Referrals report of recommendations from Cabinet

Report number:	**COU/WS/21/016**	
Report to and date:	**Council**	14 December 2021
Documents attached:	**Exempt Appendix to Report number: CAB/WS/21/052 – Proposed Incubation Units, Suffolk Business Park, Bury St Edmunds: Financial Case**	

A. Referrals from Cabinet: 9 November 2021

1. West Suffolk Gambling Act 2005: Statement of Policy 2022 to 2025

Portfolio holder: Councillor Andy Drummond

Cabinet Report number: CAB/WS/21/048

Appendix A to Report number: CAB/WS/21/048

Appendix B to Report number: CAB/WS/21/048

Appendix C to Report number: CAB/WS/21/048

Recommended, that:

1. **The revised West Suffolk Gambling Act 2005: Statement of Policy for the period 2022 to 2025, as contained in Appendix B to Report number CAB/WS/21/048, be agreed.**
2. **The revised West Suffolk Local Area Profile, as contained in Appendix C to Report number CAB/WS/21/048, be agreed.**

1.1 The West Suffolk Statement of Gambling Policy sets out how the Council, in its role as licensing authority, will carry out its functions under the Gambling Act 2005. It recognises the importance of responsible gambling within the entertainment industry, while seeking to balance this with the key objectives of the Act. The objectives are:

- Preventing gambling from being a source of crime and disorder, being associated with crime or disorder or being used to support crime

- Ensuring that gambling is conducted in a fair and open way
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

1.2 The objective of the statement of policy is to provide a vision for the local area and a statement of intent that guides practice. Licensing authorities must have regard to their statement when carrying out their licensing functions. The statement cannot create new requirements for applicants outside of the Act and cannot override the right of any person to make an application, make representations or seek a review of a licence under the Act. However, it can invite people and operators consider local issues and set out how they can contribute towards positively addressing them.

1.3 To this end, the Council has updated the Local Area Profile (LAP). A LAP is an assessment of the key characteristics of West Suffolk in the context of gambling-related harm. The information obtained for the assessment helps to provide a better understanding of the types of people that are at risk of being vulnerable to gambling-related harm; where they are located and any current or emerging problems that may increase that risk. The Local Area Profile will help set out our expectations of operators of gambling premises.

1.4 A statement of policy typically runs for a period of three years, although there is nothing to prevent the authority from updating more frequently if it wishes to. The current policy expires on 31 January 2022 and a revised version has been consulted on with statutory consultees. This will then require review in 2024 for re-adoption by January 2025.

1.5 The policy statement summarises West Suffolk Council's approach to licensing gambling activities. It sets out how the Council exercises its functions in relation to gambling licensing matters under the Gambling Act 2005.

1.6 The revised policy that has been subject to consultation, contained minor changes and the consultation has broadly supported these changes. Pre-consultation, the only change to the policy was centred around the statutory reduction of maximum stakes for Fixed Odds Betting Terminals (FOBTs) – which has been reduced from £100 to £2 – and enacted into law in April 2019. Following consultation with stakeholders, one additional alteration was made to update the HM Revenues and Customs contact details.

1.7 The Local Area Profile has also been updated. Our approach is based on the possible risk to gambling-related harm, in adherence to the objectives set out in the Act. Some or many of these matters will have been considered and addressed by existing premises.

1.8 There is a statutory duty to undertake a consultation to gauge impact and opinion among key stakeholders. This was held between 16 August 2021 and 20 September 2021. In total, two responses were received (please see Appendix A), from Public Health (Suffolk County Council) and HM Revenue and Customs.

1.9 All respondents were able to provide comment on any aspect of the policy statement. Both responses highlighted issues or recommendations in this way. The Council has set out specific responses to each comment and made alterations to the policy statement accordingly where applicable including the addition of a statement that risk assessments should make reference to the Council's area profile which may be compiled with respect to reported gambling related problems in an area (please see Appendix B).

2. Council Tax Base for Tax Setting Purposes 2022 to 2023

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: CAB/WS/21/050

Appendix 1 to Report number: CAB/WS/21/050

Appendix 2 to Report number: CAB/WS/21/050

Appendix 3 to Report number: CAB/WS/21/050

Recommended, that:

1. **The tax base for 2022 to 2023, for the whole of West Suffolk be 57,406.34 equivalent band D dwellings and for each of the predecessor areas be: Forest Heath 19,455.81 and St Edmundsbury 37,950.53, as detailed in paragraph 2.6 of Report number CAB/WS/21/050.**
2. **The tax base for 2022 to 2023 for the different parts of its area, as defined by parish or special expense area boundaries, be as shown in Appendix 3 of Report number CAB/WS/21/050.**
3. **The Director (Resources and Property) be given delegated responsibility to make changes to the tax base figures, as a result of any government announcements pertaining to local council tax support or any data updates relating to significant claimant increases, as detailed in paragraph 2.5 of Report number CAB/WS/21/050.**

2.1 The council tax base is the total taxable value at a point in time of all the domestic properties in the council's area. It is a yearly calculation and represents the estimated number of chargeable dwellings after allowing for exemptions and discounts, projected changes in the property base and after applying an estimated collection rate.

