

Council



Forest Heath
District Council

Title of Report:	Referrals Report of Recommendations from Cabinet	
Report No:	COU/FH/17/033	
Report to and date:	Council	20 December 2017
Documents attached:	Appendix 1: Report No: CAB/FH/17/057 'West Suffolk Operational Hub' Appendix 2: Appendix A to Report No: CAB/FH/17/064 'Draft West Suffolk Strategic Framework'	

(A) Referrals from Cabinet: 24 October 2017

1. West Suffolk Local Code of Corporate Governance

Portfolio Holder: Cllr Stephen Edwards

**[Report No:
CAB/FH/17/050](#)**

Performance and Audit
Scrutiny Committee: 21
September 2017

**[Report No:
PAS/FH/17/025](#)** and
[Appendix A](#)

RECOMMENDED:

That the West Suffolk Local Code of Corporate Governance, attached as Appendix A to Report No: PAS/FH/17/025, be approved.

- 1.1 In 2016, the Chartered Institute of Public Finance and Accountancy's (CIPFA) / Solace updated their guidance, which strongly advocated the production of local Codes of Corporate Governance by local authorities so that they can review and account for their own individual arrangements to effectively discharge their functions and demonstrate their own compliance with good practice.

- 1.2 In light of this, Forest Heath District Council and St Edmundsbury Borough Council (the West Suffolk Councils) have taken the opportunity to review their Code which was last produced jointly in 2013.
- 1.3 Members may view the full report and its Appendix on the Council's website via the above links or may request a paper copy from Democratic Services.

2. First Year Review of Performance of the Council's Solar Farm and Future of its Wholly Owned Company Greenheath Energy Ltd

Portfolio Holder: Cllr Stephen Edwards

Report No:
[CAB/FH/17/052](#) and
[Appendix 1](#)

RECOMMENDED:

That:-

1. **Forest Heath District Council, as the shareholder of Greenheath Energy Ltd, agree to the small company audit exemption being applied and the Council to give financial guarantee over Greenheath Energy Ltd.**
 2. **Forest Heath District Council, as the shareholder of Greenheath Energy Ltd, support the Directors to apply to strike off Greenheath Energy Ltd on their behalf.**
- 2.1 As part of the West Suffolk Community Energy Plan identified opportunities, the Council became aware of a commercial opportunity to buy a fully operational solar farm at Toggam Farm, Lakenheath. The acquisition took place at the end of July 2016, with the Council taking ownership of what is still one of the largest local authority-owned farms in the UK.
 - 2.2 In relation to the first year performance, overall, the site has outperformed the modelled performance data for this period. This has resulted in a net benefit of £308,000 (compared to a predicted £300,000 net benefit) to be reinvested into the delivery of much valued district wide services.
 - 2.3 As a standalone company, Greenheath Energy Ltd, would be subject to the small company exemption from an external audit, as whilst they had the intercompany asset balance, their turnover was less than £10m and they had less than 10 employees (they have no employees). Therefore, to allow Greenheath Energy to continue to be entitled to the small company audit exemption and in line with the Directors' proposals and having consulted with the Council's Section 151 Officer and Monitoring Officer, it was proposed that the Council, as the shareholder, agree to the small company audit exemption being applied and the Council to give financial guarantee over Greenheath Energy Ltd and its liabilities.
 - 2.4 The solar farm now sits within the direct control of the Council as Greenheath Energy Ltd is not actively trading. Legal advice has been

sought on the options for Greenheath Energy Ltd and, therefore, based on the advice received and the work undertaken to ensure that there were no residual liabilities sitting within the company, the Directors recommend that they apply to strike off the company on the shareholders' behalf, once the intercompany loan has been removed and any residual proceeds, assets or liabilities are transferred to the Council.

- 2.5 Members may view the full report and its Appendix on the Council's website via the above links or may request a paper copy from Democratic Services.

