

# Public Document Pack



<b>MID SUFFOLK CABINET</b>	
<b>DATE:</b>	<b>MONDAY, 9 JANUARY 2023 10.30 AM</b>
<b>VENUE:</b>	<b>KING EDMUND CHAMBER, ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH</b>

<b>Councillors</b>
<u>Conservative and Independent Group</u> David Burn Julie Flatman Jessica Fleming Peter Gould Lavinia Hadingham Suzie Morley (Chair) Harry Richardson (Vice-Chair) John Whitehead Gerard Brewster

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## **AGENDA**

### **PART 1**

#### **MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT**

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## 7 FORTHCOMING DECISIONS LIST

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

[Forthcoming Decisions List » Mid Suffolk](#)

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### Date and Time of next meeting

Please note that the next meeting is scheduled for Monday, 6 February 2023 at 10.30 am.

### Webcasting/ Live Streaming

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# Agenda Item 3

## MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK CABINET** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Monday, 5 December 2022

### **PRESENT:**

Councillor:            Suzie Morley (Chair)  
                              Harry Richardson (Vice-Chair)

Councillors:        Gerard Brewster                     David Burn  
                              Julie Flatman                         Jessica Fleming  
                              Lavinia Hadingham                 John Whitehead

### **In attendance:**

Councillors:        Rachel Eburne  
                              John Field  
                              Andrew Mellen  
                              Keith Welham – Chair of Overview and Scrutiny

Officers:            Chief Executive (AC)  
                              Deputy Chief Executive (KN)  
                              Deputy Monitoring Officer (JR)  
                              Director - Housing (DF)  
                              Director – Operations (ME)  
                              Director – Customers, Digital Transformation and Improvements (SW)  
                              Director – Assets and Investments (EA)  
                              Corporate Manager – Finance, Commissioning and Procurement (SW)  
                              Corporate Manager – Communities (WM)  
                              Corporate Manager – Customer Operations (SL)  
                              Assistant Manager – Governance (HH)

### **Apologies:**

Peter Gould

## **58        DECLARATION OF INTERESTS BY COUNCILLORS**

58.1     There were no declarations of interests made by Councillors.

## **59        MCA/22/28 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 7 NOVEMBER 2022**

**It was RESOLVED: -**

**That minutes of the meeting held on the 7 November 2022 be confirmed and signed as a correct record of the meeting.**

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

- 60.1 A petition with 143 valid signatures had been received regarding report MCa/22/27 - Elmswell Exemplar Housing Scheme. A further 489 names and addresses had been received in relation to the petition.
- 60.2 The Petition would be dealt with as an ordinary petition.
- 60.3 The Cabinet Member for Economic Growth, Councillor Richardson provided a statement. He referred to the engagement meeting in Elmswell in November 2022 regarding the Elmswell Exemplar Housing Scheme, which had been well-attended. The Council was reviewing the feedback from this meeting and further conversations would be held with key stakeholders. As for the primary school provision in Elmswell, this was a matter for Suffolk County Council, as the educational authority and they had no further plans for schools in the village. The Council was keen to find the best solution for the local community and were working through the feedback received from the community engagement meeting. This decision was also being considered at the Overview and Scrutiny Committee in January 2023.

**61 QUESTIONS BY COUNCILLORS**

- 61.1 None received.

**62 MATTERS REFERRED BY THE OVERVIEW AND SCRUTINY OR JOINT AUDIT AND STANDARDS COMMITTEES**

- 62.1 There were no matters referred from the Overview and Scrutiny or the Joint Audit and Standards Committees.

**63 FORTHCOMING DECISIONS LIST**

- 63.1 The Forthcoming Decisions List was noted.

**64 MCA/22/29 GENERAL FUND FINANCIAL MONITORING 2022/23 - QUARTER 2**

- 64.1 The Chair, Councillor Morley invited the Cabinet Member for Finance, to introduce the report.
- 64.2 Councillor Whitehead provided an overview of the report and stated the main issues in the General Fund Financial Monitoring 2022/23 - Quarter 2.
- 64.3 Councillor Whitehead moved the recommendations, as detailed in the report, which was seconded by the Cabinet Member for Economic Growth, Councillor Richardson.
- 64.4 In response to questions from other Members attending the meeting the Corporate Manager for Finance, Commissioning and Procurement advised

that it was difficult to split up the management budget for transitional vacancies across the year and that this information was located under each service area.

- 64.5 In response to further questions from other Members attending the meeting, officers would provide further explanatory details outside of the meeting for Corporate Resources under 'Explanation of Major Variance' and for why the spent funding under Earmarked Reserves for Climate Change and Biodiversity was low.

By a unanimous vote.

**It was RESOLVED: -**

- 1.1 That, subject to any further budget variations that arise during the rest of the financial year, the net expenditure overspend position of £839k and forecast reserve movements, referred to in section 5.5 and Appendix A of the report, be noted;**
- 1.2 The revised 2021/22 Capital Programme referred to in Appendix B and section 5.9 be noted.**

**65 MCA/22/30 HOUSING REVENUE ACCOUNT (HRA) FINANCIAL MONITORING 2022/23 - QUARTER 2**

- 65.1 The Chair, Councillor Morley invited the Cabinet Member for Finance to introduce the report.
- 65.2 Councillor Whitehead provided an overview of the report and stated the main issues in the Housing Revenue Account Financial Monitoring 2022/23-Quarter 2.
- 65.3 Councillor Whitehead moved the recommendations in the report, which was seconded by the Cabinet Member for Housing, Councillor Hadingham.
- 65.4 In response to questions from other Members attending the meeting, Councillor Whitehead referred to the Housing Management and Building Services costs under paragraph 6.5 and stated that he thought it would be useful to benchmark this against other similar authorities. The four items referenced under paragraph 6.5 in the report were a total of approximately £100k and formed a small part of the overall budget of £7m.
- 65.5 In response to further questions from other Members attending the meeting, the Corporate Manager for Finance, Commissioning and Procurement would provide a breakdown Building Repairs overspend for Building Services outside of the meeting.

- 65.6 Further responses to questions from other Members attending the meeting were provided by the Cabinet Member for Finance, who detailed how any delay in the spending of the Capital Budget would cause a reduction in the interest payable, as indicated in table 6.5 of the report.

By a unanimous vote.

**It was RESOLVED: -**

- 1.1 That, subject to any further budget variations that arise during the rest of the financial year, the adverse variance of £770k, referred to in section 6.5 of the report, be noted;**
- 1.2 The 2022/23 revised Capital Programme referred to in Appendix A and section 6.13 be noted.**

## **66 MCA/22/31 QUARTER 2 PERFORMANCE 2022/23**

- 66.1 The Chair, Councillor Morley, Cabinet Member for Customers, Digital Transformation and Improvements introduced the Performance papers and highlighted the main points for each Service Area.
- 66.2 In response to questions from other Members attending the meeting the Cabinet Member for Customers, Digital Transformation and Improvements, Councillor Morley advised that the performance report was looking back on performance for the previous quarter and that it took time to collect the statistics and collate the papers, and whilst she did not think that timing was an issue, the comments made would be taken into account
- 66.3 In further responses to questions from other Members attending the meeting regarding the abandon rate and wait times of telephone calls for Customer Services the Cabinet Member for Customers, Digital Transformation and Improvements, Councillor Morley detailed the recruitment and training implications for the Customer Service team and how this affected the handling of customer calls.

The Quarter 2 Performance 2022/23 was noted.

## **67 MCA/22/32 COST OF LIVING CRISIS: 5 POINT ACTION PLAN PROGRESS REPORT (PHASE 1) AND PHASE 2 ACTION PLAN**

- 67.1 The Chair, Councillor Morley invited the Cabinet Member for Communities, Health and Wellbeing to introduce the report.
- 67.2 Councillor Flatman provided an introduction to the report and moved the recommendations as detailed in the report.
- 67.3 The Cabinet Member for Economic Growth, Councillor Richardson seconded the recommendations and made a statement in support of the report.



- 67.4 Councillor Whitehead queried how the Council would support the employment opportunities on the Gateway 14 development to ensure that local people were included in the upcoming job opportunities.
- 67.5 The Cabinet Member for Communities, Health and Wellbeing stated that work was being undertaken with the Local Citizens Advice and their partners. She also suggested that a job information day was organised for upcoming job opportunities for Gateway 14.
- 67.6 In response to questions from other Members attending the meeting the Corporate Manager for Customer Operations detailed how the Household Support Fund had been supporting struggling households and that this was dealt with on a case-by-case basis.
- 67.7 The Cabinet Member for Customers, Health and Wellbeing responded to further questions from other Members attending the meeting and detailed how the funding from Government was distributed via the Suffolk County Council to the Councils and that the Councils own budget was spent on community projects.
- 67.8 In response to a further question from other Members attending the meeting the Corporate Manager for Communities advised that there had not been any further updates on the £100 support funding for people struggling with paying for heating oil.
- 67.9 The Corporate Manager for Customer Operations responded to further questions from other Members attending the meeting regarding page 75 'Working with partners to create a single view database and production of legally compliant data sharing agreements'. She provided advice on the data sharing agreement and advised that work was being undertaken by Data and Analytics, to agree this process with partners.

By a unanimous vote.

**It was RESOLVED: -**

- 1.1 To review and note the content of the Phase 1 Cost of Living 5 Point Action Plan Dashboard Report at Appendix 1.**
- 1.2 To note the focus of the Phase 2 Cost of Living Action Plan at Appendix 2.**

The business of the meeting was concluded at 11:32 am.

.....  
Chair

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# Agenda Item 8

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/22/34</b>
<b>FROM:</b> Cabinet Member for Finance, John Whitehead	<b>DATE OF MEETING:</b> 9 January 2023
<b>OFFICER:</b> Melissa Evans – Director Corporate Resources	<b>KEY DECISION REF NO.</b> CAB410

### COUNCIL TAX REDUCTION (WORKING AGE) SCHEME 2023/24

#### 1. PURPOSE OF REPORT

- 1.1 To propose changes to the Council Tax Reduction (Working Age) Scheme and seek support from Cabinet in recommending to Council that the new scheme be adopted. The Council Tax Reduction (Working Age) Revised Scheme will come into effect on 1st April 2023.
- 1.2 The report includes details of the responses from the 6-week public consultation at Appendix D.

#### 2. OPTIONS CONSIDERED

- 2.1 Option 1  
Renew the existing Working Age LCTR Scheme to allow an up to 100% maximum reduction for all households.
- 2.2 Option 2  
Renew the existing Working Age LCTR Scheme to allow an up to 100% maximum reduction for all legacy benefit households and introduce a simplified scheme for UC customers that will allow 'passport' claims to be automated based on the UC financial data without additional verification.
- 2.3 Option 3  
Renew the existing Working Age LCTR Scheme to allow an up to 100% maximum reduction for all legacy benefit households and introduce a simplified scheme for UC customers that will allow 'passport' claims to be automated based on the UC financial data without additional verification. Create a transitional protection scheme to support those households who would be worse off under the simplified UC scheme.
- 2.4 Option 4  
Continue with the existing Working Age LCTR Scheme of up to 95% maximum reduction for all households.

<b>3. RECOMMENDATION TO COUNCIL</b>
3.1 That Option 3 (as set out in Appendix C of this report) be used as the basis for a revised (Working Age) Council Tax Reduction Scheme for 2023/24.
<b>REASON FOR DECISION</b>
3.2 To increase the maximum reduction available to 100% and reduce the number of customers undergoing recovery processes.
3.3 To avoid unnecessary means testing and provide equitable access to CTR for all customers who receive welfare benefits.
3.4 To reduce the requirement for recalculation of awards for customers on UC with fluctuating earnings.
3.5 To ensure that no customer is disadvantaged on the introduction of the new CTR Scheme

#### **4. KEY INFORMATION**

- 4.1 The Council currently operates two Council Tax Reduction (CTR) schemes:
- CTR State Pension Age Scheme; and
  - CTR Working Age (Local) Scheme
- 4.2 The State Pension Age Scheme is a prescribed scheme and councils are prohibited from changing any aspect of the scheme.
- 4.3 The Council's CTR Working Age (Local) Scheme (CTRS) was first introduced in April 2013 offering a maximum reduction in Council Tax to eligible households of 95%.
- 4.4 The Scheme was subsequently revised in 2018 – increasing the maximum reduction available to 95% for both councils whilst allowing customers in receipt of the then new Universal Credit (UC) the same access to CTR as recipients of the legacy benefits which Universal Credit had replaced.
- 4.5 In response to the 'cost of living' crisis there is a proposal to renew the Working Age LCTR to allow an up to 100% reduction. Helping the most financially vulnerable across the districts and provide some much-needed support within a well-established scheme.
- 4.6 In order to deliver this support three options have been reviewed with a recommendation for the option that protects the most financially vulnerable, will be least bureaucratic and can also deliver service efficiencies in the future. This is reflected in a new banded scheme that encompasses transitional protection in 2023/24.

## **5. Background**

- 5.1 The CTR schemes 'piggyback' on the means-tested Housing Benefit (HB) scheme using the same calculation method & rules for entitlement. This works well for those customers who receive both Housing Benefit and Council Tax Reduction although, for a number of customers, this means-testing is undertaken solely to calculate entitlement to CTR. I will refer to these as CTR only cases.
- 5.2 The number of CTR only cases have grown as Universal Credit becomes the primary benefit claimed by new customers requiring help with rent. Additionally, the Department for Work and Pensions (DWP) have been migrating all existing working age HB claimants onto Universal Credit. This migration will continue for legacy benefits at an unspecified date in the future. Whilst a 'natural' migration had been planned, the Coronavirus pandemic caused a significant acceleration in this migration as many existing customers experienced a significant change in their circumstances which required a move from HB to UC.
- 5.3 Since the introduction of the revised scheme in 2018, the caseload profile for recipients of Council Tax Reduction has changed significantly and now almost 60% of CTR customers receive Universal Credit.
- 5.4 The operation of the current CTR scheme is administratively burdensome. UC has award periods which require reviews to entitlement of UC every month for people who work. These reviews generate new award notifications to Local Authorities (LA's) for any change in circumstances which, in turn, prompt a reassessment of CTR awards. The proposals for an up to 100% reduction scheme will also produce a reduction in printing, postage and recalculation of awards.
- 5.5 The efficiencies highlighted above will deliver service savings within the Shared Revenues Partnership. These will be realised through potentially lower financial contributions from Babergh, Mid Suffolk and Ipswich for the financial year following the introduction of a 100% reduction scheme. This could be in the region of £75,000 to £150,000 in subsequent years.
- 5.6 The continual reassessments consequently create Council Tax (CT) adjustments which necessitate the production of a new CT bill. Each new bill notifies the customer that a new instalment plan has been set (satisfying the legal notice period) and of the date when the first instalment falls due. This effectively defers the customer from making CT payments and, just before that new instalment falls due, UC recalculates again, and the process is repeated. This constant deferral causes confusion for customers as to when and how much to pay and can lead to accrual of CT arrear debt. A mechanism which reduces the requirement to recalculate awards would provide clarity for customers with fluctuating earnings and allow for any Council Tax due to be spread over the year.
- 5.7 As the current scheme requires that everyone contributes towards their Council Tax by at least 5%, many CTR customers are left with small balances to pay. These balances are difficult to collect, and recovery processes can lead to customers incurring costs – sometimes the cost of which exceeds the balance to pay. These balances are difficult to collect, and recovery processes can lead to customers incurring costs – sometimes the cost of which exceeds the balance to pay.

Moving to a 100% reduction maximum scheme would mean those customers who are living on welfare benefits alone would have no Council Tax to pay and would not be subject to recovery processes or related costs. The reduction in recovery action will reduce the printing and postage of reminders, final notices and summons'. These processes themselves are generally automated and offer no potential for officer time savings.

- 5.8 The existing LCTR scheme does not work well for customers in receipt of UC and the proposals detailed within this report will significantly alleviate the pressures of financial uncertainty for this group of customers.
- 5.9 The additional financial pressures brought about by the current 'cost of living' crisis make this timely for the Council to offer additional financial support to its most financially vulnerable residents

## **6. Options To be considered**

### **6.1 Option 1**

**Renew the existing Working Age LCTR Scheme to allow an up to 100% maximum reduction for all households.**

- 6.2 Moving to a 100% reduction maximum scheme would mean those customers who are living on welfare benefits alone would have no Council Tax to pay and would not be subject to recovery processes or related costs.
- 6.3 This is the simplest change to introduce but perpetuates the existing problems of Universal Credit customers being put through a secondary means-test process and then being subject to monthly means-tested reviews as UC awards change. As the UC caseload increases, the workload is likely to become unmanageable and lead to long delays for all customers (including those on Housing Benefit) unless there is to be further investment in additional resources.
- 6.4 Approximately 2298 individuals will be better off. Each customer will gain CTR equal to 5% of their Council Tax liability. An average increase of £1.20 per week.

### **6.5 Option 2**

**Renew the existing Working Age LCTR Scheme to allow an up to 100% maximum reduction for all legacy benefit households and introduce a simplified scheme for UC customers that will allow 'passported' claims to be automated based on the UC financial data without additional verification.**

- 6.6 UC claims without additional earnings would be awarded a 100% reduction on their Council Tax automatically based on their calculated UC entitlement. Customers with additional earnings will be managed within the scheme based on the level of earnings they receive as evidenced to and reported by DWP.
- 6.7 This scheme will maximise the opportunity for automation of UC notifications, offer a transparent scheme that will allow customers to calculate their own entitlement 'at a glance' and dramatically reduce the number of transactions that would lead to new bills/notifications being produced.

- 6.8 Approximately 2143 individuals will have the same/better reduction award with an average benefit increase of £1.32 per week and a maximum benefit increase of £28.71 per week.
- 6.9 This option could deliver future operational savings of £75,000 to £150,000 in subsequent financial years following the introduction
- 6.10 **Option 3**  
**Same as Option 2 above but introduces a Transitional Protection Scheme for Universal Credit customers that would otherwise receive a lower entitlement at the introduction of the new scheme.**
- 6.11 This scheme could operate until a change in circumstances or break in claim. The details of operation are part of the consultation.
- 6.12 As with Option 2 except approximately an additional 155 individuals will receive Transitional Protection. This results in 2298 individuals having the same/better reduction. The transitional cost for 2023/24 would have an estimated cost of £26.1K to be funded from the COVID19 earmarked reserve.
- 6.13 This option could deliver future operational savings in subsequent financial years following the introduction.
- 6.14 This option will ensure that no customer is financially ‘worse off’ on the introduction of a new CTR Scheme.

## 7. LINKS TO CORPORATE PLAN

- 7.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Corporate Plan.

## 8. FINANCIAL IMPLICATIONS

- 8.1 The table below shows the total Council Tax liability and value of Working Age Council Tax Reduction for the current financial year. As CTR is a daily reduction, the value of liabilities and reductions changes on a daily basis as this is affected by the number of live claims and their entitlement to CTR as well as the impact of reliefs and discounts on liabilities for Council Tax itself.

	<b>Gross Liability</b>	<b>CTR 22/23 95% Scheme</b>	<b>Net Liability</b>
<b>Working Age</b>	<b>£3,080,224</b>	<b>£2,335,715</b>	<b>£744,509</b>

- 8.2 Any additional costs associated with the recommendations are to be funded from the Councils Covid19 earmarked reserve.
- 8.3 The financial impacts in respect of cost arising from the proposals within this report are detailed within the appendices.
- 8.4 All calculations undertaken for this report are based on 2022/23 caseload and liabilities.

## **9. LEGAL IMPLICATIONS**

- 9.1 Section 13A(1) of the Local Government Finance Act 1992 (as amended) states that the amount of council tax which a person is liable to pay in respect of any chargeable dwelling and any day (a) is to be reduced to the extent if any required by the Council's council tax reduction scheme under section 13A(2). Subsection 13A(1)(c) allows that in any case the council tax liability may be reduced, or if the amount has already been reduced under section 13A(1)(a), to such further extent, as the Council thinks fit. Under Section 13A(2) the Council must make a scheme specifying the reductions which are to apply to amounts of council tax payable in respect of dwellings situated in its area, by (a) persons whom the Council considers to be in financial need, or (b) persons in classes consisting of persons whom the Council considers to be, in general, in financial need. Section 13A(6) confirms the power under subsection (1)(c) includes the power for the Council to reduce an amount of council tax liability to nil.
- 9.2 Schedule 1A sets the arrangements for council tax reduction schemes. Paragraph 2 details the matters to be included in schemes, for example Paragraph 2(1) states that a scheme must state the class of persons who are to be entitled to a reduction under the scheme, and paragraph 2(3) says a scheme must set out the reduction to which each person in each class are to be entitled, and different reductions may be set out for different classes. Paragraph 4(d) confirms a reduction may be the whole amount of council tax (so that the amount payable is nil). Paragraph 5 of Schedule 1A requires the Council each financial year to consider whether to revise its scheme or replace it with another scheme.
- 9.3 Before making a scheme, the Council has a duty to (in the following order): (a) consult any major precepting authority which has the power to issue a precept to it; (b) publish a draft scheme, and (c) consult "such other persons as it considers are likely to have an interest in the operation of the scheme." (Schedule 1A Paragraph 3(1)). Once the Council has made the scheme it must publish it in the manner it thinks fit (Paragraph 3(3) of Schedule 1A).
- 9.4 If a Council fails to consult in accordance with the Act and the so-called Gunning principles on consultation, there is a possibility that any scheme could be subject to a challenge of Judicial Review, and if successful may be set aside. These principles are: (1) proposals are still at a formative stage; (2) there is sufficient information to give 'intelligent consideration'; (3) there is adequate time for consideration and response; and (4) 'conscientious consideration' must be given to the consultation responses before a decision is made. The Council should therefore ensure that it consults with anyone who is likely to have an interest in the scheme, provide enough information of the scheme, and sufficiently reasonably time to respond, and it must then properly consider and take into account any responses received.

## **10. RISK MANAGEMENT**

- 10.1 This report is most closely linked with the Council's Corporate / Significant Business. Key risks are set out below:



Key Risk Description	Likelihood 1-4	Impact 1-4	Key Mitigation Measures	Risk Register and Reference
Successful legal challenge to the Working Age CTR scheme changes	1 Highly unlikely	3 Bad/ Serious	Follow legal requirements for public consultation	Finance, Commissioning and Procurement Operational Risk Register 011
Failure to meet the deadlines for agreeing/ implementing the scheme	1 Highly Unlikely	3 Bad/ Serious	Project Management Committee Scheduling Gateway Reviews Test system set-up	Finance, Commissioning and Procurement Operational Risk Register 011

## 11. CONSULTATIONS

- 11.1 The Leader of the Council and the Cabinet Member for Finance were consulted in the designing of the options for consideration.
- 11.2 Before any such changes can be adopted, the Council was required to
- a) consult any major precepting authority which has power to issue a precept to it,
  - b) publish a draft scheme in such manner as it thinks fit, and
  - c) consult such other persons as it considers are likely to have an interest in the operation of the scheme.
- 11.3 A period of public consultation was undertaken for 6 weeks based on the scheme as detailed within Option 3. Suffolk County Council and the Police and Crime Commissioner were approached directly and invited to respond.
- 11.4 The revised CTR Scheme was published on the Council's Web Site, with attention drawn to it on the "Home" page and elsewhere, including:
- a) in Social Media posts,
  - b) in a standard paragraph in every Council Tax, CTR and Housing Benefit letter sent, and
  - c) in a local press release.
- 11.5 The consultation communication methods ensured that the revised scheme was made available to:
- a) Council Tax liable persons.
  - b) Those currently in receipt of a Council Tax Reduction (CTR):
  - c) Advisers regarding debt problems – including SCC Financial Inclusion Advice Service and Citizens Advice.

11.6 The full survey results are available within Appendix D of this report but importantly 91% of the 53 persons who responded were in favour of simplifying the revised scheme to reduce administrative costs, 79% (42 respondents) supported amending the scheme to offering up to 100% reduction yet only 28% (15 respondents) were in receipt of CTR and as such were potential beneficiaries of the revised scheme.

## 12. EQUALITY ANALYSIS

12.1 The proposals in this report equalise the Pension Age CTR Scheme and the Working Age CTR Scheme by offering up to 100% Council Tax Reduction thus ensuring that as well as age, there won't be discrimination against the other protected characteristics under the Equality Act 2010 (disability, sex, gender reassignment, pregnancy, maternity, race, sexual orientation, religion or belief or because someone is married or in civil partnership)

12.2 The law requires that this duty to have due regard be demonstrated in decision making processes. Assessing the potential impact on equality of proposed changes to policies, procedures and practices is one of the key ways in which public authorities can demonstrate that they have had due regard to the aims of the equality duty.

12.3 The proposals in this report equalise the pension age CTR scheme and the working age CTR scheme by offering up to 100% council tax reduction thus ensuring age is not a reason for difference in treatment under either scheme.

12.4 Equality Impact Assessment (EIA) not required for consultation but will be undertaken prior to any scheme change implementation.

## ENVIRONMENTAL IMPLICATIONS

12.5 The proposal to amend the Local Council Tax Reduction Scheme does not have a detrimental impact on the Council's climate change objectives.

## 13. APPENDICES

Title	Location
<b>Option 1</b> Increase the maximum rate of CTR from 95% to 100%	Appendix A
<b>Option 2</b> Increase the maximum rate of CTR from 95% to 100% and introduce a Banded Earnings scheme for UC customers	Appendix B
<b>Option 3</b> Increase the maximum rate of CTR from 95% to 100% and introduce a Banded Earnings scheme for UC customers and Transitional Protection.	Appendix C
<b>Survey Response Analysis</b>	Appendix D

## 14. BACKGROUND DOCUMENTS

14.1 JOS/22/9 Council Tax Reduction Scheme

14.2 MCa/22/23 Council Tax Reduction (Working Age) Scheme 2023/24 - Consultation

## Option 1

### ***Increase the maximum rate of CTR from 95% to 100% reduction of the Council Tax charge maintaining alignment with the Housing Benefit Scheme.***

This provides for the simplest change and allows for all customers to be treated in the same way. The caseload changes on a daily basis but the table below demonstrates the approximate cost of change.

Table 1

	<b>Cost of CTR 22/23 95% Scheme</b>	<b>Cost of CTR 22/23 100% Scheme</b>	<b>Cost of uplift to 100% Scheme (+5% liability)</b>	<b>Caseload on 31st October 2022</b>
<b>Working Age</b>	£2,351,189	£2,495,469	£144,280	2,298

The cost of the CTR scheme is borne proportionally by precepting authorities.

Based on the 2022/23 Council Tax Band D figures, the increase in the scheme costs would impact the preceptors by the following amounts:

Table 2

<b>Cost of uplift to 100% Scheme</b>	<b>Suffolk County Council 74.1%</b>	<b>Police &amp; Crime Commissioner 12.8%</b>	<b>Mid Suffolk Council 8.8%</b>	<b>Parish Average 4.3%</b>
<b>£144.3k</b>	£106.9k	£18.5k	£12.7k	£6.2k

## Option 2

***Increase the maximum rate of CTR from 95% to 100% reduction of the Council Tax charge maintaining alignment with the Housing Benefit Scheme for legacy customers and introduce a Banded Earnings element to the scheme to account for Universal Credit customers.***

This scheme (as modelled) costs MSDC just £4.3k more to support than option 1.

The cost of the CTR scheme is borne proportionally by precepting authorities. Based on the 2022/23 Council Tax Band D figures, the increase in the scheme costs would impact the preceptors by the following amounts:

Table 3

<b>Cost of uplift to 100% Scheme and UC Banded Scheme</b>	<b>Suffolk County Council 74.1%</b>	<b>Police &amp; Crime Commissioner 12.8%</b>	<b>Mid Suffolk Council 8.8%</b>	<b>Parish Average 4.3%</b>
<b>£154.3k</b>	£114.5k	£19.8k	£16.6k	£6.6k

Option 2 was modelled assuming the following income thresholds for customers on UC. These are completely flexible, and both the band thresholds and weekly contribution can be amended.

Table 4 – Income Bands

<b>Income Bands (Monthly)</b>	<b>monthly contribution</b>	<b>Income Bands (Weekly up to)</b>	<b>Weekly contribution</b>
Not in work or less than £290	£0	Not in work or less than £66.92	£0
£290 - £609.99	£35	£140.77	£8.08
£610 - £1159.99	£80	£267.69	£18.46
£1160 to £1844.99	£120	£425.77	£27.69
£1845 - £2369.99	£185	£546.92	£42.69
£2370 - £2899.99	£240	£669.23	£55.39
Over £2900	No entitlement to CTS	over £669.23	No entitlement to CTS

Only those UC customers who earn over £290 per month would need to make any contribution towards their Council Tax and, provided their earnings do not fluctuate greatly, payments would remain the same throughout the year.

The main groups of people who benefit from this scheme are those where the claimant or partner had Carers Allowance or Employment Support Allowance included within their Universal Credit. This is counted as income within the current scheme and 20% of that income is used to reduce weekly entitlement to CTR. Under the new scheme, those customers who do not work are 'passported' to full CTR. Those customers who work and have Carers/Employment Support Allowance, have this 'other' income disregarded as additional income and, as such, see less of a reduction to their weekly entitlement.

95.21% of customers receive the same/better reduction than under the current scheme.

The customers who are adversely affected by this change are those who have Housing Costs included within their UC. The current scheme assumes that the assessed UC level is equivalent to the 'basic living allowance' used for legacy benefit customers and results in higher entitlement to CTR.

DRAFT

### Option 3

**Increase the maximum rate of CTR from 95% to 100% reduction of the Council Tax charge maintaining alignment with the Housing Benefit Scheme for legacy customers, introduce a Banded Earnings element to the scheme to account for Universal Credit customers and Transitional Protection.**

Option 3 details are as for Option 2 but, for those customers who would be adversely affected under Option 2, Transitional Protection would be awarded to 'top up' entitlement to that of entitlement levels at the 31st March 2022.

Transitional Protection is awarded under Section 13A (1)(c) of the Local Government Finance Act 1992 which gives Local Authorities the ability to make a further reduction to an established LCTR scheme in saying that the amount of Council Tax which a person is liable to pay in respect of any chargeable dwelling and any day 'may be reduced to such extent (or, if the amount has been reduced under paragraph (a) or (b), such further extent) as the billing authority for the area in which the dwelling is situated thinks fit'. Such additional awards are made at the Councils discretion.

Awards made at the Council's discretion are to be financed by the Council.

Due to the multiple ways that a Transitional Protection scheme can operate the costs will be calculated post consultation based on feedback received.

Introducing a Transitional Protection Scheme to preserve the award for 23/24 to at least that of the entitlement in 22/23 would have the following estimated cost **£26.1k**

This estimate assumes a Transitional Protection award for the whole of the financial year 2023/24 at the rate of detriment on transfer. However, the scheme will operate in such a way that it 'tops-up' entitlement to the award made in 22/23 and ceases at the point that the customer is better-off on the new scheme. This estimate is therefore a worse case estimate.

Babergh and Mid Suffolk District Councils CTR Scheme Survey Results  
(53 People Surveyed)

**1. Do you pay council tax to Babergh District Council/Mid Suffolk District Council?**

Yes – 94% (50)  
No – 6% (3)

**2. Do you receive Council Tax Reduction?**

Yes – 28% (15)  
No – 72% (38)

**3. Pensioners currently receive up to 100% council tax reduction, while working age customers receive up to 95% council tax reduction. During the council tax year 2023-23, do you support amending the scheme so that all customers can receive up to 100% reduction?**

Yes – 79% (42)  
No – 21% (11)

**4. Do you support simplifying the scheme for Universal Credit customers and reducing administration costs?**

Yes – 91% (48)  
No – 8% (4)  
No Response – 2% (1)

**5. Do you support the retention of the scheme for customers not in receipt of Universal Credit that follows the same rules and allowances used for Housing Benefit?**

Yes – 81% (43)  
No – 17% (9)  
No Response – 2% (1)

**6. What do you think of the proposed income bands that will apply to Universal Credit customers?**

The bands should be set lower – 17% (9)  
The bands should be set higher – 15% (8)  
The bands seem about right – 23% (12)  
I'm not sure – 32% (17)  
There should be fewer bands – 6% (3)  
There should be more bands – 4% (2)  
No Response – 4% (2)

**7. Do you want to tell us anything about income bands?**

- They are a great idea - if the amount received each month doesn't change as that is confusing and requires a lot of administration on both sides. Having the income bands would mean that it will be more consistent, and I could budget better.

- With the current band proposals, I will be jumping back and forth between 2 bands all year. You should accept a total annual income divided into 12 equal amounts verified by my employer and issue a single council tax bill for the year.
- Consideration needs to be given to carers, as Carer's Allowance is considered as income. Special circumstances should apply to those caring for others, especially if they are living in the same household. People who have a recognised disability, but who are not in receipt of PIP should also be considered for a reduction.
- The income bands should include higher household incomes. We are all struggling and some of us can't access the same help that lower earners earn.
- Not fair that only people on UC are getting help.
- More needs to be considered. Just because a household has a good income doesn't mean they should pay more council tax than neighbours in the same house who claim benefits.
- I support having more bands to stop frequent changes due to income changes. All changes should be for the better of all those who are affected by the changes.
- It will help people know where they are each month, but banding could be better for people on low incomes.
- Council tax bandings should be set across the board for everyone. Those on benefits should not receive a reduction, neither should pensioners.

