



Civic Centre
Riverside
Stafford
ST16 3AQ

13 November 2017

Dear Members

Council Meeting

I hereby give notice that a meeting of the Council will be held in the Council Chamber, County Buildings, Martin Street, Stafford on **Tuesday 21 November 2017 at 7.00pm** to deal with the business as set out on the agenda.

Please note that this meeting will be recorded.

A handwritten signature in black ink that reads "Tim Clegg".

Tim Clegg
Chief Executive

**COUNCIL MEETING - 21 NOVEMBER 2017
MAYOR, COUNCILLOR AIDAN GODFREY**

A G E N D A

- | | | | |
|----|---|-----------------|------|
| 1 | Approval of the Minutes of the last Meeting of the Council held on 19 September 2017 as published in Digest No 236 on Friday 6 October 2017 | | |
| 2 | Apologies for Absence | | |
| 3 | Declarations of Interest | | |
| 4 | Announcements (paragraph 3.2(iii) of the Council Procedure rules) | | |
| 5 | Public Question Time - Nil | | |
| 6 | Councillor Session - Nil | | |
| 7 | Notice of Motion - Nil | | |
| | | Page Nos | |
| 8 | Corporate Business Plan 2018 - 2021 | 3 | - 4 |
| 9 | Fees and Charges Review 2018 | 5 | - 8 |
| 10 | Petitioning Parliament on the High Speed Rail (West Midlands - Crewe) Bill | 9 | - 14 |
| 11 | New Partnering Arrangements with Stafford and Rural Homes | 15 | - 26 |
| 12 | Any Items Referred from Scrutiny Committee(s) | | - |

Chief Executive

Civic Centre
Riverside
Stafford
ST16 3AQ

ITEM NO 8

ITEM NO 8

Report of:	Corporate Business and Partnerships Manager
Contact Officer:	Tracy Redpath
Telephone No:	01785 619195
Ward Interest:	Nil
Report Track:	Cabinet 31/08/17 Council 21/11/17

COUNCIL
21 NOVEMBER 2017
Corporate Business Plan 2018 - 2021

1 Purpose of Report

- 1.1 To propose the refresh of the corporate business plan for 2018 - 2021 (circulated as a separate [BOOKLET](#)).

2 Recommendation

- 2.1 That Council approve the refresh of the organisation business plan 2018 - 2021.

3 Key Issues and Reasons for Recommendation

- 3.1 The business plan has been revised and proposes three new business objectives of the Council in respect of:-
- Economic Development and Planning
 - Community Wellbeing
 - Financial Sustainability and Resilience
- 3.2 The plan sets out the strategic direction of the authority for the next three year period. The business objectives that have been determined take into consideration:-
- The need for the organisation to work in a more joined up way across all service areas in order to deliver the plans for the growth of our Borough and the wellbeing and safety of our residents.

- The diversification in terms of Stafford Borough being the sub-regional centre for local services and HS2; the housing and employment provision and infrastructure required to support this.
- The Councils responsibilities in respect of contract management, shared services and commissioned services.

3.3 It is proposed that the refreshed corporate business plan will be implemented from April 2018 and will run for a 3-year period.

3.4 The plan is a high level plan that enables the authority to define its success, in terms of the delivery of outcomes, and prioritises those activities that will help to achieve those outcomes. It provides a focus to all of our staff so that they know and are aware of what they should be working on and what to prioritise.

3.5 The plan is designed to be a catalyst for a more joined up way of working which will enable the Council to align all resources in order to maximise our strategic success for the future.

4 Relationship to Business Objectives

4.1 The plan is the main strategic driver for the authority and sets the direction of travel proposed for the next three years.

5 Implications

5.1 Financial	The proposed corporate business plan is in line with the medium term financial plan of the authority
Legal	Nil
Human Resources	Nil
Human Rights Act	Nil
Data Protection	Nil
Risk Management	There are a number of elements within the plan that appear in the Council's Strategic Risk Register - with appropriate mitigating actions to downgrade risk scores.

5.2 Equality and Diversity	<p>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-</p> <p>Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</p>
-----------------------------------	---

Previous Consideration - Cabinet - 31 August 2017 - Minute No CAB23/17

Background Papers - Policy and Improvement

ITEM NO 9**ITEM NO 9**

Report of:	Head of Finance
Contact Officer:	Emma Fullagar
Telephone No:	01543 464720
Ward Interest:	Nil
Report Track:	Cabinet 2/11/17 Resources 7/11/17 Economic Development and Planning 9/11/17 Community Wellbeing 14/11/17 Council 21/11/17

COUNCIL
21 NOVEMBER 2017
Fees and Charges Review 2018

The following report was considered by Cabinet at its meeting held on 2 November 2017 (and submitted to Resources Scrutiny Committee on 7 November 2017, Economic Development and Planning Scrutiny Committee on 9 November 2017 and Community Wellbeing Scrutiny Committee on 14 November 2017) and is submitted to Council for approval.

