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COMMITTEE: **BABERGH CABINET**

VENUE: **Britten Room - Endeavour House, 8 Russell Road, Ipswich**

DATE: **Thursday, 10 May 2018
9.30 am**

Members

Tina Campbell
Derek Davis
Frank Lawrenson
Margaret Maybury

Jan Osborne
Peter Patrick
Nick Ridley
John Ward

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AGENDA

PART 1

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Please note the most up to date version can be found via the website:

<http://www.babergh.gov.uk/the-council/forthcoming-decisions-list/>

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DATE AND TIME OF NEXT MEETING

Please note that the next meeting is scheduled for 7 June 2018 at 5:30pm in the King Edmund Chamber, Endeavour House.

For further information on any of the Part 1 items listed above, please contact on 01449 724682 or via e-mail at committees@baberghmidsuffolk.gov.uk

Introduction to Public Meetings

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Agenda Item 3

BCa/17/66

BABERGH DISTRICT COUNCIL

BABERGH CABINET

MINUTES OF THE MEETING OF THE BABERGH CABINET HELD IN BRITTEN ROOM - ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH ON THURSDAY, 12 APRIL 2018 AT 5:30PM

PRESENT: John Ward – Chair
Jan Osborne – Vice Chair

Tina Campbell
Derek Davis

Frank Lawrenson
Nick Ridley

IN ATTENDANCE:

Councillor Clive Arthey
Councillor Tony Bavington
Councillor Sue Carpendale
Councillor Luke Cresswell
Councillor John Hinton
Councillor Alastair McCraw

Chief Executive (AC)
Assistant Director – Communities and Public Realm (JF)
Corporate Manager – Countryside and Public Realm (PG)
Corporate Manager – Food and Safety (JG)
Corporate Business Coordinator (SM – notes)
Interim Strategic Director (KN)

115 APOLOGIES FOR ABSENCE

Apologies had been received from Councillor Maybury and Councillor Patrick.

115.1 The Chair welcomed two new Cabinet members, Councillor Davis, who would have responsibility for Organisational Delivery, and Councillor Lawrenson, who would have responsibility for Assets and Investments .

116 DECLARATION OF INTERESTS BY COUNCILLORS

Councillor Davis declared a non-pecuniary interest as a member of the Joint Advisory Committee for Suffolk Coast and Heaths Area of Outstanding Natural Beauty.

117 BCA/17/60 - TO CONFIRM THE MINUTES OF THE MEETING HELD ON 8 MARCH 2018

The minutes of the meeting held on 8 March 2018 were confirmed as a correct record subject to the full attendance being included and a minor amendment within the confidential note in relation to Item BCa/17/59 – Local Tourism Strategy Review.

118 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME

None received.

119 QUESTIONS BY COUNCILLORS

None received.

120 BCA/17/61 - MATTER REFERRED BY THE OVERVIEW AND SCRUTINY COMMITTEE

The Cabinet Member with responsibility for Organisational Delivery introduced the report and felt that the Five Year Land Supply was still a concern. He suggested that this be brought back to Cabinet in June 2018 with a proper assessment being undertaken and the impact this would have on resources.

120.1 It was therefore moved by Councillor Ridley and seconded by Councillor Osborne, by an unanimous vote.

It was RESOLVED:-

- (1) That the recommendations from the Overview and Scrutiny Committee be deferred until further information can be provided. A full report to this effect is intended to come back to Cabinet in early June 2018.

Reason for Decision: To ensure that the Five-year Housing Land Supply is monitored and reviewed regularly to allow for clarity and transparency.

121 BCA/17/62 - MATTER REFERRED BY COUNCIL - 20 FEBRUARY 2018

Cabinet Members had concerns over the lack of information and whether Option 1 had been fully explored. It was felt this would be a matter of cost against a demonstrable need.

121.1 Cabinet wished to see additional data in terms of the visitor numbers to Sudbury, how many members of the public came into Endeavour House and the level of service provided. The information should be both robust and historic, as well as up to date data being included.

121.2 It was recognised that the Customer Strategy review was being brought into Cabinet in July 2018 and as such this work could be included within that.

121.3 It was proposed by Councillor Davis and seconded by Councillor Osborne, by a unanimous vote:

It was RESOLVED:-

- (1) That given the nature of data currently available the Council does not pursue the option of a Hadleigh customer access point with similar capabilities to Sudbury.
- (2) Instead the Council identifies opportunities to work in partnership with existing organisations in Hadleigh, to provide self-service facilities, including the provision of scanning information.
- (3) That further information and more detailed data be included as part of the

Customer Strategy Review which will be brought to Cabinet in July 2018.

- (4) That the Customer Strategy Review also gives consideration to the extension of the partnership model for customer services elsewhere in the district should a need be identified.

Reason for Decisions: That an appropriate self-service provision could better meet the aims of the Joint Strategic Plan in a more cost effective manner.

122 BCA/17/63 - FORTHCOMING DECISIONS LIST

The forthcoming decisions list was noted.

122.1 The following comments were made:

- All names and portfolios to be updated in respect of the recent Cabinet changes.
- The Independent Remuneration Panel findings will be brought to May Council.
- Sudbury Vision for Prosperity to be brought to 7 June 2018 Cabinet.
- Public Realm work to be identified and split into different areas. The Task and Finish Panel to meet as from 18 April 2018. Future dates for the Panel to be discussed at the first meeting in order to avoid clashes with the Suffolk Show etc.
- It was agreed that BMBS Review of Year to date would be brought to June Cabinet in order for it to go into Overview and Scrutiny Committee in the first instance.
- It was noted that the online version of the Forthcoming Decisions List was always the most up to date which could be found:
<http://www.babergh.gov.uk/the-council/forthcoming-decisions-list/>

123 BCA/17/64 - FOOD SAFETY SERVICE PLAN

The Cabinet Member with responsibility for the Environment introduced report BCa/17/64 and moved the recommendation. This was seconded by Councillor Ridley.

123.1 It was recognised some of the work involved did cross over into the Licensing team – i.e. mobile food vans which caused a difficult situation.

123.2 Members felt this was an excellent report and the team should be commended for the work they did as they recognised it was not an easy job.

By a unanimous vote.

It was RESOLVED:

- (1) That the Mid Suffolk and Babergh Food and Safety Service Plan for 2018/19 be approved.

Reason for Decision: To fulfil the requirements of the Food Standards Agency Framework agreement and the Health and Safety Executive National Local Authority Enforcement Code.

124 BCA/17/65 - PROPOSED EXTENSION TO SUFFOLK COAST AND HEATHS
AONB BOUNDARY

The Cabinet Member with responsibility for the Environment introduced report BCa/17/65 and moved the recommendation. This was seconded by Councillor Lawrenson.

124.1 It was noted that discussions had taken place with Councillor McCraw, the ward member, and that his comments would be included within the response. Cabinet recognised it was useful to have the ward councillors knowledge and insight and as such hoped Councillor McCraw would be further consulted before the final response was sent.

124.2 Cabinet gave thanks to the Ward member, Councillor McCraw for his help.

By a unanimous vote.

It was RESOLVED:

- (1) That Cabinet endorses the Council's response to Natural England's consultation on the proposed boundary changes to the Suffolk Coast and Heaths Area of Outstanding Natural Beauty (AONB) as detailed in Appendix A subject to the modifications supplied by Councillor McCraw, as the Ward Member, being included.
- (2) That Cabinet supports the proposed changes to the AONB's boundary relevant to the areas that cover Babergh District subject to (1) above.
- (3) That Councillor McCraw, as the Ward Councillor, reviews the final draft response before it is submitted to Natural England.

Reason for Decisions: To endorse the Council's response to Natural England's proposed boundary changes to the Suffolk Coast and Heaths Area of Outstanding Natural Beauty.

The business of the meeting was concluded at 6:50pm.

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Chair (date)

Forthcoming Decisions list (KEY, EXEMPT AND OTHER EXECUTIVE DECISIONS)

April to August 2018 (Published 26 April 2018)

Unique Ref No:	Decision Maker & Decision Date	Subject	Summary	Contacts:		Key Decision ?	Confidential?
				Cabinet Member(s)/MSR	Officer(s)		
CAB18	Cabinet 8/10 May	To consider Battery Storage at all the Leisure Sites	To approve the Battery Storage at the Council's Leisure Facilities	David Burn Tina Campbell	Chris Fry 01449 724805 Chris.fry@babberghmidsuffolk.gov.uk	Yes	No
CAB21	Cabinet 8/10 May	End of Year Risk Progress Report	To provide an update on the Significant Risk Register and progress of risk management during 17/18	Glen Horn Derek Davis	Claire Crascall 01449 724570 Claire.crascall@babberghmidsuffolk.gov.uk	No	No
CAB26	Cabinet 8/10 May	Quarter 4 - 2017/18 Financial Outturn	To approve the 2017/18 Outturn	John Whitehead Peter Patrick	Melissa Evans 01473 296320 Melissa.evans@babberghmidsuffolk.gov.uk	Yes	No
CAB29	Cabinet 8/10 May	Supporting Housing Delivery through Developer Contributions: Reforming Developer Contributions to Affordable Housing and Infrastructure	To make Cabinet aware of the content and potential implications of the Government's consultation in order for Cabinet to endorse the response.	David Whybrow Nick Ridley	Christine Thurlow 07702 996261 Christine.thurlow@babberghmidsuffolk.gov.uk	No	No
CAB45	Cabinet 8/10 May	Suffolk's Framework for Inclusive Growth	To inform Councillors of the existence of a piece of Suffolk wide research	Nick Gowrley John Ward	Tom Barker 01473 825811 Tom.barker@babberghmidsuffolk.gov.uk	No	No
CAB49	Cabinet 8/10 May	"Draft revised National Planning Policy Framework" Consultation Proposals	To endorse the response to the Government consultation.	David Whybrow Nick Ridley	Tom Barker 01473 825811 Tom.barker@babberghmidsuffolk.gov.uk	No	No

CAB24	Council TBC June	Local Development Scheme	To introduce a revised timetable for the preparation of the Joint Local Plan to reflect further consultation on the document, to be able to incorporate changes to national planning policy, and broadly align the timetable with Local Plan preparation in neighbouring local authorities.	David Whybrow Nick Ridley	Robert Hobbs 01449 724812 robert.hobbs@babberghmidsuffolk.gov.uk	Yes	No
CNL02	Council 21/22 May	Independent Remuneration Panel report	To review and agree the findings from the Panel	Nick Gowrley John Ward	Emily Yule 01449 724694 Emily.yule@babberghmidsuffolk.gov.uk	No	No
CAB30	Cabinet 4 June	Stowmarket Vision for Prosperity	To seek agreement to publish a response to the issues raised in recent public engagement together with an and action plan. To begin work into viability and deliverability pf a town centre regeneration project, and marketing/ branding strategy.	Gerard Brewster	Andrew McMillan 01449 724931 Andrew.mcmillan@babberghmidsuffolk.gov.uk	Yes	No
CAB22	Cabinet 4/7 June	Quarter 4 Performance Exception Report	To seek agreement that the performance report and the performance outcome information adequately reflects the Councils performance.	Glen Horn Derek Davis	Karen Coll 01449 724566 Karen.coll@babberghmidsuffolk.gov.uk	No	No
CAB32	Cabinet 4/7 June	Asset Investment Fund	To seek establishment of an Asset Investment Fund and approval of the delegation limits for officers to work within.	Nick Gowrley Frank Lawrenson	Jill Pearmain 01449 724802 Jill.pearmain@babberghmidsuffolk.gov.uk	No	No

CAB25	Cabinet 4/7 June	BMBS Review of Year to Date	To create visibility around the revised business plan and feedback on the first year's performance	Jill Wilshaw Jan Osborne	Justin Wright-Newton 07990 542087	No	No
CAB50	Cabinet 7 June	Sudbury Vision for Prosperity	To seek agreement to publish a response to the issues raised in recent public engagement.	John Ward	Andrew McMillan 01449 724931 Andrew.mcmillan@baberghmidsuffolk.gov.uk	No	No
CAB52	Cabinet 7 June	5 Year Housing Land Supply	To follow on from the Overview and Scrutiny Committee recommendations to Cabinet on 12 April 2018	Nick Ridley	Tom Barker 01473 825811 Tom.barker@baberghmidsuffolk.gov.uk	No	No
CAB53	Cabinet 7 June	Potential Merger of the South Suffolk Leisure Trust	To discuss and agree	Margaret Maybury	Chris Fry 01449 724805 Chris.fry@baberghmidsuffolk.gov.uk	Yes	Yes
CNL01	Council TBC June	BMS Invest – Business Plan/Investment Strategy	To approve the business plan/investment strategy	Nick Gowrley Nick Ridley	Jonathan Stephenson 01449 724704 Jonathan.stephenson@baberghmidsuffolk.gov.uk	No	No
CNL03	Council TBC June	CIFCO Capital Ltd Business Plan 18/19	To approve the business plan 18/19	Nick Gowrley Nick Ridley	Jonathan Stephenson 01449 724704 Jonathan.stephenson@baberghmidsuffolk.gov.uk	No	No
CAB33	Cabinet 12 July	Hamilton Road	To agree	John Ward	Jonathan Stephenson 01449 724704 Jonathan.stephenson@baberghmidsuffolk.gov.uk	No	No
CAB51	Cabinet 12 July	Local Tourism Strategy (Babergh Visitor Information Options)	To approve the Local Tourism Strategy	John Ward	Lee Carvell 01449 724685 lee.carvell@baberghmidsuffolk.gov.uk	No	Yes in part. as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act
CAB34	Cabinet 9/12 July Cabinet 8/11 October	Joint Housing Strategy	To agree and adopt	Jill Wilshaw Jan Osborne	Gavin Fisk 01449 724969 Gavin.fisk@baberghmidsuffolk.gov.uk	No	No

CAB41	Cabinet 9/12 July	Update to the Joint Policy form dealing with compliments, comments and complaints	That Cabinet agree the change and delegate authorisation for future minor changes to the Senior Leadership Team and Leaders	Glen Horn Derek Davis	Sara Wilcock 01473 296473 Sara.wilcock@babergmidsuffolk.gov.uk	No	No
CAB28	Cabinet 9/12 July	Homelessness Prevention Fund Policy	To ensure the Councils are able to fulfil their new statutory obligations under the Homelessness Reduction Act 2017 to prevent homelessness wherever possible.	Jill Wilshaw Jan Osborne	Heather Sparrow 01449 724767 Heather.sparrow@babergmidsuffolk.gov.uk	Yes	No
CAB35	Cabinet 9/12 July	Customer Strategy Refresh	To approve and agree the approach as set out in the refreshed Customer Strategy.	Glen Horn Derek Davis	Sara Wilcock 01473 296473 Sara.wilcock@babergmidsuffolk.gov.uk	No	No
CAB43	Cabinet 9/12 July	Public Toilet Policy (Public Realm Review)	To agree the public toilet policy and action plan to implement the policy.	David Burn Margaret Maybury	Jonathan Free 01449 724859 Jonathan.free@babergmidsuffolk.gov.uk	No	No
CAB11	Council TBC June 2018 Cabinet 12 July 2018	Regeneration Proposal – Former Mid Suffolk District Council Headquarters Site, Hurstlea Road, Needham Market	For debate by Council, determination by Cabinet	Nick Gowrley	Jonathan Stephenson 01449 724704 Jonathan.stephenson@babergmidsuffolk.gov.uk	Yes	<i>This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions.</i>
CAB12	Council TBC June 2018 Cabinet 9 July 2018	Regeneration Proposal – Former Babergh District Council Headquarters Site, Corks Lane, Hadleigh	For debate by Council, determination by Cabinet	John Ward	Jonathan Stephenson 01449 724704 Jonathan.stephenson@babergmidsuffolk.gov.uk	Yes	<i>This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions</i>
CAB27	Cabinet 6/9 August 2018	Quarter One Budgetary Control 2018/19	To approve the Quarter One Budgetary Control	John Whitehead Peter Patrick	Melissa Evans 01473 296320 Melissa.evans@babergmidsuffolk.gov.uk	Yes	No

CAB14	Cabinet 6/9 August 2018	Review of Housing Allocations Policy	To gain approval for changes to the Housing Allocations Policy	Jan Osborne Jill Wilshaw	Sue Lister 01449 724758 Sue.lister@babergmidsuffolk.gov.uk	Yes	No
CAB36	Cabinet 6/9 August	Belle Vue	To agree	John Ward	Jonathan Stephenson 01449 724704 Jonathan.stephenson@babergmidsuffolk.gov.uk	No	No
CAB54	Cabinet 6 August	Stradbroke Neighbourhood Plan	To seek approval for the Stradbroke Neighbourhood Plan to proceed to a local referendum	David Whybrow	Robert Hobbs 01449 724812 robert.hobbs@babergmidsuffolk.gov.uk	No	No
CAB37	Cabinet 10/13 September	Assets Strategy	To approve the approach set out in the Asset Strategy document	Nick Gowrley Frank Lawrenson	Jill Pearmain 01449 724802 Jill.pearmain@babergmidsuffolk.gov.uk	No	No
CNL04	Council 25/27 September	Localism Act 2011 – Appointment of Independent Persons	To approve the appointments	Nick Gowrley John Ward	Emily Yule 01449 724694 Emily.yule@babergmidsuffolk.gov.uk	No	No
CAB42	Cabinet 8/11 October	Tree Policy (Public Realm Review)	To adopt and agree	Julie Flatman Margaret Maybury	Jonathan Free 01449 724859 Jonathan.free@babergmidsuffolk.gov.uk	No	No
CAB44	Cabinet 8/11 October	Open Space Transfer Policy (Public Realm Review)	To adopt and agree	Julie Flatman Margaret Maybury	Jonathan Free 01449 724859 Jonathan.free@babergmidsuffolk.gov.uk	No	No
CNL05	Council 23/25 October	Homelessness Strategy	To agree the strategy	Jill Wilshaw Jan Osborne	Heather Sparrow 01449 724767 Heather.sparrow@babergmidsuffolk.gov.uk	No	No
CAB46	Cabinet 5/8 November	Leisure Centre Redevelopment	For comment and agreement	Julie Flatman Margaret Maybury	Chris Fry 01449 724805 Chris.fry@babergmidsuffolk.gov.uk	No	No

CAB47	Cabinet 10/13 December	Quarter 2 Performance Exception Report	To seek agreement that the performance report and the performance outcome information adequately reflects the Councils performance	Glen Horn Derek Davis	Karen Coll 01449 724566 Karen.coll@babberghmidsuffolk.gov.uk	No	No
CAB48	Cabinet 10/13 December	A Review of the First Two Quarters of the Homeless Reduction Act	To review how the Councils have managed the roll out of the Homeless Reduction Act 2017 (HRA 2017)	Jill Wilshaw Jan Osborne	Heather Sparrow 01449 724767 Heather.sparrow@babberghmidsuffolk.gov.uk	No	No
CAB38	Cabinet 10/13 December	Community Strategy	To adopt and agree.	Julie Flatman Margaret Maybury	Jonathan Free 01449 724859 Jonathan.free@babberghmidsuffolk.gov.uk	No	No
CAB39	Cabinet 10/13 December	Joint Parking Policy	To adopt and agree	David Burn Tina Campbell	Chris Fry 01449 724805 Chris.fry@babberghmidsuffolk.gov.uk	No	No
CAB40	Cabinet February 2019	Environment Strategy	To adopt and agree	David Burn Tina Campbell	Chris Fry 01449 724805 Chris.fry@babberghmidsuffolk.gov.uk	No	No

Key:

 Babergh District Council Only
  Mid Suffolk District Council Only
  Joint – Mid Suffolk and Babergh District Councils

If you have any queries regarding this Forward Plan, please contact Sophie Moy on 01449 724682 or Email: Sophie.moy@babberghmidsuffolk.gov.uk

If you wish to make any representations as to why you feel an item that is marked as an “exempt” or confidential item should instead be open to the public, please contact the Monitoring Officer on 01449 724694 or Email: emily.yule@babberghmidsuffolk.gov.uk. Any such representations must be received at least 10 working days before the expected date of the decision.

Arthur Charvonia - Chief Executive

Agenda Item 8

BABERGH DISTRICT COUNCIL

From: Cabinet Member - Finance	Report Number: BCa/17/68
To: Cabinet	Date of meeting: 10 May 2018

2017/18 FINANCIAL OUTTURN

1 Purpose of Report

- 1.1 This report summarises the 2017/18 financial outturn for the General Fund, Housing Revenue Account and Capital Programme and shows how this links to the Medium Term Financial Strategy (MTFS) and achievement of the Council's strategic priorities.
- 1.2 This is subject to the external auditors report on the Statement of Accounts for the year, which will be presented to the Babergh Audit Committee on 30 July 2018. The unaudited Statement of Accounts will be approved for publication by the Assistant Director - Corporate Resources at the end of May.

2 Recommendations

- 2.1 That the 2017/18 financial outturn as set out in this report be noted.
- 2.2 That the following net transfers of £1,818k be approved with the General Fund reserves;
 - a) Transfer of £1,074k being the net amount, for the following specific earmarked reserves, referred to in section 10.11 of this report be approved;
 - £546k to Community Infrastructure Levy (CIL)
 - £143k to Homelessness,
 - £123k to Planning for legal costs
 - £119k to Waste for MRF costs
 - £96k to other Government Grants
 - £47k to Strategic Planning
 - b) The remaining balance of the General Fund surplus of £744k (£943k at Quarter 3) be transferred to the Business Rates Equalisation reserve to support the 2017/18 deficit on the Business Rates Collection Fund which will materialise in 2018/19.
- 2.3 That the General Fund carry-forward requests totalling £224k referred to in paragraph 10.12 of this Report be approved.
- 2.4 That the total Capital carry-forward requests referred to in paragraph 10.20 of this Report totalling £16.912m be approved.
- 2.5 That the transfer of £892k, being the HRA deficit for the year (£366k more than planned) per paragraph 10.25, from Reserves be approved

2.6 That the HRA Capital carry-forward requests referred to in paragraph 10.32 of this report totalling £656k be approved.

3 Financial Implications

3.1 These are detailed in the report.

4 Legal Implications

4.1 There are no specific legal implications.

5 Risk Management

5.1 This report is closely linked with risk numbers 5e and 5f of the Council's Significant Risk Register – If we do not understand our financial position and respond in a timely way, then we will be unable to deliver the entirety of the Joint Strategic Plan or the ambition of the HRA 30 year business plan. Other key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If the forecast savings and efficiencies are not delivered then it will have a detrimental impact on the resources available to deliver services and the strategic priorities	Probable - 3	Noticeable - 2	Monitored throughout the year by Finance Teams, Corporate Managers and Assistant Directors
If economic conditions and other external factors change for the worse then it could have an adverse effect on the Councils financial position	Probable - 3	Noticeable - 2	Focus is on monitoring key income and expenditure streams – but Government changes and economic conditions continue to affect costs and income for a number of services
If the Capital Programme delivery is not on target then the strategic priorities will not be delivered as anticipated	Unlikely - 2	Noticeable – 2	Regular monitoring by key officers

6 Consultations

- 6.1 Consultations have taken place with Assistant Directors, Corporate Managers and other Budget Managers as appropriate.

7 Equality Analysis

- 7.1 An equality analysis has not been completed because there is no action to be taken on service delivery at this point in time as a result of this report.

8 Shared Service / Partnership Implications

- 8.1 Both authorities continue to work closely together with particular attention given to sharing costs and savings between the two Councils, which is reflected in the financial outturn for the year.

9 Links to Joint Strategic Plan

- 9.1 Ensuring that the Councils make best use of their resources is what underpins the ability to achieve the priorities set out in the Joint Strategic Plan. Specific links are to financially sustainable Councils, managing our corporate and housing assets effectively, and property investment to generate income.

10 Key Information

Strategic Context

- 10.1 In February 2017 Babergh District Council approved the Joint Medium Term Financial Strategy (MTFS). This confirms the direction of travel, in that the Council has been developing a new business model to respond to the financial challenges.
- 10.2 The strategic response to those challenges, to ensure long term financial sustainability, is set out in six key actions:
- (a) Aligning resources to the Councils' refreshed strategic plan and essential services
 - (b) Continuation of the shared service agenda, collaboration with others and transformation of service delivery
 - (c) Behaving more commercially and generating additional income
 - (d) Considering new funding models (e.g. acting as an investor)
 - (e) Encouraging the use of digital interaction and transforming our approach to customer access
 - (f) Taking advantage of new forms of local government finance (e.g. new homes bonus, business rates retention)
- 10.3 The details within the Joint MTFS show that for Babergh the funding gap for the next three years, 2019/20 to 2022/23 is estimated to be £1,169k. Work will continue on closing this gap by identifying and modelling the outcomes of various initiatives as part of the delivery of the Joint Strategic Plan.

- 10.4 The nature of local government funding has changed in recent years. There is less core funding in the form of Revenue Support Grant (RSG) and more incentivised and one-off funding like New Homes Bonus and retention of business rates. The business rates income is more uncertain than RSG, where appeals and the changing number of businesses within the district impact on the income that is available to the Council. This was reinforced with the outturn position. It is also important that capital resources are used in ways to support the new business model. The Council is looking to use its assets and borrowing capacity to become self-sufficient from government funding.
- 10.5 The total estimated core funding for future years is not a fixed guaranteed amount as it is dependent on variations in business rates income. This is carefully monitored and the volatility and risks, for example, rate relief for schools converting to academies and the level of appeals, will affect the amount of income received.
- 10.6 The outcome of these changes and uncertainties is that predicting the resources available to the Council over a period of time is more challenging, so more annual variances against budget are likely to be seen as we develop our processes to fit the new funding environment. Members should therefore focus on whether strategic priorities are being achieved rather than in year variances against budget.

General Fund - Revenue

- 10.7 The unaudited accounts show a favourable variance (reduced expenditure and/or increased income) of £1,818k. This is before the proposed reserve transfers as set out in paragraph 2.2. The favourable variance can mainly be attributed to; Business Rates including S31 grants (£700k), CIL income (£556k), Planning fee income (£396k), Strategic Planning (£319k), Waste (£146k) less a net increase to the transfers to reserves (£291k) when compared to the budget for the year. It is worth noting that expenditure on services is in line with the budget, however, more income has been generated than planned.

This is £591k more than was reported to Cabinet in March, the key changes are reduced expenditure in Strategic Planning, offset by both a reduction to PV Panel FiT income and a net increase to the transfers to reserves. CIL income has also been included in the outturn report to highlight for Members the money that has been received in 2017/18. This will be placed into an earmarked reserve to be spent in future years in accordance with the expenditure framework approved by Council in April 2018.

