

# Public Document Pack



<b>COMMITTEE:</b>	<b>MID SUFFOLK OVERVIEW AND SCRUTINY COMMITTEE</b>
<b>DATE:</b>	<b>MONDAY, 23 JANUARY 2023 1.30 PM</b>
<b>VENUE:</b>	<b>KING EDMUND CHAMBER, ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH</b>

<b>Councillors</b>	
<u>Conservative and Independent Group</u> James Caston (Vice-Chair) Paul Ekpenyong Dave Muller	<u>Green and Liberal Democrat Group</u> Terence Carter Keith Scarff Keith Welham (Chair)

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## **AGENDA**

### **PART 1**

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

Page(s)

- 1 **APOLOGIES AND SUBSTITUTES**
- 2 **DECLARATION OF INTERESTS BY COUNCILLORS**
- 3 **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**
- 4 **QUESTIONS BY THE PUBLIC**

To consider questions from and provide answer to members of the public on any matter in relation to which the Committee has powers or duties and of which due notice has been given in accordance with the Committee and Sub-Committee Procedure Rules.

5           **QUESTIONS BY COUNCILLORS**

To consider questions from and provide answer to Councillors on any matter in relation to which the Committee has powers or duties and of which due notice has been given in accordance with the Committee and Sub-Committee Procedure Rules.

6           **MOS/22/02 GENERAL FUND AND HOUSING REVENUE ACCOUNT (2023-24) - REVIEW OF SAVINGS, PROPOSALS, AND UPDATED POSITION**           5 - 16

7           **MOS/22/03 FORTHCOMING DECISIONS LIST**

To review the Council's Forthcoming Decisions List and identify any items to be brought before the Overview and Scrutiny Committee.

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

[BMSDC Forthcoming Decisions List](#)

8           **MOS/22/04 MSDC OVERVIEW AND SCRUTINY WORK PLAN**           17 - 18

To agree the Work Plan.

9           **CALL IN OF MID SUFFOLK CABINET DECISION 7 NOVEMBER 2022**           19 - 22

Members are asked to approve the Call-in Protocol

10          **CALL IN OF THE DECISION FROM THE MID SUFFOLK CABINET MEETING 7 NOVEMBER MCa/22/27**           23 - 46

Decisions made by Cabinet on 7 November 2022 in respect of the following report were called in for consideration by the Overview and Scrutiny Committee in accordance with the Council's Scrutiny Procedure Rules as detailed in the Constitution, Part 3: Scrutiny Procedures Rules, Sections 12 to 15.

**MCa/22/27 ELMSWELL EXEMPLAR HOUSING SCHEME**

The Call-in Notice, Cabinet Decision Notice, Cabinet report and related minutes are attached. The Lead Member and Lead Officer are invited to attend to respond to any questions.

## **Date and Time of next meeting**

Please note that the next meeting is scheduled for Thursday, 16 February 2023 at 9.30 am.

## **Webcasting / Live Streaming**

The Webcast of the meeting will be available to view on the Councils YouTube page: [https://www.youtube.com/channel/UCSWf\\_0D13zmegAf5Qv\\_aZSg](https://www.youtube.com/channel/UCSWf_0D13zmegAf5Qv_aZSg)

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact the Committee Officer, A. Norman on: 01473 296384 or Email: [Committees@baberghmidsuffolk.gov.uk](mailto:Committees@baberghmidsuffolk.gov.uk)

### **Introduction to Public Meetings**

Babergh/Mid Suffolk District Councils are committed to Open Government. The proceedings of this meeting are open to the public, apart from any confidential or exempt items which may have to be considered in the absence of the press and public.

### **Domestic Arrangements:**

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3. Do not enter the Atrium (Ground Floor area and walkways). If you are in the Atrium at the time of the Alarm, follow the signs to the nearest Fire Exit.
4. Use the stairs, not the lifts.
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# Agenda Item 6

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b>	<b>Overview &amp; Scrutiny Committee</b>	<b>REPORT NUMBER: MOS/22/02</b>
<b>FROM:</b>	<b>Councillor John Whitehead, Cabinet Member for Finance</b>	<b>DATE OF MEETING: 23 January 2023</b>
<b>OFFICER:</b>	<b>Melissa Evans – Director Corporate Resources</b>	<b>KEY DECISION REF NO. <u>Item No.</u></b>

### Review of the 2023/24 General Fund and Housing Revenue Account (HRA) draft revenue budgets

#### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the opportunity for the Overview & Scrutiny Committee to review the draft budget for 2023/24 for both the General Fund and the HRA. The Committee are asked to consider the draft budget proposals before Cabinet decides in February what to recommend for approval by Full Council later in February and implementation from 1<sup>st</sup> April.
- 1.2 Overview and Scrutiny Committee undertook a review of the 2023/24 budget assumptions in November 2022, therefore, these will not be repeated within this report.
- 1.3 Progress against the budget is reported to Cabinet on a quarterly basis throughout the year. This year, proposals for the 2023/24 budget will be presented to Cabinet for approval on 6 February 2023 and to Full Council on 23 February 2023. Before the proposals are considered by Cabinet, this meeting will enable the Overview and Scrutiny Committee, on behalf of the residents of Mid Suffolk, to provide constructive challenge.
- 1.4 The current draft budgets for 2023/24 shows a budget surplus of £3.054m for the General Fund based on no increase to a Band D Council Tax and a deficit for the HRA of £409k based an increase to rents of 7%.

#### 2. RECOMMENDATIONS

- 2.1 That the draft revenue budgets set out in the report, for the 2023/24 General Fund and Housing Revenue Account budgets be noted.
- 2.2 The Committee may make further recommendations as it deems appropriate.

#### REASON FOR DECISION

Overview and Scrutiny Committee can contribute to and influence the budget proposals that are considered by Cabinet and Full Council.

#### 3. KEY INFORMATION

- 3.1 Global events, rising inflation and interest rates have created an unprecedented financial challenge for the Council for both the General Fund and the Housing

Revenue Account. The Council has been reporting the impacts of this financial challenge throughout the year as part of the quarterly financial reports to Cabinet and these are likely to continue in 2023/24.

- 3.2 The 2022/23 financial forecast at quarter 2 shows a deficit position for the General Fund of £893k, however, the Council is still expected to have just over £5m surplus to be able to transfer to reserves. The HRA is forecasting a deficit of £675k. This is due to a number of inflationary pressures, including pay award, increases in fuel and energy costs, as well as CPI increases on a number of contracts and other costs. This forecast also includes a reduction in income against budget, in particular planning income.
- 3.3 The Finance Team have worked closely with budget managers and the Senior Leadership Team to update the Councils budget requirements for 2023/24. Taking into account known pressures and identifying efficiencies and savings to help offset this without negatively impacting on service delivery.

#### 4. GENERAL FUND

##### General Fund - Summary Position

The budget for 2022/23 was a surplus of £5.916m however due to a continuation of financial pressures outlined in paragraph 3.2 above, and a shortfall in funding to meet the overall increasing costs, the position for of the surplus next year has reduced by £2.992m as shown in table 1 below.

**Table 1 - General Fund Overall budget changes**

	£'000	£'000
<b>2022/23 Surplus</b>		<b>(5,916)</b>
Pressures	4,400	
Savings/additional income	(2,248)	
Movement in Reserves	1,480	
Funding Changes	(770)	
<b>Total Net increase</b>		<b>2,862</b>
<b>2023/24 Draft Surplus</b>		<b>(3,054)</b>

- 4.1 Subject to any further changes the recommendation will be to transfer the £3.054m to earmarked reserves, see paragraph 4.15 for further details.
- 4.2 This is a draft position at this stage, the final budget will be presented to Cabinet and Council in February.
- 4.3 The Councils Net Cost of Services has increased by £3.63m or 41%, and funding has increased by £770k or 5%, as shown in table 2 below.
- 4.4 The main assumptions for 2023/24 budget were set out in the report presented to this committee in November, therefore have not been repeated here.

