



AGENDA

COUNCIL MEETING

THURSDAY, 26TH JANUARY, 2023 – 5.30 PM

Members of the Council are summoned to a meeting of the Mid Suffolk District Council at King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Thursday, 26th January, 2023 at 5.30 pm.

A handwritten signature in black ink, appearing to read "Arthur Charvonja".

Arthur Charvonja
Chief Executive



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| COMMITTEE: | MSDC COUNCIL |
| DATE: | THURSDAY, 26 JANUARY 2023 5.30 PM |
| VENUE: | KING EDMUND CHAMBER, ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH |

| Councillors | |
|--|--|
| <u>Conservative and Independent Group</u> David Burn James Caston (Chairman) Paul Ekpenyong (Vice-Chair) Julie Flatman Jessica Fleming Peter Gould Kathie Guthrie Lavinia Hadingham Matthew Hicks Barry Humphreys MBE Richard Meyer Suzie Morley Dave Muller Timothy Passmore Harry Richardson John Whitehead Gerard Brewster | <u>Green and Liberal Democrat Group</u> Oliver Amorowson Terence Carter Austin Davies Rachel Eburne John Field Helen Geake Sarah Mansel John Matthissen Andrew Mellen Mike Norris Penny Otton Stephen Phillips Daniel Pratt Keith Scarff Andrew Stringer Rowland Warboys Keith Welham |

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The Council, members of the public and the press may record/film/photograph or broadcast this meeting when the public and the press are not lawfully excluded.

AGENDA

PART 1

MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT

Page(s)

1 APOLOGIES FOR ABSENCE

To receive apologies for absence.

- 2 **DECLARATION OF INTERESTS BY COUNCILLORS**
- 3 **MC/22/28 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 24 NOVEMBER 2022** 7 - 14
- 4 **MC/22/29 CHAIRMAN'S ANNOUNCEMENTS** 15 - 16
- 5 **LEADER'S ANNOUNCEMENTS**
- 6 **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**
- In accordance with Council Procedure Rule 11, The Chief Executive will report the receipt of any petitions. There can be no debate or comment upon these matters at the Council meeting.
- 7 **QUESTIONS BY THE PUBLIC IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**
- The Chairman of the Council to answer any questions by the public of which notice has been given no later than midday three clear working days before the day of the meeting in accordance with Council Procedure Rule No. 12.
- 8 **QUESTIONS BY COUNCILLORS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**
- The Chairman of the Council, Chairs of Committees and Sub-Committees and Portfolio Holders to answer any questions on any matters in relation to which the Council has powers or duties or which affect the District of which due notice has been given in accordance with Council Procedure Rule 13.
- 9 **MC/22/30 OVERVIEW AND SCRUTINY COMMITTEE REPORT** 17 - 22
- Chair of Overview & Scrutiny Committee
- 10 **RECOMMENDATIONS FROM CABINET / COMMITTEES**

Cabinet Member for Finance

At its meeting on 9th January 2023, Cabinet considered Paper MCa/22/34 – Council Tax Reduction (Working Age) Scheme 2023/24. The recommendation set out in the report was accepted.

RECOMMENDATIONS TO COUNCIL:

That Council approves 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.

In addition, the following recommendations as a result of the Governments announcements in the Provisional Settlement relating to the additional local Council Tax Support award for 2023/24

1. That Council approves the introduction of an additional Local Council Tax Support award for 2023/24 of up to at least £25 per recipient where residual liability for Council Tax exists, as permitted under Section 13A (1) (c) of the Local Government Finance Act 1992.
 2. That Council gives authority to the Director for Corporate Resources in consultation with the Cabinet Member for Finance to agree Local Discretionary Policy as permitted under Section 13A (1) (c) of the Local Government Finance Act 1992 to determine the method of distribution for any funds remaining from the additional Council Tax Support Fund for 2023/24.
- Links to the Government website containing information on the scheme:

[16/2022: Council Tax information letter - 23 December 2020 GOV.UK \(www.gov.uk\)](#)

[Council Tax Support Fund guidance - GOV.UK \(www.gov.uk\)](#)

- b **JAC/21/38 HALF YEAR REPORT ON TREASURY MANAGEMENT 2022/23** 39 - 72
Co-Chair of Joint Audit and Standards Committee

At its meeting on 28 November 2022, the Joint Audit and Standards Committee considered Paper JAC/21/38 – Half Year Report on Treasury Management 2022/23. The recommendations set out in the report were accepted.

It was RECOMMENDED TO COUNCIL:

- 1) **That the Treasury Management activity for the first six months of 2022/23 as set out in report JAC/21/38 and Appendices be noted.**
- 2) **That it be noted that Mid Suffolk District Council’s treasury management activity for the first six months of 2022/23 was in accordance with the approved Treasury Management Strategy, and that, except for one occasion when the Council exceeded its daily bank account limit with Lloyds, as mentioned in Appendix C, paragraph 4.1, the Council has complied with all the Treasury Management Indicators for this period.**

Note – It is a requirement of the Code of Practice on Treasury Management that full Council notes the Half-Year position.

- 11 **MC/22/31 COMMUNITY GOVERNANCE REVIEWS 2022** 73 - 80

Electoral Registration Officer

- 12 **MC/22/32 SPECIAL URGENT DECISIONS TAKEN BY OFFICERS UNDER DELEGATED POWERS IN ACCORDANCE WITH PART 2 OF THE CONSTITUTION** 81 - 84

Chief Executive

- 13 **COUNCILLOR APPOINTMENTS**

- 14 **MOTIONS ON NOTICE**

Date and Time of next meeting

Please note that the next meeting is scheduled for Thursday, 23 February 2023 at 5.30 pm.

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

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact the Committee Officer, Committee Services on: 01473 296472 or Email: 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:

- Toilets are situated opposite the meeting room.
- Cold water is also available outside opposite the room.
- Please switch off all mobile phones or turn them to silent.

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1. Leave the building immediately via a Fire Exit and make your way to the Assembly Point (Ipswich Town Football Ground).
2. Follow the signs directing you to the Fire Exits at each end of the floor.
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.
5. Do not re-enter the building until told it is safe to do so.

Agenda Item 3

MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK COUNCIL** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Thursday, 24 November 2022 at 5.30pm.

PRESENT:

Councillors: James Caston (Chairman)
Paul Ekpenyong (Vice-Chair)

Councillors: David Burn
John Field
Jessica Fleming
Lavinia Hadingham
Barry Humphreys MBE
John Matthissen
Richard Meyer
Dave Muller
Penny Otton
Dr Daniel Pratt
Keith Scarff
Rowland Warboys
John Whitehead

Terence Carter
Julie Flatman
Dr Helen Geake
Matthew Hicks
Sarah Mansel
Andrew Mellen
Suzie Morley
Mike Norris
Timothy Passmore
Harry Richardson
Andrew Stringer
Keith Welham

In attendance:

Officers: Chief Executive (AC)
Monitoring Officer (IA)
Corporate Manager – Governance and Civic Office (JR)
Assistant Manager – Governance and Team Leader (HH)

Apologies:

Oliver Amorowson
Gerard Brewster
Austin Davies
Rachel Eburne
Peter Gould
Kathie Guthrie

66 DECLARATION OF INTERESTS BY COUNCILLORS

66.1 There were no declarations of interests by Councillors.

67 MC/22/26 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 27 OCTOBER 2022

It was **RESOLVED:-**

That the Minutes of the meeting held on 27 October 2022 be confirmed and signed as a true record.

68 MC/22/27 CHAIRMAN'S ANNOUNCEMENTS

68.1 The Chair referred Councillors to paper MC/22/27 for noting.

69 LEADER'S ANNOUNCEMENTS

69.1 Councillor Morley made the following announcements:-

The death of two-year-old Awaab Ishak after exposure to mould in his family's flat in Rochdale was a tragedy, and I am sure all members will join me in expressing our sympathies to his family.

This sad case has rightly put the standard of social housing in the spotlight. In the last week, housing secretary Michael Gove has written to all housing providers in England, including Babergh and Mid Suffolk Councils, calling for an urgent assessment of homes to provide reassurance over standards.

But we didn't wait for this Government letter in order to act, we had already begun initiating work to address this. Members will be aware we initiated a full diagnostic review of building services earlier in the year. This picked up the need to increase our input into resolving issues around mould and damp. We have acted on these recommendations.

This year, for example, we have trained more people to deliver damp and mould treatment and employed a Damp Specialist Surveyor. We are also recruiting another surveyor to increase capacity.

The wellbeing of our tenants has always been a priority and following this case I can promise members we will redouble our efforts to ensure the quality of all our homes so that such a tragedy can never happen here. I have spoken to our new Housing Director, Deborah Fenton, who has updated me on all the actions already taken this year to resolve any damp and mould issues, and further measures planned. We are also progressing well with our Stock Condition Survey and are developing and costing a retrofit programme. The housing directorate will also be developing a performance framework to be presented to Cabinets and the Tenant Board every quarter, helping both members and tenants hold us to account.

This work is just a part of what we are doing to ensure our homes are fit for the future.

Since our last full council meeting, an historic county deal for Suffolk has been announced by Chancellor Jeremy Hunt. This is the first county deal of its kind in the country, and if agreed, will deliver decades of significant additional investment into local priorities. It will give Suffolk greater decision-making powers around the likes of transport, infrastructure and skills.

As you know, Suffolk's public sector leaders – including from Mid Suffolk and Babergh – and MPs have been working collaboratively on this for some time. It has been a great example of Suffolk working together for the benefit of residents and businesses.

The chancellor said Suffolk would get a directly elected mayor. But I want to clarify that Suffolk is actually pursuing a model where the Leader of Suffolk County Council is directly elected by the people of Suffolk. It will not be an elected mayor, and the current leader/cabinet model will be retained. The proposed change would not add any new levels of bureaucracy nor create any new offices.

I will keep you informed about the county deal as it progresses.

Next week, Mid Suffolk District Council will publish our End of Term report. This report tells the story of our council's fantastic achievements in the last four years. It covers the full breadth of what we have done - from how we supported many thousands of residents and businesses during through the Covid-19 pandemic, to how we are now helping in the cost of living crisis.

But it is not just about how we have magnificently stepped up to the challenges we have faced. It is a celebration of the outstanding work done by the council in all areas - including planning and housing, driving economic growth, and delivering a vision for our district and its communities.

I would urge everyone to read it, reflect on our achievements and feel pride in what we do. Please do share it with people in your ward.

69.2 In response to a question from Councillor Welham regarding incidents of damp in council owned housing, Councillor Morley advised Members that a briefing paper was being prepared by the newly appointed Director for Housing and would be issued to Members shortly.

69.3 Councillor Geake asked whether the proposed damp treatment would centre on structural and heating issues to treat the root cause of the damp rather than chemical treatments.

69.4 In reply, Councillor Morley advised that research into the proposed works had not yet taken place, however when this work had been completed the outcome would be shared with Members.

69.5 Councillor Morley responded to a question from Councillor Field regarding the treatment of damp in sheltered accommodation, advising that as soon as details of the proposed treatment were available this would be shared with Members.

69.6 Councillor Otton requested assurance from the Cabinet Member for Housing that chemical treatments would not be used to treat the issues.

69.7 Councillor Morley restated that details would be shared as soon as they became available.

70 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES

70.1 None Received.

71 QUESTIONS BY THE PUBLIC IN ACCORDANCE WITH COUNCIL PROCEDURE RULES

Question 1

Mr Pyle to Councillor Gould, Cabinet Member for Assets and Investments

Given that on the 9th November 2022 a development control committee refused permission for a single house in Elmswell because it was to be built on Public Open Space (POS), how is it possible that Mid Suffolk Cabinet continue to plan for 50 houses on 9 acres of POS on the other side of the village?

Response from Councillor Richardson, Cabinet Member for Economic Growth, on behalf of Councillor Gould, Cabinet Member for Assets and Investments

I am not party to the specifics of the case that you refer to, although I am reliably informed that the planning committee report concluded that insufficient information had been provided by the applicant in that case to determine whether the proposal accorded with the National Planning Policy Framework. As each planning case is considered on its own merits, I don't think it is appropriate to compare sites in this way particularly as the formal status of these sites differs within our emerging local plan.

As Members will be aware the Council is considering the delivery of an exemplar sustainable residential development in Elmswell of approximately 50 homes on a site which is within the Council's ownership at Church and School Road, though it is still in its early days in terms of shaping this proposal further. The first community engagement event took place last week which provided significant feedback for further consideration, and we are very grateful for the high level of attendance and engagement from the community within Elmswell and there will be further engagement in this regard and any scheme will in due course be considered by the planning authority and assessed accordingly.

Supplementary Question

Given the positive discussion with Elmswell Parish Council about the possibility of a new primary school on the site why has this option been dropped?

Response from Councillor Richardson

The question of the primary school has been discussed at Cabinet both early this month and last year as well, the issue being, and members will be aware of the difficulties associated with HRA ownership of land, but for simplicity the actual site itself is owned by the Housing Revenue Account which for legal reasons is a separate ringfenced entity from Mid Suffolk's otherwise General Fund. What this means in practice is that for any disposal of the land for purposes not for housing purposes we would need to prove that there is no way the land could facilitate housing, and there was no need for housing within a particular area. Now, given that Elmswell is designated as a core village within the emerging local plan, given that it's a highly sustainable village, given the amenities that are present, and that it's got excellent transport connections, we cannot prove either of those two criteria and the decision ultimately would have to go to the Secretary of State for approval provided we didn't meet either of those conditions and unfortunately in this particular instance we can't prove that and we don't think we will get the Secretary of State's approval for disposal of the land. So, whilst we have had extensive conversations with local

stakeholders the approach that we have taken, that's the advice that we as Cabinet have received from Officers is that this site is suitable for delivery of housing, there is a need for particularly affordable housing, within Elmswell and the local area, and for that reason Cabinets indication earlier this month was that we wish to proceed with housing at this site.

