

Cabinet



Forest Heath
District Council

Title:	Agenda												
Date:	Tuesday 14 February 2017												
Time:	6.00 pm												
Venue:	Council Chamber District Offices College Heath Road Mildenhall												
Membership:	<p>Leader James Waters</p> <p>Deputy Leader Robin Millar</p> <table border="0"> <thead> <tr> <th><u>Councillor</u></th> <th><u>Portfolio</u></th> </tr> </thead> <tbody> <tr> <td>David Bowman</td> <td>Operations</td> </tr> <tr> <td>Stephen Edwards</td> <td>Resources and Performance</td> </tr> <tr> <td>Andy Drummond</td> <td>Leisure and Culture</td> </tr> <tr> <td>Robin Millar</td> <td>Families and Communities</td> </tr> <tr> <td>Lance Stanbury</td> <td>Planning and Growth</td> </tr> </tbody> </table>	<u>Councillor</u>	<u>Portfolio</u>	David Bowman	Operations	Stephen Edwards	Resources and Performance	Andy Drummond	Leisure and Culture	Robin Millar	Families and Communities	Lance Stanbury	Planning and Growth
<u>Councillor</u>	<u>Portfolio</u>												
David Bowman	Operations												
Stephen Edwards	Resources and Performance												
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Robin Millar	Families and Communities												
Lance Stanbury	Planning and Growth												
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.												
Quorum:	Three Members												
Committee administrator:	Sharon Turner Democratic Services Officer (Cabinet) Tel: 01638 719237 Email: sharon.turner@westsuffolk.gov.uk												

Public Information



Forest Heath

District Council

Venue:	District Offices College Heath Road Mildenhall Suffolk, IP28 7EY	Tel: 01638 719000 Email: democratic.services@westsuffolk.gov.uk Web: www.westsuffolk.gov.uk
Access to agenda and reports before the meeting:	Copies of the agenda and reports are open for public inspection at the above address at least five clear days before the meeting. They are also available to view on our website.	
Attendance at meetings:	The District Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.	
Public speaking:	Members of the public who live or work in the District are invited to put one question or statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply. A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start. There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.	
Disabled access:	The public gallery is on the first floor and is accessible via stairs. There is not a lift but disabled seating is available at the back of the Council Chamber on the ground floor. Please see the Committee Administrator who will be able to help you.	
Induction loop:	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter.	
Recording of meetings:	The Council may record this meeting and permits members of the public and media to record or broadcast it as well (when the media and public are not lawfully excluded). Any member of the public who attends a meeting and objects to being filmed should advise the Committee Administrator who will instruct that they are not included in the filming.	

Agenda

Procedural Matters

1. Apologies for Absence

2. Minutes

1 - 16

To approve as a correct record the minutes of the Cabinet meeting held on 13 December 2016 (attached).

Part 1 - Public

3. Open Forum

At each Cabinet meeting, up to 15 minutes shall be allocated for questions from and discussion with, non-Cabinet members. Members wishing to speak during this session should if possible, give notice in advance. Who speaks and for how long will be at the complete discretion of the person presiding.

4. Public Participation

Members of the public who live or work in the District are invited to put one question/statement of not more than three minutes duration relating to items to be discussed in Part 1 of the agenda only. If a question is asked and answered within three minutes, the person who asked the question may ask a supplementary question that arises from the reply.

A person who wishes to speak must register at least 15 minutes before the time the meeting is scheduled to start.

There is an overall time limit of 15 minutes for public speaking, which may be extended at the Chairman's discretion.

**5. Report of the Overview and Scrutiny Committee:
12 January 2017**

17 - 22

Report No: **CAB/FH/17/001**

Chairman of the Committee: Simon Cole Lead Officer: Christine Brain

**6. Recommendations of the Overview and Scrutiny
Committee: 12 January 2017 - Public Space Protection
Orders (PSPOs) - Changes to Anti-Social Behaviour
Legislation**

23 - 26

Report No: **CAB/FH/17/002**

Portfolio Holders: David Bowman, Andy Drummond and Robin Millar
Chairman of the Committee: Simon Cole
Lead Officers: Damien Parker, Mark Christie and Helen Lindfield

- 7. Recommendations of the Overview and Scrutiny Committee: 12 January 2017: Review of Performance of Leisure Trust 2012-2016** **27 - 30**
Report No: **CAB/FH/17/003**
Portfolio Holder: Andy Drummond
Chairman of the Committee: Simon Cole Lead Officer: Jill Korwin
- 8. Report of the Performance and Audit Scrutiny Committee: 25 January 2017** **31 - 34**
Report No: **CAB/FH/17/004**
Chairman of the Committee: Louis Busuttil Lead Officer: Christine Brain
- 9. Recommendations of the Performance and Audit Scrutiny Committee: 25 January 2017 - Treasury Management 2016-2017 - Investment Activity (April to December 2016)** **35 - 38**
Report No: **CAB/FH/17/005**
Portfolio Holder: Stephen Edwards
Chairman of the Committee: Louis Busuttil Lead Officer: Rachael Mann
- 10. Recommendations of the Performance and Audit Scrutiny Committee: 25 January 2017 - Annual Treasury Management and Investment Strategy 2017/2018 and Treasury Management Code of Practice** **39 - 42**
Report No: **CAB/FH/17/006**
Portfolio Holder: Stephen Edwards
Chairman of the Committee: Louis Busuttil Lead Officer: Rachael Mann
- 11. Recommendations of the Performance and Audit Scrutiny Committee: 25 January 2017 - Delivering a Sustainable Medium Term Financial Strategy 2017-2020** **43 - 48**
Report No: **CAB/FH/17/007**
Portfolio Holder: Stephen Edwards
Chairman of the Committee: Louis Busuttil Lead Officer: Rachael Mann
- 12. Budget and Council Tax Setting: 2017/2018 and Medium Term Financial Strategy** **49 - 96**
Report No: **CAB/FH/17/008**
Portfolio Holder: Stephen Edwards Lead Officer: Rachael Mann
- 13. Report of the Anglia Revenues and Benefits Partnership Joint Committee: 6 December 2016 and 10 January 2017** **97 - 104**
Report No: **CAB/FH/17/009**
Portfolio Holder: Stephen Edwards Lead Officer: Jill Korwin

- 14. Recommendations of the Licensing and Regulatory Committee - 23 January 2017: Joint West Suffolk Sex Establishment Licensing Policy** **105 - 108**
Report No: **CAB/FH/17/010**
Portfolio Holder: Lance Stanbury
Chairman of the Committee: Michael Anderson
Lead Officer: Peter Gudde
- 15. Mildenhall Hub - Funding** **109 - 144**
Report No: **CAB/FH/17/011**
Portfolio Holder: James Waters Lead Officer: Alex Wilson
- 16. Decisions Plan: February 2017 to May 2017** **145 - 154**
Report No: **CAB/FH/17/012**
To consider the most recently published version of the Cabinet's Decisions Plan
Portfolio Holder: James Waters Lead Officer: Ian Gallin
- 17. Revenues Collection and Performance Write-Offs** **155 - 158**
Report No: **CAB/FH/17/013**
Portfolio Holder: Stephen Edwards Lead Officer: Rachael Mann
- 18. Civil Parking Enforcement** **159 - 166**
Report No: **CAB/FH/17/014**
Portfolio Holder: David Bowman
Lead Officers: Mark Walsh and Darren Dixon
- 19. Exclusion of the Press and Public**
To consider whether the press and public should be excluded during the consideration of the following items because it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during the items, there would be disclosure to them of exempt categories of information as prescribed in Part 1 of Schedule 12A of the Local Government Act 1972, and indicated against each item and, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Part 2 - Exempt

20. Exempt Appendix A: Civil Parking Enforcement (para 3) 167 - 168

Exempt Appendix A to Report No: **CAB/FH/17/014**

Portfolio Holder: David Bowman

Lead Officer: Mark Walsh

(This exempt Appendix is to be considered in private under paragraph 3 of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial and business affairs of a particular organisation)

(No representations have been received from members of the public regarding this item being held in private)

21. Exempt Appendices 1, 2 and 3: Revenues Collection Performance and Write-Offs (paras 1 and 2) 169 - 174

Exempt Appendices 1, 2 and 3 to Report: **CAB/FH/17/013**

Portfolio Holder: Stephen Edwards

Lead Officer: Rachael Mann

(This item is to be considered under paragraphs 1 and 2 of Schedule 12A of the Local Government Act 1092, as it contains information relating to an individual(s) and information which is likely to reveal the identity of an individual)

(No representations have been received from members of the public regarding this item being held in private)

Cabinet



Forest Heath
District Council

Minutes of a meeting of the **Cabinet** held on
Tuesday 13 December 2016 at **6.00 pm** at the **Council Chamber, District**
Offices, College Heath Road, Mildenhall, IP28 7EY

Present: **Councillors**

Chairman Robin Millar (in the Chair)

Andy Drummond
Stephen Edwards

Lance Stanbury
James Waters

By Invitation:

Michael Anderson

(Chairman of the Licensing and
Regulatory Committee)

Simon Cole

(Chairman of the Overview and
Scrutiny Committee)

Sara Mildmay-White

(West Suffolk Lead Portfolio Holder for
Housing)

261. **Apologies for Absence**

Apologies for absence were received from Councillor David Bowman.

262. **Minutes**

The minutes of the meetings held on 11 October 2016 (Extraordinary meeting), 25 October 2016, 1 November 2016 and 22 November 2016 (Extraordinary meeting) were unanimously confirmed as a correct record and signed by the Chairman.

263. **Open Forum**

No non-Cabinet Members in attendance wished to speak under this item.

264. **Public Participation**

There were no questions/statements from members of the public.

265. **Report of the Extraordinary Overview and Scrutiny Committee: 20 October 2016 (Report No: CAB/FH/16/052)**

Councillor Simon Cole, Chairman of the Overview and Scrutiny Committee, presented this report which informed the Cabinet of the following item which had been discussed by the Committee on 20 October 2016 and also drew relevant issues to the attention of the Cabinet:

- (1) Transport links for Rural Villages in Forest Heath.

Councillor Lance Stanbury, Portfolio Holder for Planning and Growth, also reported that as a consequence of the Overview and Scrutiny Committee meeting, he had had further discussions with the bus company Stephensons (of Essex), who had now re-looked at their bus timetable to try and ensure that it coincided with the meeting of the trains, at least at Newmarket Station. Stephensons would also be liaising with the train operator, Abellio, to achieve a better co-ordination of timetabling with the buses and the trains. In addition, Councillor Stanbury had also asked Stephensons to liaise with Abellio to see whether it would also be possible for their train station car parks to also accommodate a layby for the use of buses.

With the vote being unanimous, it was

RESOLVED:

That the contents of Report No: CAB/FH/16/052, being the report of the Overview and Scrutiny Committee, be noted.

266. Report of the Overview and Scrutiny Committee: 10 November 2016 (Report No: CAB/FH/16/053)

Councillor Simon Cole, Chairman of the Overview and Scrutiny Committee, presented this report which informed the Cabinet of the following items which had been discussed by the Committee on 10 November 2016:

- (1) Annual Presentation by the Portfolio Holder for Operations.
- (2) Barley Homes – Five Year Business Plan.
- (3) Car Parking Update.
- (4) Review and Revision of the Constitution (Quarterly Report)
- (5) Directed Surveillance Authorised Applications (Quarter 2)
- (6) Work Programme update

Councillor Cole also drew relevant issues to the attention of the Cabinet, including that recommendations emanating from (2) above would be considered later on the Cabinet agenda.

With the vote being unanimous, it was

RESOLVED:

That the content of Report No: CAB/FH/16/053, being the report of the Overview and Scrutiny Committee, be noted.

267. Recommendations of the Overview and Scrutiny Committee - 10 November 2016: Barley Homes Five Year Business Plan (Report No: CAB/FH/16/054)

Councillor Sara Mildmay-White, West Suffolk Lead Portfolio Holder for Housing, presented this report which explained that the Overview and Scrutiny Committee had scrutinised the content of the Barley Homes initial five year Business Plan.

The Committee were reminded that the primary function of Barley Homes was to generate profits through the development of new housing for sale and rent, on land owned by one of the Councils, initially in West Suffolk. The establishment of the Housing Company was one of the many ways that the Council was looking to become self-sufficient through new income generation activities, as Central Government Grants were reduced and eventually removed.

The recommendations from the Overview and Scrutiny Committee were set out in Report No: CAB/FH/16/054 for the Cabinet's consideration.

Councillor Mildmay-White also expressed her appreciation to the Overview and Scrutiny Committee for its thorough scrutiny of the Business Plan and for its subsequent recommendations.

With the vote being unanimous, it was

RECOMMENDED TO COUNCIL: (21 December 2016)

That:-

1. The five year Business Plan, attached at Exempt Appendix A to Report No: OAS/FH/16/030, be approved.
2. A £3m revolving investment facility, to be added to the Council's capital programme, financed from the reallocation of the "Housing Company" pending capital budget of £3m, be approved.
3. Delegation be given to the S151 Officer and Monitoring Officer, in consultation with the Portfolio Holders for Resources and Performance and Housing to issue equity and loan funding from the revolving investment facility (set out in 2. above) subject to state aid requirements.
4. The S151 Officer and Monitoring Officer, in consultation with the Portfolio Holder for Resources and Performance, be authorised to negotiate and agree the terms of such loans with Barley Homes and the funding and necessary legal agreements, taking into consideration the Council's loans policy and state aid requirements.
5. Approval of the Business Plan will constitute consent for Barley Homes to issue shares and enter into debt financing, in line with the Business Plan, be noted.

(Councillor James Waters joined the meeting at 6.10 pm, during the discussion of, and prior to, the voting on this item. Councillor Robin Millar remained in the Chair).

268. Report of the Performance and Audit Scrutiny Committee: 24 November 2016 (Report No: CAB/FH/16/055)

Councillor Stephen Edwards, Portfolio Holder for Resources and Performance, presented this report which informed the Cabinet of the following items which had been discussed by the Committee on 24 November 2016:

- (1) Mid-year Internal Audit Progress Report 2016-2017.
- (2) Balanced Scorecard and Quarter 2 Performance Report 2016-2017.
- (3) West Suffolk Strategic Risk Register Quarterly Monitoring Report – September 2016.
- (4) Work Programme Update.
- (5) Ernst and Young – Presentation of Annual Audit Letter 2015-2016.
- (6) Annual Corporate Environmental Performance 2015-2016.
- (7) Financial Performance Report (Revenue and Capital) – Quarter 2 (April to September 2016)
- (8) Delivering a Sustainable Budget and Medium Term Financial Strategy 2017-2020.
- (9) Mid-year Treasury Management Performance Report and Investment Activity (April to September 2016).

Councillor Edwards drew relevant issues to the attention of the Cabinet, including that items (1) to (4) had been considered jointly with St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee during an informal meeting and that recommendations emanating from (8) and (9) above would be considered later on the Cabinet agenda.

With the vote being unanimous, it was

RESOLVED:

That the contents of Report No: CAB/FH/16/055, being the report of the Performance and Audit Scrutiny Committee, be noted.

269. Recommendations of the Performance and Audit Scrutiny Committee - 24 November 2016: Delivering a Sustainable Budget Medium Term Financial Strategy 2017/2020 (Report No: CAB/FH/16/056)

Councillor Stephen Edwards, Portfolio Holder for Resources and Performance, presented this report which explained that the Committee had been provided with an update on progress made towards delivering a balanced budget for 2017-2018, along with proposals for securing a balanced budget in the medium term.

Councillor Edwards explained that the Council continued to face considerable financial challenges as a result of increased cost and demand pressures and constraints on public sector spending. In order to address this and progress securing a balanced budget for 2017/2018 and a sustainable budget in the medium term, a number of budget proposals had been scrutinised by the Committee, as contained in Table 2 of paragraph 5.1 of Report No: PAS/FH/16/032, which were now presented to Cabinet for recommending approval to Council for inclusion in the budget setting process.

In addition, it was acknowledged that a number of projects were currently in the pipeline and full business cases were yet to be approved in the 2016/2017 financial year. Following approval of these business cases, the capital and revenue returns would be included in the budgets going forward and the current budget gap figure would be revised.

Members also noted the items which had been suggested to be removed from the Capital Programme and the proposed transfers of earmarked reserves, as set out in paragraphs 5.5 (Table 3) and 5.7 (Table 4) of Report No: PAS/FH/16/032.

With the vote being unanimous, it was

RECOMMENDED TO COUNCIL: (21 December 2016)

That:-

1. The proposals, as detailed in Section 5 and Table 2 at paragraph 5.1 of Report No: PAS/FH/16/032, be included, in securing a balanced budget for 2017-2018.
2. The items as detailed in paragraph 5.3 of Report No: PAS/FH/16/032 are treated as pending budgets that will require the necessary approvals before they can be committed.
3. The items as detailed in paragraph 5.5 and Table 3 of Report No: PAS/FH/16/032 be removed from the capital programme.
4. The reserve transfers as detailed in paragraph 5.7 and Table 4 of Report No: PAS/FH/16/032, be approved.

270. **Recommendations of the Performance and Audit Scrutiny Committee - 24 November 2016: Mid-Year Treasury Management Report and Investment Activity (April to September 2016) (Report No: CAB/FH/16/057)**

Councillor Stephen Edwards, Portfolio Holder for Resources and Performance, presented this report which explained that the Committee had been presented with the Council's Mid-year Treasury Management Report which had summarised the investment activity for the period 1 April to 30 September 2016.

The Committee were provided with explanations on the under-achievement of interest earned during the period, mainly due to the reduction in funds available for investment following the purchase of the Toggam Solar Farm. There had also been a reduced average rate of return during this period, due to the reduction in the Bank of England base rate and the resulting reduction of interest rates offered by institutions.

With the vote being unanimous, it was

RECOMMENDED TO COUNCIL: (21 December 2016)

That the Mid-Year Treasury Management Report 2016-2017, attached at Appendix 1 to Report No: PAS/FH/16/033, be approved.

271. **Recommendations of the Licensing and Regulatory Committee - 10 October 2016: Training for Hackney Carriage and Private Hire Vehicle Drivers (Report No: CAB/FH/16/058)**

Councillor Lance Stanbury, Portfolio Holder for Planning and Growth, presented this report which explained that the Committee had considered new training requirements for Hackney Carriage and Private Hire Vehicle Drivers.

This report had explained that the Local Government (Miscellaneous Provisions) Act 1976 placed a duty upon the Council, as the Licensing Authority, to ensure that an applicant for a driver's licence was a 'fit and proper person' to hold such a licence and that existing drivers acted in a way as to satisfy the Council that they continued to be 'fit and proper' to hold a licence.

Paragraph 1.4 of Report No: LIC/FH/16/006 listed the existing requirements of the Council's 'fit and proper' test. Whilst there were many extremely competent and professional drivers in West Suffolk there was statistical and anecdotal evidence to support the need for improved standards and knowledge. The Department of Transport in a publication '*Taxi and Private Hire Vehicle Licensing: Best Practice Guidance*' March 2010 had endorsed the introduction of qualifications in licensing authority regimes. Appendix 1 of Report No: LIC/FH/16/006 listed other local authorities nationally that had introduced a requirement for formally recognised qualifications or in house tests as a prerequisite to the grant of a licence. When considering this matter at its meeting on 23 May 2016, the Committee had accepted that the appropriate form for the qualification would be based on BTEC Level 2.

External consultation with the taxi trade and the general public, as users, had been carried out on the proposal over July and August 2016. 26 out of a potential 600 registered drivers across West Suffolk and 78 members of the public completed respective surveys. A summary of the responses was included as Appendix 3 to Report No: LIC/FH/16/006.

In discussing the proposal, the Committee had supported for both new applicants and existing drivers to obtain the full BTEC Level 2 Certificate. However, taking into account some of the views that were expressed by Members in relation to the requirement for existing drivers to undertake the qualification, Officers had conducted further research and had proposed further recommendations as set out in (3)(a) and (b) of Report No: CAB/FH/16/058, for additional consideration to those which had been proposed by the Committee.

These further recommendations were proposing that existing drivers only be required to attend a half-day training course, which would cover specific issues of concern, including safeguarding vulnerable people, assisting

customers with disabilities and customer care. However, should existing drivers fail to attend this half-day course, then this would constitute as a contravention of the Disciplinary Code for Hackney Carriage/Private Hire Vehicles and as a consequence, would then be required to obtain the full BTEC Level 2 Certificate.

With the vote being unanimous, it was

RECOMMENDED TO COUNCIL: (21 December 2016)

That the results of the recent consultation with Hackney Carriage/Private Hire Vehicle Drivers and taxi customers on the proposal to adopt a BTEC Level 2 Certificate 'Introduction to the role of Professional Taxi and Private Hire Driver', as detailed in Report No: LIC/FH/16/006, be noted and;

1. The change in requirements for all new drivers to complete the BTEC Level 2 Certificate be approved; and additionally
2. (a) Existing drivers be required to attend half-day training covering specific issues of concern including safeguarding vulnerable people, assisting customers with disabilities and customer care provided at no cost to attendees; and
(b) The Disciplinary Code for Hackney Carriage/Private Hire Vehicles be amended to reflect that should existing drivers fail to comply with 2. (a) above, this would constitute a contravention of this Code, and as a consequence, he/she will be required to obtain the full BTEC Level 2 Certificate referred to in 1. above.

272. Recommendations of the Local Plan Working Group - 28 November 2016: Core Strategy Single Issue Review (SIR), Site Allocations Local Plan (SALP) Submission Documents and Draft Infrastructure Delivery Plan (IDP) (Report No: CAB/FH/16/059)

Councillor Lance Stanbury, Portfolio Holder for Planning and Growth, presented this report which informed the Cabinet of the following items which had been discussed by the Working Group on 28 November 2016:

- (1) Responses to consultation and engagement on the Preferred Option Core Strategy Single Issue Review (SIR), Preferred Options Site Allocations Local Plan and Draft Infrastructure Delivery Plan (IDP)

The Core Strategy Single Issue Review had revisited the quashed parts of the 2010 Core Strategy, as well as re-assessing the overall housing need/numbers to ensure compliance with the National Planning Policy Framework (NPPF). An 'Issues and Options' (Regulation 18) consultation was completed in July to September 2012, with a second Issues and Options (Regulation 18) consultation taking place between August and October 2015. A Preferred Option consultation was completed between April and July 2016 (Regulation 18).

The Working Group had considered the responses, comments and actions from the Preferred Options consultation, as set out in Working Paper 1 (Core Strategy Policy CS 7 Single Issue Review), Working Paper 2 (Site Allocations Local Plan Preferred Options) and Working Paper 3 (Draft Infrastructure Delivery Plan) of Report No: LOP/FH/16/011 and had recommended that these be endorsed, subject to the following amendment to Working Paper 2:

- Representations 24341 (page 66) and 24342 (page 69) (The Trustees of the E G Lambton 1974 Settlement) (Site N/18 George Lambton Playing Fields)

The following sentence be deleted under the Council's Assessment:

"In addition, as located off Fordham Road, development of this large site is likely to raise similar concerns to those recently upheld by the SoS for the development of Hatchfield Farm."

(2) Core Strategy Single Issue Review (CS SIR) Submission Document (Regulation 19)

The Core Strategy Single Issue Review (CS SIR) revisited the quashed parts of the 2010 Core Strategy, as well as re-assessing the overall housing need/numbers to ensure compliance with the National Planning Policy Framework (NPPF).

An 'Issues and Options' (Regulation 18) consultation was completed on the CS SIR in July to September 2012, with a second Issues and Options (Regulation 18) consultation taking place between August and October 2015. A Preferred Option consultation was completed between April and July 2016 (Regulation 18). A final submission consultation was scheduled to take place between 10 January 2017 and 21 February 2017.

The Working Group had considered the Submission draft of the Core Strategy Single Issue Review document, as set out in Working Paper 1 to Report No: LOP/FH/16/002 and had recommended its approval, with no further amendment.

(3) Site Allocations Local Plan (SALP) Submission Document (Regulation 19)

The Forest Heath Core Strategy was adopted in May 2010. Following a successful High Court Challenge in May 2011, parts of Policy CS7 detailing how the overall housing need would be distributed between the settlements over a 20-year period (to 2031) were quashed (removed from the Strategy). Consequential amendments were also made to Policies CS1 (Spatial Strategy) and CS13 (Infrastructure and Developer Contributions).

Since then, the Council had been revisiting the quashed parts of the Core Strategy (known as the Single Issue Review) to determine the overall housing numbers and distribution, as well as developing a Site

Allocations Local Plan (SALP) to identify which sites should be developed, in order to achieve the vision and objectives of the Core Strategy and meet the outcomes of the Single Issue Review.

An 'Issues and Options' (Regulation 18) consultation on the SALP was completed between July to September 2012, with a second Issues and Options (Regulation 18) SALP consultation taking place between August and October 2015. A preferred options SALP (Regulation 18) consultation was completed between April and July 2016. A final SALP Submission consultation (Regulation 19) was scheduled to take place between 10 January 2017 and 21 February 2017.

The Working Group considered the Submission draft of the Site Allocations Local Plan Submission document, as set out in Working Paper 1 to Report No: LOP/FH/16/013 and recommended approval for consultation, with no further amendment.

The Cabinet also wished to express their thanks to the Officers and to the Members of the Local Plan Working Group for all of their hard work in the production of the Submission documents.

With the vote being unanimous, it was

RESOLVED:

That:-

1. Responses to consultation and engagement on the Preferred Option Core Strategy Single Issue Review (SIR), Preferred Options Site Allocations Local Plan (SALP) and Draft Infrastructure Delivery Plan (IDP) (Report No: LOP/FH/16/011)

That:-

- (a) The responses, comments and actions as set out in Working Paper 1 (Core Strategy Policy CS7 Single Issue Review), Working Paper 2 (Site Allocations Local Plan Preferred Options) and Working Paper 3 (Draft Infrastructure Delivery Plan) to Report No: LOP/FH/16/011 be endorsed, subject to the following amendment to Working Paper 2:

- Representations 24341 (page 66) and 24342 (page 69) (The Trustees of the E G Lambton 1974 Settlement) (Site N/18 George Lambton Playing Fields)

The following sentence be deleted under the 'Council's Assessment':

"In addition, as located off Fordham Road, development of this large site is likely to raise similar concerns to those recently upheld by the SoS for the development of Hatchfield Farm."

- (b) The Head of Planning and Growth, in consultation with the Portfolio Holder for Planning and Growth and the Chairman and Vice Chairman of the Local Plan Working Group, be authorised to make any minor typographical, factual, spelling and grammatical changes to the Officer responses.

RECOMMENDED TO COUNCIL: (21 December 2016)

That:-

2. Core Strategy Single Issue Review (CS SIR) Submission Document (Regulation 19) (Report No: LOP/FH/16/012)

- (a) The Core Strategy Single Issue Review (CS SIR) Submission document (Regulation 19), as set out in Working Paper 1 to Report No: LOP/FH/16/012, be endorsed.
- (b) The Core Strategy Single Issue Review (CS SIR) Submission document (as set out in Working Paper 1 to Report No: LOP/FH/16/012) and accompanying Strategic Environment Assessment (SEA)/Sustainability Appraisal (SA), together with supporting documents, be approved for Regulation 19 consultation.
- (c) The Head of Planning and Growth, in consultation with the Portfolio Holder for Planning and Growth and the Chairman and Vice Chairman of the Local Plan Working Group, be given delegated authority to submit the Core Strategy Submission document, all representations received to it during the final consultation and supporting documents, to the Secretary of State for independent Examination, subject to there being no material issues raised by consultees at the final consultation stage which require further consideration/modifications to the CS SIR.
- (d) The Head of Planning and Growth, in consultation with the Portfolio Holder for Planning and Growth and the Chairman and Vice Chairman of the Local Plan Working Group, be authorised to make any minor typographical, factual, spelling and grammatical changes to the document, provided that it does not materially affect the substance or meaning.

3. Site Allocations Local Plan (SALP) Submission Document (Regulation 19) (Report No: LOP/FH/16/013)

- (a) The Site Allocations Local Plan (SALP) Submission document (Regulation 19) as set out in Working Paper 1 to Report No: LOP/FH/16/013, be endorsed.

- (b) The Site Allocations Local Plan (SALP) Submission document (as set out in Working Paper 1 to Report No: LOP/FH/16/013) and accompanying SEA/SA, together with supporting documents, be approved for Regulation 19 consultation.
- (c) The Head of Planning and Growth, in consultation with the Portfolio Holder for Planning and Growth and the Chairman and Vice Chairman of the Local Plan Working Group, be given delegated authority to submit the Site Allocations Local Plan Submission document, all representations received to it during the final consultation and supporting documents, to the Secretary of State for independent Examination, subject to there being no material issues raised by consultees at the final consultation stage which require further consideration/modifications to the SALP.
- (d) The Head of Planning and Growth, in consultation with the Portfolio Holder for Planning and Growth and the Chairman and Vice Chairman of the Local Plan Working Group, be authorised to make any minor typographical, factual, spelling and grammatical changes to the document, provided that it does not materially affect the substance or meaning.

273. Local Council Tax Reduction Scheme and Council Tax Technical Changes 2017/2018 (Report No: CAB/FH/16/060)

Councillor Stephen Edwards, Portfolio Holders for Resources and Performance, presented this report which set out recommendations on the 2017/2018 Local Council Tax Reduction Scheme (LCTRS) and technical changes levels from 1 April 2017.

Councillor Edwards drew relevant issues to the attention of the Cabinet, including background to the LCTRS which had been introduced from 1 April 2013, together with a summary of the previous year review (2015/2016) in respect of the behavioural, administrative and financial impacts of the LCTRS and Council Tax technical changes levels.

In relation to the scheme for 2017/2018, continuing the LCTRS and approach to technical changes would create a 'cost neutral scheme' for the Council, notwithstanding reductions in the Local Council Tax Support Grant, which would have to be absorbed elsewhere in the Council's 2017/2018 budget setting process. Changes could be made to the maximum benefit amount and technical changes, however, both of these would carry significant behavioural impacts which could affect overall yield. National research also showed that any further increase in the amount payable for working age LCTRS customers could increase administration costs and have a detrimental effect on collection rates.

Therefore, based on the overall findings of the Scheme review, as outlined in Section 2 and 3 of Report No: CAB/FH/16/060, it was recommended to

continue the LCTRS in its current form, including applying the current level of applicable amounts within the LCTRS for 2017/2018.

It was also being recommended to continue with the 2016/2017 levels for second homes and empty properties, as set out in Table 1 of Report No: CAB/FH/16/060.

With the vote being unanimous, it was

RECOMMENDED TO COUNCIL: (21 December 2016)

That no change be made to the current Local Council Tax Reduction Scheme or Council Tax Technical Changes for 2017/2018, as detailed in Section 5 of Report No: CAB/FH/16/060.

274. Council Tax Base for Tax Setting Purposes 2017/2018 (Report No: CAB/FH/16/061)

Councillor Stephen Edwards, Portfolio Holder for Resources and Performance, presented this report which set out the basis of the formal calculation for the Council Tax Base for the financial year 2017/2018.

The Tax base Return (CTB1) was attached at Appendix 1 to the report, which had been updated as at 31 October 2016 to allow for:

- (a) any technical changes outlined in Report No: CAB/FH/16/060.
- (b) potential growth in the property base during 2017/2018 taken from an average of the housing delivery numbers for those sites within the local plan and those that had planning permission, adjusted for an assumed level of discounts/exemptions within that growth of property base.

An allowance was then made for losses on collection, which assumed that overall collection rates would be maintained at 97.5%. In addition to this collection rate change, an adjustment had been made to allow for the collectability of the Council Tax arising from the Local Council Tax Support Scheme, which had been assessed at 90%. The resulting Tax Base for Council Tax collection purposes had been calculated as 17,575.33 which was an increase of 367.4 on the previous year.

The tax base figures provided within Appendix 2 of the report had been communicated to Town and Parish Councils, so they could start to factor these into their budget setting process.

With the vote being unanimous, it was

RECOMMENDED TO COUNCIL: (21 December 2016)

That:-

1. The tax base for 2017/2018, for the whole of Forest Heath is 17,575.33 equivalent Band 'D' dwellings, as detailed in paragraph 1.4 of Report No: CAB/FH/16/061.

2. The tax base for 2017/2018 for the different parts of its area, as defined by parish or special expense area boundaries, are as shown in Appendix 2 of Report No: CAB/FH/16/061.

275. Allocation of Community Chest Funding 2017/2018 (Report No: CAB/FH/16/062)

Prior to presenting this report, Councillor Robin Millar, Portfolio Holder for Families and Communities, declared a local non-pecuniary interest as he was a member of the Abundant Life Church and was also a friend of one of the applicants (Our Special Friends). Councillor Millar confirmed that he would remain in the meeting, but would abstain from voting on this item.

Councillor Millar then presented this report explained that applications for Community Chest funding for 2017/2018 had closed on 30 September 2016. A total of 23 applications had been received from a wide variety of organisations.

The total budget for the Community Chest in 2017/2018 was £142,904 which included £69,054 from Suffolk Public Health who had allocated money to each District/Borough Council. This was a one-off funding stream and would not be repeated in future years. The purpose of the Public Health funding was to support activity to improve health across the area. Forest Heath District Council and Suffolk County Council had agreed to work collaboratively to improve the level of intervention, enhance the mutual understanding of needs within the county and deliver long term benefits to all parties.

In determining this year's allocations, each application had been assessed against the scheme's criteria and some had been declined. Those applications which had not been considered appropriate for Community Chest Funding were listed within paragraph 1.4 of the report. Officers in the Families and Communities Team would work with these organisations to try and identify alternative funding. Following detailed consideration, it was felt that 14 applications met the scheme's criteria and should be allocated funding. These organisations and the funding allocated were detailed in paragraph 1.5 of the report.