**8. Should other adults in the house contribute towards the Council Tax bill?**

Yes – 68% (36)

No – 32% (17)

**9. Should the scheme for households on Universal Credit only consider earned income? If yes, Council Tax Reduction will change in a similar way to Universal Credit awards.**

Yes – 62% (33)

No – 32% (17)

No Response – 6% (3)

**10. Should the scheme for households on Universal Credit be reviewed every year to reflect changes in Council Tax and National Living Wage rates? This would impact upon the value of income bands, non-dependant deductions and Council Tax Contributions.**

Yes – 91% (48)

No – 4% (2)

No Response – 6% (3)

**11. Do you agree with the proposal to introduce a Transitional Protection Scheme for 2023/24 to ensure no customer is financially disadvantaged upon the introduction of a new scheme?**

Yes – 79% (42)

No – 13% (7)

No Response – 8% (4)



**12. Do you want to tell us anything else about Transitional Protection?**

- There should be a transitional period for those it affects.
- The change will impact eventually, just make the change.
- There needs to be a smooth change over especially if during the transition people move.
- Changes should be for the better of all those who are affected by the changes.

**13. Changing the Council Tax Reduction Scheme in line with the proposal will save money by producing less bills and statutory notices to print and post out. Do you agree that the Council should always look for ways to work in a more cost-effective, efficient way?**

Yes – 96% (51)

No – 0% (0)

No Response – 4% (2)

**14. If no, how else could the Council look to make savings?**

- Do site visits to evaluate the true need for benefits.
- Get the people who claim benefits to do jobs in the community to earn their money, therefore saving money on paying out for jobs to be done.
- Lobbying the National Government to impose a windfall tax (and a fairer but more expensive income tax system for those who can afford it) to properly fund councils to help those most in need, as well as paying for roads, education, care, services, climate change etc.
- Council tax reductions should be carefully means tested and all adults living in the property should have their income considered for the overall household.

**15. Do you have any other thoughts about the scheme that is proposed?**

- As a low-income household who can't claim UC due to having a small savings contingency, we are unable to claim financial support. There ought to be opportunities to apply for support available by all agencies for those in our situation.
- It is a great idea. Please make the forms that we need to fill out more user friendly. I gave up on my last attempt at filling one out even though I am probably entitled to help.
- I hope this will mean I will know how much money my council tax will be each month for the whole year, without any more changes during the year. This will mean I will be able to budget better without worrying if next month my council tax will go up, only to find out at the end of the tax year I've paid too much.
- It will result in a net benefit so that must be good. In the current financial climate awareness of the scheme needs to be generated to help those most vulnerable.
- The idea is excellent and humane. It will give benefit and hope to those that are affected.
- Reduce it for everyone. Everyone uses the services. All adults in every household should have their income considered.

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# Agenda Item 9

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/22/35</b>
<b>FROM:</b> Cabinet Member for Finance, Cllr John Whitehead	<b>DATE OF MEETING:</b> 9 January 2023
<b>OFFICER:</b> Melissa Evans, Director - Corporate Resources	<b>KEY DECISION REF NO.</b> CAB366

### FEES AND CHARGES 2023/24

#### 1. PURPOSE OF REPORT

- 1.1 This report presents the 2023/24 proposed fees and charges for a range of services provided by the Council, including charges for services governed by statute and charges for discretionary services.
- 1.2 The approved fees and charges will be built into the draft budget for 2023/24.

#### 2. OPTIONS CONSIDERED

- 2.1 The options that have been considered are:
  - a) To review and approve the proposed changes to the fees and charges for the forthcoming financial year (recommended) or,
  - b) To make no change, leave them at the current year's level

#### 3. RECOMMENDATION

- 3.1 That, the proposed Fees and Charges for 2023/24 as shown in Appendix A, be approved.

#### REASON FOR DECISION

**To ensure that the Council achieves sufficient income and thereby reduces the subsidy on non-essential services which may compromise the Councils ability to fund statutory services.**

#### 4. KEY INFORMATION

##### Introduction

- 4.1 Fees and charges are an important source of income to the Council, enabling important services to be sustained and provided. In 2023/24 Mid Suffolk's fees and charges will generate £5.407m, which is 15% of the Councils gross expenditure. In order to sustain the delivery of services in the future this revenue is essential.

- 4.2 One of the key themes in the medium-term financial strategy is income generation and to achieve a robust financial strategy. With reducing Government funding, the stability and growth in the Councils fees and charges is a major part of delivering this strategy.
- 4.3 The Council provides a wide range of services for which it has the ability to make a charge – either under statutory powers (set by the Government) or discretionary (set by the Council). Fees and charges fall into three categories:
- 4.4 **Statutory prohibition on charging:** Local authorities must provide such services free of charge at the point of service. Generally, these are services which the authority has a duty to provide.
- 4.5 **Statutory charges:** Charges are set nationally, and local authorities have little or no opportunity to control such charges. These charges can still contribute to the financial position of the Authority. Income cannot be assumed to increase in line with other fees and charges.
- 4.6 **Discretionary charges:** Local authorities can make their own decisions on setting such charges. Generally, these are services that an authority can provide but is not required to provide.
- 5. PROPOSED FEES AND CHARGES 2023/24**
- 5.1 This report sets out the proposed fees and charges for 2023/24 for a range of services provided by the Council. The Council regularly reviews and revises its rates for fees and charges so that either all or a proportion of the cost-of-service provision can be met and built into the Revenue Budget accordingly.
- 5.2 The fees and charges set out in this report have been built into the Draft General Fund Budget 2023/24.
- 5.3 It should be noted that if the increases in charges are too high, income levels may drop due to customer resistance and affordability for the customer. Usage and uptake of services needs to continue at optimum levels to support funding of increasing service costs, including administration and contract uplifts where applicable. Failure to achieve sufficient income and thereby reduce subsidy on non-essential services may compromise the Councils ability to fund statutory services and savings may need to be made elsewhere in the budget to mitigate a loss of income.
- 5.4 The charges set out are inclusive of value added tax (VAT) at the current rate, where appropriate.
- 5.5 The total income from the proposed fees and charges for 2023/24 is £5.407m compared to £5.151m in 2022/23, an increase of £256k or 5%. A detailed breakdown by service area can be found in Appendix B.
- 5.6 Service Managers have reviewed the fees and charges for their relevant areas and are confident that where changes are proposed these are reasonable increases in terms of benchmarking against others. The proposed detailed schedule of fees and charges for 2023/24 is shown in Appendix A.
- 5.7 The proposed changes for 2023/24 are summarised in the tables below:

## 5.8 Statutory Charges

Discretionary charges that have seen an increase from 2022/23 can be broken down as follows:

Detail	Fee 2022/23	Fee 2023/24	Increase	
<b>Licensing</b>				
<b>Charges for inspections:</b>				
Food export certificate	£85.00	£93.50	£8.50	10.0%
Destruction of surrendered food certificate	£146.00	£168.85	£22.85	15.6%
Food Hygiene Rating (FHRS) rescore visits	£108.00	£180.00	£72.00	66.7%
<b>Animal welfare:</b>				
Dangerous Wild Animal Licence - New	£315.00	£496.00	£181.00	57.4%
Dangerous Wild Animal Licence – Renewal	NEW	£310.00	-	-
<b>Zoos:</b>				
Zoo licence Application – notice of intention	£535.00	£589.00	£54.00	10.1%
Zoo licence – New (duration of 4 years)	£535.00	£930.00	£395.00	73.8%
<b>Skin piercing:</b>				
Registration for skin piercing (tattooing, electrolysis, ear piercing etc)				
For new person or premises	£170.00	£187.00	£17.00	10.0%
For additional practitioners at existing premises	£120.00	£133.00	£13.00	10.8%
For existing practitioners moving into new unregistered premises	£120.00	£133.00	£13.00	10.8%
<b>Scrap metal dealers:</b>				
Collector NEW	£422.00	£464.00	£42.00	10.0%
Site NEW	£684.00	£752.00	£68.00	10.0%
Site RENEW	£606.00	£752.00	£146.00	24.1%
<b>Private water supplies:</b>				
Sampling	£75.00	£83.00	£8.00	10.1%
Investigation of problems with private water supplies	£52 per hour	£57 per hour	£5.00 per hour	9.6%
Administration	£52 per hour	£57 per hour	£5.00 per hour	9.6%
<b>Building Control</b>				
Property Name Change (per request)	£100.00	£110.00	£10.00	10.0%
<b>New Developments:</b>				
1 plot	£103.00	£110.00	£7.00	6.8%
2-5 plots	£206.00	£215.00	£9.00	4.7%
6-10 plots	£309.00	£325.00	£16.00	5.2%
11-20 plots	£515.00	£540.00	£25.00	4.8%
21-50 plots	£1,030.00	£1,080.00	£50.00	4.8%
51-100 plots	£1,545.00	Quotation	-	-
101+ plots	£10 per plot + £1,545	Quotation	-	-
<b>Green environment</b>				
<b>Bins:</b>				
Litter Bins	£37.13	£39.73	£2.60	7.0%
Dog Bins	£43.49	£46.53	£3.04	7.0%

## 5.9 Discretionary Charges

Discretionary charges that have seen an increase from 2022/23 can be broken down as follows:

Detail	Fee 2022/23	Fee 2023/24	Increase	
<b>Green environment</b>				
<b>Household Waste:</b>				
Bulky Item Collections	£45.00	£49.50	£4.50	10.0%
Garden Waste Collection NEW	£59.50	£69.00	£9.50	15.9%
Garden Waste Collection RENEW	£54.50	£59.00	£4.50	8.3%
Larger Bins	£37.50	£41.25	£3.75	10.0%
Replacement Missing Bins	£37.50	£41.25	£3.75	10.0%
Additional Waste Sacks – clear recycling	£0.10	£0.12	£0.02	20.0%
Additional Waste Sacks - orange	£0.70	£0.84	£0.14	20.0%
Additional Waste Sacks - green	£1.00	£1.20	£0.20	20.0%
New Set of Bins	£63.00	£69.00	£6.00	9.5%
<b>High hedges:</b>				
High Hedges 2.00 - 3.99 Metres Tall	£350.00	£12.00 per linear metre	-	-
High Hedges 4.00 - 5.99 Metres Tall		£24.00 per linear Metre	-	-
<b>Planning</b>				
Copies of Microfiche from Storetec	£15.00	£25.00	£10.00	66.7%
History search (1-4 dwellings)	£54.00	£60.00	£6.00	11.1%
History search (over 4 dwellings)	£75.00	£80.00	£5.00	6.7%
<b>Public Path Orders</b>				
Public rights of way	£60.68 per hour	£68.15 per hour	£7.47 per hour	12.3%

## 6. LINKS TO JOINT CORPORATE PLAN

6.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the 6 corporate strategic priorities set out in the Corporate Plan, and ensuring the Council has a robust financial strategy. One of the key themes in the Medium-Term Financial Strategy is increasing the Councils income.

## 7. FINANCIAL IMPLICATIONS

7.1 The increase in fees and charges income will either have been included in the Draft General Fund budget 2023/24 as a saving or be used to offset the operational costs of the service, for example, the inflationary increases in running costs.

## 8. LEGAL IMPLICATIONS

8.1 Local authorities have a variety of powers to charge for specific statutory services set out in statute.

- 8.2 The Local Government Act 2003 also provides a power to trade and a power to charge for discretionary services, the latter on a cost recovery basis. The power to charge for discretionary services is not available to local authorities if there is a statutory duty to provide the service or if there is a specific power to charge for it or if there is a prohibition on charging.
- 8.3 Additionally, the Localism Act 2011 provides local authorities with a general power of competence that confers on them the power to charge for services but again subject to conditions/limitations similar to those noted above.
- 8.4 Where authorities have a duty to provide a statutory service free of charge to a certain standard, no charge can be made for delivery to that standard, however delivery beyond that point may constitute a discretionary service for which a charge could be made.
- 8.5 All items/services listed in the appendices are pursuant to a power to provide the relevant service whether it is provided because of a statutory obligation to do so, or on a discretionary basis where the authority is not obliged to provide the service but can choose to do so. In relation to the latter, an authority charging for such services would do so on a cost recovery basis, pursuant to the Local Government Act 2003/Localism Act 2011.

## 9. RISK MANAGEMENT

- 9.1 This report is most closely linked with the Councils' Significant Risk No.4 – We may be unable to react in a timely and effective way to financial demands. Other key risks are set out below:

<b>Key Risk Description</b>	<b>Likelihood 1-4</b>	<b>Impact 1-4</b>	<b>Key Mitigation Measures</b>	<b>Risk Register and Reference</b>
If the increases proposed adversely affect demand for the service, the Council may suffer a loss of income and will not recover the costs of providing the service.	Unlikely (2)	Noticeable (2)	Fees and charges will be monitored as part of monthly budget monitoring in conjunction with SLT and Corporate Managers	Finance, Commissioning and Procurement Operational Risk Register – 005

## 10. CONSULTATIONS

- 10.1 The relevant Portfolio Holders and Councillors have been consulted on any significant areas of increase or change to fee and charges. The need for wider consultation when increasing fees and charges is reviewed by each Corporate Manager and relevant Director, none of the proposed increases in this report have resulted in a need for wider consultation.

**11. EQUALITY ANALYSIS**

11.1 An equality impact assessment will be undertaken by each Director for any significant changes within these fee and charges proposals.

**12. ENVIRONMENTAL IMPLICATIONS**

12.1 The use of fees and charges can influence behaviour that will in turn have a positive impact on the environment. Corporate Managers will consider this impact as part of their service strategies.

**13. APPENDICES**

Title	Location
Appendix A - Fees and charges schedule 2023/24	Attached
Appendix B – Fees and charges by service 2023/24 compared to 2022/23	Attached

**14. BACKGROUND DOCUMENTS**

Draft General Fund Budget 2023/24 and four-year outlook





# Fees and Charges Schedule 2023/24



# Charges Schedule for 2023/24

Generally, any increase in fees and charges will take effect from 1st April each year. Details of variations from this date, for example, where a fee or charge is governed by statute, are included in this schedule.

The current standard rate of Value Added Tax (VAT) is 20%. The schedules for fees and charges show whether VAT is applicable.

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# Statutory Charges

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>1. Licensing</b>				
<b>1.1. Charges for Inspections</b>				
Food export certificate	£85.00	£93.50	VAT	
Destruction of surrendered food certificate	£146.00	£168.85	Non-VAT	Plus £62 per hour or part hour for time spent processing condemnation on-site plus cost of disposal
Food Hygiene Rating (FHRS) rescore visits	£108.00	£180.00	Non-VAT	

1.2. Charges for Licensing				
<b><u>Animal Welfare</u></b>				
Dangerous Wild Animal Licence - New *	£315.00	£496.00	Non-VAT	
Dangerous Wild Animal Licence - Renewal *	NEW	£310.00	Non-VAT	Renewal due every 2 years
Dangerous Wild Animal Licence - Variation *	NEW	Quotation	Non-VAT	Fee based on nature of variation eg new species, addition to collection
<b><u>Zoos</u></b>				
Zoo licence Application (Notice of intention) *	£535.00	£589.00	Non-VAT	
Zoo licence – New *	£535.00	£930.00	Non-VAT	4-year licence
Zoo licence – Renewal *	£805.00	£805.00	Non-VAT	6-year licence
Periodical inspection	NEW	Quotation	Non-VAT	Years 1 and 3
Special inspection	NEW	Quotation	Non-VAT	
Informal inspection	No charge	No charge	Non-VAT	
Variation	NEW	Quotation	Non-VAT	
Additional inspector fee	NEW	Quotation	Non-VAT	Zoos with no dispensation under the Zoo Licensing Act 1981 and for new applications and renewals (where appropriate)
* plus Vets Inspection Fee – recovery of costs				
Animal Welfare Licences	See website	See website		<a href="https://www.midsuffolk.gov.uk/business/licensing/dog-breeding-establishments/">https://www.midsuffolk.gov.uk/business/licensing/dog-breeding-establishments/</a>
<b><u>Skin Piercing</u></b>				
Registration for skin piercing (tattooing, electrolysis, ear piercing etc)				
- For new person or premises	£170.00	£187.00	Non-VAT	
- For additional practitioners at existing premises	£120.00	£133.00	Non-VAT	
- For existing practitioners moving into new unregistered premises	£120.00	£133.00	Non-VAT	
<b><u>Licensing Act 2003 (Alcohol, Entertainment and Late Night Refreshment)</u></b>				
Temporary Event Notice (TEN)	£21.00	£21.00		Per TEN
Premises Licences incl. annual fee	Variable	Variable		
Club premises incl. annual fee	Variable	Variable		
DPS Variation/Community DPS	£23.00	£23.00		
Transfer	£23.00	£23.00		
Notice of Interest	£21.00	£21.00		
Copy or replace licence	£10.50	£12.00		
Personal licences	£37.00	£37.00		
Street Trading				Please contact our Customer Services Team on 0300 1234000

# Statutory Charges

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>1. Licensing (continued)</b>				
<b>1.3. Scrap Metal Dealers</b>				
Collector NEW	£422.00	£464.00		
Collector RENEW	£344.00	£464.00		
Site NEW	£684.00	£752.00		
Site RENEW	£606.00	£752.00		

<b>1.4. Local Authority Pollution Prevention &amp; Control (LAPPC)</b>				
LAPPC	See website	See website	Non-VAT	<a href="https://www.midsuffolk.gov.uk/assets/Environment/EP-Fees-2022-23-2.pdf">https://www.midsuffolk.gov.uk/assets/Environment/EP-Fees-2022-23-2.pdf</a>
<b>1.5. Private Water Supplies</b>				
Risk Assessment – typical cost	£200.00-£250.00	£200.00 - £250.00	Non-VAT	
Sampling	£75.00	£83.00		
Investigation of problems with PWS	£52 per hour	£57 per hour		
Administration	£52 per hour	£57 per hour		
<b>2. Planning</b>				
Planning Applications	See website	See website		<a href="https://ecab.planningportal.co.uk/uploads/english_application_fees.pdf">https://ecab.planningportal.co.uk/uploads/english_application_fees.pdf</a>
Pre-planning advice	See website	See website		<a href="https://www.midsuffolk.gov.uk/assets/DM-Planning-Uploads/Fees-for-pre-app-web-version2.pdf">https://www.midsuffolk.gov.uk/assets/DM-Planning-Uploads/Fees-for-pre-app-web-version2.pdf</a>
<b>3. Building Control</b>				
Building control	See website	See website	Non-VAT	<a href="https://www.midsuffolk.gov.uk/building-control/building-regulations/building-regulations-charges/">https://www.midsuffolk.gov.uk/building-control/building-regulations/building-regulations-charges/</a>
Property Name Change (per request)	£100.00	£110.00	Non-VAT	
New Developments:				
1 plot	£103.00	£110.00	Non-VAT	
2-5 plots	£206.00	£215.00	Non-VAT	
6-10 plots	£309.00	£325.00	Non-VAT	
11-20 plots	£515.00	£540.00	Non-VAT	
21-50 plots	£1,030.00	£1,080.00	Non-VAT	
51-100 plots	£1,545.00	Quotation	Non-VAT	
101+ plots	£10 per plot + £1,545	Quotation	Non-VAT	



# Statutory Charges

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>4. Land Charges</b>				
Land charges	See website	See website		<a href="https://www.midsuffolk.gov.uk/planning/land-charges">https://www.midsuffolk.gov.uk/planning/land-charges</a>
<b>5. Green Environment</b>				
<b>5.1. Dog Control</b>				
Statutory Penalty	£25.00	£25.00	Non-VAT	See Discretionary Charges for administration fee, kennelling and vet treatments.
Lost & Found	See website	See website £38.50 with up-to-date tag and microchip/ £49.50 without. £16.50 + VAT per kennelling day (min charge two days)		<a href="https://www.midsuffolk.gov.uk/environment/dog-control/lost-and-found/">https://www.midsuffolk.gov.uk/environment/dog-control/lost-and-found/</a>
<b>5.2. Bins</b>				
Litter Bins	£37.13	£39.73		Per annum – charges made to Town & Parish Councils
Dog Bins	£43.49	£46.53		
<b>5.3. Abandoned Vehicles</b>				
Removal of Vehicles	See website	See website		<a href="http://www.legislation.gov.uk/ukxi/2008/2095/regulation/4/made">http://www.legislation.gov.uk/ukxi/2008/2095/regulation/4/made</a> <a href="https://www.midsuffolk.gov.uk/assets/Environment/abandonedvehicles.pdf">https://www.midsuffolk.gov.uk/assets/Environment/abandonedvehicles.pdf</a>
<b>6. Resources</b>				
<b>6.1. Sale of Electoral Roll</b>				
Copies of full register for entitled access only	£126.50	£126.50		Based on register size (price per elector) as at 01.12.20
Monthly Updates	£193.50	£193.50		£21.50 per month for 9 months
General Public Copy of Edited Register	£62.00	£62.00		

# Discretionary Charges

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>1. Community Health</b>				
<b>1.1. Hackney Carriage / Private Hire Vehicles Charges</b>				
Hackney Carriage New	£339.50	£339.50		
Hackney Carriage Renewal	£339.50	£339.50		
Hackney Carriage Change	Variable	Variable		
Private Hire Vehicle New	£264.50	£264.50		
Private Hire Vehicle Renewal	£264.50	£264.50		
Private Hire Vehicle Change	Variable	Variable		
Combined HC/PHV Driver New	£163.00	£163.00		
Combined HC/PHV Driver Renew	£110.50	£110.50		
Operator Licence New	Variable	Variable		Price ranges from £137.50 to £430.00
Operator Licence Renewal	Variable	Variable		
Vehicle Plate (cost if lost etc)	£22.00 rear £8.00 interior	£22.00 rear £8.00 interior		
Vehicle Plate Bracket	£20.00	£20.00		
Transfer of Vehicle Licence	Variable	Variable		
Vehicle Change from PHV to HC	Variable	Variable		Plus test fee, if appropriate
Vehicle Change from HC to PHV	Variable	Variable		
Temporary Vehicles HC	£104.00 to £157.00	£104.00 to £157.00		
Temporary Vehicles PHV	£117.00 to £184.00	£117.00 to £184.00		
Change of Name	£15.00	£15.00		
Change of Address	£15.00	£15.00		
Replacement licence Paper/Badge of Drivers Licence or Paper / Interior Licence of Vehicle	£12.00	£12.00		
Drivers Knowledge Test	Inc. in fees	Inc. in fees		
Drivers Knowledge Test (Re-Test)	£20.00	£20.00		
Licence reissued after suspension	£15.00	£15.00		
HC Fare Tariff Card	£5.00	£5.00		
HC Meter Calibration Check	£25.00	£25.00		

# Discretionary Charges

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>1.2. Premises Licences (Gambling Act 2005)</b>				
<b><u>Small Lotteries (part of Gambling Act 2005)</u></b>				
Lottery NEW	£40.00	£40.00		
Lottery RENEWAL	£20.00	£20.00		

<b><u>Gambling Premises &amp; Permits</u></b>		
Betting Shop (Non-Track) NEW	£3,000.00	£3,000.00
Betting Shop (Non-Track) RENEWAL	£600.00	£600.00
Betting Shop (Non-Track) Variation	£1,500.00	£1,500.00
Betting Shop (Non-Track) Transfer and/or Reinstatement	£1,200.00	£1,200.00
Betting Shop (Non-Track) Provisional Statement	£3,000.00	£3,000.00
Betting Shop (Non-Track) Licence Application (Provisional Statement Holders)	£1,200.00	£1,200.00
Betting Shop (Track) NEW	£2,500.00	£2,500.00
Betting Shop (Track) Annual Fee	£1,000.00	£1,000.00
Betting Shop (Track) Variation	£1,250.00	£1,250.00
Betting Shop (Track) Transfer and/or Reinstatement	£950.00	£950.00
Betting Shop (Track) Provisional Statement	£2,500.00	£2,500.00
Betting Shop (Track) Licence Application (Provisional Statement Holders)	£950.00	£950.00
On-Licence Gaming Machine Permit NEW	£150.00	£150.00
On-Licence Gaming Machine Permit - Variation	£100.00	£100.00
On-Licence Gaming Machine Permit - Annual Fee	£50.00	£50.00
On-Licence Gaming Machine Permit - Copy Fee	£15.00	£15.00
On-Licence Gaming Machine Permit - Transfer of Amend	£25.00	£25.00
Club Machine or Gaming Permit - NEW	£200.00	£200.00
Club Machine or Gaming Permit - Variation	£100.00	£100.00
Club Machine or Gaming Permit - Annual Fee	£50.00	£50.00
Club Machine or Gaming Permit - Copy Fee	£15.00	£15.00
Club Machine or Gaming Permit - Transfer or Amend	£25.00	£25.00
Adult Gaming Centre - NEW	£2,000.00	£2,000.00
Adult Gaming Centre - Annual Fee	£750.00	£750.00
Adult Gaming Centre - Variation	£1,000.00	£1,000.00
Adult Gaming Centre - Transfer/Reinstatement	£1,200.00	£1,200.00
Adult Gaming Centre -Provisional Statement	£2,000.00	£2,000.00
Adult Gaming Centre - Licence Application (Provisional Statement Holders)	£1,200.00	£1,200.00
Family Entertainment Centres - NEW	£2,000.00	£2,000.00
Family Entertainment Centre's - Annual Fee	£1,000.00	£1,000.00

<b><u>Gambling Premises &amp; Permits</u></b>		
Family Entertainment Centre's - Variation	£1,000.00	£1,000.00
Family Entertainment Centre's - Transfer/Reinstatement	£950.00	£950.00
Family Entertainment Centre's - Provisional Statement	£2,000.00	£2,000.00
Family Entertainment Centre's - Licence Application (Provisional Statement Holders)	£950.00	£950.00
Regional Casino - NEW	£15,000.00	£15,000.00
Regional Casino - Annual Fee	£15,000.00	£15,000.00
Regional Casino - Variation	£7,500.00	£7,500.00
Regional Casino - Transfer/Reinstatement	£8,500.00	£8,500.00
Regional Casino - Provisional Statement	£15,000.00	£15,000.00
Regional Casino - Licence Application (Provisional Statement Holders)	£8,000.00	£8,000.00
Large Casino - NEW	£10,000.00	£10,000.00,
Large Casino - Annual Fee	£10,000.00	£10,000.00
Large Casino - Variation	£5,000.00	£5,000.00
Large Casino - Transfer/Reinstatement	£2,150.00	£2,150.00
Large Casino - Provisional Statement	£10,000.00	£10,000.00
Large Casino - Licence Application (Provisional Statement Holders)	£5,000.00	£5,000.00
Small Casino - NEW	£8,000.00	£8,000.00
Small Casino - Annual Fee	£5,000.00	£5,000.00
Small Casino - Variation	£4,000.00	£4,000.00
Small Casino - Transfer/Reinstatement	£1,800.00	£1,800.00
Small Casino - Provisional Statement	£8,000.00	£8,000.00
Small Casino - Licence Application (Provisional Statement Holders)	£3,000.00	£3,000.00
Bingo - NEW	£3,500.00	£3,500.00
Bingo - Annual Fee	£1,000.00	£1,000.00
Bingo - Variation	£1,750.00	£1,750.00
Bingo - Transfer/Reinstatement	£1,200.00	£1,200.00
Bingo - Provisional Statement	£3,500.00	£3,500.00
Bingo - Licence Application (Provisional Statement Holders)	£1,200.00	£1,200.00
Copy of Licence	£25.00	£25.00

<b><u>Gambling Premises &amp; Permits</u></b>		
Notification of change	£50.00	£50.00
Temporary Use Notice - NEW	£500.00	£500.00
Temporary Use Notice - Copy Fee	£25.00	£25.00
<b>1.3. Caravan Licensing</b>		
New Park home License	£276.00 - £378.00	£276.00 - £378.00
Annual Licence Fee	£221.00	£221.00
Licence Transfer	£101.00 - £122.00	£101.00 - £122.00
Licence Variation	£120.00	£120.00
Deposit of Site Rules	£20.00	£20.00
<b>1.4. Other Licensing</b>		
Pavement Licences	£80.00	£80.00
Requests for Environmental Information		£68.40 first hour then £34.20 per half hour thereafter.
		Note: these charges are at the Council's discretion and having regard to relevant factors (in accordance with ICO guidance), may be waived for very simple requests.

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>2. Community Access</b>				
<b>2.1. Car Parking</b>				
Car Parking Charges	See website	See website		<a href="https://www.midsuffolk.gov.uk/environment/parking/">https://www.midsuffolk.gov.uk/environment/parking/</a>
Permits:				
3 Months	£80.00	£80.00		<a href="https://www.midsuffolk.gov.uk/environment/parking/season-tickets-and-parking-permits/">https://www.midsuffolk.gov.uk/environment/parking/season-tickets-and-parking-permits/</a>
12 Months	£300.00	£300.00		
<b>3. Housing</b>				
<b>3.1. Houses of Multiple Occupation</b>				
License Cost	£567.53	£567.53		
<b>3.2. Amenity Charges for Bed &amp; Breakfast Accommodation</b>				
B&B Rate	£10.30 per week	£10.30 per week		
<b>3.3. Mobile Home Fee Policy</b>				
Fees	See website	See website		<a href="https://www.midsuffolk.gov.uk/business/licensing/caravans-park-homes-and-camping-sites/mobile-homes-fees-policy/">https://www.midsuffolk.gov.uk/business/licensing/caravans-park-homes-and-camping-sites/mobile-homes-fees-policy/</a>

# Discretionary Charges

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>4. Green Environment</b>				
<b>4.1. Household Waste</b>				
Bulky Item Collections	£45.00	£49.50	Exempt	Up to five items or 10 bags of household refuse/garden waste
Garden Waste Collection NEW	£59.50	£69.00	Exempt	Annual Charge
Garden Waste Collection RENEW	£54.50	£59.00	Exempt	
Hazardous Waste Collection (25 working days)	£48.16	Quoted price		(Declared from contractor SCC – <b>TBA</b> cost price.) DIY products such as varnishes, Flammable liquids, Garden chemicals or pesticides, Household cleaning products and chemicals, Motoring products such as antifreeze, Poisons such as rat or mouse.
Bonded Asbestos Collection (25 working days)	£80.17	Quoted price		Up to 50kgs
Larger Bins	£37.50	£41.25	Exempt	If entitled to a larger bin, refuse bin charge. Recycling bin no charge.
Replacement Missing Bins	£37.50	£41.25	Exempt	Refuse bin, no charge for recycling bin
Additional Waste Sacks	£0.10	£0.12	VAT	Clear recycling sacks per sack
Additional Waste Sacks	£0.70	£0.84	VAT	Orange Refuse Sacks per sack
Additional Waste Sacks	£1.00	£1.20	VAT	Green Garden Waste Sacks per sack
Business Waste Services	Quoted price	Quoted price	Exempt	Contact Waste department
New Set of Bins	£63.00	£69.00	Exempt	Newly built properties – this cost covers refuse and recycling bin
<b>4.2. High Hedges</b>				
High Hedges 2.00 - 3.99 Metres Tall	£350.00	£12.00 per linear metre	Non-VAT	
High Hedges 2.00 - 3.99 Metres Tall	£350.00	£24.00 per linear metre	Non-VAT	



# Discretionary Charges

	2022/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>5. Planning</b>				
<b>5.1. Planning</b>				
Planning charges	See website	See website	VAT	<a href="https://www.midsuffolk.gov.uk/assets/DM-Planning-Uploads/Fees-for-pre-app-web-version2.pdf">https://www.midsuffolk.gov.uk/assets/DM-Planning-Uploads/Fees-for-pre-app-web-version2.pdf</a>
Copies of Microfiche from Storetec	£15.00	£25.00	VAT	
History search (1-4 dwellings)	£54.00	£60.00	VAT	
History search (5 and over dwellings)	£75.00	£80.00		
<b>5.2. Public Path Orders</b>				
Public Rights of Way	See website £60.68 p/h	See website £68.15 p/h		Application Fees £400.00 <a href="https://www.midsuffolk.gov.uk/environment/public-rights-of-way/">https://www.midsuffolk.gov.uk/environment/public-rights-of-way/</a>
<b>5.3. Building Control</b>				
Building Control	See website	See website		<a href="https://www.midsuffolk.gov.uk/building-control/building-regulations/building-regulations-charges/">https://www.midsuffolk.gov.uk/building-control/building-regulations/building-regulations-charges/</a>
Energy performance and assessment (EPC)	See website	See website		<a href="https://www.midsuffolk.gov.uk/building-control/building-control-services-and-information/energy-performance-and-assessment/">https://www.midsuffolk.gov.uk/building-control/building-control-services-and-information/energy-performance-and-assessment/</a>

# Levy Charges

	2023/23 Total Charge	2023/24 Total Charge	VAT Status	Notes
<b>1. Levies</b>				
<b>1.1. Community Infrastructure Levy (CIL)</b>				
CIL	See website	See website		<a href="https://www.midsuffolk.gov.uk/assets/CIL-and-S106-Documents/MSDC-Charging-Schedule-11-Apr-2016.docx.pdf">https://www.midsuffolk.gov.uk/assets/CIL-and-S106-Documents/MSDC-Charging-Schedule-11-Apr-2016.docx.pdf</a>

## Appendix B

### Fees and charges by service 2023/24 compared to 2022/23

	Budget 2022/23 £'000)	Budget 2023/24 (£'000)	Increase/ (Decrease) (£'000)	Increase/ - Decrease (%)
Assets & investments - rental income	(50)	(50)	-	0%
Alcohol, Entertainments & Late Night Refreshment	(69)	(71)	2	3%
Animal Welfare Licensing	(12)	(15)	3	27%
Car Parks	(506)	(581)	75	15%
Civil Parking Enforcement	(30)	(40)	10	32%
Domestic Waste	(184)	(197)	13	7%
Environmental Protection	(8)	(17)	9	108%
Food & Safety (General)	(15)	(16)	0	3%
Footpaths	(13)	(35)	21	160%
Gambling & Small Lotteries	(5)	(6)	0	3%
Garden Waste	(1,044)	(1,190)	146	14%
Open Spaces	(48)	(49)	1	2%
Street & Major Road Cleansing	(39)	(46)	7	19%
Taxi & Private Hire Licensing	(52)	(58)	6	12%
Trade Waste	(498)	(576)	78	16%
Water Sampling	(10)	(10)	-	0%
Land Charges	(193)	(203)	10	5%
Building Control Commercial Income	(7)	(7)	-	0%
Building Regulations Chargeable Service	(405)	(373)	(32)	-8%
Community Infrastructure Levy	(102)	(155)	53	52%
Conservation	(15)	(15)	-	0%
Development Management	(1,712)	(1,580)	(132)	-8%
Planning Performance Agreement	(10)	(10)	-	0%
Pre-Application Charging	(60)	(45)	(15)	-25%
Street Naming & Numbering	(44)	(42)	(2)	-4%
Other (less than £5k)	(20)	(22)	2	7%
<b>Grand Total</b>	<b>(5,151)</b>	<b>(5,407)</b>	<b>256</b>	<b>5%</b>

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# Agenda Item 10

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/22/36</b>
<b>FROM:</b> Cabinet Member for Housing, Cllr Lavinia Hadingham	<b>DATE OF MEETING:</b> 9 January 2023
<b>OFFICER:</b> Deborah Fenton, Director for Housing	<b>KEY DECISION REF NO.</b> CAB352

### TENANCY POLICY

#### 1. PURPOSE OF REPORT

- 1.1 This briefing note provides context for the proposed Tenancy Policy for tenants of Babergh and Mid Suffolk District Councils. It should be read in conjunction with the Tenancy Policy (Appendix A).
- 1.2 The policy will ensure that Babergh & Mid Suffolk Councils (BMSDC) comply with the Regulator of Social Housing (RSH) Tenancy Standard, current legislation, and best practice.
- 1.3 The Tenancy Policy is in-line with the direction of travel in Government policy and proposes that the Councils continue to provide long-term security of tenure and the letting of the Councils' homes. There are no significant changes to our current practice of tenancy management, or the rights of existing or new tenants proposed in the new policy.