(B) Referrals from Cabinet: 12 December 2017

(These referrals have been compiled before the meeting of Cabinet on 12 December 2017 and are based on the recommendations contained within each of the reports listed below. Any amendments made by Cabinet to the recommendations within these reports will be notified to the Council meeting)

1. West Suffolk Operational Hub

Portfolio Holder: Cllr David Bowman

Report No:
CAB/FH/17/057
(attached as Appendix
1 to this referrals
report)

RECOMMENDED:

That:-

- 1. Report No: CAB/FH/17/057 and its Appendices, be noted.**
- 2. The allocation of an additional £589,000 to the Council's Capital Programme, funded in line with paragraphs 5.14 - 5.17 of Report No: CAB/FH/17/057, be approved.**
- 3. Subject to receiving a planning consent:-**
 - a) the Council's option to procure land at Hollow Road Farm be exercised;**
 - b) With Suffolk County Council and St Edmundsbury Borough Council, a contract be entered into for the construction of the West Suffolk Operational Hub at Hollow Road Farm; and**
- 4. It be agreed for the Council's Section 151 Officer to make the necessary changes to the Council's 2017/18 prudential indicators as a result of recommendation 2. above.**

- 1.1 For ease of reference, a copy of the full Cabinet report (Report No: CAB/FH/17/057) is attached as Appendix 1 to this referrals report.

2. Mid-Year Treasury Management Performance Report and Investment Activity (April to September 2017)

Portfolio Holder: Cllr Stephen Edwards

Report No:
CAB/FH/17/060

Performance and Audit
Scrutiny Committee: 29
November 2017

Report No:
PAS/FH/17/039 and
Appendix 1

RECOMMENDED:

That the Mid-Year Treasury Management Report 2017-2018, attached at Appendix 1 to Report No: PAS/FH/17/039, be approved.

2.1 Following the Performance and Audit Scrutiny Committee's consideration of Report No: PAS/FH/17/039, which included a summary of the investment activities for the first six months' of 2017/2018 at Appendix 1, the Cabinet concurs with the Committee's examination of this report and has recommended approval of the mid-year treasury management report 2017/2018.

2.2 Below is a summary of those investment activities:

INTEREST EARNED AND AVERAGE RATE OF RETURN SUMMARY			
	Budget	Actual	Difference
Investment Interest Earned	£90,500	£57,852	- £32,648
Average Rate of Return	0.75%	0.58%	- 0.17%

- The purchase of the Solar Farm last year, continues to have a knock on effect on the funds available for investment (as we used cash balances instead of external borrowing to fund the purchase), this in turn has reduced the interest earned this year.
- The reduced average rate of return is due to the reduction in the Bank of England base rate and resulting reduction of interest rates offered by institutions.
- As at 30 September 2017 we held £20,005,000 of investments.

INVESTMENT ACTIVITY SUMMARY	
	2017/18 £
Opening Balance 01 April 2017	18,005,000
Investments made during the year (including transfers to business reserve accounts)	18,850,000
Sub Total	36,855,000
Investments realised during the year (including	16,850,000

INVESTMENT ACTIVITY SUMMARY	
	2017/18 £
withdrawals from business reserve accounts)	
Closing Balance 30 September 2017	20,005,000

2.3 Members may view the full report and its Appendix on the Council's website via the above links or may request a paper copy from Democratic Services.

3. Local Council Tax Reduction Scheme 2018/2019

Portfolio Holder: Cllr Stephen Edwards

Report No:
[CAB/FH/17/062](#)

RECOMMENDED:

That taking into consideration the consultation and engagement feedback detailed in Section 7 of Report No: CAB/FH/17/062, the following changes to the current Local Council Tax Reduction Scheme be agreed to take effect from 1 April 2018:

- (a) Update the "applicable amounts" to 2015 prices as detailed in paragraph 5.1 of Report No: CAB/FH/17/062;***
- (b) Incorporating changes that have occurred as a result of the Government's welfare reforms, as detailed in paragraph 5.2 of Report No: CAB/FH/17/062, regarding family premiums; dependence allowances where there are two or more children; and eligibility of foreign nationals; and***
- (c) Modernise the scheme, as detailed in paragraph 5.3 of Report No: CAB/FH/17/062, so that claimants in receipt of Universal Credit don't need to make a separate application to qualify for Council Tax Discount.***