With 4 voting for the motion and with 1 abstention (Councillor Robin Millar), it was

RESOLVED:

That:-

- (1) The allocation of funding from the Community Chest be noted as follows:

1. **Alumah**
2017-2018 £3,700
2. **Arts For Us**
2017-2018 £9,520

3. **Fresh Start: New Beginnings**
2017-2018 £10,000
4. **Our Special Friends**
2017-2018 £6,000
5. **Rural Coffee Caravan**
2017/2018 £3,210
6. **Suffolk West Citizens Advice (MoneySmart)**
2017/2018 £27,192
7. **The Volunteer Network**
2017/18 £10,299.33
2018/19 £10,299.33
2019/20 £10,299.33
8. **Unit Twenty Three**
2017/2018 £5,000

(2) The Head of Families and Communities, in consultation with the Portfolio Holder for Families and Communities (and in relation to Item 9. below (Abundant Life Church), in consultation with the Leader of the Council) to approve the funding allocated to the organisations listed below, with the total sum allocated being no more than £63,976.67:

9. Abundant Life Church
10. ActivLives
11. FamilyCarersNet
12. HomeStart (Lakenheath)
13. Sharing Parenting
14. YOPEY Befriending

276. **Location Filming in Suffolk (Report No: CAB/FH/16/063)**

Councillor Lance Stanbury, Portfolio for Planning and Growth, presented this report which sought approval for delegated authority to be granted to Film Fixer Limited (trading as Screen Suffolk) to issue permissions for filming in West Suffolk and to collect film fees for activity on Council land and premises on behalf of Forest Heath District Council and St Edmundsbury Borough Council.

This matter had also been considered by St Edmundsbury Borough Council's Cabinet on 8 December 2016, where delegated authority had been granted to Film Fixer Limited. The Cabinet had also requested to receive feedback on the impact and success of the scheme in West Suffolk, possibly in the form of an annual performance monitoring report.

The report explained that there was currently no set process for the handling of film enquiries in West Suffolk. Any enquiries were typically received by Corporate Communications, which were then directed to the relevant service

responsible for locations that had historically been used for filming purposes, such as West Stow, Abbey Gardens and Nowton Park.

The Suffolk Public Sector Leaders' Group had previously agreed to a county-wide proposal to establish a 'Suffolk Film Office' using allocations of funding from Suffolk pooled business rates. Each district, borough and county councils across Suffolk were now being presented with the proposal to grant delegated authority to Film Fixer Ltd (trading as Screen Suffolk) to streamline and provide a common process for granting permissions for filming in the county on council-owned land and premises.

With the vote being unanimous, it was

RESOLVED:

That delegated authority be granted to Film Fixer Ltd (trading as Screen Suffolk) to issue permissions for filming in West Suffolk and to collect film fees for activity on Council land and premises on behalf of Forest Heath District Council and St Edmundsbury Borough Council, as detailed in Report No: CAB/FH/16/063.

277. Decisions Plan: December 2016 to May 2017 (Report No: CAB/FH/16/064)

The Cabinet considered this report which was the Cabinet Decisions Plan covering the period December 2016 to May 2017.

Members took the opportunity to review the intended forthcoming decisions of the Cabinet. However, no further information or amendments were requested on this occasion.

The Meeting concluded at 6.43 pm

Signed by:

Chairman

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Cabinet



Forest Heath
District Council

Title of Report:	Report of the Overview and Scrutiny Committee: 12 January 2017	
Report No:	CAB/FH/16/001	
Report to and date:	Cabinet	14 February 2017
Chairman of the Committee:	Councillor Simon Cole Chairman of the Overview and Scrutiny Committee Tel: 07974 443762 Email: simon.cole@forest-heath.gov.uk	
Lead Officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: christine.brain@westsuffolk.gov.uk	
Purpose of report:	<p>On 12 January 2017, the Overview and Scrutiny Committee considered the following items:</p> <ul style="list-style-type: none"> (1) Mildenhall Hub - Funding; (2) Review of Abbeycroft Leisure Ltd Performance 2005-2016; (3) Public Space Protection Orders (PSPOs) - Changes to Anti-Social Behaviour Legislation; (4) Annual Presentation by the Portfolio Holder for Leisure and Culture; (5) Review and Revision of the Constitution (Quarterly Report); (6) Directed Surveillance Authorised Applications (Quarter 2); and (7) Work Programme Update. <p>Separate reports are included on this Cabinet agenda for Items (2) and (3) above.</p>	

Recommendation:	The Cabinet is requested to <u>NOTE</u> the contents of Report CAB/FH/17/001, being the report of the Overview and Scrutiny Committee.		
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> Report for information only.		
Consultation:	<ul style="list-style-type: none"> See Reports listed under background papers below 		
Alternative option(s):	<ul style="list-style-type: none"> See Reports listed under background papers below 		
Implications:			
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Reports listed under background papers below 	
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Reports listed under background papers below 	
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Reports listed under background papers below 	
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Reports listed under background papers below 	
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Reports listed under background papers below 	
Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Reports listed under background papers below			
Wards affected:	All Wards		
Background papers:	Please see background papers, which are listed at the end of the report.		
Documents attached:	None		

1. Key issues and reasons for recommendation

1.1 Mildenhall Hub – Funding (Report No: OAS/FH/17/001)

1.1.1 The Committee received Report No: OAS/FH/17/001, which provided Members with the opportunity to scrutinise outline funding plans for the Mildenhall Hub project before a funding agreement and final budget is considered by Council in February 2017. The report focused primarily on the funding elements on which Forest Heath will take a direct lead.

1.1.2 The report informed the Committee that the Mildenhall Hub was a bold and innovative project to review and upgrade the public estate in Mildenhall. The Council's own elements of the scheme included a leisure centre and the replacement of its offices at College Heath Road. Whilst the Council had already committed to progressing the design of the Hub, it needed to finalise its funding arrangements in February 2017 before any planning application was made. To enable the Overview and Scrutiny Committee to scrutinise the funding of the project ahead of that decision, Report No: OAS/FH/17/001 provided some initial financial information.

It was reported that although some information was still awaited, the current indicators were that the Forest Heath elements of the scheme were likely to be financially deliverable in accordance with the Council's Medium-Term Financial Strategy. Furthermore, an investment by Forest Heath in the project would deliver considerable benefits on behalf of the local community and also address significant existing asset management issues.

The central element of the Hub, which would contain the Council's new shared offices, was likely to be deliverable within available resources and generate a saving to taxpayers. The new leisure centre offered a considerable increase in the quality and scale of facilities for the area, to meet current identified need. After applying available sources of capital, delivery of this leisure facility would require some borrowing, but this would be supported in full or part by savings made on running costs, including those from moving to new offices and the installation of advanced renewable energy technologies.

1.1.3 The Committee considered the report and the funding of the Mildenhall Hub in detail and asked a number of questions of the Director, to which comprehensive responses were provided. In particular discussions were held on: cash-flow for the project; the length of tenant partnership agreements; the capital cost of the Forest Heath elements of the project and other capital receipt estimates; the proposed 40 year life cycle for the project's finances; future renewable energy business case; previous land swaps and assumptions made around site values.

1.1.4 The Chairman of the Committee informed officers that he was pleased at how the scheme was progressing.

1.1.5 The Committee **noted** the current funding position to date, and requested that the later reports to councillors in February included more information on project cash flow.

- 1.2 **Annual Presentation by the Portfolio Holder for Operations (Report No: OAS/FH/17/004 and Verbal)**
- 1.2.1 As set out in the Council's Constitution, at every ordinary Overview and Scrutiny Committee meeting at least one Cabinet Member shall be invited to attend to give an account of his or her portfolio and to answer questions from the Committee.
- 1.2.2 The Committee was reminded that on 14 January 2016, the Committee received a presentation from the Cabinet Member for Leisure and Culture, setting out responsibilities covered under the planning and growth portfolio.
- 1.2.3 At this meeting, the portfolio holder for Leisure and Culture, Councillor Andy Drummond, had been invited back to provide a follow-up presentation on his portfolio. Report No: OAS/FH/17/004, set out the focus for the follow-up presentation, which was to:
- Outline the main challenges faced since during the first year within your portfolio;
 - Outline some key successes and any failures during the first year and any lessons learned:
 - Set out the vision for the Operations Portfolio through to 2019 and were you on target to meet that vision.
- 1.2.4 Members discussed the presentation and asked questions of the Cabinet Member, to which comprehensive responses were provided. In particular discussions were held on the need to promote more the Mildenhall Museum and the Mildenhall Warrior; and the horse statue, gifted to Forest Heath District Council, which the Cabinet Member would like lit up at night, the same as the Queen's statue in Newmarket.
- 1.2.5 The Cabinet Member for Leisure and Culture thanked officers for all the work they were doing and for the Committee's scrutiny of his portfolio.
- 1.2.6 There being no decision required, the Committee **noted** the presentation, and supported the Cabinet Member in his aim of having the horse statue lit.
- 1.3 **Review and Revision of the Constitution – Quarter 3 (Report No: OAS/FH/17/005)**
- 1.3.1 As set out in the Council's Constitution, the Overview and Scrutiny Committee on a quarterly basis would receive a report from the Monitoring Officer setting out minor amendments made arising from changes to legislation, changes to staffing structures/job descriptions or changes in terminology.
- 1.3.2 Report No: OAS/FH/17/005 set out minor amendments which had been made to the Forest Heath District Council Constitution arising from changes to legislation, changes to staffing structures/ job descriptions or changes in terminology from October to December 2016.

- 1.3.3 All Members of the Council had also been informed of the minor amendments made as part of the ongoing review and revision of the Constitution.
- 1.3.4 There being no decision required, the Committee **noted** the minor amendments undertaken by the Monitoring Officer under delegated authority.
- 1.4 **Directed Surveillance Authorised Applications (Quarter 3) (Verbal)**
 - 1.4.1 The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 requires that Members should scrutinise the authority's use of its surveillance powers on a quarterly basis. In June 2010 it was agreed that this requirement should be fulfilled by the Overview and Scrutiny Committee.
 - 1.4.2 The Committee was advised that in Quarter 3, no such surveillance had been authorised.
- 1.5 **Work Programme Update (Report No: OAS/FH/17/006)**
 - 1.5.1 The Committee received and **noted** Report No: OAS/FH/17/006, which provided an update on the current status of the Committee's Work Programme for 2017.

2. Background Papers

- 2.1.1 Report No: [OAS/FH/17/001](#) to the Overview and Scrutiny Committee: Mildenhall Hub - Funding
- 2.1.2 Report No: [OAS/FH/17/004](#) to the Overview and Scrutiny Committee: Annual Presentation by the Cabinet Member for Leisure and Culture
- 2.1.3 Report No: [OAS/FH/17/005](#) to the Overview and Scrutiny Committee: Review and Revision of the Constitution – Quarter 3
- 2.1.4 Report No: [OAS/FH/17/006](#) to the Overview and Scrutiny Committee: Work Programme Update

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Cabinet



Forest Heath
District Council

Title of Report:	Recommendations of the Overview and Scrutiny Committee: Public Space Protection Orders (PSPOs) - Changes to Anti-Social Behaviour Legislation	
Report No:	CAB/FH/17/002	
Report to and date:	Cabinet	14 February 2017
Portfolio holders:	<p>Councillor David Bowman Portfolio Holder for Operations Tel: 07711 593737 Email: david.bowman@forest-heath.gov.uk</p> <p>Councillor Andy Drummond Portfolio Holder for Leisure and Culture Tel: 01638 751411 Email: andy.drummond@forest-heath.gov.uk</p> <p>Councillor Robin Millar Portfolio Holder for Families and Communities Tel: 07545 423782 Email: robin.millar@forest-heath.gov.uk</p>	
Chairman of the Committee:	<p>Simon Cole Chairman of the Overview and Scrutiny Committee Tel: 07974 443762 Email: simon.cole@forest-heath.gov.uk</p>	
Lead officers:	<p>Damien Parker Service Manager (Operations, Leisure and Culture) Tel: 01284 757090 Email: damien.parker@westsuffolk.gov.uk</p>	

	<p>Mark Christie Service Manager (Business Waste Management) Tel: 01638 719220 Email: mark.christie@westsuffolk.gov.uk</p> <p>Helen Lindfield Families and Communities officer Tel: 01284 757620 Email: helen.lindfield@westsuffolk.gov.uk</p>
Purpose of report:	This report asks the Cabinet to consider the recommendations from the Overview and Scrutiny Committee in relation to legislation relating to Public Space Protection Orders (PSPOs) and to propose changes prior to public consultation.
Recommendations:	<p>It is <u>RECOMMENDED</u> that:</p> <ol style="list-style-type: none"> 1) The Public Space Protection Orders relating to dog control across Forest Heath, be approved, subject to public consultation. 2) Subject to receiving confirmation from Legal Services that this is possible under the legislation: <ol style="list-style-type: none"> i) The Service Manager (Operations, Leisure and Culture), in consultation with the Portfolio Holder informs the local Town and Parish Councils of the District Council’s proposal to introduce PSPO’s which: <ul style="list-style-type: none"> • Requires dog walkers to clear up after their dogs whilst in public open space in the District (regardless of who owns the public open space) • Excludes dogs from certain specific play areas (Currently just those owned/managed by FHDC and listed in a schedule) and; ii) Invite Town and Parish Councils (at cost) to include their play areas in the proposed PSPO schedule of sites which excludes dogs.
Key Decision: (Check the appropriate box and delete all those that <u>do not</u> apply.)	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>

Consultation:	<ul style="list-style-type: none"> See Report OAS/FH/17/003 		
Alternative option(s):	<ul style="list-style-type: none"> See Report OAS/FH/17/003 		
Implications:			
Are there any financial implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report OAS/FH/17/003 	
Are there any staffing implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report OAS/FH/17/003 	
Are there any ICT implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report OAS/FH/17/003 	
Are there any legal and/or policy implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report OAS/FH/17/003 	
Are there any equality implications? If yes, please give details	Yes <input type="checkbox"/> No <input type="checkbox"/>	<ul style="list-style-type: none"> See Report OAS/FH/17/003 	
Risk/opportunity assessment:	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>		
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
See Report OAS/FH/17/003			
Ward(s) affected:	<p>Newmarket alcohol-related PSPO – All Saints, St Marys and Severals. Brandon alcohol-related PSPO – Brandon East, Brandon South, Brandon West. Dog Control PSPO:</p> <ul style="list-style-type: none"> dog fouling condition – all wards in Forest Heath; <p>dog exclusion condition – those wards detailed in the proposed order.</p>		
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	<p>Overview and Scrutiny Committee – 12 January 2017 Report No: OAS/FH/17/003; Appendix A (Draft PSPO - Brandon) Appendix A (Brandon: Draft PSPO Restricted Area Map) Appendix A (Draft PSPO - Newmarket) Appendix A (Newmarket: Draft PSPO Restricted Area Map) Appendix B (Draft PSPO - Dogs) Appendix B (Schedule One: Dog Exclusion Areas)</p>		
Documents attached:	None		

1. Key issues and reasons for recommendations

- 1.1 On 12 January 2017, the Committee considered Report No: OAS/FH/17/003, which updated Councillors on legislative changes regarding certain powers to control Anti-social behaviour.
- 1.2 The report set out the details of the Public Space Protection Orders (PSPOs) the District proposed to adopt, subject to public consultation. The report also set out the transition arrangements for the Newmarket and Brandon Designated Public Place Orders (DPPOs) to PSPOs; the proposed transition from Dog Fouling Orders, originally adopted under the Dogs Fouling of Land Act 1996 and the Clean Neighbourhoods and Environment Act 2005 to a PSPO Dog Control Order; the adoption of a Dog Control Order which excludes dogs from specific sites listed in Scheduled 1. The details included consultation requirements; publication; signage; enforcement; and future reviews periods for PSPOs.
- 1.3 The Committee considered the report in detail and asked a number of questions of the Cabinet for Leisure and Culture and officers, to which comprehensive responses were provided.
- 1.4 In particular detailed discussions were held on the proposed Orders relating to dogs. It was noted that the proposed Order relating to dog fouling included all public open space in the District, regardless of ownership, but that the proposed Dog Exclusion Orders (list of current sites included in Schedule 1) had to be for specifically designated areas, with the land owners consent.
- 1.5 Some councillors felt that the District Council should invite the Parish and Town Councils to include their play areas in the Dog excluded sites order.
- 1.6 The Committee noted that the conditions included in the proposed Newmarket and Brandon alcohol-related PSPOs would remain the same as was included in the earlier DPPO's.
- 1.7 The Overview and Scrutiny Committee has put forward recommendations as set out on page 2 of the Report.

Cabinet



Forest Heath
District Council

Title of Report:	Recommendations of the Overview and Scrutiny Committee: Review of Performance of Leisure Trust 2012-2016	
Report No:	CAB/FH/17/003	
Report to and dates:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Councillor Andy Drummond Portfolio Holder for Leisure and Culture Tel: 01638 751411 Email: andy.drummond@forest-heath.gov.uk	
Chairman of the Committee:	Councillor Simon Cole Chairman of the Overview and Scrutiny Committee Tel: 07974 443762 Email: simon.cole@forest-heath.gov.uk	
Lead officer:	Jill Korwin Director Tel: 01284 757252 Email: jill.korwin@westsuffolk.gov.uk	
Purpose of report:	To review the performance of Abbeycroft Leisure in Forest Heath to inform the development of a new Partnership Agreement.	
Recommendations:	<p>It is RECOMMENDED that, subject to the approval of Council that note is taken of the findings of the scrutiny in developing a new partnership agreement with Abbeycroft moving forward in particular:</p> <p>1) The need for full transparency in "disclosure of all" costs to the Council of</p>	

	<p>providing leisure services;</p> <p>2) The need for the agreement to focus on the outcomes for the health and wellbeing of communities.</p> <p>3) Further it is recommended that the approach to developing a Partnership agreement with Abbeycroft for at least 10 years and alignment of leases will deliver a value for money service for the Council.</p>		
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>		
Consultation:	See Report No OAS/FH/17/002		
Alternative option(s):	See Report No OAS/FH/17/002		
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report OAS/FH/17/002	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report OAS/FH/17/002	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report OAS/FH/17/002	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report OAS/FH/17/002	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report OAS/FH/17/002	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
See Report OAS/FH/17/002			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Report No OAS/FH/17/002 & Appendix 1 and 2 & Appendix 4	
Documents attached:		None	

1. Key issues and reasons for recommendation(s)

- 1.1 On 12 January 2017, the Committee considered Report No: OAS/FH/17/002, which requested members review the performance of Abbeycroft Leisure in Forest Heath, which would then inform the development of a new Partnership Agreement.

The report included information on the establishment of Abbeycroft Leisure; trustees and governance (Appendix 1); core business for West Suffolk; attendance levels; continuous improvement and quality management; initiatives and projects; business development and diversification; financial performance; strategic leisure support and advice; approaches and cost of other local authorities; challenges and the future.

Attached to the Report was an Exempt Appendix 3, containing exempt business information.

- 1.2 Warren Smyth, Chief Operating Officer for Abbeycroft Leisure gave a short PowerPoint Presentation showcasing the activities of Abbeycroft Leisure.
- 1.3 The Committee considered the report in detail and asked a number of questions of the Cabinet Member, Warren Smyth and officers, to which comprehensive responses were provided.
- 1.4 Discussions were held on challenges around the employment of staff and developing skills; the investment fund; and the management of pension liabilities. In particular Members:
- Discussed the proposed length of the agreement, and raised some concern that this was not explored further in the report;
 - Sought clarification as to what was meant in the recommendation around "... transparency of costs", and suggested that this be amended to read "... *disclosure of costs*";
 - Discussed the partnership moving forward and what would change. It was reported that the investment fund would provide Abbeycroft with the ability to bid for funds and the Council investing in its assets;
 - The potential for introducing "indoor bowls" at the Brandon Leisure Centre.
- 1.5 The Overview and Scrutiny Committee has put forward recommendations as set out on pages 1 and 2 of the Report.

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Cabinet



Forest Heath
District Council

Title of Report:	Report of the Performance and Audit Scrutiny Committee: 25 January 2017	
Report No:	CAB/FH/17/004	
Report to and date:	Cabinet	14 February 2017
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Chairman of the Committee:	Councillor Louis Busuttil Chairman of the Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttil@forest-heath.gov.uk	
Lead Officer:	Christine Brain Democratic Services Officer (Scrutiny) Tel: 01638 719729 Email: Christine.brain@westsuffolk.gov.uk	
Purpose of report:	<p>On 25 January 2017, the Performance and Audit Scrutiny Committee held an informal joint meeting with Members of St Edmundsbury Borough Council's Performance and Audit Scrutiny Committee, and considered the first three items jointly:</p> <ol style="list-style-type: none"> (1) Balanced Scorecards and Quarter Three Performance Report 2016-2017; (2) West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2016; (3) Work Programme Update; 	

	<p>(4) Financial Performance Report (Revenue and Capital) Quarter 3 – 2016-2017;</p> <p>(5) Delivering a Sustainable Budget Medium Term Financial Strategy 2017-2020</p> <p>(6) Treasury Management Report 2016-2017 - Investment Activity (April to December 2016); and</p> <p>(7) Annual Treasury Management and Investment Strategy Statements 2017-2018 and Treasury Management Code of Practice.</p> <p>Separate reports are included on this Cabinet agenda for Items (5), (6) and (7) above.</p>
Recommendation:	It is <u>RECOMMENDED</u> that Report No: CAB/FH/17/004, being the report of the Performance and Audit Scrutiny Committee, be noted.
Key Decision:	No, it is not a Key Decision - <input checked="" type="checkbox"/> Report for information only.
Consultation:	<ul style="list-style-type: none"> • See reports listed in Section 2 below.
Alternative option(s):	<ul style="list-style-type: none"> • See reports listed in Section 2 below.
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> Please see background papers.
Risk/opportunity assessment:	Please see background papers.
Ward(s) affected:	All Wards
Background papers:	Please see background papers, which are listed at the end of the report.
Documents attached:	None

1. Key issues and reasons for recommendation

1.1 Balanced Scorecards and Quarter 3 Performance Report 2016-17 (Report No: PAS/FH/17/001)

- 1.1.1 The Committee received and **noted** Report No: PAS/FH/17/001, which set out the West Suffolk Balanced Scorecards being used to measure the Council's performance for 2016-2017 and an overview of performance against those indicators for the third quarter of 2016-2017. The six current balanced scorecards (attached at Appendices A to F to Report No: PAS/FH/17/001) were linked to the Heads of Service areas, which presented Quarter 3 2016-2017 performance.
- 1.1.2 Most indicators reported performance against an agreed target using a traffic light system with additional commentary provided for performance indicators below optimum performance.
- 1.1.3 Members considered the report and asked questions. In particular discussions were held on Appendix F (Housing), housing options and the number in Bands A and B. Officers provided the current breakdown for Bands A and B (West Suffolk 897; St Edmundsbury 552; Forest Heath 345). Members asked for future quarterly reports to include a breakdown of the figures showing the split for West Suffolk, St Edmundsbury and Forest Heath in the comments box.
- 1.1.4 No issues were required to be brought to the attention of Cabinet.

1.2 West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2016 (Report No: PAS/FH/17/002)

- 1.2.1 The Committee received and **noted** the third quarterly risk register monitoring report in respect of the West Suffolk Strategic Risk Register. The Register was updated regularly by the Risk Management Group and at its recent meeting in December 2016 the Group reviewed the target risk, the risk level where the Council aimed to be, and agreed a current risk assessment. These assessments formed the revised West Suffolk Strategic Risk Register (Appendix 1 to Report No: PAS/FH/17/002). Some individual controls or actions had been updated and those that were not ongoing and had been completed by December 2016 had been removed from the register.
- 1.2.2 There had been no new risks or amendments made to any existing risks since the Strategic Risk Register was last reported to the Committee. Also no existing risks had been closed since the Register was last reported to the Committee.
- 1.2.3 Members scrutinised the report and asked questions to which officers duly responded. No issues were required to be brought to the attention of Cabinet.

1.3 Work Programme Update (Report No: PAS/FH/17/003)

- 1.3.1 The Committee received and **noted** its Work Programme which provided items scheduled to be presented to the Committee during 2017-2018.

1.4 **Financial Performance Report (Revenue and Capital) Quarter 3 – 2016/2017 (Report No: PAS/FH/17/004)**

- 1.4.1 The Committee received and **noted** the third quarterly monitoring report which informed Members of the forecasted outturn position for 2016-2017.
- 1.4.2 Attached at Appendix A and B to the report was details of the Council's revenue performance and year end forecasted outturn position. Explanations of the main year end forecast over / (under) spends was set out within paragraph 1.2.3 of the report. Appendix C to the report set out the Council's capital financial position for the first nine months of 2016-2017, which showed expenditure of £19,546,000. Finally, a summary of earmarked reserves was attached at Appendix D, along with the forecast year end position for 2016-2017.
- 1.4.3 The Resources Team would continue to work with Budget Holders to monitor capital spend and project progress closely for the remainder of the financial year and an outturn position would be presented to the Committee at the end of the financial year.
- 1.4.4 Members scrutinised the report in detail, and asked a number of questions to which Officers duly responded.

2. Background Papers

- 2.1.1 [Report No PAS/FH/17/001](#) & [Appendix A](#); [Appendix B](#); [Appendix C](#); [Appendix D](#); [Appendix E](#); [Appendix F](#): Balanced Scorecards and Quarter 3 Performance Report 2016-2017
- 2.1.2 [Report No PAS/FH/17/002](#) & [Appendix 1](#): West Suffolk Strategic Risk Register Quarterly Monitoring Report – December 2016
- 2.1.3 [Report No PAS/FH/17/003](#): Work Programme Update
- 2.1.4 [Report No PAS/FH/17/004](#) & [Appendix A](#); [Appendix B](#); [Appendix C](#); [Appendix D](#): Financial Performance Report (Revenue and Capital) Quarter 3 – 2016-2017

Cabinet



Forest Heath
District Council

Title of Report:	Recommendation of the Performance and Audit Scrutiny Committee: 25 January 2017 Treasury Management Report 2016-2017 – Investment Activity (April to December 2016)	
Report No:	CAB/FH/17/005	
Report to and dates:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Chairman of the Committee:	Councillor Louis Busuttil Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttil@forest-heath.gov.uk	
Lead Officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 25 January 2017, the Performance and Audit Scrutiny Committee considered Report No: PAS/FH/17/006 , which presented the Council's Treasury Management Report summarising the investment activity for the period 1 April to 31 December 2016.	
Recommendation:	It is <u>RECOMMENDED</u> that, subject to the approval of Council, the Treasury Management Report 2016-2017, attached at Appendix 1 to Report PAS/FH/17/006, be approved.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>	

Consultation:		• See Report No: PAS/FH/17/006	
Alternative option(s):		• See Report No: PAS/FH/17/006	
Implications:			
Are there any financial implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/006	
Are there any staffing implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/006	
Are there any ICT implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/006	
Are there any legal and/or policy implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/006	
Are there any equality implications? <i>If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/006	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: PAS/FH/17/006			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Performance and Audit Scrutiny Committee – 25 January 2017 Report No: PAS/FH/17/006 & Appendix 1	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Key Issues

- 1.1.1 The Committee received Report No: PAS/FH/17/006, which provided a summary of investment activities for the first nine months of 2016-2017. Full details of treasury management activities during the period were attached at Appendix 1 to the report. It was reported as at 31 December 2016, the Council held £19,755,000 of investments.
- 1.1.2 Explanations were provided on the under-achievement of interest earned during the period, which was mainly due to the reduction in funds available for investment following the purchase of the Toggam Solar Farm.
- 1.1.3 Explanations were also provided on the reduced average rate of return during the period, which was due to the reduction in the Bank of England base rate and the resulting reduction of interest rates offered by institutions.
- 1.1.4 The Committee scrutinised the Treasury Management Report 2016-2017, and asked questions of Officers to which responses were provided.
- 1.1.5 The Performance and Audit Scrutiny Committee has put forward recommendations as set out on page 1 of this report.

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Cabinet



Forest Heath
District Council

Title of Report:	Recommendation of the Performance and Audit Scrutiny Committee: 25 January 2017 Annual Treasury Management and Investment Strategy Statements 2017/2018 and Treasury Management Code of Practice	
Report No:	CAB/FH/17/006	
Report to and dates:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Chairman of the Committee:	Councillor Louis Busuttil Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttil@forest-heath.gov.uk	
Lead Officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 25 January 2017, the Performance and Audit Scrutiny Committee considered Report No: PAS/FH/17/007 . The purpose of the report is to seek approval for: <ul style="list-style-type: none"> • The Annual Treasury Management and Investment Strategy Statements 2017/18 (including treasury related prudential indicators) • The Treasury Management Code of Practice. 	
Recommendation:	It is <u>RECOMMENDED</u> that, subject to the approval of Council: <ol style="list-style-type: none"> 1) The Annual Treasury Management and Investment Strategy Statements 	

	<p>2017/2018, as contained in Appendix 1 to Report PAS/FH/17/0007, be adopted.</p> <p>2) The Treasury Management Code of Practice 2017/2018, as contained in Appendix 3 to Report PAS/FH/17/0007, be approved.</p>		
<p>Key Decision:</p> <p><i>(Check the appropriate box and delete all those that do not apply.)</i></p>	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>		
Consultation:	<ul style="list-style-type: none"> • See Report No: PAS/FH/17/007 		
Alternative option(s):	<ul style="list-style-type: none"> • See Report No: PAS/FH/17/007 		
Implications:			
<p>Are there any financial implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See Report No: PAS/FH/17/007 	
<p>Are there any staffing implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See Report No: PAS/FH/17/007 	
<p>Are there any ICT implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See Report No: PAS/FH/17/007 	
<p>Are there any legal and/or policy implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See Report No: PAS/FH/17/007 	
<p>Are there any equality implications? If yes, please give details</p>		<p>Yes <input type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> • See Report No: PAS/FH/17/007 	
Risk/opportunity assessment:			
<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: PAS/FH/17/007			
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Performance and Audit Scrutiny Committee – 25 January 2017 Report No: PAS/FH/17/007 & Appendix 1 , Appendix 2 , Appendix 3 & Appendix 4	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Key Issues

- 1.1.1 In order for the Council to be able to meet its strategic priorities it is essential that sufficient and appropriate financial resources are available. Optimising returns from investments, without exposing the Council to an unacceptably high level of risk, increases those financial resources.
- 1.1.2 In order to allow the Council to use other local authorities as a source of borrowing the following paragraph had been included in the 2017-2018 Strategy:
- “In addition to the usual institutions used for borrowing, the Council may secure lending facilities with another local authority where suitable terms can be agreed and overall borrowing does not exceed the limits set within the Prudential Code”.*
- 1.1.3 The proposed Annual Treasury Management and Investment Strategy Statements 2017-2018 was attached as Appendix 1 to Report No PAS/FH/17/007.
- 1.1.4 The Committee was advised that no changes had been made to the Credit Rating Definitions (Appendix 2) since the 2016-2017 Strategy was presented to Cabinet on 10 February 2016.
- 1.1.5 The Treasury Management Code of Practice, attached as Appendix 3 to Report No PAS/FH/17/007 had been updated to reflect the proposed Annual Treasury Management and Investment Strategy Statements 2017-2018 (as set out in paragraph 2.1) of the report.
- 1.1.6 A few minor changes had been made to the List of Approved Organisations for Investment during 2016-2017 (Appendix 4) due to credit rating changes and changes to the Top 10 List of Building Societies.
- 1.1.7 The Committee had examined the report in detail.
- 1.1.8 The Performance and Audit Scrutiny Committee has put forward recommendations 1) and 2) as set out above.

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Cabinet



Forest Heath
District Council

Title of Report:	Recommendations of the Performance and Audit Scrutiny Committee: 25 January 2017– Delivering a Sustainable Medium Term Financial Strategy 2017/2020	
Report No:	CAB/FH/17/007	
Report to and dates:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio Holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Chairman of the Committee:	Councillor Louis Busuttil Chairman of the Performance and Audit Scrutiny Committee Tel: 01638 810517 Email: louis.busuttil@forest-heath.gov.uk	
Lead Officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	On 25 January 2017, the Performance and Audit Scrutiny Committee considered Report No: PAS/FH/17/005 , which updated Members on progress made towards delivering a balanced budget for 2017/18 and sustainable budget in the medium term, and to recommend to Cabinet inclusion of the proposals in the report to progress securing a balanced budget for 2017/18 and sustainable budget in the medium term.	
Recommendations:	It is <u>RECOMMENDED</u> that, subject to the approval of Council, the proposals as detailed in Table 1 at paragraph 1.2.1 of Report No: PAS/FH/17/005, be included in order to progress securing a balanced budget for 2017-2018.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> As it is a full Council decision	
Consultation:		• See Report No: PAS/FH/17/005	
Alternative option(s):		• See Report No: PAS/FH/17/005	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input type="checkbox"/> • See Report No: PAS/FH/17/005	
Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: PAS/FH/17/005			
Wards affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		Performance and Audit Scrutiny Committee – 25 January 2017 Report No: PAS/FH/17/005	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Position at January 2017

1.1.1 In November 2016, the Performance and Audit Scrutiny Committee received report PAS/FH/16/032 - Delivering a Sustainable Medium Term Financial Strategy 2017-2020 which set out the context of the 2016/17 budget and MTFs, including details of savings targets, budget assumptions and known pressures for 2017-2020. This report (PAS/FH/17/005) gives an update on that position.

1.1.2 Extract from Report No: PAS/SE/17/005

1.2. Latest Budget Projections

1.2.1 **Table 1** below sets out additional pressures and the progress made to date in achieving the 2017-2020 savings target. These are proposed to be incorporated into the budgets, over and above those items brought to members' attention in November 2016 as part of Report No: PAS/FH/16/032.

