Public Document Pack

	MID SUFFOLK CABINET
PLACE	**King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich**
DATE	**Monday, 5 February 2018 at 2.30 pm**

Members

Chairman: Nick Gowrley
Vice Chairman: John Whitehead

Gerard Brewster	Penny Otton
David Burn	Andrew Stringer
Julie Flatman	David Whybrow
Glen Horn	Jill Wilshaw

R E V I S E D   A G E N D A

Part 1

8	**MCa/17/41 - Joint Treasury Management Strategy 2018/19**	15 - 70

At its meeting on 15 January 2018, the Joint Audit and Standards Committee (JAC) scrutinised Paper JAC/17/15 – a link to the report is provided for Members' information. However, a revised version of the report is attached as Paper MCa/17/41 which reflects changes to the numbers since the meeting due to amendments to the capital programme as part of the Budget process.

JAC agreed the recommendations to Cabinet and Council as set out in Paper JAC/17/15, subject to an amendment to correct the figures in the Capital Financing – General Fund for Mid Suffolk in Appendix F, paragraph 2.4, to reflect an error identified by the Committee. The draft JAC Minute is attached as Appendix K.

A list of the changes is attached as Appendix J and the changes are highlighted within the text and tables of Paper MCa/17/41. Revised Appendices A, C, E, F, G and I replace those attached to the original report.

9	**MCa/17/42 - Joint Medium Term Financial Strategy and 2018/19 Budget**	71 - 152
10	**MCa/17/43 - Community Infrastructure Levy (CIL) - Framework for CIL Expenditure**	153 - 176
11	**MCa/17/44 - Joint Babergh Mid Suffolk Economic Development "Open for Business" Strategy**	177 - 202
12	**MCa/17/45 - Wingfield Barns Community Interest Company (WBCIC) Update Report**	203 - 228
13	**MCa/17/46 - Regal Theatre Stowmarket Improvement Project (Part 1)**	229 - 238
14	**MCa/17/48 - Strategic Acquisition of Property - Part 1**	239 - 240
15	**EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**	

To consider whether, pursuant to Part 1 of Schedule 12A of the Local Government
Act 1972, the public should be excluded from the meeting for the business specified below on the grounds that if the public were present during these items, it is likely that there would be the disclosure to them of exempt information as indicated against each item. The authors of the reports proposed to be considered in Part II of the Agenda are satisfied that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

16	**MCa/17/46 - Regal Theatre Stowmarket Improvement Project (Part 2)**	241 - 296

Introduction to Public Meetings

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MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK CABINET** held in the Britten room, Endeavour House, 8 Russell Road, Ipswich on Monday, 8 January 2018 at 2:30pm

PRESENT:

Councillor:	Nick Gowrley – Chair John Whitehead – Vice Chair	
Councillors:	Gerard Brewster Julie Flatman Penny Otton Jill Wilshaw	David Burn Glen Horn Andrew Stringer David Whybrow

In attendance:

Councillor Roy Barker
Councillor Rachel Eburne
Councillor Diana Kearsley
Councillor John Matthissen
Councillor Suzie Morley

Assistant Director – Housing (GF)
Assistant Director – Finance (KS)
Chief Executive (AC)
Corporate Business Coordinator (SM – Notes)
Corporate Manager – Finance (ME)
Corporate Manager – Democratic Services (JR)
HRA Accountant (TA)
Interim Strategic Director (KN)
Strategic Director (JS)

65 **APOLOGIES FOR ABSENCE**

There were none.

66 **TO RECEIVE ANY DECLARATIONS OF PECUNIARY OR NON-PECUNIARY INTEREST BY COUNCILLORS**

Councillor Gowrley queried whether he needed to declare a pecuniary interest in Item 8 on the agenda as a receiver of a Local Government Pension. The Corporate Manager for Democratic Services advised that a dispensation should be in place to cover this.

67 **MCA/17/35 - CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 4 DECEMBER 2017**

67.1 The minutes of the meeting held on 4 December 2017 were declared as a correct record subject to the following amendments:

- Minute number 55.10 be amended with the additional wording of "a handout was circulated which showed the current organisation chart of Suffolk County Council's IT department. Members should not contact the County Council's IT department directly, this should be done via Sara Wilcock, Assistant Director for Customer Services."

- In relation to minute number 57.2, The Regal Stowmarket, the following words be added "it was understood the report would come into Cabinet before going to Council. It was requested this be added onto the Forward Plan for 8 January 2018."

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

None received.

69 **QUESTIONS BY COUNCILLORS**

69.1 A question had been received from Councillor Matthissen:

Councillor John Matthissen to Councillor Whitehead

69.2 "Please can staff turnover data be provided with regional comparators offered by the Regional LGA.

Christmas Briefing for Mid Suffolk District Council – December 2017
This briefing note provides some examples of the support provided by the East of England LGA to the authority throughout the past year.

Employers Surveys and Benchmarking
Useful HR/Employment data and information has been compiled on behalf of local authorities in the region and analysis disseminated. Ad hoc benchmarking requests have been circulated and a copy of collated responses held so that requests are not repeated."

69.3 **<u>Response from Councillor Whitehead</u>**

"Thank you for your question. On the back of the details that you have provided, Anne Conway has been speaking to the East of England Local Government Association (EELGA) and been informed that they do not routinely collect regional data. They do ad hoc benchmarking for individual authorities when requested, but nothing on a regular basis. I am therefore unable to provide you with the regional comparator turnover data as requested in your question. Should this information become available in the future then we will make use of it to see how our own data compares with others."

69.4 Councillor Matthissen, as he had no pre-warning of the answer given, therefore had difficulty in submitting a supplementary question. He requested in the future answers be circulated in good time.

69.5 Councillor Otton asked:

69.6 “At the Babergh District Council meeting it was agreed to hold a referendum in relation to becoming a Single Council. Therefore would Mid Suffolk District Council be doing the same and if so what would be the associated cost?

69.7 Councillor Gowrley, the Leader of the Council responded by explaining Mid Suffolk already had a mandate to pursue the merger and as such no referendum would be held. Mid Suffolk District Council would therefore await to see the results of the telephone consultation exercise and the result of Babergh District Council’s referendum, although no date had been set as yet. It was thought the cost would be £100,000 - £50,000 per authority.

70 MATTERS REFERRED BY THE OVERVIEW AND SCRUTINY OR JOINT AUDIT AND STANDARDS COMMITTEE

70.1 Councillor Eburne explained that at the December Joint Overview and Scrutiny meeting there had been an item on the Shared Legal Services Partnership. There had been much discussion, and concerns had been raised. As such it had been recommended there should be a clearer understanding of the Legal Services Partnership. This would be brought back to a future meeting to indicate improvements made to date as the Committee were unhappy with the level of service. Finally, there should be a business case for any future shared services as without one they were not easy to scrutinise. The Leader of the Council felt this was a valid point well made.

70.2 Councillor Eburne also raised the point about how it was unclear as to the process to get recommendations to Cabinet from the Overview and Scrutiny Committee onto the agenda? The Corporate Manager for Democratic Services, the Leader of the Council and Councillor Eburne would meet to discuss and agree a process.

71 MCA/17/36 - FORTHCOMING DECISIONS LIST

71.1 The Forthcoming Decisions List was noted, however, the following comments were made:

71.2 There was concern about the amount of confidential items. The Democratic Services Manager explained there was a legal requirement to advertise any key decisions 28 days in advance but an A and a B report should be provided, therefore only the B part was taken in a closed session. In general Members found the Forthcoming Decisions List to be confusing and difficult to read. The Corporate Manager for Democratic Services took on board the comments made and the list would be amended accordingly.

71.3 The Forthcoming Decisions List should indicate a date as to when it was published or have a version number. This should also be updated on Modern.Gov.

71.4 Confirmation required as to whether the Suffolk Growth report should be removed or not.

72 **MCA/17/37 - DRAFT JOINT MEDIUM TERM FINANCIAL STRATEGY AND 2018/19 BUDGET**

72.1 Councillor Whitehead, the Cabinet Member for Finance, introduced report MCa/17/37 and moved the recommendation subject to an amendment in 2.10 to read "That the proposed Capital Programme in Appendix C be agreed, subject to further consideration at the February meeting for recommendation to Council." This was seconded by Councillor Wilshaw.

72.2 After a lengthy discussion it was agreed amendments the following amendments were **AGREED** and would be applied to the report before the final version was tabled at the February Cabinet meeting:-

- Page 67 graph to be reviewed as in the current format they were not clear, New Homes Bonus should also be reflected and the wording revisited. The fact that this was long term funding to be included.

- Wording to be amended in respect of Business Rates. The report to be made clear when describing additional income.

- Needham Market High School be amended to read Middle School.

- It was noted that a survey had been carried out on the Council's garage sites to determine whether there could be an improved use. A report was in the process of being prepared.

- Employee numbers directly involved in Leisure to be validated.

- In terms of charging points for electric vehicles this would be checked and reported back as the sum of money set aside appeared high.

- A breakdown of figures in relation to Wingfield Barns to be provided. In terms of the customer access points it was noted that as the public could go to either Stowmarket or Sudbury this was why Sudbury had been mentioned. However, it was agreed the narrative should be clearer in terms of the contribution towards these access points.

- Average underspend detail to be provided in the final report.

It was RESOLVED:-

(1) That the draft Joint Medium Term Financial Strategy (MTFS) and Budget proposals set out in the report be endorsed, subject to further consideration at the February meeting for recommendation to Council.

(2) That the final General Fund Budget for 2018/19 be based on a council tax increase of 0.5%, an increase of 81p per annum for a Band D property to

support the Council's overall financial position, which will be considered further at the February Cabinet meeting.

(3) That the draft Housing Revenue Account (HRA) Investment Strategy 2018/19 to 2022/23 and draft HRA Budget for 2018/19 be agreed, subject to further consideration at the February Cabinet meeting.

(4) That the mandatory decrease of 1% in Council House rents, equivalent to an average rent reduction of £0.83 a week, as required by the Welfare Reform and Work Act be implemented.

(5) That the Sheltered Housing Supported People cost of £3 per week to be removed. Service charges to be increased by £5 per week for each scheme (set at £4 cap per week last year) meaning a net increase of £2 per week to tenants. This will reduce the subsidy by £30k.

(6) That the Sheltered Housing utility charges be kept at the same level.

(7) That in principle, Right to Buy receipts should be retained to enable continued development and acquisition of new council dwellings.

(8) That garage rents be kept at the same level.

(9) That the revised HRA Business Plan in Appendix D be noted.

(10) That the proposed Capital Programme in Appendix C be agreed, subject to further consideration at the February meeting for recommendation to Council.

Note: The Medium Term Financial Strategy (MTFS) and Budget will be subject to final determination by Cabinet and Council in February 2018.

Reason for Decisions: To ensure that Members were aware of the progress being made to set the 2018/19 budgets.

The business of the meeting was concluded at 3:40pm.

……………………………………..

Chair (Date)

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Agenda Item 6

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From: Joint Overview and Scrutiny Committee	**Report Number:** **MCa/17/39**
To: Mid Suffolk Cabinet Babergh Cabinet	**Date of meeting:** **5 February 2018 8 February 2018**

CABINET ARE ASKED TO CONSIDER THE RECOMMENDATION BELOW FROM THE JOINT OVERVIEW AND SCRUTINY COMMITTEE HELD ON 18 DECEMBER 2017

1. Recommendation to both Cabinets

1.1 **That prior to any future shared services or partnership working arrangements, a full and proper business case be prepared and be presented to the Overview and Scrutiny Committees for pre-scrutiny.**

Appendices

Title	Location
Appendix A – Draft JOS Minute relating to the Review of the Shared Legal Services (JOS/17/2)	Attached

Authorship:
Henriette Holloway 01449 724681
Governance Support Officer henriette.holloway@baberghmidsuffolk.gov.uk

APPENDIX A

JOINT OVERVIEW AND SCRUTINY COMMITTEE 18 DECEMBER 2017

DRAFT MINUTE – REVIEW OF THE SHARED LEGAL SERVICES

5 **JOS/17/2 REVIEW OF THE SHARED LEGAL SERVICES**

5.1 The Assistant Director of Law and Governance began by introducing Theresa Halliday, Service Manager for the Shared Legal Service. She explained the staff structure for the service and the financial breakdown and the cost implications for Babergh and Mid Suffolk District Councils for the year 2016/17.

5.2 Members' attention was drawn to the underspend of £41,899.88.

5.3 In terms of caseloads and open cases, there had been no comparable data available before the Shared Legal Service was established. Currently there were 477 open cases, and of these 116 were in the process of being dealt with. A large number of existing open cases from Babergh and Mid Suffolk Councils had been taken into the Shared Legal Service when it was established.

5.4 The Service Manager then outlined how the lack of a hand-over had hindered the initial setting-up of the Shared Legal Service. She also said that training of new legal and administrative staff had taken time and impacted on the service.

5.5 Councillor Derek Davis, who had been invited by the Committee to present evidence as a witness, then recounted his experience as a Councillor dealing with the Shared Legal Service including:

- In one instance the Shared Legal Service has acted promptly;
- That in the case of the unlawful use of a caravan site, the Shared Legal Service's advice had been conflicting, and the service had taken too long to catch up with the legal implications of the case and it was felt this could damage the reputation of the Council;
- Generally, the Councillor felt that the Service was providing an inconsistent service and that advice was at times confusing.

5.6 Some Members reported that it had been difficult to get hold of the correct contact person within the Shared Legal Service and that staff were busy and at times unable to provide detailed legal advice. It was also reported that there was an impression that Members were not able to contact the service directly.

5.7 Officers responded that the first point of call was the Client Officer, but this did not prevent Members from contacting the Shared Legal Service directly. However, the Shared Legal Service was not insured to give legal advice on parish matters and could only provide advice on Babergh and Mid Suffolk Council matters.

5.8 Members felt that a review of the communication process would be beneficial.

5.9 The Corporate Manager for Strategic Asset Management explained the relationship between her team and Shared Legal Service. She said that at first the working relationship had been difficult until good procedures and processes had been established. For her, as a client of the Shared Legal Services, the current process was working effectively and satisfactorily.

5.10 The Service Manager informed Members that a new Case Management System was currently being launched, which would enable staff to direct calls to the legal person responsible and that, if the lead officer wasn't available, any staff member would be able to provide up to date information to clients. The system also had a client portal which allowed clients to follow the progress of the individual cases.

5.11 Members requested that a list be made available of officers who could instruct Shared Legal Service in each client department in the Councils.

5.12 Some Members felt that in the case of the Shared Legal Service and some of the Councils' other partnership working arrangements a detailed and sound business case was lacking. Members strongly recommended that in the future proper business cases should be undertaken before any change was made to Councils' services to ensure that the impact and success of that change could be monitored effectively.

5.13 The Committee was concerned that there did not exist enough information from the former legal department to compare the service level with Shared Legal Service.

By a unanimous vote

It was RESOLVED:-

1.1 That the Joint Overview and Scrutiny Committee concluded that further improvements in the performance of Shared Legal Service are required, specifically around communication and the understanding of which officer within the client department is able to give instructions.

1.2 That the Shared Legal Service be reviewed by Overview and Scrutiny Committee again in six months' time and that this review include updates on case management and the information previously presented to the Committee.

1.3 That the Joint Overview and Scrutiny Committee recommend to Cabinet that prior to any future shared services or partnership working arrangements that a full and proper business case is prepared and that the business case will be presented to the Overview and Scrutiny Committees for pre-scrutiny.

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

February to August 2018 (Published 20 January 2018 – Version 7)

Unique Ref No:	Decision Maker & Decision Date	Subject	Summary	Contacts:		Key Decision?/Exempt?
				Cabinet Member(s)/MSR	Officer(s)	
CAB01	Cabinet 8 February 2018	Gainsborough Chamber – Transfer of Asset	To ask Members to approve the transfer of an asset.	John Ward	Jill Pearmain 01449 724802 Jill.pearmain@babergh midsuffolk.gov.uk	Yes *CONFIDENTIAL* *Part of the report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions*
CAB02	Cabinet 5/8 February 2018	2018/19 Budget and Medium Term Financial Position	To approve the Budget and Medium Term Financial Position	Peter Patrick John Whitehead	Katherine Steel 01449 724806 Katherine.steel@babergh midsuffolk.gov.uk	Yes
CAB03	Cabinet 5 February 2018	Regal Theatre (Stowmarket) Redevelopment	The purpose is to seek Cabinet approval, to agree funding, to support the redevelopment of the Regal Theatre and the regeneration of Stowmarket	John Whitehead	Jonathan Stephenson 01449 724704 jonathan.stephenson@b aberghmidsuffolk.gov.uk	Yes *CONFIDENTIAL* *Part of the report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions*
CAB04	Cabinet 5/8 February 2018	Community Infrastructure Levy – Framework for Expenditure	To obtain approval to the appointment of a Panel of Members from Cabinet of both Councils to assist with the shaping of current thinking and the development of detail such that a fully worked up CIL expenditure framework is achieved for re-presentation and consideration by Cabinet for both Councils	David Whybrow/ Lee Parker	Christine Thurlow 07702996261 christine.thurlow@babergh midsuffolk.gov.uk	No

CAB05	Cabinet 5 February 2018	Wingfield Barns Community Interest Company Update Report	To provide an update on the activity of the Wingfield Barns Community Interest Company	Julie Flatman	Jonathan Free 01449 724859 Jonathan.free@midsuffolk.gov.uk	Yes
CAB06	Cabinet 5/8 February 2018	Joint Babergh and Mid Suffolk Economic "Open for Business" Strategy	To approve the Joint Babergh Mid Suffolk Economic "Open for Business Strategy"	John Ward Gerard Brewster	Lee Carvell 01449 724685 lee.carvell@baberghmidsuffolk.gov.uk	Yes
CAB07	Cabinet 5/8 February 2018	Treasury Management Strategy	To approve the Treasury Management Strategy	Peter Patrick John Whitehead	Katherine Steel 01449 724806 Katherine.steel@baberghmidsuffolk.gov.uk	Yes
CAB08	Cabinet 5/8 February 2018	Local Tourism Strategy Review	To approve the Local Tourism Strategy Review	John Ward Gerard Brewster	Lee Carvell 01449 724685 lee.carvell@baberghmidsuffolk.gov.uk	Yes *CONFIDENTIAL* *This report will be heard in private as per Paragraph 3,4, 6 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions*
CAB09	Cabinet 8 February 2018	Leisure Investment Options	To seek approval for refurbishment and redevelopment of the Hadleigh Leisure and Kingfisher Leisure Centres	Margaret Maybury	Chris Fry 01449 724805 Chris.fry@baberghmidsuffolk.gov.uk	Yes
CAB10	Cabinet 5/8 March 2018	Public Realm Transformation Project	To consider and agree the Public Realm Transformation Project following the outcomes from the review of the Task and Finish Panel.	David Burn/ Margaret Maybury	Peter Garrett 01449 724944 Peter.garrett@baberghmidsuffolk.gov.uk	Yes

CAB11	Council March 2018 Cabinet March 2018 (dates to be scheduled)	Regeneration Proposal – Former Mid Suffolk District Council Headquarters Site, Hurstlea Road, Needham Market	For debate by Council, determination by Cabinet	Nick Gowrley	Lou Rawsthorne 01449 724772 Louise.rawsthorne@baberghmidsuffolk.gov.uk	*CONFIDENTIAL This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions.*
CAB12	Council 20 February 2018 Cabinet 8 March 2018	Regeneration Proposal – Former Babergh District Council Headquarters Site, Corks Lane, Hadleigh	For debate by Council, determination by Cabinet	John Ward	Lou Rawsthorne 01449 724772 Louise.rawsthorne@baberghmidsuffolk.gov.uk	*CONFIDENTIAL This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions*
CAB13	Cabinet 5/8 March 2018 Council 20/22 March 2018	BMS Invest – Consolidated Performance and Risk Report	To approve the BMS Invest – Consolidated Performance and Risk Report	Nick Gowrley John Ward	Lou Rawsthorne 01449 724772 Louise.rawsthorne@baberghmidsuffolk.gov.uk	Yes
CAB15	Cabinet 5/8 March 2018	Quarter Three Budgetary Control	To approve the Quarter Three Budgetary Control	Peter Patrick/John Whitehead	Katherine Steel 01449 724806 Katherine.steel@baberghmidsuffolk.gov.uk	Yes
CAB16	Cabinet 5/8 March 2018	CIL Expenditure Framework	To approve the CIL Expenditure Framework	David Whybrow/Lee Parker	Christine Thurlow 07702996261 christine.thurlow@baberghmidsuffolk.gov.uk	Yes
CAB17	Cabinet 5 March	The acquisition of accommodation within Stowmarket to provide additional temporary accommodation units	To approve the acquisition of accommodation.	Jill Wilshaw	Heather Sparrow 01449 724767 Heather.sparrow@baberghmidsuffolk.gov.uk	Yes *CONFIDENTIAL This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions*

CAB18	Cabinet 9/12 April	To consider Battery Storage at all the Leisure Sites	To approve the Battery Storage at the Council's Leisure Facilities	David Burn Tina Campbell	Chris Fry 01449 724805 Chris.fry@baberghmidsuffolk.gov.uk	Yes
CAB19	Cabinet 9/12 April	Review of Statement of Community Involvement	To review the Statement of Community Involvement	David Whybrow Lee Parker	Andrea McMillan 07860826983 Andrea.mcmillan@baberghmidsuffolk.gov.uk	
CAB14	Cabinet 6/9 August 2018	Review of Housing Allocations Policy	To gain approval for changes to the Housing Allocations Policy	Jan Osborne Jill Wilshaw	Sue Lister 01449 724758 Sue.lister@baberghmidsuffolk.gov.uk	Yes

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

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

Arthur Charvonia

Chief Executive

Agenda Item 8

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From: Cabinet Members for Finance	**Report Number: MCa/17/40**
To: Mid Suffolk Cabinet Babergh Cabinet	**Date of meeting: 5 February 2018 8 February 2018**

JOINT TREASURY MANAGEMENT STRATEGY 2018/19

1. Purpose of Report

1.1 This report presents the proposed Treasury Management Strategy Statement (which includes the Annual Investment Strategy for managing surplus funds and borrowing strategy). These are in accordance with the CIPFA Treasury Management Code. The Prudential Indicators and Minimum Revenue Provision (MRP) Statement are linked to the Budget report that will be presented to Cabinet and the full Council meetings in February 2018.

1.2 The Code of Practice recommends that the strategy is subject to scrutiny before it is presented to Council, which falls within the remit of the Joint Audit and Standards Committee.

2. Recommendations to both Councils

2.1 That the following be approved:

(a) The Treasury Management Strategy for 2018/19, including the Annual Investment Strategy as set out in Appendix A.

(b) The Treasury Management Policy Statement set out in Appendix B.

(c) The Treasury Management Indicators set out in Appendix E.

(d) The Prudential Indicators and Minimum Revenue Provision Statement set out in Appendices F and G.

2.2 That the key factors and information relating to and affecting treasury management activities set out in Appendices C, D and H be noted.

3. Financial Implications

3.1 As outlined in this report.

4. Legal Implications

4.1 Section 15 of the Local Government Act 2003 obliges the Councils to approve a Treasury Management Strategy.

5. Risk Management

5.1 This report is not directly linked with any of the Councils' Corporate / Significant Business Risks, but it should be noted that changes in funding requirements, interest rates and other external factors can impact on the Medium Term Financial Strategy and future budgets (Risk 5f – failure of the Councils to become financially sustainable in response to funding changes). Key risks around treasury management, however, are set out below:

Risk description	Likelihood	Impact	Mitigation measures
If the Councils lose the investment 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 receive a poor return on investments, there will be fewer resources available to deliver services.	Highly Probable (4)	Noticeable (2)	Focus is on security and liquidity, therefore, careful cashflow management in accordance with the Treasury Management Strategy is undertaken throughout the year.
If the Councils have liquidity problems, they will be unable to meet their short-term liabilities.	Unlikely (2)	Noticeable (2)	As above.
If the Councils incur higher than expected borrowing costs, there will be fewer resources available to deliver services.	Unlikely (2)	Noticeable (2)	Benchmark is to borrow from the Public Works Loan Board whose rates are very low and can be on a fixed or variable basis. Research lowest rates available within borrowing boundaries and use other sources of funding and internal surplus funds temporarily.

6. Consultations

6.1 Regular meetings have taken place with our Treasury advisors, Arlingclose, who also provide important updates on treasury management issues as they arise.

7. Equality Analysis

7.1 There are no equality and diversity implications, as the contents and recommendations of this report do not impact on those with protected characteristics.

8. Shared Service / Partnership Implications

8.1 This is a joint report for both Councils on the proposed Treasury Management Strategy for 2018/19, although its application will differ due to the different financial position of each Council.

8.2 The in-house finance team handle both Councils' treasury management strategy and operations.

9. Links to Joint Strategic Plan

9.1 Ensuring that the Council has the resources available is what underpins the ability to achieve the priorities set out in the Joint Strategic Plan.

10. Key Information

10.1 The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the CIPFA TM Code) and the Prudential Code require local authorities to determine their Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis before the start of each financial year. The TMSS also includes the Annual Investment Strategy (AIS).

10.2 The CIPFA Treasury Management and Prudential Codes have been adopted by both Councils. There is also a Treasury Management Policy Statement, which underpins the TMSS.

10.3 Babergh and Mid Suffolk invest surplus funds and both Councils borrow to fund capital investment and manage cash flows. Both Councils are therefore exposed to financial risks including the loss of invested funds and the revenue effect of interest rate changes.

10.4 The identification, monitoring and control of risk are central to the treasury management strategy.

10.5 In addition, treasury activities need to comply with relevant statutes, guidance and accounting standards.

<u>Borrowing and Investments</u>

10.6 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with usable reserves, is one of the core drivers of both Councils' treasury management activities.

10.7 Councils are able to borrow funds up to their CFR to finance capital expenditure. Both Councils will not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. These needs are determined by the CFR. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Councils can ensure the security of such funds.

10.8 The forecast movement in the CFR in coming years is one of the Prudential Indicators. The movement in actual external debt and usable reserves combine to identify the Councils' borrowing requirement and potential investment strategy in the current and future years.

10.9 As indicated in the tables in Appendix A, paragraph 3.1, Babergh has a maximum borrowing requirement of around £50.44million for 2018/19 rising to £58.88million by 2020/21 to fund the indicative capital programme. Mid Suffolk has a maximum borrowing requirement of around £80.52million for 2018/19 rising to £86.06million by 2020/21 to fund the indicative capital programme.

10.10 The current level of debt and investments for Babergh and Mid Suffolk is set out in Appendix C.

The 2018/19 Strategy

10.11 The Prudential Indicators (to be presented with the Budget and Capital Programme to Cabinet in February 2018) illustrate the affordability and impact of capital expenditure decisions and set out both Councils overall capital and treasury framework.

10.12 Effective management and decisions on funding ensure both Councils comply with the provisions of Section 32 of the Local Government Finance Act 1992 to set a balanced budget. Using borrowing powers to undertake investment in line with the Joint Strategic Plan priority outcomes and generate a rate of return to produce additional income is a key part of the Medium Term Financial Strategy (MTFS) in order to address the funding gaps that both Councils face over the next 4 years.

10.13 Key documents relating to treasury management operations in terms of the annual investment and borrowing strategy proposed for 2018/19 are set out in the supporting appendices. Factors affecting the strategy are detailed in the Treasury Management Strategy for the year (Appendix A), the Treasury Management Policy Statement (Appendix B) and the Economic Outlook (Appendix D).

10.14 The proposed investment strategy for 2018/19 continues to focus primarily on the effective management and control of risk, giving priority to security and liquidity when investing funds. Investment returns remain an important but secondary consideration.

10.15 The minimum proposed investment criteria for UK counterparties in the 2018/19 Strategy remains at A-. (Note: This would be the lowest credit rating determined by credit rating agencies Moody's, Fitch and Standard & Poors).

10.16 In line with advice received from Arlingclose (the Councils' treasury advisors) the maximum investment limit per institution is £2m for unsecured specified investments for both Councils. The limit for pooled funds is £5m. Investments with the UK Government (including the Government's Debt Management Agency Deposit Facility (DMADF) and Treasury Bills (T-Bills)), have no limit on the amount invested.

10.17 A list of the banks and building societies that both Councils can lend to (based on information on credit risk and credit ratings as at November 2017) is provided in Appendix H. This will be continuously monitored as the position changes throughout the year as credit ratings are reviewed and additional market information is evaluated.

10.18 The Councils will continue to:

- Make use of call accounts, if necessary
- Use the strongest/lowest risk non-credit rated building societies
- Use covered bonds (secured against assets) for longer term investments
- Consider longer term investments in property or other funds.

10.19 The period for which a 'specified' investment is made will continue to be a key aspect of the investment strategy. The criterion for this is set out in Appendix A. The maximum period of any investment will be on the advice of Arlingclose. Investments in excess of 364 days are classified as 'non-specified' investments and will only be undertaken with the prior approval of the S151 Officer.

10.20 In terms of borrowing, consideration will be given to all forms of borrowing/financing in relation to any future capital investment plans. This is most likely to be via the Public Works Loan Board (PWLB) but consideration will also be given to borrowing from other sources such as other local authorities, commercial banks, the European Investment Bank (EIB), money markets, capital markets (stock issues, commercial paper and bills) and leasing.

10.21 In conjunction with advice from Arlingclose, both Councils will keep these sources of finance under review.

10.22 After using surplus internal funds temporarily, the PWLB remains the most likely source of new external long term borrowing whilst short or longer-term borrowing would be from money market institutions and other local authorities. The Councils will receive the "certainty rate" discount of 0.2% on PWLB loans.

10.23 Officers will take advice on the optimum time to undertake additional borrowing and will adopt a flexible approach in consultation with their treasury advisors, after consideration of the following:

- Affordability
- Maturity profile of existing debt
- Interest rate and refinancing risks
- Borrowing source.

As clearly highlighted by the Prudential Indicators, the level and ratio of General Fund borrowing costs will increase over the next few years to finance the potential capital programme. The Councils revenue budgets will be reviewed as part of the ongoing budget monitoring process against the Medium Term Financial Strategy.

10.24 The revenue cost of borrowing in 2018/19 and subsequent years in relation to the capital programme will be minimised by borrowing on the most beneficial basis at the most appropriate time of the year, based on advice from our treasury advisors, Arlingclose.

10.25 The General Fund revenue budget for 2018/19 will include provision for interest payments relating to external borrowing and the statutory Minimum Revenue Provision (MRP) to ensure the principal is repaid. Different arrangements apply to the Housing Revenue Account (Council Housing) in that there is no MRP. The strategy and activities are affected by a number of 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 year.

10.26 In accordance with the Department for Communities and Local Government (CLG) Guidance, the Councils will be asked to approve a revised Treasury Management Strategy Statement if the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Councils capital programmes or in the level of investment balances.

10.27 This Treasury Management Strategy does not include the proposed changes to the Prudential Code upon which both CIPFA and CLG consulted on in November and December, nor to any possible changes to MRP Guidance. Arlingclose's advice is to continue to follow existing processes until the new codes and guidance are published.

Appendices

Title	Location
A: Treasury Management Strategy Statement 2018/19	Attached
B: Treasury Management Policy Statement	Attached
C: Existing Investment and Debt Portfolio Position	Attached
D: Economic Outlook and Interest Rate Forecast	Attached
E: Treasury Management Indicators	Attached
F: Prudential Indicators	Attached
G: Annual MRP Statement 2018/19	Attached
H: Institutions meeting high credit ratings criteria (as at end of November 2017)	Attached
I: Glossary of Terms	Attached
J: Summary of changes to Paper JAC/17/15	Attached
K: Draft JAC Minute	Attached

Background Documents

CIPFA Treasury Management in the Public Services – 2011

The Prudential Code for Capital Finance in Local Authorities – 2011

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Appendix A Revised

TREASURY MANAGEMENT STRATEGY STATEMENT 2018/19

1. Introduction and Background

1.1 The Councils adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code) which requires the Councils to approve a Treasury Management Strategy before the start of each financial year. CIPFA consulted on changes to the Code in 2017, but has yet to publish a revised Code.

1.2 In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Councils to approve an Investment Strategy before the start of each financial year.

1.3 This report fulfils the Councils legal obligations under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance.

1.4 Effective management and decisions on funding ensure the Councils comply with the provisions of Section 32 of the Local Government Finance Act 1992 to set a balanced budget.

1.5 The Councils 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.

1.6 In accordance with the CLG Guidance, the Councils will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, a large unexpected change in interest rates, changes to the Councils capital programmes or level of their investment balances as well as evolving economic or political events.

2. External Context

Economic background

2.1. The major external influence on the Councils Treasury Management Strategy for 2018/19 will be the UK's progress in negotiating its exit from the European Union and agreeing future trading arrangements. The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.

2.2 Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. However, this effect is expected to fall out of year-on-year inflation measures during 2018, removing pressure on the Bank of England to raise interest rates.

2.3 In contrast, the US economy is performing well, and the Federal Reserve is raising interest rates in regular steps to remove some of the emergency monetary stimulus it has provided for the past decade. The European Central Bank is yet to raise rates, but has started to taper its quantitative easing programme, signalling some confidence in the Eurozone economy.

Credit outlook

2.4 High profile bank failures in Italy and Portugal have reinforced concerns over the health of the European banking sector. Sluggish economies and fines for pre-crisis behaviour continue to weigh on bank profits, and any future economic slowdown will exacerbate concerns in this regard.

2.5 Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. In addition, the largest UK banks will ringfence their retail banking functions into separate legal entities during 2018. There remains some uncertainty over how these changes will impact upon the credit strength of the residual legal entities.

2.6 The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Councils; returns from cash deposits however remain very low.

Interest rate forecast

2.7 At its meeting on 1 November 2017, the Monetary Policy Committee (MPC) voted by a majority of 7-2 to increase Bank Rate by 0.25% to 0.5%. This was the first increase since August 2016. In the MPC’s central forecast, it implies a gently rising bank rate.

2.8 Longer-term interest rates have risen in the past year, reflecting the possibility of increasing short-term rates. Arlingclose forecasts these to remain broadly constant during 2018/19, but with some volatility as interest rate expectations wax and wane with press reports on the progress of EU exit negotiations.

2.9 A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix D.

3. Local Context

3.1 On 31 March 2017 Babergh had net investments of £10m and Mid Suffolk had £21.3m of net borrowing. Forecast changes in these sums are shown in table 1 below.

Table 1: Capital Financing Requirement Summary and forecast

Babergh	**2016/17 Actual £m**	**2017/18 Estimate £m**	**2018/19 Forecast £m**	**2019/20 Forecast £m**	**2020/21 Forecast £m**
General Fund CFR	18.609	31.564	48.617	54.246	57.058
HRA CFR	86.253	88.119	87.619	87.119	86.719
Total CFR	**104.862**	**119.683**	**136.236**	**141.365**	**143.777**
Less: Existing profile of Borrowing*	(86.797)	(86.297)	(85.797)	(85.297)	(84.897)
Cumulative Maximum External Borrowing Requirement	**18.065**	**33.386**	**50.439**	**56.068**	**58.880**
Less: Balances & Reserves -General Fund	(3.480)	(4.130)	(4.330)	(4.405)	(4.385)
Less: Balances & Reserves HRA	(18.774)	(17.276)	(18.006)	(18.132)	(18.257)
Less: Working capital	(5.869)	(6.000)	(6.000)	(6.000)	(6.000)
Cumulative Net Borrowing Requirement / (Investments)	**(10.058)**	**5.980**	**22.102**	**27.531**	**30.238**

Mid Suffolk	**2016/17 Actual £m**	**2017/18 Estimate £m**	**2018/19 Forecast £m**	**2019/20 Forecast £m**	**2020/21 Forecast £m**
General Fund CFR	22.241	52.964	67.550	69.479	71.146
HRA CFR	86.759	86.759	86.759	86.759	88.107
Total CFR	**109.000**	**139.723**	**154.309**	**156.238**	**159.253**
Less: Existing profile of Borrowing*	(74.887)	(74.087)	(73.787)	(73.487)	(73.187)
Cumulative Maximum External Borrowing Requirement	**34.113**	**65.636**	**80.521**	**82.750**	**86.065**
Less: Balances & Reserves - General Fund	(12.728)	(14.303)	(13.892)	(14.245)	(14.475)
Less: Balances & Reserves HRA	(9.994)	(11.363)	(11.446)	(12.167)	(11.232)
Less: Working capital	9.958	9.958	9.958	9.958	9.958
Cumulative Net Borrowing Requirement / (Investments)	**21.349**	**49.928**	**65.142**	**66.297**	**70.316**

* shows only loans to which the Councils are committed and excludes optional refinancing

3.2 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.

3.3 The Councils strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.4 The Councils have increasing CFRs due to the capital programmes, but limited investments and will therefore be required to borrow up to £58.88million for Babergh and £86.06million for Mid Suffolk over the forecast period.

3.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that both Councils' total debt should be lower than their highest forecast CFR over the next three years. Table 1 shows that the Councils expect to comply with this recommendation during 2018/19.

4. Borrowing Strategy

Overview

4.1 At 31 October 2017 Babergh held loans of £86.5million, and Mid Suffolk £88.2million. These have decreased by £6.25million for Babergh and £9.15million for Mid Suffolk on the previous year, as part of the strategy for funding the previous years' capital programmes. The capital financing requirement forecasts in table 1 (paragraph 3.1 above) show that Babergh expects to borrow up to £17.05million and Mid Suffolk £14.89million in 2018/19. The Councils cannot exceed the Authorised Limit (as shown in Appendix F, paragraph 6.2) for borrowing of £148million for Babergh and £166million for Mid Suffolk.

Objectives

4.2 The chief objective of both Councils when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Councils long-term plans change is a secondary objective.

Strategy

4.3. Given the significant cuts to public expenditure and in particular to local government funding, the borrowing strategy of the Councils continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. This position will be monitored and evaluated on an ongoing basis to ensure both Councils achieve value for money.

4.4 By doing so, the Councils are able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Councils with this 'cost of carry' (the excess of interest payable on monies borrowed over interest received when the monies are invested) and breakeven analysis. Its output may determine whether the Councils borrow additional sums at long-term fixed rates in 2018/19 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.5 Alternatively, the Councils may arrange forward starting loans during 2018/19, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.6 In addition, the Councils may borrow short-term loans to cover unexpected cash flow shortages.

Sources of borrowing

4.7 The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institutions approved for investments (see paragraph 5.5 below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Suffolk County Council Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other sources of debt finance

4.8 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

4.9 The Councils have previously raised the majority of their long-term borrowing from the PWLB, but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

Municipal Bonds Agency

4.10 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons:

- borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason;

- there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs

4.11 Mid Suffolk holds £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. £4m of these LOBOS have options during 2018/19, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. Mid Suffolk will take the option to repay LOBO loans at no cost if it has opportunity to do so. Total borrowing via LOBO loans will be limited to £4m.

Short-term and variable rate loans

4.12 These loans leave the Councils exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators as shown in Appendix E, paragraph 2.1.

Debt rescheduling

4.13 The PWLB allows councils to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Councils may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

4.14 Borrowing and any rescheduling activity will be reported to the Joint Audit & Standards Committee as part of the mid-year and annual treasury management reports.

5. <u>Annual Investment Strategy</u>

5.1 The Councils hold significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past twelve months, Babergh's investment balances have ranged between £12.46m and £22.01m and those of Mid Suffolk between £8.37m and £22.56m, similar levels are expected to be maintained in the forthcoming year.

Objectives

5.2 Both the CIPFA Code and the CLG Guidance require the Councils to invest their funds prudently, and to have regard to the security and liquidity of their investments before seeking the highest rate of return, or yield. The Councils objectives 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. Where balances are expected to be invested for more than one year, both Councils will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

Negative interest rates

5.3 If the UK enters into a recession in 2018/19, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

5.4 Given the increasing risk and very low returns from short-term unsecured bank investments, both Councils have diversified into higher yielding asset classes during 2017/18. This diversification will represent a continuation of the new strategy adopted in 2015/16.

Approved counterparties

5.5 The Councils may invest their surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown. The differing cash limits result in a similar spread of risk across the different counterparty types.