Details of the financial position at the end of the year are outlined in the table below

Service Area	Revised Budget £'000	Original Actual £'000	Total Reserve Adjustments £'000	Revised Actual £'000	Revised Actual LESS Budget £'000
Communities	1,857	1,829	158	1,987	(130)
Corporate Resources	2,356	2,442	29	2,471	(114)
Customer Services	1,617	1,540	(1)	1,540	77
Environment Commercial Partnerships	1,936	1,626	130	1,756	180
Housing	633	490	144	634	(1)
Law and Governance	775	924	-	924	(150)
Planning for Growth	1,244	(66)	839	773	471
Senior Leadership Team	609	711	-	711	(103)
BMS Invest	-	34	-	34	(34)
Net expenditure on services ***	11,027	9,531	1,299	10,830	196
Recharge to HRA	(1,169)	(1,482)	-	(1,482)	313
Recharge to Capital	(376)	(200)	-	(200)	(176)
Capital financing costs	(1)	229	-	229	(230)
Transfers to / (from) reserves	234	525	(1,299)	(774)	1,008
Total budget requirement ***	9,715	8,603	-	8,603	1,112
Council Tax	(4,999)	(4,999)	-	(4,999)	-
Collection fund (Surplus)	(40)	(40)	-	(40)	-
Business Rates less Tariff	(1,997)	(2,350)	-	(2,350)	353
Levy	-	460	-	460	(460)
Business Rates - Pooling Benefit	(109)	(105)	-	(105)	(4)
16/17 distribution of surplus	-	(338)	-	(338)	338
S31 Grant	(650)	(1,125)	-	(1,125)	475
Revenue Support Grant	(504)	(504)	-	(504)	-
Transition Grant	(22)	(22)	-	(22)	-
Rural Services Support Grant	(182)	(182)	-	(182)	-
New Homes Bonus	(1,212)	(1,217)	-	(1,217)	5
Total funding	(9,715)	(10,421)	-	(10,421)	706
Total Favourable variance	(0)	(1,818)	-	(1,818)	1,818

*** Transformation Fund – actual expenditure and budgets have been excluded from the table above. Full details of spend in 2017/18 are detailed in Appendix C

10.8 Staffing - the vacancy management savings of £100k has been exceeded resulting in a favourable variance of £129k, an increase of £2k since Quarter 3. There have been twelve redundancies during 2017/18 at a cost of £254k. To improve the level of accuracy when forecasting redundancies, Finance will continue to work closely with HR to develop a more robust process. A breakdown of staffing variances for each Service Area is shown in section 10.9 below. For 2018/19, the vacancy management figure has been reviewed to reflect actual experience and increased to £186k (this is equal to a 2.5% turnover of staff).

10.9 The table below shows in detail the items that are included in the net favourable variance of £1,818k. A number of these have been reported in previous budgetary control reports to Cabinet. Quarter 3 variances have been included for comparison. Most of the variances identified within this report have been taken into consideration when setting the budgets for 2018/19.

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
Communities and Public Access			
<u>Policy and Strategy (Health and Wellbeing)</u> <ul style="list-style-type: none"> • Employee costs – a favourable variance of £10k. This is due to a part year saving for a full-time vacancy. The post was recruited to during September 2017. This saving is for 2017/18 only. • Carry forwards to support the delivery of the Joint Leisure, Sport and Physical Activity Strategy action plan and the ongoing development of the Health and Wellbeing Business Partner function in 2017/18 are unlikely to be spent resulting in a favourable variance of £47k. A carry forward of £47k has been requested to spend in 2018/19. • Other items (net) – a favourable variance of £1k 	57	58	1
<u>Public Realm</u>			
<ul style="list-style-type: none"> • Open Spaces (incl. Countryside Development) – due to several vacancies (2.6 fte shared 50:50) employee costs has resulted in a favourable variance of £31k. An increase of £26k since Quarter 3. • Other items (net) – a favourable variance of £28k. 	20	59	39
<ul style="list-style-type: none"> • Open Spaces – when setting the budget for 2017/18 the grounds maintenance contract was reviewed. As the contract period runs from November to October an assumption was made regarding a 10% saving. This has not materialised and so resulted in an adverse variance of £44k. It was too late to correct for the 2018/19 budgets, but it will be amended for 2019/20. 	(46)	(44)	2
<ul style="list-style-type: none"> • Street and Major Road Cleansing – an adverse variance of £111k, an increase of £57k since Quarter 3. Analysis of income levels over the past 3 years for the emptying of dog and litter bins for Town and Parish Councils, and for recycling credits has shown that the budget is far from achievable. This has been adjusted for in the 2018/19 budget. 	(54)	(111)	(57)
<ul style="list-style-type: none"> • Car Parks – an adverse variance of £75k, a net reduction to income of £24k since the previous quarter. The overall adverse variance can be broken down as follows; 	(51)	(75)	(24)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> An income shortfall of £64k which includes excess notice fines at Sudbury car parks and an increase in business rates expenditure of £19k following the April 2017 revaluation. Both of which have been amended in the budget for 2018/19. Other items (net) – an adverse variance of £11k. 			
<ul style="list-style-type: none"> Public Conveniences – a favourable variance of £15k can be attributed to an underspend against repairs and maintenance costs (£16k) and business rates (£3k). Discussions are ongoing regarding the future role that the Council plays in managing these assets. Other items (net) – an adverse variance of £4k. 	29	15	(14)
<ul style="list-style-type: none"> Other items (net) – a favourable variance of £5k 	(2)	5	7
Corporate Resources			
<u>Commissioning and Procurement</u> <ul style="list-style-type: none"> Employee costs - £43k favourable variance. The 2017/18 budget included provision for two new Grade 6 Business Partner roles. One of these posts was offered as an ongoing saving, the other post has now been recruited to, but the post-holder will not start until 2018/19 resulting in a full year saving. A carry forward request for £20k has been submitted as referred to in paragraph 10.12. Other items (net) – a favourable variance of £4k. 	51	47	(4)
<u>Finance</u> <ul style="list-style-type: none"> The increase in volume of payment cards for housing rents / council tax and the postage method by which these cards are issued to tenants has resulted in an adverse variance of £42k. The Finance team is working with the service provider to seek recompense for the higher than expected postage costs. Going forward, the Housing Corporate Manager will actively promote the use of Direct Debit as the preferred payment method. 	(35)	(42)	(7)
<u>HR and Organisational Development</u> <ul style="list-style-type: none"> Employee costs – the Council has employed a number of interns during the course of the year. This was not budgeted for in 2017/18 resulting in an adverse variance of £14k. This has been amended for the 2018/19 budget. 	5	(58)	(63)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> Health and Safety – an adverse variance of £40k. This is made up of a number of items including staffing resource (£13k), MYSOS smartphone app - Skyguard lone working (£13k), Health and Safety Training (£4k), An adverse variance of £13k has arisen for recruitment costs which include placement fees. Other items (net) – a favourable variance of £9k. 			
<p><u>Asset Management</u></p> <ul style="list-style-type: none"> Employee costs – an adverse variance of £5k can be attributed to the cost of covering a member of staff who is on maternity leave. <p><u>Borehamgate</u></p> <ul style="list-style-type: none"> Income shortfall of £22k, due to the budget allocation reflecting 100% occupancy which is unrealistic in practice. Further work has been carried out by the Finance Team and Service to take into account a vacancy factor for 2018/19 onwards. An adverse variance of £31k, this is monies due to tenants in respect of prior year service charges and overpaid rents that must be repaid to the management agent Carter Jonas. This will be a one-off expense in 2017/18. <p><u>Angel Court, Hadleigh</u></p> <ul style="list-style-type: none"> An adverse variance of £36k for the cost of securing the site following its purchase earlier this year. This is a one-off expense for 2017/18. <p>Other items (net) – a favourable variance of £9k.</p>	(80)	(85)	(5)
Customer Services			
<p><u>Public Access</u></p> <ul style="list-style-type: none"> Employee costs - a favourable variance of £37k. This area of the Council has a high turnover of employees due to the nature of the Customer Services function, which resulted in a small number of vacant posts. 	53	37	(16)
<p><u>Communications</u></p> <ul style="list-style-type: none"> Employee costs – this favourable variance is attributable to staff vacancies. A review of the structure was undertaken during the 2017/18 to ensure that it fits the needs of the organisation. 	17	7	(10)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<u>ICT</u> <ul style="list-style-type: none"> Employee costs – a favourable variance of £67k. Included within this variance are 3 full-time vacant posts which are no longer required due to the transfer of functions to SCC IT offset in part by £40k for the cost of redundancy. An adverse variance of £47k can be attributed to additional service requirements from Suffolk County Council regarding staffing – backfill for maternity cover plus the deployment of additional equipment in relation to the move to Endeavour House. Other items (net) – a favourable variance of £4k. 	31	24	7
<u>Business Improvement (Corporate)</u> <ul style="list-style-type: none"> The staffing structure within this area has been reviewed and as such employee costs are under spent resulting in a favourable variance of £13k. 	10	13	3
Environment and Commercial Partnerships			
<u>Building Control</u> <ul style="list-style-type: none"> Employee Costs – a favourable variance of £25k which can be attributed to one vacancy (1 fte), an increase of £4k since the previous quarter. Income shortfall – an adverse variance of £13k, despite an uplift in fees of 5% that took place in September 2017. This is an improvement of £19k since the previous quarter. As reported in Quarter 3, the variance can be attributed in part to a budget error where VAT of £20k was included, inflating the overall calculation of income to be received in year. A 5% increase in Building Control applications was also factored in to the budget for 2017/18 budget. This has not been reflected by the actual applications received to date as the service has seen a slight decrease in market share of £12k. These issues have now been resolved and the correct budgets set for 2018/19. Other items (net) – a favourable variance of £6k. 	(12)	18	30

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p><u>Waste</u></p> <ul style="list-style-type: none"> • £119k favourable variance for the Material Recycling Facility (MRF), an improvement of £5k since Quarter 3. The gate fee is re-calculated each April making it difficult to accurately budget for the price per tonne. In recent years the basket price has changed from £5/tonne to £12/tonne and is very much dependent on the world market. It is proposed therefore, that this favourable variance is transferred to an earmarked reserve to ensure that the core budget can remain relatively stable and the reserve is utilised to smooth year on year changes. • Domestic Waste – a decrease in the volume of material collected and processed has resulted in an adverse variance of £23k for recycling credits, an improvement of £27k since the previous quarter. • Trade Waste – a favourable variance of £33k is expected, a reduction of £19k since Quarter 3. This can be used to partly offset the adverse variance mentioned below in relation to glass collection as well as the adverse variance for recycling credits mentioned above. • Glass Collection – this service was introduced in 2016/17 as a new income stream. When the budget was set for 2017/18 it was updated to reflect the income, but not the expenditure. The glass collection service is a viable one and the expected adverse variance of £22k and has been adjusted for when setting the budget for 2018/19. • Garden Waste – increased subscriptions for the garden waste collection service has resulted in a favourable variance of £22k. • Other items (net) – a favourable variance of £17k. 	95	146	51
<p><u>Leisure Contract</u></p> <ul style="list-style-type: none"> • The need for repairs at the Leisure Centres was less than budgeted for resulting in a favourable variance of £22k. • Other items (net) – an adverse variance of £5k. 	-	17	17

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
Law and Governance			
<u>Information Management</u> <ul style="list-style-type: none"> • Employee costs - an adverse variance of £79k, an increase of £13k since Quarter 3 mainly due to the cost of redundancy within the service. The overall adverse variance is attributable to the re-allocation of resources from the capital element of the JOSIE project to revenue. • Land Charges – despite the increased level of activity in the housing market and consequently the increase in the number of searches carried out by the land charges team, a number of these were ‘no fee’ personal searches. There is an income shortfall of £17k, however this is an improvement of £37k since the previous quarter. • Other items (net) – a favourable variance of £7k. 	(111)	(89)	22
<u>Internal Audit</u> <ul style="list-style-type: none"> • Employee costs – an adverse variance of £9k. The need for an additional Grade 5 post was identified after the 2017/18 budget was set. This post was filled and has since become vacant. Revised resource requirements are in place and the budget adjusted for from 2018/19. • An External Quality Assessment (EQA) was carried out in February 2018. The EQA is a means to measure Internal Audit’s compliance against the Public Sector Internal Audit Standards (PSIAS). An adverse variance of £2k is expected. • Other items (net) – a favourable variance of £2k. 	(11)	(9)	2
<u>Shared Legal Services</u> <ul style="list-style-type: none"> • Employee costs - £56k adverse variance. There were two roles where it was anticipated that these would cease once the Shared Legal Services model was live. This was not the case, the roles ended in October 2017 • Legal expenses – expenditure relating to the provision of legal services is charged directly to the service area in which the work took place resulting in a favourable variance of £39k. This variance was not identified as a savings opportunity for the 2018/19 budget, so will be corrected in 2019/20. 	5	19	14

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> Income from legal fees recovered is greater than expected resulting in a favourable variance of £25k. Other items (net) a favourable variance of £11k. 			
<p><u>Democratic Services</u></p> <ul style="list-style-type: none"> Following the move to Endeavour House, the Council no longer has an in-house print service, any savings that resulted from a change to this area of the staffing structure has since been absorbed by the cost of the new scanning team. This and the cost of outsourcing our printing and postal functions has resulted in an adverse variance of £54k. Other items (net) – a favourable variance of £25k 	(28)	(29)	(1)
<p>Planning for Growth</p>			
<p><u>Development Management</u></p> <ul style="list-style-type: none"> Employee costs - a favourable variance of £73k, an improvement of £26k since Quarter 3 and relates to the significant change in this area i.e. posts being recruited to, and service requirements being reviewed. Legal costs awarded for appeals – an under spend of £83k, an increase of £30k since the previous quarter. Due to its unpredictable nature, it is recommended that an earmarked reserve be set up to ensure that the core budget can remain relatively stable and the reserve is utilised to smooth year on year changes. It is recommended that this favourable variance be transferred to the earmarked reserve. The Council's Joint Strategic Plan places a clear priority on the delivery of more of the right type of housing, of the right tenure, in the right places. The Council is seeking to significantly increase supply and expand our 'market making' role in terms of creating the right conditions for developers to work with communities to deliver more housing. Following this commitment, the Council has continued to see an increase in planning applications which has resulted in a favourable variance of £323k, a reduction of £38k since the previous quarter. It is recommended that £40k be transferred to the newly created planning legal reserve in conjunction with the £83k mentioned above. 	543	541	(2)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> Following the introduction of pre-application charges in July 2017 income levels have improved since the previous quarter by £12k resulting in an overall favourable variance of £73k. The budget for 2018/19 reflects this new income stream. Other items (net) – an adverse variance of £11k. 			
<u>Strategic Planning, Sustainable Environment and Heritage</u> <ul style="list-style-type: none"> The staffing resources required in this area continue to be reviewed and as a result vacant posts have been held, this does not impact on the delivery of the Local Plan. Employee costs are underspent by £128k, an increase of £35k since Quarter 3. A favourable variance of £101k for professional fees and legal costs associated with the Joint Local Plan, will be carried forward for use in 2018/19. Income received by way of Brownfield sites, the Custom Build Grant and the Neighbourhood Planning Grant has resulted in a net favourable variance of £44k. It is recommended that this be transferred to the Strategic Planning earmarked reserve for use in future years. Other items (net) – a favourable variance of £46k. 	107	319	212
<u>Community Infrastructure Levy (CIL)</u> <ul style="list-style-type: none"> The overall favourable variance for CIL is £606k. It is recommended that £556k be transferred to the earmarked reserve for spend on infrastructure in accordance with the Regulation 123 list in 2018/19 and beyond. The remaining balance of £50k, can be broken down as follows; <ul style="list-style-type: none"> As part of the review within Strategic Planning, it has been possible to fund the Infrastructure Team (CIL team) from this core budget as opposed to the Transformation Fund. All staff costs associated with the team have been 'backdated' to the start of 2017/18 and are included within this revised variance. Employee costs are under spent and result in a favourable variance of £24k. 	-	606	606

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> Income for the 5% administrative charge for the operating of CIL has resulted in a favourable variance of £26k. This area is difficult to forecast due to its unpredictable nature. 			
<p><u>Open for Business</u></p> <p>Tourism and Economic Development</p> <ul style="list-style-type: none"> Employee costs – an adverse variance of £49k. This can be attributed to redundancy costs which were not anticipated. A £37k underspend for supplies and services. A review of how this service area is currently provided is being undertaken. Any budget adjustments required have been made for 2018/19. A favourable variance of £25k – this follows receipt of a grant for growing the visitor economy through Destination Management / Marketing Organisation (DMO) work. It has been requested that this be transferred to the Government Grants earmarked reserve for spending in 2018/19. <p>Licensing</p> <ul style="list-style-type: none"> Professional and consultancy fees – a favourable variance of £15k. This budget is utilised for driver DBS checks and has been reviewed as part of the budget setting process for 2018/19. <p>Other items (net) – a favourable variance of £25k.</p>	67	53	(14)
Housing			
<p><u>Property Services</u></p> <ul style="list-style-type: none"> Belle Vue House – in November 2016, the Council asked and then supported the Sudbury Citizens Advice Bureau to relocate to new premises. As a result of the property now being empty, has resulted in an adverse variance of £30k. This can be attributed to business rates (£5k), loss of rental and service charge income (£10k) and building repairs (£13k). The budget for 2018/19 has been adjusted accordingly. Following the move to Endeavour House, the Headquarters building in Hadleigh requires 24-hour security. It has resulted in an adverse variance of £19k. 	61	90	29

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> Employee costs - a number of changes were required to the Capital Projects Team staffing budget. Unfortunately, these changes were identified too late in the 2017/18 budget setting process. The actual forecast spend better reflects how the team is spending its time which has resulted in a favourable variance of £111k. Other items (net) – a favourable variance of £28k. 			
<p><u>Photo Voltaic (PV) Panels (Feed In Tariff Income)</u></p> <ul style="list-style-type: none"> Following extensive work in this area a variety of problems have been identified which has impacted the level of income received. This includes; <ul style="list-style-type: none"> a) a number of properties where PV panels have been installed but are still awaiting registration. b) Technical problems with the panel inverters and the collection of usage data. The contractor used to supply inverters has since ceased trading, work is being undertaken to find a suitable replacement. c) Positioning of PV panels to optimise performance. d) Audit of the panels by a third party – whilst the audit is being carried out, receipt of FiT income is suspended. Any income due will be backdated to when the panels were installed making it extremely difficult to predict how much and when the Council will receive the income. This has resulted in an adverse variance of £69k against a net budget of £445k and includes limited costs for necessary repairs. An independent review of the service is being undertaken, this will enable lessons to be learnt to support both accurate budget setting and forecasting of income and expenditure going forward. 	23	(69)	(92)
<p><u>Homelessness</u></p> <ul style="list-style-type: none"> Following the introduction of the Homelessness Reduction Act 2017 (HRA) in April 2017, the Council received a ringfenced grant of £116k. In December 2017, a further grant of £40k was received. There are many implications arising from the new legislation, the most significant change being new prevention duties. As a result, it has been necessary to increase staff resources in the homelessness team to ensure 	129	143	14

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>the Council's new responsibilities are fulfilled.</p> <ul style="list-style-type: none"> Other items (net) – an adverse variance of £13k. <p>It is recommended that the net favourable variance of £143k be transferred to an earmarked reserve for use in 2018/19 and beyond.</p>			
Other			
<p><u>All Together</u></p> <ul style="list-style-type: none"> Utilising existing budgets for expenditure such as gas, electricity plus general building costs for the Headquarters site, has resulted in a favourable variance of £47k. The running costs for Endeavour House (£87k) has resulted in an overall adverse variance of £40k. One-off costs associated with the All Together programme are £396k which will be met from the Transformation Fund. 	(28)	(40)	(12)
<p><u>Senior Leadership Team</u></p> <ul style="list-style-type: none"> Employee costs – an adverse variance of £53k mainly due to the cost of redundancy within the service. Other items (net) – an adverse variance of £16k. 	-	(69)	(69)
Other items (net) – an adverse variance of £1k.	(65)	(1)	64
<p><u>Recharge to HRA and Capital</u></p> <p>A net favourable variance of £138k. This can be attributed to a reduction in the charge of staff time (£200k) to Capital and is reflected in the under spend on the Capital Programme as shown in Appendix B. The charge to the HRA has increased by £313k compared to budget, this can be attributed to a number of increased costs within the General Fund support services some of which are mentioned in this table and includes redundancies and health and safety,</p>	-	138	138
<p><u>Capital Financing Costs</u></p> <p>An adverse variance of £230k is anticipated. This can be broken down as follows;</p> <ul style="list-style-type: none"> Net investment income i.e. CCLA, UBS – a favourable variance of £153k, an improvement of £14k since the previous quarter. Net interest payable / receivable – a favourable variance of £19k. 	(276)	(230)	46

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> • CIFCO - a net adverse variance of £220k is anticipated, an improvement of £7k since Quarter 3. This results from a change in timing of purchases compared to the budget assumption. • Minimum Revenue Provision (MRP) – an adverse variance of £182k. It was not identified that the budgets for 2017/18 did not include an amount for either the PV panels or land assembly. This was corrected as part of the budget setting process for 2018/19. 			
<u>Transfers (to) / from reserves</u> The overall position, a net transfer to reserves is £291k greater than expected. This can be attributed to contributions made to reserves that were not anticipated including Carry Forwards of £224k. The amount spent from the Transformation Fund to support staff working on Delivery Plan projects was also less than expected (£67k).	-	(291)	(291)
<u>Business Rates</u> The net favourable variance of £700k is made up of four key elements. These are detailed below;			
<ul style="list-style-type: none"> • Timing difference for the distribution of the 2016/17 surplus on the Collection Fund £337k. 	337	337	-
<ul style="list-style-type: none"> • 2017/18 Baseline business rates less Government tariff has resulted in an adverse variance of £108k. The reduction can be attributed to a n increase in the levy. 	127	(108)	(235)
<ul style="list-style-type: none"> • Business Rates Pooling Benefit – an adverse variance of £4k. As referred to in paragraph 10.10 (c). 	52	(4)	(56)
<ul style="list-style-type: none"> • S31 Business Rates Grant – a favourable variance of £475k. The change of £268k since the previous quarter can be attributed to changes in the small business rate relief threshold. 	207	475	268
New Homes Bonus – national redistribution of surplus funds (Top Slice).	-	5	5
TOTAL FAVOURABLE VARIANCE	1,227	1,818	591

10.10 Funding:

- (a) Council Tax (£5m): At the end of March, collection rates were 98.5%, compared with 98.41% for the same period last year and a target of 98.40%. The collection of council tax will continue to remain a challenge especially from those receiving council tax reductions under the Local Council Tax Reduction Scheme (LCTR). Recovery Action is varied and continues to be a high priority for the Shared Revenues Partnership (SRP).

- (b) Government Grants: RSG (£0.5m), baseline business rates (£1.9m), and New Homes Bonus (£1.2m), were allowed for in the Budget. NHB – a £5k favourable variance through the national redistribution of surplus funds. RSG is fixed, but the actual amount of business rates will vary as outlined in the table above.
- (c) Business Rates: At the end of March, collection rates were 98.47% compared with 98.35% for the same period last year and a target of 98.4%. Following notification of the final Business Rates Pool position from Suffolk County Council, a small adverse variance of £4k has been achieved for the Council’s share of the pool.

10.11 The overall net favourable variance of £1,818k means that the Council is able to supplement the Business Rates Equalisation reserve (£744k) and make the following contributions to earmarked reserves;- £546k to Community Infrastructure Levy (CIL), £143k to Homelessness, £123k to Planning for legal costs, £119k to Waste, £96k to other Government Grants and £47k to Strategic Planning.

10.12 Members should note that the overall outturn position includes a small number of carry forward requests totalling £224k as follows:

Request	(£'000)
Local Plans – development of a Joint Local Plan including consultations and sustainability appraisal - continuing into 2018/19	101
Sports and Leisure – to support the delivery of the Joint Leisure, Sport and Physical Activity Strategy action plan in 2018/19 and the ongoing development of the Health and Wellbeing Business Partner function	47
Community Development – grant aid committed, but not yet spent	45
Commissioning and Procurement - salary cost to cover the required changes in team structure for 2018/19.	20
Other carry forward items (less than £10k)	11
Total	224

Transformation Fund

10.13 The table below provides a high level summary of the movement in the Transformation Fund for 2017/18. A more detailed breakdown of expenditure is shown in Appendix C.

BABERGH	£'000
Balance at 31st March 2017	1,006
New Homes Bonus Contribution	1,212
Business Rates Grant	650
Total contributions 2017/18	1,862
Revised Balance Available	2,868
LESS;	
Funding 2017/18 budget	(1,362)
Delivery Plan projects - Staffing	(514)
Actual year to date spend (April - Mar 2018)	(382)
Balance at 31st March 2018	609

General Fund Capital

- 10.14 Capital resources should be aligned to the Council's Strategic Priorities and desired outcomes. A zero-based approach was adopted for the capital programme for 2017/18 to ensure that resources are aimed at delivering the council's strategic priorities.
- 10.15 With complex capital schemes it is difficult to accurately assess the level of payments that will be made during the financial year. The Council has also embarked on new projects e.g. building new homes where it is difficult to accurately predict at the planning stage how payments will fall. Members should therefore focus on whether overall outcomes are being achieved as a result of the capital investment rather than variances against the plan for a particular year.
- 10.16 Following approval by Full Council in April 2017 to set up a holding company, activity to invest the £25m for the Capital Investment began with its first purchase in December 2017. During 2017/18 a total of £12.3 of the £25m has been spent, with the remainder expected to be invested by September 2018, and hence will need to be carried forward.
- 10.17 Capital expenditure for 2017/18 totals £13.9m, against a revised programme (including carry forwards) of £32.2m as set out in Appendix B.

	£'000
Revised Capital Programme	32,227
Actual expenditure	13,908
Contractual commitments as at 31 March 2017 (paragraph 10.19)	475
Carry forward requests (paragraph 10.20)	16,912
Total expenditure and carry forward requests	31,295
Net capital programme favourable variance	932

10.18 The favourable variance of £932k is mainly attributable to;

- Leisure Contracts - a favourable variance of £395k. Following the Strategic Leisure Review and the separate approval to invest in both Hadleigh Pool and the Kingfisher Leisure Centre, the need to carry forward this budget is no longer required.
- Capital Projects – a favourable variance of £123k in relation to Corporate Buildings, Carbon Reduction, and equipment renewals.
- ICT – a favourable variance of £232k. The majority of the favourable variance can be attributed to the JOSIE project. When the 2017/18 budget was set it was anticipated that the project would take a full year to complete, this was not the case. A carry forward of £150k has been requested to support a number of projects in 2018/19 including improvements to Public Access and Building Control.
- Community Grants – historically, any unspent grant money has been carried forward for use in future years. Following a review of the grants allocation process, only expenditure that is genuinely committed has been carried forward for use in 2018/19 resulting in a favourable variance of £26k.
- Other items (net) – a favourable variance of £156k.

10.19 Contractual commitments are detailed in the table below. These funds were committed in 2017/18 and will be spent in 2018/19. The resources to fund these commitments will also be transferred to 2018/19.

Contractual Commitments as at 31 March 2018	(£'000)
Discretionary Housing Grants	199
Community Development Grants	175
Mandatory Disabled Facilities Grants	71
Recycling Bins	44
LED Streetlights	44
Disabled Facilities Grants	13
Total	475

10.20 The following items are schemes where no contractual commitment yet exists, but they represent either plans or aspirations for investment, for which carry forward to the 2018/19 capital programme is requested, again with the requisite capital resources to fund this. It is proposed that these capital resources are carried forward into 2018/19 and reviewed as part of the Joint Strategic Plan to assess whether the original requirement still exists, how it contributes to the strategic priorities and hence whether the resource can be redirected or removed.

