statement on the Capital Strategy

10.1 Prudential Code

- 10.1.1 Paragraph 24 of the recently updated Prudential Code determines that...." the Chief Finance Officer should report explicitly on the affordability and risk associated with the Capital Strategy".
- 10.1.2 Accordingly, it is the opinion of the CFO that the Capital Strategy as presented is affordable, and associated risk has been identified and is being adequately managed.

10.2 Affordability

- 10.2.1 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 2023/24 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 new Asset Management Strategy is taking a strategic longer-term (i.e. beyond 2023/24) 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
 - *Commercial Investment* – as presented above (in Section 6.2) the primary aim of the Strategy long-term is income generation to replace the shortfall in Government funding. The Strategy is progressing positively towards the delivery stage and its success will be critical to the long-term affordability of the Capital Strategy.

10.3 Risk

10.3.1 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 2020/21 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 2020/21 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
- *Commercial Activities* – as noted above (in Paragraph 6.2) the Council is committed to expanding the scale of its commercial activities in the medium-term as part of its Commercial Investment Strategy. It is recognised and accepted that increased commercial activity brings additional risk. The Strategy is therefore being developed in accordance with contemporary best practice. This includes the engagement of professional advisors on the commercial, financial and legal aspects of the project and the preparation of full supporting business cases prior to the commencement of both in-house and arms length trading activities, strictly in accordance with HM Treasury’s ‘five-case model’ (“The Green Book: Central Government Guidance on Appraisal and Evaluation”).

10.3.2 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. The Asset Management Strategy extends beyond the medium-term and provides longer-term assurance with effect from 2020/21.

11) Capital Strategy Updates

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

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 a number of 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 2020/21 will not be subject to a charge until 2021/22.

FULL COUNCIL

Wednesday 22 January 2020

CAPITAL PROGRAMME FOR 2020/21 TO 2023/24 INCLUDING REVISIONS TO 2019/20

EXECUTIVE SUMMARY

1. This report sets out the Council's Capital Programme for the financial years 2020/21 to 2023/24 including revisions to 2019/20.
2. The report includes the main principles applied to set the programme and provides details of the expenditure and financing for 2019/20 and 2020/21 to 2023/24.
3. Total General Fund Capital investment for the period is anticipated to be £152.612m. In addition to the use of its internal resources and both internal and external borrowing, the Council will be benefiting from receiving £94.546m of external grants and contributions.
4. Total Housing Revenue Account capital investment for the period is anticipated to be £59.077m and benefiting from receiving £8.977m of external grants and contributions.
5. The Council is asked to review the Capital Programme for 2020/21 to 2023/24 including revisions to 2019/20 and consider it for approval.

Is the report Open or Exempt?

Open

Wards Affected:

All Wards across East Suffolk

Cabinet Member:

Councillor Steve Gallant
Leader of the Council and Cabinet Member with responsibility for Resources

Councillor Maurice Cook
Assistant Cabinet Member for Resources

Supporting Officer:

Simon Taylor
Chief Finance Officer and Section 151 Officer
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1 INTRODUCTION

- 1.1 As part of the budget setting process, the Council is required to agree a programme of capital expenditure for the coming four years. The capital programme plays an important part in the delivery of the Council's Medium-Term Financial Strategy (MTFS), which in turn supports wider service delivery.
- 1.2 Capital expenditure within the Council is split into two main components, the General Fund Capital Programme and the Housing Revenue Account (HRA) Capital Programme.
- 1.3 The capital programme recognises the spending pressures within the Finance Settlement for 2020/21 on the resources available. Therefore, the programme continues to only incorporate those projects that are either a statutory requirement or are essential to the Council's service delivery. The programme includes schemes where the Council has been successful in securing funding from external grants and contributions, and schemes where the Council is pro-actively working with external bodies to secure funding. For these schemes to go ahead it is important that the funding is secured.
- 1.4 The capital programme has been compiled taking account of the following main principles, to:
- maintain an **affordable** four-year rolling capital programme;
 - ensure capital resources are aligned with the Council's **Business Plan**,
 - maximise available resources by actively seeking **external funding** and **disposal of surplus assets**; and
 - not to anticipate **receipts** from disposals **until they are realised**.
- 1.5 The current economic climate also places further emphasis on ensuring that the levels of capital receipts are maximised through improved asset management and through the sale of surplus and underused assets. The Council has a successful track record of disposing of land and buildings surplus to its requirements, which have supported the overall financing of capital investment and at the same time reduced the demand on the revenue budget.
- 1.6 Capital Funding Sources - The capital investment proposals contained within this MTFS rely upon an overall funding envelope made up of several sources, including internal borrowing, capital receipts, and capital grant and revenue contributions.
- 1.7 Borrowing - The local Government Act 2003 gave local authorities the ability to borrow for capital expenditure provided that such borrowing was affordable, prudent and sustainable over the medium term. The Council must complete a range of calculations (Prudential Indicators) as part of its annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and repayment of principal by a minimum revenue payment (MRP) each year is considered when drafting the Budget and Medium-Term Financial Strategy. Over the course of this MTFS, prudential borrowing of £48.851m has been assumed for the General Fund Capital Programme, being £25.651m (internal borrowing) and £23.200m (external borrowing).
- 1.8 The Council's external borrowing limit is set at £155m with a General Fund limit of £67.74m and actual borrowing of £6.24m. The HRA borrowing limit is set at £87.26m with actual borrowing of £71.17m.
- 1.9 Capital Receipts - These are generated when a non-current asset is sold, and the receipt is more than £10k. Capital receipts can only be used to fund capital expenditure or repay borrowing. In determining the overall affordability of its capital programme, the Council has taken a prudent approach of not including anticipated capital receipts as a source of funding in the programme until such a time when the income is received and realised.

- 1.10 The programme set out in the report is affordable without the need to rely on future capital receipts, the extent and timing of which are unknown. Any receipts not used within the year are transferred into the Capital Receipts Reserve to be used for future capital investment financing.
- 1.11 Capital Grant - The Council receives additional grant funding for a variety of purposes and from a range of sources. These include the Ministry of Housing, Communities and Local Government (MHCLG) funding for Disabled Facility Grants and Environment Agency funding for Coastal Management projects.
- 1.12 Revenue Contributions - Although the Council can use its General Fund to pay for capital expenditure, as it has done in the past (formerly Suffolk Coastal DC and Waveney DC), the current financial constraints that are on the Revenue Budget means that this option is limited in the medium term.
- 1.13 General Fund Capital Reserves - Capital Short Life Asset Reserve – It is anticipated that this reserve will continue to fund assets with a life of less than 10 years, primarily being IT equipment and vehicles purchases.
- 1.14 HRA Right to Buy (RTB) Capital Receipts – The Right to Buy scheme helps eligible council tenants to buy their home with a discount of up to £82,800 (2019/20). The Council receives the sale proceeds of the Council House.
- 1.15 HRA Other Capital Receipts - These are generated when a fixed asset is sold, and the receipt is more than £10k. Capital receipts can only be used to fund capital expenditure.
- 1.16 HRA Contributions – Funding for capital expenditure on housing can be met from within the HRA. The future funding requirements will be informed by the revised 30-year HRA business plan.
- 1.17 HRA Capital Reserves – Although the HRA subsidy system has ceased to exist, transitional arrangements allow the Council to continue to place the Major Repairs Allowance, as detailed in the settlement determination, in the Major Repairs Reserve. This is exclusively available for use on HRA capital expenditure.

2 SUMMARY GENERAL FUND CAPITAL PROGRAMME

- 2.1 Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. The tables in Appendix A show the General Fund budgets for 2019/20 to 2023/24.
- 2.2 The capital programme for 2019/20 through to 2023/24 has a total budget requirement of £152.612m which will be financed through both internal and external resources.
- 2.3 The programme from 2019/20 to 2023/24 benefits from £94.546m (62%) of external grants and contributions, the use of £9.145m (6%) of reserves and internal/external borrowing of £48.851m (32%).
- 2.4 In the event of external funding not being secured then those projects will look to secure other funding or will not be pursued.

3 SUMMARY HRA CAPITAL PROGRAMME

- 3.1 Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. The tables in Appendix B show the HRA capital budgets for 2019/20 to 2023/24.
- 3.2 The capital programme for 2019/20 through to 2023/24 has a total budget requirement £59.077m which will be financed through both internal and external resources.

- 3.3 The programme from 2019/20 to 2023/24 relies upon £8.977m (15%) of external grants and contributions, the use of £27.671m (47%) of capital reserves and direct revenue financing of £22.429m (38%).

4 KEY INVESTMENTS

Leisure Development Investments

- 4.1 Prior to establishing East Suffolk Council, Suffolk Coastal DC had embarked into a five-year programme of redevelopment of the District's leisure centres. The work is part of the Council's commitment to improve our leisure centre offer and to encourage more people to become more active.
- 4.2 The work builds on the progress made by the [Leisure Strategy](#) formed in 2014, which sets out how improvements to the leisure provision will be made across the district, over the next ten years. The Leisure Strategy is currently being updated and due to be completed in early 2020. Deben Leisure Centre, the first of the redevelopments, commenced in September 2017 and reopened in the summer of 2018 after undergoing a £3.5 million refurbishment. Leiston Leisure Centre commenced in September 2018 and reopened in August 2019 after undergoing a £4 million refurbishment. Plans have been developed to address the Felixstowe, Brackenbury and Bungay Leisure Centres.

Felixstowe Regeneration

At East Suffolk Council's Cabinet meeting held on 3 September 2019, it was agreed that a new leisure centre for Felixstowe would be approved bringing a single destination facility to the town, which will service the community and attract people from further afield.

Bungay Leisure Centre

Bungay Leisure Centre is the third facility identified as a priority in the Leisure Redevelopment Programme, following Deben Leisure Centre (2018) and Leiston Leisure Centre (2019). The £3.4 million redevelopment has started, with the centre being closed on 12 September 2019 for a ten-month period

Lowestoft Beach Hut Replacement

Options to replace approximately 50 beach huts which closed due to structural issues are being considered and will follow the cliff stabilisation works once they have been completed.

Commercial Investment

- 4.6 The Council is constantly looking for opportunities to reduce its operational costs and or generate additional income. The Council has developed its Commercial Investment Strategy which is an important part of the Council's approach to delivering financial self-sufficiency. The Strategy sets out the detailed policies, processes and governance arrangements within which the investment decisions will be made, implemented, managed and monitored. The Council has set aside Capital funds of £10m to deliver the Council's Commercial Investment plans. Any proposed investment will be subject to a satisfactory business case and Cabinet approval.

Flood Alleviation

- 4.7 Lowestoft Tidal Barrier - A major project to construct a permanent tidal wall which will be built around the harbour to protect Lowestoft from future tidal surges, with a tidal gate located near to the Bascule Bridge to prevent surge water entering Lake Lothing.

HRA Redevelopment/ New Build Programme

- 4.8 The Housing Revenue Account has several purchased properties that require redevelopment or modernisation to ensure that they are fit for purpose and provide the appropriate type of

accommodation for the area. The development programme provides the financial resources to achieve this.

- 4.9 The development of housing provision within the North of the District is paramount to the Housing Revenue Account's business plan and an affordable programme of land purchase and development has been drawn up to deliver the Council's objective.

5 THE REVIEW PROCESS

- 5.1 Monitoring of the capital programme takes place on a quarterly basis, with all project managers required to provide an update on the current status of their projects. A summary of this information is reported to Cabinet, forming part of the Council's integrated quarterly performance monitoring.

6 REVENUE IMPLICATIONS

- 6.1 Capital projects have revenue implications, depending on the nature of the projects and how they are financed. The majority of the Council's general fund capital expenditure is financed by prudential borrowing and therefore incurs both an interest charge and a charge for repaying the debt known as the Minimum Revenue Provision (MRP).
- 6.2 The HRA is funded through direct revenue financing (DRF) and only attracts an interest charge on its loans acquired for the settlement of its share of the Government's Housing debt in 2011/12.
- 6.3 Both these costs must be funded from the Council's General Fund or HRA as appropriate. Consequently, the amount of capital works that can be undertaken are constrained by the ability of the revenue accounts to absorb these charges. The current and forecast charges are shown in the table below.

	2019/20	2020/21	2021/22	2022/23	2023/24
General Fund - Capital Charges	£000	£000	£000	£000	£000
Interest	570	550	550	550	550
Borrowing repayment provision (MRP)	816	1,081	1,356	1,403	1,439
Total	1,386	1,631	1,906	1,953	1,989
HRA - Capital Charges					
Interest	2,045	2,055	2,055	2,055	2,055

7 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 7.1 The Capital Programme feeds directly into the Council's MTFS which in turn is the mechanism by which the key Business Plan objective of Financial Self-Sufficiency will be delivered over the medium term. The Capital Programme also links directly to the Council's specific actions within the Business Plan and provides the capital financing for some of these actions.

8 OTHER KEY ISSUES

- 8.1 The report has been prepared having considered the results of an overall Equality Impact Assessment (EIA's). Individual EIA's will be included within the project business cases .

9 REASON FOR RECOMMENDATION

- 9.1 Approval of the capital programme for 2019/20 to 2023/24 is required as part of the overall setting of the budget and MTFS.

RECOMMENDATION

That the Capital Programme for 2020/21 to 2023/24 and revisions to 2019/20 be approved.

APPENDICES

Appendix A	General Fund summary and detailed capital investment projects
Appendix B	Housing Revenue Account summary and detailed capital investment
Appendix C	Capital Programme External Funding Summary

BACKGROUND PAPERS – None

APPENDIX A

SUMMARY - GENERAL FUND PROGRAMME	2019/20	2020/21	2021/22	2022/23	2023/24	2019/20 to 2023/24
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Total
Capital Expenditure						
Economic Development & Regeneration	830	0	0	0	0	830
Environmental Services & Port Health	50	11	30	0	0	91
Financial Services	5,380	5,300	600	0	0	11,280
ICT Services	670	400	50	50	50	1,220
Operations	11,056	19,611	11,370	1,405	6,725	50,167
Planning & Coastal Management	6,302	14,602	21,729	23,384	13,995	80,012
Housing Improvement	2,148	1,716	1,716	1,716	1,716	9,012
Total Capital Expenditure	26,436	41,640	35,495	26,555	22,486	152,612
Financed By:-						
External:						
Grants	9,150	15,440	23,245	25,000	21,461	94,296
Contributions	50	50	50	50	50	250
Borrowing	0	12,800	10,400	0	0	23,200
Internal:						
General Fund Capital Receipts	70	0	0	0	0	70
Borrowing	12,004	11,422	925	900	400	25,651
Reserves	5,162	1,928	875	605	575	9,145
Total Financing	26,436	41,640	35,495	26,555	22,486	152,612

Detailed capital investment projects

Funding Type key:			
EB	External Borrowing	IB	Internal Borrowing
EC	External Contribution	ICR	Internal Capital Receipt
EG	External Grant	IR	Internal Reserve

ECONOMIC DEVELOPMENT & REGENERATION	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
Ness Point Regeneration Project	830	0	0	0	0	EG
Total Budgeted Expenditure	830	0	0	0	0	
Financed By:-						
Internal Funding:						
Internal Borrowing	0	0	0	0	0	IB
Capital Receipt	0	0	0	0	0	ICR
Reserve	0	0	0	0	0	IR
	0	0	0	0	0	
External Funding:						
Grants	830	0	0	0	0	EG
Contributions	0	0	0	0	0	EC
Borrowing	0	0	0	0	0	EB
	830	0	0	0	0	
Total Budgeted Financing	830	0	0	0	0	
Ness Point Regeneration Project	The Lowestoft Ness Regeneration Scheme (East of England Park project) aims to create a visitor destination that celebrates the culture and heritage of its location.					

ENVIRONMENTAL SERVICES & PORT HEALTH	2019/20	2020/21	2021/22	2022/23	2023/24	Funding
	£000	£000	£000	£000	£000	Type
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
Port Health IT System	50	11	30	0	0	IR
Total Budgeted Expenditure	50	11	30	0	0	
Financed By:-						
Internal Funding:						
Internal Borrowing	0	0	0	0	0	IB
Capital Receipt	0	0	0	0	0	ICR
Capital Reserve - Port Health	50	11	30	0	0	IR
	50	11	30	0	0	
External Funding:						
Grants	0	0	0	0	0	EG
Contributions	0	0	0	0	0	EC
Borrowing	0	0	0	0	0	EB
	0	0	0	0	0	
	50	11	30	0	0	
Project	Description					

FINANCIAL SERVICES, CORPORATE PERFORMANCE & RISK MANAGEMENT	2019/20	2020/21	2021/22	2022/23	2023/24	Funding
	£000	£000	£000	£000	£000	Type
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
House Purchase - Blackstock	80	0	0	0	0	IR
Commercial Investment * subject to business case	2,500	2,500	0	0	0	IB
Investment Property Acquisition - Lake Lothing Lowestoft	0	0	0	0	0	EB
Land Acquisition Leiston* subject to business case	300	0	0	0	0	IR
Land Acquisition* subject to business case	2,500	2,500	0	0	0	IB
Post Office London Road North Lowestoft Redevelopment	0	300	300	0	0	EB/IR
Short Term Transit Site* subject to business case	0	0	300	0	0	EB
Total Budgeted Expenditure	5,380	5,300	600	0	0	
Internal Funding:						
Internal Borrowing	5,000	5,000	0	0	0	IB
Capital Receipt	0	0	0	0	0	ICR
Reserve	380	0	200	0	0	IR
	5,380	5,000	200	0	0	
External Funding:						
Grants	0	0	0	0	0	EG
Contributions	0	0	0	0	0	EC
Borrowing	0	300	400	0	0	EB
	0	300	400	0	0	
Total Budgeted Financing	5,380	5,300	600	0	0	
Project	Description					
House Purchase - Blackstock	Purchase of investment property					
Commercial Investment * subject to business case	Commercial Investment budget to be used for the purchase of properties/land subject					
Land Acquisition Leiston* subject to business case	Purchase of investment property					
Land Acquisition* subject to business case	Purchase of investment property					
Post Office London Road North Lowestoft Redevelopment	Redevelopment of the recently purchased vacant Post Office site in London Road North.					
Short Term Transit Site* subject to business case	Evaluation of Short Term Transit Sites					

ICT SERVICES	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
Corporate IT Requirements	454	400	50	50	50	IR
Members Webcasting	191	0	0	0	0	IR
Riverside Conference Room TV's	25	0	0	0	0	IR
Total Budgeted Expenditure	670	400	50	50	50	
Financed By:-						
Internal Funding:						
Internal Borrowing	0	0	0	0	0	IB
Capital Receipt	0	0	0	0	0	ICR
Reserve	670	400	50	50	50	IR
	670	400	50	50	50	
External Funding:						
Grants	0	0	0	0	0	EG
Contributions	0	0	0	0	0	EC
Borrowing	0	0	0	0	0	EB
	0	0	0	0	0	
Total Budgeted Financing	670	400	50	50	50	
Project	Description					
Corporate IT Requirements	Desktop refresh - installation of new hardware					
Members Webcasting	Installation of webcasting facility for Council meetings					
Riverside Conference Room TV's	Installation of TV screens to conference rooms					

OPERATIONS	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
Bawdsey Quay	57	0	0	0	0	IR
Beccles Sports Ground	70	0	0	0	0	ICR
Brackenbury Beach Hut replacement Handrailing	88	22	0	0	0	IR
Bungay LC redevelopment	2,061	1,839	0	0	0	IB
Cemeteries	395	0	0	0	0	IB
Dellwood Avenue Cricket Pavilion	15	0	0	0	0	IB
East Point Pavilion * subject to business case	0	1,500	0	0	0	EB
East Suffolk House - Reception	100	0	0	0	0	IR
Estates Management	571	200	200	200	200	IB
Felixstowe - Cliff Step Refurbishment	218	0	0	0	0	IB
Felixstowe Lighting	140	0	0	0	0	IB
Felixstowe Regeneration Project	1,000	10,000	10,000	0	0	EB/IR
Felixstowe Sea Front Shelters	125	0	0	0	0	IB
Felixstowe South - seafront work and Martello Cafe	1,750	0	0	0	0	IR/EC
Felixstowe Sports Hub	0	900	0	0	0	IR
Footway Lighting Works - Northern (cyclical replacement)	34	30	30	30	0	IR
Leisure Centre Brackenbury	20	20	20	0	0	IR
Leisure Centre Deben	20	20	20	0	0	IR
Leisure Centre Leiston	1,557	35	25	0	0	IB
Lowestoft Beach Hut - demolition/wall stabilisation/replacement Beach Huts	37	2,500	0	0	0	IB
Lowestoft South Beach Public Conveniences/Changing Facilities	200	0	0	0	0	IB
Melton Riverside Car Park Lighting	40	0	0	0	0	IR
New Beach Hut Sites	500	500	500	500	0	IB
Northern Car Park Works	0	220	0	0	0	IB
Public Conveniences	460	0	0	0	0	IB
Public Conveniences review - Lowestoft	100	300	0	0	0	IB
Seafront Gardens Beach Hut Development	500	0	0	0	0	IB
Southwold Caravan Site redevelopment * subject to business case	0	1,000	0	0	0	EB
Southwold Harbour South Pier	0	0	50	150	6,000	EG
Station Road Car Park	272	0	0	0	0	IR
Waveney Norse Grounds Equipment	25	25	25	25	25	IR
Waveney Norse Vehicles	656	500	500	500	500	IR
Wickham Market Churchyard Boundary Wall	45	0	0	0	0	IB
Total Budgeted Expenditure	11,056	19,611	11,370	1,405	6,725	
Internal Funding:						
Internal Borrowing	6,924	5,594	725	700	200	IB
Capital Receipt	70	0	0	0	0	ICR
Reserve	4,062	1,517	595	555	525	IR
	11,056	7,111	1,320	1,255	725	
External Funding:						
Grants	0	0	50	150	6,000	EG
Contributions	0	0	0	0	0	EC
Borrowing	0	12,500	10,000	0	0	EB
	0	12,500	10,050	150	6,000	
Total Budgeted Financing	11,056	19,611	11,370	1,405	6,725	

Project	
Bawdsey Quay	Capital costs of the sewage system, clearance of car park and signage
Beccles Sports Ground	Refurbishment of Beccles Sports Ground Changing Rooms
Brackenburg Beach Hut replacement Handrailing	Replacement safety railing along concrete terrace for beach huts.
Bungay LC redevelopment	Redevelopment of Leisure Centre
Cemeteries	£395k for purchase of land to extend cemetery at Leiston. Burial capacity calculated for further 16 years only.
Dellwood Avenue Cricket Pavilion	Demolition of Pavilion
East Point Pavilion * subject to business case	Potential redevelopment opportunity through refurbishment and partial redevelopment
East Suffolk House - Reception	Redevelopment of the reception area at East Suffolk House
Estates Management	A planned preventative maintenance list of works required on Council owned properties
Felixstowe - Cliff Step Refurbishment	Project terminated
Felixstowe Lighting	Cyclical replacement of footway lighting
Felixstowe Regeneration Project	The Brackenburg and Felixstowe Leisure Centres are in need of considerable investment. A regeneration project for this area will follow consultation with the relevant partners.
Felixstowe Sea Front Shelters	Refurbishment of 6 sea front shelters in Felixstowe
Felixstowe South - seafront work and Martello Cafe	Development of South Seafront area and Martello Café Felixstowe
Felixstowe Sports Hub	ESC is working with key sports clubs in Felixstowe including, football, cricket, rugby and
Footway Lighting - Southern (Cyclical replacement)	Cyclical replacement of footway lighting
Footway Lighting Works - Northern (cyclical replacement)	Cyclical replacement of footway lighting
Leisure Centre Brackenburg	Planned preventative maintenance works required to ensure the immediate running of
Leisure Centre Deben	Planned preventative maintenance works required to ensure the immediate running of
Leisure Centre Leiston	Leiston is the second of the leisure redevelopment programme. The Leiston
Lowestoft Beach Hut - demolition/wall	Stabilisation of Cliff face and replacement of concrete beach huts
Lowestoft South Beach Public Conveniences/Changing Facilities	South Beach Lowestoft upgrade of public conveniences/changing facilities
Melton Riverside Car Park Lighting	Installation of lighting
New Beach Hut Sites	Proposed investment in additional Beach Hut sites
Northern Car Park Works	Planned preventative maintenance works
Public Conveniences	Planned enhancement works to District wide Public Conveniences
Public Conveniences review - Lowestoft	Enhancement of Gordon Road Public Convenience and review of remaining Public Conveniences in Lowestoft
Redevelopment of Hotson Road Tennis Courts	Project terminated
Seafront Gardens Beach Hut Development	Development of Seafront Gardens site for new beach huts
Southwold Caravan Site redevelopment * subject to	Refurbishment of existing caravan site
Southwold Harbour South Pier	
Station Road Car Park	Installation of lighting
Waveney Norse Grounds Equipment	Replacement lawn tractors/mowers
Waveney Norse Vehicles	Purchase of Vehicles for use by Waveney Norse (contractual)
Wickham Market Churchyard Boundary Wall	Replacement of closed churchyard wall

PLANNING & COASTAL MANAGEMENT	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
Bawdsey East Lane SMP Review	25	10	0	0	0	EG
Coast Protection - Minor Capital Works	80	828	200	200	200	IB
Corton & North Corton Hybrid Scheme	150	250	12,000	12,000	0	EG
Lowestoft Flood Risk Management Project Phase 1 (Tidal	4,312	9,472	4,963	0	0	EG
Lowestoft Flood Risk Management Project Phase 2 (Tidal	1,670	3,902	4,016	11,134	13,745	EG
S106 Play Equipment	50	50	50	50	50	EC
Slaughden Coast/Estuary SMP Policy review	15	20	0	0	0	EG
Thorpeness (Externally Funded)	0	70	500	0	0	EG
Total Budgeted Expenditure	6,302	14,602	21,729	23,384	13,995	
Internal Funding:						
Internal Borrowing	80	828	200	200	200	IB
Capital Receipt	0	0	0	0	0	ICR
Reserve	0	0	0	0	0	IR
	80	828	200	200	200	
External Funding:						
Grants	6,172	13,724	21,479	23,134	13,745	EG
Contributions	50	50	50	50	50	EC
Borrowing	0	0	0	0	0	EB
	6,222	13,774	21,529	23,184	13,795	
Total Budgeted Financing	6,302	14,602	21,729	23,384	13,995	
Project	Description					
Bawdsey East Lane SMP Review	Review of the Bawdsey Shoreline Management Plan					
Coast Protection - Minor Capital Works	The Coastal Management Team carries out a comprehensive programme of inspections which highlight when repair and maintenance works need to be carried out. This ensures that the defences are functioning correctly, extends the life of the assets and protects the public from potential hazards.					
Corton & North Corton Hybrid Scheme	This item is for ESC contribution to privately funded works to part remove and part rebuild in rock, defences to the north of Corton Village that were abandoned after failure in line with 2010 Shoreline Management Plan policy, plus allow managed realignment to take place to north of village, creating a new beach					
Lowestoft Flood Risk Management Project Phase 1 & 2	A major project to construct a permanent tidal wall which will be built around the harbour to protect Lowestoft from future tidal surges, with a tidal gate located near to the Bascule Bridge to prevent surge water entering Lake Lothing. Including the interim measure of temporary flood barriers					
S106 Play Equipment	Play Equipment installation on play parks in the north of the district funded from S106 contributions					
Slaughden Coast/Estuary SMP Policy review	Innovative scheme South of Aldeburgh likely to be delivered by a consortium of public and private partners to provide 20 years of resilience to the town and the Alde & Ore Estuary, offering scope for enhanced / new economic benefits and business opportunities.					
Thorpeness (Externally Funded)	Strengthen the soft bag defences installed here in 2010/12 that were damaged by unusually high erosion pressure in 2013.					