Table 2: Approved investment counterparties and limits for Babergh and Mid Suffolk

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2m 5 years	£2m 20 years	£2m 50 years	£1m 20 years	£1m 20 years
AA+	£2m 5 years	£2m 10 years	£2m 25 years	£1m 10 years	£1m 10 years
AA	£2 m 4 years	£2m 5 years	£2m 15 years	£1m 5 years	£1m 10 years
AA-	£2m 3 years	£2m 4 years	£2m 10 years	£1m 4 years	£1m 10 years
A+	£2m 2 years	£2m 3 years	£2m 5 years	£1m 3 years	£1m 5 years
A	£2 m 13 months	£2m 2 years	£2m 5 years	£1 m 2 years	£1m 5 years
A-	£2m 6 months	£2m 13 months	£2m 5 years	£1m 13 months	£1m 5 years
None	£1m 6 months	n/a	£1m 25 years	£50,000 5 years	£1m 5 years
Pooled funds	£5m per fund				

This table should be read in conjunction with the following notes:

Credit rating

5.6 Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured

5.7 Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured

5.8 Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government

5.9 Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates

5.10 Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £50,000 per company as part of a diversified pool in order to spread the risk widely.

Registered providers

5.11 Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds

5.12 Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

5.13 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow councils to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting both Councils' investment objectives will be monitored regularly.

5.14 If the risks or returns of pooled funds change significantly enough over a period of time that they no longer meet the Councils' objectives, then funds will be withdrawn at the earliest opportunity. No new or re-investments will be made into those funds and alternatives will be considered. This will be applied to Funding Circle in 2018/19.

Operational bank accounts

5.15 The Councils may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Councils maintaining operational continuity.

Risk assessment and credit ratings

5.16 Credit ratings are obtained and monitored by the Councils' treasury advisors, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.17 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

See the table in Appendix H for an explanation of the credit ratings issued by the main credit ratings agencies.

Other information on the security of investments

5.18 The Councils understand that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which they invest, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

5.19 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Councils will restrict their investments to those organisations of higher credit quality and reduce the maximum duration of their investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions.

5.20 If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Councils’ cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office (DMADF) or invested in government treasury bills (T-Bills) for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified investments

5.21 The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
  - the UK Government,
  - a UK local authority, parish council or community council, or
  - a body or investment scheme of “high credit quality”.

Both Councils define “high credit quality” organisations and securities as those having a credit rating of A- or A3 for UK banks and building societies, or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified investments

5.22 Any investment not meeting the definition of a specified investment is classed as non-specified. The Councils do not intend to make any investments:

- denominated in foreign currencies, or
- defined as capital expenditure

5.23 Non-specified investments will therefore be limited to long-term investments, (those that are due to mature 12 months or longer from the date of arrangement), which are considered less liquid as the cash is not quickly realisable, to investments in unrated building societies, and investments with bodies and schemes not meeting the definition on high credit quality.

5.24 Investments of 12 months or over (longer than 364 days) are subject to the prior approval of the S151 officer.

5.25 Any institution can be suspended or removed from the list should any of the factors identified above give rise to concern. The institutions that currently meet the criteria for term deposits, Certificates of Deposit (CDs) and call accounts are shown in Appendix H.

5.26 It remains the Councils’ policies to make exceptions to counterparty policy established around credit ratings, but this is conditional and directional. Therefore, an institution that meets the criteria may be suspended, but institutions not meeting criteria will not be added.

5.27 Limits on non-specified investments are shown in table 3 following:

Table 3: Non-specified investment limits

	Cash Limit
Total long-term investments	£2m
Total investments without credit ratings or rated below A- (except UK Government and local authorities)	£10m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£2m
Total non-specified investments	£14m

The Councils Banker

5.28 Both Councils bank with Lloyds Bank plc which currently has a credit rating of A+.

Investment limits

5.29 The Councils' revenue reserves available to cover investment losses are forecast to be £3.4million for Babergh and £14.3million for Mid Suffolk on 31 March 2018. In order to minimise the available reserves that would be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as stated in table 4 following. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits for Babergh and Mid Suffolk

Investment Limits		
	Babergh	**Mid Suffolk**
Any single organisation, except the UK Central Government	£2m each	£2m each
UK Central Government	Unlimited	Unlimited
Any group of organisations under the same ownership	£1m per group	£1m per group
Any group of pooled funds under the same management	£5m per manager	£5m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker	£10m per broker
Foreign countries	£2m per country	£2m per country
Registered Providers	£5m in total	£5m in total
Unsecured investments with building societies	£2m in total	£2m in total
Loans to unrated corporates	£1m in total	£1m in total
Money Market Funds	50% total Investments	50% total Investments

Liquidity management

5.30 The Councils use cash flow forecasts to determine the maximum period for which funds may prudently be committed. The forecasts are compiled on a prudent basis to minimise the risk of the Councils being forced to borrow on unfavourable terms to meet their financial commitments. Limits on long-term investments are set by reference to the Councils Medium Term Financial Strategy and cash flow forecasts.

6. Non-Treasury Investments

6.1 Although not classed as treasury management activities and therefore not covered by the CIPFA Code or the CLG Guidance, the Councils may also purchase property for investment purposes and may also make loans and investments for service purposes, for example as equity investments and loans to the Councils' subsidiaries.

6.2 Such loans and investments will be subject to the Councils' normal approval processes for revenue and capital expenditure.

6.3 The Councils existing non-treasury investments are listed in Appendix C.

7. Other Items

There are a number of additional items that the Councils are obliged by CIPFA or CLG to include in their Treasury Management Strategy.

Policy on the use of financial derivatives

7.1 Some local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

7.2 The Councils will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Councils are exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria (See Appendix H). The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

7.4 The Councils will only use derivatives after seeking advice from their treasury advisors, a legal opinion and ensuring officers have the appropriate training for their use.

Policy on apportioning interest to the HRA

7.5 On 1st April 2012, the Councils notionally split each of their existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged / credited to the respective revenue account.

7.6 Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured annually, and interest transferred between the General Fund and HRA at each Councils average interest rate on investments, adjusted for credit risk.

Investment training

7.7 The needs of the Councils treasury management staff for training in investment management are assessed regularly as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

7.8 Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA and other appropriate organisations.

Investment advisors

7.9 The Councils appointed Arlingclose Limited as treasury management advisors and receive specific advice and support on

- investment,
- debt management
- capital finance issues
- counterparty creditworthiness (credit ratings)
- economic updates and
- interest rates.

7.10 The treasury management advisory service is subject to regular review to ensure compliance with the requirements of the Treasury Management Strategy and the Treasury Management Practices (TMP's) Use of External Service Providers.

7.11 The Councils maintain the quality of the service with their advisors by holding regular meetings. Whilst the advisors provide support to the treasury function, under current market rules and the CIPFA Code of Practice, the final decision on treasury matters remains with the Councils.

7.12 The Councils have regard to the requirements of the Bribery Act 2011 in their dealings with external advisors.

Investment of money borrowed in advance of need

7.13 The Councils may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Councils are aware that they will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Councils overall management of treasury risks.

7.14 The total amount borrowed will not exceed the authorised borrowing limit of £148million for Babergh and £166million for Mid Suffolk in 2018/19. (See Appendix F, paragraph 6.2). The maximum period between borrowing and expenditure is expected to be two years, although the Councils are not required to link particular loans with particular items of expenditure.

Financial Implications

7.15 The budget for investment income in 2018/19 is £1.5million for Babergh and £2.1million for Mid Suffolk, based on an average investment portfolio of £40.6million for Babergh and £57.2million for Mid Suffolk at an average interest rate of 3.7% for each Council.

7.16 The budget for debt interest paid in 2018/19 is £3.44million for Babergh and £3.82million for Mid Suffolk, based on an average debt portfolio of £132.3million for Babergh and £119.8million for Mid Suffolk at an average interest rate of 3% for each Council.

7.17 If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

7.18 The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The S151 Officer, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in the following table:

Alternative	**Impact on income and expenditure**	**Impact on risk management**
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

7.19 Under the rules of MIFID II (Markets in Financial Instruments Directive 2014/65/EU) which are effective from 1 January 18, both Councils have met the conditions to opt up to professional status.

Appendix B

TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction and Background

1.1 The Councils adopt the key recommendations of the CIPFA Code of Practice on Treasury Management in Public Services 2011 Edition (the Code) as described in Section 5 of the Code.

1.2 In addition, the Department for Communities and Local Government (CLG) issued revised guidance on Local Authority Investments in March 2010 that requires councils to approve an investment strategy before the start of each financial year.

1.3 Accordingly, the Councils will create and maintain the following as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.

- Suitable treasury management practices (TMPs), setting out the manner in which the Councils will seek to achieve those policies and objectives, and prescribing how they will manage and control those activities.

1.4 The full Council meeting for Babergh and Mid Suffolk will receive recommendations from Cabinet on their treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

1.5 The Councils delegate responsibility for the implementation of its treasury management policies and practices to the Cabinet, monitoring to the Joint Audit and Standards Committee and the execution and administration of treasury management decisions to the Section 151 Officer and/or Corporate Manager - Financial Services, who will act in accordance with the Councils policy statement, the TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.6 The Joint Audit and Standards Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. Policies and Objectives of Treasury Management Activities

2.1 The Councils define their treasury management activities in line with the CIPFA code definition as: "the management of the organisation's investments and cash flows, it's banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance associated with those risks."

2.2 The Councils regard the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Councils.

2.3 The Councils recognise that effective treasury management will provide support towards the achievement of their business and service objectives. They are therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques within the context of effective risk management.

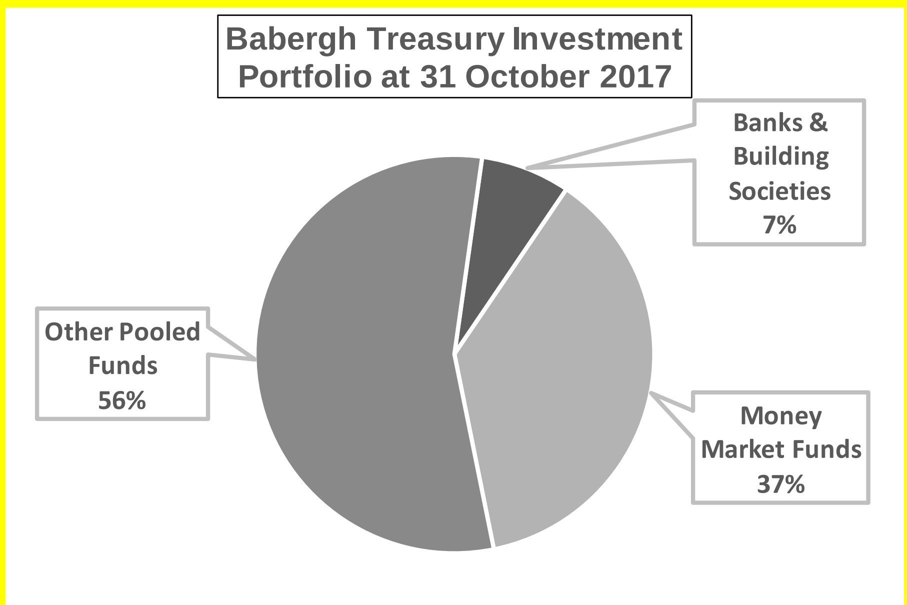
2.4 Both Councils borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Councils transparency and control over their debt.

2.5 Both Councils primary objectives in relation to investments remain the security of capital. The liquidity or accessibility of the Councils investments followed by the yield earned on investments remain important but are secondary considerations.

EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

Babergh	**31.10.17 Actual Portfolio £m**	**Average Rate %**
External Borrowing		
Public Works Loan Board	86.547	3.00%
Total External borrowing	**86.547**	**3.00%**
Treasury Investments		
Banks & Building Societies	1.262	0.14%
Money Market Funds	6.500	0.17%
Other Pooled Funds	9.638	5.91%
Total Treasury Investments	**17.400**	**3.28%**
Net Debt	**69.147**	

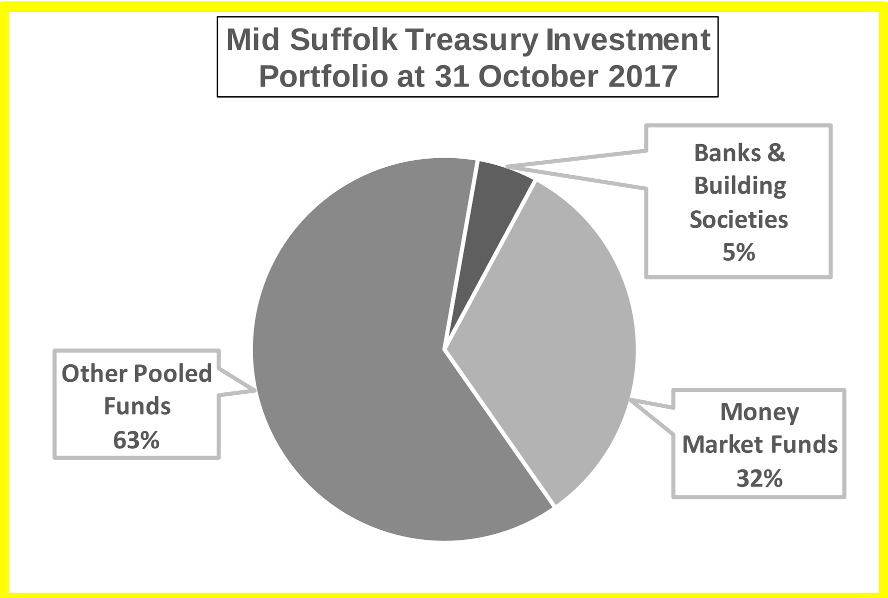
Non-treasury Investments:		
Investment property	3.560	
Loans to subsidiaries	0.030	
Total Non-treasury Investments	3.590	
Total Investments	**20.990**	



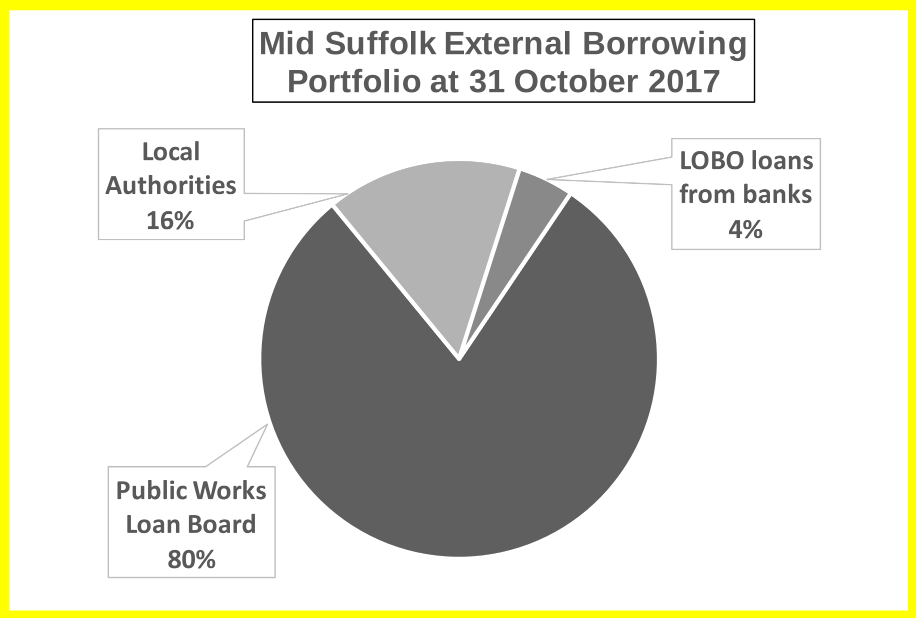
Appendix C Revised

Mid Suffolk	31.10.17 Actual Portfolio £m	Average Rate %
External Borrowing		
Public Works Loan Board	70.237	4.15%
Local Authorities	14.000	0.31%
LOBO loans from banks	4.000	4.21%
Total external borrowing	**88.237**	**3.03%**
Treasury Investments		
Banks & Building Societies	0.785	0.12%
Money Market Funds	5.000	0.21%
Other Pooled Funds	9.642	5.96%
Total Treasury Investments	**15.427**	**3.32%**
Net Debt	**72.810**	

Non-treasury Investments:		
Loans to subsidiaries	0.030	
Total Non-treasury Investments	0.030	
Total Investments	**15.457**	



Appendix C Revised



Appendix D

ECONOMIC & INTEREST RATE FORECAST

1 Underlying assumptions

1.1 In a 7-2 vote at its meeting in November, the MPC increased Bank Rate in line with market expectations to 0.5%. Dovish accompanying rhetoric prompted investors to lower the expected future path for interest rates. The minutes re-emphasised that any prospective increases in Bank Rate would be expected to be at a gradual pace and to a limited extent.

1.2 Further potential movement in Bank Rate is reliant on economic data and the likely outcome of the EU negotiations. Policymakers have downwardly assessed the supply capacity of the UK economy, suggesting inflationary growth is more likely. However, the MPC will be wary of raising rates much further amid low business and household confidence.

1.3 The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. While recent economic data has improved, it has done so from a low base: UK Quarter 3 2017 GDP growth was 0.4%, after a 0.3% expansion in Quarter 2. The initial expenditure breakdown showed weakness in consumption, business investment and net trade. Both consumer and business confidence remain subdued.

1.4 Household consumption growth, the driver of recent UK GDP growth, has softened following a contraction in real wages, despite both saving rates and credit consumer volumes indicating that some households continue to spend in the absence of wage growth. Policymakers have expressed concern about the continued expansion of consumer credit; any action taken will further dampen household spending.

1.5 Some data has held up better than expected, with unemployment continuing to decline and house prices remaining relatively resilient. However, both factors can also be seen in a negative light, displaying the structural lack of investment in the UK economy post financial crisis. Weaker long-term growth may prompt deterioration in the UK's fiscal position.

1.6 The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.

1.7 Near-term global growth prospects have continued to improve and broaden, and expectations of inflation are subdued. Central banks are moving to reduce the level of monetary stimulus.

1.8 Geo-political risks remain elevated and helps to anchor safe-haven flows into the UK government bond (gilt) market.

Appendix D

2 Forecast

2.1 The MPC has increased Bank Rate, largely to meet expectations they themselves created. Future expectations for higher short-term interest rates are subdued.

2.2 On-going decisions remain data dependent and negotiations on exiting the EU cast a shadow over monetary policy decisions.

2.3 Arlingclose's central case for Bank Rate is 0.5% over the medium term. The risks to the forecast are broadly balanced on both sides.

	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.19**
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.00	0.00	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	**-0.15**
3-month LIBID rate														
Upside risk	0.10	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.22**
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	-0.10	-0.10	-0.15	-0.15	-0.15	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	**-0.20**
1-yr LIBID rate														
Upside risk	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	**0.27**
Arlingclose Central Case	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.77
Downside risk	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.15	-0.15	**-0.26**
5-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.80	0.85	0.90	0.90	0.95	0.95	1.00	1.05	1.10	0.89
Downside risk	-0.20	-0.20	-0.25	-0.25	-0.25	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	**-0.33**
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	1.25	1.25	1.25	1.25	1.25	1.30	1.30	1.35	1.40	1.45	1.50	1.55	1.55	1.36
Downside risk	-0.20	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	**-0.33**
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.90	1.90	1.95	1.95	2.00	2.05	2.05	2.05	1.93
Downside risk	-0.20	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	**-0.38**
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.25	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	**0.32**
Arlingclose Central Case	1.70	1.70	1.70	1.70	1.70	1.75	1.80	1.85	1.90	1.95	1.95	1.95	1.95	1.82
Downside risk	-0.30	-0.30	-0.25	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	**-0.39**

Appendix E Revised

TREASURY MANAGEMENT INDICATORS

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

1. Security

1.1 The Councils have adopted a voluntary measure of their 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.

	Target
Portfolio average credit score	7.0

2. Interest rate exposures

2.1 This indicator is set to control the Councils exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as a proportion of net principal borrowed is shown in the following tables:

Babergh	**2018/19 Forecast £m**	**2019/20 Forecast £m**	**2020/21 Forecast £m**
Upper limit on fixed interest rate exposure	136	141	144
Upper limit on variable interest rate exposure	35	35	35

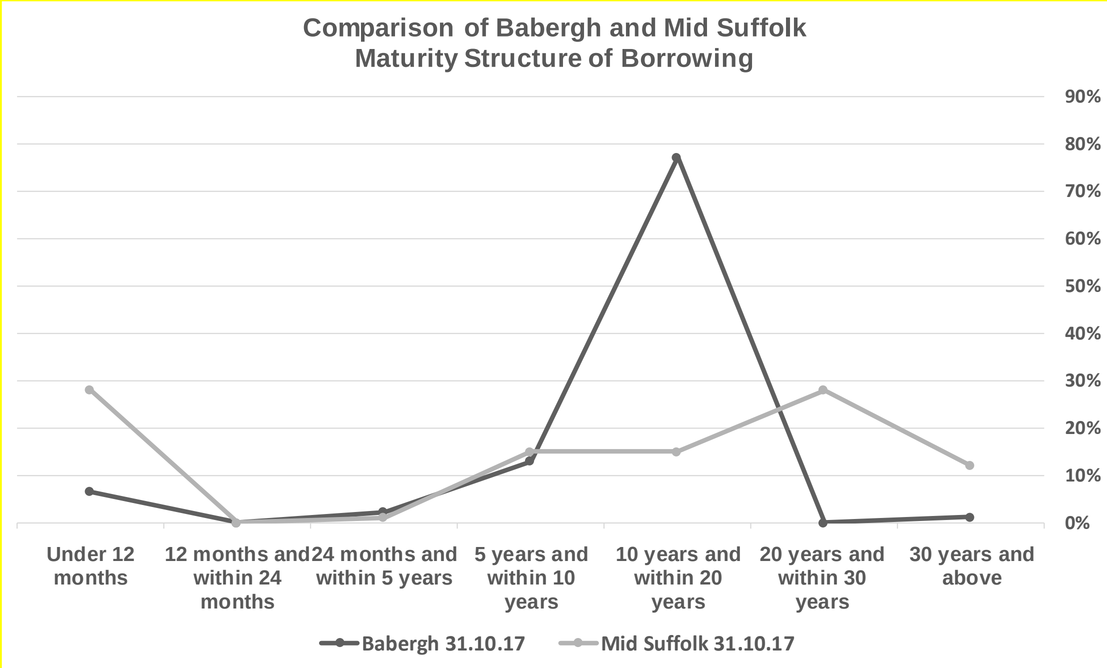
Mid Suffolk	**2018/19 Forecast £m**	**2019/20 Forecast £m**	**2020/21 Forecast £m**
Upper limit on fixed interest rate exposure	154	156	159
Upper limit on variable interest rate exposure	40	40	40

2.2 Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year, or the transaction date, if later. All other instruments are classed as variable rate.

3. Maturity structure of borrowing

3.1 This indicator is set to control the Councils exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

% of total borrowing	Babergh 31.10.17	Mid Suffolk 31.10.17	Lower Limit	Upper Limit
Under 12 months	6.47%	28.00%	0%	50%
12 months and within 24 months	0.00%	0.00%	0%	50%
24 months and within 5 years	2.21%	1.00%	0%	50%
5 years and within 10 years	12.93%	15.00%	0%	100%
10 years and within 20 years	77.21%	15.00%	0%	100%
20 years and within 30 years	0.00%	28.00%	0%	100%
30 years and above	1.19%	12.00%	0%	100%



3.2 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.

4. Principal sums invested for periods longer than 364 days

4.1 The purpose of this indicator is to control the Councils exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities over 364 days will be:

Babergh and Mid Suffolk	2017/18 Approved	2018/19	2019/20	2020/21
Limit on principal invested beyond year end	£2m	£2m	£2m	£2m

Appendix F Revised

PRUDENTIAL INDICATORS 2017/18 – 2020/21

1. Background

1.1 The Local Government Act 2003 requires the Councils to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "Prudential Code") when determining how much money they can afford to borrow.

1.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice.

1.3 To demonstrate that both Councils have fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

2. Estimates of Capital Expenditure

2.4 The Councils planned capital expenditure and financing is summarised in the following table.

Babergh Capital Expenditure	**2017/18 Revised £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**
General Fund	14.450	18.395	7.148	4.482
HRA	13.046	8.575	9.045	9.599
Total Expenditure	**27.496**	**26.970**	**16.193**	**14.081**

Babergh Capital Financing – General Fund	**2017/18 Revised £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**
Capital Receipts	0.280	0.000	0.000	0.000
Government Grants	0.300	0.409	0.409	0.409
Revenue Contributions & Reserves	0.000	0.000	0.000	0.000
Total Financing	**0.580**	**0.409**	**0.409**	**0.409**
Unsupported Borrowing	13.870	17.986	6.739	4.073
Total Financing & Funding	**14.450**	**18.395**	**7.148**	**4.482**

Babergh Capital Financing – HRA	**2017/18 Revised £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**
Capital Receipts	3.474	0.722	0.674	0.675
External Grant & Contributions	0.066	0.000	0.000	0.000
Major Repairs Allowance/Depreciation	2.735	2.721	1.439	1.321
Revenue Contributions & Reserves	4.405	5.132	6.932	7.603
Total Financing	**10.680**	**8.575**	**9.045**	**9.599**
Unsupported Borrowing	2.366	0.000	0.000	0.000
Total Financing & Funding	**13.046**	**8.575**	**9.045**	**9.599**

Mid Suffolk **Capital Expenditure**	**2017/18** **Revised** **£m**	**2018/19** **Estimate** **£m**	**2019/20** **Estimate** **£m**	**2020/21** **Estimate** **£m**
General Fund	31.873	19.367	3.739	3.643
HRA	7.751	9.037	8.291	11.487
Total Expenditure	**39.624**	**28.404**	**12.030**	**15.130**

Mid Suffolk **Capital Financing –** **General Fund**	**2017/18** **Revised** **£m**	**2018/19** **Estimate** **£m**	**2019/20** **Estimate** **£m**	**2020/21** **Estimate** **£m**
Capital Receipts	0.073	0.024	0.023	0.023
Government Grants	0.376	0.772	0.376	0.376
Revenue Contributions & Reserves	0.044	2.775	0.000	0.000
Total Financing	**0.493**	**3.571**	**0.399**	**0.399**
Unsupported Borrowing	31.380	15.796	3.340	3.244
Total Financing & Funding	**31.873**	**19.367**	**3.739**	**3.643**

Mid Suffolk **Capital Financing – HRA**	**2017/18** **Revised** **£m**	**2018/19** **Estimate** **£m**	**2019/20** **Estimate** **£m**	**2020/21** **Estimate** **£m**
Capital Receipts	1.929	2.498	2.103	3.061
External Grant & Contributions	0.030	0.000	0.000	0.000
Major Repairs Allowance/Depreciation	2.762	3.146	3.361	3.473
Revenue Contributions & Reserves	3.030	3.393	2.827	3.605
Total Financing	**7.751**	**9.037**	**8.291**	**10.139**
Unsupported Borrowing	0.000	0.000	0.000	1.348
Total Financing & Funding	**7.751**	**9.037**	**8.291**	**11.487**

3. <u>Estimates of Capital Financing Requirement</u>

3.1 The Capital Financing Requirement (CFR) measures the Councils underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held on the Balance Sheet relating to capital expenditure and it's financing.

Babergh **Capital Financing Requirement**	**2017/18** **Revised** **£m**	**2018/19** **Estimate** **£m**	**2019/20** **Estimate** **£m**	**2020/21** **Estimate** **£m**
General Fund	31.564	48.617	54.246	57.058
HRA	88.119	87.619	87.119	86.719
Total CFR	**119.683**	**136.236**	**141.365**	**143.777**

Mid Suffolk **Capital Financing Requirement**	**2017/18** **Revised** **£m**	**2018/19** **Estimate** **£m**	**2019/20** **Estimate** **£m**	**2020/21** **Estimate** **£m**
General Fund	52.964	67.550	69.479	71.146
HRA	86.759	86.759	86.759	88.107
Total CFR	**139.723**	**154.309**	**156.238**	**159.253**

3.2 The CFR is forecast to rise over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

4 Gross Debt and the Capital Financing Requirement

4.1 This is a key indicator of prudence. In order to ensure that over the medium-term debt will only be for a capital purpose, the Councils should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

4.2 If, in any of these years, there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

4.3 The Section 151 Officer reports that the Councils will have no difficulty meeting this requirement in 2018/19, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

Babergh – Gross Debt	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Outstanding Borrowing (at nominal value)	109.03	127.02	133.76	137.83
	%	%	%	%
% Proportion of Authorised Limit	83.87	85.82	87.42	88.92

Mid Suffolk – Gross Debt	2017/18 Revised £m	2018/19 Estimate £m	2019/20 Estimate £m	2020/21 Estimate £m
Outstanding Borrowing (at nominal value)	127.97	143.76	147.10	151.70
	%	%	%	%
% Proportion of Authorised Limit	85.31	86.60	87.56	88.71

4.4 Total debt is expected to remain below the CFR during the forecast period.

5 Operational Boundary for External Debt

5.1 The operational boundary is based on the Councils estimate of the most likely (i.e. prudent but not worst case) scenario for external debt, but does not have the additional headroom included in the Authorised Limit for External debt.

5.2 It links directly to the Councils estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring.

5.3 The Section 151 Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the Joint Audit and Standards Committee as part of the half yearly reports.

Babergh Operational Boundary	**2017/18 Revised £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**
Borrowing	120	137	142	144
Other Long Term Liabilities	0	1	1	1
Total Debt	**120**	**138**	**143**	**145**

Mid Suffolk Operational Boundary	**2017/18 Revised £m**	**2018/19 Estimate £m**	**2019/20 Estimate £m**	**2020/21 Estimate £m**
Borrowing	**140**	**155**	**157**	**160**
Other Long Term Liabilities	**0**	**1**	**1**	**1**
Total Debt	**140**	**156**	**158**	**161**

6 Authorised Limit for External Debt

6.1 The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003, section 3(1), referred to in the legislation as the “Affordable Limit”.

6.2 It is the maximum amount of debt that the Councils can legally owe. The Authorised Limit provides headroom over and above the operational boundary to allow for unusual cash movements and is based on the estimate of the most likely (i.e. prudent but not worst case) scenario.

Babergh Authorised Limit	**2017/18 Limit £m**	**2018/19 Limit £m**	**2019/20 Limit £m**	**2020/21 Limit £m**
Borrowing	130	147	152	154
Other Long Term Liabilities	0	1	1	1
Total Borrowing	**130**	**148**	**153**	**155**

Mid Suffolk Authorised Limit	**2017/18 Limit £m**	**2018/19 Limit £m**	**2019/20 Limit £m**	**2020/21 Limit £m**
Borrowing	**150**	**165**	**167**	**170**
Other Long Term Liabilities	**0**	**1**	**1**	**1**
Total Borrowing	**150**	**166**	**168**	**171**

7 Ratio of Financing Costs to Net Revenue Stream

7.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

7.2 The definition of financing costs is set out in the Prudential Code and excludes revenue contributions to capital.

Babergh Ratio of Financing Costs to Net Revenue Stream	**2017/18 Revised %**	**2018/19 Estimate %**	**2019/20 Estimate %**	**2020/21 Estimate %**
General Fund	3.03%	-1.34%	-0.57%	0.68%
HRA	17.79%	17.88%	17.91%	17.19%

Mid Suffolk Ratio of Financing Costs to Net Revenue Stream	**2017/18 Revised %**	**2018/19 Estimate %**	**2019/20 Estimate %**	**2020/21 Estimate %**
General Fund	0.12%	-0.23%	-1.81%	-5.54%
HRA	19.28%	19.56%	19.45%	19.24%

8 Incremental Impact of Capital Investment Decisions

8.1 This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Babergh Incremental Impact of Capital Investment Decisions	**2018/19 Estimate £**	**2019/20 Estimate £**	**2020/21 Estimate £**
General Fund - increase in annual Band D Council Tax	9.88	7.11	6.42
HRA - (decrease) / increase in average weekly rents	(1.59)	9.42	3.02

Mid Suffolk Incremental Impact of Capital Investment Decisions	**2018/19 Revised £**	**2019/20 Estimate £**	**2020/21 Estimate £**
General Fund - increase in annual Band D Council Tax	18.53	6.78	5.85
HRA - (decrease) / increase in average weekly rents	3.51	(3.30)	4.53

8.2 The movements in Band D council tax reflect the increases / decreases in the provision for Capital Financing Charges as a result of movements in borrowing undertaken to finance the proposed capital programme from 2018/19 to 2020/21.

9 Adoption of the CIPFA Treasury Management Code

9.1 The Councils adopted the CIPFA Treasury Management in the Public Services, Code of Practice 2011 (the “Treasury Management Code”) in November 2011.

Appendix G Revised

ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT 2018/19

1.1 Where the Councils finance their capital expenditure by debt, they must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Councils to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2012.

1.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

1.3 The CLG Guidance requires the Councils to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following paragraph lists the options recommended in the Guidance.

1.4 The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

1.5 For capital expenditure incurred before 1st April 2008, MRP will be determined in accordance with the former regulations that applied on 31st March 2008, incorporating an "Adjustment A" of £2.4m for Mid Suffolk (Option 1). Babergh does not have any capital expenditure incurred before 1st April 2008 on which to charge MRP.

1.6 For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis using an interest rate equivalent to the average PWLB annuity rate for the year of expenditure. MRP charges start in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. (Option 3).

1.7 Where investments are made in the Councils' subsidiaries for the purpose of the companies purchasing land and buildings, MRP will be charged over 40 years.

1.8 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Councils will make no MRP charge, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

1.9 No MRP will be charged in respect of assets held within the Housing Revenue Account. However, voluntary MRP contributions from the HRA may be made.

1.10 Capital expenditure incurred during 2017/18 will not be subject to an MRP charge until 2018/19 and capital expenditure incurred during 2018/19 will not be subject to an MRP charge until 2019/20.

1.11 If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to full Councils at that time.

1.12 Based on the Councils latest estimate of their Capital Financing Requirement on 31st March 2018, the budget for MRP has been set as follows:

Babergh	**31/03/2018 Estimated CFR £m**	**2018/19 Estimated MRP £m**
Unsupported capital expenditure after 31/3/2008	20.17	0.933
Loans to other bodies repaid in instalments	11.39	0.000
Total General Fund	31.56	0.933
Assets in the Housing Revenue Account	2.37	0.000
HRA subsidy reform payment	85.75	0.000
Total Housing Revenue Account	88.12	0.000
Total	**119.68**	**0.933**

Mid Suffolk	**31/03/18 Estimated CFR £m**	**2018/19 Estimated MRP £m**
Capital expenditure before 01/04/2008	8.36	0.071
Unsupported capital expenditure after 31/03/2008	24.70	1.140
Loans to other bodies repaid in instalments	19.90	0.000
Total General Fund	**52.96**	**1.211**
Assets in the Housing Revenue Account	29.55	0.000
HRA subsidy reform payment	57.21	0.000
Total Housing Revenue Account	**86.76**	**0.000**
Total	**139.72**	**1.211**

Appendix H

INSTITUTIONS MEETING HIGH CREDIT RATINGS CRITERIA (AS AT END OF NOVEMBER 2017)

This is based on UK Banks and Building Societies A-, Money Market Funds, Foreign Banks AA-. Foreign banks must be in a country with a sovereign rating of AAA.

Counterparty	Long term rating - Fitch	Duration
UK BANKS		
Bank of Scotland PLC	A+	***
Barclays Bank PLC	A+	**
Close Brothers Limited	A	***
Goldman Sachs International Bank	A	**
HSBC Bank PLC	AA-	***
Lloyds Bank PLC	A+	***
Santander UK PLC	A+	***
Standard Chartered Bank	A+	**
UK BUILDING SOCIETIES		
Nationwide Building Society	A+	***
Leeds Building Society	A-	**
Coventry Building Society	A	***
FOREIGN BANKS		
Australia		
Australia and NZ Banking Group	AA-	***
Commonwealth Bank of Australia	AA-	***
National Australia Bank	AA-	***
Westpac Banking Group	AA-	***
Canada		
Bank of Montreal	AA-	***
Bank of Nova Scotia	AA-	***
Canadian Imperial Bank of Commerce	AA-	***
Royal Bank of Canada	AA	***
Toronto-Dominion Bank	AA-	***
Netherlands		
Cooperative Rabobank	AA-	****
Singapore		
DBS Bank Ltd	AA-	****
Oversea-Chinese Banking Corporation	AA-	****
United Overseas Bank	AA-	****
Sweden		
Nordea Bank AB	AA-	****
Svenska Handelsbanken	AA	****

Counterparty	Long term rating - Fitch	Duration
MONEY MARKET FUNDS (MMF)		
Standard life Investments Sterling Liquidity Fund	AAAmmf	*
Goldman Sterling Liquid Reserves Fund	AAAmmf	*
Insight Sterling Liquidity Fund	AAAmmf	*
Federated Investors (UK) Sterling Liquidity Fund	AAAmmf	*
Invesco AIM STUC Sterling Liquidity Portfolio	AAAmmf	*
Blackrock Institutional Sterling Liquidity Fund	*1	*

*	Overnight Limit
**	Maximum limit to maturity 100 days
***	Maximum limit to maturity 6 months
****	Maximum limit to maturity 13 months
*****	Maximum exposure limit 10% of total investments per fund
*1	Blackrock has withdrawn from Fitch Rating

MMFs – Federated is domiciled in the UK for tax and administration purposes, Standard Life, Goldman Sachs, BlackRock, Invesco and Insight are domiciled in Ireland for tax and administration purposes.

Long Term Investments Grades

Agency - Fitch	
Rating	**Definition**
AAA	Highest credit quality – 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality – 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

Long Term Investment Grades

Agency - Moody's	
Rating	**Definition**
Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa1	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
Aa2	
Aa3	
A1	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
A2	
A3	

Agency - Standard & Poor's	
Rating	**Definition**
AAA	An obligator rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Poor's.
AA	An obligator rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest rated obligators only to a small degree.
A	An obligator rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.

Glossary of Terms

CCLA	Churches, Charities and Local Authority Property Fund
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.
CLG	Department for Communities and Local Government. This is a ministerial department.
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 are charged the revenue costs of providing, maintaining and managing Council dwellings. These costs are financed by tenants' rents.
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.
MIFID II	Markets in Financial Instruments Directive 2014/65/EU. Effective from 1 January 2018. The Councils have met the conditions to opt up to professional status. The Councils will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.
MPC	Monetary Policy Committee – A committee of the Bank of England which meets each month to decide the official interest in the UK. It is also responsible for other aspects of the Government's monetary policy framework such as quantitative easing and forward guidance.
MRP	Minimum Revenue Provision. Local authorities are required to make a prudent provision for debt redemption on General Fund borrowing.
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.
T Bills	Treasury Bill. A short-term Government Bond.
UBS	UBS Multi Asset Income Fund (UK) - a pooled fund

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Appendix J

Changes made since Joint Audit and Standards Committee 15 January 2018.

There have been some of changes to the numbers from the JASC 15 January 2018. These are due to changes to the capital programme as a result of the budget work undertaken.

Joint Treasury Management Strategy 2018/19 Report

Changes to numbers are:

Para 10.9 Babergh 2018/19 from £49.17m to £50.44m and 2020/21 from £55.06m to £58.88m

Mid Suffolk 2018/19 from £80.56m to £80.52m and 2020/21 from £86.18m to £86.06m

Appendix A

Para 3.1 - Table 1 – Babergh General Fund CFR and Balances & Reserves 2017/18, 2018/19, 2019/20 & 2020/21 updated

- Mid Suffolk General Fund CFR and Balances & Reserves 2017/18, 2018/19, 2019/20 & 2020/21 updated

Para 3.4 - Numbers updated –

Babergh from £55.06m to £58.88m
Mid Suffolk from £86.18m to £86.06m

Para 4.1 - Numbers updated –

Babergh's borrowing 2018/19 from £15.79m to £17.05m
Mid Suffolk's borrowing from £14.88m to £14.89m

Babergh's Authorised Borrowing Limit 2018/19 from £146m to £148m

Para 5.4 - "asset classes during 2018/19" changed to "asset classes during 2017/18"

Para 5.29 - Revenue reserves forecast at 31 March 2018 -

Babergh from £2.5m to £3.4m
Mid Suffolk from £15.25m to £14.3m

Para 7.14 - Numbers updated –

Babergh's Authorised Borrowing Limit 2018/19 from £146m to £148m

Para 7.16 - Numbers updated – Budget for Interest paid –

Babergh from £3.51m to £3.44m
Mid Suffolk from £3.74m to £3.82m

New Para 7.19 - Under the rules of MIFID II (Markets in Financial Instruments Directive 2014/65/EU) which are effective from 1 January 18, both Councils have met the conditions to opt up to professional status.