#### 2. OPTIONS CONSIDERED

- 2.1 At an 'Early Warning' Cabinet Briefing on 26<sup>th</sup> September 2022, Cabinet members considered the following fundamental decision in the Tenancy Policy:
- 2.2 Option 1: to continue the current practice of granting Secure Tenancies which provide long-term security of tenancy, or;
- 2.3 Option 2: to grant Flexible (fixed term) Tenancies which only provide security for a short period of time (typically 5 years).
- 2.4 In light of the changes in Government agenda and the Housing Sector in recent years (please refer to explanatory note in Appendix B), and mindful of Government's intention to abolish fixed-term tenancies in private and social housing by 2030, Cabinet members voted in favour of Option 1, for Secure Tenancies to remain the primary form of tenancy for Council tenants. The Tenancy Policy has therefore been created to confirm and clarify the Councils' current practice of providing and managing tenancies.

<p><b>3. RECOMMENDATION</b></p> <p>3.1 To approve the Tenancy Policy (Appendix A).</p>
<p><b>REASON FOR DECISION</b></p> <p>3.2 The Tenancy Policy meets the requirements of the Regulator for Social Housing, providing information for tenants to understand how their occupation of Council homes will be managed.</p> <p>3.3 Consistent with the current political agenda for social housing the Tenancy Policy prioritises long-term security of tenure for tenants over tenancies of a fixed length. This will allow tenants and their families to create a home in Council properties and build thriving and diverse communities in our housing estates.</p> <p>3.4 In the time elapsed since their introduction, fixed term tenancies have been proven to be a largely ineffective in providing their anticipated benefits of reducing housing waiting lists. Managing and administering Flexible fixed term tenancies has proven to be costly and time consuming for landlords, and unsettling for tenants, particularly vulnerable tenants and those suffering with mental illness.</p> <p>3.5 The Councils will create a new, separate policy which will support efficient use of the Councils' housing stock by encouraging tenants to downsize. Such policy is included in the Homes and Housing Strategy (objective 2g) and may include provide financial incentives, advice and practical support to tenants who are under-occupying their homes to assist and encourage them to free-up larger homes for families.</p>

#### **4. KEY INFORMATION**

- 4.1 The landlord and tenant relationship is governed by the tenancy agreement. The Housing Acts and associated legislation provide a legal framework for the tenancy agreement and the majority of rights and obligations are set out in law.
- 4.2 In addition to the statutory provisions in the tenancy agreement, the landlord may set out additional contractual rights or obligations in the tenancy agreement, however these cannot take away or lessen the statutory rights.
- 4.3 The Tenancy Policy provides an explanation of how BMSDC will operate within the statutory requirements and flexibilities afforded to it. This is a requirement of the Regulator for Social Housing (RSH) as set out in the 'Tenancy Standard'.
- 4.4 The proposed Tenancy Policy does not require any material amendments to the Tenancy Agreement which was approved by the Councils in 2015. If there are any significant changes to the policy decided by Cabinet, a revised tenancy agreement will need to be prepared for approval at a future date.
- 4.5 Flexible (fixed term) Tenancies
- 4.6 The Councils have the flexibility to create a policy to offer tenancies of a limited length, known as Flexible (fixed term) Tenancies.

- 4.7 Long-term security of tenure was introduced for Council housing tenants by the Housing Act 1980 (later consolidated into the Housing Act 1985) and the introduction of the 'Secure Tenancy'. Long-term security of tenure has been generally considered an important and attractive aspect of social housing in England since its introduction. Long-term security of tenure means, with some limited exceptions, that if a Secure tenant does not breach the conditions of their tenancy agreement they cannot be evicted from their home.
- 4.8 The Localism Act 2011 introduced a power for local authorities and housing associations to offer 'flexible (fixed term) tenancies' to new social tenants after 1 April 2012. Flexible tenancies have a minimum term of two years, the maximum duration is a policy decision for the landlord. The Government's rationale for giving social landlords more flexibility over the length of tenancy offered was that a "one size fits all" model was no longer appropriate and was seen to contribute to under- and over-occupation.
- 4.9 There was a limited take-up of fixed-term tenancies by councils and housing associations, in 2014/15 a report found that only 15% of social housing tenancies were let on a fixed-term basis.
- 4.10 Government made provision to mandate the issuing of Flexible (fixed term) Tenancies in the Housing and Planning Act 2016. Regulations setting out the detail of how local authorities would operate this new regime were expected; however, on publication of the social housing Green Paper on 14 August 2018, [A new deal for social housing](#), the Government announced that it will not implement these provisions "at this time".
- 4.11 The Social Housing White Paper was published on 17 November 2020. An underpinning theme of the White Paper is to address the stigma and treatment of tenants in social housing. The Paper described how tenants have been made to feel like 'second class citizens' and a shift is needed in the way they are treated and perceived in our Society. The balance has shifted significantly from treating social housing as one aspect of the welfare system and towards promoting equality and inclusion of tenants in communities. The Councils are committed to tackling stigma with policies which enhance inclusion and provide for quality homes and services for tenants.
- 4.12 Landlords across the social housing sector who had implemented fixed term tenancies have, or are in the process, of moving back to long-term security of tenure for tenants because in practice, fixed term tenancies do not produce their anticipated benefits and are extremely resource intensive (Appendix B).
- 4.13 The Government's long awaited white paper on rental reform was published in June 2022 announcing the abolishment of fixed term tenancies by 2030, signalling the potential of an end to the current flexibilities provided.

## **5. LINKS TO CORPORATE PLAN**

- 5.1 Our housing vision is for residents to live in affordable and high-quality homes that enable them to build settled, safe and healthy lives, within sustainable and thriving communities. The recommendation to provide secure tenancies for life better fits the current housing vision than the adoption of Flexible (fixed term) tenancies.

## 6. FINANCIAL IMPLICATIONS

- 6.1 The Councils will invest in a Downsizing Incentive Scheme to support individuals to move to suitable alternative accommodation when their needs change. We are currently engaging with tenants to design a scheme which will result in improved mobility for tenants, the policy to be brought before Cabinet for implementation in 2024.

## 7. LEGAL IMPLICATIONS

- 7.1 The policy has been reviewed by Counsel and has been confirmed as fit for purpose.

## 8. RISK MANAGEMENT

Risk Description	Likelihood	Impact	Mitigation Measures
Long-term security of tenure may lead to unwanted under-occupation of Council homes, which in turn leads to families waiting longer for a property suitable for their needs	Medium	Low	Formulation of a Downsize Incentive Scheme will encourage and support tenants to move to suitable accommodation. Tenants who are in receipt of benefits are affected by the 'bedroom tax' which provides a financial disincentive to remaining in a home which is larger than they need. Promotion of mutual exchange scheme will encourage moves. Improved data collection on households will enable targeted contact with tenants under-occupying.

## 9. CONSULTATIONS

- 9.1 *Engaged tenants, the 'Resident Readers' will review the tenancy policy for accessibility and content prior to Cabinet.*
- 9.2 We are in the process of consulting with our tenants to establish a Downsize Incentive Scheme which is attractive to tenants and encourages tenants to downsize.

## 10. EQUALITY ANALYSIS

- 10.1 An Equality Impact Assessment (EIA) screening has been completed and no EIA is required (Appendix C).

## 11. ENVIRONMENTAL IMPLICATIONS

- 11.1 There are no environmental implications arising from this report.



## 12. APPENDICES

Title	Location
(a) Draft Tenancy Policy for Babergh and Mid Suffolk	Attached
(b) Explanatory note: Social Housing Policy Context: Flexible (fixed term) tenancies	Attached
(c) EIA Screening	Attached

## 13. BACKGROUND DOCUMENTS

N/A

## 14. REPORT AUTHORS

14.1 Robert Longfoot – Tenancy Services Corporate Manager

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# TENANCY POLICY



<b>Policy approval date</b>	Mid Suffolk Cabinet Babergh Cabinet
<b>Replacing/Updating</b>	N/A
<b>New review date</b>	January 2028
<b>Responsible Director</b>	Deborah Fenton, Director of Housing
<b>Author</b>	Robert Longfoot, Tenancy Services Corporate Manager

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## 1. Policy Statement

- 1.1. Babergh and Mid Suffolk District Councils (BMSDC) recognise that having a place to call home is a key component to improve tenants' wellbeing, provide equal opportunities and to support thriving communities.
- 1.2. This policy explains our approach to the use of different tenancy types; when different tenancies will be offered and the ways in which they will be managed.

## **2. Scope**

- 2.1. This policy applies to the letting of settled council housing including 'social' and 'affordable' rented accommodation.
- 2.2. Temporary accommodation and shared equity tenures are not within the scope of this policy.

## **3. Aims and Objectives**

- 3.1. The Tenancy Policy aims to:
  - explain clearly how tenancies will be managed
  - provide our tenants in settled accommodation with security of tenure which supports their wellbeing, the development of family life and thriving communities
  - recognise our tenants' needs, aspirations and changing lives and provide a service which meets these
  - make best use of our limited supply of homes by enabling and encouraging tenants to move to more suitable accommodation if their home no longer meets their needs
  - support our tenants to sustain their tenancies
  - tackle breaches of the tenancy proportionately
  - deter and tackle tenancy fraud.

## **4. Legal and Regulatory Framework**

Regulator of Social Housing: Tenancy Standard  
Housing Act 1985  
Housing Act 1996  
Housing Act 1980  
Immigration Act 2014  
Protection from Eviction Act 1977  
Localism Act 2011  
HMCTS Pre-Action Protocol for Possession Claims by Social Landlords  
Part VII of the Family Law Act 1996  
Prevention of Social Housing Fraud Act 2013

## **5. Eligibility to Rent**

- 5.1. The granting and assigning of Tenancy agreements will only be to individuals with a 'Right to Rent' in the UK. Checks will be undertaken, and records maintained in accordance with the requirements of the Immigration Act 2014.
- 5.2. There are occasionally situations where a person under that age of 18 may be allocated a home or succeed to a tenancy. In law a person under 18 years of age cannot hold a legal interest in land and so cannot hold a tenancy but they can 'benefit' from one. The tenancy may be granted to a third party, a 'trustee', and held on trust for the minor until they reach the age of 18. The trustee could be an adult relative or friend or a social worker and is in effect a caretaker of the tenancy. The trustee is responsible for ensuring the rent is paid, but is not liable to pay the rent out of their own resources unless they give a personal guarantee to do so. Once the tenant reaches the age of 18, a new tenancy will be issued to them which is not held in trust.

## **6. Joint and Sole Tenancies**

- 6.1. Tenancies will be issued to main applicants on the housing application.

- 6.2. If the application is in one person's name, they will be granted a tenancy in their name only, known as a 'sole tenancy'. A sole tenant can have others live with them but remains the only person legally responsible for the tenancy.
- 6.3. If the application for housing is for two or more people, a 'joint tenancy' will be issued. A joint tenancy is where two or more people (legally up to four) have signed the tenancy agreement. With joint tenants:
- each tenant has the right to occupy the property
  - each tenant is jointly and severally (individually) liable for the tenancy and the rent – meaning all joint tenants are equally responsible for the whole tenancy
  - neither tenant can exclude the other tenant, unless they get an Occupation Order under the Family Law Act 1996
  - either tenant can end the tenancy by serving a Notice to Quit.

## **7. Types of Tenancies**

- 7.1. BMSDC use two forms of tenancy agreement to let settled accommodation:
- Introductory tenancy
  - Secure tenancy

## **8. Introductory Tenancies**

- 8.1. Introductory Tenancies support our aim to protect communities from anti-social behaviour and encourage new tenants to adhere to all tenancy conditions. The limited security of the Introductory Tenancy acts as a deterrent for tenancy fraud and anti-social behaviour and enables us to tackle any serious breaches of tenancy swiftly (as set out in section 21.12).
- 8.2. All new tenants are granted an Introductory Tenancy unless immediately prior to the letting they held a more secure form of tenancy in social housing, such as a Secure, Assured Non-Shorthold, Flexible or Fixed-Term Tenancy.
- 8.3. Introductory Tenancies are for 12 months but may be extended to a maximum of 18 months. During this time, the tenant has less security and fewer rights than under a Secure Tenancy, for example:
- The tenancy can be ended at the landlord's discretion if the tenant does not keep to the terms of the tenancy agreement
  - They cannot buy their home.
  - They cannot exchange homes with other tenants.
  - They cannot take in lodgers
  - They cannot make any improvements or alterations to the property
- 8.4. If a tenant has complied with the terms and conditions of their Introductory Tenancy, it will convert to a Secure Tenancy after 12 months unless we have served an Extension Notice, are in the process of regaining possession or have repossessed the property.
- 8.5. We may extend the Introductory Tenancy by up to 6 months where we have concerns about, or evidence of a breach of the tenancy agreement. The Introductory Tenancy can be extended by serving an Extension Notice at least 8 weeks prior to the end of the tenancy. The Extension Notice will provide details of the tenant's right to request a review of the decision to extend (see section 22).

## **9. Secure Tenancies**

- 9.1. Secure Tenancies provide protection and assurance to tenants, supporting their wellbeing and providing a firm foundation for them to be part of the local community.

- 9.2. Tenants will be granted a Secure Tenancy if they have held either a Secure, Assured Non-Shorthold, Flexible or Fixed Term Tenancy of a social housing property immediately prior to letting.
- 9.3. Secure Tenants enjoy the following rights;
- A greater security of tenure; a Secure Tenant can only be evicted from their home by the order of the Court. We can only apply for a Court order on one or more of the grounds for possession in the Housing Act 1985 (as amended by the Housing Act 1996). For most tenants this means that they can enjoy a settled life in their home for as long as they wish, provided that they do not breach the tenancy conditions.
  - A right to exchange their home with another tenant, for example if they need to move to be closer to work or to get a smaller or larger home to better accommodate their family.
  - A right to make improvements to their home provided they have obtained prior written permission from the Council.
  - A right of succession; to pass the Tenancy to a partner or family member in the event of their death (see section 11)

## **10. Ending a Tenancy**

- 10.1. Only a tenant or a person who has a Power of Attorney in place to deal with the tenant's property and financial affairs can serve Notice to Quit to bring the tenancy to an end.
- 10.2. At least 28 days' written Notice to Quit must be served on us, the notice must start on a Monday and end on a Sunday. Notice can be received by email or hard copy to our address as detailed in the Tenancy Agreement. We will offer reasonable alternatives where a tenant may have difficulty writing to us.
- 10.3. In a joint tenancy, either tenant can serve Notice to Quit which will be legally binding and will bring the tenancy to an end (see 11.11).
- 10.4. If a tenant is unable to end their tenancy themselves for any reason and there is no Power of Attorney in place, then a suitable person needs to be appointed by the Office of the Public Guardian.
- 10.5. If a sole tenant has passed away and there is nobody with a right of succession, an Executor of their Will can issue us with a Notice to Quit to end the Tenancy. In these instances, we allow a shorter notice period of at least 2 weeks' notice, the notice must start on a Monday and end on a Sunday.
- 10.6. If there is no Executor to serve notice on behalf of the deceased, then we will serve a 28 day Notice to Quit upon the personal representatives of the late tenant at the property and send a copy of the Notice to Quit to The Office of the Public Trustee. Rent will continue to be charged in all situations until the Tenancy can be legally ended.

## **11. Succession**

- 11.1. When a tenant dies there may be a right for the Tenancy to be passed on; this is known as a succession.
- 11.2. There can only be one succession to a tenancy. If the tenancy is assigned to a would-be successor this also counts as a succession (see section 15)
- 11.3. Details of who can succeed to a tenancy are set out in the tenancy agreement.
- 11.4. If the tenancy is in joint names and one joint tenant dies, then the remaining tenant will succeed by 'survivorship' and the tenancy will continue in their sole name, this counts as one succession.

- 11.5. Succession can only be to people who are living in the property as their only or principal home at the time of the tenant's death.
- 11.6. For successors other than a spouse, civil partner or a person who was living with the tenant as if they were a married couple or civil partner, there is an additional requirement to have resided with the tenant for a period of 12 months before their death to be eligible to succeed.
- 11.7. Under-occupation after Succession to Tenancy
- 11.8. A spouse, civil partner or a person who was living with the tenant as if they were a married couple or civil partner has the right to remain in the property regardless of their need for it.
- 11.9. Any other qualifying person with the right of succession can be required to move to a more suitable property if the property does not meet their housing needs. We will treat each case sensitively and on its own merits. We may require successors to move in some situations, including when:
- the property has become underoccupied by more than one bedroom
  - the property has been adapted for a person with disabilities and there is no longer a person with disabilities living in the home
- 11.10. Ground 15A of the Housing Act 1985 gives us the ability to obtain a possession order to move a successor to suitable alternative accommodation if they are unwilling to move of their own accord.
- 11.11. Persons residing in the property at the end of the tenancy
- 11.12. There are occasions where the tenancy has ended but people still reside within the property, for example where one joint tenant has moved and ended the tenancy for both tenants, or where there is no person with a legal right of succession.
- 11.13. In these instances, we will act with compassion towards the resident(s), treat each case on its own merits and assess their eligibility for homelessness assistance and/or social housing with the aim of preventing homelessness. We reserve discretion in deciding whether to offer another tenancy of the property or another Council property.
- 11.14. We will charge for use and occupation to the remaining occupier(s) in the property once the tenancy has been ended. The use and occupation charge will be equivalent to the rent charged for the property.

## **12. Assignment**

- 12.1. Assignment is where a tenancy is passed to another person. Assignment is prohibited except for three situations as set out in s.91 of the Housing Act 1985:
- Assignment by mutual exchange
  - Assignment under property adjustment orders in connection with family/matrimonial proceedings
  - Assignment to a person who would qualify to succeed to the tenancy (counts as a succession)
- 12.2. Tenants must seek our consent to assign their tenancy. We will not unreasonably withhold our consent to an assignment.
- 12.3. If an assignment takes place outside the specified circumstances in which assignment is permitted, without our consent, it will not result in the transfer of the tenancy. The tenancy will no longer be secure, and the assignee will not become a Secure Tenant. The Council will then be able to terminate the tenancy by service of a Notice to Quit.
- 12.4. Details of each type of assignment is explained in the following sections.

### **13. Mutual Exchange**

- 13.1. Secure tenants have a statutory right to exchange their tenancy and home with another council or housing association tenant, known as a 'mutual exchange'. Mutual exchanges are completed by assignment and are facilitated by the landlord(s). In an exchange, tenants pass responsibility for the tenancy and home to another tenant and there is no break in the tenancy. This means that the responsibility to put right any tenancy breach (damaged fittings, poor decorative order etc) is also passed on.
- 13.2. Tenants wishing to exchange their homes must complete an application form seeking permission to proceed. We have the right to refuse a mutual exchange on certain grounds contained in Schedule 3 of the Housing Act 1985 within 42 days of the date of application. If one of the grounds in schedule 3 applies to the mutual exchange, the request may be refused.
- 13.3. Some properties have covenants which restrict who can be allocated the property when it becomes vacant. Typically, these covenants give priority or restrict occupation to people with a local connection to a village, neighbouring parishes and/or a district in a cascading fashion. These covenants do not restrict tenants wanting to exchange their home because no letting takes place, and the property is not vacant at any point. This means that tenants in these properties can legitimately exchange tenancies with other tenants who may not have a local connection.
- 13.4. Tenants are advised to exercise caution when considering an exchange with a tenant of another landlord, to ensure that they fully understand the type of tenancy they will be taking over in their new home.
- Tenants with a Secure Tenancy which began *before* 1 April 2012 exchanging with a tenant on a fixed-term tenancy will be able to retain their periodic tenancy status with their new landlord. The exchange will not be completed by assignment, as the other landlord is obliged to grant a new periodic tenancy of their property.
  - Tenants with a Secure Tenancy which began *on or after* 1 April 2012, exchanging homes with a tenant on a fixed term Tenancy will take on a fixed term Tenancy with their new landlord, thereby losing their long-term security of tenure.

### **14. Assignment by Order of the Court**

- 14.1. Tenants may seek to transfer the Tenancy by Court Order, for example in divorce proceedings. We will assign tenancy at the Order of the Court.

### **15. Assignment to a Qualifying Successor**

- 15.1. Sole tenants have the right to assign their Secure Tenancy to a person who would qualify to succeed to the tenancy in the event of their death with our consent. The right to assignment in this way does not apply to a joint secure tenant who wishes to relinquish their interest in the tenancy to the remaining joint tenant (see section 16).
- 15.2. We will not unreasonably withhold our consent, reasons for refusing consent include but are not limited to:
- The person is not eligible for social housing under our Allocations Policy
  - The prospective tenant is not able to afford the rent
  - There are rent arrears
  - We have started possession proceedings
  - The property has been adapted for a person with disabilities and there would no longer be a person with disabilities living there.



## **16. Relationship Breakdown**

- 16.1. When one tenant in a joint tenancy decides to no longer reside in the property, they may request for the tenancy of the property to be in the sole name of the remaining occupant.
- 16.2. It is not possible for a joint tenancy to be passed on by deed of assignment or deed of release except in the case where it is required by a Court Order. The change can only be made if we agree to create a new sole tenancy for the remaining tenant.
- 16.3. Applications for a sole tenancy will be determined on a case-by-case basis. We may refuse requests for a sole tenancy in situations where:
  - The person is not eligible for social housing under our Allocations Policy
  - The property would be under-occupied by more than one bedroom
  - The remaining tenant is not able to afford the rent
  - The departing tenant is not adequately housed elsewhere
  - There are rent arrears
  - We have started possession proceedings
  - The property has been adapted for a person with disabilities and there would no longer be a person with disabilities living there.
  - Domestic abuse has been disclosed and the alleged perpetrator proposes to remain in the property
- 16.4. If we confirm that a new sole tenancy is to be issued, a Notice to Quit can then be served by one of the joint tenants to terminate the existing joint tenancy. A new sole tenancy of the property will be created to commence once the Notice to Quit expires.
- 16.5. If the application is refused, or if no application is received, and the departing joint tenant serves notice to end the tenancy regardless, it will be legally effective in ending the tenancy (see 11.11 for next steps).

## **17. Requests to Create a Joint Tenancy**

- 17.1. A tenant can request to add their partner, spouse or civil partner to their Tenancy, provided that they are not themselves a successor to the tenancy.
- 17.2. If approved, the change will be facilitated by issuing a new tenancy of the property in joint names.
- 17.3. The requirements for us to approve such requests are:
  - The prospective new tenant must provide evidence they have lived with the tenant at the property for the preceding 12 months as their principal home or provide a marriage or civil partnership certificate.
  - The prospective new tenant must not hold a tenancy or own a property elsewhere.
  - The existing tenancy must not be in arrears
  - There must not be any current breaches of the tenancy agreement
  - The prospective tenant must evidence a Right to Rent in the UK (see 5.1).
- 17.4. If we confirm that a new joint tenancy is to be issued, a Notice to Quit can then be served by the tenant to terminate their existing sole tenancy. A new joint tenancy of the property will be created to commence once the Notice to Quit expires.

## **18. Abandonment**

- 18.1. It is a requirement of a tenancy that the tenant occupies their property as their only or principal home. If a tenant is not occupying their property as their only or principal home and has no intention to return, then the tenancy falls away and the landlord may regain possession within 28 days by serving a Notice to Quit.

- 18.2. Temporary absence from the property is permissible providing that the tenant intends to return. A tenant may have genuine reasons for being away from their home for a period, including periods of ill health, the need to care for another person or a period spent in custody and so thorough investigations will be undertaken prior to taking legal action for abandonment.

## **19. Making Best Use of Housing**

- 19.1. We recognise that there is a limited supply of larger homes and that these homes can become under-occupied as children grow up and move on. We want to support tenants to move when their homes no longer meet their needs, to free-up these larger homes for families living in overcrowded or temporary accommodation.
- 19.2. Tenants whose needs are not met in their current accommodation are encouraged to apply to the Councils' housing register. Provided they are eligible they will be awarded a priority for downsizing in accordance with the Allocations Policy, and they will be able to apply for more suitable accommodation on the Gateway to Homechoice system.
- 19.3. We encourage tenants to register on the House Exchange website (free of charge) and look for opportunities in other settings, such as social media.
- 19.4. We will develop incentive schemes and promotions which support and encourage tenants to downsize to more appropriate accommodation. Details of which will be available on our website and in other formats on request.

## **20. Tenancy Fraud**

- 20.1. We will take a proactive approach to tackling unlawful subletting and other instances of tenancy fraud, including; obtaining housing by deception, wrongly claimed succession, key selling, unlawful assignment and making false right to buy applications.
- 20.2. Immediate action will be taken to evict those that are unlawfully subletting or that have obtained a Tenancy by deception by giving false or misleading statements. Tenancy Fraud is a criminal offence and individuals risk prosecution under the Prevention of Social Housing Fraud Act 2013 which could result in imprisonment and/or a fine.
- 20.3. Tenancy audits will be carried out from time to time and staff will request details of identification of all persons living in the property. Photographs will be taken of tenants when they receive the keys to their property to help us prevent and tackle Tenancy fraud.
- 20.4. We will encourage and enable residents to confidentially report any concerns of Tenancy fraud to us.

## **21. Tenancy Sustainment and Enforcement**

- 21.1. We commit to providing clear and accessible information to tenants about their obligations and rights as a tenant.
- 21.2. If there are any issues or concerns about the tenancy being breached, we will contact tenants at an early stage to understand how we can work with them to resolve any breaches of the tenancy.
- 21.3. We offer appropriate advice, financial inclusion and tenancy sustainment support either directly or by referral/signposting to external specialist agency.
- 21.4. We will make use of powers granted to us in the Anti-Social Behaviour Crime and Policing Act 2014 to tackle anti-social behaviour perpetrated by tenants, their families and visitors.
- 21.5. The majority of tenancy issues are resolved without the need for tenancy enforcement however, we may seek to obtain a possession order from the County Court for serious or persistent breaches of the tenancy, or to resolve another tenancy or property related issue.

- 21.6. We will follow the Pre-Action Protocol for Possession Claims by Social Landlords when taking possession action, and offer tenants the right to an internal review of certain decisions affecting their tenancies (see section 22)
- 21.7. We will undertake an Equality Impact Assessment prior to asking the Court to make a possession order on a mandatory ground, including applying to Court following service of a 'Notice of Proceedings for Possession' under s128 of the Housing Act 1996 to end an Introductory Tenancy. As part of the assessment, we will invite the tenant to provide details of any and all circumstances and protected characteristics they wish us to consider in our decision-making.
- 21.8. We will encourage tenants facing possession action to seek independent legal advice.
- 21.9. Tenants will be referred to our Housing Solutions team where they are at risk of losing their home, in order that avenues to prevent homelessness can be explored.
- 21.10. Possession may also be pursued where the tenant is not in breach of the agreement, for example if the property needs to be vacated for major improvement works, to dispose of it, or to redevelop the land on which it sits. Tenants may also be required to move where there has been a succession to the Tenancy, but the remaining occupants would be more appropriately housed in alternative accommodation (see paragraph 11.7)
- 21.11. We may ask the Court that the tenant pay our legal costs if we make an application to the court. Each case will be considered on its own merits.

21.12. Possession action: Introductory Tenancies

- 21.13. Introductory Tenancies can be terminated by service of a 'Notice of Proceedings for Possession' under s128 of the Housing Act 1996. On expiry of the notice, we can apply to Court for an Order for Possession. So long as we have acted lawfully, served the correct notice and followed the correct procedure, the Court must make grant us possession.
- 21.14. As an alternative we may seek a to apply to the Court for a possession order under one of the grounds for possession set out in Schedule 2 of the Housing Act 1985 (as amended by the Housing Act 1996).

21.15. Possession action: Secure Tenancies

- 21.16. Secure Tenancies have security of tenure and can only be ended by the landlord if the Court grants a possession order under one of the grounds for possession (as set out in Schedule 2 of the Housing Act 1985 (as amended by the Housing Act 1996)).
- 21.17. Possession orders may be suspended on terms that the tenant complies with their Tenancy agreement and undertakes certain commitments (for example the repayment of rent arrears). Outright possession action and eviction will be used where other options have been exhausted or are not appropriate to resolve the issue.

**22. Right to Review**

- 22.1. We commit to equality and fairness in decision-making affecting tenant's homes. The right to a review gives tenants the opportunity to challenge decisions and present additional information about their personal circumstances which they wish us to consider.
- 22.2. Tenants are given the opportunity to request an internal review of certain Council decisions.
- 22.3. Details of the right to a review will be set out in a letter accompanying any relevant legal notice. For all other disputes or complaints about tenancy management, tenants may raise a formal complaint.

- 22.4. The request for a review must be in writing and received before the deadline. Tenants are given 14 calendar days from the date of service to submit a written request for review of the following:
- Notice to extend an Introductory Tenancy
  - Notice to terminate an Introductory Tenancy (Notice of Proceedings for Possession' under s128 of the Housing Act 1996)
  - Notice of intention to seek possession under mandatory grounds, i.e. where the Court will be required to make an order if the ground is proven
- 22.5. The person conducting the review will be an Officer of greater seniority than the Officer who made the decision, and who was not involved in the original decision. The tenant can choose to submit information to the reviewing Officer either in writing or by way of an oral hearing. At least 5 days' notice must be given by the Councils of any oral hearing and reasonable adjustments will be made to allow for the tenant to attend.

### **23. Equality, Diversity and Inclusion**

- 23.1. The Councils commit to providing equal opportunities to all in the management of Tenancies.
- 23.2. We will make adjustments to our communications to ensure that every tenant understands their rights and obligations in their Tenancy and has access to services. Translation services are provided, and we will make reasonable adjustments for tenants who may find communication in writing difficult.
- We will undertake an Equality Impact Assessment prior to asking the Court to make a possession order on a mandatory ground, including applying to Court following service of a 'Notice of Proceedings for Possession' under s128 of the Housing Act 1996 to end an Introductory Tenancy.

### **24. Policy Monitoring and Review**

- 24.1. The Tenancy Services Corporate Manager will oversee the consistent and fair implementation of this policy and will consult with colleagues to ensure timely and accurate updates of the policy are given. We will carry out a fundamental review of this policy every 5 years or sooner, subject to legal, regulatory changes or if internal changes necessitate.

## APPENDIX B

### Explanatory note: Social Housing Policy Context: Flexible (fixed term) tenancies

This explanatory note provides additional information about the two main forms of tenancy which are currently available to the Councils in the provision of settled accommodation (as opposed to temporary accommodation for persons experiencing homelessness which is outside of the scope of this policy).