GENERAL FUND HOUSING IMPROVEMENT	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Original Budget	Original Budget	Original Budget	Original Budget	
Orbit HIA Disabled Facilities Grant	2,148	1,716	1,716	1,716	1,716	EG
Total Budgeted Expenditure	2,148	1,716	1,716	1,716	1,716	
Financed By :-						
Internal Funding:						
Internal Borrowing	0	0	0	0	0	IB
Capital Receipt	0	0	0	0	0	ICR
Reserve	0	0	0	0	0	IR
	0	0	0	0	0	
External Funding:						
Grant	2,148	1,716	1,716	1,716	1,716	EG
Contributions	0	0	0	0	0	EC
Borrowing	0	0	0	0	0	EB
	2,148	1,716	1,716	1,716	1,716	
Project						
Orbit HIA Disabled Facilities Grant	Grant expenditure on disabled adaptations					

Total Capital Budget	26,436	41,640	35,495	26,555	22,486	
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APPENDIX B

SUMMARY – HOUSING PROGRAMME	2019/20	2020/21	2021/22	2022/23	2023/24	2019/20 to
	£000	£000	£000	£000	£000	2023/24
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Total
Capital Expenditure						
Housing Repairs	2,736	2,865	2,415	2,535	2,535	13,086
Housing Project Development	1,603	3,967	2,450	1,650	1,650	11,320
New Build Programme	2,252	8,593	7,826	8,000	8,000	34,671
Total Capital Expenditure	6,591	15,425	12,691	12,185	12,185	59,077
Financed By:-						
External						
Grant	218	1,743	960	3,028	3,028	8,977
Contributions	0	0	0	0	0	0
Internal:						
-HRA Direct Revenue Financing	2,278	5,410	5,497	4,622	4,622	22,429
-HRA Reserves	4,095	8,272	6,234	4,535	4,535	27,671
-HRA Capital Receipts	0	0	0	0	0	0
Total Financing	6,591	15,425	12,691	12,185	12,185	59,077
Cumulative Expenditure to be financed by Housing Revenue Account	2,278	7,688	13,185	17,807	22,429	

Funding Type Key:			
IHRA	Internal Housing Revenue Account	EG	External Grant
IR	Internal Housing Reserve	EC	External Contribution
ICR	Internal Capital Receipt		

Detailed HRA capital investment projects

HOUSING REPAIRS	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
Bathrooms	60	60	60	60	60	IR
Central Heating/Boilers	570	570	580	600	600	IR
Disabled Works	220	220	220	220	220	IR
Door Entry System - Park Road & The Hemplands	0	80	0	0	0	IR
Energy Efficiencies Work	200	200	200	200	200	IR
Environmental Works	10	10	10	10	10	IR
External Doors	20	20	20	20	20	IR
Fascia's	4	0	0	0	0	IR
Fire Door Replacement - All Schemes	20	0	0	0	0	IR
Garage Demolition	98	0	0	0	0	IR
Heat Metering	10	100	0	0	0	IR
Housing Repair Vans	110	110	110	210	210	IR
Kitchens	500	500	500	500	500	IR
Re-Roofing	350	430	450	450	450	IR
Rewiring	230	230	250	250	250	IR
St Peters Court - Fire Assessment	30	70	0	0	0	IR
St Peters Court - Lift	0	250	0	0	0	IR
St Peters Court - Openreach Rewiring	51	0	0	0	0	IR
St Peters Court - Sprinkler system	187	0	0	0	0	IR
St Peters Court - Water Tank	51	0	0	0	0	IR
Windows	15	15	15	15	15	IR
Total Budgeted Expenditure	2,736	2,865	2,415	2,535	2,535	
Financed By:-						
Internal Funding:						
Housing Revenue Account	0	0	0	0	0	IHRA
Housing Revenue Account Reserves	2,736	2,865	2,415	2,535	2,535	IR
Housing Capital Receipts	0	0	0	0	0	ICR
	2,736	2,865	2,415	2,535	2,535	
External Funding:						
Grants	0	0	0	0	0	
Contributions	0	0	0	0	0	
	0	0	0	0	0	
Total Budgeted Financing	2,736	2,865	2,415	2,535	2,535	
Project						
Bathrooms	Replacement and improvements to bathrooms and layouts to the housing stock.					
Central Heating/Boilers	A rolling programme has been established which provides replacement heating appliances, boilers and installation of full heating systems to the housing stock.					
Disabled Works	These works provide disabled adaptations to the Council's housing stock to improve the living conditions of					
Door Entry System - Park Road & The Hemplands	New door entry system					
Energy Efficiency Works	Energy improvement works to properties, examples could be electrical improvements to blocks of flats to					
Environmental Works	Works controlled by tenants for environmental improvements, examples could be additional estate parking,					
External Doors	A rolling programme provides replacement doors to the housing stock.					
Fascia's	A rolling programme provides replacement fascia's to the housing stock.					
Fire Door Replacement - All Schemes	Reolacement of Fire Doors					
Garage Demolition	Demoliton of garages and construction of parking area					
Heat Metering	Works to be compliant with the Heat metering network regulations. Every communal system should have					
Housing Repair Vans	Cyclical renewal of Housing vans					
Kitchens	Replacement and improvements to kitchens and layouts to the housing stock.					
Re-Roofing	A rolling programme provides replacement roofs to the housing stock.					
Re-Wiring	Rewiring to the housing stock.					
St Peters Court - Fire Assessment	Fire Assesment of the St Peters Court tower block					
St Peters Court - Lift	Replacement of St Peters Court Lift					
St Peters Court - Openreach	Removal of old telecommunications wiring (H&S)					
St Peters Court - Sprinkler System	Installation of sprinkler system					
St Peters Court - Water Tank	Water Tank installation					
Windows	A rolling programme provides replacement windows to the housing stock.					

HOUSING PROJECT DEVELOPMENT	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
Digital Transformation	0	0	0	0	0	IHRA/IR
Mobility Scooter Parking	46	0	0	0	0	IHRA/IR
Office Accommodation	0	500	500	0	0	IHRA/IR
Redevelopment Programme	1,557	3,467	1,950	1,650	1,650	IHRA/IR/EG
Total Budgeted Expenditure	1,603	3,967	2,450	1,650	1,650	
Financed By :-						
Internal Funding:						
Housing Revenue Account	686	2,392	1,105	350	350	IHRA
Housing Revenue Account Reserves	917	1,575	1,285	1,300	1,300	IR
Housing Capital Receipts	0	0	0	0	0	ICR
	1,603	3,967	2,390	1,650	1,650	
External Funding:						
Grant	0	0	60	0	0	EG
Contributions	0	0	0	0	0	EC
	0	0	60	0	0	
Total Budgeted Financing	1,603	3,967	2,450	1,650	1,650	
Project						
Digital Transformation	Smarter working practices being considered such as mobile working.					
Mobility Scooter Parking	Provision of Mobility Scooter Parking					
Office Accommodation	Provided for alternative depot office accommodation.					
Redevelopment Programme	Redevelopment programme for purchased accommodation					

NEW BUILD PROGRAMME	2019/20	2020/21	2021/22	2022/23	2023/24	Funding Type
	£000	£000	£000	£000	£000	
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	
New builds	2,252	8,593	7,826	8,000	8,000	IHRA/IR/EG
Total Budgeted Expenditure	2,252	8,593	7,826	8,000	8,000	0
Financed By :-						
Internal Funding:						
Housing Revenue Account	1,592	3,018	4,392	4,272	4,272	IHRA
Housing Revenue Account Reserves	442	3,832	2,534	700	700	IR
Housing Capital Receipts	0	0	0	0	0	ICR
	2,034	6,850	6,926	4,972	4,972	
External Funding:						
Grant	218	1,743	900	3,028	3,028	EG
Contributions	0	0	0	0	0	EC
	218	1,743	900	3,028	3,028	
Total Budgeted Financing	2,252	8,593	7,826	8,000	8,000	
Project						
New Builds	Provision of new housing					

Total Capital Budget	6,591	15,425	12,691	12,185	12,185
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APPENDIX C

Capital Programme External Funding Summary

Capital Projects 2019/20 to 2023/24	Total Project Cost	External Grant/Contribution	Net cost to East Suffolk
	£000	£000	£000
General Fund			
Bawdsey East Lane SMP Review	35	-35	0
Corton & North Corton Hybrid Scheme	24,400	-24,400	0
Felixstowe South - seafront work and Martello Cafe	1,750	-299	1,451
Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	18,747	-18,747	0
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	34,467	-34,467	0
Lowestoft Former Post Office redevelopment	600	-400	200
Ness Point Regeneration Project	830	-830	0
Orbit HIA Disabled Facilities Grant	9,012	-9,012	0
S106 Play Equipment	250	-250	0
Slaughden Coast/Estuary	35	-35	0
Southwold Harbour & South Pier	6,200	-6,200	0
Thorpeness (Externally Funded)	570	-570	0
	96,896	-95,245	1,651
Housing Revenue Account			
Housing Redevelopment Programme	10,274	-60	10,214
New Build Programme	34,671	-8,917	25,754
	44,945	-8,977	35,968



FULL COUNCIL

Wednesday 22 January 2020

HOUSING REVENUE ACCOUNT BUDGET REPORT 2020/21

EXECUTIVE SUMMARY

1. Under the Self-Financing regime, the future resources and spend of the Housing Revenue Account (HRA) are based on local decisions. This report outlines the HRA Income and Expenditure Budgets for the financial years 2020/21 to 2023/24 and notes the forecast position for 2019/20. In addition to this, a summary of its reserves and balances is included. The HRA budgets are fully funded from existing HRA funds to meet the Council's HRA spending plans. This includes the capital investment programme and reserve balances as per the HRA Financial Business Plan. Currently there is no requirement for any additional borrowing.
2. Since 1st April 2016, the Welfare Reform and Work Act 2016 has required social landlords to reduce their rents by 1% each year for four years ('the social rent reduction'). In October 2017, the Government announced that at the end of the four-year rent reduction, there would be a return to annual rent increases of up to the Consumer Price Index (CPI) plus 1% for at least five years. This would be implemented through the Rent Standard set by the Regulator of Social Housing rather than through legislation. On 26th February 2019 the Secretary of State for Housing, Communities and Local Government published a 'Direction to the Regulator' to set a Rent Standard that will apply from 1st April 2020. Alongside this Direction, the Government also issued a policy statement on rents for social housing (the Policy Statement) and the Regulator is required to have regard to this when setting its Rent Standard. For the first time, the Government has directed the Regulator to apply its Rent Standard to all registered providers of social housing, including local authorities. Details of the Policy Statement and Rent Standard from 2020 are provided in this report.
3. Full Council are asked to consider and approve the following:
 - HRA budget for 2020/21, and the indicative figures for 2021/22 to 2023/24;
 - Forecast outturn position for 2019/20 for noting;
 - Movements in HRA Reserves and Balances;
 - Average weekly rent for 2020/21 of £84.95 over a 50-week collection year (£83.05 2019/20), an average weekly increase of £1.90 or 2.3%;
 - Service charges and associated fees for 2020/21;
 - The new Rent Standard with effective from 1st April 2020 for noting; and
 - Changes affecting public and private sector housing and welfare also to be noted.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards within the District
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Cabinet Members:	<p>Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources</p> <p>Councillor Richard Kerry Cabinet Member with responsibility for Housing</p> <p>Councillor Maurice Cook Assistant Cabinet Member for Resources</p>
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Supporting Officers:	<p>Simon Taylor Chief Finance Officer and Section 151 Officer (01394) 444570 simon.taylor@eastsuffolk.gov.uk</p> <p>Amber Welham Senior Accountant (01502) 523662 amber.welham@eastsuffolk.gov.uk</p>
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1 INTRODUCTION

- 1.1 The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for Local Authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the Council's housing stock, offset by tenant rents, service charges and other income. The Council has a statutory responsibility to set a balanced HRA budget (i.e. all budgeted expenditure must be matched by income).
- 1.2 The Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016 made specific and significant provision for changes to the law affecting social housing providers with effect from April 2016. These changes included the statutory reduction of rents by 1% each year for four years, with 2019/20 being the final year of those reductions for the Council.
- 1.3 In February 2019 the Government set out a new policy statement for rents on social housing (the Policy Statement) effective from 1st April 2020. This will be implemented through the Regulator for Social Housing rather than through legislation. The Government published a 'Direction to the Regulator' to set a Rent Standard, and the Regulator is required to have regard to this when setting its Rent Standard. For the first time, the Government has directed the Regulator to apply its Rent Standard to all registered providers, including local authorities. Further detail on the 2020 Rent Standard is covered in Section 6 of this report.
- 1.4 The new rent policy will permit the Council to increase its rents for at least five years by up to the Consumer Price Index (CPI) plus 1%. Since 2001, social rents have been set based on a formula set by the Government and the new policy follows a similar process with the formulas set out in the Policy Statement.
- 1.5 In 2011, affordable rents were introduced and set at up to 80% of the market rent (inclusive of service charges), and from April 2015 the Government allowed social landlords to charge a full market rent where a social tenant has an annual household income of at least £60,000. This change allowed landlords to make better use of their social housing for properties rented to households with relatively high incomes.

2 KEY ISSUES AND CONSIDERATIONS

2020 Rent Standard

- 2.1 As referred to in Section 1.3 above, the Government's new policy statement for rents on social housing will be effective from 1st April 2020 and will be implemented through the 2020 Rent Standard. The new rent policy aims to strike a balance between the interests of existing social housing tenants who pay some or all of their own rent, the need to build more homes, and the importance of ensuring that providers of social housing have sufficient income to manage and maintain their housing stock.
- 2.2 The last significant change to rent setting was the 'social rent reduction' which came into effect in April 2016. This required social landlords to reduce their rents by 1% each year for four years. This reduction to rents had a significant impact on the HRA Financial Business Plan. Whilst the impact was contained within the existing parameters of the HRA, it resulted in reduced funds available to invest in the new housing development and redevelopment programme.
- 2.3 After four years of rent reduction, the new rent policy is welcomed. A five-year rent deal provides some stability to the Council in terms of its rental income stream, enabling the

Council to plan for its Housing Development Programme for the delivery of additional social housing properties.

Actuarial Valuation

- 2.4 The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31st March 2019. The Council is awaiting the actuarial report but has been advised that its share of the pension fund was 98% fully funded at this date. The proposed employers pension contribution rate for 2020/21, 2021/22 and 2022/23 is 34%, 33% and 32% and is a reduction on the current rate for East Suffolk of 35.4%. The current rate is based on a Primary Rate of 22.8%, plus a deficit payment of £2.6m at 12.6%. The HRA share of the deficit payment is currently in the region of £600,000. As a result of the proposed reduction to the employer's pension contribution rate for the next three years, this will generate an average annual saving to the HRA of £180,000.

Right to Buy Scheme

- 2.5 As at 6th April 2019 the maximum discount available to Right to Buys (RTB's) is 70% or £82,800 (£110,500 in London Boroughs), whichever is lower. This figure increases each year in line with inflation. In 2012, the Council entered into an agreement with the Secretary of state to retain a share of its RTB receipts to reinvest in the provision of new affordable homes. The receipts used can only fund up to 30% of any investment into new affordable housing and must be spent within three years of receiving them.
- 2.6 From April 2012 the number of properties sold through the RTB scheme has steadily increased. In 2012/13 only nine properties were sold through the scheme, compared to 22 in 2018/19. Future year estimates are 30 per annum and is built into the HRA Financial Business Plan.
- 2.7 The implications of RTB sales is a reduction in dwelling rents received. The annual income lost through RTB sales in 2018/19 is £99,000, adding to the importance of increasing the HRA housing stock. RTB sales are considered when setting the dwelling income budgets.

3 WELFARE REFORM

- 3.1 The Welfare Reform Act 2012 introduced major changes to the way people receive Housing Benefit and other welfare benefits which present new risks to HRA income collection from tenants.

Universal Credit

- 3.2 The Welfare Reform Act 2012 introduced Universal Credit. This is to replace most existing working-age benefits with a single payment made directly to the claimant. Under Universal Credit there is a limit to the total amount of benefit a household can claim. As a result of this change there is a high risk that income previously guaranteed to the HRA may now not be collected.
- 3.3 Universal Credit is a single payment for working age people who are looking for work or on a low income. It replaces Housing Benefit, Working Tax Credit, Child Tax Credit, Income Support, Income based Jobseekers Allowance and Income related Employment and Support Allowance. It has been rolled out across the country and was introduced in the district in March 2015. The introduction initially only applied to people who were single and who would have previously applied for Jobseekers Allowance.

- 3.4 All postcodes within the East Suffolk area are now covered by Universal Credit Full Service.
- 3.5 Universal Credit has given cause for concern with landlords nationally. Landlords, including local authorities who were once guaranteed income, must now rely on claimants to make payments. Measures (see section 3.13 and 3.14) are being implemented to monitor and improve the effects of Universal Credit.
- 3.6 From April 2018, claimants wait time have reduced from six weeks to five weeks. If they are already receiving Housing Benefits, they will continue to receive this for the first two weeks of the claim process. This should help reduce pressure on tenants, and potentially have a positive impact on future rent arrears.

Under-Occupation Charge

- 3.7 The criteria under the Welfare Reform Act mean that any working-age household deemed to be under-occupying their home receives a cut in their Housing Benefit (or Universal Credit). The cut is a fixed percentage of the Housing Benefit-eligible rent. This is known colloquially as the 'Bedroom Tax'.
- 3.8 Government has set this at a 14% cut for one extra bedroom and a 25% cut for two or more extra bedrooms. In essence this means, for every £100 charged for rent, tenants will need to contribute £14 or £25 per week from their own resources. To help alleviate the pressure of this penalty, the Council's HRA offers the incentive of 'Cash-for-Moving'. This is a widely used scheme across councils to encourage tenants to downsize. Tenants can bid for a smaller property on Gateway to Home-Choice, and if successful the tenant could receive up to £2,000 depending on the number of bedrooms given up. The scheme was in place before welfare reform to encourage better use of the housing stock.

Rent Arrears

- 3.9 In addition to the loss of rental income, there is growing concern regarding rent arrears. In 2015 the total Benefit Cap was reduced from £26,000 to £20,000 (outside of London). This combined with the roll out of Universal Credit, the under-occupancy charge, and other general factors relating to the economy, has increased the risk of rent not being collected.
- 3.10 Rent arrears as at 27th November 2019 totalled £1,286,890.17 with prepayments of £490,071.76, giving a net arrears position of £796,818.41. This is the first year since 2015/16 where an improvement can be seen compared to the same point in time in the previous year. At the same point in time in 2018/19, rent arrears stood at £1,260,612.52 with prepayments of £412,561.52, giving a net arrears position of £848,050.76.
- 3.11 There has been a shift in the arrears. Any increases in arrears are between 1 and 12 weeks old. These will be directly linked to new Universal Credit claims which, if applied for correctly, should take five weeks to be received. Therefore, these are managed arrears and are a timing difference, rather than a true arrear.
- 3.12 To reduce the risk of arrears, new tenants are now asked to pay rent in advance. The amount they pay is linked to how regularly they pay their rent e.g. if a tenant pays weekly, they will be required to pay one week in advance.
- 3.13 Predictive analytics software was implemented at the end of 2018/19 for current tenant arrears. This has been successful in reducing the number of cases rent officers look at each week, allowing them to get through their case load and contact the tenants whose accounts require action. This in turn has led to a reduction on current tenant arrears at the end of both Quarter One and Quarter Two of this financial year from the same point in the previous financial year. With the current climate of full UC, it is nationally recognised that standing still

in terms of arrears is the new upper quartile position, so to have achieved small reductions is an extremely positive step. Due to its positive impact, the former tenant arrears module has now been purchased and is currently being tested to address the high level of arrears in this area.

- 3.14 There is still much work to do in both areas, the tenant's portal and text messaging service are currently in test which will allow tenants to have 24-hour digital access to their rent account and will enable texting for automated balances or request contact from their Rent Officer. Tracing software is currently being explored as well as applying for money judgement orders for Former Tenant Arrears which will allow the Council to find and take action against those tenants who leave with a debt.

4 SELF-FINANCING ARRANGEMENT

- 4.1 The Self-Financing regime was introduced in April 2012. The Council had to take on a significant amount of debt (£68 million) in exchange for not paying future Housing Subsidy. This change is anticipated to be beneficial to the HRA over the long-term. It also means the future resources and spend of the HRA are now based on local decisions.
- 4.2 A 30-year financial business model is used to support the delivery of the HRA under the Self-Financing regime. It makes assumptions regarding the level of income available and the key risks facing the housing service delivery within this timeframe. It programmes in the years the Council expects to pay back the current borrowing, whilst delivering the needs of the service.
- 4.3 The HRA funds the costs of borrowing for the initial debt settlement. The Council has chosen to incorporate this debt into the Council's overall borrowing portfolio, creating a single pool and charging interest to the HRA in proportion to the debt it holds.
- 4.4 Self-Financing must not jeopardise the Government's priority to bring borrowing under control. It gives Council landlords direct control over a very large rental income stream, so borrowing financed from this income must be affordable within national fiscal policies as well as locally. Therefore, a limit was placed on the total housing debt that each local authority could support from its HRA. Waveney's HRA limit or 'borrowing cap' was placed at £87.26 million.
- 4.5 On 3rd October 2018, it was announced by Central Government that the HRA borrowing cap was to be 'scrapped'. It was officially removed on 30th October 2018 by Central Government issuing a determination revoking previous determinations that specified a local authority's limits on indebtedness. Nationally, the borrowing cap was tight in comparison to the value of the housing stocks local authorities hold, e.g. the Council's HRA housing stock has a market value of £536 million as at 31st March 2019, compared to a borrowing cap of £87.26 million.
- 4.6 As at 1st April 2019 the total debt for the Council's HRA was £76 million (£68 million from the Self-Financing settlement and £8 million pre-Self-Financing). During 2019/20 a further £4.8 million has been repaid on the Pre-Self-Financing debt, reducing the total debt for the HRA to £71.2 million. The HRA spending plans, including its capital investment programme, are currently fully funded from existing resources. Therefore, there is currently no need to make use of any additional borrowing.
- 4.7 Under Self-Financing, local authorities now have the opportunity with greater certainty to adopt a more strategic, long term approach to ensure that housing needs are met, that the housing stock is maintained, and where possible additional homes are provided. The Council has used this strategic approach to introduce the Housing Development and Redevelopment Programme.

5 HRA 2020/21 TO 2023/24 BUDGETS

- 5.1 The following table summarises the 2020/21 budget through to 2023/24. With a forecasted position for 2019/20. A brief description to each heading can be found in **Appendix A**.

	2019/20 Original £000	2019/20 Forecast £000	2019/20 Movement £000	2020/21 Budget £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000
Income							
Dwelling Rent	(18,765)	(18,703)	62	(19,157)	(19,540)	(19,988)	(20,445)
Non-Dwelling Rent	(181)	(163)	18	(175)	(178)	(181)	(184)
Service & Other Charges	(1,208)	(1,217)	(9)	(1,239)	(1,250)	(1,260)	(1,271)
Leaseholders Charges for Services	(10)	(10)	-	(10)	(10)	(10)	(10)
Contribution towards Expenditure	(33)	(69)	(36)	(34)	(34)	(34)	(34)
Reimbursement of Costs	(270)	(279)	(9)	(285)	(284)	(284)	(284)
Interest Income	(96)	(140)	(44)	(106)	(111)	(121)	(134)
Total Income	(20,563)	(20,581)	(18)	(21,006)	(21,407)	(21,878)	(22,362)
10% of total income	(2,056)	(2,058)	(2)	(2,101)	(2,141)	(2,188)	(2,236)
Expenditure							
Repairs & Maintenance	4,161	3,964	(197)	4,318	4,321	4,391	4,404
Supervision & Management	3,090	3,167	77	3,456	3,466	3,508	3,588
Special Services	1,908	1,942	34	2,109	2,123	2,147	2,181
Rents, Rates and other Charges	86	110	24	102	99	99	99
Movement in Bad Debt Provision	(26)	50	76	37	35	37	37
Contribution to CDC & Pension Backfunding	650	552	(98)	87	87	87	87
Capital Charges	3,736	3,339	(397)	3,539	3,818	4,069	4,310
Interest Charges	2,275	2,270	(5)	2,265	2,270	2,270	2,270
Revenue Contribution to Capital	5,120	2,277	(2,843)	5,410	5,497	4,623	4,623
Transfer to Earmarked Reserves	-	2,494	2,494	-	-	500	500
Total Expenditure	21,000	20,165	(835)	21,323	21,716	21,731	22,099
Movement in the HRA balance	437	(416)	(853)	317	309	(147)	(263)
HRA Balance carried forward	(4,422)	(5,275)	(853)	(4,958)	(4,649)	(4,796)	(5,059)

Highlights Regarding 2019/20 Forecast in table 5.1.

- 5.2 All income is still looking to come in close to the original budget. However, there are some large movements on the expenditure. There could potentially be a saving on repairs and maintenance. Details of repairs and maintenance can be seen in Section 7 and **Appendix C**. Some of the movement on repairs and maintenance relates to realignment of staffing, on supervision and management and special services.
- 5.3 There has been an increase on charges relating to void properties. This relates to the strategic management of some of the Council's housing stock to dispose of underperforming properties.
- 5.4 Although arrears are improving, the Council has erred on the side of caution regarding bad debt provision.
- 5.5 The cost for pension back funding provision in 2019/20 has been confirmed by Suffolk County Council to be less than anticipated (see Section 2.4).
- 5.6 Capital Charges relates to depreciation which has reduced due to delays in the capital programme.
- 5.7 Revenue contributions to capital have reduced significantly. This relates to the Housing Development and Redevelopment Programme. There have been reduced levels of staffing in this area during 2019/20. The work is being covered by a consultant four days per week. A

restructure has been put in place, and all posts should be filled by March 2020, which will result in the programme picking up again in 2020/21.

- 5.8 The savings from the reduced capital spend have been transferred into HRA reserves (see Section 9).

2020/21 to 2023/24 Budgets

- 5.9 The table demonstrates a healthy HRA working balance. The carry forward balance from 2018/19 was £4.859 million, more than double the requirement. Best practice is considered to have a minimum working balance that approximates to 10% of the total income received in one year. The balance is planned to be drawn down in 2020/21 and 2021/22, to make best use of the funds, but remaining well above the required 10% minimum.

6 RENTS, SERVICES AND OTHER CHARGES

Dwelling Rents

- 6.1 In February 2019 the Government set out a new policy statement for social housing rents (the Policy Statement) with effect from 1st April 2020. This will replace the current legislative rent reduction of 1% until 31st March 2020 for the Council.
- 6.2 The Policy Statement will be implemented through the 2020 Rent Standard of the Regulator of Social Housing. For the first time the Government has directed the Regulator to apply its Rent Standard to all social housing providers, including local authorities. From 1st April 2020 annual rent increases will be permitted on both social and affordable rent of up to CPI (September of the previous year) plus 1% for at least five years to 2024/25. The Rent Standard also provides freedom to apply a lower increase or to freeze or reduce the rent if a registered housing provider chooses to do so.
- 6.3 The Council works on a 50-week rent period. The 52-week rent value is converted to the slightly higher 50-week value, allowing tenants to have two 'rent free weeks' over the Christmas period. This helps tenants at an expensive time of year, and for those in arrears, can help them 'catch up'. 2019/20 is an unusual year in that 53 rent weeks fall into it. If charged for, this would generate additional income to the HRA. However, tenants will not receive any additional benefits or UC to cover this week, resulting in tenants being required to pay for this from existing funds. This could result in many tenants, including 'good payers' going into arrears. The Council had not budgeted to receive this income, and therefore has decided to give week 53 as an additional 'free week'.

Social Rent

- 6.4 Social rent is described as all low-cost rental accommodation. Since 2001 social rents have been set based on a formula set by Government. This new policy follows a similar process with the formula and rent setting guidance, set out in the Policy Statement. Annual updates to the formula calculations will be published in November of the previous year.
- 6.5 Under the Rent Policy the initial rent may be set at a level no higher than formula rent, subject to rent flexibility. The formula rent takes account of relative property values, relative local earnings and a bedroom factor, i.e. smaller properties should have lower rents. The formula rent is also subject to a rent cap. The rent cap applies a maximum ceiling on the formula rent. Therefore, if the formula rent is higher than the rent cap for a particular property, the rent cap must be used instead. The rent caps will increase each year by CPI (September of the previous year) plus 1.5%.

- 6.6 The Government's Rent Policy recognises that registered housing providers should have some flexibility over the rent set for individual properties, to take account of local factors, in consultation with tenants. As a result, the Policy Statement contains flexibility to set rents at up to 5% above the formula rent (10% for supported housing). However, it must be demonstrated that there is clear rationale for doing so which considers local circumstances and affordability. This flexibility can be applied to new developments.

Affordable Rent

- 6.7 Affordable rent is exempt from the social rent requirements of the Policy Statement. The Government expects new build properties to be let at affordable rent values. Affordable rent allows the Council to set rents at a level that are typically higher than social rents. The intention behind this flexibility is to enable local authorities to generate additional capacity for investment in new affordable homes. The Council is applying affordable rents to new build or purchased properties and can do so as it has an agreement in place with the Secretary of State. The agreement allows the Council to retain RTB receipts for investment in new affordable rented homes.
- 6.8 The rent for affordable rent housing (inclusive of service charges) must not exceed 80% of gross market rent, i.e. rent for which the accommodation might reasonably be expected to be let in the private rented sector. The size, location and service provision must be taken into account.
- 6.9 Affordable rents must not increase by more than CPI (September of the previous year) plus 1%. As with social rent setting, this is a ceiling and a lower increase, or to freeze or reduce affordable rents is permitted.

Dwelling Rent Budget for 2020/21 Onwards

- 6.10 In accordance with the Rent Standard for 2020, rent increases for 2020/21 can be increased by up to 2.7%. This is the CPI for September 2019 of 1.7% plus 1%. By applying the rent setting policy as set out in sections 6.1 to 6.9 above, the average weekly rent for the HRA for 2020/21 is £84.95 (£83.05 for 2019/20) and is based on a 50-week collection year. This is an average weekly increase of £1.90 or 2.3% from 2019/20 to 2020/21. This generates additional income for the HRA for 2020/21 of approximately £430k. The HRA Financial Business Plan had previously forecast an increase of 3% for the period 2020/21 to 2022/23, which has been revised to 2.7%. However, 2023/24 was forecasted at 2% which has been increased to 2.7%. Therefore, this has had little impact on the budget. A prudent approach will continue to be taken, assuming a consistent 2% from 2024/25 thereafter.
- 6.11 Other factors are also taken into consideration when calculating the dwelling rent budget. Such as disposals through RTB's or asset management of underperforming stock, reconversions, new build developments and acquisitions.

Service Charges

- 6.12 Service charges are those charges payable by tenants to reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities, e.g. heating services and communal facilities in sheltered accommodation (Grouped Homes).
- 6.13 Councils can review their service charges annually. Service charges should be sufficient to cover the cost of providing the service and are not governed by the same factors as rents. Therefore, not all service charges will necessarily increase each year, they will replicate the cost of the service provided. As set out in the Policy Statement, increases for service charges

should be managed, where possible, within the limit on rent changes of CPI plus 1%. Exceptions to this include new charges or where services have been extended.

