

# Council



Forest Heath  
District Council

<b>Title of Report:</b>	<b>Referrals Report of Recommendations from the Joint Executive (Cabinet) Committee</b>	
<b>Report No:</b>	<b>COU/FH/18/018</b>	
<b>Report to and date:</b>	<b>Council</b>	26 September 2018
<b>Documents attached:</b>	<p><b>Exempt Appendix 1:</b> Exempt Appendix to Report No: CAB/JT/18/027 ('Mildenhall Hub') <b>NB: an updated version of this exempt document will be provided to Members either in advance of or at the Council meeting</b></p> <p><b>Appendix 2:</b> Joint Executive (Cabinet) Committee Report No: CAB/JT/18/032 ('Barley Homes: Interim Business Plan and Changes in Governance' including Attachments B and C')</p> <p><b>Exempt Appendix 3:</b> Exempt Attachment A to Joint Executive (Cabinet) Committee Report No: CAB/JT/18/032 ('Barley Homes: Interim Business Plan and Changes in Governance')</p>	

## **(A) Referrals from Joint Executive (Cabinet) Committee: 24 July 2018**

There are no referrals emanating from the Joint Executive (Cabinet) Committee meeting held on 24 July 2018.

## **(B) Referrals from Joint Executive (Cabinet) Committee: 4 September 2018**

### **1. Annual Treasury Management Report 2017/2018 and Investment Activity (1 April – 30 June 2018)**

*Portfolio Holder: Cllr Stephen Edwards*

**[Report No:  
CAB/JT/18/025](#)**

**RECOMMENDED:**

***The Annual Treasury Management Report for 2017-2018, attached as Attachment 1 to Report No: PAS/FH/18/028, be approved.***

- 1.1 The Council's Annual Treasury Management Report for 2017-2018 was attached as Attachment 1 to Report No: PAS/FH/18/028. The report included tables summarising the interest earned during 2017-2018 on the various treasury management investments held by the Council; investment activity during the year and investments held as at 31 March 2018.
- 1.2 The budgeted income from investments in 2017-2018 was £181,000 (average rate of return of 0.75%). Interest actually earned during the year totalled £118,328, an under achievement in interest of £62,671. The under achievement was primarily due to reduced funds available for investment following the purchase of the Solar Farm at Toggam Farm. This, combined with the continuing low rates of return offered by our counterparties, has resulted in this under achievement.
- 1.3 The total amount invested at 1 April 2018 was £16.005m and at 30 June 2018 £19.005m. The increase in balances over this period was due primarily to timing differences in respect of the collection of local taxes; Council Tax and Non-Domestic Rates, and the payment of precepts i.e. to Suffolk County Council, Suffolk Police and central government.
- 1.4 The 2018-2019 Annual Treasury Management and Investment Strategy (Report No: PAS/FH/18/009 refers) sets out the Council's projections for the current financial year. The budget for investment income in 2018-2019 was £224,000 which was based on a 0.75% target average rate of return on investments.
- 1.5 As at the end of June 2018, interest actually earned during the first quarter of the financial year amounted to £29,440 against a profiled budget for the period of £42,250; a budget deficit of £56,000. The budget deficit was due to lower cash balances as a result of rephrasing of some income generating projects. These projects were budgeted to be funded through external borrowing which would have temporarily boosted the cash balances and resultant interest.
- 1.6 The 2018-2019 budget also included new assumptions on borrowing for capital projects included within. As at the end of Quarter 1, there has been no requirement to borrow externally over and above the £4.0m Barclays loan relating to the Newmarket Leisure Centre. Therefore, the only interest payable for Quarter 1 is the £169,600 relating to this.
- 1.7 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. Mildenhall Hub**

**Portfolio Holder:** Cllr James Waters

**Report No:**  
**[CAB/JT/18/027](#) and**  
**Exempt Appendix**  
**(attached to this**  
**report at Exempt**  
**Appendix 1)**

### **RECOMMENDED:**

**That:-**

**(1) On the basis set out in the exempt Appendix to Report No: CAB/JT/18/027, the final cost plan for the Mildenhall Hub project (including renewables and health facilities) be approved, and contractor appointments be made, subject to it still achieving at least the net revenue position previously agreed in 2017; and**

**(2) The Council's Section 151 Officer make any necessary changes to the Council's prudential indicators as a result of recommendation (1) above.**