Name	Description
<p>Secure tenancy</p> <p><i>Periodic tenancy</i> <i>Lifetime tenancy</i></p>	<p>A secure tenancy is the traditional form of tenancy in Council housing.</p> <p>It is the form of tenancy that Babergh and Mid Suffolk have issued to tenants since the 1985 Housing Act.</p> <p>The tenancy is periodic and has no fixed end date. It runs from period-to-period, i.e. from week to week, until the agreement is ended by landlord or tenant intervening. It is often referred to as being a 'lifetime' tenancy as it can provide a home for life.</p> <p>The Tenant can serve notice to quit to end the agreement, the landlord may only seek to recover possession using the grounds for possession in the Housing Act 1985 in the County Court.</p>
<p>Flexible Tenancies</p> <p><i>Fixed term tenancy</i></p>	<p>A flexible tenancy is very different type of secure tenancy, which is granted for a fixed term, meaning that it ends on a specified date. Local authorities typically grant flexible tenancies for at least five years, the minimum period is two years. Referring to these tenancies as 'flexible' can be confusing, the name refers to the flexibility they offer landlords to manage tenancies how they see fit, the tenancies themselves are in fact <i>inflexible</i> in that they are for a set period.</p> <p>At the end of the fixed term the landlord has a mandatory ground for possession which would require the tenant to move out. In light of this, flexible tenancies are often referred to as fixed-term tenancies.</p> <p>Flexible Tenancies were introduced to Councils in 2011 with the Localism Act to provide a mechanism for reviewing tenants' need for social housing on a regular basis when the tenancy is due to come to an end.</p> <p>Renewing a tenancy: When a tenancy is approaching the end of the fixed term, but the tenant continues to need the social housing property, a new flexible tenancy can be offered for a further period.</p> <p>Terminating a tenancy: where the tenant is deemed no longer to need the property or social housing more generally, the Council</p>

	<p>can recover possession under s107D Housing Act 1985. The property can then be re-let to a household in greater need. The departing tenant would be helped and encouraged to source suitable alternative accommodation within the social or private sector, dependant on their needs and status.</p> <p>The criteria for assessing whether a tenant would be required to stay, or to go, would be contained within a Tenancy Policy.</p>
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1.1 For clarity, the tenancy agreements above can be preceded by an Introductory Tenancy which creates a probationary period of 12 months. This probationary period allows for swift possession action to be taken for very serious breaches of the tenancy agreement or fraudulent applications for social housing. This report does not provide details of these tenancy types, further information is available in the Tenancy Policy. The intention is to continue to use Introductory Tenancies to deter anti-social behaviour and tenancy fraud.

## 2. CONTEXT

2.1 Long-term security of tenure, the ‘lifetime tenancy’, was introduced for most council housing tenants by the Housing Act 1980 (later consolidated into the Housing Act 1985). This security of tenure has been generally considered an important and attractive aspect of social housing in England since its introduction.

2.2 The lifetime tenancy means, with some limited exceptions, that if a secure tenant does not breach the conditions of their tenancy agreement, then they cannot be evicted from their home.

2.3 The Localism Act 2011 introduced a power for local authorities and housing associations to offer ‘flexible tenancies’ to new social tenants after 1 April 2012. Flexible tenancies are secure fixed-term tenancies with a minimum term of two years. The Government’s rationale for giving social landlords more flexibility over the length of tenancy offered was that a “one size fits all” model was no longer appropriate and was seen to contribute to under- and over-occupation ([Local decisions: a fairer future for social housing](#), para 1.11-12 and 2.11 – 12)

2.4 The Government published an [Impact Assessment](#) in January 2011 for the Localism Bill, which set out its evidence base for changes to tenure policy:

- *The current statutory and regulatory framework requires social landlords to grant ‘life-time’ tenancies in most cases – irrespective of how households’ circumstances might change in the future.*
- *Some social tenancies can be inherited by family members (other than partner/spouse), who may be in no housing need. Landlords have little control over this process.*
- *Current provisions fail to ensure that the support social housing provides to vulnerable households is sufficiently focused on those people who need it most.*

- *It is unfair – both on the most vulnerable households and taxpayers who subsidise its provision – that the current tenancy and succession arrangements prevent landlords from addressing as many people’s housing needs as they could.*

- *The preferred option would increase the freedom social landlords have to determine the sort of tenancy they grant to new tenants, allowing them to vary conditions such as tenancy length (subject to a statutory minimum). Existing social tenants would be unaffected.*

2.5 The Department for Communities and Local Government (DCLG) stated that fixed term tenancies would be offered for two years in exceptional circumstances, with five years or more being the norm. Local authorities were able to offer secure tenancies if they wish but must publish a tenancy policy setting out whether and how they intend to use fixed term tenancies.

2.6 Local authority tenants who have a fixed term tenancy enjoy similar rights as secure tenants, including the Right to Buy their home after a qualifying period and the Right to Repair. However, under section 155 of the Localism Act, flexible tenants do not have a statutory right to improve their properties or be compensated for those improvements. These rights are enjoyed by secure tenants of local authorities.

2.7 There was a limited take-up of fixed-term tenancies by councils and housing associations. The [Equality Impact Assessment on Lifetime Tenancies](#) (May 2016) said that in 2014/15 “only 15% of social housing tenancies were let on a fixed-term basis.”

2.8 The Housing and Planning Act 2016 introduced new provisions aimed at phasing out lifetime tenancies. The new provisions would prevent local authorities in England from offering secure tenancies for life in most circumstances. Housing associations would retain discretion over whether to offer a flexible tenancy.

2.9 Existing council tenants would not lose their security of tenure. If these tenants were forced to move, e.g. due to a regeneration scheme, they would retain their existing tenancy rights. However, where they chose to move their landlord would have had “limited discretion” to offer “further lifetime tenancies.” If the move was part of a mutual exchange, then local authorities would be allowed to continue to grant lifetime tenancies.

2.10 Regulations setting out the detail of how local authorities would operate this new regime were expected; however, on publication of the social housing Green Paper on 14 August 2018, [A new deal for social housing](#), the Government announced that it will not implement these provisions “at this time”.

2.11 There was wide agreement among providers of social housing and organisations representing tenants that lifetime tenancies, which offer security and stability for residents, are a core underpinning principle. [Shelter](#) said;

*“The best starting point for people needing to rebuild their lives, or for those wanting to settle down and start a family, is a secure and stable home. The stability provided by a permanent tenancy means that people can make their accommodation a real home – decorate, get to know neighbours, and feel part of the local community.”*

- 2.12 Shelter went on to say that it “*strongly supports social landlords continuing to let their home on permanent or longer-term tenancies*” and went on to highlight several negative consequences it believes could arise from the use of fixed-term tenancies:

*The needs of individual households: For vulnerable people, the security given by their home can be especially valuable and can provide the basis for rebuilding their lives.*

*The efficient use of housing stock: One of the main arguments for tenure reform is to focus scarce social housing resources on those who need it most. However, the Government has an assessment that tenure reform will not significantly increase the number of vacant homes available until the late 2030s. It also highlights the administration and costs involved in conducting tenancy reviews, which the DCLG estimates at between £35 million and £74 million over 30 years.*

*The purpose of the accommodation: It is possible that making tenure dependent on proof of continuing need for social housing could disincentivise tenants from seeking or taking up work.*

*The sustainability of the community: There is a risk that the use of fixed-term tenancies could undermine the sustainability of communities by increasing the transience and social exclusion of neighbourhoods leading to the need for increased housing management resources, such as dealing with neighbour disputes.*

- 2.13 The [Chartered Institute of Housing](#) said that it “supports in principle a more flexible approach to tenure”, but wishes to see this used to offer tenants positive and supported choices to improving their housing options and to support the development of sustainable communities:

*We are clear that social housing should not be exclusively used as part of the welfare system and we are very resistant to any proposals which could see tenancies ended after a fixed term on the basis of an income-based means test. We are concerned that this would lead to social housing becoming more residualised, and further stigmatise those living in the sector.*

- 2.14 The Communities and Local Government Select Committee considered the position on lifetime tenancies during its [2015-16 inquiry into housing associations and the Right to Buy](#). Evidence was taken from Stephen Hills, Director of Housing for South Cambridgeshire District Council:

*We are 350 square miles, 103 villages. We have not got any towns at the moment. Those village communities are really important to people, and, if people have got caring commitments, local work or childcare commitments, they need to be able to live and to form part of that community. As to the thought that we would somehow have to move people on every few years, I cannot see how that would work. There are so few houses that come available in most of those villages, and if you move to the other side of the district, you might as well be moving to Mars for some people ... I think it would have quite a negative effect on the ability to sustain rural life in those areas.*



2.15 Research carried out by Professor Suzanne Fitzpatrick and Dr Beth Watts from Heriot Watt University. [Welfare Conditionality Initial findings: fixed term tenancies in social housing](#) (February 2016) outlined interim findings from the initial stages of a five-year longitudinal study assessing the effectiveness and ethicality of welfare conditionality in the social housing sphere in England and Scotland. The key findings on existing use of fixed-term tenancies included:

- *A small number of highly 'interventionist' housing associations in England view fixed-term tenancies as an important mechanism in their broader attempts to recalibrate their relationship with tenants and 'nudge' them towards more socially and economically engaged lifestyles.*

- *Other 'early adopters' of fixed-term tenancies now appear disillusioned about their merits, particularly with regard to the scope for using them to generate additional social lettings in high demand areas. There is likewise scepticism about the efficacy of fixed-term tenancies as a tool to promote social mobility or to encourage positive tenant conduct, as well as concerns about administrative cost and complexity and the potential for community destabilisation.*

- *Some social tenants with fixed-term tenancies or probationary tenancies were unaware or unconcerned about their tenancy status, but it was a cause of considerable anxiety for some tenants, especially those with a disability or health problems and for families with children.*

2.16 The [final results of the research](#) were published in May 2018, the key findings are reproduced below:

- *There is little evidence that social tenants adjust their behaviour as a result of having a fixed-term rather than open-ended tenancy, other than in relatively minor ways (for example, some may be less likely to invest in home improvements).*

- *Most social tenants with fixed-term tenancies were only mildly or moderately anxious about their tenancy status, in part because the termination date in all cases was at least two years away. But it was a cause of considerable distress for a minority, especially older tenants, those with a disability or health problems, and some families with children.*

- *Tenants generally had only a vague idea of the grounds upon which their fixed-term tenancies may be terminated, though most had formed the (probably accurate) impression that their tenancies would be renewed so long as they did not run up rent arrears or engage in serious antisocial behaviour.*

- *The prospect that people's fixed-term tenancies could be terminated on the grounds of a rise in income was disapproved of by most tenants, and only a small minority saw the idea of income-related rents (sometimes called 'pay to stay') as fair.*

- *There was likewise very little support for the notion that renewal of tenancies should be linked to job search or volunteering activities, even some shock that such a proposition should be entertained.*
- *There were considerably more mixed views on the notion that, in a context of acute pressure on the housing stock, under-occupation could be a legitimate reason for non-renewal where alternative suitable accommodation could be made available.*

2.17 Shelter described the introduction of mandatory fixed-term tenancies as “toxic”:

*So, is the government’s amendment really so toxic if it looks like the majority of tenancies will be renewed? We’d argue yes. The government’s insistence on reviewing everyone, even households with long-term health needs and disabilities, to see if their circumstances have changed seems unnecessary onerous and will cause bureaucratic cost for landlords and unnecessary stress for tenants.*

*Many people on low incomes are realistic about their prospects of purchasing property, despite the aspiration to own one. Only a quarter of current social tenants say they expect to ever be able to buy. Losing a social home would not propel them into social mobility but relegate them to a lifetime of insecurity in the private rented sector.*

*Landlords will be able to give scant reassurance to households, as they will have to go through the bureaucratic, costly and intrusive process of reviews before they can say with certainty that a household will be allowed to remain in their home. The ban on security of tenure is an example of policy being damned if it works and damned if it doesn’t.*

*Whatever happens to the roof above their heads, households will have lost the essential security of knowing they can call a place home.*

2.18 The social housing Green Paper, [A new deal for social housing](#) on 14 August 2018, set out the Government’s position as follows:

*Given the pressures on social housing the Government introduced further changes in the Housing and Planning Act 2016 to restrict the use of lifetime tenancies by local authority landlords. These changes are not yet in force but would require local authorities generally to grant tenancies on a fixed term basis and to review them towards the end of the fixed term period to decide whether to grant a further tenancy.*

*Since this legislation there has been a growing recognition of the importance of housing stability for those who rent. The challenges facing renters, including those in the private sector, were recognised in our White Paper, ‘Fixing our broken housing market’, and we are consulting on how to overcome the barriers to longer tenancies in the private rented sector.*

*Many residents spoke about the benefits of security in their tenancies, saying that they created strong, supportive communities, and particularly enabled people with vulnerabilities to thrive. Some felt that residents were more likely*

*to look after their property, their neighbours, and the community if they had a lifetime tenancy. While some people thought it was right that residents should move out of social housing if they no longer needed it given the pressures on housing, many also had concerns about the uncertainty when fixed term tenancies came to an end and the impact this could have on their families and communities.*

*We have listened carefully to the views and concerns of residents and have decided not to implement the provisions in the Housing and Planning Act 2016 at this time (paras 183-186).*

- 2.19 The [Social Housing White Paper](#) was published on 17 November 2020. An underpinning theme of the White Paper is to address the stigma and treatment of tenants in social housing. The Paper described how tenants have been made to feel like ‘second class citizens’ and a shift is needed in the way they are treated and perceived in our Society. The balance has shifted significantly from treating social housing as one aspect of a welfare system, to providing secure, healthy, inclusive and safe homes and services.
- 2.20 Announced in the Renters Reform White Paper in June 2022, the Government plans to abolish all fixed term tenancies in the private and social housing sectors by 2030.

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# Equality Impact Assessment (EIA) Initial Screening Form



Screening determines whether the policy has any relevance for equality, ie is there any impact on one or more of the 9 protected characteristics as defined by the Equality Act 2010. These are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership\*
- Pregnancy and maternity
- Race
- Religion or belief (including lack of belief)
- Sex
- Sexual orientation

<p><b>1. Policy/service/function title</b></p>	<p>Tenancy Policy (for Council Tenants)</p>
<p><b>2. Lead officer (responsible for the policy/service/function)</b></p>	<p>Robert Longfoot Tenancy Services Corporate Manager</p>
<p><b>3. Is this a new or existing policy/service/function?</b></p>	<p>New Policy to set out an existing function.</p> <p>To complicate matters – The Strategy Committees of the Councils considered the implementing Flexible (fixed term) Tenancies in July 2013 and decided in favour of doing so. These fixed term tenancies would replace Secure Tenancies as the primary form of tenure in its Council Housing Stock. The necessary policy and tenancy agreement needed to implement said change have not been realised and this decision not acted upon. As a result the Councils continue to offer Secure Tenancies as the primary form of tenancy agreement.</p> <p>The new policy proposes to reverse the decision in 2013 and instead continue the practice of issuing secure (lifetime) tenancies in Council Housing.</p> <p>Therefore no change to tenancy arrangements for current or future tenants</p>
<p><b>4. What exactly is proposed? (Describe the policy/service/ function and the changes that are being planned?)</b></p>	<p>BMSDC will manage tenancies in the same way they have been up to this point, in accordance with regulation and legislation.</p> <p>As there is no current policy in place, the policy will ensure that staff operate consistently in the management of tenancies.</p>

	The policy spells out the importance of considering protected characteristics in decision making and includes a section outlining the opportunity for internal review offered to tenants to further equality.
5. Why? (Give reasons why these changes are being introduced)	The regulator of Social Housing requires all social landlords to have a tenancy policy which is accessible to residents and clearly explains how tenancies will be managed.
6. How will it be implemented? (Describe the decision making process, timescales, process for implementation)	The policy will 'go live' on the date it is approved (Cabinet, 9 <sup>th</sup> January 2023) and will apply to current tenants and new. There may be a requirement to vary the current tenancy agreement to take account of any changes Cabinet, this will take time to produce. It is envisaged that any changes could be approved by Cabinet and implemented by 30/06/23 at the latest.

7. Is there potential for differential impact (negative or positive) on any of the protected characteristics?	No change is proposed to the current practice of issuing secure tenancies and introductory tenancies. The type of tenancy issued depends upon the type of tenancy the applicant for housing held immediately before the letting.  The only exception, where a protected characteristic triggers a different approach to issuing a tenancy, is based entirely in law: the issuing of tenancies to people aged under 18. Children are unable to hold a legal interest in land and so the tenancy must be held in trust until they are an adult. Again, this is current practice albeit not a common occurrence.
8. Is there the possibility of <b>discriminating unlawfully</b> , directly or indirectly, against people from any protected characteristic?	Management of tenancies is to be equally provided and considerate of protected characteristics – with equality impact assessments forming an essential element of any tenancy enforcement and rights of review/appeal offered to tenants to encourage them to provide details of any circumstances or characteristics they need us to take into account.
9. Could there be an effect on <b>relations between certain groups</b> ?	No
10. Does the policy explicitly involve, or <b>focus on a particular equalities group</b> , i.e. because they have particular needs?	No  The tenancy policy generally provides for equal treatment and rights to all tenants.

If the answers are 'no' to questions 7-10 then there is no need to proceed to a full impact assessment and this form should then be signed off as appropriate.

If 'yes' then a full impact assessment must be completed.

Authors signature Robert Longfoot

Date of completion 9<sup>th</sup> November 2022

Any queries concerning the completion of this form should be addressed to the Equality and Diversity Lead.

\* Public sector duty does not apply to marriage and civil partnership.

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# Agenda Item 11

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/22/37</b>
<b>FROM:</b> Cabinet Members for Economy and Finance	<b>DATE OF MEETING:</b> 9 January 2023
<b>OFFICER:</b> Fiona Duhamel, Director Economic Growth & Climate Change	<b>KEY DECISION REF NO.</b> CAB327

### **FREEPORT EAST BUSINESS RATES POLICIES**

#### **1. PURPOSE OF REPORT**

- 1.1 To update Cabinet on the final steps in the process in the setup of Freeport East including endorsement of the Memorandum of Understanding between the Billing Authorities, Freeport East Ltd, the Accountable Body and the Government in respect of the retention and pooling of business rates and to approve the two related policies: Business Rate Relief Policy and the Freeport East Retained Rates Policy.

#### **2. OPTIONS CONSIDERED**

Proceed as per recommendations to endorse the MOU and approve the Business Rate Relief Policy and the Freeport East Retained Rates Policy. This is the preferred approach as it aligns to the decision process of other Freeport partners and ensures that Mid Suffolk District Council play an active role in the delivery of Freeport East.

- 2.1 The Cabinet could choose not to endorse the MOU or approve the Policies. However, as the aspirations within the Freeport East proposal are closely aligned to the Council's own strategic priorities and it is a mandatory requirement that all Billing Authorities complete this process, this would not be appropriate.
- 2.2 The Cabinet could choose to delay making a decision, however, the Government's timeline for approval of the MOU is fixed and there is a requirement to have appropriate business rate policies in place prior to first occupation of the Tax Sites. Delay could undermine Freeport East's wider negotiations with Government and potentially limit access for potential tenants at G14 to key Freeport related incentives.

#### **3. RECOMMENDATIONS**

- 3.1 That delegated authority is given to the Monitoring Officer in consultation with the Director for Economic Growth & Climate Change to endorse the Memorandum of Understanding on behalf of the Council.
- 3.2 That Cabinet approve the Freeport East Retained Rates policy with authority being given to the Council's S151 Officer in consultation with the Operations Manager SRP and Director for Economic Growth & Climate Change to make changes to the policy, in consultation with the relevant Portfolio Holders, to ensure it meets the criteria set by the Council and in line with updated Government guidance.

3.3 That Cabinet approve the Business Rate Relief policy, with authority being given to the Council's S151 Officer in consultation with the Operations Manager SRP and Director for Economic Growth & Climate Change to make changes to the policy, in consultation with the relevant Portfolio Holders, to ensure it meets the criteria set by the Council and in line with updated Government guidance.

#### **REASON FOR DECISION**

This once in a generation opportunity will leverage in substantial additional funding to support the delivery of G14 alongside providing investment in skills, infrastructure and investment projects in the wider area to support the Levelling Up agenda and provide opportunities for all and true inclusive growth for our communities.

#### **4. INTRODUCTION & BACKGROUND**

- 4.1 Cabinet, at its meeting on 4 April 2022, agreed to support the submission of the Full Business Case to Government and Council at its meeting on 27 October appointed Cllr Harry Richardson as a Director to Freeport East Ltd.
- 4.2 The Council as a core partner and member of the Shadow Supervisory Board of Freeport East and a founder partner of Freeport East Ltd.
- 4.3 Once the FBC is approved by Central Government, Freeport East officially exists with all customs and tax powers for a period of 25 years.
- 4.4 On the 13 December 2021 the Outline Business Case was formally approved by Government, the three tax sites in Felixstowe, Harwich and at Gateway 14 were agreed, published on GOV.UK and Statutory Instruments laid to enshrine them in legislation.
- 4.5 The Council is a major beneficiary of Freeport East in that it is the owner of Gateway 14, a Tax Site and potential Customs site.
- 4.6 Endorsing the Memorandum of Understanding with Government is an important step in the process towards becoming a fully operational Freeport and accessing seed capital funding of £6m.
- 4.7 Approval of the Freeport East Retained Rates policy will allow MSDC to manage and appropriately allocate the retained rates the Council receives as a result of businesses locating at the G14 Tax Site.
- 4.8 Approval of the Business Rate Relief Policy will allow the Council to award up to 100% relief on business rates for qualifying businesses who locate in the Freeport East Tax Site in at Gateway 14.
- 4.9 The use of these retained rates will partially reimburse MSDC for forgone rates, enable significant infrastructure investment within the tax site, thereby maximising the value of development which can take place on the site and contribute a collective rates pool which will enable the delivery of wider Freeport East initiative as set out within the Full Business Case.

## 5. OVERVIEW OF FREEPORTS

- 5.1 Freeports are a flagship HM Government programme that play an important part in the UK's post-Covid and post Brexit economic recovery. Its aim is to contribute to the Government's levelling up agenda by bringing jobs, investment, and high value opportunities to some of our most deprived communities across the country, while at the same time generating national benefits through trade and innovation.
- 5.2 In November 2020 HM Government formally launched the bidding process for Freeports in England. This prospectus sets out the objectives of the Freeport policy, which are threefold:
- Establish Freeports as national hubs for global trade and investment across the UK – bringing new investment into the surrounding region and increase trade through generating trade growth and enable trade processes to become easier and more efficient.
  - Promote regeneration and job creation – leveraging ideas and investment from the private sector to deliver jobs, sustainable economic growth and regeneration in the areas which need it most.
  - Create hotbeds for innovation – leveraging both public and private investment in R&D to develop and trial new ideas and technologies in and around the Freeport
- 5.3 Designated Freeports offer several policy levers, including:
- 5.3.1 Tax sites give businesses operating within them access to certain tax benefits i.e., Enhanced Capital Allowances, Enhanced Structures and Buildings Allowance, Stamp Duty Land Tax reliefs, Employers National Insurance Contribution relief, and Business rate relief.
- 5.4 Customs sites, in our case, Gateway 14 and Port One, when approved will provide:
- Simplified customs procedures
  - Duty exemption
  - Duty deferred
  - Duty inversion
  - VAT deferral
- 5.5 DHLUC have allocated Seed capital funding of up to £25m to kick-start delivery of Freeport East objectives. Gateway 14 has been indicatively allocated £6m towards the development of the Skills and Innovation Centre and Net Zero projects.
- 5.6 Each Freeport has also been provided with up to £1m of capacity revenue funding by Central Government to help them in the set-up phase and early years operation and to date £300k of this has been drawn down by Freeport East to support their work on producing the Outline Business Case (OBC) and FBC and staffing costs.
- 5.7 For a Freeport to be considered formally designated it will require:
- Government approval of Outline Business Case (OBC) and Full Business Case (FBC) – 'the Business Case Process'
  - Government approval of proposed tax sites – 'the Tax Site Process'
  - Government approval of proposed customs sites – 'the Customs Site Process'

## **6. MEMORANDUM of UNDERSTANDING**

- 6.1 In tandem with the Full Business Case, Ratings Authorities are required by DHLUC to endorse the Memorandum of Understanding (MoU) to agree the principal of business rates retention.
- 6.2 This document sets out how Ratings Authorities will manage the growth/uplift in Business Rates generated by the designated tax sites within Freeport East to achieve the aims and objectives of the Freeport, as set out by the Government. This includes pooling of the rate receipts, funding criteria and the strategy for reinvestment in the Wider Freeport East area. The current draft MoU is attached at Appendix A.
- 6.3 Following FBC approval, DLUHC will set out the process for agreeing variations to its terms as required and appropriate before finalising and requiring formal adoption of the MOU agreement between Freeport East and DLUHC.
- 6.4 It is proposed that the Council's Monitoring Officer and Director for Economic Growth & Climate Change in consultation with the relevant Portfolio Holders are given delegated authority to endorse the final MOU on behalf of the Council.

## **7. FREEPORT EAST RETAINED RATES POLICY**

- 7.1 Local authorities are permitted to retain the growth in non-domestic rating income in the Freeport tax sites, guaranteed for 25 years with retained rates pooled by all the relevant rating authorities for distribution, in line with the Memorandum Of Understanding.
- 7.2 Locally retained rates will comprise growth in rates above an agreed baseline.
- 7.3 Where local authorities choose to do so, they can borrow against future Business Rates receipts to expediate the delivery of key projects and initiatives.
- 7.4 The Section 151 officers from all authorities have worked collaboratively to establish the principles they are satisfied with for Freeport East as per the Policy attached at Appendix B.
- 7.5 For new properties and extensions to existing buildings, a business rate relief of 100% will be available for qualifying businesses for up to 5-years (assuming occupation prior to 30 Sept 2026). Compensation for this relief will be given by additional section 31 grant from the Government.
- 7.6 Business rate revenue above baselines for each tax site will then be apportioned based on a bespoke hybrid model described below. Under this model a portion of the total income generated will be earmarked for reinvestment within the tax site area; a portion will be retained by the local authority within which the tax site falls; and a portion will go into a pot to be reinvested across the wider freeport area. The hybrid model aims to provide a means for improving and enhancing tax sites, while ensuring that the benefits of freeport status are distributed evenly across the area.

- 7.7 The Government has not changed legislation relating to the Freeport relief and instead has issued guidance for Local Authorities to use their discretionary relief powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief to those who are eligible.
- 7.8 In the existing framework granting of discretionary relief would involve a cost to the Council. However, in the case of Freeports the Government will fully reimburse the Council for the cost of relief granted in accordance with the guidelines, through section 31 of the Local Government Finance Act.
- 7.9 As part of the FBC submission, all partners were asked to support the high-level arrangements for business rates retention, under which the retained business rate monies will be divided into three pots:
- 7.9.1 Pot A1 (MSDC – 16%) and A2 (SCC – 4%) are distributed to billing authorities and the County Council to ensure they do not lose out from Freeport. Councils can allocate this funding to their General Fund and can spend it as they see fit.
- 7.9.2 The principles relating to a specific additional pot will need to be negotiated with New Anglia Local Enterprise Partnership (NALEP) as part of G14 is currently designated as an Enterprise Zone (EZ). This is being modelled on the basis of a maximum 10% but needs to be finalised. This will not affect the monies that will be available for Pot A or Pot B, but will reduce the overall sums available in Pot C.
- 7.9.3 Pot B (35%) provides priority funding to support or accelerate development of a Tax Site or immediate environ. This pot is expected to be used to support the delivery of added value activity at G14 that will stimulate additional economic growth including acceleration of the development of the Innovation and Skills Centre and additional net zero projects. Use of this Pot is subject to project approval by Freeport East to ensure that it is used to deliver on Freeport East aspirations.
- 7.9.4 Pot C (35%) provides a fund for economic development and regeneration projects within the subregion, aligned to achieving the wider Freeport Policy objectives including investment in skills, innovation, levelling up, trade, investment, infrastructure, security and net zero carbon. This fund is administered by the lead authority, East Suffolk District Council, and decisions on its use would be determined by the Freeport East Supervisory Board, of which Mid Suffolk District Council is a member. Projects would need to impact on the area within the Freeport boundary map. The size of pot C will depend on the requirements of Pot B (development of Freeport sites) and the time taken for the Tax Sites to be delivered and occupied.
- 7.10 In addition, some of the retained rates will be used to pay for the overhead costs of the body managing Freeport East via a “topslice” prior to the funds being split into pots.
- 7.11 A full retained rates policy is attached at Appendix B and sets out the final proposed split between each of the “pots” and priorities and conditions of spend.

## **8. FREEPORT EAST BUSINESS RATE RELIEF POLICY**

- 8.1 In its role as Rating Authority, the Council is required to establish a Business Rate Relief Policy. The proposed discretionary policy (which is at Appendix C) reflects the guidance issued by the Department for Levelling Up, Communities and Housing.

- 8.2 The Policy outlines the eligibility criteria for the Relief that will be available to all new businesses locating on the Tax Site at G14 until 30 September 2026. This relief is payable for 5 years and will be funded by the Government, in a similar way to the current operation of Enterprise Zones.
- 8.3 The eligibility criteria are consistent with the end-user meeting the Freeport Objectives, with businesses being required to demonstrate best endeavours to adhere to one or more of the high-level Freeport objectives before being considered as eligible for relief.
- 8.4 The Freeport vision and objectives are to stimulate development that will support UK businesses and attract inward investors to boost global trade & investment, increase innovation and deliver jobs, skills and regeneration and low carbon energy projects.
- 8.5 Businesses must also meet the sector priority for the site and verify their innovation, skills and net zero credentials as part of the approval process.
- 8.6 Businesses which expand after moving into the Freeport site will, in addition to any existing relief, be eligible for relief on any additional hereditaments they occupy in the relevant Freeport tax site, again subject to occupation before 30 September 2026.
- 8.7 The Council has a discretion to apply additional tests for freeport rates relief to avoid or not incentivise the displacement of business activity from within the freeport or the surrounding area. The draft policy includes the following condition:
- 8.7.1 reducing the award of relief in cases where a ratepayer's occupation of a space arises in whole or in part from them vacating another space in the Freeport or surrounding area unless they can demonstrate a net gain in terms of jobs and business floorspace or wider economic, environmental or social benefits, or there are exceptional circumstances for the relocation which benefits the Freeport area or the surrounding area.
- 8.8 Any rate relief granted by the Council, in accordance with the Policy, will be fully reimbursed by the UK government to the Council via section 31 grant.

## **9. LINKS TO CORPORATE PLAN**

- 9.1 The Corporate Plan (2019-27) is designed to address the challenges and seize the opportunities facing the districts, and their organisations, for the foreseeable future. In relationship to the matters contained within this report, the Council's strong local leadership role to build great communities for living, working, visiting and investing in is particularly relevant.
- 9.2 The Freeport designation will help us to achieve our Vision to build "Great communities with bright and healthy futures that everyone is proud to call home".
- 9.3 It will support our Strategic Priorities on the Economy as a "place that is known for strong growth in innovation and creativity, for being highly connected and sustainable with the best skilled workforce in the East".
- 9.4 The Freeport will also help to deliver on the key Goals of our recently published Recovery Plan:

- 9.4.1 Inclusive growth and support – working with our partners and cross council to deliver healthier outcomes in our economies as part of our joined-up recovery programmes
- 9.4.2 Strength in innovation – driving resilience and re-growth of our places through innovation in sustainability and climate change, and capitalise on the positive behaviour change post pandemic
- 9.4.3 Resilience – ensure our businesses develop resilience for the future, enabling them to inspire and be aspirational within our communities
- 9.5 The Freeport designation has been identified as a key activity within the “recover” strand of the Recovery Plan with a specific focus on ensuring that G14 innovation cluster is accelerated as a result of the designation and the business led Innovation and Skills Centre is developed.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 Members approved a financial contribution in 2021/22 towards the operating costs of developing the OBC and FBC of £12,500 from the Growth and Efficiency Fund in line with contributions made by all other Local Authorities.
- 10.2 Members have also already approved the budget for the purchase and development of G14. This development is expected to be accelerated via the Freeport designation, and Freeport funding will be sought for the delivery of the added value initiatives on site which were not part of these existing funding agreements including the Innovation and Skills Centre and additional Net Zero projects.
- 10.3 Businesses investing in the G14 Tax Site will be eligible for Business Rates Relief in accordance with the Freeport Business Rate Relief Policy (as set out in more detail in Section 8).
- 10.4 The revenue costs of the Freeport East Delivery Team are being met from a commitment of £1m Government capacity funding alongside £80,000 per year for two years from Growth & Efficiency Fund (as approved at Cabinet in April 22) which will cover running costs and priority project delivery until there is sufficient funding generated from retained rates to cover these costs.
- 10.5 Once the FBC has been signed off, the allocated Seed Funding attributed to each site will be confirmed. In order to access this allocation for the development of an Innovation & Skills Centre on site G14, a full business case will need to be developed and submitted to Freeport East for approval. If approved, this money will be drawn down via a grant process from East Suffolk District Council over a 3 year period as appropriate development costs are incurred and agreed milestones are reached.

## **11. LEGAL IMPLICATIONS**

### **11.1 GOVERNANCE STRUCTURES**

- 11.2 Freeport East is governed by Freeport East Ltd, a Company Limited by Guarantee (CLG). Mid Suffolk District Council have appointed Cllr Harry Richardson as a Director for this company.

- 11.3 The governance structure will comprise a two-tier arrangement, including a Supervisory Board and a Management Committee. The Supervisory Board will be responsible for the strategic direction of Freeport East development and for monitoring and holding to account the Management Committee for the effective delivery of the interventions and strategy and for receiving assurance about the effective management of the physical and fiscal security aspects of Freeport East.
- 11.4 The Management Committee will be responsible for the day-to-day operation of Freeport East and the discharge of its obligations regarding security, crime prevention and for executing the strategy agreed by the Supervisory Board under delegated powers. It will also be responsible for submitting regular reports to Government.
- 11.5 The Supervisory Board will be composed of a Chair, the Chief Executive of Freeport East and ten non-executive directors. The non-executive members of the Supervisory Board have been nominated by the stakeholders based on their knowledge and experience and in the case of local authorities to provide democratic accountability.
- 11.6 Mid Suffolk District Council and G14 Ltd have both appointed Directors to the board.