2.2 The total taxable value referred to above is arrived at by each dwelling being placed in one of eight valuation bands (A – H) by the Valuation Office, with a statutorily set fraction then 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 calculation 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.

2.3 The council tax base is used in the calculation of council tax. Each authority divides the total council tax income it needs to meet its budget requirement by the tax base of its area to arrive at its band D council tax. The same fractions referred to in the previous paragraph are then used to work out the council tax for properties in each of the other bands.

2.4 Orders have been laid allowing West Suffolk to harmonise the council tax of the former Forest Heath and St Edmundsbury areas over a period not exceeding 7 years. Because of this, it is also necessary to calculate tax base figures for the areas formerly covered by Forest Heath District Council and St Edmundsbury Borough Council (the 'predecessor areas').

2.5 The calculation of the tax base for council tax setting purposes consists of three stages:

1. Calculation of the tax base for central government purposes as at 4 October 2021 (MHCLG return – CTB).
2. Calculation of the tax base for council tax setting purposes by adjusting the band D equivalents to reflect changes in the tax base as a result of any technical/Local Council Tax Support scheme changes, projected changes in the property base and predicted collection rates.
3. Analysis of band D equivalents over each of the parish areas in order to determine individual parish council tax bases.

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

- properties attracting 100 per cent liability
- properties attracting a premium, such as second homes
- properties with an entitlement to a discount of 25, 50 or 100 per cent, such as disabled relief
- properties that are exempt, such as those occupied by United States air force personnel
- local council tax reduction scheme discounts.

2.7 The figures used to make the above calculations are derived from the Valuation List as deposited on 13 September 2021, and as amended to reflect any errors or omissions so far detected in reviewing that list. They are based on the data held on the council tax system at a set point in time – 4 October 2021. The taxbase for this purpose, which is calculated at a West Suffolk level, is 58,261.4.

2.8 The band D properties figure as at 4 October 2021 of 58,261.4, as quoted in line 33 of the CTB form, has been updated as at 31 October 2021 to allow for:

1. Any changes to the Local Council Tax Support (LCTS) scheme. The tax base has been set using the current 2021 to 2022 data as, although consultations on some changes are currently taking place, these are about streamlining the

customer experience and will not have any significant impact on the LCTS numbers.
2. Any technical changes to discounts and exemptions such as empty properties and second homes. There are no plans to change the current scheme for 2022 to 2023.
3. Potential growth in the property base during 2022 to 2023 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.
4. An allowance for losses in collection, which assumes that the overall collection rate for 2022 to 2023 will be 98%, with the exception of LCTS recipients where the collection rate is assumed to be 83%.
5. The forecast impact of COVID-19 on LCTS scheme numbers (see paragraph 2.5 below).

2.9 The key assumptions, as outlined above, have been set at a time when the impact of COVID-19 recovery, and the end of the furlough scheme, are difficult to predict. At this stage, very early data (taken from the first two weeks of October) is not indicating any spike in LCTS numbers and, therefore, minimal allowance has been made for any increase in LCTS claimant numbers.

2.10 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:

	2021 to 2022	**2022 to 2023**	**Increase**
Former Forest Heath area	18,572.56	**19,455.81**	883.25
Former St Edmundsbury area	36,767.41	**37,950.53**	1,183.12
West Suffolk	55,339.97	**57,406.34**	2,066.37

2.11 The table at Appendix 2 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. It also shows the spread of the tax base across the bands totalling the tax base for central government purposes (CTB) and the tax base for council tax setting purposes after all of the adjustments have been made.

2.12 The tax base figure for West Suffolk is analysed further across individual town and parish councils to form their tax base figures for the purpose of budget setting and determining the parish band D tax levels in each of those areas. Town and parish tax base figures are set out in Appendix 3. 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 2022 to 2023, will be determined by the Director (Resources and Property) (Chief Financial Officer). The payments schedule for all parish and town councils in West Suffolk will be full payment of the precepts by 30 April 2022.

3. Proposed Incubation Units, Suffolk Business Park, Bury St Edmunds

Portfolio holder: Councillor Susan Glossop

Cabinet Report number: CAB/WS/21/052

Appendix A to Report number: CAB/WS/21/052

Appendix 1 to Report number: CAB/WS/21/052

Exempt Appendix 2 to Report number CAB/WS/21/052: Attached to this report

Appendix 3 to Report number: CAB/WS/21/052

Recommended, that:

1. **The Business Case attached, as Appendix A to Report number CAB/WS/21/052 be approved and the project objectives be endorsed.**
2. **The purchase of 6.8 acres of net developable land to enable the project to be delivered, be approved.**
3. **The development of 40,000 sq. ft employment space (phase one) on Zone 3 of Suffolk Business Park in accordance with the details contained in the business case, be approved.**
4. **A £12.1m capital budget for phase 1 only, funded through the Investing in our Growth Fund through Prudential borrowing with the revenue impact in line with the Financial Case section of Appendix A to Report number CAB/WS/21/052, be approved.**
5. **Officers to proceed in line with the Council's agreed Scheme of Delegation. However, where necessary agreement, be sought for delegation to the Director (Resources and Property) and the Director (Planning and Growth), in consultation with the Portfolio Holder for Resources and Property and with the Portfolio Holder for Growth, to make changes to the proposal to reflect the need for the project to evolve as time moves forward and to enable the project to be delivered in accordance with the Finance Case and the Programme.**
6. **The Council's Section 151 Officer to make the necessary changes to the Council's prudential indicators, as a result of recommendation 4. above.**

3.1 The West Suffolk Strategic Framework 2020-2024 sets out three strategic priorities including the Council's commitment to focus its energies and resources on the "Growth in West Suffolk's economy for the benefit of all its residents and UK plc". This project is a key example of how West Suffolk Council can support and invest in its communities and businesses as it provides incubation space for new and developing companies that wouldn't otherwise be provided.

3.2 The purpose of this report is to seek authority for the development of 40,000 sq. ft of start-up/incubation space, as phase one, for companies mainly in the advanced manufacturing and engineering (AME) sector and its supply chain. The costs of borrowing to fund this development through prudential borrowing, will be covered by the business rates that are forecasted to be retained locally as a result of the Enterprise Zone at Suffolk Park, Bury St Edmunds.

3.3 A full Business Case for Phase 1 (attached as Appendix A to Report number CAB/WS/21/052 which also includes Exempt Appendix 2) and this in turn is supported by a Risk Register (Appendix 1) and a high-level Project Plan (Appendix 3). Additional Business Case(s) will be required to bring forward Phase 2.

3.4 This project provides the opportunity to deliver on the Council's original vision for the employment allocation at Suffolk Business Park. It builds on the commitment shown by the Council, New Anglia LEP and Suffolk County Council to funding/developing the Eastern Relief Road (now Rougham Tower Avenue) and also reflects the intent behind establishing the Enterprise Zone on Suffolk Park.

3.5 The Business Case (Appendix A) sets out the strategic; economic; commercial; financial; and management cases for this development. The Business Case clearly sets out the project objectives and concludes that the case is made for the proposal to be supported and delivered in line with the high-level programme.

3.6 The project requires the allocation of approximately £12.1m of capital funding which is assumed to be funded through prudential borrowing from the Public Works Loans Board (PWLB). The Financial Case explains the assumptions that have been made to determine the Capital cost; revenue implications; cash flow projections; and the unique arrangement for financing the debt over 17 years. The Business Case explains that business rates received from the Enterprise Zone on Suffolk Park are split into four separate funds and that Fund B is retained for development that support the economic development of the area. It is this Fund that will be used to pay for the costs of borrowing with support from the LEP and SCC to enable this to happen.

3.7 Due to the scale of this project, the recommendations (as set out in Report number CAB/WS/21/052) had been recommended to Council for adoption. The recommendations enable the project to be brought forward in line with the Scheme of Delegation, save that authority is requested for delegation to the Director of Growth in consultation with the Portfolio Holder for Growth to reflect the early stages of this project and the need for some flexibility as matters relating to delivery evolve. In addition, delegation to the S151 Officer is requested to enable necessary changes to be made to the Council's prudential indicators as a result of this project.

3.8 This project not only supports the Council's aspirations in the Strategic Framework it is also in line with its agreed Investing in Growth Agenda Strategy/Fund and Asset Management Strategy. The proposal builds on the investment West Suffolk Council made to the construction of the Eastern Relief Road (Rougham Tower Avenue) which in turn opened up the whole 68 hectares of employment land at Suffolk Business Park. Without that original investment, it would not be possible to consider this proposed development today. In addition, the Council worked to bring Enterprise Zone status to Suffolk Park which has not only encouraged new economic development but has also generated a pot of funding that can be used (with agreement) for the development of the economy in the local area.

3.9 The intention is that once built, the centre will be run by a leading provider of business support to the Advanced Manufacturing and Engineering sector (AME). This will be a first for West Suffolk and a significant achievement. Once operational, the centre's operators will be able to build links and synergies with other educational providers such as the Science Technology Engineering and Maths (STEM) Centre on Western Way. The aim is to provide space for start-up or growing businesses in a supported/flexible environment with access to high quality business advice and networking opportunities.

3.10 In addition, West Suffolk Council has been working over a number of years to develop its AME Sector. This work has involved detailed discussions to support product diversification, running specific events to support the sector and more recently, the development of the West Suffolk Manufacturing Group (WSMG). The result is a very strong and growing AME sector in West Suffolk. Whilst the WSMG is established and is creating links across a number of areas, West Suffolk lacks the dedicated space and specialist business support to develop new and small manufacturing & engineering businesses. It is also running out of opportunities to make this happen at Suffolk Business Park.