- 6.14 The proposed service charges for 2020/21 are set out in **Appendix B** of this report. The costs of providing the services have been reviewed and set at a level to ensure that the costs are recovered. The HRA does not make a profit on the service charges, these are purely to recover HRA costs.
- 6.15 Many of the service charges, outlined in **Appendix B** will not increase in 2020/21. This is due to contracts that run for more than one year for a fixed price, or new contracts have been tendered resulting in reduced costs.
- 6.16 Grouped Home service charges relate to services provided to sheltered schemes and communal utility costs. The proposed general service charge for grouped homes for 2020/21 is set at an average weekly charge of £12.85 based on a 50-week collection year. This is a decrease of £1.02 compared to 2019/20. The new charge reflects the savings on providing the service.
- 6.17 The average heating charge is set to increase in 2020/21. The 2020/21 average Grouped Homes heating charge is £14.85 based on a 50-week collection year. This is an average weekly increase of £2.01 compared to 2019/20. Heating tariffs have increased in cost.

Other Charges

- 6.18 Garage rents are also set out in **Appendix B**. Garage rents are also collected on a 50-week collection period. For 2020/21 tenant's weekly garage rent is proposed to increase from £7.00 to £8.00, an increase of £1.00 on the 2019/20 charge. The proposed increased for non-tenant weekly garage rent is £11.40 from £10.00 (inclusive of VAT), an increase of £1.40 on the 2019/20 charge.
- 6.19 The increases are a reflection from extensive market research in the district.
- 6.20 Garage rents are to be considered for approval by Cabinet on 7th January 2020 as part of the 2020/21 Fees and Charges Report.

7 REPAIRS AND MAINTENANCE

- 7.1 The HRA repairs and maintenance (R & M) programme is split between capital and revenue. Revenue costs are to be funded from the revenue income derived from rents, whilst capital will be funded from the Major Repairs Reserve (MRR).
- 7.2 The repairs and maintenance revenue budget for 2020/21 has been set at £4.318 million, compared to £4.161 million in the 2019/20 budget. An analysis of the R & M revenue budget is set out in **Appendix C**. The £157,000 increase is due to a combination of things. £100,000 relates to growth on electrical testing. This is to cover the 'peak' of testing during 2020/21. The remaining £57,000 relates to increased staff costs, due to the change in the accounting treatment for the pension back funding, (see paragraph 2.4).
- 7.3 The amounts included in the repairs and maintenance revenue budget are deemed sufficient to allow the Council to carry out all necessary major works and to maintain the decent homes standard in all its properties.

HRA Capital Programme

- 7.4 The HRA capital programme forms part of the Council's overall capital programme, which is presented to Cabinet and Council at the same meeting as the HRA Budget Report. The HRA capital programme consists of capital budgets for housing repairs, project development and the Housing Development Programme.
- 7.5 The HRA capital programme will be funded via the rental income it retains, the Major Repairs Reserve (MRR), Right-to-Buy (RTB) receipts, external funding and capital receipts held. Details of the MRR are set out in paragraph 9.3. Funding of the repairs and maintenance aspect of the capital programme is through the MRR. The 2020/21 HRA capital programme is partly funded by Direct Revenue Financing, which totals £5.410 million. This represents £2.392 million towards housing projects and redevelopment and £3.018 million on the Housing Development Programme.
- 7.6 The Private Sector Housing Team continues to work hard, improving some of the most vulnerable stock in the District and ensuring that Disabled Facilities Grants are delivered to those who need such works to enable them to stay in their own home. These funds are provided by central Government with the HRA paying the cost of such works for its own council properties.

8 SPECIAL SERVICES

- 8.1 Special Services are made up of costs for Sheltered Schemes, Warden Services, Redevelopment and the New Build Programme. As the Redevelopment and New Build Programmes pick up pace, the associated revenue costs also increase. These costs include architect fees, consultant's fees and staffing.

9 HRA BALANCES AND RESERVES

- 9.1 The HRA has five Reserves as well as the HRA revenue working balance (see paragraph 5.9 for details on the revenue working balance). **Appendix D** shows the movement and balances of these reserves for the budget period 2019/20 to 2023/24.
- 9.2 Taking the Welfare Reform Act 2012 into account, the Council established an HRA Discretionary Housing Payments (DHP) 'top up' Reserve in 2012/13 with a fund of £500,000, recognising the unexpected and exceptional difficulties tenants may face arising from these changes. This reserve is to 'top up' the DHP's made by the Council by the value used by HRA tenants, only if the total payments made were to exceed the value of the DHP grant received by the Council. As yet, this has not been required. With increased Department for Work and Pensions (DWP) grant in recent years, it is unlikely to be required in 2019/20. However, the reserve will remain, in case it is required for future years. If any funds are to be transferred, it would require approval by the Secretary of State.
- 9.3 Following the introduction of the Self-Financing on 1st April 2012 and to meet changes in Accounts and Audit Regulations from 2012/13, depreciation charged to the HRA is no longer in the movement on the HRA statement. Instead, the depreciation charged to the HRA is credited to the Major Repairs Reserve (MRR). The MRR can be used to repay the principal elements of the HRA debt, as well as to finance capital expenditure on our existing dwelling stock. There are plans to use the MRR to part fund the capital programme in each year, whilst still increasing its balances to service future year's debt repayments. The balance as at 31st

March 2024 is projected to be a healthy £10.525 million, after paying the first instalment of £10.766 million borrowing that is due in 2021/22.

- 9.4 The viability of the Self-Financing regime depends ultimately on the Council acting prudently and in doing so, setting sufficient sums aside to meet its future liabilities. The transfer of funds to the Debt Repayment Reserve gives the Council flexibility around its future decisions for repaying the debt. The balance as at 31st March 2024 is forecasted to be £11.5 million. This is planned to pay the second substantial borrowing instalment of £10 million in 2026/27. Future debt repayment instalments will be funded by both the Debt Repayment Reserve and the MRR.
- 9.5 At 31st March 2019 the Council's housing stock totalled 4,446 units. Between 31st March 2019 and the 30th November 2019 there have been 17 RTB sales. This brings the current housing stock to 4,429 units.

10 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?

- 10.1 The HRA Budget directly supports the Council's aim of Financial Self Sufficiency. With balanced budgets, and the ability to pay off its current debt, it demonstrates its ability to be financially self-sufficient.
- 10.2 In addition to demonstrating Financial Self-Sufficiency, the budget provides the finances to contribute to a number of the East Suffolk Business Plan action points, including specifically, 'Increase the number of new Council Houses', and 'Increase the opportunities and number of affordable homes'.

11 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 11.1 The HRA Self-Financing regime transfers the financial risk to the Council. The HRA manages this risk through prudent budgeting, careful financial management and adoption of a rolling 30-year Financial Business Plan. The financial sustainability of the budget is managed by ensuring adequate funds are set aside to repay the debt and appropriate levels of working balances are available for any unforeseen costs. It also gives the HRA the opportunities to meet its business objectives whilst creating efficiencies and savings, giving added value for money.

12 OTHER KEY ISSUES

- 12.1 This report has been prepared having considered the results of an Equality Impact Assessment, and no issues have been identified. The proposed increase in rent will be eligible for Housing Benefit or Universal Credit. This means that tenants who are in receipt of limited incomes will not be disadvantaged.
- 12.2 The self-financing regime and the use of the 30-year financial business plan provides, long-term certainty over the Council's future investment decisions.

13 CONSULTATION

- 13.1 The proposed average weekly rent increase of £1.90 or 2.3% will be presented at the next Housing Benefit and Tenants Services Consultation Group on 20th January 2020.

14 OTHER OPTIONS CONSIDERED

- 14.1 Following four years of compulsory rent reduction, setting rents for 2020/21 below the maximum permitted under the Rent Standard is not recommended for the following reasons:
- 1) Under self-financing, the debt settlement figure that the Council can afford is based on a valuation of the Council's housing stock. This valuation is based on assumptions about income and need to spend over 30 years and that the Council will follow the Government's social rent policy. Therefore, the main disadvantage of setting rents lower than that permitted by the Rent Standard is the loss of revenue over the 30 years of the HRA Business Plan, the ability to service the debt and the adverse impact this will have on investment in the Council's existing housing stock and the delivery of the Housing Development Programme as currently planned. There is an expectation from Government for the social housing sector to make the best use of their resources to provide the homes needed.
 - 2) The HRA has the option to borrow additional funds for future projects, as the borrowing cap has been removed, but the affordability of taking any additional borrowing would need to be assessed. At this time there is no need to make use of any additional borrowing, but this situation could change if rental income streams are not maintained.

15 REASON FOR RECOMMENDATION

- 15.1 To bring together all relevant information to enable Members to review, consider, comment upon and approve the Council's Housing Revenue Account budgets, the average weekly housing rent, service and other charges and movements in reserves and balances.
- 15.2 To advise Members of the wider housing and welfare changes that will impact on future service delivery.

RECOMMENDATIONS

That Full Council:

1. Approves the Housing Revenue Account Budget for 2020/21, and the indicative figures for 2021/22 to 2023/24;
2. Notes the forecast outturn position for 2019/20;
3. Approves the movements in Reserves and Balances as presented in **Appendix D**;
4. Approves the average weekly rent for 2020/21 of £84.95 over a 50-week collection year, an average weekly increase of £1.90 or 2.3%;
5. Notes the new Rent Policy Statement and Rent Standard for 2020 with effective from 1st April 2020;
6. Approves the Service Charges and associated fees for 2020/21, **Appendix B**; and
7. Notes the changes affecting public and private sector housing and welfare.

APPENDICES	
Appendix A	Summary of Headings on HRA Chart of Accounts
Appendix B	HRA Service and Other Charges
Appendix C	HRA Repairs and Maintenance Revenue Budgets
Appendix D	HRA Balance and Reserve Summary
Appendix E	HRA Budget Key Assumptions

BACKGROUND PAPERS		
Please note that copies of background papers have not been published on the Council's website www.eastsuffolk.gov.uk but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.		
Date	Type	Available From
November 2019	Equality Impact Assessment	Financial Services Team
31 st October 2019	Regulator of Social Housing - Rent Standard April 2020	https://www.gov.uk/government/consultations/consultation-on-a-new-rent-standard-from-2020
26 th February 2019	MHCLG – The Direction on the Rent Standard 2019	https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020
26 th February 2019	MHCLG – Policy statement on rents for social housing	https://www.gov.uk/government/publications/direction-on-the-rent-standard-from-1-april-2020

SUMMARY OF HEADINGS ON CHART OF ACCOUNT**Income;**

- **Dwelling Rent;** Rental income from tenants for housing (Including Housing Benefits).
- **Non-Dwelling Rent;** Rental income for garages, and any other assets rented out by the HRA.
- **Services and other Charges;** Service Charges and nonspecific income.
- **Leaseholders charges for services;** Recharges to Leaseholders for works and services.
- **Contributions towards expenditure;** External contributions towards expenditure.
- **Reimbursement of costs;** Rechargeable works to a third party.
- **Interest Income;** Interest received on cash balances held by the HRA.

Expenditure;

- **Repairs and Maintenance;** General Repairs and Maintenance to all housing stock.
- **Supervision and Management;** Costs associated with running the HRA, e.g. tenant's services, office-based staff, IT etc.
- **Special Services;** Sheltered schemes, warden costs, property acquisitions, redevelopment and new development costs.
- **Rents, Rates and other Charges;** Council Tax charges for void properties.
- **Movement in Bad Debt Provision;** Bad debt provision is to hold funds to cover debt (arrears) that are unlikely to be recovered by the HRA. The current bad debt provision is £822k.
- **Contribution to CDC & Pension Back funding;** CDC is Corporate & Democratic Core costs. This is the HRA's contribution towards these and pension back funding.
 * NOTE; Contribution towards pension back funding is included in the pension cost to individual departments from 2020/21.
- **Capital Charges;** Depreciation charged to HRA assets. (This is transferred to the Major Repairs Reserve. This can fund capital work or contribute to paying down the debt).
- **Interest Charges;** The interest payments relating to HRA borrowing.
- **Revenue contribution to Capital;** Capital expenditure is large repairs work such as 'replacing a kitchen' or building new properties. These are funded from either the HRA 'Revenue Contribution', receipts held through the sale of assets (e.g. Right to Buy Properties), or other reserves and contributions.
- **Transfer to Earmark Reserves;** The HRA has several reserves, but the one used most frequently is the Debt Repayment Reserve. Money is transferred to this reserve each year to pay off the debt held by the HRA.

HRA SERVICE AND OTHER CHARGES

The following charges are based on a 50 week collection year. Under current policies, the following increases/(Decreases) in charges are proposed for 2020/21.

	Average Weekly Charge 2019/20	Average Proposed Weekly Charge 2020/21	Average Weekly Increase/ (Decrease)
	£	£	£
<u>Grouped Homes Service Charges:</u>			
General Service Charge	13.87	12.85	(1.02)
Heating Charge	12.84	14.85	2.01
Communal Water Charge	2.85	2.93	0.08
Support Charge	3.33	3.33	0.00
Laundry	3.90	3.90	0.00

	Weekly Charge 2019/20	Proposed Weekly Charge 2020/21	Weekly Increase/ (Decrease)
	£	£	£
<u>Caretaker:</u>			
St Peter's Court	5.50	6.15	0.65
Dukes Head Street	4.10	4.55	0.45
Chapel Court	3.00	3.35	0.35

<u>Servicing:</u>			
Electric Central Heating System (Wet Systems)	1.60	1.60	0.00
Solid Fuel Central Heating System	2.36	2.36	0.00
Gas Fire	0.50	0.50	0.00
Ecodan Central Heating System Air Source Heat Pump	2.30	2.30	0.00
Septic Tank Emptying/Servicing	5.18	5.34	0.16
Flue Maintenance	2.36	2.36	0.00
Grounds Maintenance	1.38	1.38	0.00

<u>Other:</u>			
Communal Area Cleaning Service	0.52	0.54	0.02

	Weekly Charge 2019/20	Proposed Weekly Charge 2020-21	Weekly Increase/ (Decrease)
	£	£	£
<u>Garage Rents:</u>			
Tenants	7.00	8.00	1.00
Non Tenants (net of VAT)	8.33	9.50	1.17 (11.40 inclusive of VAT)

HRA REPAIRS & MAINTENANCE REVENUE BUDGETS

	2019/20 Approved Budget	2019/20 Forecast Outturn	2020/21 Budget	2021/22 Budget	2022/23 Budget	2023/24 Budget
	£	£	£	£	£	£
Responsive Maintenance						
Jobbing Repairs	1,345,700	1,348,600	1,552,100	1,604,200	1,636,700	1,634,100
Mutual Exchange (See note 1 below)	0	0	10,000	10,000	10,000	10,000
Tenant Allowances	50,000	50,000	50,000	50,000	50,000	50,000
Disabled Adaptations (See note 2 below)	190,000	190,000	190,000	190,000	190,000	190,000
Environmental Works	5,000	5,000	5,000	5,000	5,000	5,000
Fire Fighting Equipment and Detection	22,500	22,500	18,000	18,000	18,000	18,000
Door Porter and Security Systems (See Note 3 below)	17,000	2,000	0	0	0	0
Solid Fuel and Heating Repairs (See Note 4 below)	41,000	40,000	13,000	13,000	13,000	13,000
Emergency Lighting	7,000	15,000	7,000	7,000	7,000	7,000
Drainage and Pumping Stations	5,000	9,400	8,900	8,900	8,900	8,900
Insurance / Misc. - expenditure (See Note 5 below)	17,000	0	0	0	0	0
Rechargeable Works - Incl's Leaseholder Properties	25,000	40,000	40,000	40,000	40,000	40,000
Relet Repairs (Voids)	903,000	904,500	904,000	914,000	924,000	924,000
Lifts	8,000	8,000	8,000	8,000	8,000	8,000
Roof and PVC Panelling Cleaning	36,000	20,000	37,000	37,000	39,000	39,000
External Decoration	115,000	115,000	120,000	120,000	130,000	130,000
Loft Insulations (See Note 6 below)	5,000	0	0	0	0	0
Servicing Contracts & Repairs	561,500	475,000	486,500	500,500	515,500	530,500
Asbestos - Removal	80,000	80,000	80,000	80,000	80,000	80,000
Asbestos - Testing	95,000	95,000	95,000	95,000	95,000	95,000
Legionella	6,000	6,000	6,000	6,000	6,000	6,000
Electrical Testing & Repairs (See Note 7 below)	100,000	200,000	200,000	100,000	100,000	100,000
Communal Areas	57,000	35,000	58,000	60,000	60,000	60,000
Total Responsive Maintenance	3,691,700	3,661,000	3,888,500	3,866,600	3,936,100	3,948,500
Planned Maintenance	£	£	£	£	£	£
Bathrooms (See Note 8 below)	40,000	0	0	0	0	0
Chimneys	30,000	20,000	30,000	30,000	30,000	30,000
External Walls	25,000	45,000	25,000	30,000	30,000	30,000
Canopy / Porches (See Note 9 below)	6,000	0	0	0	0	0
Paths / Hardstanding	230,000	150,000	235,000	245,000	245,000	245,000
Boundary / Retaining Walls	23,000	23,000	25,000	30,000	30,000	30,000
Outbuildings	35,000	15,000	35,000	40,000	40,000	40,000
Structural / Damp / Drainage / etc	80,000	50,000	80,000	80,000	80,000	80,000
Total Planned Maintenance	469,000	303,000	430,000	455,000	455,000	455,000
Total HRA Housing Repairs	4,160,700	3,964,000	4,318,500	4,321,600	4,391,100	4,403,500

Notes:

Note 1 - A new charge is being introduced in 2020/21 for mutual exchanges. This fee will contribute towards the cost, producing a saving for the Council. This is a charge that many Councils have in place.

Note 2 - The Housing team completes Disabled Adaption works for the Private Sector Housing team. Income is received for this work covering the increase in costs.

Note 3 - Door Porter security system charges are now accounted for directly under the schemes they relate to, giving a true cost of each asset. The total cost is still the same as 19/20 original budget.

Note 4 - More heating repair costs are covered under the central contract, saving money on repairs costs.

Note 5 - Budget removed for insurance claims and only budgeted for, if and when they happen.

Note 6 - Most lofts are now insulated. These will be picked up under normal jobbing repairs in the future.

Note 7 - Budget for electrical testing increased for 2 years. There is a peak in the planned cycle testing programme.

Note 8 - Most Bathroom related costs are capital costs. Revenue costs to be picked up under jobbing repairs.

Note 9 - Very few Canopy or porches requiring work now. Therefore, costs are now picked up under jobbing repairs.

HRA BALANCE AND RESERVE SUMMARY

HRA WORKING BALANCE

	2019/20 Movements			2020/21 Movements			2021/22 Movements			2022/23 Movements			2023/24 Movements		
	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers
	31/03/19 £'000	In £'000	Out £'000	31/03/20 £'000	In £'000	Out £'000	31/03/21 £'000	In £'000	Out £'000	31/03/22 £'000	In £'000	Out £'000	31/03/23 £'000	In £'000	Out £'000
HRA Working Balance	-4,859	-416	0	-5,275	0	317	-4,958	0	309	-4,649	-147	0	-4,796	-263	0

HRA EARMARKED RESERVES

	2019/20 Movements			2020/21 Movements			2021/22 Movements			2022/23 Movements			2023/24 Movements		
	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers
	31/03/19 £'000	In £'000	Out £'000	31/03/20 £'000	In £'000	Out £'000	31/03/21 £'000	In £'000	Out £'000	31/03/22 £'000	In £'000	Out £'000	31/03/23 £'000	In £'000	Out £'000
Debt Repayment Reserve	-10,000	-500	0	-10,500	0	0	-10,500	0	0	-10,500	-500	0	-11,000	-500	0
HRA DHP topup Reserve	-500	0	0	-500	0	0	-500	0	0	-500	0	0	-500	0	0
MMI Reserve	-66	0	6	-60	0	0	-60	0	0	-60	0	0	-60	0	0
Impairment/Revaluation Reserve	-256	0	0	-256	0	0	-256	0	0	-256	0	0	-256	0	0
Acquisition & Development Reserve	-1,500	-2,000	0	-3,500	0	3,500	0	0	0	0	0	0	0	0	0
Total HRA Earmarked Reserves	-12,322	-2,500	6	-14,816	0	3,500	-11,316	0	0	-11,316	-500	0	-11,816	-500	0

HRA CAPITAL RESERVE

	2019/20 Movements			2020/21 Movements			2021/22 Movements			2022/23 Movements			2023/24 Movements		
	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers	Closing Balance	Transfers	Transfers
	31/03/19 £'000	In £'000	Out £'000	31/03/20 £'000	In £'000	Out £'000	31/03/21 £'000	In £'000	Out £'000	31/03/22 £'000	In £'000	Out £'000	31/03/23 £'000	In £'000	Out £'000
HRA Major Repairs Reserve	-19,630	-3,318	2,841	-20,107	-3,518	3,550	-20,075	-3,796	14,311	-9,560	-4,047	3,685	-9,922	-4,288	3,685

HRA BUDGET KEY ASSUMPTIONS

The following key assumptions have been made in the budgets.

Income	2020/21	2021/22	2022/23	2023/24
Dwelling rents annual increase	2.7%	2.7%	2.7%	2.7%
Allowance for voids - % of total rent roll	1.3%	1.3%	1.3%	1.3%
Garage rents annual increase *	14.0%	2.0%	2.0%	2.0%
Charges for services & facilities annual increase	1.00%	1.00%	1.00%	1.00%
Write-off allowance	£100,000	£100,000	£100,000	£100,000
Number of dwellings lost through Right To Buys (RTB's)	30	30	30	30
Number of new dwellings added to the stock	30	50	50	50
Average interest rate on HRA balances	0.74%	0.74%	0.74%	0.74%
Expenditure				
Average interest rate on variable debt	1.00%	1.00%	1.00%	1.00%

* 2020/21 High % increase is based on market research in the local area and charge is very low.



FULL COUNCIL

Wednesday 22 January 2020

REVIEW OF THE LOCAL COUNCIL TAX REDUCTION SCHEME FOR 2020/21

EXECUTIVE SUMMARY

Each year the Council is required to consider whether to review its Local Council Tax Reduction Scheme (LCTRS). This report advises Cabinet about the findings of the 2019 annual review; the consultation on these findings; and the resultant proposals for changes to the LCTRS scheme to take effect from April 2020.

Is the report Open or Exempt?	Open
Wards Affected:	All Wards in East Suffolk
Cabinet Members:	<p>Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources</p> <p>Councillor Maurice Cook Assistant Cabinet Member for Resources</p>
Supporting Officers:	<p>Simon Taylor Chief Finance Officer and Section 151 Officer 01394 444570 simon.taylor@eastsuffolk.gov.uk</p> <p>Brian Mew Finance Consultant 01394 444571 brian.mew@eastsuffolk.gov.uk</p> <p>Adrian Mills Benefits and Billing Strategic Manager ARP 01842 756491 adrian.mills@angliarevenues.gov.uk</p>

1 INTRODUCTION

- 1.1 Councils are required to consider whether to review their LCTRS schemes annually. Where it is determined to retain the existing scheme, this must be decided by 11th March of the preceding year.
- 1.2 Where Councils seek to amend their scheme it is necessary to consult preceptors and stakeholders prior to a wider consultation to inform a final scheme design by 28th February of the preceding year.

2 CURRENT POSITION

- 2.1 The current East Suffolk LCTRS scheme provides a maximum benefit of 91.5% for working age claimants and the scheme also protects War Pensioners. The aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back into work whilst setting the amount charged at an affordable and recoverable level.
- 2.2 By setting the amount payable at 8.5% of the charge, in most cases, where a customer is not paying, we can affect recovery through attachment to benefit within a year and so the charge with costs is recoverable. If the amount payable was set higher, then it is possible the debt would not be recoverable and possibly create a culture of non-payment of Council Tax.
- 2.3 The Shadow Council approved retaining the existing scheme for 2019/20 in February 2019.

3 SCHEME REVIEW – OPTIONS TO CONSIDER

- 3.1 Claims dependent upon Universal Credit (UC) have become increasingly apparent since the Council entered the UC full service during summer 2018, whereby most new claims now go through UC and are received by ARP through the Universal Credit Data Sharing hub (UCDS).
- 3.2 UC is designed to be paid monthly, calculated on the customer's circumstances, including Real Time Information (RTI) earnings data from HMRC every month. As customers' circumstances, especially earnings, fluctuate, this leads to monthly revised UC awards being sent to the Council by the DWP.
- 3.3 The existing Council Tax Support scheme rules require the Council to revise awards when a customer's Universal Credit changes leading to reassessment of Council Tax Support. This means customers receive a revised Council Tax bill for the balance due for the year and have to amend their payment arrangements, typically direct debit instructions. Increasingly, this can be a monthly occurrence for customers.
- 3.4 There has been an increase in customer contact regarding these notifications because customers are unsure as to what they must pay due to the requirement to re-profile their Council Tax payments on receipt of UCDS files on a monthly basis. This uncertainty has an impact on Council Tax collection, as well as increased administration costs and postage associated with producing additional notification letters.
- 3.5 Within the Anglia Revenues Partnership, the former Waveney District Council, now part of East Suffolk Council, has been in the UC Full Service the longest, since May 2016, and there has been a 72% increase in revised UC awards sent to the Council. Over time this pattern is expected to continue and increase for all the partner Councils, given that full service has been rolled out nationally and UC is set to expand.
- 3.6 To ease the burden on the customer, it is recommended that a tolerance rule is introduced into the Council's scheme. This would have the effect of freezing a customer's assessment when a revised UCDS notification would otherwise trigger a reassessment. UCDS changes

notified above the tolerance level would be processed as usual. Changes within the tolerance level would not be updated, no correspondence issued to the customer, and no amendment made to Council Tax repayments.

- 3.7 UCDS award notifications have been analysed over a three-month period. The table below shows the level of reduction in reassessments for changes in UC banded in £5 increments, were a tolerance rule to be applied:

	£5.00	£10.00	£15.00	£20.00	£25.00
Reduction in reassessments	14%	21%	32%	32%	36%

- 3.8 A weekly tolerance level of £15 (£65 monthly) is recommended to achieve a 32% reduction in revised Council Tax adjustments. A £10, 21% reduction is considered to be less effective, whilst there is little to gain by increasing the tolerance level. Setting the tolerance level at £15 equates to less than two hours employment at national minimum hourly rates.
- 3.9 A relatively small tolerance level will ensure smoothing of customers' fluctuating UC awards and will not disadvantage those customers receiving greater or occasional beneficial changes.
- 3.10 It should be noted where customers' circumstances noticeably change, for example when employment ceases, the tolerance rule will not apply, given the change will be greater than £15 per week. In these circumstances the customer's Council Tax Support will be immediately adjusted to provide extra benefit.
- 3.11 It is also recommended that the changes to the Council Tax Support Scheme include discretion to reassess entitlement where a reduction in earnings occurs and it is clear that this level of earnings have and will be likely to continue at a lower level.
- 3.12 The table below illustrates the effect on a sample of seven cases of the introduction of a £15 weekly tolerance level in terms of both the number of re-assessments required and the difference in CTRS awards during the year. A typical case would currently have 12 monthly reassessments and 12 amended Council Tax bills during the year. However, with a tolerance rule a typical customer will only have 4 monthly reassessments and the weekly difference in support would be £0.27p per week.

	Number of Re-assessments		Difference in CTRS pa
	Current	£15 pw tolerance	
Case 1	12	8	£9.67
Case 2	9	3	£13.86
Case 3	9	6	(£24.21)
Case 4	9	5	(£7.62)
Case 5	12	0	(£2.76)
Case 6	6	4	(£12.99)
Case 7	8	7	£0.00

- 3.13 Work is ongoing with our software supplier to introduce additional functionality to enable a tolerance rule, along with automation of these assessments.

4 CONSULTATION

- 4.1 The consultation commenced Monday 23rd September 2019 and concluded on Sunday 3rd November 2019. As the changes proposed were relatively small, a six-week consultation was considered appropriate. The proposal consulted on was to introduce a tolerance rule to the treatment of some Universal Credit (UC) monthly awards, to

provide stability to customers who are having to alter their Council Tax repayments. The consultation paper is attached as Appendix A.

- 4.2 The Consultation was available on the Council's website and the Anglia Revenues Partnership website. In addition, in an attempt to get as much interest as possible, everyone on the Council's Register of Consultees that had expressed an interest in 'corporate issues' and the consultees on a list provided by ARP, were notified directly as to where to find the consultation document. The consultation was further discussed at a Benefits Stakeholder liaison meeting held by the Anglia Revenues Partnership at Thetford on the 7th October 2019 and a separate letter sent to major Preceptors.
- 4.3 Stakeholders at the liaison meeting did not express any concerns with the proposed change, and we have not received any direct responses.
- 4.4 Suffolk County Council and Suffolk Fire & Rescue Service both responded stating that proposed changes looked sensible.
- 4.5 Eleven responses were received to the wider consultation, all from individuals except one from a Parish Council. Nine (82%) of the eleven responses supported the proposed change, with one disagreeing and one not sure. Seven respondents agreed that a £15 weekly tolerance level would be right, three disagreeing and one not responding. Eight respondents agreed East Suffolk should have discretion to review cases where a single change during the year disadvantages the customer; one felt there should not be such provision. Ten of the respondents live in the East Suffolk area, whilst ten state they do not receive Universal Credit, nor have they claimed, with one respondent preferring not to say.

The consultation exercise resulted in a positive response to the changes proposed and, on this basis, Cabinet are asked to recommend to Full Council at its meeting on 22nd January 2019 to adopt the changes detailed in paragraph 4.1.

5 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 5.1 The proposals in this report will assist claimants in East Suffolk district through reducing customer notifications and contact; eliminating continuous changes to the benefits they receive through stable council tax repayment arrangements; and making their financial position much more stable.