## **12. DECISION MAKING PROCESS**

- 12.1 Decisions on eligibility for businesses to access business rate relief on G14 has been set out within the FBC and requires the business/landowner to provide information that sets out their compliance with the Freeport East objectives – particularly in relation to sector, skills, innovation and net zero.
- 12.2 Once the Management Committee has reviewed this submission, it will make a recommendation for a decision on eligibility which will be approved by the Supervisory Board.
- 12.3 This process would ordinarily happen during the negotiation process before a business commits to locating on site.
- 12.4 Once a business unit has been constructed, the business will complete an application to MSDC which, assuming nothing has changed since their Board approval, will be relatively straightforward and would be communicated to SRP for the discount to be applied to their rates bill for the relevant period.

## **13. RISK MANAGEMENT**

- 13.1 This report is most closely linked with the Council's Significant Business Risk No. SRR002. Key risks are set out below:



Risk Description	Likelihood	Impact	Mitigation Measures
<p>Income and Capital projections and economic outcomes projected for Gateway 14 Ltd may not be delivered</p>	<p><b>Unlikely</b></p> <p>Business rate income forecasting is not an accurate science, so is challenging to use for robust financial projections.</p> <p>The economic market is uncertain, so deals may take longer to be realised.</p> <p>S31 grants from Govt don't cover the value of relief awarded.</p> <p>Challenge over Subsidy Control position</p> <p>Funding via Pot B isn't available to support delivery of added value elements of G14</p>	<p><b>Bad/Serious</b></p> <p>Over or Under estimation of income expected or year when it would be received impacting on base budget position.</p> <p>Delays to development of site would substantially affect income generation model.</p> <p>Rate relief is paid out and reclaimed from Govt, the sums involved are substantial and could cause financial pressure if there are discrepancies.</p> <p>Rate relief is classed as a subsidy and can be challenged by a third party, which if successful could lead to legal proceedings and reclamation of relief from the business.</p> <p>This would also result in substantial negative publicity and reputational damage for the council, G14 Ltd and Freeport East Ltd.</p> <p>Future borrowing will be necessary to deliver the added value elements of G14 and if Pot B isn't available to borrow against, this cost will have to be borne by MSDC which could delay or constrict development</p>	<p>Business rate forecasts will be regularly adjusted.</p> <p>Regular updates on commercial deals that would impact development timelines.</p> <p>Clear communication with Government and Freeport East on value of reliefs awarded and strong approval process to reduce late challenge</p> <p>MOU being developed by DHLUC which sets out approved use of Pot B – this hasn't been received yet</p>

## 14. CONSULTATIONS

- 14.1 A number of Member briefings have already taken place in respect of the development of the OBC and FBC, specifically on 16 August 2021 and 6 September 2021 and 4 April 2022.
- 14.2 Discussions on the principles have also taken place at Innovation Board meetings, Central Suffolk Chamber meetings and at the G14 Ltd Board meetings.
- 14.3 External consultees include representatives of all partner organisations who are Freeport East Shadow Board members.
- 14.4 Internal consultees include Finance, Legal & Governance and Economy.

## 15. EQUALITY ANALYSIS

Equality Impact Assessment (EqIA) not required

- 15.1 An equality impact assessment has been undertaken which demonstrates that the Freeport East initiative will have no impact on all protected characteristics with the exception of the group suffering from 'deprivation/ socio-economic disadvantage'. Since a key objective of Freeport East is to deliver 'levelling up' and inclusive growth it can be clearly demonstrated that the initiative will have a positive impact on this protected characteristic.
- 15.2 The FBC highlights that Freeport East aims to have a workforce that is representative of the local community. Freeport East will publish a diversity statement and an annual report on progress in encouraging diversity and will nominate a diversity champion from the Board to embed diversity across the partnership to ensure objectives are met.

## 16. ENVIRONMENTAL IMPLICATIONS

- 16.1 All Freeport East developments will be delivered to the highest green energy standards possible and aspire to provide net zero impact on carbon emissions.
- 16.2 A significant number of environmental enhancements are already planned at G14 as part of its ambition to maximise sustainable construction opportunities and explore low carbon heat and energy/water sources on the site.
- 16.3 Retained business rates funding could be used to support delivery of additional net zero projects at G14 in order to deliver on the ambition for the site to be an exemplar net zero development.

## 17. APPENDICES

Title	Location
(a) Freeport East MOU	Attached
(b) Freeport East Retained Rates Policy	Attached
(c) Freeport East Business Rate Relief policy	Attached

**18. BACKGROUND DOCUMENTS**

**19. REPORT AUTHOR**

Michelle Gordon, Corporate Manager Economy & Business.

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MEMORANDUM OF UNDERSTANDING

*Between*

*The Secretary of State for Levelling Up, Housing and Communities*

*-and-*

**[insert Accountable Body name]**

As the Accountable Body for **[Name of Freeport]** Freeport

*-and-*

**[insert name of Freeport Governing Body]**

As the Governing Body responsible for the delivery of the Freeport

*-and-*

**[insert name of Billing Authorities]**

As the Billing Authorities responsible for collecting business rates in Freeport  
Tax Sites

TEMP

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**Attached**

- Appendix 1: [Freeport name] Freeport FBC with Annexes
- Schedule 1: Spend Profile
- Schedule 2: Milestones
- Schedule 3: Communications Partnership Pack for Freeports Schedule 4: Freeports Performance Management, Security Audit and Assurance Framework ('the Freeports Framework')
- Schedule 5: Monitoring and Evaluation Indicators and Guidance

**Version history**

Version	Date agreed	Update summary
1.0	XX	

## 1. Introduction

### 1.1. Purpose

- 1.1.1. This Memorandum of Understanding ('MoU') sets out the terms, principles and practices that will apply to the working relationship between: the Department for Levelling Up, Housing and Communities ('DLUHC'); [Accountable Body] ('the Accountable Body'); and the [Name of Freeport] Governing Body ('the Governing Body') (collectively 'the Parties'), regarding the delivery and administration of the [Freeport Name] Freeport ('the Freeport'), including the use of Seed Capital grants; the use of Capacity Funding grants; and [Billing Authorities] (collectively 'the Billing Authorities') for collecting business rates in the Freeport tax sites.
- 1.1.2. These parties have agreed to collectively deliver a public policy intervention – [Freeport name] Freeport – with aims rooted in the public good. This carries with it certain expectations of the Parties, their behaviour, and the consideration they will give to those aims given the financial and other public support they stand to receive from Her Majesty's Government of the United Kingdom of Great Britain and Northern Ireland ('HMG'). This MoU details those expectations and provides for a shared understanding of what it means to participate in the delivery of public policy.
- 1.1.3. Eight prospective Freeports in England were announced at the March 2021 Budget. The [Freeport name] Freeport was successful in its bid to become a Freeport, as set out in the Freeports bidding prospectus.<sup>1</sup>
- 1.1.4. An Outline Business Case ('OBC') and a Full Business Case ('FBC') were developed to demonstrate how the Freeport will achieve the policy objectives set by HMG.
- 1.1.5. Following submission and appraisal of its OBC, HM Treasury ('HMT') tax site assessment and HM Revenue & Customs ('HMRC') authorisation of a custom site, the Freeport became operational on [Date Freeport became operational]. An operational Freeport is a Freeport with designation of at least one tax site and one customs site, and an approved OBC.
- 1.1.6. On [date FBC submitted], the FBC for the Freeport was received by DLUHC. Following consultation with DLUHC and other government departments, on [insert date of HMT approval of FBC] HMG approved the FBC and DLUHC notified the Freeport of the outcome. A copy of the FBC and its Annexes are attached at Appendix 1, unlocking Seed Capital from Financial Year (FY) 2022/23 to FY2024/25.
- 1.1.7. HMG has approved the FBC on the understanding that the Accountable Body and Governing Body will oversee the development of individual business cases for Seed Capital projects in accordance with best practice principles,

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<sup>1</sup> HM Treasury and Ministry of Housing, Communities and Local Government, Freeports bidding prospectus (2020), <https://www.gov.uk/government/publications/freeports-bidding-prospectus>

namely those outlined in the HMT Green Book (2020),<sup>2</sup> IPA Cost Estimating Guidance and Cabinet Office's The Construction Playbook.<sup>3 4</sup>

1.1.8. Following FBC approval, DLUHC provided the [Freeport Name] Freeport with the following list of outstanding actions that should be achieved within the agreed timeframes. DLUHC will review the status of these actions through the processes set out in Section 6 of this MoU:

a) [Outstanding list of actions following FBC approval]

1.1.9. This MoU formalises the key commitments made by the Freeport throughout the FBC and outlines what support it can expect from DLUHC and other HMG departments, including the Department for Business, Energy and Industrial Strategy ('BEIS'), Department for Education ('DfE'), the Department for Work and Pensions ('DWP'), Department for International Trade ('DIT'), HMT, and HMRC.

1.1.10. While this MoU is not legally enforceable, it is expected that all parties will aim to, as far as possible, honour their obligations under this memorandum, as per Section 7 of this MoU.

## 1.2. Definitions

1.2.1. **It is agreed that:**

- a) "Accountable Body" means the local authority organisation(s) accountable for the delivery and administration of Freeport Seed Capital and Capacity Funding grants and for ensuring the good functioning of the Freeport Governing Body. Depending on locally agreed retained business rates arrangements, the Accountable Body may also be accountable for the use of the retained business rates across the Freeport.
- b) "Governing Body" means the primary governance body accountable for delivering the Freeport and achieving its strategic objectives. The Governing Body may take different organisational forms based upon how the Freeport company or entity is set up. The Accountable Body is a member of the Governing Body. Depending on locally agreed retained business rates arrangements, the Governing Body may also be accountable for the use of the retained business rates across the Freeport.
- c) "Billing Authority" means the local authority(s) responsible for the collection of business rates within a Freeport designated tax site. Depending on locally agreed retained business rates arrangements,

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<sup>2</sup> HM Treasury, The Green Book (2020), <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>3</sup> Infrastructure and Projects Authority, Cost Estimating Guidance (2021), <https://www.gov.uk/government/publications/cost-estimating-guidance>

<sup>4</sup> Cabinet Office, The Construction Playbook (2020), <https://www.gov.uk/government/publications/the-construction-playbook>



the Billing Authorities may be accountable for the use of the retained business rates across the Freeport.

- d) “Freeport” means the area, and related operations within, outlined in maps provided to, and agreed by, HMG during the business case approval process. These maps are published on GOV.UK<sup>5</sup>.
- e) “Operational Freeport” means a Freeport with designation of at least one tax site and one customs site, and an approved OBC.
- f) “Tax Site” means Freeport tax sites that are designated and recognised in law as geographical areas where businesses can benefit from tax reliefs to bring investment, trade and jobs to regenerate regions across the country that need it most. Freeport tax site maps are published on GOV.UK<sup>6</sup>.
- g) “Seed Capital” means the capital grant which is HMG’s contribution towards capital investment for the delivery of the Freeport proposal. This is disbursed through the Accountable Body.
- h) “Capacity Funding” means the revenue grant which is HMG’s contribution towards day-to-day resources and administration for the delivery of the Freeport proposal. This is disbursed through the Accountable Body.
- i) “Spend Profile” means the forecast spend of grants as set out in the Schedule 1: Spend Profile, demonstrating how grants will be spent and the assumptions on how projects will be financed.
- j) “Financial Year” means the Government’s financial year which runs from 1 April to the 31 March each year.
  - i. “Confidential Information” means any information which has been designated as confidential by any of the parties in writing or that ought to be considered as confidential (howsoever it is conveyed or on whatever media it is stored) including information the disclosure of which would, or would be likely to, prejudice the commercial interests of any person or trade secrets and all personal data and sensitive personal data within the meaning of applicable legislation. Confidential Information shall not include information which:
    - ii. was public knowledge at the time of disclosure (otherwise than by breach of a duty of confidence by any of the parties);
    - iii. was in the possession of the receiving party, without restriction as to its disclosure, before receiving it from the disclosing party;
    - iv. is required to be disclosed by applicable laws or regulations of a stock exchange or regulatory authority or by order or ruling of a court or administrative body of competent jurisdiction;

<sup>5</sup> <https://www.gov.uk/government/publications/maps-of-uk-freeports>

<sup>6</sup> <https://www.gov.uk/government/collections/maps-of-freeports-and-freeport-tax-sites>

- v. is received from a third party (who lawfully acquired it) without restriction as to its disclosure; or
- vi. is independently developed without access to the Confidential Information.
  
- k) “Crown” means the government of the United Kingdom (including the Northern Ireland Executive Committee and Northern Ireland Departments, the Scottish Executive and the National Assembly for Wales), including, but not limited to, government ministers, government departments, government offices and government agencies.
  
- l) “Data Protection Legislation” means (i) the UK GDPR as amended from time to time; (ii) the Data Protection Act 2018 as amended from time to time; (iii) regulations made under the Data Protection Act 2018; (iv) all applicable law about the processing of personal data.
  
- m) “UK GDPR” means the General Data Protection Regulation (Regulation (EU) 2016/679) as transposed into United Kingdom national law by operation of section 3 of the European Union (Withdrawal) Act 2018, together with the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019.

## 2. Governance

### 2.1. Roles and Responsibilities

- 2.1.1. [Freeport Name] Governing Body is accountable to DLUHC for the delivery of [Freeport Name] and achieving its strategic objectives as set out in Sections 4 and 5 of this MoU and the approved FBC, attached at Appendix 1. Where the Governing Body is accountable for an aspect of Freeport delivery, but contracts this out, it is incumbent upon the Governing Body to put in place the necessary mechanisms to hold partners to account for [Freeport Name] Freeport’s delivery.
  
- 2.1.2. [Accountable Body] is the Accountable Body for [Freeport Name] and is accountable to DLUHC for the use of Seed Capital, Capacity Funding grants and for ensuring the good functioning of the Freeport Governing Body. The Accountable Body is required to be a member of the Governing Body.
  
- 2.1.3. [Billing Authorities] are the Billing Authorities who are responsible for the collection of business rates within a Freeport designated tax site. The accountability of the Billing Authorities and use of retained business rates is set out in Section 3.7.
  
- 2.1.4. DLUHC as the HMG body accountable for coordinating the delivery of the Freeports Programme, agrees to support the Parties in the delivery of

commitments as set out in the FBC, and particularly in the realisation of the strategic objectives as set out in Section 5 of this MoU.

2.1.5. The Parties agree to work together, cooperate in good faith and fully participate in the delivery of the Freeport as articulated through the FBC, attached at Appendix 1, in addition to this MoU, or any subsequent revisions to the FBC agreed through the change process as referenced in Section 6.10 of this MoU.

2.1.6. For the avoidance of doubt, the relevant Parties shall be accountable to DLUHC for the acts of its external delivery partners if delivering public money, including any consequences of poor performance arising from their conduct, as per Section 7.3 of this MoU.

## 2.2. Freeport governance

2.2.1. The Governing Body will adopt the governance structures for the delivery of the Freeport as set out at 5(a) in the Management Case of the FBC attached at Appendix 1, including:

- a) [membership, powers and decision-making mechanisms of the governing body – found in Management Case 5a of the FBC]

2.2.2. The Governing Body will notably, in this regard:

- a) Commit to appropriate levels of transparency, propriety, and inclusivity with respect to governance and adherence to the Seven Principles of Public Life ('the Nolan Principles'<sup>7</sup>). This includes but is not limited to the publication of board papers, minutes, and register of members' interests to ensure any actual or perceived conflicts of interest are recorded and managed appropriately. Where publication of board papers, minutes and registers of members and directors' interest are subject to commercial confidentiality, the Accountable Body will need to set out a process for determining the publication criteria for commercial confidentiality with the Governing Body. This will need to provide the rationale that balances protecting commercial interests directly connected to the objectives against the wider public interest in transparent Freeport governance. This should be aligned with established regulatory standards such as Schedule 12a of the Local Government Act 1972 and principles<sup>8</sup> set out by the Information Commissioners Office ('ICO'). All items need to be maintained if not publicly published and must be provided to

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<sup>7</sup> <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

<sup>8</sup> <https://ico.org.uk/for-organisations/guidance-index/freedom-of-information-and-environmental-information-regulations/section-43-commercial-interests/#publicinterest>

DLUHC if requested for assurance purposes.

- b) Within reasonable endeavours, ensure that sufficient financial and human resources are available to support the successful delivery of the Freeport; and
- c) Inform the DLUHC Freeport Lead (see Section 2.3.1) of any changes to these governance structures and if required, take any changes through the change process referenced in Section 6.10 of this MoU and as per Schedule 4 of the Freeports Framework.

2.2.3. The Governing Body will adopt the structures referred to in Section 2.2 within the timeframes set out in the FBC Management Case. The Governing Body will inform their DLUHC Freeport Lead of any changes to these timeframes.

2.2.4. The Accountable Body will:

- a) Be accountable for any HMG Freeport-specific grant funding if paid through a Section 31 grant and unless stated otherwise, including monitoring and reporting against the use of these funds, upholding procurement practices, as per Section 3.5 of this MoU;
- b) Maintain appropriate records relating to Freeport delivery, including, but not limited to project plans and risk registers for HMG funded activity; and
- c) Ensure the Governing Body operates in line with appropriate levels of transparency, propriety and inclusivity, abiding by the Nolan Principles, as referenced above in Section 2.2.2(a).

2.2.5. The Billing Authorities will:

- a) Be accountable to DLUHC for the management of the retention of Business rates in line with the Local Government Accountability System.
- b) Be responsible for allocating all business rates collected on the Freeport tax sites to the decision-making process and purposes outlined in the FBC. [Any exclusions or local arrangements as per section 3.7]

2.2.6. The Governing Body, the Accountable Body and the Billing Authorities agree to work collaboratively and proactively to manage any actual or perceived conflicts of interest in decision-making as set out in the Management Case of the FBC, and in particular on the use of Seed Capital,

Capacity Funding and collected business rates. The Governing Body, the Accountable Body and the Billing Authorities agree to provide DLUHC with evidence of these processes when requested as part of the Freeports Framework as set out in Section 6 of this MoU.

2.2.7. The Governing Body, the Accountable Body and the Billing Authorities are required to manage any disputes in relation to Section 2.2 through a locally agreed process.

### **2.3. Ways of working**

2.3.1. The Freeport will be assigned a lead within the DLUHC Freeports Delivery Team who will act as a central interface for the Governing Body to interact with HMG on the delivery of the Freeport and its strategic objectives ('DLUHC Freeport Lead'). This will help ensure that the Freeport is receiving the expertise and input it needs from across HMG departments to enable the Freeport to deliver against its FBC. In addition, DLUHC will support Freeports through:

- a) Continuous improvement and policy learning, for example by using monitoring and evaluation to generate evidence and insights to inform improvements in Freeport delivery and adaptation of policy;
- b) Providing sector support, exploring areas where Freeports strongly align with national and sectoral economic strategies;
- c) Exploring opportunities to access further benefits across HMG, considering areas to leverage policies, schemes, and support for the Freeport;
- d) Cross-programme collaboration, enabling opportunities for Freeports to collaborate, facilitating lesson-learning and shared programme learning;
- e) Providing sufficient specialist and technical resource to support the delivery of the programme until 31 March 2025. DLUHC is unable to provide commitment beyond the current Spending Review period, though they commit to consulting with the Freeport on plans beyond 31 March 2025 when it is right to do so;
- f) DLUHC will ensure the Freeport is consulted should there be the opportunity for any new benefits related to the programme.

2.3.2. BEIS will hold quarterly meetings with the Freeport innovation lead(s) to understand progress on the innovation strategy and the barriers to innovation the Freeport is facing. BEIS will help the Freeport address these

barriers where possible, including ensuring the Freeport is connected to the correct teams across government to provide them with support.

- 2.3.3. On trade and investment, the Freeport will be supported by the DIT in leveraging the export and support services which the Department offers to provide additionality above and beyond what the Freeport is able to deliver itself.
- 2.3.4. The DIT Freeports team will act as the central contact point for accessing DIT services and capabilities, and the Freeport will endeavour to ensure regular dialogue with DIT through bi-monthly check-in meetings. DIT will ensure the Freeport is consulted in relation to strategic investment and export promotion activity conducted by DIT and will ensure the Freeport is notified of enquiries relating to the Freeport arising from DIT lead generation activity.
- 2.3.5. The Freeport is responsible for maintaining capability to independently support exporters and the end-to-end investor journey, including functions for prospecting and generating leads, enquiry handling, project management and support, as well as the management and retention of existing investors. The Freeport is encouraged to notify DIT of investment enquiries and requests for export support in order for DIT to provide targeted support on projects on an on-going basis. This will involve the Freeport's lead for Trade and Investment liaising closely with their DIT partnership manager; who, where appropriate, will ensure a virtual team from across DIT is brought together in support of prospective investors from when they express an interest in locating in your Freeport to when their investment lands. DIT will work collaboratively with the relevant official within the Freeport to agree arrangements for providing this information. This is the standard manner in which DIT works with investment promotion agencies to manage and support investment projects and enables DIT to help investors access any relevant support. Accessing DIT resource and support is contingent on the Freeport sharing information on investment and export enquires as they arise.
- 2.3.6. The Freeport will engage with the Freeport Security Forum as per Section 2.5.5 and 2.5.6 of this MoU, in line with the requirements of the annual Freeport security audit. This is a cross-government group consisting of security stakeholders from the Home Office, Border Force, National Crime Agency, the Police, DfT, HMT and HMRC.

## **2.4. Public sector equality duty**

- 2.4.1. Recognising its role regarding the public sector equality duty under the Equality Act 2010, the Accountable Body commits to ensuring the Governing Body complies with Public Sector Equalities Duty.

2.4.2. The Parties commit to using this data to help ensure that the Freeport is optimised to advance equality and foster good relations by highlighting any key areas for improvement, ensuring that adverse aspects of Freeport delivery relating to equality are mitigated and limited, and ensure that any opportunities to reduce inequalities are maximised.

## **2.5. Risk management and security**

2.5.1. The Governing Body will ensure the documentation and active management of all overall delivery risks related to the Freeport and the dedication of proportionate resources to ongoing risk management.

2.5.2. The Governing Body commits to ensuring suitable escalation to address, mitigate and resolve significant risks through the governance procedures put in place and will flag any escalation of risk to DLUHC.

2.5.3. The Governing Body will regularly and thoroughly maintain the Freeport's risk register(s) and will inform DLUHC of risks, associated mitigations, progress and removal through the measures set out in the Management Case of the FBC.

2.5.4. Recognising HMG's priority to ensure Freeports uphold the UK's reputation of high standards for tax integrity and probity, port security and combatting illicit activity, the Parties commit within the scope of Freeport activities to fully support and cooperate with HMG in honouring the obligations set out in the OECD Code of Conduct for Clean Free Trade Zones,<sup>9</sup> and the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

2.5.5. The Governing Body commits to ownership and management of the security and illicit activity risk assessment at Annex B of the FBC and to coordinating the implementation of an appropriate risk management and mitigation plan on this basis. Recognising this, and the commitment from Freeport customs site operators to counter illicit activity included in Annex H of the FBC, the Governing Body commits to the establishment, ownership and management of the appropriate structures, governance arrangements, and establishing effective processes for coordinating the management of security risks outlined in the Management Case of the FBC. This includes coordinating active management across physical, personnel and cyber domains and working with HMG and other relevant agencies as required.

2.5.6. The Governing Body will carry out an annual audit of Freeport security measures in place and any breaches with local security stakeholders as required by the Freeports Framework.

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<sup>9</sup> <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0454>

## 2.6. Data retention and intellectual property

- 2.6.1. Documents and data should be retained by the relevant Parties for a minimum of 7 years. Where relevant data is held by third parties, the Governing Body should seek mechanisms to be put in place to ensure they also keep documents and data for a minimum of 7 years and provide the information to the Governing Body if required.
- 2.6.2. If requested, the Governing Body will work within reasonable endeavours to enter into an intellectual property licensing agreement whereby the Freeport will grant DLUHC a perpetual royalty-free licence to use the OBC(s) and FBC(s). Agreement would be gained from all Parties and participating organisations/ partners before publication and any published documents would be subject to commercial confidentiality.
- 2.6.3. The Governing Body will manage the Freeport's data and its stakeholders' data effectively and commit to complying with [Local Authority/Mayoral Combined Authority Name] data retention policies and Data Protection Legislation.
- 2.6.4. The Parties will process any personal data in compliance with the Data Protection Legislation. HMG will manage any data provided by the Freeport effectively and commit to complying with Data Protection Legislation.

## 2.7. Communications and Branding

- 2.7.1. DLUHC has provided the Governing Body with a Communications Partnership Pack for Freeports attached at Schedule 3. This is to support consistent messaging when communicating about the Freeport, including where public funds are being used or other government support has been provided, and the UK Freeports programme as a whole. The Pack also sets out how DLUHC will work in partnership with the Freeport on joint communications and engagement activity. New iterations of this pack will be made available as the programme – and the associated messaging and branding – evolve. The Parties should work to best endeavours in adopting the guidelines set out in the Pack and subsequent additions.
- 2.7.2. The Governing Body should work to best endeavours to inform DLUHC of major upcoming events, public announcements, and publications, in good time, where possible. Where appropriate, DLUHC will use HMG platforms to promote and support the work of the Freeport.

## 3. Financial Arrangements

- 3.1. The Governing Body will aim to deliver the Freeport in line with the Financial Case as set out in the FBC. DLUHC recognises that the Financial Case may adjust as the Freeport develops. If significant changes are to be made to the Seed Capital or Capacity Funding, DLUHC should be notified in advance



through the change process set out in Section 6.10 of this MoU.

3.2. The Governing Body commits to the Freeport being no longer reliant on HMG Capacity Funding and self-funded by FY2025/26, enabled by Capacity Funding available from FY2021/22 through to FY2024/25, or alternative means where necessary.

**3.3. Freeport Seed Capital and Capacity Funding**

3.3.1. The Seed Capital (capital grant) is part of HMG’s capital investment for delivery of the [Freeport Name] Freeport proposal. The Capacity Funding (revenue grant) is to support the Freeport to ensure there is sufficient organisational capacity in place for the set up and delivery of the Freeport. DLUHC expects the Freeport, overseen by the Accountable Body to use the allocated funding for activities outlined in the approved FBC attached at Appendix 1 and that the relevant evidence of spend and delivery is provided to DLUHC through the reporting requirements as set out in Section 6 of this MoU. DLUHC expects the Governing Body to fully support and cooperate with the Accountable Body to deliver the Seed Capital and Capacity Funding to achieve the objectives of the Freeport.

3.3.2. As part of its support for the Freeport, DLUHC considered the FBC for the Freeport proposal at [Site Name] and agreed to allocate Seed Capital (paid as capital grant funding) up to £[Total Seed Capital over FYs] and Capacity Funding (paid as revenue grant funding) up to a total of £1m from FY2021/22 to FY2024/25. An indicative allocation for each year, based on the FBC and any additional information provided to DLUHC to date is set out in Table 1 below. The profile of grants should be aligned to planned delivery and spend arrangements during that FY. There will be opportunities to request changes to the proposed profile of this funding through the process referenced in Section 6.10 of this MoU. As DLUHC will need to consider the financial profile across the overall Freeports Programme, adjustments may not always be possible.

Table 1

Financial Year	Seed Capital (capital grant)	Capacity Funding (revenue grant)
2021/22	-	[Capacity Funding for FY] (paid prior to the MoU being signed)
2022/23	[Agreed Seed Capital for FY]	[Capacity Funding for FY] (paid prior to the MoU being signed)
2023/24 (Indicative)	[Agreed Seed Capital for FY]	[Capacity Funding for FY]
2024/25 (Indicative)	[Agreed Seed Capital for FY]	[Capacity Funding for FY]

<b>Total 2020/21 – 2024/25</b>	<b>£[Total Seed Capital over FYs]</b>	<b>£1,000,000</b>
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3.3.3. The FBC sets out the details of projects comprising the delivery of the Freeport, including their: budget; Spend Profile; scope; key assumptions; outputs; timeline; key milestones; and risks. Together these project parameters set out what is expected by the Parties, and these are set out in Table 2 below.

Table 2

<b>Funded Projects</b>	[Projects from FBC with a sentence on what it is, using Asterisk (*) to indicate 'not fully developed': Project 1) Project 2) Project 3)]
<b>Spend Profile</b>	Schedule 1: Spend Profile
<b>Project Outputs &amp; Outcomes</b>	The Governing Body will deliver on the outputs and outcomes presented in the FBC, but a final, more detailed set of project outputs and outcomes will be agreed through the setup of quarterly reporting as set out in Section 6 of this MoU.
<b>Projected Timeline &amp; Key Milestones</b>	Appendix 1: FBC Annex C – Project Plan
<b>Risk Management</b>	Appendix 1: FBC Annex D – Risk Register

3.3.4. As per the requirements of the English Freeports Full Business Case Guidance<sup>[1]</sup>(section 4.5, page 15), the Accountable Body is expected to develop and appraise project business cases for all seed capital funded projects. The process the Parties will approve these business cases will be [insert process from FBC]

3.3.5. The FBC identified the projects marked above with an asterisk as not fully developed at the time of signature of this MoU. The Accountable Body must take these projects through the steps outlined in Section 3.3.4 prior to any seed capital funding being released for these projects. The Accountable Body must notify DLUHC once these projects have been approved locally. DLUHC may release an initial payment to the Accountable Body to support the development of these projects if requested.

3.3.6. By agreeing to this MoU, the Accountable Body and the Governing Body commit to full compliance with the process referred to in the 3.3.4 subsection, unless changes have otherwise been mutually agreed as per the change process set out in Section 6.10 of this MoU.

3.3.7. Reporting and assurance on project progress shall be carried out through the Freeports Framework, as set out in Section 6 of this MoU.

### 3.4. Grant Arrangements

- 3.4.1. Seed Capital and Capacity Funding (see Table 1) will be issued to the Accountable Body as non-ringfenced grant payments under Section 31 of the Local Government Act 2003, for expenditure as set out in Table 2 above.
- 3.4.2. The Accountable Body will manage grant payments to deliver and operate the Freeport, including the financial and fraud risks associated with this and upholding the principles of Managing Public Money. The Accountable Body reserves the right to enforce risk management systems or audit the Freeport Governing Body where the delivery of public money pertains.
- 3.4.3. Grant payments to the Accountable Body will normally be made annually by DLUHC, towards the beginning of each FY, as agreed between DLUHC and HMT. Annual amounts for each FY will be agreed in principle by the Parties before the payment is made.
- 3.4.4. The Accountable Body (or Governing Body, if delegated to them by agreement of the Accountable body and Governing Body) will provide quarterly project, financial, and financial risk reporting to DLUHC, demonstrating spend against the previous funding and that outputs are being delivered, including site delivery, in line with the approved FBC, as per Section 6.3 of this MoU. This should include updates on the development or approval of the individual business cases for any seed capital projects not locally approved prior to the approval of the FBC.
- 3.4.5. The release of subsequent Seed Capital and Capacity Funding will be subject to an annual review as outlined in the Freeports Framework and set out in Section 6 of this MoU. DLUHC reserves the right to make appropriate adjustments to payments and may withhold payments where it has significant concerns regarding the delivery of the Freeport, as per Section 7 of this MoU.
- 3.4.6. Should the Accountable Body wish to amend the annual Spend Profile at Schedule 1 of this MoU for the following financial year, the Accountable Body will give notice to DLUHC by the last working day of September of the previous financial year. Requests for amendments will be considered by DLUHC, with DLUHC's approval of such requests subject to the availability of resources. There are no guarantees that such requests will be accommodated.
- 3.4.7. The Accountable Body will consult in good faith with the Governing Body on matters related to the delivery of grants to end users and strive to amicably find a mutually acceptable resolution of any differences, with due transparency and expeditiousness.

### **3.5. Procurement**

- 3.5.1. On the use of public funds, the Accountable Body will ensure:
- a) It is compliant with all relevant regulations and best practice standards;
  - b) That value for money is achieved; and
  - c) That the Freeport objectives as set out in Section 5 are delivered.

3.5.2. Before releasing public funding associated with the Freeport Programme to Freeport delivery partners, the Accountable Body will assure themselves that all relevant regulations and approved standards, [procurement controls as set out in the Commercial Case of the FBC are met], that value for money is achieved, and that the policy objectives are, in its estimation, likely to be delivered. Where not directly procuring goods or services, the Accountable Body will satisfy themselves that they are content with the approach taken.

### 3.6. Subsidy Control

3.6.1. Before releasing public funding associated with the Freeport Programme to end users in the Freeport, the Body granting the subsidy will satisfy itself that doing so is compliant with UK legislation on subsidies.

### 3.7. Collected Business Rates [Freeports should note this section will reflect the BR arrangements as set out in the approved FBC and therefore the populated draft may differ upon receipt]

3.7.1. Under paragraph 39(1) (designation of areas) of schedule 7B to the Local Government Finance Act 1988 – local retention of non-domestic rates, the Freeport tax sites are to be classed as a designated area with effect from 1 April 2023 for a fixed term of 25 years from the date the tax site was designated for the purposes of tax relief. The Billing Authorities, signatory to this MoU, will retain 100% of the collectible business rates in excess of a baseline to be agreed between DLUHC and the Billing Authorities prior to the Tax Sites being designated in the regulations for business rates retention purposes. That baseline will be fixed in the regulations.

3.7.2. The Billing Authorities, in collaboration with the Governing Body, will use business rates retained locally from the Freeport tax sites to promote the Freeport and the Freeports Programme's objectives within the Freeport geography or wider 'travel to work area', and for activity which:

- a) Would not otherwise occur;
- b) Requires public funding; and
- c) Is most appropriately funded from collected business rates, rather than other public funding, as per the Freeport's Retained Business Rates Strategy.