**Table 2 - General Fund Summary**

<b>MID SUFFOLK</b>		<b>2022/23</b>	<b>2023/24</b>	<b>Movement</b>
		<b>Budget</b>	<b>Budget</b>	<b>2022/23 to</b>
		<b>£'000</b>	<b>£'000</b>	<b>2023/24</b>
				<b>£'000</b>
Service Expenditure	Employees	11,224	13,128	1,903
	Premises	1,107	1,255	148
	Supplies & Services	4,377	5,181	804
	Transport	390	409	19
	Contracts	4,133	4,573	439
Service Income	Grants and Contributions	(1,264)	(1,715)	(451)
	Sales, Fees & Charges	(5,151)	(5,407)	(256)
	Other income (incl. rental & PV panel income)	(1,588)	(1,698)	(111)
Housing Benefits	HB Transfer Payments	10,184	9,239	(945)
	HB Grants and Contributions	(10,334)	(9,366)	969
<b>Net Service Expenditure</b>		<b>13,078</b>	<b>15,599</b>	<b>2,520</b>
Recharges	Recharge to HRA/Capital (Corporate Overheads)	(1,511)	(1,792)	(281)
Capital Financing Charges	Interest Payable - CIFCO Long-term loans	545	416	(129)
	Interest Payable - Other	290	1,090	800
	Minimum Revenue Provision (MRP)	1,333	1,475	142
Investment Income	Pooled Funds Net Income	(566)	(566)	-
	Interest Receivable - CIFCO	(2,169)	(2,187)	(18)
	Interest Receivable - Gateway 14	(1,865)	(97)	1,769
	Interest Receivable - Other	(31)	(31)	-
Reserves	Transfers to/from Reserves	(336)	(1,499)	(1,163)
<b>Total Net Cost of Services</b>		<b>8,769</b>	<b>12,410</b>	<b>3,641</b>
Government Grants	New Homes Bonus	(1,779)	(1,427)	352
	Revenue Support Grant (RSG)	-	(113)	(113)
	Services Grant	(157)	(88)	68
	Rural Services Delivery Grant	(454)	(454)	-
	Funding Guarantee	-	(507)	(507)
	Lower Tier Services Grant	(102)	-	102
Business Rates	Business Rates	(4,310)	(5,332)	(1,022)
	Growth / Pooling Benefit	(486)	(496)	(10)
	Business Rates Collection Fund (surplus) / deficit	(438)	(14)	424
Council Tax	Council Tax	(6,667)	(6,846)	(179)
	Council Tax Collection Fund (surplus) / deficit	(293)	(177)	116
<b>Total Funding</b>		<b>(14,685)</b>	<b>(15,455)</b>	<b>(770)</b>
	Commercial Development Risk Reserve	1,865	-	(1,865)
	Growth & Efficiency Fund	4,051	-	(4,051)
<b>Shortfall / (Surplus Funds)</b>		<b>0</b>	<b>(3,045)</b>	<b>(3,045)</b>

## General Fund Pressures

- 4.5 The major pressures identified for the General Fund 2023/24 budget totals £4.4m as shown in the table below.

**Table 3 - General Fund Pressures**

	<b>£'000</b>
Pay award, increments and pay review (of which £1m is reserve/grant funded)	2,450
Short term borrowing – due to higher interest rates	650
Minimum Revenue Provision – capital spend on refuse freighters	140
Waste contract and disposal costs increase	550
Reduction to planning income	170
Insurance premiums - current costs + 10% inflation	50
Shared Revenues Partnership - increase to contract costs	50
Removal of Savings contingency	90
Bank charges increase	40
Additional training budget	50
ICT contract increase	50
Increase in Postage costs	40
Revenue costs associated with the implementation of the Parking Strategy	40
Residents Survey	30
<b>Total Draft Pressures</b>	<b>4,400</b>

## General Fund Savings and additional Income

- 4.6 The major savings and additional income identified for the General Fund 2023/24 budget totals £2.118m as shown in table 4 below. These are as a result of reviewing the Councils costs and income, they have no detrimental impact on service delivery. Proposals to Increase fees and charges have been reviewed and approved by Cabinet on 9 January 2023, report MCa/22/35 contains details of these increases.



**Table 4 - General Fund Savings/Increase in income**

	£'000
Pension lump sum	(630)
Reprofiling of Leisure contract – per agreement	(250)
Recharge to HRA / Capital	(260)
Income from garden waste and recycling credits	(330)
Additional Homelessness Grant	(130)
Joint Local Plan – reduction in Professional fees	(130)
Removal of security costs Needham Offices	(60)
Savings Endeavour House	(50)
Increase in chargeable amount for CIL admin	(50)
Vacancy Management Factor – 5% but increased due to pay award	(100)
Car Parking costs recovering	(80)
Other	(178)
<b>Total Draft Savings/Additional Income</b>	<b>(2,248)</b>