Table 1: Further savings and budget pressures identified

Description	2017/18 Pressure/ (Saving) £000	2018/19 Pressure/ (Saving) £000	2019/20 Pressure/ (Saving) £000
Remaining Budget Gap per report to PASC in November 2016 (PAS/FH/16/032)	266	524	1,005
<u>Budget saving Proposals</u>			
Garden Waste -work towards cost neutral position by 2019/20	(50)	(100)	(200)
Council Tax - anticipated surplus at year end on Collection Fund	(76)	0	0
ICT - additional Service Level Agreement income taking into account the approved cost sharing model with St Edmundsbury BC	(25)	(25)	(25)
Additional reserve contribution to reflect funding for the Council's S106 Officer	0	(20)	(20)
<u>Further pressures identified</u>			
Business Rates - impact of 2017 Revaluation on council owned properties	(7)	4	13
Additional Reserve Contribution - Vehicle Renewals to fund replacement schedule requirements	100	100	130
Additional Reserve Contribution - Asset Management Plan requirements, further funding in the medium/longer term likely to be required.	80	80	80
Apprenticeship Levy - budget amended to reflect final scheme details now known	8	8	8
ARP - amendment to reflect final partnership budget position	35	35	35
<u>Other Budget Changes</u>			
Property Services - structural changes to reflect recruitment challenges and additional capacity to support councils programme of projects	38	38	38
<u>Projects</u>			
Leisure Management Fee - profile savings (estimated) linked to approved strategic investment fund - Report CAB/FH/16/049 refers	0	(135)	(224)
Housing Company Business Case benefit - Report CAB/FH/16/054 refers	(6)	(50)	(315)
<u>Other minor changes</u>	(34)	(73)	(90)
Revised Budget GAP	329	386	436

1.2.2 The councils' Pension contribution rate has risen from 30% to 29% in 2017-2018 following the triennial review. This had been afforded within the existing salary budgets.

1.2.3 Work is continuing on the property and projects work packages and will be concluded for the main Budget and Council Tax Report to Cabinet and Council in February 2017. The aim being to achieve a balanced position

across the medium term and to use reserves and one off budgetary savings, if necessary, (for example for savings on borrowing costs budgeted for, through use of existing cash balances) to balance the budget in the short term.

- 1.1.3 The Committee was asked to support and recommend to Cabinet the inclusion of the proposals, as detailed in **Table 1** in order to progress securing a balanced budget for 2017-2018 and delivering a Sustainable Medium Term Financial Strategy 2017-2020.
- 1.2 **Performance and Audit Scrutiny Committee**
- 1.2.1 The Performance and Audit Scrutiny Committee scrutinised the report in detail and asked a number of questions to which Officers duly responded. In particular, questions were asked with regard to the Additional Reserve Contributions which had been allocated for vehicle renewals and for Asset Management Plan requirements.
- 1.2.2 The Performance and Audit Scrutiny Committee **noted** the progress on delivering a sustainable medium term financial strategy 2017-2020.
- 1.2.3 The Performance and Audit Scrutiny Committee has put forward recommendations as set out on page 1 of this report.

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Cabinet



Forest Heath
District Council

Title of Report:	Budget and Council Tax Setting: 2017/18 and Medium Term Financial Strategy 2017-2021	
Report No:	CAB/FH/17/008	
Report to and dates:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	This report sets out details of the Council's proposed revenue and capital budgets for 2017-2021 for Cabinet's consideration and recommendation to Council.	
Recommendation:	<p>It is <u>RECOMMENDED</u> that, subject to the approval of Council:-</p> <p>(1) the revenue and capital budget for 2017-2021 attached at Attachment A and as detailed in Attachment D, Appendices 1-5 and Attachment E be approved;</p> <p>(2) having taken into account the conclusions of the Assistant Director (Resources and Performance) report on the adequacy of reserves and the robustness of budget estimates (Attachment C) and the Medium Term Financial Strategy (MTFS) (Attachment D), particularly the Scenario Planning and Sensitivity Analysis (Attachment D, Appendix 5) and all other information contained in this report, to</p>	

	<p>establish the level of council tax for 2017/18. (Note: the level of council tax beyond 2018 will be set in accordance with the annual budget process for the relevant financial year.);</p> <p>(3) the Assistant Director (Resources and Performance), in consultation with the Portfolio Holder for Resources and Performance, be authorised to transfer any surplus from the 2016/2017 revenue budget to the Invest to Save Reserve as detailed in paragraph 1.11.4, and to vire funds between existing Earmarked Reserves (as set out at Attachment D, Appendix 3) as deemed appropriate throughout the year;</p> <p>(4) the Discretionary Business Rates Relief awarded for local newspapers as detailed in paragraphs 1.4.2.1 to 1.4.2.3 to this report is approved.</p>
Key Decision:	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>
Consultation:	<ul style="list-style-type: none"> As detailed in the body of this report
Alternative option(s):	<ul style="list-style-type: none"> The council is legally required to set a balanced budget.
Implications:	
<p><i>Are there any financial implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> As detailed in the body of this report
<p><i>Are there any staffing implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> Staffing implications are considered as part of any proposed structure changes.
<p><i>Are there any ICT implications? If yes, please give details</i></p>	<p>Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>
<p><i>Are there any legal and/or policy implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> As detailed in the body of this report
<p><i>Are there any equality implications? If yes, please give details</i></p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p> <ul style="list-style-type: none"> To be considered as part of implementation of service changes

<p>Risk/opportunity assessment:</p>	<p>A risk assessment is included at Attachment C as part of the report by the Assistant Director (Resources and Performance) (Chief Finance Officer). The Assistant Director (Resources and Performance) conclusion is that overall the estimates are robust, taking into account known risks and mitigating strategies and the reserves are adequate for the 2017/18 budget plans. Cabinet and Council are advised to have regard to this report when making their decisions on the 2017/18 budget.</p>
<p>Ward(s) affected:</p>	<p>All Wards</p>
<p>Background papers: (all background papers are to be published on the website and a link included)</p>	<p><i>Delivering a Sustainable Budget 2017/18 – Performance and Audit Scrutiny Committee: 24 November 2016</i> Report No PAS/FH/16/032</p> <p><i>Delivering a Sustainable Medium Term Financial Strategy 2017-2020 – Performance and Audit Scrutiny Committee: 25 January 2017</i> Report No PAS/FH/17/005</p> <p><i>Budget Monitoring 1 April 2016 – 31 December 2016 – Performance and Audit Scrutiny Committee: 25 January 2017</i> Report No PAS/FH/17/004</p> <p>West Suffolk Medium Term Financial Strategy</p>
<p>Documents attached:</p>	<p>Attachment A: Revenue Budget Summary</p> <p>Attachment B: Summary of major budget changes</p> <p>Attachment C: Report by the Assistant Director (Resources and Performance)</p> <p>Attachment D: West Suffolk Medium Term Financial Strategy (not attached)</p> <ul style="list-style-type: none"> - Appendix 1: Five Year Revenue Budget (MTFS) - Appendix 2: Five Year Capital Budget - Appendix 3: Earmarked Revenue

	<p>Reserves</p> <ul style="list-style-type: none">- Appendix 4: Prudential Code for Capital Finance- Appendix 5: Scenario Planning and Sensitivity Analysis <p>Attachment E: Strategic Priorities and Medium Term Financial Strategy (MTFS) Reserve</p>
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1. Key issues and reasons for recommendation(s)

1.1 Local government funding

- 1.1.1 In the history of local government there have been few times that have seen such a transformation in the funding of local services as the current decade. The changes are numerous and continuous, and there is little doubt that the 2020s will bring even more changes.
- 1.1.2 Changes include reductions in grant funding from the Government, including removal of the revenue support grant, more business rates being retained locally (and the uncertainty around how that was going to work), plus the introduction, and then reduction, of New Homes Bonus. Alongside those cuts is the lowest bank base rate for years, so the Council's income from interest is significantly reduced, and increased demand for some services, such as housing. Council Tax increases have been capped at 2% but this local tax raises just a fifth of our income for local services. Bridging the gap between income and demand is the single biggest challenge facing local government across the country.
- 1.1.3 At a local level the two councils, Forest Heath and St Edmundsbury, working in partnership as West Suffolk have been tackling these changes together since 2010. The councils identified joint priorities and set up a joint staffing structure to deliver services. We saved in excess of £4m annually through sharing services, however the transformation in the way councils receive funds means that we no longer need just to deliver services – we must also maintain the income we receive now but also deliver our investment projects, enable the building of homes and increase our business base so that we deliver new income streams to replace those lost, which will enable us to continue delivering the services which people value and make West Suffolk an attractive place to live, work and invest.
- 1.1.4 Some of the projects will need considerable investment, both in money - including creating new funds where needed through borrowing (supported by robust business cases) and time, but that investment will build a more financially resilient and self-sufficient council, with less reliance on uncertain Government, or other, funding. That focus on income-generating projects, which may span several years before they bear fruit, means we no longer look simply to balance a budget for one year.
- 1.1.5 While we are now setting out a medium term budget position, which takes us to 2020/21, we must look beyond that date and be ready for what may come. Local government's funding challenges will change, but they will continue. The Government is encouraging Council Tax increases to fund local social care, for example, and much of the income raised from business rates will be kept locally from 2020. The relationship between residents, businesses and their local government services will continue to evolve as we work together to invest in the future.

1.2 Local Government Provisional Finance Settlement 2017/18

- 1.2.1 The Local Government Finance Settlement for 2017/18 was announced on 15 December 2016. This confirmed our figures from the 4 year Revenue Support

Grant settlement last year and gave details of the revised New Homes Bonus figure and rules.

- 1.2.2. New Homes Bonus (NHB) legacy payments (from previous years housing growth) will now only be paid for 5 years rather than the current 6 years in 2017/18 dropping to 4 years thereafter. In addition in calculating NHB from 2017/18 onwards, the increase in the number of dwellings (converted to Band Ds) is reduced by a proposed national baseline of 0.4%. Payments are therefore only made on the increase in the number of houses above the national baseline of 0.4%. The financial impact of these changes for Forest Heath is to reduce NHB payments by £1.053m in 2017/18.
- 1.2.3. Proposals for withholding NHB payments from authorities not supporting growth (houses built after appeal and where there is no Local Plan) have been delayed until 2018/19 when further consideration on their implementation will be taking place.
- 1.2.4. The Council's total formula grant for 2017/18 (including Revenue Support Grant and Baseline Funding from retained business rates – before growth) is £2.532m.
- 1.2.5. The council has seen a 75% cumulative cut in revenue support grant funding over the four years from 2013/14 to 2017/18. Expected cuts to the Revenue Support Grant element (including previous years Council Tax Freeze Grants) in subsequent years have been confirmed in the December settlement as part of the 4 year agreement which Forest Heath accepted. It is still expected that there will be no Revenue Support Grant available to the district by 2020/21.

1.3 Council Tax freeze and referendum requirements 2017/18

- 1.3.1. Between 2011/12 and 2015/16 the Government awarded Council Tax Freeze Grants to those councils that agreed to freeze their council tax levels. This incentive has not been included in the settlement since 2016/17 onwards and any previous awards are now included within the revenue support grant and phased out accordingly.
- 1.3.2. The Government has maintained the 2% or £5 threshold (whichever is the higher) for council tax increases for 2017/18 for Shire districts. Any council tax rise above this would trigger a local referendum, thus giving the local electorate the opportunity to approve or veto the increase. For information - a 2% increase in an average Band D property for Forest Heath would equate to income of approximately £48,000 for 2017/18, a £5 increase £87,000.
- 1.3.3. The current budget figures assume a £4.95 increase in Band D council tax for 2017/18, which equates to an increase of 3.6% per year.

1.4 Business rates reliefs 2017/18

- 1.4.1. The Government has continued to offer support for business rate bills in 2017/18, as well as raising the threshold for small business rate relief from £6,000 to a maximum of £15,000 and increasing higher rate relief from £18,000 to £51,000.

1.4.2 Two new business rates reliefs were announced in the December 2016 Autumn Statement:

1.4.2.1 1) Discretionary business rates relief for local newspapers:

The Government has consulted on providing a business rates relief for local newspapers as part of its commitment to supporting a strong and vibrant local press. Responses to the consultation indicated that a relief on business rates bills would generally be welcomed by the industry and help publishers occupy property in their local area. As a result a discount was announced in the recent Autumn Statement on the following terms:-

- A £1,500 business rates discount for office space occupied by local newspapers for up to 2 years from 1 April 2017
- A maximum of one discount per local newspaper title and per hereditament
- State Aid limits apply
- Will not apply to Local Councils that publish a local newspaper
- Will not apply to online-only publications and local magazines

1.4.2.2 Relief can be granted using discretionary powers under section 47(3) of The Local Government Finance Act 1988. Central Government will fully reimburse councils for any relief they grant to eligible properties that fall within the definitions contained within the guidance.

1.4.2.3 As the scheme is discretionary, members are asked to support its implementation on the basis that full recovery of the relief will be available from central government.

1.4.2.4 2) Business Rates Rural Rate Relief:

Extension of Rural Rate Relief from 50% to 100% (in line with the reliefs available to small businesses). Central Government will fully reimburse councils, under the business rates retention scheme, for this relief and that of the additional small business rates relief at paragraph 1.4.1 above.

1.5 Setting the budget – 2017/18 and across the medium term to 2020/21

1.5.1 The Overview & Scrutiny Committee scrutinised and recommended the approach to our medium term planning 2017-2020 (Report No: OAS/FH/16/022 refers).

1.5.2 One of the noticeable differences in approach needed for this year's budget process was the need to not only look at the detailed budget for forthcoming year (2017/18), but to formally set a medium term budget position. There are three main reasons for this:

- our capital projects will require investment up front however release benefits over a number of years;
- the continued shift towards investing, behaving more commercially and considering new funding models, often spans over more than a standard 12 month budget period; and
- the work package approach involves a review of a number of key areas. This includes the need to address underlying net inflationary cost pressures, contract profiles and opportunities, delivery vehicles, commercial asset

portfolio opportunities - many of which will create financial return/savings across the medium term.

- 1.5.3 The scale of financial savings and/or income needed to ensure that Forest Heath's shared priorities can be delivered across the medium term was significant, especially as the projected £1.5m million budget gap for 2017-20 (projected in the 2016/17 budget process) was on top of the savings delivered locally over the years alongside the £4 million annual shared service savings already delivered across West Suffolk with St Edmundsbury Borough Council.
- 1.5.4 As a result, a considerable amount of work took place identifying potential savings and income generation ideas, quantifying the current strategic project and investment aspirations, in order to secure a balanced budget for 2017/18 and to prepare for the medium term up to 2020/21.
- 1.5.5 A number of the proposals identified for the medium term financial position are relatively straightforward to implement with minimal impact on service delivery as these items fall mainly in the categories of contract, supplies and service efficiencies, further shared service savings and income generation opportunities from making better use of council assets. However, other proposals specifically those relating to our strategic project and investment aspirations required more detailed analysis in order to develop options and to provide clarity as to the potential savings/income.
- 1.5.6 The Performance and Audit Scrutiny Committee has a key role in the scrutiny of the budget process and proposals for achieving a balanced budget. The lists of proposals were presented to members of the Performance and Audit Scrutiny Committee in November 2016 (Report No: PAS/FH/16/032, 'Delivering a Sustainable Medium Term Financial Strategy 2017-2020') with their recommended saving proposals through to Cabinet and Council on 21 December 2016 (Report No: COU/FH/16/028).
- 1.5.7 The Committee received a further update and additional proposals at its meeting in January 2017 (Report No: PAS/FH/17/005, 'Delivering a Sustainable Medium Term Financial Strategy 2017-2020'), with further recommended saving and income proposals through to Cabinet as set out at Item 11. of this agenda. These savings proposals (from both Committee meetings) are included within the proposed budget for 2017/18 as contained at Attachment A, and have been summarised in Attachment B for ease of reference.
- 1.5.8 The table below shows the suggested additional items required for a balanced budget to be achieved.

1.5.9 **Table 1: Further savings and budget pressures identified**

Description	2017/18 Pressure/ (Saving) £000	2018/19 Pressure/ (Saving) £000	2019/20 Pressure/ (Saving) £000
Remaining Budget Gap per report to PASC in January 2017 (PAS/FH/17/005)	329	386	436
Council tax increases - £4.95 on a band D property across the medium term budgets	(87)	(176)	(266)
One off - Use of capital financing budget (borrowing cost budget) as a result of utilising internal cash balances	(221)	(55)	0
Investment interest received - reduction to reflect updated 5 year capital programme	29	73	80
One off - Utilisation of Risk and Recession Reserve to cover timing of project returns due in 2019/20	0	(28)	0
Additional income target to be allocated in future years following conclusion of Income MTFS work package	0	0	(49)
Pending Projects			
Investing in our Growth agenda - net return after allowing for cost of borrowing in line with the MTFS, see paragraph 1.6.2 below.	(50)	(200)	(200)
Final Budget Position	0	0	0

1.5.10 Attachment A is the revenue budget summary, which provides an overview of the proposed net service expenditure, (net revenue position after income, expenditure and recharges) for 2017/18. The total proposed net revenue expenditure in 2017/18 is £7.717 million.

1.6 Pending Project Proposals

1.6.1 In order to plan over the medium term, provision should be made in the revenue and capital budget projections for those projects we are aware of but are yet to approve. This report shows those items in table 1 above in the section 'Pending Projects'. These are pending budgets which will require the necessary approval of Business cases before they can be committed.

1.6.2 To support our growth agenda and to recognise the investments that might be required to deliver the aspirations of our future town centre masterplans, it is proposed that a revolving capital fund of approximately £20m, funded by external borrowing, be created within our medium term plans. The governance and use of this investment fund will be the subject of a separate business case to Council later this year.

1.7 Capital programme 2017-2021

1.7.1 The capital expenditure of the Council has an impact on the revenue budget

and is part of the overall preparation of the revenue proposals for the coming year.

1.7.2 It is estimated that £19.807 million will be spent on capital programme schemes during 2017/18 which are to be funded by a combination of grants and contributions (£0.175 million), earmarked revenue reserves (£5.976 million), the usable capital receipts reserve (£1.066 million) and external borrowing (£12.590 million).

1.7.3 Looking ahead, the total value of the capital programme over the next four years is approximately £55.778 million. Attachment D, Appendix 2 shows the planned capital expenditure in financial year 2017/18 and future years, together with information on the funding of that expenditure (that is, grants and contributions, use of earmarked revenue reserves, useable capital receipts reserve and external borrowing) and is summarised in Table 2 below.

1.7.4 **Table 2: Planned capital expenditure over four years to 2020/21**

	2017/18 millions	2018/19 millions	2019/20 millions	2020/21 millions	Total millions
Gross capital expenditure	£19.807	£32.649	£1.943	£1.379	£55.778
Funded by:					
Grants and contributions	£0.175	£5.525	£0.175	£0.175	£6.050
Earmarked revenue reserves	£5.976	£3.174	£0.305	£0.984	£10.439
Capital receipts reserve	£1.066	£5.977	£1.463	£0.220	£8.726
External borrowing	£12.590	£17.973	£0.000	£0.000	£30.563
Total	£19.807	£32.649	£1.943	£1.379	£55.778

1.8 Disposal of assets

1.8.1 Part of the funding arrangements for the capital programme is the disposal of surplus assets. The Council has an agreed programme of asset disposals, which has already been affected by the national economic situation. Table 3 below is a summary estimate of the likely level of income from asset disposals over the period 2017/18 to 2020/21.

1.8.2 **Table 3: Estimated income from asset disposals 2017-21**

	2017/18	2018/19	2019/20	2020/21
Council share of Right to Buy receipts	£200,000	£200,000	£200,000	£200,000
Asset disposals subject to Mildenhall Hub business case	-	-	£1,350,000	-

Total	£200,000	£200,000	£1,550,000	£200,000
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- 1.8.3 The above capital programme and asset disposals programme will, in the short to medium term, reduce the District Council's useable capital receipts reserves from £8.36 million to £1.78 million. This assumes that all borrowing included within current and future business cases will be drawn down. However, this approach still does not address the funding of longer term requirements for major capital repairs to key District Council assets including, for example, repairs and refurbishment of the District Council's leisure centres. Some of these will be addressed by pending Business Cases. Consideration of the affordability of these major capital expenditure proposals, including options for funding, will need to be included in the options and investment appraisals for these projects.
- 1.8.4 The Council has a number of pending growth projects (see paragraph 1.6.2 above) on the horizon that have the potential to require significant capital investment. Consideration of the affordability of these major capital expenditure proposals, including options for funding, will need to be included in the options and investment appraisals for these projects and will be subject to Council decisions.
- 1.8.5 The calculation of interest income used in the medium term plans are based on the use of existing and anticipated capital expenditure and receipts. Changes in the level and timing of these cashflows have a direct impact on investment returns and revenue funding requirements. However, the Interest Equalisation Reserve does allow for some change in the budgeted levels of income from interest to be accommodated. The Prudential Code for Capital Finance and matters relating to the affordability of the Capital Programme are addressed in Attachment D, Appendix 4. The revenue cost of the capital programme is achievable alongside a small annual increase in council tax (around £5 per annum) across the medium term provided the savings indicated in the MTFS and set out in Attachment D, Appendix 1 are implemented.

1.9 Project skills and capacity

- 1.9.1 The project support, skills and capacity work package review identified some skills and capacity challenges in supporting our exciting, but complex, range of services and growth projects, both in terms of current and future projects. The leadership team is therefore working to increase capacity and skills where it is needed and will seek to do so within the overall salary budget in the first instance. It's critical that we ensure the right capacity and skills are in place to go beyond the 'planning' and into the 'delivery' phase in order to achieve the financial expectations in our Medium Term Financial Strategy and to deliver our sustainable, self-sufficient future.

1.10 Minimum Revenue Provision (MRP)

- 1.10.1 The Treasury Management and Annual Investment Strategy included elsewhere on this agenda (Report No: CAB/FH/17/006) and the Prudential Indicators (Attachment D Appendix 4), provide a framework within which borrowing limits for the Council are established and will confirm our MRP policy for 2017/18.

1.11 General Fund Balance

- 1.11.1 The revenue budget, Attachment A, based on current budget projections, shows a balanced budget position for 2017/18. However, many of the assumptions supporting the budget projections for 2017/18 (and future years) are subject to significant uncertainty. This includes assumptions regarding:
- (a) sustainability of income stream estimates (including commercial property rental income and planning income);
 - (b) impact of Business Rates Retention scheme and Suffolk pooling arrangements; and
 - (c) pay inflation and employer's pension liabilities.
- 1.11.2 The District Council holds General Fund balances as a contingency to cover the cost of unexpected expenditure during the year. The District Council agreed as part of the 2014/15 budget process and development of the MTFS to hold a General Fund balance at the level of £2 million, which is around 26% of the 2017/18 net expenditure.
- 1.11.3 The recommended level of general fund balance has been established by taking into account the following:
- (a) allowance for a working balance to cushion the impact of any unexpected events or emergencies;
 - (b) the new risks placed at a local level under the new business rates retention scheme, such as appeals;
 - (c) the addition of greater income targets linked to being more commercial and the selling of councils' services; and
 - (d) other risks detailed in the Scenario Planning and Sensitivity Analysis provided at Attachment D, Appendix 5.
- 1.11.4 The budget monitoring report to the Performance and Audit Scrutiny Committee on 25 January 2017 (Report No: PAS/FH/17/004 refers) included an estimate of the year end budget position as breaking even. It is proposed to transfer any final year-end surplus in its entirety to the Council's Invest to Save reserve in order to fund future efficiencies and initiatives which will help to mitigate any further risks or budget pressures going forward. It is proposed that any year-end deficit is supported by a transfer from the Council general fund reserve.

1.12 Earmarked reserves

- 1.12.1 At the end of the 2017/18 financial year the Council will have an estimated £6.97 million in earmarked reserves. The current level of earmarked reserves and contributions during 2017/18 has been reviewed and where appropriate annual contributions have been adjusted. Attachment D, Appendix 3, provides details of the proposed contributions to, and projected expenditure from, earmarked reserves during 2017/18. At the end of 2020/21 these reserve balances are estimated to fall to £5.09 million.

1.13 Strategic Priorities and MTFS Reserve

1.13.1 This reserve will act as a one-off fund to provide the financial capacity, either through direct investment (revenue and/or capital) or through servicing external borrowing, for the West Suffolk authorities to drive forward the delivery of a sustainable Medium Term Financial Strategy (MTFS) and the West Suffolk Strategic Plan priorities.

1.13.2 Table 4 shows the total New Homes Bonus (NHB) grant payments made to the Council since the scheme began in 2011/12, including the expected receipt in 2017/18. These NHB allocations have all been put into this Strategic Priorities and MTFS reserve. Paragraph 1.2.2 refers to the new rules for NHB calculation.

1.13.3 Table 4: New Homes Bonus – Grant Receipts

2011/12 millions	2012/13 millions	2013/14 millions	2014/15 millions	2015/16 millions	2016/17 millions	2017/18 millions
£0.562	£1.436	£1.679	£2.166	£2.437	£2.644	£1.278

1.13.4 The 2017/18 budget and MTFS includes a number of draws on this reserve as previously approved or under consideration through the democratic process. Attachment E summarises the proposed draws on this reserve as part of the 2017/18 budget and the medium term budgets.

1.14 Adequacy of reserves

1.14.1 Section 25 of the Local Government Act 2003 requires the Section 151 Officer (Head of Resources and Performance) to report to Council, as part of the tax setting report, her view of the robustness of estimates and the adequacy of reserves. The Council is required to take these views into account when setting the council tax at its meeting on 22 February 2017. The full statement is set out in Attachment C.

1.14.2 In summary, the Section 151 Officer's overall assessment is that the estimates are robust (taking into account known risks and mitigating strategies) and reserves are adequate for the 2017/18 budget plans.

1.15 Medium Term Financial Strategy (MTFS)

1.15.1 The six themes within our agreed [West Suffolk Medium Term Financial Strategy](#) relate to areas of the West Suffolk councils' business which will support sustainability in a more financially constrained environment.

1.15.2 The themes are:

- aligning resources to the councils' strategic plan and essential services;
- continuation of the shared services agenda and transformation of service delivery;
- behaving more commercially;
- encouraging more use of digital forms of customer access;
- taking advantage of new forms of local government finance (for example, business rate retention); and
- considering new funding models (for example, becoming an investing

authority).

2. Legal implications

2.1 The Local Government Act 2003 imposed duties on local authorities in relation to financial management which covers the following areas:

- a) A power for the Secretary of State to determine a minimum reserve level for local authorities by regulations. The Government has indicated that their preference is to keep this power in reserve.
- b) Section 25 of the Act places a requirement on the S151 Officer to report on the adequacy of reserves and robustness of budget estimates as part of the authority's annual budget setting process. The Council is required to take these views into account when setting the Council Tax at its meeting on 22 February 2017. This is included as Attachment C of the report.
- c) Sections 28 and 29 of the Act place a statutory duty on local authorities to monitor their budgets and take such action as considered necessary in the case of overspends and shortfalls of income.
- d) Section 30 of the Act relates to the provisions preventing local authorities entering into agreements following a Section 114 Report which a S151 Officer must produce when it appears that expenditure of the authority in a financial year is likely to exceed the resources available to meet the expenditure. No such report has been produced for Forest Heath this year.

Service	Ref.No.	2015/16 Actual	2016/17 Budget	2017/18 Budget
Net Service Expenditure by Service Area				
Services				
Resources & Performance	1	2,535,034	2,882,914	3,179,570
HR, Legal and Democratic Services	2	571,440	541,665	540,051
Families and Communities	3	700,497	726,784	726,799
Planning and Regulatory	4	704,229	532,542	563,104
Operations	5	2,746,733	2,714,162	2,838,209
Growth	6	933,543	776,468	(130,847)
Total Net Expenditure excluding Parishes	7	8,191,476	8,174,535	7,716,886
Budgeted use of General Fund Balance	8	0	(118,000)	0
Year end actual Transfer to General Fund Balance	9	0	0	0
BUDGET REQUIREMENT EXCLUDING PARISHES	10	8,191,476	8,056,535	7,716,886
GRANTS AND COUNCIL TAX REQUIREMENT				
Collection Fund Deficit / (Surplus) - Council Tax	11	(80,900)	(55,000)	(76,470)
Collection Fund Deficit / (Surplus) - Business Rates	12	258,141	184,092	(746,599)
Government Support				
Formula Grant - Revenue Support Grant	13	(1,286,743)	(1,004,215)	(661,132)
Formula Grant - Business Rate Retention Scheme	14	(1,772,798)	(1,834,120)	(1,870,802)
Business Rates Retention Scheme - Local Share of Growth/S31 Grants	15	(156,434)	(203,992)	(320,455)
Business Rates Retention Scheme - Share of Suffolk Pooling Benefit	16	(88,817)	(90,720)	(190,297)
Business Rates Retention Scheme - Renewable Energy	17	(143,091)	(22,337)	(53,924)
Local Services Support Grant (see Note 1)	18	(49,062)	0	0
Efficiency Support for Services in Sparse Areas	19	(4,180)	(21,710)	(17,530)
Council Tax Freeze Grant - 2011/12 to 2015/16 (see Note 1)	20	(136,185)	0	0
New Homes Bonus	21	(2,443,039)	(2,643,647)	(1,277,586)
Totals	22	2,288,368	2,364,886	2,502,091
Amount met from Collection Fund				
Forest Heath District Council	23	2,288,368	2,364,886	2,502,091
Parish Councils	24	1,427,677	1,471,818	1,471,818
Total met from Collection Fund	25	3,716,045	3,836,704	3,973,909
Working Balances				
Opening General Fund Balance	26	2,118,217	2,118,217	2,000,217
Transfers to General Fund	27	0	(118,000)	0
General Fund Balance carried forward:	28	2,118,217	2,000,217	2,000,217

Note 1

With effect from the 2016/17 Finance Settlement, these grants have now been included within Revenue Support Grant.

Service	Ref.No.	2015/16 Actual	2016/17 Budget	2017/18 Budget
<u>Resources & Performance</u>				
General Fund		737,156	1,193,311	781,930
Resources & Performance*		0	0	0
Internal Audit*		0	0	0
ICT*		0	0	0
Anglia Revenues Partnership*		0	0	0
Council Tax Administration		216,706	222,350	203,518
Business Rate Administration		17,343	20,137	18,538
Grants to Organisations		86,237	44,231	2,210
Housing Benefits		157,458	159,798	170,293
Emergency Planning		32,282	31,735	31,301
Corporate Expenditure		1,355,874	1,258,863	1,098,211
Non-Distributed Costs		58,677	0	0
Interest Transactions		(126,700)	(47,510)	873,569
Resources & Performance Totals:	1	2,535,033	2,882,915	3,179,570
<u>HR, Legal and Democratic Services</u>				
Human Resources & Payroll*		0	0	0
Central Training Services*		0	0	0
Health & Safety*		0	0	0
Legal Services*		0	0	0
Electoral Registration		95,859	128,363	116,885
Election Expenses		77,944	22,087	19,270
Democratic Services		153,523	139,390	158,463
Members Expenses		237,867	247,295	240,830
Mayoralty & Civic Functions		6,247	4,530	4,603
HR, Legal and Democratic Services Totals:	2	571,440	541,665	540,051
<u>Families and Communities</u>				
Customer Services*		0	0	0
Policy*		0	0	0
Communications*		0	0	0
Website and Intranet		20,738	20,774	21,475
Bus Stations		75,630	77,177	73,588
Community Development		224,430	239,438	240,391
Community Chest - Families & Communities		103,408	93,560	92,960
Health, Culture & Arts		41,480	17,500	10,000
Community Centres		7,746	8,690	10,940
Homelessness		76,392	81,613	100,973
Housing Advice & Choice Based Lettings		144,664	147,752	136,037
Non-HRA Housing Properties		6,009	40,280	40,435
Families and Communities Totals:	3	700,497	726,784	726,799
<u>Planning and Regulatory</u>				
Land Charges		(34,198)	(37,370)	(5,158)
Prevention of Pollution		24,927	35,946	31,264
Drinking Water Quality		11,505	15,436	23,822
Climate Change		33,342	31,710	24,843
Licensing		19,943	42,117	48,784
Hackney Carriage & Private Hire Licensing		(47,692)	(49,845)	(50,895)
Food Safety		78,211	78,732	83,123
Health & Safety at Work Act/Enforcement		60,092	60,772	64,607
Home Energy Conservation		26,390	29,928	31,878
Development Control		3,844	(131,833)	(119,636)
Building Control		34,478	47,607	7,181
Planning & Regulatory Support		177,825	171,026	175,309
Housing Renewals		132,060	75,491	79,983
Burial of the Dead		12,517	8,756	9,142
Other Public Health Services		170,985	154,069	158,857
Planning and Regulatory Totals:	4	704,229	532,542	563,104

Service	Ref.No.	2015/16 Actual	2016/17 Budget	2017/18 Budget
Operations				
Offices: College Heath Road*		(72,383)	0	0
Offices: Brandon & Newmarket Guineas*		20,834	0	0
Courier & Postal Service*		0	0	0
Printing & Copying Service*		0	0	0
Property Services*		0	0	0
Estates Management*		0	0	0
Leisure Services Management & Support **		67,725	46,354	0
Leisure Promotion		31,762	0	0
Arboriculture (Tree Maintenance Works)		109,315	97,332	106,477
Other Parks and Play Provision		264,157	249,174	276,608
Children's Play Areas		112,417	128,781	132,039
Arts, Heritage & Cultural Services		69,396	74,076	79,603
Sports & Leisure Centres		1,207,738	1,122,260	1,070,032
Shopmobility		2,299	8,340	3,340
Leisure & Sports		41,500	15,000	22,000
The Pavilion - Lady Wolverton Playingfield		1,222	1,270	1,970
Palace House and Stables		20,337	10,720	0
Depots		236,958	0	0
Pool Cars		0	1,040	516
Vehicle Workshop Trading Account - FHDC		(108)	0	0
Public Conveniences		70,404	77,323	75,859
CCTV		101,743	103,730	103,922
Street Cleansing		514,848	602,114	643,484
Refuse Collection (Black Bin)		437,066	518,269	552,999
Recycling Collection (Blue Bin)		211,915	328,124	392,728
Compostable Collection (Brown Bin)		167,360	157,362	151,892
Bulky, Fridges, Metal & Scrap Collection		46,939	57,896	58,532
Clinical & Hazardous Waste Collection		2,879	4,629	4,191
Multi-Bank Recycling Sites		(50,042)	(37,542)	(37,153)
Trade Waste		(61,784)	(57,017)	(55,751)
Grounds Maintenance Operatives*		0	0	0
Tree Maintenance Operatives*		0	0	0
Waste & Cleansing Operatives*		(24,341)	0	0
District Highways Services		(7,391)	(23,714)	(7,880)
Land Drainage & Associated Works		75,769	74,940	74,940
Off Street Car Parks		(27,809)	(89,496)	(88,802)
Industrial & Business Units		(158,021)	5,563	43,458
Town Centres & Shops		(734,812)	(846,120)	(846,212)
Markets		68,841	83,754	79,417
Operations Totals:	5	2,746,733	2,714,162	2,838,209
Growth				
Environmental Management		23,891	(58,247)	(47,975)
Solar Farm		0	0	(921,000)
Planning Policy		422,990	394,338	443,297
Local Plan		33,110	6,900	6,600
Economic Development & Growth		195,211	193,027	195,693
Strategic Tourism & Markets		44,078	42,964	42,673
Vibrant Town Centres		23,640	28,970	31,390
Housing Development & Strategy		98,145	113,681	88,372
Housing Business & Partnerships		76,701	41,579	16,461
Gypsies & Travellers		15,777	13,256	13,642
Growth Totals:	6	933,543	776,468	(130,847)

* These cost centres are recharged out to other services.