3.7.3. The Billing Authorities and the Governing Body will ensure the collected business rates fund will help meet the [criteria and objectives as set out in the Strategic Case of the FBC], including through the detailed investment plan for retained rates (the Retained Business Rates Strategy) to be provided to DLUHC following the approved FBC.

3.7.4. The Billing Authorities and the Governing Body will ensure that decisions relating to the use of collected business rates will be made [business rates

spend governance processes as set out in the Management Case of the FBC, explicitly noting the Accountable Body(s)]. This includes the prioritisation and selection of projects for funding, and where ownership of the business rates policy lies, including on how it is to be reviewed and evaluated.

3.7.5. A As per the FBC, the Billing Authorities will allocate all rates collected on Freeport Tax Sites above the baseline set in the regulations to the Freeport, meaning they will be subject to the decision-making process and used for the purposes outlined in the FBC. [If relevant, exclusions]

3.7.6. The [Accountable Body(s) for Retained business rates] will manage the retained business rates as per the Retained Business Rates Strategy including any financial and fraud risks associated with this and upholding the principles of Managing Public Money.

## 4. Freeport Delivery

### 4.1. Progress Milestones

4.1.1. Overall Freeport progress milestones will be set out by DLUHC and will be agreed with all Freeports. In cases where a progress milestone is not applicable to the Freeport, DLUHC will mutually agree a revision or completion of that particular milestone with the Freeport.

4.1.2. The Governing Body is accountable to HMG for delivery of the Freeport according to agreed progress milestones. Progress milestones, attached at Schedule 2, will be monitored through regular check-in meetings, data reporting and contribute to the annual review process, as set out in Section 6 of this MoU.

4.1.3. The Governing Body and DLUHC will mutually agree any changes to delivery milestones or timescales.

### 4.2. Tax Sites

4.2.1. The Governing Body is accountable to HMG for delivery of [Freeport tax sites as set out in the FBC], including optimising the development of the tax sites which:

- a) Aligns with the Freeport's target sectors of [target sectors from FBC], objectives, and vision as set out in the FBC;
- b) Would not have occurred without Freeport tax site status and is not displaced from elsewhere in the UK; and

- c) Occurs within the period for most Freeport tax reliefs (i.e. prior to October 2026)<sup>10</sup>

4.2.2. To achieve this, the Governing Body will:

- a) Uphold the [gateway policy/site agreements] in the Management Case of the FBC, ensuring that [insert content on gateway policy/site agreement];
- b) Monitor and report to DLUHC on compliance with the aforementioned [gateway policy/site agreements];
- c) Exercise the incentives and [insert details of controls outlined in FBC] in relevant scenarios of noncompliance as defined in the Commercial Case of the FBC;
- d) Monitor and report to DLUHC on the delivery of the tax sites listed in the FBC as part of the formal data reporting requirements, as set out in Section 6 of this MoU; and
- e) Inform DLUHC of any delays to the delivery of the tax sites.

4.2.3. If existing Freeport tax sites are converted to Investment Zone status, or any Investment Zones sites are to be designated within an existing Freeport outer boundary after the FBC has been approved, the Freeport Governing Body, Accountable Body and Billing Authorities must submit a formal change request as per Section 6.10 of this MoU. Freeports should note, that changes may be required to the FBC and MoU in light of this before the request is approved.

### 4.3. Customs Sites

4.3.1. The Governing Body will:

- a) Work closely and collaboratively with HMRC and customs site operators to support the delivery of customs sites;
- b) Oversee, monitor, and report to DLUHC on the delivery of the customs sites of [customs site(s) listed in the FBC] and the Project Plan at Annex C of the FBC;
- c) Inform DLUHC of any delay to the delivery of the customs sites; and

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<sup>10</sup> <https://www.gov.uk/government/publications/statement-on-the-designation-of-freeport-tax-sites/statement-on-the-designation-of-freeport-tax-sites>

- d) Make all reasonable efforts to deliver the customs sites to the standards and to the timescales as set out in the FBC. More information on these requirements can be found in the English Freeports Full Business Case Guidance<sup>11</sup> (section 6.5.3, page25). This also sets out how the Governing Body's responsibilities sit alongside HMRC's ongoing processes to audit Customs Site Operator compliance.
- e) [and insert any Freeport-specific conditions if required]

## 5. Strategic Delivery

5.1. As the HMG body accountable for leading the delivery of the Freeports Programme, DLUHC will provide the Governing Body with support to coordinate with HMG on strategic areas of Freeport delivery, including with: BEIS; DFE, DWP and DIT.

5.2. DLUHC will facilitate across HMG to enable a coordinated approach to the support, guidance and interaction between HMG and Freeports, to ensure support is targeted and appropriate to the needs of each Freeport. The support offered will be tailored to the needs of each Freeport and will include, but is not limited to, capacity support, technical assistance, coordinating the resolution of common or external issues faced by Freeports and working collaboratively to act on common opportunities or interests for Freeports.

### 5.3. Net Zero

5.3.1. The Governing Body commits to owning, updating and devoting appropriate resources to the delivery of the Net Zero strategy at 1g in the Strategic Case of the FBC, including:

- a) [Insert specific content from the FBC]

5.3.2. The Governing Body will be supported by BEIS's Local Net Zero team which will provide a first point of contact and manage support for the delivery of the Freeport's Net Zero plans. This support may be through ongoing engagement, providing guidance and advice on Net Zero topics and will be either with officials across HMG or through the appropriate Local Net Zero Hub.

### 5.4. Innovation

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[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1072199/English\\_Freeports\\_Guidance\\_-\\_Full\\_Business\\_Case.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1072199/English_Freeports_Guidance_-_Full_Business_Case.pdf)

5.4.1. The Governing Body commits to owning, updating and devoting appropriate resources to the delivery of the Innovation strategy at Annex L of the FBC, including

- a) [Insert specific content from the FBC]
- b) [Insert FBC content related to Freeports Regulation Engagement Network ('FREN')]

5.4.2. Innovate UK's [X region] Regional Manager will attend the [relevant Freeport board/subcommittee] on the Freeport's request to provide advice on the development and implementation of the Freeport's innovation strategy, informed by their in-depth understanding of the region's innovation ecosystems. The Regional Manager will help upskill the [Freeport's innovation lead/innovation hub/equivalent] to ensure [it/they] are aware of available funding opportunities and the existing support on offer in the region to help businesses innovate.

5.4.3. BEIS, alongside the Innovate UK Regional Manager for the Southwest, will actively promote relevant innovation support and funding schemes to the Freeport with advice on how to apply. BEIS will support DLUHC and the Freeport to develop targeted communications aimed at promoting the Freeport as an attractive prospect for innovative businesses. BEIS, alongside DLUHC, will promote Freeports across HMG to raise awareness of the benefits Freeports have to offer for research, development and innovation focussed activity. BEIS will work with other government departments to explore potential opportunities to expand schemes, and pilot new initiatives within Freeports

5.4.4. The FREN, as part of HMG's offer on innovation, will engage with the Freeport regularly to review progress of engagement with the FREN to address regulatory barriers. Where criteria are met and resource available, it will support the Freeport to address regulatory barriers in their innovation endeavours and help identify challenges in doing so. It will support the Freeport to address these barriers, including through establishing connections with regulators and other relevant stakeholders to explore approaches.

5.4.5. The Freeport will support the FREN with identifying and testing specific regulatory areas of opportunity and development relating to their innovation objectives. The Freeport will work with relevant regulators, businesses and partners through the FREN to advance this, including through regular sharing of knowledge, information and lessons learned.



## 5.5. Regeneration and Levelling Up

5.5.1. The Governing Body commits to reasonable endeavours in owning, updating and devoting appropriate resources to support the delivery of Regeneration and Levelling Up objectives.

5.5.2. DLUHC will provide Levelling Up support to Freeports including by: (1) supporting Freeports to develop their business rate investment schemes - including exploring options for borrowing against future business rates income; (2) supporting Freeports to develop their planning strategy and explore optimal planning tools and innovative progression routes; (3) facilitating a joined-up conversation between the Freeport and UK government about regeneration and placemaking; (4) supporting Freeports to implement custom incentives in the initial designated sites; (5) facilitating monitoring and reporting of site delivery progress; and (6) providing strategic advice and support to overcome specific challenges in Freeport delivery, if they arise.

5.5.3. While Local Planning Authorities ('LPAs') retain their statutory powers and responsibilities with regards to planning, the Freeport Governing Body is accountable to HMG for supporting tax site LPAs to create a supportive planning environment and holding them to the commitments at 5.5.4. This includes:

- a) Agreeing planning delivery goals and resourcing commitments with Freeport tax site LPAs and establishing the necessary local governance and risk management structures to oversee delivery of these goals and manage planning risks.
- b) Providing Freeport tax site LPAs with the necessary (financial or other) support to deliver these targets, as agreed between the Freeport Governing Body and the LPAs.
- c) Engaging and supporting Freeport tax site LPAs to engage with UK government planning support.
- d) Reporting quarterly to DLUHC as per Section 6.3.

5.5.4. While LPAs retain their statutory powers and responsibilities with regards to planning, the Billing Authorities, where they also function as Freeport tax site LPAs, commit to:

- a) Using reasonable and appropriate endeavours to deliver a planning environment that supports appropriate investment on Freeport tax sites, including by exploring innovative uses of planning tools, and

learning from best practice and from other LPAs and sharing expertise and experience with other Freeport tax site LPAs.

- b) Appropriately resourcing this work and agreeing planning delivery goals, and necessary support to deliver them, with the Freeport Governing Body.

## 5.6. Skills and Workforce Development

5.6.1. The Governing Body commits to owning, updating and devoting appropriate resources to the delivery of the Skills and Workforce Development strategy at Annex N of the FBC, including:

- a) [Insert specific content from the FBC]

5.6.2. HMG will work with Freeports to deliver their skills delivery ambitions.

## 5.7. Trade and Investment

5.7.1. The Governing Body commits to owning, updating and devoting appropriate resources to the delivery of the Trade and Investment Strategy at Annex K of the FBC:

- a) [Insert specific content from the FBC]

5.7.2. The Freeport is responsible for building and maintaining their own trade and investment capabilities that should be able to operate independently of DIT to support the end-to-end investment journey and support exporters, while drawing upon DIT's expertise and influence where this is additive. The Freeport is responsible for developing and executing their investment strategy and for supporting site-specific projects, while keeping DIT informed of their activity.

5.7.3. DIT's support for the delivery of the Trade and Investment Strategy will be guided by the requirements set out in Annex K of the FBC. All DIT services relevant to the delivery of the Freeport's Trade and Investment Strategy will be extended to the Freeport, within existing budgetary constraints.

5.7.4. DIT will maintain responsibility for articulating and promoting the UK Freeports offer globally. DIT will also support [Freeport name] to articulate and promote the proposition specific to [Freeport name] to target export and investment markets. DIT's activities will provide additionality to [Freeport name]'s own independent promotional strategy and activities and will neither limit nor replace them.

## 6. Performance Management, Assurance and Evaluation

6.1. DLUHC will carry out ongoing monitoring of Freeports to assist with delivery, assure the use of public funds and evaluate the impact of the programme.

6.2. DLUHC has issued:

6.2.1. The Freeports Framework, attached at Schedule 4 to this MoU, which sets out the reporting requirements Freeports are expected to adhere to enable these processes to take place; and

6.2.2. Monitoring and Evaluation Indicators and Guidance, attached at Schedule 5 to assist Freeports with accurately collecting primary data needed as part of the ongoing monitoring and evaluation and to provide information on the overall evaluation approach.

6.3. The Governing Body and the Accountable Body will collaborate with DLUHC on the processes and reporting requirements set out in the Freeports Framework. This includes committing to:

6.3.1. Monthly check-ins with the DLUHC Freeport Lead to provide updates on Freeport delivery and operations progress, risk, and governance;

6.3.2. Granting observer status to the DLUHC Freeport Lead at the Freeport Governing Body meetings and inviting other HMG departments on a case-by-case basis where necessary;

6.3.3. Reporting quarterly to update in such a format as DLUHC reasonably requires on Freeport site delivery and capital seed funded projects progress; the Project Plan and Delivery Milestones (FBC Annex C, at Appendix 1); Spend Profile (Schedule 1) and any live issues and proposed mitigations. These quarterly updates will have particular focus on tax site and infrastructure delivery progress;

6.3.4. Data reporting formally twice a year on inputs, outputs, and outcomes as outlined in Schedule 5, Monitoring and Evaluation Indicators and Guidance and

6.3.5. Participating in a formal annual conversation with HMG to frame the quantitative evidence provided as per Section 6.3 and provide qualitative updates on the status and effectiveness of the delivery of the strategies of the Freeport on or around such date as DLUHC shall propose.

6.4. DLUHC will carry out an annual performance and assurance review of the Freeport's operations, which will be informed by information and data provided through the processes detailed in the Freeports Framework and in this section. This review will inform decisions with regards to any improvement plan or

intervention, including the release of future benefits, as per Section 7.3 of this MoU. Where non-delivery or non-compliance is identified, HMG will always as a first resort work with the Freeport with the aim of resolution as per Section 7.3.1.

- 6.5. The Governing Body will be responsible for coordinating the primary level data collection from end users of the Freeport with regards to reporting requirements set out in this MoU including Schedule 4: the Freeports Framework and Schedule 5: Monitoring and Evaluation Indicators and Guidance. Freeports should work to best endeavours to agree data sharing agreements with end users of the Freeport to ensure the data required is provided. DLUHC and the external M&E provider shall assist the Governing Body and if required the Accountable Body where possible on the required primary level data collection process and requirements, and the Parties will cooperate in full to satisfy these requirements.
- 6.6. DLUHC will lead the programme-level evaluation for Freeports, which will include a process, impact and value for money evaluation. The Governing Body and the Accountable Body will not be required to lead any wider data collection for the evaluation beyond what is referenced in Section 6, though are expected to assist DLUHC or external suppliers where deemed appropriate by DLUHC for monitoring and evaluation purposes. This may involve working to reasonable endeavours and where appropriate to support site access or arranging interviews with wider Freeport stakeholders.
- 6.7. DLUHC reserves the right to quality assure the data provided and conduct Freeport site visits, Freeport Governing Body office and Accountable Body office and records verifications within reasonable endeavours. This may include spot checks on governance structures and processes related to the collection, storage and utilisation of said data. DLUHC will aim to notify the Governing Body and the Accountable Body within a reasonable timeframe to allow for resource planning if a visit is required, but depending on the nature of the visit, this may be at short notice.
- 6.8. In line with the above requirements, the Governing Body will endeavour to promptly share information at appropriate times, as and when requested by DLUHC. The Accountable Body will endeavour to promptly share the required information most notably on HMG funding to the Governing Body to allow for a timely return of the required data.
- 6.9. DLUHC reserves the right to publish relevant, general and/or aggregated data from the Freeport's reporting discussed herein and use it to inform public statements to communicate the outputs, outcomes, and impact of the Freeports Programme. Where this may relate to commercially sensitive information, DLUHC will work closely with the Governing Body to first determine if the data can be public and then if so, determine appropriate handling measures with

respect to the use of such data, for example aggregation or anonymisation of data sets to manage commercially sensitive data. The Governing Body will be consulted and notified in advance of any proposed publications by DLUHC.

6.10. The Governing Body will notify DLUHC of any significant proposed changes to the approved FBC, in line with the parameters and process set out in the Freeports Framework. If relevant, this proposed change shall follow the formal change request process set out in the Freeports Framework. DLUHC will work to best endeavours to respond to formal change requests within a reasonable timeframe that will not inhibit the delivery of the Freeport.

## **7. Ongoing Management**

### **7.1. Duration and Review**

7.1.1. This MoU covers the duration of Freeports being a public policy and is subject to annual review by the Parties through the annual review process. This may result in amendments or extensions to this MoU by mutual agreement through a formal change request, as set out in Section 6.10 of this MoU, for example to manage the grant profile, ongoing tax reliefs and collected business rates, leading to this document being replaced by an updated version. Amendments to this MoU may only be made by mutual agreement in writing between the Parties through a formal change request.

7.1.2. The MoU will be formally reviewed prior to 31 March 2025 to consider the end of the HMG grant payments and delivery of the seed capital funded projects.

7.1.3. This MoU will come into effect upon signature by the Parties and will remain in effect until it is terminated by the Parties by full mutual agreement in writing. DLUHC reserves the right to exercise the options set out in Section 7.3 of this MoU in the event of a proposed early termination by the Parties, where appropriate.

### **7.2. Resolution of disputes**

7.2.1. In the event of a dispute arising as to the interpretation or application of this MoU, the Parties will commit to discussion aimed at resolution.

7.2.2. This MoU is not legally enforceable. It describes the understanding between the Parties for delivery of the Freeport. The Parties to this MoU are responsible for ensuring that they have the necessary systems and appropriate resources in place to comply fully with the requirements of this MoU.

7.2.3. The Parties agree to all due, reasonable, and appropriate transparency, open book working and a duty of good faith regarding all matters relating to the Freeport, and this MoU.

### **7.3. Managing poor performance**

7.3.1. Freeport delivery will be managed through the processes set out in the Freeports Framework. Should an issue arise, DLUHC will first attempt to resolve it in collaboration with the Governing Body and if applicable the Accountable Body. For persistent issues which are recorded at the annual review or are the result of other assurance activities DLUHC will seek to agree a tailored improvement plan with the Governing Body and the Accountable Body as outlined in the Freeports Framework.

7.3.2. DLUHC's support for the Freeport is contingent on compliance with this MoU, Appendixes', and Schedules. DLUHC support of the Freeport may be withdrawn where there are significant concerns with the Freeport, for example including but not limited to the following scenarios where there is:

- a) Consistently poor progress against agreed delivery commitments and/ or limited commitment to full and effective Freeport delivery;
- b) Evidence of the misuse of public funds;
- c) An inability to manage the governance of potential security risks and illicit activity associated with the Freeport;
- d) Non-compliance with commitments on retained business rates and/or tax site delivery;
- e) Failure to comply with the minimum requirements of a Freeport (for example, failing to establish an operational customs site), as set out in HMG Freeports policy documentation;
- f) Activity or negligence leading to the risk of exposure to the wider Freeports Programme to reputational risk (for example, through failures of governance).

7.3.3. The Governing Body, Accountable Body and Billing Authorities accept and agree to all the terms having made full and proper enquiry before agreeing to the statements contained in this MoU.

7.3.4. DLUHC will not resort to performance measures as a first response to address concerns relating to Freeport delivery, except in the high-risk areas of continued concern. Where appropriate, HMG will consider:

- a) Engagement with relevant government officials (for example, additional bespoke meeting to understand and rectify problems)
- b) Increased frequency and/or depth of assurance testing
- c) Delay or reduction of capital seed funding and/ or revenue capacity funding: to ensure probity of public funds, funding may be partially or fully withheld until improvements in the Freeport are made. The specific amount and type of funding withheld will depend on the circumstances of the Freeport and the specific concerns which need to be addressed. As part of this process, consideration will be given to the impact that withholding funding may have on the delivery of Freeport projects and operations alongside the risk posed to DLUHC, OGDs and the Accounting Officer of making payments
- d) Withholding or delaying government support (including but not limited to investment promotion and the use of government branding)
- e) Exclusion from future government benefits (for example, support in accessing future funding)
- f) Revoking current policy levers and benefits

## **8. Freedom of Information**

8.1. Each party will provide to the other parties any information in its possession that may be reasonably requested by the other parties, subject to any confidentiality constraints, safeguards and statutory rules on disclosure. Each party will consult the other parties before making to any third party any significant disclosures of information under the Freedom of Information Act 2000 and/or the Environmental Information Regulations 2004 in relation to this MoU.

8.2. The requirements in this Section 8 and Section 9 (Confidential Information) below are subject to any Government requirements as to transparency which may apply to either or all Parties from time to time.

## **9. Confidential Information**

9.1. Each party understands and acknowledges that it may receive or become aware of Confidential or Commercially Sensitive Information of the other parties (which may include information where the other party owes a duty of confidence to a third party) whether in the course of performance of the key commitments as set out in the FBC or otherwise.

9.2. Except to the extent set out in this Section 9 or where disclosure is expressly permitted elsewhere in this MoU (see Section 6.9), each party shall treat all the other parties Confidential or Commercially Sensitive Information as confidential and safeguard it accordingly (which shall include complying with any protective markings on documents and instructions supplied by the other parties). In particular, none of the parties will do anything that may place the other parties in breach of a duty of confidence owed to a third party. A party receiving Confidential or Commercially Sensitive information shall not disclose Confidential or Commercially Sensitive Information to any non-Crown bodies without the prior consent of the other parties.

9.3. The obligations of confidentiality in Section 9 shall continue to apply notwithstanding termination of this MoU.

TEMPLATE



**Signed by the Chair on behalf of the Governing Body:**

**Name:**

**Date:**

**Signed on Behalf of the Accountable Body:**

**Name:**

**Date:**

**Signed on Behalf of the Billing Authority (if more than one Billing Authority),  
copy and paste this section):**

**Name:**

**Date:**

**Signed on Behalf of the Secretary of State of for Levelling Up, Housing and  
Communities:**

**Name:**

**Date:**

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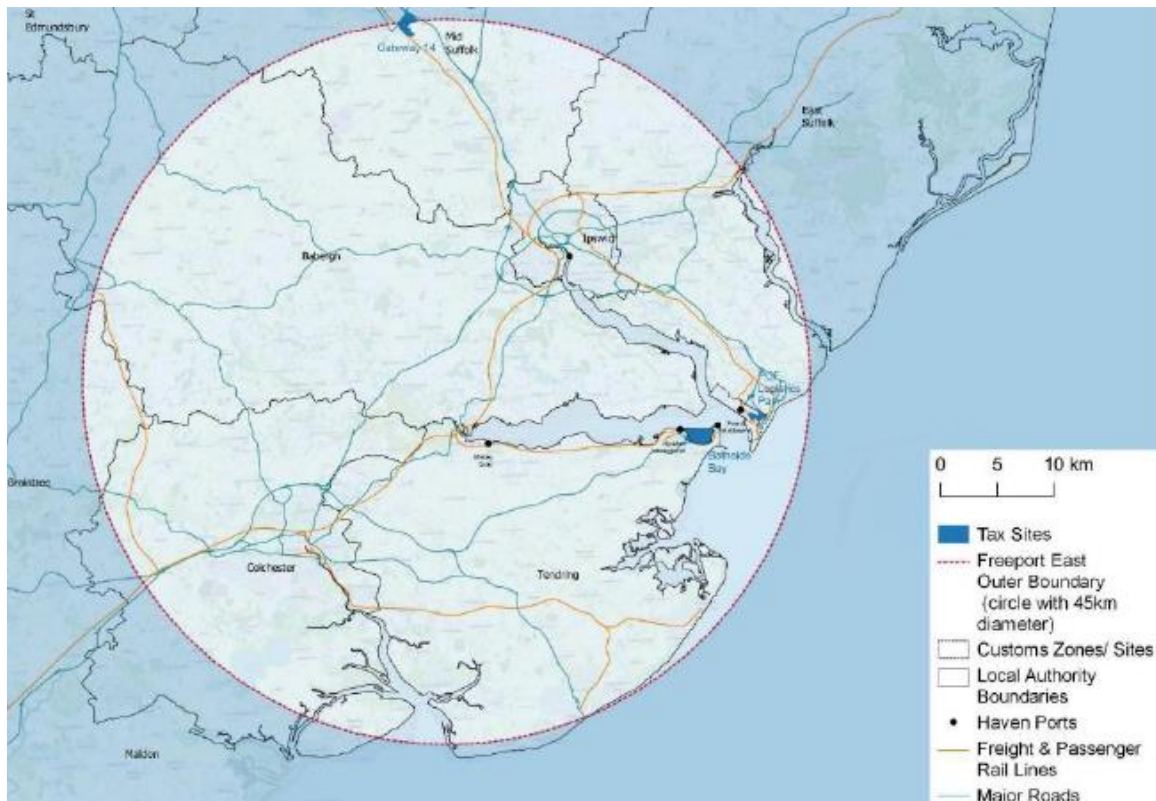
**Freeport East**  
**Policy for managing Retained Business Rates**

## 1. Purpose of the Policy

- 1.1 The purpose of this policy is to set out Mid Suffolk District Council's arrangements for managing retained business rates generated in the district as a result of the Freeport East Initiative.
- 1.2 The document outlines how the retained business rates will be apportioned into different 'pots' which will enable Freeport East to deliver against the objectives set out in the Full Business Case. It will also set out the decision making and governance process associated with the expenditure of retained business rates in each of the 'pots'.

## 2. Freeport East Tax Sites and Retained Business Rates

- 2.1 The Freeport East Tax Sites are the areas within the Freeport East Zone where a comprehensive range of tax reliefs will apply. These include:
  - 100% relief from **Stamp Duty Land Tax**
  - 10% enhanced rate of **Structures and Buildings Allowances**
  - 100% **Enhanced Capital Allowances (ECA)** for use in freeport tax sites
  - 0% **Employer National Insurance Contributions (NICs)** rate relief up to 9 years & up to £25k
  - 100% relief from **Business Rates** for 5 years within Freeport tax sites.
- 2.2 It is only on these Tax Sites where businesses can apply for up to 100% business rate relief and where the relevant billing authorities (East Suffolk Council, Mid Suffolk District Council and Tendring District Council) can retain 100% of the business rate growth above an agreed baseline. The retained rates will be guaranteed for 25 years to encourage investment in regeneration and infrastructure development to support further sustainable growth. Rate relief and retained rates can only be awarded and generated on new investment within a tax site.
- 2.3 The Freeport East Tax Site within Mid Suffolk's council area is Gateway 14. The Tax Site was designated by the Government on 30 December 2021. The two maps below firstly show the whole 45km diameter Freeport East Zone and secondly the Mid Suffolk Tax Site in more detail.



### 3. Retained Business Rates ‘Pots’

3.1 The principle of splitting retained business rates into pots based on how this funding will be used was first adopted by MSDC for the Space to Innovate Enterprise Zone initiative which has also applied to the Gateway 14 site. The government have modelled

the Freeport business rate relief and retained rates incentives policy on the Enterprise Zone policy and as such MSDC's Freeport retained policy mirrors this model.

- 3.2 Ahead of any allocation of retained rates Freeport East's operational costs will be 'top sliced' from all rates income generated by the three Tax Sites across the Freeport East zone. The amount of funding required to cover both Freeport East's and ESC's costs will be reviewed annually. The remaining retained rates will then be split into the following four pots:

**Pot A1 – 16% of retained rates.** This pot will partially reimburse MSDC for the foregone income it would have received if this investment had taken place in the absence of the Freeport initiative. In any non-Freeport location around 50% of the retained business rates are retained by local authorities and used in the general fund budget.

**Pot A2 – 4% of retained rates.** This pot reimburses the County Council again for 'lost' income it would have gained in the absence of the Freeport initiative.

**Pot A3 – 10% of retained rates.** This pot is proposed to "compensate" New Anglia Local Enterprise Partnership (NALEP) for "lost" Enterprise Zone income. This allocation is subject to detailed negotiation with NALEP. This will not affect the monies that will be available for Pot A or Pot B, but will reduce the overall sums available in Pot C. Once agreement is reached, this pot will remain in place unless any changes occur which result in NALEP no longer being responsible for Enterprise Zone retained rates. If this were to occur, these funds would be reallocated into Pot C.

**Pot B – 35% of retained rates.** This pot will be used to develop tax sites in a way which maximises business investment and thereby maximise future retained rates generation. Broadly, this pot will fund infrastructure investment or projects which support the acceleration and maximisation of business investment on any/ all of the tax sites as well as on adjacent areas, with priority access to the Pot for the site on which the monies are generated. Use of this Pot is subject to project approval by Freeport East to ensure that it is used to deliver on Freeport East aspirations.

**Pot C – 35% of retained rates.** This pot is for use across the whole of the Freeport East zone to deliver the objectives of the Freeport East initiative as set out within the Full Business Case. These include but are not limited to enhancing trade & inward investment, enhancing workforce skills, infrastructure investment, achieving net zero and promoting business innovation.

The geographical focus for each pot is as follows:

- Pot A1 – East Suffolk, Mid Suffolk and Tendring billing authorities
- Pot A2 – Essex and Suffolk County Councils
- Pot A3 - NALEP
- Pot B – For use on all tax sites and local initiatives that will provide wider benefit to these sites and the businesses within it with priority access given to the site on which the monies are generated.

- Pot C – Focused on the Freeport Economic Area, supporting interventions that aim to support projects and programmes including inward investment, skills, innovation, trade, net zero, levelling up and regeneration

3.3 **Pot B principle:** As stated above Pot B retained rates will focus on infrastructure and other investment which accelerates and maximises inward investment. Decisions taken on which tax sites to make this investment will also need to be mindful of those which will maximise the contribution to Pot C. Priority access to this fund will be given to the site on which the monies are generated. This will assist with the collective buy in of individual billing authorities and wider Freeport East partners to Pot B investment decisions as Pot C will be used to benefit the whole Freeport East zone through meeting the objectives set out in the Full Business Case and Memorandum of Understanding. All projects that are put forward for Pot B funding will have to develop a full business case which will be assessed by the Freeport East Management Committee and Supervisory Board before funding is confirmed.

#### 4. Governance and decision making on retained rates spend

4.1 Legal agreements between Freeport East, the Billing and County Council authorities will be established to provide the legal basis for the 3 pots, A, B & C and any relevant sub pots. These will build on best practice from enterprise zone agreements, detailing definitions, commencement & term, fund splits, escalation, freedom of information, intellectual property, termination, change control and governing law and jurisdiction.

4.2 As stated above Pot A1 and A2 will be a simple reimbursement to the billing authorities and county councils for foregone business rates income. Pot A3 is subject to ongoing negotiation with NALEP which will be concluded prior to the wider legal agreement being completed. Decisions on Pot B and C expenditure will initially be a matter for the Freeport East Management Committee, a forum comprising all Freeport partners. It is this group which will receive proposals for Pot B and C spend which will subsequently be subject to an assessment process undertaken by the Freeport East executive and the accountable body. The outcome of the assessment will then be reported back to the Management Committee for discussion and decision, if it falls within the delegated powers of the committee. Decisions which sit outside these delegated powers will be escalated to the Supervisory Board. In all cases all decisions, whether delegated or not will be reported to the Board.

4.3 East Suffolk Council, as accountable body, will be required to approve Pot B and C spend to ensure it meets the Freeport policy objectives which are set out in the Memorandum of Understanding.

4.4 Subgroups for each thematic area of the Freeport Policy will be tasked with the development of funding criteria that complies not only with the Freeport Policy

objectives, Monitoring & Evaluation and Memorandum of Operation agreements but also aligns to local strategies and overarching programs relevant to each theme. Pot C will only be committed to projects/programmes that are within the Freeport area.

- 4.5 ESC, in its role as accountable body, will also manage the Pot C pooled business rate contribution of all the Freeport East billing authorities.
- 4.6 In assessing the value and suitability of the projects to be approved for funding from Pots B and C, Freeport East will conduct a cost benefit analysis against the measurable targets in the Monitoring and Evaluation criteria following best practice in programme management. As such the outputs to be considered could include:
- Business Growth
  - Job Creation
  - Apprentices
  - Investment enquiries
  - Development land allocated
  - Land change use
  - Planning applications
  - Commercial floorspace developed
  - Private Sector investment
  - Trade volumes
  - Foreign investment
  - Skills outcomes
  - Collaboration projects
  - Net Zero indicators
- 4.7 Repayments on any loan to support the development of any tax site, would only come in the form of Pot B funding. Pot B's % share will be set at a sustainable ratio that would allow the site to come forward in agreement with the billing authority and any parties that would be facilitating the availability of finance in advance of business rate income.