6 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 6.1 As referred to in section 3.12, the modelling shows for a typical claimant, the smoothing over a 12 months period results in a £0.27 difference per week, and therefore the financial implications for the Council are minimal.

7 OTHER KEY ISSUES

- 7.1 The existing LCTRS scheme continues the DWP's previous Council Tax Benefit scheme conventions established over many years, regarding protections for vulnerable groups, including children, the disabled and the Armed Forces. The changes proposed are relatively minor and consequently, it is not considered that an Equality impact Assessment (EIA) is required.

8 OTHER OPTIONS CONSIDERED

- 8.1 A more significant policy option would be to consider increasing the contribution rate to more than 8.5%. The possible increase in Council Tax collected for the Council resulting from this is considered to be less than the additional costs of recovery (additional staff, postage

and enquires to customer services), including the inability to recover the debt in year by deduction from DWP benefits and therefore this is not recommended.

- 8.2 The changes made to the current scheme have worked well – introducing a tolerance rule for the treatment of UC awards will reduce the number of notifications customers receive to amend their Council Tax payments and provide stability for customer repayments whilst reducing customer contact.

9 REASON FOR RECOMMENDATION

- 9.1 The Council has completed its annual review of the LCTR scheme it operates and has identified improvements that will both help claimants and the Council reduce the amount of administration and improve clarity within the current scheme.

RECOMMENDATIONS

1. That the Council retains the current Local Council Tax Reduction Scheme for 2020/21 as the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5%.
2. That the Council introduces a tolerance to the treatment of Universal Credit income in the Local Council Tax Reduction Scheme, as detailed in this report.

APPENDICES

Appendix A

LCTRS Consultation Document

BACKGROUND PAPERS – None

Council Tax Reduction Scheme - Proposals

Introduction

East Suffolk Council is proposing a change to its Local Council Tax Reduction Scheme. If implemented, this would mean people claiming Universal Credit would not see a change in the amount of council tax they have to pay unless their weekly income changes by more than £15, or £65 in a month.

The purpose of the change is to provide people claiming Universal Credit more certainty over their Council Tax bills and their finances.

This consultation is open until Sunday 3 November. Feedback will then be considered before a final proposal is given to councillors in early 2020.

If agreed, the change would come into effect from April 2020. The proposed change would not apply to people who have reached state pension age or are not on Universal Credit.

(For information, for Universal Credit customers East Suffolk intends to change when it assesses entitlement to Council Tax Support from DWP notification that a UC claim has been made to when DWP notifies the actual award. The effect of this is to avoid correcting awards, whilst ensuring they are correct first time, which is seen as beneficial for customers and does not have any financial impact.)

1. Do you agree that the council should freeze the level of council tax Universal Credit claimants pay, unless their income changes by more than a set amount (e.g. £15 per week)?

Strongly agree

Agree

Don't know

Disagree

Strongly disagree

2. The council is proposing that council tax will only be reassessed for Universal Credit claimants if council tax support changed by more than £15 per week. This amount is based on the results of a review about the ability of Universal Credit claimants to pay their Council Tax when their income changes. Do you agree that this is the right figure?

Yes

No

3. If you said no to question 2, what do you think a more appropriate income change amount would be? If so, please tell us why.

£5

£10

£20

£25

Other (please specify)

4. If changes in people's income is consistently less than the agreed amount (currently £15 is being proposed), they may pay more council tax over the course of the year compared to if they were reassessed. Therefore, should the council be able to choose to not apply the new income change rule and recalculate somebody's council tax bill during the year.

Yes

No

5. Any other comments?

6. Do you live in East Suffolk?

Yes

No

Prefer not to say

7. Do you currently or have you ever claimed Universal Credit?

Yes

No

Prefer not to say

8. Any other comments?



COUNCIL

Wednesday 22 January 2020

UPDATE OF THE ANGLIA REVENUES PARTNERSHIP AGREEMENT

EXECUTIVE SUMMARY

1. To consider the updated Anglia Revenues Partnership (ARP) Agreement following the change in ARP Membership pursuant to the abolishment of four member authorities and the creation of two new member authorities in their place on 1 April 2019 and to update other approved changes in the Partnership Agreement.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in the District
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Cabinet Member:	<p>Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources</p> <p>Councillor Maurice Cook Assistant Cabinet Member for Resources</p>
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Supporting Officer:	<p>Nick Khan Strategic Director 01502 523606 nick.khan@eastssuffolk.gov.uk</p>
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1 INTRODUCTION

- 1.1 Following the exercise of powers by the Secretary of State, with effect from 1 April 2019 two new non-metropolitan districts and councils were established for East Suffolk and West Suffolk respectively and Suffolk Coastal, Waveney District, Forest Heath District and St Edmundsbury Borough Councils were abolished. These councils form part of the Anglia Revenues Partnership. Provisions within the Orders and Regulations mean that the ARP could have continued under the existing 2015 agreement, however ARP took the opportunity to update the agreement to reflect the new councils, changes approved since the 2015 agreement was signed and to ensure the agreement remains fit for purpose.
- 1.2 This revised agreement at Appendix A has been reviewed and approved by the ARP Joint Committee (17 December 2019) and now needs to be considered by each individual partner authority to allow the agreement to be signed and sealed by the 5 partners.

Review of Partnership Agreement

- 1.3 Through consultation with the ARP Operational Improvement Board and the ARP Joint Committee, the 2015 ARP Agreement was reviewed and updated to reflect the current ARP operations. The overarching principals of the agreement and the decision making provisions within the agreement will not change. It is recommended the Partnership Agreement is updated:
- to reflect the abolishment of the four councils and the creation of the 2 new councils.
 - to reflect the agreement is now between 5 partners rather than 7.
 - to ensure the agreement reflects any delegations approved by Joint Committee and the partner councils between 2015 and 2020.
 - to allow for some administrative “tidying up” in order to update the budget shares to 2019 approved values, updating to reference GDPR, legislation updates for Joint Committee services and ensuring the ARP Enforcement Agency is now included.

2 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 2.1 ARP delivers revenues and benefits service on behalf of the five partner authorities. Changes to the make up of ARP need to be appropriately reflected in the Partnership Agreement so that it is able to function effectively.
- 2.2 The proper functioning of ARP enables the continued delivery of cost-effective services to the residents and businesses of East Suffolk, improve their quality of life and help deliver a strong and sustainable economy.

3 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 3.1 A revised partnership agreement clarifies the continuation of arrangements now that the new Councils mergers are complete.
- 3.2 The revised agreement includes the current approved budgets for the partnership.
- 3.3 If there is not agreement between all partners as to the proposed course of action, this could undermine the wider performance and decision making of the partnership.

4 CONSULTATION

- 4.1 The Operational Improvement Board and Joint Committee (both consisting of representatives from all 5 Councils) have been consulted according to the provisions of the Partnership Agreement prior to approval being sought from the respective authorities.

5 REASON FOR RECOMMENDATION

- 5.1 The revised agreement will meet the requirements of all partner Councils creating a new equitable partnership and ensuring that the Partnership Agreement is up to date.

RECOMMENDATION

That the revised ARP Partnership agreement at Appendix A be approved to have effect from 1 April 2019.

APPENDICES

Appendix A	Anglia Revenues Partnership Revised Agreement
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BACKGROUND PAPERS

None.

DATED 2019

BRECKLAND DISTRICT COUNCIL

and

EAST CAMBRIDGESHIRE DISTRICT COUNCIL

and

FENLAND DISTRICT COUNCIL

and

WEST SUFFOLK COUNCIL

and

EAST SUFFOLK COUNCIL

**AGREEMENT FOR THE RECONSTITUTION
OF THE ANGLIA REVENUES PARTNERSHIP**

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THIS AGREEMENT is made the day of 2019
BETWEEN

- (1) **BRECKLAND DISTRICT COUNCIL** of Elizabeth House Walpole Loke Dereham Norfolk NR19 1EE ("**Breckland**") of the first part
- (2) **EAST CAMBRIDGESHIRE DISTRICT COUNCIL** of The Grange Nutholt Lane Ely Cambridgeshire CB7 4EE ("**East Cambridgeshire**") of the second part and
- (3) **FENLAND DISTRICT COUNCIL** of Fenland Hall County Road March PE15 8NQ ("**Fenland**") of the third part
- (4) **WEST SUFFOLK COUNCIL** of West Suffolk House Western Way Bury St Edmunds Suffolk IP33 3YU ("**West Suffolk**" of the fourth part
- (5) **EAST SUFFOLK COUNCIL** of East Suffolk House, Station Road, Melton, Woodbridge Suffolk IP12 1RTU ("**East Suffolk**") of the fifth part

Together referred to as the ‘Five Councils’

RECITALS

- (i) The parties hereto have entered into this Agreement having recognised that significant efficiency and financial gains can be made by working together to deliver revenues and benefits services in partnership thereby enabling them to secure administrative advantages and economies of scale and to provide a robust and flexible service to their councils.
- (ii) On the 01 April 2015 Breckland District Council, Fenland District Council, East Cambridgeshire District Council, Forest Heath District Council, St Edmundsbury Borough Council, Suffolk Coastal District Council and Waveney District Council (then referred to as the Seven Authorities) being duly empowered to do so under their constitutional arrangements and by law in force at the time agreed to form a joint committee ("**the 2015 Joint Committee**") pursuant to Section 101 (5) and Section 102 of the LGA 1972, Section 20 of the LGA 2000 and the 2000 Regulations and 2012 Regulations.

- (iii) On the 01 April 2019 Forest Heath District Council and St Edmundsbury Borough Council were abolished and a new non-metropolitan district council, West Suffolk Council, was created by virtue of the West Suffolk (Local Government Changes) Order 2018.
- (iv) On the 01 April 2019 Suffolk Coastal District Council and Waveney District Council were abolished and a new non-metropolitan district council, East Suffolk Council, was created by virtue of the East Suffolk (Local Government Changes) Order 2018.
- (v) On the 01 April 2019 the functions of the abolished councils referred to in recitals (iii) and (iv) above became the functions of the new district councils by virtue of the Local Government (Boundary Changes) Regulations 2018 and the Seven Councils referred to in all arrangements for the creation of the 2015 Joint Committee will mean the Five Councils referred to in this Agreement.
- (vi) The 2015 Joint Committee was created for the purpose of:
 - (a) Jointly managing the administration and performance of the Five Councils' respective statutory functions relating to the collection of council tax and non-domestic rates and the payment of housing and other relevant benefits;
 - (b) To establish a joint operational unit known as the Anglia Revenues Partnership ("ARP") under the control and management of the 2015 Joint Committee to provide the Five Councils with such services ("the JC Services");
 - (c) To enter into a Reconstitution Agreement to regulate the constitution and proceedings of the 2015 Joint Committee and the relationships between the Five Councils and between each of the Five Councils and the 2015 Joint Committee and the future operation and funding of the ARP and making provision for:-
 - 1. the constitution, meetings, officers and funding of the 2015 Joint Committee;
 - 2. the transfer to the control and management of the 2015 Joint Committee the existing ARP.

- (vii) This Reconstitution Agreement will for all intents and purposes replace the Reconstitution Agreement made between the Seven Councils on the 10 September 2015 subject to the 2015 Joint Committee which will continue to remain in effect from 00.01 hours on the 01 April 2015.
- (viii) The Five Councils have pursuant to Section 95 of the LGA 2003 formed a wholly owned company limited by shares registered under the Companies Acts (“ARP Trading Limited”) for the purpose of them being in a position to jointly trade commercially in their functional activities in respect of the JC Services.
- (ix) The Five Councils have mutually exchanged information concerning their performance of their statutory functions within the definition of the JC Services (including financial reports and audit reports in respect of the previous two Financial Years together with other independent reports and assessments relevant to such performance).

NOW THIS AGREEMENT WITNESSES:

1. INTERPRETATION

1.1 In this Agreement:

“Accountancy Protocol”

means the Budget Policies and Procedures at Schedule 3 of this Agreement

“Action Plan”

means a written plan agreed by the Five Councils under Clause 10.3;

“ADR Notice”

means a notice given pursuant to Clause 22.2;

“Alternative Business Structure”

means for the purposes of this Agreement, further Joint Committee partnership; limited company; Arms Length Management Organisations; or such business vehicles that may be available for the running and management of local authority services.

“ARP”

means the operational unit entitled the Anglia Revenues Partnership controlled and managed by the 2015 Joint Committee pursuant to this Agreement;

“ARP Management Team”

means the working group of senior employees of the ARP established by the 2015 Joint Committee pursuant to Clause 5.1;

“ARP Trading Limited”

means the company limited by shares of which the Five Councils are equal shareholders pursuant to Section 95 of the LGA 2003;

“The Chair”

means the person who is the Chair of the 2015 Joint Committee from time to time elected under Clause 3.13;

“Commencement Date”

means the 1st April 2019 when West Suffolk and East Suffolk Councils were created;

“DPA and GDPR”

means the Data Protection Act 2018 and the General Data Protection Regulation;

“DWP”

means the Department of Works and Pensions

“Employment Costs”

means all salaries, wages, sick pay, holiday pay, pension contributions, bonuses, commission, maternity, paternity and adoption pay, redundancy pay, expenses (including, but not limited to travel and subsistence allowances and disturbance pay), **tribunal awards or pre dispute resolution settlements** income and other taxes, national insurance contributions and levies of any kind for which an employer is accountable and all other normal employment costs;

“Financial Year”

means a period of one year commencing on 1st April in any year and ending on 31st March in the next following year;

“FOIA”

means the Freedom of Information Act 2000

“Five Councils”

means together the parties hereto;

“JC Member”

means a member of the 2015 Joint Committee appointed in accordance with Clause 3.1;

“JC Services”

means the functions and services listed respectively in Part I and Part II of Schedule 1 of this Agreement;

“LGA 1972”

means the Local Government Act 1972 (as amended);

“LGA 2000”

means the Local Government Act 2000 (as amended);

“LGA 2003”

means the Local Government Act 2003 (as amended);

“2015 Joint Committee”

means the joint committee formed by the Seven Councils and now the Five Councils pursuant to the resolutions of the Five Councils to that effect pursuant to the terms of this Agreement;

“Operational Improvement Board”

means the working group of senior employees from ARP and the Five Councils established by the 2015 Joint Committee pursuant to Clause 5.4;

“Review Report”

means a report referred to in Clause 11.1;

“Secretary”

means the Secretary of the 2015 Joint Committee for the time being appointed pursuant to Clause 3.21;

“Service Delivery Plan”

means the document agreed by the 2015 Joint Committee on an annual basis regarding service standards;

“Statement of Intent”

means the Statement produced under Clause 10.4.1 setting out the reasons of the Council producing it for intending to serve a notice of withdrawal under Clause 10.3;

“Support Services”

means any service required to support the operations of the ARP including but not limited to human resources finance ICT internal audit procurement and legal;

“2000 Regulations”

means the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2000 (S.I. 2000 No. 2851) as amended by the Local Authorities (Arrangements for the Discharge of Functions) (England) (Amendment) Regulations 2001 (S.I. 2001 No.3961);

“2012 Regulations”

means the Local Authorities (Arrangements for the Discharge of Functions (England) Regulations 2012 (SI 2012 No. 1019);

“Treasurer”

means the officer appointed as the Chief Financial Officer of the 2015 Joint Committee pursuant to Clause 3.22;

“TUPE”

means the Transfer of Undertakings (Protection of Employment) Regulations 2006 as amended;

“Value for Money Objectives”

means the responsibility incumbent upon all councils to ensure that taxpayers’ money is spent responsibly balancing the need for high quality service delivery with the need to reduce costs;

“Vice-Chair”

means the person who is the Vice-Chair of the 2015 Joint Committee elected from time to time under Clause 3.13;

“Working Days”

means Monday to Friday (9am – 5pm Monday to Thursday and 9am to 4.30pm Friday), with the exception of public holidays in England.

- 1.2 In this Agreement (unless the context requires otherwise):
 - 1.2.1 references to Clauses Schedules and Paragraphs are to the clauses Schedules and paragraphs of this Agreement. Any reference to a sub-clause or a sub-paragraph is to the relevant sub-clause or sub-paragraph of the Clause or Schedule in which it appears;
 - 1.2.2 the table of contents and headings are not part of this Agreement and are not to be taken into account in the interpretation of this Agreement;
 - 1.2.3 the use of the masculine gender alone includes the feminine and neuter genders and the singular includes the plural and vice versa;
 - 1.2.4 references to legislation (including subsidiary legislation) determinations and directions include all amendments replacements or re-enactments thereof and all regulations determinations directions and statutory guidance made or given under them save that the treatment under this Agreement of any such amendment or modification that imposes any new or extended obligation or liability adversely affecting the parties or any of them shall be determined by the 2015 Joint Committee after consultation with the Five Councils;
 - 1.2.5 any reference to a requirement for “consent” or “approval” shall be taken to be the prior written consent or approval of the relevant person or body;
 - 1.2.6 the terms “including” and “in particular” are illustrative only and are not intended and shall not limit the meaning of the relevant words that precede them;
 - 1.2.7 the term “persons” means individuals, companies, industrial and provident societies, limited liability partnerships, statutory bodies, or other bodies with a legal personality and includes H.M. Government, Government Departments, and the European Union and its constituent parts.
- 1.3 The Schedules to this Agreement are to have effect as if set out in full in the body of this Agreement and references to this Agreement include the Schedules.

2. THE 2015 JOINT COMMITTEE

- 2.1 Each of the Five Councils agree that the 2015 Joint Committee shall have all the powers of Breckland, East Cambridgeshire, Fenland, West Suffolk and East Suffolk (with effect from the Commencement Date) over the finances made available by Her Majesty's Government the European Union and other sources of finance to each of the Five Councils in relation to or in respect of the establishment, maintenance and development of the JC Services.
- 2.2 Each of the Five Councils hereby warrants that it shall not do nor omit to neither do nor permit to be done anything that prevents or inhibits or seeks to prevent or inhibit the 2015 Joint Committee from carrying out all or any of the JC Services.
- 2.3 Each of the Five Councils shall at all times co-operate with each other and shall work within the spirit of openness, honesty, trust, and with a co-operative approach in respect of each of the others of the Five Councils and with the 2015 Joint Committee.
- 2.4 Each of the Five Councils hereby agrees that it will make to the Treasurer of the 2015 Joint Committee such payments as are provided by this Agreement in full in accordance with the terms of this Agreement and shall meet such liabilities and carry out such obligations in respect of the establishment, maintenance and proceedings of the 2015 Joint Committee and of the operation of the ARP as may be provided by this Agreement or may be determined in accordance with the terms of this Agreement.
- 2.5 The 2015 Joint Committee and the Five Councils shall keep under review (having regard to each of the Five Councils' Value for Money Objectives) whether the performance of the JC Services should continue to be managed through the 2015 Joint Committee and may decide to consider and agree alternative mechanisms for the performance of the JC Services.
- 2.6 Where any of the Five Councils considers that its Value for Money Objectives require it to do so it shall have the right (after consultation with the others of the Five Councils and the 2015 Joint Committee) to make other arrangements for the performance of any of its statutory functions within the JC Services provided that to do so shall not be inconsistent with its obligations under this Agreement.

3. THE 2015 JOINT COMMITTEE, ITS ROLE, MEMBERSHIP, MEETINGS AND OFFICERS

Joint Committee Members

- 3.1 Subject to Clause 3.2 each of the Five Councils shall appoint one of its members for the time being to be a member of the 2015 Joint Committee. In addition each of the Five Councils shall appoint two substitutes, who may attend meetings of the 2015 Joint Committee in the absence of their Council's JC Members.
- 3.2 All such appointments (whether made under Clause 3.1 or 3.4) shall be made in accordance with the relevant statutory provisions of Sections 101 and 102 of the LGA 1972 and of the 2000 Regulations or 2012 Regulations, as they may from time to time be applicable to each of the Five Councils.
- 3.3 Each JC Member shall remain in office until removed or replaced by his or her appointing Council or until ceasing to be a member of his or her appointing Council (or of the executive if Regulation 12 of the 2012 Regulations is applicable to his or her appointment).
- 3.4 Each of the Five Councils may remove and replace its JC Members at any time by giving notice of such removal or replacement to the 2015 Joint Committee by sending such notice to the Secretary within 5 days of effecting such removal or replacement.
- 3.5 The proceedings of the 2015 Joint Committee shall not be invalidated by any vacancy or by any defect or purported defect in the appointment of any JC Member.

Meetings of the 2015 Joint Committee

- 3.6 Part I of Schedule 12 of the LGA 1972 and the provisions of Clauses 3.7 to 3.17 shall apply to meetings of the 2015 Joint Committee.
- 3.7 Meetings of the 2015 Joint Committee shall normally be held once each quarter, subject to the need exceptionally to call additional meetings. The Chair shall

decide the venue, date and time of all meetings of the 2015 Joint Committee. Wherever practicable, at least ten Working Days notice of such meetings shall be given to each JC Member, the Secretary, the Treasurer, the Monitoring Officer and to each of the Five Councils.

- 3.8 Any JC Member may requisition a meeting of the 2015 Joint Committee by giving notice of such requisition to the Chair and to the Secretary. Immediately upon receipt of such requisition, the Chair shall call a meeting of the 2015 Joint Committee in accordance with Clause 3.7.
- 3.9 The standing orders applicable to council meetings of Breckland shall apply to meetings of the 2015 Joint Committee except in so far as the 2015 Joint Committee may agree amendments thereto or may adopt its own standing orders. All recommendations taken to the 2015 Joint Committee shall be voted upon and the majority shall prevail. Please refer to Clause 3.17 should an equality of votes arise.
- 3.10 No business may be transacted at a meeting of the 2015 Joint Committee unless a quorum is present. The quorum for a meeting of the 2015 Joint Committee shall be four JC Members or their substitute present in person. In the unlikely event that a JC Member or one of their substitutes is unable to attend a meeting of the 2015 Joint Committee a proxy arrangement may be agreed between the affected party and the remaining parties to this Agreement and a named member of the affected party may attend as such proxy. A substitute member or proxy member will count towards a quorum but will be unable to chair the meeting nor to vote on any issues. If the meeting is quorate but, upon considering an item brought to the Joint Committee the Chair determines (in consultation with the other Joint Committee members present) that it would be appropriate for all five JC Members (or their substitute) to be present, the item shall be deferred until the next meeting of the 2015 Joint Committee and a request shall be made for all five JC Members to be present or represented at that meeting.
- 3.11 If a quorum is not present within fifteen minutes of the time set for the commencement of a meeting of the 2015 Joint Committee (or a quorum ceases to be present during a meeting) the meeting shall be adjourned to the same day time

and venue seven days later or to such other date time and venue as the Chair (or other person who is chairing the meeting) shall determine.

- 3.12 One of the meetings of the 2015 Joint Committee referred to in Clause 3.7 shall be held during May or June of each calendar year and shall be the annual meeting of the 2015 Joint Committee at which the election of the Chair and Vice-Chair of the 2015 Joint Committee shall take place together with such other business as may be appropriate in the opinion of the outgoing Chair.

Chair and Vice-Chair

- 3.13 The 2015 Joint Committee shall at each annual meeting elect a new Chair and a new Vice-Chair to hold office for the next ensuing year. The persons eligible to be elected as Chair shall not be the appointees of a Council whose appointee held that position in any of the four previous years. The persons eligible to be elected as Vice-Chair shall not be the appointees of a Council whose appointee held that position in the previous year. The Chair and Vice-Chair shall not be appointees of the same Council.
- 3.14 The Chair or Vice-Chair may be removed by a majority vote of all JC Members present at a meeting of the 2015 Joint Committee subject to the Chair or the Vice-Chair being given the opportunity to address the meeting before the vote is taken to put his or her case why he or she should not be removed.
- 3.15 If the Chair or the Vice-Chair is removed by a vote of the 2015 Joint Committee or resigns or is otherwise unable to continue as Chair or Vice-Chair he or she may be replaced by the election of a JC Member as Chair or Vice-Chair as the case may be who is the appointee of the same Council as the outgoing Chair or Vice-Chair.
- 3.16 The Chair shall preside at all meetings of the 2015 Joint Committee. If the Chair is not present within five minutes of the time for the commencement of a meeting, or being present does not wish to preside, or is unable to do so then the Vice-Chair shall preside at that meeting. If (in the event of the absence or non-availability of the Chair) the Vice-Chair is not present within five minutes of the time for the commencement of the meeting or does not wish to preside or is unable to do so, the meeting shall appoint a JC Member to chair the meeting.

- 3.17 In the event of an equality of votes the person chairing a meeting of the 2015 Joint Committee shall have a second or casting vote.

Responsibilities of the Chair and Vice-Chair

- 3.18 The responsibilities of the Chair are as follows: -
- 3.18.1 to act as an ambassador for the 2015 Joint Committee and to represent the views of the 2015 Joint Committee to the general public and other organisations;
 - 3.18.2 to seek to ensure that the meetings of the 2015 Joint Committee are conducted efficiently;
 - 3.18.3 to give all JC Members and/or their substitutes/proxy an opportunity to express their views;
 - 3.18.4 to establish a constructive working relationship with, and to provide support for, any sub-committees or officers of the 2015 Joint Committee or of the ARP to whom the 2015 Joint Committee have delegated any of its powers and functions;
 - 3.18.5 to encourage the 2015 Joint Committee to delegate sufficient authority to officers of the 2015 Joint Committee or of the ARP to enable the statutory functions within the provision of the JC Services to be carried out efficiently between meetings of the 2015 Joint Committee;
 - 3.18.6 to ensure that the 2015 Joint Committee monitors and controls the use of delegated powers.
- 3.19 The role of the Vice-Chair is to deputise for the Chair during any period of the Chair's absence and during that period his or her responsibilities shall be the same as those of the Chair.
- 3.20 Except as provided by this Agreement neither the Chair nor the Vice-Chair has any authority or powers beyond those of any other JC Member.

Officers of the 2015 Joint Committee

(i) Secretary

- 3.21 The Secretary of the 2015 Joint Committee shall be the officer for the time being designated by the 2015 Joint Committee. The Secretary shall be responsible for the recording of the minutes of all meetings of the 2015 Joint Committee and for

the circulation of draft minutes to each JC Member within five days of each meeting and responsible for the sending out of all notices and agendas of meetings. Minutes and records of the meetings of the 2015 Joint Committee shall be maintained by the Secretary in accordance with the requirements of the LGA 1972.

(ii) Treasurer

- 3.22 The Treasurer of the 2015 Joint Committee shall be appointed by the 2015 Joint Committee at each annual meeting for the next ensuing year from the Five Councils. The Treasurer as the Chief Financial Officer of the 2015 Joint Committee shall perform the functions of the relevant officer responsible for the administration of the financial affairs of the 2015 Joint Committee under Section 151 of the LGA 1972, Part VIII of the Local Government Finance Act 1988 and the Local Government (Accounts and Audit) Regulations 2003.

The Treasurer shall also perform the role of the accounting officer in respect of all funds held on account for or paid to the Five Councils or any of them by Her Majesty's Government the European Union or other sources of finance for any purposes of the JC Services and to make or provide all appropriate banking and accounting arrangements and services required for the due and proper receipt, holding and application of such funds in accordance with the requirements of Her Majesty's Government and in accordance with best practice.

(iv) Legal Advice and Services in Respect of the Constitution and Governance of the 2015 Joint Committee

- 3.23 Legal advice and services as detailed in Schedule 4 of this Agreement should be sought from the Head of Legal Services or equivalent for the time being of one of the Five Councils or, where the ARP Management Team considers it appropriate, and on the advice of a Head of Legal Services or equivalent of the Five Councils, from external legal sources on specialist matters, or in the event that a conflict of interest may arise or has arisen. Where the use of legal advice and services from an external source is required, the 2015 Joint Committee shall be required to approve the use of such external legal sources and their proposed fees for providing such legal advice and services. The precise manner in which such advice and services will be provided shall be the subject of a separate agreement between the Five Councils.

The Role of the 2015 Joint Committee

- 3.24 The Role of the 2015 Joint Committee is to discharge the Five Council's statutory functions in respect of the JC Services including to: -
- 3.24.1 approve the Service Delivery Plan for each Financial Year including the approval of staffing requirements to be met by the Five Councils;
 - 3.24.2 approve the annual budget for the 2015 Joint Committee and the ARP;
 - 3.24.3 approve the annual report of the 2015 Joint Committee and the ARP;
 - 3.24.4 monitor expenditure and income of the 2015 Joint Committee and the ARP against the agreed annual budget;
 - 3.24.5 set progress and performance targets for the JC Services, approve the Service Delivery Plan for the performance of such Services and monitor and review the performance of such Services against such targets and delivery plan;
 - 3.24.6 recommend to the Five Councils any amendment of the terms of reference of the 2015 Joint Committee or of this Agreement;
 - 3.24.7 regularly review and update the ARP Health and Safety Policy having particular regard to any amendments required by reason of a change of law which Policy the Five Councils shall have developed as soon as is practicable following the entering into of this Agreement;
 - 3.24.8 appoint one or more sub-committees of the 2015 Joint Committee (in accordance with Regulation 11(4) of the 2000 Regulations) as it may consider to be required and to delegate specific functions to such sub-committees. Any sub-committee shall comprise a majority of JC Members (one of whom shall chair the sub-committee) but may include non-JC Members (namely from the membership of the Five Councils) and the 2015 Joint Committee shall determine terms of reference of each sub-committee the term of office of each sub-committee member and the quorum for meetings of each sub-committee and the financial limits within which it shall operate;
 - 3.24.9 delegate specific functions to officers of the 2015 Joint Committee or of the ARP in accordance with the provisions of Section 101 of the LGA 1972 and Regulation 11(4) of the 2000 Regulations.