Appendix C

Pie Charts added

Appendix E

Para 2.1 Tables - Babergh Upper limit of fixed interest rate exposure 2018/19, 2019/20 & 2020/21 updated

Para 3.1 Chart added

Appendix F

Para 2.4 Table - Babergh Capital Expenditure General Fund 2018/19 & 2019/20 updated

- Babergh Capital Financing General Fund unsupported borrowing 2018/19 & 2019/20 updated

- Mid Suffolk Capital Expenditure General Fund 2018/19 updated

- Mid Suffolk Capital Financing General Fund Revenue Contributions and unsupported borrowing 2017/18 & 2018/19 updated

Para 3.1 Table - Babergh Capital Financing Requirement General Fund 2018/19, 2019/20 & 2020/21 updated

- Mid Suffolk Capital Financing Requirement General Fund 2017/18, 2018/19, 2019/20 & 2020/21 updated

Para 4.3 Table - Babergh Gross Debt – Outstanding Borrowing 2018/19, 2019/20 & 2020/21 updated

And Line added for % proportion of Authorised Limit

Mid Suffolk Gross Debt - Line added for % proportion of Authorised Limit

Para 5.3 Table - Babergh Operational Boundary – Borrowing 2018/19, 2019/20 & 2020/21 updated

Para 6.2 Table - Babergh Authorised Limit – Borrowing 2018/19, 2019/20 & 2020/21 updated

Para 7.2 Table - Babergh Ratio of Financing Costs to Net Revenue Stream – General Fund 2017/18, 2018/19, 2019/20 & 2020/21 updated

- Mid Suffolk Ratio of Financing Costs to Net Revenue Stream – General Fund 2017/18, 2018/19, 2019/20 & 2020/21 updated

Para 8.1 Table - Babergh Incremental Impact of Capital Investment Decisions - Band D Council Tax 2019/20 & 2020/21 updated

- Mid Suffolk Incremental Impact of Capital Investment Decisions - Band D Council Tax 2017/18, 2019/20 & 2020/21 updated

Appendix G

Para 1.12 Table - Babergh 31/3/18 estimated CFR – unsupported capital expenditure and loans to other bodies updated

- Mid Suffolk 31/3/18 estimated CFR – unsupported capital expenditure and related MRP updated

Appendix I

Glossary of Terms – Added explanation of MIFID II

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[Replacement] Appendix K to Paper MCa/17/41

JOINT AUDIT AND STANDARDS COMMITTEE 15 JANUARY 2018

DRAFT MINUTE – JOINT TREASURY MANAGEMENT STRATEGY 2018/19

Sue Palmer, Senior Financial Services Officer, introduced Paper JAC/17/15 presenting the proposed Treasury Management Strategy Statement (which included the Annual Investment Strategy) for scrutiny by the Joint Committee before being presented to Council.

She gave a brief summary of Appendices A – I (attached to Paper JAC/17/15) together with an update regarding the new editions of the Treasury Management Code and Prudential Code 2017. Consideration is currently being given to the changes from the 2011 Code for incorporation into future Treasury Management Strategies and monitoring reports.

The key changes to both codes relate to the following four items:-

Definition of treasury management
The term 'investments' now covers both financial and non-financial assets which the Councils hold for financial return, including such assets as property portfolios, which are not managed as part of normal treasury management or under treasury management delegations.

Security of investments
Councils must ensure priority is given to security and portfolio liquidity when investing treasury management funds through robust due diligence procedures for all external investments.

Capital strategy
The first one will need to be produced in January 2019 for the financial year 2019/20, setting out capital expenditure and investment decisions and the associated risks and rewards together with how risk is managed for future financial sustainability.

Reference to be made to the rules under MIFID II (Markets in Financial Instruments Directive 2014/65/EU) effective from 1 January 2018
The TM Strategy must include a statement that the Councils have met the conditions to opt up to professional status, which means that they will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

Formal Notice is awaited from the DCLG of the regulatory changes to Investment Guidance and Minimum Revenue Provision (MRP) following recent consultations which closed on 22 December. Members were advised that the Strategy before them did not therefore reflect the regulatory changes.

The officers then responded to Members' questions about various aspects of Paper JAC/17/15 and its Appendices including the following:-

- Page 36, Appendix C – Why is there a difference between the Councils' Non-treasury investments as at 31 October 2017?
  This can be explained by the dates of completions – whereas there were some for BDC before that date, MSDC did not have any completions until after that date.

- Page 36, Appendix C – Why is there a difference in the PWLB rates between the Councils?
  This difference is explained by the MSDC loans being older and taken out at a higher rate (4.15%) whereas BDC loans are more recent, taken out when rates were lower (3%).

- What safeguards exist to protect the Councils from fraudulent activity such as money laundering?
  Members were referred to the Councils' Prevention of Crime Policy and to the vetting procedures carried out by our Treasury Management consultants, Arlingclose, who advise us on a regular basis.

- Performance of Funding Circle?
  As well as the lower than anticipated returns of which Members were aware, the hope that this investment would assist local businesses had not been realised, partly as a result of the changed criteria which Funding Circle is now operating.

- Discrepancy between the 2018/19 Estimate for the MSDC General Fund of £16.792m and the Total Financing and Funding figure of £16.592? (Table on page 42 of Appendix F).
  The difference of £200k is as a result of a late adjustment to the figures which should have been reflected in the Revenue Contributions and Reserves line and the Total – this will be corrected.

- Appendix F – pages 43/44 – What proportion is the gross debt of the Authorised Limit each year?
  The table will be adjusted to show this proportion.
- Presentation of financial information?
  Officers to liaise with Michael Burke who will provide examples for showing it in a more user-friendly way. Councillor Burke referred to a Kent council example which might prove helpful.

- Page 20 – it was requested that officers look at changes to separate out the different purposes of borrowing.
  This is likely to be required under the forthcoming disclosure changes so will be included next year. It was noted that there is no fixed term debt to finish in 2018/19 so average rates are likely to be similar to those shown for 2017/18.

- What is the profile of when existing debt matures?
  See page 40 – table in para 3.1. Majority of BDC debt is over 10-20 years, 10-30 years for MSDC.

- Page 39 – Portfolio average credit score of 7 looks high?
  This figure results from the combination of ratings in all organisations – we don't place funds with financial institutions lower than A rated. The target average score was 7 last year, and the actual figure is shown in the half yearly TM reports. The calculation will be provided to Members outside the meeting.

- Is there any opportunity for re-financing higher interest loans?
  This is kept under review by Arlingclose and with reference to the markets, but is generally not worthwhile because of penalties for early repayment.

As a result of their scrutiny, Members were in agreement with the recommendations in Paper JAC/17/15, subject to the correction of the figures in relation to the Capital Financing figures for MSDC.

RECOMMENDED TO BABERGH AND MID SUFFOLK CABINETS AND COUNCILS

(1) That the following be approved:

(a) The Treasury Management Strategy for 2018/19, including the Annual Investment Strategy set out in Appendix A to Paper JAC/17/15.

(b) The Treasury Management Policy Statement set out in Appendix B to Paper JAC/17/15.

(c) The Treasury Management Indicators set out in Appendix E to Paper JAC/17/15.

(d) The Prudential Indicators and Minimum Revenue Provision Statement set out in Appendix F (subject to an amendment to correct the figures in the Capital Financing – General Fund for Mid Suffolk to reflect the error identified by the Committee) and Appendix G to Paper JAC/17/15.

(2) That the key factors and information relating to and affecting Treasury Management activities set out in Appendices C, D and H to Paper JAC/17/15 be noted.

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Extract from later draft showing changes to the printed copy of Appendix K to Paper MCa/17/41

The officers then responded to Members' questions about various aspects of Paper JAC/17/15 and its Appendices including the following:-

- Page 36, Appendix C – Why is there a difference between the Councils' non-treasury investments as at 31 October 2017?
  ~~The difference between the BDC and the MSDC figures is~~ This can be explained by the dates of completions – whereas there were some for BDC before that date, MSDC did not have any completions until after that date.

- Page 36, Appendix C – Why is there a difference in the PWLB rates between the Councils?
  ~~The difference between the rates applicable to the 2 Councils~~ This can be explained by the MSDC loans being older and taken out at a higher rate (4.15%) whereas BDC loans are more recent, taken out when rates were lower (3%).

…………

- Appendix F – pages 43/44 – ~~ratio change /gross debt?~~ What proportion is the gross debt of the Authorised Limit each year?
  ~~Reflects changes in the capital programme over a period of time~~. The table will be adjusted to show this proportion.

…………

- Page 20 – it was requested that officers look at changes to separate out different elements of borrowing.
  ~~This will be undertaken, and reference to social purpose of investments will be included.~~
  This is likely to be required under the forthcoming changes so will be included next year.
  It was noted that there is no fixed term debt to finish in 2018/19 so average rates are likely to be similar to those shown for 2017/18.

…………

- ~~Debt renewal curves~~ What is the profile of when the existing debt matures?
  See page 40 – table in para 3.1. Majority of BDC debt is over 10-20 years, 10-30 years for MSDC.

As a result of their scrutiny, Members were in agreement with the recommendations in Paper JAC/17/15, subject to the correction of the figures in relation to the Capital Financing figures for MSDC.

RECOMMENDED TO BABERGH AND MID SUFFOLK CABINETS AND COUNCILS

(1) That the following be approved:

(a) The Treasury Management Strategy for 2018/19, including the Annual Investment Strategy set out in Appendix A to Paper JAC/17/15.
(b) The Treasury Management Policy Statement set out in Appendix B to Paper JAC/17/15.
(c) The Treasury Management Indicators set out in Appendix E to Paper JAC/17/15.
(d) The Prudential Indicators and Minimum Revenue Provision Statement set out in Appendix F (subject to amendments to correct the figures in the Capital Financing – General Fund for Mid Suffolk to reflect the error identified by the Committee) and Appendix G to Paper JAC/17/15.

(2) That the key factors and information relating to and affecting Treasury Management activities set out in Appendices C, D and H to Paper JAC/17/15 be noted.

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MID SUFFOLK DISTRICT COUNCIL

From: Cabinet Member - Finance	**Report Number: MCa/17/42**
To: MSDC Cabinet	**Date of meeting: 5 February 2018**

JOINT MEDIUM TERM FINANCIAL STRATEGY AND MID SUFFOLK 2018/19 BUDGET

1. Purpose of Report

1.1 To consider the Joint Medium Term Financial Strategy (MTFS) and 2018/19 Budget, covering the General Fund, Council Housing and Capital Investment.

1.2 These reflect the challenges and opportunities facing the Council in the short and medium/long term, the business model that is being put in place to address these and an investment strategy to deliver the Council's strategic priority outcomes as set out in the Joint Strategic Plan.

1.3 This report sets out, therefore, how the Council intends to use its available resources and funding to not only achieve the agreed strategic priority outcomes but also realign resources to them and undertake a programme of transformational activities and projects over the medium term.

1.4 To enable Members to consider key aspects of the 2018/19 Budgets, including Council Tax and Council House rent levels.

2. Recommendations to Council

2.1 That the Joint Medium Term Financial Strategy (MTFS) and Budget proposals set out in the report be approved.

2.2 That the final General Fund Budget for 2018/19 is based on a council tax increase of 0.5%, an increase of 81p per annum for a Band D property to support the Council's overall financial position be approved.

2.3 That the Housing Revenue Account (HRA) Investment Strategy 2018/19 to 2022/23 and HRA Budget for 2018/19 be agreed.

2.4 That the mandatory decrease of 1% in Council House rents, equivalent to an average rent reduction of £0.83 a week, as required by the Welfare Reform and Work Act be implemented.

2.5 That the Sheltered Housing Supported people cost of £3 per week be removed and Service charges be increased by £5 per week for each scheme (set at £4 cap per week last year) meaning a net increase of £2 per week to tenants. This will reduce the subsidy by £30k.

2.6 That Sheltered Housing utility charges are kept at the same level

2.7 That in principle, Right to Buy receipts should be retained to enable continued development and acquisition of new council dwellings.

2.8 That garage rents are kept at the same level.

2.9 That the revised HRA Business Plan in Appendix E be noted.

2.10 That the Capital Programme in Appendix D be agreed.

2.11 That the offer to participate for Mid Suffolk in the Business Rate Pilot for 2018/19 as set out in paragraph 11.9 to 11.10 below be accepted.

Reason for decision:
To ensure that Members approve the budget proposals for 2018/19, Medium Term Financial Strategy and the Council Tax for 2018/19.

Options Considered:
The alternative option is that we do not report the budget proposals for 2018/19 and Medium Term Financial Strategy, We fail in our statutory duty to set the Council tax for 2018/19.

3. Financial Implications

3.1 These are detailed in the report.

4. Legal Implications

4.1 These are detailed in the report

5. Risk Management

5.1 This report is most closely linked with the Councils' Significant Business Risks no. 5f. If we do not understand our financial position and respond in a timely and effective way, then we will be unable to deliver the entirety of the Joint Strategic Plan. The key risk at this stage is outlined below: -

GENERAL FUND			
Risk Description	**Likelihood**	**Impact**	**Mitigation Measures**
If the Council does not plan and identify options to meet the medium-term budget gap, then it will have a detrimental impact on the resources available to deliver services and the strategic priorities.	Unlikely - 2	Bad - 3	Clear priority outcomes and robust business cases for investment plus use of the Growth and Efficiency Fund to support the MTFS and an Investment Strategy.
HRA			
If we do not consider the ongoing impacts of the Welfare and Funding Reforms then it could lead to unpreparedness for further changes.	Unlikely - 2	Bad - 3	Ensure adequate bad debt provision and that the Income Management Strategy seeks to mitigate the impact of the changes on residents, the Council's income streams and budgets.

If we fail to spend retained RTB receipts within 3 year period, then it will lead to requirement to repay to Government with an additional 4% interest.	Unlikely - 2	Bad - 3	Provision has been made in the updated HRA Investment Strategy to enable match funding and spend of RTB receipts, subject to the announcement of the details of the Housing & Planning Bill measures affecting council housing.
If there are increases in inflation and other variables, then Council Housing self-financing could result in a greater risk to investment and service delivery plans.	Unlikely - 2	Noticeable – 2	Inflation and interest rate assumptions have been modelled in the HRA business plan. Capital receipts and capital programme funding reviewed.

5.2 A full risk assessment by the Section 151 Officer on the General Fund Budget proposals and the adequacy of General Fund reserves, as required by statute is attached at Appendix C.

6. Consultations

6.1 Consultation has taken place with the Senior Leadership Team and Corporate Managers.

7. Equality Analysis

7.1 Equality Analyses will be undertaken for any service areas where significant changes are proposed as a result of the above process.

8. Shared Service / Partnership Implications

8.1 The Joint Strategic Plan and MTFS determine and shape the Council's future plans and service provision, with regard to each Council's financial position.

8.2 The Budgets for 2018/19 reflect the estimated sharing of costs and savings between the two Councils. However, there are and will be ongoing differences in the detailed financial position of each Council's General Fund and HRA. There will be instances, therefore, when staff resources and money is focused on a specific priority in one Council.

8.3 Actual staffing and other costs will have to be reflected in the accounts year on year and funding adjusted accordingly to ensure that each Council's finances are accounted for separately and that costs and benefits from integration and shared services continue to be allocated appropriately to each Council.

9. Links to Joint Strategic Plan

9.1 Ensuring that the Council has the resources available is what underpins the ability to achieve the priorities set out in the Joint Strategic Plan.

10. Strategic Context

10.1 In recent years the government policy frameworks have been reducing core funding for local government as part of its deficit reduction strategy and increasingly incentivising funding to councils to deliver local economic and housing growth and to facilitate the development of strong, safe, healthy and self-sufficient communities. This is continuing, so encouraging and supporting both business and housing growth is essential to the financial future of the Council.

10.2 The Government confirmed as part of the provisional finance settlement on 19 December, that they aim to increase business rates retention for all local authorities to 75% in 2020/21 to help meet the commitment to give local authorities more control over the money they raise locally. Babergh and Mid Suffolk along with the other five district and borough councils in Suffolk and Suffolk County Council were one of the 10 new areas selected for the 100% business rates retention of growth pilots in 2018/19.

10.3 The Fair Funding Review continues, with Government issuing a 12 week consultation that aims to implement a new system based on the consultation findings in 2020/21.

10.4 The Council recognised the changing funding landscape, the challenges and opportunities this creates and has developed a Medium Term Financial Strategy (MTFS) that responds to this challenge. The updated MTFS is attached at Appendix F and continues the direction of travel of the Councils in developing the business model to respond to the financial challenges.

10.5 The strategic response to those challenges, to ensure long term financial sustainability, is set out in five key actions:

(1) Aligning resources to the Councils' refreshed strategic plan and essential services.

(2) Continuation of the shared service agenda, collaboration with others and transformation of service delivery.

(3) Behaving more commercially, generating additional income and considering new funding models (e.g. acting as an investor).

(4) Encouraging the use of digital interaction and transforming our approach to customer access.

(5) Taking advantage of various forms of local government finance (e.g. New Homes Bonus, (NHB), Business Rates Retention) by enabling sustainable business and housing growth.

The actions that have been taken under the strategy since 2014/15 mean that the Council is in a better position to withstand the reduction in government funding and deal with the additional cost pressures, and to achieve a balanced budget in 2018/19. However further work is needed in order to address the budget gap over the medium term.

10.6 The future funding of New Homes Bonus continues to remain an uncertainty, with this in mind, the intention is to strive for a position over the period of the MTFS where the Council is no longer reliant on New Homes Bonus to balance the core budget.

10.7 However the details within the Joint MTFS shows a cumulative funding pressure over the three years 2019/20 to 2021/22, of £941k using all of the minimum New Homes Bonus allocation over the three years. This is the worst-case scenario as this does not allow for any housing growth in future years. As shown in the MTFS, based on the current estimate for projected completions the picture improves to a cumulative deficit of £253k by 2021/22.

10.8 Each Council is being asked to agree the key aspects of the proposed Budget for 2018/19 and endorse the Joint MTFS in order to achieve a sustainable financial basis in the medium term. Without this strategy, which focuses on achieving outcomes, invest to save and generating income, there is a significant risk that each Council will be unsustainable financially in the medium to longer term.

GENERAL FUND (GF)

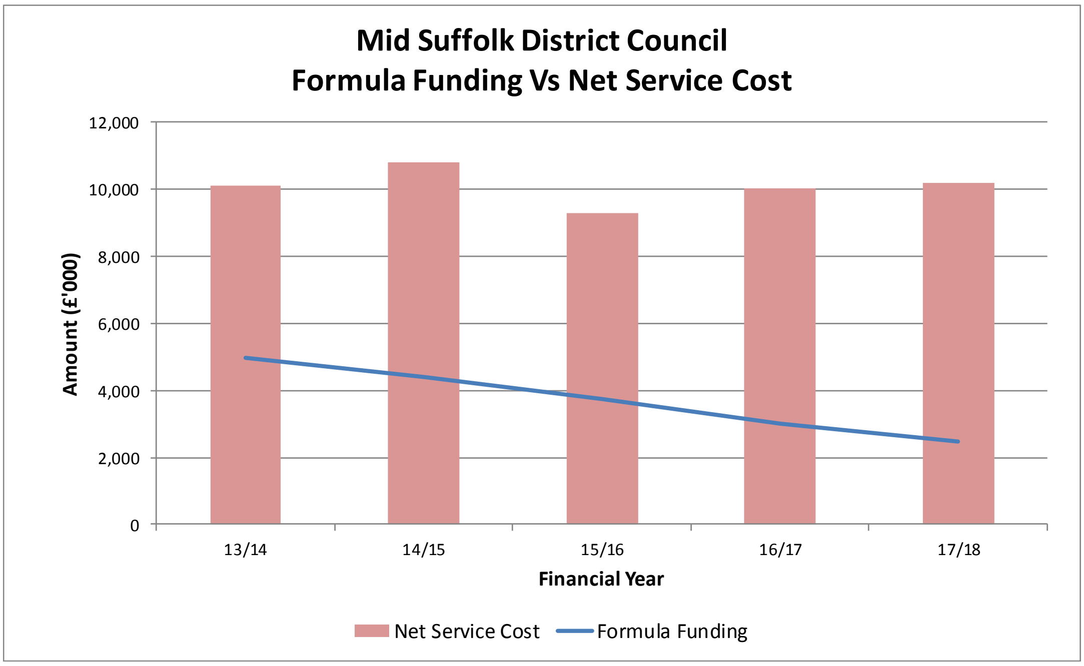
11 GF Financial Position

11.1 Funding arrangements for councils have changed significantly, Mid Suffolk has seen a 69% cumulative cut in revenue support grant over the four years from 2013/14 to 2017/18.

11.2 As part of the four-year settlement in 2015, the government indicated that a tariff would be payable to central government of £337k in 2019/20 to redistribute the core funding and council tax generating capabilities to other councils across the country based on spending needs. The Secretary of State has confirmed that the government will be looking at options for dealing with this, and will be consulting on proposals before next year's settlement.

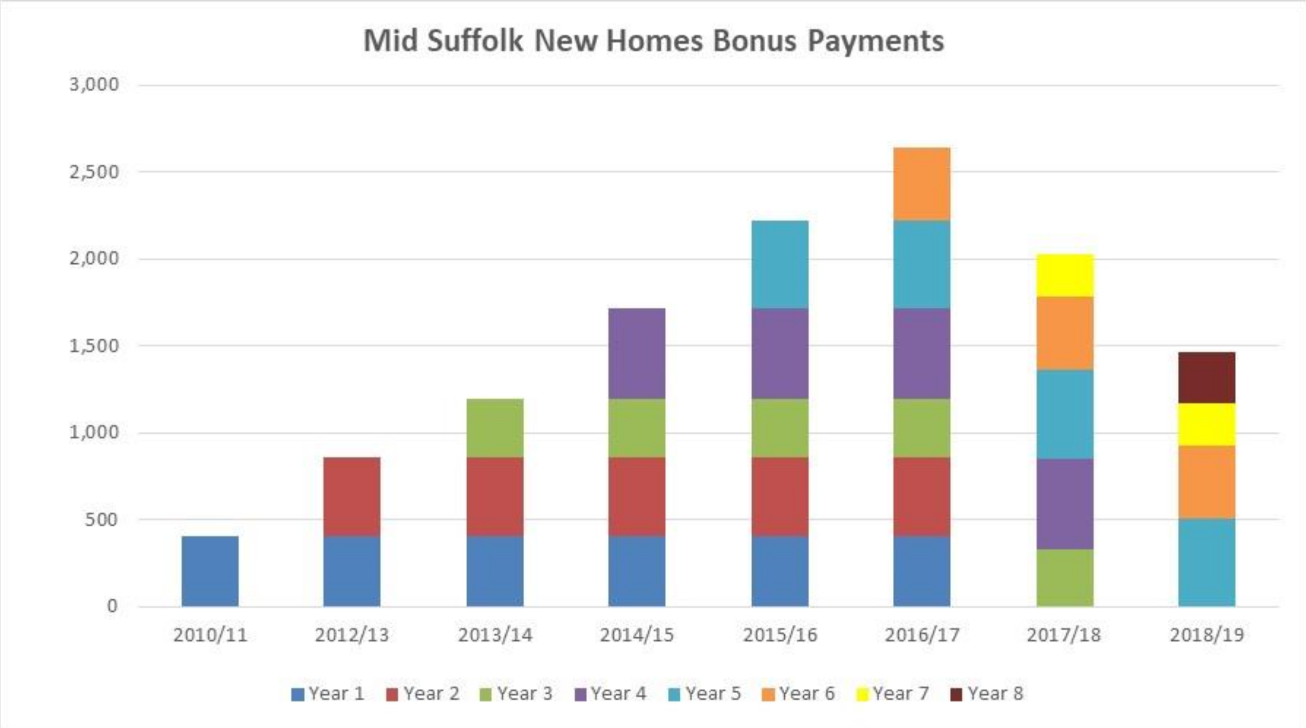
11.3 The Council's service cost budget has remained fairly static over the same period, as various budget savings and income generating initiatives have meant that service levels could be maintained.

11.4 The graph below shows the service cost budget since 2013/14 and the Revenue Support Grant including the business rates element of the formula funding, over the same period.



11.5 The Council has also become more reliant on Business Rates income and 'incentivised' funding such as the New Homes Bonus to support the Council's service cost budget. Since New Homes Bonus was introduced in 2011/12 the Council has received £11m in total, most of which has been transferred to the Growth and Efficiency Fund reserve, however since 2015/16 an element of this has been used to balance the budget.

11.6 The table and graph below show the New Homes Bonus received over the last seven years plus the 2018/19 allocation. This clearly shows how the NHB has declined over since the Government announced it would reduce the allocation from 6 years to 5 years in 2017/18 and to 4 years in 2018/19, as well as introducing 0.4% growth in 2017/18. For Mid Suffolk this means that the first 165 new homes built will receive no payment, so significant housing growth will need to be achieved to match historic income levels.



Payments	2010/11	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Year 1	409	409	409	409	409	409		
Year 2		452	452	452	452	452		
Year 3			334	334	334	334	334	
Year 4				521	521	521	521	
Year 5					506	506	506	506
Year 6						420	420	420
Year 7							247	247
Year 8								290
Total	**409**	**860**	**1,194**	**1,714**	**2,221**	**2,641**	**2,028**	**1,463**

11.7 Further details of the Government's provisional spending announcement on the 19 December 2017 are set out below:-

- The council tax referendum threshold has been increased from 2% to 3% for most authorities for 2018/19 and 2019/20;

- shire district councils will be allowed increases of less than 3%, or up to and including £5, whichever is higher in 2018-19 and 2019-20;

- Parish and town councils will continue to not be subject to the council tax referendum;

- Continuation, and an increase for 2018/19 only of the rural (SPARSE) services delivery grant. For Mid Suffolk, as a result of the 100% Business Rates pilot for 2018/19 this grant (£347k), along with the Revenue Support Grant (£36k), are to be funded from the 100% business rate growth retained.

11.8 It must be emphasised that the Councils core funding is now predominantly business rates and council tax income. The Council now moves to a position where the estimated core funding for next year and future years is not a fixed guaranteed amount as it is now dependent on variations in business rates income. Business rates and new homes growth will, therefore be the main sources of additional income (plus investment income) if we are to achieve a sustainable budget in the years ahead.

11.9 As mentioned in 10.2 above Suffolk has been awarded 100% retention of Business Rates growth pilot status for 2018/19 based on the proposal that was submitted in October last year. The proposal builds on the successful Suffolk pool which has been operating since 2013. As mentioned in 11.7 above in all pilot areas, the councils within the pool have to forego the funding streams of Revenue Support Grant and Rural Services Delivery Grant in return for retention of higher shares of business rates growth. Any additional business rates collected in Suffolk will be invested in inclusive growth. This is unique nationally and reflects our 'place based' way of working, supporting the urban and rural areas.

11.10 Based on the proposal submitted, Mid Suffolk is expecting to receive a one-off benefit in the region of £1m as a result of the pilot, however this will be reviewed once we have submitted our business rates NNDR1 return at the end of January 2018. This has not been included within the numbers of this report as it will be placed in an earmarked reserve. The detailed agreement with the partners across Suffolk mean that the Leader will need to reach agreement on the activities to be funded from this reserve with the Leader from Suffolk County Council, but if agreement cannot be achieved then the District will retain 75% and 25% will go to the County.

11.11 Business Rates will need to be carefully monitored and the volatility and risks managed, for example the level of appeals, will affect the amount of income received, but this is a complex area and difficult to predict with any degree of certainty. However, we are working closely with our partners in the pool (pilot for 2018/19) to develop a robust modelling tool to assist with the monitoring and forecasting.

12. GF Overall Financial and Budget Strategy (short and medium term)

12.1 In order to address the budget gap, both in the short and medium term the budget process for 2018/19 has involved several strands of work with the focus on maximising our income streams, continuing to make efficiencies and productivity savings and using new ways of working to work as cost effectively as possible.

12.2 Finance has worked closely with Corporate Managers and reviewed each budget in detail and taken a zero based budget approach again for each service, challenging budgets and focussing on the service needs.

12.3 The Deputy Chief Executive along with the Assistant Director for Corporate Resources undertook a piece of work throughout the summer where they reviewed every budget, line by line with the Corporate Manager for Finance and the Senior Business Partner, challenging the budget and exploring opportunities for savings or income generating ideas. Senior Leadership Team provided further challenge and review to these suggestions, and this work along with detailed budget discussions with the Corporate Managers delivered savings for the 2018/19 budget and for future years. However, this review has also identified some cost pressures, a full list of the current changes from the 2017/18 budget to the 2018/19 budget can be found at Appendix B.

12.4 Further work will continue on other initiatives during the year as set out in the Medium Term Financial Strategy (MTFS) at Appendix F, one of the strands that require further work at this stage is the Leisure Review.

The Leisure, Sport and Physical Activity Strategy was adopted by the Council at the Cabinet meeting on 4 December 2017. Although no decision has been taken on additional financial implications, the cost of any investment is intended to be met through improved financial performance of any retendered contract in 2020. It is anticipated that this contract will deliver significant savings compared to the current levels which could be redirected to supporting the wider Leisure, Sport and Physical Activity Strategy. In addition to the potential capital investment a further Growth and Efficiency bid for temporary resource to assist in implementing the LS&PA Strategy for 2018/19 of circa £60k across both Councils will be required.

12.5 During 2017/18 work has progressed with CIFCo Capital Ltd which has been trading since June 2017. The Company purchased their first property investment in December 2017, and the £25m approved fund should be fully invested by December 2018. Other commercial developments have also been identified and along with CIFCo, this is estimated to generate an additional £707k over the next four years.

12.6 The budget models an increase in Council Tax of 0.5% in 2018/19, this would generate an additional £29k.

12.7 From the 1st April 2018 the Transformation Fund will be renamed as the Growth and Efficiency Fund. Work will be undertaken during 2018/19 to determine how this fund will be earmarked to support delivery of the key priorities as set out in the MTFS and further efficiency initiatives.

13. GF 2018/19 Budget

13.1 The summary at Appendix B shows the detailed key changes between the 2017/18 and 2018/19 and across the period of the MTFS. Additional cost pressures in 2018/19 are £542k, as well as net service cost pressures of £2.060m, this has been offset by the work set out above in identifying savings of £2.221m. A summary of the pressures and actions taken is set out below.

SUMMARY	
Budget Pressures	**£'000**
Funding - Business Rates Collection Fund Deficit	975
Minimum Revenue Provision	623
Funding - Government Grants & Baseline Business Rates	309
Employees - pay award and increments	296
Employees - pension fund deficit contribution	240
Funding - Reduction in Council Tax Collection Fund Surplus	19
Funding - Tax base	(89)
Inflation (net)	(9)
Total Budget Pressures	**2,363**
Action Taken	
Employees - other	(430)
CIFCO	(157)
Investment Income	(95)
Funding - Business Rates Pooling Benefit	(72)
Other Commercial Developments	(35)
Funding - Council Tax	(29)
Service Area changes	(10)
Total Action Taken	**(828)**
Reserves	
New Homes Bonus Allocation	(1,463)
Movement in Reserves	(1,167)
Total Reserves	**(2,630)**
Budget (surplus)	**(1,094)**

13.2 A summary of the General Fund budget position is shown in Appendix A. A full breakdown can be found in the form of the Council's Budget Book attached at Appendix G.

13.3 In order to achieve a balanced budget for 2018/19 Mid Suffolk has had to utilise £369k of the £1.463m of New Home Bonus and 100% of the £764k expected for S31 business rates grant. This compares to £740k of the £2.028m New Homes Bonus and £267k of £600k received for S31 business rates grant in 2017/18.

13.4 This is an improvement of £209k from the position reported in January 2018, the reason for the changes are set out in the table below:

MID SUFFOLK	£'000
Budget deficit - January Cabinet Report	**578**
New Homes Bonus (NHB)	**(1,463)**
Budget Surplus (after NHB)	**(885)**
Changes	
BMS Invest	(119)
Pre- app charges (net)	(88)
Staff savings	(75)
CIFCO / Investment Income	(40)
MRP	(33)
External Audit Fees	(4)
Other Commercial Investments	105
Other items (net)	32
Charge to HRA	10
Local Council Tax Scheme Admin grant reduction	5
Revised Surplus	**(1,094)**

13.5 A number of key assumptions have been made in formulating the General Fund Budget proposals. The overall picture is set out in Appendix A with further detail in Appendix B of which some of the key aspects are outlined below:-

- A Council Tax increase in the Band D Council Tax of 0.5%, an increase of 81p per annum for a Band D property, which takes it to £162.78;

- Car parking fees are not being increased for the seventh successive year in order to support Stowmarket Town Centre, but other fees and charges e.g. rental income and water sampling will be increased by 3%.

- For salaries we have assumed a 2% pay award and an increment for all staff that are eligible.

- Pension funding increase -following the last triennial valuation of the Pension Fund as at 31st March 2016, Mid Suffolk needed to increase its employer's contribution by 1% per annum for the years 2017/18 to 2019/20 in order to reduce the deficit before the next valuation. Following a review of the actual level at which Mid Suffolk is contributing to the Fund, based on pensionable pay, it was found that this is lower than it should be. An additional one-off adjustment has therefore been made in the 2018/19 budget to bring the contribution rate up to the required 35% of pensionable pay

13.6 In relation to earmarked reserves, the estimated balance of earmarked reserves at the end of 2018/19 is £12.8m, including the Growth and Efficiency Fund balance of £10.5m. Further details of the earmarked reserves can be found in Appendix E Attachment 5. In addition to this there is £1.052m, the minimum approved level, in the General Fund reserve/working balance.

14 GF Capital Programme Investments

14.1 The Capital Programme is attached at Appendix D.

14.2 A zero-based approach has been adopted for the preparation of the Capital Programme for 2018/19 to 2021/22, to ensure that resources are aimed at delivery of the Council's strategic priorities.

HOUSING REVENUE ACCOUNT (HRA)

15 HRA Financial Position

15.1 The HRA Business Plan has been updated to reflect the impact of an increase in rents from 2020/21 of Consumer Price Index (CPI) + 1%. This follows the current rent reduction policy, introduced by the Chancellor of the Exchequer in 2015/16. The Business Plan is attached at Appendix E and shows additional detail for years 1-10.

15.2 The self-financing regime replaced the old Housing Revenue Account subsidy system on 1 April 2012. Mid Suffolk's settlement payment was calculated at £57m. This was based on projected levels of income, expenditure and existing stock values and took HRA long term borrowing levels to £82m.

15.3 HRA Capital Financing Requirement levels are predicted to be £86.7m at 31 March 2018 providing borrowing headroom of £4.1m. New build/acquisitions funding within the Capital Programme 2018 – 2022 totals £22.4m and HRA reserve balances 2018–2022 are forecast at £6.7m. This will provide a total HRA Investment Fund contribution of £33.2m to deliver Members strategic housing priorities and outcomes (or, in relation to the HRA reserve balances, to set aside provision for future maturity debt repayment).

15.4 The Joint Strategic Plan sets out clearly the Councils' aligned strategic priorities. The key housing projects supporting delivery of the priorities are outlined in the HRA Business Plan.

15.5 For example: the delivery of the Homes and Communities Agency (HCA) 27 new affordable homes between 2015/16 to 2017/18, and acquisition of 19 affordable homes (2016/17), which became new HRA assets. These new homes will deliver New Homes Bonus for the Council, additional rent and council tax and local businesses will benefit. All these factors will bring growth to our local economy.

16 HRA Overall Financial and Budget Strategy (short and medium term)

16.1 The Mid Suffolk HRA Business Plan faces some challenges in the short and medium term. These challenges were exacerbated by the proposals announced in the Chancellor's July 2016 Budget:

- The Welfare Reform and Work Act includes a requirement of all social landlords to reduce their rents by 1% each year from 2016 to 2019. However, the recent Government announcement that rents can be increased by CPI +1% for five years from 2020/21will reduce the impact of this on the 30-year plan.

- This Act reduced the benefit cap for working age families from £23k to £20k

- The Act also requires councils to sell their high value council homes to fund Right to Buy discounts for housing association tenants. A letter from the Housing Minister following the Autumn Statement explained that the pilot scheme for housing association Right to Buy will be expanded. The government have not made it clear when the introduction of this levy may commence. Details of how the levy will be calculated are still unknown. On the advice of the Chartered Institute of Housing the budget does not include a figure for the levy.

- The impact of these measures and the action required to mitigate them are described in section 18.4 of this report

16.2 The Government proposal to cap housing benefit in the social housing sector at Local Housing Allowance (LHA) rates has been dropped. This is good news for our tenants, especially those under 35, as they would have been responsible to pay the difference between their rent and the LHA putting them at risk of rent arrears.

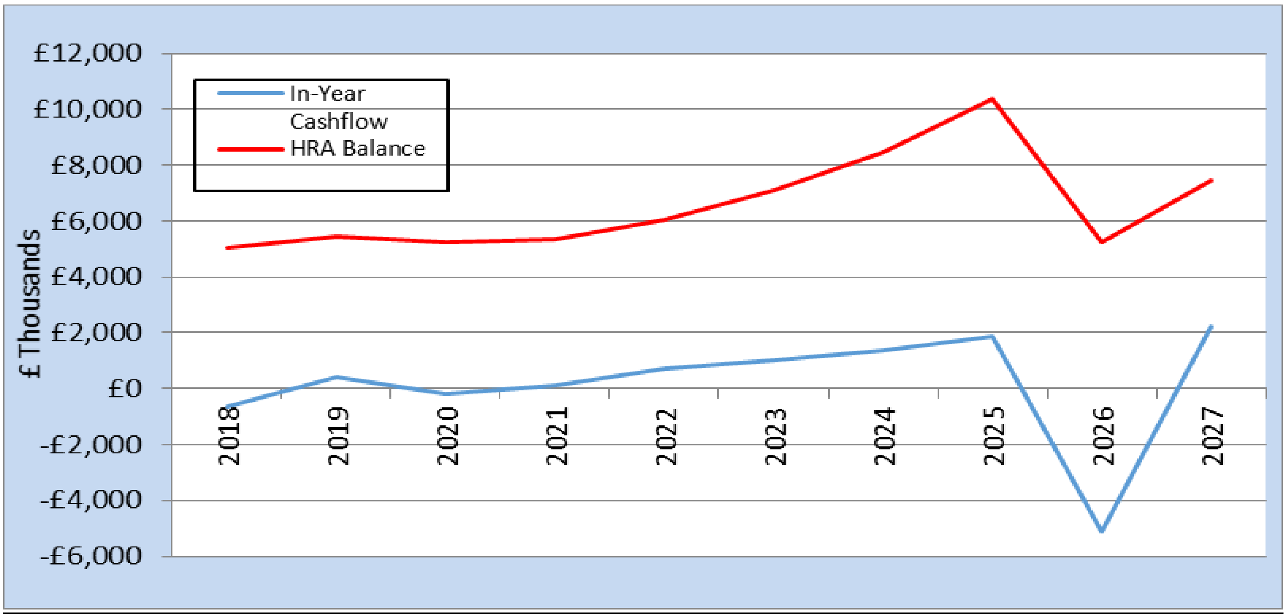
17 HRA Potential Resources Available for Investment

17.1 A key aspect of the HRA Business Plan is the revenue cash flow predicted over the coming years. Another important feature is the amount available for building new homes. Both are illustrated in the following graphs:-

Graph A - Revenue cash flows from 2018/19 for 10 years

This graph shows reserve balances within the HRA reducing to approximately £7.5m by Year 10 (2026/27) based on annual rent reductions of 1% for the next two years followed by a rent increase of CPI +1% for five years from 2020/21.