**Freeport East**  
**Policy for granting Discretionary Non-Domestic**  
**Rates Relief**

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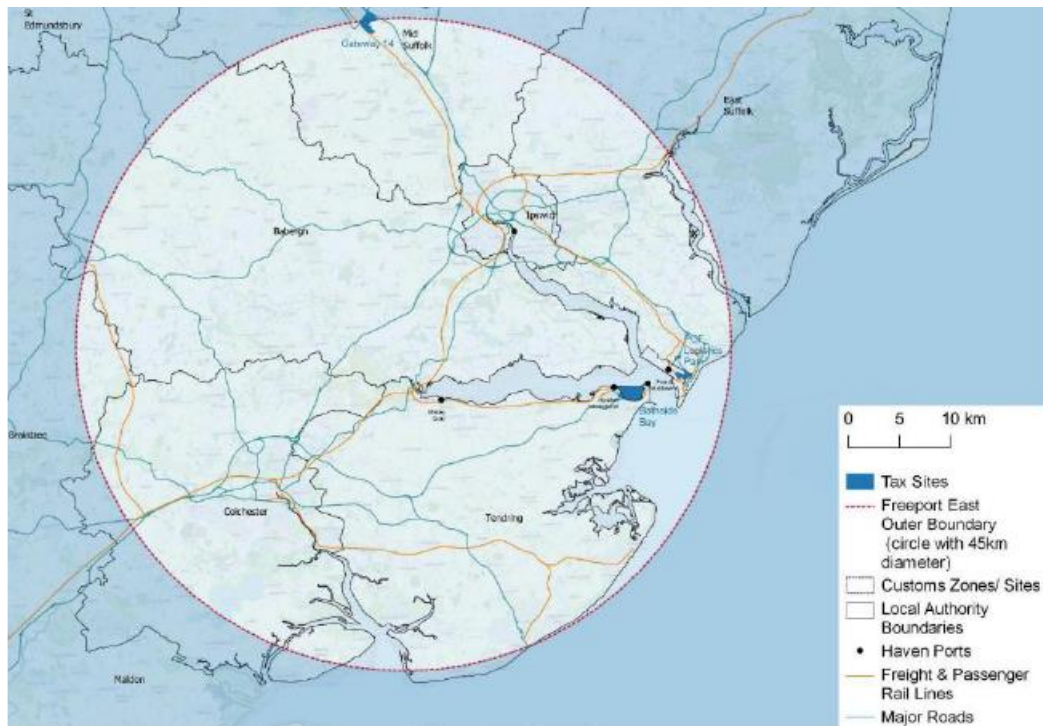
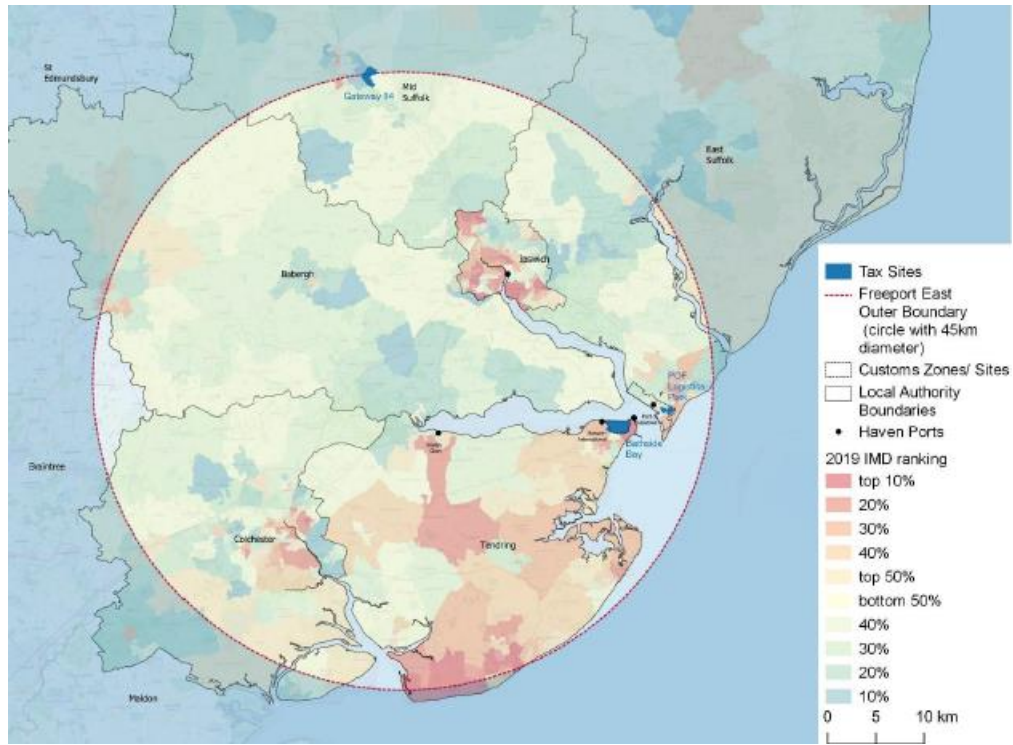
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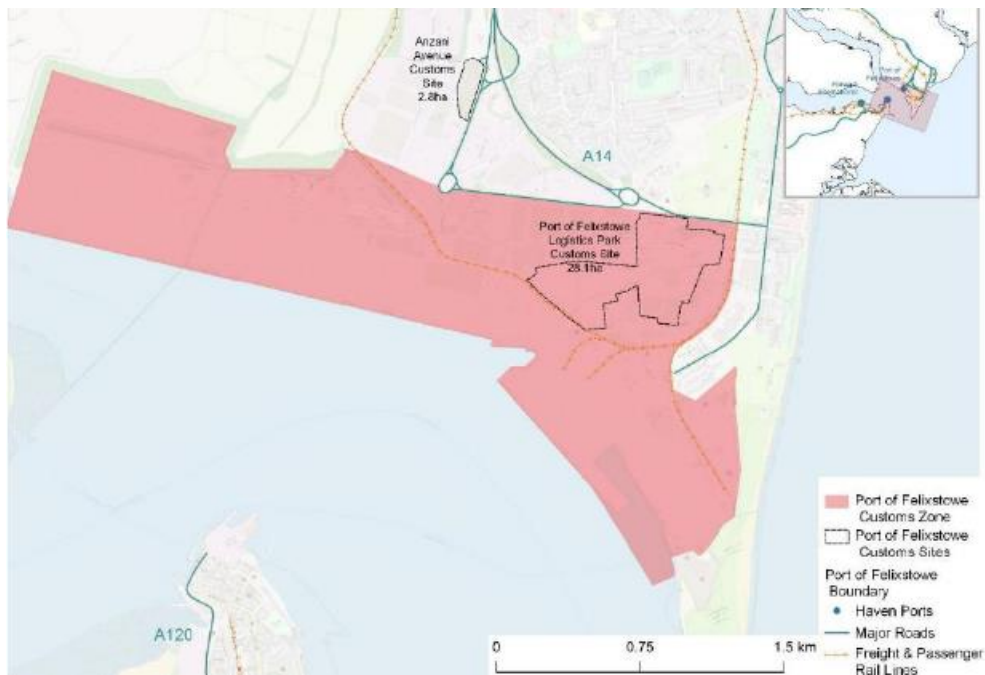
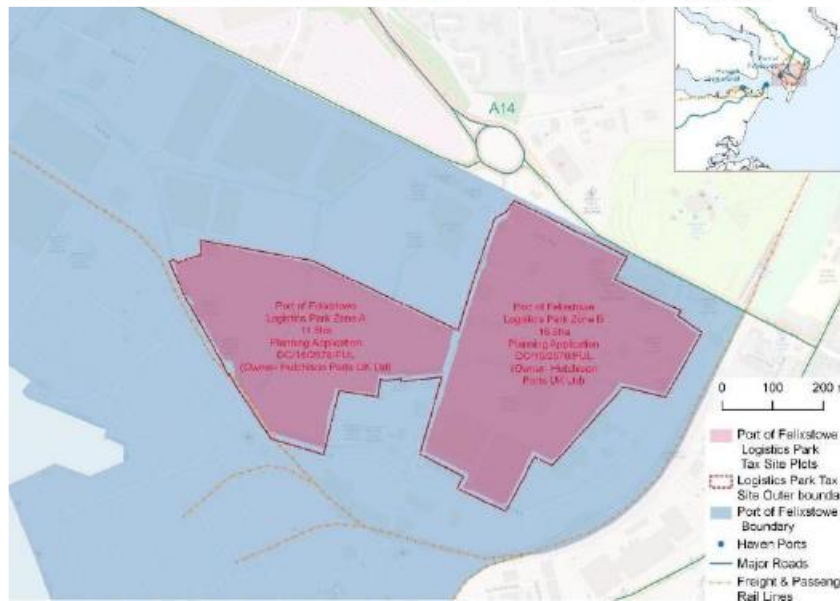
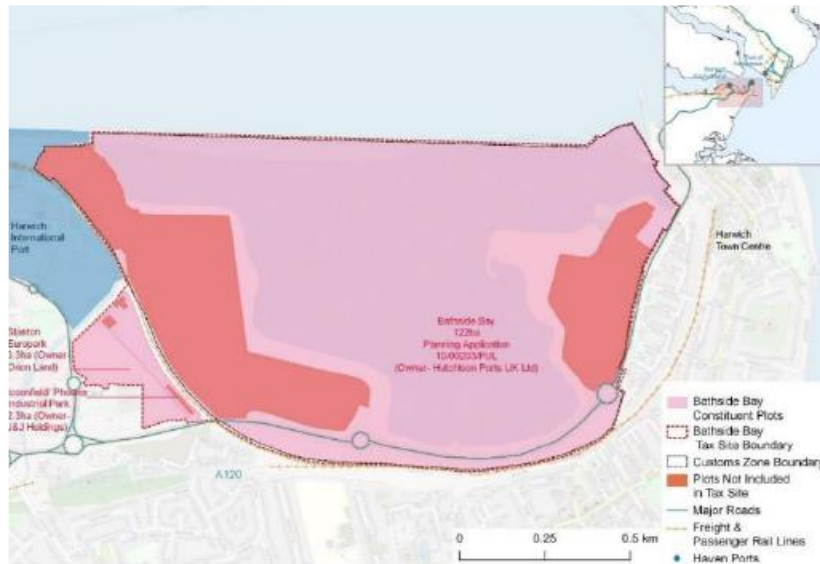
## **1. Purpose of the Policy**

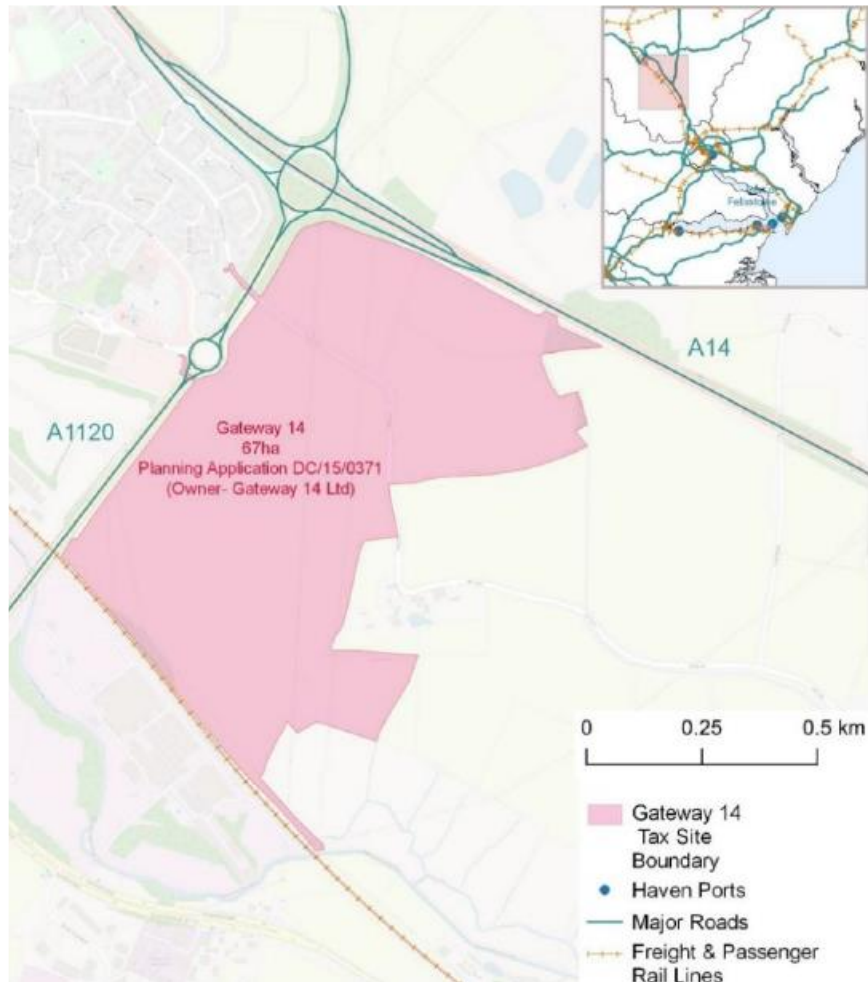
- 1.1. The purpose of this policy is to determine the level of discretionary relief to be granted to certain defined ratepayers within the tax site located within the Council's part of the Freeport East area. The policy includes the criteria for granting the relief from the establishment of the Freeport area until 30 September 2026. A map of the Freeport area is available at the following link, and is also shown in appendix A: <https://www.gov.uk/government/publications/maps-of-freeport-east-tax-sites>
- 1.2. Central Government is not changing the legislation relating to the reliefs available to businesses and has produced guidance for all local authorities that use their discretionary powers under section 47 of the Local Government Finance Act 1988 (as amended), to grant relief to those ratepayers who are eligible. This policy follows the principles in the government guidance.
- 1.3. Where relief is granted correctly, the government will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme for the local share of the discretionary relief, using a grant under section 31 of the Local Government Act 2003.
- 1.4. This document outlines the following areas:
  - Details of the criteria for receiving Discretionary Reliefs under the Freeport scheme;
  - The Council's policy for granting the relief;
  - Guidance on granting and administering the relief;
  - Subsidy requirements including provisions for Subsidy Controls; and
  - Right of Appeal
- 1.5. This document covers all aspects of the relief (subject to changes in legislation). Where businesses apply for the relief, they will be granted, or not granted, relief in line with the following policy. It should be noted that all applications for relief shall be considered taking into account the objectives of Freeport East as set out in the Freeport East Business Case.

## **2. The Freeport East Tax Site**

- 2.1. The Freeport East Tax Site in the Council's area is the Gateway 14 site in Stowmarket as shown in detail in Appendix A. For information the maps below show the other tax sites in Freeport East, and the wider Freeport east area. below. The Tax Site was designated by the Government on 30 December 2021.







### 3. Discretionary Relief – Legislative Background

- 3.1. The original purpose of discretionary relief was to provide assistance where the property does not qualify for mandatory relief, or to top up cases where ratepayers already receive mandatory relief.
- 3.2. Over recent years and particularly since 2011, the discretionary relief provisions as defined by section 47 of the Local Government Finance Act 1988 (as amended) have been used by government to provide assistance to certain specified categories of business ratepayers without the need to change the legislation. However, whilst government provides general guidance, it is for the Council to ensure that all relief is granted strictly in line with the primary legislation and the Non-Domestic Rating (Discretionary Relief) Regulations 1989.
- 3.3. Unlike mandatory relief, ratepayers are obliged to make a written application to the Council. The Council is obliged to carefully consider every application on its merits, taking into account the guidance provided by government.
- 3.4. The decision to grant or not to grant relief is a matter purely for the Council. There is no statutory review process against any decision made by the Council, although as with any decision of a public authority, decisions can be reviewed by Judicial Review.

#### **4. Discretionary Relief – Freeport East**

- 4.1. Up to 100% discretionary business rate relief will be available to eligible businesses locating on tax sites within the Freeport area. Awards will be considered for new businesses moving into tax sites and certain existing businesses where they expand, on or before 30 September 2026.
- 4.2. Discretionary Relief under this policy will apply for a maximum of 5 years from the date which each beneficiary first receives relief. This means that if a business first received relief on 30 September 2026. The relief may be applied up to 29 September 2031.

#### **5. Eligibility Principles – Awarding relief to new businesses locating to tax sites within the Freeport**

- 5.1. Freeports business rates relief is available to new businesses moving into Freeport East after the date on which the Tax Site has been formally designated (30 December 2021), and on or before 30 September 2026, and occupying both existing and new hereditaments on the rating list.
- 5.2. Existing businesses within the Freeport area that seek to relocate onto a tax site in the Freeport area are unlikely to be eligible for the relief subject to consideration of paragraphs 5.6 and 6.6 below.
- 5.3. The business must occupy the hereditament and both existing and any new hereditaments must be shown on the local rating list.
- 5.4. New businesses which expand after moving into tax sites the Freeport (whether into new or existing buildings) will, in addition to any existing relief, be eligible for relief on any additional hereditaments they occupy within the Tax Site.
- 5.5. In considering what is a new business, the Council will lift the corporate veil and consider groups of companies to be single businesses.
- 5.6. The Council has discretion to apply additional tests as required on a case by case basis. The Council will look to avoid granting relief where businesses deliberately displace from within the Freeport East area in order to take advantage of the relief. This could include reducing the award of relief in cases where a ratepayer's occupation of a space arises in whole or in part from them vacating another space in the Freeport or surrounding area unless they can demonstrate a net gain in terms of jobs and business floorspace or wider economic, environmental or social benefits, or there are exceptional circumstances for the relocation which benefits the Freeport area or the surrounding area.

## **6. Eligibility Principles – Awarding relief to existing businesses within the Freeport tax sites**

- 6.1. Subject to 6.3 to 6.6 below, full relief is available on a hereditament where a person has occupied the property comprising that hereditament for the first time on or after the date on which the Tax Site is designated (30 December 2021), and on or before 30 September 2026. This, for example, would include existing businesses expanding into a further property.
- 6.2. Subject to 6.3 to 6.6 below, partial relief is available on a hereditament where a person has occupied a room or similar within a hereditament for the first time on or after the date the Tax Site is designated (30 December 2021), and on or before 30 September 2026. For example, where an existing business builds an extension or takes on new rooms or floors in their building leading to an expansion of the hereditament.
- 6.3. Ratepayers cannot generally claim Freeport Relief merely by expanding their use of an existing room or similar within a hereditament. However, partial relief is available to a person in respect of part of a hereditament on which they were already the occupier or owner prior to the date on which the Tax Site is designated, provided that the space is within an existing room of a building and has become useable for the first time following development commenced on or after the date on which the Tax Site is designated (30 December 2021), and on or before 30 September 2026. A typical example would be installation of a mezzanine or access/fire control improvements to bring an existing space into use.
- 6.4. Improvements to space already or previously in use by the person prior to the date on which the Tax Site is designated, are not eligible for discretionary relief, e.g. general refurbishment or improved services such as heating and aircon.
- 6.5. The Council will need to determine the value of any part of the hereditament where partial relief is to be granted. Where the Council is unable to reasonably ascertain the increase in rates liability attributable to these factors, no relief shall be awarded.
- 6.6. The Council will retain the discretion to apply additional tests for Freeport Rates Relief in order to avoid or not incentivise displacement of business activity from within the Freeport or the surrounding area. This may include reducing the award of relief in cases where a ratepayer's occupation of a space arises in whole or in part from them vacating another space in the Freeport or surrounding area.
- 6.7. Sector priorities have been identified for each of the Tax Sites in order to ensure that the sites are developed in line with the Freeport East aspirations. The target sectors for Gateway 14 are:

### 6.7.1. Added-Value Logistics



6.7.2. Professional Services

6.7.3. Energy

6.7.4. Agri-Tech

6.8. Other businesses could qualify for Business Rates Relief, this will be at the discretion of the Billing Authority in consultation with Freeport East Ltd.

## **7. Principles for establishing the value of the Freeports Business Rates Relief**

7.1 Subject to 6.3 above, the value of full relief for hereditaments falling within 5.1 above is 100% of the bill.

7.2 Subject to 6.3 above, the value of partial relief should be 100% of that part of the rates bill attributable to the part of the hereditament falling within 5.2 and 5.3 above where that increase is reasonably ascertainable. In establishing the part of the rates bill attributable to the part of the hereditament falling within 5.2 and 5.3 above, the Council will may have regard to:

- the survey and rating valuation of the hereditament provided by the ratepayer if available (e.g., for hereditaments valued by area on the rental comparison basis).
- a change to the rateable value where it is clear that the change is solely due to the addition to the valuation of the parts of the hereditament falling within 5.2 and 5.3 above.
- any other information the Council deems appropriate to determine the extent of the parts of the hereditament falling within 5.2 and 5.3 above.

7.3 The Council may withhold or reduce the Freeports Rates Relief in cases of displacement (see paragraphs 5.6 and 6.6 above)

## **8. Sequence of Reliefs**

8.1 The relief will be applied after mandatory reliefs and other discretionary reliefs have been applied, excluding those where the Council has used its wider discretionary relief powers introduced by the Localism Act 2011. The Council may its discretionary powers to offer further discounts outside this scheme, but where the Council applies a locally funded relief, this will be applied after the Freeport relief scheme.

8.2 It should be noted that if a business receives a discretionary relief, that this is accounted for separately and will not form part of the Freeport Retained Rates "Pots".

## **9. Financing Reliefs**

9.1 The government has indicated that it will fully reimburse billing authorities and major precepting authorities for the actual cost to them under the rates retention scheme

for the local share of the discretionary relief, using a grant under section 31 of the Local Government Act 2003. However, this is not automatic, and the Council will ensure that relief is only granted strictly in line with government guidance.

## **10. Subsidy Control**

10.1 The [Subsidy Control Act](#) provides the framework for a new, UK-wide subsidy control regime from 4 January 2023. The new UK subsidy control regime will enable public authorities, including devolved administrations and local authorities, to:

- deliver subsidies tailored to local needs
- support government priorities such as driving economic growth
- reach net zero

10.2.1 Businesses located in the Tax Site will need to fulfil any requirements in place to ensure compliance with those obligations in advance of, during, and after claiming relief. The Council will administer Freeport Business Rates Relief in accordance with the Statutory Guidance and associated documents issued by the Government, which are linked to below:

[Statutory Guidance for the United Kingdom Subsidy Control Regime \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/114121/statutory-guidance-for-the-united-kingdom-subsidy-control-regime)

[Subsidy Control rules: quick guide to key requirements for public authorities - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/subsidy-control-rules-quick-guide-to-key-requirements-for-public-authorities)

[Subsidy control principles assessment template - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/subsidy-control-principles-assessment-template)

## **11. Administration of Discretionary Relief - Applications and Evidence**

11.1 Relief must be applied for in writing by the ratepayer or landowner. The Council will ensure that the application forms for discretionary rate relief are made available to ratepayers upon request as well as through the Council's website. Reliefs will be administered by the Shared Revenues Partnership.

<https://www.midsuffolk.gov.uk/business/business-rates/reliefs-and-reductions/>

11.2 Ratepayers are required to provide a completed application form plus any evidence, documents, accounts, financial statements, etc. necessary to allow the Council to make a determination. Application forms and guidance notes will set out the evidence requirements that need to be met for a decision to be made. Failure to provide the necessary evidence will delay the decision-making process, could result in no relief being granted.

11.3 The Non-Domestic (Business) Rates Team or the Economy Team can provide assistance or advice to any organisation or business on the completion of applications. The Council will provide this service and any guidance free of charge. Ratepayers are

encouraged to approach the Council direct and not pay for such services through third parties.

## **12. Administration of Discretionary Relief – Granting of Relief**

12.1 The Council will notify the ratepayer of all decisions made.

12.2 Where an application is successful, the rate relief will be awarded by means of a reduction in liability shown on the business rates bill issued to the ratepayer. Where this puts the account in credit for the year, a refund will be made by the Council. A new Rate Demand Notice will be issued and the following will be notified to the ratepayer in writing:

- The amount of the relief granted and the date from which it has been granted;
- If relief has been granted for a specified period, the date on which it will end;
- The new chargeable amount;
- The details of any planned review dates and the notice that will be given in advance of a change to the level of relief granted; and
- A requirement that the applicant should notify the Council of any change in circumstances that may affect entitlement to relief.

12.3 Where relief is not granted then the following information will be provided, again in writing:

- An explanation of the decision within the context of the Council's statutory duty; and
- An explanation of the appeal rights (see section 16 below).

12.4 Discretionary relief is to be granted from the date of the qualifying event.

## **13. Administration of Discretionary Relief – Variation of a decision**

13.1 Variations in any decision will be notified to ratepayers as soon as practicable and will take effect as follows:

- Where the amount is to be increased by the Council, from the date to be decided by the Council;
- Where the amount is to be reduced due to a reduction in the rate charge from the date of the decrease in the rate charge; and
- Where the amount is to be reduced for any other reason, to take effect at the expiry of a financial year, and so that at least one year's notice is given.

13.2 A decision might be revoked at any time and the change will take effect at the expiry of a financial year.

## **14. Right of Appeal**

**11** All powers in relation to reliefs are given under the Local Government Finance Act 1988, the Local Government and Rating Act 1997, the Local Government Act 2003, and the Localism Act 2011. However, section 223 of the Local Government Act 1992

allows for delegation of decisions by the Council to Cabinet, Committees, Sub-Committees, or Officers.

- 12** There is no statutory right of appeal against a decision made by the Council in respect of discretionary retail discount. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. This review will be carried out independently by the Assistant Director Corporate Resources.
- 13** If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the ratepayer will be informed in writing whether the original decision has been revised or upheld. Notification of the decision will be made within 28 days, or as soon as reasonably practicable.
- 14** The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

#### **15 Reporting changes in circumstances**

- 15.1** Where any award is granted to a ratepayer, the Council will require any changes in circumstances which may affect the relief to be reported as soon as possible and, in any event, not more than 21 days from the event occurrence.
- 15.2** This will be important where the change would result in the amount of the award being reduced or cancelled e.g. where the premises become unoccupied or are used for a purpose other than that determined by the Council as eligible for relief.
- 15.3** Where a change of circumstances is reported, the relief will, if appropriate be revised or cancelled. Where any award is to be reduced, the Council will look to recover the amount from the date the change of circumstances occurred.

#### **16. Fraud**

- 16.1** Where a ratepayer falsely applies for any relief, or where the ratepayer provides false information, makes false representation, or deliberately withholds information in order to gain relief, prosecutions will be considered under the Fraud Act 2006.

# Agenda Item 12

## MID SUFFOLK DISTRICT COUNCIL

<b>To: Cabinet</b>	<b>Report Number: MCa/22/38</b>
<b>From: Corporate Manager - Governance and Civic Office</b>	<b>Date of meeting: 9 January 2023</b>

### SCRUTINY/CABINET PROTOCOL

#### 1. Purpose of Report

- 1.1 To agree a Scrutiny/Cabinet Protocol for Overview and Scrutiny to promote a culture of accountability, openness, and transparency within Babergh and Mid Suffolk District Councils, recognising scrutiny as a key enabler within that culture.

#### 2. Options Considered

- 2.1 The proposal to formulate a Scrutiny/Cabinet Protocol was an action from the Corporate Peer Review and is considered best practice by the Centre for Governance and Scrutiny.

#### 3. Recommendation

- 3.1 That Cabinet approves the Scrutiny/Cabinet protocol attached.

**Reason for Decision:** To promote a culture of accountability, openness, and transparency within Babergh and Mid Suffolk District Councils, recognising scrutiny as a key enabler within that culture.

#### 4. Financial Implications

N/A

#### 5. Legal Implications

- 5.1 The requirement for local authorities in England to establish Overview and Scrutiny committees is set out in sections 9F to 9FI of the Local Government Act 2000 as amended by the Localism Act 2011. The Statutory Guidance has been issued under Section 9Q of the Local Government Act 2000, which requires authorities to have regard to it. In addition, authorities may have regard to other material they might choose to consider, including that issued by the Centre for Governance and Scrutiny, when exercising their overview and scrutiny functions.
- 5.2 Overview and Scrutiny committees have statutory powers to scrutinise decisions the Cabinet is planning to take, those it plans to implement, and those that have already been taken/implemented. Recommendations following scrutiny enable improvements to be made to decisions and policies and how they are implemented.
- 5.3 Overview and scrutiny committees can also play a valuable role in developing policy.

## 6. Risk Management

6.1 Key risks are set out below:

Key Risk Description	Likelihood 1-4	Impact 1-4	Key Mitigation Measures	Risk Register and Reference*
Lack of Robust Governance Arrangements	1	2	Processes and protocols are put in place to ensure a clear robust decision-making process	Governance Reference 2

## 7. Consultations

7.1 The Leaders and Overview and Scrutiny Chairs and Vice Chairs have been consulted.

7.2 Joint Overview and Scrutiny Committee formally approved the protocol on the 21<sup>st</sup> November 2022.

## 8. Equality Analysis

N/A

## 9. Shared Service / Partnership Implications

9.1 This protocol has been written for both Councils to adopt.

## 10. Links to Corporate Plan

10.1 This decision will strengthen and support the Councils' governance arrangements to enable delivery of all strands of the Corporate Plan and provide members of the public with confidence around the Councils' decision-making processes.

## 11. Key Information

11.1 Following the House of Commons' Communities and Local Government Select Committees report of December 2017 into the 'Effectiveness of local authority overview and scrutiny committees', the Government published new statutory guidance in May 2019 on overview and scrutiny in local and combined authorities.

11.2 The Council in operating a Leader and Executive Governance model must have regard to it when exercising their functions and should be followed unless there is a good reason not to in a particular case. Section 2 of the Statutory Guidance refers to Culture within an organisation and its importance in whether its scrutiny function succeeds or fails.

- 11.3 This protocol has been formulated based on the Statutory Guidance following the creation of an action plan for Overview and Scrutiny as a result of the Councils' peer review and the requirement for Overview and Scrutiny to have a clear role and focus.
- 11.4 The protocol clearly defines the role of Overview and Scrutiny, Cabinet and Officers to promote a culture of accountability, openness, and transparency within Babergh and Mid Suffolk District Councils,' recognising scrutiny as a key enabler within that culture.

## Appendices

Title	Location
(a) Scrutiny/Cabinet Protocol	Attached

## 12. Background Documents

[Babergh and Mid Suffolk District Council Corporate Peer Challenge Action Plan](#)

<https://www.gov.uk/government/publications/overview-and-scrutiny>

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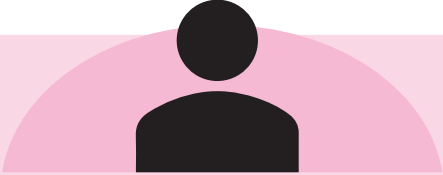

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# SCRUTINY & CABINET PROTOCOL



The purpose of this protocol is to promote a culture of accountability, openness and transparency within Babergh and Mid Suffolk Councils, recognising scrutiny as a key enabler within that culture. The protocol sets out how Overview & Scrutiny Committee Members, the Cabinet and Officers will work together to deliver effective, outcome-focussed scrutiny.

 <b>Overview and Scrutiny Committee Members will:</b>	 <b>Cabinet Members will:</b>	 <b>Officers will:</b>
<p>Take their role on the O&amp;S committees seriously, preparing for meetings in advance and committing to attending for the whole of the meeting</p>	<p>Respect the impartiality, value and independence of the O&amp;S Committees</p>	<p>Proactively participate in the scrutiny process – attending Committee meetings and Chairs’ briefings, preparing and presenting clear and concise information to the Committees and responding positively to questioning by the Committee Members</p>
<p>Participate in regular training to develop their scrutiny skills</p>	<p>Proactively seek the O&amp;S Committees’ input in executive decision-making and policy formation</p>	<p>Respect and value the contributions made by the O&amp;S Committees - actively seeking out the expertise of the Committees when developing solutions and preparing reports to support decision-making</p>
<p>Focus their attention on strategic scrutiny topic with clear value added for residents and communities, rather than specific ward or personal interests</p>	<p>Attend and participate positively in O&amp;S Committee meetings where items are being discussed that fall within their portfolio</p>	<p>Promote the role and importance of scrutiny inside and outside the Councils</p>
<p>Undertake scrutiny with openness and impartiality and without political motivation</p>	<p>Respond positively to feedback from the O&amp;S Committees and give reasonable and timely consideration to their recommendations</p>	
<p>Provide constructive challenge as a ‘critical friend’ of the Cabinets to engage decision and policy making</p>	<p>Promote the role and importance of scrutiny inside and outside the Councils</p>	
<p>Make recommendations which have a clear purpose and set out expectations for response and implementation</p>		
<p>Promote the role and importance of scrutiny inside and outside the Councils</p>		

## How will we achieve it?

- Working together in a culture of mutual trust and respect and adhering to the Code of Conduct.
- Monthly meetings of the Overview & Scrutiny Committees, held in public and livestreamed.
- A realistic and robust work programme, developed at the start of each municipal year and aligned, where appropriate, to the work programme of the Cabinets and Councils.
- Monthly O&S Strategy Meetings between the Leaders of the Councils and the Chairs of Overview & Scrutiny.
- Fully scoped scrutiny reviews, demonstrating clear links to the Councils’ strategic priorities and proposed outcomes.
- Tracking the recommendations made by Overview & Scrutiny Committees and evaluating their impact.

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# Agenda Item 13

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/22/39</b>
<b>FROM:</b> Cabinet Member for Customers, Digital Transformation and Improvements	<b>DATE OF MEETING:</b> 9 January 2023
<b>OFFICER:</b> Jane Kennedy- Corporate Manager, Policy, Performance, Insight, Risk and Improvement	<b>KEY DECISION REF NO.</b> CAB388

### RISK MANAGEMENT IMPROVEMENTS

#### 1. PURPOSE OF REPORT

- 1.1 This report updates members on risk management improvement since responsibility for risk transferred to the Policy, Performance, Insight, Risk and Improvement team in January 2022. The report has been reviewed at JASC on 28<sup>th</sup> November 2022 and the Cabinet views are now sought on the draft Risk Management Policy and Strategy which provides a comprehensive framework for ensuring risk is managed effectively, efficiently, and coherently across the Councils.

#### 2. OPTIONS CONSIDERED

- 2.1 The Councils could have maintained the existing responsibility for risk rather than integrate it with performance and improvement, but it was felt this would not drive the improvement required or maximise the opportunities to join up with a new corporate approach.

#### 3. RECOMMENDATION

- 3.1 That members of Babergh and Mid Suffolk Cabinets are asked to note the progress so far to improve strategic risk management and agree the new draft risk management policy and strategy which aligns with the Orange Book.

#### REASON FOR DECISION

Babergh and Mid Suffolk Cabinets are responsible for Strategic Risk Management and approval of the joint Risk Management Policy and Strategy.

#### 4. KEY INFORMATION

##### Background

*Why is risk management important?*

- 4.1 We are likely to be living with some variant of Covid-19 or a new pandemic disease for the foreseeable future. Other risks are emerging for example, cost of living, energy crisis, digital innovation, cyber-crime, demographic change, and the direct and indirect impacts of climate change.
- 4.2 Good risk management enables us to deliver the outcomes we have agreed for Babergh and Mid Suffolk. It also improves service delivery and helps to achieve better value for money and demonstrate compliance.