4. HEALTH AND SAFETY POLICY

- 4.1 The Five Councils shall through the 2015 Joint Committee regularly review and update an ARP Health and Safety Policy having particular regard to any amendments required by reason of a change of law.

5. ARP MANAGEMENT TEAM AND OPERATIONAL IMPROVEMENT BOARD

ARP Management Team

- 5.1 The 2015 Joint Committee has established a working group of ARP senior employees to be known as the ARP Management Team.

- 5.2 The members of the ARP Management Team shall continue to comprise the following officers of the ARP: -

The Head of ARP

The Strategic Manager (Billing and Benefits)

The Strategic Manager (Revenues)

The Strategic Manager (Support)

and such other officers of ARP as the 2015 Joint Committee may decide.

- 5.3 The responsibilities of the ARP Management Team shall be to: -

- 5.3.1 manage the performance of the JC Services so as to ensure, so far as is possible and practicable, the delivery of such Services in accordance with the Service Delivery Plan and the progress and performance targets for the JC Services set by the 2015 Joint Committee pursuant to Clause 3.25.5;
- 5.3.2 review the JC Services following a subsidy reclaim made by the DWP and in the event of such reclaim from the DWP or equivalent body to review the matter to which the reclaim relates and determine whether in the circumstances of the case the payment of the reclaimed amount shall be shared in accordance with the agreed percentages payable by the Five Councils for the period of subsidy reclaim;
- 5.3.3 report to the 2015 Joint Committee meetings on the progress and performance of the services provided by the ARP in connection with the provision of the JC

Services against the Service Delivery Plan and the progress and performance targets set by the 2015 Joint Committee pursuant to Clause 3.25.5;

- 5.3.4 strive to ensure that the services provided by the ARP are delivered equitably between the Five Councils, so far as may be practicable;
- 5.3.5 prepare and submit to the 2015 Joint Committee for its approval on or before 31st December in each year an annual budget, and annual Service Delivery Plan for the next Financial Year;
- 5.3.6 report to the 2015 Joint Committee on the income and expenditure of the ARP against the approved budget;
- 5.3.7 seek to ensure so far as is practicable that the JC Services are provided within the budget (to include the allocation of new burdens funding) approved by the 2015 Joint Committee and to notify the 2015 Joint Committee of any material divergence from the annual budget and the reasons therefore;
- 5.3.8 recommend to the 2015 Joint Committee the resources (including staffing resources) required to provide the JC Services to the requisite performance standards and any changes required in such resources to maintain such performance standards;
- 5.3.9 make appropriate recommendations to the 2015 Joint Committee on any matter of relevance to the business of the 2015 Joint Committee and of the ARP.

Operational Improvement Board

- 5.4 The 2015 Joint Committee has established an Operational Improvement Board.
- 5.5 The members of the Operational Improvement Board shall continue to be a working group of senior employees from ARP and the Five Councils as established by the 2015 Joint Committee.
- 5.6 The Operational Improvement Board shall meet monthly and report to the 2015 Joint Committee.
- 5.7 The responsibilities of the Operational Improvement Board shall be to:-
 - 5.7.1 clarify service standards/levels provided by the ARP on behalf of each of the Five Councils in particular:-
 - 5.7.1.1 interface with client services;

- 5.7.1.2 performance management requirements;
- and ensure a clear relationship between the ARP and client services in terms of areas of responsibility and fairness of cost/benefit arising;
- 5.7.2 shape future services both for each of the Five Councils and the ARP by identifying issues and prioritisation of them by the ARP management;
- 5.7.3 provide a basis to resolve problems and improve service incrementally over time;
- 5.7.4 where no Support Service arrangements have been agreed, or where it is deemed time to review the existing Support Service arrangements, decide how on going Support Service arrangement should be provided for ARP and
- 5.7.5 receive reports on specific employee Employments Costs.
- 5.7.6 consider and agree any future spending in respect of additional funding

6. FINANCE, BUDGETING AND AUDIT

Finance – Budgets

- 6.1 The budget for the provision of the JC Services on behalf of the Five Councils for the Financial Year 2019/20 set out in Schedule 2 has been approved by the Five Councils.
- 6.2 A draft budget for each Financial Year subsequent to 2019/20 shall be prepared by the ARP Management Team in collaboration with the Heads of Finance and Chief Finance Officers (or equivalent) of the Five Councils respectively and submitted to the Treasurer for consideration. The draft budget shall be based upon the budget for the previous Financial Year updated for any anticipated changes considered necessary and shall take account of the information in Schedule 3, paragraph 2.1
- 6.3 The draft budget shall also have appended to it a Schedule detailing the payments estimated to be required to be made by each of the Five Councils during the relevant Financial Year.
- 6.4 After being considered by the Treasurer, the draft budget shall be submitted to the 2015 Joint Committee for approval and thereafter submitted to each of the Five Councils so as to be received by them by no later than 31st December in each year.

- 6.5 Any comments of the Five Councils on the draft budget shall be submitted to the ARP Management Team who shall report to the 2015 Joint Committee the comments of each of the Five Councils and the effect thereof and the 2015 Joint Committee shall, having taken such comments and the report of the ARP Management Team into consideration, decide whether or not to approve the draft budget whether in the original or an amended form.
- 6.6 If the 2015 Joint Committee approves the draft budget (whether or not as amended) it shall become the approved budget for the relevant Financial Year and a copy of the approved budget shall be submitted to each of the Five Councils.
- 6.7 If the 2015 Joint Committee fails to approve a budget for the relevant Financial Year the process referred to in Clauses 6.2 to 6.6 shall be repeated in an attempt to secure an approved budget as soon as possible and in the meantime the JC Services shall be provided on the basis of the approved budget for the previous Financial Year with such amendment as the 2015 Joint Committee may determine.
- 6.8 In the event that the budget for the current Financial Year requires amendment to meet any overspend or increase in the costs of the provision of the JC Services by the ARP for that year, the ARP Management Team shall report thereon to the 2015 Joint Committee. If the 2015 Joint Committee agrees that the budget requires amendment it shall notify the Five Councils thereof and of the proposed amendments to the budget and of any increased payments it proposes that should be required from the Five Councils. The 2015 Joint Committee shall consider any comments on the proposals and determine whether or not and how the budget shall be amended and the amount of any additional payment required to be made by each of the Five Councils to meet the overspend or increase in the ARP's costs.
- 6.9 The ARP Management Team shall report as soon as practicable to the 2015 Joint Committee on any deficit or surplus arising during the current or immediately preceding Financial Year as compared with the approved budget. Any such deficit shall be met or any such surplus shall be dispersed by reference to the Accountancy Protocol.

Payments to be made by the Five Councils

- 6.10 The Five Councils shall in each Financial Year each pay to the funds of the 2015 Joint Committee sums in respect of the expenses of the 2015 Joint Committee and the costs of provision of the JC Services on behalf of each of them by the ARP.
- 6.11 The budget for the Financial Year 2015/16 set out in Schedule 2 and referred to in Schedule 3 formed the baseline position from which all further adjustments to the budget would be calculated. For each Financial Year subsequent to 2015/16 the cost of any increases or savings from any decreases in the ARP budget are allocated to each of the Five Councils in line with the agreed percentages set out in Paragraph 5.1 of the Accountancy Protocol. The agreed ARP percentage figures will be reviewed annually as set out in Paragraph 5.2 of the Accountancy Protocol.

One-off Costs

- 6.12 The One-off Costs shall be paid by each of the Five Councils in accordance with the percentages provided by Clause 6.11 upon receipt of an invoice from the Treasurer.
- 6.13 Each of the Five Councils shall pay the sums and percentages provided by Clauses 6.10 and 6.11 to the Treasurer for the credit of the funds of the 2015 Joint Committee in each Financial Year during which this Agreement remains in force.

Accounts and Audit

- 6.14 The Treasurer shall maintain the accounts of the 2015 Joint Committee and the ARP in accordance with the requirements of the Accounts and Audit (England) Regulations 2015 and the Local Authority Accountancy Act 2014 and with the requirements of the Department of Social Security, H.M. Treasury, H.M. Revenue and Customs, and all other applicable requirements.
- 6.15 Independent and objective internal audits of the JC Services shall be undertaken by the Five Councils either independently or in accordance with the provisions and schedules contained within Service Level Agreements outside this Agreement.

7. EMPLOYEES OF THE ARP

- 7.1 The Five Councils shall ensure that sufficient and appropriate employees shall be made available to undertake and manage the activities necessary or expedient for the proper and adequate provision of the JC Services as approved in the annual staffing establishment by the 2105 Joint Committee on behalf of the Five Councils. A draft staffing establishment for each Financial Year subsequent to the establishment of the ARP shall be prepared by the ARP Management Team in collaboration with the Heads of Human Resources (or equivalent) of the Five Councils respectively and submitted to the Treasurer for consideration. The draft establishment budget shall be based upon the establishment for the previous Financial Year updated for any anticipated changes considered necessary.
- 7.2 Any employee allocated by any of the Five Councils, as the case may be, to carry out any activities necessary or expedient for the provision of the JC Services shall be required to report to the 2015 Joint Committee unless his or her terms of employment require otherwise and subject to the obligations of the council as his or her employer.
- 7.3 Each of the Five Councils warrant and represent that:
- 7.3.1 it shall (subject to Clause 7.5 and without prejudice to the indemnities in Clause 7.3.5) continue to pay all Employment Costs for each of its employees allocated to carry out work in respect of the 2015 Joint Committee and the provision of the JC Services (to be covered by the payment detailed in Clauses 6.10 and 6.11);
- 7.3.2 the allocation of such of its employees to carry out work in respect of the 2015 Joint Committee and the provision of the JC Services does not breach the terms of their contracts of employment;
- 7.3.3 it shall use reasonable endeavours to ensure that its employees so allocated shall perform their duties with the skill care and diligence to be expected of a competent employee engaged in the performance of those duties having regard to the grade and experience of such employees;
- 7.3.4 it shall use reasonable endeavours to ensure that nothing is done by it or by its employees or agents which results in a breach of the contract of employment of

- any member of the ARP employees or of any employee of another council so allocated;
- 7.3.5 it shall indemnify the others of the Five Councils against all claims by or in respect of its employees allocated to the 2015 Joint Committee or the ARP in respect of the delivery of Support Services in the provision of the JC Services caused by the fault negligence or omission of that Council or its employees or agents in respect of the provision of the JC Services and take disciplinary action against such employees, if the employing Council deems appropriate; and
 - 7.3.6 (in respect of issues arising under 7.3.5) it shall be responsible for all claims by or in respect of its employees allocated to the 2015 Joint Committee or the ARP in respect of the provision of the JC Services caused by the fault negligence or omission of that Council or its employees or agents towards those employees.
 - 7.4 The Five Councils agree to indemnify each other against all costs in relation to pensions and pensions' contributions in respect of any employees transferred/working within ARP in accordance with the percentages in Paragraph 5.1 as may be amended by Paragraph 5.2 of the Accountancy Protocol (Schedule 3).
 - 7.5 Each of the Five Councils shall where relevant cooperate and give assistance to and act in good faith towards each other in order to enable each of the others of these Councils to comply with their legal obligations in respect of their own employees.
 - 7.6 In the event that an employee of the 2015 Joint Committee is to be offered early retirement, redundancy or termination with associated payments, then such an offer to a specific employee will be reported to the next available Operational Improvement Board meeting.
 - 7.7 In the event that: -
 - 7.7.1 the 2015 Joint Committee is dissolved pursuant to Clause 10.2 because of a decision by any or all of the Five Councils to withdraw from the 2015 Joint Committee; or
 - 7.7.2 such Council no longer requires any part or element of the JC Services to be performed on its behalf by the ARP; and

- 7.7.3 TUPE does not apply to transfer the contracts of employment of all or any of the relevant employees of the others of the Five Councils carrying out work in connection with the performance of the JC Services on behalf of that Council or to any new contractor engaged by that Council

then that Council shall indemnify the others of the Five Councils against all contractual and statutory redundancy payments and notice payments made to employees dismissed by those others of the Five Councils for the reasons of redundancy arising from such withdrawal of that Council from the 2015 Joint Committee or the cessation of the performance of all or any of the JC Services by ARP on its behalf.

- 7.8 The Employment Costs incurred by any of the Five Councils in respect of any of its employees allocated to the 2015 Joint Committee or the ARP, other than the costs covered by the indemnities in Clauses 7.3.5, 7.5, and 7.6, shall be a charge against the accounts of the 2015 Joint Committee.

- 7.9 In the event that all Five Councils wish to consider dissolution and transfer to an Alternative Business Structure, all Five Councils agree:

- 7.9.1 that all Five Councils shall jointly instruct a pensions expert to undertake an actuarial and valuations assessment of the 2015 Joint Committee employee pensions contributions and liability, being both current and inherited liability ("Pensions Valuation Report") as at an agreed date, prior to dissolution; and

- 7.9.2 that full disclosure of the information submitted by or on behalf of the Five Councils in respect of Clause 7.9.1 shall be available to all Five Councils, together with any drafts and final copies of the most recent Pensions Valuation Report; and

- 7.9.3 that upon receipt of the most recent Pensions Valuation Report, each Council shall be liable for a proportion that directly relates to the caseload undertaken at the time of the dissolution, as calculated under Paragraph 5.1 or as may be amended by Paragraph 5.2 of the Accountancy Protocol and to the extent that it is necessary to indemnify the others of the Five Councils of any outstanding liability; and

- 7.9.4 that all Five Councils must then consider whether to transfer the 2015 Joint Committee employee pensions and liability detailed in the most recent Pensions Valuation Report to the Alternative Business Structure.

8. ARP PREMISES, ASSETS, CONTRACTS AND INTELLECTUAL PROPERTY

Premises

8. The costs of the premises at Breckland House, Thetford occupied and used by the 2015 Joint Committee or by the ARP for the provision of the JC Services shall be charged to the accounts of the 2015 Joint Committee in accordance with Clause 2.1 of Schedule 3

Assets

- 8.1 Any assets allocated for use by the ARP for the provision of the JC Services shall remain the property of the Council who owned it prior to the formation of the 2015 Joint Committee.
- 8.2 Any jointly used new assets procured by one of the Five Councils (as determined by the 2015 Joint Committee) on behalf of and at the cost of the 2015 Joint Committee (subject to the standing orders of the procuring Council and any applicable procurement legislation) shall be owned by the Five Councils in proportion to the percentages determined under Paragraph 5.1 or as may be amended by Paragraph 5.2 of the Accountancy Protocol.
- 8.3 The 2015 Joint Committee shall be responsible for the security, maintenance and repair of all assets used by it and the ARP for the provision of the JC Services.
- 8.4 A register of assets shall be maintained by the Treasurer showing the ownership, the date of its allocation to, or purchase for, the purposes of the 2015 Joint Committee for use by the ARP and the date of disposal of all assets allocated to or used by the 2015 Joint Committee formerly used by the ARP.

Contracts

- 8.5 All contracts (whether for goods, equipment, supplies, services or use of intellectual property rights) entered into on behalf of the 2015 Joint Committee or its predecessor for use by the ARP shall (subject to the provision of any necessary licence or approval of the other contracting party) be continued in effect.
- 8.6 Any new contracts required for the purposes of the 2015 Joint Committee for the benefit of the ARP for the provision of the JC Services shall be procured by one of the Five Councils (as determined by the Operational Improvement Board) on behalf of the 2015 Joint Committee in accordance with the acquiring Council's standing orders and any applicable procurement legislation and the procuring Council shall remain contractually liable for any rights obligations and liabilities arising under the contracts and shall act in that regard in the best interests of the Five Councils and the 2015 Joint Committee and account for any monies received to the 2015 Joint Committee and be entitled to seek recompense from the funds of the 2015 Joint Committee for any expenditure properly and reasonably incurred in that respect.

Intellectual Property

- 8.7 Each of the Five Councils shall grant to each of the others of the Five Councils a royalty free licence to copy and use through the 2015 Joint Committee all materials relevant to the JC Services in which it has intellectual property rights for use by or for the 2015 Joint Committee and the ARP only. The Council owning such intellectual property rights shall indemnify the others of the Five Councils in respect of any claim for infringement of the intellectual property rights of a third party and shall notify the others of the Five Councils and the 2015 Joint Committee as soon as it receives notice of any such claim.

9. INDEMNITIES INSURANCE AND LIABILITIES AND CONDUCT OF CLAIMS

Indemnities

- 9.1 Save as provided under Clause 5.3.2 (*subsidy reclaims*) and Clauses 7.3.5 and 7.3.6 (*employee fault negligence or omission*) each of the Five Councils shall indemnify the others of them and their employees and agents against all claims

demands actions costs and expenses (including legal expenses on an indemnity basis) which such other of the Five Councils or its employees or agents may incur as a result of any act omission or default of the others of the Five Councils as the case may be or of their employees or agents in respect of this Agreement and:

- 9.1.1 breach of contract;
 - 9.1.2 damage to real and personal property; or
 - 9.1.3 injury to persons including injury resulting in death.
- 9.2 Save as provided by Clauses 7.3.5 and 7.3.6, (*employee fault negligence or omission*) each of the Five Councils shall indemnify the others of them from and against any damages or awards paid to any of its employees or his or her personal representatives or payment made in settlement of any claims made by an employee or his or her personal representative arising from a breach by that Council of this Agreement or from negligence of that Council or its employees or agents (including legal expenses on an indemnity basis).
- 9.3 Save as provided under Clause 5.3.2 (*subsidy reclaims*) and Clauses 7.3.5 and 7.3.6 (*employee fault negligence or omission*) each of the Five Councils shall release and indemnify the others of the Five Councils and their members and officers from and against all liability for any of the following which arise out of or in consequence of the obligations under this Agreement, including but not limited to:
- 9.3.1 breach by that Council of its supply contracts for goods or materials or equipment made or to be made available to the 2015 Joint Committee for the purposes of the JC Services; or
 - 9.3.2 breach by that Council of the terms of any other of the Five Councils' supply contracts for such goods or materials or equipment.
- 9.4 Where one of the Five Councils enters into such a supply contract as is referred to in Clause 9.3.1 then the others of the Five Councils shall release and indemnify the contracting Council in respect of any breach by those others of the Five Councils (or of their officers or agents) of the obligations under such a supply contract arising from or in consequence of any non-performance or part performance acts defaults omissions breaches and negligence of any obligation under that supply contract.

- 9.5 A Council shall not be responsible or obliged to indemnify any other or others of the Five Councils for:
- 9.5.1 any liability under Clause 9.3 which arises as a direct result of one of the Five Councils acting on the instructions of any other or others of the Five Councils (to the extent that the other Council is or other Councils are entitled to give such instructions); or
- 9.5.2 any injury loss damage cost and expense caused by the negligence wilful misconduct or a breach of this Agreement by any other or others of the Five Councils or an agent contractor or employee of any other or others of the Five Councils.
- 9.6 None of the Five Councils shall be liable in tort to any other or others of the Five Councils for any negligent act or omission of that other Council or those other Councils relating to this Agreement and the only remedy of such other Council or Councils is under this Agreement. Each of the Five Councils shall use reasonable endeavours to procure that no agent, contractor or employee of it brings a claim in tort or otherwise against any of the others of the Five Councils.
- 9.7 Any indemnity under any provision of this Agreement shall be without prejudice to any indemnity by the same Council under any other provision of this Agreement.
- 9.8 None of the indemnities under this Agreement shall apply and there shall be no right to claim damages for breach of this Agreement in tort or on any other basis whatsoever to the extent that any loss claimed is for loss of profits, loss of use, loss of production, loss of business or loss of business opportunity or is a claim for consequential or for indirect loss of any nature allegedly suffered by any Council.

Insurance and Liabilities

- 9.9 Each of the Five Councils shall take out and maintain with a well established insurance provider or underwriter of repute for so long as may be necessary the following insurances in respect of their own employees premises and assets allocated to the 2015 Joint Committee for the use of the ARP: -
- 9.9.1 public liability insurance for a value of not less than £10 million for each and every claim;

- 9.9.2 employer's liability insurance for a value of not less than £10 million for each and every claim;
- 9.9.3 buildings and/or contents insurance;
- 9.9.4 any other insurances required by law or agreed by the 2015 Joint Committee to be appropriate.
- 9.10 In respect of any assets owned by any of the Five Councils and allocated to the 2015 Joint Committee for use by the ARP, the Council nominated by the Joint Committee shall take out and maintain the insurances referred to in Clause 9.9.
- 9.11 Any new assets or any accommodation or premises leased or acquired pursuant to Clauses 8.2 or 8.3 shall be insured by the Council nominated by the 2015 Joint Committee to acquire or lease such assets accommodation or premises on behalf of the 2015 Joint Committee for the purposes of the ARP.
- 9.12 In relation to the insurances referred to in Clauses 9.9, 9.10 and 9.11: -
 - 9.12.1 the interests of the others of the Five Councils shall be noted on the policies;
 - 9.12.2 none of the Five Councils shall take any action or fail to take any action nor allow anything to occur which would entitle an insurer to refuse a claim under any of the insurance policies or which may render such a claim wholly or partially repayable;
 - 9.12.3 each of the Five Councils shall provide to the others of the Five Councils copies of insurance policies referred to in Clauses 9.9, 9.10 and 9.11 and evidence of the payment of the premiums and that the insurances are in full force and effect.
- 9.13 In the event of a default by the responsible Council in taking out and maintaining any requisite insurance one of the others of the Five Councils may pay the premium or take out the requisite insurances and recover its costs from the responsible Council as a debt.
- 9.14 Other than in respect of the insurances referred to in Clauses 9.9.1 and 9.9.2 a Council responsible for taking out or maintaining insurances may (subject to the prior agreement of the 2015 Joint Committee) decide to self insure in respect of any risks or interest as defined and agreed by the 2015 Joint Committee and to accept and meet liability thereof as if it were an insurer of such risks or interest.

Conduct of Claims

- 9.15 The conduct by one of the Five Councils of claims made by a third person against it in relation to a matter related to this Agreement in connection with a potential liability described in Clauses 9.1 to 9.8 shall be dealt with under the procedures set out in Schedule 4 of this Agreement.

10. COMMENCEMENT AND TERMINATION

Commencement of the Agreement

- 10.1 This Agreement shall come into at the date at the beginning of this Agreement and shall replace the Reconstitution Agreement dated 10 September 2015 subject to Clause 2 of that Agreement which shall continue to be in force.

Withdrawal of a Party from this Agreement

- 10.2 Subject to the requirements of Clause 10.3 any of the Five Councils may withdraw from the 2015 Joint Committee on giving two years notice to the others of the Five Councils, in accordance with Clause 25. On the effective date of any such withdrawal, being two years after the date of service of the notice set out in Clause 25, this Agreement shall terminate and the 2015 Joint Committee shall be dissolved (save that any of the remaining Councils may enter into a new joint arrangement on such terms as the remaining Councils may agree).
- 10.3 Before serving a notice under Clause 10.2 the Council wishing to withdraw from the 2015 Joint Committee must have:-
- 10.3.1 served a Statement of Intent on the others of the Five Councils setting out the reasons underlying their intention to leave the 2015 Joint Committee and
- 10.3.2 discussed the Statement of Intent with the others of the Five Councils with a view to agreeing an Action Plan at a meeting of the 2015 Joint Committee that shall be convened to take place within 28 days of the date of service deemed under Clause 25 but
- 10.4 failed to agree an Action Plan to address the concerns expressed or improved outcomes cited following discussion to deal with these.

- 10.5 Where an Action Plan is agreed the Five Councils will ensure that it is carried out.
- 10.6 Where an Action Plan is not agreed, then the Treasurer shall agree the appointment of an independent actuary to value assets, for the purposes of redistribution/sale or repayment to the Council leaving the 2015 Joint Committee, in accordance with the percentages set out in Paragraph 5.1 or as may be amended by Paragraph 5.2 of the Accountancy Protocol, and the Provisions on Termination set out under Clause 10.7 shall be applied.

New Member

- 10.7 If at any time it is agreed by the Five Councils that one or more other local authorities shall join in or benefit from the activities of the 2015 Joint Committee this Agreement shall be terminated and the 2015 Joint Committee shall be dissolved on such date as may be agreed by the Five Councils and a new joint committee arrangement entered into on such terms as the Five Councils and such one or more other local authorities may agree.

Provisions on Termination

- 10.8 From receipt of a notice of withdrawal given under the provisions of Clause 10.2 until the date of termination of this Agreement and without prejudice to any other rights or remedies that the Five Councils have against each other under the terms of this Agreement:
- 10.8.1 each of the Five Councils shall continue to make the payments provided for in this Agreement in respect of the maintenance of the ARP and the costs of the ARP's provision of the JC Services in respect of that Council until date of termination. This shall be subject to any redistribution/sale or repayment to the Council in relation to the ARP assets, in the agreed proportions set out under Paragraph 5.1 as may be amended by Paragraph 5.2 of the Accountancy Protocol, such assets to be valued in accordance with Clause 10.5;
- 10.8.2 each of the Five Councils shall co-operate with each other to ensure a smooth and timely handover of the JC Services to each of those Councils or to any contractor or contractors appointed by them or any of them or to any successor to the ARP and

- 10.8.3 each of the Five Councils shall act in good faith and use reasonable endeavours to minimise loss or harm to the others of the Five Councils arising from such a termination of this Agreement.

Provisions when dissolving ARP and transferring to an Alternative Business Structure

- 10.9 In the event that the Five Councils resolve that they wish to dissolve ARP and move to an Alternative Business Structure, the Treasurer shall agree the appointment of an independent actuary and pensions expert, for the purposes of valuing assets and liabilities, including, although not limited to those detailed under Clause 7.11 and that, subject to Clause 8.5 shall be apportioned in accordance with the percentages calculated under Paragraph 5.2 of the Accountancy Protocol.

11. REVIEW OF AGREEMENT

- 11.1 At any time any one or more of the Five Councils may seek a review of this Agreement and the operation of the ARP and its performance of the JC Services by submitting a report detailing the reason for the review (Review Report) to each of the other of the Five Councils and the 2015 Joint Committee.
- 11.2 Upon receiving the Review Report the 2015 Joint Committee shall advise the OIB and task it with conducting the review.
- 11.3 On production of the Review Report the Five Councils will have 8 weeks in which to submit their comments to the OIB in order to allow time for committee/member briefing cycles.
- 11.4 On receipt of comments from each of the Five Councils within the timescale referred to in Clause 11.3 (or any extension thereof agreed by the OIB) the OIB shall meet to consider the content and recommendations of the Review Report in the light of the comments received from the Five Councils and submit to the Five Councils and the 2015 Joint Committee the revisions and amendments (if any) it proposes be made to this Agreement and this Agreement shall be amended (or if not amended shall be deemed to have been amended) to accord with the proposals of the Review Report (as revised and amended by the OIB) with effect

from such date as determined by the OIB. The outcome of the review shall be reported to the next meeting of the 2015 Joint Committee.

12. EQUAL OPPORTUNITIES

- 12.1 The Five Councils shall work together through the 2015 Joint Committee to deliver the provision of the JC Services to a high standard of quality in a manner which is fair and equitable to all sectors of the communities of the Five Councils and their employees allocated to ARP and to this end each of the Five Councils shall agree:
- - 12.1.1 to adopt policies to comply with their statutory obligations under the Equality Act 2010 and any modification or re-enactment thereof and will not treat any person less favourably than any others because of that person's gender, sex or sexual orientation, marital or other status, race, nationality, ethnic origin, disability or age and will comply with all relevant codes of practice;
 - 12.1.2 if found guilty of unlawful discrimination which relates to the ARP, to take steps to avoid a repetition of such unlawful discrimination and provide details of such steps to the others of the Five Councils; and
 - 12.1.3 as far as possible to observe all relevant codes of practice for equal opportunities in employment especially in relation to the employees allocated to the ARP.

13. CONFIDENTIALITY

- 13.1 Each of the Five Councils agrees that (except as required by law) it will:
- 13.1.1 keep confidential and not divulge to any person any agreed confidential, technical or commercial information concerning the business accounts finance technology expertise contractual arrangements or other dealings transactions or affairs of the others of the Five Councils; and
 - 13.1.2 not use any such information for its own purposes (except as contemplated in this Agreement).
- 13.2 Each of the Five Councils agrees to use its reasonable endeavours to prevent the publication or disclosure of any such confidential information.

- 13.3 Clauses 13.1 and 13.2 do not apply to any confidential information (as agreed by the Five Councils) used, divulged or communicated:
- 13.3.1 pursuant to a contract for the supply of goods or services;
 - 13.3.2 pursuant to the procurement of goods and services in accordance with Clauses 8.2 and 8.6;
 - 13.3.3 pursuant to this Agreement;
 - 13.3.4 on the instructions of any other or others of the Five Councils;
 - 13.3.5 to its employees and professional advisers on terms that this information is confidential to them; or
 - 13.3.6 under any Court order or where there is statutory obligation to disclose it.
- 13.4 Each of the Five Councils undertake that they will not without the consent of the others of the Five Councils make any press or other announcement concerning any aspect of this Agreement or make any use of the names of the others of the Five Councils in consequence of this Agreement.