Capital Scheme	Carry Forward Requests (£'000)
Delivery Programme Investment Opportunities	12,667
Land Assembly, property acquisition and regeneration opportunities	3,595
Grants - Affordable Housing	400
ICT	150
Play Equipment	100
Total	16,912

Housing Revenue Account (HRA)

- 10.21 The financial position of the HRA for 2017/18 should be viewed in the context of the updated 30-year business plan which was presented to Cabinet in July alongside this report. The favourable position on both revenue and capital for the HRA in 2017/18 is as a result of decisions taken during the year to assist with the 30-year position and supports the actions that are required to remain within the debt cap. The business plan, made possible by the change in funding for HRAs in April 2012, sets out the aspiration of the Council to increase the social housing stock by either buying existing dwellings or building new ones.
- 10.22 The Welfare Reform and Work Act 2016 stipulated that Council rents for 2016/17 and the following three years would need to be reduced by 1% per annum. The previously agreed rent strategy was based on applying the maximum level of rent increase to support the business plan, whilst keeping our average rent level within the limit rent. The overall impact of the change is substantial; however this will be reduced following the announcement by the Government that we can increase rent by a maximum of CPI + 1% for five years from 2020/21.
- 10.23 With the Council's housing stock at 3,522 homes there will always be unplanned events that affect the level of income and expenditure in any one financial year. Members should therefore consider annual variances in the context of the medium-term outcomes that the Council wishes to achieve.
- 10.24 The original budget set for the HRA for 2017/18 showed a deficit of £526k. The final figure for 2017/18 is a deficit of £892k, resulting in a net adverse variance of £366k for the year representing a reduction in resources available for investment.

10.25 The outturn compared to budget is shown in the table below.

	Budget YTD	Actual YTD	Variance (Adverse) / Favourable
	£'000	£'000	£'000
Income	(16,689)	(16,570)	(119)
Maintenance	976	1,300	(324)
Property Services	1,192	583	609
BMBS	231	1,071	(840)
Housing Management	2,163	2,349	(186)
Sheltered Housing	895	967	(72)
Depreciation and impairment	2,735	3,235	(500)
Capital Financing Costs	2,803	2,843	(40)
Debt Repayment	500	500	0
Net transfers (to)/from reserves inc revenue contribution to Capital	5,605	4,564	1,041
Bad Debt Provision	115	50	65
Deficit/ (Surplus) for Year	526	892	(366)
Balance at 1 April 2017	(13,055)	(13,055)	0
Deficit /(Surplus) for year (as above)	526	892	(366)
Balance at 31 March 2018	(12,529)	(12,163)	(366)
Working Balance 31 March 2018	(1,000)	(1,000)	0
Earmarked Reserves 31 March 2018	(11,529)	(11,163)	(366)

10.26 The table below explains the key items included in the net adverse variance of £366k.

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p><u>Income</u></p> <p>The net income shortfall represents just a 0.7% variance from the budget and is attributable to:</p> <ul style="list-style-type: none"> Rental income - £188k adverse variance due to higher than expected Right to Buy sales and increase in the number of void days. An increase of £18k since Quarter 3. 	(94)	(119)	(25)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> • Service charges being understated in the budget which has led to a favourable variance of £48k. This is an adverse movement of £7k from Quarter 3. • Supported People Grant – the amount received was greater than anticipated resulting in a favourable variance of £18k. • Garage rents favourable variance of £3k. 			
<p><u>Maintenance</u></p> <ul style="list-style-type: none"> • Cyclical Repairs - <ul style="list-style-type: none"> ○ Planned maintenance heating costs - an adverse variance of £149k although, this is £21k lower than Quarter 3. ○ Responsive Maintenance – an adverse variance of £50k as external contractors had to be used instead of BMBS ○ Recharges from General Fund (GF) £125k adverse (see Recharge to HRA and Capital below) • Property Services repairs work carried out by the BMBS trades team is showing a favourable variance of £609k, which is an increase of £252k from Quarter 3. This is due to BMBS carrying out less work than anticipated in Quarter 4 and the favourable variance will be offset by an adverse variance in BMBS as they will receive less income. 	<p style="text-align: center;">(205)</p> <p style="text-align: center;">357</p>	<p style="text-align: center;">(324)</p> <p style="text-align: center;">609</p>	<p style="text-align: center;">(119)</p> <p style="text-align: center;">252</p>
<p><u>BMBS</u></p> <ul style="list-style-type: none"> • Expenses - a favourable variance of £332k mainly due to savings on materials as less work was carried out than was budgeted for. This is a favourable movement on Quarter 3 of £33k. 	(610)	(840)	(230)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> • Salaries - a £39k saving on salaries due to vacancies within the year. This is an improvement of £30k since Quarter 3. • Recharges from GF £24k adverse variance (see Recharge to HRA and Capital below). • Income - £1,187k adverse variance, an increase of £269k from the Quarter 3 forecast due to less work being carried out than anticipated 			
<p><u>Housing Management</u></p> <ul style="list-style-type: none"> • Salaries - £17k adverse variance due to redundancy costs not within budget. This is an adverse movement of £52k since Quarter 3 • Recharges from GF £143k adverse variance (see Recharge to HRA and Capital below) • Repairs - an adverse variance of £14k for repairs mainly due to refurbishment costs. • Other minor items totalling an adverse variance of £12k 	40	(186)	(226)
<p><u>Sheltered Housing</u></p> <p>The net adverse variance of £72k can be attributed to the following:</p> <ul style="list-style-type: none"> • Salary costs £32k, which relate to scheme manager redundancies, following the Sheltered Housing review. • Community Alarm Costs £1k adverse variance which is an increase of £18k from Quarter 3. • Supported People charge of £11k which was understated in the budget. 	(2)	(72)	(70)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> Recharges from GF £21k adverse (see Recharge to HRA and Capital below) A further adverse variance of £7k can be attributed to lower than expected feed in tariff income. 			
<u>Recharge to HRA and Capital</u> The charge from GF to the HRA has increased by £313k compared to budget, this can be attributed to a number of increased costs within the General Fund support services including redundancies and health and safety. The recharge has been apportioned over the service areas above.			
<u>Depreciation</u> <ul style="list-style-type: none"> An adverse variance of £500k due to an understated budget as acquisitions and new build properties were higher than anticipated. 	0	(500)	(500)
<u>Capital Financing Costs</u> <ul style="list-style-type: none"> An adverse variance of £40k due to higher than anticipated borrowing costs linked to the Councils recently acquired properties and new builds. 	33	(40)	(73)
<u>Net transfers (to)/from reserves/revenue contributions to Capital</u> <ul style="list-style-type: none"> The amount required to support Capital spend is £519k lower than anticipated due to capital underspend detailed in note 10.30. As the depreciation amount is £500k higher than anticipated we will use this to fund the capital spend thereby reducing the revenue contribution required. 	168	1,041	873
<u>Bad Debt Provision</u> <ul style="list-style-type: none"> Considerably lower level of write-offs than expected due to the delayed implementation of Universal Credit. 	0	65	65
TOTAL FAVOURABLE/(ADVERSE) VARIANCE	(313)	(366)	(51)

10.27 The net position means that the total HRA balances as at 31 March 2018 amount to £12.163m. This includes a minimum working balance of £1m, £11.163m in the Strategic Priorities Reserve and £100k 'Big 20' earmarked reserve as approved by Cabinet in March 2018.

HRA Capital

10.28 A zero-based approach was adopted for the preparation of the capital programme for 2017/18 to 2021/22, to ensure that resources are aimed at delivering the Council's strategic priorities.

10.29 A substantial level of capital investment of £8.6m was undertaken during 2017/18. Further details are shown in Appendix B. The outturn shows a net favourable variance of £519k (after carry forward requests) as summarised in the table below and is described further in paragraph 10.30.

	£'000
Capital Programme	14,508
Actual expenditure	8,570
Contractual commitments as at 31 March 2018 (see paragraph 10.31 (below))	4,762
Carry forward requests (see paragraph 10.32 below)	656
Total expenditure, commitments and carry- forward requests	13,988
Net capital programme favourable variance	519

10.30 The favourable variance of £519k can be attributed to a number of items as follows;

- Planned maintenance - a favourable variance of £370k is partly due to BMBS not carrying out as much work as anticipated and a robust challenge on the amounts to be carried forward. This is an improved position since Quarter 3 of £121k.

A 10-year capital programme was not available in 2017/18 however, following the 20% stock condition survey that was completed in April, an informed programme of capital works will be developed.

- ICT and total mobile - £110k favourable variance due to savings on consultancy fees as a result of completing tasks in house combined with a reduction in the number of consultancy days needed from Capita on the Open Housing system.
- Horticulture and Play Equipment – a favourable variance of £33k which is partly due to costs being allocated to planned maintenance as it is difficult to separate.
- Disabled adaptations to council dwellings – a favourable variance of £6k due to less work being carried out than anticipated

10.31 Contractual commitments are detailed in the table below. These funds were committed in 2017/18 and will be spent in 2018/19. Resources to finance the capital expenditure e.g. capital receipts will also transfer from 2017/18 into 2018/19.

Contractual Commitments as at 31 March 2018	(£'000)
Planned maintenance	1,697
New Build programme including acquisitions	3,065
Total	4,762

10.32 The remainder represents plans or aspirations for investment, for which a carry forward to 2018/19 is requested along with the appropriate capital resources to fund this. It is proposed that the capital resources are carried forward into 2018/19 and reviewed as part of the Joint Strategic Plan to assess whether it meets the objectives to build new homes and make the best use of our existing assets.

Capital Scheme	Carry Forward Requests (£'000)
New Build programme including acquisitions	357
Planned maintenance	182
Disabled adaptations to council dwellings	58
ICT Projects	59
Total	656

11 Appendices

Title	Location
APPENDIX A - General Fund Earmarked Reserves	Attached
APPENDIX B – Capital Programme	Attached
APPENDIX C - Transformation Fund	Attached

12 Background Documents

21 February 2017 Budget Report 2017/18 – S109

7 September 2017 Financial Monitoring Quarter 1 – BCa/17/17

7 December 2017 Financial Monitoring Quarter 2 - BCa/17/35

8 March 2018 Financial Monitoring Quarter 3 – BCa/17/56

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GENERAL FUND RESERVES

Transfers to / from Earmarked Reserves	Balance	Transfers 2017/18			Balance
	31 March 2017	Intra	Out	In	31 March 2018
	£'000	£'000	£'000	£'000	£'000
General Fund					
Carry Forwards	(219)		219	(224)	(224)
Transformation Fund	(1,006)		2,259	(1,862)	(609)
Business Rates Equalisation	-			(744)	(744)
Government Grants	(150)		22	(118)	(246)
Waste - MRF	-			(119)	(119)
S.106 Agreements	(232)				(232)
Community Infrastructure Levy (CIL)	(67)			(546)	(613)
Growth and Sustainable Planning	(20)			(123)	(143)
Strategic Planning	(295)			(47)	(342)
Elections Fund	(30)			(20)	(50)
Planning Enforcement	(20)				(20)
Homelessness	(115)			(144)	(259)
Revocation of personal search fees	(54)				(54)
Total General Fund	(2,208)	-	2,499	(3,946)	(3,655)
Total General Fund excluding Transformation	(1,202)	-	241	(2,084)	(3,046)

CAPITAL PROGRAMME

APPENDIX B

General Fund

BABERGH CAPITAL PROGRAMME 2017/18	Budget	Revised Budget incl Carry Forwards	YTD spend Apr - Mar	Variance - revised - budget LESS actual spend	Contractual Commitments	Uncommitted Carry Forwards	Variance after Carry Forwards favourable /(adverse)
GENERAL FUND	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Supported Living							
Mandatory Disabled Facilities Grant	300	300	287	13	13		-0
Discretionary Housing Grants	100	100	99	1	2		-1
Empty Homes Grant	100	230	33	197	197		0
Total Supported Living	500	630	419	211	212	0	-1
Strategic Housing							
Grants for Affordable Housing	100	400	0	400		400	0
Total Strategic Housing	100	400	0	400	0	400	0
Sustainable Environment							
Streetlights/carpark light fittings to LED equivalents - TF funded	0	44	0	44	44		0
EV charging point (Sudbury) - TF funded	0	44	25	19			19
Total Sustainable Environment	0	88	25	63	44	0	19
Environment and Projects							
Replacement Refuse Freighters - Joint Scheme	0	0	0	0			0
Recycling Bins	75	99	55	44	44		0
Total Environment and Projects	75	99	55	44	44	0	0
Communities and Public Access							
Community Development Grants	117	302	101	201	175		26
Play Equipment	50	100	0	100		100	0
Planned Maintenance / Enhancements - Car Parks	38	78	9	69			69
Total Community Services	205	480	110	370	175	100	95
Leisure Contracts							
Kingfisher Leisure Centre - changing room replacement	550	555	163	392			392
Hadleigh Sports and Swimming Pool - general	50	47	43	4			4
Total Leisure Contracts	600	601	206	395	0	0	395
Capital Projects							
Planned Maint / Enhancements - Hadleigh HQ	35	32	0	32			32
Planned Maint / Enhancements - Other Corp Buildings	48	48	7	41			41
Carbon Reduction	50	48	0	48			48
Hadleigh Community Facility	0	0	1	-1			-1
Installation of PV Panels on Housing Stock	0	2	0	2			2
Total Capital Projects	133	131	8	123	0	0	123
Investment and Commercial Delivery							
Land assembly, property acquisition and regeneration opportunities	2,973	3,809	216	3,593		3,595	-2
Total Investment and Commercial Delivery	2,973	3,809	216	3,593	0	3,595	-2
Corporate Resources							
ICT - Hardware / Software costs	763	780	398	382		150	232
All Together	0	209	138	71			71
Total Corporate Resources	763	989	536	453	0	150	303
Delivery Programme Investment Opportunities	0	25,000	12,333	12,667		12,667	0
Total General Fund Capital Spend	5,349	32,227	13,908	18,319	475	16,912	932

HRA

BABERGH CAPITAL PROGRAMME 2017/18	Budget	Revised Budget incl Carry Forwards	YTD spend Apr - Mar	Variance - revised - budget LESS actual spend	Contractual Commitments	Uncommitted Carry Forwards	Variance after Carry Forwards favourable /(adverse)
HOUSING REVENUE ACCOUNT	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing Maintenance							
Planned maintenance	4,288	4,344	2,095	2,249	1,697	182	370
ICT Projects	80	330	161	169		59	110
Environmental Improvements	50	1	0	1			1
Disabled Facilities work	200	261	197	64		58	6
Horticulture and play equipment	33	33	0	33			33
New build programme inc acquisitions	5,010	9,539	6,117	3,422	3,065	357	-0
Total HRA Capital Spend	9,661	14,508	8,570	5,937	4,762	656	519

TRANSFORMATION FUND

APPENDIX C

Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Mar 18		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Assets & Investments											
1	Strategic Leisure Review - comprehensive condition survey of all 4 leisure facilities to understand future costs requirements. Additional Resources for: Phase 1 - will be informed by the evidence from the strategic review of our built sports facilities and playing pitches (which is due to complete in October 2015), and will allow us to undertake a joint leisure strategy and investment plan for both Councils. Phase 2 - to undertake an independent review of the current contractual arrangements (with SLM and SSL) and deliver future delivery options in line with the strategy. This will involve a review of all existing legal and contractual documentation, leases and management agreements, options appraisal, and our capital investment strategy for these assets and for making recommendations Funding to pay for two Leisure Industry specialists (Project Manager for phase 1, external consultant for phase 2)	Chris Fry	May-16	126,100	44,801	37,231	13,699	20,679	116,410	-9,690	The initial phase of completing a strategic leisure review is complete with the adoption of a Joint Physical Activity Strategy for both Councils and a completed audit of our own leisure facilities. Phase 2 is currently underway reviewing all of our sport and recreation policies, processes and procedures e.g. open space strategy, local plan policies, S106 funding, planning application responses, major community projects, funding and project proposals.
2	Capital Investment Strategy (CIS) – external professional advisers to support the development of the Capital Investment Strategy, as well as the associated governance framework and delivery model to support implementation of a Capital Investment Fund and provision of a fixed term post for two years - to provide direct specialist technical support to the establishment and implementation of the development and regeneration pipeline	Louise Rawsthorne	Aug-16	136,285	51,088	51,088	37,570	37,570	177,316	41,031	A wide range of contribution to outcomes have been achieved including; the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects including the affordable housing programme and other commercial projects
3	To make best use of our corporate assets to include a financial appraisal of the current GF property assets	Jill Pearmain	Aug-16	9,805	3,567	3,567	929	929	8,991	-814	
Business Growth											
4	Extension of fixed term Heritage & Design officer post for 2 years to support work on securing heritage assets	James Buckingham	Oct-15	69,000	17,215	17,215	16,161	16,161	66,751	-2,249	Fulfilling obligation to provide the Local Planning Authority with appropriate advice in relation to Listed Building consents and planning permissions and to conserve and enhance the historic environment. The resource for this activity has been recognised as part of Councils' core functions and the post has therefore been incorporated within the core budget.
5	To support the installation of one or more Electric Vehicle (EV) charging points - Sudbury. Babergh only - Capital	James Buckingham	Mar-17	44,000	0	0	25,154	71	25,225	-18,775	2 installations located in key market towns at locations where there are 'gaps' in the national network.
6	Hadleigh Market - consultancy costs to test whether it is possible to develop and grow Hadleigh Market into a successful town market. BDC Only	Lee Carvell	Apr-16	22,000	5,794	0	5,633	0	11,428	-10,572	The town centre has seen an increase in footfall, leading to more visitors supporting the local economy. Stall numbers have risen from 3 to 12 regular traders. Most if not all of this investment will be recouped through increased revenue by end of the project.

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TRANSFORMATION FUND

APPENDIX C

Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Mar 18		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Business Growth											
7	Additional Economic Development capacity to support a number of initiatives aimed at increasing economic growth e.g. key sites, market towns and engaging businesses - 18 month extension	Lee Carvell	Feb-17	332,770	98,670	98,551	44,725	44,750	286,696	-46,074	Significant deliverables towards Joint Strategic Plan and business growth priorities including visioning work in Sudbury and Stowmarket, Economic Strategy development, Enterprise Zone and other major products
8	Extend the Enabling Officer, Community Led Planning post from mid-2016 until mid-2017	Robert Hobbs	Feb-16	49,000	8,184	20,123	7,223	11,219	46,749	-2,251	To ensure the neighbourhood plan is successful through the examination and referendum process, i.e. the neighbourhood plan is adopted.
9	Retrospective funding for 2016/17 (year 2) and 2017/18 (year 3) of a three year contract for the 'Visit East Anglia / Visit Suffolk' contract which is due to finish in March 2018.	Lee Carvell	Oct-16	40,000	10,000	10,000	10,000	10,000	40,000	0	Promoting the County visitor economy offer and brand - to increase visitor stay and spend. Supporting all levels of tourism businesses and groups. Supporting the transition from public sector funding to private sector led. All LAs contribute plus SCC and New Anglia LEP.
10	Town Visioning Engagement Project - the Open For Business Team will lead the work with local communities to deliver a Vision that can be used to inform later policy-making and decisions that affect the towns. The Vision is intended to establish a high-level aspiration for the towns, setting out the community's key desires and wishes for the town they would like to live in and for businesses to operate from. This is a new way for the communities to be involved in Strategic Planning of the towns (the innovation).	Lee Carvell	May-17	8,500	0	0	0	0	0	-8,500	Place shaping and regeneration work in consultation with stakeholders and communities in our market towns and greater areas. Will lead to tangible delivery/action plans and tangible outputs and investment to stimulate growth and place identity.
11	To provide support funding that enables local business to be promoted effectively at the Suffolk Show event being held in conjunction with the English National Sheepdog Trial 2017. Additional financial resource would enable a dedicated resource to professionalise the social media promotion, recruit traders and craftspeople and to organise the tourism showcase ensuring that the event is of value to our economy. MSDC only	Lee Carvell	May-17	5,000	0	0	0	4,898	4,898	-102	Putting MSDC on the map as a venue for nationally significant events and allowing our SME businesses to showcase their products, skills and contribution towards local and wider economic priorities .
12	NEW To support the development of a Technology Hub / Innovation Centre with the District by providing a project co-ordinator and for the fusing of a feasibility study. MSDC only	Lee Carvell	Oct-17	50,000	0	0	0	0	0	-50,000	Enabling MSDC to lead in this area to develop a 'tech hub offer' in the districts to retain, attract and grow SMEs. Business rates, jobs and place shaping benefits. Supports Enterprise Zone and Investment Strategy work.

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TRANSFORMATION FUND

APPENDIX C

	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Mar 18		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Business Growth											
Community Capacity Building											
13	Additional locality capacity in the Communities Team - 40% BDC, 60% MSDC	Sue Clements	May-16	90,000	27,611	41,241	10,900	13,086	92,838	2,838	Dedicated coverage of the Stowmarket Locality including enabling direct engagement with Cedars Park CIC, working together with organisations supporting young people etc. Plus Supporting the Safe Agenda e.g. developing the opportunity to better inform and advice our Taxi Drivers across Babergh & Mid Suffolk on safeguarding and the prevent agenda, delivery of safeguarding training for both adults and children to our internal teams etc
14	Delivery of the Public Realm Review which will transform the management and utilisation of our public realm assets which include Open Spaces, Amenity areas, car parks and Countryside assets.	Peter Garrett	Jul-16	60,000	10,355	10,355	12,525	12,525	45,761	-14,239	To provide expertise to carry out an options appraisal to assess the delivery of public realm service for both Councils. This is now complete and a separate report will be presented to cabinet.
15	Increase staff resources - one day a week for the Tourism Development Officer role	Lee Carvell	Nov-16	9,000	1,765	1,765	3,029	3,012	9,571	571	Has enabled increased work with local tourism action groups, developing our links to regional tourism network, increasing visitor spend and stay.
Efficient Organisation											
16	Buildings at risk - to support a targeted approach towards dealing with Heritage at Risk in Babergh and Mid Suffolk with the view to finding viable uses for those buildings at risk and reducing the overall number, to also support the planning transformation programme by producing information and guidance to support decision-making activities and the management of heritage assets. 12 month extension.	James Buckingham	Feb-17	17,816	3,106	1,486	9,658	9,657	23,906	6,090	Activity has been recognised as part of Councils' core functions and the post has been incorporated in the core budget. An underspend in staffing costs in 2017/18 as a result of vacancies will cover the costs.
17	To extend the current room rental agreement with The Mix in Stowmarket from it's current end date of 31 March 2017 to match the final end of contract date of 31 December 2017. This will enable the delivery of the current Mygo contract to continue from the current location ensuring continuity for service users to the end of the project lifetime. MSDC only	Lee Carvell	Apr-17	9,257	0	0			0	-9,257	Support for young people in employability and skills, helping them into jobs, improving their wellbeing and confidence and reducing pressure on benefits system. Supporting vital local facilities.
18	Support for public access and streamlining information management for both the Councils external website and CONNECT	Carl Reeder	Oct-15	96,852	13,414	13,414	18,867	18,697	64,393	-32,459	Website up and running. Support for Public Access provision and Web development to in core budget 18/19 in Customer Services
19	ALL TOGETHER - majority of costs at this stage relate to scanning - to improve accessibility to both officers and members of the public by going 'paperless'. Ensure that all information is accessible electronically. The amount sought will be increased as part of the overall one-off costs of moving to Endeavour House when they are finalised. INCLUDES TPMS	Melissa Evans	Sep-16	889,000	31,137	31,153	394,401	396,310	853,000	-36,000	Move to Endeavour House (EH) completed December 2017. Customer Access Points and Touch Down Points commenced use November 2017. Still decommissioning former HQ offices and finalising lease payments for EH. Full actual cost picture expected for Outturn

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TRANSFORMATION FUND

APPENDIX C

	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Mar 18		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Efficient Organisation											
20	Strengthening Governance through the implementation of the Leader- Cabinet form of Governance	Emily Yule	Mar-17	55,028	5,659	5,659	8,089	8,089	27,495	-27,533	Leader Cabinet model implemented, no additional costs expected
21	NEW To commissioning telephone polling (subject to Cabinet decisions) to explore the issue of Babergh and Mid Suffolk dissolving and becoming a new council.	Emily Yule	Oct-17	60,000	0	0	31,410	31,410	62,820	2,820	Polling initiated. Awaiting feedback on the responses.
Housing Delivery											
22	Delivery of a proactive monitoring and enforcement function, to support the work of the existing Planning Enforcement team and the new Infrastructure team - Shared Services Monitoring Officer 40% BDC 60% MSDC	James Buckingham	Feb-16	62,250	8,855	13,282	11,342	17,000	50,478	-11,772	Bringing forward timely delivery of developer contributions (financial and non-financial mitigation secured by CIL and S106), triggered by commencement of development. Reduced incidence of commencement of development involving a breach of planning control - subsequent reduction in enforcement investigation and regularisation work for the Planning Enforcement and DM teams.
23	Additional resources to enable Senior Planning Officer level to be released to support delivery of the planning transformation programme	Phil Isbell	Oct-16	205,000	14,619	14,619	32,891	32,933	95,061	-109,939	
Housing Delivery/Business Growth											
24	Commissioning of external specialist feasibility / viability work on key sites as required, to be able to move them forward for approval and development to support economic and housing growth	Lou Rawsthorne	Jan-15	475,000	117,660	57,496	76,499	74,554	326,209	-148,791	A wide range of contribution to outcomes has been achieved including; the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects which include the affordable housing programme and other commercial projects
25	Creation of a new Infrastructure ODT to support and secure the implementation of CIL and effective operational processes. Staffing costs absorbed into Core Budget.	Robert Hobbs	Jul-15	235,000	126,755	107,403	0	0	234,159	-841	Both Councils are effective collection authorities for CIL. Further development of the expenditure side of CIL is required.

TRANSFORMATION FUND

APPENDIX C

	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Mar 18		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Housing Delivery/Business Growth											
26	External support to undertake Local Housing Needs Surveys	Robert Hobbs	Feb-16	20,000	2,709	2,709	0	5,740	11,158	-8,842	Has enabled the Councils and been really important in determining housing mix when considering planning applications.
27	Additional staffing capacity to migrate historic and future developer contribution information to the new ICT system supporting the Community Infrastructure Levy	Robert Hobbs	Jun-16	98,000	38,086	36,681	2,658	2,658	80,083	-17,917	The CIL team continued the work and entered this into Exacom. Phase one of the project is complete with a further four phases to complete.
28	Building the evidence base for the Joint Local Plan - the requirement to hold and maintain accurate baseline information within GIS underpins the preparation of the Joint Local Plan and land allocation strategy.	Robert Hobbs	Aug-16	44,000	21,297	22,699	4,989	4,989	53,975	9,975	Published draft SHELAA in August 2017. Joint Local Plan consultation document published in August 2017. Neighbourhood plan designation maps produced. Improved data and knowledge on infrastructure.
General Transformation - other projects											
29	- Core Staffing not allocated to a specific project	Melissa Evans		585,858	147,636	168,222	107,853	107,750	531,461	-54,397	
30	- Other	Melissa Evans			16,643	33,171	0	152,100	201,914	201,914	Loan write off for Museum of East Anglian Life (£150k)
CONTINUING PROJECTS SUB-TOTAL				3,904,521	826,624	799,128	886,203	1,036,788	3,548,743	-355,777	
COMPLETED PROJECTS SUB-TOTAL -SEE BELOW				3,267,638	590,230	2,581,483	10,129	9,933			
				7,172,159	1,416,854	3,380,611	896,332	1,046,721	3,548,743	-355,777	
									49%		

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Agenda Item 9

BABERGH DISTRICT COUNCIL

From: Cabinet Member with responsibility for Planning	Report Number: BCa/17/69
To: BDC Cabinet	Date of meetings: 10 May 2018

CONSULTATION RESPONSE TO ‘SUPPORTING HOUSING DELIVERY THROUGH DEVELOPER CONTRIBUTIONS: REFORMING DEVELOPER CONTRIBUTIONS TO AFFORDABLE HOUSING AND INFRASTRUCTURE’

1.0 Purpose of Report

1.1 The purpose of this report is to:

- a) Present and describe the Government’s proposals as set out in their consultation titled ‘Supporting housing delivery through developer contributions: Reforming developer contributions to affordable housing and infrastructure’;
- b) Identify the potential implications in relation to Babergh and Mid Suffolk districts and the District Councils, and the production of the Babergh and Mid Suffolk Joint Local Plan
- c) Provide recommendations and seek agreement on the Councils’ response to the consultation.