** With effect from 2017/18, Leisure Services Management & Support has been amalgamated across the other cost centres within that service.

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Summary of Major Budget Changes

Description	2017/18 £'000 Pressure/ (Saving)	2018/19 £'000 Pressure/ (Saving)	2019/20 £'000 Pressure/ (Saving)
Budget gap, as per 2016/17 Budget setting process	949	1,356	1,580
Budget saving Proposals			
Business Rates Income - revised figures based on latest ARP data	(95)	(166)	(197)
Local Land Charges Income, budget reinstated following removal from MTFs due to legislative changes	(111)	(111)	(111)
Current Property Portfolio income assumption changes, following initial income review	(61)	(111)	(41)
Council Tax - anticipated surplus at year end on Collection Fund	(76)	0	0
Leisure Management Fee Reductions as approved by Cabinet	(60)	(195)	(284)
Council Tax increases - £4.95 on a Band D property across the medium term budgets	(87)	(176)	(266)
Further pressures identified			
Investment interest received - reduction to reflect updated 5 year capital programme	139	174	307
Additional Reserve Contribution - Vehicle Renewals to fund replacement schedule requirements	100	100	130
Additional Reserve Contribution - Asset Management Plan requirements, further funding in the medium/longer term likely to be required.	80	80	80
Projects			
Solar Farm Project projections (net position)	(283)	(350)	(385)
Housing Company Business Case benefit - Report CAB/FH/16/054 refers	(6)	(50)	(315)
Investing in our Growth agenda - net return after allowing for cost of borrowing in line with the MTFs, see paragraph 1.6.2 of main budget report.	(50)	(200)	(200)
Other Budget Changes			
Garden Waste - work towards cost neutral position by 2019/20	(50)	(100)	(200)
Use of Strategic Priorities & MTFs Reserve to fund Locality Budgets and Community Chest	(163)	(163)	(163)
One off - Use of capital financing budget (borrowing cost budget) as a result of utilising internal cash balances	(221)	(55)	0
One off - Utilisation of Risk and Recession Reserve to cover timing of project returns due in 2019/20	0	(28)	0
Other Budget Assumptions, pressures, income and contracts	(4)	(4)	65
Final Budget Gap	0	0	0

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**Adequacy of Reserves and robustness of budget estimates
Report by the Head of Resources and Performance (S151 Officer)**

1. Introduction

Section 25 of the Local Government Act 2003 requires the Section 151 Officer/Chief Financial Officer (Head of Resources and Performance) to formally report to Council as part of the tax setting report her view of the robustness of estimates and the adequacy of reserves. The Council is required to take these views into account when setting the Council Tax at its meeting on 22 February 2017.

2 Financial Controls

2.1 Forest Heath District Council operates a comprehensive and effective range of financial management policies. These are contained in the Financial Procedure Rules, which form part of the Council's Constitution. This Constitution is available on the council's internet and intranet.

2.2 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the Annual Governance Statement.

2.3 The Council continues to implement effective risk management policies, identifying corporate, operational and budget risks and mitigating strategies. Capital projects are subject to a comprehensive work plan which includes detailed risk management strategies. The Council operates a monthly projects review at Leadership Team reporting by exception on corporate projects, which include capital and revenue projects. We are also looking to develop the programme management during 2017 to further sophisticate the management of the interdependencies between the various projects.

2.4 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily.

2.5 This is backed up by the review processes of Cabinet, with the Performance and Audit Scrutiny Committee undertaking the role of the Council's Audit Committee.

3 Adequacy of Reserves

Unallocated general fund reserve

3.1 This statement focuses upon the unallocated general fund reserve. The minimum prudent level of reserves that the Council should maintain is a matter of judgement and cannot be judged merely against the current risks facing the Council as these can and will change over time.

3.2 The consequences of not keeping a prudent minimum level of reserves can be serious. In the event of a major problem or a series of events, the Council would

run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

3.3 CIPFA (Chartered Institute of Public Finance and Accountancy) have issued a notification from the LAAP (Local Authority Accounting Panel) stating that there should be no imposed limit on level or nature of balances required to be held by an individual Council (except under section 26 where this has been imposed by ministers).

3.4 When setting the minimum level of reserves, the Section 151 Officer has taken into account strategic, operational and financial risks when recommending the minimum level of unallocated General Fund reserves. These include:

- Economy measures and service reductions always contain some degree of uncertainty as to whether their full effects will be achieved;
- The effect of the macro-economy on Forest Heath District Council, and subsequent loss of income from Council Tax, Business Rates and from fees and charges;
- The delivery of all savings and income targets;
- The new risks placed at a local level under the new business rates retention scheme i.e. appeals;
- The addition of greater income targets linked to being 'more commercial' and the selling of council services;
- Unforeseeable events such as major inclement weather (floods etc) which may require urgent, material spending to be incurred;
- Risks in relation to litigation;
- Risks of grants being introduced or removed mid year, requiring authority contributions;
- The need to retain a general contingency to provide for unforeseen circumstances; and
- Other risks detailed in the Scenario Planning and Sensitivity Analysis provided at Attachment D, Appendix 5.

As a consequence, it is recommended that the general fund reserve continues at a minimum of £2m.

3.5 If an event occurs that is so serious it depletes the Council reserves to below the limit of £2m, then the Council will take appropriate measures to raise general fund reserve to the desired level as soon as possible without undermining service provision.

Other Reserves

3.6 The Council has a variety of other reserves which are earmarked for specific purposes. The significant items to be drawn out as part of the 2017-20 budget setting process are:

- Reserves expected to be utilised/committed to support the strategic objectives and medium term financial strategy (MTFS) of the Council:
 - Delivering the Strategic Priorities and MTFS Reserve
- Housing Benefits Equalisation Reserve – available to assist with significant impacts of Housing Benefit subsidy rates/overpayment income fluctuations

- Business Rates Equalisation Reserve – available to assist with significant impacts of the Business Rates Retention scheme and appeals
- Interest Equalisation Reserve – available to assist with significant impacts of interest rate fluctuations
- Invest to Save Reserve -to be utilised/committed to support the delivery of the shared service agenda and saving requirements of the Council.
- Asset Management Reserve utilised to fund the council’s Asset Management Plan.
- Vehicle, Plant and Equipment Reserve utilised to fund the councils’ replacement plan for these assets.

With reference to the Investment Framework all Business Cases will be assessed on the basis of borrowing as capital receipts are reducing in the medium term. Assessment of reserves balances will also be considered as part of any business case.

4 Robustness of Estimates

4.1 The treatment of inflation and interest rates

The pay award for staff from 1st April 2017 was agreed in May 2016 as part of the two year pay deal, and a 1% increase has been included in the estimates for 2017/18. Non pay related budgets have not been inflated unless there is a contractually committed rate of inflation where services can demonstrate a requirement to do so to maintain service delivery levels. The average rate of return on Council investments for 2017/18 has been assumed at 0.75%. Increases for fees and charges have been set in line with inflation where appropriate.

4.2 Budget and Financial management

Forest Heath has a good record of budget and financial management and is expecting a balanced position across the MTFS . All relevant reports to Cabinet and Committee have their financial effects identified and the Leadership Team keeps any emerging budget pressures under review during the year. Monthly reports are received by the Leadership Team and quarterly reports to the Performance and Audit Scrutiny Committee detail both budgetary and performance indicators.

The Council has a number of demand led budgets and historically it has been able to manage changes in demand to ensure a sound financial standing at the end of the financial year.

4.3 Adequacy of insurance and risk management

Strategic risk management is embedded throughout the Council to ensure that all risks are identified, mitigated and managed appropriately. The Council’s insurance arrangements are in the form of external insurance premiums and internal funds to self insure some items.

Projects will be subject to Business Case challenge on financial and risk matters. To reflect their importance in the achievement of the balanced MTFS now have a dedicated Finance Business Partner.

Income assumptions will be continually subject to review through Project monitoring and regular finance reviews and reporting.

5 Risk Assessment

A risk assessment is included at Attachment D, Appendix 5 as part of the Scenario and Sensitivity Analysis. All areas will be monitored by the Chief Finance Officer but they are the culmination of individual managers' responsibilities and combine to establish overall corporate responsibility.

6 Conclusion

- (1) Overall, the estimates are robust, taking into account known risks and mitigating strategies and the reserves are adequate for the 2017/18 budget plans.**
- (2) Cabinet and Council are asked to have regard to this report when making their decisions on the 2017/18 budget.**

Rachael Mann
Head of Resources and Performance
January 2017

FHDC MEDIUM TERM FINANCIAL STRATEGY

Description	Item	2015/16 Actual £'000	2016/17 Forecast Position £'000	2017/18 Total Budget £'000	2018/19 Projected Budget £'000	2019/20 Projected Budget £'000	2020/21 Projected Budget £'000
Net Service Expenditure before Interest	1	8,376	8,222	6,623	4,360	3,652	3,478
Forecast Underspend	2		0				
Interest received on investment of cash balances	3	(489)	(350)	(181)	(159)	(121)	(120)
External Interest Paid	4	170	170	509	896	1,034	1,034
Minimum Revenue Provision	5	134	133	766	1,158	1,435	1,425
Net Expenditure after Interest and Capital	6	8,191	8,175	7,717	6,255	6,000	5,817
Savings Required:							
2018/19	7	0	0	0	0	0	0
2019/20	8	0	0	0	0	0	0
2020/21	9	0	0	0	0	0	0
Transfer to/(from) General Fund Balance	10	0	(118)	0	0	0	0
Budget Requirement (excluding Parishes)	11	8,191	8,057	7,717	6,255	6,000	5,817
Collection Fund Deficit/(Surplus) - Council Tax	12	(81)	(55)	(76)	0	0	0
Collection Fund Deficit/(Surplus) - Business Rates	13	258	184	(747)	0	0	0
Revenue Support Grant	14	(1,287)	(1,004)	(661)	(441)	(196)	0
Business Rates Retention - Baseline funding	15	(1,773)	(1,834)	(1,871)	(1,927)	(1,989)	(2,028)
Business Rates Retention - Local Share of Growth/S31 Grants	16	(156)	(204)	(320)	(330)	(341)	(347)
Business Rates Retention - Share of Suffolk Pooling	17	(89)	(91)	(190)	(196)	(202)	(206)
Business Rates Retention - Renewable Energy	18	(143)	(22)	(54)	(104)	(107)	(109)
Local Services Support Grant	19	(49)	0	0	0	0	0
Efficiency Support for Services in Sparse Areas	20	(4)	(22)	(18)	(13)	(18)	0
Council Tax Freeze Grant 2011/12 to 2015/16	21	(136)	0	0	0	0	0
New Homes Bonus Grant	22	(2,443)	(2,644)	(1,278)	(629)	(417)	(280)
Amount to be charged to Council Taxpayers	23	2,288	2,365	2,502	2,615	2,730	2,847
Council Tax Base	24	16,651	17,208	17,573	17,749	17,927	18,106
Council Tax at Band D (£ p)	25	£137.43	£137.43	£142.38	£147.33	£152.28	£157.23
Budgeted Increase Year on Year (%)	26	0.0%	0.0%	3.6%	3.5%	3.4%	3.3%
Budgeted Increase Year on Year (£ p)	27	£0.00	£0.00	£4.95	£4.95	£4.95	£4.95
Total Council Tax Generated Excluding Parishes	28	2,288	2,365	2,502	2,615	2,730	2,847

General Fund

Balance as at 1 April	29	2,118	2,118	2,000	2,000	2,000	2,000
Transfer to / (from) Reserve	30	0	(118)	0	0	0	0
Closing Balance as at 31 March	31	2,118	2,000	2,000	2,000	2,000	2,000
Net Expenditure for General Fund purposes	32	8,191	8,175	7,717	6,255	6,000	5,817
General Fund balance as % of Net Expenditure	33	25.86%	24.46%	25.92%	31.97%	33.33%	34.38%

Earmarked Reserves

Balance as at 1 April	34	7,780	9,474	10,664	6,973	4,698	5,200
Contributions to / (from) Reserves	35	1,694	1,190	(3,691)	(2,275)	502	(107)
Closing Balance as at 31 March	36	9,474	10,664	6,973	4,698	5,200	5,093

Capital Receipts

Balance as at 1 April	37	16,142	14,575	8,357	7,491	1,714	1,801
Movement in the year	38	(1,567)	(6,218)	(866)	(5,777)	87	(20)
Closing Balance as at 31 March	39	14,575	8,357	7,491	1,714	1,801	1,781

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Project Description	Category	Project Sponsor	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	Total Budget (over 5 years)	5 Year Programme Financing					Total
									Capital Receipts	Capital Borrowing	Revenue Reserves	S106	Grants from other bodies	
Home of Horseracing Project	FHDC ASSET	A Wilson	4,711,885	0	0	0	0	4,711,885	60,559	0	0	0	4,651,326	4,711,885
Solar Farm	FHDC ASSET	R Mann	14,471,000	0	0	0	0	14,471,000	4,000,000	10,471,000	0	0	0	14,471,000
West Suffolk Operational Hub	FHDC ASSET	M Walsh	0	2,589,750	863,250	0	0	3,453,000	0	3,453,000	0	0	0	3,453,000
Sam Alper Industrial Development	FHDC ASSET	M Walsh	1,250,877	0	0	0	0	1,250,877	1,250,877	0	0	0	0	1,250,877
Omar Site - London Rd, Brandon	FHDC ASSET	M Walsh	325,956	0	0	0	0	325,956	325,956	0	0	0	0	325,956
Leisure Capital Investment Fund	FHDC ASSET	J Korwin	0	3,500,000	0	0	0	3,500,000	0	0	3,500,000	0	0	3,500,000
Newmarket Leisure Centre Equipment	FHDC ASSET	J Korwin	204,000	0	0	0	0	204,000	0	0	204,000	0	0	204,000
Vehicle & Plant Purchases	VP&E	M Walsh	0	246,000	159,000	305,000	984,000	1,694,000	0	0	1,694,000	0	0	1,694,000
Beck Row Community Facilities (S106 funded)	GRANT	M Walsh	116,723	0	0	0	0	116,723	0	0	0	116,723	0	116,723
Historic Buildings Grant	GRANT	S Wood	40,250	15,000	15,000	0	0	70,250	0	0	70,250	0	0	70,250
Private Sector Disabled Facilities Grants	DFG/DH	S Phelan	193,000	175,000	175,000	175,000	175,000	893,000	84,764	0	0	0	808,236	893,000
Private Sector Renewal Grants	DFG/DH	S Phelan	35,000	220,000	220,000	220,000	220,000	915,000	915,000	0	0	0	0	915,000
Private Housing Company	LOAN	R Mann	40,000	310,000	1,407,000	1,243,000	0	3,000,000	3,000,000	0	0	0	0	3,000,000
Asset Management Plan									0					
Leisure Centre Brandon	AMP	M Walsh	0	50,000	0	0	0	50,000	50,000	0	0	0	0	50,000
Swimming Pool Mildenhall *	AMP	M Walsh	0	250,000	0	0	0	250,000	250,000	0	0	0	0	250,000
Leisure Centre Newmarket	AMP	M Walsh	150,000	0	0	0	0	150,000	150,000	0	0	0	0	150,000
Rous Road Car park	AMP	M Walsh	65,564	0	0	0	0	65,564	65,564	0	0	0	0	65,564
Flowerpot Brandon	AMP	M Walsh	0	50,000	0	0	0	50,000	50,000	0	0	0	0	50,000
Valley Way Shops, Newmarket	AMP	M Walsh	588	0	0	0	0	588	588	0	0	0	0	588
1F Gregory Road, Mildenhall - Roof Renewal	AMP	M Walsh	15,486	0	0	0	0	15,486	0	0	15,486	0	0	15,486
Craven Way, Newmarket	AMP	M Walsh	50,000	0	0	0	0	50,000	0	0	50,000	0	0	50,000

Project Description	Category	Project Sponsor	2016-17 Budget	2017-18 Budget	2018-19 Budget	2019-20 Budget	2020-21 Budget	Total Budget (over 5 years)	5 Year Programme Financing					Total
									Capital Receipts	Capital Borrowing	Revenue Reserves	S106	Grants from other bodies	
James Carter Road, Mildenhall - Major Unit Repairs	AMP	M Walsh	30,000	0	0	0	0	30,000	0	0	30,000	0	0	30,000
Putney Close, Mildenhall - Major Unit Repairs	AMP	M Walsh	50,000	0	0	0	0	50,000	0	0	50,000	0	0	50,000
Highbury Road, Brandon - Fencing & Major Unit Repairs	AMP	M Walsh	30,000	0	0	0	0	30,000	0	0	30,000	0	0	30,000
Asset Management Plan	AMP	M Walsh	0	457,000	0	0	0	457,000	0	0	457,000	0	0	457,000
Playground Improvements	FHDC ASSET	M Walsh	81,026	0	0	0	0	81,026	0	0	81,026	0	0	81,026
Strategic Plan									0					
Wellington Street Newmarket - Wider Pedestrianisation Scheme	STRATEGIC PLAN	S Wood	0	150,000	0	0	0	150,000	150,000	0	0	0	0	150,000
Rent-a-roof	STRATEGIC PLAN	S Wood	125,000	1,420,655	0	0	0	1,545,655	0	0	1,545,655		0	1,545,655
Invest to Save Projects	STRATEGIC PLAN	R Mann	0	296,000	0	0	0	296,000	0	0	296,000		0	296,000
Harvey Adam Centre, Brandon - Major Roofing Repairs	STRATEGIC PLAN	M Walsh	15,294	0	0	0	0	15,294	0	0	15,294	0	0	15,294
Mildenhall Industrial Estate Highway Adoption	STRATEGIC PLAN	M Walsh	32,000	0	0	0	0	32,000	0	0	32,000	0	0	32,000
Software														
Waste & Street Scene Back Office System	SOFTWARE	M Walsh	30,000	41,407	0	0	0	71,407	0	0	71,407		0	71,407
CRM Project	SOFTWARE	D Howes	0	36,450	0	0	0	36,450	36,450	0	0	0	0	36,450
Pending Items									0					
Affordable Housing	PENDING	S Phelan	405,000	0	0	0	0	405,000	405,000	0	0	0	0	405,000
Investing in our Growth Agenda	PENDING	R Mann	0	10,000,000	10,000,000	0	0	20,000,000	0	20,000,000	0	0	0	20,000,000
Mildenhall Hub - Public Estate *	PENDING	A Wilson	0	0	19,810,000	0	0	19,810,000	4,350,000	7,110,000	3,000,000	0	5,350,000	19,810,000
			22,468,649	19,807,262	32,649,250	1,943,000	1,379,000	78,247,161	15,144,758	41,034,000	11,142,118	116,723	10,809,562	78,247,161

Forest Heath District Council - 2017/18 Reserves

Attachment D

Appendix 3

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Reserve Details	2016/17 Opening Balance £	2016/17 Forecast Net Movement £	2017/18 Opening Balance £	2017/18 Contribution to Reserve £	2017/18 Contribution from Reserve £	2017/18 Transfers Between Reserves £	2018/19 Opening Balance £	2018/19 Contribution to Reserve £	2018/19 Contribution from Reserve £	2019/20 Opening Balance £
Strategic Priorities & MTFS Reserve	6,193,266	1,193,315	7,386,581	1,277,586	(6,058,079)	0	2,606,088	628,500	(3,323,728)	(89,140)
Invest to Save Reserve	215,197	12,474	227,671	0	(41,407)	82,951	269,215	0	0	269,215
Risk/Recession Reserve	541,841	(193,718)	348,123	0	0	0	348,123	0	(80,708)	267,415
BRR Equalisation Reserve	76,830	(76,830)	0	841,362	0	0	841,362	94,763	0	936,125
Self Insured Fund	61,069	50,000	111,069	75,000	(50,000)	0	136,069	75,000	(50,000)	161,069
Computer & Telephone Equipment Reserve	160,208	35,000	195,208	35,000	0	0	230,208	35,000	0	265,208
HB Equalisation Reserve	161,321	0	161,321	7,320	0	100,000	268,641	57,320	0	325,961
Interest Equalisation Reserve	69,719	0	69,719	0	0	0	69,719	0	0	69,719
Professional Fees Reserve	35,000	35,000	70,000	35,000	0	0	105,000	35,000	0	140,000
Single Regeneration Board	24,000	(24,000)	0	0	0	0	0	0	0	0
ARP Reserve	302,876	8,913	311,789	4,832	0	(100,000)	216,621	4,832	0	221,453
Vehicle & Plant Renewal Fund	213,601	230,000	443,601	330,000	(246,000)	0	527,601	330,000	(159,000)	698,601
Waste Management Reserve	108,756	(14,350)	94,406	0	0	0	94,406	0	0	94,406
BR-Building Repairs Reserve - Leisure	0	0	0	0	0	27,932	27,932	0	0	27,932
BR-Building Repairs Reserve - Other	0	0	0	450,500	(370,500)	56,170	136,170	450,500	(370,500)	216,170
Car Park Development Fund	56,170	0	56,170	0	0	(56,170)	(1)	0	0	(1)
Commuted Maintenance Reserve	511,299	12,786	524,085	0	(8,000)	0	516,085	0	(8,000)	508,085
Newmarket Stallion Reserve	22,459	0	22,459	0	0	0	22,459	0	0	22,459
Leisure Reserve	27,932	0	27,932	0	0	(27,932)	0	0	0	0
Communities against Drugs Reserve	30,000	0	30,000	0	0	0	30,000	0	0	30,000
Planning Reserve	23,700	(5,000)	18,700	234,000	(158,500)	0	94,200	110,000	(70,000)	134,200
Building Regulations Charging Reserve	1	0	1	0	0	0	1	0	0	1
Planning Delivery Grant	94,716	(3,516)	91,200	0	(30,300)	0	60,900	0	(30,300)	30,600
Local Land Charges Reserve	60,142	(10,111)	50,031	0	0	(50,032)	(1)	0	0	(1)
Planning Policy Statement Climate Change	15,436	(12,857)	2,579	0	0	(2,579)	0	0	0	0
S106 Monitoring Officer Reserve	78,201	(46,255)	31,946	0	(20,621)	0	11,325	0	(4,748)	6,577
Implementing Smoke Free Legislation	7,758	0	7,758	0	0	(7,758)	0	0	0	0
Economic Development Reserve (LABGI)	35,174	(2,600)	32,574	0	0	0	32,574	0	0	32,574
Homelessness Legislation Reserve	127,736	(8,350)	119,386	0	(8,350)	0	111,036	0	(8,350)	102,686
S106 Revenue Reserve	158,941	(131)	158,810	0	0	0	158,810	0	0	158,810
Election Reserve	38,091	10,000	48,091	10,000	0	0	58,091	10,000	0	68,091
Staff Training Reserve	22,582	0	22,582	0	0	(22,582)	0	0	0	0
Forest Heath Reserve Totals:	9,474,022	1,189,770	10,663,792	3,300,600	(6,991,757)	0	6,972,635	1,830,915	(4,105,334)	4,698,216

Page 25 of the 2015-16 statement of accounts provides a summary of the each of the main earmarked reserve purposes

http://www.westsuffolk.gov.uk/Council/Finance_and_Statistics/upload/2015-16-FHDC-Statement-of-Accounts-FINAL-SIGNED.pdf

Forest Heath District Council - 2017/18 Reserves

Attachment D

Appendix 3

Reserve Details	2019/20 Opening Balance £	2019/20 Contribution to Reserve £	2019/20 Contribution from Reserve £	2020/21 Opening Balance £	2020/21 Contribution to Reserve £	2020/21 Contribution from Reserve £	2020/21 Closing Balance £
Strategic Priorities & MTFS Reserve	(89,140)	416,500	(323,728)	3,632	280,000	(88,228)	195,404
Invest to Save Reserve	269,215	0	0	269,215	0	0	269,215
Risk/Recession Reserve	267,415	0	0	267,415	0	0	267,415
BRR Equalisation Reserve	936,125	98,645	0	1,034,770	98,645	0	1,133,415
Self Insured Fund	161,069	75,000	(50,000)	186,069	75,000	(50,000)	211,069
Computer & Telephone Equipment Reserve	265,208	35,000	0	300,208	35,000	0	335,208
HB Equalisation Reserve	325,961	107,320	0	433,281	157,320	0	590,601
Interest Equalisation Reserve	69,719	0	0	69,719	0	0	69,719
Professional Fees Reserve	140,000	35,000	0	175,000	35,000	0	210,000
Single Regeneration Board	0	0	0	0	0	0	0
ARP Reserve	221,453	4,832	0	226,285	4,832	0	231,117
Vehicle & Plant Renewal Fund	698,601	360,000	(305,000)	753,601	231,000	(984,000)	601
Waste Management Reserve	94,406	0	0	94,406	0	0	94,406
BR-Building Repairs Reserve - Leisure	27,932	0	0	27,932	0	0	27,932
BR-Building Repairs Reserve - Other	216,170	450,500	(370,500)	296,170	450,500	(370,500)	376,170
Car Park Development Fund	(1)	0	0	(1)	0	0	(1)
Commuted Maintenance Reserve	508,085	0	(8,000)	500,085	0	(8,000)	492,085
Newmarket Stallion Reserve	22,459	0	0	22,459	0	0	22,459
Leisure Reserve	0	0	0	0	0	0	0
Communities against Drugs Reserve	30,000	0	0	30,000	0	0	30,000
Planning Reserve	134,200	110,000	(70,000)	174,200	110,000	(70,000)	214,200
Building Regulations Charging Reserve	1	0	0	1	0	0	1
Planning Delivery Grant	30,600	0	(15,300)	15,300	0	(15,300)	0
Local Land Charges Reserve	(1)	0	0	(1)	0	0	(1)
Planning Policy Statement Climate Change	0	0	0	0	0	0	0
S106 Monitoring Officer Reserve	6,577	0	0	6,577	0	0	6,577
Implementing Smoke Free Legislation	0	0	0	0	0	0	0
Economic Development Reserve (LABGI)	32,574	0	0	32,574	0	0	32,574
Homelessness Legislation Reserve	102,686	0	(8,350)	94,336	0	(8,350)	85,986
S106 Revenue Reserve	158,810	0	0	158,810	0	0	158,810
Election Reserve	68,091	10,000	(50,000)	28,091	10,000	0	38,091
Staff Training Reserve	0	0	0	0	0	0	0
Forest Heath Reserve Totals:	4,698,216	1,702,797	(1,200,878)	5,200,135	1,487,297	(1,594,378)	5,093,054

FOREST HEATH DISTRICT COUNCIL
PRUDENTIAL INDICATORS 2017/2018

1. Background

- 1.1 Each year the Council sets an annual budget, which details the revenue and capital resources required to meet its priorities for service delivery. Under the provisions of The Local Government Act 2003, local authorities are able to make their own decisions about how much they wish to borrow to pay for capital investment providing they assess the borrowing to be affordable, prudent and sustainable. In addition to complying with the Act they must comply with:
- a. the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003; and
 - b. the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Prudential Code for Capital Finance in Local Authorities.
- 1.2 The Prudential Code was developed by the Chartered Institute of Public Finance and Accounting (CIPFA) to assist local authorities in taking their decisions.
- 1.3 The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. The Secretary of State has issued guidance on Minimum Revenue Provision and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

2. Prudential Indicators

Objectives

- 2.1 The key objectives are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. To demonstrate that local authorities have fulfilled these objectives, the Prudential Code sets the indicators that must be used, and the factors that must be taken into account.
- 2.2 These targets are known as the "Prudential Indicators" and particular indicators will be used to separately assess:
- Management of capital expenditure
 - Affordability
 - Prudence
 - Management of external debt
 - Treasury Management

Process and Governance

- 2.3 The Prudential Code sets out a clear governance procedure for the setting and revising of prudential indicators. This is done by the same body that takes the decisions for the local authority's budget – Full Council. The Chief Finance Officer (the Head of Resources and Performance) is responsible for ensuring that all matters required to be taken into account are reported to full Council for consideration, and for establishing procedures to monitor performance.
- 2.4 In setting the indicators due regard was paid to the following matters:
- affordability, e.g. implications for Council Tax
 - prudence and sustainability, e.g. implications for external borrowing
 - value for money, e.g. option appraisal
 - stewardship of assets, e.g. asset management planning
 - service objectives, e.g. strategic planning for the authority
 - practicality, e.g. achievability of forward plan
- 2.5 Set out below are the indicators for 2015/2016 and beyond. For each indicator, the CIPFA requirements of the code are set out in bold italics. An explanation is provided, unless the indicator and limits are completely self explanatory.
- 2.6 The figures used to compile the indicators which are detailed in this report are based on the latest five year capital programme.

3. Prudential Indicators 2016/17 – 2019/20

Management of Capital Expenditure Prudential Indicators

Estimates of Capital Expenditure

3.1 The local authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. These prudential indicators shall be referred to as:

'Estimate of total capital expenditure to be incurred in years 1, 2 and 3.'

- 3.2 In addition to the approved capital programme, the estimates of capital expenditure include any capital expenditure that is estimated, might (depending on option appraisals) or will be dealt with as other long term liabilities.
- 3.3 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable and affordable limits and, in particular, to consider the impact on Council Tax. The following indicator is an assessment of the forward capital programme and in line with Budget approvals.

Indicator 1	2016/17 £000 Approved	2016/17 £000 Revised	2017/18 £000 Budget	2018/19 £000 Budget	2019/20 £000 Budget
Expenditure	9,314	22,469	19,807	32,649	1,943

Financed by:	2016/17 £000 Approved	2016/17 £000 Revised	2017/18 £000 Budget	2018/19 £000 Budget	2019/20 £000 Budget
Capital Receipts *	6,710	6,418	1,066	5,977	1,463
Grants & Contributions	504	4,876	175	5,525	175
Revenue Reserves	2,100	703	5,976	3,174	305
Capital Borrowing *	0	10,471	12,590	17,973	0
Total	9,314	22,469	19,807	32,649	1,943

*These figures may increase/decrease if the S151 Officer uses her delegated authority under the MRP Policy to use greater amounts of usable capital receipts instead of borrowing. The total capital expenditure will remain the same.

Affordability Indicators

- 3.4 The fundamental objective in the consideration of affordability of the authority's capital plans is to ensure that the proposed investment is sustainable throughout the period under review, which must cover at least three years from 2017/2018 onwards. In essence, to consider its impact on the authority's 'bottom line' Council Tax. Affordability is ultimately judged by the impact the capital investment plans have on the revenue budget and Council Tax levels.
- 3.5 In considering the affordability of the plans it is necessary to consider all the resources available, together with those estimated to be available during the programme period.
- 3.6 There are various prudential indicators of affordability but the key ones are as set out below.

Estimates of ratio of financing costs to net revenue stream

- 3.7 The local authority will estimate for the forthcoming financial year and following two financial years the ratio of financing costs to net revenue stream.**
- 3.8 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the net revenue budget required to meet borrowing costs. The net revenue budget is defined by the prudential code, for the purposes of this indicator, as the amount of government grants and council tax income for the authority, it therefore excludes income generated from fees and charges include any

income stream that was included in the projects original business case to support the borrowing (financing) costs.

Indicator 2	2016/17 Approved	2016/17 Revised	2017/18 Budget	2018/19 Budget	2019/20 Budget
Ratio %	(1%)	3%	24%	53%	56%

NB: In circumstances where interest costs on borrowing are greatly exceeded by interest and investment income the ratio of financing costs to the net revenue stream will be negative. This reflects the fact that the authority is making a contribution to the income and expenditure account via its investment income stream.

Estimates of Incremental impact of capital investment decisions on the Council Tax

3.9 This shows the potential impact of approved capital investment decisions on the Council Tax and allows for the existing and proposed capital plans.