14. DATA PROTECTION AND FREEDOM OF INFORMATION

- 14.1 Each of the Five Councils agrees that in relation to any personal data (as defined in the DPA and GDPR) it holds in relation to this Agreement it will comply as a data controller if necessary with the DPA and GDPR including:
- 14.1.1 the seven data protection principles listed in Article 7 to the GDPR;
 - 14.1.2 (subject to any exemptions) requests from data subjects for access to data held by it; and
 - 14.1.3 the requirements relating to notification to the Information Commissioner by data controllers under Article 33 of the GDPR.
- 14.2 Each of the Five Councils agrees that if it acquires personal data from any other party in connection with this Agreement it will:
- 14.2.1 maintain a valid and up to date registration or notification under the DPA which covers all processing of such data which it undertakes;

- 14.2.2 only undertake processing of such personal data where it is reasonably required in connection with the performance of its obligations under this Agreement;
- 14.2.3 not disclose such personal data to any third party other than:
 - 14.2.3.1 disclosure on terms substantially the same as and no less stringent than those required by this Clause, to its employees agents and contractors to whom such disclosure is reasonably necessary in connection with the performance of its obligations under this Agreement; or
 - 14.2.3.2 as required by court order; or
 - 14.2.3.3 as may be required under relevant exemption under the DPA & GDPR.
- 14.2.4 bring into effect and maintain all technical and organisational measures to prevent unauthorised or unlawful processing of personal data and accidental loss or destruction of or damage to personal data including taking reasonable steps to ensure the reliability of employees having access to the personal data; and
- 14.2.5 (save as under any relevant exemption, where exemptions under the DPA & GDPR apply to obtaining consent) obtain the consent of data subjects to the disclosure of any personal data disclosed under this Agreement.
- 14.3 Nothing in this Agreement requires any of the Five Councils to disclose any information to another party if that Council considers that to do so would be in breach of the DPA and GDPR.
- 14.4 In the event that any of the Five Councils receives a request for information under the FOIA (relating to the JC Services provided by the ARP to the Council) then the Five Councils agree that the ARP shall provide all the necessary assistance as reasonably requested by the Council to enable the Council to respond to the request for information within the time for compliance set out in Section 10 of the FOIA.
- 14.5 The Council in receipt of the request for information shall be responsible for determining at its absolute discretion whether the information requested is exempt from disclosure in accordance with the provisions of the FOIA or may be disclosed.

15. WAIVER AND SEVERABILITY

- 15.1 A failure or delay by any of the Five Councils in exercising any rights, powers or privileges under this Agreement will not operate as a waiver of them. The single or partial exercise of any right power or privilege does not prevent any other exercise of it or the exercise of any other right power or privilege (whether arising out of the same factual situation or otherwise). Any waiver of a breach of this Agreement is not to be effective unless given in writing signed by the Council waiving its entitlement. No waiver is to be deemed a waiver of any subsequent breach or default nor is it to affect the other terms of this Agreement.
- 15.2 The receipt of money does not prevent the Council receiving it questioning the correctness of the amount or any other statement in respect of money.
- 15.3 If any term of this Agreement is illegal void or unenforceable the remainder of this Agreement will continue in force as though that term had not been included in it.

16. ENTIRE AGREEMENT

- 16.1 This Agreement sets out the whole agreement between the Five Councils in relation to the transaction it provides for.
- 16.2 Each of the Five Councils warrants that it has not entered into this Agreement on the basis of any representation made by any one or more of the others of the Five Councils except to the extent that such representation is expressly included in it (but nothing in this Clause 16 excludes any liability for fraudulent misrepresentation).

17. EXTENT OF OBLIGATIONS AND FURTHER ASSURANCE

- 17.1 Nothing in this Agreement is to require any of the Five Councils to act in any way that is inconsistent with its obligations or duties as a local authority.
- 17.2 Each of the Five Councils undertakes (subject to Clause 17.1) to do all things and execute all further documents that may reasonably be required by one or all of the others of the Five Councils to give effect to this Agreement.

18. NO PARTNERSHIP OR AGENCY

- 18.1 Nothing in this Agreement is to constitute or be deemed a partnership within the meaning of the Partnership Act 1890 the Limited Partnerships Act 1907 the Limited Liability Partnerships Act 2000 or any other legislation concerning partnerships or limited liability partnerships.
- 18.2 None of the Five Councils shall hold itself out as the agent of any one or more of the others of the Five Councils or to have any authority to bind any one or more of the others of the Five Councils except to the extent that this Agreement expressly provides otherwise.

19. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No term of this Agreement is enforceable under the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Agreement.

20. VARIATIONS

- 20.1 Except as provided by Clause 11.4 no person has authority on behalf of any of the Five Councils to agree to any variation to this Agreement except where the amendment is agreed to in writing by each of the Five Councils.
- 20.2 No consents to any variation to this Agreement are required from any person other than the 2015 Joint Committee (acting pursuant to Clause 11.4) or all of the Five Councils as detailed under Clause 20.1.

21. PREVENTION OF CORRUPTION/BRIBERY

- 21.1 Where any of the Five Councils or any person employed by or acting on behalf of any of the Five Councils (whether with or without that Council's knowledge) has offered or given or agreed to give to any person or received or agreed to receive from any person any gift or consideration of any kind as an inducement or reward for:

- 21.1.1 doing or not doing or having done or not having done any action in relation to the obtaining or execution of this Agreement or any other contract with that Council; or
- 21.1.2 showing or not showing favour or disfavour to any person in relation to this Agreement or any other contract with that Council; or
- 21.1.3 where in relation to any contract with such a Council the Council or any person employed by that Council or acting on that Council's behalf has:
 - 21.1.3.1 committed any offence under the Bribery Act 2010 or legislation revoking or amending the same; or
 - 21.1.3.2 given any fee or reward the receipt of which is an offence under the LGA 1972 or Bribery Act 2010;

then the others of the Five Councils, if they all agree in writing so to do, may withdraw from this Agreement pursuant to Clauses 10.3. to 10.6 and recover from the aforesaid Council the amount of any loss they may suffer as a result of such termination of this Agreement.

22. MEDIATION AND ARBITRATION

- 22.1 If any dispute arises out of this Agreement the Five Councils shall attempt to settle it by mediation in accordance with the Centre for Effective Dispute Resolution ("**CEDR**") Model Mediation Procedure ("**the Model Procedure**").
- 22.2 To initiate mediation, the Chief Executive of any of the Five Councils seeking such mediation shall give notice in writing ("**ADR Notice**") to the others of the Five Councils requesting mediation in accordance with Clause 22.1 and shall notify CEDR of the dispute.
- 22.3 If the Five Councils cannot agree the identity of the mediator within 10 Working Days of the date of the ADR Notice the mediator is to be appointed by CEDR.
- 22.4 The mediation will start not later than 20 Working Days after the date of the ADR Notice.

- 22.5 None of the Five Councils may commence any court proceedings or arbitration in relation to any dispute arising out of this Agreement until they have attempted to settle it by mediation and that mediation has terminated.
- 22.6 If the dispute has not been settled by the mediation within 35 Working Days from the date of the ADR Notice the dispute shall be referred to arbitration under the Arbitration Acts 1950 to 1996 by a single arbitrator appointed by agreement between the Five Councils. If the Five Councils cannot agree the identity of the arbitrator within 10 Working Days of one or more of the Five Councils proposing at least two possible appropriate arbitrators to the others of the Five Councils the arbitrator is to be appointed by the President or next most senior officer available of the Law Society on the application of one or more of the Five Councils.

23. ASSIGNMENT AND SUBCONTRACTING

- 23.1 None of the Five Councils may transfer assign mortgage or pledge its rights or obligations under this Agreement.
- 23.2 None of the Five Councils may subcontract any of its obligations under this Agreement except with the consent of the others of the Five Councils (such consent not unreasonably to be withheld or delayed) but any Council who so subcontracts is to be liable for the performance of its subcontractors.
- 23.3 No rights under this Agreement are to devolve by operation of the law or otherwise on any receiver administrative receiver liquidator or assignee.

24. GOVERNING LAW AND ENFORCEMENT

- 24.1 The formation construction performance validity and all aspects of this Agreement are to be governed by English law and subject to Clause 22.6 each of the Five Councils agree to submit to the exclusive jurisdiction of the courts of England and Wales.
- 24.2 The rights and remedies given by this Agreement are cumulative and do not exclude any other rights or remedies given by law under this Agreement.

25. NOTICES

- 25.1 Notices or other communications under this Agreement will be duly served if given in writing and sent to the nominated representative of the Five Councils or to JC Members or to officers of the 2015 Joint Committee and shall be deemed to have been served in accordance with the following table with the date of service and method of proof being as set out therein.

Method of service	Date of service	Proof of service
Personal delivery to the nominated representative.	Day of delivery.	Proof of handing to the nominated representative.
Personal delivery of a letter addressed to the nominated representative at the address for service.	Day of delivery if before 16.00 on a Working Day otherwise 10.00 on the next Working Day thereafter.	Proof of delivery.
First class letter addressed to the nominated representative at the address for service.	48 hours after posting if that is a Working Day otherwise 10.00 on the next Working Day thereafter.	Proof of posting unless returned through the Post Office undelivered service within 21 days of posting.
Facsimile addressed to the nominated representative at the address for service.	Day of transmission if before 16.00 on a Working Day otherwise 10.00 on the next Working Day thereafter.	Transmission report showing a successful transmission to the correct number plus proof of posting of a hard copy.
Electronic mail addressed to the	Date of transmission if before 16.00 on a	Delivery receipt

nominated representative's electronic mail address	Working Day otherwise 10.00 on the next Working day thereafter	
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- 25.2 Each of the Five Council's address for service is the address set out at the start of this Agreement or such other address as it may notify to the other of the Five Councils and the Secretary in writing.
- 25.3 The nominated representative for the receipt of notices under this Agreement is the Chief Executive of each of the Five Councils or such other person as the relevant Council may nominate by written notice to the others of the Five Councils and to the Secretary.

26. COSTS

Except in so far as the costs of the preparation negotiation and completion of this Agreement shall be within the One-off Costs each of the Five Councils shall bear their own costs in relation to the negotiation and completion of this Agreement.

IN WITNESS whereof each of the Five Councils have executed and delivered this Agreement as a Deed on the above date.

SCHEDULE 1

PART I

JC Services

The JC Services shall comprise the statutory functions of each of the Five Councils under each of the following enactments: -

- (a) **Local Government Finance Act 1988** Part III sections 43 to 51 and 62 to 67;
- (b) **Local Government Finance Act 1992** Part I Chapter I sections 43 to 51, sections 62 to 67, section 103 and Schedule IX;
- (c) **Social Services Contributions and Benefits Act 1992** Part VII section 123 and sections 130 to 137;
- (d) **Social Services Administration Act 1992** sections 5, 6, 7, 7A, 16, 75, 76, 110A, 110AA, 111, 112, 113, 139E, 139F, 139G, 139H, 140, 140A, 140B, 140C, 140D, 140E, 140EE, 140F and 140G and Regulations made under sections 7A and 76;
- (e) **Local Government Act 1972** section 111(1) (in so far as it relates to anything done thereunder that is calculated to facilitate or is incidental or conducive to the discharge of any statutory function or functions referred to in subparagraphs (a) to (d) above);
- (f) **Tribunals, Courts & Enforcement Act 2007** in so far as it relates to enforcement of debts for Council Tax, Non Domestic Rates and other debts collected by the ARP
- (g) Any other statutory functions of the Five Councils which relate directly or indirectly to the collection of council tax and non-domestic rates and/or the administration of housing benefit council tax benefit and other relevant benefits.
- (h) The collection and/or enforcement of any other debt as agreed in writing by each of the Five Councils.

SCHEDULE 1

PART II

JC Services

The JC Services of the Five Councils in respect of the collection and administration of council tax and non-domestic rates (business rates) and the payment of housing and other benefits shall comprise the following services:

1. Council Tax including calculation of tax base
 - 1.1 Billing
 - 1.2 Recovery including enforcement
2. Business Rates including granting rate relief
 - 2.1 Billing
 - 2.2 Recovery including enforcement
3. Benefits Administration including recovery of overpayments
4. Anti-Fraud measures

SCHEDULE 2

Baseline Budget – 2015/16

	<i>7(5)Partners 2015-16 £</i>	<i>4 (3) Partners 2015-16 £</i>	<i>Total 2015-16 £</i>
Breckland Council	1,590,842	281,525	1,872,367
East Cambridgeshire Council	923,914	167,441	1,091,355
Fenland Council	1,151,977	0	1,151,977
Forest Heath Council	785,400	136,689	922,089
St Edmundsbury Council	1,121,313	224,491	1,345,804
Suffolk Coastal	1,185,218	0	1,185,218
Waveney Council	1,643,273	0	1,643,273
	<i>8,401,937</i>	<i>810,146</i>	<i>9,212,083</i>

Agreed ARP Budget for the provision of the JC Services on behalf of the Five Councils for the 2019/2020 Financial Year

2019-20 Budget			
	<i>5 Partners 2019-20 Budget £</i>	<i>3 Partners 2019-20 Budget £</i>	<i>Total 2019-20 Budget £</i>
Breckland Council	1,624,756	218,377	1,843,134
East Cambridgeshire Council	926,615	130,174	1,056,789
East Suffolk Council	2,985,568	0	2,985,568
Fenland Council	1,235,369	0	1,235,369
West Suffolk Council	1,957,656	280,673	2,238,330
	<i>8,729,965</i>	<i>629,224</i>	<i>9,359,189</i>

SCHEDULE 3

ANGLIA REVENUES PARTNERSHIP

Accountancy Protocol

1.0 INTRODUCTION

- 1.1 The formulation of these budget policies and procedures has been written with reference to details contained within this Agreement.
- 1.2 Any issues resulting from any of the Five Councils not approving the budget approved by the 2015 Joint Committee should be pursued in accordance with the arrangements detailed within this Agreement.

2.0 RECAP OF MAIN BUDGET ISSUES FROM THIS AGREEMENT

- 2.1 The baseline budget was set in 2015/16 and was split between all seven (now Five) Councils for the majority of agreed costs and income, however a small part of the baseline budget was split between Breckland, East Cambridgeshire and West Suffolk Councils only (Three Councils). The agreed items which are charged only to these Three Councils are:
- Rent & Rates at the Thetford Offices
 - Magistrates Court Costs
 - Fax Machines
 - Support service recharges from Breckland & West Suffolk agreed in advance
- 2.2 A draft budget for each Financial Year subsequent to the 2015/16 baseline split is prepared by the ARP Management Team in collaboration with the Heads of Finance and Chief Finance Officers of the Five Councils respectively and submitted to the Treasurer for consideration and thereafter submitted to the Section 151 Officers of each of the Five Councils, by 30th October in each year. The draft budget for the next Financial Year shall be based upon the budget for the previous Financial Year with the agreed Three Councils and Five Councils baseline split, updated for any anticipated changes considered necessary and shall take account of:-
- The cost of employees required to perform the JC Services during the relevant Financial Year
 - The agreed goods, services, plant etc. required to be procured during the Financial Year
 - The share of cost of the accommodation occupied by the employees of the ARP for the Three Councils split only
 - The cost of implementing any change in the legal or other requirements affecting the performance of the JC Services
 - Any capital requirements
 - Any agreed changes to the JC services to be provided in connection with the performance of the JC Services
 - Indexation
 - Support services agreed in advance

- Any projected under spend or over spend for the current Financial Year that may be required to be taken into account in the budget for the next Financial Year.
 - Income receivable in respect of costs that are charged to the partnership
- 2.3 The draft budget shall also have appended to it a Schedule detailing the payments estimated to be required by each of the Five Councils during the relevant Financial Year.
- 2.4 After being considered by the Section 151 Officers the draft budget shall be submitted to the Treasurer for consideration and then to the 2015 Joint Committee for approval and thereafter submitted to each of the Five Councils so as to be received by them no later than 31st December in each year.
- 2.5 In the event that the budget for the current Financial Year requires amendment to meet any over spend or increase in the costs of the performance of the JC Services by the ARP for that year the ARP Management Team shall report thereon to the 2015 Joint Committee.
- 2.6 The ARP Management Team shall report as soon as practicable on any deficit or surplus arising during the current or immediately preceding Financial Year as compared with the approved budget, first to the Section 151 Officers and subsequently to the 2015 Joint Committee. Any such deficit shall be met, or any such surplus shall be dispersed, by reference to this Accountancy Protocol.

3.0 THE BUDGET

3.1 Introduction

The budget must be set in line with the arrangements and timetable detailed in this Agreement.

3.2 The process

- The Five Councils will hold a “Client” account and a “Partnership” account
- Costs chargeable to the “Partnership” account (taking into account the three & Five partner splits detailed in 2.1 above) are:
 - Employee related expenses
 - Transport related expenses
 - Premises related expenses
 - Supplies and services
 - Any Support Service costs agreed in advance by the Five Councils as chargeable to the “Partnership” account because of the obvious service/benefit provided
 - Any income that is received in respect of costs that are chargeable to the “Partnership” account.
- Costs chargeable to the “Client” account are:
 - Support Services not specifically agreed as chargeable to the “Partnership” account

- Income not received in respect of costs that are chargeable to the “Partnership” account
 - Corporate costs not directly attributable to the work of the 2015 Joint Committee and the ARP.
- 3.3 Once all of the costs are identified the Council who will be making the various payments should be clearly identified. This will form the basis of future budget monitoring and control.
- 3.4 It will be necessary for the OIB to review each budget line each Financial Year to confirm the following:
- the basis of calculation is acceptable to each of the Five Councils and
 - the reasonableness of the cost and the benefits to the 2015 Joint Committee and the ARP.

4.0 TREATMENT OF COSTS

- 4.1 “Partnership” account costs must adhere to the following principles:
- Costs must be based on actual usage/cost
 - Costs must be directly attributable to the work of the 2015 Joint Committee and the ARP
 - Costs are assessed on an annual basis in accordance with Value for Money Objectives
- 4.2 The annual budget of the 2015 Joint Committee must not include any corporate or client costs or previously un-agreed costs from any of the Five Councils.
- 4.3 The annual budget of the 2015 Joint Committee will include the costs chargeable to the “Partnership” account as set out under Paragraph 3.2 of this Accountancy Protocol.

5.0 APPORTIONING THE PARTNERSHIP BUDGET

- 5.1 The “Partnership” account will be apportioned to each of the Five Councils: by taking the agreed baseline (detailed in Schedule 2) & apportioning any increase or decrease in costs between the councils, in accordance with paragraph 2.1, in the following proportions:

2019-20 Budget apportionment (based on 1 August 2019)			
	<i>5 Partners (Excl Bailiff)</i>	<i>3 Partners</i>	<i>5 Partners Bailiff Only</i>
Breckland Council	17.89%	34.90%	20.60%
East Cambridgeshire Council	10.55%	20.60%	9.81%
East Suffolk Council	35.23%	0.00%	33.22%
Fenland Council	13.53%	0.00%	10.99%
West Suffolk Council	22.80%	44.50%	25.38%

Costs and income from Enforcement Agent activity (Tribunals, Court and Enforcement Act 2007) will be shared in relation to the percentage of liability orders passed, in respect of each of the Five Councils, to an Enforcement Agency Service

- 5.2 These percentages are based on a combination of caseload data, which include the number of hereditaments, the number of businesses chargeable to business rates and the number of benefits claimants (and in the case of the Enforcement Agency liability orders passed for enforcement). This data will be reviewed annually on 1 August, and the new percentage data used with respect to the budget for the following Financial Year.
- 5.3 The Treasurer shall prepare a Schedule setting out the payments due from each of the Five Councils, taking into account each Council's share of the ARP budget and the costs incurred by each Council. This Schedule shall be agreed by the OIB. Amounts due shall be payable in equal instalments on the first Working Day of each month.
- 5.4 Any new capital acquisitions shall be jointly funded by the Five Councils in accordance with the percentages set out in Paragraph 5.1 of this Accountancy Protocol, or amended in accordance with Paragraph 5.2 of this Accountancy Protocol.

6.0 BUDGET MONITORING AND CONTROL

- 6.1 The Treasurer will act as the lead for monitoring and control of the budget which will be undertaken as follows:
- The budget will be set as detailed in Paragraphs 1 and 2 of this Accountancy Protocol.
 - Payments will be made by the relevant Council as identified when setting the budget (as provided in Paragraph 3.3 of this Accountancy Protocol).
 - Within 7 Working Days of the end of the quarter, each of the Five Councils will provide the Treasurer with a Schedule of payments made against the annual budget of the 2015 Joint Committee.
 - The Treasurer will compile an overall position against budget and raise any queries with the each of the other Councils.
 - The Treasurer will compile a quarterly monitoring report to the OIB and the 2015 Joint Committee, showing actual against budget and a forecast position for the year end.

7.0 BUDGET CHANGES AND AMENDMENTS

- 7.1 Budget changes may result from:
- a) New initiatives
 - b) Additional expenditure not previously identified
 - c) Over spends
 - d) Additional Government funding received during the year
 - e) Under spends

- 7.2 Budget changes a)-d) above should be dealt with as detailed in Paragraphs 2.4 and 2.5 of this Accountancy Protocol.
- 7.3 In these cases each of the Five Councils will share this cost in addition to the fixed fees in the ratio as detailed in Paragraph 5.1 of this Accountancy Protocol.
- 7.4 Budget changes resulting from Paragraph 8.1d) of this Accountancy Protocol should be reported to the 2015 Joint Committee once confirmation of the under spend is confirmed.
- 7.5 In all cases variations to the budget involving changes to or additions to a previously agreed budget will need reporting to the 2015 Joint Committee for approval and thereafter to each of the Five Councils for approval in line with each of the relevant Council's Standing Orders and Terms of Reference regarding budgets.

8.0 ASSETS

- 8.1 Any new assets shall be procured by one of the Five Councils (as determined by the 2015 Joint Committee) on behalf of and at the cost of the 2015 Joint Committee (subject to the standing orders of the procuring Council and any applicable procurement legislation) and shall be owned by the Five Councils jointly in proportion to the percentages set out in Paragraph 5.1 of this Accountancy Protocol for the purposes of the 2015 Joint Committee.
- 8.2 A register of assets shall be maintained by the Treasurer showing the ownership, the date of their allocation to or purchase for the purposes of the 2015 Joint Committee for use by the ARP and the date of disposal of all assets allocated to or used by the 2015 Joint Committee formerly used by the previous Joint Committee.

SCHEDULE 4

General Legal Advice and Services

Subject to the 2015 Joint Committee deciding otherwise the Legal Advice and Services will include and be provided by the following of the Five Councils:-

West Suffolk

- 1.1 Securing outstanding liability orders for unpaid council tax and business rates by obtaining a charging order on the property and registering the same;
- 1.2 Where a charging order has been made by the court, applying for an order for sale when instructed to do so;
- 1.3 Investigating the possibility of collecting outstanding liability orders for both council tax and business rates by way of insolvency proceedings and commencing such proceedings when instructed to do so;
- 1.4 Advising generally on alternative methods of enforcement; and
- 1.5 Advising in connection with the recovery of overpaid housing benefit and other benefits and commencing proceedings when instructed to do so.

Any of the Five Councils

- 2.1 General Constitutional Advice to be the Council whose Monitoring Officer has been appointed
- 2.2 Commencing and conducting fraud prosecutions, although at the Commencement Date this is provided by external Solicitors, as previously arranged through ARP, or in respect of West Suffolk Council - by their Council, and may change at the request of one of the Five Councils to undertake their own prosecutions/or all of the prosecutions on behalf of the Five Councils.

Conduct of Claims

- 3.1 If one of the Five Councils ("**the Notifying Council**") receives a notice demand letter or other document concerning such a claim for which the Notifying Council may be entitled to be indemnified under this Agreement the Notifying Council shall notify the others of the Five Councils in writing as soon as reasonably practicable and in any event within twenty (20) Working Days of its receipt.
- 3.2 The Notifying Council shall be free at any time to give notice to the others of the Five Councils that it is retaining or taking over conduct of any defence dispute compromise or appeal of any claim made by a third party in connection with any matter described in Paragraph 3.1 or any incidental negotiations. On receipt of such notice the others of the Five Councils shall promptly take all reasonable steps necessary to transfer the conduct of such claim to the Notifying Council and shall provide to the Notifying Council all reasonable co-operation access and assistance for the purposes of considering and resisting such claim. If the Notifying Council gives any notice pursuant to this Clause then the others of the Five Councils shall be released from any future liability under its indemnity in respect of such claim.
- 3.3 If one or more of the others of the Five Councils pays to the Notifying Council an amount in respect of an indemnity and the Notifying Council subsequently recovers (whether by payment discount credit saving relief or other benefit or otherwise) a sum which is directly referable to the fact matter event or circumstances giving rise to the claim under the indemnity the Notifying Council shall immediately repay to the other or others of the Five Councils the lesser of:-
- 3.3.1 the sum recovered (or the value of the saving or benefit obtained) less any out of pocket expenses and costs properly incurred by the Notifying Council in recovering it; and
- 3.3.2 the amount paid to the Notifying Council by the others of the Five Councils in respect of the claim under the relevant indemnity.
- 3.4 There is no obligation on the Notifying Council to pursue a recovery under Paragraph 3.3. The other or others of the Five Councils is to be repaid only to the extent that the amount of recovery aggregated with the amount paid by the other or others of the Five Councils exceeds the Notifying Council's losses.

- 3.5 Each of the Five Councils shall comply with the requirements of any insurer who may have an obligation to consider any claim made in respect of any liability arising under this Agreement.

The Common Seal of **BRECKLAND**)
DISTRICT COUNCIL was affixed hereto in)
in the presence of)

The Common Seal of **EAST**)
CAMBRIDGESHIRE DISTRICT COUNCIL)
was hereto affixed in the presence of)

Head of Legal and Democratic Services

The Common Seal of **FENLAND DISTRICT**)
COUNCIL was hereunto affixed in the)
presence of)

Authorised Signatory

The Common Seal of **WEST SUFFOLK**)
COUNCIL was affixed hereto in)
the presence of)

Authorised Signatory

The Common Seal of **EAST SUFFOLK**)
COUNCIL was hereunto affixed)
in the presence of)

Authorised Signatory

FULL COUNCIL

Wednesday 22 January 2020

PROPOSED CHANGES TO THE EAST SUFFOLK COUNCIL CONSTITUTION

EXECUTIVE SUMMARY

1. All Councils must have a written Constitution which includes its standing orders, code of conduct, and such other documents as the Council considers to be appropriate. The East Suffolk Council's (ESC) Constitution was approved by the Shadow Council for East Suffolk on Monday 28 January 2019 – Report REP 29(SH).
2. The Constitution sets out the Council's governance arrangements. Any changes to the Constitution must be approved by this Committee and Full Council, as required by the Constitution.
3. Full Council are asked to approve the proposed changes to the Constitution.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in the District
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Cabinet Member:	Councillor Steve Gallant, Leader of the Council
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Supporting Officers:	<p>Hilary Slater Head of Legal and Democratic Services 01394 444336 Hilary.slater@east Suffolk.gov.uk</p> <p>Philip Ridley Head of Planning and Coastal Management 01394 444432 Philip.Ridley@east Suffolk.gov.uk</p>
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1 INTRODUCTION

- 1.1 The ESC must have a written Constitution which has to include its standing orders, code of conduct and such other documents as the ESC considers to be appropriate. (S37 of the Local Government Act 2000).
- 1.2 The Council drafted a new Constitution when the ESC was created, on 1 April 2018. The Constitution was approved by the Shadow Council for East Suffolk on Monday 28 January 2019 – report reference REP 29(SH) refers.
- 1.3 It was recognised by the Shadow Authority that the Constitution would need to be reviewed, to fit the working practices of the newly formed ESC. This report proposes some changes to the Constitution.
- 1.4 Part 2 of the ESC Constitution outlines the Council’s functions and responsibilities. Paragraph 2.1 of Section B of this part of the Constitution details specific functions that are reserved for Council and states that one of these functions is changing the Constitution. In addition, Paragraph 10.3 of Part 1 of the Constitution states that the Audit and Governance Committee (AGC) has responsibility to advise the Council on substantive changes to the Constitution. Any substantive changes to the Council’s decision-making arrangements and committee structure have to be considered by the AGC which will recommend changes to the Full Council. The Monitoring Officer has authority to make minor amendments and corrections to the Constitution. The Leader may change Cabinet Portfolios and delegations.
- 1.5 This report proposes changes to the Constitution which the Monitoring Officer does not consider to be “minor amendments”. These proposed changes have been considered by the AGC, at its meeting on 6.1.20. The AGC agreed the proposed changes, as drafted, and recommended them to Full Council for approval.

2 PROPOSED CHANGE 1 TO THE CONSTITUTION

- 2.1 The ESC’s Scrutiny Committee (SC) works to some Scrutiny Procedure Rules (SPRs) which are set out in section 4 of the Constitution. It says at paragraph 5.1 on page 158 of the Constitution, in the SPRs, that
“the Chairman and the Vice-Chairman of the Scrutiny Committee shall be elected by the voting Members of the Committee at its first meeting after the Annual Meeting”.
- 2.2 This is incorrect, as the Chairman and Vice Chairman of each of the Council’s Committees is elected at the Annual Meeting of the ESC, in May of each year. This is a mistake which ought to be amended to avoid any confusion or lack of clarity. The proposed change is so that paragraph 5.1 of the SPRs reads; -
“the Chairman and the Vice-Chairman of the Scrutiny Committee shall be elected by the Full Council at its Annual Meeting”.

3 PROPOSED CHANGE 2 TO THE CONSTITUTION

- 3.1 In the Monitoring Officer (MO) Protocol, which is found in Part 4 of the Constitution, it is clear that in the absence of the MO, the Deputy MO can act in his or her place. The Chief Finance Officer (CFO), like the MO, is a statutory post and each Council must appoint one of its Officers to fulfil this role. Some of the CFO’s responsibilities, like the MO’s responsibilities, are personal to the Officer who carries out that role.
- 3.2 In the absence of the CFO, it would be useful to include a provision in the Constitution that the Deputy CFO can act in the CFO’s place, if he or she is absent.