2.0 Reason for Decision:

2.1 To ensure that Cabinet are aware of the content and potential implications of the Government’s consultation titled ‘Supporting housing delivery through developer contributions: Reforming developer contributions to affordable housing and infrastructure’, in order that Cabinet endorse the response to the consultation.

2. Recommendations

- 2.1 That Cabinet note the content and potential implications of the Government’s consultation titled ‘Supporting housing delivery through developer contributions: Reforming developer contributions to affordable housing and infrastructure’
- 2.2 That Cabinet endorse the recommended response to the consultation (as contained in Appendix 1).

The Cabinet is able to resolve this matter.

3. Financial Implications

3.1 Responding to this consultation does not raise any direct financial implications. Any financial implications for the Councils arising from any resultant future changes to CIL Legislation and national policy would need to be considered in due course.

3.2 Failure to appropriately consider the implications of the proposed changes could result in a lost opportunity to work towards early alignment of processes and implementation of the new legislation, when introduced. This could also reduce opportunities of maximising infrastructure contributions and of creating transparency around developer contribution income and infrastructure delivery.

3.3 It is likely that there will be financial implications relating to the required changes.

4. Legal Implications

4.1 Responding to this consultation does not raise any direct legal implications. Any legal implications for the Councils arising from any resultant future changes to CIL Legislation and national policy would need to be considered in due course.

4.2 CIL collection and expenditure will no doubt require review in line both with the emerging Local Plan and in consideration of the proposed changes in the CIL legislation to ensure that the rates are appropriately set, and the Regulation 123 Lists are replaced with the required Infrastructure Funding Statement(s), if these changes are required. These changes can be considered as part of the Review of the CIL Expenditure Framework or before, dependant on the timing of any changes to legislation.

5. Risk Management

6. This report most closely links with Strategic Risk no. 1d – Housing Delivery: If we do not secure investment in infrastructure (schools, health, broadband, transport etc.), then development is stifled and/or unsustainable.

6.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to secure developer contributions such that if we do not secure investment in infrastructure (schools, health, broadband, transport etc.), then development is stifled and/or unsustainable.	2 Unlikely	3 Serious	Adopted Community Infrastructure Levy (CIL), secure investment on infrastructure via the planning process (which includes S106). Creating the Infrastructure Delivery Plan as part of the Strategic Plan, Joint Local Plan with associated Infrastructure Strategy will ensure that infrastructure across both Councils is addressed, New Anglia LEP Economic Strategy, draft created. CIL and S106 will be reviewed in line with the emerging Local Plan to ensure that appropriate contributions to support provision of infrastructure are

			secured.
Failure to consider the implications of the proposed changes could result in a lost opportunity to work towards early alignment of processes and implementation of the new legislation when introduced. This could also reduce opportunities of maximising infrastructure contributions and of creating transparency around developer contribution income and infrastructure delivery.	2 Unlikely	3 Serious	Early consideration of the proposed changes to ensure current processes can be easily and quickly aligned once the revised legislation is known

7. Consultations

- 7.1 The Infrastructure Team have consulted with the following internal teams that could be impacted by the proposed changes: Planning Policy, Development Management, Strategic Housing, Economic Development, Communities Team and Legal Services.

8. Equality Analysis

- 8.1 There are no equality and diversity implications arising directly from the content of this report.

9. Shared Service / Partnership Implications

- 9.1 The CIL Expenditure Framework is a joint framework albeit the monies for each Council are collected and allocated according to where the development is being carried out (in District terms). Expenditure of Council CIL monies would also be spent in accordance with that Councils Regulation 123 lists (which are slightly different for both Councils).
- 9.2 The joint CIL Expenditure Framework is being presented to both Councils on the 24th April (Babergh) and 26th April (Mid Suffolk) for approval and is accompanied by the CIL Communications Strategy and the Timeline for the Implementation and Review of the scheme.
- 9.3 Dependant on the Governments decisions and actions following this Government Consultation any changes to the collection and expenditure of CIL will be considered at the appropriate time and where possible as part of the CIL Expenditure Framework Review.
- 9.4 As part of the development of the Joint Local Plan and the supporting Infrastructure Delivery Plan it is the Intention to refresh the CIL charging regime. How and when this occurs may be influenced by the outcomes of the Consultation and any new or revised legislation as well as the preparation of the Joint Local Plan.

10. Links to Joint Strategic Plan

- 10.1 This Consultation links to the delivery of affordable housing and the capture of s106 and CIL monies for the provision of infrastructure which will contribute to all the three main priority areas that Councillors identified in the Joint Strategic Plan: Economy and Environment, Housing and Strong and Healthy Communities.

11. Key Information

- 11.1 In February 2017 the Government launched a consultation on the Housing White Paper 'Fixing our Broken Housing Market'. The Housing White Paper set out a number of proposals on changes to national housing policy including some proposals related directly to planning, with the intention that the details around these would be followed up with further consultation and amendments to the National Planning Policy Framework (NPPF).
- 11.2 The Councils submitted a response to the Housing White Paper consultation and this response can be viewed at

<http://www.babergh.gov.uk/assets/The-Council/Consultations/Final-responses-FTBHM-28.4.17.pdf>

and

<http://www.midsuffolk.gov.uk/assets/The-Council/Consultations/Final-responses-FTBHM-28.4.17.pdf>.

- 11.3 On 14th September 2017, the Government launched its consultation entitled 'Planning for the Right Homes in the Right Places: Consultation Proposals'. This consultation follows on from the earlier consultation on the Housing White Paper by setting out the detail in relation to a number of the earlier proposals. The Council submitted a response to this Consultation and this response can be viewed at

<http://babergmidsuffolk.moderngov.co.uk/documents/s7727/Planning%20Consultation%20Report%20-%20Andrea%20Mc.pdf>

<http://babergmidsuffolk.moderngov.co.uk/documents/s7717/Planning%20Consultation%20Report%20-%20Andrea%20Mc.pdf>

- 11.4 On the 5th March 2018 the Government launched its consultation entitled "Draft Revised National Planning Policy Framework" which follows the others listed in paragraphs 11.2 and 11.3 and sits alongside this Consultation that is the subject of this report. Both Consultations require a response to Government by the 10th May 2018 and both are therefore being presented separately to both Councils Cabinets in early May 2018.

Consultation

11.5 This Consultation from the Ministry of Housing, Communities and Local Government seeks views on reforming developer contributions to affordable housing and infrastructure. It covers the following areas:

1. Community Infrastructure Levy
2. Section 106 Planning Obligations
3. Strategic Infrastructure Tariff
4. Technical Clarifications to Regulations

11.6. A copy of the Consultation document can be found at

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/691182/Developer_Contributions_Consultation.pdf

A response to the Government is required by the 10th May 2018.

11.7 Each of the reforms identified in respect of the 4 subject matters listed in paragraph 11.5. above will be considered in turn below, along with a consideration of the implications for Babergh and Mid Suffolk districts and the District Councils, and a recommendation in relation to the Councils' response in relation to the questions contained in the Consultation proposals document. The consultation includes a questionnaire for responding, including options to answer 'yes' or no', and to provide comments. The proposed full responses to the consultation are contained within **Appendix A** of this report.

Key information relating to the Consultation

Background information

11.8 In November 2015 the Government commissioned an independent review into CIL and its relationship with planning obligations. The Review was published in February 2017. It found that the system of developer contributions was not "as fast simple certain or transparent as originally intended". The Government announced a package of reforms at Autumn Budget 2017 in response to the CIL Review. These reforms complement the proposed changes to viability in the National Planning Policy Framework (NPPF) and are intended to make the system of developer contributions more transparent and accountable.

11.9 The Governments 25-year Environment Plan has also set out a commitment to explore how tariffs could be used to steer development towards the least environmentally damaging areas and to secure investment in natural capital. Alongside this the Government is publishing research on "The incidence, value and delivery of planning obligations and CIL in England (2016-17)

11.10 Contributions from development towards local infrastructure are collected primarily through two mechanisms, section 106 planning obligations and CIL. Section 106 planning obligations are negotiated legal agreements between developers and local authorities. They are used to make development acceptable through delivery of

affordable housing or infrastructure or requiring development to be used in a particular way.

11.11 Local Planning Authorities set out policies which indicate the level of contributions required, such as for affordable housing. Individual agreements taking account of these policies are then made on a site by site basis. All section 106 planning obligations are subject to statutory tests (under the CIL Regulations) to ensure they are necessary, proportionate, and directly related to the development.

11.12 CIL was introduced nationally in 2010. It was established on the principle that those responsible for new development should make a reasonable contribution to the costs of providing the necessary additional infrastructure. As a more standardised approach than section 106 planning obligations, it was intended to be faster, fairer, more certain and more transparent. Babergh and Mid Suffolk introduced their CIL charging scheme in April 2016.

11.13 CIL allows authorities to set a fixed rate charge per square metre of new development and is used to address the cumulative impact of development in an area. CIL can be used to fund a wide range of infrastructure, including transport, flood defences, schools, hospitals, and other health and social care facilities. The choice as to whether to apply CIL and the rate at which it is set rests with the Local Authority. A proportion of local CIL receipts are earmarked for local areas to spend on anything that addresses the demands that development places on their area. (the Neighbourhood or Parish portion).

11.14 In the Governments view: -

- Developer contributions are an important element towards meeting the cost of funding infrastructure. In 2016/17, an estimated £6.0bn was committed through section 106 planning obligations and CIL, a real term increase of 50% since 2011/12.
- Of this, approximately £5.1bn was committed through section 106 planning obligations. However, not all planning permissions are built out, and planning obligations can be renegotiated, meaning the amount ultimately collected will likely be lower than the amount committed.
- There are significant differences between regions in the value of affordable housing contributions. The greatest value was levied in London and the South East, where land values and affordable housing need are highest, and the lowest value was levied in the North East.
- There was also a significant increase in affordable housing as a proportion of the total value of developer contributions. In 2016/17, affordable housing made up 68% of total CIL and section 106 planning obligations levied, compared to 53% in 2007/08. This equates to £4.0bn levied on affordable housing in 2016/17 compared to £3.2bn in 2007/08.
- Of the estimated £5.1bn agreed through section 106 planning obligations in 2016/17, around £4.0bn was allocated for affordable housing, enough to enable approximately 50,000 dwellings. This represents an almost 10,000 increase in the number of affordable housing dwellings agreed in 2016/17 planning obligations compared to 2011/12.

Issues with the present system

11.15 In the Governments view a range of research including the above CIL Review (see paragraph 11.14 above) has identified the following consistent themes

- The partial take-up of CIL has resulted in a complex patchwork of authorities charging and not charging CIL. Where CIL is charged, it is complex for local authorities to establish and revise rates. These can often be set at a lowest common denominator level;
- Development is delayed by negotiations for section 106 planning obligations, which can be sought alongside CIL contributions;
- Developers can seek to reduce previously agreed section 106 planning obligations on the grounds that they will make the development unviable. This renegotiation reduces accountability to local communities;
- CIL is not responsive to changes in market conditions;
- There is a lack of transparency in both CIL and section 106 planning obligations – people do not know where or when the money is spent; and
- Developer contributions do not enable infrastructure that supports cross boundary planning

Objectives of developer contributions reform (through this Consultation)

11.16 The reforms in this Consultation in the Governments view will enable the necessary supporting infrastructure to be built and to continue to support the delivery of affordable housing

11.17 The key objectives that the Government are seeking to achieve through the reform of developer contributions and the NPPF are to make the system of developer contributions more transparent and accountable by:

- **Reducing complexity and increasing certainty** for local authorities and developers, which will give confidence to communities that infrastructure can be funded.
- Supporting **swifter development** through focusing viability assessment on plan making rather than decision making (when planning applications are submitted). The theory goes that this speeds up the planning process by reducing scope for delays caused by renegotiation of developer contributions.
- **Increasing market responsiveness** so that local authorities can better target increases in value, while reducing the risks for developers in an economic downturn.
- **Improving transparency** for communities and developers over where contributions are spent and expecting all viability assessments to be publicly

available subject to some very limited circumstances. This will **increase accountability** and confidence that sufficient infrastructure will be provided.

- Allowing local authorities to **introduce a Strategic Infrastructure Tariff** to help fund or mitigate strategic infrastructure, ensuring existing and new communities can benefit.
- The Government will also make a number of **technical clarifications** to support the operation of the current system.

In the future

- In the longer term, the Government will continue to explore options for going further. **One option could be for contributions to affordable housing and infrastructure to be set nationally, and to be non-negotiable.** Further consultation would be required, and appropriate transitional arrangements would need to be put in place before any such approach was undertaken. This would allow developers to take account of reforms and reflect the contributions as they secure sites for development.

11.18 The Government states “Communities need assurance that developers will make contributions towards new infrastructure required by development. By reducing the complexity and increasing the certainty of developer contributions, local authorities will be able to secure these contributions more effectively. This will enable them to provide this confidence to communities. Increased certainty will also benefit developers, as they will be better able to price the cost of contributions into their business models”.

11.19 The Government’s proposals to address these objectives are set out below.

Proposed Changes to the Community Infrastructure Levy and s106 Obligations

11.20. The Government are proposing to change these by: -

a) Streamlining the process CIL charging authorities must undertake to set or revise a CIL charging schedule

- **Current position** - Currently two consultations on proposed rates. Regulations set out the minimum requirements including a consultation period. This is followed by an examination in public. Majority of CIL charging authorities across the country have reported they take a minimum of 1-2 years to implement CIL. Process is the same whether setting or revising CIL. This has resource implications. Developers have argued CIL revisions to charging rates should happen more frequently
- **Government Proposal.** – Ensure that consultation requirements for setting and revising a CIL charging schedule are proportionate, by replacing the current statutory formal consultation requirements with a requirement to publish a

statement on how an authority has sought an appropriate level of engagement. This would be considered through the examination process, and would allow authorities to set schedules more quickly, and to expedite revising them in response to changes in circumstance.

- **Implications and Response** – Alongside the development of the Joint Local Plan it is considered that both Councils will need to review/refresh the CIL charging rates as these were set in 2014/15 through public examination and then introduced when we started charging in April 2016. This proposed measure is welcomed particularly if it will be quicker than current review mechanisms although it is hoped that there will be guidance from the Government on what is meant by “proportionate” so that this is clear and not open to challenge.

b) Alignment of evidence requirements for plan making and for setting CIL charging schedules.

- **Current position** - The National Planning Policy Framework requires a consideration of viability as part of plan preparation. CIL charging schedules must undergo formal process and consultation and viability testing before CIL charging rates are set. Both the Joint Local Plan and CIL charging rates are tested through public examination.
- **Government Proposal.** The National Planning Policy Framework requires a consideration of viability as part of local plan preparation. The Draft NPPF Consultation and this Consultation strengthens this approach but changes the emphasis on viability assessment at the plan making stage and places greater emphasis on this rather than the decision taking stage of the planning application process. The draft NPPF also calls for transparency and accountability by expecting all viability assessments to be conducted on an open book basis, be publicly available and to use the Government’s recommended definitions of key factors, as set out in guidance.
- The draft revised NPPF is clear that Local plans should set out contributions expected in association with sites they allocate, and in association with particular types of development It sets out that policies should be supported by evidence regarding viability. Similar information is required to establish that policies in a plan are viable, and to establish the rate at which a CIL can be set.
- The Government’s proposed reforms as to how viability assessments are used also increase the emphasis on the need for clear infrastructure plans. Where viability assessments are undertaken for plan making or in support of a planning application it is expected that they will be published except in limited circumstances (Guidance will be issued to advise on what is meant by limited) Proposals in this consultation include the use of an Infrastructure Funding Statement that sets out how authorities anticipate using funds from developer contributions and how these contributions have been used (see paragraph 11.27 below)
- **Implications and Response** – Alongside the development of the Joint Local Plan both Councils will publish an Infrastructure Delivery Plan which will identify all the infrastructure required to support the Joint Local Plan. Notwithstanding

this Consultation both Councils expect to undertake a review of CIL charging rates at the same time.

- All this work would require viability testing. The alignment of viability testing for plan making as well as viability testing for determining the CIL charging rate setting is to be welcomed. It will streamline processes, ensure that viability considerations are uniform in approach and should avoid any prospect of duplication of work. The timing of this Consultation should not pose operational issues for the preparation of the Joint Local Plan as our intention is to undertake a CIL Review and thereby CIL viability testing alongside viability testing for the Joint Local Plan.

c) Lifting the section 106 pooling contribution

- **Current position** - Regulation 123 of the CIL regulations prevents local authorities from using more than five section 106 planning obligations to fund a single infrastructure project. The pooling restriction incentivises local authorities to introduce CIL in order to collect a fixed contribution towards infrastructure from a large number of developments. In contrast, planning obligations are individually negotiated to allow for site specific issues to be mitigated. Obligations must be directly related and reasonable in scale to the development and necessary to make it acceptable in planning terms.
- However, the CIL Review identified that the pooling restriction could have distortionary effects, and lead to otherwise acceptable sites being rejected for planning permission. The research report highlighted that the restriction was a key concern for both local authorities and developers, and that it was making the process longer, slower and more difficult than before. The research also said it can hold back development and has been found to cause problems for large or strategic sites.
- The Government recognises that where authorities already have CIL in place, it is reasonable to allow them extra flexibility by lifting pooling restrictions. There may also be authorities where it is not feasible to charge CIL, as the amount forecast to be raised would not justify operating the costs of the system, or because an authority considers the viability impact of even a low CIL alongside section 106 planning obligations outweighs the desirability of funding the required infrastructure from CIL.
- **The Government proposals – are to remove the pooling restriction in areas: -**
 - that have adopted CIL;
 - where authorities fall under a threshold based on the tenth percentile of average new build house prices, meaning CIL cannot feasibly be charged;
 - or where development is planned on several strategic sites
- **and to Retain the pooling restriction in other circumstances**

- This will maintain simplicity by ensuring that other tariff-based approaches are avoided by local authorities that have taken a policy decision not to implement CIL.
- **Implications and Response** - As both Councils have adopted CIL this measure is to be welcomed as it would give both Councils flexibility to use s106s to collect contributions for infrastructure as freely as possible and to satisfactorily address cumulative impact in infrastructure terms whilst complying with the three CIL Regulation tests (Obligations must be directly related and reasonable in scale to the development and necessary to make it acceptable in planning terms).

d) Setting CIL rates based on the existing use of land

- **Current position.** If CIL charging schedules do not respond to changes in the housing market, they may quickly become out of date. In a rising housing market, this can mean that local authorities do not capture as much value as they might otherwise secure. In a falling housing market, this can affect development viability and disincentivise landowners from making sites available for development.
- Regulations currently allow different CIL rates to be set within different areas of the charging authority's boundary and on the basis of the type and scale of the proposed development.
- **The Government proposals** - Index residential development to regional or local authority house prices. For non-residential development the Government could index commercial development to a factor of house prices and Consumer Price Index (CPI),³⁶ or to CPI alone.
- By indexing to a measure which is more market responsive such as house prices, it can be ensured that charging schedules stay up to date in terms of the impact on viability. This reduces the need for local authorities to revise charging schedules and creates more long-term certainty for developers. Indexation could be applied on a regional or local authority basis, to account for differing housing markets in different areas.
- In addition, indexing to house prices would support developers in the event of a market downturn, as CIL charges on newly permissioned development would reduce, reducing costs and risk.
- **Implications and Response** – welcome a more responsive approach but consider there is a wide variation of house prices across areas.

e) Simplify the charging of CIL on complex sites as follows

- **Current position** – the charging rates and regimes are based on viability assessment following consultation and tested through public examination. They are set locally, and LPAs have discretion to set at a particular rate or to set the rate at zero and to instead have the infrastructure provided wholly through s106.

- **Government proposals – a series of changes: -**
 - encouraging the use of specific rates for large strategic sites (i.e. with a single rate set for the entire site)
 - charging on the basis of the majority use where 80% of the site is in a single existing use, or where the site is particularly small; and
 - other complex sites could be charged at a generic rate, set without reference to the existing use of the land, or have charges apportioned between the different existing uses.
- **Implications and Resources** – When CIL was set for both Councils it was determined that the income for infrastructure would not be sufficient to address the infrastructure needs of both Districts strategic sites so these were set at zero from a CIL charging point of view with Infrastructure being provided through s106 contributions. This clear division (between s106 and CIL eligible development) has given clarity. This clarity of approach has also been valuable where windfall sites have been approved as there are few existing land allocations in both Districts at present. (Clearly the preparation of a Joint Local Plan will address this). The approach to charging zero on Strategic sites (which are set out in the CIL 123 lists) is established and operational within both Districts.
- This situation will change with the preparation of the Local Plan and site viability. It will be important to understand the infrastructure needs, both in respect of s106 and CIL (and CIL receipts) so that deliverability of sites can be achieved particularly given the Governments wish to see CIL 123 lists replaced with an Infrastructure Funding Statements. Inevitably there will be resource implications, and much will depend on the viability work which is undertaken around the Joint Local Plan and the planned Review of our CIL charging rates. Clearly, planned site allocations will be taken care of through these arrangements but it is not clear at this stage how windfall developments that cannot be predicted or planned for (in infrastructure terms) will be addressed in terms of what the CIL monies will be spent on (without CIL 123 lists) The Infrastructure Funding Statement would need to address this.
- Without seeing the detail of the simplification, it is difficult to comment further. The operation of CIL is complex so simplification in principle is to be welcomed.

f) Indexation

- **Current position** - CIL charges are applied at the point development is permitted. They are indexed to the Building Cost Information Service (BCIS) All-In Tender Price Index. This index reflects changes in contractor costs and is used to account for changes in the costs of delivering infrastructure. . However, contractor costs do not necessarily increase at the same rate as house price inflation. Since 2001, average annual house prices across England and Wales have risen faster than contractor costs. This means the impact that a rate has on the viability of development reduces over time, and the local authority collects less than could otherwise be the case.

- **The Governments proposals** - Index residential development to regional or local authority house prices. For non-residential development the Government could index commercial development to a factor of house prices and Consumer Price Index (CPI) or to CPI alone. By indexing to a measure which is more market responsive such as house prices, it can be ensured that charging schedules stay up to date in terms of the impact on viability. This reduces the need for local authorities to revise charging schedules and creates more long-term certainty for developers. Indexation could be applied on a regional or local authority basis, to account for differing housing markets in different areas. In addition, indexing to house prices would support developers in the event of a market downturn, as CIL charges on newly permissioned development would reduce, reducing costs and risk.
- **Implications and Response.** Clearly both Councils have only had CIL operational since 11th April 2016. Indexation is being applied in accordance with the current CIL Regulation requirements (BCIS). Whilst it is understood that there may be a need for non-residential development to be calculated differently it is difficult to predict whether changes to indexation will be financially advantageous (or not,) but the principle is understood.
- The current systems being used to manage CIL can easily be amended to reflect new rates or indexation criteria.

g) Improving transparency and increasing accountability

11.21 A range of measures as follows: -

- **Current position** – Affordable housing, health facilities, transport, schools and green spaces, alongside new employment opportunities, are cited by communities as the primary benefits likely to increase support for new housing.
- CIL charging authorities are required to report annually on how much CIL has been received, how much has been spent and what it has been spent on. Recent research noted that better communication could do a great deal to adjust public attitudes to development. Local authorities have reported that they would expect benefits from doing more to communicate to local communities what they have secured through developer contributions, but that they often lack resources to do so.
- Developers have also raised concerns about how much money is raised through CIL and where and how the money is spent. A series of case studies identified a clear absence of communication with the public about what the developer contributions have paid for.
- Regulation 123 of the CIL regulations enables local authorities to publish lists of infrastructure they intend to fund through CIL. This regulation also prohibits the use of use of section 106 planning obligations to provide contributions to fund infrastructure on this list

- Some Regulation 123 lists set out generic expenditure headings, while others list particular pieces of infrastructure. Some lists also have little relationship with local infrastructure plans. In the Governments view the CIL 123 lists do not provide the certainty or clarity for local communities originally intended about how the levy is intended to be spent. A more standardised approach to setting out how authorities intend to use CIL, and how monies received has been spent, could provide greater accountability in the Governments view.
- **The Governments proposals** - Remove regulatory requirements for Regulation 123 lists and amend the CIL Regulations to require the publication of Infrastructure Funding Statements. The latter will explain how the spending of any forecasted income from both CIL and s106 planning obligations over the next 5 years will be prioritised and to monitor funds received and their use.
- These changes are supported by the draft National Planning Guidance which is available alongside the NPPF consultation. Where viability assessment is undertaken for plan making, CIL or in support of a planning application it should be the expectation that they will be published except in limited circumstances. Guidance will be issued to explain what limited circumstances would include. This is a question on the draft NPPF.
- The Government is also interested in whether Local Planning Authorities need to seek a sum for monitoring planning obligations as part of a section 106 agreement.
- **Implications and response-** Whilst the CIL123 lists are slightly different for each Council they are clear in terms of what CIL monies can and cannot be spent on. This clarity also allows us to be exact on what infrastructure would be provided by CIL and what would be provided for by s106. This in turn avoids situations where there is “double dipping” with CIL and s 106 (*charging for the same infrastructure through CIL and s106 regimes) which is not legally sound and prohibited by the CIL Regulations.
- Replacing the 123 lists would require the publication of an Infrastructure Funding Statement to explain how the spending of any forecasted income from both CIL and s106 Obligations over the next five years will be prioritised and to monitor funds received and their use. This could be produced at the same time as the plan is made and would be closely aligned to the Infrastructure Delivery Plan.
- The draft National Planning Guidance which support the draft revised NPPF states that the Infrastructure Funding Statement will take the form of a “standard template in an open data format [template under development] in accordance with the National Planning Guidance on viability”. It is difficult to understand the resource (and cost) implications of preparing an Infrastructure Funding Statement (as the template is under development) but it is clear that this is an additional requirement and there will therefore be resource and cost implications., However this would be aligned to the preparation of the Joint Local Plan and the Infrastructure Delivery Plan and it is hoped that there would be some overlaps as all of the infrastructure impacts and viability implications for site allocation and CIL Review would be under preparation at the same time.