3.11 This project will not only provide employment opportunities locally for those looking to start or change their careers it will also help to develop the AME sector in West Suffolk for the benefit of new and existing companies and our local people. When the centre has been up and running for a while, it will start to provide our larger companies in the AME sector with supporting supply chain companies and skilled employees that are currently in short supply.

B. Referrals from Cabinet: 7 December 2021

(These referrals have been compiled before the meeting of Cabinet on 7 December 2021 and are based on the recommendations contained within each of the reports listed below. Any amendments made by the Cabinet to the recommendations within these reports will be notified accordingly to members in advance of the meeting)

1. Arrangements for Appointment of External Auditors

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: CAB/WS/21/055

Performance and Audit Scrutiny Committee Report number: PAS/WS/21/021

Recommended, that: it be agreed to continue to 'opt-in' to the sector led body (Public Sector Audit Appointments Limited (PSAA)) for the independent appointment of the Council's external auditor, beginning with responsibilities for the financial year 2023 to 2024.

1.1 In September 2016, the former Forest Heath and St Edmundsbury Councils' Performance and Audit Scrutiny Committees received papers regarding the appointment of external auditors for a period of five years from 1 April 2018. The Local Audit and Accountability Act 2014 brought to a close the Audit Commission and established transitional arrangements for the appointment of external auditors, and the setting of audit fees for all local government and NHS bodies in England.

1.2 At the end of the transitional arrangements, public bodies were asked to specify their preferred method of appointing external auditors, and a sector led body (the Public Sector Audit Appointments LTD (PSAA)) was chosen.

1.3 A sector led body has the opportunity to negotiate contracts with firms nationally, maximising the opportunity for the most economic and efficient approach for procurement of external audit on behalf of the whole sector. The scheme was designed to save time and resources for local government bodies and, through collective procurement, secure the best prices without compromising on audit quality.

1.4 West Suffolk Council agreed to continue to use the PSAA (Report number: COU/SA/18/010 - Appointment of External Auditors) as its route to select its external auditors Ernst and Young for the remaining term of the five years from 1 April 2019 (ending the financial year 2022 to 2023).

1.5 On 18 November 2021, the Performance and Audit Scrutiny Committee (PASC) received Report number: PAS/WS/21/021, which asked the Committee to consider options available for the appointing process for external auditors from 2023 to 2024. The Council could choose one of the following options:

1. Procurement via PSAA;
2. Establish a stand-alone appointment; or
3. Set up a joint auditor panel/local joint procurement arrangements.

1.6 Legislation requires a resolution of Council if a local authority wishes to opt into the national arrangement (the PSAA). The practical deadline for this decision is 11 March 2022.

1.7 The report to PASC set out in detail the advantages and disadvantages for each of the three options and the respective legal implications.

1.8 The Committee had been advised that opting into the PSAA arrangements for the appointing process would be the best option to work alongside other councils and influence a particularly difficult market.

1.9 Following scrutiny by PASC, the Committee put forward a recommendation to Cabinet (as reproduced above) and pending any amendments made by Cabinet on 7 December 2021, this recommendation is referred to Council for final approval.

2. Delivering a Sustainable Medium Term Budget

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: CAB/WS/21/056

Performance and Audit Scrutiny Committee Report number: PAS/WS/21/024

Recommended, that: the proposals as detailed in Section 2 and Table 1 at paragraph 3.6 of Report number: PAS/WS/21/024, be included in the medium-term financial plans to 2026.

2.1 At its meeting on 30 September 2021, Report number PAS/WS/21/016. outlined the process and approach to setting the Council's 2022 to 2023 budget and the principles and challenges faced in achieving this.

2.2 The Committee on 18 November 2021, received an update on assumptions and anticipated savings and initiatives proposed or delivered to date to deliver a sustainable and balanced budget for 2022 to 2023. Proposed key budget assumptions were set out in Section 2 of the report (and below).

2.3 Extract from Report number: PAS/WS/21/024: (Section 2 and Table 1)

2.3.1 2. Proposals within this report – key budget assumptions

2.1 Report number PAS/WS/21/016 set out a number of key budget assumptions proposed in the development of the 2022 to 2023 budget and medium-term plans and the rationale behind those assumptions. These assumptions are constantly under review, in response to further data and intelligence. Since this last report, there have been the following updates as set out below.

Government funding – Spending Review 2021

2.2 In the Spending Review 2021 of 27 October 2021 there were several statements about funding for local government. A £4.8 billion increase (over 3 years) in direct grant funding was declared. However, £3.6 billion of this amount is targeted for social care reform, so aimed at County/Unitary Councils and its also expected that any new spending pressures announced (such as the national insurance increase) will also need to be funded through this allocation. What is not known at this time is the detail on how the headline 'Local Government funding' will be distributed to councils and whether this directly translates into winners and losers at individual Council level.

2.3 There was also no confirmation on local government funding reforms relating to the Fairer Funding Review and 75 per cent Business Rates Retention (BRR) scheme. The Government remain committed to these reforms, although have not set out any confirmed timeframe for when they would be completed and implemented. A roll forward of the 2021 to 2022 settlement hasn't been ruled out at this stage.