3.10 This calculation shall be undertaken for the forthcoming and following two financial years or longer timeframe if required to capture the full year effect of capital investment decisions. This prudential indicator is referred to as:

'Estimates of the incremental impact of the new capital investment decisions on the Council Tax'

Incremental Impact of Capital Investment Decisions					
Indicator 3	2016/17 Approved	2016/17 Revised	2017/18 Budget	2018/19 Budget	2019/20 Budget
Increase in Band D Council Tax	£2.02	£4.55	£3.01	£4.64	£0.89

Prudence - Estimates of Capital Financing Requirement (CFR)

3.11 The local authority will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years. These prudential indicators shall be referred to as:

'Estimate of capital financing requirement as at the end of years 1, 2 and 3.

3.12 The capital financing requirement can simply be understood as the Council's underlying need to borrow money long term. It does not necessarily mean that borrowing will be undertaken. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing. It is an aggregation of the amounts shown for Investment Property, Non-Current and Intangible assets, the Revaluation Reserve, the Capital

Adjustment Account and any other balances treated as capital expenditure. The indicator takes account of the borrowing requirement and the minimum revenue provision.

Capital Financing Requirement					
Indicator 4	2016/17 £000 Approved	2016/17 £000 Revised	2017/18 £000 Budget	2018/19 £000 Budget	2019/20 £000 Budget
CFR *	3,062	13,375	25,063	41,529	40,012

3.13 The forecast capital financing requirement reflects the changes to the overall capital programme, including pending projects.

*These figures may increase/decrease if the S151 Officer uses her delegated authority under the MRP Policy to use greater amounts of usable capital receipts instead of borrowing. The total capital expenditure will remain the same.

Management of External Debt Prudential Indicators

3.14 The local authority will set for the forthcoming financial year and at least the following two financial years a prudential limit for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as:

Authorised limit for external debt = authorised limit for borrowing + authorised limit for other long term liabilities for years 1, 2 and 3.'

3.15 The recommended Authorised Limit for External Debt:

Authorised Limit of External Debt					
Indicator 5	2016/17 £000 Approved	2016/17 £000 Revised	2017/18 £000 Budget	2018/19 £000 Budget	2019/20 £000 Budget
Authorised Limit	5,559	16,359	28,947	46,920	46,920

3.16 This limit represents the maximum amount the Council may borrow at any point in the year. It has to be at a level the Council considers is 'prudent'. It is ultra vires to exceed the authorised limit, and therefore the limits are set so as to avoid circumstances in which the Council would need to borrow more money than this limit.

3.17 It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

3.18 Other long term liabilities include items that would appear on the balance sheet of the Council that are related to borrowing. For example, the capital cost of leases would be included.

Operational Boundary

3.19 The local authority will also set for the forthcoming financial year and the following two years an operational boundary for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as the:

Operational Boundary = operational boundary for borrowing + operational boundary for other long term liabilities for years 1, 2 and 3'

3.20 The operational boundary is a measure of the most money the Council would normally borrow at any time during the year. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but suggest a sustained or regular pattern of borrowing above this level ought to be investigated, as a potential symptom of a more serious financial problem. Any movement between these separate limits will be reported to the next available Council.

3.21 The recommended operational boundary for external debt is:

Operational Boundary for External Debt					
Indicator 6	2016/17 £000 Approved	2016/17 £000 Revised	2017/18 £000 Budget	2018/19 £000 Budget	2019/20 £000 Budget
Operational Boundary	5,003	14,723	26,053	42,229	42,229

3.22 The Council’s actual external debt, borrowings, at 31 December amounted to £4M. There were no other long term liabilities.

4. Treasury Management Prudential Indicators

4.1 The Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. Treasury Management Practices (TMPs) have been established by the Head of Resources and Performance and are kept up to date. The first prudential indicator in respect of treasury management is that the local authority has adopted the CIPFA Code is therefore met.

Interest Rate Exposure

4.2 The local authority will set, for the forthcoming year and the following two years, upper limits to its exposures to the effects of changes in interest rates. These prudential indicators will relate to both fixed interest rates and variable interest rates and will be referred to

respectively as the upper limits on fixed and variable interest rate exposures.

Upper limits on fixed and variable rate exposures

4.3 These two indicators on the following page, allow the Council to manage the extent to which it is exposed to changes in interest rates. Such decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council’s Treasury Management Strategy. In circumstances where interest costs on borrowing are greatly exceeded by interest and investment income the upper limit for fixed and variable interest rate exposure will be negative.

Upper Limit for Fixed and Variable Rate Exposure					
Indicator 7	2016/17 Approved	2016/17 Revised	2017/18 Budget	2018/19 Budget	2019/20 Budget
Upper Limit for Fixed Interest Rate Exposure (as a % of total investments)	100%	100%	100%	100%	100%

Indicator 8					
Upper Limit for Variable Interest Rate Exposure (as a % of total investments)	60%	60%	60%	60%	60%

4.4 The upper limits on interest rate exposures can be expressed either as absolute amounts or as percentages.

Prudential limits for the maturity structure of borrowing

4.5 The local authority will set for the forthcoming year both upper and lower limits with respect to the maturity structure of its borrowing, calculated as follows:

- (a) Amount of projected borrowing that is fixed rate maturing in each period.

4.6 Expressed as a Percentage of total projected borrowing that is fixed rate at the start of the period where the periods in question are:

- ***Under 12 months.***
- ***12 months and within 24 months.***
- ***24 months and within 5 years.***
- ***5 years and within 10 years.***

- **10 years+**

4.7 All Councils undertaking borrowing need to ensure that the maturity structure of its borrowing is both prudent and affordable. 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 exposure to interest rate changes in any one period, in particular in the course of the next ten years.

4.8 The proposed prudential limits are as follows:

Period (years)	Lower Limit	Upper Limit
Under 12 months	0%	20%
1 – 2 years	0%	20%
2 – 5 years	0%	20%
5 – 10 years	0%	20%
Over 10 years	0%	99%

4.9 The profiled limits set out above apply to the start of each financial year within the period 2016/17 to 2019/20.

Total Principal Sums invested for longer than 364 days

4.10 Where a local authority invests, or plans to invest, for periods longer than 364 days, the local authority will set an upper limit for each financial year period for the maturing of such investments. The prudential indicators will be referred to as prudential limits for principal sums invested for periods longer than 364 days.

Period (years)	Upper limit £M
31/3/2016	20
31/3/2017	20
31/3/2018	20
31/3/2019	20
31/3/2020	15

5. Minimum Revenue Policy – Annual Policy Statement

5.1 This system for establishing the Minimum Revenue Provision has been radically revised by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 [SI 2008/414], (“the 2008 Regulations”) in conjunction with the publication by the Department for Communities and Local Government of detailed MRP guidance.

5.2 All Local Authorities are required to establish annually their policy regarding Minimum Revenue Provision for the forthcoming year.

- 5.3 This is the limit on the statutory requirements for MRP. However, the requirements are supported by Guidance on Minimum Revenue Provision, issued by the Department for Communities and Local Government in February 2012. The status of the Guidance is established by section 21(1B) of the Local Government Act 2003: a local authority must have regard to guidance issued by the Secretary of State about accounting practices.
- 5.4 This is normally taken to mean guidance must be considered when taking accounting decisions but can be disregarded where an authority can make a reasonable case for doing so. The onus is on the authority to demonstrate that it can better meet its statutory duties by acting differently.
- 5.5 For MRP, this sets up a situation where an authority has a basic duty to determine a prudent level for MRP each year and is not constrained in the methodology that it applies. However, where this methodology is different from that recommended in the Guidance, the authority must be able to demonstrate that the outcome is as prudent as would have been arrived at applying the Guidance:

Method	Explanation
<u>Supported debt</u>	
Option 1	MRP is equal to the amount determined in accordance with the former regulations 28 and 29 of the 2003 Regulations, as if they had not been revoked by the 2008 Regulations.
Option 2	The CFR method MRP is equal to 4% of the non-housing CFR at the end of the preceding financial year.
<u>Unsupported debt</u>	
Option 3	Where capital expenditure on an asset is financed wholly or partly by borrowing or credit arrangements, MRP is to be determined by reference to the life of the asset.
a)	Equal instalment method MRP is the amount given by the following formula: (Capital expenditure in respect of the asset less total provision made before the current financial year), divided by the estimated life of the asset.
b)	Annuity Method MRP is the principal element for the year of the annuity required to repay over the asset life the amount of capital expenditure financed by borrowing or credit arrangements.
Option 4	Depreciation method Charging MRP in accordance with the standard rules for depreciation accounting. (If only part of the expenditure on the asset was financed by debt, the depreciation provision is proportionately reduced.)

- 5.6 It is proposed that the Minimum Revenue Provision Policy Statement for Forest Heath District Council is set as follows for 2017/2018.

Application of capital receipts or other sources

- The DCLG Guidance only applies to expenditure that has not been financed from other sources, primarily capital receipts and grant funding. Where the Council has usable capital receipts that are not needed for other purposes in that year, it can at the discretion of the section 151 officer to apply where prudent to do so some or all of it to meet capital expenditure incurred in the current year or previous years under paragraph 23 of the 2003 Regulations to reduce or eliminate any MRP that might need to be set aside.

Loans

- In circumstances where a loan to a third party to fund capital expenditure is secured and there is no risk of default, the Council will not charge MRP because the principal sum of such a loan will have no consequences for the Council's revenue expenditure and it would be over-prudent to provide for the loan¹.
- In circumstances where a loan to a third party to fund capital expenditure is unsecured and there is no risk of default, the Council will not charge MRP because the principal sum of such a loan will have no consequences for the Council's revenue expenditure and it would be over-prudent to provide for the loan. However the Council will access these on a case by case basis.

Capital Investment with a Defined Life

- To apply Option 3 to projects as a 4% reducing balance amount would under-recover the expenditure over its useful life. The basis for projects over £250,000 (i.e. equal instalment or annuity basis) to be determined as part of each projects financing considerations. Projects under £250,000 will be grouped and a weighted average life across an equal instalment basis will be used.

Other elements of remaining debt

¹ The Council may make loans to other parties to fund their capital expenditure. Government guidance is that MRP should be charged on the outstanding amount of any loan, based on amortising the loan principal over the estimated life of the assets in relation to which the other parties' expenditure is incurred. This is because lending to other parties has the same impact on the underlying need for an authority to borrow as expenditure on acquiring property.

- That, in accordance with the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 the Council's continues to use the CFR method for calculating the Minimum Revenue Provision for supported capital expenditure.

5.7 The Council currently has no unsupported debt.

5.8 The MRP included in the revenue estimates is as follows:

MRP estimates	2016/17 Approved £'000	2016/17 Revised £'000	2017/18 Budget £'000	2018/19 Budget £'000	2019/20 Budget £'000
MRP	133	286	901	1,508	1,517

5.9 Members' attention is drawn to the fact that notwithstanding the MRP policy loan repayments continue to be made when they fall due.

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Forest Heath District Council Risk Area	2017/18 Impact £000s	2017/21 MTFS Impact £000s
<p><u>Pay Inflation</u></p> <p>The Council’s MTFS currently assumes a 1% pay inflationary increase for 2017/18, and a 1% inflationary increase for 2018/19 - 2020/21.</p> <p>An annual 1% increase in pay inflation over what is already assumed in the MTFS would result in an additional £209k pressure on the Council’s MTFS.</p>	<p>50</p>	<p>209</p>
<p><u>Employers Pensions</u></p> <p>The Council’s MTFS currently assumes the following Employers’ Pension Contribution Rates:</p> <p>2017/18 – 29% 2018/19 - 31.0% 2019/20 - 32.5% 2020/21 – 34.5%</p> <p>An increase of 1% to the contributions on top of that already budgeted would result in an additional pressure of £169k on the Council’s MTFS.</p>	<p>42</p>	<p>169</p>
<p><u>Employers Pensions - Take-up</u></p> <p>Pension costs budgeted in the MTFS reflect the actual level of staff currently opting into the superannuation scheme.</p> <p>An increase in opt-in levels of 5% would result in an additional pressure of £299k across the MTFS.</p>	<p>67</p>	<p>299</p>
<p><u>Industrial Unit Rental Income</u></p> <p>The Council’s MTFS currently allows for no inflationary increase in Industrial Unit income.</p> <p>If income from Industrial Unit Rents falls by 10% this would put an additional £783k pressure on the MTFS.</p>	<p>192</p>	<p>783</p>
<p><u>Planning Income</u></p> <p>The Council’s Building Control and Planning Application Fees have been set to reflect actual levels currently being achieved. There is, however, a risk that the desired levels of income may not be achieved.</p> <p>If Planning income levels were to drop by 10%, this would have a £302k detrimental impact on the Council’s MTFS.</p>	<p>73</p>	<p>302</p>

Forest Heath District Council Risk Area	2017/18 Impact £000s	2017/21 MTFS Impact £000s
<p><u>Interest Receipt Rates</u></p> <p>The Council’s current assumptions around interest receipts are as follows:</p> <p>2017/18 - 0.75% 2018/19 - 0.90% 2019/20 - 0.90% 2020/21 - 0.90%</p> <p>A 0.5% reduction in each of these figures would result in approximately £343k pressure on the Council’s MTFS. The council has created a Interest Rate Equalisation Reserve to assist with significant fluctuations in rates in the short term.</p>	<p>121</p>	<p>343</p>
<p><u>Council Tax Collection</u></p> <p>The level of Council Tax receipts in the MTFS are based upon collection rates of 97.5% for Council Tax and 90% for the additional income generated from changes to the discounts scheme.</p> <p>A fall of 1% in both of these collection rates would have a detrimental effect of £100k across the Council’s MTFS.</p>	<p>25</p>	<p>100</p>
<p><u>Business Rate Retention - Amount collectable</u></p> <p>The Business Rates Retention Scheme commenced from 1 April 2013. Under the new scheme, the Council benefits from a proportion of the additional business rates generated through economic growth in its area. Conversely the risks inherent in such a scheme have now been passed down to local authorities and as such the Council could suffer from an economic decline or the cessation of business from one of its major business ratepayers.</p> <p>A 1% decrease in the business rates collectable across the District would result in additional pressure on the MTFS of around £95k per year.</p>	<p>95</p>	<p>398</p>
<p><u>Business Rate Retention - Multiplier</u></p> <p>The business rate retention multiplier is set centrally and is increased annually by the September RPI figures (2.0% as at September 2016 which has been used to inflate the multiplier for 2017/18). The OBR also give indicative RPI figures for future years (currently 3.0% for 2018/19 and 3.2% for 2019/20). The MTFS assumption for 2020/21 has been set at a more prudent level of 2% as this falls outside of the 4 year settlement.</p> <p>A 1% reduction in the RPI below the rates assumed would result in an additional pressure of £75k for the period 2018/19 to 2020/21.</p>	<p>0</p>	<p>75</p>

Forest Heath District Council Risk Area	2017/18 Impact £000s	2017/21 MTFS Impact £000s
<p><u>Business Rate Retention - post 2020</u></p> <p>The MTFS currently assumes a cost neutral position in 2020/21 when Local Government is expected to be given 100% retention of Business Rates. However, this is untested and will continue to be monitored. If the rebaselining and 100% retention took us back to our settlement baseline only, this would have the impact of £586m in 2020/21 and each year thereafter.</p> <p>The council has created a Business Rate Equalisation Reserve to assist with significant impacts of Business Rate Retention and appeals. This reserve would be potentially available to support a short term drop in BR income. However, medium term plans would have to be reviewed.</p>	<p>N/A</p>	<p>N/A</p>
<p><u>Housing Benefit Subsidy/Universal Credits/Housing Benefit Overpayments</u></p> <p>The MTFS currently assumes a 99% subsidy rate within the budgets.</p> <p>A 1% reduction in this subsidy rate for the Council for each year would result in an additional £612k pressure on the Council's MTFS position.</p> <p>The Council holds a Housing Benefits Equalisation Reserve from which funds could be drawn to mitigate any short term impact.</p>	<p>153</p>	<p>612</p>
<p><u>Projects</u></p> <p>The MTFS currently assumes net income generation of circa £1.3m per annum by 2020 as a result of a variety of ambitious projects taking place.</p> <p>Risks associated with each of these projects will vary according to the specific set of circumstances but have been considered in the Project Business Cases .</p>	<p>N/A</p>	<p>N/A</p>
<p><u>Solar Farm Income</u></p> <p>The MTFS assumes income generation of around £1.2m in 2017/18 from the Council's solar farm project (£5.2m across the MTFS). This is based on several assumptions that are, as yet, untested.</p> <p>A 5% shortfall on the income assumptions made in the MTFS would generate an additional pressure of £260k.</p>	<p>61</p>	<p>260</p>
<p><u>Borrowing Costs - Interest</u></p> <p>The MTFS includes borrowing costs (interest) amounting to £561k in 2017/18 to fund the ambitious project agenda (£3,680k across the MTFS).</p> <p>If the interest rates assumed increase by 0.5%, there will be an additional pressure of £669k across the MTFS position.</p>	<p>102</p>	<p>669</p>
<p>TOTALS (£000s):</p>	<p>981</p>	<p>4,220</p>

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ATTACHMENT E

Delivering our Strategic Priorities and MTFS Reserve

This reserve has acted as a one off fund to provide the financial capacity, either through direct investment – revenue and/or capital - or through servicing external borrowing, for the West Suffolk authorities to drive forward the delivering of a sustainable Medium Term Financial Strategy (MTFS) and the delivery of the new Strategic Plan.

The original Forest Heath Strategic Plan 2012-2016 drew on the NHB funding for a number of strategic projects including the locality budgets. These commitments have already been taken into account when arriving at the uncommitted balance below. The forecast reserve balance as at 1 April 2017 is £7.387m. Provisional allocations from government to 2020/21 are £2.6m.

The table below summarises the proposed funding from this reserve as part of the 2017/18 budget process and shows the cumulative commitments.

Area	One-Off Funding	Annual Funding that spans more than one year	Comments
Developing a Community Energy Plan	Funding for rent a roof/energy projects £1.42m for 2017/18.		As detailed in Cabinet report CAB/FH/14/010 Developing a Community Energy Plan. Funding brought forward into 2015/16 to take advantage of beneficial energy rates, 2017/18 is remainder.
Locality Budgets and Community chest		Annual funding of £0.163m.	Contribution committed until 2019/20 inclusive
Investing in project management		Annual funding of £0.08m to 2020/21	Project management posts including on costs to recognise commitment to major projects
Newmarket Masterplan	£0.07m for 2018/19		As detailed in Cabinet report CAB/FH/16/041 Economic Development & Growth Funding Requests. Transfer to Planning Reserve in order to facilitate the Local Plan.
Mildenhall Masterplan	£0.07m for 2019/20		
ED Partnership match funding		Annual funding of £0.009m to 2020/21	
Asset Management Plan (AMP) including Leisure	£0.457m for 2017/18.		As detailed in Cabinet report CAB/FH/16/005 Budget and Council tax setting
Planning Reserve	£0.124m for 2017/18		As detailed in Cabinet report CAB/FH/16/041 Economic Development & Growth Funding Requests. Transfer to Planning Reserve in order to facilitate the Local Plan.
Leisure Provision	£3.50m for 2017/18		As detailed in Cabinet report CAB/FH/16/049 Investing in our Leisure

Area	One-Off Funding	Annual Funding that spans more than one year	Comments
			Provision in West Suffolk
Invest to Save projects	£0.30m		As detailed in Cabinet report CAB/FH/16/049 Investing in our Leisure Provision in West Suffolk. Remaining balance £296k.
Mildenhall Hub	£3.0m for 2018/19		Not yet committed as full business case not yet approved

The proposals outlined in the above table show a remaining £0.195m that is committed to the delivery of the strategic priorities and medium term financial strategy but not yet allocated to specific projects. This reserve has been the main support in delivering our Strategic Plan and MTFS aspirations and we will need to consider alternative funding for the future as it diminishes across the term of the MTFS.

Cabinet



Forest Heath
District Council

Title of Report:	Report of the Anglia Revenues and Benefits Partnership Joint Committee: 6 December 2016 and 10 January 2017	
Report No:	CAB/FH/17/009	
Report to and date:	Cabinet	14 February 2017
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Jill Korwin Director Tel: 01284 757252 Email: jill.korwin@westsuffolk.gov.uk	
Purpose of report:	<p>On 6 December 2016 the Anglia Revenues and Benefits Partnership (ARP) Joint Committee informally considered the following substantive items of business:</p> <ol style="list-style-type: none"> (1) Performance Report; (2) ARP Risk Register (3) Welfare Reform Update; (4) Forthcoming Issues; and (5) Partnership Working through Section 113 Agreement. <p>On 10 January 2017 the Anglia Revenues and Benefits Partnership (ARP) Joint Committee considered the following substantive item of business:</p> <ol style="list-style-type: none"> (1) ARP Joint Committee Partnership Budget. <p>This report is for information only. No decisions are required by the Cabinet.</p>	
Recommendation:	The Cabinet is requested to <u>NOTE</u> the content of Report No: CAB/FH/17/009 being the report of the Anglia Revenues and Benefits Partnership Joint Committee.	

Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>
Consultation:	<ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Alternative option(s):	<ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Implications:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See reports of ARP Joint Committee at link provided under 'Background papers'
Risk/opportunity assessment: See reports of ARP Joint Committee at link provided under 'Background papers'	<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>
Ward(s) affected:	All Ward/s
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Breckland DC Website: 6 December 2016 10 January 2017
Documents attached:	None

1. **Anglia Revenues and Benefits Partnership Joint Committee – 6 December 2016: Key Issues**

This meeting was inquorate therefore discussion on items was held informally and no decisions were taken by the Joint Committee.

1.1 **Performance Report (Agenda Item 5)**

(a) Operational Performance

- 1.1.1 The Joint Committee had received and noted the Operational Performance Report as at 30 September 2016. The report details ARP's key achievements in respect of Benefits and Fraud Performance; Revenues Performance and Support Performance, including Automation of Outgoing Post; ICT upgrade and E-billing and Landlord Online Account. This detailed report can be viewed on Breckland District Council's website at:

<http://democracy.breckland.gov.uk/documents/s40848/ARP%20Strategic%20Managers%20Highlight%20report%20November%202016.pdf>

- 1.1.2 Benefits performance continues to meet profiled targets and is on course to achieve revised year end targets in respect of identifying and preventing fraud in four specific areas (as outlined in the report), which in turn leads to an increase in Council Tax income. Despite needing to recruit a new Compliance Officer, performance has continued to exceed expectations.

(b) Balanced Scorecard

- 1.1.3 Members had noted that with the exception of one, targets had been met by all partner authorities with the majority of indicators annotated green as at 30 September 2016, as shown on the Balanced Scorecard at:

<http://democracy.breckland.gov.uk/documents/s40850/ARP%20Balanced%20scorecard%202016-17%20-%20Sept%202016%20draft.pdf>

- 1.1.4 The above report provides further information on indicators relevant to each partner authority, which are grouped under the following headings:

- (a) **Financial:** Collection, Budget Management
- (b) **Customer:** Customer Satisfaction, Channel Shift
- (c) **Internal Process:** Collection, Fraud
- (d) **Learning and Growth:** Performance Management

- 1.1.5 (c) Financial Performance

In respect of the financial performance report, the Joint Committee had noted the position as at 31 October 2016, which showed a current underspend of £455,289 against budget. The reasons for the specific variances are contained in the report at:

<http://democracy.breckland.gov.uk/documents/s40847/ARP%20Management%20Accounts%20201617%20Q2%20-%20sent%20to%20Committee%20Services%20for%20JC%2021.11.16.pdf>

- 1.1.6 The Enforcement Agency is continuing to exceed expectations with income presently achieving £259,000 higher than budget. This is reflected in the budget for future years.
- 1.1.7 An update had also been provided on committed expenditure for the Transformation Programme. If all identified expenditure goes through in 2016/2017, there will be £128,103 remaining of the original £501,026 in the Transformation Fund. The majority of this balance is projected to be spent in 2017/2018.
- 1.1.8 In addition, Members had noted revised efficiency targets for 2017/2018 to 2019/2020.

1.2 **ARP Risk Register (Agenda Item 7)**

1.2.1 The Joint Committee had received and noted the Anglia Revenues Partnership Risk Register, which was attached as Appendix A. Appendix B provided the criteria used to apply a risk score to the ARP.

1.2.2 Discussion was held on a number of issues which might affect the risks identified by the Partnership including:

- (a) the risk relating to subsidy shortfall, which was being managed well and mitigating actions have been put in place. This risk is associated with the part of the process for claiming housing benefit subsidy, where external audit teams test a sample of cases. If high value errors are found then it can result in significant changes to the amount of subsidy paid. The extrapolation methodology used by the auditors means that a fairly small error in a high value expenditure area can result in significant reduction in income received. This risk is therefore considered to be amber even though all reasonable mitigation is in place.
- (b) The risk associated with income from Business Rates has been increased due to the revaluation expected in April 2017. The Government intends to re-base the value of income retained by each council and the impact of this addition to the revaluation and subsequent appeals that may be received increase the risk for the partner councils. Provision for this will however, be addressed.

1.3 **Welfare Reform Update (Agenda Item 8)**

1.3.1 The Joint Committee had received and noted an update on the topic of welfare reform, which included:

- (a) **Universal Credit:** The current position regarding the timeline to move to the live operation of the full service. Waveney District Council, who was already operating the full service (apart from Beccles) has been experiencing difficulties, particularly with processing Council Tax Support claims. Controls have been put in place to mitigate the risk of performance against target.

- (b) **Discretionary Housing Payment:** Spend continues to be within the recently increased grant provided by the DWP, which is designed to help customers remain in their homes or to move to affordable and sustainable accommodation.
- (c) **Benefit Cap:** The maximum family income before the Benefit Cap applies will reduce from November 2016 from £26,000 to £20,000 (£13,400 for single adults with no children). Local Authorities had received scans detailing customers likely to be affected and of the partner councils, the number of affected customers was up to 156, (which was less than originally forecast) with up to 17 existing cases seeing a further reduction.
- (d) **Social Rented Sector Rent Restrictions:** New social sector tenancies entered into after April 2016, will, after April 2018 have their Housing Benefit subject to and restricted to the Local Housing Allowance (LHA), which is the level of rent set in the private sector. Whilst ARP awaits detail on the rates that will apply, and confirmation of any excluded groups, ARP will work with colleagues in Housing and Customer Services to understand the impact, levels of reductions, and possible assistance from the Discretionary Hardship Fund.

1.4 **Forthcoming Issues (Agenda Item 9)**

1.4.1 No issues had been reported on this occasion.

1.5 **Partnership Working Through Section 113 Agreement (Agenda Item 12)**

1.5.1 No decision was taken on this matter, which had been included on the agenda for discussion in private session. Those Members present, however, did informally agree to proceed with Recommendation 2, for taking back to each partner authority for agreement.

2. **Anglia Revenues and Benefits Partnership Joint Committee – 10 January 2017: Key Issues**

2.1 **ARP Joint Committee Partnership Budget (Agenda Item 5)**

2.1.1 Members had considered a report which sought approval for the partnership budget for 2017/2018.

2.1.2 In December 2015, the Joint Committee had approved a strategic budget for ARP which kept the base budget whilst creating an investment fund used to invest in trading, growth and efficiencies, which in turn delivers savings in future years. The 2017/2018 budget continues this approach and includes the same levels of efficiency targets as set last year.

2.1.3 In respect of the Transformation Programme, this has made good progress to date, delivering some efficiencies in 2016/2017 earlier than forecast. The new Enforcement Service has particularly exceeded expectations. The table below details the target savings and the savings achieved to date:

	2017/18 £	2018/19 £	2019/20 £
ARP Efficiency Targets	531,824	1,017,397	1,017,397
Efficiencies made to date:			
Postage Contract	(20,960)	(19,250)	(15,670)
County Council Fraud funding (income)	(105,000)	(105,000)	(105,000)
Enforcement Service	(234,736)	(215,693)	(202,642)
Total efficiencies made to date	(360,696)	(339,943)	(323,312)
Remaining Efficiency Target	171,128	677,454	694,085

2.1.4 The base budget is required to operate the core services and also retain capacity to enable the achievement of income generation through ARP Trading in the future. [Appendix A](#) set out the proposed budget for 2017/2018 compared to the budget for 2016/2017, with indicative budgets for the following two years, as illustrated in the table below:

Description	2016/17 Budget £	2017/18 Budget £	2018/19 indicative £	2019/20 Indicative £
Employee costs	7,833,072	7,825,208	7,646,158	7,840,546
Premises costs	268,860	268,645	270,309	272,068
Transport costs	115,522	129,513	130,258	131,036
Supplies & Services	1,387,800	1,414,998	1,417,312	1,419,696
Support Services	559,053	620,675	626,308	632,158
Income	(695,043)	(1,047,575)	(1,202,848)	(1,216,759)
TOTAL PARTNERSHIP COSTS	9,469,264	9,211,464	8,887,497	9,078,745

2.1.5 A number of key assumptions have been used when setting the budget, which are:

- a pay award of 1% in all years in line with central government;
- a vacancy factor of 2.5% in all years;
- no inflation on supplies and services as the assumption is that inflation can be contained through future procurement savings; and
- savings targets starting in 2017/2018 at the same levels as set last year less efficiencies already achieved.

The Joint Committee had noted that the indicative budget for 2019/2020 of £9,079k is some 3% lower than the 2015/2016 budget (subject to the efficiencies being delivered).

2.1.6 St Edmundsbury's (and for information, Forest Heath's) current and future contribution to the total budget is set out below:

	2016/17 £	2017/18 £	2018/19 indicative £	2019/20 indicative £
St Edmundsbury	1,378,439	1,360,456	1,315,791	1,343,204
Forest Heath	937,330	922,425	894,816	911,627

2.1.7 The forecast out-turn for 2016/2017 shows a below budget spend of £455k, mainly as a result of efficiencies achieved earlier than planned (including the Enforcement Service) and reduced salary costs. The Joint Committee had considered how this saving should be allocated, as shown in the resolution at paragraph 2.1.10 below.

2.1.8 As part of the resolution subsequently approved by the Joint Committee, the estimated remaining balance specifically for distributing back to St Edmundsbury (and for information, Forest Heath) will be:

	£'000
St Edmundsbury Borough Council	38
Forest Heath District Council	26

2.1.9 The Joint Committee had thoroughly considered the budget for 2017/2018 and had asked several questions of officers to which they were duly responded. Future challenges ahead had been duly acknowledged.

2.1.10 The Joint Committee **RESOLVED: That**

- (1) the partnership budget at Appendix A for 2017/2018 of the report be approved;**
- (2) that the full 2016/2017 underspend is allocated as follows:**
 - (i) £10k is contributed to the ARP investment fund to be spent on production of a compendium of company documents for ARP Trading;**
 - (ii) up to a maximum of £171k be held in reserve to cover any timing shortfall in achievement of efficiencies in 2017/2018; and**
 - (iii) the remaining balance be distributed back to partners.**

3. Minutes

3.1 For further information on the discussions held at the Anglia Revenues and Benefits Partnership Joint Committee meeting on 10 January 2017, the draft minutes of the meeting may be viewed on Breckland District Council's website at the following link:

<http://democracy.breckland.gov.uk/documents/g4027/Printed%20minutes%2010th-Jan-2017%2010.00%20Anglia%20Revenues%20and%20Benefits%20Partnership%20Joint%20Committee.pdf?T=1>

(Note: No formal minutes have been published for the meeting held on 6 December 2016, as the meeting was inquorate.)

Cabinet



Forest Heath
District Council

Title of Report:	Recommendation of the Licensing and Regulatory Committee - 23 January 2017: Joint West Suffolk Sex Establishment Licensing Policy	
Report No:	CAB/FH/17/010	
Report to and date:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Councillor Lance Stanbury Portfolio Holder for Planning and Growth Tel: 07970 947704 Email: lance.stanbury@forest-heath.gov.uk	
Chairman of the Committee:	Councillor Michael Anderson Licensing and Regulatory Committee Tel: 01638 601624 Email: Michael.anderson@forest-heath.gov.uk	
Lead Officer:	Peter Gudde Service Manager (Environmental Health) Tel: 01284 757042 Email: peter.gudde@westsuffolk.gov.uk	
Purpose of report:	On 23 January 2017 the Licensing and Regulatory Committee considered a substantive item of business Relating to the proposed Joint West Suffolk Sex Establishment Licensing Policy.	
Recommendations:	It is recommended that, subject to the approval of full Council, the proposed Joint West Suffolk Sex Establishment Licensing Policy, as set out in Appendix 1 of Report No: LIC/FH/17/002, be adopted.	
Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> As it is a full Council decision	

Consultation:	<ul style="list-style-type: none"> See Paragraph 2 of Report No: LIC/FH/17/002 		
Alternative option(s):	<ul style="list-style-type: none"> None applicable 		
Implications:			
Are there any financial implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Within budget	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Within current budget	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> See Report No: LIC/FH/17/002 	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment: <i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
See Report No: LIC/SE/17/002			
Wards affected:		All Wards	
Background papers:		See Report No LIC/FH/17/002 and Appendix 1	
Documents attached:		None	

1. Key issues and reasons for recommendation

1.1 Key Issues

1.1.1 On 9 March 2011 the District Council adopted Section 27 of the Policing and Crime Act 2009 which allowed it to regulate lap dancing clubs and similar venues under the same regime as sex shops and sex cinemas. Specifically the 2009 Act re-classified lap dancing clubs and similar venues as 'Sexual Entertainment Venues' and as a Sex Establishment under Schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982. Sexual Entertainment Venues were defined by the legislation.