- The replacement of the CIL 123 lists and its substitution by the Infrastructure Funding Statement would need to contain a list of infrastructures (in type form) to address what CIL would be spent on for windfall sites coming forward as these would be impossible to predict and forecast.
- In addition, any implications for the CIL Expenditure Framework (as this is linked to the CIL 123 lists) would need to be addressed at the appropriate stage. It is possible that this could be picked up by the CIL Expenditure Framework Review which it is anticipated would commence in October 2018 (if the CIL Expenditure scheme is approved by both Councils in April 2018). Resource implications would be minimised.
- The Governments objective towards improving transparency and increasing accountability for the spend of CIL monies and s106 is supported by a number of prescribed or designed and developing measures for our Councils as follows:
 - The intention is to make the CIL and s106 data transparent by publishing a live version of our software on the Website such that all will be able to see how much each Parish holds for CIL and s106 for infrastructure. This project is currently being progressed and sits alongside the CIL Expenditure Framework and the CIL Expenditure Framework Communication Strategy
 - The CIL Expenditure Framework Communication Strategy provides for communication around expenditure of CIL monies for Parishes Members and key audience membership and signals how key messages are to be undertaken.
 - The use of Parish Investment Infrastructure Plans (PIIPs) will also aid transparency and accountability objectives by flushing out what Parish Councils consider to be their priorities (which will also help with collaborative Bids under the CIL Expenditure Framework).
 - Parishes need to make statutory returns to the Council on their expenditure of their Parish portion (of the CIL monies) on a yearly basis. This
 - Regulation 62 (of the CIL Regulations) requires a report to be placed on the Councils Website each year (by the 31st December each year) on CIL income and expenditure. The reports that were published by 31st December 2018

Babergh

<http://www.midsuffolk.gov.uk/assets/CIL-and-S106-Documents/Babergh-District-Council-CIL-Monitoring-Report-2016-17.pdf>

Mid Suffolk

<http://www.midsuffolk.gov.uk/assets/CIL-and-S106-Documents/Mid-Suffolk-District-Council-CIL-Monitoring-Report-2016-17.pdf>

The introduction of a Strategic Infrastructure Tariff

11.22. This is a new measure the Government is seeking to introduce.

- **Current position** – The Mayor of London is able to charge CIL in addition to London boroughs. The Mayor's CIL is limited to collecting funding towards transport infrastructure, in particular Crossrail. CIL towards Crossrail 1 is a low-level tariff charged across all London boroughs. It has proved to be successful, raising £381 million against a £300 million target since it was introduced in 2012.
- The Government recognises the potential for other strategic authorities to have similar powers where they are seeking funding to support a piece of strategic infrastructure, or to address the cumulative impacts that the strategic infrastructure will have.
- **The Governments proposals** – to introduce a Strategic Infrastructure Tariff (SIT) for combined authorities and joint committees where they have strategic powers. In the Governments view this will increase the flexibility of the developer contribution system and encourage cross boundary planning to support the delivery of strategic infrastructure.
- **Implications and Response** – Our Councils although integrated are not classed as combined authorities; neither is there any joint Committee where there are strategic powers. Neither are we part of a Mayoral CIL. As such SIT would not apply to both Councils.
- In this Consultation there is reference to the prospect of a national standard rate of Local Infrastructure Tariff (LIT) at some point in the future (LIT). This would be likely to apply to both Councils. Clearly if any further changes are proposed to CIL this would be addressed at the appropriate time. There is also a reference to the provision of an standard affordable housing tariff in the future. Again, this would need to be addressed at the time of any proposed changes.

Improvements to the operation of CIL

11.23. Since its introduction in 2010, the CIL regulations have been subject to a number of changes and refinements. The Government further proposes improvements to how the levy operates and further clarity in legislation where needed. The Government also intends to revisit planning practice guidance on CIL.

- **Current position** - CIL regulations allow for some development to be exempt from the levy. Exemptions available from CIL need to be granted by the charging authority prior to the start of works on site. A developer must submit a Commencement Notice to the charging authority prior to the start of works on site to confirm the exemption. Failure to do so results in any exemption being lost. The full levy liability then becomes due immediately, and any ability to pay the levy in instalments is removed.
- **The Governments proposals** – a series of refinements to CIL in terms of guidance which include: -

- a) **A more proportionate approach to administering exemptions**
 - b) **clarifying how indexation is applied where a planning permission is amended**
 - c) **extending abatement provisions to phased planning permissions secured before the introduction of CIL.**
- **Implications and Response** – These measures provide further refinement in terms of guidance to existing operational matters and there are no significant implications for both Councils as the detail is contained within the Regulations within which we operate.

12. Appendices

Title	Location
A Schedule of proposed responses	Attached

13. Background Documents

- 13.1 The joint CIL Expenditure Framework, the CIL Communications Strategy and the Timeline for Implementation and Review were presented to both Cabinet meetings of Babergh and Mid Suffolk. (see hyperlinks below). All items are being presented to Council meetings of both Councils on the 24th and 26th April respectively.

Babergh District Council Cabinet

<http://baberghmidsuffolk.moderngov.co.uk/documents/s9185/CIL%20Expenditure%20Report.pdf>

Mid Suffolk District Council Cabinet

<http://baberghmidsuffolk.moderngov.co.uk/ieListDocuments.aspx?CId=522&MId=1034&Ver=4>

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Appendix A

Schedule of proposed responses

Evidence on the need to fund infrastructure

Question 1

Do you agree with the Government's proposals to set out that:-

- i. Evidence of local infrastructure need for CIL-setting purposes can be the same infrastructure planning and viability evidence produced for plan making? **Yes/No**
- ii. Evidence of a funding gap significantly greater than anticipated CIL income is likely to be sufficient as evidence of infrastructure need? **Yes/No**
- iii. Where charging authorities consider there may have been significant changes in market conditions since evidence was produced, it may be appropriate for charging authorities to take a pragmatic approach to supplementing this information as part of setting CIL – for instance, assessing recent economic and development trends and working with developers (e.g. through local development forums), rather than procuring new and costly evidence? **Yes/No**

Answer

i) Yes

ii) Yes

iii) Yes

Question 2

Are there any factors that the Government should take into account when implementing proposals to align the evidence for CIL charging schedules and plan making?

Answer

The Council's support this proposal and will be taking this approach forward in their emerging Joint Local Plan. The draft National Planning Policy guidance is clear.

Question 3

Do you agree with the Government's proposal to replace the current statutory consultation requirements with a requirement on the charging authority to publish a statement on how it has sought an appropriate level of engagement? **Yes/No**

Answer

Yes

Question 4

Do you have views on how guidance can ensure that consultation is proportionate to the scale of any charge being introduced or amended?

Answer

Streamlining this process will result in resource savings which is supported in principle. Government guidance which aids any consideration for Councils on the degree to which CIL charges differ from their original rates to determine the extent of consultation required would be extremely helpful and provide clarity and certainty. Leaving it to Local Planning Authorities to justify what is 'proportionate' may be likely to give rise to uncertainty (and thereby the potential of legal challenges).

Question 5

Do you agree with the Government's proposal to allow local authorities to pool section 106 planning obligations?

- i. Where it would not be feasible for the authority to adopt CIL in addition to securing the necessary developer contributions through section 106? **Yes/No**
- ii. Where significant development is planned on several large strategic sites? **Yes/No**

Answer

i) Yes

ii) Yes

Question 6

- i. Do you agree that, if the pooling restriction is to be lifted where it would not be feasible for the authority to adopt CIL in addition to securing the necessary developer contributions through section 106, this should be measures based on the tenth percentile of average new build house prices? **Yes/No**
- ii. What comments, if any, do you have on how the restriction is lifted in areas where CIL is not feasible, or in national parks?

Answer

i) Yes

ii) This may make it easier to fund cross boundary strategic infrastructure projects through common s106 clauses and the Duty to Co-Operate.

Question 7

Do you believe that, if lifting the pooling restriction where significant development is planned on several large strategic sites, this should be based on either:-

- i). a set percentage of homes, set out in a plan, are being delivered through a limited number of strategic sites; or
- ii). all planning obligations from a strategic site count as one planning obligation?

Answer

i) **No** - lifting pooling restrictions should be linked to an evidential need and impacts from the development giving rise to trigger points around infrastructure rather than an arbitrary percentage figure which may not equate to an infrastructure need.

ii) **Yes**

Question 8

What factors should the Government take into account when defining 'strategic sites' for the purposes of lifting the pooling restriction?

Answer

A definition of strategic sites would be supported and may prevent conflict between developers and LPAs regarding whether a site is strategic or not (which usually removes them from the standard CIL tariffs). However, the definition of strategic sites should have regard to the different contexts sites can have in each Local Planning Authority. It may not simply be the scale of development that qualifies the site, it will depend upon other factors also such as is the site a key regeneration objective for the local area, is the site significant in unlocking further land for development or linked to large scale infrastructure delivery projects of district or cross boundary importance. On this basis the definition needs to be wider to reflect this.

Question 9

What further comments, if any, do you have on how pooling restrictions should be lifted?

Answer

None.

Question 10

Do you agree with the Government's proposal to introduce a 2-month grace period for developers to submit a Commencement Notice in relation to exempted development?

Yes/No**Answer**

No. A commencement date is critical to the determination of when CIL is payable. Giving a two-month grace period just extends the deadline by two months. At present the onus is on the developer to advise of his intention to start. This may transfer the onus onto the Council for monitoring and result in additional resource and cost implications. What is critical is having the Commencement Notice submitted before commencement starts.

Question 11

If introducing a grace period, what other factors, such as a small penalty for submitting a Commencement Notice during the grace period, should the Government take into account?

Answer

None

Question 12

How else can the Government seek to take a more proportionate approach to administering exemptions?

Answer

- Self-Build exemption should not be lost through failure to submit a commencement notice. It should only be lost if the property is sold during the three-year clawback period or if the claimants are unable to provide the evidence required by part 2 of the self-build claim form. A surcharge for failure to submit a commencement notice could still be levied but losing the whole exemption with no opportunity to recover it is disproportionate.
- Another problem is the effect of death on exemptions. Change the Regulations to allow surviving relatives to inherit the CIL exemption. If a self-builder dies within the three-year clawback period, the CIL Regulations require that the CIL is recovered from the estate. Only recover the CIL payment if the property is sold and not because the surviving relative did not have their name on the assumption of liability form.
- Affordable housing exemption should only be lost through staircasing not through failure to submit a commencement notice.

Question 13

Do you agree that Government should amend regulations so that they allow a development originally permitted before CIL came into force, to balance CIL liabilities between different phases of the same development? **Yes/No**

Answer

Yes

Question 14

Are there any particular factors the Government should take into account in allowing abatement for phased planning permissions secured before introduction of CIL?

Answer

If a s106 has been completed as part of a planning permission which has been granted and the development is extant. This would distort any phased approach to development and there would be a double dipping position with a s106 in force with additional CIL Liability being charged.

Question 15

Do you agree that Government should amend regulations on how indexation applies to development that is both originally permitted and then amended while CIL is in force to align with the approach taken in the recently amended CIL regulations?

Answer

Yes. This provision is already present in the CIL Regulations and we are already taking this approach.

Question 16

Do you agree with the Government's proposal to allow local authorities to set differential CIL rates based on the existing use of land? **Yes/No**

Answer
Yes

Question 17

If implementing this proposal do you agree that the Government should:

- i. encourage authorities to set a single CIL rate for strategic sites? **Yes/No**
- ii. for sites with multiple existing uses, set out that CIL liabilities should be calculated on the basis of the majority existing use for small sites? **Yes/No**
- iii. set out that, for other sites, CIL liabilities should be calculated on the basis of the majority existing use where 80% or more of the site is in a single existing use? **Yes/No**
- iv. What comments, if any, do you have on using a threshold of 80% or more of a site being in a single existing use, to determine where CIL liabilities should be calculated on the basis of the majority existing use?

Answer

- i)No**
- ii)Yes**
- iii)Yes**
- iv)None**

Question 18

What further comments, if any, do you have on how CIL should operate on sites with multiple existing uses, including the avoidance of gaming?

Answer

None although we do not understand the term “avoidance of gaming”. Further clarification on this should be issued

Question 19

Do you have a preference between CIL rates for residential development being indexed to either:

- a) The change in seasonally adjusted regional house price indexation on a monthly or quarterly basis; or
- b) The change in local authority-level house price indexation on an annual basis

Answer

a) Current indexing practice shows that forecast figures change pretty much monthly anyway. It may be more transparent if a monthly or quarterly index was used.

Question 20

Do you agree with the Government’s proposal to index CIL to a different metric for non-residential development? **Yes/No**

Answer

Yes

Question 21

If yes, do you believe that indexation for non-residential development should be based on:
i. the Consumer Prices Index? **Yes/No**
ii. a combined proportion of the House Price Index and Consumer Prices Index? **Yes/No**

Answer

i) **Yes**
ii) **No**

Question 22

What alternative regularly updated, robust, nationally applied and publicly available data could be used to index CIL for non-residential development?

Answer

Cannot recommend an alternative.

Question 23

Do you have any further comments on how the way in which CIL is indexed can be made more market responsive?

Answer

No

Question 24

Do you agree with the Government's proposal to:

- i. remove the restrictions in regulation 123, and regulation 123 lists? **Yes/No**
- ii. introduce a requirement for local authorities to provide an annual Infrastructure Funding Statement? **Yes/No**

Answer

i) **No** – concerns that double dipping may result otherwise. The Districts CIL 123 lists are clear and are linked to our emerging CIL Expenditure Framework (our proposals for expenditure) which allow flexibility. We have recently carried out engagement with our Parishes who understood the CIL 123 lists and will be making Bids under our CIL expenditure scheme to spend money on the infrastructure within our Lists. In addition, there is uncertainty how Infrastructure requirements will be paid for by CIL if the CIL 123 lists are withdrawn and windfall development takes place (which cannot be planned for or forecasted – (see Infrastructure Funding Statements proposals)

ii) **Yes** if the CIL 123 lists remain and the template is clear for the Infrastructure Funding Statement. This could support the Councils Infrastructure Delivery Plan

Question 25

What details should the Government require or encourage Infrastructure Funding Statements to include?

Answer

Infrastructure Funding Statements should clearly set out:-

- i) an estimate of total S106 and CIL funds collected

ii) clarity over the projects / types of infrastructure which CIL is expected to pay for and S106 is expected to pay for. Particularly to provide for windfall sites that are unplanned and cannot be forecasted

iii) an indication on the amounts of money to be spend on types of infrastructure and where/what those projects are. If possible, also indicate when the funds are expected to be spent.

Question 26

What views do you have on whether local planning authorities may need to seek a sum as part of section 106 planning obligations for monitoring planning obligations? Any views on potential impacts would also be welcomed.

Answer

Monitoring charges have been the subject of litigation in appeals and challenged. In recent appeal cases it has become clear that a stance has been taken that Local Authorities should not charge because it is part of the Councils function to do effective monitoring., However if a charge could legally be used, such a charge would enable Council's to undertake better and more comprehensive monitoring of S106 provisions which historically has been very challenging due to resources and costs..

Question 27

Do you agree that combined authorities and joint committees with strategic planning powers should be given the ability to charge a SIT? **Yes/No**

Answer

Yes

Question 28

Do you agree with the proposed definition of strategic infrastructure? **Yes/No**

Answer

Yes

Question 29

Do you have any further comments on the definition of strategic infrastructure?

Answer

Strategic infrastructure should be consistent with that which is identified in Local Plans as having a cross boundary significance. They should also be clearly identified in any Statement of Common Ground produced for the Duty to Cooperate. They should also be included in any Infrastructure Delivery Plans.

Question 30

Do you agree that a proportion of funding raised through SIT could be used to fund local infrastructure priorities that mitigate the impacts of strategic infrastructure? **Yes/No**

Answer

Yes, this would provide a mechanism to integrate strategic infrastructure into the places that it impacts upon. It would also provide cohesiveness between infrastructure types. There is a fuzzy distinction between local and strategic infrastructure and using funding secured through a SIT to deliver local infrastructure that mitigates the impacts of strategic infrastructure to deliver a more holistic approach.

Question 31

If so, what proportion of the funding raised through SIT do you think should be spent on local infrastructure priorities?

Answer

Difficult to define but should be limited enough that it does not compromise the ability to deliver Strategic Infrastructure. CIL Regulations, already allow for LPAs to 'donate' funds to appropriate infrastructure projects which may extend beyond their own boundaries if this is preferable. This is provided for in the Councils CIL Expenditure Framework.

Question 32

Do you agree that the SIT should be collected by local authorities on behalf of the SIT charging authority? **Yes/No**

Answer

Yes

Question 33

Do you agree that the local authority should be able to keep up to 4% of the SIT receipts to cover the administrative costs of collecting the SIT? **Yes/No**

Answer

Yes

Question 34

Do you have any comments on the other technical clarifications to CIL?

Answer

- No comments to make in respect of the technical clarifications of CIL which both Councils understand and work within the Regulatory provisions of.
- In respect of the suggested approach to self-build extension exemptions, this is open to "fraud" by small time developers who are doing properties up to sell on but claiming self-build exemptions. There currently seems to be little guidance by way of making checks on the number of claims by individuals for self-build exemption and no evidence requirements of ownership. This is missed in the Consultation and Guidance on this should be issued.
- There have also been instances of self-build exemption being issued and then a failure to submit the Commencement Notice 24 hours before the works start on site; the self-build exemption being lost as a consequence. There should be a mechanism for reasonable appeals in this instance. Also, failure by developers

to submit payments on time in a payment plan hence the whole payment being due. This approach is understood. However, the 2-month grace period does not sit comfortably against this in that developers if they failed to meet their payment plan arrangements would not get any “grace period”

Agenda Item 10

BABERGH DISTRICT COUNCIL

From: Leader of the Council	Report Number: <big>BCa/17/70</big>
To: Babergh Cabinet	Date of meeting: 10 May 2018

SUFFOLK'S FRAMEWORK FOR INCLUSIVE GROWTH

1. Purpose of Report

- 1.1 As part of the work undertaken on 'devolution', Suffolk local authorities commissioned work to aid the development of a non-statutory spatial strategy, which was a core part of the 'deal'. This work continued even after the demise of devolution and it was agreed by the Suffolk Leaders that the Councils should formally receive this work (as summarised within Appendix 1).
- 1.2 This report, and the recommendations at section 2, fulfil the commitment the Leader of the Council gave his peers to table the summary formally at Cabinet.

2. Recommendations

- 2.1 That Cabinet notes the contents of the document entitled: Suffolk's Framework for Inclusive Growth – a Summary (Appendix 1);
- 2.2 That the document entitled: Suffolk's Framework for Inclusive Growth – a Summary (Appendix 1) be used to: (a) inform County-wide work on the use of 'Pooled Business Rates'; (b) support and inform responses to third party consultations on growth and infrastructure; and, (c) support and prioritise - on a local and county-wide basis - funding bids for infrastructure to the Local Enterprise Partnership and other bodies;
- 2.3 That future infrastructure and strategic planning work for Babergh and Mid Suffolk (including the production of the Joint Local Plan) pays due regard to the contents of the document entitled: Suffolk's Framework for Inclusive Growth – a Summary (Appendix 1) and the full AECOM report referred to at paragraph 13.1 of the report, which is recognised as a non-statutory document.

Reason for Decision: To note the Summary document for Suffolk's Framework for Inclusive Growth and to recognise the AECOM report as a useful piece of research and evidence to inform a range of future decisions.

3. Financial Implications

- 3.1 The suite of work to create Suffolk's emerging 'Framework for Inclusive Growth' (which includes the AECOM work) has cost around £350,000 so far. The AECOM work was commissioned by Suffolk County Council and funded by monies received from Government as part of a 'Transformation Challenge Award'. As a consequence, it has not cost Babergh or Mid Suffolk District Councils any money (although officer time did go into supporting the production of the document).

4. Legal Implications

- 4.1 The report is not considered to have any legal implications although it should be noted that Suffolk's Framework for Inclusive Growth – a Summary and the full AECOM report are non-statutory documents that are part of an emerging suite of evidence that together will form the broader framework.

5. Risk Management

- 5.1 This report is most closely linked with the Council's Corporate / Significant Business Risk No. 1d 'If we do not secure investment in infrastructure (schools, health, broadband, transport etc.), then development is stifled and/or unsustainable'.

- 5.2 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
There is a lack of clarity as to the status of the document which could confuse stakeholders.	1	1	Consider this report and agree the recommendations (as written or as varied to provide comparable certainty)
Other Suffolk Authorities do not take the same approach as Babergh and Mid Suffolk District Councils which could create a perception that Suffolk Authorities do not appear to be working together.	3	1	Discussions have taken place at Suffolk Public Sector Leaders and Ipswich Policy Area Board. At present it does not appear that Suffolk Coastal or Waveney District Councils will be taking to their Cabinet.

6. Consultations

- 6.1 There has been extensive consultation as the work has progressed – much of it within various councils but also at events hosted by groups such as the Chamber of Commerce.
- 6.2 There has been no formal public consultation on the document. It is a piece of consultancy work that contributes towards the overall evidence-base that supports inclusive growth.

7. Equality Analysis

7.1 The report is not considered to have any equality and diversity implications.

8. Shared Service / Partnership Implications

8.1 This paper does not have any shared service or partnership implications.

9. Links to Joint Strategic Plan

9.1 Suffolk's Framework for Inclusive Growth contributes to all of the priorities within the Joint Strategic Plan. It most closely aligns to the outcomes associated with Housing Delivery and Business Growth and Increased Productivity and will contribute towards unlocking the barriers to growth.

10. Background

10.1 As part of the preparatory work undertaken on 'devolution', Suffolk local authorities commissioned work to aid the development of a non-statutory spatial strategy, which was an essential part of the proposed 'deal'. The work continued despite devolution proposals not moving forward and it has now been agreed that the Council should consider one the product of this work.

10.2 This part of the work is now complete and is the subject of this report. The full document is over 100 pages long so a shorter 5-page summary has been produced, which is attached at Appendix 1.

11. Options considered

11.1 The document that was commissioned is now complete – so it is effectively a matter of public record. What the Council chooses to do with it is the matter that Cabinet need to consider. The options can be grouped into the following categories:

(1) Not publicly publish the document: This isn't appropriate bearing in mind the fact the document exists and significant public funds have been spent on its production;

(2) Rely on other Councils to publish the document: This is a valid option but would mean that the Council does not formally get to decide what it thinks of the document or what weight it might give to it;

(3) Acknowledge (or otherwise) the merits of the main strategic elements of the document (e.g. the diagram on page 3 of Appendix 1); and,

(4) Set out how the document relates to the Local Plan process.

11.2 Effectively, the decision to publish this report means that the only remaining options are how to address options 3 and 4 above.

11.3 Babergh and Mid Suffolk District Councils have advocated sustainable growth as part of the current Joint Strategic Plan. The AECOM report has not been through the processes that would be required to give it statutory weight (for example Strategic Environmental Assessment and public consultation) so it is suggested that in respect

of option 3, the Cabinet note the contents of the report rather than highlighting any particular elements.

- 11.4 It is recommended that the work (which has been informed by a thorough consideration of evidence) should form the basis for the use of growth related funding within the control of Suffolk's local authorities, and in response to consultations and bidding rounds held by others.
- 11.5 Finally, in relation to Option 4 above, it is important to note that the document was only ever intended to inform a non-statutory document, not to be an intrinsic part of the Statutory Development Plan. It will form part of the evidence base that underpins Suffolk's Framework for Inclusive Growth and at a local level will inform the Councils' Infrastructure Delivery Plan that will sit alongside the Joint Local Plan.
- 11.6 Therefore recommendation 2.3 advocates that future Local Plans have 'due regard' to the documents (both the Appendix and the full document).

12. Appendices

Title	Location
(a) Suffolk's Framework for Inclusive Growth	Attached.

13. Background Documents

- 13.1 AECOM Report (June 2017): A report on the development of a Strategic Planning and Infrastructure Framework (SPIF) for Suffolk.

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WHY HAVE WE REVIEWED OUR APPROACH TO GROWTH?

SUFFOLK LOCAL AUTHORITIES AND PARTNERS RECOGNISE THAT TO MEET OUR COMMUNITIES' FUTURE ECONOMIC AND SOCIAL NEEDS WE MUST PLAN FOR GROWTH IN A STRATEGIC AND INTEGRATED WAY.

We are working together to deliver a Suffolk Framework for Inclusive Growth to drive forward economic growth (our jobs), infrastructure investment (our transport, communication, utilities, education & health facilities) and residential growth (our homes). We want to have a prospering economy, of national and international significance that also unlocks wider benefits so that local people and places thrive. By approaching growth in a coherent and integrated way Suffolk can shape our places to meet our current needs and deliver our future ambitions. The Framework is being developed in partnership, across all District / Borough Councils and the County Council, our LEAs, the University of Suffolk and the Chamber of Commerce with guidance from police and health organisations.

LEADERS AND CHIEF EXECUTIVES ARE COMMITTED TO SUPPORTING OUR ECONOMY; PROVIDING MORE, HIGHER SKILLED JOBS AT INCREASED WAGE LEVELS; FOR OUR COMMUNITIES.

Suffolk has a diverse economy with high levels of employment. However, historically wages and productivity have remained lower than the UK average. To remain competitive Suffolk

must move from a low wage economy to one of new and expanding businesses that consolidates our strengths (including energy technology, agriculture & food / drink processing, ICT research & innovation, life sciences including global expertise in equine and bloodstock science) and enables us to secure investment. Within the region we are supporting and drawing value from Cambridge and Norwich, two of the five fastest growing cities in the UK.

TO SUPPORT OUR EXISTING ECONOMY, CURRENT DEVELOPMENT PROGRAMMES AND DELIVER SUFFOLK'S FUTURE AMBITIONS WE MUST SECURE SIGNIFICANT INVESTMENT IN NEW AND IMPROVED INFRASTRUCTURE, WHILST ENHANCING OUR ENVIRONMENT.

We need to invest in infrastructure that **enables development** such as building / maintaining roads; investing in our passenger and freight rail routes; delivering broadband to all areas of Suffolk; providing coastal protection and flood defences; and ensuring consistent, clean, and efficient power and water supplies. We also need to invest in infrastructure that **supports development**, such as schools; health care facilities; green spaces and social facilities including libraries and community centres. We will continue to champion the protection and enhancement of Suffolk's natural and historic environment and our adaptation to climate change, to ensure we maximise the benefits our environment will deliver, to our economic growth and health and wellbeing for now and future generations.

WHAT WE HAVE DONE SO FAR?

WE HAVE REVIEWED AND CONSIDERED THE GROWTH AND INVESTMENT PLANS PUT FORWARD BY NEIGHBOURING AUTHORITIES AND RECOGNISE THE COMPETITIVE ENVIRONMENT IN WHICH WE OPERATE.

Suffolk's neighbours (Essex, Cambridge and Norfolk) have plans for significant growth over the next two decades, much of this growth located along our shared borders.

Infrastructure investment will be secured on the back of these plans and Suffolk must ensure that priorities are identified, and investment delivered to provide a coherent approach to planning for the future. We need to secure investment into the region's transport network, utility provision, digital communications infrastructure and flood defences and ensure we connect with our neighbours to deliver the greatest impact from this funding.

WE HAVE BEEN REVIEWING THE LOCATIONS WHERE GROWTH SHOULD BE FOCUSED AND IDENTIFYING THE INVESTMENT NEEDED TO MAKE SURE THESE LOCATIONS CAN BE DEVELOPED IN AN INCLUSIVE AND SUSTAINABLE WAY.