2.4 As a result of this current uncertainty about the detail of future government funding we continue to include the following assumptions in our medium-term financial plans:

- There will be no further COVID-19 support for either costs incurred or loss of Fees and Charges income.
- That no Revenue Support Grant or New Homes Bonus allocation (or replacement) will be rolled forward into 2022 to 2023 as it was always the Government's intention to phase out these grant streams.
- The budget estimates assume a continuation of the 10 per cent reductions in the centrally held un-ringfenced grants budget for 2021 to 2022 in line with previous Government funding reductions. This includes grants such as Housing Benefit Administration.
- There will be no Fairer Funding Review and some form of Business Rate Retention (BRR) scheme resetting from April 2022 will take place. The current projections already assume a significant loss of BRR scheme growth (accumulated since the scheme was implemented in 2013) from April 2022 and this assumption remains unchanged at this stage.

- That Suffolk authorities will remain in a business rates pool for 2022 to 2023, retaining additional BRR scheme income for Suffolk than that of individual authorities.

2.5 These Government funding assumptions will be kept under constant review as part of the budget process and following any announcements regarding the detailed funding allocations (expected 5 December 2021 but likely to be much later in December as per previous years) and grant payments and/or consultations from central Government. This collection of assumptions has the biggest financial impact on the council's budget given the sums involved.

Other income assumptions

2.6 There has been a detailed line by line review of the 2022 to 2023 income budget assumptions across a best, base and worst-case scenario. The material outcomes of this review are included on Table 1 below. Where there is uncertainty linked to continued COVID-19 impact the approach will be to access the use of a further years COVID impact provision, created from the Councils General Fund balance, with the expectation that there will be a full return to budgeted income levels in the medium term. There is expected to be a greater level of volatility in these income assumptions given the relationship between recovery and income generation for the council. This volatility will need to be closely monitored and reflected in the Section 151 report to members on the robustness of estimates and balances as part of the budget process.

Business rates estimate for 2022 to 2023

2.7 It is very difficult to predict the ongoing impact of COVID-19 on businesses within the district and the impact this may have on the level of business rates income collected. In 2020 to 2021 Government announced significant retail reliefs to support business through the pandemic. They continued that support, in part, during the current year 2021 to 2022. We are yet to receive any guidance or funding allocations for the announced national £1.5 billion discretionary business rate relief fund for 2021 to 2022.

2.8 The Spending Review 2021 on 27 October 2021 did include some changes to business rates for the next three years, with a commitment that councils will be fully reimbursed under the current Business Rate Retention Scheme through Section 31 grants:

- The planned increase in the business rates multiplier has been cancelled. The multiplier was due to be increased by 3.1 percent, in line with the September increase in the Consumer Price Index (CPI). Local authorities will receive "cap compensation" funding to offset this.

- 50 percent discount for retail, hospitality and leisure sectors (up to a maximum of £110,000).

- Other reforms, including more frequent revaluations (from 2023), and investment reliefs to encourage green investment and premises improvements (any increase in rates payable delayed for 12 months). These changes will affect uplift in valuations, which will be handled administratively by the Valuation Office Agency (VOA) – but will also affect local government because growth in rates will take longer to be recognised.

3.6 **Table 1**

Budget assumption changes Pressure/(Benefit)	**2022 to 2023**	**2023 to 2024**	**2024 to 2025**	**2025 to 2026**
	£m	**£m**	**£m**	**£m**
Budget Gap at February 2021	**0.97**	**1.62**	**2.21**	**2.65**
Pressures:				
Review of the Council's establishment and overall cost of employment assumptions (Includes the announced National Insurance increase for employers)	0.28	0.23	0.24	0.25
Housing benefits: Reduce rent allowances subsidy rate (recovered from Government for administering the scheme) across medium term to reflect transfer of 100% subsidy cases to Universal Credit	0.00	0.04	0.04	0.05
Insurance premiums review (including arts, culture and heritage assets and new solar for business rate changes)	0.04	0.05	0.05	0.05
Provisional increase in audit fees (to be confirmed by Public Sector Audit Authority)	0.02	0.02	0.02	0.02
Improvements:				
Ongoing savings relating to public access (see report CAB/WS/21/026)	(0.10)	(0.10)	(0.10)	(0.10)
Review of Council wide electricity budgets (combination of reduced usage and price inflation allowance)	(0.14)	(0.15)	(0.16)	(0.17)
Solar farm sale income- increased income assumptions after sale price for 2022 to 2023 generation has been fixed at auction. Longer term prices based on market estimates.	(0.44)	(0.07)	(0.06)	(0.06)
Increased shop rent income – linked to securing tenant beyond previous lease renewal date	(0.07)	(0.07)	(0.07)	(0.03)
Revised public sector decarbonisation savings and income generation from £2.2 million capital investment, linked to CO2 reduction plan	(0.06)	(0.06)	(0.05)	(0.05)

Industrial units: increased income assumption linked to improved performance of portfolio-linked to market rent levels and expectations	(0.04)	(0.04)	(0.04)	(0.04)
Other minor changes	(0.06)	(0.03)	(0.03)	(0.04)
Remaining budget gap at November 2021	**0.42**	**1.46**	**2.06**	**2.60**

2.4 The Performance and Audit Scrutiny Committee (PASC) had considered the report in detail and the key budget assumptions, and asked questions to which responses were provided. In particular, the Committee had discussed the solar farm additional income of £400,000 for next year and the working budget deficit for 2022 to 2023 of £0.42 million.