- 4.3 Risk management enhances strategic planning and prioritisation, assists in achieving outcomes and strengthens our ability to be agile in responding to challenges. It is an essential and integral part of planning and decision-making.
- 4.4 Without good risk management practice our Councils cannot manage resources effectively. It also helps us to take advantage of the opportunities to improve services or to reduce costs.
- 4.5 Risk management provides early warning on key / emerging matters to enable transparent, timely decision-making and intervention at appropriate levels, it improves decision-making allowing intelligent 'informed' risk-taking, helps to prioritise, protect assets, people and the Council's reputation, supports consistent good governance and internal control and allows better informed financial decision-making leading to greater financial and budget control.

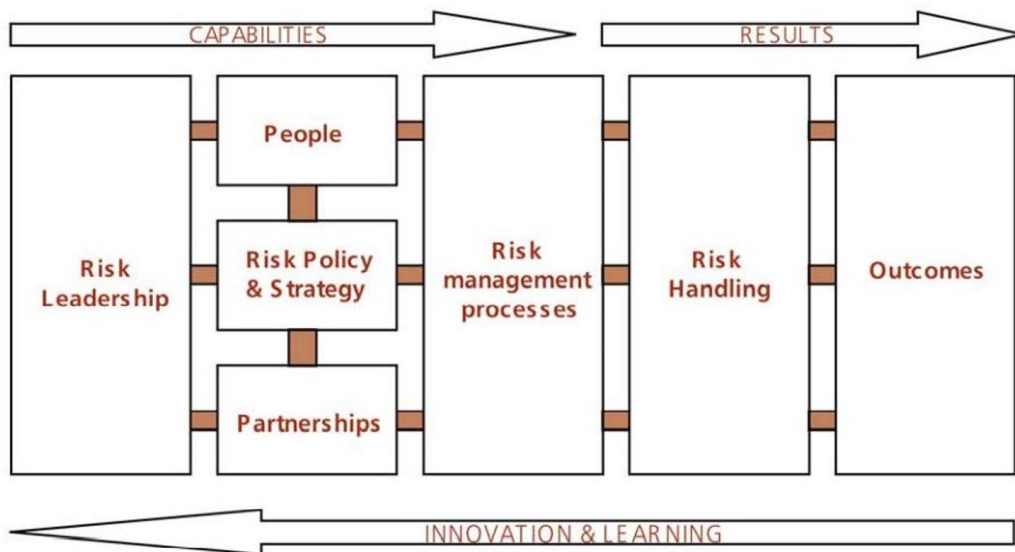
*External opinion on our risk approach*

- 4.6 In April 2021, our external audit partners, TIAA undertook a review of our strategic risk management arrangements. They identified some good practice in our risk management framework and made several recommendations to improve.
- 4.7 TIAA identified the good practice as: all risks in the Strategic Risk Register (SRR) have risk owners, Cabinet member leads, mitigation actions and all other areas of the SRR was completed. Risks in the SRR include the original, current and target risk scores. The SRR is structured so risks are articulated in terms of cause, risk and consequence. Mitigations are included along with further actions necessary to reduce the risk.
- 4.8 In March 2022, the Councils also received feedback on our approach to risk management in the LGA Corporate Peer Challenge report. One of their recommendations was to revisit the risk management strategy and "bring it to life" to ensure a more effective corporate approach to risk including financial risk.
- 4.9 TIAA recommended the Councils review their risk management strategy to include how the SRR links to the Council's Objectives. The LGA also made this recommendation to review the risk strategy and include review, moderation, and approval process for new risks for both the SRR and the Departmental Risk Registers, how we address programme risk and embed our work on risk appetite. The risk management strategy and policy is now revised and is attached for comment and will be taken to both Cabinets in January 2023.
- 4.10 TIAA asked us to consider the latest guidance for risk appetite and to set out more specific tolerance levels within the risk management strategy for each type of risk. We have now established specific tolerances for each of the risk types identified in the Orange Book and worked with SLT to develop detailed tolerances that we have tested with both Cabinets. These have been embedded into the SRR.
- 4.11 TIAA recommended we embed sources of assurance in the SRR and reflect those in the Risk Management Strategy. Sources of assurance are now included for each of the strategic risks and sources of assurance are noted as a necessary component of risk treatment in the risk strategy.
- 4.12 TIAA recommended we review significant risks where they have met their 'Target Risk', to decide if they can be de-escalated or closed. This has been completed for the Strategic Risk Register and is part of the quarterly review process with SLT.
- 4.13 TIAA asked us to be more specific with planned completion dates to make it easier for SLT and Members to monitor and understand any gaps between the current and target scores. These dates are now built into the SRR and are monitored as part of the quarterly review process with SLT and are included in the risk register attached to this report.

*An holistic approach to risk management*

- 4.14 In addition to the TIAA report and the LGA CPC report driving improvement, as part of the new Outcomes Framework agreed by both Cabinets in January 2022, we also committed to integrating performance and strategic risk management. This led to a decision to bring strategic risk management into the newly formed Corporate Centre.
- 4.15 In January 2022 following risk management moving to Policy, Performance, Insight, Risk and Improvement from Audit, SLT agreed to adopt a whole systems approach to risk management, known as the Orange Book (see Figure 1). This central government approach integrates risk with our outcomes and will help us to improve the culture and leadership of risk management across the Councils.
- 4.16 Also, in January 2022 we updated the SRR to reflect the recommendations of our audit partner, significantly reducing the number of risks and adding new ones. We also reset quarterly reporting on the risk register to SLT.
- 4.17 Since then, we worked with SLT to develop detailed risk appetites for the 13 types of risk identified in the Orange Book and in Spring 2022 held joint workshops with SLT and Cabinets to test these for both Councils at a high level. Risk appetite is also discussed in the revised risk management strategy and will also inform improvement work to embed risk into our services and programmes.

**Figure 1 – Whole systems view of risk taken from the Orange Book.**



- 4.18 Our work on risk appetites was done using the five levels of risk appetite identified in the Orange Book:

Averse - Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.

Minimalist - Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.

Cautious - Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.

Open - willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

Eager - Eager to innovate and choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

- 4.19 Understanding risk appetite results in improved organisational health to help prioritise and allocate resources to where they are most needed to manage risks, achieve our outcomes, and demonstrate value for money.
- 4.20 This risk improvement programme is being led by the new Risk Management Lead in PPIRI who is driving this plan through a process of change management to achieve the organisational objectives, maintain the commitment of stakeholders, both during and after implementation, to embed the Orange Book and associated risk culture across the Councils and work with performance colleagues to integrate risk and performance reporting using the agreed outcomes framework.

## **5. LINKS TO CORPORATE PLAN**

- 5.1 This holistic approach to risk management links across all aspects of the corporate plan and the strategic framework.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications to this report.

## **7. LEGAL IMPLICATIONS**

- 7.1 There are no legal implications to this report.

## **8. RISK MANAGEMENT**

- 8.1 Achieving a whole systems approach to risk management across the councils will need support and leadership across the whole organisation. There is significant work to do to embed risk across all operational delivery, and programmes and for staff at all levels to see the business benefits of this approach is a significant cultural change that will need effective management.

## **9. CONSULTATIONS**

- 9.1 Cllrs Suzie Morley, John Ward and Alastair McCraw have been consulted on this report as Leaders or Portfolio Leaders. Members of SLT have agreed the risk improvement priorities and the draft risk management strategy and policy. The Strategy has been presented at Joint Cabinet and Joint Audit and Standard Committee and was well received.

## **10. EQUALITY ANALYSIS**

- 10.1 An Equality Impact Assessment is not required for this report.

**11. ENVIRONMENTAL IMPLICATIONS**

11.1 None

**12. APPENDICES**

12.1 Appendix 1 – Draft Risk Management Policy and Strategy 2022-2025 @October 2022

**13. BACKGROUND DOCUMENTS**

13.1 The Government's Orange Book - Source: PU829 - Risk Management assessment framework: a tool for departments ([publishing.service.gov.uk](https://publishing.service.gov.uk)).

**14. REPORT AUTHORS**

14.1 Dr Jane Kennedy, Corporate Manager Policy, Performance, Risk, Insight and Improvement and Tereza Fairbairn, Risk Management Lead.

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# Risk Management Policy and Strategy

2022-2025

## Document Control

<b>Reference</b>	Risk Management Policy and Strategy 2022-2025
<b>Date</b>	October 2022
<b>Author</b>	Risk Management Lead – Tereza Fairbairn Corporate Manager, Policy, Performance, Insight, Risk, and Improvement – Dr Jane Kennedy
<b>Approved by</b>	Senior Leadership Team – pending approval Joint Audit and Standards Committee – pending approval Babergh Cabinet – pending approval Mid Suffolk Cabinet – pending approval

## Version History

<b>Date</b>	<b>Version Number</b>	<b>Revision Notes</b>
October 2022	1.2	New Risk Management Strategy

# Contents

- 1 Policy Statement**
- 2 Our Strategic Approach**
- 3 Risk Management Principles**
- 4 Risk Appetite and Tolerance**
- 5 Risk Management Levels**
- 6 Escalation and De-escalation of Risks**
- 7 Risk Management Process**
- 8 Risk Matrix and Scoring Criteria**
- 9 Risk Register System**
- 10 Roles and Responsibilities**
- 11 Guidance, Education and Training**
- 12 Continuous Improvement**
- 13 Review**

## 1. Policy Statement

Risk management is the process by which Babergh and Mid Suffolk Councils consider uncertainty that poses the risk of an adverse effect on the community and its constituents, and an integral part of the Councils' activities when supporting decision making in achieving objectives. The development of a positive risk culture embraces openness, supports transparency, welcomes constructive challenge, and promotes collaboration, consultation, co-operation, and continual improvement.

By operating a robust risk management process, the Councils can:

- Improve governance, stakeholder confidence and trust;
- Set strategy and plans through informed decision making;
- Evaluate options and deliver programmes, projects, and policy initiatives;
- Prioritise and manage resources;
- Support efficient and effective operations;
- Manage performance, resources and assets; and
- Deliver goals and improved outcomes.

This strategy has drawn on guidance from: The Orange Book, Management of Risk - Principles and Concepts (HM Government, 2020), providing a comprehensive framework ensuring risk is managed effectively, efficiently, and coherently across the Councils.

This approach supports the consistent and robust identification and management of opportunities and risks within desired levels, across both Councils supporting openness, challenge, innovation, and excellence in the achievement of outcomes.

It is the role of the Policy, Performance, Insight, Risk, and Improvement team acting for both Councils to provide support, guidance, professional advice and the necessary tools and techniques to enable the Councils to take control of the risks that threaten delivery and maximise opportunities. The role of the team is also to provide a level of challenge and scrutiny to the risk owners. The work of the team will be directed to affect the achievement of the following risk management objectives:

- Align the Councils' culture with the risk management framework;

- Integrate and embed the risk management framework across both Councils;
- Enable the Councils to recognise and manage the risks they face;
- Minimise the cost of risk;
- Anticipate and respond to emerging risks, internal & external influences, and a changing operating environment; and
- Implement a consistent method of measuring risk.

The Councils are clear the responsibility for managing risk belongs to everyone and there needs to be an appropriate level of understanding of the nature of risk by all stakeholders supported by a positive risk culture.

As a corporate body, the Councils must protect their material assets and to minimise losses and liabilities. They recognise the need to equip their workforce with the skills and expertise to manage risk on their behalf and provide the necessary resources to ensure this can be delivered.

The Councils' risk management objectives are a long-term commitment, inherent to good governance practices and fully supported by the Senior Leadership Team (SLT), both Babergh and Mid Suffolk Cabinets and the Joint Audit and Standards Committee.

## **2. Our Strategic Approach**

Led by the SLT but with responsibility assigned through all levels of the Councils' structure, risk management is integrated into the strategic planning and prioritisation of the Councils to assist in achieving outcomes and strengthening their ability to be agile in responding to the challenges they face. This is an essential and integral part of meeting objectives successfully, improving service delivery and achieving value for money.

Babergh and Mid Suffolk District Councils achieve successful risk management through guidance from the HM Government Orange Book – Management of Risk – Principles and Concepts (2020), within a setting of strong governance and leadership and integrating risk management across their organisational activities to support decision making in achieving their Outcomes Framework. The Councils ensure risk management is collaborative and informed, using the best information and expertise available to them, supported by a strong risk management process and programme of continuous improvement.

The Councils support a Three Lines of Defence Model with everyone within the Councils having some responsibility for risk management.

The Cabinets and the SLT focus on strategic and business critical risks that may impact on the achievement or successful delivery of outcomes. Operational, programme and company risks are the primary concern of the services, change boards, and company boards respectively, who control and monitor their risks, escalating to the strategic level if they are no longer manageable at the functional level.

Identified key risks and mitigations are managed through the Councils' Strategic risk register and regularly discussed, reviewed, and updated. Frequent risk reporting takes place across all levels of the organisation. This constitutes the First Line of Defence.

The Second Line of Defence is defined by the Policy, Performance, Insight, Risk, and Improvement team including the Risk Management Lead who oversee and specialise in risk management.

The Third Line of Defence is Internal Audit who can provide an objective evaluation of the adequacy and effectiveness of the framework, governance, risk management and control when necessary.

### **3. Risk Management Principles**

The HM Government Orange Book (2020) risk management principles adopted by Babergh and Mid Suffolk Councils state:

- Risk management shall be an essential part of governance and leadership, and fundamental to how the Councils are directed, managed, and controlled at all levels;
- Risk management shall be an integral part of all Council activities to support decision making in achieving objectives;
- Risk management shall be collaborative and informed by the best available information and expertise;
- Risk management processes shall be structured to include:
  - Risk identification and assessment to determine and prioritise how the risks should be managed;
  - The selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level;

- The design and operation of integrated, insightful, and informative risk monitoring; and
- Timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.
- Risk management shall be continually improved through learning and experience.

## Risk Management Framework

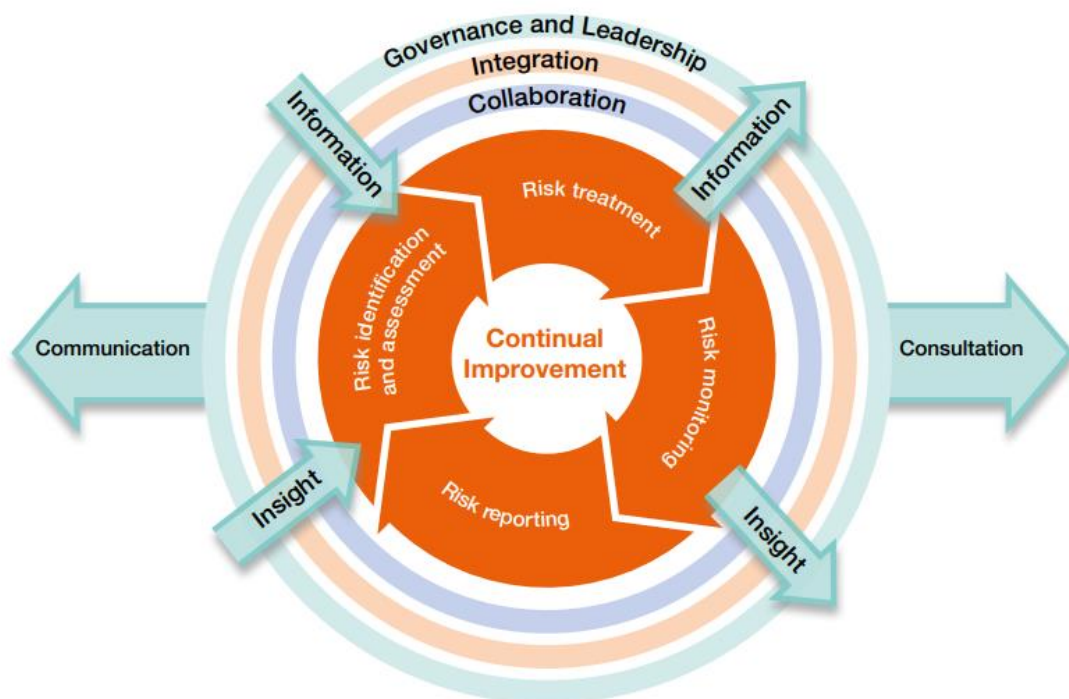


Fig. 1 (HM Government, *The Orange Book, Management of Risk – Principles and Concepts*, 2020)

## 4. Risk Appetite and Tolerance

Babergh and Mid Suffolk District Councils recognise that risk is inherent in delivering and commissioning services. The Councils' aim is to consider all options to respond to risk appropriately and make informed decisions that are most likely to result in successful delivery and securing of value for money.

The Councils do not seek to avoid all risk, but the acceptance of risk is subject to ensuring that potential benefits and risks are fully explored and that appropriate

measures to mitigate risk are established before decisions are made. The Councils recognise that the appetite for risk will vary according to the activity undertaken and the ability to exercise controls and hence different appetites and tolerances to risk will apply. The SLT undertake an annual review of risk appetite across the thirteen risk categories defined by the Orange Book. These appetites are referred to when considering the planned treatment of a particular risk.

Referring to our Values and considering our people and customers, being transparent, accepting ownership and being ambitious, also helps us to consider our appetite and tolerance for any given risk. Risks defined as 'high' will be managed down to a tolerable and targeted level wherever possible, however, it is important that risks across the Councils are not over-controlled.

Our work on risk appetites uses the five levels of risk appetite identified in the Orange Book:

**Averse** - Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is key objective. Activities undertaken will only be those considered to carry virtually no inherent risk.

**Minimalist** - Preference for very safe business delivery options that have a low degree of inherent risk with the potential for benefit/return not a key driver. Activities will only be undertaken where they have a low degree of inherent risk.

**Cautious** - Preference for safe options that have low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant benefit and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.

**Open** - willing to consider all options and choose one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.

**Eager** - Eager to innovate and choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.

Risk appetite and tolerance is considered with reference to strategic outcomes and service delivery in each area. Risks that would be seen to be unacceptable would be those that would breach law and regulatory compliance, would adversely impact the safety of our service users, residents, or employees, would critically damage the



reputation of the Councils, risk future operations of the Councils or negatively impact their financial resilience.

The Councils' appetite for risk also reflects the diverse types of risk that could impact on the Councils' ability to meet its statutory requirements and strategic outcomes, and are described in more detail below:

Strategic risks - identifying and pursuing a strategy, which is poorly defined, based on flawed or inaccurate data or fails to support the delivery of commitments, plans or objectives due to external changes.

Governance risks - unclear plans, priorities, and accountabilities, and/or ineffective or disproportionate oversight of decision-making and/or performance, political risks.

Operational risks - Inefficient internal processes resulting in fraud, error, impaired customer service (quality and/or quantity of service), non-compliance and/or poor value for money.

Legal risks - claims being made or some other legal liability or other loss, or a failure to respond appropriately to meet legal or regulatory requirements or to protect assets (for example, intellectual property).

Property risks - property deficiencies or poorly designed or ineffective safety management resulting in non-compliance and/or harm and suffering to employees, contractors, service users or the public.

Financial risks - not managing finances in accordance with requirements and financial constraints resulting in poor returns from investments, failure to manage assets/liabilities or to obtain value for money from the resources deployed, and/or non-compliant financial reporting.

Commercial risks - weaknesses in the management of commercial partnerships, supply chains and contractual requirements, resulting in deficient performance, inefficiency, poor value for money, fraud, and /or failure to meet business requirements/objectives.

People risks – ineffective leadership and engagement, poor culture, inappropriate behaviours, the unavailability of sufficient capacity and capability, industrial action and/or non-compliance with relevant employment legislation/HR policies resulting in negative impact on performance.

Technology risks - technology not delivering the expected services due to inadequate or deficient system/process development and performance or inadequate resilience.

Information risks - failure to produce robust, suitable, and appropriate data/information and to exploit data/information to its full potential.

Security risks - failure to prevent unauthorised and/or inappropriate access to key systems and assets, including people, platforms, information, and resources. This includes cyber security.

Project/Programme risks - change programmes and projects are not aligned with strategic priorities and do not successfully and safely deliver requirements and intended benefits to time, cost and quality.

Reputational risks - adverse events, systemic or repeated failures or inferior quality or a lack of innovation, leading to damages to reputation and or destruction of trust and relations.

## 5. Risk Management Levels

Babergh and Mid Suffolk District Councils' approach to risk management is founded upon ensuring risk is effectively and consistently managed across all levels of the organisation.

**Service Level:** The day-to-day management activities provide reasonable assurance that the main tactical and operational risks arising from service areas are identified, assessed, treated, monitored, and reported through the service plan risk registers. Close links between the Directors, Service Managers and the Risk Management Lead strengthen the process and ensure consistency of risk management delivered within and across the services.

**Programme/Project Level:** The identification of risks from the initial business case stage in a programme/project and continued risk management throughout the programme/project lifecycle ensures deliveries are achieved. Programme and Project Managers are supported by the Risk Management Lead to ensure risk management delivered is aligned to the service and strategic levels for escalation purposes.

**Company Level:** The Councils as shareholders of the Babergh and Mid Suffolk District Councils Holding Companies have ultimate oversight of risk management for all Council Companies, however the Companies by virtue of their articles and governance process are responsible for the management of operational risk and the Companies Risk Panel meets each quarter to review their risks with the Councils' Risk

Management Lead. Company risks are reflected on the Strategic risk register where required.

**Leadership/Strategic Level:** The highest level of risk is managed at Senior Leadership Level. A risk report and the Strategic risk register detailing business critical risks are reviewed quarterly by the SLT and the Risk Management Lead. This level sets the tone for effective risk management across the whole organisation. At Joint Audit and Standards Committee, the risk management strategy is agreed, and its principles championed by the SLT.

## 6. Escalation and De-escalation of Risks

Strategic risks are those where there is the probability that an event will interfere with the Councils' business model. If a single risk or group of risks meet the escalation criteria below, then the risk/s should be escalated to the SLT and the Risk Management Lead. The risk owner will initially be responsible for either deciding on a course of action or escalating the information further up the process to a senior level if:

- the risk becomes too unwieldy to manage at the current level;
- the risk rating cannot be controlled/managed within its current level;
- the risk remains extremely high even after mitigations are implemented;
- the risk will impact on more than one service/project if the risk event materialises;
- instinct tells the owner it is out of their control; and/or
- the risk moves outside the appetite boundaries.

Similarly, risk owners should consider de-escalation where a risk or set of risks become operational and related to process or transactions and meet the de-escalation criteria below:

- the risk can be controlled/managed at the Service, Programme or Company level;
- the risk scoring meets its' target or decreases significantly; and/or

- the risk event will only affect one Service area / team and the impact will be limited.

### Escalation/De-escalation Process

If risk owners identify that a risk or group of risks need to be moved because they fit into one of the criteria above, they should initially seek the advice of the Risk Management Lead regarding moving the risk. If a risk is multi service or organisation wide the risk owner should consult with other relevant parties before recommending a change of level.

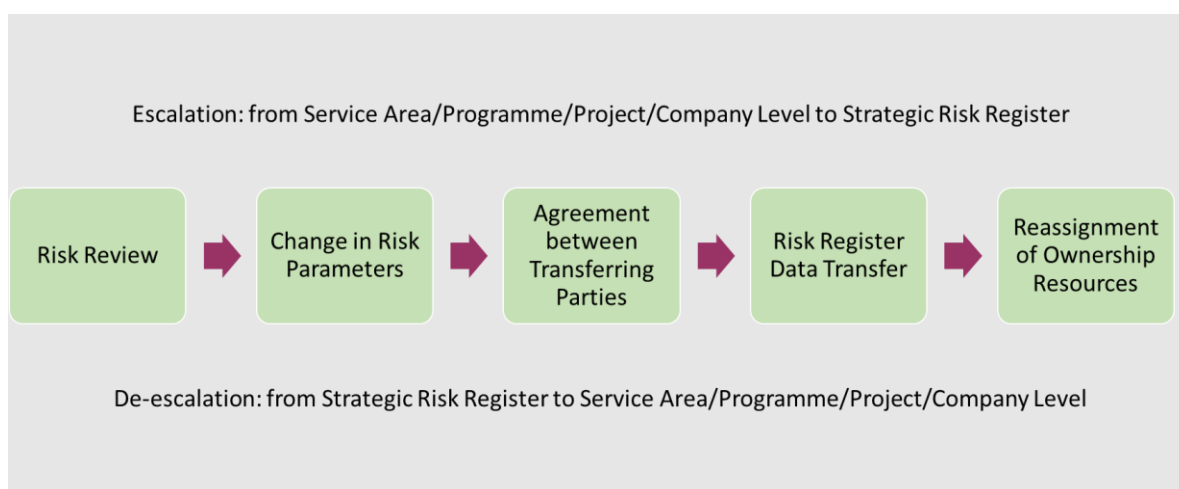


Fig. 2 Escalation and De-escalation Process for Risks

## 7. Risk Management Process

The risk management process follows defined steps whereby:

- Risks are identified and assessed to determine and prioritise how they should be managed;
- Treatment options are selected, designed, and implemented to support the achievement of intended outcomes and manage risks to an acceptable level;
- Integrated, insightful and informative risk monitoring is implemented; and
- Timely, accurate and useful risk reporting is applied to enhance the quality of decision-making and to support the SLT and the Councils in meeting their responsibilities.



Fig. 3 (HM Government, *The Orange Book, Management of Risk – Principles and Concepts*, 2020)

Whilst the risk management process is represented as sequential, it may in practice be iterative.

#### Risk identification and assessment

New and emerging risks are identified whilst considering, changing internal or external events, tangible and intangible sources of risk, uncertainties and assumptions, and limitations and reliability of information. New risk identification needs to be agile and may be ad hoc at Service or SLT level, or through regular risk meetings. New risks are discussed between members of the Extended or Senior Leadership Teams and the Risk Management Lead, to agree reporting either at operational or strategic level.

For strategic level risks, the Risk Management Lead works with the identified risk owner to register the risk. New operational risks will be embedded within the Service risk registers by the Service Managers and reported monthly through Directorate risk discussions. New strategic risks are reported to the SLT by the Risk Management Lead immediately. Emerging strategic risks are reported to the SLT by the Risk Management Lead through the quarterly risk report.

#### Risk treatment

Each risk has a considered risk treatment known as a ‘mitigation plan’ applied. This planning considers risk appetite, in addition to expected benefits, proposed actions, nomination of those responsible for owning and implementing the mitigation activity, resource requirements, sources of assurance, key performance indicators and control indicators, constraints, and a planned date for when the action is expected to be resolved.

### Risk monitoring

Ongoing monitoring before, during and following implementation of the risk treatment supports the Councils' understanding of how the risk profile is changing to provide assurance over the management of risks to an achievable level in the achievement of the Outcomes Framework. Recording and reporting transparently communicates management activities and outcomes across the organisation, provides information for decision making improving risk management activities and ensures interaction with all stakeholders including those responsible and accountable for risk management activities.

### Risk reporting

On an ongoing basis Committee Report risks are circled back to the relevant risk registers to ensure report risks cited are captured and being actively mitigated.

Service risk registers are maintained and reviewed monthly by the Extended Leadership Team to discuss directorate risks.

Through the monthly meetings, Directors are equipped to escalate risks to the Strategic risk register and receive risks de-escalated from the Strategic risk register via the quarterly SLT risk meeting. A quarterly briefing to Cabinet details priority strategic risks and risk management, aligned to performance and finance reporting, which is supported by monthly Portfolio Holder meetings.

Annually there is a risk assurance briefing and review of current risk management strategy to the Joint Audit and Standards Committee.

Programmes/Projects manage risk through a model of risk, assumptions, issues, and dependencies which are reviewed by the Change Board of the programme of work.

The Companies review their risk at a quarterly Companies Risk Panel.

## **8. Risk Matrix and Scoring Criteria**

Babergh and Mid Suffolk District Councils use the following risk matrix to evaluate risks to understand the level of risk exposure. This influences the level of risk treatment applied to manage/reduce/prevent the risk from occurring.

Ensuring that all business risks are assessed and managed through the adopted risk management methodology drives consistency through the risk management

framework and enables risks to be compared and reported on against a like for like basis. It also provides the Councils with the ability to map their collective risk exposure of a particular activity, objective, outcome, function(s), or indeed whole Councils' operation.

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
Likelihood/Probability						

### Likelihood/Probability

1	Highly Unlikely	Less than 25% Has never occurred before Would only happen in exceptional circumstances
2	Unlikely	26% - 50% Not expected to occur but potential exists Has occurred once in the last ten years
3	Probable	51% - 75% May occur occasionally Has occurred within the last 5 years Reasonable chance of occurring again
4	Highly probable	Over 76% Expected to occur Occurs regularly or frequently

### Impact/Consequence

		Finance	Compliance	Safety	Service Delivery	Reputation
1	Minimal	Minor loss <£5,000	Small, single non- compliance	No harm to persons /community	Very minor disruption (less than 1 day)	No noticeable media interest
2	Noticeable / Minor	Moderate loss £5,001 – £50,000	Sustained single or few short-term non- compliance	Potential for ill- health, injury, or equipment damage	Some service disruption, (more than one day)	Local media coverage

3	Bad / Serious	Significant loss £50,101 – £250,000	Multiple sustained non-compliance	Potential for serious harm or injury (non-life threatening)	Critical service disruption (statutory services not delivered)	Adverse local/national media coverage
4	Disaster	Substantial loss >£250,000	Significant non-compliance - Litigation, custodial sentence	Fatality, major injury (life threatening or life impacting)	Systemic or sustained service loss	Adverse/prolonged national media coverage

## 9. Risk Register System

As part of good governance, the Councils manage and maintain a Strategic risk register, assigning named individuals as responsible officers for ensuring the risks, and their treatment and assurance measures are monitored and effectively managed.

The Strategic risk register is a critical tool for the organisation to capture and report on risk activity and the Councils' risk profile. The Strategic risk register is a 'live' working tool where new risks are captured, others are managed to an acceptable level, some are closed and some de-escalated to service area, programme, or company risk registers for onward operational management. Equally the services, programmes and projects, and Companies can escalate risks to the Strategic risk register.

## 10. Roles and Responsibilities

Group or Individual	Responsibilities
Babergh Mid Suffolk District Council Cabinets	Strategic Risk Management and approval of the joint Risk Management Policy and Strategy. Quarterly Strategic risk register reviews aligned to performance and finance reporting.
Joint Audit and Standards Committee	Consideration of the effectiveness of the joint risk management arrangements, and the control environment. Be satisfied that the joint Annual Governance Statement



	accurately reflects the risk environment and any actions taken to improve it.
S151 Officer	Provide advice to underpin the financial regulations that Members, officers, and others acting on behalf of the authority, are required to follow including matters of financial risk.
Lead Cabinet Members	Demonstrate a clear understanding and responsibility of the nature of the key risks facing the Councils, particularly those within their allocated portfolios.
Chief Executive	Demonstrate a clear understanding and responsibility of the nature of the key risks facing the Councils. Be accountable for the Strategic risk register. Ensure that risk management is embedded within the job descriptions of the Management Team. Promote a positive risk management culture.
Senior Leadership Team Members (CEO, Deputy CEO, Directors)	Review the effective management of risks and internal controls and governance supported by the Risk Management Lead. Own, review and maintain risks on the Strategic risk register. Consult with members as required to appraise them of strategic risks. Promote a positive risk management culture.
Extended Leadership Team Members (SLT and Service Managers)	To support the effective implementation of risk management through effective service plan and programme/project risk registers, supported by the Risk Management Lead. Promote a positive risk management culture.
Risk Management Lead	Responsible for preparing and promoting the Councils risk management strategy, and maintaining and reporting on the Councils' integrated strategic risk register. Advise and report to management and the Joint Audit and Standards Committee on whether the Councils' governance, appropriate risk management processes, control systems and operational procedures are in place and operating properly. Provision education and training for the Councils regarding risk management. Strive for continuous improvement of risk management across the organisation and promote a positive risk management culture.
Internal Audit	Internal Audit will advise and report to management and the Joint Audit and Standards Committee on whether the Councils' governance, appropriate risk management processes, control systems and operational procedures are in place and operating properly.
All elected Members and Staff Members	Proactively identify risks and contribute to their management where required. Report inefficiencies, irrelevant or unworkable controls. Ensure loss events or near misses are escalated promptly to management.

<b>In relation to individual risks:</b>	
Risk owner	Accountable for the management and control of all risks assigned to them. Determine, authorise, implement, and monitor the selected controls and actions to address the threats and maximise the opportunities.
Mitigation owner	Responsible for the management and control of all risks assigned to them. Implement and monitor the selected controls and actions to address the threats and maximise the opportunities.
Control owner	Accountable for providing the assurance that specified management control is effective and fit for purpose.
Action owner	Responsible for managing the action on the owner's behalf and to keep them apprised of progress.

## **11. Guidance, Education and Training**

The Risk Management Lead is responsible for developing the workforce risk management capability across the organisation, through the provision of guidance, education, training, and support.

Guidance, education, and training materials are regularly under review to ensure they provision for the needs and levels of the organisation, reflect the HM Government Orange Book (2020), and promote a positive and dynamic risk culture with strong stakeholder buy in.

## **12. Continuous Improvement**

Risk management is a continuous and improving process that the Councils are committed to, to remain agile in addressing internal and external change. The Councils will continually seek to improve the suitability, adequacy and effectiveness of the risk management framework supported by lessons learned and an annual review of the risk management strategy.

As gaps and improvement opportunities are identified, the Councils will develop plans, tasks, and delegate actions to those responsible for implementation.

### **13. Review**

The risk management strategy, guidance and associated working templates will be annually reviewed by the Risk Management Lead as part of the Councils' overall approach to the risk management process and overseen by the Corporate Manager, Policy, Performance, Insight, Risk and Improvement and the Director for Customers, Digital Transformation, and Improvement.

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