

Referrals Report of Recommendations from Cabinet

Report No:	COU/WS/19/014	
Report to and date:	Council	17 December 2019
Documents attached:	Exempt Appendix A to Report No: CAB/WS/19/041: Barley Homes Business Plan	

(A) Referrals from Cabinet: 8 October 2019

1. West Suffolk Asset Management Strategy and Plan

Portfolio Holder: Cllrs Susan Glossop and
Peter Stevens

Report No:
[CAB/WS/19/037](#)
[Appendix A](#)
[Appendix B1](#)
[Exempt Appendix B2](#)
[Appendix B3](#)
[Exempt Appendix B4](#)

RECOMMENDED:

That:

- (1) The West Suffolk Asset Management Strategy attached at Appendix A to Report No: CAB/WS/19/037, be approved; and**
- (2) the delegations for property acquisitions as outlined in the Asset Management Plan attached at Appendix B, be approved and funded through the Investing in Growth Fund to be brought in line with those for non-property transactions from the same fund, as set out in Section 2.4 of Report No: CAB/WS/19/037.**

- 1.1 Approval is sought for the adoption of a new West Suffolk Asset Management Strategy and Plan (AMSaP), together with proposed delegations associated with property and asset transactions.
- 1.2 The overall strategic approach to investing in, managing and disposing of land and property assets, which was attached as Appendix A to the Cabinet report

(see link above), is proposed to satisfactorily integrate with the Council's wider policy framework, which comprises key policies such as the West Suffolk Strategic Framework and Medium Term Financial Strategy (MTFS).

- 1.3 The accompanying Asset Management Plan, attached as Appendix B, has been produced to satisfactorily address how the strategic approach will be applied through the Plan's division into nine categories. Each asset category is described in the Plan; how the asset types will deliver the Council's strategic priorities; and the strategic approach for each asset category (Appendix B1 – see link above). Details of Acquisitions (Exempt Appendix B2 - available for Members' viewing via the link above to intranet), Estate Management (Appendix B3 – see link) and Disposals (Exempt Appendix B4 - available for Members' viewing via the link above to intranet) are also contained in the Plan and these set out the actions for each asset category under each these aforementioned headings.
- 1.4 Appropriate delegations have also been proposed to be put in place for property and asset transactions made from the Investing in Growth Fund, which will align with those previously approved for other investments made utilising the Investing in Growth Fund.
- 1.5 The Cabinet recognised the benefits of the adopting the AMSaP, which supports the Council's behaving more commercially approach contained in the MTFS and consider it would also provide the framework to enable the Council to maximise the value of its existing assets. Members fully supported the AMSaP and have now recommended it to Council for final approval.

(B) Referrals from Cabinet: 26 November 2019

1. Draft West Suffolk Strategic Framework 2020-2024

Portfolio Holder: Cllr John Griffiths

Report No:
CAB/WS/19/040 and
Appendix A

DEFERRED:

The Cabinet agreed to defer the consideration of the draft West Suffolk Strategic Framework 2020-2024 to 14 January 2020, to allow for further consideration of amendments proposed during the Overview and Scrutiny Committee meeting held on 14 November 2019.

- 1.1 At their meeting on 14 November 2019, the Overview and Scrutiny Committee had made a number of suggested amendments to the draft West Suffolk Strategic Framework and these were set out within paragraph 3.1 of Report No: CAB/WS/19/040.
- 1.2 However, the Overview and Scrutiny Committee had not had the opportunity to fully consider all the amendments proposed by Members. The Cabinet was of the opinion that these required further consideration before a decision is made



on whether to refer the Strategic Framework to Council for adoption. The Strategic Framework will no be considered by Cabinet on 14 January 2020.