2.5 On 7 December 2021, the Cabinet will consider the recommendation of PASC, as reproduced above. Pending any amendments made by the Cabinet, this recommendation is referred to Council for final approval for incorporation into the budget setting process for 2022 to 2023 and the medium term plans to 2026.

3. Treasury Management Report (September 2021)

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: CAB/WS/21/057

Financial Resilience Sub-Committee Report number: FRS/WS/21/005

Appendix 1 to Report number: FRS/WS/21/005

Recommended, that: the Treasury Management Report (September 2021), as contained in Report number: FRS/WS/21/005, be approved.

3.1 **Investment Activity 1 April 2021 to 30 September 2021**

On 8 November 2021, the Financial Resilience Sub-Committee had considered Report number: FRS/WS/21/005. Their discussions were subsequently reported to the Performance and Audit Scrutiny Committee on 18 November 2021 for consideration.

3.2 The Council held investments of £52,000,000 as of 30 September 2021. Interest achieved in the first half of the financial year amounted to £34,122 against a budget for the period of £22,500.

3.3 External borrowing as of 30 September 2021 remained at £4 million with the Council’s level of internal borrowing increasing slightly to £48,039,000 as at 30 September 2021. Overall borrowing, both external and internal was expected to increase over the full financial year, but not by as much as was originally budgeted for. Borrowing costs (interest payable and Minimum Revenue Provision (MRP)) for the year were forecast to be £965,804 against an approved budget of £3,135,850, although this could change if more external borrowing was undertaken than was currently forecast.

3.4 The 2021 to 2022 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income in 2021 to 2022 was £45,000, which is based on a 0.25 percent target average interest rate of return on investments.

3.5 The report had also included a summary of the borrowing activity during the period; borrowing strategy and sources of borrowing; borrowing and capital costs – affordability; borrowing and income – proportionality; borrowing and asset yields; Chartered Institute of Public Finance and Accountancy (CIPFA) consultation on prudential code and market information.

3.6 The Sub-Committee had scrutinised the investment activity for 1 April 2021 to 30 September 2021, and asked questions to which responses were provided. In particular, detailed discussions had been held on the Council preparing itself for external borrowing by the end of the financial year, whilst interest rates were at an historic low; and lending monies to other local authorities as set out in the report.

3.7 Following consideration by the Financial Resilience Sub-Committee, the Performance and Audit Scrutiny Committee had scrutinised the report. Detailed discussions had been held on external borrowing and the point that would trigger the Council to borrow externally, as inflation was on the rise and interest rates remained historically low.

3.8 The Committee had suggested the Council needed to achieve interest rate certainty as soon as practicable and should be looking to lock in the low borrowing rates, externalising the Council's underlying need to borrow. A recommendation relating to this issue was put forward to Cabinet accordingly.

3.9 On 7 December 2021, the Cabinet will consider the recommendations of PASC, one of which is reproduced above. Pending any amendments made by the Cabinet, this recommendation is referred to Council for final approval.

3.10 The second recommendation put forward to Cabinet by PASC is reproduced for information below:

'The externalisation of our underlying need to borrow in order to manage the Council's interest rate risk exposure, be agreed'.

This will also be considered by Cabinet on 7 December 2021; however, as it is an executive decision, it has **not** been referred to Council for final approval.

4. West Suffolk Local Council Tax Reduction Scheme (LCTRS): 2022 to 2023

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: CAB/WS/21/058

Appendix A to Report number: CAB/WS/21/058

Appendix B to Report number: CAB/WS/21/058

Appendix C to Report number: CAB/WS/21/058

Recommended, that:

1. **The Local Council Tax Reduction (LCTRS) Scheme for 2022 to 2023, as outlined in Report number: CAB/WS/21/058, be reviewed.**
2. **The changes to the scheme outlined in section 2 of Report number: CAB/WS/21/058, and as detailed in Appendix C, be agreed.**

4.1 Each year the Council is required to review its Local Council Tax Reduction Scheme (LCTRS). Report number: CAB/WS/21/058 provides an annual review of the 2021 to 2022 scheme and proposes to make changes to the scheme for 2022 to 2023.

4.2 Councils are required to review their LCTRS schemes annually and consider whether any changes need to be made. Report number: CAB/WS/21/058 set out the changes (if any) that had been made since its introduction from April 2013. Where it is determined to retain the existing scheme, this must be decided by 11 March of the preceding financial year.

4.3 Where councils decide that they wish to amend their schemes they need to consult preceptors and stakeholders prior to a wider consultation to inform a final scheme design by 28 February of the preceding financial year.