Graph A

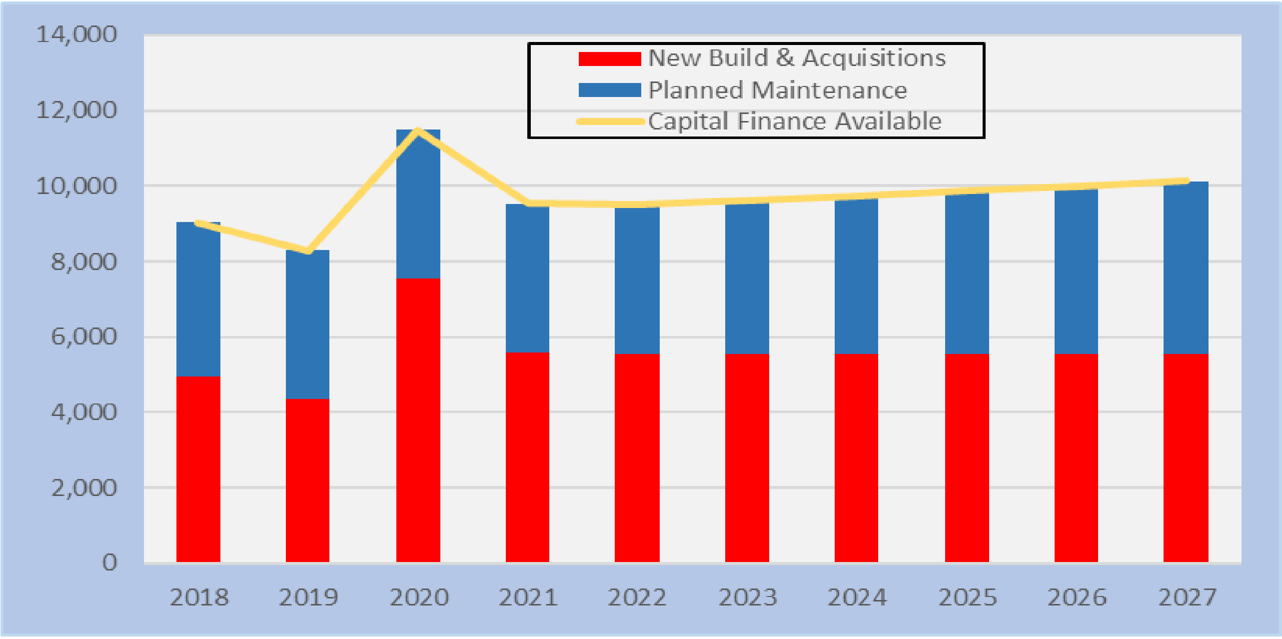


Graph B - Capital Programme from 2018/19 for 10 years (based on a 1% rent reduction in years 1 to 2 followed by a CPI +1% rent increase in years 3 to 10)

This graph shows proposed Capital Programme expenditure and debt cap levels within the HRA Business Plan up to Year 10 (2018/19 to 2027/28). The HCA new build programme does not extend beyond year 1, although significant investment continues through the Right to Buy replacement programme.

Graphs A and B are inter-dependent with revenue surpluses providing financial availability for investment in homes and improvement programmes.

Graph B



18 HRA Key Challenges

18.1 HRA Self-financing has provided significant opportunities for Mid Suffolk. The development of 38 new council homes supported by Homes and Communities Agency Grant funding is a good example of how the funds available within the HRA are being used differently.

18.2 These opportunities, however, are threatened by the proposals described in paragraph 16.1. The table in paragraph 19.1 sets out the HRA budget for 2017/18 and highlights the variances from the current year as a result of a 1% rent reduction (an average decrease of 83 pence per week for Mid Suffolk tenants).

18.3 It is important to understand that the 30-year HRA business plan was predicated on an annual rent increase of CPI + 1%, the formula agreed by the government in 2014. In business planning terms, the loss to the HRA was forecast to be £4m over years 2016/17 to 2019/20.

However, the recent announcement that Local Authorities can increase their rents by up to CPI +1% for five years from 2020/2021 has resulted in an impact of greater than 1% per annum. The cumulative impact of the rent increase results in a higher income (against business plan projections) to the HRA as follows:

Years	Mid Suffolk
1 to 5	£0.9m
1 to 10	£4.8m
1 to 15	£9.5m

This will increase the resources available to deliver services, to maintain and improve the existing housing stock and to develop new council housing.

18.4 A balanced budget has been achieved for 2018/19 by reducing both revenue and capital budgets (see table in 19.1). A fundamental review of the housing service has been undertaken during 2017/18 to identify savings, efficiencies and income generation opportunities that will achieve a sustainable business plan into the future. The review has examined:

- Performance management measures and complaints handling.
- New build programme and retention of Right to Buy receipts. A number of Council landholdings such as underutilised open space, garage sites and severed gardens are currently being assessed by the Investment and Development Team and could be added to the pipeline subject to their suitability.
- Our approach to HRA business planning includes reviewing and realigning housing stock condition data and capital programme expenditure. The data has been reviewed and Ridge have been appointed to carry out a stock condition survey on 24% of housing stock by the end of February 2018 to enable us to produce a robust 30-year capital programme. A contingency amount, based on £1,100 per property, has been put into the 2018/19 Budget and 4 year MTFS 2018/19. Once the capital programme is completed the budget will be allocated against the relevant areas of spend.
- The Sheltered Housing Review concluded that some schemes which are difficult to let should be 'de-sheltered' ahead of a predicted reduction in Housing Related Support funding, this work has now been completed. The business plan has been amended to reflect the reduction in expenses and service charge income following the de-sheltering of properties in April 2017, as well as the loss of the Supporting People Grant of £46k from Suffolk County Council (SCC) from April 2018.
- Councillors approved the formation of a new Babergh and Mid Suffolk Building Services (BMBS) which carries out responsive repairs and programmes works. The BMBS business plan forecasts a surplus within five years of its implementation.
- The HRA Accounting Team are implementing a robust budget setting and monitoring process together with financial controls.
- Leaseholders service charges have been reviewed to identify the gap between costs incurred and the amount recharged. Completion of this work allows us to increase income over the next three years to bring us into a cost neutral position.

18.5 **Garage rents** – It is proposed that following a number of significant increases in garages rents, it is not sustainable to continue with a further increase in 2018/19. This would make garages undesirable as a result we propose to maintain garage rents at current levels.

18.6 **Sheltered housing** – Mid Suffolk District Council has historically subsidised sheltered service charges from the HRA by approximately £100k each year. The new pressures of rent reduction and removal of the Housing Related Support Grant from Suffolk County Council of £46k from April 2018 make this subsidy unsustainable in the long term.

To reduce the subsidy from the HRA, we propose the following:

- to increase service charges for sheltered residents, which are eligible for housing benefit, by £5 per week from April 2018,

- that the Housing Related Support charge of £3 per week, which is an ineligible cost for housing benefit purposes, is removed from April 2018.

This will mean that all residents, whether they be self-payers or not, will only see a net increase of £2 per week in 2018/19 in comparison to the £4 increase in 2017/18

HRA New Build programme and retention of Right to Buy receipts

18.7 Right to Buy (RTB) sales have been lower than projections in business plans. In 2016/17 Mid Suffolk sold 26 homes against original projections of 31 sales. However, in 2017/18 RTB sales are forecast to be 35 against a prediction of 32 and the value of the sales has also increased by £961k. This has led to an increase in 1-4-1 match funding requirements in 2020/21 of £2.2m which will offset any rent increase in this year.

18.8 The money received from RTB sales can only be used as 30% towards the cost of a replacement home (this can be a new build home or acquisition). The remaining 70% of the replacement cost has to be found from other HRA resources. As sales increase, it means that the level of match funding required (70%) increases. If the receipts are not spent within the 3-year period allowed, they have to be repaid to Government with 4% above the base rate interest added.

18.9 The Government has applied a cap to the amount that Councils can borrow through the HRA. This means that borrowing levels are artificially restricted. The supported spending of RTB receipts, building new council homes and investing in the maintenance and improvement of council homes is still achievable within current borrowing headroom in the next 4 years. However, the 1% rent reduction and the proposed high value dwellings levy threaten to make finding the 70% match funding for Right to Buy receipts unsustainable; although the announcement that we can increase rent by a maximum of CPI +1% for five years from 2020/21 will help to mitigate this risk.

19 HRA Budget 2018/19

19.1 The table below sets out the HRA budget for 2018/19, based on a 1% rent decrease, highlighting the variance from 2017/18.

Description	2017/18 £000	2018/19 £000	Variance £000	Reason
Rent and other income	(15,540)	(15,057)	(483)	Based on a proposed average rent decrease of 1% and lower service charges due to a number of sheltered homes being de-sheltered.
Bad Debt Provision	111	145	(34)	Universal Credit to be introduced in May 2018 so the provision has been increased to reflect the likelihood of additional rent arrears and bad debts.
Interest	(26)	(10)	(16)	
Total Net Income	(15,455)	(14,922)	(532)	
Repairs and Maintenance, Management and other costs	6,124	6,037	87	Decrease due to an overstated budget last year for voids and a reduction in salaries based on the decrease in the number of sheltered scheme managers.
Capital Charges	3,042	2,754	288	Reflects the different interest costs on long term loans and short term loans (which were not split out in previous years) .
Depreciation	3,406	3,400	6	
Revenue Contribution to Capital Outlay (RCCO)	3,597	3,393	204	RCCO is used to cover capital spend once the Major Repairs Allowance has been used. As capital spend is budgeted to be lower in 2018/19 the RCCO requirement has also reduced.
Total Expenditure	16,169	15,584	585	
In-year operating (surplus)/deficit	715	662	(53)	Reflects reduction in Capital spend financing requirements, repairs costs and loan interest which is offset by reduction in rental income.
Year-end transfer to/(from) reserves	(715)	(662)	53	
Total	0	0	0	

19.2 A revised and updated HRA Business Plan is attached at Appendix E, based on annual rent reduction of 1% until 2019/20 then increasing by CPI +1% from 2020/21 also reflecting;

- HCA scheme development costs;
- Funding to support spend of RTB receipts and capital programme expenditure.

19.3 HRA Business Plans are currently viable over the 30-year business plan with treasury debt forecast to reduce to £27m by 2041/42.

19.4 The established rent formula empowers Government to restrict our ability to increase rents through applying a 'limit rent' (the average rent level at which full housing benefit will be paid). If our average rent exceeds this amount then a payment has to be made to the Government to make up the difference. Limit rent figures will be released at the end of January 2018. This could still have an impact on rent levels in addition to the mandatory 1% reduction.

20 HRA Capital Programme Investment

20.1 The Capital Programme is attached at Appendix D. This does not include any projections for High Value Asset Levy at present.

20.2 The proposed Capital Programme headlines for 2018/19 – 2021/22 are:

Expenditure	**£m**
Housing Maintenance Programmes	**15.9**
New build (HCA programme)	**0.1**
RTB receipt funding (to be used for New build or acquisitions)	**22.3**
Total	**38.3**
Financing	
Capital receipts disposals and RTB receipts and HCA Grant	**23.3**
Revenue Contributions	**13.7**
Borrowing	**1.3**
Total	**38.3**
Remaining Borrowing Headroom available (31 March 2022)	**3.8**

21. Appendices

Title	**Location**
Appendix A – General Fund Budget Summary 2018/19	Attached
Appendix B – Movement of service cost budget year on year	Attached
Appendix C – Budget, Funding and Council Tax Requirements and Robustness of Estimates and Adequacy of Reserves	Attached
Appendix D – Capital Programmes	Attached
Appendix E – Updated HRA Business Plan	Attached
Appendix F – Joint Medium Term Financial Strategy	Attached
Appendix G – Budget Book 2018/19	Attached

22. Background Documents

Local Government Finance Settlement.

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General Fund Budget Summary 2018/19

GENERAL FUND REVENUE BUDGET SUMMARY

		2017/18 £'000	2018/19 £'000	Movement £'000
1	Employee Costs	8,716	9,046	330
2	Premises	795	772	(23)
3	Supplies & Services	4,083	4,492	409
4	Transport	335	438	103
5	Contracts	3,078	3,297	219
6	Third Party Payments	16,964	16,964	0
7	Income	(25,500)	(25,978)	(478)
8	Charge to HRA	(1,042)	(1,016)	26
9	Charge to Capital	(287)	(271)	16
	Capital Financing Charges			
10	Debt Management Costs	49	3	(46)
11	Interest Payable (Pooled Funds)	83	130	46
12	Interest Payable (CIFCo)	242	594	352
13	Interest Payable (Other Commercial Investments)	-	435	435
14	MRP	588	1,211	623
	Investment Income			
15	Pooled Funds	(330)	(430)	(100)
16	Interest Receivable (Cash Surplus)	(12)	(7)	5
16	Interest Receivable (CIFCo)	(555)	(1,064)	(509)
17	Interest Receivable (Other Commercial Investments)	-	(470)	(470)
	Transfers to Reserves			
18	(a) New Homes Bonus	2,028	1,463	(565)
19	(b) S31 Business Rates Grant	600	764	164
19	(c) Other	99	42	(57)
20	**Net Service Cost**	**9,934**	**10,415**	**481**
	New Homes Bonus			
21	Growth and Efficiency Fund - Staffing	(490)	(52)	438
22	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
23	New Homes Bonus to balance core budget	-	(369)	(369)
24	New Homes Bonus (surplus)	(1,288)	(1,094)	193
25	Transfers from Reserves - earmarked	(82)	(1,247)	(1,165)
26	S31 Business Rates Grant - to balance the budget	(267)	(764)	(497)
27	S31 Business Rates Grant - surplus	(333)	-	333
28	Business Rates Collection Fund Deficit	-	975	975
29	Council Tax Deficit / (Surplus) on Collection fund	(89)	(70)	19
30	Revenue Support Grant (RSG) - now included with Baseline business rates	(370)	-	370
31	Baseline business rates	(2,124)	(2,571)	(447)
32	Business rates – growth/pooling benefit	(79)	(151)	(72)
33	Transition Grant	(39)	-	39
34	Rural Services Delivery Grant - now included with Baseline business rates	(347)	-	347
35	Council Tax	(5,797)	(5,915)	(118)
36	**Total Funding**	**(11,554)**	**(11,509)**	**46**
37	Shortfall in funding / (Surplus Funds)	(1,621)	(1,094)	526
38	Transfer to reserve	1,621	1,094	(526)
		-	**-**	**-**

	2017/18	2018/19	Movement
Council Tax Base	(35,786)	(36,337)	(552)
Council Tax for Band D Property	161.97	162.78	0.81
Council Tax	**(5,797)**	**(5,915)**	**(118)**

Appendix B

Movement of Service Cost budget year on year

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000
Net Service Cost previous year	**9,934**
Cost Pressures	
Inflation	
Employees - 2% pay award	185
Employees - increments	111
Employees - deficit pension fund change (1% increase from 18/19)	240
Other Employee costs	1
Contracts	(17)
Supplies & Services	6
Insurance Premiums	5
Business Rates	10
Sub total cost pressure	**542**
Other increases to net service cost	
BMS Invest	
(net) expenditure	25
Communities	
Open spaces - removal of income budget (internal recharges error)	72
Street and Major Road Cleansing	43
Strong and Safe Communities - staff costs	37
Car Park income - revision of budgets (including ECNs)	30
Wingfield Barns	15
Domestic Homicide Review	12
Corporate Resources	
Stowmarket Middle School - business rates	63
Shared Revenues Partnership contract increase	40
Needham Market Middle School - business rates	31
Organisational Development inc Health and Safety - staff costs	25
Reduction to Housing Benefit and LCTS Admin Grants	22
Phased reduction of general savings	20
Health and Safety	10
SRP - GSI Data Convergence (Vodafone) -no budget	8
Reduction to income received for Credit Card charges.	6
Needham Market High School - security costs / repairs	5
Stowmarket Middle School - security costs / repairs	5
Environment and Commercial Partnerships	
Reduction to Building Control Income	103
Joint Waste Contract	70
Trade Waste Income (net) including glass collection service cost	22
Energy Proficiency Certificates (SAPs) income	5
Waste - recycling performance payments	

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000
Customer Services	
Contribution to Customer Access Point	39
Customer Services - staff costs	3
Housing	
Homelessness - staff costs (funded from grants)	101
Law and Governance	
Information Management - staff costs (re-allocation of time charged to Capital)	39
Shared Legal Services (net) including staff costs	39
Internal Audit - staff costs	6
Planning for Growth	
Community Housing Fund inc fixed term post for 2 years (funded from grant in earmarked reserves)	113
Development Management - staff costs (funded from 20% inc to planning fees)	95
Property Services	
Needham HQ security costs	114
Capital Projects - staff costs	31
PV Panels - cleaning and repairs / maintenance	11
Other Cost Pressures	
Minimum Revenue Provision (MRP)	623
Support for un-installing planning applications	57
Occupational Health support for Disabled Facilities Grants	37
Trees for Life initiative	15
Accommodation - All Together	49
Movement in Reserves eg neighbourhood planning grants, repairs and renewals	56
Recharge to Capital	16
Recharge to HRA	26
Modern Apprentice Levy - net cost	17
Sub total other increases to net service cost	**2,160**

Appendix B

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19
Inflation - income	(15)
Communities	
Car Parks - general premises expenditure including business rates	(69)
Public Realm - staff costs	(61)
Public Footpaths / Rights of Way income (net)	(8)
Corporate Resources	
Management Review Savings	(147)
Cedars Park - lease income	(18)
Commissioning and Procurement - staff costs	(14)
Stationery	(12)
Corporate Training	(10)
External Audit Fees	(14)
I-Trent	(7)
Early retirement pension costs	(6)
Finance - staff costs	(5)
Contracted services (Vertas)	(3)
Customer Services	
ICT - staff costs	(30)
ICT costs - miscellaneous (net)	(25)
Environment and Commercial Partnerships	
Garden Waste Income (net)	(43)
Trade Waste income	(42)
Building control - staff costs	(25)
Income for Food Hygiene Rating System rescore visits	(1)
Housing	
Homelessness - flexible support and new burden grants	(125)
Law and Governance	
Course conference fees for members	(1)
Impact of the Boundary Review	
Planning for Growth	
Planning fee income - volume increase	(370)
Planning fee income - 20% price increase	(200)
Pre-application Charges	(88)
Reduction of License costs for UNIFORM	(39)
CIL 5% to cover admin costs	(11)
Senior Leadership Team	
Miscellaneous Supplies & Services	(4)
Professional & Consultancy fees	(3)
Other Savings	
Removal of Growth and Efficiency Funded Posts	(372)
CIFCO	(157)
Increase vacancy management contingency to 2.5%	(110)
Pooled Funds income	(100)
Interest payable / receivable	51
SLT staff costs	(47)
Debt Management Fees	(46)
Other Commercial Developments	(35)
Other items (net)	(10)
Sub total actions	**(2,221)**
Total Net Service Cost movement	**481**
New Net Service Cost	**10,414**

Appendix B

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000
Funding previous year	**(9,934)**
Cost Pressures	
Business Rates - collection fund deficit	975
Removal of Revenue Support Grant (RSG) - now included within baseline Business Rates	409
Removal of Rural Services Support Grant (RSDG) - now included in Baseline Business Rates (18/19 only)	347
Business Rates - tariff	-
Change to collection fund surplus	19
Sub total cost pressure	**1,750**
Savings / Actions to increase funding	
Movement in Reserves - NHB, Transformation Fund, S31 grant	(2,687)
Business Rates - baseline (now includes RSG & RSDG)	(447)
Business Rates - pooling benefit	(72)
Council Tax Band D increase (0.5% increase in 18/19, 0.66% increase in 19/20, 1.15% in 20/21 and 1.75% in 21/22)	(29)
Growth in taxbase	(89)
Sub total savings /actions to increase funding	**(3,325)**
New Year Funding	**(11,509)**
Annual Budget (surplus)/deficit	**(1,094)**

Appendix C

Budget, Funding and Council Tax Requirements

1. The precept requirements of Parish / Town Councils must be aggregated with the requirement of this authority to arrive at an average Council Tax figure for the district / parish purposes. This figure however is totally hypothetical and will not be paid by any taxpayer (other than by coincidence). A schedule of the precept requirements from Parish / Town Councils will be reported to Council on 22 February.

2. The County and the Police and Crime Commissioner's precept requirements are added to this.

3. The legally required calculation is set out below:

   1) The General Fund Budget requirement for the District Council purposes in 2018/19 will be £162.78, based on an increase to Council Tax of 81p per annum for a Band D property which is the equivalent to 0.5%.

   2) The County Council precept requirement is still to be determined, but is likely to be £1,242.54 for a Band D property in 2018/19, an increase of 4.99%.

   3) The Police and Crime Commissioner's precept requirement is likely to increase by £12 or 6.8% to £188.88.

   4) At the time of preparing this report, not all Parish / Town Councils have supplied formal notification of their 2018/19 precept. The final figures will be reported to Council**.**

4. Mid Suffolk is a billing authority and collects council tax and non-domestic rates on behalf of the other precepting authorities i.e. Suffolk County Council, Suffolk Police and Crime Commissioner and Parish / Town Councils. The dates that monies collected are paid over to the County Council, and the Police and Crime Commissioner ("precept dates") need to be formally agreed under Regulation 5(i) of the Local Authorities (Funds) (England) Regulations 1992.

5. Established practice is for payments to be made in 12 equal instalments on the 15th of each month or the next banking day if the 15th falls on a weekend or bank holiday. Accordingly the precept dates applicable for 2018/19 are expected to be as follows:

16 April 2018	15 May 2018	15 June 2018	16 July 2018
15 August 2018	17 September 2018	15 October 2018	15 November 2018
17 December 2018	15 January 2019	15 February 2019	15 March 2019

<u>Section 25 report on the robustness of estimates and adequacy of reserves</u>

1. Background

1.1 Section 25 of the Local Government Act 2003 requires Councils, when setting its annual General Fund Budget and level of Council Tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves. This report fulfils that requirement for the setting of the Budget and Council Tax for 2018/19.

1.2 This is to ensure that when deciding on its Budget for a financial year, Members are made aware of any issues of risk and uncertainty, or any other concerns by the Chief Financial Officer (CFO). The local authority is also expected to ensure that its budget provides for a prudent level of reserves to be maintained.

1.3 The CFO has assessed that the minimum safe contingency level of unearmarked General Fund working balance/general reserve is £1.05m (the same figure as 2017/18).

1.4 Section 26 of the Act empowers the Secretary of State to set a minimum level of reserves for which a local authority must provide in setting its budget. Section 26 would only be invoked as a fallback in circumstances in which a local authority does not act prudently, disregards the advice of its CFO and is heading for financial difficulty. The Section 151 Officer and Members, therefore have a responsibility to ensure in considering the Budget that:

- It is realistic and achievable and that appropriate arrangements have been adopted in formulating it
- It is based on clearly understood and sound assumptions and links to the delivery of the Council's strategic priorities
- It includes an appropriate statement on the use of reserves and the adequacy of these.

2. Basis of Advice for Section 25 Report

2.1 In forming the advice for this year's Section 25 report, the CFO has considered the following:

- The requirement established in the Council's Medium Term Financial Strategy (MTFS) to ensure that a safe contingency level of reserves is maintained
- The degree to which the Council's financial plans are aligned to the Council's statutory obligations, local priorities and policy objectives
- The adequacy of the information systems underpinning the Council's financial management processes
- Risks associated with the Council's activities, as identified within the Significant Business Risks Register
- The level of earmarked reserves and unearmarked reserves within the General Fund and the degree to which uncertainties exist within the proposed 2017/18 budget.

3. Robustness of Estimates

3.1 In terms of the overall approach to financial planning and setting the budget, the following aspects increase confidence in the robustness of estimates:

- Cost pressures and variations in key areas of income and expenditure have been carefully considered and reflected in the Budget
- Key assumptions have been made and updated during the Budget process to reflect the changing economic position and latest information
- Existing and new risks and uncertainties have been identified and carefully considered
- Detailed scrutiny, review and challenge of budgets by finance officers, Assistant Directors and Corporate Managers
- The Overview and Scrutiny Committee has reviewed the proposed Budget for 2018/19.

3.2 No Budget can, however, be completely free from risk and these are still prevalent in the ongoing financial climate. This means that the Budget will always have a certain amount of uncertainty. The following are the main areas identified:

- **Government Funding** - The Council's funding now includes a reliance on business rates income and other 'incentivised' funding such as the New Homes Bonus. As part of the 100% pilot for 2018/19 Mid Suffolk will retain 100% of the business rates growth and the Revenue Support grant and Rural Services Delivery grant will be funded from the increased retention of growth. The risks of bad debts and other losses on collection as well as the impact of rating appeals and revaluation from April 2017 may affect the Council's income. An allowance has been made for these, but the actual amount of income could be higher or lower than this. The Council has included the amount reflected in the Government's 'baseline assessment', plus an element from being part of the Suffolk Pool in the 2018/19 Budget, but the actual amount of income could be lower - or higher. (High Risk)
- **Welfare Reforms, Benefits and Council Tax Reductions** –The Budget for 2018/19 assumes that current caseloads will continue throughout next year. Stowmarket job centre will go live with Universal Credit (UC) in May 2018. The impact of the introduction of Universal Credit on the Shared Revenues Partnership workload from the areas that have gone live to date remains low, with between 1.71% and 3.82% of Council Tax Reduction caseload in receipt of UC. (Medium Risk)
- **Capital Financing Costs** - These are influenced by variable factors such as cash flow, variations in the capital programme, interest rates, availability of capital receipts and other sources of capital funding and borrowing/financing costs. As the Council looks to undertake commercial property investment and development, as opportunities arise, then the level of capital financing costs could change considerably. (Medium Risk)

- **Income** - Whilst the Budget for 2018/19 has been prepared on the basis of trying to ensure that income estimates are realistic and achievable, with specific allowances for increased or reduced income on specific services, it is unknown as to how the economy and customer demand will fare during next year. Income has been included from the Capital Investment Fund following agreement by Council to establish the company structure, and form a further commercial development opportunity. The amounts included in the Budget are based on forecast investments and returns however variances may occur. The Council is awaiting further guidance on investment in commercial property following a consultation at the end of 2017. The outcome of this could affect the level of income received. (Medium Risk)
- **Growth** – Following recent trends in additional growth, a number of budgets have been introduced or increased e.g. pre-application charges, planning fees and business rates. Whilst the increases are prudent compared to previous years actuals, there is a risk that there will be a downtown in growth in 2018/19, which will affect the income received. (Medium Risk)**Inflation and Other Cost Pressures** – Allowances for inflation have been made on some budgets including major contracts, where there is a contractual requirement to do so. (Low Risk)

3.3 Taking all of the above into consideration, the Section 151 Officer's opinion is that the Council's Budget and estimates are reasonable but cannot be absolutely robust, so a full assurance cannot be given that there will be no unforeseen adverse variances. This is an expected and acceptable situation for any organisation that is dealing with a large number of variables. Also, the general economic situation continues to impact on expenditure and income. Provided that the minimum safe level of reserves is maintained, any variations arising as a result of lack of robustness in the estimates should be manageable.

4 Adequacy of Reserves

4.1 There is no available guidance on the minimum level of reserves that should be maintained. Each authority should determine a prudent level of reserves based upon their own circumstances, risk and uncertainties. Regard has been had to guidance that has been issued to CFO's and the risks and uncertainties faced.

4.2 The Medium Term Financial Strategy (MTFS) states that the Council is required to maintain adequate financial reserves to meet the needs of the authority. This is the General Reserve and provides a safe level of contingency.

4.3 The CFO's opinion is that the minimum level of unearmarked reserves should, for the time being, be maintained at the current level of £1.05m without increasing the risk to the Council. This represents 10% of the annual General Fund Budget, which is relatively low compared to a number of councils but is seen as acceptable, so no action is required as part of the 2018/19 Budget. This is partly based on the understanding that there are further sums available in earmarked reserves that will not be fully spent during 2018/19 as set out below.

4.4 Levels of earmarked reserves (excluding those relating to the Housing Revenue Account, but including the Growth and Efficiency Fund) are forecast to be £12.8m as at 31 March 2019. The level of earmarked reserves as at the 31 March 2019 will depend on the extent to which the New Homes Bonus money that is transferred to the Growth and Efficiency Fund is spent in 2018/19. The Growth and Efficiency Fund is continuing to support the delivery of the Council's Joint Strategic Plan in 2018/19.

5. Background Documents

Local Government Act 2003; Guidance Note on Local Authority Reserves and Balances – CIPFA 2003; Medium Term Financial Strategy

Katherine Steel
Assistant Director, Corporate Resources
(Section 151 Officer)

Appendix D

CAPITAL PROGRAMME FOR 2018/19 TO 2021/22

GENERAL FUND

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22 GENERAL FUND	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL BUDGET (over 4 years) £'000	Capital Receipts £'000	Reserves £'000	Revenue Contributions £000's	Government Grants £'000	S106 £'000	Borrowing £'000	Total Financing £'000
Supported Living												
Mandatory Disabled Facilities Grant	376	376	376	376	**1,503**				1,503			**1,503**
Discretionary Housing Grants	100	100	100	100	**400**						400	**400**
Empty Homes Grant	100	100	100	100	**400**						400	**400**
Total Supported Living	**576**	**576**	**576**	**576**	**2,303**	**0**	**0**	**0**	**1,503**	**0**	**800**	**2,303**
Sustainable Environment												
Electric Vehicle Charging Points	396	0	0	0	**396**				396			**396**
TotalSustainable Environment	**396**	**0**	**0**	**0**	**396**	**0**	**0**	**0**	**396**	**0**	**0**	**396**
Environment and Projects												
Replacement Refuse Freighters - Joint Scheme	0	185	185	0	**370**						370	**370**
Recycling Bins	80	75	75	75	**305**	24					281	**305**
Total Environmental Services	**80**	**260**	**260**	**75**	**675**	**24**	**0**	**0**	**0**	**0**	**651**	**675**
Communities and Public Access												
Planned Maintenance / Enhancements - Car Parks	162	125	109	100	**495**						495	**495**
Streetcare - Vehicles and Plant Renewals	44	44	44	44	**176**						176	**176**
Play Equipment	25	25	25	25	**100**						100	**100**
Community Development Grants	189	189	189	189	**756**						756	**756**
Total Communities and Public Access	**420**	**383**	**367**	**358**	**1,527**	**0**	**0**	**0**	**0**	**0**	**1,527**	**1,527**

Appendix D

CAPITAL PROGRAMME FOR 2018/19 TO 2020/21

GENERAL FUND

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22 GENERAL FUND	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL BUDGET (over 4 years) £'000	Capital Receipts £'000	Reserves £'000	Revenue Contributions £000's	Government Grants £'000	S106 £'000	Borrowing £'000	Total Financing £'000
Leisure Contracts												
Mid Suffolk Leisure Centre - roofing	300	0	0	0	**300**						300	**300**
Mid Suffolk Leisure Centre - general repairs	95	100	100	100	**395**						395	**395**
Mid Suffolk Leisure Centre - car park	60	0	0	0	**60**						60	**60**
Stradbroke Pool - general repairs	30	35	35	35	**135**						135	**135**
Stradbroke Pool - Roof repairs	0	80	0	0	**80**						80	**80**
Total Leisure Contracts	**485**	**215**	**135**	**135**	**970**	**0**	**0**	**0**	**0**	**0**	**970**	**970**
Capital Projects												
Planned Maintenance - Corporate Buildings	80	80	80	80	**320**						320	**320**
Total Capital Projects	**80**	**80**	**80**	**80**	**320**	**0**	**0**	**0**	**0**	**0**	**320**	**320**
Investment and Commercial Delivery												
Open for Business	30	0	0	0	**30**						30	**30**
Regal Theatre Regeneration	2,575	0	0	0	**2,575**			2,575				**2,575**
Land assembly, property acquisition and regeneration opportunities	1,925	1,925	1,925	1,925	**7,700**						7,700	**7,700**
Total Investment and Commercial Delivery	**4,530**	**1,925**	**1,925**	**1,925**	**10,305**	**0**	**0**	**2,575**	**0**	**0**	**7,730**	**10,305**
Corporate Resources												
ICT - Hardware / Software costs	200	200	200	200	**800**	69		200			531	**800**
Total Corporate resources	**200**	**200**	**200**	**200**	**800**	**69**	**0**	**200**	**0**	**0**	**531**	**800**
Total General Fund Capital Spend	**6,766**	**3,638**	**3,543**	**3,349**	**17,296**	**93**	**0**	**2,775**	**1,899**	**0**	**12,529**	**17,296**

Appendix D

CAPITAL PROGRAMME FOR 2018/19 TO 2021/22

HRA

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22 HOUSING REVENUE ACCOUNT	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL BUDGET (over 4 years) £'000	Capital Receipts £'000	Reserves £'000	Revenue Contributions £000's	Government Grants £'000	S106 £'000	Borrowing £'000	Total Financing £'000
Capital Projects												
Planned maintenance	3,552	3,500	3,505	3,515	**14,072**		13,214	858				**14,072**
ICT Projects	300	200	200	200	**900**			900				**900**
Environmental Improvements	40	40	40	40	**160**			160				**160**
Disabled Facilities work	200	200	200	200	**800**			800				**800**
New build programme inc acquisitions	4,945	4,351	7,542	5,573	**22,411**	3,435	6,699	10,929			1,348	**22,411**
Total HRA Capital Spend	**9,037**	**8,291**	**11,487**	**9,528**	**38,343**	**3,435**	**19,913**	**13,647**	**0**	**0**	**1,348**	**38,343**

Note: the new build acquisitions and new build budgets for 2018-19 onwards will be set on the basis of what the business plan will allow when the other HRA capital budgets have been agreed.

Appendix E

HRA Business Plan updated 2018 – 2028

Year	2018.19	2019.20	2020.21	2021.22	2022.23	2023.24	2024.25	2025.26	2026.27	2027.28
£ Thousands	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Total Income	**15,057**	**15,265**	**15,548**	**16,124**	**16,721**	**17,340**	**17,981**	**18,809**	**18,987**	**19,510**
EXPENDITURE:										
General Management	-2,454	-2,037	-2,097	-2,158	-2,224	-2,291	-2,360	-2,431	-2,505	-2,581
Special Management	-848	-1,063	-1,099	-1,136	-1,172	-1,210	-1,249	-1,288	-1,330	-1,372
Other Management	-400	-400	-345	-226	-162	-168	-173	-178	-184	-190
Bad Debt Provision	-145	-183	-186	-155	-122	-126	-131	-137	-138	-142
Responsive & Cyclical Repairs	-2,334	-2,536	-2,558	-2,614	-2,697	-2,784	-2,873	-2,965	-3,059	-3,157
Total Revenue Expenditure	**-6,181**	**-6,219**	**-6,284**	**-6,289**	**-6,377**	**-6,578**	**-6,785**	**-7,000**	**-7,216**	**-7,442**
Interest Paid	-2,754	-2,771	-2,789	-2,817	-2,843	-2,850	-2,850	-2,850	-2,884	-2,552
Interest Received	10	8	4	1	3	7	12	18	14	10
Depreciation	-3,400	-3,402	-3,412	-3,427	-3,435	-3,443	-3,451	-3,460	-3,468	-3,476
Net Operating Income	**2,732**	**2,882**	**3,067**	**3,591**	**4,069**	**4,475**	**4,907**	**5,518**	**5,433**	**6,049**
APPROPRIATIONS:										
Revenue Contribution to Capital	-3,393	-2,827	-3,604	-3,822	-3,172	-3,713	-3,825	-3,942	-8,847	-4,182
Total Appropriations	**-3,393**	**-2,827**	**-3,604**	**-3,822**	**-3,172**	**-3,713**	**-3,825**	**-3,942**	**-8,847**	**-4,182**
ANNUAL CASHFLOW	**-661**	**55**	**-537**	**-231**	**897**	**763**	**1,082**	**1,576**	**-3,414**	**1,867**
Opening Balance	1,484	823	877	340	109	1,006	1,769	2,850	4,426	1,012
Closing Balance	**823**	**877**	**340**	**109**	**1,006**	**1,769**	**2,850**	**4,426**	**1,012**	**2,879**

Note: The £6m increase in RCCO in 2026.27 is due to a predicted additional payment on the loan

Joint Medium Term Financial Strategy (MTFS) and the Councils’ Business Model

2018/19 to 2021/22

February 2018

Contents

Foreword from the Leaders of the Councils

We are delighted to introduce the Joint Medium Term Financial Strategy (MTFS) for Babergh and Mid Suffolk Councils, which covers the period 2018/19 to 2021/22 and builds on the work started in earlier years.

The strategy sets out the approach that each Council is taking to the delivery of its strategic priorities and the management of our finances over the next four years. Whilst we remain two sovereign councils, with two separate budgets and differences in our financial positions, there are many similarities in our approach to addressing the challenges we face and opportunities that exist.

We are working together to deliver common strategies and priorities and design new ways of working differently, although how these will apply to the different localities and communities may still vary. However, the councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector. At the same time though, there are also funding sources and opportunities that we must fully exploit as part of our business model.

In this context, and like many other councils, we have to make a number of sometimes difficult and complex financial decisions. We are both confident that the two councils' budgets and approaches we are adopting represent a sound platform for the medium term, whilst we go about prioritising our resources to essential services.

The key driver in previous years was the delivery of staff and service integration to serve both councils. This delivered significant savings across the two councils with the ongoing aim of designing services to maintain capacity and resilience to ensure that the need for budgetary savings does not dominate the agenda in a negative way.

However, the savings from integration could not meet all of the future financial challenges that we face, so we are adopting new ways of working that take advantage of the new forms of incentivised funding, new technologies and new opportunities that are available to councils and this approach is already providing financial benefits. We reviewed the priorities set out in our Joint Strategic Plan to ensure that they support our ambitions since the local election in May 2015, and now we are aligning our resources to deliver those ambitions.

The vision, priorities and outcomes set out in our refreshed Joint Strategic Plan are shaping and inform real choices about the allocation of resources and the structure and skills required for our Management Team. Some of the new ways of working will involve decisions about how our councils invest valuable resources (people, money and assets in particular) to aid sustainable economic growth.

We are also adopting a mixed approach whereby we deliver some things directly but also empower communities far more to do things for themselves and develop solutions with others. The key to this is to engage with communities more and work through solutions together rather than in opposition to each other.

We are also facing significant challenges in our role as a social housing landlord. We have reviewed our business model and plans during 2017/18 to ensure that it is fit to deliver a long-term sustainable service to some of the most vulnerable people in our districts.

As the vast majority of our core funding will be within our control from 2018/19 we will need to keep our financial strategy under constant review and adapt our business model to continue to respond to the challenges.

Everyone we work with and for should be aware of the councils' strategic plan and this strategy and that is why we are publishing it to inform our communities and partners of what the future holds.

Cllr. John Ward
Leader
Babergh District Council

Cllr. Nick Gowrley
Leader
Mid Suffolk District Council

1. Summary – Key Points

1.1 The way we operate, our priorities and resources are changing dramatically. As part of this, we have been and are developing:

- A business model that enable us to respond to changes in Government funding that will support the delivery of strategic priority outcomes and medium term financial sustainability
- An investment strategy that maximises incentivised and other funding streams e.g. New Homes Bonus and Business Rates and that delivers additional income and savings in the future e.g. doing things on an 'Invest to Save' or 'Profit for Purpose' basis
- Achieving efficiencies and cost reductions, through collaborative working and getting the basics right
- A clear financial strategy, including a revenue budget and capital investment strategy that supports the above and sets out how we aim to tackle the Budget gap over the next 4 years.
- A more commercial approach, including the establishment of holding companies and joint venture companies through which we can generate additional income from investment in property and deliver our key strategic objectives.

1.2 The main contents of this document and key aspects of the business model, investment strategy and financial strategy include:

- The financial outlook and picture for the next 4 years i.e. how the general economic context, public sector spending constraints and the local strategic context impacts on what we do and how we do it
- Current forecasts, which will inevitably change over time, of what savings and additional income will be needed
- Our response to this, including aligning resources to the Councils' strategic plan priorities and essential services
- How we are planning to transform service delivery, behave more commercially and adapt to the new funding arrangements and business model.

1.3 Key financial headlines:

- Both Councils are Part of the Suffolk pilot for retention of 100% Business Rates growth in 2018/19.
- New Homes Bonus (NHB) is decreasing from £2.028m to £1.463m for Mid Suffolk and from £1.212m to £866k for Babergh.
- Due to annual cost pressures and other things that impact on the Budget of each Council, we estimate for Mid Suffolk a shortfall of £0.9m by 2021/22. For Babergh, we estimate a shortfall of £1.1m by 2021/22. These figures exclude the use of New Homes Bonus, as the aim is to reduce reliance on this funding source over the life of the MTFS. The graphs in 3.19 show the position with the inclusion of three

different assumptions about the level of New Homes Bonus to be received in coming years. On this basis, the shortfall varies between £0.25m and £0.9m for Mid Suffolk and between £0.4m and £1.6m for Babergh.