1 Purpose of Report

- 1.1 The purpose of this report is to propose to the Council the Fees and Charges for 2018.

2 Recommendation

- 2.1 That the proposed Fees and Charges for 2018 be recommended to Council for approval.
- 2.2 That delegated approval be given to the Head of Environment to agree fees and charges increases from Freedom Leisure in accordance with the contract.

3 Key Issues

- 3.1 The report sets out the proposed changes to Fees and Charges for 2018.

4 Relationship to Corporate Priorities

- 4.1 This report supports all of the Council's Corporate Priorities.

5 Background

- 5.1 The proposed increases to Fees and Charges to take effect from 1 January 2018 are contained within the **BOOKLET** as circulated with this agenda.
- 5.2 The guidance that has been given is that inflation is currently running at 3%. However, the increases should be with regard to what the market can bear and set prices accordingly.
- 5.3 With the outsourcing of leisure there is no proposal to increase those charges from 1 January 2018, future increases would coincide with the opening of Stone Leisure Centre or to use the contract anniversary date of 1 December 2018, and annually thereafter.
- 5.4 The operator pricing requirements are attached as an **APPENDIX**. However, the key item to note is in relation to future increases, the Operator only requires the prior written approval of the Council in relation to increases above CPI + 2%.

6 Implications

6.1	Financial	As set out in the report
	Legal	As set out in the report
	Human Resources	As set out in the report
	Human Rights Act	As set out in the report
	Data Protection	As set out in the report
	Risk Management	<p>The risk issues contained in this report are not strategic and therefore should not be included in the Strategic Risk Register.</p> <p>The level of income generated by the Council from fees and charges is a key risk as a number of the Council's main income streams are sensitive to adverse economic conditions and can vary significantly as a result.</p>
6.2	Equality and Diversity	<p>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-</p> <p>Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</p>

Previous Consideration - Cabinet - 2 November 2017 - Minute No CAB38/17
--

Previous Consideration - File available in Financial Services
--

COUNCIL
21 NOVEMBER 2017
Fees and Charges Review 2018

Leisure Contractor Pricing Schedule

The pricing policy approved by the Council for future increases beyond the initial 12 month period at the facilities/programmes provided by Freedom is:

1 Pricing Requirements

Required Outcome

- 1.1 The Operator must set out the prices it will charge for the use of the Facilities and associated services ("**the Operator's Schedule of Prices**").
- 1.2 The Operator's Schedule of Prices shall be developed in such a way as to support the delivery of the Council's Outcomes, the Annual Service Plan and the KPIs and Participation Targets. The Operator's Schedule of Prices must promote the principles of equality of access and encourage the use of the Facilities and associated services by all sections of the community, especially those people who are economically disadvantaged.
- 1.3 The Operator must ensure that the sport and leisure Facilities are available on a pay as you play and membership basis.
- 1.4 The Operator shall honour agreements and pricing models that support existing amateur and charitable groups using the theatre and /or associated facilities and where an increase is necessary, the reasons and justification for the price increase will be presented to the Council for approval as part of the Operator's Schedule of Prices.
- 1.5 The Operator must maintain free access to all heritage sites (exception special events / activities see schedule).
- 1.6 The Operator must ensure that free access is maintained to all free of charge events.
- 1.7 The Operator must maintain free use of the sites and ancillary facilities where any additional event, opening, celebration is organised or supported by the Council.
- 1.8 The Operator must operate a membership scheme to encourage regular use of the Facilities and associated services and to support the delivery of the Council's Outcomes.

- 1.9 The Operator must operate a concession scheme that offers discounts and other benefits to encourage use of the Facilities and associated services by those people who are less likely to use the Facilities and associated services and/or are economically disadvantaged. The Operator must have a full policy of eligibility, percentage discounts for each relevant service and activity at the Facilities. The Operator must have a full policy of terms and conditions which is available to all users.
- 1.10 The Operator is free to provide offers and/or discounts at their discretion to encourage use of the Facilities and associated services, that doesn't conflict with Council policy or directly compete with any Council provision of services.
- 1.11 The Operator shall not increase prices for any activities and events by more than **CPI plus 2 percentage points** per annum without the prior approval of the Council.
- 1.12 Charges for any services outside of those required by the Council pursuant to this Deed will be at the Operator's discretion provided they do not in any way inhibit the achievement of the Council's Outcomes or any other requirements of this Deed.
- 1.13 The Operator must submit the Operator's Schedule of Prices to the Council prior to the Commencement Date and thereafter by 30 October of each year with the Operator's Schedule of Prices applying from 1 January of the following year.