- 3.3 The Finance Procedure Rules (FPRs) are set out in Part 3 of the Constitution. Paragraph 1.1 of the FPRs sets out what the role of the CFO is. It is proposed that the following be added to paragraph 1.1 of the FPRs, as a new, sub-paragraph 1.1.3; -

“1.1.3 The Chief Finance Officer will appoint a deputy and keep them briefed on emerging issues. The Deputy will act in place of the Chief Finance Officer if the Chief Finance Officer is absent or unable to act due to conflict or other relevant issues”.

4 PROPOSED CHANGE 3 TO THE CONSTITUTION

- 4.1 Part 2 of the Constitution sets out the functions and responsibilities of the Council, and explains, in Section B, paragraph 3, what is in the Council’s Budget and Policy Framework (BPF). The BPF comprises a number of documents that must be approved by the Council itself, including the budget and the Development Plan, for example. The list of BPF documents is at paragraph 3.5 of Section B. It sets out what the document is, and what the decision-making route is for each, before it is approved by the Council. Included in the list is the “Investment Strategy”, and it says that this document goes to “Scrutiny/Cabinet” before going to Council for approval.

- 4.2 Stating that the Investment Strategy goes to the SC appears to be a mistake in the Constitution. CIPFA guidance about the formulation of the Treasury Management and Investment Strategy states that the policy needs to go to the AGC and not the SC. Indeed, it has never been presented to the SC, previously. However, the Investment Strategy was always taken to the respective AGCs of both the former Suffolk Coastal District Council, and the Waveney District Council.

- 4.3 Therefore, the BPF needs to be updated to change the responsibility for approving the Investment Strategy from the SC to the AGC. It is proposed that in the fifth line of the table at paragraph 3.5 of Section B of Part 2 of the Constitution, in relation to the Investment Strategy;

“Scrutiny/Cabinet” be changed to “Audit and Governance Committee/Cabinet”

5 PROPOSED CHANGE 4 TO THE CONSTITUTION

- 5.1 “The Code of Good Practice/Guidance for Members-Planning and Rights of Way” (the Code) is found in Part 4 of the Constitution. It sets out a range of advice for Members who are considering planning applications, or applications to divert public rights of way. As the Code is part of the Constitution, any proposed changes to it need to be considered and commented upon by the AGC and be approved by Full Council. Some changes to the Code have been proposed by Officers. These changes relate to site visits which might be undertaken by the Members of the Planning Committee North, or the Planning Committee South. Appendix A to this report sets out what the Code says, at paragraph 7.13, about site visits. The proposed changes to paragraph 7.13 are set out at Appendix B to this report. Note that the proposed changes have also been considered by the Strategic Planning Committee (SPC) at its meeting on 9 December 2019. The SPC approved the proposed changes and recommended their approval to the AGC and Full Council.

- 5.2 The proposed amendments are minor in nature. They seek to ensure that site visits are purely factual meetings, provided to give Members a better understanding of a site, prior to the consideration by either of the Planning Committees of any application in relation to it. The original wording suggested that the site visits were conducted as full meetings of the Committee, where the public had rights to address the Committee whilst on site. What was in the Code did not reflect accurately with how site visits were, and are, conducted in reality.

6 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 6.1 The Council's Constitution is a key governance document which sets out how the Council operates, and how it carried out its functions and responsibilities. How the Council operates is fundamental to how it carries out and delivers its East Suffolk Business Plan. It is fundamental to how it achieves the prongs in the Business Plan about the economy, financial self-sufficiency and growth. The Council's Constitution needs to be up to date and accurate, to reflect its business practices and procedures.
- 6.2 An up to date Constitution ensures that the Council operates properly, in accordance with the law and good practice. The Constitution needs to be up-to-date and to reflect the Council's current practises, in order to safeguard the decision-making processes of the Council, overall, and to ensure that its business aims are met.

7 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 7.1 These suggested changes have been picked up since the Council began working to its new Constitution, by various Officers. It is considered that the additions or changes to the wording will make the constitution clearer for Officers, Members and the public, alike. Therefore, they will assist good governance, whilst having no direct financial implications or costs.

8 OTHER KEY ISSUES

- 8.1 An equality impact assessment (EIA) has not been carried out, in relation to this report. The changes proposed relate to the internal workings of the Council and are not considered to impact on the services which the Council offers, directly, to the public. They are for clarification or correction, and therefore, an EIA was not considered to be necessary.

9 CONSULTATION

- 9.1 None.

10 OTHER OPTIONS CONSIDERED

- 10.1 Not to make the changes would not accurately reflect the working practices of the Council in its constitution.

11 REASON FOR RECOMMENDATION

- 11.1 To ensure that the Council's Constitution is up to date, and accurately reflects the Council's working practices and procedures.

RECOMMENDATION

That the proposed changes to the Constitution, as set out in this report, be approved.

APPENDICES

Appendix A

Paragraph 7.13 of the Code as originally drafted

Appendix B

Paragraph 7.13 with proposed changes shown with red tracking

Extracted from pages 192-193 of the East Suffolk Council Constitution

7 SITE VISITS

- 7.1 All sites are investigated by Officers as part of the application process. However, there may be circumstances when Members will wish to visit specific sites, for example, to understand local conditions and the relationship of a proposed development or rights of way proposal and the surrounding area, where these features cannot be assessed from the submitted drawings, illustrative material or from outside the site.
- 7.2 Formal site visits will be held when there is a clearly identified material benefit for holding one and the Planning Referral Panel agrees with the relevant Planning Officer that there is a need to do so to provide a better understanding of the proposals or Planning Committee so requests that a visit be held.
- 7.3 All Members of the relevant area Planning Committee (including substitutes who may attend at a subsequent meeting) will be invited to attend the site visit, together with the ward Member or ward Members. Where a proposal would have a significant effect on an adjoining ward, the adjoining ward Members will also be invited.
- 7.4 All Members attending formal site visits by the Planning Committee shall be accompanied by an appropriate Officer of the Council.
- 7.5 The site visit is not part of the consideration of the merits of an application and therefore public rights to attend the meeting do not apply. However, a representative of the town or parish council will be invited to the site visit along with the applicant or his / her agent.
- 7.6 If access to private land is necessary, then Officers will secure the prior agreement of the landowner.
- 7.7 The purpose of the site visit is fact finding. Officers will be able to point out relevant features of the site and surroundings. Members will be able to see the physical features of the site and ask questions through the Chairman or the Officer to seek clarification. A written record will be kept of the site visit and placed on the planning file.
- 7.8 No discussion of the merits of the case will be permitted, and all questions from Members will be carried out through the Chairman or, at the Chairman's discretion, directed at the relevant Officer.
- 7.9 The Chairman may ask the applicant (or agent), the representative of the town or parish council, or the owner on whose property the site visit is being conducted if there are any parts of the site that have not been visited that they consider should be seen by the Members. The Chairman will then determine as to whether to accede to any requests for that part of the site or area to be visited.
- 7.10 The visiting party will stay together as a group. No lobbying by applicants, town or parish council representatives or objectors will be allowed. If an applicant or group persists in attempting to lobby, the Chairman may determine to curtail the site visit and return on another occasion.
- 7.11 The Members of the Planning Committee, when on site visits, should not make any comments that could create an impression to an outside party that they had already formed a firm position on the merits of the application. The decision on the application should not be made until the formal meeting of the Planning Committee and the Members will have before them all the necessary information to be able to make an informed decision. There may be occasions when questions raised by Members have not been able to be answered or require further investigation in which event Officers will pursue these matters and report back on them to the Planning Committee.
- 7.12 Exceptionally, a Member of the Planning Committee may not be able to attend a site visit or may wish to see a site that is the subject of a report to the Committee. When visiting sites on their own, Members should normally seek only to view the site from a public area and should deal with any lobbying that may occur at the visit in accordance with Section 5 of this Code of

Practice. Members may wish to seek advice before undertaking unaccompanied site visits that necessitate access to private property.

7.13 Any site meetings will follow these procedures:

- Relevant Officer will be invited to set out briefly
 - why it was resolved necessary to visit the site
 - the facts of the application
 - the views of consultees as relevant to the visit
- Any specialist advisers present (e.g. Highway Authority) will be invited to indicate their view of the proposals
- Chairman will invite the applicant/agent to explain any aspect of the application
- Town/Parish Council representative(s) as consultees will be invited to speak if they wish
- Ward Member will be invited to speak – to point out relevant features of the site or the surrounding area or to ask questions about the proposal
- Committee Members will be invited to ask questions
- Planning Officer will be given the opportunity to ask questions to seek clarification of any issues
- Any other person(s) present will be given the opportunity to speak
- Chairman will close discussion part of the proceedings and invite Members to inspect the site/the area in more detail
- The order of presentations will generally be adhered to but the Chairman will have the right to vary from these guidelines if circumstances warrant. The Chairman's decision will be final.

Extracted from pages 192-193 of the East Suffolk Council Constitution

7 SITE VISITS

- 7.1 All sites are investigated by Officers as part of the application process. However, there may be circumstances when Members will wish to visit specific sites, for example, to understand local conditions and the relationship of a proposed development or rights of way proposal and the surrounding area, where these features cannot be assessed from the submitted drawings, illustrative material or from outside the site.
- 7.2 Formal site visits will be held when there is a clearly identified material benefit for holding one and the Planning Referral Panel agrees with the relevant Planning Officer that there is a need to do so to provide a better understanding of the proposals or Planning Committee so requests that a visit be held.
- 7.3 All Members of the relevant area Planning Committee (including substitutes who may attend at a subsequent meeting) will be invited to attend the site visit, together with the ward Member or ward Members, representatives of the town or parish council(s), and the applicant or their agent. Where a proposal would have a significant effect on an adjoining ward, the adjoining ward Members will also be invited. Any technical experts will be invited if required.
- 7.4 All Members attending formal site visits by the Planning Committee shall be accompanied by an appropriate Officer of the Council.
- 7.5 The site visit is not part of the consideration of the merits of an application and therefore public rights to attend the meeting do not apply. ~~However, a representative of the town or parish council will be invited to the site visit along with the applicant or his / her agent.~~
- 7.6 If access to private land is necessary, then Officers will secure the prior agreement of the landowner for both Members, Officers and any third parties.
- 7.7 The purpose of the site visit is fact finding. Officers will be able to point out relevant features of the site and surroundings. Members will be able to see the physical features of the site and ask questions through the Chairman or the Officer to seek clarification. A written record will be kept of the site visit and placed on the planning file.
- 7.8 No discussion of the merits of the case will be permitted, and all questions from Members will be carried out through the Chairman or, at the Chairman's discretion, directed at the relevant Officer.
- 7.9 The Chairman may ask the applicant (or agent), the representative of the town or parish council, or the owner on whose property the site visit is being conducted if there are any parts of the site that have not been visited that they consider should be seen by the Members. The Chairman will then determine as to whether to accede to any requests for that part of the site or area to be visited.
- 7.10 The visiting party will stay together as a group. No lobbying by applicants, town or parish council representatives or objectors will be allowed. If an applicant or group persists in attempting to lobby, the Chairman may determine to curtail the site visit and return on another occasion.
- 7.11 The Members of the Planning Committee, when on site visits, should not make any comments that could create an impression to an outside party that they had already formed a firm position on the merits of the application. The decision on the application should not be made until the formal meeting of the Planning Committee and the Members will have before them all the necessary information to be able to make an informed decision. There may be occasions when questions raised by Members have not been able to be answered or require further investigation in which event Officers will pursue these matters and report back on them to the Planning Committee.
- 7.12 Exceptionally, a Member of the Planning Committee may not be able to attend a site visit or may wish to see a site that is the subject of a report to the Committee. When visiting sites on their own, Members should normally seek only to view the site from a public area and should deal with any lobbying that may occur at the visit in accordance with Section 5 of this Code of

Practice. Members may wish to seek advice before undertaking unaccompanied site visits that necessitate access to private property.

7.13 Any site meetings will follow these procedures:

- The Planning Officer will make a verbal presentation of the application, the site and its context. Where appropriate Officers will have copies of relevant documentation to aid the visit to aid their presentation and the visit.
- Any questions that Members have regarding the site or the development will be made through the Chairman of the Committee only.
- There is no right for third parties to address the Committee unless at the specific request of the Chairman of the Committee.
- ~~Relevant Officer will be invited to set out briefly~~
 - ~~— why it was resolved necessary to visit the site~~
 - ~~— the facts of the application~~
 - ~~— the views of consultees as relevant to the visit~~
- ~~Any specialist advisers present (e.g. Highway Authority) will be invited to indicate their view of the proposals~~
- ~~Chairman will invite the applicant/agent to explain any aspect of the application~~
- ~~Town/Parish Council representative(s) as consultees will be invited to speak if they wish~~
- ~~Ward Member will be invited to speak — to point out relevant features of the site or the surrounding area or to ask questions about the proposal~~
- ~~Committee Members will be invited to ask questions~~
- ~~Planning Officer will be given the opportunity to ask questions to seek clarification of any issues~~
- ~~Any other person(s) present will be given the opportunity to speak~~
- ~~Chairman will close discussion part of the proceedings and invite Members to inspect the site/the area in more detail~~

~~The order of presentations will generally be adhered to but the Chairman will have the right to vary from these guidelines if circumstances warrant. The Chairman's decision will be final.~~



FULL COUNCIL

Wednesday, 22 January 2020

SUMMARY OF URGENT EXECUTIVE DECISIONS

EXECUTIVE SUMMARY

This report informs the Council of the urgent decisions made by the Executive, from June 2019 to December 2019, as required by The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2019 (the Regulations), and by paragraph 22.1 of the Access to Information Procedure Rules which are set out in Part 3 of the Council's Constitution.

Is the report Open or Exempt?	Open
Wards Affected:	All Wards in the District
Cabinet Member:	Councillor Steve Gallant Leader of the Council
Supporting Officer:	Hilary Slater Head of Legal & Democratic Services & Monitoring Officer 01394 444336 Hilary.slater@eastsuffolk.gov.uk

1 INTRODUCTION

- 1.1 Details of key decisions made by the Executive must be given at least 28 day's notice of, in a prescribed form, on the Council's Forward Plan. If it is not possible to give the requisite notice, Regulations 9, 10 and 11 say that those decisions can still be made, if the Chairman of the Scrutiny Committee agrees that they are urgent and cannot reasonably be deferred.
- 1.2 If key decisions are to be made at "private meetings" of the Cabinet, from which the public will be excluded, Regulation 5(6) provides that 28 days' notice must be given of that private meeting. If it is not possible to give 28 days' notice of a private meeting, it can still be held, if the Chairman of the Scrutiny Committee agrees that the meeting is urgent and cannot reasonably be deferred.
- 1.3 Section 19 of the Regulations requires that the Executive Leader must submit a report to Full Council, periodically, which contains details of the urgent executive decisions which have been made. A report submitted for the purposes of Regulation 19 must include particulars of each decision made and a summary of the matters in respect of which each decision was made. The Leader must submit at least one report under Regulation 19 annually to the relevant local authority.
- 1.4 This requirement is reflected in paragraph 22.1 of the Access to Information Procedure Rules which are set out in Part 3 of the Council's Constitution. This states that 'the Leader of the Council shall submit to the Council at quarterly intervals a report containing details of each executive decision taken during the preceding three months where the making of the decision was agreed as urgent. The report will include details of each decision made and a summary of the matters in respect of which each decision was made.'
- 1.5 This report contains a list of urgent decisions made between June 2019 and December 2019, below.

Date of Notice	Type of Decision	Date of Decision	Decision Maker	Matter
25 May 2019	Regulation 5 (6)	4 June 2019	Executive	Unit 1, 112 London Road North, Lowestoft An opportunity arose for East Suffolk Council (ESC) to let a vacant ESC owned shop unit at 112 London Road North, Lowestoft. As the opportunity to let might be otherwise lost, it was necessary that Cabinet made this decision as soon as possible.
26 June 2019	Regulation 5 (6)	8 July 2019	Executive	Lowestoft Full Fibre Project ESC needed to finalise contractual arrangements with Suffolk County Council and the contractors delivering the Suffolk Public Sector Cloud Project. If it did not receive the authority of Cabinet to do this at the July meeting, it risked not being able to extend the proposed fibre network and benefit from significant further investment from the fibre infrastructure provider.

2 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

- 2.1 The Summary of Urgent Executive Decisions report is a legislative requirement, and compliance with it ensures good governance. Also, the report makes clear why a very small number of the Cabinet's decision have been made on an urgent basis. This provides clarity and openness, and the urgent decisions themselves have assisted the Council, directly, to meet the aims and objectives as set out in its Business Plan.

3 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 3.1 This report informs Council of the urgent decisions made by the Executive during the period June 2019 to December 2019.

4 OTHER KEY ISSUES

- 4.1 An Equality Impact Assessment has not been completed when preparing this report, as it is a legislative / constitutional requirement to submit the report to Full Council. Equality Impact Assessments were completed for the two reports detailed in the table in section 1.5 of this report.

5 CONSULTATION

- 5.1 None.

6 OTHER OPTIONS CONSIDERED

- 6.1 None.

7 REASON FOR RECOMMENDATION

- 7.1 Section 19 of the Regulations requires that the Executive Leader must submit a report to Council periodically, containing details of urgent executive decisions. This is reflected in the Council's Access to Information Rules, also.

RECOMMENDATIONS

That the report detailing urgent Executive decisions made from June 2019 to December 2019 be noted.

APPENDICES None.

BACKGROUND PAPERS None.



COUNCIL

Wednesday, 22 January 2020

CABINET MEMBERS' REPORT AND OUTSIDE BODIES REPRESENTATIVES' REPORT TO COUNCIL

EXECUTIVE SUMMARY

To receive the Cabinet Members' Report and the Outside Bodies Representatives' Report to Council, for information.

Is the report Open or Exempt?	Open
Wards Affected:	All Wards in the District
Cabinet Member:	Councillor Steve Gallant Leader of the Council

CABINET MEMBERS' REPORTS TO COUNCIL

Cabinet Member:	Councillor Mary Rudd
Contact Details:	mary.rudd@easstsuffolk.gov.uk Tel: 07867 372976

Regulating Our Future

The FSA's programme of regulatory reform of the UK's food hygiene and food standards regimes is ongoing. The aim of the programme is to work towards the ambition of creating a flexible, agile regulatory system which helps local authorities focus limited and valuable resources on those businesses that need it most.

The FSA continue to roll out a new national digital food registration service. The service enables local authorities to capture consistent and high-quality registration data and makes it easier for food business operators to register and receive relevant information and guidance about starting up their new business.

There are currently 56 local authorities in England, Wales and Northern Ireland who are trialling the new system and East Suffolk Council will be joining the trial in February 2020. Since its launch in September 2018 there have been 2000 new digital registrations on the system. A number of approaches are being trialled from full integration between the new national database and local authority software systems to a design and data standards solution using local authority web forms and manual data transfer to the FSA.

The FSA are also continuing to explore how Primary Authority national inspection strategies can contribute to the regulation of compliant businesses or groups of businesses. In practice this means that if a National Inspection Scheme has been recognised by the FSA, the Primary Authority will take responsibility for assessing compliance across the business and give direction to other local authorities on where and how often proactive interventions should be undertaken at individual outlets.

There is recognition that the implementation of National Inspection Schemes will have an impact on the Food Hygiene Rating Scheme as it will reduce the frequency of onsite inspections at individual outlets. The FSA continue to explore options and recognise that the Food Hygiene Rating Scheme needs to remain robust and credible and feedback from consumers, businesses and local authorities suggest that any other sources of evidence used to award a rating needs to be equivalent to the evidence gathered at a physical inspection.

Cabinet Member:	Councillor James Mallinder – Cabinet Member for the Environment
Contact Details:	james.mallinder@eastsuffolk.gov.uk Tel: 07810 815879

The Environment

As newly appointed vice chair of the Joint advisory committee for the AONB I attend a number of meetings, including the Full committee and meetings with the joint chairs. The AONB will be an important aspect of East Suffolk, with their principles and values having significantly more importance at East Suffolk going forward. Many challenges rest with the AONB, the increased pressures on various national projects testing its significant and how the AONB can move forward to meet the challenges of not only the climate emergency but enhance social media and communicating their message along with becoming more inclusive and relevant to our residents .

Meetings were held with Suffolk Waste Partnership – with continued monitoring of recycling rates/ fly tipping issues and discussions of long term projects of how and what to collect going forward. Much depends on announcements from national government in the next 12 /18 months but many challenges known and not know will need to be addressed. Details of the government's Recycling and Waste Strategy document and its potential impact on ESC will be coming to Cabinet in the first quarter of 2020. Discussions are also under way about the future of the Garden Waste processing service – currently based at Parham – with options being brought to cabinet for consideration in coming months.

I attend the Greenprint Forum Steering meetings and continue to develop our active campaigns to engage with residents and all stakeholders. Focus has been arrangements for our conference in Feb looking at 20:20 vision on climate change.

Cabinet Member:	Councillor David Ritchie – Cabinet Member for Planning and Coastal Management
Contact Details:	david.ritchie@eastsuffolk.gov.uk Tel: 07920 503527

Planning Policy and Delivery

I am pleased to be able to report recent notable successes for two of our young and developing planners within the Planning Policy and Delivery Team. Ben Wright has been awarded a distinction by the University of the West of England following the completion of his 3 year distance learning MSc in Urban and Rural Planning and Anthony Taylor has been awarded a merit by the University of Westminster following completion of his 2 year day release MSc in Urban and Regional Planning. Both are already making a significant and excellent contribution to the work of the team.

With respect to the examination of the Suffolk Coastal Local Plan we are expecting correspondence from the Inspector as to how he wishes to proceed, by mid January. So I may be able to report the content of his correspondence verbally to Council.

Development Control Staffing Update

Following Philip Perkin moving across to the Major Projects team in December 2019, there have been some resulting changes to the make up of both the north and south teams.

Joe Blackmore (formerly Senior officer) has been seconded to the Team Leader position north for a six month period. He is supported by Chris Green and Michaelle Coupe as senior officers. Michaelle

is seconded from the south team for a six month period to support the team with her significant experience.

The south team continues to be led by Katherine Scott. She is supported by Rachel Smith and Natalie Webb as senior officers. Natalie has been seconded for a six month period to backfill Michaelle Coupe. Natalie is relatively new to the organisation but has significant experience in planning gained from Mid Suffolk and the private sector.

We have three vacant positions at planning officer level which will be advertised imminently along with the assistant enforcement officer post formally filled by Peter Thompson. I am hopeful that we will attract good candidates to support our existing excellent team of officers.

The Quality of Place Awards

The Quality of Place Awards are organised annually by the Design and Conservation Team to recognise and encourage an interest in the quality of the built and natural environment of our district and to promote an awareness of the need for high standards in all forms of design. They were held in Suffolk Coastal from 2010-2018. This year, following the formation of the new council, the awards were extended to cover the whole East Suffolk Council Area. I chaired the judging panel which included a local architect, landscape architect, the Director of the Suffolk Preservation Society and a member of the Beccles Society. Schemes were nominated in four categories; design, building conservation, landscape and community. The judges agreed on a shortlist after reviewing all the submissions and then undertook a full day of site visits to view all of the shortlisted sites in person. After much debate the winning schemes were chosen:

- Design (Joint Winner) – 71 Kirkley Run, Lowestoft
- Design (Joint Winner) – The Listening Station and The Watch Room, Reydon
- Design (Highly Commended) – Lords Terrace and Sole Bay Terrace, Southwold
- Design (Highly Commended) – Prospect Place, Framlingham
- Building Conservation – Sibton Abbey
- Landscape – Sutton Hoo
- Community – Kelsale Signpost Restoration

The winners were celebrated at an awards evening at East Suffolk House on 20th November 2019 which was well attended by the people involved in the projects alongside local architects, members of the public and East Suffolk Councillors. The Chairman of the Council presented the winners with bronze plaques and certificates. The awards were followed by a short presentation by Chris Lamb from Design South East talking about Suffolk Design. A presentation on the winning schemes will be delivered to both Planning Committees in January. Further details of the winning schemes can be found at: <https://www.eastsuffolk.gov.uk/planning/design-and-conservation/quality-of-place-awards/2019-quality-of-place-award-winners/>

I would like to thank the Conservation and design team for putting on such a good event. In particular, Eloise Limmer who organised and looked after me and the other judges throughout the process.

Assistant Cabinet Member:	Councillor Maurice Cook, Assistant Cabinet Member for Resources
Contact Details:	maurice.cook@eastsuffolk.gov.uk Tel: 07825 421128

Anglia Revenues Partnership (ARP)

The Anglia Revenues Partnership is the body which acts on behalf of the five District Councils of:
Breckland
East Cambridgeshire
East Suffolk
Fenland
West Suffolk

The ARP operates from the Annex of East Suffolk House in Melton, the Marina Centre in Lowestoft and the Breckland District Council offices in Thetford and administers and collects the revenues from Council Tax and Business Rates on behalf of all five Councils. The work of ARP also includes administering Housing Benefit and other benefits and enforcement work to ensure that all payments are received.

The ARP is overseen by a Joint Committee consisting of Executive Members from each of the five Councils with support from their officers together with senior managers from ARP itself. I represent East Suffolk on that Joint Committee.

The work of the ARP is subject to internal audit and the scrutiny of the Audit & Governance Committees of each Council. This audit procedure is coordinated by Mrs Siobhan Martin.

The Joint Committee meets quarterly to review progress in relation to budget and to deal with any other relevant matters.

At the meeting of the Joint Committee held in December 2019 there were three matters discussed worthy of report to Full Council:

- As a result of the merging of Suffolk Coastal and Waveney Councils into East Suffolk Council and the merger of the Forest Heath and St Edmundsbury Councils to form West Suffolk Council, the Constitution of the Joint Committee needed to be amended to reflect these changes.
Formerly the Joint Committee consisted of seven Members with a Quorum of five.
The Constitution has now been amended and the Joint Committee now consists of five members with a quorum of four, save that, at the Chairman's discretion, for matters of great importance, all five Councils should be present. Each Member has appointed two deputies to ensure that all meetings can be quorate.

Each Council will be asked to approve the new arrangements and thereafter, each Council sign and seal a new Partnership Agreement.

- As can be imagined, the workload of the ARP is immense (it is the 3rd largest entity by case load, in the country after Birmingham and Leeds) and, at times, the resources to deal with the

volume can be stretched. To address this challenge and to update organisation and working practices a new Programme Manager, Tom Darling-Fernley has been appointed to develop coherent annual service delivery plans to be 'digital by default' and with the customer experience as a top priority.

It is anticipated that Tom's work will further improve the efficiency of the operations, potentially saving a number of full-time posts and leading to reduced costs for all five Councils.

- In an initiative to promote the work of the ARP and in particular to make the Members of each Council aware of the function and work of the Partnership, a Brochure has been approved for publication. Whilst 250 hard copies will be printed the publication will be mainly distributed by digital means. This will be distributed to Members as soon as available.

I propose to provide a brief update report to Full Council after each Joint Committee meeting of the ARP.

Outside Bodies Representatives Reports

Felixstowe Landguard Partnership	
Representative:	Councillor Stuart Bird
Contact Details:	stuart.bird@easstsuffolk.gov.uk Tel: 01394 275128

I attended the meeting on 20 September 2019.

NEW AGREEMENT

There is a new draft agreement for the parties to the Partnership. It is currently with English Heritage for sign-off, then it will be presented to other members for signing.

GOVERNANCE REVIEW

There is a review underway and consultants have been appointed to assist with this. The first workshop under the review took place on 27 September, I have asked to join future workshops. There is also a plan for the Partnership to put in a HLF bid for funding.

CAR PARKING

The parking regime of the Landguard car park will be part of the wider ESC review of car parks prior to the implementation of CPE. There is an option to introduce charging at Landguard prior to and independently of that, but members agreed to wait until CPE implementation.

CHANNEL DREDGING

Harwich Haven Authority will be submitting an application to dredge and deepen the shipping channel, used by Harwich and Felixstowe ports, by 1.5m. This is in anticipation of use by larger vessels and it will involve removing 23 million cubic metres of material.

BUDGET

The Landguard Partnership currently has healthy reserves for future projects and funding.

THE NEXT MEETING IS TAKING PLACE ON 24 JANUARY 2020

Association for Suffolk Museums (AfSM)	
Representative	Councillor Tony Cooper
Contact Details	tony.cooper@eastsuffolk.gov.uk Tel: 07884 054882

FORTY-THIRD ANNUAL REPORT – 2018 /2019

1. BENCHMARKING

Suffolk Museums welcomed over 430,000 people through their doors last year. This is worth £10.1m to the local economy. There are 153 FTE people employed in Suffolk Museums, together with more than 1,550 volunteers giving over 174,000 hours of their time last year. Volunteer time is worth at least £1.25m to Suffolk Museums.

Visits included over 121,625 children. Child visits within Suffolk museums have seen a steady increase since 2015, attributable to museums developing their family friendly offer and the promotional efforts of the Summer in Suffolk Museums project.

Benchmarking enables museums to look at their performance and compare it to others of a similar kind. A total of 28 Accredited Suffolk museums contributed to the regional benchmarking scheme (80 per cent). Suffolk Museums compare favourably to other counties in the region.

2. SUFFOLK MUSEUMS PARTNERSHIP

The strength of the Suffolk Museums Partnership is in the continued commitment to it from all local authorities in the county and Arts Council England (ACE). This core support enables the Association for Suffolk Museums (AfSM) to draw in additional inward investment to Suffolk for museum projects from external sources.

Key achievements in Suffolk this year include:

➤ Positive outcomes for people who are users of secondary mental health services who have been attending Recovery College courses, delivered by the Norfolk and Suffolk NHS Foundation Trust in partnership with the Association for Suffolk Museums.