- Mid Suffolk's position historically has been less reliant on NHB than Babergh's. However, from 2019/20 and beyond the projected NHB numbers for both Councils are not large enough to cover the projected deficit. Therefore, more action and intervention is likely to be needed to achieve financial sustainability in the medium term and to move to a position where neither Council is reliant on NHB. Both Councils will, however, need to transform what they do as the funding change will bring challenges for both Councils.
- Mid Suffolk have a Growth and Efficiency Fund of around £9.9m and the equivalent Transformation Fund in Babergh is £0.6m, these funds are available currently to invest in changing our business model and generate sustainable economic growth. Some money has been used in the last two years to make the change in our business model, but more needs to be done.
- New homes and sustainable economic growth will be vital in making a significant contribution towards the Budget gap.
- Growth in Business Rates income and the Suffolk pilot for 100% retention of Business Rate growth could make an important contribution towards delivering the councils' strategic priorities and the financial strategy and investment in the wider Suffolk area.
- An Assets and Investment Strategy & Prudential Borrowing strategy which is based on 'Invest to Save' and 'Profit for Purpose' principles
- An overall strategy that focuses on providing new housing, jobs and sustainable economic growth by working with communities and other partners.
- Review of the Councils' assets to maximise social and financial return.

2. Purpose of the MTFS

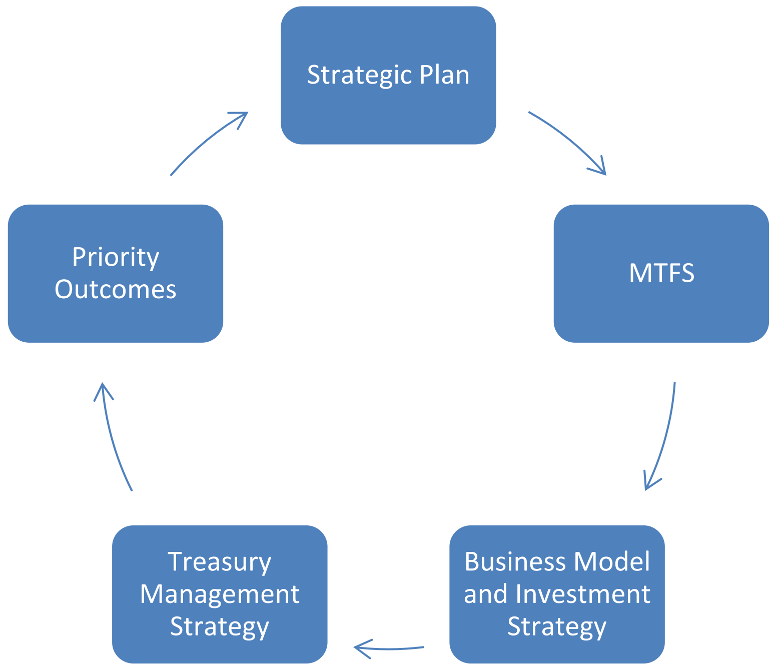
2.1 This Medium Term Financial Strategy (MTFS) provides a high-level assessment of the financial resources required to deliver the Councils' strategic priorities and essential services over the next 4 years. It sets out how the Councils can generate and use these resources within the financial context and constraints likely to be faced.

2.2 Like all local authorities, Mid Suffolk and Babergh's MTFS is influenced by national government policy, funding changes and Government spending announcements.

2.3 It must be stressed that we are two sovereign councils, with two separate budgets - as shown in the 'summary of our financial position' section of this document. There are, however similarities in our approach to meeting the financial challenges and one of the options we are looking at is whether we should establish one new council.

2.4 We are therefore working together to build common strategies, and to share learning from one another in designing new approaches, although how these approaches apply to the different localities and communities in Mid Suffolk and Babergh, may still vary.

2.5 There are key links between the MTFS and other plans and strategies and a coherent joined up approach to each of these is essential:



3. National Economic Context

The UK economy

3.1 The domestic economy has remained relatively robust since the surprise outcome of the 2016 referendum, and transitional arrangements may prevent sharp changes, but will also extend the period of uncertainty for several years.

3.2 Consumer price inflation reached 3.0% in September 2017 and there was an increase in the base rate of 0.25% to 0.5% in November 2017.

3.3 The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union and some data has held up better than expected, with unemployment falling to an all-time low and house prices remaining relatively resilient.

Government borrowing and spending

3.4 Public sector net debt (excluding both public sector banks and the Bank of England) at the end of November 2017, represented nearly 80% of GDP, 3.5% lower than November 2016 and the Government is determined to reduce this further.

3.5 This has meant that funding of areas of the public sector, not protected by 'ring-fencing', has been significantly reduced in the past few years. This has applied particularly to local government funding and there is no sign that the pressure will ease.

The changing landscape of local government funding

3.6 The way that local government is funded has changed. The Government has introduced:

- Incentivised Funding - New Homes Bonus introduced in 2011
- The Business Rates Retention Scheme and Local Council Tax Reduction Scheme introduced in April 2013
- Council Housing – the HRA self-financing regime, ending the housing subsidy system and giving more freedom and flexibilities to councils introduced in April 2012

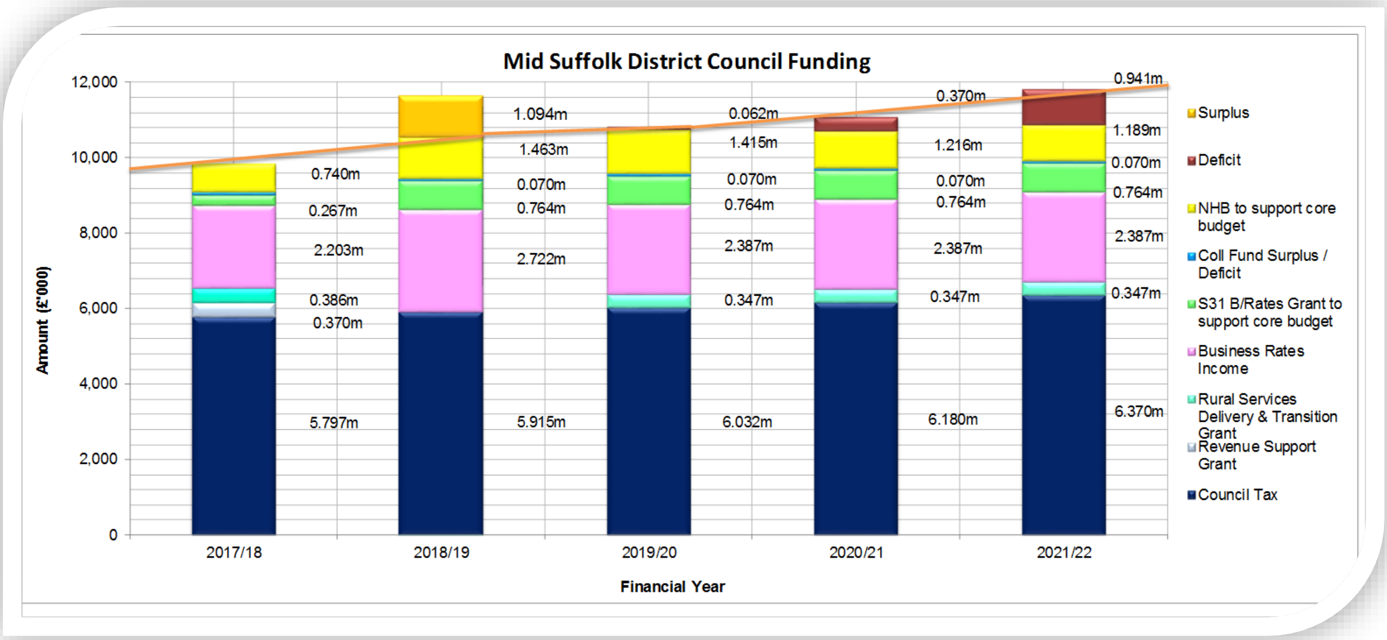
3.7 Core funding from Revenue Support Grant (RSG) has been reducing year on year and will disappear by 2019/20. Councils are, therefore, becoming reliant on locally generated income and incentivised funding.

3.8 Council tax income continues to be the main source of funding, in total value, for councils. Decisions around freezes or any annual increases are an important part of the financial strategy.

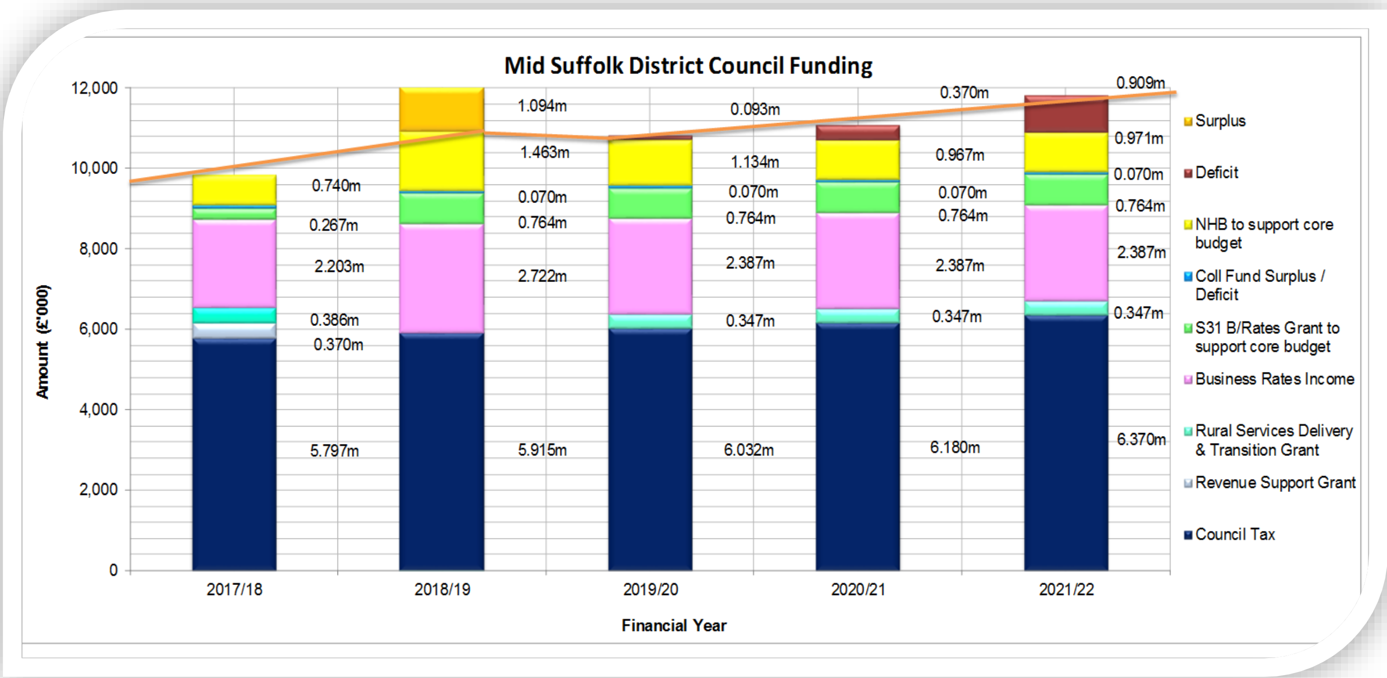
The Funding Gap

3.9 The graphs below show the different funding position for the General Fund of the two Councils over the next 4 years and whether there is a forecast surplus or deficit in the funds available. Three scenarios are shown to illustrate what the position would look like with different assumptions about the level of New Homes Bonus received. Further steps to increase income and/or reduce costs will be needed in order to achieve medium term financial sustainability.

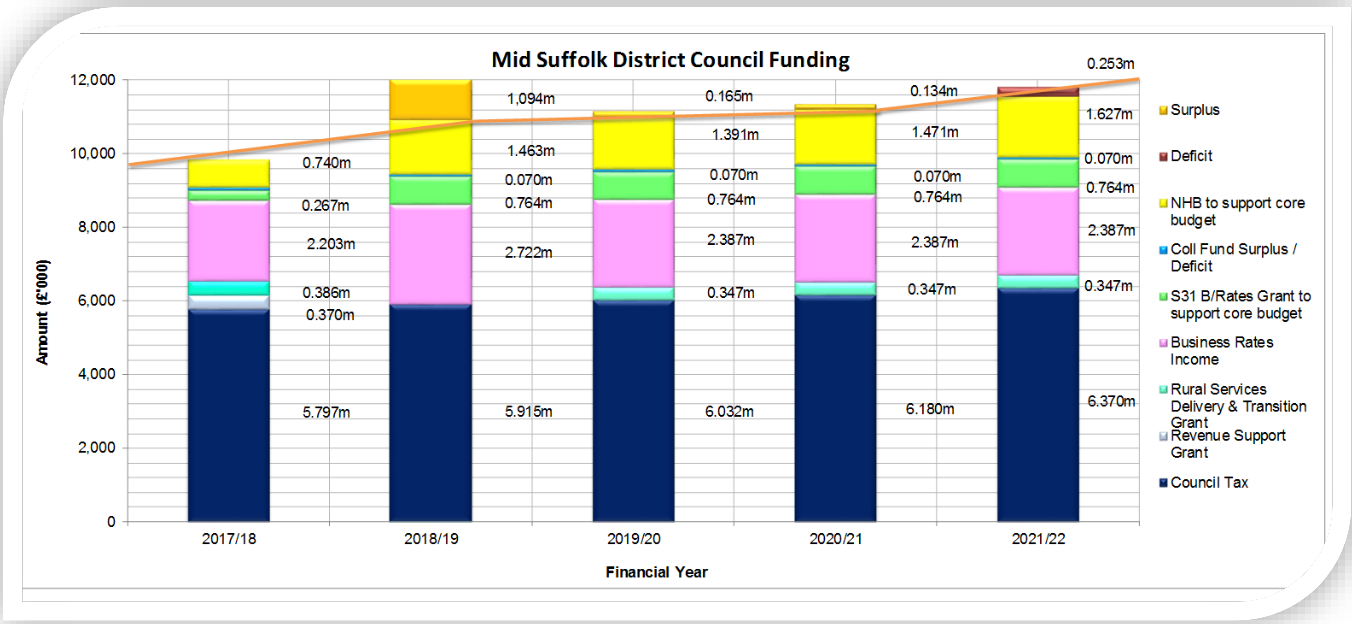
- Mid Suffolk New Homes Bonus – based on minimum level



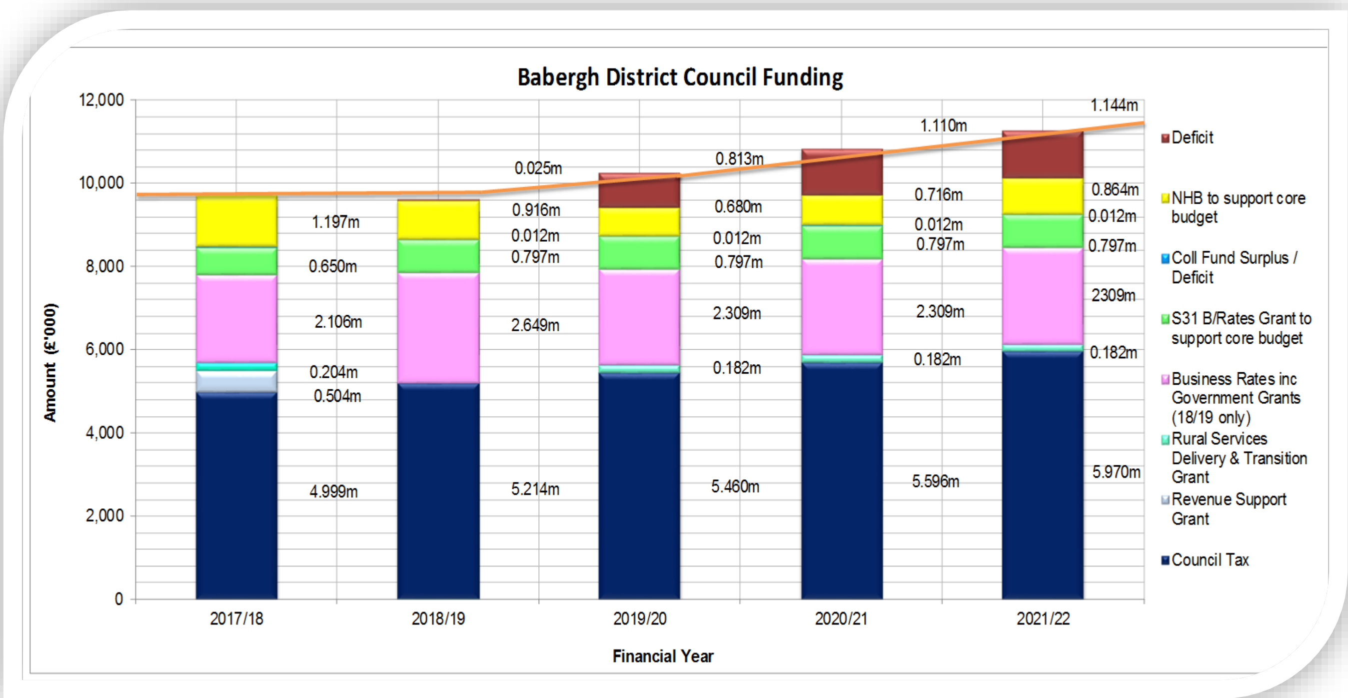
- Mid Suffolk New Homes Bonus - based on 5-year average of new homes built



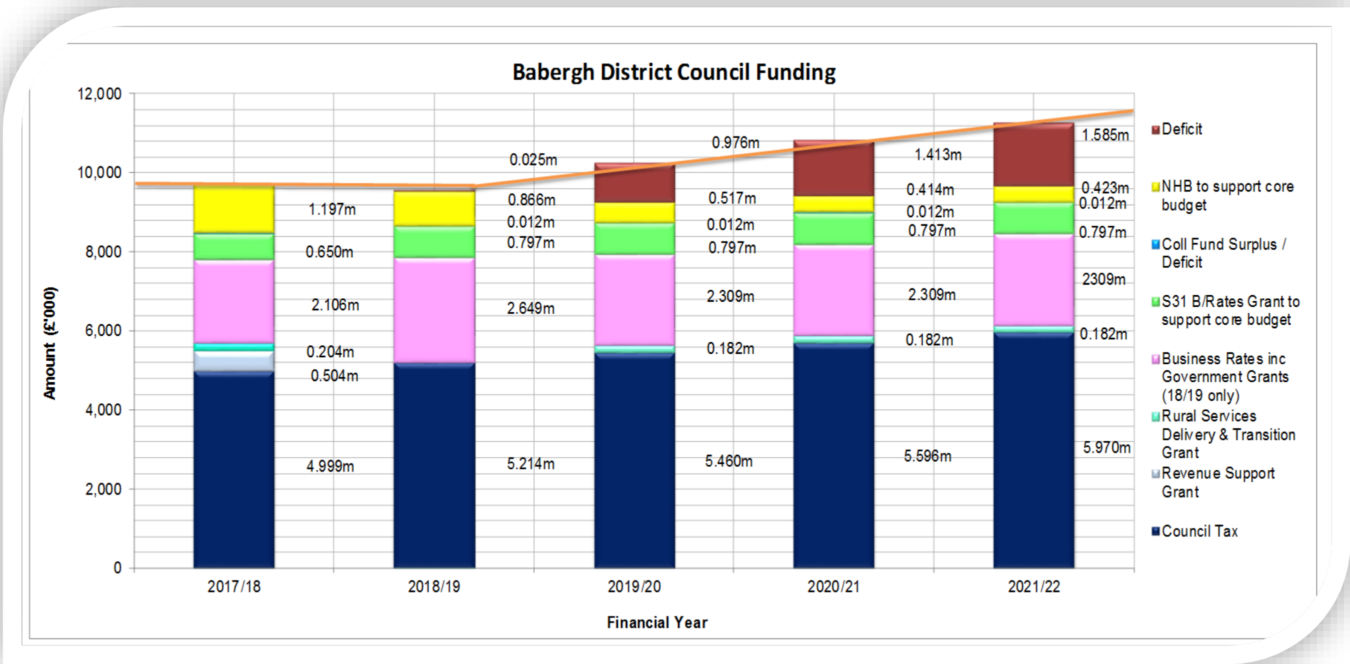
- Mid Suffolk New Homes Bonus – based on projected completions



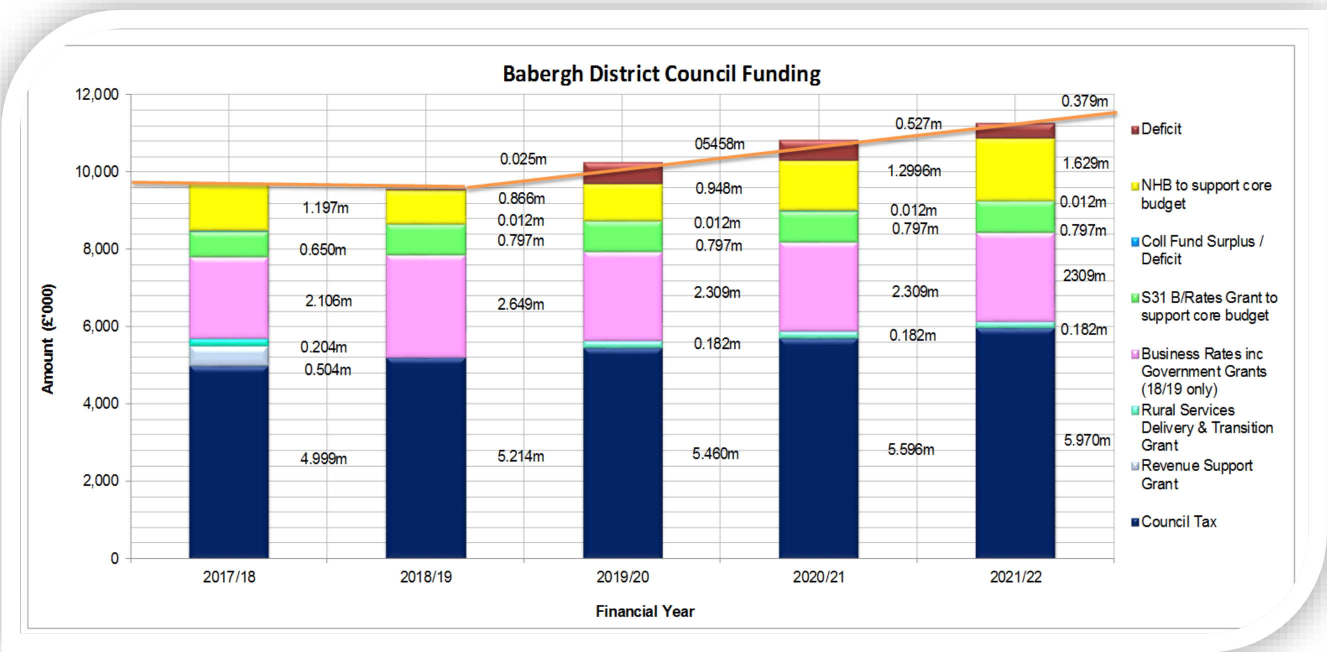
- Babergh New Homes Bonus – based on minimum level



- Babergh New Homes Bonus - based on 5-year average of new homes built



- Babergh New Homes Bonus – based on projected completions



4. A Business Model that responds to the financial challenges and opportunities

4.1 The Government's new arrangements for funding local government present local authorities with a higher degree of uncertainty and risk than the previous arrangements. On the other hand, local authorities are now more able to control the level of funding they receive, due to the links to new commercial or housing development that they encourage and incentivise in their local areas. This presents Babergh and Mid Suffolk with both challenges and opportunities.

4.2 Each Council's financial position is based on their differing financial circumstances, local demand and opportunities. It is also all about our policies and strategies that affect growth, income, our approaches to service provision and a lot more.

4.3 We need to get these things right as part of our business model, plans and engagement with the communities we serve. Understanding and operating this business model is key to our future success and financial sustainability.

4.4 The 'Summary of our financial positions' section of this document details each Council's individual financial standing. The following section provides an overview of the local context in which both Councils need to operate.

A developing business model

4.5 In high level terms, this comprises:

- Maximising income and one-off/temporary/ongoing incentivised funding
- Using one off/temporary money to generate ongoing funding and income streams or to reduce our costs
- Exploring and seizing new opportunities and ventures that are innovative and will deliver a rate of return on investment that supports the MTFS
- Being more commercial, using prudential borrowing and other available funding to deliver 'profit for purpose' and new income streams.
- Ensuring that all our activities are cost-effective and efficient.

The business model requires a strong commitment and leadership and a change in thinking for councillors and officers. The development of the organisation will ensure that we have the right skills, capabilities and capacity in place to deliver.

4.6 In practical terms, this will mean achieving further efficiencies and making sure what we do is effective and has impact, managing demands on our services from residents (including a commitment to channel shift) and spending only on things that achieve our strategic priorities and essential services.

4.7 Use of capital and one off funds is critical and need to be linked into our future delivery plans. Mid Suffolk's Growth and Efficiency Fund must be used wisely to ensure it supports the shift in the business model and capacity to deliver within future resources. Babergh have limited resources to adopt the same strategy, therefore savings and income generation are key to achieve this.

Our Overall Strategic Response

4.8 Based on the issues and approaches set out in the previous section and whilst recognising that Babergh and Mid Suffolk are separate councils with their own individual budgets and requirements, the Councils' joint response to the challenges we face and the opportunities we need to grasp are based on five key actions:

1. Aligning resources to the Councils' refreshed strategic plan and essential services.
2. Continuation of the shared service agenda, collaboration with others and transformation of service delivery.
3. Behaving more commercially and generating additional income and considering new funding models (e.g. acting as an investor).
4. Encouraging the use of digital interaction and transforming our approach to customer access.
5. Taking advantage of various forms of local government finance (e.g. new homes bonus, business rates retention) by enabling sustainable business and housing growth.

4.9 Further details on each key action are provided below:

Aligning resources to the Councils' strategic plan and essential services

So far both councils have addressed the need for financial savings by integrating services and meeting savings 'targets' for different parts of the council by reducing budgets (including 'salami slicing') cutting out waste, joint procurement and partnership work and reducing staff levels. The approach used for the 2018/19 budget has been to review each budget in detail and a zero based budget approach for each service, challenging budgets and focussing on the service needs.

Over this MTFS period, the Councils will continue to align and allocate their individual resources in line with the priorities set out in the Joint Strategic Plan and to essential services.

We will review all of the Councils' current activities, to ensure they are cost-effective and efficient and to see which could be approached differently and others that could be scaled back, stopped or provided by someone else. Fees and charges will cover the costs of those services where possible.

The MTFS links to the changing role of local government from direct provision and a reactive approach to an enabling and preventing one and also a change in emphasis from a paternalistic role to one of citizenship where people are assisted to help themselves. This will inform the allocation of each Council's available resources and the strategy is based on two key assumptions:

- Changing needs – challenging the presumption of public services' role as meeting needs rather than developing and working with people and assets within communities

- Preventing and reducing demand – there are fewer resources and a history of rising demands on public services; we cannot resolve this challenge by trying to do the same things with less money.

Continuation of the shared service agenda, collaboration with others and transformation of service delivery

Integration has already delivered significant savings for the two Councils, which is in addition to local savings made by each individual Council, but sharing services has to be wider than just the two Councils. A key part in achieving the shift in thinking will be the importance of working differently across the whole of Suffolk with our partners (statutory, private, community, voluntary and not-for profit). We are building new working relationships where influence is more important than control.

Both Councils now share their headquarters with Suffolk County Council, so that they are co-located with key partners and have introduced an 'agile' way of working for staff. This will generate savings in the Councils overheads in the future and greatly increase our efficiencies. A shared legal service with West Suffolk was established in November 2016, and discussions are progressing in other areas.

Behaving more commercially, generating additional income and considering new funding models (e.g. acting as an investor)

A key theme running through the work needed to deliver our outcomes is behaving more commercially and the fact that this has a significant part to play in delivering a sustainable MTFS is important for us to understand.

We are identifying areas where there may be opportunities for the Councils to be able to generate additional income. We are already doing this through our Treasury Management Strategy. In 2016 the Councils completed a programme of installing photo-voltaic panels on council house roofs in order to generate income from the Feed in Tariff (FiT).

Having limited capital and revenue reserves and facing increased pressure on external funding, the Councils' focus is now on the use of prudential borrowing to secure a rate of return whilst also delivering the strategic priorities. The use of borrowing is both flexible and relatively straightforward.

The Councils have adopted an Asset and Investment Strategy in November 2016, to utilise the prudential borrowing facility available to them. The Strategy comprises of three strands, Investment, Regeneration and Development of Assets.

The Strategy provides the framework for the Councils to jointly invest in commercial assets to generate long term revenue income streams, invest independently or jointly to deliver new homes, jobs and regenerate local areas and make best use of our own and the wider public sector assets.

In October 2017, both Cabinets endorsed a new investment and commercial delivery business unit model, which will be called 'BMS Invest'.

Encouraging the use of digital interaction and transforming our approach to customer access

The traditional model of public sector service delivery is obsolete. The Joint Strategic Plan recognises this and contains a commitment to deliver more efficient Public Access arrangements. The aim of the Public Access Strategy is to support us to deliver these outcomes in the Joint Strategic Plan and to become enabled, efficient, flexible, agile, innovative, collaborative and accessible. It takes a whole system approach and supports collaborative work with partners in order to enable communities to do more for themselves, generating less demand on public services. Together with developing self-service options this will mean we can focus more attention on those that really need our help.

The Joint Strategic Plan sets out a new understanding of our purpose in the community, of how and where we can add most value.

A new Public Access Strategy is being implemented alongside the move of the two Councils to Endeavour House in Ipswich. Its focus is on improving access and contact to modernised local services for residents, and refining the way the organisations work

We know that there will always be some customers who need to speak to us because of the nature of their needs, so they will always be able to reach us in the traditional way. Our goal, though, is to design our services for those people who wish to and can do their business with us digitally.

Customer Services successfully opened in Stowmarket and Sudbury in September offering enhanced services such as providing assistance to customers to view planning applications on the Council's website, access land charge searches and receive assistance in photographing and printing documents.

Investment in new IT and telephony systems has included the launch of a new telephone number and single website for both Councils. There has been a steady increase in the number of daily visitors to the site. The functionality enables customers to access information on mobile devices as well as PC's and laptops and a steady increase in the number of sessions where mobile devices are used can be seen.

New software has been introduced, that will combine data across departments such as planning and building control. This will improve customer service, and the organisation's engagement with communities will be streamlined.

Taking advantage of various forms of local government finance (e.g. New Homes Bonus, Business Rates Retention) by enabling sustainable business and housing growth

These forms of local government finance have now become the key sources of income for councils.

Business rates retention affects councils, as future changes to the level of business rates yield directly impact on council funding levels, with both the risks and rewards of business rates growth (or contraction) being shared between central government and local authorities. 50% is retained by local authorities (40% to district councils and 10% to county councils) increasing to 75% in 2020/21.

The Suffolk Business Rates Pilot in 2018/19, for retention of 100% of growth, means that this source of funding will become even more important. The financial benefits will be shared between the councils in Suffolk and a proportion used to achieve sustainable economic growth.

The New Homes Bonus (NHB) scheme provides local councils with funding that can be used on any council activity or service (it is not ring-fenced for housing).

The current amount received is based on the national average council tax band on each additional property built in the Council's area, or on each long-term property that is brought back into use. In 2017/18 the Government introduced baseline growth at 0.4%, so only growth above that figure will receive a NHB payment in order to transfer resources to social care authorities. This figure has not changed for 2018/19. New homes also increase the council tax base and hence the amount of council tax income received.

The Councils will therefore aim to grow their own funding through a strong, and growing, local economy alongside the skills, housing and infrastructure to sustain it.

Babergh and Mid Suffolk District Councils launched the consultation on a draft Joint Local Plan and have held events across the districts for Parish Councils, Neighbourhood Plan groups and the public. The Joint Local Plan will shape how development happens across both districts with the consultation providing an early and meaningful opportunity for communities to engage in the plan-making process and therefore influence the policy backdrop against which planning decisions are made

The Joint Local Plan and Strategic Planning and Infrastructure Framework will be key in delivering growth, with infrastructure being funded from sources such as the Community Infrastructure Levy (CIL) and the business rates pilot.

Links to our Joint Strategic Plan

4.10 The above actions are all synchronised with our refreshed Joint Strategic Plan, which is detailed across five key themes:

- **Housing delivery –** More of the right type of homes, of the right tenure in the right place
- **Business growth and increased productivity –** Encourage development of employment sites and other business growth, of the right type in the right places and encourage investment in skills and innovation in order to increase productivity
- **Community capacity building and engagement –** All communities are thriving, growing, healthy, active and self-sufficient
- **Assets and investment –** Improved achievement of strategic priorities and greater income generation through use of new and existing assets
- **An enabled and efficient organisation –** The right people are doing the right things, in the right way, at the right time, for the right reasons

5. Council Housing

5.1 The Mid Suffolk HRA Business Plan faces some challenges in the short and medium term. These challenges were exacerbated by the proposals announced in the Chancellor's July 2016 Budget:

- The Welfare Reform and Work Act included a requirement for all social landlords to reduce rents by 1% each year from 2016 to 2019. However, the recent Government announcement that rents can be increased by CPI +1% for five years from 2020/21 will reduce the impact of this on the 30-year plan.

- This Act reduced the benefit cap for working age families from £23k to £20k.

- The Act also requires councils to sell their high value council homes to fund Right to Buy discounts for housing association tenants. A letter from the Housing Minister following the Autumn Statement explained that the pilot scheme for housing association Right to Buy will be expanded. The government has not made it clear when the introduction of this levy may commence. Details of how the levy will be calculated are still unknown. On the advice of the Chartered Institute of Housing the budget does not include a figure for the levy.

5.2 The Government proposal to cap housing benefit in the social housing sector at Local Housing Allowance (LHA) rates has been dropped. This is good news for our tenants, especially those under 35, as they would have been responsible for paying the difference between their rent and the LHA putting them at risk of rent arrears.

5.3 HRA Self-financing has provided significant opportunities for both Councils. The development of 38 new council homes for Mid Suffolk and 27 for Babergh, supported by Homes and Communities Agency Grant funding is a good example of how the funds available within the HRA are being used differently. These opportunities, however, are threatened by rent reduction and requirement to sell off high value dwellings. The roll out of Universal Credit is also expected to impact upon our rental income collection, as housing benefit becomes payable one month in arrears to the individual rather than directly to the landlord.

5.4 It is important to understand that the 30-year HRA business plan was predicated on an annual rent increase of CPI + 1%, the formula agreed by the government in 2014. In business planning terms, the loss to the HRA was forecast to be £4m for the years 2016/17 to 2020/21.

However, the recent announcement that Local Authorities can increase rents by up to CPI +1% for five years from 2020/21 has resulted in an impact of greater than 1% per annum. The cumulative impact of the rent increase results in a higher income (against business plan projections) to the HRA as follows:

Years	**Babergh**	**Mid Suffolk**
1 to 5	£1.0m	£0.9m
1 to 10	£5.4m	£4.8m
1 to 15	£10.7m	£9.5m

5.5 This will increase the resources available to deliver services, to maintain and improve the existing housing stock and to develop new council housing.

5.6 A balanced budget has been achieved for 2018/19 by reducing both revenue and capital budgets – see table in Attachment 3. A fundamental review of the housing service has been undertaken during 2017/18 to identify savings, efficiencies and income generation opportunities that will achieve a sustainable business plan into the future. The review has examined:

- Performance management measures and complaints handling.

- New Build programme and retention of Right to Buy receipts. A number of Council landholdings such as underutilised open space, garage sites and severed gardens are currently being assessed by the Investment and Development Team and will be added to the pipeline subject to their suitability.

- Our approach to HRA business planning includes reviewing and realigning housing stock condition data and capital programme expenditure. The data has been reviewed and Ridge have been appointed to carry out a stock condition survey on 24% of housing stock by the end of February 2018, to enable us to produce a robust 30-year capital programme. A contingency amount, based on £1,100 per property, has been put into the 2018/19 Budget and 4-year MTFS. Once the capital programme review is completed the budget will be allocated against the relevant areas of spend.

- The Sheltered Housing Review concluded that some schemes which are difficult to let should be 'de-sheltered' ahead of a predicted reduction in Housing Related Support funding. This work has now been completed. The business plan has been amended to reflect the reduction in expenses and service charge income following the de-sheltering of properties in April 2017, as well as the loss of the Supporting People Grant of £46k from Suffolk County Council (SCC) from April 2018.

- Councillors approved the formation of a new Babergh and Mid Suffolk Building Services (BMBS) team, which carries out responsive repairs and programmed works. The BMBS business plan forecasts a surplus within five years of its implementation.

- The HRA Accounting Team is implementing a robust budget setting and monitoring process together with financial controls.

- Leaseholders service charges have been reviewed to identify the gap between costs incurred and the amount recharged. Completion of this work allows us to increase income over the next three years to bring us into a cost neutral position.

5.7 Garage rents – It is proposed that following a number of significant increases in garages rents, it is not sustainable to continue with a further increase in 2018/19. This would make garages undesirable as a result, so we propose to maintain garage rents at current levels.

5.8 Sheltered housing – Mid Suffolk District Council has historically subsidised sheltered service charges from the HRA by approximately £100k each year. The new pressures of rent reduction and removal of the Housing Related Support Grant from Suffolk County Council of £46k from April 2018 make this subsidy unsustainable in the long term.

To reduce the subsidy from the HRA, we propose the following:

- to increase service charges for sheltered residents, which are eligible for housing benefit, by £5 per week from April 2018,
- that the Housing Related Support charge of £3 per week, which is an ineligible cost for housing benefit purposes, is removed from April 2018.

This will mean that all residents, whether they be self-payers or not, will only see a net increase of £2 per week in 2018/19 in comparison to the £4 increase in 2017/18.

New build programme and retention of Right to Buy receipts

5.9 Right to Buy (RTB) sales for Mid Suffolk have been lower than projections in business plans. In 2016/17 Mid Suffolk sold 26 homes against original projections of 31 sales. However Babergh sold more than projected at 26 homes against original projections of 24 sales.

5.10 The money received from RTB sales can only be used as 30% towards the cost of a replacement home (this can be new build or acquisitions). The remaining 70% of the replacement cost has to be found from other HRA resources. As sales increase, it means that the level of match funding required (70%) increases. If the receipts are not spent within the 3-year period allowed, they have to be repaid to Government with 4% above the base rate interest added.

5.11 The Government has applied a cap to the amount that Councils can borrow through the HRA. This means that borrowing levels are artificially restricted. The supported spending of RTB receipts, building new council homes and investing in the maintenance and improvement of council homes is still achievable within current borrowing headroom in the next 4 years. However, the 1% rent reduction and the proposed high value dwellings levy threaten to make finding the 70% match funding for Right to Buy receipts unsustainable; although the announcement that we can increase rent by a maximum of CPI +1% for five years from 2020/21 will help to mitigate this risk.

5.12 Currently, the estimated funds to support our Housing Investment Strategy are:

- Borrowing headroom within the Government's overall debt cap, which is higher for Babergh than Mid Suffolk (in 2017/18 Babergh £11.7m; Mid Suffolk £4.1m).

- Surplus annual funds from the HRA for investment in new and existing homes due to the new self-financing freedoms given to councils.

5.13 The forecast position on available investment funds (over the next 4 years) relating to the above is summarised below:

Year	Babergh £m	Mid Suffolk £m
2018/19	11.7	4.1
2019/20	12.5	4.5
2020/21	13.0	3.6
2021/22	13.2	3.8

5.14 Attachment 3 sets out further details of the current HRA Business Plan, with detailed figures for the next 5 years.

6. Summary of our financial positions

Revenue Budget Strategy

6.1 The approach taken to financial management over the period of the Medium Term Financial Strategy (MTFS) seeks to achieve the following objectives:

- council tax levels will be reviewed annually with the aim to minimise increases, but increases may be necessary to maintain services;

- deliver the necessary savings to continue to live within our means;

- continuously improve efficiency and cost-effectiveness by transforming the ways of working;

- ensure that the financial strategy is not reliant on contributions from minimum working balances; and

- maximising revenue from our assets and investment.