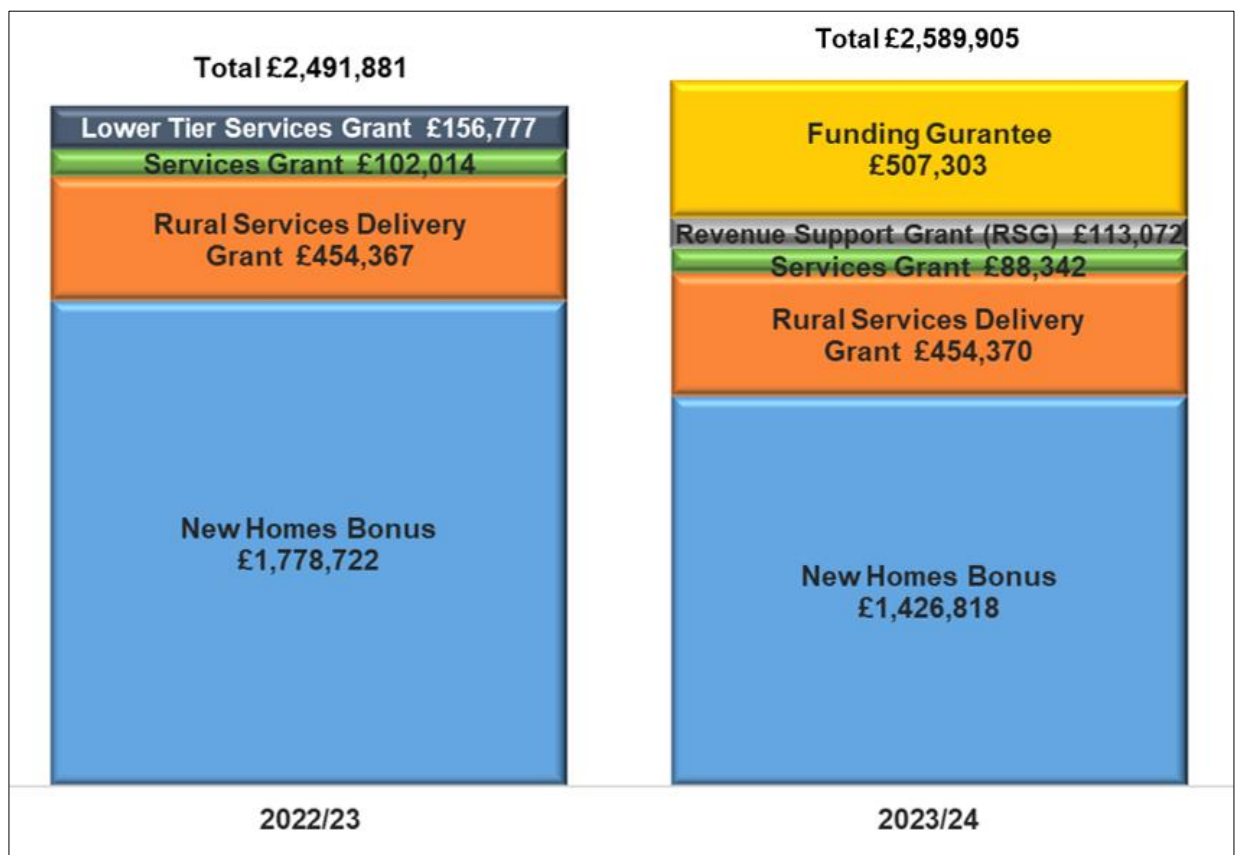
### General Fund Funding

- 4.7 The Council's funding including Government Grants, Business Rates, and Council Tax has increased by £770k as shown in the funding section of table 2 above. Two thirds of this coming from Business Rates, in the form of S31 grants from Government to compensate for the freeze in the business rates multiplier and reliefs granted to businesses.
- 4.8 The Business Rates figures have been from calculated using analysis provided by the Funding Advisory Service at Pixel the final figures will be confirmed once the NNDR1 return to Government has been completed at the end of January.
- 4.9 The 2.05% growth in Taxbase is generating an additional £179k.
- 4.10 The provisional local government finance settlement for 2023/24 was announced on 19 December 2022. The key headlines are as follows:
- The settlement is for one-year only.
  - The business rates multiplier will be frozen. Compensation for this will be provided based on the Consumer price Index (CPI) at 10.1% via an uplift to Baseline Funding Level of 3.74%, with the remainder paid via section 31 grant.
  - For District Councils' council tax can be increased by the higher of 3% or £5

- The current approach to the New Homes Bonus (NHB) is being applied to 2023/24 with a further one-year allocation for housing growth between October 2021 and October 2022. There will be no further legacy payments with the final one being made in 2022/23. A decision on whether NHB will continue into 2024/25 will be made before next year's settlement.
- Revenue Support Grant (RSG) will be received in 2023/24. This is due to family Annex Council Tax Discount Grant and LCTS Administration Grant being rolled up into the settlement. These were previously accounted for within service income, so this change does not impact the overall budget position.
- Rural Services Delivery Grant is being maintained at the same level as 2022/23.
- Services Grant has reduced. Part of the reduction is the removal of funding for the National Insurance Contribution increase.
- Lower Tier Services Grant has been abolished from 2023/24 onwards.
- A new grant has been created to ensure every authority has an increase in Core Spending Power (CSP) of at least 3%. This Funding Guarantee Grant will be funded from the Lower Tier Services Grant (LTSG) and the reduced cost of New Homes Bonus (NHB).

4.11 The Councils 2023/24 provisional grant allocations have increased by £23.4k (3.9%) compared to 2022/23

**Chart 1: General Fund Government grant allocations 2022/23 and 2023/24**



## General Fund Reserves

- 4.12 A review of reserves has been undertaken to ensure the Council is using their reserves appropriately to fund non-recurring spend and invest to save proposals.
- 4.13 Most of the reserves shown in the table below are earmarked for specific purposes, they are used to smooth out fluctuating spend that occurs over more than one year or are grants that have certain conditions attached to them regarding their use.
- 4.14 £1.7m of expenditure is forecast to be funded from reserves next year.
- 4.15 The COVID reserve with a balance of £776k, will help to fund initiatives in response to the cost of living crisis. The Commercial Development Risk Management reserve was established at the inception of the Gateway 14 development to help mitigate the risks of the annual accrued interest.
- 4.16 During December 2022, the Council received the first capital receipt for the site and a second tranche is expected in January 2023. As a result, the risk associated with the £5.8m accrued interest will be fully mitigated and the reserve can be repurposed for investment. The Cabinet will combine this reserve with the balance of the Growth and Efficiency reserve (£2.4m) to create a new Strategic Infrastructure Fund. This will be used to fund feasibility and investment in the Councils projects.
- 4.17 Some of the key projects that may benefit from this fund are SHELF and the Skills and Innovation Centre on Gateway 14.

**Table 5 - General Fund Earmarked Reserves**

	Forecast balance 31 March 2023 £'000	To reserves £'000	From reserves £'000	Estimated balance 31 March 2024 £'000
Business Rates & Council Tax	4,166			4,166
Business Rates Retention Pilot (BRRP)	61		(89)	(27)
Climate Change and Biodiversity	855		(62)	792
Commercial Development Risk Management	5,818	97		5,915
Community Housing Fund	159		(25)	134
Commuted Maintenance Payments	546		(85)	462
COVID 19	957		(180)	776
Elections Equipment	35			35
Elections Fund	139	20		159
Government Grants	330		(25)	305
Growth and Efficiency Fund	3,442		(781)	2,661
Homelessness	370		(71)	299
Neighbourhood Planning Grants	222	2	(27)	198
Planning (Legal)	1,112		(107)	1,005
Planning Enforcement	45			45
Repair & Renewals	293			293
Rough Sleepers	19			19
Strategic Planning	81			81
Temporary Accommodation	380	88	(52)	416
Waste	269		(197)	72
Welfare Benefits Reform	7			7
Well-being	83		(6)	77
<b>TOTAL</b>	<b>19,389</b>	<b>207</b>	<b>(1,706)</b>	<b>17,890</b>
General Fund Reserve	1,052			1,052

## 5. HOUSING REVENUE ACCOUNT

- 5.1 The Councils Housing Revenue Account (HRA) is facing similar financial challenges to the General Fund. The largest areas of spend for the HRA are staffing and contract and materials costs both of which are subject to the significant inflationary pressures as a result of the economic situation.
- 5.2 The quarter 2 budget monitoring showed a forecast deficit of £675k. The key factor in this position, is the additional costs being incurred to address the backlog in void and responsive repairs, through both the volume of materials being purchased and sub-contractor costs to work alongside the Trades Team.

### HRA Summary Position

- 5.3 The budget for 2022/23 was a surplus of £95k however due to a continuation of financial pressures described above and in the quarter 2 financial monitoring the position for next year has worsened by £504k as shown in table 6 below.

**Table 6 - HRA Overall budget changes**

	£'000	£'000
<b>2022/23 Surplus</b>		<b>(95)</b>
Pressures	3,651	
Savings/additional income	(3,147)	
<b>Total Net increase</b>		<b>504</b>
<b>2023/24 Draft Deficit</b>		<b>409</b>

- 5.4 The current draft position for 2023/24 shows an overall deficit of £409k.
- 5.5 This is a draft position at this stage, the final budget will be presented to Cabinet and Council in February.
- 5.6 The Councils Total Cost of Services has increased by £3.03m or 41%, and income has increased by £1.365m or 9%, as shown in table 7 below.
- 5.7 The main assumptions for 2023/24 budget were set out in the report presented to this committee in November, therefore have not been repeated here.

**Table 7 - HRA Summary**

	Budget 2022/23 £'000	Budget 2023/24 £'000	Movement 22/23 vs Budget 23/24 £'000
Dwelling Rents	(14,969)	(16,235)	(1,266)
Service Charges	(675)	(723)	(47)
Non-Dwelling Income	(352)	(396)	(43)
Other Income	(43)	(51)	(7)
Interest Received	(9)	(10)	(1)
<b>Total Income</b>	<b>(16,049)</b>	<b>(17,415)</b>	<b>(1,365)</b>
Housing Management	3,234	4,723	1,489
Building Services Surveyors and Compliance	1,194	1,840	646
Housing Trade Team	2,369	3,079	710
Repairs and Maintenance (all areas except Trades Team)	588	765	177
Bad Debt Provision	92	100	8
<b>Total cost of service</b>	<b>7,477</b>	<b>10,507</b>	<b>3,030</b>
Depreciation	4,452	4,617	165
Interest payable	2,968	2,700	(268)
Revenue Contribution to Capital	1,058		(1,058)
<b>Deficit / (Surplus) for Year</b>	<b>(95)</b>	<b>409</b>	<b>504</b>

**HRA Pressures**

- 5.8 The major pressures identified for the HRA 2023/24 budget totals £3.651m as shown in the table below.