4.4 The current West Suffolk Working Age LCTRS scheme provides a maximum benefit of 91.5 per cent for working age claimants and the scheme also fully 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 during the year.

4.5 A separate statutory scheme applies to pensioners who can receive up to a maximum 100 per cent reduction of their council tax bill.

4.6 When reviewing the scheme in 2020 for the 2021 to 2022 year it was decided to retain the existing scheme into 2021 to 2022 as it was felt it would bring stability to customers’ household budgets as they recovered or managed the impact of COVID-19. It was, however, agreed that a fuller review should be undertaken the following year to take into account learning from COVID-19, by considering a range of options for consultation, which has led to these proposals.

4.7 Anglia Revenues Partnership (ARP) have identified some further improvements that could be made, the main drivers for which are a streamlined customer journey; certainty and consistency of entitlement; reduced information requirements on customers; and better use of Department for Work and Pensions' (DWP) and Her Majesty's Revenue and Customs' (HMRC) data. These proposals are set out in section 4.9 of this report.

4.8 A portfolio holder decision was taken on 22 September 2021 to consult on the proposals. The consultation ran from 4 October to 5 November 2021. Major preceptors have responded and were content with the proposals. Four responses were received to the consultation and the key points raised are covered in Appendix A to Report number: CAB/WS/21/058.

4.9 Proposals

For ease of reference, the proposed changes and the potential impact of each are reproduced from Report number: CAB/WS/21/058 below. These will be considered by Cabinet on 7 December 2021. Pending any amendments made by Cabinet, it has been recommended to Council that these proposals be incorporated into the LCTRS.

4.9.1 The proposed changes to the West Suffolk Local Council Tax Reduction Scheme that it is proposed should take effect from 1 April 2022 are as follows. If implemented, these changes would affect:

1. the threshold for how much capital a customer can own (for example, savings) and still be entitled to a council tax reduction
2. the impact that living with non-dependent adult friends or family members has on the council tax reduction that a customer receives
3. the relationship between the application processes for Universal Credit (UC) and for local council tax reduction
4. the way in which fluctuations in a customer's earnings are taken into account in LCTRS

4.9.2 **Proposal 1**
It is proposed to lower the 'capital threshold' for local council tax reduction from £16,000 to £10,000 and remove the requirement to pay a tariff on savings over £6,000.

4.9.3 The capital threshold is the amount of capital (for example, savings) that a customer can own and still receive a reduction on their council tax. This proposal is intended both to ensure support is focused on those customers who most need it and also to remove the need for customers to provide evidence (where there is an over £250 change to their capital) of their capital in order for 'tariff income' to be calculated. ('Tariff income' is a measure that the Government uses for all benefits to calculate how much income a customer could theoretically earn from their capital, even if they don't earn it).

4.9.4 **Impact of proposal 1**
This proposal would result in:

- A simplified scheme reducing the burden on customer and evidence requirements
- Reduced number of claim adjustments as there would be no requirement to notify changes in capital of £250 or more
- More streamlined customer experience and reduced processing times for universal credit claims as tariff income details are not provided in DWP data share records

Targeting help to those most in need as those with less capital will receive increased awards and those who no longer qualify will have more than £10,000 capital.

4.9.5 Simplification would enable ARP to provide quicker decisions to customers, as the need to manually calculate tariff income would be removed. This option focuses on improved customer journey and although indicating some savings it is likely to be relatively cost neutral.

4.9.6 Modelling suggests that this proposal would have the following impact on customers:

- Customers with capital above £10,000 will no longer be entitled to LCTRS (estimated 63 individuals). This represents 91.5 per cent of every council tax band. These customers would re-enter LCTRS if their capital fell below £10,000. ARP would also have the discretion to use discretionary hardship to support individuals facing difficulties.

- Customers who gain receive on average of £61.72 more LCTRS each year ranging from £10.40 to £145.60 (estimated 13 individuals).

4.9.7 **Proposal 2**
It is proposed to set a fixed deduction of £7.40 on the amount of council tax reduction a customer on 'non-passported benefits' (see definition below) is entitled to if they live with non-dependent adult family members or friends. At the moment, the amount of deduction has to be calculated individually and can cause problems when the non-dependent family members or friends refuse to, or forget to, let the customer know about changes in their circumstances.

4.9.8 Non-passported benefits is a DWP term. 'Passported' means people in receipt of DWP prescribed benefits; the income-based elements of Income Support, Jobseekers' Allowance and Employment Support Allowance for whom a council does not have to undertake a separate means-tested exercise and evidence gather to determine council tax support or housing benefit. 'Non passported' means a council must undertake that separate exercise, usually because people have earnings or income exceeding those benefit thresholds. 'Passported' customers automatically receive full council tax support up to the non contribution rate (91.5 per cent for West Suffolk residents) or full housing benefit, whilst non-passported customers will have to make some contribution towards the 91.5 per cent charge of their council tax; both cohorts must pay the minimum 8.5 per cent as required within West Suffolk's scheme.