2. Investing in Housing and Development Sites and Approval of the Barley Homes Business Plan 2019

Portfolio Holder: Cllr Sara Mildmay-White

Report No:
CAB/WS/19/041 and
Exempt Appendix A
which is attached to
this referrals report

RECOMMENDED:

That:

- (1) Taking into account the financial and risk implications set out in Report No: CAB/WS/19/041 and Exempt Appendix A, the Barley Homes Business Plan 2019 be agreed.**
- (2) In order to bring the Barley Homes Business Plan 2019 into effect:**
 - (a) A revenue budget of £350,000 be established to fund the Council's share of costs to progress planning applications for the Mildenhall site and also the development of future pipeline sites;**
 - (b) a capital budget of £5m be established, funded from the Investing in our Growth Agenda fund, to support the issuing of equity and loan financing (to increase the existing £7.5m facility) to facilitate the development of the two additional sites identified in the Business Plan; and**
 - (c) it is noted that in order to facilitate the developments within the Business Plan, the Council will be required to acquire sites from partners and subsequently dispose of these to Barley Homes.**

- 2.1 The Cabinet had considered this report which set out the current development proposals being put forward for Barley Homes; the longer-term approach to developing a pipeline of developments for Barley Homes and sought Council's endorsement to the funding necessary to deliver these proposals.
- 2.2 Barley Homes (Group) Limited, referred to in the Business Plan as Barley Homes, was established in February 2016 as a company limited by shares. Following the Interim Business Plan agreed by councils in 2018, and the creation of West Suffolk Council on 1 April 2019, it is now 100% owned by West Suffolk Council (referred to in this business plan as "the Council"). The primary function of Barley Homes is to generate capital and revenue income through the



sale of council owned land and the development of new housing for sale in the West Suffolk area.

- 2.3 When the business plan and governance arrangements for Barley Homes were reviewed in September 2018, it was agreed that a further business plan would be considered in 2019. This would provide the opportunity to re-evaluate the role of Barley Homes in terms of delivering housing for future sites.
- 2.4 With the current sites now well progressed, it is an opportune time to review the future role of the Council and Barley Homes in the delivery of housing in West Suffolk and grasp the opportunities available at this stage.
- 2.5 The intention is that Barley Homes should seek to develop land owned by the Council, by our One Public Sector Estate partners or on the open market, and then add value through developing the land to provide housing for sale on the open market and affordable home sales through a registered provider (RP).
- 2.6 As a principle, it is expected that the sites Barley Homes develop should seek to be compliant with the Council's planning policies in ensuring affordable housing is delivered and commitments to the wider public sector (such as education contributions) are met. It is a core duty of the Directors to act in good faith to promote the success of the company for the benefit of its shareholders; as such, Barley Homes is able to consider the balance the Council, as its shareholders, faces; the need to deliver a financial return, the need to be policy compliant, and the need to deliver houses in the area. This means that Barley Homes has the potential to deliver sites in a different way than might be delivered by a private sector owned housebuilder.
- 2.7 Barley Homes will require funding to acquire the land from the Council; to undertake its development activities; and, in the longer term, to support its property investment and development business. Such funding provides a means for the Council to obtain income from Barley Homes, through interest (loan facility) and dividends (equity).
- 2.8 In order to support the development of the Business Plan, Officers have undertaken a wide range of work to evaluate potential development sites, consider the financial implications arising from the sites and consider the governance arrangements in place. This work has been set in the context of the Council's emerging strategic framework and Medium Term Financial Strategy (MTFS).
- 2.9 Whilst the proposed Business Plan focuses on bringing forward two new sites (in addition to the two sites currently under development), work has been undertaken to assess other future development opportunities for Barley Homes, referred to as the pipeline.
- 2.10 The details of the sites are included in the business plan (Exempt Appendix A) and are forecast to deliver an additional (over and above the existing two Haverhill sites) 118 homes, 30% of which will be affordable, and all built to the government's minimum size standard. These are delivered across two sites, one in Mildenhall and the other near Bury St Edmunds.



- 2.11 In recommending these sites, it was noted that this would contribute to the geographical reach of Barley Homes, adding to the committed two sites in Haverhill. Combined, these will generate a steady build out rate, delivering 181 homes over a five year period, starting in Autumn 2019.
- 2.12 For ease of reference, the proposed Business Plan is attached as Exempt Appendix A to this report.