- Increased opportunities for children and young people to participate in museum activities through the Lowestoft Rising Cultural Education Partnership projects, The Grit and Lowestoft Folk received grants from the National Lottery Heritage Fund.
- Sustained numbers of children visiting museums in Suffolk, including those attending family events and activities promoted in the Summer in Suffolk Museums programme.
- New opportunities for people from a more diverse range of backgrounds to work in museums through Transforming People to Transform Museums, with the first cohort of nine trainees recruited across four museums in Suffolk
- New social and remote volunteering opportunities at the Museum of East Anglian Life as part of the Search for the Stars project. So far, 204 people have volunteered on the project, digitising 8,606 object records and identifying 75 star objects.
- The introduction of the Making Waves Together Seaside Heritage Project Officer, Patricia Day who is working with the Time and Tide Museum in Great Yarmouth, Lowestoft Museum and Lowestoft Maritime Museum to build cultural partnerships and engage new audiences.
- More resilient museums through the Charitable Incorporated Organisation conversion programme at Orford and Laxfield Museums. A governance review at Felixstowe Museum supported by a Sustainability Grant from the Association of Independent Museums, which has led towards the Landguard Partnership project that has recently been awarded a £43,200 National Lottery Heritage Fund Resilient Fund grant.

The separate full colour SMP Annual Report gives a more detailed description of these projects and an insight into the way Suffolk museums contribute to the economy, the health and wellbeing of wide range of people, and learning for all ages.

AfSM is grateful for all contributions from all partners, freelancers, and funders. The importance of their support in many developments in Suffolk cannot be understated and the Association remains very grateful for the funding and guidance they provide.

3. PROFESSIONAL SUPPORT & ADVICE

Jayne Austin, Suffolk County Council's Museum Development & Partnership Manager, continued in her role as Secretary for AfSM, offering specialist advice, training, and fundraising support to Suffolk Museums.

The SHARE Museums East training programme continues to be regularly used and valued by Suffolk Museums. This includes their annual conference, as well as other regional conferences and network meetings, several of which are hosted in and draw on the experience and expertise of people working in Suffolk Museums. An online training needs survey informs this programme.

Suffolk has sustained its number of museums that are within the Accredited scheme. There are 31 museums with Full Accreditation, 3 with Provisional Accreditation, and 2 Working Towards Accreditation.

AfSM acknowledges the continued work that Jayne, Jenna and the SHARE Museums East team carry out in support of Suffolk Museums.

4. AfSM NETWORK

AfSM Network meetings have been consistently well attended by museum representatives from across Suffolk.

The Network meetings have welcomed speakers from the Arts Council England, SHARE Museums East, Festival Bridge and The Hold project. AfSM training sessions have included MODES training, a GDPR Workshop, and a Charitable Structures session in preparation for a Trustee Muster which focused on converting museums to Charitable Incorporated Organisations (CIO). Following these sessions, funding of £2,850 was secured from SHARE Museums East to support two Suffolk museums to convert to CIO Status.

The AfSM website has been simplified and re-designed, allowing AfSM members to upload their own events via a dedicated What's On calendar, alongside sharing news and information. The What's On calendar provides visitors and stakeholders with an overview of AfSM the varied and exciting events taking place in Suffolk museums whilst also encouraging members to digitally share content online.

The website also features a new Projects area which shows AfSM Partnership projects in detail. An updated About Us page now features an overview of the Suffolk Museums Partnership and information on how to join the Association for Suffolk Museums.

5. FORMAL AND INFORMAL LEARNING

The Lowestoft Rising Local Cultural Education Partnership and National Lottery Heritage Fund supported two projects involving Suffolk museums. The Grit involved 8 primary schools and Lowestoft Maritime Museum. It explored the story of the Lowestoft Beach Village through museum visits, workshops, GritFest, a touring production, and Key Stage 2 local history resource. Lowestoft Folk involves four schools, four care homes, Lowestoft Museum and Lowestoft Maritime Museum. It is an intergenerational project based in Lowestoft around the theme of local folk traditions.

Initial development work with the Suffolk Children's University (CU) took place in 2018. A school's membership programme in its first year of operation, the Suffolk Children's University has worked with 20 schools across the County. A partnership between the AfSM and Suffolk CU has been established to encourage museums across the county to become learning destinations for CU participants. Museums provide cultural learning destinations with a difference.

6. PROMOTION

Partnership working with Families Suffolk Magazine continued in 2018, with the development of a new What's On feature for Suffolk museums. Highlights included the summer feature and front page for Summer in Suffolk Museums, alongside family-friendly features from Bawdsey Radar Trust, The Red House and Lowestoft Maritime Museum.

This year included the third season for the Summer in Suffolk Museums (SiSM) project. It is a promotional initiative that aims to publicise and promote family-friendly activities and events over the school summer holidays at museums throughout Suffolk. A total of 30 museums took part. Participating museums offered over 100 family-friendly events and activities. Visitor feedback shows that they had a positive experience and were interested in visiting other museums. Benchmarking data (see above) shows an increase in visits from children and young people since this initiative was begun.

17 museums took part in the 2018 Suffolk Museum Object of the Year competition. The theme for the objects was 'Hidden History.' An object with a Hidden History could be anything from objects which are rarely displayed but that have a fascinating tale to tell, to objects connected to the history of underrepresented communities.

The 2018 entries represented hidden stories from military and maritime history, abandoned railway lines, Women's History and objects that when in use were hidden from view. 734 members of the public voted the Red House's draft manuscript of the poem 'Anthem for Doomed Youth' by Wilfred Owen as the overall winner.

Leiston, Saxmundham and District Citizens Advice (CA)	
Representative	Councillor Tony Cooper
Contact Details	tony.cooper@eastsuffolk.gov.uk Tel: 07884 054882

Introduction

During the year the Bureau has become involved in a number of projects related to the provision of advice but generally geared to specific needs. While our traditional advice access methods and delivery remain key, we are always looking for new ways to reach vulnerable clients. The first opportunity related to helping people with housing issues quickly followed by Citizens Advice being awarded the national contract to provide support for people claiming Universal Credit and their request for us to be involved in that project. Then came the opportunity to become involved in bidding as part of a significant local social prescribing project commissioned by the CCG. Although important to our objectives, all these projects took a toll on our management resources and then we had the additional shock announcement in the autumn that the County Council intended to cut all funding to Citizens Advice across Suffolk, removing a third of our essential core income. Realising the difficulties local councils have been facing for some time we have been expecting a funding reduction but did not expect such a draconian measure. The immediate effect of this announcement was to absorb even more resource firstly reviewing how we might continue to operate after such a significant loss of funds but also preparing a campaign to try to reverse the plan. In any event the council softened the blow slightly by spreading the cut across two years and at the eleventh hour the CCG stepped in and agreed to cover the first years cut which has given us a valuable "stay of execution". Our sincere thanks go to all those that got involved in the campaign against the cuts

which really did have a positive impact. One interesting result of the campaign has been to bring to the fore how treasured our service is and just how many people have been impacted in one way or another by the service over the years. It also highlighted what excellent value for money we provide by delivering much of our service through our volunteer workforce, although this does not seem to register with some of our funders.

The Leiston, Saxmundham and District CAB provide advice from its offices in Leiston. The Bureau also operates outreach services at Saxmundham, Woodbridge, Framlingham and Wickham Market. In addition, the Bureau operates a telephone service for Rendlesham on a dedicated telephone numbers. The Bureau aims to provide the advice people need for the problems they face, and equally, to improve the policies and practices that affect people's lives. All advice given is confidential, free, independent and impartial. The Bureau held its AGM on 10th July 2019 in the Saxmundham Market Hall. The information in this report is taken from the Bureau's Annual Report 2018/2019 which was presented at the AGM. Copies of the full report are available on request.

Details are broken down as below;

Priority debts £	2018/2019	2017/2018	2016/2017	2015/2016	2014/15
<i>Rent arrears</i>	£19,981	£17,586	£24,946	£14,461	£11,045
<i>Mortgage arrears</i>	£194,824	£396,917	£42,843	£332,049	£598,815
<i>Council Tax</i>	£54,686	£20,218	£38,661	£17,798	£16,817
<i>Utilities</i>	£44,690	£32,706	£54,985	£31,655	£184,968
<i>TAX/NI</i>	£21,381	£66,779	£120,726	£7,119	£47,820
<i>Benefit overpayment</i>	£59,120	£46,053	£97,139	£19,397	£22,697
Total priority debts	£394,682	£580,259	£379,300	£422,478	£882,162
Non- Priority debts	£562,443	£532,577	£344,902	£635,161	£366,719
Grand Total £	£957,125	£1,112,836	£742,202	£1,057,639	£1,248,881

Debt figures for the Last five years are above. The average debt per client is;

2018/2019	2018/2017	2017/2016	2016/2015
£25,034	£19,523	£14,003	£21,584

The debt table shows fluctuations in the rise and decline of certain types of debts over the past five years but the solutions are largely unchanged and the most significant in resolution remains DROs (Debt Relief Orders). DROs have just passed the ten year date since inception. I can barely remember the solutions prior to this; lots of laborious letter writing and trying to find small amounts of money out of (for the most part) very low incomes to satisfy the creditors. The fee for bankruptcy at almost £700.00 was and is out of the question for most. For some clients informal debt management plans are still the preferred method of dealing with debt and Citizens Advice are here to offer advice and guidance with these. However the final decision is always the clients. It's always important to carefully research this and to identify not for profit organisations that should be transparent regarding their fees. DROs remain the best and cheapest option (£90.00 fee payable to the Insolvency Service which we are often able to obtain through very generous charity support). The road to submitting a DRO is not always simple and clients have to invest considerable effort in making sure all allowable debts are included. We are here to help which is why face to face debt advice supports clients the most.

HOME SWEET HOME?

In 2018 the Homelessness Reduction Act came into force and with it came the biggest changes to homelessness legislation in 40 years. This has meant a big change for the local council – East Suffolk Council in their duty to prevent and relieve homelessness, along with a new duty to prevent homelessness for all eligible applicants threatened with homelessness, regardless of priority need.

East Suffolk Council has been proactive in providing this service for the local community and has asked the Local Citizens Advice to work in partnership with them. As a result, we now have a representative of the local office working within the Housing Options team at Melton assisting with benefit checks, debt advice and liaising with the various Housing Officers on behalf of our clients as needed.

We have also recently started a joint drop in session with Flagship Housing. A local officer is now here fortnightly to help with queries that Flagship tenants may have. This is also a good opportunity for us to update each other on any changes locally and to develop our good working relationship with Flagship. We hope this will improve the service to the clients that we represent when dealing with issues they have with their housing.

Another difference we have noticed is a change to the benefit system due to Universal Credit and a new rule regarding lodgers. When a client is claiming for Housing Benefit/JSA under the old rules, if having a lodger, any income above a small nominal sum from the let is deemed income and means that the benefit received will be reduced.

The rule for Universal Credit is that the income from a lodger does not reduce the amount of benefit paid, this means that for those under occupying letting a room to a lodger would be a way to avoid the ‘bedroom tax’ and have some extra income. Flagship have told us that in general they are happy for their tenants to have a lodger but we would suggest that any tenant deciding to do this should check with their Landlord first.

SOCIAL PRESCRIBING

It’s estimated nationally that 20-40% of patients consult their GP for assistance with non-clinical issues. These can include a complex range of problems such as those relating to social isolation, mental or physical wellbeing difficulties and challenges involving housing and financial matters.

Locally, during this past year the advice we have provided across the district at various locations confirm that 37% of people accessing our assistance identified as either living with long term health conditions or as disabled. The table below outlines the ways in which Clients have described their difficulties when accessing advice from the bureau:

Type of Disability	% of people who have identified as disabled
Long Term Health condition	26
Mental Health difficulties	24
Physical Health difficulties	24
Multiple difficulties	10
Other disability or not identified	9
Learning difficulty	2
Cognitive difficulty	2
Visual impairment	2
Hearing impairment	1
Deaf	1

Across Suffolk various projects have sought to improve the range of support and advice available to people to help them resolve and / or manage these difficulties. Within the district we have contributed by providing regular drop in advice sessions within Framfield House (Woodbridge), Aldeburgh and Alderton surgeries.

Towards the end of 2018, Ipswich & East Suffolk Clinical Commissioning Group confirmed funding would be available for organisations to deliver an increased range of social prescribing within GP surgeries in East Suffolk. I attended a consultation event in December 2018 and in the early part of 2019 met with colleagues in partner agencies to explore the potential to join up to deliver this new form of service. Working with Access Community Trust, Citizens Advice Felixstowe, Citizens Advice Sudbury and Suffolk Family Carers and more broadly with Disability Advice Service a number of partnership bids for funding were successfully tendered in March 2019.

This new venture will enable the bureau to work in partnership with providers of other services with the aim of increasing the range of advice and other assistance available to people with complex needs.

Figures for 2018/2019

The Bureau's operating statistics for the last seven years are set out below.

	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Clients presenting new problems	1,985	2,042	1,927	1,734	1,519	1,664	1,602
New Enquiries raised by clients	2,399	2,366	2,037	1,924	1,736	1,650	1,909
New issues raised by the enquiries	5,736	6,016	6,507	6,004	6,321	7,819	7,295
Contacts handled by the Bureau	6,750	9,697	14,870	12,934	12,481	10,776	10,466

New problems and new enquiries show a trend similar to last year though we continue to experience difficulties recording contacts within our work. This has led to an under reporting of the number of contacts we have received rather than a decrease in those contacts.

Category	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Benefits	1,468	1,708	1,685	1,591	1,564	2,068
Benefits (Universal Credit)	233	48	N/A	N/A	N/A	N/A
Debt	1,015	1,099	1,231	1,255	1,685	1,836
Relationships	587	570	597	525	461	734
Employment	470	565	701	579	547	664
Housing	587	522	614	561	513	626
Consumer & Utilities	437	412	377	354	387	236
Health, Education, Travel	284	323	282	309	349	394
Finance & Tax	214	308	297	324	296	461
Legal	262	280	339	246	276	313
Other	124	210	216	168	175	213
Discrimination	20	46	54	28	30	51
Immigration	35	37	65	55	38	N/A
Total	5,736	6,016	6,507	6,004	6,321	7,819

Benefits continue to be the biggest area of enquiry for clients accessing advice. Many of these enquiries relate to difficulties with client's establishing their eligibility for particular benefits, especially those relating to illness or disability. There has also been a significant growth in the number of people seeking assistance with matters relating to Universal Credit following the roll out of full service in our district in October 2018. Numbers of enquiries relating to debts, relationships and housing have remained significant through this year with increasing levels of complexity within the contacts received.

FINANCIAL AND OTHER GAINS

The gains for 2018/19 are:

The breakdown for gains in 2018/19 is as follows:

Debt write off	Total £ amount
bankruptcy	470,387
Debt write off- other	3,620
DRO	351,520
IVA	25,630
Income gain	
Benefit / Tax Credit	8,720
Charitable payment	2,100
Financial gain	90
other	4,633
Reimbursements	
Cancellation –successful	148
Disputed fine – charge / action- successful	255
Refund / cancellation rights - successful	170
Refund / repair / replacement agreed	717
Unfair insurance challenged	900
Other	
Application made to energy trust fund	96
Complaint resolved	2,942
Creditor action stopped / suspended / prevented	2,515
Disputed fine / charge / action - unsuccessful	200
Other (non-financial)	250
Total	874,893

REVIEW OF AIMS & OBJECTIVES

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous twelve months. The review also looks at the success of each key activity and the benefits they have brought to those groups of people whom we are set up to help. It also helps us to ensure our aims, objectives and activities remained focused on our stated purposes. We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

CHANGING TIMES

During the past year the Bureau has moved through a period of change. A change in manager has coincided with the development of a number of new ventures including the launch of the Universal Support Help to Claim service, closer working together with the district council to prevent homelessness across the patch, stronger joint working with colleagues within housing associations and an opportunity to increase access to advice services within GP surgeries through social prescribing.

Citizens Advice nationally has long campaigned (and still does) for improvements in the Universal Credit benefit; from identifying difficulties with the process of making and managing an on-line digital claim and account, through to delays in receiving payments and the expectation for the recipients of this new benefit to manage a salary style form of payment amongst other aspects. This relationship led to the award of a national contract for Citizens Advice to deliver a Help to Claim service to support clients to make successful claims for Universal Credit. Locally we commenced the delivery of this service from April 2019 enabling assistance to be provided in the Leiston bureau and also initially from Woodbridge Job Centre. We have the advantage in our locality of linking aspects of this work with the excellent Universal Support work delivered by the district council and have the great benefit of connecting our work with partnerships already evolved through this work to the benefit of clients across our district.

This theme of partnership working has been one which has characterised some of the developments across the bureau during this past year and something which is likely to be a feature of future work as funding opportunities increasingly favour the aims of joined up approaches.

In recognition of the importance of providing face to face advice across a largely rural area our Outreach Development Worker reviewed our out-reach advice locations during the year. We took the decision to relocate our Saxmundham advice session to The Old Police Station and are pleased to be working in partnership with Disability Advice Service and Saxmundham Town Council to develop services through this new base. We have also been able to improve access to printing and other equipment across different sites and continued thanks goes to The Ogilvie Trust for their assistance with this.

Accompanying and supporting these developments a wide range of activities led by our volunteers, both advisers and trustees, have and continue to evolve across the bureau. These include (but are not limited to) increasing our capacity for administration and publicity through to developing peer to peer volunteer support structures. It goes without saying that these activities alongside the wider work of our paid staff are vital in supporting the day to day services we deliver.

Any Questions please do not hesitate to email mail for any details.

Aldeburgh Community and Sports Trust	
Representative	Councillor Tony Cooper
Contact Details	tony.cooper@eastssuffolk.gov.uk Tel: 07884 054882

A brief report is all that is required as the Community Centre is likely to be of limited interest to Council and there is no financial impact on ESC.

The Community Centre continues to look for opportunities to improve its profitability. The hospitality industry currently is a difficult trading market and as with the rest of the industry profits and margins are tight. A improvement programme looked at its operation and a number of initiatives were introduced to encourage trade. Additionally it continues to review its cost base and contracts. A number of new associations and activities are using the centre.

Any questions please email me and I will respond.

Leiston Town Athletic Association (LTAA)	
Representative	Councillor Jocelyn Bond
Contact Details	Jocelyn.Bond@eastssuffolk.gov.uk Tel: 07825 720522

2018/19 the members' committee have been working well and supporting the trustees in the management of the club and a lot of their energy has been directed towards increasing footfall and improving the fabric of the club house.

At the start of the year, with the support of Carlsberg (the club's brewery) a limited promotional campaign was begun, with a full-page advert in the local free press. The club also came to an arrangement with the publishers of the Leiston Observer to provide a monthly piece entitled 'News from Victory Road'. This piece continues to be published giving news about the social aspect of the club and reports on the sections, predominantly the bowls club. With the support of the Leiston Town Council a notice board for the club listing opening times, events and fixtures for Leiston FC was placed at the end of Victory Road.

The LTAA has had difficulties accessing the club website and so decided to take up the offer of a listing on a local website – yourcommunitynews. Since then a new website for Leiston has been launched – visit-Leiston – and the club will now be listed there. Social media is also being used now to publicise events.

There has also been a take up on the facilities by local organisations who hire the hall etc.

The club continues to look to increase its membership. Open meetings have been held giving members the opportunity to discuss their views about the club. As a direct result of this, soft seating was introduced into the extension making it a more family friendly environment. The Electric membership card system has proved very popular which enabled the introduction of a pricing structure that is favourable to members. This has resulted in an increase in membership although this is limited as many of their members had dual membership at the LTAA.

The Leiston Bowls Club (the LTAA bowls section) have had a reduction in membership and are hoping to get further members over the winter months ready for the new season.

The Football section have made major improvements to the ground and must now be one of the best in their league and many other divisions.

The club continues to provide entertainment at weekends with a variety of music acts, entertaining members and non-members alike. The majority of these events are free with the acts being paid from the increased takings. The fact that the events are 'free' has resulted in much better attendance than previously when tickets had to be purchased. Working with the Suffolk Smugglers (Scooter Club) the club has also staged a weekend long event and 2 live music gigs. This partnership looks to continue into the future.

The LTAA has a function room that is available for private events and bookings continue to be taken although not at the level we would like to see. However, this element of the club continues to be promoted and numbers are picking up.

It was hoped that the LTAA would gain benefit from the initial funding from EDF for an all-weather pitch for community use but it was agreed by others to place at the sports centre. Having now 11 teams under the Football section this would have been a great asset and allow for continued playing throughout the winter months when several games have to be called off due to water-logged 2nd pitch.

As you can see, trustee's stewards and volunteers are working hard to increase and improve the offer to the community. However, this all takes time and there is an element of two steps forward, one back. Every effort is being made to improve our financial standing but any large increase in business rates, as has been proposed, would negate all of those efforts and have the potential to make things even worse.

The Greenways Project	
Representatives	Councillor M Newton Councillor J Mallinder
Contact Details	mark.newton@eastsuffolk.gov.uk Tel - 07788 456641 james.mallinder@eastsuffolk.gov.uk Tel – 07810 815879

The Project

The project is a long-standing partnership between three local authorities (Ipswich Borough, Babergh District and east Suffolk Council) and the wider community. It looks after around 50 nature reserves and green spaces around the project area. About nine of these sites are located in east Suffolk and include Sites of Special Scientific Interest (SSSI), Local Nature Reserves (LNR) and County Wildlife Sites (CWS). The project also looks after a number of ponds, green spaces and woods in east Suffolk that do not have an official designation.

Project Funding

The project continues to suffer from the withdrawal of funds by Suffolk County Council in March 2018. Last financial year, despite considerable income generation work, Ipswich Borough Council had to meet a shortfall of around £15k in the project's budget. There are currently no unallocated reserves. Ring fenced reserves cover possible future staff redundancy (approx. £28k) and vehicle replacement (approx. £33k). The total cost of the project for the year is around £110,000, of which the three remaining partners contribute around £60,000, with IBC filling the gap left by Suffolk County Council this year. The project works very hard to meet the income target by working with Parish and Town Councils in the project area; seeking grants and other contributions; selling services and carrying out additional work for the existing partner local authorities. The need to generate income inevitably means that some work the project has traditionally done can no longer be achieved. Currently the project has been asked by the main contributor (Ipswich Borough Council) to speak with the relevant officers at East Suffolk Council and Babergh District Council to negotiate possible increases in the annual core contribution to the project to try to reduce the pressures created by increasing income generation targets. Some income is produced by seeking income generating work but continually chasing this work means the project has less time to carry out some of its traditional roles and activities, which in turn creates uncertainty for volunteer groups and users of some sites.

Contributions from Parish Councils and other local community organisations have become critical to our future, as are grants and other sources of income. If more funds cannot be found, the project may well have to reduce its activities or increasingly charge for its work.

The invaluable contribution of volunteers

Volunteers have continued to be a valuable resource to the project's work, but many people also benefit from the experiences and opportunities the project offers – helping young people to learn skills and gain confidence; preventing older people getting lonely and staying at home; providing formal and informal training related to our work; helping people remain physically active; improving mental health and wellbeing for both volunteers and the wider users of the sites that the project provides and maintains. For all the 25 years the project has existed, volunteers and local community organisations getting involved has been key to the project's success. Volunteers carry out the widest possible range of tasks and roles from practical nature reserve management to running family events and activities. The project and its partners benefit considerably from this huge effort – just over 1500 person days this year, equivalent to eight full-time members of staff or almost £100,000 (based on Lottery match funding values). It is hoped that volunteers benefit from working on the project – learning new skills; gaining confidence; discovering new places to visit; enjoying company; experiencing wildlife and much more. The project Team and Joint Advisory Committee would like to take this opportunity to greatly thank everyone who helps the project as a volunteer – your contribution is invaluable.

Events and Public Activities

The project has run and been involved with a range of events through the year, including the ever-popular Spring Wood Day, which attracts several hundred visitors to the Wood and Kiln Meadow in Belstead Brook Park. The event is informal and old-fashioned with folk music and dancing, wildlife walks and stalls, woodcraft and other activities for children and families, campfire baked potatoes and tea and cake!

Many of our other events are more modest in scale and are based around encouraging children and families to make 'Wildlife Homes' to take home and put in the garden. Working with Ipswich Wildlife Group, the project has helped to add thousands of bug homes, bird boxes and hedgehog houses to the gardens of Ipswich and further afield. This year, this included attending the Suffolk Show as guests of Suffolk Wildlife Trust, where over 300 bug boxes were made with the help of visiting children over the two days.

Looking after our nature reserves and green spaces

By far the largest part of our work is the practical day to day management of the 50 or so nature reserves and other sites that the project is involved with. The vast majority of the staff and volunteer time is used on these activities, carrying out a very wide range of habitat management and visitor infrastructure tasks, including: coppicing woodlands, planting hedges, mowing wildflower meadows, clearing scrub from heathland, de-silting ponds and wetlands, building bridges and boardwalks, installing signs and information boards, mowing and surfacing paths, picking litter and much more!

Rushmere St Andrew:

The project has continued to look after the Sandlings and Mill Stream Local Nature reserves in Rushmere St Andrew – working closely with Rushmere St Andrew Parish Council. This relationship is extremely important as the Parish is able to access funds for improvement works in the reserves, and Greenways can then deliver the work to help us reach our large income generation target. Routine work has included maintenance of paths, seats, signage and regular litter picking of the Jubilee Walk Route, along with annual meadow management, coppicing of scrub to maintain ideal bird nesting habitat, and scrub removal to keep the meadow and wetland areas open.

The Mill Stream LNR is a small reserve (just over 10 acres) located in Rushmere St Andrew, just west of the Speedway Stadium. The Sandlings Open Space is a substantial area of mainly recreational space just southwest of Rushmere Heath and the Rushmere Golf Club. Two of the ponds at the Mill Stream reserve were de-silted with a large excavator, at the end of last winter, to maintain some areas of open water and maximise the value for as wide a range of species as possible. Volunteers helped to prepare for the work by clearing scrub and removing low branches to get the machine into the site. The inevitable initial muddy mess has already now disappeared as vegetation has recolonised the banks.

Martlesham:

The project has also been carrying out considerable site management work in Martlesham, both on the Common (near Tesco beside the A12) and of the Heath (Western Corridor Site of Special Scientific Interest (SSSI)), on behalf of the Parish Council and Martlesham Heath Householders respectively. These are two vitally important remnants of the once widespread Sandlings Heath that stretched from Ipswich to Kessingland. Heathland needs a substantial amount of routine maintenance to ensure the habitat remains open and light, favouring the often rare and vulnerable species that have adapted to this habitat over thousands of years. Volunteers helped to surface two stretches of footpath across Martlesham Heath (49 acres) on behalf of the Martlesham Heath Householders Ltd., greatly improving a well-used short cut used as a route to schools and other facilities. The paths are now level and even and available in all weather conditions. The route is much shorter than the alternative of using street pavements, and obviously brings people into contact with their local SSSI heathland – a great chance to experience wildlife too!

Kesgrave and Grundisburgh:

The project has also continued to work with Kesgrave Town Council and Grundisburgh Parish Council to manage their wildflower areas with our volunteers and specialist mowing equipment.

Purdis Heath:

Purdis Heath SSSI is also a major site for the project, with additional work being funded by a grant secured by Butterfly Conservation. The site however, has been sold, allegedly to a local individual, who sadly bid against Suffolk Wildlife Trust who were very keen to manage it as a nature reserve in perpetuity. So at present it's not known if the project will be involved in its management in the future, which is rather sad as project volunteers played a vital role in its care for nearly 25 years.

Wildlife News

Finally, the project produces its "Wildlife News" magazine which all Councillors should have found in their pigeon holes.

Cllr Mark Newton

Cllr James Mallinder

RECOMMENDATION

That the report be received.

APPENDICES

Appendix A	Invite to the Green Print Forum on 3 February 2020
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BACKGROUND PAPERS – None



A 20:20 Vision on Climate Change

We need a better future for the environment, and at this public forum we will seek out sustainable actions

Hosted by the East Suffolk Greenprint Forum and East Suffolk Council Environment Task Group

Monday 3rd February 2020

6pm to 9pm, registration starts at 5.30pm

Riverside, 4 Canning Road, Lowestoft NR33 0EQ

- Guest speakers to include:

Cllr James Mallinder—Cabinet Member for the Environment, East Suffolk Council;

Tom Bryant—TFB Consulting;

Ian Rowlands—Incredible Oceans

- Plus Stallholders
- Veg & Vegan refreshments (with gluten-free option) - no single-use plastic



Above centre: copyright 2019 Climate Central—<https://coastal.climatecentral.org/>

Join our conversation to help sow the seeds of positive changes towards better, more sustainable ways of living whilst adapting to the impacts of climate change

This event is being organised on behalf of the East Suffolk Greenprint Forum and is open to anyone with an interest in this crucial issue.

The climate emergency brings many challenges that we will need to adapt to but also presents us with an opportunity to take a holistic look at the way we do things and consider positive changes to help us all live healthier, happier, more sustainable lives.

Below is our vision—at this event we will ask:

What is your vision? What are the challenges? What are the solutions? How can we balance development and the need to care for our environment?



You may be a Parish or Town councillor keen to serve the community you love, a representative of a business or organisation with an innovative project— or simply an individual interested in this wide-ranging issue. All are welcome to come and contribute your thoughts and visions.

Booking is essential to assist us in planning the event effectively. In the interests of sustainability, please consider car-sharing. A limited number of spaces will be available in a shuttle vehicle travelling to and from Melton for those unable to car-share with others.

To book your place, please call or email:

greenissues@eastsuffolk.gov.uk

01394 444747

If you would like to have a stall to promote the activities of your community or organisation that support positive action on the environment please call or email.