**Table 8 - HRA Pressures**

	£'000
Pay award, increments, pay review (funded from reserves/grants £25k)	1,088
Repairs inc. voids (inflation and increase based on outturn)	961
Sheltered schemes (utility costs)	354
Depreciation	165
Recharge from General Fund for grounds maintenance	346
Stock conditions survey	125
Software Licenses (inflation)	124
Property Servicing (heating) – remedial works & ongoing service requirements	82
Equipment, Tools and Materials	72
Fixtures and Fittings for Sheltered Housing improvements	89
Community Alarm Costs	48
Other small items (net)	197
<b>Total Draft Pressures</b>	<b>3,561</b>

## HRA Savings and additional Income

- 5.9 The major savings and additional income identified for the HRA 2023/24 budget totals £3.147m as shown in table 4 below.

**Table 9 - HRA Savings/Increase in income**

	£'000
Rental income – based on 7% increase	(1,297)
Garage Rents increase by 10%	(43)
Removal of Revenue contribution to capital	(1,060)
Increased Building Services Recharges – work on GF assets	(279)
Pension Lump sum saving	(152)
Updated interest calculation	(268)
Service charge income - based on 10.1% (CPI) increase	(48)
<b>Total Draft Savings/additional Income</b>	<b>(3,147)</b>

- 5.10 Rents for Council Housing are increased by 7% which is equivalent to an average rent increase of £6.16 a week for social rents and £9.03 a week for affordable rents
- 5.11 It has been assumed that there will be no properties purchased by the tenant through the Right to Buy mechanism for 2023/24. The number of voids is based on the 2022/23 rate of 7%. All of these assumptions generate £1.293m additional income.
- 5.12 Following a period of five years that saw annual 1% rent reductions, which ended in March 2020, councils are allowed to increase rents by the maximum of the Consumer Price Index (CPI) +1% for a period of five years from April 2020. Subject to compliance with the Regulator of Social Housing's Rent Standard, this has begun to mitigate the impact of the 1% reduction on the 30-year plan. However, the cost-of-living crisis has resulted in the Government making a change to the rent settlement. This is a significant risk to the HRA as the recent reductions and now the rent cap, leaves us at risk of not being able to meet our legal obligations. This is again the backdrop of aging stock which requires urgent investment.

## HRA Reserves

- 5.13 When setting the budget for the forthcoming year the Council must have regard to the level of reserves needed to provide enough resources to finance estimated future expenditure plus any appropriate allowances that should be made for contingencies.
- 5.14 Reserves only provide one-off funding, so the Council should avoid using reserves to meet regular recurring financial commitments.
- 5.15 The 2023/24 budget position means that the Council will reduce its Strategic Priorities Reserve by £409k. The balance in the reserve at 31 March 2024, as a result of the budget proposals, is forecast to be £4.653m, which equates to around £1,437 per

property. This is dependent on the new build and acquisition programme being delivered on target in the current financial year.

**Table 10 - HRA Earmarked Reserves**

<b>MSDC Reserves</b>	<b>Balance at 31 March 2022 £'000</b>	<b>Forecast Balance at 31 March 2023 £'000</b>	<b>2023/24 Budget Capital Programme Financing £'000</b>	<b>2023/24 Budget Deficit £'000</b>	<b>Forecast Balance at 31 March 2024 £'000</b>
Strategic Reserves	(5,737)	(5,062)	0	409	(4,653)
Leaseholders Repairs Reserve	(26)	(26)	0	0	(26)
Building Council Homes Programme	(20)	(20)	0	0	(20)
<b>Total Reserves</b>	<b>(5,783)</b>	<b>(5,108)</b>	<b>0</b>	<b>409</b>	<b>(4,699)</b>

5.16 In addition to this, the Council continues to hold £1.209m in the working balance. This equates to less than £400 per property.

## **6. LINKS TO CORPORATE PLAN**

6.1 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 and aligns to the corporate outcomes against a backdrop of efficiency, and sound financial robustness. The underlying principle of the Medium-Term Financial Strategy and HRA 30-year business plan is to be financially sustainable.

## **7. FINANCIAL IMPLICATIONS**

7.1 These are detailed in the report.

## **8. LEGAL IMPLICATIONS**

8.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) require the Council to set a balanced budget and take regard to the advice of its Chief Finance Officer (Section 151).

## **9. RISK MANAGEMENT**

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

<b>Risk Description</b>	<b>Likelihood 1-4</b>	<b>Impact 1-4</b>	<b>Key Mitigation Measures</b>	<b>Risk Register and Reference</b>
We may be unable to react in a timely and effective way to financial demands	3	3	<p>External audit review of going concern assessment</p> <p>Inflationary risk reserve established to cover the impacts in 2022/23</p> <p>Quarterly budget monitoring to Cabinets</p> <p>Reserves review</p> <p>Finance Transformation Plan</p> <p>Balance sheet review and monitoring</p> <p>Internal audit review of budget monitoring arrangements during 2021/22</p> <p>Unqualified opinion from external audit including value for money"</p>	Significant Risk Register SRR004BDC

## **10. CONSULTATIONS**

10.1 Consultations have taken place with Directors, Corporate Managers, and other Budget Managers as appropriate.

## **11. EQUALITY ANALYSIS**

No decisions on the budget or changes to services are being made at this stage.

## **12. ENVIRONMENTAL IMPLICATIONS**

12.1 No decisions on the budget with environmental impacts are being made at this stage.

## **13. BACKGROUND DOCUMENTS**

MCa/22/29 General Fund Financial Monitoring 2022/23 Quarter 2

MCa/22/30 Housing Revenue Account Fund Financial Monitoring 2022/23 Quarter 2

MCa/22/35 Fees and Charges 2023/24

MOS/22/01 Draft General Fund (GF) and Housing Revenue Account (HRA) 2022/23



# Agenda Item 8

## MID SUFFOLK OVERVIEW AND SCRUTINY COMMITTEE WORK PLAN 2022/23:

TOPIC	PURPOSE	LEAD OFFICER	CABINET MEMBER
<b>20 FEBRUARY 2023</b>			
<b>Education, Skills, and Employment – What more can the Councils do to raise opportunities and attainment?</b>		Director – Economic Growth and Climate Change	
<b>Are planning pre-application advice customers getting a valuable service?</b>		Chief Planning Officer	Cabinet Members for Planning
<b>20 MARCH 2023</b>			
<b>Review on current levels of untreated sewage discharges to waters in Babergh and Mid Suffolk</b>			Cabinet Members for Environment
<b>20 APRIL 2023</b>			
<b>PRE-ELECTION PERIOD</b>			
<b>18 MAY 2023</b>			
<b>JUNE 2023</b>			
<b>Access and availability of services, leisure, education, and employment for residents</b>			
<b>Scrutiny of the delivery of services for Transport for both Town and rural areas</b>			

<b>Crime and Disorder Panel meeting</b>	The Committee conduct a scrutiny review of the WSCSP to fulfil the Councils Statutory requirements	Director – Sustainable Communities  Community Safety Professional Lead - Communities	Cabinet Members for Communities
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## **Topics identified for review but not currently timetabled:**

**Information Bulletin on Electronic Complaints System**

**Review of Central Suffolk Lettings**

**Census Reports**

**Outcome of Residents Survey to be reviewed**

### **Other topics identified:**

- Land Adoptions Policy
- Information Bulletin on the cost of maintenance of tenanted properties.