1.1.2 In summary Schedule 3, as amended, allows :

- (a) local authorities to adopt the legislation;
- (b) local people to oppose an application for a Sex Establishment Licence if they have legitimate concerns that a lap dancing club would be inappropriate given the character of an area e.g. residential;
- (c) for licences to be required to be renewed at least yearly at which point local people would have the opportunity to object;
- (d) a local authority to reject an application if it is inappropriate given the character of a particular area;
- (e) a local authority to set a limit on the number of Sexual Entertainment Venues it thinks is appropriate for a particular area; and
- (f) a local authority to impose a wider range of conditions on a licence than it was able to under the Licensing Act 2003.

1.1.3 In order to operate under the legislation, 'Best Practice' advises that Councils adopt a policy for the issue of licences and the maintenance of Sex Establishments and approve a set of conditions to be applied to each licence. The District Council has a Sex Establishment Licensing Policy, the most recent version of which was adopted on 8 May 2013. St Edmundsbury Borough Council has a separate policy. It is proposed that the Joint Policy, contained as **Appendix 1** to Report No: LIC/FH/17/002, replaces both documents.

2. Consultation

2.1 Consultation on the proposed Joint Policy and conditions took place between 24 October 2016 and 5 December 2016. A link to the closed consultation is referred to in the background documents relating to Report No: LIC/FH/17/002.

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Cabinet



Forest Heath
District Council

Title of Report:	Mildenhall Hub – Funding	
Report No:	CAB/FH/17/011	
Report to and dates:	Overview and Scrutiny Committee	12 January 2017
	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Councillor James Waters Leader of the Council Tel: 07771 621038 Email: james.waters@forest-heath.gov.uk	
Lead officer:	Alex Wilson Director Tel: 01284 757695 Email: alex.wilson@westsuffolk.gov.uk	
Purpose of report:	To present and update the Overview and Scrutiny Committee report of 12 January 2017 and present recommendations regarding the funding and delivery of the Mildenhall Hub Project, reflecting the outcome of the scrutiny process and further activity on the Project.	
Recommendations:	<p>It is <u>RECOMMENDED</u> to Council that:</p> <p>(1) the funding model, with estimated project budget and cash flow, set out in this report and its Appendix, be agreed and the Mildenhall Hub Project be approved to proceed to its planning and delivery stages;</p> <p>(2) a funding/partnership agreement with the project partners be prepared and signed by the Director, in consultation with the Leader and Portfolio Holder for Resources and Performance, on the basis set out in Section 6 of Appendix A to this report;</p>	

Recommendations (contd):	<p>(3) Cabinet be authorised to approve a separate business case for an investment of up to £4m in renewable energy provision in the Hub provided that this business case is in line with the Council’s Medium Term Financial Strategy; and</p> <p>(4) The Council’s Section 151 Officer make the necessary changes to the Council’s prudential indicators as a result of recommendation (1).</p>
Consultation:	<p>The prior development of the Hub project has been based on public, partner and stakeholder consultation. Public consultation has also taken place in early 2017 before the submission of a planning application (which will entail its own consultation).</p> <p>Councillors have been extensively involved in the decision-making process for the Hub (see background papers below). The Overview and Scrutiny Committee examined the project in January 2016 and January 2017 and this report reflects the outcome of the latter.</p>
Alternative option(s):	The 2014 Hub business case examined over 10 different options
Implications of this report:	
<i>Are there any financial implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As outlined in report
<i>Are there any staffing implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.
<i>Are there any ICT implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.
<i>Are there any legal and/or policy implications? If yes, please give details</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As outlined in report
<i>Are there any equality implications? If yes, please give details</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.

Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<i>Please note: this is <u>not</u> a risk assessment for the Hub project as a whole, but for the subject matter of this report only</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Hub is unaffordable to FHDC and its taxpayers – either at the outset or due to budget changes during project delivery	Medium	Properly evaluate likely costs (including borrowing costs), with contingencies, and sources of funding through this report prior to adoption of a funding agreement and a final decision to proceed. Report back to Members if initial procurement results in a cost which exceeds the agreed budget in this paper. Deliver project in accordance with the Council’s project and risk management processes, and maintain strong project governance.	Low
There is not a strong business case for FHDC to invest in the Hub	Low	Examine the strategic and financial case through this report.	Low
There is not a transparent and fair means of dividing costs for the project	Low	Develop a funding agreement along the principles outlined in this report.	Low
There are not safeguards to protect the interests of FHDC and the taxpayer	Low	Ditto	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>	Hub papers <ul style="list-style-type: none"> • O&S Committee report – Hub Funding – January 2017 • Cabinet/Council report February 2016 - Mildenhall Hub Updated Business Case • Cabinet report 14 July 2015 - Mildenhall Hub Project Update • Cabinet report December 2014 - Mildenhall Hub Project Update (business case and next steps) • Cabinet report July 2014 - Mildenhall Hub Project and ACL Management Fee • Cabinet report January 2014 - Mildenhall Dome Leisure Centre • Cabinet Update report June 2013 (excluding Appendix 1) • Mildenhall Hub leaflet March 2013 • Cabinet background report February 2013 Other matters <ul style="list-style-type: none"> • Office Accommodation Plan, Cabinet, 25 November 2015 		
Documents attached:	Appendix A: Overview and Scrutiny Committee – 12 January 2017 – Report No: OAS/FH/17/001		

1. Purpose of Report

- 1.1 On 12 January 2017, the Overview and Scrutiny Committee considered report [OAS/FH/17/001](#) in respect of the funding for the Mildenhall Hub Project. The Committee endorsed the report and referred it on for formal consideration by Cabinet and Council in February. The scrutiny report is attached as **Appendix A** and should be read in conjunction with this covering report.
- 1.2 The purpose of this covering report is to provide additional information requested by the Overview & Scrutiny Committee and update some of the other information in the original report. The report also provides formal recommendations for consideration by Cabinet and Council which, if agreed, will provide final approval for the project to proceed to its planning and delivery stages.
- 1.5 This report on the funding of the Project is not councillors' opportunity to input to the Hub's draft design. Similarly, any decision to proceed with the project should not be confused with decisions to be taken separately by the Council in its role as Local Planning Authority. Taking a view on the business case for the Hub does not fetter any councillor's discretion in relation to the planning application, which must be considered separately on its own merits at the appropriate time. **It is also fully acknowledged that, in taking forward the Hub, planning and highways issues will need to be addressed through the formal planning process, in accordance with the adopted Development Brief and involving public consultation.**
- 1.6 Furthermore, this report does not seek to re-examine, or gain approval for, the principle of establishing a Hub, which has already been the subject of consultation and consideration by FHDC's O&S Committee, Cabinet and full Council. The requirement for change to the public estate in Mildenhall was established and approved through the 2014 Outline Business Case (updated in January 2016). This earlier piece of work identified a single hub at Sheldrick Way as the Council and other partners' preferred option to address the identified issues. The business case established partners' requirements and contained a full appraisal, taking into account the relative benefits, constraints and risks of each option (including status quo). The business case can be found at: www.mildenhallhub.info.

2. Updates to January 2017 Scrutiny Report

Capital Estimates

- 2.1 The January 2017 report assessed funding in the context of the 2016 budget estimate for Forest Heath of £20m. Since preparation of that report, the Hub Project Board has received the assessment of the design team's quantity surveyor of the concept design that formed the basis of the public "pre-application" consultation in January and February 2017 (closing date 10 February 2017).
- 2.2 This latest estimate of the FHDC share of the capital cost, excluding renewable energy, is £17.4m (within a total project cost of £36.76m). While this assessment gives us a degree of assurance that the project is deliverable

within the original budget, it is suggested that the Council continues to work on the basis of its original £20m estimate until after the planning and procurement stages of the project, for the following reasons:

- (a) This is still an estimate based on a concept design, rather than the technical design that will be submitted to planning.
- (b) The design may require adaptation as a result of the pre-application consultation and comments from the public and stakeholders, evaluation by the Council's insurers and external advice commissioned for specialist elements e.g. swimming pool design.
- (c) As important as (a) and (b), the scheme has not been subjected to any procurement and the final cost will be dictated by market conditions.
- (d) This estimate contains a number of exclusions that are not possible for the design team to estimate, the most notable of which is the cost of any s106 Agreement in relation to off-site works such as highways improvements.
- (e) The cost of the fit-out is still to be determined, particularly in relation to the leisure centre, and this may rise.
- (f) The FHDC share of costs in this estimate is still subject to testing through the funding agreement, since it makes certain assumptions about how costs are shared between partners.

2.3 In this context, the capital costs used in the scrutiny report attached as Appendix A are not changed. If the recommendations in this report are approved, the project will proceed to its planning and delivery stages on the basis of the cost to FHDC being up to £20m and, if this is not possible, the matter will be referred back to councillors.

Project Funding

2.4 As this is beyond the Council's direct control, there are no updates to report in relation to the availability of third party funding. There is, however, no reason to believe that the target funding position outlined in the scrutiny report should be changed at this stage.

Project Cash flow

- 2.5 The Overview and Scrutiny Committee noted that the intention was to provide a project cash flow before any final decisions on funding. On the basis that the £20m 'worst-case' capital estimate is retained, the basic funding model remains as follows:

Estimate of FHDC Capital Requirement

Description		£
Construction Cost (Est) – including fees	Up to	20,000,000
Leisure Client Advice		60,000
Capital Receipts from Vacated Sites		-1,350,000
Initial Maintenance Liability for Existing Buildings (from existing and future capital budget provisions)		-4,250,000
40 Year Maintenance Liability for Existing Buildings (from existing and future revenue budget provisions)		-1,190,000
Council's Strategic Priorities and Medium Term Financial Strategy Reserve	Up to	-3,000,000
Combined third party contributions (Est)		-5,350,000
Net Capital Requirement to be met from borrowing		4,920,000

Estimate of Annual FHDC Revenue Requirement

Description		£ p.a.
Borrowing costs (Interest and Minimum Revenue Provision)		258,300
Estimated Hub running costs		161,700
Budgeted building maintenance contribution at the Hub		143,000
Current budgeted office accommodation costs (saving)		-227,250
Rents (additional income)		-15,000
Average net impact on Abbeycroft current Management Fee		-223,000
Current building maintenance contribution for the Pool		-31,000
Current grant for dual-use of the Dome		-35,500
Contribution from renewable energy business case (net of borrowing costs)		-60,000
Net Revenue Saving		-28,750

- 2.6 This summary, however, does not show how the costs and benefits of the Project will be spread over the projected 40 year borrowing period. Some assumptions are required to produce such a cash flow projection, as follows:

- Build cost spread evenly between Jan 2018 and end March 2020.
- Capital receipt for College Heath Road in Q4 2019/20
- Capital receipt for Swimming Pool in Q1 2020/21.
- Various elements of third Party funding spread over construction period depending on source (some at outset at project, some split evenly and some at end)
- Leisure Client Advisor split evenly starting in 2017/18.
- Revenue benefits on offices start from 1st April 2020.
- Abbeycroft Management Fee savings as per business plan from

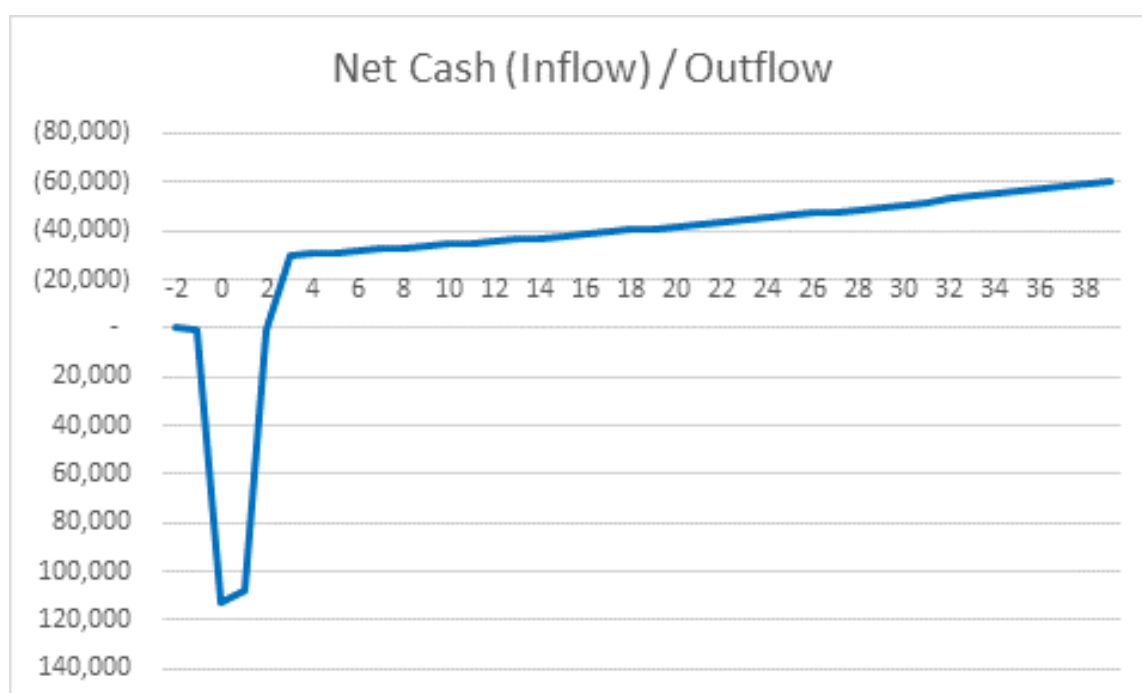
Abbeycroft.

- Mildenhall Dome Grant to finish on 1st April 2020.
- 2% inflation applied to Savings on Office Accommodation, Rents, Renewable Energy Income and Additional Building Maintenance Contribution.
- No inflation applied to Abbeycroft Management Fee, Mildenhall Dome Grant or Borrowing Costs.
- Minimum Revenue Provision contributions start in first full year the asset becomes operational i.e. 01/04/2020.
- Interest Rate Payable of 2.75%

2.7 Applying these assumptions, a summary of the indicative cash flow projection for the FHDC elements of the Project is as follows:

Building Year			1	2	3	4	40		
Financial Year	31/03/2018	31/03/2019	31/03/2020	31/03/2021	31/03/2022	31/03/2023	31/03/2024	31/03/2059	TOTAL
Total Cash Inflows	(1,908,889)	(7,575,556)	(7,575,555)	(262,550)	(372,361)	(404,728)	(407,653)	(556,787)	(35,723,493)
Total Cash Outflows	1,908,889	7,575,862	7,687,904	370,300	372,540	374,825	377,155	495,997	34,162,484
Net Cash (Inflow) / Outflow	-	306	112,349	107,750	179	(29,903)	(30,497)	(60,790)	(1,561,009)

Showing a net surplus over the 40 year pay-back period of just over £1.5m. Diagrammatically, with "year 1" starting on 1 April 2020, this is as follows:



2.8 The indicative net cash flow position only reflects new costs, income and savings associated with the development of Mildenhall Hub. The net cash outflow in the early years of the project relates to the interest on the borrowing needed during the building phase, whilst existing facilities are still operational. The phased reduction of the Abbeycroft Management Fee also has an impact on the early years cost of the project.

2.9 Any residual costs in the early years of the project can be met from the Council's Invest to Save Reserve whilst new income and savings materialise

and repayment of funds will then take place. Alternatively, consideration is currently being given to a policy of capitalising interest costs during the building phase of significant capital project. If adopted, this will have the effect of reducing the net cash outflow in the early years of the project by increasing the amount borrowed; but then it will also marginally reduce the annual net cash inflow over the remaining years of the project due to higher borrowing costs.

3. Recommendations and Next Steps

- 3.1 If the recommendations in this report are approved, the project will proceed, subject to planning consent being achieved and to procurement resulting in a cost to FHDC which is within the agreed budget of £20m. The next steps for the project are to complete a technical design, reflecting the pre-application consultation, and seek planning consent. In parallel to that process provisional appointments of contractors will take place (subject to planning), allowing market-testing of the project budget. This should give the Council some greater cost certainty by summer/autumn 2017.
- 3.2 Alongside the core design work, a separate business case for renewable energy provision (see section 6.2 of Appendix A) will be prepared, likely to entail an additional investment of £2m to £4m. It is proposed that, provided that this business case is in line with the Council's Medium Term Financial strategy in terms of the additional return generated, Cabinet may approve this business case and any subsequent additional investment up to £4m.
- 3.3 As outlined in the Scrutiny report, the key decision for the Council at this point is to authorise the signing of a funding agreement for the project which sets out the governance and financial responsibilities of each partner. As the agreement must be prepared within the framework set out in Appendix A (see section 6.1), it is proposed that the officers, in consultation with the Leader and Portfolio Holder for Resources and Performance, be authorised to prepare and sign this agreement during Spring 2017.

Overview and Scrutiny Committee



Forest Heath
District Council

Title of Report:	Mildenhall Hub – Funding	
Report No:	OAS/FH/17/001	
Report to and dates:	Overview and Scrutiny Committee	12 January 2017
	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Cllr James Waters Leader Tel: 07771 621038 Email: james.waters@forest-heath.gov.uk	
Lead officer:	Alex Wilson Director Tel: 01284 757695 Email: alex.wilson@westsuffolk.gov.uk	
Purpose of report:	To allow the Committee the opportunity to scrutinise outline funding plans for the Mildenhall Hub project before a funding agreement and final budget is considered by Council in February 2017.	
Recommendation:	It is <u>RECOMMENDED</u> that the Committee scrutinises this report and refers it with its own recommendation and any comments to Cabinet and Council.	

Consultation:		<p>The prior development of the Hub project has been based on public, partner and stakeholder consultation. Public consultation will also take place before and after submission of a planning application in 2017.</p> <p>Councillors have been extensively involved in the decision-making process for the Hub (see background papers below). This Committee last received an update on the project in January 2016.</p>	
Alternative option(s):		The 2014 Hub business case examined over 10 different options	
Implications of this report:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As outlined in report	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> As outlined in report	
Are there any equality implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Covered in wider project planning.	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<i>Please note: this is <u>not</u> a risk assessment for the Hub project as a whole, but for the subject matter of this scrutiny report only i.e. funding.</i>			
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Hub is unaffordable to FHDC and its taxpayers	Medium	Properly evaluate likely costs (including borrowing costs), with contingencies, and sources of funding through this and subsequent reports prior to adoption of a funding agreement and a final decision to proceed.	Low
There is not a strong business case for FHDC to invest in the Hub	Low	Examine the strategic and financial case through this and subsequent reports.	Low
There is not a transparent and fair means of dividing costs for the project	Low	Develop a funding agreement along the principles outlined in this report.	Low
There are not safeguards to protect the interests of FHDC and the taxpayer	Low	Ditto	Low

Ward(s) affected:	All Wards
<p>Background papers: <i>(all background papers are to be published on the website and a link included)</i></p>	<p><u>Hub papers</u></p> <ul style="list-style-type: none"> • Cabinet/Council report February 2016 - Mildenhall Hub Updated Business Case • Cabinet report 14 July 2015 - Mildenhall Hub Project Update • Cabinet report December 2014 - Mildenhall Hub Project Update (business case and next steps) • Cabinet report July 2014 - Mildenhall Hub Project and ACL Management Fee • Cabinet report January 2014 - Mildenhall Dome Leisure Centre • Cabinet Update report June 2013 (excluding Appendix 1) • Mildenhall Hub leaflet March 2013 • Cabinet background report February 2013 <p><u>Other matters</u></p> <ul style="list-style-type: none"> • Office Accommodation Plan, Cabinet, 25 November 2015
Documents attached:	None

Important Note: *In some Local Plan consultation documents part of the proposed site for the Hub is included within a larger potential growth site (as they are in a single ownership). However, it should be noted that the working title "Mildenhall Hub" relates only to the relocation of existing public services as part of an extension of the Sheldrick Way school site. It does not refer to the proposal for a housing growth site to the West of Mildenhall, which is a separate matter.*

Executive Summary

The Mildenhall Hub is a bold and innovative project to renew and upgrade the public estate in Mildenhall. The Council's own elements of the scheme include a leisure centre and the replacement of its offices at College Heath Road. While the Council has already committed to progress the scheme to a planning application, it needs to finalise its funding arrangements in February 2017. To enable the Committee to scrutinise the funding of the project ahead of that decision, this report provides some initial financial information.

Although some information is still awaited, the current indications are that the Forest Heath elements of the scheme are likely to be financially deliverable in accordance with the Council's Medium-Term Financial Strategy. Furthermore, an investment by Forest Heath in the project will deliver considerable benefits on behalf of the local community and also address significant existing asset management issues.

The central element of the Hub, which would contain the Council's new shared offices, is likely to be deliverable within available resources and generate a saving for taxpayers. The new leisure centre offers a considerable increase in the quality and scale of facilities for the area, to meet current identified need. After applying available sources of capital, delivery of this leisure facility will require some borrowing, but this will be supported in full or part by savings made on running costs, including those from moving to new offices and the installation of advanced renewable energy technologies.

1. Update on Project Status and Purpose of Report

- 1.1 In July 2015, Forest Heath District Council (FHDC) approved an initial business case to develop a single-site public services hub at Sheldrick Way, Mildenhall aimed at achieving the following objectives:
- improving the quality of facilities to meet the needs of the local community
 - improving integration of public services
 - reducing running costs (and future capital liabilities) and
 - releasing vacated sites for regeneration in terms of homes and employment.
- 1.2 In February 2016, an updated business case was approved which indicated the likely capital cost of the FHDC elements of the project (excluding renewable energy) would be up to £20m, and that funding for this sum would be derived from several internal and external sources.

- 1.3 As part of these two decisions, a match-funding feasibility budget was provided to develop technical designs to test through the development control process (a planning policy 'Development Brief' for the site having been adopted by the Local Planning Authority in spring 2016 following public consultation). This design work is well under way with partners, and takes into account comments put forward by the public during the development of the development brief. A further public consultation will also be carried out in January and February 2017 – called a 'pre-application consultation'. Depending on the results of this consultation, and approval for funding, further design amendments could be made and it would then be possible to submit a planning application for the Hub in spring 2017. This would include the formal period of statutory consultation, giving those with an interest in the site a further opportunity to put forward their views. Subject to funding and planning consents, the aim is for the first phases of the Hub to be open in 2019/2020.
- 1.4 However, to fit within this project timetable, FHDC and all other partners will need to sign up to a funding agreement by early spring 2017 which will commit them to not only submitting the planning application but also, if that is approved, to meeting their share of the delivery and running costs of the project. This scrutiny report therefore focuses on the likely ability of FHDC to sign up to that agreement based on what is known financially about the project at December 2016 and explains what information is still to be received before Council considers the project in February 2017 (or after).
- 1.5 This report is not councillors' opportunity to input to the Hub's design, which will be arranged separately as part of the pre-application consultation. Similarly, any decision to proceed with the project should not be confused with decisions to be taken separately by the Council in its role as Local Planning Authority, which will be the subject of public consultation (pre and post-application) and a later decision by the Development Control Committee. Taking a view on the business case for the Hub does not fetter any councillor's discretion in relation to the planning application, which must be considered separately on its own merits at the appropriate time. **It is also fully acknowledged that, in taking forward the Hub, planning and highways issues will need to be addressed through the formal planning process, in accordance with the adopted Development Brief and involving public consultation.**
- 1.6 Furthermore, this report does not seek to re-examine, or gain approval for, the principle of establishing a Hub, which has already been the subject of consultation and consideration by FHDC's O&S Committee, Cabinet and full Council. The requirement for change to the public estate in Mildenhall was established and approved through the 2014 Outline Business Case (updated in January 2016). This earlier piece of work identified a single hub at Sheldrick Way as the Council and other partners' preferred option to address the identified issues. The business case established partners' requirements and contained a full appraisal, taking into account the relative benefits, constraints and risks of each option (including status quo). The business case can be found at: www.mildenhallhub.info.

2. **Project Description and Summary of Envisaged Benefits**

2.1 Although this report is not focused on the operational details of the Hub, it is helpful to recap briefly on the project so that councillors can put the organisational and financial business case in context.

2.2 The Hub project is currently a partnership involving (in alphabetical order):

1. Abbeycroft Leisure
2. Academy Transformation Trust (Mildenhall College Academy)
3. Citizens' Advice Bureau
4. Department of Work & Pensions (Job Centre)
5. FHDC (on behalf of both West Suffolk councils where applicable)
6. National Health Service
7. Suffolk Constabulary/Police & Crime Commissioner
8. Suffolk County Council (including Suffolk Fire Service)
9. Suffolk Libraries.

2.3 As discussed in the 2016 update to the Business Case, there is no funding from central government to replace the existing Sixth Form Centre at Sheldrick Way so this will be retained, along with some of its playing fields, and linked to the new buildings at the Hub. Subject to confirmation by the other partners, the additional new facilities currently being explored by the partners for phase 1 of the Hub include:

- New secondary school
- Swimming pool (six lane 25m pool plus learner/family pool)
- Sports Hall, gym and fitness suites
- Outdoor sports facilities (including artificial pitch)
- Public meeting/teaching spaces
- Offices shared by councils, NHS, Police, DWP and CAB
- Fire Station (*subject to traffic evaluation*)
- Police Station
- Health Centre
- Library
- Pre-school facilities
- Soft-play facility
- Small public café for Hub users
- Shared infrastructure (plant, kitchens, parking, service yard, etc).

More detail on the FHDC elements of the Hub is provided later in the report. The final list of facilities will be confirmed by the partners before the planning application and the above list may change. In addition to what might be included in phase 1, the Hub is being designed to be extremely flexible so that it can evolve as needed, subject to subsequent planning applications if applicable. This would include the ability to add a primary school to the site if ever needed.

2.4 Subject to confirmation of the final list of facilities, the Mildenhall sites potentially vacated by the Hub project are:

- College Heath Road/Kingsway (police, health centre, library and FHDC)
- Bury Road school site
- Swimming Pool
- Fire Station (subject to traffic evaluation).

- 2.5 In brief, the potential benefits of the Hub identified in the 2014 business case included:
- radically improve the quality of facilities for post-11 education;
 - reduce the equivalent built elements of the existing public estate by around 5000m² or 20%, even allowing for an increase in the current range of leisure facilities;
 - include over 3000m² of shared internal space and shared meeting spaces;
 - potential to reduce the running costs of the public estate by over 50% (or £20 million) over 25 years;
 - relocate services from several sites down to one accessible location, close to the town centre (the only town centre facility being relocated is the swimming pool);
 - provide scope for some of the public services to expand in the future, if demand for them grows;
 - release several existing public sector sites for housing, retail, employment or other community uses;
 - provide a flexible environment for virtually any model of service delivery in the future, with strong community ownership;
 - house a shared 'Hub Host' team in a single shared reception area who can deal with first contacts with visitors; and
 - integrate ICT systems.

3. Scrutiny of Business Case

- 3.1 The following sections of this report are intended to assist councillors in scrutinising the financial information available for the Hub project as at December 2016. The views of this Committee and any remaining information will then be presented to Cabinet and Council in February 2017 so all councillors can decide whether or not to support the adoption of a funding agreement for the Hub to enable it to enter its delivery stage. The other partners in the project will need to make their own independent decisions to participate in delivery of the Hub and, for this reason, this report focuses primarily on the funding elements on which Forest Heath will take a direct lead.

4. Organisational Overview

- 4.1 It is important to re-confirm that the project is aligned to and/or complements the Council and West Suffolk's policy framework and other relevant corporate considerations. From the FHDC point of view, the Hub project is consistent with the following:
- a) **Strategic Plan:** consistent with key themes of partnership working, embedding commercial behaviours, offering the highest possible levels of customer service and supporting people to help themselves. The Hub also directly or indirectly supports all three priorities for West Suffolk and the envisaged new ways of working to achieve them, specifically:

Priority 1: Increased opportunities for economic growth

- beneficial growth that enhances prosperity and quality of life; and
- people with the educational attainment and skills needed in our local economy

Priority 2: Resilient families and communities that are healthy and active

- a thriving voluntary sector and active communities who take the initiative to help the most vulnerable;
- improved wellbeing, physical and mental health; and
- accessible green spaces.

Priority 3: Homes and communities

- new developments that are fit for the future, properly supported by infrastructure, and that build communities, not just housing.

- b) **Medium-Term Financial Strategy:** Responds to the challenges facing local government finance by investing in more efficient and/or income generating (leisure) facilities.
- c) **Asset Management Plan:** Addresses condition of swimming pool and district offices.
- d) **Office Accommodation Plan:** The 2015 plan which established the FHDC requirement for office space in the Mildenhall Hub (500m² and a target of 8m² per desk and a ratio of desks to staff of 70%) and agreed future office accommodation should: be cost effective for taxpayers; facilitate new methods of working; provide locality based services wherever practical; be flexible – now and for the future; enable multi-disciplinary and multi-agency working; maximise co-location opportunities with partners; enable the delivery of the Target Operating Model for customer access (digital by design); release maximum land for redevelopment and income generation (One Public Estate).
- e) **Customer Access Strategy:** Whilst there will be public services delivered through the Hub, customers will also be encouraged and supported to interact digitally with the council and partners. The Hub will provide support in building customer confidence and the ability to self-serve and enable them to achieve a better and faster service in the future where this is both possible and appropriate.
- f) **Families & Communities Strategy:** Creates spaces for the community to interact and work together; supports the move to preventative approaches by facilitating the way the Council and its partners work, specifically: different ways of working across organisations; and working in the places where people are.
- g) **Joint Health & Wellbeing Strategy for Suffolk:** Helps people in Suffolk to have the opportunity to improve their mental health and wellbeing e.g. increasing the levels of physical activity, ensuring that health and social care services are integrated at the point of delivery and a focus on prevention including the promotion of healthy lifestyles and self-care.
- h) **Suffolk Transformation Challenge Award (TCA) Programme:** promotes the objectives of TCA in terms of integration and demand management in public sector practices. The Hub project received TCA funding in its early stages.

- i) **Suffolk Growth Strategy and the West Suffolk Six Point Plan for Jobs and Growth:** For instance, supports our market towns, ensuring the right conditions for growth and developing skills. The Hub is being provided on the closest available site to the town centre, and users will be encouraged to combine visits (see (j) below).
- j) **Forest Heath District Retail and Leisure Study 2016:** Study highlights the positive opportunity created by any relocation of the swimming pool in terms of supporting new retail development and strengthening the town centre. Survey work for the study also highlighted a desire among some visitors to the town centre for better quality leisure facilities as part of any future plan for its improvement.
- k) **Adopted and emerging planning policy:** Specifically, the Development Brief for the Mildenhall Hub adopted in 2016. The Hub is also a key part of any infrastructure provision for the town, now and in the future.
- l) **West Suffolk Sports Facilities Assessment:** The facilities mix for the leisure elements have been established with reference to this recent study, prepared with Sport England.
- m) **RAF Mildenhall Vision and Prospectus:** See next section.

5. Drivers for Change and Success Criteria

(The following section is a short summary of information already addressed in the original business case – see background papers above – and approved by Forest Heath councillors in earlier stages of the project. It is re-provided here for ease of reference in terms of scrutinising the financial estimates for the Hub in their corporate and strategic context.)

- 5.1 The first phase of the Mildenhall Hub Project is primarily an investment primarily aimed at improving and securing the future of the **existing** public estate in the town; to meet the current demand for services from residents in Mildenhall and the surrounding area. This investment is needed now because many of the public sector buildings in Mildenhall are either reaching the end of their design-lives, are either too large or too small for likely future needs and/or are in need of complete refurbishment or replacement. This makes the estate extremely inefficient and increasingly unaffordable, diverting money from frontline services (and/or putting them at risk). FHDC has already made a commitment in its capital programme to replace the swimming pool and will also need to invest in the district offices. The Government has recognised the poor condition of the Bury Road campus of Mildenhall College Academy through its eligibility for refurbishment/replacement under the Priority Schools Building Programme (PSBP).
- 5.2 These diverse public facilities are currently spread around the town, occupying around 18 hectares. This wide distribution of assets is a common story across the country. Like the Government, the partners recognise that it is increasingly inconsistent with the changing landscape of public service

delivery and puts pressure on reducing public sector budgets. Therefore they are looking now for a model of public estate management in Mildenhall which fosters collaboration and community identity, and capitalises on new technologies, both in building design and information technology. In particular, the partners feel that any opportunity to reconfigure the public estate to deliver improved outcomes in skills, educational attainment and health should be taken.

- 5.3 Although the scheme is proposed to meet current needs, it is also being designed with sufficient room to grow as the town and surrounding villages evolve in years to come. Such future expansion, if required, would be funded by developer contributions or through separate business cases and is likely to require separate planning consent.
- 5.4 The future of RAF Mildenhall is not yet known and, in any event, it would not be possible to wait until the mid-2020s to address the current condition of the public estate on behalf of existing residents and taxpayers. Nonetheless, the Hub will complement any plans that emerge for the airbase, and would have flexibility to accommodate some of the expansion in the more centralised infrastructure that might be required (alongside any that may be needed within any new development itself) e.g. secondary education, library, health centre and leisure.
- 5.5 There were a number of required benefits and outcomes from the Mildenhall Hub Project which were defined as success criteria for the project in the original 2014 Business Case, alongside an assessment of the current sites and an evaluation of 12 different options for change. These aligned with the objectives of the Government's One Public Estate (OPE) Programme, listed below:
- Create economic growth – to enable released land and property to be used to stimulate economic growth, regeneration and new housing.
 - Generate capital receipts – to release land and property to generate capital receipts.
 - Reduce running costs – to reduce the running costs of central and local government assets.
 - Deliver more integrated and customer focused services – to encourage publically funded services to co-locate, to demonstrate service efficiencies, and to work towards a more customer focused service.
- 5.6 One of the main local success criteria for the project, and one that links directly to asset management, is that it delivers reduced running and maintenance costs for all partners, namely by reducing the footprint of the public estate buildings in Mildenhall by around 20% to ensure there is less inefficient/under use of space. This will also be achieved by occupying a modern building, as opposed to a building at the end of its shelf life, as well as sharing some services, such as reception, plant, parking, etc. Achieving this objective is essential if the cost of providing local facilities in Mildenhall, particularly leisure services, is to remain affordable for the taxpayer.