3. Local Council Tax Reduction Scheme (LCTRS) for 2020-2021

Portfolio Holder: Cllr Sarah Broughton

Report No:
CAB/WS/19/043 and
Appendix A (available
electronically only via
link within the
Council agenda
papers)

RECOMMENDED:

That the West Suffolk Local Council Tax Reduction Scheme for 2020-2021, as attached at Appendix A to Report No: CAB/WS/19/043, be approved, taking into account the proposed changes outlined within the report and the consultation undertaken.

- 3.1 Each year the Council is required to consider whether to review its Local Council Tax Reduction Scheme (LCTRS). This report advised on the conclusion of the 2019 annual review of and the resultant proposed changes, which have been consulted on, to the LCTRS scheme to take effect from 1 April 2020.
- 3.2 Councils are required to consider whether to review their LCTRS schemes annually. Where it is determined that the existing scheme should be retained without any changes, this must be decided by 11 March of the preceding year.
- 3.3 Where Councils seek to amend their schemes it will be necessary to consult preceptors and stakeholders prior to a wider consultation to inform a final scheme design by 28 February of the preceding year
- 3.4 The current West Suffolk LCTRS scheme provides a maximum benefit of 91.5% for working age claimants and our scheme also protects War Pensioners. The aim in designing the scheme was to achieve a balance in charging an amount of Council Tax to encourage customers back into work whilst setting the amount charged at an affordable and recoverable level.
- 3.5 By setting the amount payable at 8.5% of the charge, in most cases, where a customer is not paying, we can affect recovery through attachment to benefit within a year and so the charge with costs is recoverable. If the amount payable was set higher, then it is possible the debt would not be recoverable and possibly create a culture of non-payment of Council Tax.



- 3.6 The current scheme was approved by the West Suffolk Shadow Council in July 2018.
- 3.7 Council Tax Support claims that are dependent upon Universal Credit (UC) have become increasingly apparent since the previous area of St Edmundsbury entered the UC full-service in October 2017, followed by the previous area of Forest Heath in September 2018. The significant majority of new Council Tax Support claims now go through UC and are received by the ARP through the Universal Credit Data Sharing hub (UCDS).
- 3.8 UC is designed to be paid monthly, calculated on the customer's circumstances, including Real Time Information (RTI) earnings data from HMRC every month. Given a customer's circumstances, especially earnings, fluctuate, this leads to monthly revised UC awards sent to the Council by the DWP.
- 3.9 The existing Council Tax Support scheme rules require the Council to revise awards when a customer's Universal Credit changes, leading to reassessment of Council Tax Support. In turn this means customers receive a revised Council Tax bill for balance due for the year and have to amend their payment arrangements, typically direct debit instructions. Increasingly, this can be a monthly occurrence for customers, where their wages and therefore Universal Credit go up and down.
- 3.10 There has been an increase in customer contact regarding these notifications because customers are unsure as to what they have to pay due to the requirement to re-profile their Council Tax payments on receipt of UCDS files on a monthly basis. The uncertainty caused for the customer also has an impact on Council Tax collection, as well as increased administration costs and postage associated with producing additional notification letters.
- 3.11 To ease the burden on the customer, it is recommended that a tolerance rule of +/- £15 is introduced into the West Suffolk Council scheme. This would have the effect of freezing a customer's assessment when a revised UCDS notification would otherwise trigger a reassessment. Changes in a customer's financial position of more than +/-£15 would be processed as usual, whereas changes within the tolerance level would not be updated, no correspondence issued to the customer, and without amendment to Council Tax repayments.
- 3.12 It is also recommended that the changes to the Council Tax Support Scheme include discretion to reassess entitlement where a reduction in earnings occurs and it is clear that this level of earnings has and will be likely to continue at a lower level.