Key aspects of the funding position and the MTFS forecasts

6.2 There are limitations on the degree to which both Councils can produce medium term financial projections as there are always uncertainties.

6.3 It is important to remember that these financial forecasts have been produced within a dynamic financial environment, based on ever changing assumptions and that they will be subject to change over time.

6.4 Both Councils' medium term financial projections also include the following key budget assumptions, detailed below. Budget assumptions will continue to be reviewed and updated as economic indicators change.

Key assumptions in the MTFS:

Type of Expenditure	2018/19		2019/20		2020/21		2021/22	
	BDC	MSDC	BDC	MSDC	BDC	MSDC	BDC	MSDC
General Inflation/utilities	0%		0%		0%		0%	
Fees and Charges	3%		3%		3%		3%	
Employee pay increase	2%		2%		2%		2%	
Employer's pension contn. based on actuarial valuation	38.4%	35%	36%	36%	37%	37%	38%	38%
Vacancy Savings	2.5%		2.5%		2.5%		2.5%	
Transport Fuel	2%		2%		2%		2%	
Return on Investments	2.25%	2.5%	2.25%	2.5%	2.25%	2.5%	2.25%	2.5%
Grant reduction on RSG (reducing balance)	-£0.3m	-£0.4m	-£0.2m	-£0.04m	-	-	-	-

General Fund minimum working balance

6.5 Each Council is required to maintain adequate financial reserves to meet the needs of the authority. The reserves we hold can be classified as either working balances – known as the general fund balance, or as specific reserves which are earmarked for a particular purpose – known as earmarked reserves.

6.6 The Councils each hold General Fund balances as a contingency to cover the cost of unexpected expenditure or events during the year. The Councils' policies regarding the General Fund are as follows, to hold a balance of:

- £1.05m for Mid Suffolk; and
- £1.2m for Babergh

6.7 These amounts equate to approx. 10% to 13% of net 'service cost' expenditure at the 2018/19 Budget level.

Capital Investment Strategy

6.8 Attachment 4 shows the current 4 year planned Capital Programme for 2018/19 to 2021/22, together with information on the funding of that expenditure (i.e. borrowing, grants and contributions, use of earmarked revenue reserves and usable capital receipts reserve).

6.9 Both Councils have a long tradition of investing in their communities. Having limited capital and revenue reserves and facing increased pressure on external funding, the Councils' focus is now on the use of prudential borrowing to secure a rate of return, whilst also delivering the strategic priorities.

6.10 The investment strategy will detail the parameters that will be operated for the fund including the anticipated return on investment and internal rate of return.

Council Housing

6.11 The proposed Capital Programme headlines for 2018/19 – 2021/22 are:

Expenditure	**Babergh £m**	**Mid Suffolk £m**
Housing Maintenance Programmes	21.2	15.9
New build (HCA programme)	0.1	0.1
New build (Additional Borrowing)	0	0
RTB receipt funding (to be used for new build or acquisitions)	15.9	22.3
Total	**37.2**	**38.3**
Financing		
Capital receipts disposals and RTB receipts and HCA Grant	17.0	23.3
Revenue Contributions	20.2	13.7
Borrowing	0	1.3
Total	**37.2**	**38.3**
Remaining Borrowing Headroom available (31/03/22)	13.2	3.8

6.12 In relation to debt repayment set asides, the HRA business plans are currently based on not setting aside any capital receipts towards debt on sold council houses or for maturity debt repayment in the longer-term.

Treasury Management Strategy

6.13 Each Council's capital and revenue budget plans inform the development of their Treasury Management and Investment Strategies, which are agreed annually as part of its budget setting report. The Treasury Management Strategy sets out borrowing forecasts/limits and who the Council can invest with.

Managing Risks

6.14 In setting the revenue and capital budgets, both Councils take account of the key financial risks that may affect their plans, but there is increasing future uncertainty as a result of the changes that are taking.

6.15 An awareness of the potential risks and the robustness of the budget estimates inform decisions about the level of working balances needed to provide assurance that the Councils have sufficient contingency reserves to meet unforeseen fluctuations and changes.

Capital Receipts

6.16 Part of the funding arrangements for the Capital Programme is the disposal of surplus assets to generate capital receipts. The focus of this MTFS is to review assets before they are sold to assess whether there are alternative uses that could generate additional income for the Councils e.g. whether there is a development opportunity instead.

Earmarked Reserves

6.17 The Councils each hold earmarked reserves, which are held for a particular purpose and are set aside in order to meet known or predicted future expenditure in relation to that purpose.

6.18 The level of earmarked reserves at the end of 2017/18 (including the Growth and Efficiency Fund for Mid Suffolk, and Transformation Fund for Babergh) is expected to be as follows:

- £13.3m for Mid Suffolk; and
- £2.2m for Babergh

The planned additions and use of these reserves over the period covered by this Strategy is shown in Attachment 5.

Appendix F

Attachment 1

General Fund Revenue Budget Summary/Forecasts - Mid Suffolk

(Note: the forecasts for 2019/20 onwards are illustrative and actual budgets will be reviewed and determined by the Council annually).

Line	Description	2017/18 Budget £000	2018/19 Budget £000	2019/20 Forecast £000	2020/21 Forecast £000	2021/22 Forecast £000
1	Expenditure	33,970	35,009	35,229	35,625	36,118
2	Income (incl. s31 B/Rates Grant)	(23,472)	(24,515)	(24,172)	(24,115)	(24,071)
3	New Homes Bonus Income	(2,028)	(1,463)	(1,165)	(966)	(939)
	Capital Financing Charges					
4	Debt Management Costs	49	3	3	3	3
5	Interest Payable (Pooled Funds)	83	130	130	130	130
6	Interest Payable (CIFCo)	242	594	617	613	610
7	Interest Payable (Other Commercial Investments)	-	435	614	743	765
8	MRP	588	1,211	1,411	1,577	1,577
	Investment Income					
9	Pooled Funds	(330)	(430)	(425)	(420)	(415)
10	Interest Receivable (Cash Surplus)	(12)	(7)	(7)	(7)	(7)
11	Interest Receivable (CIFCo)	(555)	(1,064)	(1,147)	(1,143)	(1,139)
12	Interest Receivable (Other Commercial Investments)	-	(470)	(860)	(1,452)	(1,258)
13	Charge to HRA	(1,042)	(1,016)	(1,036)	(1,057)	(1,078)
14	Charge to Capital	(287)	(271)	(276)	(282)	(288)
15	Transfers to Reserves					
16	New Homes Bonus	2,028	1,463	1,165	966	939
17	S31 Business Rates Grant	600	764	764	764	764
18	Other	99	42	20	20	20
19	**Net Service Cost**	**9,934**	**10,414**	**10,862**	**10,998**	**11,731**
20	**Funding:**					
21	Other Earmarked Reserves	(82)	(1,247)	(123)		
22	Growth and Efficiency Fund - DP Project (Staffing)	(490)	(52)			
23	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	(250)	(250)	(250)
24	New Homes Bonus - to balance the budget		(369)	(1,165)	(966)	(939)
25	New Homes Bonus (surplus)	(1,288)	(1,094)			
26	S31 Business Rates Grant - to balance the budget	(267)	(764)	(764)	(764)	(764)
27	S31 Business Rates Grant (surplus)	(333)				
28	Government Support					
29	(a) Baseline business rates	(2,124)	(2,571)	(2,236)	(2,236)	(2,236)
30	(b) B/Rates – growth/pooling benefit	(79)	(151)	(151)	(151)	(151)
31	(e) Revenue Support Grant	(370)	-	-	-	-
32	(f) RSG Tariff		-	337	337	337
33	(g) Rural Services Delivery Grant	(347)	0	(347)	(347)	(347)
34	(h) Transition Grant	(39)	-			
35	(i) Business Rates Collection Fund deficit	-	975	-	-	-
36	Collection Fund surplus	(89)	(70)	(70)	(70)	(70)
37	Council Tax (0.5% increase in 18/19, 0.66% increase in 19/20, 1.15% in 20/21 and 1.75% in 21/22)	(5,725)	(5,826)	(5,968)	(6,116)	(6,306)
38	Growth in taxbase	(72)	(89)	(64)	(64)	(64)
39	**Total Funding**	**(11,555)**	**(11,508)**	**(10,801)**	**(10,628)**	**(10,790)**
40	2018/19	**(1,621)**	**(1,094)**	**(1,094)**	**(1,094)**	**(1,094)**
41	2019/20			**1,155**	**1,155**	**1,155**
42	2020/21				**309**	**309**
43	2021/22					**570**
44	**Shortfall in funding / (Surplus Funds) - cumulative**	**(1,621)**	**(1,094)**	**62**	**370**	**941**
45	Estimated New Homes Bonus (5 year average of No of houses built)		(1,401)	(1,134)	(967)	(971)
46	Estimated New Homes Bonus (projected completions)		(1,405)	(1,391)	(1,471)	(1,627)
47	Minimum New Homes Bonus		(1,463)	(1,165)	(966)	(939)
48	Council Taxbase	1.30%	1.54%	1.30%	1.30%	1.30%
49	Band D Council Tax	1.60%	0.50%	0.66%	1.15%	1.75%
50	**Band D Council Tax**	*£161.97*	*£162.78*	*£163.85*	*£165.74*	*£168.64*

Appendix F

Attachment 2

Movement of Service Cost Budget Year on Year

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000	18/19 to 19/20 £000	19/20 to 20/21 £000	20/21 to 21/22 £000
Net Service Cost previous year	**9,934**	**10,414**	**10,862**	**10,997**
Cost Pressures				
Inflation				
Employees - 2% pay award	185	167	173	180
Employees - increments	111	167	173	180
Employees - deficit pension fund change (1% increase from 18/19)	240	64	66	69
Other Employee costs	1	2	2	2
Contracts	(17)	66	67	69
Premises	1	(0)	-	-
Supplies & Services	6	6	7	8
Insurance Premiums	5	5	5	5
Business Rates	10	7	7	7
Sub total cost pressure	**542**	**484**	**501**	**520**
Other increases to net service cost				
BMS Invest				
(net) expenditure	25			
Communities				
Open spaces - removal of income budget (internal recharges error)	72			
Street and Major Road Cleansing	43			
Strong and Safe Communities - staff costs	37			
Car Park income - revision of budgets (including ECNs)	30			
Wingfield Barns	15			
Domestic Homicide Review	12			
Corporate Resources				
Stowmarket Middle School - business rates	63	(63)		
Shared Revenues Partnership contract increase	40			
Needham Market Middle School - business rates	31	(31)		
Organisational Development inc Health and Safety - staff costs	25	(13)		
Reduction to Housing Benefit and LCTS Admin Grants	22			
Phased reduction of general savings	20	20	20	20
Health and Safety	10			
SRP - GSI Data Convergence (Vodafone) -no budget	8			
Reduction to income received for Credit Card charges.	6			
Needham Market High School - security costs / repairs	5	(5)		
Stowmarket Middle School - security costs / repairs	5	(5)		
Environment and Commercial Partnerships				
Reduction to Building Control Income	103			
Joint Waste Contract	70			
Trade Waste Income (net) including glass collection service cost	22			
Energy Proficiency Certificates (SAPs) income	5			
Waste - recycling performance payments		250		

Attachment 2

Movement of Service Cost Budget Year on Year

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000	18/19 to 19/20 £000	19/20 to 20/21 £000	20/21 to 21/22 £000
Customer Services				
Contribution to Customer Access Point	39			
Customer Services - staff costs	3			
Housing				
Homelessness - staff costs (funded from grants)	101			
Law and Governance				
Information Management - staff costs (re-allocation of time charged to Capital)	39			
Shared Legal Services (net) including staff costs	39			
Internal Audit - staff costs	6			
Planning for Growth				
Community Housing Fund inc fixed term post for 2 years (funded from grant in earmarked reserves)	113		(113)	
Development Management - staff costs (funded from 20% inc to planning fees)	95			
Property Services				
Needham HQ security costs	114			
Capital Projects - staff costs	31			
PV Panels - cleaning and repairs / maintenance	11			
Other Cost Pressures				
Minimum Revenue Provision (MRP)	623	200	166	
Support for un-installing planning applications	57	(57)		
Occupational Health support for Disabled Facilities Grants	37	(37)		
Trees for Life initiative	15	(15)		
Accommodation - All Together	49	11	(5)	(39)
Movement in Reserves eg neighbourhood planning grants, repairs and renewals	56			
Recharge to Capital	16	(5)	(6)	(6)
Recharge to HRA	26	(20)	(21)	(21)
Modern Apprentice Levy - net cost	17	1	1	1
Sub total other increases to net service cost	**2,160**	**229**	**43**	**(45)**

Attachment 2

Movement of Service Cost Budget Year on Year

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19	18/19 to 19/20	19/20 to 20/21	20/21 to 21/22
Actions to offset increases to net service cost				
Inflation - income	(15)	(48)	(50)	(51)
Communities				
Car Parks - general premises expenditure including business rates	(69)			
Public Realm - staff costs	(61)			
Public Footpaths / Rights of Way income (net)	(8)			
Corporate Resources				
Management Review Savings	(147)			
Cedars Park - lease income	(18)			
Commissioning and Procurement - staff costs	(14)			
Stationery	(12)			
Corporate Training	(10)			
External Audit Fees	(14)			
I-Trent	(7)			
Early retirement pension costs	(6)			
Finance - staff costs	(5)			
Contracted services (Vertas)	(3)			
Customer Services				
ICT - staff costs	(30)			
ICT costs - miscellaneous (net)	(25)			
Environment and Commercial Partnerships				
Garden Waste Income (net)	(43)			
Trade Waste income	(42)			
Building control - staff costs	(25)			
Income for Food Hygiene Rating System rescore visits	(1)			
Housing				
Homelessness - flexible support and new burden grants	(125)			
Law and Governance				
Course conference fees for members	(1)			
Impact of the Boundary Review		(10)		
Planning for Growth				
Planning fee income - volume increase	(370)	120	108	97
Planning fee income - 20% price increase	(200)			
Pre-application Charges	(88)			
Reduction of License costs for UNIFORM	(39)			
CIL 5% to cover admin costs	(11)	(1)	(2)	(2)
Senior Leadership Team				
Miscellaneous Supplies & Services	(4)			
Professional & Consultancy fees	(3)			
Other Savings				
Removal of Growth and Efficiency Funded Posts	(372)	(52)		
CIFCO	(157)	(60)	1	1
Increase vacancy management contingency to 2.5%	(110)	(7)	(8)	(9)
Pooled Funds income	(100)	5	5	5
Interest payable / receivable	51	(0)	-	-
SLT staff costs	(47)			
Debt Management Fees	(46)	0	0	0
Other Commercial Developments	(35)	(211)	(463)	217
Other items (net)	(10)			
Sub total actions	**(2,221)**	**(265)**	**(409)**	**258**
Total Net Service Cost movement	**481**	**448**	**135**	**733**
New Net Service Cost	**10,414**	**10,862**	**10,997**	**11,730**

Appendix F

Attachment 2

Movement of Service Cost Budget Year on Year

MID SUFFOLK - MOVEMENT YEAR ON YEAR	**17/18 to 18/19 £000**	**18/19 to 19/20 £000**	**19/20 to 20/21 £000**	**20/21 to 20/22 £000**
Funding previous year	**(9,934)**	**(11,509)**	**(10,801)**	**(10,628)**
Cost Pressures				
Business Rates - levy	-			
Business Rates - collection fund deficit	975	(975)	-	-
Removal of Revenue Support Grant (RSG) - now included within baseline Business Rates	409	-	-	-
Removal of Rural Services Support Grant (RSDG) - now included in Baseline Business Rates (18/19 only)	347	(347)	-	-
Business Rates - tariff	-	337	-	-
Change to collection fund surplus	19		-	-
Sub total cost pressure	**1,750**	**(985)**	**-**	**-**
Savings / Actions to increase funding				
Movement in Reserves - NHB, Transformation Fund, S31 grant	(2,687)	1,474	321	27
Business Rates - baseline (now includes RSG & RSDG)	(447)	335	-	-
Business Rates - pooling benefit	(72)	-		-
Business Rates - prior yr surplus/deficit				
Council Tax - prior yr surplus/deficit				
Council Tax Band D increase (0.5% increase in 18/19, 0.66% increase in 19/20, 1.15% in 20/21 and 1.75% in 21/22)	(29)	(40)	(70)	(110)
Growth in taxbase	(89)	(77)	(78)	(80)
Sub total savings /actions to increase funding	**(3,325)**	**1,692**	**173**	**(162)**
New Year Funding	**(11,509)**	**(10,801)**	**(10,628)**	**(10,791)**
Annual Budget (surplus)/deficit	**(1,094)**	**1,154**	**308**	**570**
Total 4 year (surplus)/deficit				**939**

Appendix F

Attachment 3

Council Housing Revenue Account (HRA) Business Plan – Mid Suffolk

Year	2018.19	2019.20	2020.21	2021.22	2022.23
£ Thousands	**1**	**2**	**3**	**4**	**5**
Total Income	**15,057**	**15,265**	**15,548**	**16,124**	**16,721**
EXPENDITURE:					
General Management	-2,454	-2,037	-2,097	-2,158	-2,224
Special Management	-848	-1,063	-1,099	-1,136	-1,172
Other Management	-400	-400	-345	-226	-162
Bad Debt Provision	-145	-183	-186	-155	-122
Responsive & Cyclical Repairs	-2,334	-2,536	-2,558	-2,614	-2,697
Total Revenue Expenditure	**-6,181**	**-6,219**	**-6,284**	**-6,289**	**-6,377**
Interest Paid	-2,754	-2,771	-2,789	-2,817	-2,843
Interest Received	10	8	4	1	3
Depreciation	-3,400	-3,402	-3,412	-3,427	-3,435
Net Operating Income	**2,732**	**2,882**	**3,067**	**3,591**	**4,069**
APPROPRIATIONS:					
Revenue Contribution to Capital	-3,393	-2,827	-3,604	-3,822	-3,172
Total Appropriations	**-3,393**	**-2,827**	**-3,604**	**-3,822**	**-3,172**
ANNUAL CASHFLOW	**-661**	**55**	**-537**	**-231**	**897**
Opening Balance	1,484	823	877	340	109
Closing Balance	**823**	**877**	**340**	**109**	**1,006**

Attachment 4

CAPITAL PROGRAMME FOR 2018/19 to 2021/22

General Fund

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MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22 GENERAL FUND	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL BUDGET (over 4 years) £'000	Capital Receipts £'000	Reserves £'000	Revenue Contributions £000's	Government Grants £'000	S106 £'000	Borrowing £'000	Total Financing £'000
Supported Living												
Mandatory Disabled Facilities Grant	376	376	376	376	**1,503**				1,503			**1,503**
Discretionary Housing Grants	100	100	100	100	**400**						400	**400**
Empty Homes Grant	100	100	100	100	**400**						400	**400**
Total Supported Living	**576**	**576**	**576**	**576**	**2,303**	**0**	**0**	**0**	**1,503**	**0**	**800**	**2,303**
Sustainable Environment												
Electric Vehicle Charging Points	396	0	0	0	**396**				396			**396**
TotalSustainable Environment	**396**	**0**	**0**	**0**	**396**	**0**	**0**	**0**	**396**	**0**	**0**	**396**
Environment and Projects												
Replacement Refuse Freighters - Joint Scheme	0	185	185	0	**370**						370	**370**
Recycling Bins	80	75	75	75	**305**	24					281	**305**
Total Environmental Services	**80**	**260**	**260**	**75**	**675**	**24**	**0**	**0**	**0**	**0**	**651**	**675**
Communities and Public Access												
Planned Maintenance / Enhancements - Car Parks	162	125	109	100	**495**						495	**495**
Streetcare - Vehicles and Plant Renewals	44	44	44	44	**176**						176	**176**
Play Equipment	25	25	25	25	**100**						100	**100**
Community Development Grants	189	189	189	189	**756**						756	**756**
Total Communities and Public Access	**420**	**383**	**367**	**358**	**1,527**	**0**	**0**	**0**	**0**	**0**	**1,527**	**1,527**

Attachment 4 Cont'd

CAPITAL PROGRAMME FOR 2018/19 to 2021/22

General Fund

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22 GENERAL FUND	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL BUDGET (over 4 years) £'000	Capital Receipts £'000	Reserves £'000	Revenue Contributions £000's	Government Grants £'000	S106 £'000	Borrowing £'000	Total Financing £'000
Leisure Contracts												
Mid Suffolk Leisure Centre - roofing	300	0	0	0	**300**						300	**300**
Mid Suffolk Leisure Centre - general repairs	95	100	100	100	**395**						395	**395**
Mid Suffolk Leisure Centre - car park	60	0	0	0	**60**						60	**60**
Stradbroke Pool - general repairs	30	35	35	35	**135**						135	**135**
Stradbroke Pool - Roof repairs	0	80	0	0	**80**						80	**80**
Total Leisure Contracts	**485**	**215**	**135**	**135**	**970**	**0**	**0**	**0**	**0**	**0**	**970**	**970**
Capital Projects												
Planned Maintenance - Corporate Buildings	80	80	80	80	**320**						320	**320**
Total Capital Projects	**80**	**80**	**80**	**80**	**320**	**0**	**0**	**0**	**0**	**0**	**320**	**320**
Investment and Commercial Delivery												
Open for Business	30	0	0	0	**30**						30	**30**
Regal Theatre Regeneration	2,575	0	0	0	**2,575**			2,575				**2,575**
Land assembly, property acquisition and regeneration opportunities	1,925	1,925	1,925	1,925	**7,700**						7,700	**7,700**
Total Investment and Commercial Delivery	**4,530**	**1,925**	**1,925**	**1,925**	**10,305**	**0**	**0**	**2,575**	**0**	**0**	**7,730**	**10,305**
Corporate Resources												
ICT - Hardware / Software costs	200	200	200	200	**800**	69		200			531	**800**
Total Corporate resources	**200**	**200**	**200**	**200**	**800**	**69**	**0**	**200**	**0**	**0**	**531**	**800**
Total General Fund Capital Spend	**6,766**	**3,638**	**3,543**	**3,349**	**17,296**	**93**	**0**	**2,775**	**1,899**	**0**	**12,529**	**17,296**

Attachment 4 Cont'd

CAPITAL PROGRAMME FOR 2018/19 to 2021/22

HRA

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22 HOUSING REVENUE ACCOUNT	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	TOTAL BUDGET (over 4 years) £'000	Capital Receipts £'000	Reserves £'000	Revenue Contributions £000's	Government Grants £'000	S106 £'000	Borrowing £'000	Total Financing £'000
Capital Projects												
Planned maintenance	3,552	3,500	3,505	3,515	**14,072**		13,214	858				**14,072**
ICT Projects	300	200	200	200	**900**			900				**900**
Environmental Improvements	40	40	40	40	**160**			160				**160**
Disabled Facilities work	200	200	200	200	**800**			800				**800**
New build programme inc acquisitions	4,945	4,351	7,542	5,573	**22,411**	3,435	6,699	10,929			1,348	**22,411**
Total HRA Capital Spend	**9,037**	**8,291**	**11,487**	**9,528**	**38,343**	**3,435**	**19,913**	**13,647**	**0**	**0**	**1,348**	**38,343**

Note: the new build acquisitions and new build budgets for 2018-19 onwards will be set on the basis of what the business plan will allow when the other HRA capital budgets have been agreed.

Attachment 5

Earmarked Funds/Reserves – Mid Suffolk

Transfers to / from Earmarked Reserves	Balance 31 March 2017 £'000	Transfers 2017/18 Intra £'000	Transfers 2017/18 Out £'000	Transfers 2017/18 In £'000	Balance 31 March 2018 £'000	Transfers 2018/19 Intra £'000	Transfers 2018/19 Out £'000	Transfers 2018/19 In £'000	Balance 31 March 2019 £'000
General Fund									
Carry Forwards	(314)		314		-				-
Growth and Efficiency Fund	(8,238)	165	1,756	(3,579)	(9,895)		1,593	(2,227)	(10,528)
Non Domestic Rates Equalisation	(639)	(473)	137		(975)		975		-
Government Grants	(94)				(94)				(94)
Welfare Benefits Reform	(211)				(211)				(211)
S.106 Agreements	(328)				(328)				(328)
Community Infrastructure Levy (CIL)	(412)				(412)				(412)
Growth & Sustainable Planning	(351)			(45)	(396)				(396)
Strategic Planning	(301)			(9)	(310)		112	(22)	(220)
Elections Fund	(48)			(15)	(63)			(20)	(83)
Planning Enforcement	(20)				(20)				(20)
Revocation of Personal Search Fees	(50)				(50)				(50)
Repairs and Renewals	(292)	292			-				-
Eric Jones House	(46)				(46)				(46)
Other	(332)	16		(135)	(452)				(452)
Total General Fund	(11,676)	-	2,207	(3,783)	(13,251)	-	2,681	(2,269)	(12,840)
Total General Fund excluding Transformation	(3,438)	(165)	451	(204)	(3,357)	-	1,087	(42)	(2,312)

Appendix G

Budget Book 2018/19

Budget Book 2018/19

GENERAL FUND REVENUE BUDGET SUMMARY

		2017/18 £'000	2018/19 £'000	Movement £'000
1	Employee Costs	8,716	9,046	330
2	Premises	795	772	(23)
3	Supplies & Services	4,083	4,492	409
4	Transport	335	438	103
5	Contracts	3,078	3,297	219
6	Third Party Payments	16,964	16,964	0
7	Income	(25,500)	(25,978)	(478)
8	Charge to HRA	(1,042)	(1,016)	26
9	Charge to Capital	(287)	(271)	16
	<u>Capital Financing Charges</u>			
10	Debt Management Costs	49	3	(46)
11	Interest Payable (Pooled Funds)	83	130	46
12	Interest Payable (CIFCo)	242	594	352
13	Interest Payable (Other Commercial Investments)	-	435	435
14	MRP	588	1,211	623
	<u>Investment Income</u>			
15	Pooled Funds	(330)	(430)	(100)
16	Interest Receivable (Cash Surplus)	(12)	(7)	5
16	Interest Receivable (CIFCo)	(555)	(1,064)	(509)
17	Interest Receivable (Other Commercial Investments)	-	(470)	(470)
	<u>Transfers to Reserves</u>			
18	(a) New Homes Bonus	2,028	1,463	(565)
19	(b) S31 Business Rates Grant	600	764	164
19	(c) Other	99	42	(57)
20	**Net Service Cost**	**9,934**	**10,415**	**481**
21	Growth and Efficiency Fund - Staffing	(490)	(52)	438
22	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
23	New Homes Bonus to balance core budget	-	(369)	(369)
24	New Homes Bonus (surplus)	(1,288)	(1,094)	193
25	Transfers from Reserves - earmarked	(82)	(1,247)	(1,165)
26	S31 Business Rates Grant - to balance the budget	(267)	(764)	(497)
27	S31 Business Rates Grant - surplus	(333)	-	333
28	Business Rates Collection Fund Deficit	-	975	975
29	Council Tax Deficit / (Surplus) on Collection fund	(89)	(70)	19
30	Revenue Support Grant (RSG) - now included with Baseline business rates	(370)	-	370
31	Baseline business rates	(2,124)	(2,571)	(447)
32	Business rates – growth/pooling benefit	(79)	(151)	(72)
33	Transition Grant	(39)	-	39
34	Rural Services Delivery Grant - now included with Baseline business rates	(347)	-	347
35	Council Tax	(5,797)	(5,915)	(118)
36	**Total Funding**	**(11,554)**	**(11,509)**	**46**
37	Surplus Funds	(1,621)	(1,094)	526
38	Transfer to reserve	1,621	1,094	(526)
		-	-	-

Council Tax Base	(35,786)	(36,337)	(552)
Council Tax for Band D Property	161.97	162.78	0.81
Council Tax	**(5,797)**	**(5,915)**	**(118)**

GENERAL FUND BUDGET - Services and Activities Summary

Planning for Growth	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Growth and Sustainable Planning	923	0	230	20	0	0	(1,329)	**(157)**
Business Improvement	33	0	0	1	0	0	0	**34**
Strategic Planning	597	0	256	3	0	0	(36)	**820**
Open for Business	326	7	86	9	0	0	(168)	**261**
Heritage and Conservation	115	0	104	5	0	0	(80)	**144**
TOTAL	**1,994**	**7**	**675**	**39**	**0**	**0**	**(1,613)**	**1,103**

Supported Living	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Private Sector Housing	62	0	19	4	0	0	0	**86**
Housing Options	52	0	0	0	0	0	0	**52**
Homelessness	225	20	73	6	0	0	(200)	**124**
TOTAL	**339**	**20**	**92**	**10**	**0**	**0**	**(200)**	**262**

Environment and Commercial Partnerships	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Building Control	437	0	14	25	0	0	(354)	**122**
Waste Services	220	68	653	7	1,974	0	(2,074)	**846**
Food and Safety	242	0	56	10	0	0	(30)	**278**
Leisure	0	16	445	0	0	0	(35)	**426**
Sustainable Environment	439	0	38	16	0	0	(8)	**486**
TOTAL	**1,338**	**84**	**1,206**	**58**	**1,974**	**0**	**(2,501)**	**2,158**

Communities	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Strong and Safe Communities	203	0	607	5	0	0	(1)	**815**
Countryside and Public Realm	952	200	230	128	0	0	(981)	**529**
Policy and Strategy (Health and Well Being)	97	0	8	4	0	0	0	**110**
TOTAL	**1,253**	**200**	**846**	**137**	**0**	**0**	**(982)**	**1,453**

Customer Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Customer Services	430	0	41	3	0	0	0	**474**
Business Improvement (Corporate)	117	0	8	1	0	0	0	**125**
ICT	172	0	320	1	233	0	0	**724**
Communications	112	0	7	0	0	0	0	**119**
TOTAL	**831**	**0**	**376**	**4**	**233**	**0**	**0**	**1,444**

Corporate Resources	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
HR and Organisational Development	393	0	25	1	0	0	0	**420**
Financial Services	980	236	279	39	1,091	16,964	(19,687)	**(98)**
Commissioning and Procurement	126	0	3	1	0	0	0	**130**
Housing and Regeneration	101	204	140	102	0	0	(17)	**531**
Senior Leadership Team	549	0	34	10	0	0	0	**594**
Property Services	375	21	26	17	0	0	(419)	**19**
TOTAL	**2,525**	**461**	**508**	**170**	**1,091**	**16,964**	**(20,123)**	**1,595**

Law and Governance	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Information Management	177	0	28	0	0	0	(253)	**(47)**
Internal Audit	82	0	1	0	0	0	0	**83**
Democratic Services	155	0	397	16	0	0	(7)	**561**
Shared Legal Services	206	0	236	0	0	0	(105)	**338**
TOTAL	**620**	**0**	**662**	**17**	**0**	**0**	**(365)**	**934**

BMS Invest	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
BMS Invest	146	0	128	2	0	0	(195)	**82**
TOTAL	**146**	**0**	**128**	**2**	**0**	**0**	**(195)**	**82**

TOTAL	**9,045**	**772**	**4,492**	**438**	**3,297**	**16,964**	**(25,978)**	**9,031**

GENERAL FUND BUDGET - Planning for Growth

Growth and Sustainable Planning	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Development Management	923	0	105	20	0	0	(1,229)	**(181)**
Development Management - Appeals	0	0	113	0	0	0	0	**113**
Development Management - pre application	0	0	12	0	0	0	(100)	**(88)**
	923	**0**	**230**	**20**	**0**	**0**	**(1,329)**	**(157)**

Business Improvement	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Business Improvement	33	0	0	1	0	0	0	**34**
	33	**0**	**0**	**1**	**0**	**0**	**0**	**34**

Strategic Planning	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Infrastructure Team - CIL	54	0	0	0	0	0	(11)	**43**
Strategic Planning General	0	0	1	0	0	0	0	**1**
Development Policy and Local Plans	436	0	91	2	0	0	0	**529**
Local Plans	0	0	41	0	0	0	0	**41**
Social Housing	97	0	4	1	0	0	(25)	**78**
Housing Enabling	10	0	116	0	0	0	0	**126**
Housing Strategy	0	0	3	0	0	0	0	**3**
	597	**0**	**256**	**3**	**0**	**0**	**(36)**	**820**

Open for Business	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Alcohol, Entertainments and Late Night Refreshment	43	0	0	0	0	0	(63)	**(19)**
Economic Development	115	0	20	5	0	0	0	**139**
Economic Development - additional capacity (Transformation Funded)	26	0	0	0	0	0	0	**26**
Gambling and Small Lotteries	18	0	0	1	0	0	(6)	**13**
Stowmarket Tourist Information Centre	85	7	26	0	0	0	(41)	**79**
South and Heart of Suffolk Marketing Campaign	0	0	20	0	0	0	(8)	**12**
Other Licences	4	0	0	0	0	0	0	**4**
Taxi and Private Hire Licensing	35	0	11	2	0	0	(49)	**(1)**
Tourism General	0	0	9	0	0	0	0	**9**
	326	**7**	**86**	**9**	**0**	**0**	**(168)**	**261**

Heritage and Conservation								
Conservation	115	0	1	5	0	0	0	**122**
Neighbourhood Plans	0	0	102	0	0	0	(80)	**22**
	115	**0**	**104**	**5**	**0**	**0**	**(80)**	**144**

TOTAL	**1,994**	**7**	**675**	**39**	**0**	**0**	**(1,613)**	**1,103**

GENERAL FUND BUDGET - Supported Living

Private Sector Housing	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Housing Standards	62	0	0	4	0	0	0	**67**
Home Improvement Agency	0	0	14	0	0	0	0	**14**
Other Housing Matters	0	0	5	0	0	0	0	**5**
	62	**0**	**19**	**4**	**0**	**0**	**0**	**86**

Housing Options	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Housing Options	52	0	0	0	0	0	0	**52**
	52	**0**	**0**	**0**	**0**	**0**	**0**	**52**

Homelessness	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Homelessness Private Sector	13	0	64	3	0	0	(55)	**24**
Rent Deposit Scheme	0	20	9	3	0	0	(20)	**12**
Homeless Prevention Fund	212	0	0	0	0	0	0	**212**
Flexi Homeless Support Grant	0	0	0	0	0	0	(65)	**(65)**
New Burdens Grant	0	0	0	0	0	0	(60)	**(60)**
	225	**20**	**73**	**6**	**0**	**0**	**(200)**	**124**

GENERAL FUND BUDGET - Environment and Commercial Partnerships

Building Control	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Commercial Income	0	0	2	0	0	0	(19)	**(17)**
Building Regulations: chargeable service	303	0	4	17	0	0	(314)	**10**
Building Regulations: non-chargeable service	69	0	0	4	0	0	0	**72**
Building Regulations: other activities	42	0	1	2	0	0	0	**45**
Street Naming and Numbering	24	0	7	1	0	0	(21)	**12**
	437	**0**	**14**	**25**	**0**	**0**	**(354)**	**122**

Waste Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Creeting Rd Depot	0	37	11	0	0	0	0	**48**
Chilton Depot	0	29	0	0	0	0	(2)	**27**
Joint Waste Contract	0	2	13	5	0	0	0	**19**
Domestic Waste	137	0	230	1	1,504	0	(509)	**1,364**
Bring Sites	11	0	67	0	0	0	(154)	**(76)**
Trade Waste	16	0	140	0	103	0	(404)	**(144)**
Garden Waste	55	0	190	0	367	0	(1,002)	**(389)**
Recycling Centre	0	0	2	0	0	0	(5)	**(3)**
	220	**68**	**653**	**7**	**1,974**	**0**	**(2,074)**	**846**

Food & Safety	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Food and Safety (General)	242	0	2	10	0	0	(20)	**233**
Animal Welfare Licensing	0	0	1	0	0	0	(4)	**(3)**
Food Safety	0	0	1	0	0	0	0	**1**
Water Sampling	0	0	5	0	0	0	(5)	**(0)**
Land Drainage	0	0	47	0	0	0	0	**47**
	242	**0**	**56**	**10**	**0**	**0**	**(30)**	**278**

Leisure	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Leisure Contract	0	16	445	0	0	0	(35)	**426**
	0	**16**	**445**	**0**	**0**	**0**	**(35)**	**426**

Sustainable Environment	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Planning Enforcement	153	0	6	6	0	0	0	**165**
Environmental Protection	283	0	13	10	0	0	(8)	**298**
Abandoned Vehicles	0	0	1	0	0	0	0	**1**
Climate Change and Sustainability	0	0	8	0	0	0	0	**8**
Dog Control	0	0	11	0	0	0	0	**11**
Planning Monitoring and Enforcement Officer (Transformation Funded)	4	0	0	0	0	0	0	**4**
	439	**0**	**38**	**16**	**0**	**0**	**(8)**	**486**

TOTAL	**1,338**	**84**	**1,206**	**58**	**1,974**	**0**	**(2,501)**	**2,158**

GENERAL FUND BUDGET - Communities

Strong and Safe Communities	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
The Arts	22	0	8	1	0	0	(1)	**29**
Wingfield Barns	0	0	21	0	0	0	0	**21**
Community Achievement Awards	0	0	3	0	0	0	0	**3**
Community Development	92	0	1	3	0	0	0	**97**
Grants and Contributions	33	0	503	1	0	0	0	**537**
Business Performance	0	0	16	0	0	0	0	**16**
Civil Protection and Emergency Planning	0	0	25	0	0	0	0	**25**
Community Safety-General	56	0	31	1	0	0	0	**87**
Village of the Year	0	0	1	0	0	0	0	**1**
								0
	203	**0**	**607**	**5**	**0**	**0**	**(1)**	**815**

Countryside and Public Realm	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Eye Castle Project	0	0	3	0	0	0	(3)	**0**
Comm Development - Countryside	45	21	24	5	0	0	(8)	**87**
Footpaths	22	0	6	1	0	0	(21)	**8**
Public Conveniences	0	19	0	0	0	0	0	**19**
Street and Major Road Cleansing	293	0	86	44	0	0	(68)	**356**
Open Spaces	504	13	64	65	0	0	(187)	**459**
Public Tree Programme	47	6	0	4	0	0	0	**57**
Eye Park	0	0	0	0	0	0	(12)	**(12)**
Car Parks General	40	131	46	2	0	0	(638)	**(419)**
Stowmarket Lorry Park	0	11	0	0	0	0	0	**11**
A14 Cleansing	0	0	0	7	0	0	(45)	**(38)**
	952	**200**	**230**	**128**	**0**	**0**	**(981)**	**529**

Policy and Strategy (Health & Well Being)	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Policy and Strategy (Health and Well Being)	97	0	8	4	0	0	0	**110**
	97	**0**	**8**	**4**	**0**	**0**	**0**	**110**

TOTAL	**1,253**	**200**	**846**	**137**	**0**	**0**	**(982)**	**1,453**

GENERAL FUND BUDGET - Customer Services

Public Access	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Customer Services	430	0	41	3	0	0	0	**474**
	430	**0**	**41**	**3**	**0**	**0**	**0**	**474**

Business Improvement Corporate	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Business Improvement Corporate	117	0	8	1	0	0	0	**125**
	117	**0**	**8**	**1**	**0**	**0**	**0**	**125**

ICT	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
ICT	172	0	320	1	233	0	0	**724**
	172	**0**	**320**	**1**	**233**	**0**	**0**	**724**

Communications	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Communications	112	0	7	0	0	0	0	**119**
	112	**0**	**7**	**0**	**0**	**0**	**0**	**119**

TOTAL	**831**	**0**	**376**	**4**	**233**	**0**	**0**	**1,444**

GENERAL FUND BUDGET - Corporate Resources

HR and Organisational Development	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
HR & Organisational Development	339	0	23	1	0	0	0	**363**
Health & Safety	55	0	2	0	0	0	0	**57**
	393	**0**	**25**	**1**	**0**	**0**	**0**	**420**