# Agenda Item 9

## Protocol for Call-in

Item	Guidance Description	Notes
1.	Chair to seek a proposer and a seconder for agreement of the attached Call-in protocol. Committee members to vote on the proposed protocol.	
2.	<p>Chair to introduce the Call-in and the Committee to agree the scope of the Call-in based on the points made in the Call-in Notice:</p> <ol style="list-style-type: none"><li data-bbox="256 680 1090 1084">1. The cabinet was not presented with all the information required in order to make an informed and sound decision. Whilst this area of land is owned by the HRA and the cabinet report describes it as “suitable for housing”, it is also an important and well-used open space within Elmswell village. It is not clear that, in the current planning policy context, and in the light of the very recent development control committee decision on application DC/22/03423 (also in Elmswell) that a planning application for housing on this site would be successful in gaining permission.</li><li data-bbox="256 1122 1090 1447">2. The risk matrix grid on page 146 of the cabinet papers described the likelihood of the site not gaining permission as (2) and the impact as (3) and recommends in mitigation that “thorough engagement with all stakeholders throughout the design and planning process.” However, no information was presented as to whether any engagement had taken place with development control to support this assessment of the risk.</li><li data-bbox="256 1485 1090 1962">3. No sequential test or supporting information was presented to cabinet to validate the selection of this site above any other site or sites in the district for exemplar housing, other than that this is a large site within the ownership of the HRA. Other possibilities that had not been considered include: a district-wide call for sites to deliver an exemplar scheme, which may have brought forward more sustainable alternative sites in community or private ownership, or a land-swap within Elmswell which could provide an alternative location for the exemplar housing scheme, whilst keeping this site available for future education provision in Elmswell which is the community’s clearly stated intention.</li></ol>	

3.	Once the scope has been agreed <b>the Lead Signatory</b> will present the reason for the Call-in and why the Committee should scrutinise the decision, this will be up to a maximum of <b>10 minutes</b> which the clerk will time. (The Lead Signatory may choose to call other councillors from those listed on the Call-In notice, but the maximum amount of time will remain ten minutes collectively)	
4.	The Chair will then ask the <b>Cabinet Member (s)</b> to present the reason (s) why the decision was taken by Cabinet (this will be no greater than <b>10 minutes</b> )	
4.1	The Chair to invite <b>Committee Members</b> to ask questions of the Lead Signatory and the Cabinet Member(s) for further information.	
4.2.	The Chair to invite <b>Committee Members</b> to ask questions of officers and other Members of Cabinet (if present)	
4.3.	The Chair to invite <b>Committee Members</b> to ask further question in light of new information provided.	
4.4	The Chair to invite the <b>Cabinet Member(s)</b> followed by the Lead Signatory to provide a summary of the respective cases (Allowing each summary 5 minutes)	
4.5	<b>Members of the Cabinet and Lead Signatory to leave the meeting.</b>	
4.6	<p>The Committee will then be asked to debate the issue and take one of the following courses of action: -</p> <p>(1) Refer the matter back to the Cabinet for reconsideration, together with the observations of the Overview and Scrutiny Committee. Cabinet will then take a final decision and that decision cannot be called in.</p> <p>(2) Seek the advice of the Monitoring Officer as to whether the decision is contrary to, or not wholly in accordance with the policy framework or the budget and if applicable refer the matter to full Council for a final decision.</p> <p>(3) That the decision be upheld and implemented immediately.</p> <p>In each case setting out in writing the nature of its concern.</p>	

<b>4.7</b>	There will be a vote given the reason for the Overview and Scrutiny Committee's decision (if the Cabinet Members have indicated that they are prepared to take the matter back to the Committee that will be noted and referred to together with the reason)	
<b>4.8</b>	The Chair of the Overview and Scrutiny Committee will have the discretion to operate the above process flexibly where it is considered that changes would be conducive to the effective performance of the Scrutiny role.	
<b>4.9</b>	Any motion must be proposed and seconded and only one motion can be debated at a time. When the debate has finished the motion will be put to the vote.	
<b>4.10</b>	Individual Councillors can ask for their own vote to be recorded and this will be noted by the Clerk. If Committee request a recorded vote this will need to be proposed and seconded and supported by up to three or more councillors.	
<b>5.</b>	Once motions have been agreed the meeting will close.	

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# Agenda Item 10

## MID SUFFOLK CALL – IN NOTICE 16 NOVEMBER 2022

### Call-in of Cabinet Decision MCa/22/27 - Elmswell Exemplar Housing Scheme, made 7<sup>th</sup> November 2022

We the undersigned, whilst supporting the intention to bring forward exemplar housing in the district, wish to call this cabinet decision in for examination by the scrutiny committee, for the following reasons:

1. The cabinet was not presented with all the information required in order to make an informed and sound decision. Whilst this area of land is owned by the HRA and the cabinet report describes it as “suitable for housing”, it is also an important and well-used open space within Elmswell village. It is not clear that, in the current planning policy context, and in the light of the very recent development control committee decision on application DC/22/03423 (also in Elmswell) that a planning application for housing on this site would be successful in gaining permission.
2. The risk matrix grid on page 146 of the cabinet papers described the likelihood of the site not gaining permission as (2) and the impact as (3) and recommends in mitigation that “thorough engagement with all stakeholders throughout the design and planning process.” However, no information was presented as to whether any engagement had taken place with development control to support this assessment of the risk.
3. No sequential test or supporting information was presented to cabinet to validate the selection of this site above any other site or sites in the district for exemplar housing, other than that this is a large site within the ownership of the HRA. Other possibilities that had not been considered include: a district-wide call for sites to deliver an exemplar scheme, which may have brought forward more sustainable alternative sites in community or private ownership, or a land-swap within Elmswell which could provide an alternative location for the exemplar housing scheme, whilst keeping this site available for future education provision in Elmswell which is the community’s clearly stated intention.

Signed in agreement by the following councillors:

Andrew Mellen

Sarah Mansel

Helen Geake

John Field

Penny Otton

John Matthissen

Andrew Stringer

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**Monday, 7 November 2022**



**MID SUFFOLK DISTRICT COUNCIL**

**DECISIONS NOTICE**

**DECISIONS BY THE MID SUFFOLK CABINET  
CALL IN DEADLINE 5:00PM ON 16 NOVEMBER 2022**

The following decisions have been taken by the Cabinet and will come into effect on 17 November 2022 unless the call-in procedure is activated. For clarity, where an item is 'to be noted', 'received' or recommended to Council for a decision, this is deemed not to be a formal Executive decision and so the call-in provisions will not apply.

**MCa/22/25 TENANT ENGAGEMENT STRATEGY**

It was **RESOLVED**: -

That Cabinet approved Option 1 -The strategy in its current form and acknowledged the changing landscape of social housing regulation in terms of the significance of good tenant engagement.

**REASON FOR DECISION**

The strategy has been co-designed with tenants through a consultation exercise with the Tenant Board, the wider tenant population, portfolio holding members and some key staff.

It is important for the councils to have a Tenant Engagement Strategy to set out how we, as a landlord, ensure that tenants are given a wide range of opportunities to influence and be involved in the formation of their landlord's housing-related strategic priorities. This includes decision making about how services are delivered, performance scrutiny and the management of their homes as required in the Regulator's Tenancy Involvement and Empowerment consumer standard.

**Alternative Options Considered and Rejected:**

1.1 Option 2 – To do nothing,

**Any Declarations of Interests Declared:** None

**Any Dispensation Granted:** None

**MCa/22/26 COMMUNITY INFRASTRUCTURE LEVY (CIL) - CIL EXPENDITURE PROGRAMME NOVEMBER 2022**

**It was RESOLVED: -**

1.2 That the CIL Expenditure Programme (November 2022) and accompanying technical assessment of the CIL Bids – M21-09, M22-06, M22-12, M22-15, M22-05 and M22-09 (forming Appendices, A and B) and which include decisions on these CIL Bid for Cabinet to make be approved and noted (delegated decision only) as follows: -

**Decisions for Cabinet to make: Ringfenced Infrastructure Fund (Walsham-le-Willows, Badwell Ash, Thurston, Elmswell, Woolpit, Tostock and Rattlesden) and Strategic Infrastructure Fund**

CIL Bid, Location and Infrastructure Proposed	Amount of CIL Bid and total cost of the Infrastructure	Cabinet Decision
M21-09  THURSTON  Expansion of Thurston Community College	Amount of CIL Bid  £1,781,462.00  Total costs of the project  £2,018,011  Other funding sources are  Section 106 £184,595  Basic Need funding £33,943  Suffolk County Council borrowing £18,011	Recommendation to Cabinet to approve CIL Bid M21-09 for £1,214,468.96 from the Ringfenced Fund (Walsham-le-Willows, Badwell Ash, Thurston, Elmswell, Woolpit, Tostock and Rattlesden) and £566,993.04 from Strategic Infrastructure Fund