72 QUESTIONS BY COUNCILLORS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES

Question 1

Councillor Mellen to Councillor Morley, Leader of the Council

Councillor Morley as leader of the Council has welcomed the announcement of a devolution deal for Suffolk with a directly elected council leader. What level of involvement will other councillors in this authority have in agreeing this change to Suffolk's governance?

Response from Councillor Morley, Leader of the Council

Any change to a directly elected Leader for Suffolk County Council is a Governance change for Suffolk County Council and Mid Suffolk District Council would not be involved in that.

Supplementary Question

Do you agree that there is a lack of clarity in the current information in the public domain about how this new role will work.

Response from Councillor Morley

Yes, I do.

73 COUNCILLOR APPOINTMENTS

73.1 There were no changes in placings.

74 MOTIONS ON NOTICE

75 TO CONSIDER THE MOTION ON NOTICE RECEIVED FROM COUNCILLOR MORLEY

44.1 Councillor Morley **PROPOSED** her motion which was a template that councillors and councils could use to publicly demonstrate their commitment to improving the quality of public and political debate and challenging abuse and intimidation of people in public life by signing up to the LGA Debate Not Hate campaign.

44.2 Councillor Mellen **SECONDED** the motion and expressed his support.

44.3 Members debated the motion, discussing the effect of social media, the role of good communication, the role the Communications team could play in factual correction of comments, the effect on Parish Councillors, and the importance of encouraging more diversity in the Council.

It was RESOLVED:

This council notes that increasing levels of toxicity in public and political discourse is having a detrimental impact of local democracy and that prevention, support and responses to abuse and intimidation of local politicians must improve to ensure councillors feel safe and able to continue representing their residents.

This councils therefore commits to challenge the normalisation of abuse against councillors and uphold exemplary standards of public and political debate in all it does. The council further agrees to sign up to the LGA's Debate Not Hate campaign. The campaign aims to raise public awareness of the role of councillors in local communities, encourage healthy debate and improve the response to and support for local politicians facing abuse and intimidation.

In addition, the council **RESOLVES** to:

- Write to the local Member of Parliament to ask them to support the campaign
- Write to the Government to ask them to work with the LGA to develop and implement a plan to address abuse and intimidation of politicians
- Regularly review the support available to councillors in relation to abuse and intimidation and councillor safety
- Work with the local police to ensure there is a clear and joined-up mechanism for reporting threats and other concerns about the safety of councillors and their families
- Take a zero-tolerance approach to abuse of councillors and officers.

76 TO CONSIDER THE MOTION ON NOTICE RECEIVED FROM COUNCILLOR MELLEEN

76.1 Councillor Mellen **PROPOSED** his Motion which sought to address some of the issues arising from the impact of regular wastewater discharges into local rivers and the effect of this on wildlife and human health, by resolving to publicly scrutinise the issues at a meeting of the Overview and Scrutiny Committee, giving due consideration to the cumulative impact of sewage when making decisions regarding allocations in the Joint Local Plan, and requesting that Planning Officers include details on the impact on watercourses in all reports relating to major developments, or to identify where this information is not available.

76.2 Councillor Fleming **SECONDED** the motion, commenting that the motion recognised the concerns of the general public regarding water quality, and laid out how the Council address these concerns.

76.3 Members debated the motion on issues including: the impact of permeable surfaces on surface water drainage, the benefits of the proposed changes to the planning system.

76.4 Councillor Richardson proposed an amendment to the motion requesting that

in addition to any proposed changes to the planning system, the Council lobby local MPs and Ofwat to express concerns over water quality and the desire to see improvements.

- 76.5 The amendment was accepted by the Proposer and Seconder.
- 76.6 Members continued to debate the motion on issues including: the comments currently received from consultees regarding planning applications, the work undertaken by the Suffolk Drainage Board to raise awareness of the issues, the role the Overview and Scrutiny Committee could play, the negative effect on residents, the environments, ecosystems, and other factors leading to river pollution.

This Council RESOLVES to:

- 1. Ask the chair of the scrutiny committee to invite senior officers of Anglian Water plus senior representatives from the relevant internal Drainage Boards, Natural England and the Environment Agency to attend a meeting to answer questions on the current levels of untreated sewage discharges to waters in Mid Suffolk.**
- 2. Ensure that in gathering evidence for future iterations of the local plan the council consider the cumulative impact of sewage when deciding the overall level of housing and other development. The council notes that decisions about allocations in the Joint Local Plan will be guided by an updated Water Cycle Study. This should take into account the impact of combined sewer overflow discharges on watercourses and the capacity of waste water treatment works to process anticipated new foul drainage.**
- 3. Ask Anglian Water, from this date onwards, in its planning consultation responses for major development, to identify which treatment works will be managing the sewage and what their capacity is to treat additional volumes of effluent; whether it has the information available to assess the impact on the number or duration of sewage discharges into local rivers, and if it does have this information to share it (noting that this can only be requested not required).**
- 4. Request that planning officers, from now onwards, include in all reports relating to major development a specific section on the impact on watercourses, including the potential for the development to result in untreated sewage outflow into watercourses (i.e. cumulative impact), or to flag if this information is not fully available, so that this information (or the lack of it) is clearly and transparently set out.**
- 5. That the Council lobby local MPs and Ofwat to express concerns over water quality and the desire to see improvements.**

The business of the meeting was concluded at 7.05pm

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Chair

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Agenda Item 4

MC/22/29

MID SUFFOLK DISTRICT COUNCIL - 26 JANUARY 2023

CHAIRMAN'S ANNOUNCEMENTS

| EVENT | LOCATION | DATE | CHAIRMAN | VICE CHAIR |
|-------------------------------------|--|--------|----------|---------------|
| DECEMBER 2022 | | | | |
| Solar Carport completion photo call | Mid Suffolk Leisure Centre, Stowmarket | 21-Dec | ✓ | |
| JANUARY 2023 | | | | |
| Babergh Chairman's Charity Dinner | Royal Hospital School, Holbrook | 28-Jan | ✓ | |

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Agenda Item 9

MID SUFFOLK DISTRICT COUNCIL

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| TO: Council | REPORT NUMBER: MC/22/30 |
| FROM: Chair of Overview and Scrutiny Committee | DATE OF MEETING: 26 January 2023 |

OVERVIEW & SCRUTINY COMMITTEE REPORT TO MID SUFFOLK DISTRICT COUNCIL

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Mid Suffolk District Council on the business conducted at the Joint Overview and Scrutiny Committee on the 24th October 2022, 21st November 2022 and the 19th December 2022 as well as the Mid Suffolk Overview and Scrutiny Committee on the 22nd November 2022.

2. RECOMMENDATION

- 2.1 This report is for noting.

3. KEY INFORMATION

- 3.1 The Joint Overview and Scrutiny Committee met on the 24th October 2022 and considered the following items:

3.1.1 **JOS/22/17 ANNUAL REVIEW UPDATE OF THE JOINT HOMES AND HOUSING STRATEGY AND THE HOMELESSNESS REDUCTION AND ROUGH SLEEPING STRATEGY 2019 - 2024**

Councillor Jan Osborne – Babergh District Council’s Cabinet Member for Housing – introduced the report to the Committee, outlining the history of the strategy and the purpose of the document.

The Housing Strategy and Policy Officer gave a presentation to the Committee outlining the 9 strategic aims that underpin the strategy, progress on implementation of the strategy and the changes that have been made to update the strategy. The presentation included the references to the refocussed delivery plan, and the status of the 93 actions outlined in the plan.

Members asked questions around a number of different housing topics, including self-build completions, ‘homes for life’, downsizing, anti-social behaviour and electric vehicle charging points.

In response to queries, the Corporate Manager for Housing Solutions provided data relevant to homelessness. Information was also given regarding temporary housing stock and provision of refuge spaces for those escaping abuse. There is a concern around providing for Ukrainian refugees who are approaching the end of their six months with a host family and have not yet been provided with more permanent accommodation.

It was agreed that concerns around the potential for conflict between the Housing Strategies and the Community Strategy be referred to Cabinet. It was also noted that a comprehensive report on the review of council garages would be considered by Cabinet in January 2023.

Following a full debate of the issues:

It was RESOLVED:

- (a) That Joint Overview and Scrutiny Committee Members have reviewed the contents of report JOS/22/17, including the appendices, and requests that the Portfolio Holders and Officers take account of verbal comments made by members of the committee. Also, that Cabinet bears these comments in mind when debating the refocussed delivery plan, the refreshed Joint Homes and Housing Strategy, and the Joint Homelessness and Rough Sleeping Strategy.**
- (b) That the committee members support the strategic aims of the Joint Homes and Housing Strategy and agreed that the newly refocussed plan is reflective of the current challenges facing the housing sector whilst continuing to deliver the aims set out in the strategy.**
- (c) To ask Portfolio Holders and Officers to consider further provision of financial and physical support to all residents wishing to downsize.**

3.2 The Joint Overview and Scrutiny Committee met on the 21st November 2022 and considered the following items:

3.2.1 JOS/22/23 REVIEW OF LOCAL CITIZENS ADVICE AND THE COST OF LIVING CRISIS

Councillor Mary McLaren – Babergh District Council’s Cabinet Member for Communities – outlined the role of the Communities Team and input from internal stakeholders; she thanked all officers who had contributed to the Councils’ response to the Cost of Living Crisis.

The Interim Director for Communities presented the report, outlining progress made on the Cost of Living Five Point Plan, including the appointment of a Cost of Living Coordinator, an uplift of 30% in grant funding to Citizens Advice.

The Chief Officers of Mid Suffolk and Sudbury Citizens Advice detailed work they had undertaken in response to the crisis, highlighting an overall increase in demand for their services, especially in respect of advice on benefits, tax credits, debt, utilities, and food. Members asked questions across a wide range of topics, including:

- Difficulty in recruiting volunteer advisors,
- Lack of support from Statutory Bodies, such as Department for Work and Pensions,
- The need for more integrated working and sharing community intelligence,
- Community Supermarkets,
- Utility costs and pre-paid meters

- The impact of the crisis on young people, particularly men under 25

It was RESOLVED:

- (a) That the Joint Overview and Scrutiny Committee notes the contents of the report and commends the work being undertaken in response to the Cost of Living crisis,**
- (b) That the Joint Overview and Scrutiny Committee supports the 30% uplift to Local Citizens Advice and the work being conducted as a result and recommends that this support continues for a further 2 years,**
- (c) That the Councils facilitate a more collaborative approach between organisations by encouraging the promotion of joint working,**
- (d) That Officers work with relevant agencies to understand the situation for young people under 25, specifically men, to build a proactive response to support them as an at-risk group,**
- (e) That Cabinet and Officers explore how we can embed the Cost of Living into the culture of the organisation for all staff when working with residents across all departments as part of a more integrated system of support.**
- (f) That a Joint All Member Briefing be arranged for all Councillors on the Cost of Living crisis with input from Local Citizens Advice.**

3.2.2 JOS/22/24 OVERVIEW AND SCRUTINY AND CABINET PROTOCOL

The Corporate Manager for Governance and Civic Office introduced the report, explaining that the protocol is a response to the Corporate Peer Review. Its aim is to promote a culture of accountability, openness, and transparency within the Councils. The protocol had been endorsed by the Senior Leadership Team and if approved by the Committee would be submitted to Cabinet for their approval.

During a short debate on the protocol, a request was made for training on the call-in procedure.

It was RESOLVED:

That Overview and Scrutiny approves the Scrutiny/Cabinet protocol.

- 3.3 The Mid Suffolk Overview and Scrutiny Committee met on the 22nd November 2022 and considered the following items:

3.3.1 MOS/22/01 DRAFT GENERAL FUND (GF) AND HOUSING REVENUE ACCOUNT (HRA) 2023/24 AND FOUR YEAR OUTLOOK

Councillor Whitehead – Cabinet Member for Finance – introduced the report to the Committee referring to the request from Mid Suffolk Overview and Scrutiny Committee in 2021 that the General Fund and Housing Revenue Account be reviewed by the Committee earlier in its development in order to review the assumptions made in preparing the 2023/24 General Fund and Housing Revenue Account.

The Corporate Manager for Finance, Commissioning and Procurement presented the report to the Committee outlining:

- the 2023/24 General Fund Forecast carried out in February 2022,
- the current financial position of the 2022/23 General Fund,
- the assumed General Fund 2023/24 costs (including employee costs, contracts, sales, fees and charges, and interest) and funding (including Council Tax, business rates, and Central Government Grants), and the total draft funding surplus.