- 2.1 The Mildenhall Hub received planning consent at the end of 2017. As previously reported, enabling packages for the Mildenhall Hub have started during the Spring/Summer to fulfil pre-commencement conditions.
- 2.2 Procurement of the main contractor has been carried out under the Suffolk Framework, which comprises four major building companies. Time has been taken under this process to prepare a fully developed technical and value-engineered design for the scheme with planning consent, as this will give much greater cost certainty with the contract, most likely under a fixed price arrangement. Work is expected to start shortly in Autumn 2018, with completion of the works in phases between Spring 2020 and Summer 2020, ready for the new school term in September 2020. Before the Hub is occupied in 2020, a scheme of mitigating highways works must also be approved and implemented.
- 2.3 The Hub is a multi-partner project but Forest Heath is the largest single funder. For this reason, FHDC will hold the main contract with the selected builder and then have a separate legal agreement with the other partners to indemnify all parties, and manage recharges.
- 2.4 The timing of the process is such that, at the time of consideration by the Joint Executive (Cabinet) Committee on 4 September 2018, the final cost plan was still under preparation, with market-testing of sub-contractor packages taking place and being appraised. However, it is intended that a cost plan will be available just before the Council meeting on 26 September 2018. It is also intended to appoint the selected contractor at the end of September 2018, so that they can mobilise for a start on site in October 2018. These timings are important to maintain the programme in

relation to completing works in 2020 with still some contingency around the school opening date.

- 2.5 Clearly, the project not only affects the finances of third party organisations but the partners are also currently in a commercially sensitive process ahead of procurement finishing and contracts being signed. Therefore, a review of the financial model was contained within the Joint Executive (Cabinet) Committee report and is also attached to this Council report as **Exempt Appendix 1 – an updated version of this exempt document will be provided to Members either in advance of or at the Council meeting**. However, at this stage, there is no suggestion that the Council will need to change the net position for its spending on the project agreed in 2017 i.e. a small average annual revenue surplus of £28,750 over the funding period of the project. As such, financially, the project is still expected to deliver the objectives in its agreed business case. The contract price for the works will be available as public information once procurement is concluded.
- 2.6 Members may also view the full report (but not the Exempt Appendix) on the Council's website via the above link.

### **3. Habitats Regulations Assessment (HRA) Report**

**Portfolio Holder:** Cllr Lance Stanbury

**Report No:**  
**[CAB/JT/18/028](#)** and  
**[Appendix 1](#)**

#### **RECOMMENDED:**

**That:-**

- (1) The Council as a competent authority, undertake an Appropriate Assessment.**
- (2) The procedural changes required following the European court ruling, be confirmed.**
- (3) The HRA Addendum to the HRAs of the Forest Heath SIR and SALP (modification stage) (June 2018), attached as Appendix 1 to Report No: CAB/JT/18/028, be endorsed.**
- (4) Having regard to the HRA as a whole, the Council is satisfied that the FHDC Local Plan (SIR and SALP) will not have adverse effects on the integrity of any European site.**

- 3.1 The Joint Executive (Cabinet) Committee considered this report which explained the procedural changes to the Habitats Regulations Assessment (HRA) Report which supported the Forest Heath Local Plan. The changes were required following a new European Court legal ruling relating to the consideration of mitigation measures.
- 3.2 The implications of the CJEU Judgment was that competent authorities cannot take account of any integrated or additional avoidance or reduction measures when considered, at the screening stage, whether the plan or

project was likely to have an adverse effect on a European Site. Such measures could, however, be brought into account at the Appropriate Assessment (AA) stage, provided there was sufficient certainty about their effects and deliverability.

- 3.3 The HRA work that supported the Forest Heath Single Issue Review (SIR) and the Site Allocations Local Plan (SALP) reflected the approach that had been endorsed by the UK domestic courts and so had taken into account mitigation measures when determining whether potential adverse effect on the relevant European sites could be 'screened out' at the initial stage as having no likely significant effects on those sites. Following the CJEU Judgment, the work was then carefully reviewed in the HRA Addendum (June 2018) which had been produced by the Council's consultants and was attached at Appendix 1 to Report No: CAB/JT/18/028.
- 3.4 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.

**(C) Referrals from Extraordinary Joint Executive (Cabinet) Committee: 18 September 2018**

*(This referral has been compiled before the extraordinary meeting of the Joint Executive (Cabinet) Committee on 18 September 2018 and is based on the recommendations contained within the report listed below. Any amendments made by the Joint Executive (Cabinet) Committee to the recommendations within the reports will be notified prior to the Council meeting).*

**1. Barley Homes: Interim Business Plan and Changes in Governance**

**Portfolio Holder:** Cllr Sara Mildmay-White  
(West Suffolk Lead for  
Housing)

**Report No:**  
**[CAB/JT/18/032](#)**  
**(also attached as  
Appendix 2 and  
Exempt Appendix 3 to  
this report)**

- 1.1 An extraordinary meeting of the Joint Executive (Cabinet) Committee has been arranged for 18 September 2018 to consider the above item. This referrals report will be despatched with the Council summons prior to this meeting taking place, and so as not to pre-empt the Joint Executive (Cabinet) Committee's decision-making, no recommendations to Council have been provided below at this stage. Any amendments made by the Joint Executive (Cabinet) Committee to these recommendations will be despatched to Members and published on the website prior to the meeting.
- 1.2 For ease of reference, the full Joint Executive (Cabinet) Committee report and its Appendices are attached to this referrals report at Appendix 2 and **Exempt Appendix 3.**
- 1.3 Whilst being attached to this report, Members may also view the full report and its Appendices (but not the Exempt Attachment A) on the Council's website via the above link.