ITEM NO 10**ITEM NO 10**

Report of:	Head of Economic Development, Housing and Planning
Contact Officer:	John Holmes
Telephone No:	01785 619302
Ward Interest:	Nil
Report Track:	Council 21/11/17 (Only)

COUNCIL**21 NOVEMBER 2017****Petitioning Parliament on the High Speed Rail (West Midlands - Crewe) Bill****1 Purpose of Report**

- 1.1 The Government is proposing to develop a high speed rail line between Fradley and Crewe - High Speed 2, Phase 2a - as part of a wider high speed rail network which will link London with Birmingham, Manchester and Leeds. On 17 July 2017 a Hybrid Bill relating to High Speed 2 Phase 2a was deposited in Parliament - enactment of the Bill will give the Government the powers to build and operate a high speed rail line as proposed. This report addresses the issue of petitioning Parliament on the Hybrid Bill.

2 Recommendation

- 2.1 It is recommended that the Council:-
- (a) agrees to the petitioning of Parliament on the High Speed Rail (West Midlands to Crewe) Bill; and,
 - (b) notes the likely costs involved in petitioning and approves a budget of £65,000 to cover these costs; and,
 - (c) delegates authority to the Chief Executive in consultation with the Cabinet Member for Economic Development and Planning, the Head of Economic Development and Planning and the Head of Law and Administration to approve the contents of the petition and make arrangements for petitioning Parliament on the Hybrid Bill.

3 Key Issues and Reasons for Recommendation

3.1 High Speed 2 is a Government backed and promoted proposal to develop a high speed rail line between London, Manchester and Leeds. Phase 1 of the line from London to Birmingham, and to a point near Fradley in Lichfield District, from where there would be a connection with the existing West Coast Mainline near Handsacre was granted Royal assent in February 2017.

Phase 2a is proposed to extend the line from Fradley to Crewe, and passes through the length of Stafford Borough.

3.2 A Hybrid Bill covering Phase 2a of High Speed 2 was formally laid before Parliament and had its first reading on 17 July 2017.

3.3 The next stage of the parliamentary procedure will be for the second reading to take place at which point Members of the House of Commons (MPs) will decide whether or not the principles of the Bill are acceptable and if confirmed, the proposals can go forward for detailed scrutiny. It is understood that the Bill will receive its second reading sometime between late November 2017 and January 2018. If MPs do decide to progress the Bill, a select committee of MPs will be set up to determine whether the Bill is appropriate as deposited or needs to be changed in any way. If the Bill is allowed to go forward one of the first tasks following the second reading of the Bill would be for a call to go out for petitions to be lodged by interested parties. This will provide a small window of opportunity to act, which could be as little as 2 weeks.

3.4 The Hybrid Bill offers the only opportunity for local authorities, local communities, individuals and other interested parties to challenge the Government's proposals and seek to have changes made to the proposed scheme. This process is known as 'Petitioning' which involves a formal notice being made to Parliament by an affected party to have their views heard by a Select Committee and then subject to that wish being acceded to by Parliament, that party duly presenting its case.

3.5 On Phase 1 Staffordshire County Council and Lichfield District Council took the decision to formally petition the Hybrid Bill. They appointed Parliamentary Agents and legal Counsel to act on their behalf in this process and committed monies to cover the costs of seeking changes to the Bill. Whilst these costs were significant, they did achieve some notable success in securing changes to the proposal including a significant change to the vertical alignment of the route where it crosses the West Coast mainline, South Staffordshire railway and the A38 trunk road at Streethay.

3.6 It is understood that Staffordshire County Council are likely to petition on Phase 2a and have retained the same Parliamentary Agents. Whilst the two authorities may share the same concerns over the contents of the Bill, there may be matters which the Borough Council wish to petition on which Staffordshire County Council does not, and therefore whilst to petition may duplicate in part what Staffordshire County Council does, the Council cannot rely on the County Council petitioning on all matters the Borough Council is concerned about.