Members sought clarification on a number of points in the report and presentation, and debated a range of issues, including:

- The assumption made for garage rents and the possibility of increasing the rents
- Ways to decrease the deficit for the Housing Revenue Account by reducing recharges to that account from the General Fund
- Staffing costs and the impact of inflation on staff wages
- The assumptions made concerning costs of premises, contractors, supplies and equipment, and the need for these figures to be broken down into more detail
- The value of comparing a new budget to an old budget
- The timeliness of Cabinet receiving quarterly performance budget information

It was RESOLVED:

- (a) That Mid Suffolk Overview and Scrutiny Committee welcomes this earlier opportunity to consider the draft budget assumptions and thanks Officers for their presentation and clarification.**
- (b) That Cabinet and Officers take account of the comments made at this meeting of the Mid Suffolk Overview and Scrutiny Committee.**
- (c) That Cabinet explores opportunities to reduce to a minimum the recharges to the Housing Revenue Account (HRA) from the General Fund (GF).**
- (d) That Officers look further at the Vacancy Management Factor assumption of 5%.**
- (e) That Officers consider further opportunities to increase garage rents.**
- (f) That Mid Suffolk Overview and Scrutiny Committee suggests a more prudent assumption in respect of the Pay Award 2023/24.**
- (g) That Mid Suffolk Overview and Scrutiny Committee recommends the cost assumptions for repairs and maintenance be looked at in more detail.**

(h) That more timely quarterly information on the General Fund's and Housing Revenue Account's income and expenditure be used to develop the budget and request that this information be made available to Mid Suffolk Overview and Scrutiny Committee.

3.4 The Joint Overview and Scrutiny Committee met on the 19th December 2022 and considered the following items:

3.4.1 JOS/22/32 REVIEW OF SUFFOLK ASSOCIATION OF LOCAL COUNCILS (SALC)

Sally Longmate, CEO of SALC, presented her report setting out:

- The purpose of the Association and its operating model
- The training and support services provided to councillors, clerks and councils and benefits of membership
- Its business plan and outcomes detailed in the most recent annual report.

In response to a question, Ms. Longmate explained that SALC did not have a role in resolving issues concerning the Councillors' Code of Conduct. That is a matter for the appropriate Monitoring Officer.

Ms. Longmate agreed that there is a need for better communication and more collaborative working between the District Councils, SALC and Town and Parish Councils.

The Committee agreed to note the report.

3.4.2 JOS/22/33 INFORMATION BULLETIN – PROTECTION AGAINST CYBER ATTACKS

This item was considered in confidential session

3.5 At each meeting of the Committee, the Overview and Scrutiny Action Tracker and future Work Plans are considered. Up-to-date versions of the Work Plans are available to access on the Councils' website at the following link: [Overview and Scrutiny » Babergh Mid Suffolk](#)

4. REPORT AUTHORS

Councillor Keith Welham – Chair of Mid Suffolk Overview and Scrutiny Committee

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Agenda Item 10a

MID SUFFOLK DISTRICT COUNCIL

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

| |
|--|
| 3. RECOMMENDATION TO COUNCIL |
| 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. |
| REASON FOR DECISION |
| 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.

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

- 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
- consult any major precepting authority which has power to issue a precept to it,
 - publish a draft scheme in such manner as it thinks fit, and
 - 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:
- in Social Media posts,
 - in a standard paragraph in every Council Tax, CTR and Housing Benefit letter sent, and
 - in a local press release.
- 11.5 The consultation communication methods ensured that the revised scheme was made available to:
- Council Tax liable persons.
 - Those currently in receipt of a Council Tax Reduction (CTR):
 - 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 |
|---|------------|
| Option 1 Increase the maximum rate of CTR from 95% to 100% | Appendix A |
| Option 2 Increase the maximum rate of CTR from 95% to 100% and introduce a Banded Earnings scheme for UC customers | Appendix B |
| Option 3 Increase the maximum rate of CTR from 95% to 100% and introduce a Banded Earnings scheme for UC customers and Transitional Protection. | Appendix C |
| Survey Response Analysis | 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

| | Cost of CTR 22/23 95% Scheme | Cost of CTR 22/23 100% Scheme | Cost of uplift to 100% Scheme (+5% liability) | Caseload on 31st October 2022 |
|--------------------|------------------------------|-------------------------------|---|-------------------------------|
| Working Age | £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

| Cost of uplift to 100% Scheme | Suffolk County Council 74.1% | Police & Crime Commissioner 12.8% | Mid Suffolk Council 8.8% | Parish Average 4.3% |
|-------------------------------|------------------------------|-----------------------------------|--------------------------|---------------------|
| £144.3k | £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

| Cost of uplift to 100% Scheme and UC Banded Scheme | Suffolk County Council 74.1% | Police & Crime Commissioner 12.8% | Mid Suffolk Council 8.8% | Parish Average 4.3% |
|--|------------------------------|-----------------------------------|--------------------------|---------------------|
| £154.3k | £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

| Income Bands (Monthly) | monthly contribution | Income Bands (Weekly up to) | Weekly contribution |
|-------------------------------|-----------------------|---------------------------------|-----------------------|
| 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 10b

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

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| TO: Joint Audit and Standards Committee | REPORT NUMBER: JAC/21/38 |
| FROM: Melissa Evans, Director, Corporate Resources | DATE OF MEETING: 28 November 2022 |
| OFFICER: Rebecca Hewitt, Corporate Manager – Finance, Commissioning & Procurement Sue Palmer, Senior Finance Business Partner | KEY DECISION REF NO. N/A |

HALF YEAR REPORT ON TREASURY MANAGEMENT 2022/23

1. PURPOSE OF REPORT

- 1.1 The report is part of the Councils' management and governance arrangements for Treasury Management activity under the CIPFA Code of Practice on Treasury Management ("the Code"). It provides Members with a comprehensive assessment of activities for the first six months of the financial year 2022/23.
- 1.2 The report specifically sets out the performance of the treasury management function, the effects of the decisions taken, and the transactions executed during the first six months of 2022/23 and any circumstances of non-compliance with the Councils' treasury management policy statement and treasury management practices.

2. OPTIONS CONSIDERED

- 2.1 This report fulfils the Councils' legal obligations to have regard to the Code and there are no other options to consider.

3. RECOMMENDATION TO BOTH COUNCILS

- 3.1 That the Treasury Management activity for the first six months of 2022/23 as set out in this report and Appendices be noted.

RECOMMENDATION TO BABERGH COUNCIL

- 3.2 That it be noted that Babergh District Council's treasury management activity for the first six months of 2022/23 was in accordance with the approved Treasury Management Strategy, and that the Council has complied with all the Treasury Management Indicators for this period.

RECOMMENDATION TO MID SUFFOLK COUNCIL

- 3.3 That it be noted that Mid Suffolk District Council's treasury management activity for the first six months of 2022/23 was in accordance with the approved Treasury Management Strategy, and that, except for one occasion when the Council exceeded its daily bank account limit with Lloyds, as mentioned in Appendix C,

paragraph 4.1 the Council has complied with all the Treasury Management Indicators for this period.

REASON FOR DECISION

It is a requirement of the Code of Practice on Treasury Management that full Council notes the Half-Year position.

4. KEY INFORMATION

- 4.1 The 2022/23 Treasury Management Strategy for both Councils was approved in February 2022.
- 4.2 The Strategy and activities are affected by several factors, including the regulatory framework, economic conditions, best practice and interest rate/liquidity risk. The attached appendices summarise the regulatory framework, economic background and information on key activities for the first six months of 2022/23.
- 4.3 The Joint Treasury Management outturn report for 2021/22 was presented to Members at the Joint Audit and Standards Committee on 25 July 2022.
- 4.4 The Section 151 Officer is pleased to report that all treasury management activities undertaken in the first half of the year complied fully with the CIPFA Code of Practice and the Councils' approved Treasury Management Strategy and that both Councils have complied with all the Treasury Management Indicators for this period.
- 4.5 The Treasury Management Indicators aim to ensure that the capital investments of local authorities are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice.
- 4.6 Appendix D shows the position on key Treasury Management Indicators for the first six months of 2022/23.
- 4.7 Key points relating to activity for the first half of the year are set out below:
- The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.
 - The latest labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m per year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and -2.8% for regular pay.
 - With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low in August.
 - The Bank of England (BoE) increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking

by 0.50% in August and again in September. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.

- UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August.
- Investment of surplus funds - As market conditions, credit ratings and bank ring-fencing have changed during the year, institutions that the Councils invest with, and the period of the investments have been reviewed.
- Credit risk scores were within the benchmark A- credit ratings.
- Babergh's overall debt reduced by £7.3m, mainly due to repaying short-term local authority loans.
- Mid Suffolk's overall debt increased by £8.5m, due to taking out more medium-term and short-term local authority loans.
- These changes reflect the ongoing impact of the ongoing economic pressures, the aftermath of Covid19 and the on general income and expenditure activity. COVID grants and S.31 Business Rates grants are held in reserves pending their use to offset continuing expenditure and income losses and expenditure on capital projects continues to be delayed due to shortages of supplies and labour.

4.8 Money market funds, short-term deposits and call accounts are used to make short term investments on a daily basis.

4.9 Appendix A sets out the issues that are impacting on current and future treasury management activity.

5. LINKS TO JOINT CORPORATE PLAN

5.1 Ensuring that the Councils have the resources available underpins the ability to achieve the priorities set out in the Joint Corporate Plan.

6. FINANCIAL IMPLICATIONS

6.1 As outlined in this report and appendices.

7. LEGAL IMPLICATIONS

7.1 The legal status of the Treasury Management Code derives in England from regulations issued under the Local Government Act 2003 (the 2003 Act).

7.2 Local authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the 2003 Act.

7.3 The latest statutory guidance on local government investments was issued under section 15(1)(a) of the 2003 Act and effective for financial years commencing on or after 1 April 2018. Under that section local authorities "shall have regard to such guidance as the Secretary of State may issue".

8. RISK MANAGEMENT

8.1 This report is most closely linked with the Councils' Significant Risk Register, Risk no.13. "We may be unable to respond in a timely and effective way to financial demands".

8.2 The key risks are set out below:

| Risk Description | Likelihood | Impact | Mitigation Measures |
|---|---------------------|----------------|--|
| If the Councils lose the investments this will impact on their ability to deliver services. | Highly Unlikely (1) | Bad (3) | Strict lending criteria for high credit rated institutions. |
| If the Councils achieve a poorer return on investments than planned, there will be fewer resources available to deliver services. | Probable (3) | Noticeable (2) | Focus is on security and liquidity, and careful cash flow management in accordance with the TM Strategy is undertaken throughout the year. |
| If the Councils have liquidity problems, then they will be unable to meet their short-term liabilities. | Unlikely (2) | Noticeable (2) | As above. |

9. CONSULTATIONS

9.1 Regular meetings have taken place with the Councils' treasury advisors, Arlingclose, who also provide important updates on treasury management issues as they arise.

10. EQUALITY ANALYSIS

10.1 An equality analysis has not been completed because the report content does not have any impact on the protected characteristics.

11. ENVIRONMENTAL IMPLICATIONS

11.1 All Council activities will need to be reviewed as part of the work of the Climate Change Task Group and have regard to the Councils' ambition to be carbon neutral by 2030.

11.2 Both Councils have joined Arlingclose's ESG and Responsible Investment Service. This will provide advice for ESG integration in the Councils' investment portfolios.

11.3 Following a report (Report JAC/20/21) on 17 May 2021 it was resolved by this Committee to recommend that the Cabinet pushes its fund managers to filter investments in respect of the ESG considerations, looking for positive contributions to tackling our carbon reduction priorities and that the Cabinet considers withdrawing funds from investors who do not adequately address these concerns.

11.4 The Joint Audit and Standards Committee recognised that any decision to withdraw funds should be balanced against financial prudence.

12. APPENDICES

| Title | Location |
|-------------------------------------|------------|
| (a) Background, Economy and Outlook | Appendix A |
| (b) Borrowing Strategy | Appendix B |
| (c) Investment Activity | Appendix C |
| (d) Treasury Management indicators | Appendix D |
| (e) Glossary of Terms | Appendix E |

13. BACKGROUND DOCUMENTS

13.1 CIPFA's Code of Practice on Treasury Management ("the Code").

13.2 Joint Treasury Management Strategy 2022/23 (Paper IRJAC/21/15).

13.3 Environmental, Social and Governance (ESG) Considerations for the Councils' Joint Treasury Management Strategy (JAC/20/21 and Minute no.37)

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Background, Economy and Outlook

1. Introduction

- 1.1 In February 2012 both Councils adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Councils to approve treasury management half year and annual reports.
- 1.2 The Joint Treasury Management Strategy for 2022/23 was approved at both full Councils in February 2022. Both Councils have borrowed and invested substantial sums of money and are therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Councils' Treasury Management Strategy.
- 1.3 CIPFA published its revised Treasury Management Code of Practice (the TM Code) and Prudential Code for Capital Finance in December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments. The principles within the two Codes took immediate effect although local authorities could defer introducing the revised reporting requirements within the revised Codes until the 2023/24 financial year if they wish, which both Councils elected to do.)
- 1.4 The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Councils' Capital Strategy, for the financial year 2022/23, complying with CIPFA's Code requirement, was approved by both full Councils in February 2022.
- 1.5 The Statutory Guidance on Local Government Investments (MHCLG, 2018) requires local authorities to produce an investment strategy, covering investments that are not part of treasury management activity. The Councils' Investment Strategy, for the financial year 2022/23, was also approved by both full Councils in February 2022.

2. External Context

2.1 Economic background:

- 2.1.1 The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further.
- 2.1.2 The economic backdrop during the April to September period continued to be characterised by high oil, gas and commodity prices, ongoing high inflation and its impact on consumers' cost of living, no imminent end in sight to the Russia-Ukraine hostilities and its associated impact on the supply chain, and China's zero-Covid policy.