Financial Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Financial Resources	387	0	29	4	0	0	0	**420**
Treasury Management	0	0	21	0	0	0	0	**21**
Bank Charges	0	0	60	0	0	0	0	**60**
External Audit	0	0	48	0	0	0	0	**48**
Insurance Premiums	98	122	4	35	0	0	0	**258**
Pay Inflation and Increment Costs	(210)	0	0	0	0	0	0	**(210)**
Early Retirement Pension Direct Charges	78	0	0	0	0	0	0	**78**
Rent Allowances	0	0	0	0	0	9,331	(9,329)	**3**
Rent Rebates to HRA Dwellings	0	0	0	0	0	7,633	(7,796)	**(163)**
Council Tax Collection	0	0	0	0	0	0	(201)	**(201)**
NNDR Collection	0	0	0	0	0	0	(135)	**(135)**
Shared Revenues Partnership	0	0	8	0	1,091	0	0	**1,099**
Contingencies/Savings Adjustments	(80)	0	0	0	0	0	0	**(80)**
Growth and Efficiency Fund	0	0	110	0	0	0	0	**110**
Unapportionable Central Overheads	707	114	0	0	0	0	0	**821**
New Homes Bonus	0	0	0	0	0	0	(1,463)	**(1,463)**
S31 Business Rates Grant	0	0	0	0	0	0	(764)	**(764)**
	980	**236**	**279**	**39**	**1,091**	**16,964**	**(19,687)**	**(98)**

Commissioning and Procurement	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Commissioning and Procurement	126	0	1	1	0	0	0	128
Central Stationery and Equipment	0	0	2	0	0	0	0	2
	126	**0**	**3**	**1**	**0**	**0**	**0**	**130**

Asset Regeneration	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Asset Utilisation	101	4	4	1	0	0	0	**110**
Stowmarket Football Ground	0	19	0	0	0	0	(5)	**14**
Needham Middle School	0	37	0	0	0	0	0	**37**
Stowmarket Middle School	0	70	0	0	0	0	0	**70**
Paddock House Eye	0	5	0	0	0	0	0	**5**
Cedars Park	0	2	0	0	0	0	(12)	**(10)**
Endeavour House HQ	0	36	136	101	0	0	0	**273**
Stowmarket Customer Access Point	0	17	0	0	0	0	0	**17**
Sudbury Customer Access Point	0	0	0	0	0	0	0	**0**
Touch Down Points	0	13	0	0	0	0	0	**13**
	101	**204**	**140**	**102**	**0**	**0**	**(17)**	**531**

Senior Leadership Team	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Senior Leadership Team	527	0	34	10	0	0	0	**572**
Corporate Management	22	0	0	0	0	0	0	**22**
	549	**0**	**34**	**10**	**0**	**0**	**0**	**594**

Property Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Asset Management	46	0	7	0	0	0	0	**53**
Wenham Depot	0	4	0	0	0	0	0	**4**
PV Panels	0	16	19	0	0	0	(419)	**(384)**
Capital Projects Tech Staff	329	0	0	17	0	0	0	**346**
	375	**21**	**26**	**17**	**0**	**0**	**(419)**	**19**

TOTAL	**2,525**	**461**	**508**	**170**	**1,091**	**16,964**	**(20,123)**	**1,595**

GENERAL FUND BUDGET - Law and Governance

Information Management	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Information Management	177	0	5	0	0	0	0	**183**
Land Charges	0	0	23	0	0	0	(253)	**(230)**
	177	**0**	**28**	**0**	**0**	**0**	**(253)**	**(47)**

Internal Audit	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Internal Audit	82	0	1	0	0	0	0	**83**
	82	**0**	**1**	**0**	**0**	**0**	**0**	**83**

Democratic Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Electoral Registration	16	0	49	0	0	0	(2)	**63**
Elections	45	0	0	0	0	0	0	**45**
Governance	200	0	2	0	0	0	(0)	**202**
Cost of Democracy	(171)	0	268	15	0	0	(1)	**111**
Central Postal Services	65	0	51	0	0	0	0	**116**
Central Printing	0	0	27	0	0	0	(3)	**24**
	155	**0**	**397**	**16**	**0**	**0**	**(7)**	**561**

Shared Legal Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Shared Legal Services	206	0	236	0	0	0	(105)	**338**
	206	**0**	**236**	**0**	**0**	**0**	**(105)**	**338**

TOTAL	**620**	**0**	**662**	**17**	**0**	**0**	**(365)**	**934**

GENERAL FUND BUDGET - BMS Invest

BMS Invest	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
BMS Invest	146	0	128	2	0	0	(195)	**82**
	146	**0**	**128**	**2**	**0**	**0**	**(195)**	**82**

TOTAL	**146**	**0**	**128**	**2**	**0**	**0**	**(195)**	**82**

HOUSING REVENUE ACCOUNT 2017/18

Income	2017/18 £'000	2018/19 £'000
Dwelling Rent and Other Income	(15,551)	(15,057)
Less Bad Debt Provision	111	145
Interest Income	(26)	(10)
Gross Income	**(15,466)**	**(14,922)**

Expenditure	2017/18 £'000	2017/18 £'000
Repairs and Maintenance, Management and Other Costs	6,135	6,037
Capital Charges (funding the capital programme)	3,042	2,754
Depreciation	3,407	3,400
Borrowing / Financing Costs	3,597	3,393
Gross Expenditure	**16,181**	**15,584**

Net Operating Income	**715**	**662**

(Surplus)/Deficit for the Year	**715**	**662**

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22	2018/19	2019/20	2020/21	2021/22	TOTAL BUDGET (over 4 years)	Capital Receipts	Reserves	Revenue Contributions	Government Grants	S106	Borrowing	Total Financing
GENERAL FUND	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000's	£'000	£'000	£'000	£'000
Supported Living												
Mandatory Disabled Facilities Grant	376	376	376	376	**1,503**				1,503			**1,503**
Discretionary Housing Grants	100	100	100	100	**400**						400	**400**
Empty Homes Grant	100	100	100	100	**400**						400	**400**
Total Supported Living	**576**	**576**	**576**	**576**	**2,303**	**0**	**0**	**0**	**1,503**	**0**	**800**	**2,303**
Sustainable Environment												
Electric Vehicle Charging Points	396	0	0	0	**396**				396			**396**
Total Sustainable Environment	**396**	**0**	**0**	**0**	**396**	**0**	**0**	**0**	**396**	**0**	**0**	**396**
Environment and Projects												
Replacement Refuse Freighters - Joint Scheme	0	185	185	0	**370**						370	**370**
Recycling Bins	80	75	75	75	**305**	24					281	**305**
Total Environmental Services	**80**	**260**	**260**	**75**	**675**	**24**	**0**	**0**	**0**	**0**	**651**	**675**
Communities and Public Access												
Planned Maintenance / Enhancements - Car Parks	162	125	109	100	**495**						495	**495**
Streetcare - Vehicles and Plant Renewals	44	44	44	44	**176**						176	**176**
Play Equipment	25	25	25	25	**100**						100	**100**
Community Development Grants	189	189	189	189	**756**						756	**756**
Total Communities and Public Access	**420**	**383**	**367**	**358**	**1,527**	**0**	**0**	**0**	**0**	**0**	**1,527**	**1,527**

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22	2018/19	2019/20	2020/21	2021/22	TOTAL BUDGET (over 4 years)	Capital Receipts	Reserves	Revenue Contributions	Government Grants	S106	Borrowing	Total Financing
GENERAL FUND	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000's	£'000	£'000	£'000	£'000
Leisure Contracts												
Mid Suffolk Leisure Centre - roofing	300	0	0	0	**300**						300	**300**
Mid Suffolk Leisure Centre - general repairs	95	100	100	100	**395**						395	**395**
Mid Suffolk Leisure Centre - car park	60	0	0	0	**60**						60	**60**
Stradbroke Pool - general repairs	30	35	35	35	**135**						135	**135**
Stradbroke Pool - Roof repairs	0	80	0	0	**80**						80	**80**
Total Leisure Contracts	**485**	**215**	**135**	**135**	**970**	**0**	**0**	**0**	**0**	**0**	**970**	**970**
Capital Projects												
Planned Maintenance - Corporate Buildings	80	80	80	80	**320**						320	**320**
Total Capital Projects	**80**	**80**	**80**	**80**	**320**	**0**	**0**	**0**	**0**	**0**	**320**	**320**
Investment and Commercial Delivery												
Open for Business	30	0	0	0	**30**						30	**30**
Regal Theatre Regeneration	2,575	0	0	0	**2,575**			2,575				**2,575**
Land assembly, property acquisition and regeneration opportunities	1,925	1,925	1,925	1,925	**7,700**						7,700	**7,700**
Total Investment and Commercial Delivery	**4,530**	**1,925**	**1,925**	**1,925**	**10,305**	**0**	**0**	**2,575**	**0**	**0**	**7,730**	**10,305**
Corporate Resources												
ICT - Hardware / Software costs	200	200	200	200	**800**	69		200			531	**800**
Total Corporate resources	**200**	**200**	**200**	**200**	**800**	**69**	**0**	**200**	**0**	**0**	**531**	**800**
Total General Fund Capital Spend	**6,766**	**3,638**	**3,543**	**3,349**	**17,296**	**93**	**0**	**2,775**	**1,899**	**0**	**12,529**	**17,296**

MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22	2018/19	2019/20	2020/21	2021/22	TOTAL BUDGET (over 4 years)	Capital Receipts	Reserves	Revenue Contributions	Government Grants	S106	Borrowing	Total Financing
HOUSING REVENUE ACCOUNT	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000's	£'000	£'000	£'000	£'000
Capital Projects												
Planned maintenance	3,552	3,500	3,505	3,515	**14,072**		13,214	858				**14,072**
ICT Projects	300	200	200	200	**900**			900				**900**
Environmental Improvements	40	40	40	40	**160**			160				**160**
Disabled Facilities work	200	200	200	200	**800**			800				**800**
New build programme inc acquisitions	4,945	4,351	7,542	5,573	**22,411**	3,435	6,699	10,929			1,348	**22,411**
Total HRA Capital Spend	**9,037**	**8,291**	**11,487**	**9,528**	**38,343**	**3,435**	**19,913**	**13,647**	**0**	**0**	**1,348**	**38,343**

RESERVES

GENERAL FUND	Estimated Balance 31 Mar 2018 £'000	2018/19 Transfer into reserves £'000	2018/19 Use of reserves £'000	Estimated Balance 31 Mar 2019 £'000
Contingency Reserves				
General Fund Working Balance / Reserve	**(1,052)**			**(1,052)**
Earmarked reserves				
S106 Agreements	**(328)**			**(328)**
Welfare Reforms	**(211)**			**(211)**
Elections	**(63)**	(20)		**(83)**
Government Grants	**(94)**			**(94)**
Business Rates Equalisation Reserve	**(975)**		975	**0**
Community Infrastructure Levy (CIL)	**(412)**			**(412)**
Growth & Sustainable Planning	**(396)**			**(396)**
Strategic Planning	**(310)**	(22)	112	**(220)**
Other including waste	**(568)**			**(568)**
Sub total	**(3,357)**	**(42)**	**1,087**	**(2,312)**
Growth and Efficiency Fund	**(9,895)**	(2,227)	1,593	**(10,528)**
TOTAL GENERAL FUND RESERVES	**(13,252)**	**(2,269)**	**2,681**	**(12,840)**

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BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From: Cabinet Member for Planning	**Report Number: MCa/17/43**
To: Mid Suffolk Cabinet Babergh Cabinet	**Date of meetings: 5 February 2018 8 February 2018**

COMMUNITY INFRASTRUCTURE LEVY (CIL) - FRAMEWORK FOR CIL EXPENDITURE

1. Purpose of Report

1.1 To share current thinking regarding a proposed framework for the expenditure of the Community Infrastructure Levy (CIL) for both Councils

1.2 To obtain Cabinet approval to the appointment of a Panel of Members from both Councils to shape the development of a fully worked up CIL expenditure framework for adoption by each Council.

1.3 To encourage engagement with the wider Councillor body as part of developing the proposed framework ahead of its detailed consideration by Cabinet before being presented to full Council for approval as a key decision of both Councils.

1.4 A timetable for the approval and earliest implementation of the CIL framework to be devised and ultimately agreed by Cabinet and full Council for both Councils when the detailed scheme is considered.

2. Recommendations

2.1 That the current thinking around a framework for CIL expenditure be noted and used as a basis for development of a detailed CIL expenditure framework.

2.2 That Cabinet approve the creation of a Panel comprised of three Members from each Council to shape the development of a detailed CIL expenditure framework

2.3 That the framework be returned to Cabinet for consideration and agreement before being presented to Full Council as a key decision for both Councils.

Reason for Decision: To ensure member involvement in the development of the framework before this is presented to Full Council for approval.

3. Financial Implications

3.1 The development of a detailed framework for CIL expenditure for consideration and adoption by both Councils is required as there is no set prescriptive approach for CIL expenditure prescribed either by Central Government or through the CIL Regulations 2010 (as amended).

3.2 As such all Councils across the country where a CIL charging regime has been adopted and is being implemented have brought in their own schemes for how CIL monies are spent. Appendix a provides a summary of a Planning Advisory Service report on CIL expenditure which captures the wide divergence of CIL expenditure approaches across the country.

3.3 The CIL Regulations do stipulate however that CIL monies which are collected must be spent on Infrastructure. Each Council is required to publish a list of infrastructure that they will put the CIL towards. These lists, known as the "Regulation 123 lists", were adopted and published in January 2016. These documents (which are different for both Councils) constitute Appendix b) and c) to this report.

3.4 As such the development and adoption of a CIL expenditure framework is critical to the funding of infrastructure to support inclusive growth and sustainable development.

4. Legal Implications

4.1 Any framework for CIL expenditure will need to be legally sound and robust and thereby not at risk of challenge. It is therefore important that any CIL expenditure framework to be devised is endorsed as being sound and legally compliant by the Councils shared legal service prior to its consideration and adoption.

4.2 CIL is collected and allocated in accordance with the CIL Regulations 2010 (as amended). Each Council retains 5% of the total CIL income for administration of CIL. From the remainder, 15% is allocated to Parish or Town Councils but where there is a Neighbourhood Plan in place this figure rises to 25%. For those parishes where there is no Parish or Town Council in place the Council retains the monies and spends it through consultation with the Parish.

4.3 Since the implementation of CIL for both Councils on the 11th April 2016 there have been three payments to Parish Councils, in October 2016, April 2017, and October 2017 (http://www.babergh.gov.uk/planning/community-infrastructure-levy-and-section-106/community-infrastructure-levy-cil/cil-reporting/)

4.4 Regulation 62 of the CIL Regulations 2010 (as amended) requires CIL charging authorities to publish monitoring statistics for collection allocations and expenditure of CIL monies by the 31st of December for each year. The 2017 Monitoring Report for both Councils is published on our websites (see below).

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

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

5. Risk Management

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

5.2 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to allocate expenditure such that if we do not secure investment in infrastructure (schools, health, broadband, transport etc.), then development is stifled and/or unsustainable. CURRENT RISK SCORE: 6	Unlikely (2)	Bad (3)	Adopted Community Infrastructure Levy (CIL), secure investment on infrastructure via planning process (e.g. S106). Creating the Infrastructure Delivery Plan as part of the Strategic Plan, Joint Local Plan with associated Infrastructure Strategy will ensure that infrastructure across both Councils is

			addressed, New Anglia LEP Economic Strategy, draft created.
Failure to produce a Regulation 62 report would result in non-compliance with the CIL Regulations 2010 (as amended) and may mean that Members and the public are not aware of CIL income and expenditure activities.	Highly Unlikely (1)	Noticeable /Minor (2)	The Infrastructure Team produces the report which is checked and verified by Financial services/open to review by External Audit. Reminders are set to ensure the report is published by the statutory date. The format of the Regulation 62 Monitoring report is laid out in the CIL Regulations, so there is no risk in relation to the way the information is presented
Failure to monitor expenditure such that CIL expenditure is not effective.	Unlikely (2)	Bad (3)	The software which supports CIL collection will be used to support CIL expenditure. In addition it is envisaged that a yearly CIL Business plan (with a 6 month update) will be produced which will include details of all allocated and proposed CIL expenditure and this together with the software will be used for effective monitoring.

6. Consultations

6.1 To inform current thinking around a framework for CIL expenditure informal discussions continue with Officers of the Council, Infrastructure providers (including Suffolk County Council and Health) and some Parish Councils where questions have arisen.

6.2 There is no requirement upon the Council to formally consult on a detailed scheme of CIL expenditure although it may be appropriate to engage with infrastructure providers and Parish Councils as part of developing the framework.

Assurances (for collection of CIL monies)

6.3 As part of the initial Audit planning process for 2015/16 Internal Audit were invited to review the governance of the Community Infrastructure Levy processes.

6.4 The approach adopted for this governance review was to establish the current arrangements and comment/ evaluate on the robustness of those arrangements and make recommendations where necessary.

6.5 In September 2016 Internal Audit issued a report in relation to CIL governance processes. The Audit Opinion was High Standard and no recommendations for improvement to systems and processes were made. Table 5 provides a definition of this opinion:

Table 5

	Operation of controls	Recommended action
High standard	Systems described offer all necessary controls. Audit tests showed controls examined operating very effectively and where appropriate, in line with best practice.	Further improvement may not be cost effective.
Effective	Systems described offer most necessary controls. Audit tests showed controls examined operating effectively, with some improvements required.	Implementation of recommendations will further improve systems in line with best practice.
Ineffective	Systems described do not offer necessary controls. Audit tests showed key controls examined were operating ineffectively, with a number of improvements required.	Remedial action is required immediately to implement the recommendations made.
Poor	Systems described are largely uncontrolled, with complete absence of important controls. Most controls examined operate ineffectively with a large number of non-compliances and key improvements required.	A total review is urgently required .

6.6 On the 18th December 2018 Joint Overview and Scrutiny received a fact sheet on collection and current thinking on CIL expenditure and questions were answered in relation to it. Members of that Committee were advised of the route map towards getting a framework for CIL expenditure formally considered. Members were advised that this would be a key decision for both Councils and as such would need to go to Cabinet and then full Council.

6.7 It is likely that a further internal audit of CIL collection will occur January 2018 onwards

Assurances (for expenditure of CIL monies)

6.8 It is expected that internal audit will audit CIL expenditure processes and expenditure once any scheme is developed and look at it further once implemented.

7. Equality Analysis

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

8. Shared Service / Partnership Implications

8.1 The CIL expenditure framework is being devised as a joint framework albeit the monies for each Council are collected and allocated according to where the development is being carried out. Expenditure of Council CIL monies would also be spent in accordance with that Councils Regulation 123 list (which are slightly different for both Councils -see Appendices b) and c).

9. Links to Joint Strategic Plan

9.1 The effective spending of CIL monies will contribute to all the three-main priority area that Councillors identified in the Joint Strategic Plan: Economy and Environment, Housing and Strong and Healthy Communities.

10. Key Information

10.1 Current thinking around a joint CIL expenditure framework is split into 5 main areas:

- Key Principles of any CIL Expenditure framework
- Processes for a Joint CIL Expenditure framework
- Assessment criteria and prioritisation for expenditure

- Governance of any such CIL expenditure framework

- Timetable for development and implementation of the CIL expenditure framework and any review.

10.2 These are addressed below.

Key Principles of a CIL Expenditure approach

10.3 Current thinking is as set out in Appendix (e) to this report.

Processes for a Joint CIL Expenditure framework

10.4 Current thinking is as set out in Appendix (f) to this report.

Assessment criteria and prioritisation for expenditure

10,5 Current thinking is as set out in Appendix (g) to this report.

Governance of any CIL expenditure framework

10.6 Current thinking is as set out in Appendix (h) to this report

Timetable for development and implementation of the CIL expenditure framework and any review

10.7 Current route map is as set out in Appendix (i) to this report. -

Conclusions of key information

10.8 These are as follows: -

- A Panel of Cabinet Members from both Councils to work alongside Officers to develop the joint CIL expenditure framework is recommended (see above) with reference to the development of the following matters

- Assessment and prioritisation criteria (including whether CIL expenditure should occur outside both Councils geographical boundaries and whether offers of spending on projects should be time limited) is required.

- Governance arrangements likely to require hybrid approach including for delegation

- A Communications plan on CIL collection and expenditure is required

- Timetable going forward and timescale of any Review is required

11. Appendices

Title	Location
(a) Summary of PAS report on different approaches to CIL expenditure across the county	Attached
(b) Regulation 123 list for Babergh District Council	Attached

(c)	Regulation 123 list for Mid Suffolk District Council	Attached
(d)	An indicative diagram - CIL expenditure being held in two pots – Local and Strategic Infrastructure	Attached
(e)	Key principles of a CIL expenditure approach	Attached
(f)	Processes for a CIL expenditure approach	Attached
(g)	Assessment criteria and prioritisation for CIL expenditure	Attached
(h)	Governance of any CIL expenditure framework	Attached
(i)	Timetable for development and implementation of any CIL expenditure framework and any review	Attached

12. Background Documents

12.1 None

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Appendix A - Summary of Planning Advisory Service (PAS) report on CIL expenditure for a number of different Councils across the country

- **Bristol City Council** - use existing neighbourhood partnerships decision making powers
- **Elmbridge Borough Council –** is considering giving parishes 25% of the money whether they have a neighbourhood plan in place or not. It also sees CIL as a new opportunity to improve working between County and the District.
- **Havant Borough Council; -** The focus is not just on spending CIL but on delivery. The Borough Council will hand over money for ready to go schemes and for this evidence is key. This way the Borough say, “the decisions make themselves”.
- **London Borough of Croydon** - Single tier authority where major infrastructure issue (local transport and education) are the responsibility of the Council. An internal group assigns CIL income to infrastructure projects Other organisations can make bids for funding and then attend the meeting where their bid is considered
- **London Borough of Redbridge** – Area Based Committees make decisions and have Ward Members on the Committees. Members take the lead in engaging with local community to decide on spending.
- **Shropshire Council -** has a number of market towns but few major developments where strategic growth is planned. There is no single infrastructure requirement which is expected to attract a large proportion of CIL monies.
- Shropshire has decided to spread the benefits of CIL monies. Spending is a combination of bottom up inputs from the towns themselves and top down inputs from the strategic providers. Priorities are agreed through a partnership approach.
- If the parish councils opt to accept development in Shropshire they can decide what the strategy should be. 90% of the net CIL revenue can be spent on what is on the local list the remainder is spent on strategic items.
- **Newark and Sherwood District Council –** CIL is only forecast to plug £40 million of the £210 million funding gap. The Council considers that “the knowledge that CIL income is going to come, gives us the confidence to invest more widely”
- **Wycombe District Council –** considering match funding opportunities improvements supported by the Parish Councils 15% provided that any projects are taken from the Councils 123 list. Wycombe also consider that if new schools are required it is much better if these are funded through s106.

Appendix B - Regulation 123 list – Babergh District Council

COMMUNITY INFRASTRUCTURE LEVY
BABERGH DISTRICT COUNCIL

Regulation 123 Infrastructure list
January 2016

Regulation 122 and 123 of the Community Infrastructure Levy Regulations 2010 (as amended) places limitations on the Council's ability to use planning obligations to fund the provision of infrastructure across the district.

As a charging authority, **Babergh District Council** is required by Regulation 123(2) to publish a list of infrastructure projects or types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. The order of infrastructure items within the list do not imply or signify any order of preference or priority for CIL funding.

The CIL Regulation 123 List will be expected to be subject to review once a year, as part of the ongoing and continuous monitoring of CIL collection and spend.

Where site-specific exclusions are identified, they will be subject to statutory tests set out under Regulation 122 of the Community Infrastructure Levy Regulations 2010 (as amended), which stipulates:

"A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is:

a) *Necessary to make the development acceptable in planning terms*
b) *Directly related to the development; and*
c) *Fairly and reasonably related in scale and kind to the development."*

Infrastructure across the district that may be wholly or partly funded by Community Infrastructure Levy funds, except for the listed strategic sites
Provision of passenger transport
Provision of library facilities
Provision of additional pre-school places at existing establishments
Provision of primary school places at existing schools
Provision of secondary, sixth form and further education places
Provision of health facilities
Provision of leisure and community facilities
Provision of 'off site' open space
Strategic green infrastructure (excluding suitable alternative natural greenspace)
Maintenance of new and existing open space and strategic green infrastructure
Strategic flooding
Provision of waste infrastructure

It is expected that the proposed development of the strategic sites at Chilton Woods, Sudbury/Gt. Cornard; strategic broad location for growth - East of Sudbury / Gt Cornard; Lady Lane, Hadleigh; Babergh Ipswich Fringe; Brantham Regeneration Area will provide all the necessary infrastructure for each site through planning obligations (and not Community Infrastructure Levy) relating specifically to those development.

CIL funding will not be spent on specific planning obligations required with the following strategic sites:

- Chilton Woods, Sudbury
- Strategic broad location for growth - East of Sudbury / Gt Cornard
- Lady Lane, Hadleigh
- Babergh Ipswich Fringe
- Brantham Regeneration Area

Babergh District Council as Charging Authority is required to pass a set percentage (15% or 25%) of CIL funds generated onto local communities in line with the Regulations. The money passed onto local communities can be spent on a wider remit than detailed on the Regulation 123 List but must be used to support the development of the area.

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APPENDIX C

COMMUNITY INFRASTRUCTURE LEVY
MID SUFFOLK DISTRICT COUNCIL

Regulation 123 Infrastructure list
January 2016

Regulation 122 and 123 of the Community Infrastructure Levy Regulations 2010 (as amended) places limitations on the Council's ability to use planning obligations to fund the provision of infrastructure across the district.

As a charging authority, **Mid Suffolk District Council** is required by Regulation 123(2) to publish a list of infrastructure projects or types of infrastructure that it intends will be, or may be, wholly or partly funded by CIL. The order of infrastructure items within the list do not imply or signify any order of preference or priority for CIL funding.

The CIL Regulation 123 List will be subject to review at least once a year, as part of the ongoing and continuous monitoring of CIL collection and spend.

Where site-specific exclusions are identified, they will be subject to statutory tests set out under Regulation 122 of the Community Infrastructure Levy Regulations 2010 (as amended), which stipulates:

"A planning obligation may only constitute a reason for granting planning permission for the development if the obligation is:

a) *Necessary to make the development acceptable in planning terms*
b) *Directly related to the development; and*
c) *Fairly and reasonably related in scale and kind to the development."*

Infrastructure across the district that may be wholly or partly funded by Community Infrastructure Levy funds, except for the listed strategic sites
Public transport improvements
Provision of library facilities
Provision of additional pre-school places at existing establishments
Provision of primary school places at existing schools
Provision of secondary, sixth form and further education places
Provision of health facilities
Provision of leisure and community facilities
Provision of 'off site' open space
Strategic green infrastructure (excluding suitable alternative natural greenspace)
Maintenance of new and existing open space and strategic green infrastructure
Strategic flooding
Provision of waste infrastructure

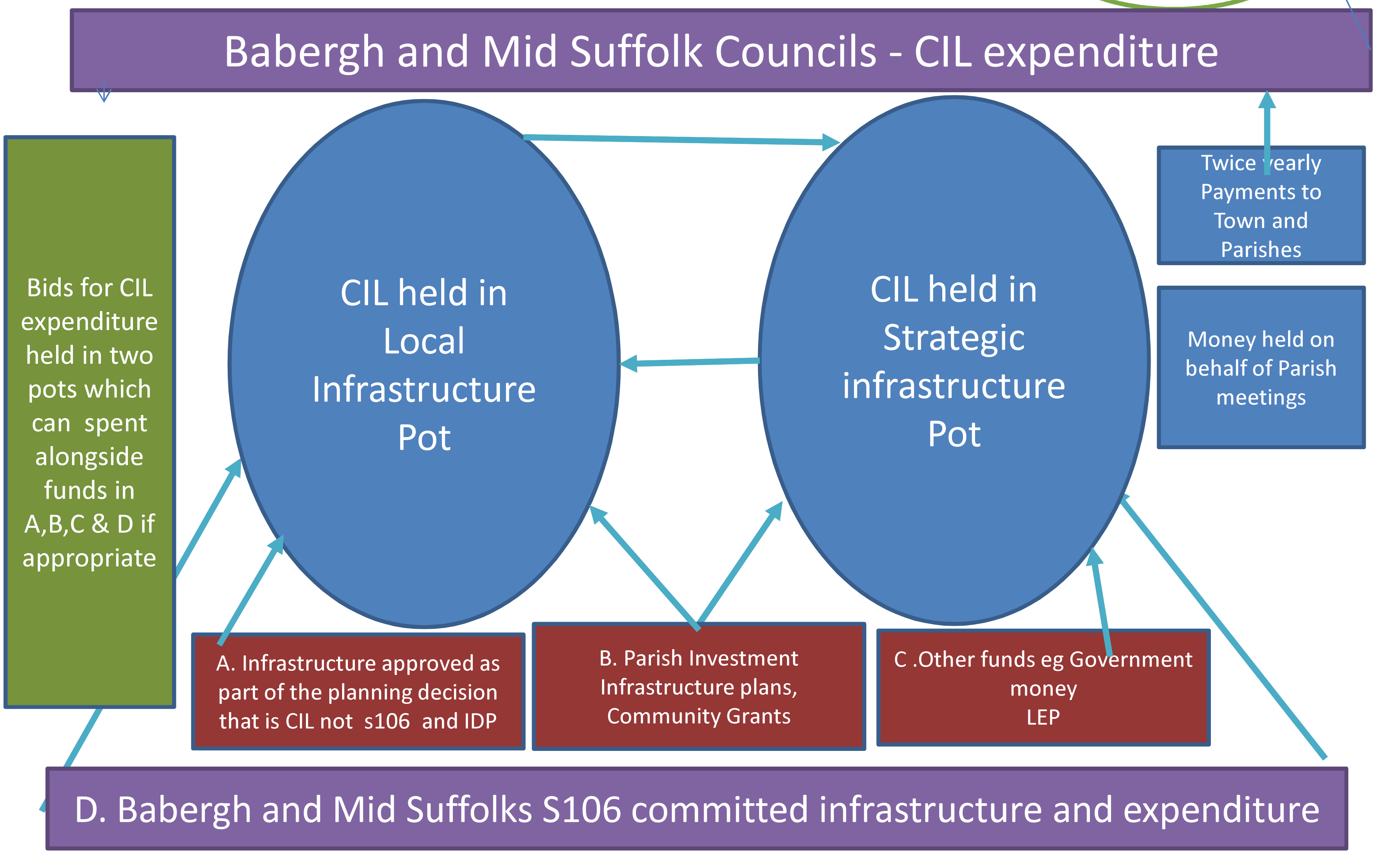
It is expected that the proposed development of the strategic sites at Chilton Leys, Stowmarket; Ashes Farm, Stowmarket; Farriers Road, Stowmarket; Union Road, Stowmarket; Lake Park, Needham Market and Eye Airfield will provide all the necessary infrastructure for each site through planning obligations (and not Community Infrastructure Levy) relating specifically to those developments.

CIL funding will not be spent on specific planning obligations required with the following strategic sites:

- Chilton Leys, Stowmarket
- Ashes Farm, Stowmarket
- Farriers Road, Stowmarket
- Union Road, Stowmarket
- Lake Park, Needham Market
- Eye Airfield

Mid Suffolk District Council as Charging Authority is required to pass a set percentage (15% or 25%) of CIL funds generated onto local communities in line with the Regulations. The money passed onto local communities can be spent on a wider range of things than detailed on the Regulation 123 List but must be used to support the development of the area.

Two Infrastructure pots- Local and Strategic



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Appendix E - Key Principles of a CIL Expenditure approach

- The process should encourage openness and transparency of decision taking
- CIL data must be 100% accurate and software database must have integrity and be “trusted”
- Decisions must be CIL Regulations compliant and follow the CIL 123 lists for each Council
- Expenditure approach must be legally sound
- Deliverability and Timeliness – a “can do” approach towards delivery of infrastructure to be employed
.
- CIL expenditure should support Joint Strategic Plan and Joint Local Plan objectives and link to other Council strategies including Infrastructure
- Publication of all expenditure on web site so information is readily accessible and transparent
- CIL expenditure framework and expenditure to be regularly audited
- Should develop a Communications Plan to engage effectively on development and implementation of the agreed approach
- Encourage a proactive Communications approach when projects are delivered to celebrate our successes including collaborative spend

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Appendix F - Processes for a Joint CIL Expenditure framework

- Use of existing software
- Process centred upon a bidding round process with consideration on a bi-annual basis with submission of bids by Infrastructure providers including Parishes
- Councils portion of CIL 123 monies to be held in two pots -Local Infrastructure and Strategic Infrastructure pot -% split to be determined – this would allow saving of some monies towards strategic schemes
- Current bi yearly pay outs to Parishes continue but where CIL is collected use a proactive approach to be taken to encourage collaborative spend through the use of Parish Infrastructure Investment Plans (PIIPs)
- Collaborative approach towards expenditure working with infrastructure providers and others to get projects delivered and to “add value”
- Explore and secure funding from other funding streams (LEP and Government funding) to spend alongside CIL where appropriate
- Funding bids must provide adequate evidence /information to provide necessary certainty on timely delivery
- The production and publication of an annual CIL Business Plan (with an update during the second 6 months)
- CIL monies can be spent flexibly alongside s106 monies but expenditure of s106 monies must be in accordance with the terms of the s106 agreement
- Tired approach to decision-taking involving some officer delegation, some delegation to Cabinet Member and larger decisions by Cabinet or, for example, Planning Committee
- Where any decisions on expenditure are made on a non-delegated basis there is an opportunity to consider benefits of public speaking by Infrastructure Bidder Parish/Town /Ward Members
- All decisions to be final.
- No appeals process
- Yearly Report on collections and expenditure required by Regulation 62 of the CIL Regulations 2010 (as amended) in addition to the yearly CIL Business Plan and 6 monthly up date
- Plan for a Review of the CIL expenditure framework going forward

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Appendix G - Assessment criteria and prioritisation for expenditure

In general: -

- Likely to be infrastructure led and based on the developing Infrastructure Delivery Plan which is currently being produced alongside the Joint Local Plan.

- Must respect approved development schemes containing CIL expected expenditure to ensure that committed infrastructure is delivered and development is sustainable

- Priorities and assessment criteria for CIL expenditure framework are being developed to prioritise bids but suggest that this development occurs with a Panel of Members from Cabinet.

Assessment criteria for CIL expenditure More **specifically: -**

- Must follow the CIL 123 list (type infrastructure)

- Must respect where appropriate infrastructure requirements of approved growth projects (those with planning permission) in order that the development carried out is sustainable

- Must be infrastructure/ community project led

- Must be in accordance with projects listed within the Infrastructure Delivery Plan – IDP - (unless unique circumstances dictate otherwise) including those of neighbouring or County authorities where key pieces of infrastructure are required which would benefit the Council and which may be achieved through match funding

Expenditure bids will be prioritised for CIL expenditure. More specifically

- The infrastructure/community project positively contributes towards the Joint Strategic Plan and Joint Local Plan Aims and Objectives

- By provision of key infrastructure, it would support other development, infrastructure or community projects and make these projects both deliverable and sustainable

- By provision of proposed infrastructure, it would unlock further opportunities within the Districts for housing and employment growth

- By releasing CIL money to match fund with other sources of income including other development partners / Local or Central Government departments or authorities and other external/internal financial sources including funds sent to Town or Parishes (under the CIL arrangements or otherwise) it would deliver either key infrastructure or deliver a key community project.

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Appendix H - Governance of any CIL expenditure framework

- Robust and sound governance arrangements for the framework – To be agreed by Cabinet and full Council (as a key decision)

- Governance is key and needs to be determined – hybrid approach likely with some delegation to allow us to be ‘fleet of foot’ and Member decisions through either Planning Committee or Cabinet on CIL spend likely

- Delegated powers may be an effective and efficient way to safeguard Planning Committee decisions on CIL spend that make planning decisions sustainable by ensuring the provision of necessary infrastructure. Officers are currently exploring how Recommendations in Planning Committee reports can support this process. Suggest scheme of delegation developed alongside a Panel of Cabinet Members for both Councils

- Joint framework for CIL expenditure to be “signed off “as legally sound and robust by the Councils shared legal team

- Accountability for all expenditure decisions

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Appendix I - Timetable for development and implementation of the CIL expenditure framework and any review

- Continued development of thinking and approach – November December 2017 January 2018 onwards
- Development of CIL Yearly Business Plan/Update and templates-January 2018 onwards
- SLT Briefed week beginning 4th December 2017
- Cabinet Member Briefings commencing week beginning 4th December 2017 onwards
- Corporate Manager Network meetings – updates on 7th December 3rd January 1st February 7th March 5th April 2018
- Overview and Scrutiny 18th December 2017
- Cabinet / Administration Briefing x January
- Member briefing session – 31st January 2018 5.30pm EH
- Cabinet meetings 5 / 8 February
- Development of Priorities/ Spending criteria Jan/Feb/March 2018 onwards
- Context/ current position of CIL expenditure framework to Cabinet seeking approval to Panel of Cabinet Member meetings to develop CIL expenditure framework – February 2018 onwards
- Development of Scheme of Delegation and Public speaking scheme if one required in January/February/March 2018
- Engagement with Infrastructure providers in January /February 2018 onwards
- Engagement with Parishes in January/February 2018 onwards
- Further Member session – 14th March 2018 – 5.30pm EH
- Scheme sign off by Councils shared legal team in March/ April 2018
- Completion of series of Panel of Cabinet Member meetings in February/ March/April and presentation of framework to Cabinet in April 2018
- Consideration of scheme in April 2018 by both full Councils
- Launch bidding process in April ready for May 2018 Bidding round to begin

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Agenda Item 11

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From:	**Corporate Manager - Open for Business**	**Report Number:**	**MCa/17/44**
To:	**MSDC Cabinet** **BDC Cabinet**	**Date of meeting:**	**5 February 2018** **8 February 2018**

JOINT BABERGH MID SUFFOLK ECONOMIC DEVELOPMENT 'OPEN FOR BUSINESS' STRATEGY

1. Purpose of Report

1.1 This report outlines information relating to the Joint Babergh Mid Suffolk (BMS) Economic Development 'Open for Business' Strategy, and seeks Cabinet endorsement of the core content attached as Appendix A.

2. Recommendations to Cabinet

2.1 That Cabinet endorse the Joint Babergh Mid Suffolk Economic Development 'Open for Business' Strategy attached as Appendix A (to follow).

Reason for decision: To accessibly set out the local strategic approach towards meeting and positively impacting upon district level and broader economic challenges, and expressing our offer to the business community.

3. Financial Implications

3.1 None directly as a result of this report. Delivery plan projects and activity will be subject to individual scoping assessment and any budgetary/resourcing parameters.

3.2 Subsequent monitoring and reporting will establish the importance and impact of the Strategy towards the longer-term financial sustainability of the Councils, including such issues as growth of the business rates base, demonstrable good outcomes for businesses, increased satisfaction of the business community with BMS support and a reduction in planning appeals.

3.3 The costs of developing and producing the Strategy have been absorbed within the relevant project and lead officer resources, and with firm focus on JSP outcomes. Significant background research/evidence has already funded by the Strategic Planning Team and we have used New Anglia LEP, Chamber of Commerce, Suffolk County Council and other partnering intelligence to efficiently and consistently influence the formulation of this work.

4. Legal Implications

4.1 None as a direct result of this report. Delivery plan projects and activity will be subject to individual scoping assessment including any legal parameters.

4.2 Legal services will be consulted on any relevant legal implications/advice arising from the implementation and use of the Strategy.

5. Risk Management

5.1 None as a direct result of this report, but broader risks associated with the Strategy are set out below:

Risk	Impact x Likelihood	RISK LEVEL	Mitigation
By not having an Economic Strategy the Councils jeopardise the ability to attract new business growth, and risk loss of employment land with consequential loss of business rate income. Failure to deliver JSP.	3 (bad) x 2 (unlikely)	MEDIUM	By adopting and implementing the Economic Strategy, the Councils have a coordinated cross-service aim to support business creation and retention and deliver the overall growth agenda.
By not having an endorsed Strategy we lack a consistent foundation for prioritising and taking difficult decisions, including within the broader organisation and with our partners, businesses and stakeholders.	3 (bad) x 2 (unlikely)	MEDIUM	The strategy, whilst expressed within a document, is a flexible approach and intended to evolve and be a focused local part of the broader growth framework. The document communicates our understanding and approach rather than setting out rigid or inflexible policy.
Without a local strategy we lack a committed response towards delivering the New Anglia Economic Strategy and showcasing the impact of our micro/SME business base core.	3 (bad) x 2 (unlikely)	MEDIUM	
Lack of alignment/conflict with other strategic strands with a stake in sustainable and inclusive growth agenda	3 (bad) x 2 (unlikely)	MEDIUM	Consultation and development work. Many stakeholder conversations and insights have informed the strategy. A specific Appendix will outline the broader context within which the strategy will function.
That it is too aspirational – overpromising and under-delivering. Impacting on our reputation and performance.	3 (bad) x 2 (unlikely)	MEDIUM	Extensive consultation and good focus of intelligence, embedding a flexible approach and carefully balancing short/medium and longer term challenges will help to manage this risk. Monitoring of impact and achievement.