- 3.7 When the Select Committee comes to deciding whether or not to accept a petition it will want to establish what the interest is of the petitioner. If the Committee does not believe that a petitioner has a direct link to the matter being raised under the petition, it can disallow the petition and prevent the petitioner being heard. Parliamentary Agents have advised that this 'rule' applies to any prospective petitioner and is intended to ensure the process of petitioning is not abused. On phase 1 Staffordshire County Council was advised that whilst it is appropriate for it to petition generally being a local authority covering the area within which part of the route will be built and operate, the Select Committee may wish to enquire as to the specific grounds that Staffordshire County Council are using to justify this approach. Such questioning is unlikely to occur - where the County is raising issues about matters which it as the County Council has direct responsibility for e.g. Highways/transportation matters. Where matters lie outside its areas of responsibility but are the responsibility of the Borough Council e.g. Planning, Noise etc, the view of Parliamentary Agents was that to avoid problems occurring at the Select Committee stage and to ensure that issues such as those that would fall within the remit of the Borough Council are presented and heard, the Borough Council should be seeking to petition.
- 3.8 Petitioning against a Parliamentary Bill requires specialist knowledge and expertise in drafting the petition and presenting this to the Select Committee. Parliamentary Agents are solicitors approved by the House of Commons and Lords to undertake this work on behalf of bodies seeking to petition. Staffordshire County Council has appointed Parliamentary Agents to advise and assist on HS2.
- 3.9 If a decision is duly made and approved to petition, the Borough Council would seek to formalise an arrangement to use the services of the same Parliamentary Agents as Staffordshire County Council.
- 3.10 Following the second reading a formal call for petitions to be submitted to Parliament in respect of the Bill will go out. Based on previous experience it is likely that the period for petitioning will commence very shortly after the second bill reading and last for a short period of time (perhaps only two weeks). This would mean petitions would need to be submitted by December 2017 or January 2018.
- 3.11 Costs would be incurred in appointing Parliamentary Agents to advise the Borough Council on petitioning issues, draft and submit the petition and for assisting in making the Council's case at Select Committee stage. The Parliamentary Agents would also support the Borough Council in discussions with High Speed 2 Limited on issues prior to Select Committee stage where there could be the prospect of reaching agreement and thus preventing the need for matters to be taken forward. Although it is difficult to identify the costs likely to be incurred, a figure of £5-10,000 for drafting and submitting a petition, an additional sum of up to £15,000 for acting for the Council in matters leading up to Select Committee stage with a further amount on top of this up to £40,000 for work involved at the Select Committee stage. These figures which amount to up to £65,000 assume that the Borough Council

would be engaging the Parliamentary Agents retained by Staffordshire County Council. This would enable costs to be paired back to reflect a shared arrangement, and is likely to amount to £10,000 in this financial year with the remainder in 2018/19.

- 3.12 The other area of potential expense would be the possibility of having to appoint legal counsel to appear at the Select Committee. Advice on this would need to be taken at a later date but there may be potential for joint working arrangements between the County Council and the Borough Council to reduce the cost of representation.
- 3.13 Prior to the Select Committee stage it is normal procedure for a Bill promoter to seek to reduce the level of objections or matters to be discussed before the Committee. It is expected that moving toward the second reading HS2 Limited will be seeking confirmation of likely petitioning issues from interested parties and depending on the nature of these issues aiming to resolve them. This potentially could lower overall costs to the Borough Council.
- 3.14 The Hybrid Bill and the proposals contained within it raise a number of concerns. These relate to the impact of the route on the landscape and amenity of the Borough and the effects on local communities of the route's construction and subsequent operation. In many parts along the route, HS2 will be very prominent in the landscape particularly where it is on viaducts and embankments such as at Great Haywood. Construction activities will result in the loss of existing properties and significantly increase the number of vehicles using some rural roads and also the destruction of important nature conservation assets.
- 3.15 Work is currently on-going to determine the number of petitioning issues which could be taken forward. The key areas are:-
- (a) The location of the proposed railhead / and subsequent Infrastructure Maintenance Base - Rail at Stone
 - (b) If the location of the railhead and subsequent Infrastructure Maintenance Base - Rail remains as currently proposed, ensuring that sufficient mitigation is provided, including:-
 - The design and positioning of the proposed M6 Motorway junction.
 - The timing of the construction of the new M6 junction and railhead to enable the M6 junction to be in place to allow construction of the railhead without the need for HGV traffic to access the site from Yarnfield Lane.
 - The construction of the proposed landscape and noise bunds and noise fence barriers before the railhead is brought into use.

- Maximisation of the delivery of materials and plant to the railhead by rail and, where this cannot be achieved, by routing HGV traffic via the M6 Motorway rather than via Yarnfield Lane.
- (c) Achieving a design solution to the Great Haywood viaduct. Whilst the design will be subject to the planning regime set out in Schedule 17 of the Bill, the importance of the appearance of the viaduct some 15.9 metres in height cannot be minimised, and an undertaking to provide a design solution rather than a cost driven engineering solution is required to mitigate the visual intrusion into the Trent and Mersey Canal Conservation Area, Ingestre Conservation Area and the Grade 1 registered historic park at Shugborough.
- (d) Improved construction operations including the routing of construction traffic away from residential properties.
- (e) Securing improved mitigation of the affects of the construction and operation of the HS2 line on the environment of the Borough.

4 Relationship to Corporate Priorities

4.1 Securing the best outcome possible for the Borough and its residents cuts across all four Council priority areas:-

Prosperity
Clean, Green, Safe
Health and Wellbeing
Leading and Delivering for our Communities

5 Implications

5.1	Financial	Nil
	Legal	Section 239 of the Local Government Act 1972 Requires a decision oppose a bill in Parliament to be approved by a majority of the whole number of members at a meeting notice of which, in addition to the normal notice, has been published in a newspaper circulating in the area at least 10 clear days before the meeting.
	Human Resources	Nil
	Human Rights Act	Nil
	Data Protection	Nil
	Risk Management	Nil

5.2 Equality and Diversity	The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:- Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
-----------------------------------	--

Previous Consideration - Nil

Background Papers - The High Speed Rail (West Midlands to Crewe) Bill and 140 accompanying documents which are available on the HS2 website:
<https://www.gov.uk/government/collections/high-speed-rail-west-midlands-to-crewe-bill>

ITEM NO 11

ITEM NO 11

Report of:	Head of Economic Development and Planning
Contact Officer:	Tomos Jones
Telephone No:	01785 619336
Ward Interest:	Nil
Report Track:	Cabinet 02/11/17 Council 21/11/17

COUNCIL**21 NOVEMBER 2017****New Partnering Arrangements with Stafford and Rural Homes**

The following report was considered by Cabinet at its meeting held on 2 November 2017.