3.1 Since 1 April 2013, Forest Heath District Council has operated a Localised Council Tax Reduction Scheme (LCTRS) to replace the previous, centrally administered Council Tax Benefit (Report D224 provides further background) . Forest Heath's scheme is aimed at:

- making provision to protect vulnerable people; and
- supporting work incentives for claimants created by the Government's wider welfare reform.

3.2 Forest Heath's initial scheme for 2013-14 required working age claimants to pay 8.5% more of the council tax charge than previously. This requirement has been continued over the subsequent 4 financial years,

2014-15, 2015-16, 2016-17 and 2017-18. Forest Heath also protected War Pensioners (pensioners are protected by the Government changes) from the reduction in maximum benefit and removed Second Adult Rebate for working age claimants.

- 3.3 Forest Heath developed a LCTRS that mirrored the previous Council Tax Benefit rules. The scheme pays maximum benefit of 91.5% for working age claimants, previously 100%, and otherwise is, in most areas, the same as the default prescribed LCTRS scheme applied to pensioners. It should be noted the old Council Tax Benefit scheme and rules complied with protections for vulnerable groups, including the disabled, to mitigate the effects of child poverty, duty to prevent homelessness as well as the Equality Duty (see background paper A 'Vulnerable People Key Local Authority Duties').
- 3.4 Each year the Council is required to review its LCTRS. As a result of the review, as detailed in Report No: CAB/FH/17/062 and following the consideration and rejection of other options for the 2018/2019 LCTRS, the following amendments are proposed, as reproduced from the Cabinet report:

5.1 Uprating benefit rates to 2015 rates for all claimants.

The Benefit rates used in the Scheme have not been uprated in line with the Prescribed Scheme for Pensioners nor Housing Benefit since 2013. The cost to the District is small (under £1k, £4k for County); it should be noted that Benefit rates only require uprating to 2015 rates, as Government determined to freeze rates at 2015 values in 2016 for four years. This would impact positively on all existing claimants.

5.2 Harmonise the Scheme to the DWP Welfare Reforms introduced in the Prescribed Scheme for Pensioners and Housing Benefit for new claimants. *These measures include restricting new claims to two children, removing the family premium and changes to the entitlement rules for persons from abroad. Due to the fluctuating nature and volume of these cases we cannot predict the impact although we believe it to be small. Such changes will align administration and enable a consistent customer service.*

5.3 Introduce links to the award of Universal Credit (UC) for new claimants; *the Council shall be in the UC Full Service from December 2018, meaning all new claims will be affected from 2018-19. The present scheme takes into account the award of UC in a similar way to other DWP Benefits. The proposal is to make LCTRS entitlement conditional upon UC entitlement, thereby removing the requirement to make a separate application.*

5.4 *Those customers not claiming UC who are entitled to do so will be supported to make a claim. Customers not entitled to UC due to their financial circumstances will be in a similar position to existing customers whose income exceeds entitlement to*

LCTRS. Thus, the Council will continue to support customers in work on a low income using existing DWP calculation rates – the support will be tapered, eventually ceasing, once income exceeds DWP levels.

5.5 It is proposed that Forest Heath determine additional classes of applicant who will not be required to satisfy the UC entitlement requirement, that being; War Pensioners, customers receiving Armed Forces payments and customers in receipt of Industrial Injuries Disablement Benefit, this list is not exhaustive.

5.6 Changes at 5.2 and 5.3 above will affect people needing to make a new claim either through change in financial circumstances or making a claim for the first time. Existing claimants will have transitional protection until specific changes in their circumstances. We expect the number of people to be effected by these changes to be proportionately small.”