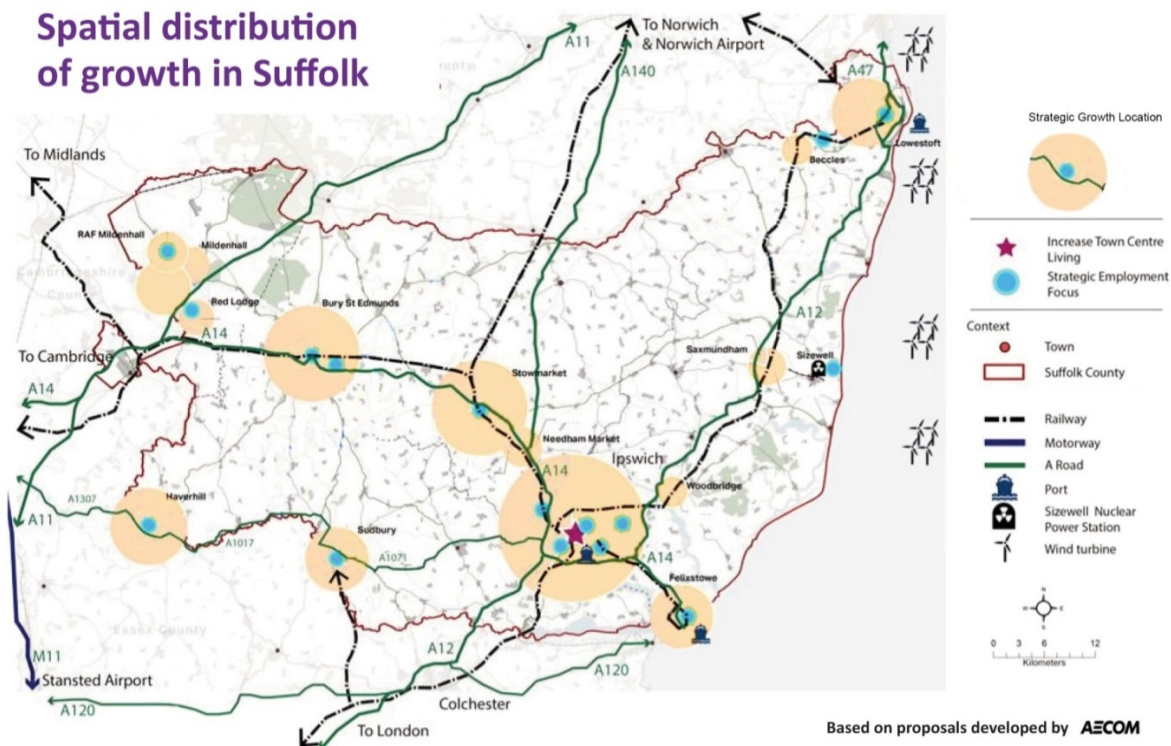
In 2016, as part of our proposals for devolution and a bid to create a Combined Mayoral Authority for Norfolk & Suffolk, the Suffolk Local Authorities commissioned AECOM consultants to develop options for a Suffolk wide approach to spatial planning and to identify the infrastructure required for the future. The proposed spatial pattern put forward by the consultants focuses on the benefits of agglomeration, rather than piecemeal development, and is anticipated to be a better way to secure funding and investment to unlock Suffolk's potential. Initial work has identified **investment of between £2.2bn and £4.7bn** to upgrade and develop the necessary infrastructure to meet Local Plan growth forecasts, as well as the additional growth that is required to secure our economic prosperity in the future.

OUR STRATEGY GOING FORWARD

WE WILL PRIORITISE INVESTMENT IN TRANSPORT INFRASTRUCTURE TO DELIVER GROWTH IN AND AROUND THE IPSWICH AREA AND ALONG OUR STRATEGIC ROUTES (A14, RAIL CORRIDORS, A12, A11)

Strengthening the role of Ipswich through investment in infrastructure will "unlock" land in the surrounding area enabling both sustainable jobs growth and the delivery of homes. We will explore solutions for development to the North of Ipswich. Such investment will allow Ipswich to strengthen its role as an anchor in the Ipswich – Norwich – Cambridge triangle and will strengthen our connectivity to London – allowing Suffolk to benefit from its proximity to these areas and further boost our economy and our key locations for investment.

Spatial distribution of growth in Suffolk



WE RECOGNISE THE DEMOGRAPHIC CHALLENGES WE ARE FACING AND THE IMPACT THESE CHANGES HAVE ON THE NEED TO BUILD MORE NEW HOMES.

Suffolk's population is forecast to increase by over 10% in the next 20 years. Within this growth the proportion of older people increases by nearly 50%. Currently 1 in 5 residents in Suffolk is over 65 and this is forecast to increase to 1 in 3 residents by 2037. This increase in numbers and average life expectancy means we will need significantly more homes in the future. Current estimates of the number of homes needed range from targets in local plans; an allocation of 67,100 new homes by 2036, to an ambitious target of 95,000 new homes set as part of our earlier Norfolk / Suffolk devolution discussions. The latter was predicated on receiving up to £25m per annum from Government with additional housing monies of £15m over five years for Ipswich. The local plan target figure equates

to approximately 3,000 new homes per annum, which is 1% of the UK total. We will work across Suffolk to identify opportunities for increased public-sector delivery of homes where possible.

THIS PATTERN OF INVESTMENT AND DEVELOPMENT WILL STRENGTHEN THE ROLE OF OUR PORTS; FELIXSTOWE, IPSWICH AND LOWESTOFT; AS VITAL GATEWAYS FOR UK TRADE.

The Port of Felixstowe is recognised as a major gateway with over 40% of all container traffic entering the UK coming through the Port. A coherent invest to grow strategy for the Ipswich area and East West transport axis (both along the A14 and East West passenger / freight rail routes) will enable Felixstowe and our other ports to support the wider expansion and improvement of the logistics and distribution sector in Suffolk, increasing the sector's contribution to the local, regional and national economy.

SUFFOLK'S COAST IS RECOGNISED AS A CENTRE FOR ENERGY GENERATION, PIONEERING INNOVATIVE APPROACHES TO RENEWABLE TECHNOLOGIES AND TARGETED INVESTMENT WILL ALLOW FURTHER ECONOMIC BENEFITS TO BE REALISED.

To maximise Suffolk's strengths in energy generation and renewable energy technologies requires significant investment in infrastructure, not least transport connectivity along the A12, the development of Sizewell C and investment in Lowestoft, as Suffolk's second town. This investment has started, through the commitment to the Third Crossing at Lake Lothing but more needs to be done if we are to remain at the forefront of the energy sector.

EXPANDING THE OPPORTUNITIES OFFERED BY OUR POST 16 EDUCATION AND TRAINING PROVIDERS IS CRUCIAL TO RAISING ASPIRATIONS AND DELIVERING THE SKILLED EMPLOYEES NEEDED FOR THE FUTURE.

The University of Suffolk and Suffolk's post 16 training providers, including our FE colleges, must continue to grow and work together to deliver increased impact. This growth will improve Suffolk's ability to both attract and retain graduates, boosting Suffolk's skills base and leading to a cycle of improvements in education and skills training (both facilities and provision) throughout the workforce at all ages.

WE WILL WORK TOGETHER TO PLAN AND SECURE INVESTMENT IN OUR INFRASTRUCTURE, SO WE HAVE CONNECTED PLACES THAT CAN SUSTAIN THE JOBS AND HOMES SUFFOLK NEEDS.

Our priorities for investment will focus on strengthening the key transport corridors into and across Suffolk (including A14, A12, A140 and the A11 and river crossings in Ipswich and Lowestoft), our rail routes (GEML and East West rail connectivity), and our utility needs (additional electricity sub-stations, water and sewer improvements, gas reinforcements and digital communications to all areas). We will also invest in coastal and flood management defences, waste and recycling operations, schools and health care facilities, to meet both current resident and business needs and future demand. The London–Ipswich–Norwich–Cambridge diamond encompasses seven airports and the two largest ports in Britain.

Through additional investment in our infrastructure Suffolk will continue to:

- provide the largest gateway for UK plc trade through national and internationally significant ports;
- lead the UK in energy technology, delivering both significant generation from existing and new sources and innovative solutions to long term energy demand through renewables development;
- deliver world leading research, development and implementation of ICT solutions building on the success of BT and the existing cluster at Adastral Park, and benefitting from investment into the Cambridge Norwich Tech Corridor (A11).

GOVERNMENT ARE EXPLORING OPTIONS TO ENCOURAGE GREATER JOINT PLANNING ACROSS DISTRICT AND BOROUGH BOUNDARIES AND SUFFOLK LEADERS ARE KEEN TO DEVELOP THEIR APPROACH IN PARTNERSHIP WITH GOVERNMENT.

Our Districts and Boroughs have Local Plans that allocate land for jobs and homes within their boundaries and that are approved by Government inspectors. To respond to the challenges facing our economy and our need for homes, Government are now asking local authorities to work in partnership to develop joint approaches to wider areas. These joint documents (to be known as Statements of Common Ground) can be developed on either a County wide basis or for specific geographic areas / transport corridors. Suffolk Authorities will work with Government to develop Statements of Common Ground alongside our work to finalise existing Local Plans and we will engage with communities throughout the process.

KEY MESSAGES ALREADY REPORTED TO GOVERNMENT

- Suffolk is developing an innovative approach to planning for the future, developing a framework for infrastructure investment aligning with plan making and delivering place based community growth
- Suffolk is willing to test approach to Statement of Common Ground (SoCG) approach as outlined in the Government's Housing White Paper and building on the work of our planning and infrastructure framework
- Suffolk is keen to implement the housing elements of the devolution agreement that was previously developed and secure more homes for its residents
- With additional powers and investment in infrastructure Suffolk councils could enable additional homes to be delivered, meeting resident demand both now and in the future.

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Agenda Item 11

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From: Cabinet Member for Planning	Report Number: BCa/17/71
To: Babergh Cabinet	Date of meeting: 10 May 2018

'DRAFT REVISED NATIONAL PLANNING POLICY FRAMEWORK' CONSULTATION PROPOSALS

1. Purpose of Report

- 1.1 To present and describe the Government's proposals as set out in their consultation titled 'Draft revised National Planning Policy Framework'.
- 1.2 Identify the potential implications in relation to Babergh and Mid Suffolk districts and the District Councils, and the production of the Babergh and Mid Suffolk Joint Local Plan.
- 1.3 Provide recommendations and seek agreement on the Babergh and Mid Suffolk District Councils response to the consultation.

2. Reason for Decision

- 2.1 To ensure that Cabinet are aware of the content and potential implications of the Government's consultation titled 'Draft revised National Planning Policy Framework', in order that Cabinet endorse the response to the consultation.

Recommendations

- 2.2 That Cabinet note the content and potential implications of the Government's consultation titled 'Draft revised National Planning Policy Framework' (and accompanying documents).
- 2.3 That Cabinet endorse the recommended response to the consultation (as contained in Appendix 1).

The Cabinet is able to resolve this matter.

3. Financial Implications

- 3.1 Responding to this consultation does not raise any direct financial implications other than those associated with officer time in responding to the consultation. However, there are significant potential financial implications arising from the proposals if these are to be implemented. In particular, the potential impact on financial and staff resources from additional viability and infrastructure evidence required to support site allocations, as well as the potential impact on the allocation of funding through the New Homes Bonus.

4. Legal Implications

- 4.1 Responding to this consultation does not raise any direct legal implications. Any legal implications for the Councils arising from any resultant future changes to national planning policy would be considered in due course.

5. Risk Management

- 5.1 This report is most closely linked with the Council's Significant Business Risks in respect of housing delivery; business growth and increased productivity; and community capacity building and engagement in respect of neighbourhood planning. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Housing delivery – having the right evidence base. There is a risk of the proposed national method of identifying housing need not reflecting the Districts' circumstances.	3 – Probable	3 – 'bad', should the housing numbers planned for not reflect need.	In calculating the housing requirement for the Districts, it will be necessary to undertake a local housing needs assessment in line with the proposed national method.
If development does not come forward in a timely way, then we may be unable to deliver the right housing in the right locations. This would also impact on our ability to meet the proposed housing delivery test and may affect the payment on New Homes Bonus to the Councils.	3 – Probable	3 – 'bad', should the housing number not be deliverable, and if it falls below 75% of the housing required from 2020 then the proposal is the presumption in favour of sustainable development will apply.	Responding to this consultation provides an opportunity to influence the level whereby the presumption in favour of sustainable development applies.
Housing delivery – if we do not secure investment in infrastructure (schools, health, broadband, transport etc.), then development is stifled and/or unsustainable.	2 – Unlikely	3 – 'bad'	Adopted Community Infrastructure Levy. Responding to this consultation provides an opportunity to comment on proposals to promote health, sustainable transport and high quality communications.

Risk Description	Likelihood	Impact	Mitigation Measures
If we do not identify and provide the right amount of employment land and property in the right places our current businesses may not be able to remain in our districts and we may not attract new businesses.	2 – Unlikely	3 – ‘bad’	The proposals strengthen supporting business growth and productivity. Responding to this consultation provides an opportunity to comment on these proposals.
Community capacity building and engagement – failure to deliver Neighbourhood Plans.	2 – Unlikely	2 – ‘noticeable’	The proposals provide additional certainty for neighbourhood plans. Responding to this consultation provides an opportunity to comment on these proposals.

6. Consultations

- 6.1 Internal consultation has taken place with Planning Policy, Development Management, Strategic Housing, Economic Development, and Infrastructure officers within Babergh and Mid Suffolk District Councils.

7. Equality Analysis

- 7.1 There are no equality and diversity implications arising directly from the content of this report.

8. Shared Service / Partnership Implications

- 8.1 Whilst the Councils are producing a Joint Local Plan and there are potential implications arising from the Government’s consultation in relation to this, there are no direct Shared Service or Partnership Implications arising from this report.

9. Links to Joint Strategic Plan

- 9.1 This Consultation introduces changes to national planning policy which will contribute to all the three main priority areas that Councillors identified in the Joint Strategic Plan: Economy and Environment, Housing, and Strong and Healthy Communities.

10. Key Information

- 10.1 In February 2017 the Government a consultation on the Housing White Paper 'Fixing our Broken Housing Market'. The Housing White Paper set out a number of proposals on changes to national housing policy including some proposals related directly to planning, with the intention that the details around these would be followed up with further consultation and amendments to the National Planning Policy Framework (NPPF).
- 10.2 The Councils submitted a response to the Housing White Paper consultation and their response can be viewed at: <http://www.babergh.gov.uk/assets/The-Council/Consultations/Final-responses-FTBHM-28.4.17.pdf> and <http://www.midsuffolk.gov.uk/assets/The-Council/Consultations/Final-responses-FTBHM-28.4.17.pdf>.
- 10.3 In September 2017 the Government followed this with a consultation on 'Planning for the Right Homes in the Right Places'. This consultation set out a number of proposals covering topics that included: a proposed approach to calculating the local housing need; a statement of common ground; planning for a mix of housing needs; neighbourhood planning; a proposed approach to viability assessment; planning fees; and other issues including build out, prematurity and an opportunity to review other Housing White Paper responses.
- 10.4 The Councils submitted a response following Cabinet meetings in November 2017 and the Cabinet reports can be viewed at: <http://babermhidsuffolk.moderngov.co.uk/documents/s7727/Planning%20Consultation%20Report%20-%20Andrea%20Mc.pdf> and <http://babermhidsuffolk.moderngov.co.uk/documents/s7717/Planning%20Consultation%20Report%20-%20Andrea%20Mc.pdf>.
- 10.5 On 5th March 2018, the Government launched its consultation entitled 'Draft revised National Planning Policy Framework'. This consultation follows on from those outlined in paragraphs 10.1 and 10.3 of this report. The consultation is open until 11.45pm on Thursday 10th May 2018.
- 10.6 The consultation documents, which are detailed below, can be viewed at: <https://www.gov.uk/government/consultations/draft-revised-national-planning-policy-framework>.
- National Planning Policy Framework: consultation proposals;
 - National Planning Policy Framework: draft text for consultation;
 - Draft planning practice guidance; and
 - Housing Delivery Test: draft measurement rule book.
- 10.7 There is also a further consultation on supporting housing delivery through developer contributions which is subject to a separate Cabinet Report.
- 10.8 This report focuses on the National Planning Policy Framework (NPPF) consultation proposals and sets out the key issues with implications for Babergh and Mid Suffolk District Councils. There are 43 questions which are outlined together with the suggested response in Appendix 1.

11. Key Issues for Babergh and Mid Suffolk District Councils

Introduction

- 11.1 This chapter proposes that the recommendations of the National Infrastructure Commission may be material when preparing plans or determining planning applications.

Achieving sustainable development

- 11.2 The presumption in favour of sustainable development is now set out in paragraph 11 and the draft text sets out an expectation for objectively assessed needs for housing to be accommodated unless there are strong reasons not to, including any unmet need from neighbouring areas.
- 11.3 It is proposed to that the 'core planning principles' section in the existing NPPF is deleted and to ensure that important policy messages are aligned with relevant topic chapters to maximise their effectiveness. The content of the core principles has been retained, and moved to the most appropriate parts of the revised NPPF.

Plan-making

- 11.4 A number of changes to plan-making policy are reflected in the plan making chapter as follows. These include:
- Amendments to the tests for a 'sound' plan, so it should set out 'an' appropriate strategy rather than 'the most appropriate strategy';
 - A new requirement to review plan policies every five years following the date of adoption and update where necessary;
 - Allowing a more proportionate approach to the evidence expected in respect of both local and strategic policies to support a 'sound' plan;
 - An expectation that plans should use digital tools to assist consultation and presentation of policies.
 - To meet the tests of soundness, a statement of common ground will need to be prepared and maintained as evidence of the statutory duty to co-operate; and
 - A new approach to viability, through which plans are expected to be clear about the contributions expected in association with development.

Decision-making

- 11.5 Proposals include that where a proposed development accords with all relevant policies in the plan there is no need for a viability assessment to accompany the planning application. Viability assessments are to reflect the Government's recommended approach which is set out in draft revised national planning guidance published alongside the draft revised NPPF. This has significant potential implications for the Councils resources in respect of the level of detail required at the plan-making stage.

Delivering a wide choice of high quality homes

- 11.6 A new standard method for the calculation of local housing need is introduced with the details of the standard method set out in the draft revised national planning guidance. This follows on from proposals in the 'Planning for the Right Homes in the Right Places' consultation in September 2017 and supersedes the housing requirement identified in the Councils' Strategic Housing Market Assessment when implemented.
- 11.7 Other proposals include setting clear policies to address the housing requirements of groups with particular needs, including students, travellers and people who rent their homes.
- 11.8 There is a proposal that at least 10% of homes on major sites should be available for affordable home ownership and that local authorities should provide a housing requirement figure for designated neighbourhood areas. In addition, there is the proposal that local authorities should ensure at least 20% of the sites allocated for housing in their plans are of half a hectare or less.
- 11.9 A Housing Delivery Test is introduced and from 2020, the presumption in favour of sustainable development will apply where delivery is below 75% of the authority's housing requirement, even if there is a demonstrable five-year housing land supply.
- 11.10 The five-year housing land supply position should be capable of being agreed for a one-year period, and this should be demonstrated either through a recently adopted plan, or through a subsequent annual position statement.
- 11.11 There is a suggestion that the payment of the New Homes Bonus could be linked to the housing delivery test or the standard approach to local housing need and more detail would be consulted on before proposed implementation in 2019-20.
- 11.12 It is proposed that authorities should consider imposing a planning condition to bring forward development within two years, except where a shorter timescale could hinder the viability or deliverability of a scheme.
- 11.13 In addition, there is the idea that local planning authorities should support the development of entry level exception sites, suitable for first time buyers or those looking to rent their first home, unless the need for such homes is already being met within the authority's area. These sites should be outside existing settlements, on land which is not already allocated for housing.

Economy, town centres, healthy and safe communities, sustainable transport, communications, effective use of land and design

- 11.14 There are references to the Government's Industrial Strategy and the importance of supporting business growth and improved productivity, as well as the approach to accommodating sites for local business and community needs outside existing settlements.
- 11.15 In respect of allocating sites for town centre uses, policies should look ten years ahead and the 'sequential approach' to planning applications is amended, so out-of-centre sites should be considered only if suitable town centre or edge of centre sites are unavailable within a reasonable period.

- 11.16 There is additional recognition to the role that planning can play in promoting social interaction and healthy lifestyles, through active street frontages, provision of safe and accessible green infrastructure, and local shops for example.
- 11.17 Assessing the transport impact of proposals should now also refer to highway safety as well as capacity and congestion, with access to high quality public transport where possible.
- 11.18 Reference should be made in plan policies to the delivery of high quality digital infrastructure.
- 11.19 There is a focus on avoiding building homes at low densities in areas of high demand, and pursuing higher-density housing in accessible locations well served by public transport, whilst reflecting the character and infrastructure capacity of each area, unless it can be shown there are strong reasons why this would be inappropriate.
- 11.20 Plans should set out a clear design vision and expectation, supported by visual tools such as design guides and codes.

Conserving and enhancing the natural and historic environment

- 11.21 This recognises the Government’s 25-year Environmental Plan and includes additional policy on strengthening existing networks of habitats and taking air quality fully into account.
- 11.22 In respect of designated heritage assets, decision-makers should give great weight to the asset’s conservation.

12. Appendices

Title	Location
Response to ‘Draft revised National Planning Policy Framework’ consultation	Appendix 1

13. Background Documents

- 13.1 Links to key documents are included within the report.

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Appendix 1 – Response to ‘Draft revised National Planning Policy Framework’ consultation

Question 1

Do you have any comments on the text of Chapter 1 (Introduction)?

Answer

No. It is noted the revised text reflects previous announcements.

Question 2

Do you agree with the changes to the sustainable development objectives and the presumption in favour of sustainable development?

Answer

The requirement to automatically say that strategic plans should as a minimum meet any needs that cannot be met within neighbouring areas does not take into account the additional requirement that some local authorities are required to meet under the new standard methodology for calculating housing need.

Support the focus on objectively assessed needs for other development alongside housing.

Question 3

Do you agree that the core principles section should be deleted, given its content has been retained and moved to other appropriate parts of the Framework?

Answer

So long as the emphasis of the core principles is not lost. Embedding these within the document should strengthen their application in planning decisions.

Question 4

Do you have any other comments on the text of Chapter 2 (Achieving sustainable development), including the approach to providing additional certainty for neighbourhood plans in some circumstances?

Answer

Support the statement that ‘Neighbourhood plans should support the delivery of strategic policies contained in local plans’ and ‘should shape and direct development that is outside of these strategic policies’, where this is undertaken in a positive manner.

Question 5

Do you agree with the further changes proposed to the tests of soundness, and to the other changes of policy in this chapter that have not already been consulted on?

Answer

Support the amendment to the tests for a ‘sound’ plan where the requirement is to set out an appropriate strategy and based on proportionate evidence.

Support the need to review policies every five years, but if the requirement is to have an adopted plan five years after the previous one, this could result in an increased pressure on finances and resources required to ensure this is met.

Concern that whilst it is recognised as a good idea to front-load the infrastructure and viability information required for particular sites at the plan-making stage, this could result in a disproportionate amount of resource and cost being required, which has the potential to lengthen the time it takes to produce plans.

Question 6

Do you have any other comments on the text of Chapter 3 (Plan-making)?

Answer

No, as the comments made in respect of Chapter 3 are in the answer to Question 5.

Question 7

The revised draft Framework expects all viability assessments to be made publicly available. Are there any circumstances where this would be problematic?

Answer

Support all viability assessments being made publicly available.

Question 8

Would it be helpful for national planning guidance to go further and set out the circumstances in which viability assessment to accompany planning applications would be acceptable?

Answer

Yes.

Question 9

What would be the benefits of going further and mandating the use of review mechanisms to capture increases in the value of a large or multi-phased development?

Answer

To get a consistent approach to capture uplift so it is not a matter of debate.

Question 10

Do you have any comments on the text of Chapter 4 (Decision-making)?

Answer

Whilst it is supported that development accords with all the relevant policies in an up-to-date development, a viability assessment may be required to reflect changing infrastructure costs depending on when a planning application is determined.

Question 11

What are your views on the most appropriate combination of policy requirements to ensure that a suitable proportion of land for homes comes forward as small or medium sized sites?

Answer

Support the proposal that local authorities should seek to allocate sites for housing in their plans of half a hectare or less. Question how the 20% requirement of all sites allocated was derived.

Question 12

Do you agree with the application of the presumption in favour of sustainable development where delivery is below 75% of the housing required from 2020?

Answer

Whilst a target for housing delivery in principle is a good idea, feel 75% is high, particularly in areas that have seen a large uplift in the housing requirement as a result of the standard method for calculating housing need. How has the 75% figure been derived?

Do not agree with the presumption in favour of sustainable development being applied as the actual delivery of homes is largely outside the control of the local planning authority, e.g. build rates.

Question 13

Do you agree with the new policy on exception sites for entry-level homes?

Answer

As long as the market housing meets a need identified locally, e.g. downsizing accommodation for older people, and being proportionate to cross-subsidise the provision of affordable homes. Community Land Trusts are a good example of facilitating delivery in this regard.

Question 14

Do you have any other comments on the text of Chapter 5 (Delivering a sufficient supply of homes)?

Answer

Support the proposal that the five-year housing land supply should be capable of being agreed for a one-year period.

Do not support the suggestion that the New Homes Bonus could be linked to the housing delivery test or the standard approach to local housing need. This could have severe financial consequences for local planning authorities, when delivery is largely controlled by others in the development sector.

Support the proposal that authorities should consider imposing a planning condition to bring forward development within two years and Babergh and Mid Suffolk District Councils have been doing this. It is also important that applicants are transparent about their intended build programme.

Support the proposal that existing isolated homes in the countryside can be sub-divided.

Concern that the requirement for 10% affordable home ownership is the default position unless exemptions can be justified, and this will have an impact on the amount of rented homes being delivered. Suggest the current approach allows for the delivery of affordable housing to meet identified needs.

Question 15

Do you agree with the policy changes on supporting business growth and productivity, including the approach to accommodating local business and community needs in rural areas?

Answer

Agree with the changes to strengthen support for business growth and productivity, as long as it respects the character of the countryside and does not lead to inappropriate and unsustainable development, and does not have an unacceptable impact on local amenity.

Question 16

Do you have any other comments on the text of chapter 6 (Building a strong, competitive economy)?

Answer

The NPPF should offer protection for existing employment land and premises as well as recognition of the needs of existing businesses on established, defined sites, which are viable for employment purposes.

Question 17

Do you agree with the policy changes on planning for identified retail needs and considering planning applications for town centre uses?

Answer

Support the 'sequential approach' to allocating sites for town centre uses where out-of-centre sites are only considered if suitable town centre or edge of centre sites are unavailable within a reasonable period. It is noted that policies should look ten years ahead, however greater clarity is required on what is a reasonable period.

Question 18

Do you have any other comments on the text of Chapter 7 (Ensuring the vitality of town centres)?

Answer

It is necessary to recognise that ground floor frontages in defined town centres are important for commercial uses.

Question 19

Do you have any comments on the new policies in Chapter 8 (Promoting healthy and safe communities) that have not already been consulted on?

Answer

Note the additional recognition that planning can play in promoting social interaction and healthy lifestyles through active street frontages, the provision of safe and accessible green infrastructure, and local shops for example, and that this needs to be strengthened further to reflect that higher density development is not always appropriate in certain locations.

Question 20

Do you have any other comments the text of Chapter 8 (Promoting healthy and safe communities)?

Answer

No, as the comments made in respect of Chapter 8 are in the answer to Question 20.

Question 21

Do you agree with the changes to the transport chapter that point to the way that all aspects of transport should be considered, both in planning for transport and assessing transport impacts?

Answer

Agree that all aspects of transport should be considered, both in planning for transport and assessing transport impacts. However, it is important to recognise in rural locations there may be limited opportunity to encourage all aspects of transport provision.

Question 22

Do you agree with the policy change that recognises the importance of general aviation facilities?

Answer

Not applicable.

Question 23

Do you have any other comments on the text of Chapter 9 (Promoting sustainable transport)?

Answer

No, as the comments made in respect of Chapter 9 are in the answer to Question 21.