1 Purpose of Report

- 1.1 To recommend that the current Transfer Agreement between the Council and Stafford and Rural Homes be replaced with a Partnering Agreement that sets out a new relationship between the two organisations reflecting the changed landscape for local authorities and Housing Associations.

2 Recommendation

- 2.1 That the Head of Legal Services be authorised to draw up a new Partnering Agreement between the Council and Stafford and Rural Homes setting out a new relationship between the two organisations to include:-
- Two voting representatives from the Council on Stafford and Rural Homes board;
 - Payment of a fee of £1.8M inclusive of funds already received for financial year 2016/17 in lieu of further Right to Buy receipts;
 - An undertaking from Stafford and Rural Homes that any proceeds raised from the disposal of any assets transferred on the date of the Transfer Agreement be re-invested within the boundaries of the Borough Council;
 - An agreement that any warranties previously provided by the Council be waived;
 - An agreement that the Councils guarantee in relation to pension rights is terminated if Stafford and Rural Home's does not exist as a stand alone organisation (as reflected in the existing Transfer agreement)
 - Continued nomination rights for the Borough Council to Stafford and Rural Homes properties;

- That the Council and Stafford and Rural Homes agree to give fair consideration to the other for future partnerships including, but not limited to, housing development and grounds maintenance.

2.2 That upon receipt of the payment of the balance £1,800,000 minus funds already received for financial year 2016/17 from Stafford and Rural Homes, and conditional upon the new Partnership Agreement being in place, the Head of Legal Services be authorised to terminate the existing Transfer Agreement between Stafford and Rural Homes.

3 Key Issues and Reasons for Recommendation
--

3.1 The relationship between the Council and Stafford and Rural Homes (SRH) was set out in the Transfer Agreement in February 2006. The Agreement provided for the transfer of the Council's housing stock and places obligations on SRH in relation to the management, repair and improvement of the stock. Those obligations have been delivered by SRH who have invested in excess of £100m into the stock to ensure that it meets the decent homes standard.

3.2 There are a number of clauses in the transfer document that have come to an end because they were time limited eg VAT Shelter, funding for disabled adaptations and management of the Housing Register. There are, however, five key clauses that remain active in the Agreement.

3.3 The environment in which both SRH and the Council operate has changed significantly over the 10 years since the stock transfer and given SRH have now fulfilled and in most instances exceeded all of the conditions around the management and improvement of the stock it is now considered that the Transfer Agreement needs to be reviewed.

3.4 The remaining elements of the Agreement and their expiry dates within the Agreement are set out in the table below:-

The Preserved Right to Buy	2021
Disposal of Assets	2026
Nomination Agreements	In perpetuity
The Golden Share	In perpetuity
Board Representation	In perpetuity
Warranties	Various

3.5 The Housing and Planning Act 2016 and recently published draft Regulation of Social Housing (Influence of Local Authorities) Regulations 2017 contain provisions that will abolish the Golden Share and restrict Board Representation when enacted. These recommendations comply with those arrangements and pre-empt their imposition.