Appendix A cont'd

- 2.1.3 Central Bank rhetoric and action remained robust. The Bank of England, Federal Reserve and the European Central Bank all pushed up interest rates over the period and committed to fighting inflation, even when the consequences were in all likelihood recessions in those regions.
- 2.1.4 UK inflation remained extremely high. Annual headline CPI hit 10.1% in July, the highest rate for 40 years, before falling modestly to 9.9% in August. RPI registered 12.3% in both July and August. The energy regulator, Ofgem, increased the energy price cap by 54% in April, while a further increase in the cap from October, which would have seen households with average energy consumption pay over £3,500 per annum, was dampened by the UK government stepping in to provide around £150 billion of support to limit bills to £2,500 annually until 2024.
- 2.1.5 The latest labour market remained tight through the period but there was some evidence of easing demand and falling supply. The unemployment rate 3m/year for April fell to 3.8% and declined further to 3.6% in July. Although now back below pre-pandemic levels, the recent decline was driven by an increase in inactivity rather than demand for labour. Pay growth in July was 5.5% for total pay (including bonuses) and 5.2% for regular pay. Once adjusted for inflation, however, growth in total pay was -2.6% and -2.8% for regular pay.
- 2.1.6 With disposable income squeezed and higher energy bills still to come, consumer confidence fell to a record low in August. Quarterly GDP fell -0.1% in the April-June quarter driven by a decline in services output, but slightly better than the 0.3% fall expected by the Bank of England.
- 2.1.7 The Bank of England increased the official Bank Rate to 2.25% over the period. From 0.75% in March, the Monetary Policy Committee (MPC) pushed through rises of 0.25% in each of the following two MPC meetings, before hiking by 0.50% in August and again in September. August's rise was voted by a majority of 8-1, with one MPC member preferring a more modest rise of 0.25%. The September vote was 5-4, with five votes for an 0.5% increase, three for an 0.75% increase and one for an 0.25% increase. The Committee noted that domestic inflationary pressures are expected to remain strong and so given ongoing strong rhetoric around tackling inflation further Bank Rate rises should be expected.
- 2.1.8 On 23rd September the UK government, following a change of leadership, announced a raft of measures in a 'mini budget', loosening fiscal policy with a view to boosting the UK's trend growth rate to 2.5%. With little detail on how government borrowing would be returned to a sustainable path, financial markets reacted negatively. Gilt yields rose dramatically by between 0.7% - 1% for all maturities with the rise most pronounced for shorter dated gilts. The swift rise in gilt yields left pension funds vulnerable, as it led to margin calls on their interest rate swaps and risked triggering large scale redemptions of assets across their portfolios to meet these demands. It became necessary for the Bank of England to intervene to preserve market stability through the purchase of long-dated gilts, albeit as a temporary measure, which has had the desired effect with 50-year gilt yields falling over 100bps in a single day.

Appendix A cont'd

2.1.9 Bank of England policymakers noted that any resulting inflationary impact of increased demand would be met with monetary tightening, raising the prospect of much higher Bank Rate and consequential negative impacts on the housing market.

2.1.10 After hitting 9.1% in June, annual US inflation eased in July and August to 8.5% and 8.3% respectively. The Federal Reserve continued its fight against inflation over the period with a 0.5% hike in May followed by three increases of 0.75% in June, July and September, taking policy rates to a range of 3% - 3.25%.

2.1.11 Eurozone CPI inflation reached 9.1% y/y in August, with energy prices the main contributor but also strong upward pressure from food prices. Inflation has increased steadily since April from 7.4%. In July the European Central Bank increased interest rates for the first time since 2011, pushing its deposit rate from -0.5% to 0% and its main refinancing rate from 0.0% to 0.5%. This was followed in September by further hikes of 0.75% to both policy rates, taking the deposit rate to 0.75% and refinancing rate to 1.25%.

2.2 Financial markets:

2.2.1 Uncertainty remained in control of financial market sentiment and bond yields remained volatile, continuing their general upward trend as concern over higher inflation and higher interest rates continued to dominate. Towards the end of September, volatility in financial markets was significantly exacerbated by the UK government's fiscal plans, leading to an acceleration in the rate of the rise in gilt yields and decline in the value of sterling.

2.2.2 Due to pressure on pension funds, the Bank of England announced a direct intervention in the gilt market to increase liquidity and reduce yields.

2.2.3 Over the period the 5-year UK benchmark gilt yield rose from 1.41% to 4.40%, the 10-year gilt yield rose from 1.61% to 4.15%, the 20-year yield from 1.82% to 4.13% and the 50-year yield from 1.56% to 3.25%. The Sterling Overnight Rate (SONIA) averaged 1.22% over the period.

2.3 Credit background:

2.3.1 In July Fitch revised the outlook on Standard Chartered from negative to stable as it expected profitability to improve thanks to the higher interest rate environment. Fitch also revised the outlook for Bank of Nova Scotia from negative to stable due to its robust business profile.

2.3.2 Also in July, Moody's revised the outlook on Bayerische Landesbank to positive and then in September S&P revised the GLA outlook to stable from negative as it expects the authority to remain resilient despite pressures from a weaker macroeconomic outlook coupled with higher inflation and interest rates.

- 2.3.3 Having completed its full review of its credit advice on unsecured deposits at UK and non-UK banks, in May Arlingclose extended the maximum duration limit for five UK banks, four Canadian banks and four German banks to six months. The maximum duration for unsecured deposits with other UK and non-UK banks on the Arlingclose recommended list is 100 days. These recommendations were unchanged at the end of the period.
- 2.3.4 Arlingclose continued to monitor and assess credit default swap levels for signs of credit stress but made no changes to the counterparty list or recommended durations. Nevertheless, increased market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Councils' counterparty list recommended by Arlingclose remains under constant review.

3 Outlook for the remainder of 2022/23: (based on data of 7th November)

- 3.1 The MPC remains concerned about inflation but sees the path for Bank Rate to be below that priced into markets.
- 3.2 Following the exceptional 75bp rise in November, the Councils' treasury advisor, Arlingclose, believes the MPC will slow the rate of increase at the next few meetings. Arlingclose now expects Bank Rate to peak at 4.25%, with a further 50bp rise in December and smaller rises in 2023.
- 3.3 The UK economy likely entered recession in Q3, which will continue for some time. Once inflation has fallen from the peak, the MPC will cut Bank Rate.
- 3.4 Arlingclose expects gilt yields to remain broadly steady despite the MPC's attempt to push down on interest rate expectations. Without a weakening in the inflation outlook, investors will price in higher inflation expectations given signs of a softer monetary policy stance.
- 3.5 Gilt yields face pressures to both sides from hawkish US/European Zone central bank policy on one hand to the weak global economic outlook on the other. Bank of England bond sales will maintain yields at a higher level than would otherwise be the case.
- 3.6 **Background:**
- 3.7 UK interest rate expectations have eased following the explosive mini budget, with a growing expectation that UK fiscal policy will now be tightened to restore investor confidence, adding to the pressure on household finances. The peak for UK interest rates will therefore be lower, although the path for interest rates and gilt yields remains highly uncertain.
- 3.8 Globally, economic growth is slowing as inflation and tighter monetary policy depress activity. Inflation, however, continues to run hot, raising expectations that policymakers, particularly in the US, will err on the side of caution, continue to increase rates and tighten economies into recession.

Appendix A cont'd

- 3.9 The new Chancellor dismantled the mini-budget, calming bond markets and broadly removing the premium evident since the first Tory leadership election. Support for retail energy bills will be less generous, causing a lower but more prolonged peak in inflation. This will have ramifications for both growth and inflation expectations.
- 3.10 The UK economy is already experiencing recessionary conditions, with business activity and household spending falling. Tighter monetary and fiscal policy, alongside high inflation will bear down on household disposable income. The short- to medium term outlook for the UK economy is bleak, with the Bank of England projecting a protracted recession.
- 3.11 Demand for labour remains strong, although there are some signs of easing. The decline in the active workforce has fed through into higher wage growth, which could prolong higher inflation. The development of the UK labour market will be a key influence on MPC decisions. It is difficult to see labour market strength remaining given the current economic outlook.
- 3.12 Global bond yields have steadied somewhat as attention turns towards a possible turning point in US monetary policy. Stubborn US inflation and strong labour markets mean that the Federal Reserve remains hawkish, creating inflationary risks for other central banks breaking ranks.
- 3.13 However, in a departure from Federal Reserve and European Central Bank policy, in November the Bank of England attempted to explicitly talk down interest rate expectations, underlining the damage current market expectations will do to the UK economy, and the probable resulting inflation undershoot in the medium term. This did not stop the Governor affirming that there will be further rises in Bank Rate.
- 3.14 There has been a material tightening in financial conditions, including the elevated path of market interest rates. In addition, high energy prices continue to weigh on spending, despite an assumption of some fiscal support for household energy bills beyond the current six-month period of the Energy Price Guarantee. As a result, the UK economy is expected to remain in recession throughout 2023 and the first half of 2024, and GDP is expected to recover only gradually thereafter.
- 3.15 Although there is judged to be a greater margin of excess demand currently, continued weakness in spending leads to an increasing degree of economic slack emerging from the first half of 2023, including a rising unemployment rate.
- 3.16 Despite a decline in global price pressures and a significant fall in the contribution of household energy prices to CPI inflation, domestic inflationary pressures remain strong over the next year. But an increasing degree of economic slack depresses domestic pressures further out. Conditioned on the elevated path of market interest rates, CPI inflation declines to below the 2% target in the medium term, although the Committee judges that the risks to the inflation projections are skewed to the upside.

3.17 Arlingclose – Forecast rates (based on data of 7th November)

| | Current | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
|--------------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Official Bank Rate | | | | | | | | | | | | | |
| Upside risk | 0.00 | 0.25 | 0.50 | 0.75 | 1.00 | 1.00 | 1.00 | 1.25 | 1.50 | 1.75 | 1.50 | 1.25 | 1.25 |
| Arlingclose Central Case | 3.00 | 3.50 | 4.00 | 4.25 | 4.25 | 4.25 | 4.25 | 4.00 | 3.75 | 3.50 | 3.50 | 3.50 | 3.50 |
| Downside risk | 0.00 | 0.25 | 0.50 | 0.75 | 0.75 | 0.75 | 0.75 | 0.75 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

4 **Local Context**

4.1 On 31 March 2022, Babergh had a net borrowing requirement of £132m and Mid Suffolk had a net borrowing requirement of £112m arising from revenue and capital income and expenditure.

4.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 that follows.

4.3 **Table 1: Balance Sheet Summary**

| Balance Sheet Summary | 31.03.22 Babergh £m | 31.03.22 Mid Suffolk £m |
|----------------------------------|---------------------------|-------------------------------|
| General Fund CFR | 71.555 | 101.275 |
| HRA CFR | 94.031 | 94.241 |
| Total CFR | 165.586 | 195.516 |
| (Less): Usable reserves | (49.460) | (67.070) |
| (Less) / Add: Working capital | 15.424 | (16.869) |
| Net borrowing requirement | 131.550 | 111.577 |

4.4 Higher official interest rates have increased the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

4.5 The treasury management position on 30 September 2022 and the change during the half year is shown in Table 2 that follows.

4.6 Table 2: Treasury Management Summary

| Babergh | 31.03.22 Balance £m | Movement £m | 30.09.22 Balance £m | 30.09.22 Rate % |
|---------------------------|------------------------------------|------------------------|------------------------------------|--------------------------------|
| Long-term borrowing | 94.396 | (0.275) | 94.121 | 3.20% |
| Short-term borrowing | 26.000 | (7.000) | 19.000 | 1.07% |
| Total borrowing | 120.396 | (7.275) | 113.121 | |
| Long-term investments | 11.105 | 0.000 | 11.105 | 4.56% |
| Short-term investments | 8.000 | (6.000) | 2.000 | 0.98% |
| Cash and Cash equivalents | 1.714 | 0.119 | 1.833 | 1.03% |
| Total Investments | 20.819 | (5.881) | 14.938 | |
| Net borrowing | 99.577 | | 98.183 | |

| Mid Suffolk | 31.03.22 Balance £m | Movement £m | 30.09.22 Balance £m | 30.09.22 Rate % |
|------------------------------|------------------------------------|------------------------|------------------------------------|--------------------------------|
| Medium / Long-term borrowing | 97.335 | 6.949 | 104.285 | 2.68% |
| Short-term borrowing | 29.000 | 1.500 | 30.500 | 1.04% |
| Total borrowing | 126.335 | 8.449 | 134.785 | |
| Long-term investments | 11.101 | 0.000 | 11.101 | 4.58% |
| Short-term investments | 8.000 | (8.000) | 0.000 | 0.93% |
| Cash and Cash equivalents | 2.317 | (0.984) | 1.333 | 1.00% |
| Total Investments | 21.418 | (8.984) | 12.434 | |
| Net borrowing | 104.917 | | 122.350 | |