4. Council Tax Technical Changes – Including Empty Property Reliefs and Premiums Changes

Portfolio Holder: Cllr Sarah Broughton

Report No:
[CAB/WS/19/044](#)

RECOMMENDED:

That:

- (1) The continuation of the West Suffolk Council Tax Technical Changes set out in Section 2 of Report No: CAB/WS/19/044, be approved;**
- (2) a Council Tax premium of 200% for properties that have been long term empty and unfurnished for five years and over from 1 April 2020, be approved;**
- (3) a Council Tax premium of 300% for properties that have been long term empty and unfurnished 10 years and over from 1 April 2021, be approved; and**
- (4) properties that fall into the classes set out in Section 3 of Report No: CAB/WS/19/044, will not attract the Long Term Empty Premium for the period(s) detailed.**

- 4.1 New legislation came into effect from 1 April 2019 that provides local authorities with the ability to implement a scheme that enables a 200% Council Tax charge on properties that have been empty for longer than 2 years. The charge rises to 400% Council Tax on properties that have been empty longer than 10 years from 1 April 2021.
- 4.2 On 17 July 2018 West Suffolk Shadow Council made the decision to charge the 200% for properties that have been empty for more than 2 years from 1 April 2019 (EXC/SA/18/004). At that stage the details regarding the additional premium at years 5 and 10 were unknown.
- 4.3 As at the beginning of November 2019, there are currently around 180 properties in West Suffolk that have been empty over 2 years and to which the current 200% Council Tax charge applies.
- 4.4 Using the same data, 92 properties within West Suffolk would be subject to the proposed 300% Council Tax charge (200% Premium for being empty for more than 5 years) from April 2020 if they remained empty. Of those 92, 34 properties would be subject to 400% Council Tax charge (300% Premium for being empty for more than 10 years) from April 2021 if they remained empty.
- 4.5 The following table sets out the current schemes (excluding long term empty property premiums as detailed further in the report) for West Suffolk Council, for continuation from April 2020.



	West Suffolk scheme
Empty, substantially unfurnished	100% discount for 1 week
Empty, unfurnished and undergoing major repairs to render habitable	10% discount for 12 months
Second homes	0% discount

- 4.6 The extension of the long term empty property premium scheme is intended to incentivise landlords to bring long term empty properties back into use. It is focussed on those properties that have been, and continue to be, empty for more than 5 years in the first instance and increases again for those properties that have been empty for more than 10 years.
- 4.7 Bringing empty properties back into use forms a key part of the West Suffolk Housing Strategy 2018-2023. This is priority 2.2 of the Strategy and is supported by the specific action to 'Provide support, encouragement and funding to help owners of empty homes bring them back into use. Use enforcement powers as an option if negotiations fail.'
- 4.8 The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 allows councils to charge 'premiums' on top of existing Council Tax as set out below. The table shows both the existing premium that is already charged (in the first row) and the additional premiums that have been introduced in legislation:

Properties affected	Premium rate	Overall charge (original Council Tax charge plus premium)	Date from
Properties empty for two years but less than five years (as at April 2019)*	100%	200%	April 2019
Properties empty for five years but less than ten years (at April 2020)	200%	300%	April 2020
Properties empty for ten years or more (at April 2021)	300%	400%	April 2021

(*i.e. same as existing scheme, but ending at 5 years)

- 4.9 It is recommended that the following classes of properties do not attract the long term empty property premium:
- A property which is purchased through land registry at market value and where the new owners are unable to reside in the property due to its condition, where evidence of this situation by the new owners is produced – the premium will be waived for a maximum of 12 months from the date of



purchase before reverting back to the appropriate level of premium prior to the waiver period.

- Where a property is actively being marketed for sale at market value the premium will be waived for a maximum of 24 months.
- Where a property has been inherited and the new owners are unable to reside in the property due to its condition, where evidence of this situation by the new owners is produced – the premium will be waived for a maximum of 12 months from the date of ownership before reverting back to the appropriate level of premium prior to the waiver period.

- 4.10 It should be stressed that existing exemptions will remain in place that relate to properties that are empty because of specific circumstances such as the owner being in care, prison or being the executor of an estate where probate has been granted (time limited).