- 3.6 The Council's medium term financial plan assumes a continuation of receipts from the Preserved Right to Buy based on average returns over recent years. SRH have offered to pay the Council a one off sum of £1.8M covering the final 5 years of the agreement from 2016/17 to end this arrangement. A figure of £526,000 has been received for 2016/17 leaving a balance of £1,274,000 to pay to end the current Agreement.
- 3.7 The Transfer Agreement provides for 50% of any receipt received by SRH from the disposal of assets to be returned to the Council. However, SRH have stated they will not dispose of any assets whilst this clause is in place effectively rendering it meaningless and potentially limiting opportunities for regeneration and investment in the Borough.
- 3.8 On 15 October 2016 Cabinet agreed to terminate the agreement with SRH for management of the housing waiting list, however, existing nominations rights should be retained within the new partnering agreement.
- 3.9 The Transfer Agreement includes several warranties by which the Council undertakes to protect SRH against certain financial risks. They have indicated that they would be prepared to end these warranties at no cost to the Council if the Transfer Agreement were ended.
- 3.10 SRH were an admitted body of the Staffordshire County Pension Fund and in accordance with the Transfer Agreement and Admission Agreement the council agreed to indemnify the pension Fund against any losses, costs and expenses in the event of the insolvency, winding up liquidation of SRH; or if SRH does not fulfil its obligations in relation to payment of contributions.
- 3.11 The termination of the Transfer Agreement and the requirement of SRH to work in a more commercial environment necessitated that the guarantee provided by the Council is limited to solely the constraints of the existing transfer agreement. In June 2016 SRH reviewed its Company Pension Strategy and decided that, with effect from 1 September 2016, to close membership of the LGPS to new employees. Whilst a further review is proposed to consider complete closure this step will limit the Council's liabilities to acceptable levels. The new partnering agreement will ensure that no additional liabilities can be incurred going forward.
- 3.12 Whilst not specifically linked to the Transfer Agreement the Council has been investigating options for the delivery of a Housing Development Model. At the same time SRH have recently established a wholly owned company to build new homes for rent and sale and it is recommended that a future Partnering Agreement provide for future opportunities to be explored jointly with SRH in respect of this and other areas of future collaborative working.
- 3.13 The key recommendations therefore are:-
 - The Council accepts SRH's offer of £1.8M including the figure of £526,000 for 2016/17 to extinguish all outstanding clauses within the Transfer Agreement;

- The Transfer Agreement in its current state be terminated and replaced with a new Partnering Agreement setting out Borough Council representation on SRH's Board, ring fencing of receipts from the sale of assets to future regeneration within the Borough, a waiver of all remaining warranties, nomination rights for the Borough Council for housing accommodation, a clear position statement on future pension fund liabilities and an agreement to work collaboratively where to do so benefits both organisations and the citizens of the Borough.

4 Relationship to Corporate Priorities

- 4.1 This supports the delivery of the Corporate Plan priorities of:-
Prosperity by enabling future population growth through housing development and supporting existing businesses
Health and Wellbeing by ensuring that there is a diverse housing provision that reflects local needs and future growth
Leading and Delivering for our Communities by ensuring the relationship between the Council and Stafford and Rural Homes is fit for purpose

5 Report Detail

- 5.1 The Transfer Agreement which exists between the Council and SRH governs the relationship between the two organisations. While most of the commitments contained in the Transfer Agreement were time limited, and have now been delivered, there are a number of provisions that are still operational;

The Preserved Right to Buy	2021
Disposal of Assets	2026
Nomination Agreements	In perpetuity
The Golden Share	In perpetuity
Board Representation	In perpetuity
Warranties	Various

- 5.2 The issues surrounding these are discussed in more detail below and the pros and cons of varying each of these is set out in the **APPENDIX**.

Preserved Right to Buy (RTB)

- 5.3 The Council receive a share of the right to buy receipts from the sale of former council houses where the tenant was accommodated prior to the transfer (ie previous tenants of Stafford Borough Council) - this is known as the preserved right to buy. The amount of capital receipts received since 2008 is shown below

Right to Buy Receipts 2008/09 to 2016/17

	Amount received (£)
2008/09	437,881
2009/10	322,476
2010/11	282,089
2011/12	343,009
2012/13	222,864
2013/14	261,929
2014/15	661,710
2015/16	268,711
2016/17	526,000
TOTAL	£3,326,672.30
Ave	£369,630.26

- 5.4 The money received from the right to buy receipts is used to support the Council's capital programme.
- 5.5 There had been some concerns that the Government's changes to the use of RTB would result in this arrangement being removed, however, the Housing and Planning Act does not contain any provisions that would impact on this.
- 5.6 SRH have stated they see this clause as a restriction on their ability to manage the financial pressures they are facing and detrimental to their future development plans.
- 5.7 SRH have made an offer of £1.8M (including 2016/17) to terminate this and the other remaining clauses of the Transfer Agreement. Whilst there is a risk that over the remaining period of the Agreement RTB receipts could exceed this, there is an equal risk that they will fall below this figure. There is also an advantage to the Council of receiving this money in one lump sum as opposed to in instalments of unknown quantities over the next 4 years. It is therefore recommended that this offer be accepted.

Disposal of Assets

- 5.8 This Clause provides for a capital receipt to be paid to the Council following the sale of SRH properties. 50% of the proceeds of sale, less the cost of disposal and preparing the site for sale, are to be paid to the Council.
- 5.9 There have been no occasions when the clause has operated. Any receipts that might be received are not included in the Council's financial plan.
- 5.10 SRH have stated they will not dispose of any assets whilst this clause is in place effectively rendering it meaningless and potentially limiting opportunities for regeneration and investment in the Borough.

- 5.11 SRH have sought legal opinion on the operation of this clause and believe that the proceeds from the disposal of assets should be first used to reprovide affordable housing and that the clawback arrangements apply only once this is complete. This view is not held by the Council's Legal Service.
- 5.12 The offer mentioned in 5.6 above would also terminate this clause freeing SRH to dispose of any assets without having to make any payment to the Council.
- 5.13 It is therefore recommended that a Partnering Agreement be put in place with SRH that specifies that any capital receipts received from the disposal of assets included with the original transfer be ring fenced for investment in affordable housing within the boundaries of the Borough.