- 5.7 It is also important that the revenue costs are sustainable over the full life cycle for the project, which in turn will have a positive impact for the tax payer. In order to deliver this, there will be the potential to gain capital receipts from the sale of land no longer required by the partners. This released land will help to stimulate economic growth, regeneration, new housing and jobs in Mildenhall.
- 5.8 The Hub must also improve and widen existing local public services for the community by offering efficient and effective service delivery through co-location and joined up public service delivery. This is about more than just ensuring the project is successful as an asset management exercise. This criterion involves ensuring there are benefits and genuine improvements for local residents through the services that they receive and the facilities they can use at the Hub. Services need to be integrated and customer focused and it is important that the Hub increases user satisfaction and service performance, as well as community resilience and engagement.
- 5.9 *Put simply, there is no 'do nothing' option and the Hub partners believe that, if a large amount of money is to be invested in the public estate in Mildenhall, it should be done so in a manner which seeks to minimise that cost to the taxpayer but, at the same time, maximises the benefits for local people, and results in new and innovative facilities which will among the best in the country.*

6. **Financial Assessment**

N.B. It is important to read this section in the context that financial information is still being refined as the design process continues and a more accurate estimate of costs will be provided for councillors in February 2017. This report is to allow scrutiny of the basic funding model ahead of those final decisions.

6.1 **Methodology and assumptions**

- 6.1.1 The 2014 business case looked at 13 different options for the public estate in Mildenhall, including the status quo, and compared their relative merits. The feasibility and advantages of a single Hub emerged from that work. The preferred option now being taken forward, identified in the 2016 update to the business case, is a hybrid of two of those options (a new build at Sheldrick Way with the retention of the existing sixth form). The size of the Hub has also been reduced from the facility proposed in the original 2014 document following value engineering and better data on future requirements.
- 6.1.2 In February 2016, the capital cost of the FHDC elements of the project was estimated to be up to £20m (excluding renewable energy). There is reason to believe at the time of writing this report that this figure is still achievable, but this is dependent on the refinement of the designs that will occur before the planning application, including any changes which emerge from the pre-application consultation in the new year. So, for the purposes of this scrutiny report on sources of funding, this original figure of £20m continues to be used, on the basis it will be refined in February 2017 when a final decision is made. In addition, to allow FHDC to assess the value offered by this scheme, a baseline position is also required i.e. what will FHDC spend if we maintain the status quo? This comparison will need to be made over a 40 year life cycle for either scenario, which obviously requires some basic assumptions in both cases.
- 6.1.3 Furthermore, in making the comparison, it is important also to confirm some of the assumptions and partnership principles previously agreed by FHDC between 2014 and 2016, as they have an effect on the estimated cost to FHDC. For the reasons explained, some of these adopted principles and assumptions mean that the projected cost of the Hub to FHDC presented in this report could still fall as the project progresses.
- 6.1.4 In no ranked order of importance, the principles/assumptions are as follows:
- a) The estimates of capital costs are based on a Royal Institute of British Architects (RIBA) Stage 2¹ Concept Design as at December 2016. This is subject to pre-application consultation which would shape the RIBA Stage 3 Technical Design which would then form the basis of a planning application in 2017. The costs are also prior to any further value-engineering by the partners if this is needed.

¹ *The RIBA Plan of Work 2013 organises the process of briefing, designing, constructing, maintaining, operating and using building projects into a number of key stages, and is the national standard. Stage 3 is a developed design, and Stage 4 a technical design. The planning process normally overlaps with Stages 2-4, depending on the scheme. Stage 5 is construction and Stage 6 handover.*

- b) As it is already in public ownership, it is assumed there will be no new land acquisition costs for FHDC or other partners in relation to the additional land adjacent to Sheldrick Way. However, as previously authorised by Cabinet in 2013, FHDC will swap land at Outfall Cottages, Newmarket with SCC as part of the land acquisition for the Hub project (subject to covenants on both sites).
- c) All occupying partners will need to sign a Funding Agreement before any planning application is submitted, which commits them to their defined share of the costs. The Funding Agreement will define the tenure arrangements for each partner and the working assumption is that FHDC and ATT will act as the landlord for the facilities on the site, with all other partners as tenants. However, other partners are able to request the landlord role in the Funding Agreement. The landlord may also choose to subsidise the rent of a tenant if it wishes (if State Aid compliant and where this fits with the landlord's own strategic or operational requirements). This does not preclude a different community ownership model emerging in the future when the Hub is safely established.
- d) Notwithstanding (c) above, the 'user pays' concept will apply to the capital cost of providing exclusive operational spaces (and their associated overheads) e.g. the controlled school area will be funded by the Academy (ATT), the library will be funded by Suffolk County Council, etc. FHDC's own exclusive operational spaces are explained in the later sections of this report.
- e) To ensure deliverability, the local authorities will need to assess these initial estimates on the worst-case financial scenario of also underwriting most of the capital cost of the central and shared infrastructure in the new Hub building. However, it is expected that some of this cost will be shared with some of the other partners, or be eligible for external grants, when the final budget for the Hub is determined in 2017/18. Some assumptions about the target level of external funding are made in this initial model to assist scrutiny.
- f) Under Education Funding Agency (EFA) rules, ATT will not be funded to provide the costs of any off-site infrastructure e.g. highways improvements.
- g) FHDC will also cover, as landlord, the capital cost of operational elements required by Abbeycroft, the CAB and DWP. As with all other council leisure facilities, Abbeycroft will operate the leisure centre as FHDC's agents. The CAB and DWP office requirements are so small (fewer than 10 desks/reception points in total) that it will be easier for FHDC to recover this capital cost through their rent.
- h) Tenant partners will be able to invest capital in return for a long-term rent-free period (although they will still pay their share of occupation and maintenance costs – see (j) below). Partners will not be able to recover their capital investment if they surrender their lease early. This arrangement can be pro-rata i.e. a full investment will result in a peppercorn rent; a 50% investment will result in a 50% rent subsidy. The rent-free period will be linked to an assessment of the design-life and/or planned maintenance cycle of the new building and will enable the partners (and the taxpayers funding them) to achieve the same outcome

as building their own standalone new building. It also gives them the certainty of tenure required for their initial investment. This important principle, agreed in the earlier business case, is essential to allow (and incentivise) partners to join the Hub project on a fair and cost-effective basis; FHDC's role in the Hub project is not commercial, but as an enabler of the community benefits. *Most of the relevant partners are currently indicating a preference for this option.*

- i) Alternatively, if they do not have capital to invest, and to assist with the coordination of the project, FHDC will be prepared to borrow on behalf of other partners to cover their share of the capital costs, provided that the partners enter into a contract (and long-term lease) to enable FHDC to recover the cost and risks of this borrowing in accordance with its Medium-Term Financial Strategy. This will mean that the FHDC taxpayer will not subsidise the other partner and vice-versa.

On the basis of (h) and (i) above, this report focuses on FHDC's own elements of the Hub only because the funding of other elements of the Hub will be cost-neutral to the Council. When the funding agreement is approved in February 2017, however, councillors will be advised of FHDC's total borrowing requirement, including the cost of any facilities provided for other partners.

- j) Irrespective of the Hub's ownership, all of the Hub occupiers will share its running costs, including maintenance, on a fair 'user-pays' basis.
 - k) The project, like all others, will be considered on the basis of the West Suffolk investment framework principles to cover any borrowing requirements. However it should be noted that (as explained in this report) the project is more complex than a normal 'commercial' investment decision, as it is about delivering core services, meeting strategic objectives and addressing asset management issues.
 - l) Although mentioned later in this report, there will also need to be a separate business case (not possible until 2017 when design is more progressed) to determine FHDC's investment in renewable energy for the site (fully or partly with other partners). This business case will need to demonstrate as a minimum that the additional capital cost can be recovered in accordance with the Council's MTFS. However, early indications are that there is potential for renewable energy to provide an additional return towards the overall cost of providing the Hub. As such, the estimated capital and revenue costs shown for FHDC's operational elements are in relation to a predominantly conventional energy supply.
- 6.1.5 Having established these general principles, it is now possible to look at the various elements of *phase 1* of the Hub applicable to FHDC and the economic case for each individually. At this scrutiny stage, however, it is only possible to establish a *target position* in relation to each specific element because some information is still awaited for reasons outside of the control of FHDC. There should be more clarity over the ability to hit this target position by the time the Cabinet and Council (i.e. all councillors) make a final decision in February 2017.
- 6.1.6 The information still to be confirmed includes funding decisions by third parties and, as a result, the budgetary position for FHDC shown below is

provisional in some instances. More third-party funding than is targeted may be obtained, and these figures may improve further.

- 6.1.7 It is also important to note that the funding model focuses on direct costs and benefits of the Hub. While hard to quantify at this stage, experience shows that the Hub (and the vacated sites it creates) will create a platform to deliver further direct and indirect savings over its lifetime e.g. the ability to work differently with partners in shared facilities.

6.2 Renewable Energy

- 6.2.1 As explained above, a separate business case will be prepared for the installation of renewable energy at the Hub and the *cost* estimates in the following sections of this report do not include provision for this additional cost. This will be dependent on information in the submitted technical design and also advice from central government in relation to eligibility to join national programmes for district heating systems.

- 6.2.2 Nonetheless, the work to date suggests that the Hub has significant potential to incorporate extensive established and new renewable technologies (over and above a focus on passive measures such as insulation in the main construction). Areas being considered are as follows:

- (a) Ground source heat pump
- (b) Gas-fired combined heat and power
- (c) Solar PV
- (d) Battery energy store
- (e) District heating.

The potential for anaerobic digestion will also be considered in the detailed design stage.

- 6.2.3 The additional cost of these items is significant; likely to be between £2m and £4m depending on the choice of technologies and the ability to attract external funding. However, the return from this investment is likely to be significant for the Hub site as a whole, given its high energy demand (principally the swimming pool). Initial estimates of gross savings compared to conventional technologies are over £300,000 p.a. (to be shared between all of the Hub uses, not just FHDC). Under the Council's MTFS, this rate of return (likely to be over 10% gross) would justify an additional and self-contained investment in this element of the project. Furthermore, any net surplus generated after the cost of borrowing and running costs by FHDC could contribute towards the overall cost of delivering the Hub project. So that the draft financial model in this report reflects this potential, a provisional contribution is shown in section 6.4 for indicative purposes. However, this is subject to change when the business case for renewables is prepared.
- 6.2.4 To take this forward, the report to councillors in February will propose that delegated power be approved to allow the Cabinet and officers to sign off an additional investment in renewable technology at the Hub, subject to that investment complying with the terms of the Council's MTFS.

6.3 Offices and Central Infrastructure

What is being provided by FHDC in the Hub (and why)?

- 6.3.1 This is the element of the Hub which joins all services together, and enables the full concept of a single and integrated building to be delivered. It is also where a range of new and/or improved facilities will be provided, which is why, like the leisure centre, it is a strategic investment by FHDC, partners and external funders in the local community and in improved outcomes and new opportunities. This is what is often called 'place-shaping' and is a key leadership role of the local authorities in this project, looking at the 'bigger picture' of what the area needs as well as their own operational requirements. It also continues the work undertaken by public bodies in West Suffolk over many years to share buildings and integrate services (including by FHDC in Mildenhall e.g. the Dome and College Heath Road).
- 6.3.2 However, as can be seen below, this element of the Hub also replaces a range of current buildings in Mildenhall, including the Council's own College Heath Road offices which are under-utilised by the standards of the Council's office accommodation plan. In this context, there is also a strong argument in asset management terms for investing in this element of the Hub.
- 6.3.3 In terms of the newly built space which will be the responsibility of FHDC to provide, this element of the Hub could be up to 2500m² in the final designs (although this may reduce as areas are reapportioned between partners and further design refinement takes place), and will include:

	Facility	Shared with
1	Shared office space – for FHDC, this is room for around 70 desks of its own and a share of the associated small meeting rooms, staff areas, etc. (including councillor facilities)	<ul style="list-style-type: none"> • Suffolk CC • DWP • CAB • NHS • Emergency Services
2	Shared public meeting space – large community/assembly hall, council chamber and a range of small to medium meeting rooms	<ul style="list-style-type: none"> • MCA • Community • All Hub occupiers
3	A portion of the shared public atrium space - FHDC elements: reception area, café, public toilets	<ul style="list-style-type: none"> • Community • All Hub occupiers
4	Central plant and infrastructure - site kitchen, ICT and central plant room*	<ul style="list-style-type: none"> • All Hub occupiers

****NB:*** although the plant room is physically located in this element, most of its cost will need to be nominally attributed to the leisure centre in the funding model given the demands of the swimming pool.

- 6.3.4 In addition to the built area, any FHDC costs for this element of the Hub will also include a pro-rata share of the public areas of the site (access roads, footpaths, parking and plaza areas) and also a small service yard for grounds maintenance and street sweepers. The costs of any Section 106

requirements (e.g. off-site highways and footpath works) are hard to predict ahead of the formal planning process, but some allowance for these items will also be included in the final financial model in February 2017.

How does it compare to what is being replaced?

- 6.3.5 In terms of floorspace, it is hard to make a direct comparison between this element of the Hub and the current College Heath Road offices, for two reasons:
- FHDC shares its current offices with other partners (Suffolk County Council, NHS, CAB, DWP, ACAS and Abbeycroft) whereas the share of the office space shown in the table above (i.e. item 1) is largely for FHDC only; and
 - some of the space in the Hub is for 'new' facilities (e.g. café, kitchens, etc) and/or will be shared with a new range of partners (e.g. the main hall and plant room) so there isn't really a current equivalent.
- 6.3.6 Nonetheless, it is worth recording that the current College Heath Road offices are 3280m² and that FHDC directly occupies around 70% of this space itself as offices (around 2300m²). Therefore, even with its additional facilities, FHDC's share of this central element of the Hub is still similar in scale to the current FHDC office accommodation in Mildenhall. Furthermore, if the new and additional elements are excluded for comparative purposes, FHDC's office provision in the Hub would be around half the size of what is being replaced.

What will happen if this element of the Hub is not built?

- 6.3.7 If this element of the Hub is not built the chance to have an innovative and integrated building with additional facilities and services for the community will be lost – the central atrium area is what links together the Hub and makes the concept work. The ability to share facilities and costs with other services would also be lost, meaning duplication and wasted expenditure for the taxpayer in general. However, these are largely opportunities lost and, for the purposes of purely financial scrutiny, it is more tangible to focus on the current buildings when attempting to envisage alternative asset management scenarios.
- 6.3.8 In that context, there is no 'do nothing' option to compare the Hub against. The College Heath Road offices will not be fit for purpose as public buildings for much longer; they are reaching the end of their design life and in need of a large refurbishment and upgrade to meet modern ICT, energy and accessibility standards (there is, for instance, no lift) and provide the flexible and efficient working envisaged in the Council's office accommodation plan.
- 6.3.9 In reality, were the Council now to want to abandon the full Hub concept and commit to stay at College Heath Road for the long-term future, a major refurbishment would be likely to be proposed. Not least to convert some of the surplus space to make it lettable to more third parties. Refurbishing buildings is not a cheap option. In their 2014 business case, Concertus estimated that a full refurbishment of the existing building to modern

standards could cost approximately £3.65m. However, this would be for an optimal solution. A more basic refurbishment, retaining the current constraints of the building, could be undertaken instead. As a guide, the current estimate of the basic refurbishment and maintenance required in the next five years in the building is £1m (which, while it is included in the Asset Management Plan, is currently unfunded and awaiting a decision on the Hub). This lower comparator figure will therefore be used in the financial model below so that there is not the risk of an over-inflated baseline to inform decision-making. However, it should be noted that this would be a very basic refurbishment.

- 6.3.10 Although not suggested as an alternative, even if a completely new standalone office building were to be built for FHDC's needs (i.e. no sharing), then this might still cost up to £3m, assuming that there was no land acquisition cost. It could be much smaller (perhaps a third of the current size) and therefore cheaper to run, but it would still duplicate facilities in public buildings elsewhere in Mildenhall, and be unable to benefit from features of the Hub such as district heating.
- 6.3.11 Another factor to consider in retaining the current offices is that the chance to redevelop the site would be lost. Although there are a variety of models for achieving this, to provide a fair comparison between the status quo and the Hub, the financial model in this paper only takes into account the capital receipt that might be achieved by selling the vacated site in the conventional manner.

What is the baseline cost against which to compare the Hub?

- 6.3.12 Accepting that is not necessarily a like-for-like comparison between facilities (**see 6.3.5 above**), the only baseline we can use for this element of the Hub is the Council's current offices at College Heath Road. We have good data on these running costs, adjusted for the occupation of third parties. Similarly, we can estimate the costs of staying in the building in terms of future maintenance expenditure, based on what we know from West Suffolk's portfolio of buildings.
- 6.3.13 The comparative 'whole-life' costs of both the 'status quo' option and the Hub can be modelled over 40 years, to reflect a reasonable assumption about the period to the first complete refurbishment of the new building. It is also worth highlighting that neither scenario includes the effects of inflation, since the purpose of the model is to compare two different investment options on a level playing field.
- 6.3.14 Similarly, certain other assumptions and exclusions are applied to the model for comparative purposes. The cost of central recharges (finance, property services, health and safety) is excluded from current and future estimates (since these are determined by other factors and apply to both scenarios), as is the provision the Council must make in its accounts for depreciation. The cost of ICT is also excluded (since this is recharged separately in the Council's budget and will be incurred in any scenario). This leaves the genuine property cost of the two buildings to allow a proper asset management comparison.

- 6.3.15 As with normal council budgeting, we also need to make some assumptions about maintenance costs. In addition to the immediate maintenance backlog of £1m (held in abeyance pending a decision on the Hub), the model also needs to take into account planned maintenance over the 40 year period. Since there is no way of estimating accurately over that period, the baseline model therefore allows a standard:
- capital programme provision of 0.3% of insured value (£7.2m) p.a. for periodic maintenance of an ageing building; and
 - a revenue budget allowance for routine maintenance of 1% of insured value.

What will the central element of the Hub cost to build?

- 6.3.16 At this stage of the design process, and within the overall budget estimate of £20m, the capital cost of this element of the Hub is provisionally estimated as *up to* £6.5m (based on an assumption that around two-thirds of the cost of central plant would be allocated to the leisure centre).
- 6.3.17 This is based on estimates prepared by the design team from the initial designs that are subject to pre-application consultation in the coming weeks. They have used standard building industry benchmarks, certain assumptions (explained below) and what is already known about the overheads associated with available procurement frameworks. As with any construction project, until planning and procurement is completed it is not possible to guarantee an initial capital budget, and changes to the design may arise from internal and external consultation in any event. These estimates may, therefore, change before councillors consider the funding model in February 2017 and afterwards, as the project evolves. Nonetheless, they provide enough information to develop an initial funding framework for the project.
- 6.3.18 In addition to the design team’s final estimates, the Council will make the following adjustments to the financial model to reflect local considerations:
- Some elements of the landscaping for the council facilities may be delivered in-house by West Suffolk councils meaning that overheads (e.g. preliminaries and profit) can be reduced accordingly.
 - The cost estimates make standard assumptions about fit-out, whereas in reality all of the Council’s existing ICT equipment, its server and some of its furniture will be moved between buildings, and surplus furniture will be sold. Desk-top ICT equipment, for instance, costs £500 per desk. A conservative estimate of savings would be £55,000.
 - Similarly, the Council will assume that a third party catering operator will fit-out the kitchen and café.

What will the Hub cost to run?

- 6.3.19 Although there are national benchmarks for the property running costs of new buildings, these are not prepared in a manner which allows an easy comparison with the current running costs of the Council’s offices.

Specifically, there are not benchmarks for integrated 'hub' buildings which have uses ranging from double-height atrium spaces to conventional offices. Furthermore, ahead of decisions on matters such as renewable energy and facilities management, it is not possible to make really detailed estimates in any event. For those reasons, it is proposed that the Council uses a local benchmark for calculating the likely comparative cost of the office and central elements of the Hub at this stage of the project.

- 6.3.20 This local benchmark is West Suffolk House (WSH) in Bury St Edmunds, a modern shared council building opened in 2009. West Suffolk House is considerably larger than what is proposed for this element of the Hub but it will be managed in a similar fashion. Pro-rata, its facilities are also directly comparable and, as shown below, it could act as a reasonable proxy for the central element of the Hub (i.e. excluding the school and leisure centre):

West Suffolk House	Mildenhall Hub
Office space with break out areas and small meeting rooms and staff facilities	Office space with break out areas and small meeting rooms, and staff facilities
Operational elements (CCTV control room, youth facility)	Operational elements (health centre, emergency services, soft-play, etc)
Conference Room	Multi-purpose hall
Meeting/training rooms	Meeting/training rooms
Large shared reception	Large shared reception
Café and kitchen	Café and Kitchen
Small Library point	Public library
Public toilets	Public toilets
Councillor facilities	Councillor facilities
FM & ICT facilities	FM & ICT facilities
Visitor and staff parking	Visitor and staff parking

- 6.3.21 As elsewhere in Suffolk, the running costs of the whole building are divided between users, as they will be at the Hub. This is done at WSH by way of a standard 'desk occupation charge' which covers the cost of the space each user exclusively occupies and its share of the running costs of the shared facilities (reception area, meeting rooms, visitor car park, etc). As the joint landlord of the building, St Edmundsbury also incurs some central costs which are partly recovered through rent from tenants.
- 6.3.22 The net cost to SEBC as landlord for each desk at WSH is £2310 p.a. This covers all internal and external running costs except ICT, and includes insurance, facilities management and maintenance contributions, rates and utilities. For the purposes of this exercise, it is therefore proposed to use this benchmark to estimate FHDC's share of costs at the Hub, applied as a cost per desk. This is not necessarily what other Hub occupiers will pay – as at WSH, they may also pay a rent to cover the landlord's risks and liabilities. As the Hub will operate on a cost-recovery model, these desk charges and rents from third parties (with two exceptions – **see 6.3.23 below**) are not included in this model as they should be cost-neutral to the FHDC taxpayer.

- 6.3.23 Notwithstanding the above, the capital and revenue cost of providing the very small amount of shared space for the DWP and CAB is included in the FHDC estimates. This will be recouped through a rent/desk charge. Although this will require separate negotiation, an indicative (and conservative) estimate of rent is therefore included.
- 6.3.24 It is also assumed for the purposes of the model that the operators of the café, kitchen and soft-play will meet the direct running costs of these facilities.

Sources of funding available for this element of the Hub

- 6.3.25 As previously reported, the Hub will be funded through a mixture of capital receipts, external grants and borrowing. It is also important to take into account what will be spent in any event if nothing changes.
- 6.3.26 In the case of the central and office elements of the Hub, all or some of the following capital funding is likely to be available (some of which have been explained in more detail in the preceding paragraphs):
- (a) a capital receipt from College Heath Road – an estimate of the value at this stage is that identified by Concertus in 2014 (around £1.25m for the FHDC portion of the site);
 - (b) the unavoidable initial and long-term maintenance liability which otherwise would be required at College Heath Road over the next 40 years;
 - (c) the investment of third party operators in the fit-out of specific areas;
 - (d) the Hub project is being supported by FHDC and SCC not only in their respective operational capacities, but also strategically as local authorities. The Hub will help both authorities to achieve their strategic priorities for the local community in West Suffolk and also the One Public Estate outcomes referred to in **paragraph 5.5** of this report. In this context, in addition to funding its own operational elements, SCC has accepted the principle of jointly underwriting with FHDC the cost of future-proofing the central and off-site infrastructure for the Hub. For the purposes of this initial model, a maximum capital contribution by SCC to the central elements of the Hub is included within a provisional estimate of combined third party contributions (although it may be treated differently in the final funding agreement, with the same net effect);
 - (e) similarly, given the benefits in terms of supporting the skills agenda, providing infrastructure needed to support the long-term prosperity of the area and releasing sites for regeneration, it may be possible to seek additional regional or national funding for the Hub (e.g. LEPs); and
 - (f) if the Academy receives sufficient funding from government for its own elements, it may wish to share the cost of investing in some of the central infrastructure at the Hub and jointly own and manage it with FHDC.

- 6.3.27 As can be seen there is still a degree of uncertainty over some of the above items, particularly third party contributions. At this stage, ahead of the final funding agreement with partners, and with some outstanding funding applications, a target figure of £3.5m is included for combined third party contributions.

***Financial summary for this element of the Hub
(December 2016 provisional estimates)***

6.3.28 Estimate of Capital Requirement

Description	£
Construction Cost (Est)	6,500,000
Capital receipt from College Heath Road (CHR)	-1,250,000
CHR Initial Maintenance Liability	-1,000,000
40 Year CHR Maintenance Liability	-900,000
Investment by Caterer in kitchen and café fit-out (TBC)	-350,000
Combined third party contributions (Est)	-3,500,000
Carry Forward to Other Elements (see 6.4.25)	-500,000

6.3.29 Estimate of Annual Revenue Requirement

Description	£ p.a.
Borrowing costs	N/A
Estimated Hub running costs	161,700
Current budgeted office accommodation costs (saving)	-227,250
Rents (income)	-15,000
Carry Forward to Other Elements (see 6.4.26)	-80,550

- 6.3.30 As can be seen above, this element of the Hub is likely to be self-funding in asset management terms and, in fact, capable of providing a contribution to the Council's major community investment in the project, the leisure centre. In that context, it can be seen as an 'invest to save' proposal for the taxpayer, and a strong investment on behalf of the community in terms of the uplift in the facilities and improved services and outcomes.

- 6.3.31 This situation applies in relation to:

- *capital*, where the Council can cover the cost of providing its new office accommodation from capital receipts, avoided liabilities at College Heath Road and through sharing the cost of the new additional elements in the Hub with third parties;
- *revenue*, where a small saving on net running costs should be possible, given that the new facilities are smaller and will be more efficient, and some of the new elements will be run by third parties.

6.4 Leisure Centre

What is being provided by FHDC in the Hub (and why)?

- 6.4.1 This is the element of the Hub which combines and upgrades three existing facilities into one new leisure centre; a centre which can be shared with the school, integrated with other services, specifically the health centre, and has room to grow in the future if needed. As with the office accommodation, there is not just a solid asset management argument for replacing some of the facilities but also a strong 'place-shaping' case for a strategic investment in the local community and in improved outcomes (not least unlocking improved school facilities by allowing the Academy to focus limited government funding on teaching facilities). Specifically, in the case of the expanded swimming provision, it would also be a forward investment in the long-term needs of the area (because there is not an easy or cost-effective way to increase this capacity later on, unlike with 'dry-side' facilities).
- 6.4.2 In terms of FHDC owned facilities, this element of phase 1 of the Hub is likely to be approximately 3700m² and include:

	Facility
1	Swimming <ul style="list-style-type: none"> • Main pool: 6 x 25m lanes • learner pool • Viewing area for 90-100 people
2	Sports Hall
3	Gym
4	2 x Fitness Studios
5	3G Artificial Pitch and space for additional grass pitch if needed
6	Soft-play facility

Phase 1 is very much intended to meet the current needs of the community. However, it will be designed to allow future expansion of the 'dry' leisure facilities, with ability to increase the size of the sports hall from 4 to 6 badminton courts and add other studio, gym or racquet sports space if needed, funded by developer contributions. The external areas of the Hub (within the boundary defined in the Development Brief) will also include space to add additional pitches if the capacity available on the new 3G pitch and school playing fields is not sufficient.

- 6.4.3 In addition to the built area, any FHDC costs for this element of the Hub also include a pro-rata share of the public areas of the site (access roads, footpaths, parking and plaza areas), any informal parkland areas in the Hub and a contingency for any off-site works such as highways improvements.

How does it compare to what is being replaced?

- 6.4.4 The proposed scale and facility mix of the leisure facilities at the Hub are determined with reference to the recent assessment of current identified need. Given the smaller scale and the condition of the current facilities, the Hub therefore offers a considerable improvement for the local community. Not only will the new facilities be in a single, modern building, integrated with other facilities, but their extent and/or quality will be greater:

- the main pool will be 50% larger, with a better viewing area;
- there will be a learner pool for the first time (with a moveable floor to assist accessibility if funding allows);
- the main sports hall, gym and studio facilities will be improved;
- the artificial pitch will be upgraded to '3G' allowing the potential for competition level football and/or rugby to be played on it;
- a larger and better soft-play facility will be included, accessible from the central atrium;
- there will be a small ancillary café for centre users (close to the viewing area for the pool) as well as the chance to use other facilities in the Hub as well; and
- there will be scope to increase 'dry-side' facilities in the future.

6.4.5 Subject to the final design, the floorspace of the leisure facilities is likely to be over 1000m² (and close to 50%) larger than at present, with space to grow, if needed, by a further 500m² in the future.

What will happen if this element of the Hub is not built?

6.4.6 If this element of the Hub is not built the chance to have an innovative shared building, with additional leisure facilities and services for the community, will be lost. The Hub also offers the chance for leisure facilities in Mildenhall to cover their own direct running costs and even generate a small surplus over time. This is particularly critical at a time of increasing pressure on local authority finances and a need to reduce the management fee paid to Abbeycroft further; putting aside their operational limitations and capacity, the cost to FHDC of funding leisure facilities in Mildenhall on split sites (duplicating staff costs) and in old and inefficient buildings is not likely to be sustainable in the long-term.

6.4.7 As before, however, the baseline model ignores these opportunity costs and looks only at the direct asset management implications. In that context, there is again no 'do nothing' option against which to compare the Hub. The sports hall and gym are both in buildings approaching the end of their design lives which require investment. In the case of the sports hall, the Dome is not owned by FHDC and, were the Hub project not to proceed, future taxpayer investment in it (or a replacement) would be the responsibility of the Academy to secure, with no guarantee of what could be afforded and when. To maintain community access, however, it is certain that FHDC would need to continue to pay a grant to the Academy.

6.4.8 The gym is located at the Council's offices. Therefore, this is covered by the baseline refurbishment cost outlined in the previous section of this report. Nonetheless, the facility would also continue to require a subsidy from FHDC.

6.4.9 The main asset management impact to consider in terms of the status quo is the swimming pool. The condition of this building is such that FHDC has already made provision of over £3m in its capital and maintenance programmes for a major refurbishment, and this cost will not be avoidable if the Hub does not proceed and the Council wants to commit to maintain access to swimming in Mildenhall (which it does). To achieve such a

refurbishment, the pool would be closed for many months and, when finished, it would still be too small to meet the currently assessed needs of the local community (since the site cannot be increased in size). It would also be difficult to achieve the required savings in energy costs which make up such a large part of the subsidy of any swimming pool (and achieve the environmental benefits).

- 6.4.10 Another factor to consider in retaining the current pool is that the chance to redevelop the site would be lost. In capital terms, as the site is small it was only valued at around £100,000 in the 2014 business case. However, given the site's proximity to other shops and the availability of existing parking, it could potentially be attractive to retailers and form a key and complementary part of any wider town centre masterplan.

What is the baseline cost against which to compare the Hub?

- 6.4.11 Accepting that is not a like-for-like comparison between facilities (**see 6.4.4 above**), the only baseline we can use for this element of the Hub is the Council's current leisure costs in Mildenhall and the likely costs of trying to keep the existing swimming pool open.

- 6.4.12 As with the office facilities, comparative 'whole-life' costs of both the 'status quo' option and the Hub can be modelled over 40 years. However, reflecting its age and operational nature, a higher maintenance contribution is modelled. In addition to the immediate maintenance backlog (held in abeyance pending a decision on the Hub), the 40 year model also allows for:

- capital programme provision of 0.3% of the insured value of the swimming pool (£2.4m) p.a. for periodic maintenance of an ageing; and
- a revenue budget allowance for routine maintenance of 1.3% of insured value (using the construction cost of the whole leisure centre at the Hub and the insured value for the current pool).

- 6.4.13 As explained in section 6.3 above, certain assumptions and exclusions have been applied to the model for comparative purposes.

What will the leisure centre cost to build?

- 6.4.14 Subject to the same qualifications explained in **section 6.3 above**, the capital cost of this element of the Hub is currently provisionally allocated as up to £13.5m of the £20m total estimate. This sum reflects the economies of building the facility as part of a shared hub, with some of the central facilities used by the leisure centre (e.g. reception, café, etc.) included in section 6.3 above.

- 6.4.15 Specific to the leisure facilities, the Council assumes it will pay for the initial fit-out of some elements of the leisure facilities, as this is more cost effective for the taxpayer (via reduced management fees) and reflects the existing arrangements at other council buildings.

What will the leisure centre cost to run?

- 6.4.16 Although the Council will retain maintenance responsibilities (as now), the leisure provider will meet the direct running costs of the leisure centre at the Hub as part of their licence to occupy (as now). The gap between these costs and the income the provider can generate is currently covered by the management fee i.e. the level of subsidy required. Abbeycroft has received independent advice of its own to calculate the likely costs and income of a new combined leisure centre in Mildenhall, reflecting national benchmarks and local demography. This modelling suggests a small surplus on Abbeycroft's direct costs can be achieved within five years. The current management fee for the pool and gym is over £170,000 a year.
- 6.4.17 This modelling for the management fee does not take into account the benefits from renewable energy, but it does factor in a saving for Abbeycroft in sharing a reception team at the Hub and income from the Academy for the use of the sports hall during the school day. This saving may need to be adjusted when the final design of reception areas and leisure centre accesses is known.