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1 Borrowing Strategy

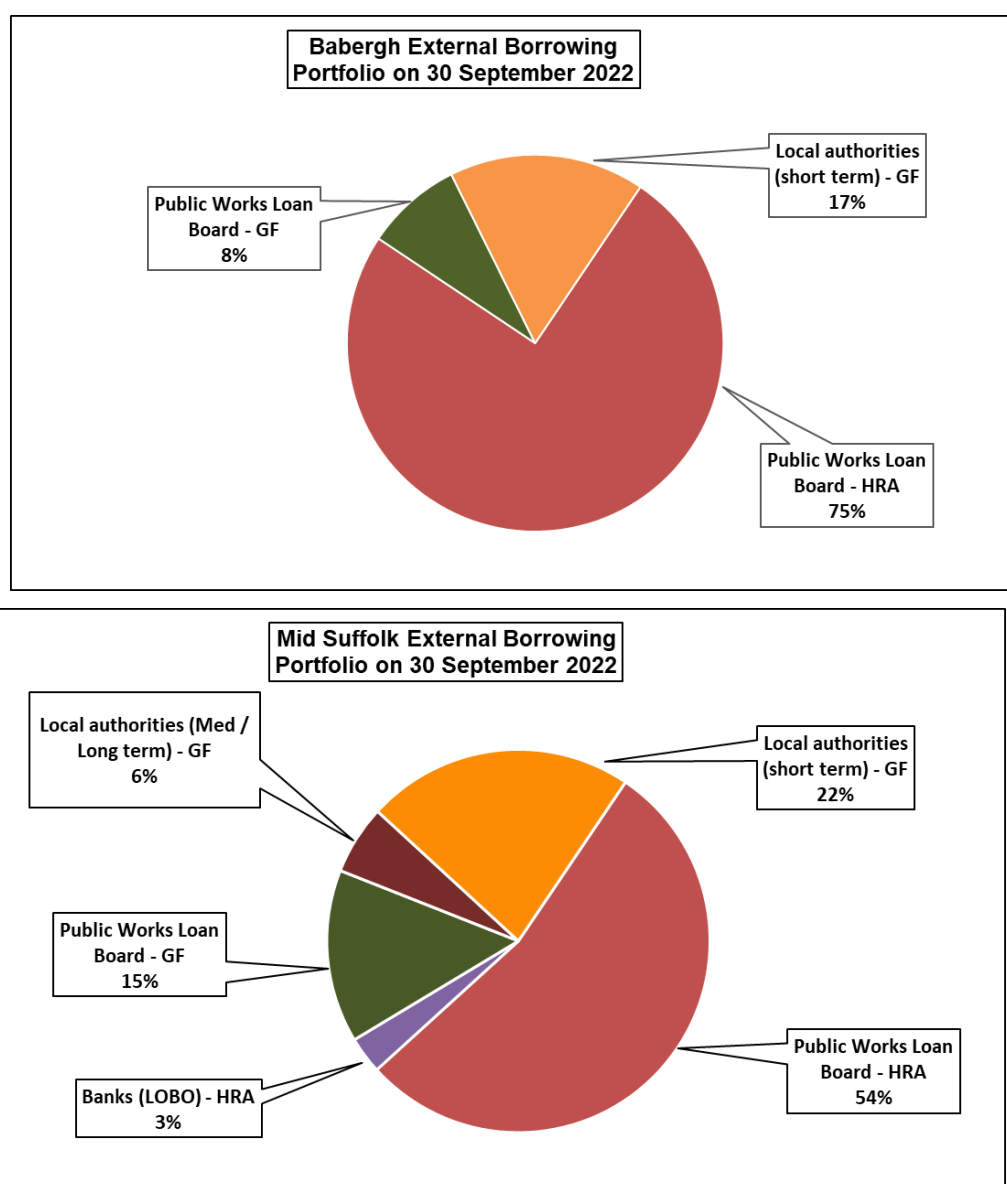
- 1.1 On 30 September 2022 Babergh held £113.1m of loans, a decrease of £7.28m and Mid Suffolk held £128.3m of loans, a decrease of £7m since 31 March 2022.
- 1.2 Babergh has reduced net overall borrowing by making repayments on long term Public Works Loan Board (PWLB) loans and by repaying short-term local authority loans.
- 1.3 Mid Suffolk has reduced net overall borrowing by making repayments on long term PWLB loans and repaying both medium-term and short-term loans with other local authorities.
- 1.4 The borrowing position on 30 September 2022 is shown in Table 3 that follows.

1.5 Table 3: Borrowing Position

| Babergh | 31.03.22 Balance | Movement | 30.09.22 Balance | 30.09.22 Weighted Average Rate |
|-------------------------------------|---------------------|----------------|---------------------|---|
| | £m | £m | £m | % |
| Public Works Loan Board - HRA | 84.747 | 0.000 | 84.747 | 3.30% |
| Public Works Loan Board - GF | 9.649 | (0.275) | 9.374 | 2.30% |
| Local authorities (short term) - GF | 26.000 | (7.000) | 19.000 | 1.07% |
| Total borrowing | 120.396 | (7.275) | 113.121 | |

| Mid Suffolk | 31.03.22 Balance | Movement | 30.09.22 Balance | 30.09.22 Weighted Average Rate |
|--|---------------------|----------------|---------------------|---|
| | £m | £m | £m | % |
| Public Works Loan Board - HRA | 69.037 | 0.000 | 69.037 | 3.30% |
| Banks (LOBO) - HRA | 4.000 | 0.000 | 4.000 | 4.21% |
| Public Works Loan Board - GF | 19.298 | (0.551) | 18.747 | 2.30% |
| Local authorities (Med / Long term) - GF | 12.500 | (5.000) | 7.500 | 0.53% |
| Local authorities (short term) - GF | 30.500 | (1.500) | 29.000 | 1.04% |
| Total borrowing | 135.335 | (7.051) | 128.285 | |

1.6 Table 3 - Charts - The Councils' Borrowing Portfolios on 30 September 2022:



1.7 The Councils' chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with the secondary objective of having flexibility to renegotiate loans should the Councils' long-term plans change. The Councils' borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

1.8 Over the April-September period short term PWLB rates rose dramatically, particularly in late September after the Chancellor's 'mini-budget' prompted a fall in sterling and rise in market interest rate expectations. Interest rates rose by over 2% during the period in both the long and short term. As an indication the 5-year maturity certainty rate rose from 2.30% on 1st April to 5.09% on 30th September; over the same period the 30-year maturity certainty rate rose from 2.63% to 4.68%.

Appendix B cont'd

- 1.9 Although interest rates across the board have risen, short-term borrowing from other local authorities remains at lower interest rates than long term borrowing.
- 1.10 With short-term interest rates remaining much lower, the Councils considered it more cost effective in the near term to use internal resources or short to medium-term loans instead.
- 1.11 The Councils borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Councils will evaluate and pursue these lower cost solutions and opportunities with its treasury advisor Arlingclose.

- 1.12 The Treasury Management Strategy shows that both Councils have increasing CFRs and estimated net borrowing requirements which are for capital expenditure on schemes including the HRA new build programme, the former HQ sites, Gateway 14 Ltd, and vehicle renewals.
- 1.13 Both Councils repaid medium-term and short-term borrowing in the period.
- 1.14 LOBO loans: Mid Suffolk continues to hold £4m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the first half of 2022/23.

2 Borrowing Update

- 2.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Councils.
- 2.2 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield. The Councils are not planning to purchase any investment assets primarily for yield within the next three years and so are able to fully access the PWLB.
- 2.3 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

- 2.4 Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.

Revised PWLB Guidance

- 2.5 HM Treasury published further guidance on PWLB borrowing in August 2021 providing additional detail and clarifications predominantly around the definition of an 'investment asset primarily for yield'. The principal aspects of the new guidance are:

- Capital expenditure incurred or committed to before 26 November 2020 is allowable even for an 'investment asset primarily for yield'.
- Capital plans should be submitted by local authorities via a DELTA return. These open for the new financial year on 1 March and remain open all year. Returns must be updated if there is a change of more than 10%.
- An asset held primarily to generate yield that serves no direct policy purpose should not be categorised as service delivery.
- Further detail on how local authorities purchasing investment assets primarily for yield can access the PWLB for the purposes of refinancing existing loans or externalising internal borrowing.
- Additional detail on the sanctions which can be imposed for inappropriate use of the PWLB loan. These can include a request to cancel projects, restrictions to accessing the PLWB and requests for information on further plans.

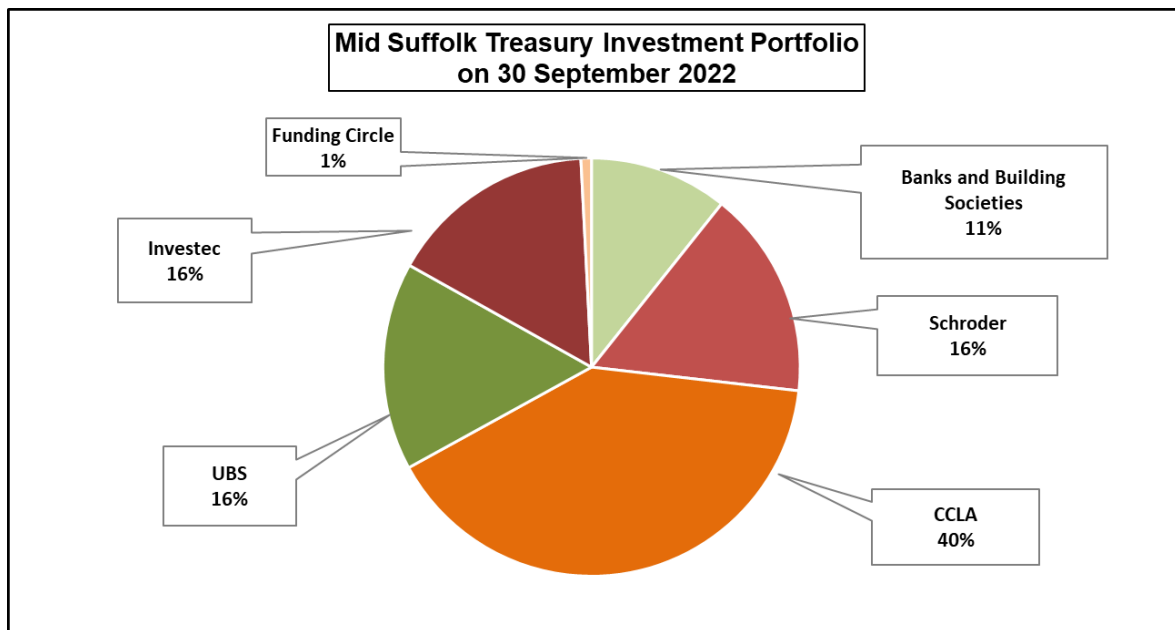
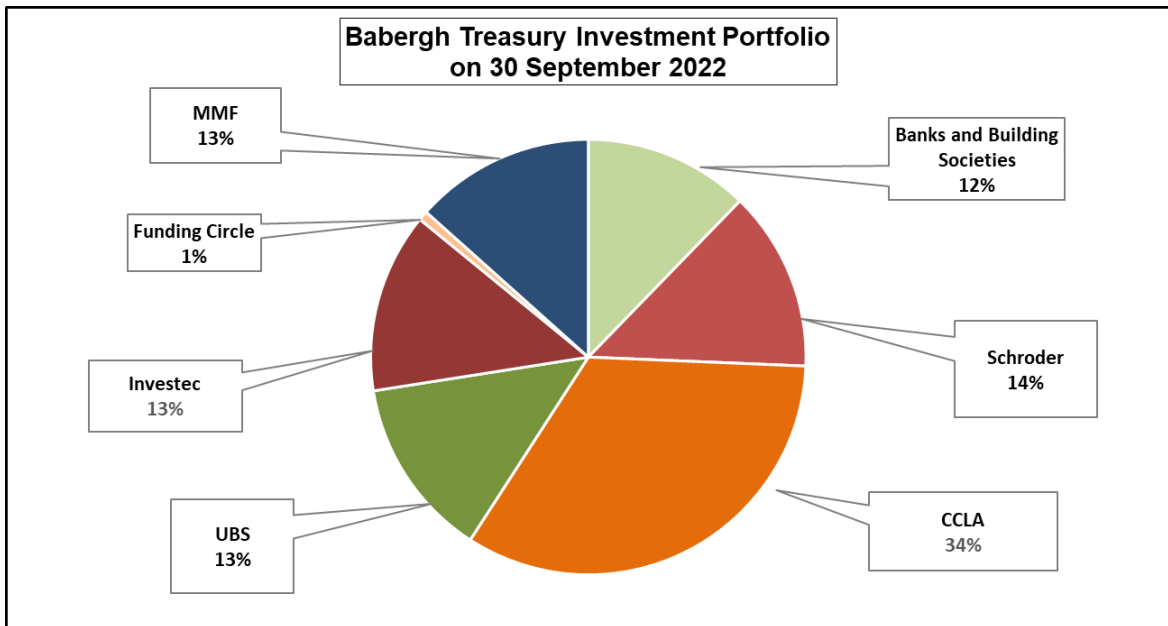
1 Treasury Investment Activity

- 1.1 CIPFA revised TM Code defines treasury management investments as those which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business.
- 1.2 Babergh and Mid Suffolk hold invested funds, representing income received in advance of expenditure plus balances and reserves held. During the first half of 2021/22, Babergh's investment balances ranged between £14.3m and £26.1m. Mid Suffolk's investment balances ranged between £12.4m and £27.2m. These movements are due to timing differences between income and expenditure.
- 1.3 The investment position and weighted average rates during the first six months of the year is shown in Table 4 that follows.
- 1.4 **Table 4: Treasury Investment Position**

| Babergh | 31.03.22 | Movement | 30.09.22 | 30.09.22 |
|------------------------------|---------------|----------------|---------------|-----------------------|
| | Balance | | Balance | Weighted Average Rate |
| | £m | £m | £m | % |
| Banks and Building Societies | 1.714 | 0.119 | 1.833 | 1.03% |
| Money Market Funds | 8.000 | (6.000) | 2.000 | 0.98% |
| Other Pooled Funds | 11.105 | 0.000 | 11.105 | 4.56% |
| Total Investments | 20.819 | (5.881) | 14.938 | |

| Mid Suffolk | 31.03.22 | Movement | 30.09.22 | 30.09.22 |
|------------------------------|---------------|----------------|---------------|-----------------------|
| | Balance | | Balance | Weighted Average Rate |
| | £m | £m | £m | % |
| Banks and Building Societies | 2.317 | (0.984) | 1.333 | 1.00% |
| Money Market Funds | 6.000 | (6.000) | 0.000 | 0.99% |
| Other Pooled Funds | 11.101 | 0.000 | 11.101 | 4.58% |
| DMADF | 2.000 | (2.000) | 0.000 | 0.88% |
| Total Investments | 21.418 | (8.984) | 12.434 | |