Governance Arrangements

- 5.14 The Transfer Agreement (Article 43) states that special resolutions must be made by ballot for the following decisions:-
- Amendments to articles of association
 - Change of company name
 - Voluntary winding up
 - Compulsory winding up
 - Re-appointing a company member expelled
 - Expelling a company member
 - Amendments to the memorandum and articles of association
- 5.15 In order to pass a special resolution a 75% majority is required and since the Council holds one third of the votes it is able to block such resolutions.
- 5.16 The current arrangements provide one Council officer and two elected members on the Board of SRH. This was agreed by the Council in September 2011 when the Council representation was reduced from 5 to 3.
- 5.17 Section 93 of the Housing and Planning Act 2016 contained provisions that will abolish the Golden Share and restrict Board Representation when enacted, and the recently published draft Regulation of Social Housing (Influence of Local Authorities) Regulations 2017 provide further details and a clear indication this will happen in the very near future.
- 5.18 It is therefore recommended that the Partnering Agreement mentioned in 5.14 above provides for the Council to nominate two representatives, one senior officer and the other potentially a Member to SRH's Board.

Nominations Rights

- 5.19 Under the Transfer Agreement the Council has the right to nominate prospective tenants to up to 75% of the SRH properties that come available each year. This is vital to support the work of the Housing Service in discharging the Council's homelessness duties.
- 5.20 Nomination rights were previously discharged through the operation of the Choice Based Letting policy which was a joint policy between the Council and Stafford and Rural Homes.
- 5.21 On 6 October 2016 Cabinet agreed to proposals for the transformation of the housing options service that included a review of the Allocations Policy and the Tenancy Strategy.
- 5.22 It is recommended that the provision of 75% nomination rights is included within the proposed Partnering Agreement to support the new arrangements.

Warranties

- 5.23 At the time of the transfer agreement the council provided a number of warranties to SRH. The remaining warranties relate to:-
- Wedgwood: procure that Wedgwood enters into a deed of release of its pre-emption rights
 - Asbestos: 22 year indemnity against claims affecting the properties
 - Subsidence: 30 year indemnity against subsidence claims relating to dwellings at Barlaston Park and North Walls
- 5.24 The passage of time has effectively rendered the majority of the warranties redundant (eg the Council is the beneficial and legal owner of the Property and is able to convey full title) and the termination of the Transfer Agreement will remove any liabilities for the Council.

Housing Delivery Model/ Joint Venture

- 5.25 A number of discussions have taken place both internally and with SRH about the opportunity to develop a Housing Development Model of Joint Venture that could deliver new and affordable housing in the Borough as well as potentially generating an income for the Council.
- 5.26 A number of models across the country have been investigated and all share the same characteristics of either benefitting from substantial land holdings or capital funding, neither of which is currently the case in Stafford.
- 5.27 There may, however, be future opportunities depending on the outcome of the current land review being undertaken by the Head of Head of Economic Development and Planning.

- 5.28 Other examples of partnership working could involve arrangements around place shaping, emergency planning and health and wellbeing.
- 5.29 The proposed Partnering Agreement should therefore set out an expression from both parties to explore opportunities for partnership working wherever possible.

6 Implications	
6.1 Financial	If the sale of houses under the Preserved Right to Buy continues at the level seen over the 8 years prior to 2016/17 (which was exceptional) the Council could expect to receive in the region of £1.75m. The offer of £1.8M is therefore equitable at current forecasts.
6.2 Legal	Section 93 of the Housing and Planning Act 2016 contains powers for the Secretary of State to make regulations for the purpose of limiting or removing the ability of local authorities to exert influence over private registered providers through - (a) appointing or removing officers of private registered providers; (b) exercising or controlling voting rights. The recently published draft Regulation of Social Housing (Influence of Local Authorities) Regulations 2017 set out further details on how this will be implemented. The voluntary offer of 2 places on the board of SRH would therefore ensure the Council continues to have a voice in the future direction of the organisation.
6.3 Human Resources	There are no human resource implications arising from this report.
6.4 Human Rights Act	There are no Human Rights Act implications arising from this report.
6.5 Data Protection	There are no Data Protection implications arising from this report.
6.6 Risk Management	The key risks associated with the recommendations are:- <ul style="list-style-type: none"> • The Council may lose future income if a lump sum for RTB sales is accepted now and sales are higher than anticipated over the next 5 years, similarly sales could be lower; • The Council could lose income as a result of a sale of an asset without a reciprocal agreement in place. However, SRH have stated they have no intention of disposing of assets whilst this clause is in place; • The Council may lose some nominations