Sources of funding available

- 6.4.18 As previously reported, the Hub will be funded through a mixture of capital receipts, external grants, borrowing. It is also important to take into account what will be spent in any event if nothing changes.
- 6.4.19 In the case of the leisure elements of the Hub, the following capital funding is likely to be available (some of which have been explained in more detail in the preceding paragraphs):
- (a) a capital receipt from the existing swimming pool site – a prudent estimate of the value at this stage is that identified by Concertus in 2014 (around £100,000);
 - (b) the unavoidable initial and long-term maintenance liability which otherwise would be required at the pool over the next 40 years (assuming the existing building could survive that long);
 - (c) a *potential* grant from Sport England. The Hub is in a 'pipeline' of potential projects that Sport England is monitoring and advising upon, as it has a strong fit to national priorities and local need. As a result, it may be eligible for a capital grant, but we will not know this until early 2017 when a funding proposal for Hub is considered formally by Sport England. Other sources of sports funding may be available for specific elements of the Hub;
 - (d) given the benefits in terms of providing infrastructure needed to support the long-term prosperity of the area and releasing sites for regeneration, additional external funding will be sought for the Hub;
 - (e) if the Academy receives sufficient government funding it may wish to share the investment in some of the leisure infrastructure and jointly own it with FHDC; and

- (f) a contribution from the Council's Strategic Priorities and Medium Term Financial Strategy Reserve (financed from New Homes Bonus receipts from past housing growth) which recognises the project's strategic importance and its role in ensuring the Council is delivering cost efficient services for its taxpayers. The use of this reserve also recognises the up-front investment to ensure the leisure provision is fit for the future as well current need.
- 6.4.20 As can be seen there is still a degree of uncertainty over some of the above items, particularly third party contributions. At this stage, ahead of the final funding agreement with partners, and with some outstanding funding applications, a target figure of £1.5m is included for combined third party contributions from all potential sources.
- 6.4.21 Even after these inputs, there will still be a gap in the FHDC capital funding requirement for the Hub. This is explained by the fact that the facility is so much larger and also that an up-front investment is needed to provide the amount of swimming pool capacity the area is likely to need for the next 40 years (as there is only one chance to build it).
- 6.4.22 This funding gap will need to be closed by borrowing. Over 40 years, interest on this borrowing is assumed at 2.75% and the Minimum Revenue Provision (MRP)² at 2.5%. Giving a total cost of borrowing of 5.25%.
- 6.4.23 The cost of this borrowing can be supported by the savings that the Hub generates for the FHDC taxpayer set out in the following section. This includes an assumed contribution from renewable energy which is subject to the separate business case referred to in **section 6.2 above**. In this indicative model for scrutiny purposes, this is provisionally calculated on the prudent basis of a 3% *net* return on an investment by FHDC of £2m. In relation to the reduction in the Abbeycroft management fee, the figure used in the model is the position at year 5 (on the basis of it being an 'average' year in an indicative 40 year model, and an expectation of further growth in users).
- 6.4.24 The use of these savings in this manner (and the break-even position in the funding model for the Hub) is consistent with the Council's MTFs, in view of the unavoidable asset management requirements the Hub is addressing, and the strategic and local benefits it will provide for the community. It is also important to note that this funding model is focused only on the direct costs and benefits of the Hub, primarily in terms of running costs of the facilities themselves. Although hard to quantify at this stage, we know from other projects that further savings are likely to be achieved through co-locating with partners and making available new assets to the community, as this creates the ability to work differently with families and communities and reduce their demand on public services. There are also opportunities for partners themselves to benefit from economies of scale, and share support services, ICT, procurement, etc. Furthermore, there are likely to be additional benefits to the taxpayer from the sites that are vacated by the Hub.

² The Minimum Revenue Provision is a charge that Councils are required to make in their accounts for the repayment of debt.

**Financial summary for leisure centre element of the Hub
(Initial December 2016 estimates)**

6.4.25 **Estimate of Capital Requirement for Leisure Centre**

Description	£
Construction Cost (Est)	13,500,000
Leisure client advice	60,000
Capital receipt from Swimming Pool site	-100,000
Swimming Pool Initial Maintenance Liability (already in Capital Programme)	-3,250,000
40 Year Pool Maintenance Liability (not in capital programme)	-290,000
Council's Strategic Priorities and Medium Term Financial Strategy Reserve Up to	-3,000,000
Combined third party contributions (Est)	-1,500,000
Carry-forward of net capital requirement from central element of Hub	-500,000
Net Capital Requirement	4,920,000

6.4.26 **Estimate of Annual Revenue Requirement for Leisure Centre**

Description	£ p.a.
Borrowing costs	258,300
Budgeted building maintenance contribution at the Hub	143,000
Average net impact on Abbeycroft Management Fee (before renewables) (Est)	-223,000
Current budgeted building maintenance contribution for the Pool	-31,000
Grant for dual-use of the Dome	-35,500
Carry forward of revenue savings from Offices and Central Infrastructure at the Hub	-80,550
Contribution from renewable energy business case (estimate)	-60,000
Net Revenue Requirement	-28,750



Forest Heath District Council

Report No: CAB/FH/17/012

Decisions Plan

Key Decisions and other executive decisions to be considered

Date: 1 February 2017 to 31 May 2017

Publication Date: 16 January 2017

The following plan shows both the key decisions and other decisions/matters taken in private, that the Cabinet, Joint Committees or Officers under delegated authority, are intending to take up to 31 May 2016. This table is updated on a monthly rolling basis and provides at least 28 clear days' notice of the consideration of any key decisions and of the taking of any items in private.

Executive decisions are taken at public meetings of the Cabinet and by other bodies provided with executive decision-making powers. Some decisions and items may be taken in private during the parts of the meeting at which the public may be excluded, when it is likely that confidential or exempt information may be disclosed. This is indicated on the relevant meeting agenda and in the '*Reason for taking the item in private*' column relevant to each item detailed on the plan.

Members of the public may wish to:

- make enquiries in respect of any of the intended decisions listed below;
- receive copies of any of the documents in the public domain listed below;
- receive copies of any other documents in the public domain relevant to those matters listed below which may be submitted to the decision taker; or
- make representations in relation to why meetings to consider the listed items intended for consideration in private should be open to the public.

In all instances, contact should be made with the named Officer in the first instance, either on the telephone number listed against their name, or via email using the format firstname.surname@westsuffolk.gov.uk or via Forest Heath District Council, District Offices, College Heath Road, Mildenhall, Bury St Edmunds, Suffolk, IP28 7EY.

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Portfolio Holder Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
14/02/17	<p>Revenues Collection and Performance Write-Offs</p> <p>The Cabinet will be asked to consider writing-off outstanding debts detailed in the exempt Appendices.</p>	Paragraphs 1 and 2	(KD)	Cabinet	Stephen Edwards Resources and Performance 01638 660518	Rachael Mann Head of Resources and Performance 01638 719245	All Wards	Report to Cabinet, with exempt appendices
14/02/17	<p>Annual Treasury Management and Investment Strategy 2017/2018 and Treasury Management Code of Practice</p> <p>The Cabinet will be asked to recommend to Council the approval of the Treasury Management and Investment Strategy 2017/2018, which must be undertaken before the start of each financial year.</p>	Not applicable	(R) - Council 22/02/17	Cabinet/ Council	Stephen Edwards Resources and Performance 01638 660518	Rachael Mann Head of Resources and Performance 01638 719245	All Wards	Recommendations of the Performance and Audit Scrutiny Committee to Cabinet and Council

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Portfolio Holder Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
14/02/17	<p>Budget and Council Tax Setting 2017/2018 and Medium Term Financial Strategy</p> <p>The Cabinet will be asked to consider the proposals for the 2017/2018 budget and Medium Term Financial Strategy, prior to its approval by Council. This report includes the Minimum Revenues Provision (MRP) Policy and Prudential Indicators.</p>	Not applicable	(R) - Council 22/02/17	Cabinet/ Council	Stephen Edwards Resources and Performance 01638 660518	Rachael Mann Head of Resources and Performance 01638 719245	All Wards	Reports to Cabinet and Council
14/02/17	<p>Designated Public Place Orders in Brandon and Newmarket and Change to Public Space Protection Orders</p> <p>The Cabinet will be asked to consider the recommendations of the Overview and Scrutiny Committee in respect of seeking approval for going out to consultation on planned changes to the</p>	Not applicable	(KD)	Cabinet	Robin Millar Cabinet Member for Families and Communities 07939 100937	<p>Davina Howes Head of Families and Communities 01284 757070</p> <p>Helen Lindfield Families and Community Officer (Community Safety Lead) 01284 757620</p>	All Saints; Brandon East; Brandon West; Severals; St Mary's	Recommendations of the Overview and Scrutiny Committee to Cabinet.

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Portfolio Holder Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
	above Orders, as required by legislation.							
14/02/17 <i>(Deferred from 13/12/16)</i>	Mildenhall Hub: Business Case The Cabinet will be asked to consider and recommend to Council, the financial Business Case for the Mildenhall Hub Project.	Paragraph 3	(R) - Council 22/02/17	Cabinet/ Council	James Waters Leader of the Council 07771 621038	Alex Wilson Director 01284 757695	Great Heath; Market	Recommendations of the Overview and Scrutiny Committee to Cabinet and Council
14/02/17	East Cambridgeshire District Council Local Plan Consultation The Cabinet will be asked to consider Forest Heath District Council's response to East Cambridgeshire District Council's Local Plan consultation.	Not applicable	(D)	Cabinet	Lance Stanbury Planning and Growth 07970 947704	Steven Wood Head of Planning and Growth 01284 757306	All Wards	Report to Cabinet
14/02/17	Leisure Partnership Agreement The Cabinet will be asked to consider recommending to Council the adoption of	Not applicable	(R) - Council 22/02/17	Cabinet/ Council	Andy Drummond Leisure and Culture 01638 666888	Jill Korwin Director 01284 757252	All Wards	Report to Cabinet, with recommendations to Council and possible

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Portfolio Holder Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
	a proposed new Partnership Agreement with Abbeycroft Leisure for the benefit of West Suffolk residents and businesses, having regard to West Suffolk's strategic leisure intentions.							exempt Appendices
14/02/17	<p>Civil Parking Enforcement (CPE)</p> <p>Authorities in Suffolk are looking to move to Civil Parking Enforcement subject to the approval of a full business case. The Cabinet is, therefore, asked to consider recommending to Council approval of this proposed business case. Following the required approval from each of the individual authorities involved, a detailed submission can then be prepared and made to the Secretary of State for his approval.</p>	Exempt Appendices: Paragraph 3	(R) - Council 22/02/17	Cabinet/ Council	David Bowman Operations 07711 593737	Mark Walsh Head of Operations 01284 757300 Darren Dixon Car Parks Manager 01284 757413	All Wards	Report to Cabinet, with recommendations to Council and possible exempt Appendices

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Portfolio Holder Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
14/02/17	<p>West Suffolk Sex Establishment Policy</p> <p>The Cabinet will be asked to consider the recommendations of the Licensing and Regulatory Committee and recommend to full Council, the approval of a West Suffolk Sex Establishment Policy, which had been jointly produced with St Edmundsbury Borough Council.</p>	Not applicable	(R) - Council 22/02/17	Cabinet/ Council	Lance Stanbury Planning and Growth 07970 947704	Steven Wood Head of Planning and Growth 01284 757306 Amanda Garnham Licensing Team Leader 01284 758050	All Wards	Recommendations of the Licensing and Regulatory Committee to Cabinet and Council
16/05/17 <i>(Deferred from 04/04/17)</i>	<p>West Suffolk Information Strategy</p> <p>The Cabinet will be asked to consider the recommendations of the Overview and Scrutiny Committee and recommend to full Council, approval of a West Suffolk Information Strategy, which had been jointly produced with St Edmundsbury Borough Council.</p>	Not applicable	Possibly (R) - Council June 2017	Cabinet/ Council	Stephen Edwards Resources and Performance 01638 660518	Rachael Mann Head of Resources and Performance 01638 719245	All Wards	Recommendations of the Overview and Scrutiny Committee to Cabinet and Council

Expected Decision Date	Subject and Purpose of Decision	Reason for taking item in private (see Note 1 for relevant exempt paragraphs)	Decision (D), Key Decision (KD) or Rec (R) to Council on date (see Note 2 for Key Decision definitions)	Decision Taker (see Note 3 for membership)	Portfolio Holder Contact Details	Lead Officer Contact Details	Wards Affected	Documents to be submitted
16/05/17	<p>Revenues Collection and Performance Write-Offs</p> <p>The Cabinet will be asked to consider writing-off outstanding debts detailed in the exempt Appendices.</p>	Paragraphs 1 and 2	(KD)	Cabinet	Stephen Edwards Resources and Performance 01638 660518	Rachael Mann Head of Resources and Performance 01638 719245	All Wards	Report to Cabinet, with exempt appendices
16/05/17	<p>Annual Review of Cabinet's Working Groups, Joint Committees/Panels and Other Groups</p> <p>The Cabinet will be asked to consider an annual review of its Working Groups, Joint Committees/Panels and other Groups.</p>	Not applicable	(D)	Cabinet	Stephen Edwards Resources and Performance 01638 660518	Karen Points Head of HR, Legal and Democratic Services 01284 757015	All Wards	Report to Cabinet

NOTE 1: DEFINITIONS OF EXEMPT INFORMATION: RELEVANT PARAGRAPHS

In accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended)

The public may be excluded from all or part of the meeting during the consideration of items of business on the grounds that it involves the likely disclosure of exempt information defined in Schedule 12(A) of the Act, as follows:

PART 1

DESCRIPTIONS OF EXEMPT INFORMATION: ENGLAND

- Page 452
1. Information relating to any individual.
 2. Information which is likely to reveal the identity of an individual.
 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information).
 4. Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.
 5. Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
 6. Information which reveals that the authority proposes –
 - (a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; or
 - (b) to make an order or direction under any enactment.
 7. Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

In accordance with Section 100A(3) (a) and (b) of the Local Government Act 1972 (as amended)

Confidential information is also not for public access, but the difference between this and exempt information is that a Government department, legal opinion or the court has prohibited its disclosure in the public domain. Should confidential information require consideration in private, this will be detailed in this Decisions Plan.

NOTE 2: KEY DECISION DEFINITIONS

Key decisions are:

- (a) A key decision means an executive decision which, pending any further guidance from the Secretary of State, is likely to:
 - (i) Be significant in terms of its effects on communities living or working in an area in the Borough/District; or
 - (ii) Result in any new expenditure, income or savings of more than £50,000 in relation to the Council's revenue budget or capital programme.
 - (iii) Comprise or include the making, approval or publication of a draft or final scheme which may require, either directly or in the event of objections, the approval of a Minister of the Crown.
- b) A decision taker may only make a key decision in accordance with the requirements of the Executive procedure rules set out in Part 4 of this Constitution.

NOTE 3: MEMBERSHIP OF BODIES MAKING KEY DECISIONS

(a) Membership of the Cabinet and their Portfolios:

<u>Cabinet Member</u>	<u>Portfolio</u>
James Waters	Leader of the Council;
Robin Millar	Deputy Leader of the Council; Families and Communities
David Bowman	Operations
Andy Drummond	Leisure and Culture
Stephen Edwards	Resources and Performance
Lance Stanbury	Planning and Growth

(b) Membership of the Anglia Revenues Partnership Joint Committee (Breckland Council, East Cambridgeshire District Council, Fenland District Council, Forest Heath District Council, Suffolk Coastal District Council, St Edmundsbury Borough Council and Waveney District Council (Membership amended from 1 December 2015 to one Member/two Substitutes per Authority)

Full Breckland Cabinet Member	Full East Cambridgeshire District Council Cabinet Member	Full Fenland District Council Cabinet Member	Full Forest Heath District Council Cabinet Member	Full Suffolk Coastal District Council Cabinet Member	Full St Edmundsbury Borough Council Cabinet Member	Full Waveney District Council Cabinet Member
Cllr Pablo Dimoglou	Cllr David Ambrose-Smith	Cllr Chris Seaton	Cllr Stephen Edwards	Cllr Richard Kerry	Cllr Ian Houlder	Cllr Mike Barnard
Substitute Breckland Cabinet Members	Substitute East Cambridgeshire District Council Cabinet Members	Substitute Fenland District Council Cabinet Members	Substitute Forest Heath District Council Cabinet Members	Substitute Suffolk Coastal District Council Cabinet Members	Substitute St Edmundsbury Borough Council Cabinet Members	Substitute Waveney District Council Cabinet Members
Cllr Michael Wassell	Cllr Lis Every	Cllr John Clark	Cllr James Waters	Cllr Geoff Holdcroft	Cllr Sara Mildmay-White	Cllr Sue Allen
Cllr Ellen Jolly	Cllr Julia Huffer	Cllr Will Sutton	Cllr David Bowman	Cllr Ray Herring	Cllr Robert Everitt	Cllr Letitia Smith

Karen Points
 Head of HR, Legal and Democratic Services
 Date: 16 January 2017

Cabinet



Forest Heath
District Council

Title of Report:	Revenues Collection Performance and Write-Offs	
Report No:	CAB/FH/17/013	
Report to and date:	Cabinet	14 February 2017
Portfolio holder:	Councillor Stephen Edwards Portfolio Holder for Resources and Performance Tel: 01638 660518 Email: stephen.edwards@forest-heath.gov.uk	
Lead officer:	Rachael Mann Assistant Director (Resources and Performance) Tel: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	
Purpose of report:	To consider the current revenue collection performance and to consider writing off outstanding debts, as detailed in the exempt appendices.	
Recommendation:	<p>The write-off of the amounts detailed in the exempt Appendices to this report be approved, as follows:</p> <ol style="list-style-type: none"> 1. Exempt Appendix 1: Council Tax totalling £3,903.50 2. Exempt Appendix 2: Business Rates totalling £22,624.20 3. Exempt Appendix 3: Sundry Debt totalling £7,005.74 	
Key Decision: (Check the appropriate box and delete all those that do not apply.)	<p><i>Is this a Key Decision and, if so, under which definition?</i></p> <p>Yes, it is a Key Decision - <input type="checkbox"/></p> <p>No, it is not a Key Decision - <input checked="" type="checkbox"/></p>	
<p><i>The decisions made as a result of this report will usually be published within 48 hours and cannot be actioned until five clear working days of the publication of the decision have elapsed. This item is included on the Decisions Plan.</i></p>		
Consultation:	Leadership Team and the Portfolio Holder for Resources and Performance have been consulted with on the proposed write-offs.	
Alternative option(s):	See paragraphs 2.1 and 2.2	

Implications:			
Are there any financial implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • See paragraphs 3.1 to 3.3	
Are there any staffing implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any ICT implications? If yes, please give details		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Are there any legal and/or policy implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> The recovery procedures followed have been previously agreed; writing off uncollectable debt allows staff to focus recovery action on debt which is recoverable.	
Are there any equality implications? If yes, please give details		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> • The application of predetermined recovery procedures ensures that everybody is treated consistently. • Failure to collect any debt impacts on either the levels of service provision or the levels of charges. • All available remedies are used to recover the debt before write off is considered. • The provision of services by the Council applies to everyone in the area. 	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
	Low/Medium/ High*		Low/Medium/ High*
Debts are written off which could have been collected.	Medium	Extensive recovery procedures are in place to ensure that all possible mechanisms are exhausted before a debt is written off.	Low
Ward(s) affected:		All wards will be affected	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		<ol style="list-style-type: none"> 1. Exempt – Appendix 1–Council Tax totalling £3,903.50 2. Exempt – Appendix 2 – Business Rates totalling £22,624.20 3. Exempt – Appendix 3 – Sundry Debt totalling £7,005.74 	

1. Key issues and reasons for recommendation(s)

- 1.1 The Revenues Section collects outstanding debts in accordance with either statutory guidelines or Council agreed procedures.
- 1.2 When all these procedures have been exhausted the outstanding debt is written off using the delegated authority of the Assistant Director (Resources and Performance) for debts up to £2,499.99 or by Cabinet for debts over £2,500.00.
- 1.3 It is best practice to monitor the recovery procedures for outstanding debts regularly and, when appropriate, write off irrecoverable debts.
- 1.4 Provision for irrecoverable debts is included both in the Collection Fund and the General Fund and writing off debts that are known to be irrecoverable ensures that staff are focussed on achieving good collection levels in respect of the recoverable debt.

2. Alternative options

- 2.1 The Council currently uses the services of the ARP Enforcement Agency to assist in the collection of business rates and Council Tax and also has on line tracing facilities. It is not considered appropriate to pass the debts on to another agency.
- 2.2 It should be noted that in the event that a written-off debt become recoverable, the amount is written back on, and enforcement procedures are re-established. This might happen, for example, if someone has gone away with no trace, and then they are unexpectedly 'found' again, through whatever route.

3. Financial implications and collection performance

- 3.1 Provision is made in the accounts for non recovery but the total amounts to be written off are as follows with full details shown in Exempt Appendices 1 & 2.
- 3.2 As at 31 December 2016, the total National Non Domestic Rates (NNDR) billed by Anglia Revenues Partnership on behalf of Forest Heath District Council (as the billing Authority) is £24m per annum. The collection rate as at 31 December 2016 was 81.83% against a profiled target of 81.59%.
- 3.3 As at 31 December 2016, the total Council Tax billed by Anglia Revenues Partnership on behalf of Forest Heath District Council (includes the County, Police and Parish precept elements) is just over £27.5m per annum. The collection rate as at 31 December 2016 was 83.19% against a profiled target of 82.91%.

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Cabinet



Forest Heath
District Council

Title of Report:	Civil Parking Enforcement	
Report No:	CAB/FH/17/014	
Report to and dates:	Cabinet	14 February 2017
	Council	22 February 2017
Portfolio holder:	Councillor David Bowman Portfolio Holder for Operations Tel: 07711 593737 Email: david.bowman@forest-heath.gov.uk	
Lead officers:	Mark Walsh Assistant Director (Operations) Tel: 01284 757300 Email: mark.walsh@westsuffolk.gov.uk	Darren Dixon Car Parks Manager Tel: 01284 757413 Email: darren.dixon@westsuffolk.gov.uk
Purpose of report:	To receive a proposal for the transfer of Civil Parking Enforcement to West Suffolk authorities and agree formal decision making process.	
Recommendation:	<p>Subject to the approval of Council, Cabinet is <u>RECOMMENDED</u> to:</p> <p>(1) Note the contents of this report and the estimated financial impact of introducing Civil Parking Enforcement shown at Exempt Appendix A to Report No: CAB/FH/17/000.</p> <p>(2) Support Suffolk County Council in seeking the transfer of Civil Parking Enforcement powers to Forest Heath District Council.</p> <p>(3) Enter into an Agency Agreement with Suffolk County Council for the period 2019-2029 to undertake delegated Civil Parking Enforcement Powers across the District.</p>	

	<p>(4) Contribute £10,000 towards the countywide set up costs for Civil Parking Enforcement.</p> <p>(5) Agree that Forest Heath District Council will meet the cost of operating Civil Parking Enforcement delivered by a shared West Suffolk service, subject to:</p> <ul style="list-style-type: none"> (i) the retention of all on-street parking income; (ii) a Service Level Agreement with Suffolk County Council on the processing of new requests for restrictions and maintenance of lines and signs; and (iii) assume delegated responsibility to this authority for on street pay and display tariff setting, and provision of on-street parking bays (subject to a Highway Authority pre-defined assessment). <p>(6) Note the planned introduction on on-street charging in Newmarket High Street (as previously agreed by Cabinet 22 December 2015; Report No: CAB/FH/15/063) and request that Suffolk County Council prioritise the development of this scheme at the earliest opportunity.</p> <p>(7) Subject to resident consultation, approve the introduction of an on-street resident permit scheme in Newmarket.</p> <p>(8) Approve the review of off-street parking tariffs and identify further opportunities for on-street charging by the end of 2017.</p> <p>(9) Approve the use of reserves in the short term to offset the deficit to provide time to review full financial implications post implementation.</p> <p>(10) Approve delegated authority to the Assistant Director (Operations), in consultation with the Portfolio Holder for Operations, to sign-off the final agreements relating to the introduction of Civil Parking Enforcement.</p>
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Key Decision: <i>(Check the appropriate box and delete all those that do not apply.)</i>		<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/> As it is a decision of full Council and not Cabinet	
Consultation:		• N/A	
Alternative option(s):		<ul style="list-style-type: none"> • Civil Parking enforcement powers to be retained by Suffolk Police • Civil Parking Enforcement contracted to another authority/private sector by Suffolk County Council 	
Implications:			
<i>Are there any financial implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Significant annual financial expenditure and a reliance on income receipts to mitigate operating deficit.	
<i>Are there any staffing implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Staffing restructure will be required to accommodate expanded team. • Existing staff will require training in new roles.	
<i>Are there any ICT implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
<i>Are there any legal and/or policy implications? If yes, please give details</i>		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> • Enforcement undertaken under RTA 1984 Act.	
<i>Are there any equality implications? If yes, please give details</i>		Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Risk/opportunity assessment:		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
The Council decides not to enter into CPE agreement with SCC	Medium	Both Authorities agree terms as define in this report	Low
Transfer of CPE not approved by Secretary of State	Medium	Robust business cases Consent from all strategic county bodies	Low
Risk of Penalty Charge Notice shortfalls	Medium	Conservative estimates have factored the number of PCN issued/income assumptions based on experience elsewhere and levels of existing enforcement in West Suffolk.	Low

Annual financial deficit on CPE account	High	Deficit can be mitigated by on street parking charges (through delegated powers transferred from SCC) and/or increased income generated by of street car parks. A SLA with SCC providing financial safeguards for the delay to maintenance/repair of lines and signs resulting in loss of income.	Medium/ Low
Safety implications for lone working of Civil Enforcement Officer	Medium	Radio's, body worn video devices and staff training budgeted for in business case	Low
Ward(s) affected:		All Wards	
Background papers: <i>(all background papers are to be published on the website and a link included)</i>		None	
Documents attached:		Exempt Appendix A – Estimated financial impact for implementing Civil Parking Enforcement in FHDC.	

1. Key issues and reasons for recommendation(s)

1 Background

- 1.1 Civil Parking Enforcement (CPE) is where local authorities take over responsibility for 'on-street' parking restrictions from the police. Of the 327 District Councils in England, just 25 are not designated as Civil Enforcement Areas (CEAs). Suffolk hosts 6 of those 25 where parking violations are still enforced by the police.
- 1.2 Suffolk Constabulary is not permitted to retain any income from parking enforcement with all monies being sent to the Treasury. Given competing higher priorities and reduced resources, the current level of parking enforcement in Suffolk is seriously limited. Therefore there is an emerging collective desire to move the responsibility for the enforcement of on-street parking restrictions in Suffolk from the Police to Local Authorities. This was recently endorsed by the Suffolk Public Sector Leaders Group (SPSLG) in seeking to ensure there is a basic level of enforcement in the county. It is viewed that CPE has the benefit a common enforcement service for both on and off street parking for the convenience and ease of understanding for the motorist as well as a more efficient operation.
- 1.3 In two-tier authority areas such as Suffolk, subject to the consent of the Secretary of State for Transport, CPE can only be transferred to the County Council who may operate it directly or by delegation under an agency agreement with District and Borough Councils. Suffolk County Council (SCC) has already delegated CPE powers to Ipswich Borough Council for 11 years and a similar form of delegation is preferred across Suffolk with three separate operational teams patrolling the county - West Suffolk (Forest Heath and St Edmundsbury), East Suffolk and Ipswich. The Mid Suffolk and Babergh authorities have declined to undertake the management of CPE themselves and the enforcement of these districts will be shared across the three operational teams. Babergh and Mid Suffolk Councils have also approached West Suffolk to manage some its off street car parks, including Sudbury and Stowmarket, on a full cost recovery basis.
- 1.4 The proposed powers delegated to this Council would include the enforcement of double yellow lines, loading bays, taxi ranks, school keep clear areas and bus stops. The frequency of patrols is a significant factor and the deployment plan will be consistent with guidelines set out under the Traffic Management Act 2004 on which the Secretary of State for Transport will consider granting approval for CPE in the county.

2 Financial Implications

- 2.1 There are financial implications resulting from CPE. The set up costs for implementing the scheme across the county will be in the region of £1.13m which includes the cost of equipment and software requirements along with the associated costs of submitting the CPE application to the Department of Transport. The set up costs of £1.13m will be shared with

£10,000 met by the six district and borough councils (excluding Ipswich Borough Council where CPE already exists), £190,000 from the police and the remaining £880,000 met by the Council. The county council will also fund the review of all lines, signs and the accompanying traffic regulation orders at a likely cost of £250,000.

- 2.2 The revenue implications for this Councils is important. Minded that in having the CPE powers delegated to the District Council, each Council will assume the financial risk of the scheme in there locality. External consultants - Mouchel, were appointed to support all Suffolk authorities in the business planning process for the project with the aim of providing realistic cost and income assumptions.
- 2.3 The level of expenditure is dependent on the level of enforcement required which will determine the number of staff and vehicles that are needed. It is assumed that 1Team Leader and 4 Civil Enforcement Officers are employed in FHDC in addition to a patrol manager, radio controller and staff processing Penalty Charge Notices. This is a prudent forecast as overprovision would lead to an inefficient parking operation. Economies of scale savings may result from procurement and, subject to a separate business case, consideration will also be given to a shared Suffolk back of house system for the processing of fines. It is estimated that the annual cost of operating the scheme will be around £260,000 in FHDC.
- 2.4 Under their guidance for CPE applications, the Department of Transport advise that schemes should be self-financing as soon as practicable and off street car park income is not required to underwrite the costs (with exception of Penalty Charge Notices). Therefore the financial model for CPE is reliant on limited revenue opportunities, generated from unpredictable and as yet unknown levels of Penalty Charge Notices (PCN's). Fine income is difficult to predict but having taken external advice and made comparisons with other authorities, it is estimated that average annual income from PCN's will be £100,000 in FHDC and thereby an annual operating CPE deficit of £160,000 in FHDC (and a combined deficit of £540,000 across West Suffolk).
- 2.5 CPE is unlikely to reach a cost neutral position based on the projected expenditure and estimated income from the issue of parking fines in FHDC. On-street income in other civil enforcement areas has been accepted as the preferred mechanism to ensure the viability of the CPE service and ensures no long term financial dependency from other Council funding steams. Currently on-street pay and display parking charging is only operated in Bury St Edmunds and Ipswich.
- 2.6 Suffolk County Council has offered that all income generated on street can be retained to off-set the costs of CPE by the local District or Borough Council managing the scheme. Any surplus funds derived from on street income may only be reinvested into transport related initiatives. In addition, SCC have offered to allow the districts to take control over the provision of on-street pay and display parking, including determining its

location and tariffs (subject to consultation with the Highway Authority). The County Council would retain primacy over actual location of such parking against agreed criteria which will be developed. Such criteria would be for instance if the Council as highway authority considers that road safety or traffic management would be adversely affected or if there would be adverse consequential impacts on other parts of the highway network.

- 2.7 Exempt appendix A sets out the estimated budgetary position for FHDC. This has identified in-house efficiencies and economy of scale savings, including the displacement of vehicles who park illegally on-street to off-street parks. Members will note no significant impact on the off street parking account.
- 2.8 In summary, the FHDC CPE account will operate at a deficit of £160,000 unless other income sources are agreed to off-set this loss. Cabinet will note that they approved in principal the introduction of Pay and Display charges on Newmarket High Street on 20 December 2015 (Report No: CAB/FH/15/063 paragraph 2.4ix) and sought SCC to develop a scheme. This would potentially generate in excess of £100,000 pa (subject to a detailed Business Case). Members are recommended to request that SCC prioritise the development of this scheme at the earliest opportunity.
- 2.9 Cabinet will also be aware that further consultation on a Resident Parking Scheme will commence in Newmarket this spring. Should a scheme have widespread support by residents, the income from permit sales would fund the costs of enforcement and may generate further displacement of vehicles to the off street car parks, contributing in the region of £30,000 per annum.
- 2.10 SCC has advised that new on-street pay and display and resident parking schemes take on average 18 months to work and implement. Members should not assume either scheme will be operational by 2019 but be assured that work will commence as a priority.
- 2.11 Minded that the cost of CPE may not be fully recoverable from on street charges alone, Members should consider the use of off-street car parking income. Whilst existing receipts are factored into the Council's mid-term financial strategy, income generated by an increase to existing tariffs or the introduction of charges for car parks that are currently free, could be used. The withdrawal of free parking could also provide an opportunity to establish on-street pay and display parking.
- 2.12 In conclusion, CPE is likely to operate at a £160,000 loss in the 2019/2020 financial year although the deficit will be significantly reduced to £30,000 in 2020/21. Cabinet are therefore recommended to agree the following options to offset the deficit in the short term and mitigate against any delay to potential on street income receipts:-
- Review off street parking tariffs and identify further opportunities for on street charging by the end of 2017.
 - The use of reserves in the short-term to offset the deficit that will

provide time to review full financial implications post implementation.

- 2.13 Financial risk to FHDC can be further mitigated by a robust Service Level Agreement (SLA) with the County Council which would set clear timescales for maintenance and repair of the signs and lines on the highway to be compliant with the Traffic Regulation Order. A delay would result in potential lost income from enforcement and therefore the agreement would seek financial penalties if the redial works are not dealt within a reasonable period of time.

3 Programme Management

- 3.1 Formal agreement by all authorities in Suffolk to endorse the transfer of CPE powers from the police is needed by the end of February 2017. Each authority will need to approve its individual business case and accept financial risk for their own CPE operation. This endorsement is required for the application to the Secretary of State for Transport. It is anticipated the formal application will be made by the end of this year with the CPE becoming fully operational by April 2019
- 3.2 The delegation of CPE operations in SEBC and FHDC will be underpinned an Agency Agreement with Suffolk County Council for the period 2019-2029. The latter will detail the terms of the CPE delegation from SCC and include how the scheme is managed and financed Delegated authority is required for the Assistant Director (Operations) to sign off the final agreement.

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