3.5 As amendments to the LCTRS for 2018/2019 are proposed, the Council is required to consult/engage with preceptors and stakeholders in order to inform final scheme design by 28 February of the preceding year. Details of the engagement exercise undertaken is contained in the Cabinet report. Overall, the results of the consultation have indicated a lack of concern for the changes proposed.

3.6 Members may view the full report on the Council’s website via the above links or may request a paper copy from Democratic Services.

4. Council Tax Base for Tax Setting Purposes 2018/2019

Portfolio Holder: Cllr Stephen Edwards

Report No:
[CAB/FH/17/063](#) and
[Appendix 1](#) and
[Appendix 2](#)

RECOMMENDED:

That:-

- 1. The tax base for 2018/2019, for the whole of Forest Heath is 17,964.44 equivalent Band D dwellings, as detailed in paragraph 1.4 of Report No: CAB/FH/17/063.**
- 2. The tax base for 2018/2019 for the different parts of its area, as defined by parish or special expense area boundaries, are as shown in Appendix 2 to Report No: CAB/FH/17/063.**

4.1 The Council Tax Base of the Council is the total taxable value at a point in time of all the domestic properties in its area, plus projected changes in the property base and after applying the estimated collection rate.

- 4.2 The total taxable value referred to above is arrived at by each dwelling being placed in an appropriate valuation band determined by the Valuation Office, with a fraction as set by statute being applied in order to convert it to a Band 'D' equivalent figure. These Band 'D' equivalent numbers are then aggregated at a district wide level and are also sub totalled for parishes. This has to be done by the Council responsible for sending the bills out and collecting the council tax ('the billing authority'). In two tier areas, district councils fulfil this function.
- 4.3 The Council Tax Base is used in the calculation of Council Tax. Each authority divides its total Council Tax required to meet its budget requirements by the Tax Base of its area to arrive at a Band 'D' Council Tax.
- 4.4 The Tax Base for Council Tax collection purposes has been calculated as 17,964.44, which is an increase of 389.11 on the previous year.
- 4.5 The calculations applied to reach this figure are detailed in Report No: CAB/FH/17/063. Members may view the full report and its Appendices on the Council's website via the above links or may request a paper copy from Democratic Services.

5. Draft West Suffolk Strategic Framework 2018-2020

Portfolio Holder: Cllr James Waters

Report No:
[CAB/FH/17/064](#) and
Appendix A (attached as
Appendix 2 to this
referrals report)

RECOMMENDED:

That the draft West Suffolk Strategic Framework 2018-2020, as contained in Appendix A to Report No: CAB/FH/17/064, be adopted.

- 5.1 The most recent strategic plan for West Suffolk covered the period 2014-2016. It was then agreed to extend the vision and priorities in that plan until the outcome of the devolution process in Norfolk and Suffolk was clear. It is now considered timely for a new strategic framework document to be agreed, especially given that the both councils have now agreed to proceed with proposals for creating a single council for West Suffolk.
- 5.2 Work has been underway by Portfolio Holders from both Forest Heath and St Edmundsbury councils since summer 2017 on the development of a revised Strategic Framework for 2018-2020.
- 5.3 In summary, the document contains the proposed:
- (a) **West Suffolk councils' vision:** Supporting and investing in our West Suffolk communities and businesses to encourage and manage ambitious growth in prosperity and quality of life for all.

- (b) **Strategic priorities:**
 - Growth in West Suffolk's economy for the benefit of all our residents and UK plc.
 - Resilient families and communities that are healthy and active.
 - Increased and improved provision of appropriate housing in West Suffolk in both our towns and rural areas.
- (c) **Projects and actions to support the priorities:** project and actions already underway as well as those that have been agreed but not yet started.
- (d) **Ways of working:** how the West Suffolk councils will work together in taking forward the ambitious set of projects and activities, in order to support improvements in quality of life in West Suffolk.

5.4 For ease of reference, the draft West Suffolk Strategic Framework 2018-2020 document, attached as Appendix A to Report No: CAB/FH/17/064, is attached as Appendix 2 to this referrals report.