	<p>rights if this element of the agreement is terminated, however, SRH will still be under a duty to cooperate with the Council in the allocation of housing by virtue of Section 170 of the Housing Act 1996.</p> <ul style="list-style-type: none">• Including clauses around reinvestment of receipts from the sale of assets in the Borough and nomination rights within a new Partnering Agreement would provide protection to the Council against these risks
<p>7 Equality and Diversity</p>	<p>The Borough Council considers the effect of its actions on all sections of our community and has addressed all of the following Equality Strands in the production of this report, as appropriate:-</p> <p>Age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.</p>

Previous Consideration - Cabinet - 2 November 2017 - Minute No CAB43/17

Background Papers - File available in Environment and Health

COUNCIL
21 NOVEMBER 2017
New Partnering Arrangements with Stafford and Rural Homes

Pros and Cons of Variations to Transfer Agreement Clauses

Governance	End date: In perpetuity
<p>Golden Share Article 43 of the Transfer Agreement states that special resolutions must be made by ballot. These cover;</p> <ul style="list-style-type: none"> ▪ Amendments to articles of association ▪ Change of company name ▪ Voluntary winding up ▪ Compulsory winding up ▪ Re-appointing a company member expelled ▪ Expelling a company member ▪ Amendments to the memorandum and articles of association <p>The procedure for a ballot stipulates that the 3 “constituent groups” get 1 vote (regardless as to how many members are in that constituent group). The Council therefore has one third of the vote. To be passed a special resolution you need to secure 75% of the vote. This provides the Council with the ability to block special resolutions.</p> <p>Representation on the Board This was changed by council resolution on 27 September 2011. Council representation was reduced from 5 to 3.</p> <p>The current articles (article 19) allow the council to appoint up to 3 council board members – 2 elected members and 1 senior employee.</p>	

Advantages of Terminating Clause	Disadvantages of Terminating Clause
<ul style="list-style-type: none"> • Will be removed be Housing and Planning Act and draft Regulation of Social Housing (Influence of Local Authorities) Regulations 2017 – allows early discussion to take place around alternative governance arrangements • Golden Share “veto” never exercised • SRH regulated by HCA including governance arrangements • Brings SRH into line with most other HAs including stock transfers • Allows mature relationship to develop between SRH and SBC as equal partners 	<ul style="list-style-type: none"> • Loss of “veto” in event of SRH merger/ rebranding • Possible loss of SBC board members and therefore influence/ intelligence over SRH investment/ management proposals

Preserved Right to buy – transfer of receipts on the sale of a property to a tenant	End date: 2021
--	-----------------------

The Council receive a share of the right to buy receipts from the sale of former council houses where the tenant was accommodated prior to the transfer (ie previous tenants of Stafford Borough Council) – this is known as the preserved right to buy.

Advantages of Terminating Clause	Disadvantages of Terminating Clause
<ul style="list-style-type: none"> • Will provide up front payment of capital with no risk of variation due to housing market/ government policy change • Future RTB receipts retained by SRH for reinvestment in the Borough 	<ul style="list-style-type: none"> • Risk that RTB sales exceed 5 year predictions and therefore loss of income to Council

Disposal of assets clawback	End date: 2026
------------------------------------	-----------------------

The Clause provides for a capital receipt to be paid to the Council following the sale of SRH properties. 50% of the proceeds of sale, less the cost of disposal and preparing the site for sale, are to be paid to the Council.

Advantages of Terminating Clause	Disadvantages of Terminating Clause
<ul style="list-style-type: none"> • Releasing receipts from the sale of assets could stimulate further regeneration in the Borough. 	<ul style="list-style-type: none"> • Potential loss of income to the Council (value unknown) • SRH may submit a legal challenge to this clause

Nominations Agreement		In perpetuity
<p>Under the Transfer Agreement the Council has the right to nominate prospective tenants to up to 75% of the Stafford and Rural Homes properties that come available each year.</p>		
Advantages of Terminating Clause	Disadvantages of Terminating Clause	
<ul style="list-style-type: none"> • Duty to cooperate will remain • New nominations agreement can be negotiated as part of the Tenancy Strategy review • Nominations to new developments protected under S106 agreements 	<ul style="list-style-type: none"> • Potential loss of nominations • SRH may reject SBC nominations • Potential rise in use of B&B rises 	

Warranties	End date: various date
<p>At the time of the transfer agreement the council provided a number of warranties to SRH. The remaining warranties relate to;</p> <ul style="list-style-type: none"> ▪ <u>Wedgwood</u>: procure that Wedgwood enters into a deed of release of its pre-emption rights ▪ <u>Asbestos</u>: 22 year indemnity against claims affecting the properties ▪ <u>Subsidence</u>: 30 year indemnity against subsidence claims relating to dwellings at Barlaston Park and North Walls 	
Advantages of Terminating Clause	Disadvantages of Terminating Clause
<ul style="list-style-type: none"> • Little impact 	<ul style="list-style-type: none"> • Little impact