1.5 The Councils' Investment Portfolios on 30 September 2022:



1.6 Both the CIPFA Code and government guidance requires the Councils to invest their funds prudently, and to have regard to the security and liquidity of their treasury investments before seeking the optimum rate of return, or yield. The Councils' objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Appendix C cont'd

- 1.7 The increases in Bank Rate over the period under review, and with the prospect of more increases to come, short-dated cash rates, which had ranged between 0.7% - 1.5% at the end of March, rose by around 1.5% for overnight to 7-day maturities and by nearly 3.5% for 9 to 12 month maturities.
- 1.8 By the end of September, the rates on DMADF deposits ranged between 1.85% and 3.5%. The return on the Councils' sterling low volatility net asset value (LVNAV) Money Market Funds ranged between 0.46% - 0.54% p.a. at the beginning of April and between 1.62% and 1.8% at the end of September.
- 1.9 Neither Council made further investments in strategic pooled funds (e.g. pooled property, multi asset and equity funds) during the period.
- 1.10 The average rate of return is significantly higher than the comparable average returns of Arlingclose's other clients, as shown in Table 5 that follows. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking.
- 1.11 **Table 5: Investment Benchmarking – Treasury investments managed in-house**

| Babergh | Credit Score | Credit Rating | Bail-in Exposure | Weighted Average Maturity (days) | Rate of Return |
|-------------|--------------|---------------|------------------|----------------------------------|----------------|
| 31.03.2022 | 5.04 | A+ | 99% | 1 | 2.44% |
| 30.06.2022 | 5.15 | A+ | 99% | 1 | 3.19% |
| 30.09.2022 | 5.20 | A+ | 98% | 1 | 3.87% |
| Mid Suffolk | Credit Score | Credit Rating | Bail-in Exposure | Weighted Average Maturity (days) | Rate of Return |
| 31.03.2022 | 4.38 | AA- | 80% | 2 | 2.57% |
| 30.06.2022 | 3.99 | AA- | 62% | 3 | 2.50% |
| 30.09.2022 | 5.35 | A+ | 96% | 1 | 4.18% |

| Arlingclose Benchmarks for 30.09.22 | Credit Score | Credit Rating | Bail-in Exposure | Weighted Average Maturity (days) | Rate of Return |
|-------------------------------------|--------------|---------------|------------------|----------------------------------|----------------|
| Similar LAs | 4.34 | AA- | 57% | 42 | 2.23% |
| All LAs | 4.29 | AA- | 55% | 18 | 2.06% |

Appendix C cont'd

- 1.12 Bail-in involves the shareholders and creditors of a failing financial institution meeting the costs, instead of the government. Babergh and Mid Suffolk have a higher proportion of investments in strategic pooled funds compared to total investments, so their bail-in exposure is proportionately higher than the local authorities in Arlingclose's benchmarking group. Babergh and Mid Suffolk have chosen to adopt a strategy of generating higher returns by investing funds available in banks and strategic pooled funds.
- 1.13 Each Council has £11.1m of externally managed strategic pooled equity, property and multi assets funds where short-term security and liquidity are lesser considerations, and the primary objectives instead are regular revenue income and long-term price stability. Since the date of the initial investments, these have generated a total income return, used to support service provision, of £3.17m for Babergh and £3.03m for Mid Suffolk. Both Councils have achieved an average rate of return for the period of 4.6%.
- 1.14 These pooled funds have no defined maturity date but are available for withdrawal after a notice period. Their performance and continued suitability in meeting the Councils' investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years, but with the confidence that over a three to five-year period total returns will exceed cash interest rates. Investment in these funds has been maintained during the first six months of the year.
- 1.15 Since 2018/19, the International Financial Reporting Standards for pooled funds states that changes in valuations must be taken through the general fund. A statutory override was granted until 2022/23 so these changes will have no impact on the "bottom line" until 2023/24.
- 1.16 The Department for Levelling Up, Housing and Communities (DLUHC) undertook a consultation on the status of the statutory override, between August and October this year. Under the override, fair value movements in the value of pooled funds are recorded by local authorities in an unusable reserve rather than in the general fund. Their decision is yet to be announced.
- 1.17 It is intended to set aside any increases in valuation to a reserve to mitigate future potential losses. These pooled funds are long term investments and the Councils would not sell the units whilst their value was less than the original investment.

2 Long Term investments – Pooled Fund Performance

- 2.1 The April-September period was a very difficult environment for bonds engendered by global central banks' determination to bring high and persistent inflation under control through increases in policy rates and strong rhetoric. The sell-off in gilts, other sovereign bonds and corporate bonds with a rise in gilt/bond yields (i.e. a fall in price) was reflected in the Councils bond and multi-asset income funds.

Appendix C cont'd

- 2.2 The increase in policy rates in the UK, US and Eurozone and the prospect of low to no growth and a recessionary period ahead was also a challenging period for equities, the FTSE All Share index falling from 4187 on 31st March to 3763 on 30th September, whilst the MSCI World Index fell from 3053 to 2378 over the same period. The fall in equity valuations is reflected in the equity and multi-asset income funds.
- 2.3 Significant financial market volatility and uncertainty remain due to stagflation fears, little sight of the war in Ukraine ending soon and ongoing supply chain issues, a lingering problem over the past 30 months, yet to be fully resolved.
- 2.4 The capital value of the property fund is above that on 31 March. Market values of all the pooled funds on 31 March and 30 September 2022 are as shown in Table 6 that follows.
- 2.5 The Councils' objective is to retain these investments in pooled funds to generate an income return. These are long-term investments and would only be redeemed when capital growth had been achieved. Table 6 that follows is a summary of performance by fund from initial investment date until the most recent return valuation available and details of interest received.

2.6 **Table 6: Pooled Fund Performance**

- 2.6.1 Both Councils invested £5m each into the CCLA Local Authority Property Fund. Babergh purchased 1.657m units on 31 August 2015 and Mid Suffolk 1.632m units on 29 October 2015. The valuations are based on the number of units owned.

2.6.2 **Table 6.1 CCLA Performance**

| CCLA | Babergh | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 5.000 | | 5.000 | | 5.000 |
| Investment Valuation | 4.791 | 0.840 | 5.631 | 0.043 | 5.674 |
| Cumulative Net Interest received from date of initial investment | 1.224 | 0.189 | 1.413 | 0.093 | 1.506 |
| | | | | | |
| Annual Performance | | | | | |
| Net Interest received in year | 0.209 | | 0.189 | | 0.093 |
| Average Rate of Return for year | 4.19% | | 3.78% | | 3.73% |

| CCLA | Mid Suffolk | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 5.000 | | 5.000 | | 5.000 |
| Investment Valuation | 4.717 | 0.827 | 5.544 | 0.043 | 5.587 |
| Cumulative Net Interest received from date of initial investment | 1.171 | 0.186 | 1.357 | 0.092 | 1.449 |
| | | | | | |
| Annual Performance | | | | | |
| Net Interest received in year | 0.206 | | 0.186 | | 0.092 |
| Average Rate of Return for year | 4.12% | | 3.72% | | 3.67% |

Appendix C cont'd

2.6.3 Both Councils invested £2m each into the Schroder Income Maximiser Fund on 10 February 2017.

2.6.4 Table 6.2 Schroder Performance

| Schroder Maximiser Fund | Babergh | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 2.000 | | 2.000 | | 2.000 |
| Investment Valuation | 1.540 | 0.167 | 1.707 | (0.307) | 1.400 |
| Cumulative Net Interest received from date of initial investment | 0.558 | 0.108 | 0.666 | 0.065 | 0.731 |
| Annual Performance | | | | | |
| Net Interest received in year | 0.103 | | 0.108 | | 0.065 |
| Average Rate of Return for year | 5.16% | | 5.40% | | 6.44% |

| Schroder Maximiser Fund | Mid Suffolk | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 2.000 | | 2.000 | | 2.000 |
| Investment Valuation | 1.540 | 0.167 | 1.707 | (0.307) | 1.400 |
| Cumulative Net Interest received from date of initial investment | 0.558 | 0.108 | 0.666 | 0.065 | 0.731 |
| Annual Performance | | | | | |
| Net Interest received in year | 0.103 | | 0.108 | | 0.065 |
| Average Rate of Return for year | 5.16% | | 5.40% | | 6.44% |

2.6.5 Babergh invested £2m in the UBS Multi Asset Income Fund on 26 November 2015, whilst Mid Suffolk invested £2m on 28 March 2017.

2.6.6 Table 6.3 UBS Performance

| UBS | Babergh | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 2.000 | | 2.000 | | 2.000 |
| Investment Valuation | 1.831 | (0.095) | 1.736 | (0.287) | 1.449 |
| Cumulative Net Interest received from date of initial investment | 0.452 | 0.080 | 0.533 | 0.051 | 0.583 |
| Annual Performance | | | | | |
| Net Interest received in year | 0.103 | | 0.080 | | 0.051 |
| Average Rate of Return for year | 5.16% | | 4.01% | | 5.06% |

Appendix C cont'd

| UBS | Mid Suffolk | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 2.000 | | 2.000 | | 2.000 |
| Investment Valuation | 1.828 | (0.095) | 1.733 | (0.287) | 1.446 |
| Cumulative Net Interest received from date of initial investment | 0.361 | 0.080 | 0.441 | 0.051 | 0.492 |
| Annual Performance | | | | | |
| Net Interest received in year | 0.103 | | 0.080 | | 0.051 |
| Average Rate of Return for year | 5.16% | | 4.01% | | 5.05% |

2.6.7 Both Councils invested £2m each in the Investec Ninety-One Diversified Income I Fund on 24 May 2019. This fund aims to provide monthly income with the opportunity for long-term capital growth, investing in equities, fixed income investments (e.g. corporate or government bonds) as well as cash and money market funds.

2.6.8 Table 6.4 Investec Ninety-One Performance

| Investec Ninety One Series i Diversified Income Fund | Babergh | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 2.000 | | 2.000 | | 2.000 |
| Investment Valuation | 1.995 | (0.097) | 1.898 | (0.163) | 1.735 |
| Cumulative Net Interest received from date of initial investment | 0.137 | 0.071 | 0.209 | 0.038 | 0.247 |
| Annual Performance | | | | | |
| Net Interest received in year | 0.075 | | 0.071 | | 0.038 |
| Average Rate of Return for year | 3.75% | | 3.57% | | 3.82% |

| Investec Ninety One Series i Diversified Income Fund | Mid Suffolk | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount invested | 2.000 | | 2.000 | | 2.000 |
| Investment Valuation | 1.995 | (0.097) | 1.898 | (0.163) | 1.735 |
| Cumulative Net Interest received from date of initial investment | 0.137 | 0.071 | 0.209 | 0.038 | 0.247 |
| Annual Performance | | | | | |
| Net Interest received in year | 0.075 | | 0.071 | | 0.038 |
| Average Rate of Return for year | 3.75% | | 3.57% | | 3.82% |

2.6.9 Both Councils invested in Funding Circle on 1 November 2015 and has varied the amounts invested since.

2.6.10 Table 6.5 Funding Circle Performance

| Funding Circle | Babergh | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount Invested - National | 0.166 | (0.061) | 0.105 | 0.000 | 0.105 |
| Total Amount Invested | 0.166 | (0.061) | 0.105 | 0.000 | 0.105 |
| Bad debts to date | (0.046) | 0.003 | (0.044) | 0.001 | (0.043) |
| Accrued Interest | 0.005 | (0.004) | 0.002 | (0.001) | 0.000 |
| Valuation | 0.125 | (0.062) | 0.063 | (0.001) | 0.062 |
| | | | | | |
| Income received | 0.119 | 0.002 | 0.121 | 0.000 | 0.121 |
| Servicing costs | (0.014) | (0.000) | (0.014) | (0.000) | (0.014) |
| Cumulative Net Interest received from date of initial investment | 0.100 | 0.002 | 0.107 | 0.000 | 0.107 |
| | | | | | |
| Annual Performance | | | | | |
| Net Interest received in year | 0.013 | | 0.002 | | 0.000 |
| Average Rate of Return | 3.14% | | 4.30% | | 4.40% |

| Funding Circle | Mid Suffolk | | | | |
|---|---------------------------|---------------------------|---------------------------|----------------------------|---------------------------|
| | 31.03.21 Balance £m | 2020/21 Movement £m | 31.03.22 Balance £m | 6 months Movement £m | 30.09.22 Balance £m |
| Amount Invested - National | 0.162 | (0.061) | 0.101 | 0.000 | 0.101 |
| Total Amount Invested | 0.162 | (0.061) | 0.101 | 0.000 | 0.101 |
| Bad debts to date | (0.050) | 0.004 | (0.047) | 0.000 | (0.046) |
| Accrued Interest | 0.005 | (0.003) | 0.001 | (0.001) | 0.000 |
| Valuation | 0.116 | (0.060) | 0.056 | (0.001) | 0.055 |
| | | | | | |
| Income received | 0.119 | 0.001 | 0.121 | 0.000 | 0.121 |
| Servicing costs | (0.014) | 0.000 | (0.014) | (0.000) | (0.014) |
| Cumulative Net Interest received from date of initial investment | 0.106 | 0.001 | 0.107 | (0.000) | 0.107 |
| | | | | | |
| Annual Performance | | | | | |
| Net Interest received in year | 0.005 | | 0.001 | | (0.000) |
| Average Rate of Return | 2.98% | | 4.20% | | 4.20% |

3 Non-Treasury Holdings and Other Investment Activity

- 3.1 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Councils as well as other non-financial assets which the Councils hold primarily for financial return.
- 3.2 Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Appendix C cont'd

- 3.3 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also includes within the definition of investments all such assets held partially or wholly for financial return.