Question 24

Do you have any comments on the text of Chapter 10 (Supporting high quality communications)?

Answer

Support the emphasis on high quality communications infrastructure, however the success of its delivery will often be the willingness of the infrastructure provider to undertake this.

Question 25

Do you agree with the proposed approaches to under-utilised land, reallocating land for other uses and making it easier to convert land which is in existing use?

Answer

Support the effective use of land, however the use of brownfield land for housing should be in appropriate locations where there is not a detrimental effect on residential amenity.

Question 26

Do you agree with the proposed approach to employing minimum density standards where there is a shortage of land for meeting identified housing needs?

Answer

Support this approach in established urban areas of a significant scale that are not subject to other constraints such as heritage.

For market towns and villages that are well-connected by public transport services, there is a risk this would compromise well-designed places.

Question 27

Do you have any other comments on the text of Chapter 11 (Making effective use of land)?

Answer

It is important to recognise there is also a need to safeguard existing jobs and industry.

Question 28

Do you have any comments on the changes of policy in Chapter 12 (Achieving well-designed places) that have not already been consulted on?

Answer

No. Good design continues to be embedded within the National Planning Policy Framework.

Question 29

Do you have any other comments on the text of Chapter 12 (Achieving well-designed places)?

Answer

No. Good design continues to be embedded within the National Planning Policy Framework.

Question 30

Do you agree with the proposed changes to enable greater use of brownfield land for housing in the Green Belt, and to provide for the other forms of development that are 'not inappropriate' in the Green Belt?

Answer

Not applicable.

Question 31

Do you have any other comments on the text of Chapter 13 (Protecting Green Belt land)?

Answer

Not applicable.

Question 32

Do you have any comments on the text of Chapter 14 (Meeting the challenge of climate change, flooding and coastal change)?

Answer

No. It is noted the revised text reflects previous announcements.

Question 33

Does paragraph 149b need any further amendment to reflect the ambitions in the Clean Growth Strategy to reduce emissions from buildings?

Answer

Local requirements for the sustainability of buildings should be allowed to go above the Government's policy for national technical standards where it is proven these can be delivered.

Question 34

Do you agree with the approach to clarifying and strengthening protection for areas of particular environmental importance in the context of the 25 Year Environment Plan and national infrastructure requirements, including the level of protection for ancient woodland and aged or veteran trees?

Answer

Support the approach to strengthening protection for areas of particular environmental importance and in particular additional policy on strengthening existing networks of habitats.

Question 35

Do you have any other comments on the text of Chapter 15 (Conserving and enhancing the natural environment)?

Answer

No. Note the continued focus on enhancing the local and natural environment.

Question 36

Do you have any comments on the text of Chapter 16 (Conserving and enhancing the historic environment)?

Answer

No. Note the continued focus on conserving and enhancing the historic environment.

Question 37

Do you have any comments on the changes of policy in Chapter 17 (Facilitating the sustainable use of minerals), or on any other aspects of the text of this chapter?

Answer

No. Suffolk County Council are the lead authority on minerals planning in Suffolk.

Question 38

Do you think that planning policy on minerals would be better contained in a separate document?

Answer

No comment as Suffolk County Council are the lead authority on minerals planning in Suffolk.

Question 39

Do you have any views on the utility of national and sub-national guidelines on future aggregates provision?

Answer

No comment as Suffolk County Council are the lead authority on minerals planning in Suffolk.

Question 40

Do you agree with the proposed transitional arrangements?

Answer

Do not agree with the Housing Delivery Test proposal of less than 75% delivery of the housing requirement resulting in the application of the presumption in favour of sustainable development from 2020.

Question 41

Do you think that any changes should be made to the Planning Policy for Traveller Sites as a result of the proposed changes to the Framework set out in this document? If so, what changes should be made?

Answer

No comment. Any changes deemed necessary should be proposed alongside this consultation.

Question 42

Do you think that any changes should be made to the Planning Policy for Waste as a result of the proposed changes to the Framework set out in this document? If so, what changes should be made?

Answer

No comment. Any changes deemed necessary should be proposed alongside this consultation.

Question 43

Do you have any comments on the glossary?

Answer

No, as this has been amended to reflect changes throughout the National Planning Policy Framework.

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Agenda Item 12

BABERGH DISTRICT COUNCIL

From: Cabinet Member for Organisational Delivery	Report Number: BCa/17/72
To: Cabinet	Date of meeting: 10th May 2018

END OF YEAR RISK POSITION STATEMENT AND PROGRESS REPORT

1. Purpose of Report

- 1.1 The report details movements of Significant Risks up to 31st March 2018 and the work undertaken around risk management processes since April 2017.

2. Recommendations

- 2.1 That the contents of this report, supported by Appendix A and B, be approved.

Reason for Decision:

To provide assurances that risk management processes in place are robust and effective.

3. Financial Implications

- 3.1 As detailed in the report.

4. Legal Implications

- 4.1 There are no immediate legal implications arising from this report.

5. Risk Management

- 5.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If risks are not managed it will have a detrimental effect on the Councils ability to make the right business decisions	Unlikely – 2	Bad – 3	The Risk Management Strategy, training and reporting arrangements ensure senior management and Members can obtain necessary assurance that the Councils are making every effort to reduce/eliminate risks of not achieving its objectives

6. Consultations

- 6.1 Risk owners were consulted on their relevant risks and the report and register were presented to SLT on 11th April 2018.

7. Equality Analysis

7.1 There are no immediate equality and diversity implications associated with this report.

8. Shared Service / Partnership Implications

8.1 The overall approach has been to develop a single shared model for risk management for both Councils and the Significant Risk Register attached is a shared document across the two Councils.

9. Links to Joint Strategic Plan

9.1 The Joint Strategic Plan and the Work Programme to deliver it covers all of the service delivery and development activity planned to be undertaken across both Councils in the next five years. The way we manage key corporate risk is therefore intrinsic to this strategy and plan of work, and will be embedded in each key activity, project and programme.

10. Key Information

10.1 To structure and formalise the risk management arrangements across all functions, Babergh and Mid Suffolk District Councils have developed a systematic and logical process of managing business risk within a comprehensive framework to ensure it is managed effectively, efficiently and coherently across the organisations. The Risk Management Strategy further outlines our approach.

10.2 It is the role of the Audit and Risk Management Services team within the Councils to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisations to take control of the risks that threaten delivery. The role of the team is also to provide a level of challenge and scrutiny to the risk owners through regular 1-1 meetings and group sessions.

10.3 This report details movements of Significant Risks up to 31st March 2018 and the work undertaken around risk management processes since April 2017.

Significant Risk Register – Current position

10.4 The Significant Register and process has been strengthened by including the addition of Cabinet Lead Members for each risk on the register to ensure dialogue between risk owners and Members. It is hoped that this will help further embed the risk process and ensure ownership by keeping relevant Members up to date with risks. This should also help equip Members with the knowledge to field queries from other Members should they arise. The register also now includes the ability to link to relevant projects; these risks will also be reflected in performance reporting. This piece of work is ongoing.

10.5 As at March 2018 there are 26 risks on the register, 0 low, 12 medium, 11 high and 3 very high. Mitigation progress for 25 risks are 'on track' with no identified issues, One risk has 'poor progress' (Risk 5j – see para 10.10.4). It is our opinion that the significant risks are being managed appropriately by a robust system of recording, monitoring and reviewing and Members can have confidence and assurance in the systems above. The charts below summarise levels of risk within each theme and should be read in conjunction with the full register (Appendix A) to provide further detail of each risk:

Risk scores:

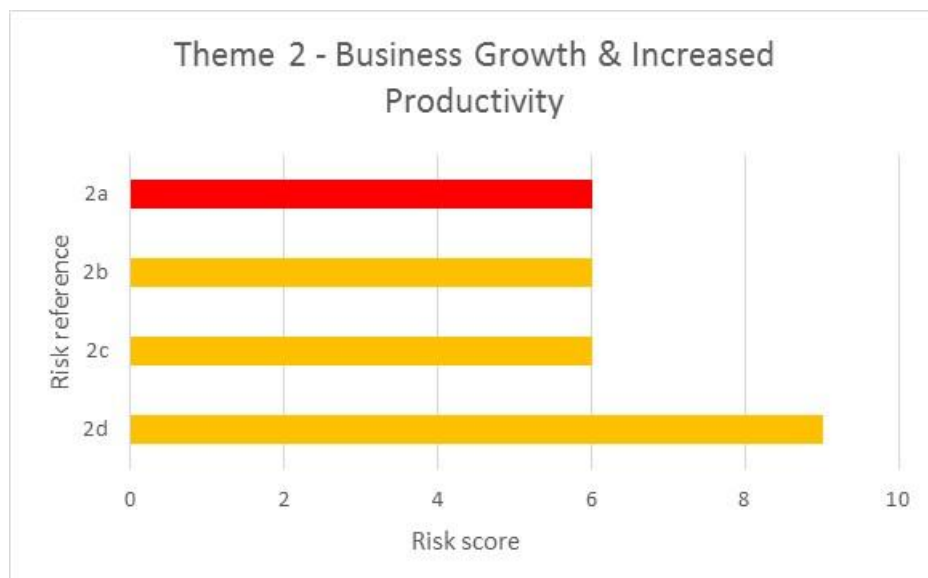


10.6 Theme 1:



10.6.1 There have been no changes to the risk scorings from the previous quarter, however mitigation progress has been updated to reflect the latest position.

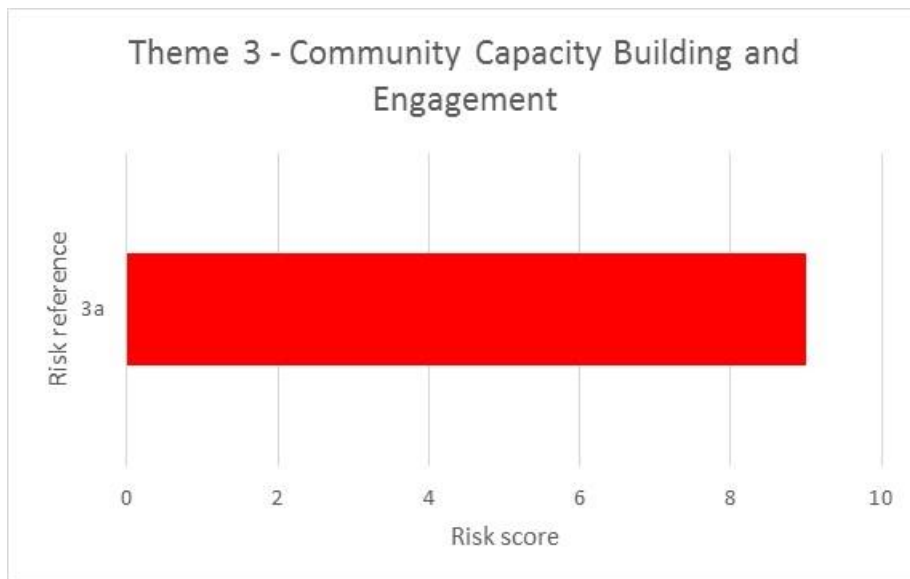
10.7 Theme 2:



10.7.1 Following group discussion and challenge, the inherent scores for risks 2a and 2b were decreased due to the consideration of external controls in place; 2a – the existence of the LEP reduces the likelihood score; 3b – It was considered the inherent likelihood and impact scores were reduced by the work undertaken by the Town Council and Chamber of Commerce. All current scores remain unchanged from the

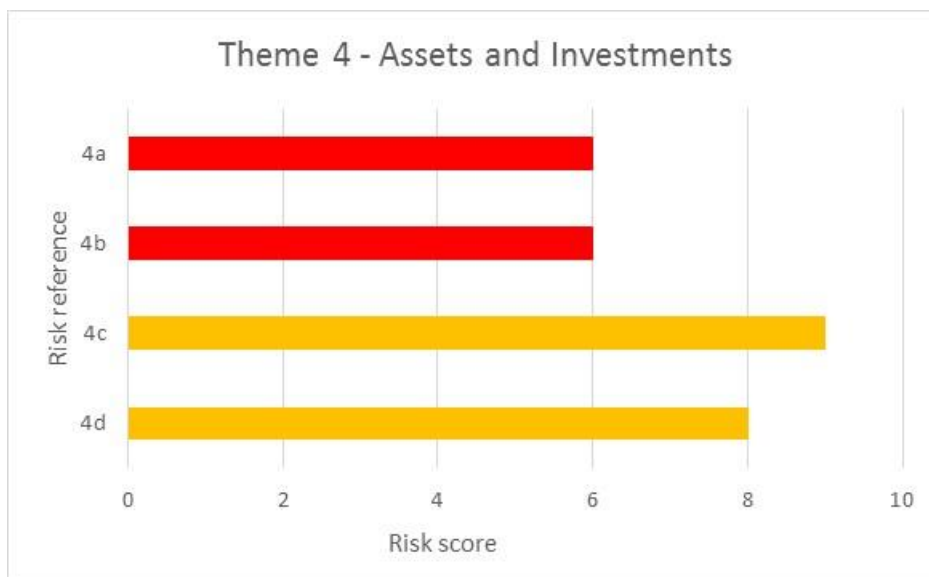
previous quarter, however mitigating actions have been updated to reflect the latest position.

10.8 Theme 3:



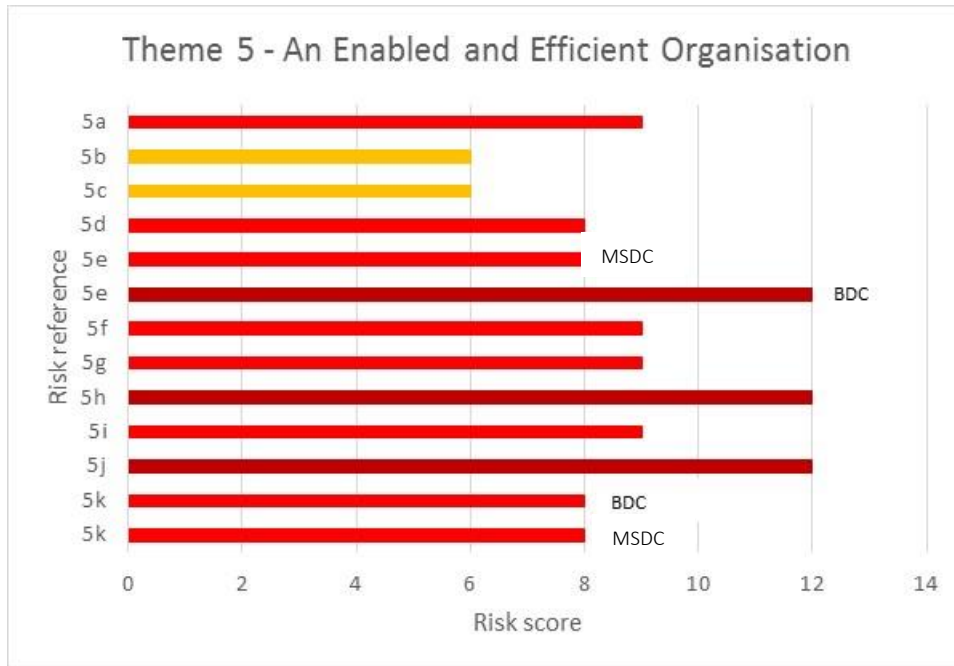
10.8.1 One risk under Theme 3 was removed and amalgamated with 3a – this was ‘*Failure to deliver Neighbourhood Plans*’. It was felt that this area was already being captured within the actions of risk 3a, therefore all mitigating actions relating to Neighbourhood Plans have been updated for this risk.

10.9 Theme 4:



10.9.1 The current score for risk 4c – *If we do not manage our asset portfolio effectively it may result in: lost opportunity; loss of capital value; increased revenue costs and loss of public confidence* has increased from a score of 6 (medium) to 9 (high). This was discussed as a group at the SLT risk review session and agreed that although the likelihood had decreased as a result of mitigating actions, the impact remained at a score of 3.

10.10 Theme 5:



10.10.1 Due to the progression of mitigating actions, two risks under Theme 5 were moved to the appropriate Operational Risk Registers for monitoring and review: *If we do not have robust governance arrangements that enable good decisions to be taken that are appropriate for the environment that we are operating in, then we will be unable to operate effectively and be at risk of potential legal challenge*, and *If SCC does not have a disaster recovery site for all systems hosted in Endeavour House and The Data Centre in Constantine House car park, then this could lead to the risks of integrity and availability of council information and services – off site back up is now in place at Bury St Edmunds.*

Operational registers can be viewed via the Audit and Risk Management section of Connect.

10.10.2 The Inherent score for risk 5e *If we do not understand our financial position and respond in a timely and effective way, then we will be unable to deliver the entirety of the Join Strategic Plan* in relation to **BDC** has had the likelihood score increased from a 3 to a 4 as it was felt that the scores for the two councils should reflect the different positions they are in.

10.10.3 Risk 5h – *If we fail to protect the safety, health, welfare and wellbeing of our employees and other persons to whom we owe a duty of care, then there could be significant consequences at corporate and individuals levels.* The score for this risk has decreased from 16 to 12 following the progress of the H&S action plan and actions put in place, significantly reducing the possibility of financial penalties.

10.10.4 Risk 5j - *If we experience challenges with staff recruitment and retention, then this will start to impact on performance, our income, the costs of potential legal challenge, government scrutiny, staff morale and public confidence*, is a new risk added to the register under Theme 5. Issues with staff retention and recruitment are being experienced particularly within the Planning department currently and actions are being taken to manage this.

- 10.10.5 Risk 5k is a new risk added to the register relating to not working together to realise efficiencies.
- 10.10.6 All other risk scores under Theme 5 remain unchanged from the previous quarter however, mitigating actions have been updated.
- 10.11 All Significant Risks have been plotted on the risk matrix below to provide an overview of levels of risks across the five themes:

Impact / Consequence	Disaster	4		4d, 5d, 5e, 5k	5e, 5h	
	Bad/Serious	3		1c, 1d, 1e, 2a, 2b, 2c, 4a, 4b, 5c	1b, 2d, 3a, 5a, 5f, 5g, 5i	5j
	Noticeable /Minor	2		1a	4c, 5b	
	Minimal	1				
			1	2	3	4
			Highly Unlikely	Unlikely	Probable	Highly Probable
			Probability / Likelihood			

10.12 Senior Leadership Team continue to meet quarterly with the Risk Team to review and challenge all risks on the register and discuss current and emerging issues that may require consideration for the register. These meetings are structured by way of an agenda and minutes captured. This provides evidence of the rationale behind the decision-making process.

Operational Risks:

- 10.13 A great deal of work has gone into improving and embedding risk management across the Councils in the past year and in addition to enhancements to the Significant Risk Register, Operational Risk Registers have been created. One new amalgamated risk register is now in place which captures significant, operational and project risks all in one place. This excel formatted document is located on the Audit and Risk Management page of Connect and can be accessed by all staff and Members at any point in time. The Operational Risk Registers are living documents which are being updated at any point in time.
- 10.14 Previously operational risks have only been captured on a sporadic basis and where registers have existed, they have not been in a consistent format or located in one central location. New Operational Risk Registers have now been created as above, and each service area sits under their appropriate strategic theme. These registers also include cross references to performance indicators and projects where relevant.
- 10.15 A presentation was given at the Corporate Managers Network meeting in January 2018 by the Risk Officer and Performance Officer, detailing what was required of managers to complete their registers and equipping them with the tools to do so. The

Risk Officer has spent a considerable amount of time with various officers assisting them to complete their registers. We are pleased to confirm that all 27 Operational Risk Registers have been populated and are available to view on Connect.

- 10.16 The next steps will be to put a process in place to ensure that these are updated on a regular basis and that there is a mechanism to make sure that these are communicated with relevant Assistant Directors to ensure any risks seen to be escalating, can be considered for inclusion on the Significant Risk Register. Analysis will also be undertaken to identify any generic risks which may pose a bigger risk.

Other work:

- 10.17 The Audit and Risk Management team continue to work with report writers offering guidance and assistance with capturing and recording the appropriate risks and scores in Committee reports. These are 'signed off' before submission to ensure continuity of risk wordings and scorings with the corporate Risk Matrix.
- 10.18 A reputational risk workshop for key staff was due to be held on 1st March 2018 but was unfortunately cancelled due to the heavy snow the region experienced. This has now been rescheduled and will be delivered by an external risk expert in May 2018.
- 10.19 Going forward into 2018/19, we aim to further embed risk management across the Councils and hopefully the creation of the Operational Risk Registers will enable this at all levels.

11. Appendices

Title	Location
(a) Significant Risk Register	Attached
(b) Risk Matrix	Attached

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BABERGH AND MID SUFFOLK SIGNIFICANT RISK REGISTER - MARCH 2018

RISK DETAILS	Risk owner	Cabinet Member Lead	Link to Performance Indicator	Inherent scores			Current scores		
				L	I	S	L	I	S

KEY L = Likelihood I = Impact S = Score MITIGATION RAG STATUS: DIRECTION OF TRAVEL (score):	Better than expected progress	On Track	Poor Progress	
	Decreased	Stayed the same	Increased	NEW RISK

1 - HOUSING DELIVERY										
1a	RISK: If we do not have an up to date understanding of housing need and demand, then we may not know if we are meeting it. MITIGATION: Having the right evidence base e.g. making use of Suffolk Housing Need Survey and existing Local Housing Need Surveys. Published the Strategic Housing Market Assessment as part of evidence base for Joint Local Plan. Creating Joint Local Plan	Assistant Director - Planning for Growth	Cabinet Members for Planning		3	2	INHERENT RISK SCORE 6	2	2	CURRENT RISK SCORE 4
								Mitigation RAG Status On Track	Direction of travel (score) Stayed the same	
1b	RISK: If we do not have a sufficient, appropriate supply of land available in the right locations, then we may be unable to meet housing needs in the district. MITIGATION: Current local plans in place, call for sites undertaken. New Joint Local Plan with comprehensive site allocations, currently out to consultation. Continue to endeavour to unblock 'stalled sites'. Outcomes of Scrutiny review	Assistant Director - Planning for Growth	Cabinet Members for Planning		3	3	INHERENT RISK SCORE 9	3	3	CURRENT RISK SCORE 9
								Mitigation RAG Status On Track	Direction of travel (score) Stayed the same	
1c	RISK: If development does not come forward in a timely way, then we may be unable to deliver the right housing in the right locations MITIGATION: Have Infrastructure and Delivery Officer in post. Have approach to unblocking stalled sites which has been agreed by Executive and Strategy Committees. Develop relationships with Developers e.g. client side panel hosted by Development Management. Working on Infrastructure Strategy and working Suffolk-wide to understand infrastructure funding and delivery. Additional resources provided in Mid Suffolk to bring forward delivery.	Assistant Director - Planning for Growth	Cabinet Members for Planning		3	3	INHERENT RISK SCORE 9	2	3	CURRENT RISK SCORE 6
								Mitigation RAG Status On Track	Direction of travel (score) Stayed the same	

1d	RISK: If we do not secure investment in infrastructure (schools, health, broadband, transport etc.), then development is stifled and/or unsustainable	Assistant Director - Planning for Growth	Cabinet Members for Economy		3	3	INHERENT RISK SCORE 9	2	3	CURRENT RISK SCORE 6
	MITIGATION: Adopted Community Infrastructure Levy (CIL), CIL expenditure framework to be adopted by Council in April, secure investment on infrastructure via planning process (e.g. S106). Creating Strategic Planning and Infrastructure framework (SPIF), creating Local Plan, Infrastructure Strategy, New Anglia LEP Economic Strategy, draft created an awaiting endorsement from Cabinet in October		Cabinet Members for Planning					Mitigation RAG Status	Direction of travel (score)	
								On Track	Stayed the same	
1e	RISK: If there is an insufficient local supply of appropriate homes for the ageing population, then our communities may experience a reduced quality of life, there will be cost implications to the public sector and there will be a reduced turnover in housing stock	Assistant Director - Housing	Cabinet Members for Housing		3	3	INHERENT RISK SCORE 9	2	3	CURRENT RISK SCORE 6
	MITIGATION: Creating BMSDC Housing Strategy, Creating Joint Local Plan, Health and Housing Charter, Suffolk Older Persons Housing Strategy, Housing strand being developed for Suffolk Growth Programme Board							Mitigation RAG Status	Direction of travel (score)	
								On Track	Stayed the same	
2 - BUSINESS GROWTH AND INCREASED PRODUCTIVITY										
2a	RISK: If we do not understand the needs and aspirations of our businesses we may not be able to focus our interventions and resources in a way which will provide the right support	Assistant Director - Planning for Growth	Cabinet Members for Economy		3	3	INHERENT RISK SCORE 9	2	3	CURRENT RISK SCORE 6
	MITIGATION: Implementing a two-tier method of Business Relationship Management /Linking our business data and intel into FAME CRM system facilitated by NALEP/ Increasing our direct business engagement with key sectors through our Chambers of Commerce, Growth Hub and other business support organisations/networking opportunities including joint lobbying on significant issues such as major infrastructure and national Industry Strategy / We have increased evidence based including Visitor Economy 'Volume and Value' studies and the draft NLP Ipswich Area Economic Sector needs data now in which is informing our Economic Development Strategy / Economic Open for Business Strategy has now been adopted and published.							Mitigation RAG Status	Direction of travel (score)	
								On Track	Stayed the same	
2b	RISK: If we do not engage with the communities of Sudbury to develop a 'Vision' which is then supported by a programme of projects, activities and initiatives (including regeneration) which will deliver the 'Vision' we may not maximise the economic potential of our largest market towns.	Assistant Director - Planning for Growth	Cabinet Member for Communities (BDC)		3	3	INHERENT RISK SCORE 9	2	3	CURRENT RISK SCORE 6
	MITIGATION: 1.) Formulation of a delivery programme and action to deliver 'VfP' which sets out milestones, timeline is underway 2.) Regeneration activities through investment programme, collaborations and enabling communities e.g. Gainsborough House, Kingfisher Leisure Centre, Customer Service Centre		Cabinet Member for Economy (BDC)					Mitigation RAG Status	Direction of travel (score)	
								On Track	Stayed the same	

2c	RISK: If we do not engage with the communities of Stowmarket to develop a 'Vision' which is then supported by a programme of projects, activities and initiatives (including regeneration) which will deliver the 'Vision' we may not maximise the economic potential of our largest market towns.	Assistant Director - Planning for Growth	Cabinet Member for Communities (MSDC)		3	3	INHERENT RISK SCORE 9	2	3	CURRENT RISK SCORE 6
	MITIGATION: 1.) Creation of a framework of projects and programmes to deliver 'Vision' which sets out milestones, timeline is underway. 2) Regeneration activities through investment programme, collaborations and enabling communities e.g. Regal Theatre, former Natwest Bank, Customer Service Centre		Cabinet Member for Economy (MSDC)						Mitigation RAG Status	Direction of travel (score)
									On Track	Stayed the same
2d	RISK: If we do not identify and provide the right amount of employment land and property in the right places our current businesses may not be able to remain in our districts and we may not attract new businesses.	Assistant Director - Planning for Growth	Cabinet Members for Economy		4	3	INHERENT RISK SCORE 12	3	3	CURRENT RISK SCORE 9
	MITIGATION: 1.) The development of our Joint Local Plan 2.) Delivery of an Economic Open for Business Strategy 3.) Provision of officer support and expertise to ensure Space to Innovate and Food Enterprise Zones are delivered within timescales 4.) Our Open for Business engagement approach including with investors, developers and businesses (existing and new) facilitating retention and growth within the district. 5) Planning applications on key employment sites progressing		Cabinet Members for Planning (support)						Mitigation RAG Status	Direction of travel (score)
									On Track	Stayed the same
3 - COMMUNITY CAPACITY BUILDING AND ENGAGEMENT										
3a	RISK: If we do not effectively engage communities about their future needs, then we will not be able to help them become more sustainable	Assistant Director - Communities & Public Realm	Cabinet Members for Communities		3	3	INHERENT RISK SCORE 9	3	3	CURRENT RISK SCORE 9
	MITIGATION: Community capacity added to help communities deliver Neighbourhood Plans, Joint Scrutiny Committee review undertaken, formal mechanisms agreed to consult on the joint Local Plan, Town and Parish Council Liaison meetings in place and frequency increased, Tenant involvement strategy creates a full menu of involvement options, development of locality and resilience model adopted with Suffolk County Council, focus on "placed based" engagement being directed by Communities Team, plans to develop whole organisation framework being developed, start work on Community Strategy to be in place by Autumn 2018								Mitigation RAG Status	Direction of travel (score)
									On Track	Stayed the same