**Decisions for Cabinet to make: Local Infrastructure Fund**

CIL Bid, Location and Infrastructure Proposed	Amount of CIL Bid and total cost of the Infrastructure	Cabinet Decision
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<p>M22-06</p> <p>EYE</p> <p>Play Facilities</p>	<p>Amount of CIL Bid</p> <p>£100,000.00</p> <p>Total costs of the project</p> <p>£150,000.00</p> <p>Other funding sources are</p> <p>MSDC Capital Grant</p> <p>£25,000.00</p> <p>Eye Town Council £5,000.00</p> <p>Community Development Fund MSDC £20,000.00 (unsecured)</p>	<p>Recommendation to Cabinet to approve CIL Bid M22-06 for £100,000.00 from the Local Infrastructure Fund</p> <p>(CIL Funding is subject to other funding being secured)</p>
<p>M22-12</p> <p>OLD NEWTON</p> <p>Village Hall Extension</p>	<p>Amount of CIL Bid</p> <p>£67,914.00</p> <p>Total costs of the project</p> <p>£90,552.00</p> <p>Other funding sources are</p> <p>S106 funding £861.57</p> <p>Capital Grants MSDC</p> <p>£21,776.43</p>	<p>Recommendation to Cabinet to approve CIL Bid M22-12 for £67,914.00 from the Local Infrastructure Fund</p>
<p>M22-15</p> <p>WETHERDEN</p> <p>Play Area</p>	<p>Amount of CIL Bid</p> <p>£18,375.63</p> <p>Total costs of the project</p> <p>£33,375.63</p> <p>Other funding sources are</p> <p>Wetherden Parish Council</p> <p>£15,000.00</p>	<p>Recommendation to Cabinet to approve CIL Bid M22-15 for £18,375.63 from the Local Infrastructure Fund</p>

**Decisions for Cabinet to note: Local Infrastructure Fund**

CIL Bid, Location and Infrastructure Proposed	Amount of CIL Bid and total cost of the Infrastructure	Cabinet Decision
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M22-05  EYE  Moors Woodland Footpath	Amount of CIL Bid £5,000.00  Total costs of the project £13,000.00  Other funding sources are  Suffolk County Council and Eye Town Council £2,000.00  CLA Charitable Trust £6,000.00	Recommendation for Cabinet to note the delegated decision for CIL Bid M22-05 for £5,000.00 from the Local Infrastructure Fund
M22-09  METFIELD  Play Area	Amount of CIL Bid £8,788.97  Total costs of the project £11,718.63  Other funding sources are  MSDC Locality fund £2,000  Metfield Parish Council £125.67  S106 funding £803.99	Recommendation for Cabinet to note the delegated decision for CIL Bid M22-09 for £8,788.97 from the Local Infrastructure Fund

**1.2 Cabinet also noted and endorsed this CIL Expenditure Programme which includes the position in respect of approved CIL Bids from Rounds 1, 2, 3, 4, 5, 6, 7, 8 and 9 (September 2022) - (Appendix A Section B) together with details of emerging infrastructure /CIL Bids (Appendix A Section C).**

### **REASON FOR DECISION**

Community Infrastructure Levy (CIL) monies have been collected since the implementation of CIL on the 11<sup>th</sup> April 2016. The CIL Expenditure Framework was originally adopted in April 2018 and reviewed with amendments adopted in the March 2019, April 2020, 23<sup>rd</sup> and March 2021. They were further reviewed, and changes were adopted in July 2022 by Mid Suffolk and in October 2022 by Babergh. The CIL Expenditure Framework requires the production of a CIL Expenditure Programme for each District and contains decisions for Cabinet to make or note on CIL Bids for CIL expenditure. These decisions relating to the expenditure of CIL monies form one of the ways in which necessary infrastructure supporting growth is delivered.

## **Alternative Options Considered and Rejected:**

There is a diverse spectrum of approaches to CIL expenditure across the country from Unitary Authorities who have absorbed CIL into their individual Capital Programmes to others who ringfence all funds to be spent locally. A range of different approaches was identified in Appendix A of the Framework for CIL Expenditure report provided to Cabinet's on the 5<sup>th</sup> and 8<sup>th</sup> of February 2018 and discussed in full during the workshops with the Joint Member advisory panel. Members adopted the documents set out in paragraph 1.1 above by Council decision in April 2018 which were subsequently reviewed and adopted on the 19<sup>th</sup> March 2019 (Babergh) and 18<sup>th</sup> March 2019 (Mid Suffolk) and further reviewed for the third time and adopted by both Councils on the 20<sup>th</sup> April 2020 and 23<sup>rd</sup> March 2021 (Babergh) and 25<sup>th</sup> March 2021 (Mid Suffolk) respectively. The fourth review took place in June 2022 and Mid Suffolk and Babergh approved the changes on the 21<sup>st</sup> July 2022 and on the 6<sup>th</sup> October 2022 respectively.

**Any Declarations of Interests Declared:** None

**Any Dispensation Granted:** None

## **MCa/22/27 ELMSWELL EXEMPLAR HOUSING SCHEME**

**It was RESOLVED: -**

**That Cabinet: -**

- 1.1 **Approved option 1 namely to appoint Mid Suffolk Growth Limited (MSGSL) to deliver the scheme on behalf of the Council for the market and affordable units**
- 1.2 **Delegated the negotiation and conclusion of the Development and Funding Agreements to the Deputy CEO, the Section 151 Officer, and Portfolio Holder for Asset and Investment**
- 1.3 **Approved delivery of the affordable housing on site in accordance with the Affordable Housing Strategy and in consultation with the Housing Portfolio**
- 1.4 **Approved the use of the capital funding within the MTFs for the delivery of the market homes.**

## **REASON FOR DECISION**

To enable and support the delivery of housing within the district and support the Councils aspiration to deliver low carbon homes to meet the targets set out in the Carbon Reduction Management Plan

## **Alternative Options Considered and Rejected:**

- 1.1 Option 1 – Appoint Mid Suffolk Growth Limited (MSGSL) to deliver a market and affordable housing scheme.

Initial design and feasibility work has been undertaken by the design team within MSGSL to establish whether an exemplar low carbon scheme could be delivered on

the site at Church Road in Elmswell. MSGL were provided with a brief from Housing seeking an updated view on a previous masterplan for the site, to bring the design in line with the Council's aspirations for exemplar low carbon homes and sustainable place making through the Council's own developments.

The initial design work has concluded that an exemplar scheme of circa 50 homes is achievable and would deliver new affordable and market housing that showcases the Council's new design guide and specification, providing high quality sustainable new homes for residents. There is need for affordable homes within Elmswell, this is a large site, so it is appropriate to have a balance of tenures, using affordable rented, affordable home ownership properties and market homes to deliver a sustainable scheme and community.

By entering into a Development Agreement with MSGL to deliver the scheme the Council will have access to the technical and professional design team required to progress the scheme through design, planning and ultimately to delivery.

The scheme will be funded partly through the General Fund (GF) and partly through the Housing Revenue Account (HRA).

There is £7m within the GF MTFS capital programme for the market housing element of the scheme, and £7m within the HRA capital programme for the affordable homes.

The market homes will be profit generating which will enable those funds to be reinvested across the district, it is anticipated the market homes will deliver circa 5% profit overall.

The affordable homes will be delivered in line with the updated Affordable Housing Strategy.

MSGL was set up to enable the Council to deliver more new housing in line with the aspirations of the Council on the type of new homes they wish to deliver, in this case an exemplar low carbon scheme. Other partners may not wish to develop this scheme to this high standard, favouring a higher profit margin, so MSGL is the preferred delivery option for this scheme.

Appendix A shows the site location

Appendix B shows the artist impression of how the site could look once completed

## 1.2 Option 2 – Disposal of the Land

This land is owned by the Housing Revenue Account (HRA) and therefore it has a primary function to deliver new homes.

In some circumstances HRA land can be disposed of on the open market, this would have to be approved by the Secretary of State.

Land would have to be defined as being "surplus" meaning that it is not required to deliver more homes or is not capable of delivering homes.