5. Council Tax Base for Tax Setting Purposes 2020/2021

Portfolio Holder: Cllr Sarah Broughton

Report No:
CAB/WS/19/045 and
Appendix 1 and
Appendix 2

RECOMMENDED:

That:

- (1) The tax base for 2020/2021, for the whole of West Suffolk is 56,138.14 equivalent Band D dwellings and for each of the predecessor areas is: Forest Heath 18,879.62 and St Edmundsbury 37,258.52, as detailed in paragraph 4.3 of Report No: CAB/WS/19/045; and***
- (2) the tax base for 2020/2021 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/WS/19/045.***

- 5.1 The calculation of the tax base for tax setting purposes consists of three stages:

- (1) Calculation of the tax base for New Homes Bonus purposes as at 7 October 2019 (MHCLG return – CTB);
- (2) analysis of Band D equivalents over each of the parish areas; and
- (3) adjustment of the band D equivalents to reflect changes in the tax base as a result of any technical changes, projected changes in the property base and predicted collection rates.

- 5.2 The tax base return 'CTB' is used by central government for data collection and the calculation of New Homes Bonus (as set out in Appendix 1). This return shows the analysis of properties across the eight bands for the following classifications of liability:



- (a) properties attracting 100% liability;
- (b) properties with an entitlement to a 25% discount;
- (c) properties with an entitlement to a 50% discount;
- (d) properties with an entitlement to a 100% discount;
- (e) exemptions;
- (f) local council tax reduction scheme discounts; and
- (g) disabled relief adjustments.

5.3 The figures used to make the above calculations are derived from the Valuation List as deposited on 9 September 2019, and as amended to reflect any errors or omissions so far detected in reviewing that list.

5.4 The Band D properties figures as at 7 October 2019 of 56,987.7, as quoted in line 33 of the CTB form, has been updated as at 31 October 2019 to allow for:

- (a) Any changes to the Local Council Tax Reduction Support Scheme (outlined in Report No: CAB/WS/19/043);
- (b) Any technical changes to discounts and exemptions such as empty properties, second homes etc (outlined in Report No: CAB/WS/19/044); and
- (c) Potential growth in the property base during 2020/2021 taken from an average of the housing delivery numbers for those sites within the local plan and those that have planning permission, adjusted for an assumed level of discounts/exemptions.

5.5 After updating the Band D properties figures as detailed above, an allowance is then made for losses on collection, which assumes that the overall collection rate for 2020/2021 will be 98%. In addition to this collection rate, a further adjustment has been made to allow for the collectability of the council tax arising from the Local Council Tax Reduction Support scheme, which has been assessed at 85%.

5.6 The resulting tax base figures for council tax collection purposes, expressed in terms of the number of Band D Equivalent properties, have been calculated as shown in the following table:

	2019/2020	2020/2021	Increase
Forest Heath	18,313.11	18,879.62	566.51
St Edmundsbury	36,743.00	37,258.52	515.52
West Suffolk	55,056.11	56,138.14	1,082.03

5.7 The table below shows the actual number of dwellings in each tax band based on the current valuations which are discounted to 1 April 1991 and the percentage in each band. There has been no national revaluation since that date.



Band	Tax Band values as at 01/04/1991 (£)	Actual Number of dwellings (Note 1)	Actual Number of dwellings as a percentage	Number of Chargeable dwellings (Note 2)	Relevant Proportion	Relevant Amount (Note 3)
@ (Note 4)				12.4	5/9	6.9
A	Up to 40,000	12,164	15.3%	7,417.0	6/9	4,944.6
B	40,001 to 52,000	27,981	35.1%	21,520.1	7/9	16,737.8
C	52,001 to 68,000	16,068	20.2%	13,040.6	8/9	11,591.7
D	68,001 to 88,000	11,720	14.7%	9,418.7	9/9	9,418.7
E	88,001 to 120,000	6,770	8.5%	5,667.1	11/9	6,926.5
F	120,001 to 160,000	2,816	3.5%	2,518.8	13/9	3,638.3
G	160,001 to 320,000	2,005	2.5%	1,867.9	15/9	3,113.2
H	Over 320,000	187	0.2%	154.2	18/9	308.3
Total		79,711	100.0%	61,616.8		56,686.0
Contributions in lieu of exempt MOD properties (line 32 of CTB return)						301.7
Tax base after allowance for council tax support (line 33 of CTB return)						56,987.7
Actual tax base after applying technical changes, an allowance for potential growth and collection rate						56,138.14