Investment Property

- 3.4 On 5 August 2016 Babergh purchased Borehamgate Shopping centre in Sudbury for £3.56m. This has been classified as an investment property and on 31 March 2022, it was assessed at Fair Value of £2.67m.

Trading Companies

- 3.5 Babergh holds £5m of equity in Babergh Holdings Ltd and Mid Suffolk holds the same in Mid Suffolk Holdings Ltd.
- 3.6 The Capital Investment Fund Company (CIFCO Ltd) is a jointly owned subsidiary of both Babergh Holdings Ltd and Mid Suffolk Holdings Ltd (50% each) and both Councils have loans of £44.7m in CIFCO Ltd. These loans have generated £6.97m (gross) of investment income for each Council since the start of trading.
- 3.7 Mid Suffolk also holds £1.622m of equity and £28.8m of loans in another subsidiary of Mid Suffolk Holdings Ltd, Gateway 14 Ltd, which has generated £4.4m of accrued investment income since 13 August 2018.
- 3.8 Mid Suffolk holds £1.26m of loans in another subsidiary of Mid Suffolk Holdings Ltd, Mid Suffolk Growth Ltd.
- 3.9 Further details are shown in Table 7 that follows.

3.10 **Table 7: Trading Companies activity**

| Babergh | Trading Companies - Loans | | | | |
|--|---------------------------|----------------|----------------|----------------|----------------|
| | 31.3.21 | 2021/22 | 31.3.22 | 6 Months | 30.9.22 |
| | Balance | Movement | Balance | Movement | Balance |
| | £m | £m | £m | £m | £m |
| CIFCO Ltd | | | | | |
| Interest Receivable | (3.661) | (2.209) | (5.870) | (1.099) | (6.969) |
| Interest Payable | 0.721 | 0.249 | 0.970 | 0.123 | 1.093 |
| Cumulative Net Interest received from date of investments | (2.940) | (1.960) | (4.900) | (0.976) | (5.876) |

Appendix C cont'd

| Mid Suffolk | Trading Companies - Loans | | | | |
|--|---------------------------|----------------|----------------|----------------|-----------------|
| | 31.3.21 | 2021/22 | 31.3.22 | 6 Months | 30.9.22 |
| | Balance | Movement | Balance | Movement | Balance |
| | £m | £m | £m | £m | £m |
| Interest Receivable | | | | | |
| CIFCO Ltd | (3.661) | (2.209) | (5.870) | (1.099) | (6.969) |
| Gateway 14 Ltd | (2.426) | (1.216) | (3.642) | (0.748) | (4.390) |
| Mid Suffolk Growth | 0.000 | (0.022) | (0.022) | 0.000 | (0.022) |
| Total Interest Receivable | (6.087) | (3.447) | (9.534) | (1.847) | (11.359) |
| Interest Payable | | | | | |
| CIFCO Ltd | 1.319 | 0.481 | 1.800 | 0.227 | 2.027 |
| Gateway 14 Ltd | 0.540 | 0.080 | 0.620 | 0.024 | 0.644 |
| Total Interest Payable | 1.859 | 0.561 | 2.420 | 0.251 | 2.671 |
| Net Interest | | | | | |
| CIFCO Ltd | (2.342) | (1.728) | (4.070) | (0.872) | (4.942) |
| Gateway 14 Ltd | (1.886) | (1.136) | (3.022) | (0.724) | (3.746) |
| Cumulative Net Interest received from date of investments | (4.228) | (2.864) | (7.092) | (1.596) | (8.688) |

4 Compliance Report

- 4.1 The Section 151 Officer can report that all treasury management activities undertaken complied fully with the CIPFA Code of Practice and the Councils' approved Treasury Management Strategy, except for one occasion, on 21 April 2022, when Mid Suffolk's bank account balance went above the limit by £509k due to an unexpected capital receipt received too late in the day for the additional balance to be invested.

5 Table 8: Debt Limits

- 5.1 Compliance with the authorised limit and operational boundary for external debt is demonstrated in the table that follows.

| Borrowing | Actual Maximum | 30.09.22 Actual | 2022/23 Operational Boundary | 2022/23 Authorised Limit | Complied |
|-------------|----------------|-----------------|------------------------------|--------------------------|----------|
| Babergh | £127m | £121m | £183m | £198m | ✓ |
| Mid Suffolk | £145m | £135m | £246m | £261m | ✓ |

- 5.2 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.
- 5.3 Compliance with specific investment limits is demonstrated in Table 9 that follows.

5.4 **Table 9: Investment Limits**

| Babergh | Actual Maximum | 30.09.22 Actual | 2021/22 Limit | Complied |
|--------------------|---------------------------|----------------------------|--------------------------|-----------------|
| Lloyds Bank | £1.841m | £1.833m | £2m | ✓ |
| Money market funds | 45.08% | 13.39% | 50% | ✓ |
| DMADF | Nil | Nil | No limit | ✓ |
| CCLA | £5m | £5m | £5m | ✓ |
| UBS | £2m | £2m | £5m | ✓ |
| Investec | £2m | £2m | £5m | ✓ |
| Schroder | £2m | £2m | £5m | ✓ |
| Funding Circle | £0.105m | £0.105m | £1m | ✓ |

| Mid Suffolk | Actual Maximum | 30.09.22 Actual | 2021/22 Limit | Complied |
|--------------------|---------------------------|----------------------------|--------------------------|-----------------|
| Lloyds Bank | £2.509m | £0.833m | £2m | ☒ |
| Barclays Bank | £0.500m | £0.500m | £2m | ✓ |
| Money market funds | 31.71% | 0.00% | 50% | ✓ |
| DMADF | £3m | Nil | No limit | ✓ |
| CCLA | £5m | £5m | £5m | ✓ |
| UBS | £2m | £2m | £5m | ✓ |
| Investec | £2m | £2m | £5m | ✓ |
| Schroder | £2m | £2m | £5m | ✓ |
| Funding Circle | £0.101m | £0.101m | £1m | ✓ |

5.5 It should be noted that both Council's treasury management activity for the first six months of 2022/23 was in accordance with the approved Treasury Management Strategy, and that, both Councils have complied with all the Treasury Management Indicators for this period.

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1 Treasury Management Indicators

1.1 The Councils measure and manage their exposure to treasury management risks using the following indicators.

1.2 **Security:** The Councils have adopted a voluntary measure of exposure to credit risk by monitoring the value-weighted average credit score of their investment portfolios. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

| Portfolio Average Credit Score | 30.09.2022 Actual | 2022/23 Target | Complied |
|--------------------------------|----------------------|-------------------|----------|
| Babergh | 5.20 | 7.0 | ✓ |
| Mid Suffolk | 5.35 | 7.0 | ✓ |

1.3 **Liquidity:** The Councils have adopted a voluntary measure of exposure to liquidity risk by monitoring the amount they can borrow each period without giving prior notice.

| Total sum borrowed in the past 3 months without prior notice | 30.09.22 Actual | 2022/23 Target | Complied |
|--|--------------------|-------------------|----------|
| Babergh District Council | Nil | £5m | ✓ |
| Mid Suffolk District Council | Nil | £5m | ✓ |

1.4 **Interest Rate Exposures:** This indicator is set to control the Councils' exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest was:

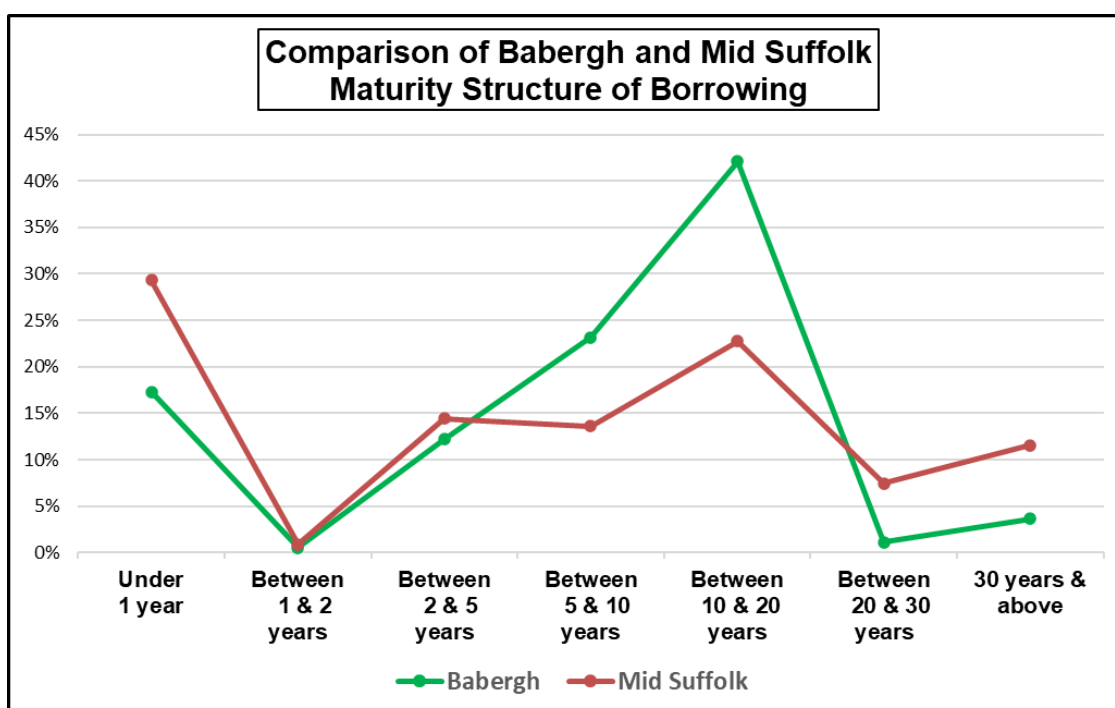
| Upper impact on Revenue of a 1% increase in rates | 30.09.22 Actual | 2022/23 Target | Complied |
|---|--------------------|-------------------|----------|
| Babergh District Council | £0.014m | £0.015m | ✓ |
| Mid Suffolk District Council | £0.059m | £0.073m | ✓ |

1.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

1.6 **Maturity Structure of Borrowing:** This indicator is set to control the Councils' exposure to refinancing risk. This indicator covers the risk of replacement loans being unavailable, not interest rate risk. The upper and lower limits on the maturity structure of all borrowing are shown in the following table:

1.7 Table to show Maturity Structure of Borrowing:

| Age Profile of Maturity | Babergh 30.09.22 Actual | Mid Suffolk 30.09.22 Actual | Lower Limit | Upper Limit | Complied |
|-------------------------|-------------------------------|-----------------------------------|----------------|----------------|----------|
| Under 1 year | 17.29% | 29.32% | 0% | 50% | ✓ |
| Between 1 & 2 years | 0.50% | 0.89% | 0% | 50% | ✓ |
| Between 2 & 5 years | 12.17% | 14.45% | 0% | 50% | ✓ |
| Between 5 & 10 years | 23.17% | 13.58% | 0% | 100% | ✓ |
| Between 10 & 20 years | 42.11% | 22.74% | 0% | 100% | ✓ |
| Between 20 & 30 years | 1.13% | 7.45% | 0% | 100% | ✓ |
| 30 years & above | 3.63% | 11.56% | 0% | 100% | ✓ |

1.8 Chart to show the Maturity Structure of Borrowing:

1.9 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

1.10 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Councils' exposure to the risk of incurring losses by seeking early repayment of their investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

| Actual Principal invested beyond year end | 2022/23 | 2023/24 | 2024/25 |
|---|---------|---------|---------|
| Babergh Actual | Nil | Nil | Nil |
| Mid Suffolk Actual | Nil | Nil | Nil |
| Limit on principal invested beyond year end | £2m | £2m | £2m |
| Babergh Complied | ✓ | ✓ | ✓ |
| Mid Suffolk Complied | ✓ | ✓ | ✓ |