As the land is suitable for housing, and in an area that has demand for new homes, the land is not deemed to be surplus, and therefore it is not appropriate to dispose

of the land to be used for other purposes.

Elmswell is a sustainable location for both market and affordable homes with good transport links and local amenities. Part of the design work will be to establish with Strategic Housing an appropriate mix of tenure based on current data available at that time.

### 1.3 Option 3 – Do Nothing

This is not a viable option. The land can support a low carbon exemplar scheme that will enhance the local area and provide much needed homes as well as offering a unique offer to the market in terms of high-quality low carbon homes with special attention to place making design and integration into the existing settlement

The recommended option to enable housing delivery is Option 1. This will deliver high quality low carbon homes and support the delivery of Mid Suffolk's newly adopted design guide and support further housing delivery within the district

**Any Declarations of Interests Declared:** Councillor Richardson declared an Other Registrable Interest due to being a Director of Mid Suffolk Growth Limited for which he had received dispensation and was therefore able to debate and vote on the item.

**Any Dispensation Granted:** Yes

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## MID SUFFOLK DISTRICT COUNCIL

<b>COMMITTEE: CABINET</b>	<b>REPORT NUMBER: MCa/22/27</b>
<b>FROM: Cllr Lavinia Hadingham Cabinet Member for Housing  Cllr Peter Gould Cabinet Member for Assets &amp; Investments</b>	<b>DATE OF MEETING: 7 November 2022</b>
<b>OFFICER: Holly Brett Corporate Manager – Councils' Companies</b>	<b>KEY DECISION REF NO. CAB391</b>

### ELMSWELL EXEMPLAR HOUSING SCHEME

#### 1. PURPOSE OF REPORT

- 1.1 This report provides an update of the work carried out to date to establish whether an exemplar low carbon housing scheme could be delivered on the Housing Revenue Account land at Church Road, Elmswell.
- 1.2 This report reviews the options available at this time to progress the scheme and recommends option 1 is progressed; appointing Mid Suffolk Growth Limited to deliver the scheme on behalf of the Council.
- 1.3 This report seeks agreement to release capital included within the capital programme of the Medium-Term Financial Strategy, to deliver the open market homes element of the scheme.

#### 2. OPTIONS CONSIDERED

The options that have been considered are: -

- 2.1 **Option 1 – Appoint Mid Suffolk Growth Limited (MSGSL) to deliver a market and affordable housing scheme.**

Initial design and feasibility work has been undertaken by the design team within MSGSL to establish whether an exemplar low carbon scheme could be delivered on the site at Church Road in Elmswell. MSGSL were provided with a brief from Housing seeking an updated view on a previous masterplan for the site, to bring the design in line with the Council's aspirations for exemplar low carbon homes and sustainable place making through the Council's own developments.

The initial design work has concluded that an exemplar scheme of circa 50 homes is achievable and would deliver new affordable and market housing that showcases the Council's new design guide and specification, providing high quality sustainable new homes for residents. There is need for affordable homes within Elmswell, this is a large site, so it is appropriate to have a balance of tenures, using affordable rented,

affordable home ownership properties and market homes to deliver a sustainable scheme and community.

By entering into a Development Agreement with MSGL to deliver the scheme the Council will have access to the technical and professional design team required to progress the scheme through design, planning and ultimately to delivery.

The scheme will be funded partly through the General Fund (GF) and partly through the Housing Revenue Account (HRA).

There is £7m within the GF MTFS capital programme for the market housing element of the scheme, and £7m within the HRA capital programme for the affordable homes.

The market homes will be profit generating which will enable those funds to be reinvested across the district, it is anticipated the market homes will deliver circa 5% profit overall.

The affordable homes will be delivered in line with the updated Affordable Housing Strategy.

MSGL was set up to enable the Council to deliver more new housing in line with the aspirations of the Council on the type of new homes they wish to deliver, in this case an exemplar low carbons scheme. Other partners may not wish to develop this scheme to this high standard, favouring a higher profit margin, so MSGL is the preferred delivery option for this scheme.

Appendix A shows the site location

Appendix B shows the artist impression of how the site could look once completed

## **2.2 Option 2 – Disposal of the Land**

This land is owned by the Housing Revenue Account (HRA) and therefore it has a primary function to deliver new homes.

In some circumstances HRA land can be disposed of on the open market, this would have to be approved by the Secretary of State.

Land would have to be defined as being “surplus” meaning that it is not required to deliver more homes or is not capable of delivering homes.

As the land is suitable for housing, and in an area that has demand for new homes, the land is not deemed to be surplus, and therefore it is not appropriate to dispose of the land to be used for other purposes.

Elmswell is a sustainable location for both market and affordable homes with good transport links and local amenities. Part of the design work will be to establish with Strategic Housing an appropriate mix of tenure based on current data available at that time.

## **2.3 Option 3 – Do Nothing**

This is not a viable option. The land can support a low carbon exemplar scheme that will enhance the local area and provide much needed homes as well as offering a unique offer to the market in terms of high-quality low carbon homes with special attention to place making design and integration into the existing settlement

The recommended option to enable housing delivery is Option 1. This will deliver high quality low carbon homes and support the delivery of Mid Suffolk's newly adopted design guide and support further housing delivery within the district

<p><b>3. RECOMMENDATIONS</b></p> <p><b>That Cabinet: -</b></p> <p>3.1 Approves <b>option 1</b> namely to appoint Mid Suffolk Growth Limited (MSGSL) to deliver the scheme on behalf of the Council for the market and affordable units</p> <p>3.2 Delegates the negotiation and conclusion of the Development and Funding Agreements to the Deputy CEO, the Section 151 Officer, and Portfolio Holder for Asset and Investment</p> <p>3.3 Approves delivery of the affordable housing on site in accordance with the Affordable Housing Strategy and in consultation with the Housing Portfolio</p> <p>3.4 Approves the use of the capital funding within the MTFs for the delivery of the market homes</p>
<p><b>REASON FOR DECISION</b></p> <p>To enable and support the delivery of housing within the district and support the Council's aspiration to deliver low carbon homes to meet the targets set out in the Carbon Reduction Management Plan</p>

#### 4. KEY INFORMATION

- 4.1 In 2018 the Council commissioned a high-level masterplan for the land at Church Road, in 2021 MSGSL were appointed on a consultancy basis to review the existing masterplan, and establish whether an exemplar sustainable, low carbon scheme could be achieved that was viable.
- 4.2 This work was concluded in early 2022 and demonstrated that a fifty-unit scheme could be delivered that will showcase the Council's low carbon ambitions and would provide market leading new homes in the district that are truly sustainable.

- 4.3 The development will include areas of open space, biodiversity friendly planting areas, increased walking and cycling routes, rainwater collection, community gardens and will seek to integrate into the existing community by utilising the site characteristics and being respectful of the existing homes in the area.
- 4.4 The design will evolve as engagement with the local community, the local planning authority, and other key stakeholders progresses.
- 4.5 Mid Suffolk Growth Limited (MSGSL) was set up in 2019 with the purpose of increasing housing delivery in the district on behalf of the Council.
- 4.6 By entering into a Development Agreement with Mid Suffolk Growth Limited the Council will benefit from the expertise of the design and delivery team that has delivered a successful scheme at the Needham Market, former HQ site. The same structure was used on this scheme and delivered a high-quality market leading scheme that delivered financial returns to the Council, high quality market homes and new affordable housing for the council. The development that has been very well received.