(Note 1: This is the total number of dwellings on the Valuation List before making any adjustments (line 1 of the CTB returns at Appendix 1).

Note 2: This is the number of chargeable dwellings after adjusting for discounts, exemptions and local council tax support but before applying the relevant proportion (ratio to band D) (line 29 of the CTB returns at Appendix 1).

Note 3: This is the total number of band D equivalent dwellings after applying the relevant proportions (line 31 of the CTB returns at Appendix 1).

Note 4: Disabled reduction results in charging the property at one band lower (1/9th) than its actual band. The "@" figure relates to band A properties which are eligible for a disabled reduction (1/9th below a band A charge)).

- 5.8 In line with the delegated authority to administer the Council's financial affairs as outlined in the Constitution, the arrangements for the scheduling of the precept payments for 2020/2021, will be determined by the Assistant Director (Resources and Performance) (Chief Financial Officer).
- 5.9 The payments schedule for all parish and town councils in West Suffolk will be full payment of the precepts by 30 April 2020.

6. West Suffolk Medium Term Financial Strategy 2020-2024

(Note: This report makes reference to the West Suffolk Strategic Framework 2020-2024 (Report No: CAB/WS/19/040), which had been deferred earlier in the Cabinet meeting, but this did not impinge on the approval of the West Suffolk Medium Term Financial Strategy 2020-2024 document, as set out below)

Portfolio Holder: Cllr Sarah Broughton

Report No:
CAB/WS/19/046 and
Appendix A

RECOMMENDED:

That the West Suffolk Medium Term Financial Strategy 2020-2024, contained at Appendix A to Report No: CAB/WS/19/046, as its strategic financial framework from 1 April 2020, be adopted.

- 6.1 The West Suffolk Medium Term Financial Strategy 2020-24, assesses and evaluates the financial resources we expect to have and our expenditure in order to deliver our strategic priorities, as set out in the draft West Suffolk Strategic Framework 2020-2024. Our strategy is based on six key themes, representing our response to the ongoing financial challenges and opportunities surrounding local government.
- 6.2 In summary, these six themes are:
 - Aligning resources to the West Suffolk strategic framework and essential services;
 - Sharing services and transformation of service delivery;
 - Behaving more commercially;
 - Considering new funding models (e.g. acting as an investor);
 - Encouraging the use of digital forms for customer access; and
 - Taking advantage of new forms of local government finance (e.g. business rate retention).
- 6.3 It is worth noting that as part of good financial planning (councils are also required to prepare for, as a minimum, a three year financial planning period), the West Suffolk Council in February 2020 will be asked to set a balanced budget for 2020-21 (its statutory obligation), alongside a medium term financial plan for the period 2021-2024.
- 6.4 Certain sections of the strategy document will need updating or in some case completing as part of the 2020/21 budget process – for example the revenue and capital sections. A final and complete version of the document (alongside the West Suffolk Capital Strategy) will be presented to Cabinet and Council in February 2020 alongside the main budget and council tax setting report. It may be at this point that Cabinet request that the document be updated to reflect any relevant outcomes/recommendations from the work of the current taskforces.



7. Investing in our Commercial Asset Portfolio (para 3) (Exempt)

Portfolio Holder: *Cllr Susan Glossop*

Exempt Report No:
CAB/WS/19/048

- 7.1 In private session, the Cabinet were informed of the reasons as to why this item had been **withdrawn** from the agenda.