4.9.9 The proposed change would speed up benefits claims and reduce the number of adjustments needed every time an adult household member's income changed; would provide certainty over LCTRS entitlement; and would also reduce the potential for mistakes which can lead to arrears. Customers who are entitled to a severe disability premium would not be affected by this change and would continue to be exempt from non-dependent deductions.

4.9.10 This proposal would result in:

- Reduced burden on customer and evidence requirements
- Reduced number of claim adjustments as there would be no requirement to notify changes in non-dependent income. This is something the customer is not always aware of or able to obtain verification of themselves
- The functionality to verify and receive automatic income updates from DWP and HMRC does not extend to non-dependents meaning verification is always a manual process and the onus is solely on the customer to identify and report changes for their adult household members
- More streamlined customer experience and quicker processing times for Universal Credit claims as DWP do not gather details of non-dependents' income and the responsibility on the local authority to obtain this missing information delays claim processing
- Harmonisation with Universal Credit where there is already a flat-rate non-dependent deduction

Delays in and failure to provide non-dependent income details results in incorrect LCTRS awards, often impacting council tax collection and arrears.

4.9.11 An administrative consequence of this proposal would be that ARP's ability to increase automation and provide decisions to customers in one day would be extended to those with non-dependents, as the need to request follow up details would be removed.

4.9.12 Modelling suggests that this proposal would have the following impact on customers:

For customers with a £7.40 deduction those that gain (around 109 people) will receive on average an additional £213.04 each year. This range is between £46.80 and £525.20. For customers with a £7.40 deduction and have reductions (around 126 people) the average decrease is £182.83 This range is between £174.20 and £522.60.

Meanwhile, there would be a much-reduced risk of incorrect LCTRS awards and arrears, due to the fixed rate.

ARP will offer the 126 customers adversely affected Emergency Hardship Payment to help bridge the gap during the first year.

4.9.13 **Proposal 3**
West Suffolk Council is proposing to simplify the application process for LCTRS by requiring all customers to apply to DWP rather than direct to the local authority. Whereas previously, customers submitted separate claims for LCTRS, the proposals would mean customers would in future only need to apply for benefits through DWP, who will automatically notify ARP if someone is eligible for LCTRS.

4.9.14 **Impact of proposal 3**
We expect this proposal will minimise customer engagement, improve speed of administration and improve processing times for customers by:

- Clarifying the customer journey by removing any confusion that a separate claim is required
- Reducing customer burden to provide evidence through making a non-UC claim
- Removing requirement for both DWP and ARP to verify same income details
- Maximising customer income by signposting customers to claim UC
- Makes full use of DWP data share functionality

There will be no financial impact on customers. Customers who complete a contact form will be advised to complete a Universal Credit application form, which will automatically trigger an application for LCTRS. There will be a fallback option where in exceptional circumstances, a customer could still apply direct to ARP.

4.9.15 **Proposal 4**
The Council is proposing to adjust the current rule whereby customers’ income can vary up to £65 a month (£15 a week) before a reassessment is required, to £100 a month. Since the £65 threshold was introduced in 2020, ARP have seen a significant reduction in adjustment notifications, direct debit amendments and refunds. It has also given customers greater certainty to enable them to manage their payments and household budgets.

4.9.16 A review of the current rule suggests that if the threshold was increased from £65 to £100 a month, it would further improve financial certainty for customers and streamline the process.

4.9.17 ARP will continue to have discretion to review exceptional cases and override the rule, however, this has not been necessary since the £65 threshold was introduced, because most cases have monthly fluctuations which even out any impact over the course of a year.

4.9.18 **Impact of proposal 4**
In April 2020 a tolerance rule of £65 per month was introduced which meant we no longer reassessed income changes of less than £15 per week for UC customers.

4.9.19 UC is designed to be paid monthly, calculated on the customer's circumstances, including Real Time Information (RTI) earnings data from HM Revenue and Customs. Given customers' circumstances, especially earnings, fluctuate, this leads to significant volumes of monthly revised UC awards sent to the Council by the DWP.

4.9.20 Due to the tolerance rule such customers have seen a reduction by one third in Council Tax adjustment notifications, as well as a reduction in direct debit amendments and the need to request a refund. This has provided greater certainty to customers to enable to them to manage their payments and household budgets, with it being well received and working as expected.

4.9.21 The introduction of a fluctuating earnings rule has been particularly beneficial given the significant increase in the COVID-19 workload for Anglia Revenues Partnership, which peaked at a 500 per cent increase compared to the same point last year, before reducing to 200 per cent and now starting to return to normal levels.

4.9.22 A review of the tolerance rule suggests increasing the figure from £65 per month to £100 per month would further reduce the need for re-assessments from a third to a half, thereby providing more customers with stable payment arrangements, fewer adjustments and improved financial certainty. By retaining the discretion to review exceptional cases we will be able to override the rule in the case of a single beneficial change being reported. However, ARP are yet to see a case where discretion has been needed with the current £65 tolerance, given most cases have monthly fluctuations reported which evens out any impact of applying the tolerance over the course of a year.