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

- 5.1 The development of land at Church Road supports the joint corporate plan by delivering new homes and supporting the low carbon agenda.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The delivery of the scheme in terms of design costs and construction cost has been forecast using current rates. Build costs are increasing in the current market so there is the potential for additional funds to be required.
- 6.2 The General Fund will fund market homes and the HRA the affordable homes. The funding for the market homes will take the form of a loan to MSGSL from the Council. The Council will loan the company funds at 2% above the base rate in line with current funding arrangements. The funding has been approved in the capital programme. There will be a Funding Agreement in place for this lending and the peak debt threshold agreed as the scheme progresses to a sufficient level of technical information to inform this.
- 6.3 There is the opportunity to use Right to Buy receipts to fund some of the affordable housing costs. The apportionment of this will be included as part of the iterative viability work as the scheme progresses, in line with the Affordable Homes Strategy.
- 6.4 Potential grant funding opportunities will be investigated should they become available, and if the scheme is eligible the capital funding profile may change.
- 6.5 The delivery of the Elmswell scheme requires total funding of approx. £15.2M over the phasing of the scheme's development. The total anticipated income

for the scheme is c.£16M with an estimated return on investment of c.£800k for MSDC as shareholder of Mid Suffolk Growth.

#### 6.6 Table 1 – Total Development Funding (MID Suffolk Growth)

<b>Total Development Funding</b> (estimated)	
Income	£16,000,000
Costs *	£15,200,000
<b>Total return on investment</b>	<b>£800,000</b>
Shareholder return/land receipt MSDC	£800,000

\* Costs include £1.2m contingency and £545k CIL/106 contribution

These costs are subject to design development and tenure being agreed once consultation has been completed, there may be variations to the figures.

#### 6.7 Table 2 – Capital Funding requirement

<b>Capital Funding</b>	<b>Total</b>
Market Housing Development – total funding required (peak not yet available)	£7 M
Affordable Housing	£7 M
<b>Total</b>	<b>£14 M</b>

The market housing will be funded by way of a loan from the Council to MSGL. The Council will benefit from interest payments from MSGL totalling c.£415K over the 2.5yr period. This interest is a development cost and if the scheme fails to make a profit will need to be absorbed by the Council.

As the scheme design progresses and cost certainty is refined the peak debt figure will be agreed with the council meaning that the interest income figure to the council may change. There are also other income benefits to the public purse from the development such as CIL/106 funds, council tax income and new homes bonus

## 7. LEGAL IMPLICATIONS

7.1 The Council will enter into development and facility agreements with Mid Suffolk Growth Limited. Mid Suffolk Growth Limited is a Joint Venture (Teckal compliant) company between Mid Suffolk District Council and Norse Group whereby 80% of Mid Suffolk Growth Limited's work is for Mid Suffolk Council, which retains strategic influence and control over Mid Suffolk Growth Limited and in which there is no direct private equity.

7.2 The development of the land at Church Road is to be fully funded by Mid Suffolk District Council and any capital receipts will be retained by the Council. The objective of the development agreement is to deliver the

development without incurring any losses. The development agreement can be terminated by the Council subject to all outstanding costs being paid.

## 8. RISK MANAGEMENT

8.1 Key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Score</b>	<b>Mitigation Measures</b>
If we didn't explore fully the development options for the site, and other sites, the Council may not achieve the best economic, social and financial outcomes.	(2)	(2)	(4)	The recommended option will deliver high quality housing, in the most timely manner now that the scheme is in a position to be progressed
Other project risks:				
Continued construction cost inflation	(2)	(3)	(6)	Progress scheme in phases and review each phase and market prior to progressing. Phases to be tendered separately.
There is a market downturn which means that the viability position is altered for the project.	(2)	(3)	6	The Council could consider holding properties for private rent whilst the market recovers if required
The scheme may not achieve planning consent to enable the	(2)	(3)	6	Thorough engagement with all stakeholders throughout the

delivery of the scheme				design and planning process
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## 9. CONSULTATIONS

- 9.1 The progress on the initial design of the scheme and emerging preferred option has been consulted on with the Portfolio Holder for Housing, the Leader, the Shadow Portfolio Holder for Housing, Ward Cllrs, the Portfolio Holder for Asset and Investment and the Parish Council. This is in advance of formal pre planning consultation and engagement with the public.
- 9.2 The approach that is being recommended within this report has been consulted on with the board members of Mid Suffolk Growth Limited.

## 10. EQUALITY ANALYSIS

- 10.1 Equality Impact Assessment (EIA) is not required as there are no equality issues arising from the contents of this report and the recommendations.

## 11. ENVIRONMENTAL IMPLICATIONS

- 11.1 The recommended option allows the Council to take control of environmental factors in the design and build of the proposed new housing and development facilities within the district.
- 11.2 The scheme will be delivered to reflect the Councils new design guide and technical specification which is centred on a low carbon approach and ensuring homes are truly affordable and sustainable.
- 11.3 The key design goals of this scheme are:
- People and nature first: Minimising disruptive vehicular routes and maximise pedestrian and cycle routes, approaching the parking stage as something that can be easily adapted in the future
  - Improve green infrastructure: Use existing green space and connect them with “green movement spine” retaining existing trees where possible and links to wider green infrastructure
  - Use orientation and volume wisely: Maximise terraced and semi-detached houses as well as solar gains by using correct orientation. Position larger house types in the centre and smaller units to the edges to minimise impact on the neighbouring properties
  - Respect local neighbours: Position new homes taking into consideration overlooking zones. Where possible position gardens and parking areas to make spaces feel more open for existing neighbours. Offer the use of shared play areas/allotments to neighbouring properties to create a wider community feel

- Respect local architecture and materiality: Take into consideration existing materiality and Elmswell heritage. Prioritise “fabric first” approach; buildings should be functional, healthy and sustainable. Use technologies that could benefit local neighbours; electrical charging points, scoot/bike hire stations
- Future proof: Create a design model that is nature inspired, semi-autonomous and community centric, in the future car parking areas could be modified to create community uses and shared surface access road could become cycle and pedestrian zones.

## 12. APPENDICES

Title	Location
(A) Site location plan	In report
(B) High Level site visuals	In report



**APPENDIX A**

**SITE LOCATION PLAN**



## **APPENDIX B**

### **HIGH LEVEL SITE VISUALS**

#### **4.0 PROPOSED DEVELOPMENT**

##### **4.8 Street View 1**

See page 25 for location



##### **4.8 Street View 2**

See page 25 for location



4.8 Street View 3  
See page 25 for location



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**57 MCA/22/27 ELMSWELL EXEMPLAR HOUSING SCHEME**

- 57.1 The Chair, Councillor Morley, invited the Cabinet Member for Housing, Councillor Hadingham to introduce the report.
- 57.2 Councillor Hadingham introduced the report and moved the recommendations as detailed, which was seconded by Councillor Flatman.
- 57.3 Councillor Whitehead queried Option 2 under Options Considered and asked for clarification on the disposal options. The Director for Assets and Investments responded that the land was designated HRA land and that any disposal of this land would need to be approved by the Secretary of State, whether this was for non-housing purposes, or housing by a third party.
- 57.4 In response to questions from other members attending the meeting the Director for Assets and Investments responded that the figure was for the build cost of the development and not for the land value.
- 57.5 The Chair invited Councillor Mansel to speak on the item, as Ward Member for Elmswell.
- 57.6 Councillor Richardson highlighted that the site was a prime opportunity to provide affordable housing in excess of what a private development would provide. Additionally, the site would hold social and environmental benefits to the community.
- 57.7 Councillor Morley added that the HRA was the best way for the Council to provide affordable housing.
- 57.8 Councillor Whitehead raised concerns that nationally base rates have doubled from one and a half percent to three percent.

**It was RESOLVED: -**

**That Cabinet: -**

- 1.1 Approved option 1 namely to appoint Mid Suffolk Growth Limited (MSGSL) to deliver the scheme on behalf of the Council for the market and affordable units**
- 1.2 Delegated the negotiation and conclusion of the Development and Funding Agreements to the Deputy CEO, the Section 151 Officer, and Portfolio Holder for Asset and Investment**
- 1.3 Approved delivery of the affordable housing on site in accordance with the Affordable Housing Strategy and in consultation with the Housing Portfolio**

**1.4 Approved the use of the capital funding within the MTFS for the delivery of the market homes.**

**REASON FOR DECISION**

To enable and support the delivery of housing within the district and support the Councils aspiration to deliver low carbon homes to meet the targets set out in the Carbon Reduction Management Plan