Glossary of Terms

| | |
|---------------------|---|
| BPS | Base Points. A unit of percentage measure equal to 0.01%. Basis points are commonly used when discussing changes to interest rates, equity indices, and fixed-income securities. |
| CDS | Credit Default Swap. In effect, insurance against non-payment. Through a CDS, the buyer can mitigate the risk of their investment by shifting all or a portion of that risk onto an insurance company or other CDS seller in exchange for a periodic fee. In this way, the buyer of a credit default swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the debt security. |
| CFR | Capital Financing Requirement. The underlying need to borrow to finance capital expenditure. |
| CIPFA | The Chartered Institute of Public Finance and Accountancy. This is the leading professional accountancy body for public services. |
| CPI | Consumer Price Index. This measures changes in the price level of consumer goods and services purchased by households. |
| CPIH | Consumer Price Index Housing. A measure of consumer price inflation including a measure of owner occupiers' housing costs (OOH). |
| CCLA | Churches, Charities and Local Authority Property Fund |
| DLUHC | A Government department – The Department for Levelling Up, Housing and Communities (formerly known as the MHCLG) |
| DMADF | Debt Management Account Deposit Facility. |
| Funding Circle | Accounts set up to lend money to local and national businesses at competitive rates |
| GDP | Gross Domestic Product. This is the market value of all officially recognised goods and services produced within a country in a given period of time. |
| HRA | Housing Revenue Account. The statutory account to which revenue costs are charged for providing, maintaining and managing Council dwellings. These costs are financed by tenants' rents. |
| Investec Ninety-One | Investec Ninety-One Diversified Income Fund |
| LIBID | London Interbank Bid Rate. The interest rate at which banks bid to take short-term deposits from other banks in the London interbank market. |
| LOBO | Lender's Option Borrower's Option. This is a loan where the lender has certain dates when they can increase the interest rate payable and, if they do, the Council has the option of accepting the new rate or repaying the loan. |
| LVNAV | Low Volatility Net Asset Value. A new type of Low Volatility Net Asset Value Money Market Fund - a new fund category introduced as part of a new regulatory reform of the sector in Europe. |

Appendix E cont'd

| | |
|----------|---|
| MHCLG | A Government department – The Ministry of Housing, Communities and Local Government |
| MiFID | The Markets in Financial Instruments Directive (2014/65/EU) (MiFID II). The EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (shares, bonds, units in collective investment schemes and derivatives), and the venues where those instruments are traded. |
| MPC | Monetary Policy Committee. A committee of the Bank of England which decides the Bank of England's Base Rate and other aspects of the Government's Monetary Policy. |
| MRP | Minimum Revenue Provision. Local authorities are required to make a prudent provision for debt redemption on General Fund borrowing |
| NAV | Net Asset Value. The NAV is the value of a fund's assets less the value of its liabilities on a per unit basis. |
| PWLB | Public Works Loan Board - offers loans to local authorities below market rates. |
| QE | Quantitative Easing. The purchase of Government bonds by the Bank of England to boost the money supply. |
| Schroder | Schroder Income Maximiser Fund |
| SONIA | Sterling Overnight Index Average. The average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors. |
| T Bills | Treasury Bill. A short-term Government Bond. |
| UBS | UBS Multi Asset Income Fund (UK) – a pooled fund. |

Agenda Item 11

MID SUFFOLK DISTRICT COUNCIL

| | |
|--|---|
| TO: COUNCIL | REPORT NUMBER: MC/22/31 |
| FROM: Community Governance Review Working Group | DATE OF MEETING: 26 January 2023 |
| OFFICER: Arthur Charvonia Electoral Registration Officer | KEY DECISION REF NO. N/A |

COMMUNITY GOVERNANCE REVIEWS 2022

1. PURPOSE OF REPORT

- 1.1 The Council is asked to agree the recommendations of the Community Governance Review Working Group (see Appendix A and B).

2. OPTIONS CONSIDERED

- 2.1 In March 2022 the Council agreed to conduct a Community Governance Review (CGR) of the Parish and Town Councils the District as well as Parish areas that don't have an elected Parish Council.
- 2.2 The Council delegated the CGR to Community Governance Review Working Group made up of Cllr Suzie Morley, Cllr John Whitehead, Cllr Penny Otton and Cllr Sarah Mansel
- 2.3 The review invited all Parish and Town Councils, Parish Meeting, residents, and other interested parties to make submissions to the review.
- 2.4 Submissions were considered by the Community Governance Review Working Group and published in draft recommendations.
- 2.5 Further submissions in response to the draft recommendations were invite and considered by the Community Governance Review Working.

3. RECOMMENDATIONS

- 3.1 That Council agree the recommendations in Appendix A.
- 3.2 To agree the Future Reviews detailed in Appendix B.

4. KEY INFORMATION

- 4.1 A community governance review is a legal process that provides an opportunity for principal councils to review and make changes to community governance within their areas. It involves consulting those living in the area and other interested parties and making sure they have a say in how their local communities are represented.

- 4.2 The Review can consider one or more of the following options:
 - 4.2..1 Creating, merging, altering or abolishing parishes
 - 4.2..2 The naming of parishes and the style of new parishes and the creation of town councils
 - 4.2..3 The electoral arrangements for parishes (for instance, the ordinary year of election; council size; the number of councillors to be elected to the council, and parish warding)
 - 4.2..4 Grouping parishes under a common parish council or de-grouping parishes
 - 4.2..5 Consider other types of local arrangements, including parish meetings
- 4.3 The Review cannot:
 - 4.3..1 Change the number of councillors on Mid Suffolk Council
 - 4.3..2 change the amount of money that a parish council raises through your council tax (known as 'precept')

5. LINKS TO CORPORATE PLAN

- 5.1 The Review is linked to the Communities outcomes in the Corporate Plan as an effective Community Governance Structure enables communities to be “engaged in decision making,”

6. FINANCIAL IMPLICATIONS

The costs of conducting a CGR must be borne by the District Council however there are limited financial implications associated with this review. The only actual costs of the review are the expenses incurred by undertaking public consultation, i.e., printing and postage. However, officer time will be needed to support the review, estimated at ten full days over the 12-month period. Although the number of hours may increase depending on the outcome of the first consultation. This will be allocated from existing team resources.

7. LEGAL IMPLICATIONS

- 7.1 Failure to agree the recommendations could result in the Council breaching its statutory duties under the Local Government and Public Involvement in Health Act 2007. If, at the conclusion of the review, the Council decides to alter any parish boundary or electoral arrangements a Community Governance Order will need to be made to effect the change. This order will be drafted by the Council's legal team.

8. RISK MANAGEMENT

8.1 This report is not linked with any of the Council's Corporate/Significant Business Risks.

| Risk Description | Likelihood | Impact | Mitigation Measures |
|--|---------------------|----------------|---|
| If the Council does not undertake the review it could be in breach of its statutory responsibilities. | 1 – Highly Unlikely | 2 – Noticeable | Report to Council recommends that the review is agreed. |
| If the review uses inaccurate or incorrect assumptions or electorate projections the recommendations may not be future-proofed or fit for purpose. | 2 – Unlikely | 2 – Noticeable | The first stage of the review is a desktop exercise to gather and test relevant data. |
| If the review does not take into account, the views of local communities they may become disengaged and disappointed with the Council. | 2 – Unlikely | 2 – Noticeable | The terms of reference sets out the proposals for consultation. The Council must demonstrate how it has considered the views of consultees. |

9. CONSULTATIONS

9.1 Formal communication will be sent to all Parish and Town Council, Parish Meetings and Community Groups explaining the review and asking for submissions. The District Council is also required to undertake two rounds of consultation during the review as outlined in the terms of reference.

10. EQUALITY ANALYSIS

10.1 The CGRWG has considered any equality impacts when formulating its recommendations. A full Equality Impact Assessment will be undertaken, and presented to Council, if any of the protected grounds may be affected as a result of the CGRWG's final recommendations.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There are no Environmental Implications

12. APPENDICES

| Title | Location |
|-------------------------------|----------|
| A. Recommendations | Attached |
| B. Future Reviews | Attached |
| C. Consultation and Responses | Attached |

13. Report Author - Edward McCreadie Corporate Manager - Electoral Services and Land Charges

Appendix A

Recommendations

| Name of Parish/Town Council | Number of Members | Number of Electors | Recommendations |
|------------------------------------|--------------------------|---------------------------|---|
| Badwell Ash and Long Thurlow | 7 | 722 | Council is asked to agree the request from the Parish Council for an increase in the number of members from 7 to 9. |
| Fressingfield Parish Council | 13 | 882 | Council is asked to agree the request from the Parish Council for a decrease in the number of members from 13 to 11. |
| Thurston | 11 | 1185 | Council is asked to agree the request from the Parish Council for an increase in the number of members from 11 to 13. |
| Baylham Parish Meetings | | 217 | Council is asked to agree to the creation of an elected Parish Council for Baylham with 7 members. |

Appendix B

Future Reviews

1. During the review there were submissions from Stowmarket Town Council and Battisford Parish Council for boundary changes that would have also affected the District Ward and County Division Boundaries and associated Electoral Arrangements.
2. As these boundaries and electoral arrangements were put in place following reviews carried out the Local Government Boundary Commission for England (LGBCE) and agreed by Parliament it is beyond the legal power of the Council to make any changes without the agreement of the LGBCE.
3. Due to the timescales of this review, there was not sufficient time to carry out the level of public consultations required by the LGBCE and get the LGBCE to consider making the necessary changes.
4. It is therefore proposed that the Council commit to conducting a further Community Governance Review following the County Council Elections 2025.

Appendix C

Consultation and Responses

1. At the start of the Review emails were sent to all Town and Parish Councils, Parish Meetings, County Councillors, District Councillors and MPs.
2. Town and Parish Councils were asked to post information about the review on their websites.

There were 17 responses to the first phase of the review, 8 of which asked for no change, the remaining 5 that are not covered in the recommendations are summarised below.

| Name of Parish/Town Council | Summary of submissions received | Recommendations/Comments |
|---|---|---|
| Bacton Parish Council | <p>The Parish Council has asked the review to change the Boundary between Bacton and Wyverstone so that the site of the former Bacton Middle School becomes part of Bacton.</p> <p>Wyverstone Parish Council has objected to the proposal.</p> | The Review rejected the proposal. |
| Botesdale, Rickingham Superior and Rickingham Inferior | <p>Botesdale and Rickingham Parish Councils have requested that the Review consider:</p> <p>The creation of a new single parish with one Parish Council; or</p> <p>The re-grouping of Botesdale, Rickingham Inferior and Rickingham Superior parishes under one Parish Council.</p> | <p>The Review wrote to residents to ask their views on the proposed options.</p> <p>The Parish Councils then withdrew their request, so the review proposed no changes.</p> |

| | | |
|--|--|---|
| <p>Battisford Parish Council</p> | <p>The Parish Council asked for changes to its boundaries to incorporate new developments and outlying properties.</p> | <p>As this would require changes to Ward Boundaries the Review was unable to take this proposal forward. (see Appendix B)</p> |
| <p>Stowmarket Town Parish Council</p> | <p>The Town Council requested a change in the boundaries between Onehouse.</p> | <p>As this would require changes to Ward Boundaries the Review was unable to take this proposal forward. (see Appendix B)</p> |
| <p>Shelland Parish Meetings</p> | <p>Requested to be merged with Harleston Parish Meeting</p> | <p>The Review rejects the proposal because The Local Government Act 1972 requires “For every parish there shall be a parish meeting” therefore legal the only way merger Parish Meetings is to merger the Parishes themselves</p> |

Agenda Item 12

MID SUFFOLK DISTRICT COUNCIL

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|--|---|
| TO: Council | REPORT NUMBER: MC/22/32 |
| FROM: Chief Executive | DATE OF MEETING: 26 January 2023 |
| OFFICER: Janice Robinson, Deputy Monitoring Officer | |

SPECIAL URGENT DECISIONS TAKEN BY OFFICERS UNDER DELEGATED POWERS IN ACCORDANCE WITH PART 2 OF THE CONSTITUTION

1. PURPOSE OF REPORT

- 1.1 This report details Special Urgent Decisions taken by Officers for decisions over £150K and are exempt for call-in, in consultation with the Chair of the Council using their delegated powers during the Covid-19 Pandemic.
- 1.2 The Officers are required by the Constitution to report these decisions at an ordinary meeting of the Cabinet meeting under Part 2 of the Constitution.

2. RECOMMENDATION

- 2.1 That Council notes the decisions taken under delegated powers by the Chief Executive as detailed in Appendix A.

REASON FOR DECISION

Under Part 2 of the Constitution, Delegations to Officers, Paragraph 7.2 the decision must be reported Council.

3. KEY INFORMATION

- 3.1 Detailed in Appendix A.

4. LINKS TO THE CORPORATE PLAN

- 4.1 N/A

5. FINANCIAL IMPLICATIONS

Detailed in Appendix A.

6. LEGAL IMPLICATIONS

- 6.1 To comply with the Council's Constitution.

7. RISK MANAGEMENT

7.1 Key risks are set out below:

| Risk Description | Likelihood | Impact | Mitigation Measures |
|---|--------------|----------------|---|
| That the key decisions in Appendix A taken under delegated powers do not follow the Council's Constitutional Decision process thereby making them unlawful and open to challenge. | Unlikely (2) | Noticeable (2) | To follow the Constitutional decision process |

8. CONSULTATIONS

8.1 N/A

9. EQUALITY ANALYSIS

9.1 N/A

10. ENVIRONMENTAL IMPLICATIONS

10.1 N/A

11. APPENDICES

| Title | Location |
|---|----------|
| (A) Decisions taken by Officers under Delegated Powers in Accordance with Part 2 of the Constitutions | Attached |

BACKGROUND DOCUMENTS

[Decision - MSDC Officer Key Decision Special Urgency - Reward of Contract » Mid Suffolk District Council](#)

DECISION TAKEN BY THE CHIEF EXECUTIVE UNDER DELEGATED POWERS IN ACCORDANCE WITH PART 2 OF THE CONSTITUTION

| Decision Number | Decision Date | Decision |
|------------------------|----------------------|---|
| N/A | 02.12.2022 | To award a contract to Signix for £150,000. The award of this contract is to supply & fit CO, smoke and heat detectors including the recording of detector data. |

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