4 - ASSETS AND INVESTMENTS

4a	<p>RISK: If the Capital Investment Fund (CIF) is not able to generate the investment returns forecast in its Business Plan; income projections for the Councils will not be met</p> <p>MITIGATION: 1) Retaining of treasury advisors to fix best rates over investment period / Use of PWLB rather than commercial borrowing arrangements / Flexibility in structure to seek alternative sources of finance if required / Initial modelling of returns includes for fluctuations in cost of borrowing over time / Looking at other funding options 2) Acquisition policy allows for regional acquisitions as a norm and national acquisitions in extremis /Current progress shows a pipeline of 47% invested within 6 months of trading commencing / Business plan for 2018 reflects latest realities of market place and adjusts sector and Core, Core Plus split / Fully invested yield still targeted at 6% 3) Maintain up to date knowledge of Government thinking on regulatory and emerging policy themes / Make contingency for potential changes as they arise, allow Board flexibility to respond as required / Invest in line with business plan maximum of £50,000,000 before April 2018 when any changes might be enacted.</p>	<p>Managing Director - BMS Investment</p> <p>Assistant Director - Corporate Resources (support)</p>	<p>Cabinet Members for Assets and Investment</p>		2	4	<p>INHERENT RISK SCORE</p> <p>8</p>	2	3	<p>CURRENT RISK SCORE</p> <p>6</p>
							<p>Mitigation RAG Status</p> <p>On Track</p>		<p>Direction of travel (score)</p> <p>Stayed the same</p>	
4b	<p>RISK: If our affordable homes programme does not achieve the forecast returns on investment this will result in a drain on Housing Revenue Account and General Fund resources</p> <p>MITIGATION: 1) Project team in place to ensure early liaison with planners and adequate pre-app advise is sought 2) Icen engaged to act as development partner with strong track record / Judicious use of consultancy support resource 3) Development Partner and Project team in place including cost and viability consultants included in project team / A higher percentage of open market sale homes are included in the programme / Ability to 'couple' schemes within the programme resulting in a policy compliant position across all schemes even though individual schemes might fall short.</p>	<p>Assistant Director - Investment and Commercial Delivery</p>	<p>Cabinet Members for Housing</p>		4	3	<p>INHERENT RISK SCORE</p> <p>12</p>	2	3	<p>CURRENT RISK SCORE</p> <p>6</p>
							<p>Mitigation RAG Status</p> <p>On Track</p>		<p>Direction of travel (score)</p> <p>Stayed the same</p>	
4c	<p>RISK: If we do not manage our asset portfolio effectively it may result in: lost opportunity; loss of capital value; increased revenue costs and loss of public confidence</p> <p>MITIGATION: 1.) Asset Grading Model is fully implemented on a rolling review basis 2.) Dedicated Strategic Asset expertise within the Councils staff teams to maximise opportunities 3.) Partnership with SCC and IBC in One Public Estate Board Programme</p>	<p>Assistant Director - Corporate Resources</p>	<p>Cabinet Member for Assets and Investments</p>		4	3	<p>INHERENT RISK SCORE</p> <p>12</p>	3	3	<p>CURRENT RISK SCORE</p> <p>9</p>
							<p>Mitigation RAG Status</p> <p>On Track</p>		<p>Direction of travel (score)</p> <p>Increased</p>	

4d	RISK: If Babergh and Mid Suffolk Building Services (BMBS) fail to deliver the financial projection set out within its Business Plan, then the Councils are at risk of financial loss and potential reputational damage	Assistant Director - Housing	Cabinet Members for Housing		4	4	INHERENT RISK SCORE 16	2	4	CURRENT RISK SCORE 8
	MITIGATION: Embed effective operational structure by redesigning service / Look at efficiency gains / Use of technology / Independent review of business plan by ARC / Effective project management - weekly meetings / Liaison with Portfolio Holders and customers / Follow best practice examples / Look at economies of scale - supply of materials								Mitigation RAG Status On Track	Direction of travel (score) Stayed the same
5 - AN ENABLED AND EFFICIENT ORGANISATION										
5a	RISK: If we do not transform, improve our skills and become more efficient through maximising the use of I.T., then we will be unable to provide the services people need	Assistant Director - Customer Services	Cabinet Members for Organisational Delivery		3	3	INHERENT RISK SCORE 9	3	3	CURRENT RISK SCORE 9
	MITIGATION: Programme to 'upskill' staff (People Strategy) / Create Digital Strategy / Invest / Talk to and learn from others / A 'People Strategy' is to be developed which will incorporate updated training and development programmes for staff / A staff survey has been undertaken and is being analysed/ The Customer Access Strategy is to be refreshed, highlighting technological advances that we may decide to make use of to provide services people need / We will continue to look to best practice both within public and private sectors to see where we can learn/develop and keep abreast of emerging advances								Mitigation RAG Status On Track	Direction of travel (score) Stayed the same
5b	RISK: If we do not convert our data into accurate, up to date and easy to interrogate insights, evidence and intelligence, then we may be unable to support the delivery of the Strategic Priorities.	Assistant Director - Customer Services	Cabinet Members for Organisational Delivery		3	3	INHERENT RISK SCORE 9	3	2	CURRENT RISK SCORE 6
	MITIGATION: Data mapping exercise to provide a register of information and their attributes / Internal Audit to undertake periodical Information Assurance Audit compliance / New information sharing intranet launched / Working with Suffolk partners to join up information held/ Intelligence Fair has been held to support and encourage Officers and Members to base decision making on robust evidence and intelligence / Scanning exercise to enable 'paperless system' now completed / Invest in Suffolk wide resource / People Strategy to challenge and ask critical questions								Mitigation RAG Status On Track	Direction of travel (score) Stayed the same

5c	<p>RISK: If we fail to build the capability across the organisation to commission effectively for outcomes then this may result in inefficient and ineffective use of resources</p> <p>MITIGATION: Governance has been strengthened through revised Contract Standing Orders and Commissioning and Procurement Manual which provide guidance on good practice, supported by range of tools and templates together with educational workshops / integrated electronic purchase to pay, contract management and tendering systems / Implementation of health checks to identify opportunities to improve on practice used - internal audit support to work with service areas to identify and understand needs-offer guidance with commissioning module / Identify key strategic contracts/partnerships and provide visibility of performance against outcomes through regular reporting / workforce development Strategy / additional commissioning and procurement resource within the team to work with service areas</p>	Assistant Director - Corporate Resources	Cabinet Members for Finance		3	3	INHERENT RISK SCORE 9	2	3	CURRENT RISK SCORE 6
								Mitigation RAG Status On Track	Direction of travel (score) Stayed the same	
5d	<p>RISK: If we do not continue to deliver a robust HRA Business Plan effectively, then we will not be able to meet our ambitions and responsibilities to our residents</p> <p>MITIGATION: Continue fundamental review of 30 year business plan and assumptions / Implementing of initial savings and efficiency measures / Achieving priorities and Joint Strategic Plan / Identifying and reviewing unit cost information / Monitoring and 6 monthly review / Manage unit costs</p>	Assistant Director - Housing	Cabinet Members for Housing		3	4	INHERENT RISK SCORE 12	2	4	CURRENT RISK SCORE 8
			Assistant Director - Corporate Resources (support)					Mitigation RAG Status On Track	Direction of travel (score) Stayed the same	

5e	<p>RISK: If we do not understand our financial position and respond in a timely and effective way, then we will be unable to deliver the entirety of the Joint Strategic Plan</p> <p>MITIGATION: Continued development of the strands within the Medium Term Financial Strategy (MTFS) / Alignment of resources to priorities / Use of one-off funding to change the business model and support functions during change / Set balanced budgets for 18/19 and updated projections up to 21/22 Engagement of councillors to understand options / Modelling and analysis to understand impact (e.g. Capital Investment Fund), Identifying income generating activities to replace government grants (e.g. PV panels, rental income from properties) / Regular discussions at SLT regarding 18/19 budget and beyond</p>	Assistant Director - Corporate Resources	Cabinet Members for Finance	Mid Suffolk District Council							
				3	4	INHERENT RISK SCORE 12	2	4	CURRENT RISK SCORE 8		
								Mitigation RAG Status		Direction of travel (score)	
								On Track		Stayed the same	
				Babergh District Council							
				4	4	INHERENT RISK SCORE 16	3	4	CURRENT RISK SCORE 12		
				Mitigation RAG Status		Direction of travel (score)					
				On Track		Stayed the same					
5f	<p>RISK: If we do not have more efficient and effective public access and agile working arrangements then we will not be able to tailor the services our customers need and target those in need</p> <p>MITIGATION: <i>Residual risks from All Together Programme Board have been transferred to the Customer Services risk register.</i></p> <p>Following closure of the HQ sites, new public access points are up and running in both Stowmarket and Sudbury / Services can be accessed through both; with a range of assisted or self-serve or telephony support available / Further development is required to ensure both points offer the same quality of service and this is monitored through regular liaison and feedback / As part of refreshing the customer strategy we are exploring options to provide additional self-service facilities in Hadleigh and where appropriate in other parts of the district / Continuing to closely monitor and improve our telephony performance, ensuring we answer calls in a timely fashion</p>	Assistant Director - Customer Services	Cabinet Members for Organisational Delivery	3	3	INHERENT RISK SCORE 9	3	3	CURRENT RISK SCORE 9		
								Mitigation RAG Status		Direction of travel (score)	
								On Track		Stayed the same	

5g	<p>RISK: If we do not maintain the trust of our stakeholders and promote our public image and reputation, then this may prevent us from entering into positive partnerships, secure funding and ultimately may affect our ability to work with partners, businesses and key stakeholders in achieving the strategic priorities.</p> <p>MITIGATION: Work is underway, through the use of Natural Work Teams to develop strong, clear, embedded values. This will then be expanded to include a review of corporate behaviours, linked to performance appraisals. Further reviews are underway of governance systems and processes. The emerging Member Development Programme and overlapping Organisational Development programmes for SLT and ELT include a significant strand of strong and effective leadership. To ensure effective communication and engagement a specific Communications Strategy is being put in place, which will include pro-active engagement through all channels e.g. social media and dedicated training and support for media management. The Councils' engagement activity will be co-ordinated and monitored for effectiveness – this will also form a key part of the emerging Communities Strategy. Strengthened Parish / Town Council relationships are being put in place through dedicated officer liaison links, regular clerks meetings and refreshed Parish Liaison Meetings.</p>	Chief Executive	Cabinet Members for Assets & Investments		4	3	INHERENT RISK SCORE 12	3	3	CURRENT RISK SCORE 9
							Mitigation RAG Status	Direction of travel (score)		
							On Track	Stayed the same		
5h	<p>RISK: If we fail to protect the safety, health, welfare and wellbeing of our employees and other persons to whom we owe a duty of care, then there could be significant consequences at corporate and individual levels</p> <p>MITIGATION: Health and Safety regularly featured on SLT Agenda / Specific H&S orientated Extended Leadership Team sessions to promote a positive H&S culture / 2018/19 budgetary provision in place under H&S and OD budgets to ensure adequacy of resources and provision of H&S training / H&S Board and H&S Working Group in place for regular H&S communication and consultation / Task & Finish Group (a sub-set of the H&S Board) chaired by the AD for Corporate Resources with H&S Action Plan priorities actioned by internal H&S team / Significant progress made in relation to HAV management with positive HSE response for Countryside & Public Realm work on HAV / Training matrices developed for corporate H&S training and lone working (personal and hardware training solutions identified and to be rolled out), with high risk service area specific training needs to follow / Revision and ongoing development of H&S resources by topic on Connect to aid communication and awareness of everyone's roles and responsibilities for their own and others' health and safety / Request for temporary H&S Officer role to assist H&S Business Partner submitted for approval in order to proceed with temporary to permanent recruitment for this role / H&S Officer (Construction) in place to directly assist Property Services and Building Services / Liaison within HR & OD team where employment, training, Trade Union and H&S matters overlap to achieve coherent approach / Use of professional suppliers to provide health surveillance and assist in specialist areas such as the management of asbestos, legionella, noise and vibration in the workplace / Responsible persons appointed to assist the Councils in their legal duties to manage asbestos, legionella, noise and vibration, with training booked or in progress to evidence and support competency of Officers / Building of internal relationships with Finance, Insurance, Internal Audit and Shared Legal Services for the effective management of H&S for the Councils' interests. Development of wellbeing resources and awareness by L&OD Business Partner, including Mental Health First Aid Champion training and participation in the national Mental Health Awareness Week (14-20 May 2018).</p>	Chief Executive	Cabinet Members for Assets & Investments		4	4	INHERENT RISK SCORE 16	3	4	CURRENT RISK SCORE 12
							Mitigation RAG Status	Direction of travel (score)		
							On Track	Decreased		

5i	<p>RISK: If the Universal Credit system is not used effectively by claimants, then the Councils will incur additional costs and lost revenue</p> <p>MITIGATION: Introduction and promotion of Source Cards to help claimants manage their finances / Working with DWP and stakeholders to increase awareness / stakeholders events / Increased bad debt provision by 0.25% / Income Strategy / Forming relationships and partnerships - working with the Job Centre / Looking and learning best practice from others / Participating in the 'Trusted Partner' pilot project / Training and awareness for staff / Weekly project meeting with action plan and operational risk log</p>	Assistant Director - Housing	Cabinet Members for Housing		4	3	INHERENT RISK SCORE 12	3	3	CURRENT RISK SCORE 9
							Mitigation RAG Status		Direction of travel (score) On Track Stayed the same	
5j	<p>RISK: If we experience challenges with staff recruitment and retention, then this will start to impact on performance, our income, the costs of potential legal challenge, government scrutiny, staff morale and public confidence.</p> <p>MITIGATION: Workforce Strategy in development, Suffolk Joint People Strategy in place, memorandum of understanding in place between partner agencies is standardising a new approach to appoint and retain skilled staff, Suffolk Wide Planning Apprenticeship scheme has been established, an improved engagement strategy with schools is being created, a new system of rewards is being considered, a more cohesive staffing structure is focused on staff mentoring and development, a Career Grade has been adopted, plans are being developed to establish closer links to Universities, the planning budget has been adjusted to provide additional resources due to current issues being experienced with resources</p>	Assistant Director - Planning for Growth	Cabinet Members for Economy				3	3	INHERENT RISK SCORE 9	4
							Mitigation RAG Status		Direction of travel (score) Poor progress NEW RISK	
5k	<p>RISK: If the Councils do not adopt a new delivery model they will not be financially sustainable and able to deliver key services in the future</p> <p>MITIGATION: The Cabinets have committed to exploring alternative forms of council structure which could potentially generate financial savings and efficiencies / the councils have an integrated workforce and joint strategic plan / the councils have a joint medium term financial strategy</p>	Assistant Director - Law & Governance	Leaders of the Councils				Mid Suffolk District Council			
					4	2	INHERENT RISK SCORE 8	4	2	CURRENT RISK SCORE 8
							Mitigation RAG Status		Direction of travel (score) On Track NEW RISK	
							Babergh District Council			
4	3	INHERENT RISK SCORE 12	4	2	CURRENT RISK SCORE 8					
		Mitigation RAG Status		Direction of travel (score) On Track NEW RISK						

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APPENDIX B

Impact / Consequence	Disaster	4	4 (Medium)	8 (High)	12 (Very High)	16 (Very High)
	Bad/Serious	3	3 (Low)	6 (Medium)	9 (High)	12 (Very High)
	Noticeable /Minor	2	2 (Low)	4 (Medium)	6 (Medium)	8 (High)
	Minimal	1	1 (Low)	2 (Low)	3 (Low)	4 (Medium)
			1	2	3	4
			Highly Unlikely	Unlikely	Probable	Highly Probable
Probability / Likelihood						

Likelihood

- 1 Highly Unlikely
 - * Has never occurred before
 - * Would only happen in exceptional circumstances
- 2 Unlikely
 - * Not expected to occur but potential exists
 - * Has occurred once in the last ten years
- 3 Probable
 - * May occur occasionally
 - * Has occurred within the last five years
 - * Reasonable chance of occurring again
- 4 Highly Probable
 - * Expected to occur
 - * Occurs regularly or frequently

Impact / Consequence

- 1 Minimal
 - * Up to £5k
 - * Very minor service disruption (less than one day)
 - * No noticeable media interest
 - * No harm to persons/community
- 2 Noticeable / Minor
 - * £5k - £50k
 - * Some service disruption, more than one day
 - * Local media coverage
 - * Potential for ill-health, injury or equipment damage
- 3 Bad / Serious
 - * £50k - £250k
 - * Critical service disruption (statutory services not delivered)
 - * Adverse local/national media coverage
 - * Potential for serious harm or injury (non-life threatening)
 - * Litigation, potential for custodial sentence

4 Disaster

- * Over £250k
- * Systemic or sustained service loss
- * Adverse/prolonged national media coverage
- * Litigation, custodial sentence
- * Fatality, major injury (life threatening or life impacting)
- * Imminent danger exists, hazard capable of causing death or ill-ness on a wide scale

Red text = Health and Safety Descriptors

Agenda Item 13

BABERGH DISTRICT COUNCIL

From: Cabinet Member for the Environment	Report Number: BCa/17/70
To: BDC Cabinet	Date of meetings: 10 May 2018

TO CONSIDER BATTERY STORAGE AT ALL OF THE LEISURE SITES

1. Purpose of Report

- 1.1 To approve the installation of (commercial scale) battery storage at the four leisure centres owned by Mid Suffolk and Babergh District Councils. The scheme will store electricity, discharge when electricity costs are at a premium and / or the National Grid requires flexible support. This will provide lower electricity bills for the Councils' facilities and provide an income stream for the General Funds of both Councils.

2. Recommendations

- 2.1 That Cabinet approves in principle to proceed with the purchase and installation and operation of (commercial scale) battery storage at the Babergh District Council leisure centres and grants delegated authority to the Assistant Director for Finance in conjunction with the Cabinet Member with responsibility for Finance and the Cabinet Member with responsibility for the Environment, to authorise a maximum cost of £154,000.

Reason for decision:

To provide the Councils with a return on investment over the next 15 years through the reduction in electricity bills and sale of storage capacity .

3. Financial Implications

- 3.1 The proposal requires capital investment of approximately £121,500 for battery storage units. There would be some additional minor works to accommodate batteries in the buildings which is estimated to be £10,000 per site and the associated costs such as, specification writing, project management, tendering, surveys etc estimated to be a further £12,500. This would give a total estimated cost of £154,000. The scheme has the potential to provide a return on the investment within approximately 7 years and provide an income for 15 years through lower running costs of the buildings and sale of our capacity to the electricity distribution companies.
- 3.2 The savings and income from the project categorised into two areas; firstly, savings in energy not purchased from the national grid at peak times along with associated savings from reducing peak demand and secondly income from contracts with the energy distributors (National Grid, UK Power Networks). The first are described as Fixed revenues/savings, the second is described as Non Fixed revenues.

3.3 The two tables below outline the potential savings/income for all 4 sites firstly *without* Non Fixed Revenues (the contracts with National Grid /UKPN) latterly *with* contracts in place .

		2018	2019	2020	2021	
3.4	Non-Fixed Revenues	Energy Arbitrage	£11,041	£11,041	£11,041	£11,041
		CM contracts	£3,174	£3,237	£3,301	£5,290
	Fixed Revenues / Savings	DUoS	£5,260	£5,576	£5,910	£6,265
		Triads	£13,590	£15,002	£16,444	£17,889
		Capacity Market Saving	£667	£700	£735	£772
		£33,732	£35,557	£37,432	£41,257	

		2018	2019	2020	2021	
3.5	Non-Fixed Revenues	FFR contracts	£24,312	£24,312	£24,312	£24,312
		CM contracts	£3,174	£3,237	£3,301	£5,290
	Fixed Revenues / Savings	DUoS	£5,260	£5,576	£5,910	£6,265
		Triads	£13,590	£15,002	£16,444	£17,889
		Capacity Market Saving	£667	£700	£735	£772
		£47,003	£48,827	£50,702	£54,527	

3.6 The projections can only be plotted for the next few years as the energy market rapidly evolves and the originators of some of the savings (National Grid, UKPN) only provide the payments schedule for their contracts for a short distance into the future. However it can be seen that substantial revenues can be generated very quickly and this is a growing market, the energy distributors require more and more storage as a) demand for energy increases and b) the production of energy in the UK shifts more and more towards renewables which are not available 24/7 and require storage.

3.7 The cost of maintenance of the batteries is approximately £4,000 per annum per site.

3.8 The return on investment (assuming no rise in revenue after 2021) is 12% and 16% (depending on whether non fixed revenue contracts are secured). This is an annual figure and does not include the project management fees.

4. Legal Implications

4.1 Legal agreements will need to be entered into with South Suffolk Leisure (SSL), Everyone Active and with National Grid.

5. Risk Management

5.1 The higher income stream would require the securing of 'Non Fixed Revenue contracts' with the regional/national electricity suppliers however the figures provided in this initial report demonstrate that we do not need to rely on these contracts. Such contracts are awarded monthly and last for 2 years at a time. As mentioned later there is an increasing demand for energy storage.

- 5.2 The batteries would be procured either via a tender or existing framework to ensure best value and the author is aware of incidences where contracts provide a guaranteed income.

6. Consultations

- 6.1 Liaison with the Councils' leisure centre operators has been made at this early stage to ensure agreement would be forthcoming. Initial, positive, high level discussions have taken place at a Director level. Both Babergh and Mid Suffolk facility management operators have confirmed they are supportive and will agree to enter into contractual requirements with the council.

7. Equality Analysis

- 7.1 Advice on the need for an EQIA will be sought pending approval. However, it is expected that any such EQIA will demonstrate that the project raises no equality issues.

8. Shared Service / Partnership Implications

- 8.1 The proposal includes the leisure centres in both districts.
- 8.2 The Councils' leisure centre providers will need to be involved as the stored energy *may* be used within the centre at certain times of the day and replace grid based electricity. An arrangement as to how that energy will be paid for will need to be agreed.

9. Links to Joint Strategic Plan

This work would contribute to Managing the Councils' Corporate Assets Effectively which states *we will invest in new assets, in order to generate additional income*. This will help the Councils become more financially stable and reduce reliance on government funding, generating income of our own that we control.

10. Key Information

- 10.1 Battery storage has made huge advances in recent years and the cost of installation has dropped dramatically as the technology has become mainstream. The physical size of the units has also reduced allowing for a wider range of applications. The combination of the two elements makes them an attractive proposal for facilities with high energy use such as leisure centres.
- 10.2 Installation of the battery storage units is not predicated on other routine maintenance or capital investment programmes. Other works are planned for Kingfisher Leisure Centre and Hadleigh Pool and Leisure Centre which may prove timely but are not necessary for the progression of this scheme.
- 10.3 The Business Model underpinning this investment opportunity are based on:
- 10.4 a) Savings to the host property through more intelligent use of electricity on site.
- b) Income streams from selling our capacity to UK Power Networks to provide them with grid resilience for which there are payments made. (non fixed revenue)

Peak costs (1600-1900hrs)p/kW	Night time Electricity Costs p/kW
11.137p	7.268p

- 10.5 Above are sample costs for electricity at different times of the day. The business model assumes that the batteries will be fully charged overnight at a cost of 7.268p/kWh and then stored and used between 1600hrs and 1900hrs thus saving the facility 3.869p/kW. An additional saving is achieved by virtue of the facility using less grid based electricity at peak time. In recognition of helping to reduce overall demand the electricity distribution companies will reduce the distribution element of the energy bill. This basic income stream alone will result in a financially viable project that will pay back in approximately 7 years.
- 10.6 The non fixed revenue model involves securing a contract from the electricity distributors (UKPN or National Grid) to take control of the battery installation to allow them to use the grid in a smart fashion. The contracts permit the grid operating company to remotely control the battery and discharge the energy into the leisure centre so the demand on the national grid is reduced or energy is absorbed from the grid in times of over-supply. Contracts are awarded every month and once secured are guaranteed for 2 years at a time. Having 4 installations in place (one in each leisure centre) to service this type of contract provides the greatest potential capacity and increases the opportunities to be awarded a contract.

11. Background Documents

Battery Storage Glossary

Budget quotes from market testing, for project management, specification drafting, supply and installation of batteries.

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Battery Storage Glossary

Energy Arbitrage

The practice of purchasing electricity from the grid when it is cheap, and storing it for later use when grid electricity is expensive.

Distribution Use of System

DUoS is charged by your local Distribution Network Operator (DNO) to cover the cost of transporting electricity through the network directly to a business. (In our area this is UKPN)

These charges comprise of a number of distinct elements: Fixed charges, Capacity charges, Reactive power charges and Unit charges.

Unit charges are per kWh of electricity used. They vary according to the time of day used and are also location dependant.

Batteries reduce the Unit charges by using the lower rate charge times to charge the battery and reduce/avoid peak unit charges by discharging the batteries at peak times.

Transmission Network Use of System

TNUoS cover the cost of transporting electricity from generating stations to the network and are charged by National Grid.

The TNUoS charge is based on the average demand during the three half-hour periods of greatest national demand between November and February, known as Triads, multiplied by the tariff for your particular zone. The three Triad periods usually occur in the early evening during the week when national demand for electricity is highest and must be separated by at least ten working days.

Reducing electricity demand from the Grid during likely Triad periods can create significant savings.

Firm Frequency Response

FFR is operated by the National Grid (and some District Network Operators) to maintain the Grid Frequency at 50Hz (+/- 1%).

Frequency decreases when there is more demand than generation and frequency increases when there is more generation than demand.

The National Grid uses a tender process where Aggregators submit bids to provide services for low frequency events, high frequency events, or both.

Batteries can help by reducing/removing the host site from the Grid when there is a low frequency event (reducing demand) and by storing energy when there is a high frequency event (creating demand).

FFR are up to 2 year agreements with the contracts set by the National Grid

Capacity Market

The CM is intended to ensure the UK has sufficient capacity available to meet the winter peak demand and is operated by the Electricity Settlements Company (ESC).

Generators are paid a premium during the times of high demand and hence this is recovered through consumers electricity contracts.

The CM Charge will be applicable to energy consumed between 4pm and 7pm, Monday to Friday from the start of November to February inclusive.

Batteries can help reduce these charges by discharging the batteries during these peak times.

A saving is made by not incurring the charge for high energy use at peak times and an income is achieved by providing capacity to the market ie discharging the battery.

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