5.2 Further risk analyses will be undertaken as the Strategy is implemented and feeds service planning/performance measures, and will be reported to Cabinet leads and future briefings as required.

6. Consultations

6.1 All elements of the Strategy have been informed at development stages by discussions with businesses, partner organisations and delivery colleagues and other stakeholders. This has included day-to-day operational intelligence as well as specific projects and commissioned work.

6.2 Specifically on the draft Strategy we conducted a short period of further consultation including with business sector representatives, external partners and colleagues across the organisation. Senior officers have steered the work and approach from early stages.

6.3 Scrutiny Committee also reviewed an earlier draft in terms of how the Strategy intends to support our micro and small business base. That process influenced some of the current content.

6.4 An internal working group across Housing, Infrastructure and Leisure has met and this continues. Regular cross-cut working with regulatory and environmental areas has also helped to shape the content – for example its cohesiveness with the 'New Anglia Better Business for All' initiative launched in November 2017.

6.5 As a local strategy we have no need for any formal process but have undertaken a broad and inclusive approach. Responses have been received from Planning Policy, Development Management, Suffolk Chamber of Commerce, Business Improvement, Suffolk County Council (several aspects), Audit as well as informal feedback. Generally the Strategy has been very well received which suggests it is meeting our objective for it to be accessible, flexible and easy to read.

7. Equality Analysis

7.1 No direct equality impacts arising for the content of this report.

8. Shared Service / Partnership Implications

8.1 Consultation and collaborative development work has taken place as outlined in this report.

9. Links to Joint Strategic Plan

9.1 This item most closely aligns with:

- Business Growth and Increased Productivity

The cross-cut nature of the strategy, and intended cohesion with other strategies, mean that this item impacts on most JSP outcomes.

This item also contributes towards the Industrial Strategy, Suffolk Framework for Growth, New Anglia Economic Strategy and other broader regional delivery work underway.

10. Key Information

10.1 Up until now, neither Council has had a strategic document or corporate economic reference of this kind. It will support working with our businesses and communities, our shorter term delivery actions and the longer term aspirations for local regional economic growth as expressed within the recently published New Anglia Economic Strategy (NAES). The NAES was endorsed by Babergh and Mid Suffolk District Councils simultaneously on 13 October 2017. The BMS Strategy should, going forward, be an accessible and useful organisational reference.

10.2 This item delivers on the Councils' earlier commitment, expressed in its Year End Report 16/17, "to make sure that the link between the Government's Industrial Strategy, the Suffolk Framework for Growth and delivery on the ground in our districts is clear, by developing a new Economic Strategy for Babergh and Mid Suffolk setting out how the Councils will prioritise resources to get the right conditions and support in place".

10.3 It should be noted that whilst the intention is to formally review the BMS strategy in 2022, the Strategy and supporting information are intended to be an evolving and evidence/precedent-led approach. This will support the organisation's economic development and business support work across the two districts, and scaling that up in terms of its contribution towards county and regional level work. The Strategy will integrate with and be applied alongside emerging Council strategies including Housing, Infrastructure, Investment and Regulatory/Environment to create a coherent and complementary approach towards delivering our Joint Strategic Priorities. Meaningful performance indicators and measures, including bridging and linking to the NAES, are now in development.

10.4 The documents supporting the Open for Business approach are intended to be multi-audience, and the Strategy will serve to support:

- a long-term vision and actions which deliver economic growth in our Districts
- inward investment – promotion of our area as an attractive place to invest and give confidence to business
- the Joint Local Plan
- service delivery actions and interventions, including 'how' we engage, deliver and facilitate our approach in being Open For Business (and 'All Together')
- organisational culture benefits to support and embed new ways of working
- how we will engage with and support businesses – whatever their scale or location
- our delivery partners and how we work together to achieve our objectives
- monitoring of both performance and economic conditions
- service planning and acknowledging achievements
- guidance around commercial, industrial and business premises: for use in planning application responses and influencing decision-making

10.5 The Strategy is informed by high-level information from planning consultants Nathaniel Lichfield & Partners, and previous information prepared by Ingham Pinnock Associates. The Strategy also includes its own background documents that are/will be published but not formally 'adopted' as such. This includes:

- BMS 2016 ‘Open for Business Survey’ report of findings. This is a statistical and qualitative report of the information gathered in the summer of 2016. This will be a periodic (2-yearly) intelligence gathering exercise and link to performance measuring, economic health check and service planning. It will however need to be updated in response to General Data Protection Regulation changes.

- The ‘Functional Clusters Economic Health Check 2017’ presents third-party data and BMS OfB Survey findings at functional cluster level, with commentary around the economic health of our area.

- Visioning work outputs in relation to ‘Greater’ Stowmarket and ‘Greater’ Sudbury areas.

10.6 Branding, formatting, infographics, bite-sized case studies, relevant appendices and visual translation of evidence will enhance the final output significantly but for expediency and with an eye on future link up with other strategic work we have progressed core content only at this stage, seeking its endorsement.

11. Appendices

Title	Location
(a) BMS Economic Development ‘Open For Business Strategy’ to 2022	To follow

12. Background Documents

None.

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B A B E R G H & M I D S U F F O L K

JOINT ECONOMIC DEVELOPMENT 'OPEN FOR BUSINESS' STRATEGY to 2022

(CORE CONTENT)

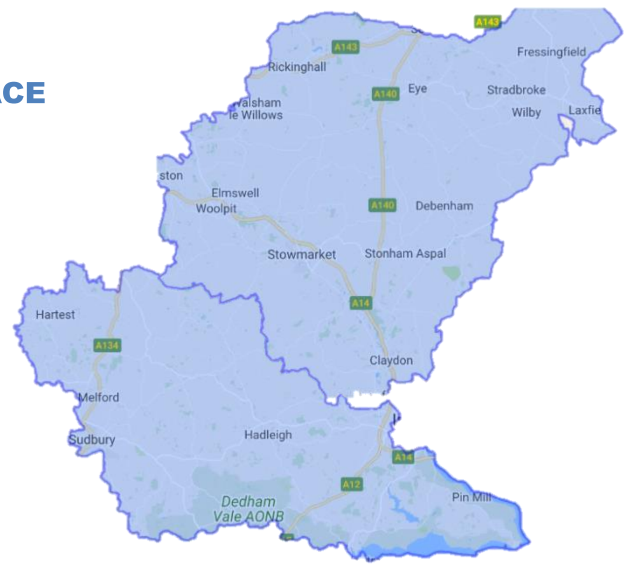
POST CONSULTATION REVISIONS IDENTIFIED IN **RED** FONT

NOTE: FORMATTING, PROOF READING, INFOGRAPHICS, APPENDICES, CASE STUDIES, REFERENCES/FOOTNOTES & EXECUTIVE SUMMARY TO BE ADDED IN DUE COURSE

C O N T E N T S

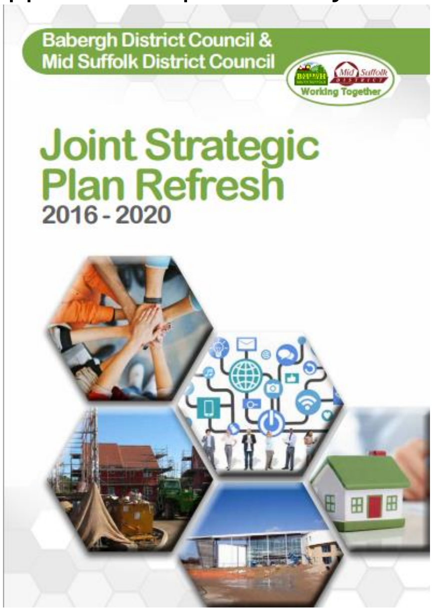
A P P E N D I C E S

OUR PLACE



1. PRIORITIES

1.1 The Councils' Joint Strategic Plan (2016-2020)[1] sets out how the Councils and the communities they serve can take full advantage of the economic opportunities provided by the changes and challenges we are facing. It provides an overview of the shared direction, pace and common purpose which can deliver the kind of outcomes we jointly wish to see.



The five key strategic outcomes are:

- **Housing Delivery** – more of the right type of homes, of the right tenure, in the right place
- **Business Growth and Increased Productivity** – Encourage development of employment sites and other business growth, of the right type, in the right place and encourage investment in skills and innovation in order to increase productivity
- **Community Capacity Building and Engagement** – All communities are thriving, growing, healthy, active and self-sufficient
- **Assets and investments** – Improved achievement of strategic priorities and greater income generation through use of new and existing assets
- **An enabled and efficient organisation** – The right people, doing the right things, in the right way, and the right time, for the right reasons.

The top three priority areas for the Joint Councils are:

1. **Economy and Environment**
   - **a.** Babergh: *Shape, influence and provide the leadership to enable growth while protecting and enhancing our environment*
   - **b.** Mid Suffolk: *Lead and shape the local economy by promoting and helping to deliver sustainable economic growth which is balanced with respect for wildlife, heritage and the natural and built environment*
2. **Housing**
   - **a.** Babergh*: Shape, influence and provide the leadership to achieve the right mix and supply of housing*
   - **b.** Mid Suffolk: *Ensure there are enough good quality, environmentally efficient and cost-effective homes with the appropriate tenures and in the right locations*
3. **Strong and healthy communities**
   - **a.** Babergh: *Shape, influence and provide the leadership to support and facilitate active, healthy and safe communities*
   - **b.** Mid Suffolk: *Encourage and support individuals and communities to be self-sufficient, strong, healthy and safe*

2. MAJOR ISSUES IMPACTING ON GROWTH IN BMS

2.1 The significant challenges, and also opportunities, to the region are expressed within the New Anglia Economic Strategy and emerging Industrial Strategy work and therefore need not be replicated within this document. At a local level however that is reflected and expanded as:

a) There are several large local strategic sites in BMS, including designated Enterprise Zone sites, with potential for significant job generation but which need support (including utilities, key infrastructure and services) to bring them to the market
b) There are limited premises options for SMEs – starter/incubator/clustering then scaling-up 'graduation' space
c) There are still slow broadband speeds and patchy mobile phone coverage in rural areas
d) Lower skill levels and educational attainment than the regional/national averages
e) High levels of outward commuting - contributed to by an imbalance between housing and jobs
f) Low levels of entrepreneurship and business start-up (but also fewer business failures)
g) Market towns are in need of support with emphasis on improving the vitality of the town centres, and to become destination areas playing to their individual strengths
h) Limited access to higher education learning provision (although this may now be improving). Limited access to adult learning provision and support across the wider rural areas
i) Rural infrastructure, access to skills and inability to recruit young people to rural locations can be barriers to growth - particularly road and digital network (improving existing as well as lobbying for new links) and specialist/higher level skills and leadership
j) Places which have inherent barriers to growth and development such as Areas of Outstanding Natural Beauty (AONB) or Sites of Special Scientific Interest (SSSI)

3. AIMS AND OBJECTIVES

3.1 This strategy will, in combination with other collaborative approaches, provide a framework to deliver the following **aims and objectives**:

a) Support delivery of the Councils' Joint Strategic Priorities, the Suffolk Growth Framework, New Anglia Economic Strategy and the Government's Industrial Strategy
b) Protect our employment base
c) Help to deliver 10,000 new jobs[2] and nearly 18,000 new homes[3]by 2036
d) Deliver a range sites of different types, sizes and locations to meet both identified business sectoral needs as well as general employment sites.
e) Safeguard employment land and assets that are able to deliver additional growth beyond these minimum needs
f) Improve productivity
g) Raise the quality of local jobs, the value of our businesses, increase average wages, and support gender pay equality
h) Support local businesses to survive, thrive and grow and in doing so recognise that our local economic bedrock is micro and SME businesses/enterprises and these support, and build identity, within our local communities
i) Raise the employability and skill levels of our workforce

[2] http://www.babergh.gov.uk/assets/Strategic-Planning/Current-Evidence-Base/Ipswich-Economic-Area-Sector-Needs-Assessment-Sept-2017.pdf
[3] http://www.babergh.gov.uk/assets/Strategic-Planning/Current-Evidence-Base/Ipswich-and-Waveney-Housing-Market-Areas-Strategic-Housing-Market-Assessment-Part-1-May-2017.pdf

j) Reduce the leakage of talent out of the area and helping to retain local skills, innovation and ability
k) Support a thriving visitor economy sector (including events, activities and attractions)
l) Regenerate our vibrant market towns
m) Nurture a climate of entrepreneurs and innovation (including sub-sector innovation which may mitigate forecast decline in some sectors such as agriculture and manufacturing)
n) Improve physical infrastructure to support sustainable growth and environment
o) Secure greater inward investment and access to funding

3.2 To **enable the delivery** of the above we will:

a) Work collaboratively, and smartly, with our partners supported by shared business intelligence, common/open data and evidence base and effective networking - building trusted relationships through open and honest dialogue
b) Secure or signpost new funding streams or investment financing mechanisms, and make it easier for businesses to access these
c) Improve the co-ordination of interventions, actions and resources from national, regional and local organisations and agencies
d) Attract new inward investment into the districts, and consider our own investment interventions, and use of assets, where appropriate
e) Increase our commercial awareness and understanding of the local business community
f) Support the requirement for the Councils to be financially resilient
g) Support creation of additional commercial floorspace

3.3 The strategy also acts as:

a) An inward investment prospectus
b) Material information to inform planning decision-making, including through direct planning consultation responses made via the Open for Business Team
c) Support for development of a phased and prioritised Delivery Plan (for example, through facilitating Visioning for Prosperity activity with stakeholders and communities)

3.4 The Strategy seeks to achieve this by being **'*Open for Business'***. We will support economic growth across our joint authority areas, being flexible towards the needs and scale of different business sectors, and seeking to find solutions which deliver economic growth.

We are committed to:

a) Promoting **our 'Open for Business' ethos** at every opportunity to deliver our Joint Strategic Plan by aligning this framework with other Council strategies, policies and functions (planning, investment, spatial, housing, environmental and regulatory).
b) Supporting, with our partners, **businesses of all sizes and across all sectors**, wherever they are located in BMS.
c) Encouraging a culture of **entrepreneurism** and supporting **new start-up businesses**.
d) Supporting, with our partners, our **existing businesses** to establish, survive, grow and improve their **productivity and competitiveness.**
e) **Welcoming and supporting larger businesses** looking to relocate or expand in our areas
f) Developing our **investment strategy** to join-up investment in land and property, development and **regeneration projects** to provide sustainable business growth options.
g) **Championing the business community** of BMS on the regional, national and international stage to promote growth and trade locally, and boost inward-investment.
h) Obtaining and maintaining **intelligence and baselines of evidence** for tailoring/adapting and justifying our offer. Working with our partners on effective use, collation and analyses of data to **inform strategies and actions** which deliver growth.

i) Developing a **marketing and brand-building strategy**, in collaboration with others, for Mid Suffolk and Babergh to domestic and overseas investors and visitors.
j) Developing our **website functionality and content** to enable easier access to relevant and targeted information (including sectoral and transactional)
k) Publishing information and intelligence that businesses can use to **inform growth and investment decisions.**
l) Ensuring there is continuing councillor and officer development and **closer working to best serve our businesses** – developing training, expertise and locality knowledge.

4. OPPORTUNITIES FOR OUR PLACES IN BMS

a. SUPPORTING THE REGION'S PRIORITY PLACES AS 'GROWTH ENGINES'

Babergh and Mid Suffolk are placed at the very heart of Suffolk and the region, and are well placed to support making Suffolk an optimal location for commercial innovation, investment, and business expansion and bringing about sustainable and inclusive growth.
BMS recognise that inclusive growth of the region's priority places, as expressed in the New Anglia Economic Strategy, and advancement of its global scale business operators creates opportunities for our local businesses as suppliers and supply chains, consumers, sectoral cluster innovators and developers of sub-sector specialisms - and with it grow the potential for challenging incumbent operators. Regional engines are supported by our district level priority places but BMS is an attractive business proposition in its own right – including 'Space to Innovate' branded Enterprise Zones, Food Enterprise Zones, 'greater' Stowmarket and the A14 corridor from the Port of Felixstowe, 'greater' Sudbury and South Suffolk area and the Ipswich fringe/A12 gateway. BMS business can and do help to reinforce and grow the regional economy.

Stowmarket and Sudbury are the main towns and key drivers of growth and prosperity in BMS, with large spheres of influence as the major social and economic hubs for the districts. We will complete a project called '*Delivering a Vision for Prosperity'* for both Sudbury and Stowmarket, which is intended to establish:

- a high-level **aspiration**, setting out the community's key desires and wishes for the towns they would like to live and work in;
- the **priorities** for the towns – setting out the main targets, goals and achievements to focus limited resources;
- a **delivery plan** that identifies the intended key projects and action points, and sets out who will be responsible for their implementation, and when.

The purpose of this visioning process is to provide an opportunity for the local community, businesses and organisations to:

- Understand the current projects, plans and strategies that are already shaping their place – seeing that this is not new, just one point along the town's timeline of growth.
- Set out what they would like to see in the future, commenting on development, service delivery and important issues.
- Reflect upon and share what they would like their town to become in the context of the benefits and opportunities that growth may bring.
- Unite behind the strategic, high level co-ordinated vision for the improvement of their area

As delivering a *Vision for Prosperity (VfP)* progresses, the towns and their catchment areas will have a clear focus for improved quality of life and confident business decisions.

b. STRATEGIC CONNECTIVITY AND QUALITY OF LIFE

Babergh and Mid Suffolk Districts are well served by major freight and passenger ports, Stansted airport, and their proximity to London, Cambridge and the Midlands. Weaving these together is a dual carriageway and A-road network which offers convenient journey times. The quality of life on offer in Babergh and Mid Suffolk Districts is excellent, with Mid Suffolk in particular consistently rating very highly as one of the happiest places in the UK. Around an hour from London, Norwich and Cambridge by train, with high speed links across the country, Babergh and Mid Suffolk are well connected. With the exception of a few hotspots, traffic congestion is also very low, with ample free and low-cost parking.

The rural nature, open green spaces and low crime rate create an attractive environment to live and work in - encouraging both businesses and families into the area.

c. DIVERSITY OF BUSINESS OPPORTUNITY

BMS is home to numerous and diverse businesses including global brands such as Akzo Nobel, Bosch, Philips Avent, Tesco, Nestle Purina, Aspalls, Konings (Copella), PPG, Siemens and Muntons – and some sectoral stand out and key local employers including Ichiban, MEL Aviation, Sackers, Breheny, A&B Glass, Celotex, Kersey Freight, Jim Lawrence, Bacton Transport and Vanners, Gainsborough, and Stephen Walters silk weavers in Sudbury.

Our districts site the head office of the East of England Co-operative Society and our businesses regularly featureprominently in the top 100 performing businesses in Suffolk. We have a plethora of artisan, agricultural, creative, technological, food and drink, health and social care, hospitality and other sector micro and SMEs spread across our districts – with some real 'hidden gems', unique offers, local provenance and specialist skills, innovation and talent. Some of these micro and SMEs have high potential for growth, and all are of vital importance to our small rural communities.

The Lichfields Sector Needs Assessment 2017 points to jobs growth across the Districts at

- Babergh 3640 (9.3%)
- Mid Suffolk 6450 (14.7%)

Business Stock by Sector at 2016

	Babergh		Mid Suffolk	
	Number of existing businesses		Number of existing businesses	
Agriculture	110	3%	220	6%
Business and Professional Services	1330	41%	1440	40%
Computing and Technology	110	3%	100	3%
Construction	420	13%	480	13%
Education	90	3%	100	3%
Energy, Waste	20	1%	30	1%

and Utilities				
Health & Care	200	6%	220	6%
Hospitality and Leisure	250	8%	210	6%
Manufacturing	230	7%	250	7%
Retail	250	8%	210	6%
Transport and Logistics	70	2%	120	3%
Wholesale	200	6%	240	7%
TOTAL	**3280**		**3620**	

Our importance stretches far beyond East Anglia. Eight key economic sectors for Suffolk have been identified where Suffolk either currently has a large number of businesses, or proportion of people employed in the sector, or where future growth is likely to be focused. The eight key sectors identified for Suffolk are:

- Advanced Manufacturing
- Biotechnology
- Creative Industries
- Energy
- Food, Drink and Agriculture
- Information and Communication Technology
- Ports and Logistics
- Tourism and Visitor Economy

Out of the Suffolk sectors, within BMS the number of businesses in the manufacturing, construction, transport services, agriculture, and wholesale sectors is much higher than the national average. Conversely, the number of businesses in ICT, financial & business services and public administration sectors are much lower than the national average. There are opportunities to build on these strengths and also bridge some of the gaps. Ingredients are here for economic success - our favourable commercial rental profiles, environment, connectivity, business diversity, climate, quality of life and potential to cluster smaller sector and sub-sector specialist and supply chain businesses around global operators.

Finance and Insurance (FinTech) (in addition to New Anglia LEP sectors mentioned earlier) has been identified within responses to the Government's Industrial Strategy. Neighbouring Ipswich is a key financial and insurance centre and place of employment for BMS residents. Ipswich has a significant amount of activity in both banking and insurance; the concentration of insurance expertise in the town represents a significant driver of employment and income. Recent macro-economic events in the banking and insurance sub-sectors have led to cuts and restructuring but the sector remains buoyant, and the market is likely to remain competitive for the foreseeable future.

Approximately, 16% of the working population of Ipswich is active in businesses associated with some kind of financial services delivery or brokerage. AXA and Willis employ over 1,000 people each in their Ipswich offices, and with Royal Bank of Scotland (RBS), are three of the largest single employers in the town. These are further complemented by a range of other major insurance sector businesses such as Call Connection and Liverpool Victoria (LV). The insurance industry expanded its presence in the town - citing the availability of an established and knowledgeable workforce as a major attraction compared to alternative locations. Such examples support the assertion that Ipswich's skills pool for this sector is strong, and Babergh and mid Suffolk are well placed to capitalise on that growth.

Sectoral jobs growth forecasts for the Districts are set out below, however the context is more fully explored within the Appendices. The reasons for a forecast decline in some sectors may be due to a variety of factors – for example previous significant growth in a sector, innovation creating higher value jobs (but an overall reduction in quantity of jobs), migrant workforce mobility, skills and other labour force issues as well as technological/automation advancement. Therefore a forecast decline in jobs is not an indicator of a weak sector.

	Babergh		**Mid Suffolk**	
	Jobs growth	**Jobs growth as %**	**Jobs growth**	**Jobs growth as %**
Agriculture	-500	-36.8%	-980	-38.9%
Business and Professional Services	2430	34.2%	2460	37.1%
Computing and Technology	90	13.6%	160	31.4%
Construction	1410	45.9%	3130	54.9%
Education	-420	-12.0%	-10	-0.4%
Energy, Waste and Utilities	20	8.7%	20	0.2%
Health & Care	900	23.0%	1200	24.4%
Hospitality and Leisure	900	25.3%	1100	36.3%
Manufacturing	-1900	-27.4%	-1590	-33.6%
Retail	160	3.5%	330	13.8%
Transport and Logistics	-4	-0.3%	100	2.6%
Wholesale	50	2.1%	300	11.9%

d. TOURISM, LEISURE, CULTURE, HERITAGE AND CREATIVITY

Our outstanding natural and built environment provides places and spaces which truly offer a second to none work and life balance – whether resident, commuter, visitor, small business start-up, entrepreneur or large multi-national.

BMS proudly presents many historic houses, stately homes, country parks, churches, castles, inspirational scenery and archaeological monuments. Enhanced by a multitude of events, festivals, attractions and activities throughout the year and many of which are directly linked to, and showcase, our key sector economic activity as well as our rich cultural heritage (such as agricultural, artistic, literary, wool and silk trades) BMS offers something for all. Shopping, restaurants, museums and theatres abound in our market towns, while our neighbouring destination towns of Bury St. Edmunds, Ipswich, Cambridge, Norwich and Colchester offer great retail within easy reach by car or train in well under an hour. Nearby days out include theme parks, horse and motor racing, zoos, heritage sites, walks and trails, sports and leisure activities or simply taking in the beautiful countryside and coastline with its unrivalled locally sourced food and drink excellence.

5. WHERE AND HOW DO THE DISTRICT COUNCILS MAKE A DIFFERENCE?

5.1 Our 'Open for Business' approach

Our approach to the key sectors will not be at the expense of smaller sectors - we won't just seek to support the large businesses. Our local economy is made up of thousands of micro, small and medium enterprises. 99.6% of registered businesses in Suffolk are SMEs, similar to the national average, but with business survival rates consistently better than the UK average [Source: ONS Business Demography 2015/UK Business 2016].

By working collaboratively with our key delivery partners and business sectors, we will ensure that we understand where we add value for business and industry. This will help us to maximise our influence, impact and effectiveness by tailoring our support to better meet businesses needs and facilitating greater self-service. It should not matter at what point a business interacts with our organisation, they should consistently receive reliable, joined-up and timely advice.

Feedback from our businesses indicates that they do not care *who* provides support but they do value *how* it is done, and appreciate a comprehensive, value adding and relevant offer – which is all together better for their needs. It is our mission to ensure that we achieve this by *working alongside and complementary* to existing business support mechanisms offered by organisations and groups such as New Anglia LEP, Growth Hub, Menta, Nwes, Suffolk County Council and Suffolk Chamber of Commerce. We also work with local groups such as Ipswich & Suffolk Small Business Association (ISSBA) and the local Chambers/business associations. If this work is done well, then a more seamless and joined-up support experience for the business results, which can lead to increased confidence and investment to help support growth, jobs and productivity.

The significant strengths within our diverse district business sectors already have the potential to translate to regional and global significance, but we will also not lose sight of the 'hidden' and emerging micro business ventures that operate innovatively in niche, creative, technological, food, agricultural, pharmaceutical, health or energy sectors - to identify just a few. Given the right conditions, nurturing and space to innovate and grow, these could be the real success stories of tomorrow and identify our districts with successful businesses, products and sectors which will attract further skills and investment.

Collaboration across the Suffolk-sector, Sub-Regional and Regional framework and with National initiatives is crucial, as is how we approach working together with our business and industrial sectors, education and skills providers and delivery partners.

5.2 To support being 'Open for Business' we will…

a) Strive to better understand our place in engaging with and supporting our businesses, and will sharpen the focus of our resources in areas that we are best, or uniquely, placed to influence – whether through our expertise, functions, lobbying, access to resources, information or people. **We will not seek to do things where others are better placed or positioned to achieve positive outcomes.**

b) Improve meaningful engagement and actively listen to the local business community to ensure their needs are understood and acted upon – for example cross-sectoral sharing of knowledge and services and opening up supply and value chain opportunities for local businesses. Many of our growth opportunities involve collaboration and partnership between firms in different sectors. We will help to break down barriers which might otherwise hinder growth. We will also provide a corporate approach to supporting the local economy through such areas as local procurement of goods and services, and developing our own assets (for example our investment to grow the Hadleigh Market offer in support of local businesses and the visitor economy).

c) Work with our partners and other enablers to attract financial investment into the area to support improvements to the local infrastructure – digital as well as physical. We will work in partnership with not only Suffolk County Council and New Anglia LEP/Greater Cambridge and Greater Peterborough Business Board but also the Haven Gateway Partnership and any other bodies interested in supporting economic growth within our districts.

d) Recognise the strategic importance of the New Anglia LEP, which will improve links not only with the Suffolk Local Authorities and central government, but also our neighbours across the East - Norfolk, Cambridgeshire and Essex. For us to best support our local businesses and growth opportunities we must be involved and have an influential voice at a strategic regional level, and encourage our businesses to do the same through business-led networks and forums such as Chambers of Commerce or Destination Management Organisations.

e) Through up to date flexible planning policies take significant steps to enable housing delivery. Our Economic Development Strategy offers another layer which supports this growth and provides opportunities for change. Our aim is to link people to jobs, not trying to *steer* business, industry and markets, but *respond to and champion their needs* and help them to grow. The Councils, and in particular our planning and our built environment related services can *facilitate* and *enable* sustainable growth rather than seek simply to *control* it without consideration of the bigger picture.

f) Foster a culture of encouragingproposals for economic development, with applications only assessed on their detail in the context fo the Local Plan. Where that detail needs careful scrutiny, we'll keep that culture in the forefront of our consideration if we need to find solutions that aren't on the table.

g) Present a welcoming and can-do attitude. We'll try to find real solutions to obstacles for business, not put up more barriers or simply 'follow procedures'. We will set out our expectations of industry and commerce, and help businesses meet those expectations by providing information, support, and guidance from early intervention through to success.

h) Consider opportunities for BMS to invest in and stimulate infrastructure, land, premises and projects to ensure a steady supply of workspace options for all sizes of business. We will steer proposals towards existing sites and allocated land, but will be flexible and receptive towards business needs, and supportive of development in other locations (including the open countryside) where the evidence suggests that that is feasible and sustainable and there are no significant environmental constraints. We will also participate in re-location/land swap conversations with businesses interested in growing, diversifying or freeing up land to make best use of viable opportunities to benefit the districts more broadly (e.g. enabling housing growth or increasing sectoral and higher value skills). We recognise the need for, and to encourage and support, growth of start-up business units. We will look for opportunities to make a difference, such as our current investment and joint-working at South Suffolk Business Centre in Sudbury - encouraging entrepreneurism and supporting new start-up businesses.

i) Commit to minimal red tape, bureaucracy and paperwork – only doing what is necessary in statute, whilst turning interactions (including regulatory ones) into positive relationships and opportunities. We will demonstrate value-added interventions and speed in decision-making with a commitment to common sense, honesty, rational and logical decision-making. Our decisions will be justified using evidence to clearly and transparently, in plain English, set out why a decision is made in the way it is. In some circumstances the Councils are the regulatory body for a number of functions which affect business directly and indirectly, including the Planning Authority and Licensing Authority and we have to exercise those functions within the proper legal framework but we'll do that with consideration and good customer service in mind. It is our aim to provide services to help businesses in these areas with a view to compliance and 'getting it right first time'. Some of these services are fee-charging and some are free. We will regularly review our fee structure where we have any discretion, to ensure that they remain sustainable and provide value for the user whilst allowing us to deliver relevant services with the right services behind them to be effective.

j) Review where BMS can impact positively on the skills agenda by enhancing and adding value to the scale initiatives at a local place level to address specific needs (for example MSDC's investment to enhance the Phase 1 MyGo offer at The Mix in Stowmarket to specifically support the needs of young people in the Stowmarket and surrounding area). We will also explore where we can in partnership work more with schools – for example support sharing information and intelligence about the local economy with schools. Access to labour market information and employability experience is an increasing challenge, with some schools withdrawing curriculum time completely. This emphasises the need for a positive relationship and offer with those providers facilitating a progressive connection between education and business. BMS has already committed to gap fill initiatives such as the Navigator project and specific activities we are best placed to deliver such as Planning and Visioning workshops with our high school students.

   BMS are well placed to ensure that the challenges faced by both businesses and young people are represented in the regional and local initiatives designed to address and support specific needs. District engagement in the strategic planning and delivery of these can ensure equality of access across our areas. The opportunities presented by the wide range of skills, experience and qualification embedded within the districts are many and varied, enabling us to adapt an approach where sought or appropriate to support schools, students and the unemployed.

6. KEY DELIVERY ACTIONS (NOW AND FUTURE)

6.1 Supporting our micro, small, medium business and enterprise base

The diversity within our local economy micros and SMEs is a real strength, mirrored at a regional level. Our key businesses and institutions see well established businesses and supply chains across our sectors. We will support the integration of investment in skills, infrastructure, housing, innovation and business support to provide the conditions that both new and enabling businesses need to thrive and grow. We are committed, with our partners, to empowering businesses through planning, housing and infrastructure.

Business groups and individual businesses in some areas of our districts, especially rurally-based micros and SMEs which make up over 90% of BMS business volume, are often feeding back that they feel their voice and influence is missing and with it potential opportunities for them to grow, network or compete. We also understand that businesses may prefer small, or are otherwise limited to, incremental steps in their growth journey, to support their sustainability, rather than a big-bang approach to growth and diversification. Supporting organic growth of SMEs in their localities, particularly in rural areas, can contribute positively to the communities in which they are based including place identity and boosting supply of homes. SMEs within the construction sectors support employment in our rural areas, as well as housing supply, and BMS will support initiatives which assist small scale builders.

From our own business engagement activities, reinforced by intelligence from our partners such as the Growth Hub, there are supply-chain, cluster and lobbying opportunities available to businesses by increasing their awareness of and connections with other businesses, and business-led forums, in their vicinity and the wider local area. **This is an area we and our business partners can assist with or facilitate.**

BMS holds a corporate membership with the Suffolk Chamber of Commerce, and it is of high value to our organisation in several respects including our priority to better understand business needs, lobbying central government on major issues such as skills and infrastructure, and growing our own commercial awareness for the onward value to our businesses.

However, this engagement identifies a visible lack of BMS business presence and representation at that Suffolk level, including our larger key sector businesses, whereas other areas of Suffolk are better represented. Access to that forum helps them to raise the profile of their sectors and places and increase lobbying opportunities and shared experiences about matters of support and interest to their local places.

To redress this gap, BMS will actively encourage the districts businesses to support and join functioning networks such as the Suffolk Chamber of Commerce, Destination Management Organisations and Federation of Small Business so as to amplify impact and develop opportunities. Involvement with the right tier locally can bring additional weight and profile to investment opportunities in a regional and national context.

BMS may support discounted memberships or other mechanisms to facilitate improvements. This may also include working with the Suffolk Chamber of Commerce to develop an Affiliated Chamber to serve the Council(s)/ Central Suffolk to enable a strong business voice within our areas. A strong and unified voice for the business community can itself increase the constructive challenge to the districts on key issues and place shaping.

We will also use our business intelligence and network to identify in which localities poor or inconsistent broadband infrastructure is hindering business, and look for viable lobbying and investment opportunities to improve this situation.

6.2 Supporting a thriving cultural, heritage and creative industries offer will have positive economic impacts on our districts

Successful places are much more than economic powerhouses. They are underpinned by a sense of creative vibrancy, a manifestly strong quality of life, and a clear sense of cultural and community identity. For example, combining creative and leisure industries with technological innovation sectors can quickly build a sense of vibrancy and community, which can support place identity and stimulate growth investment.

BMS will take opportunities to positively promote and further Suffolk's offer in this regard, including through our outstanding local natural and built assets – all within easy reach of London. Through collaboration we will support creative and showcasing initiatives such as Screen Suffolk which promote Suffolk's film service infrastructure, creative talent and fantastic locations with an aim to make Suffolk the most film-friendly county in the UK. We shall also develop our districts' links with the film industry to generate income and investment, develop a locations library and help to put our places on the map as visitor destinations linked to film and television productions. BMS, in collaboration with its partners and businesses, will also review what approaches we can take to support maximising the impact of this sector given that research shows that creative Industries are likely to grow as a proportion of our economy, and with it other industries relying on creative disciplines – such as Design and Advertising.

We will also work with Gainsborough's House and the Museum of East Anglian Life to support strengthening the connections between our artistic and agricultural heritage and future prosperity, also recognising our silk and wool towns heritage and building upon these assets to promote the arts and textile industry as part of supporting the creative industries.

6.3 Supporting Large Business and Site Requirements

Working with and supporting investment and expansion enquiries from business with larger requirements - recognising the value of job creation, inward investment and contribution to business rate growth. This also may strengthen the diversity of the business offer within the districts.

We need to influence the creation of site-ready, fully-serviced employment land allocations through the planning application processes and our influence with strategic partners and developers as this would provide greater surety for sites being delivered and operational in a shorter period of time.

We understand the potential impacts of larger scale businesses leaving our areas and will do more to understand and support this with our partners, including furthering our awareness of supply chain impacts.

6.4 Supporting our 'Space to Innovate' branded Enterprise Zone sites and Food Enterprise Zones

BMS have a long term commitment to supporting our Enterprise Zone sites at **Mill Lane, Stowmarket** and the **former British Sugar site at Sproughton**. We are also committed to our Food Enterprise Zones (also at Mill Lane) in Stowmarket and Wherstead.

To capitalise on the availability of allocated employment land along the A14, within our Districts, the Economic Development Team submitted a bid to New Anglia LEP in Autumn 2015 for Enterprise Zone status for two important strategic sites located along the A14. These sites were designated in 2016 as part of the region-wide 'Space to Innovate' initiative led by New Anglia LEP. Designation means that businesses locating to new premises on these Enterprise Zone sites will be eligible for Business Rates Relief, funded by central government, a simplified planning regime, high capacity broadband and a guarantee that a proportion of business rates collected will be used to complete development of the site.

BMS Economic Development Team aim to work with stakeholders and delivery partners to ensure that the Enterprise Zone sites expand the local employment market, and offer higher quality employment. These locations will be attractive to developers of technology focused business parks as well as state of the art logistics developers.

To support local food related industries, the Economic Development Team achieved dual EZ/FEZ designation at Mill Lane, Stowmarket to ensure that local businesses in the food sector are also able to take advantage of the above business benefits. There will also be support for Advanced Apprenticeships to support the food business clusters likely to benefit from the FEZ.

6.5 Economic Indicators and Measures of Success

Due to the significant joint-working, across public and private sectors, which is necessary to deliver broader economic outcomes, it follows to link the districts' economic performance to the County and regional framework, including the indicators expressed within the New Anglia Economic Strategy. These aim to achieve shared ambitions through action and investment in themes and places and identify eight economic indicators as 'barometers for success'. **These are GVA, productivity, jobs, businesses, housing, median wage, employment rate and skills.** This Strategy has set targets for those eight economic indicators to 2036. Given the long term nature of the strategy, delivery plans will also reflect shorter term targets as appropriate. BMS will feed the districts' performance into those indicators.

At a local level, business rates growth for BMS (including that linked to its Enterprise Zone sites at Stowmarket and Sproughton) will be an indicator of progress. The districts will develop a complimentary package of meaningful local level 'on the ground' performance indicators that, in addition to supporting the regional framework, demonstrate the local level actions, delivery and impact needed against BMS's joint strategic priorities and key projects. This will also make evident the contribution BMS business sectors and places make, and further our ambitions to greater support micro/SME businesses and enterprises.

In addition, local district case studies and narrative, to illustrate and demonstrate impact will be collected and promoted by BMS. This also serves to express to the business community what may be achievable in tangible terms, and how the districts are working differently to deliver successful outcomes.

BMS will report progress on New Anglia and other local economic indicators, and performance (which will include case study narrative), to its Cabinets at least annually.

6.6 BMS understands the links between effective and proportionate regulation, delivered better by those agencies with a regulatory remit, and good businesses

Getting regulatory compliance right first time, through understanding any sectoral regulatory framework and being offered reliable and plain English advice by regulatory agencies who work in a joined-up and smarter way, can make a significant difference to a business. Confidence to maximise opportunities, create efficiencies, draw in funding or sectoral expertise can be crucial to a fledgling or established business.

Adding value and network to regulatory conversations - such as energy efficiency advice, grants and loan information, exporting information, local knowledge of business supply chains, sites and clusters can all assist in making a business feel positive about a regulatory intervention or visit. BMS will develop its own local better regulation initiatives, such as its own Joint Corporate Enforcement Policy, as well as support regional initiatives to further the links between regulation and economic development, particularly the emerging 'Better Business for All' programme supported by the Department for Business, Energy and Industrial Strategy (BEIS). Transactional and specific sectoral support will be developed and facilitated through the Council's joint website and/or links to partner, third party or central government digital platforms.

6.7 Growing our intelligence about our business base. Sharing data, intelligence and analytics

Reliable and up to date evidence and intelligence is the cornerstone of development, focus and delivery of economic strategy – whether local, regional or national. BMS will use feedback, commissioned work (such as sectoral analysis), Enterprise Zone, Food Enterprise Zone and key site support, business rate profiling and modelling, intelligence gathered by business engagement, network and lobbying to further its local business intelligence. It will also feed this into County or regional work as appropriate. BMS is now developing its own Business CRM (Customer Relationship Management) system with a view to upscaling contributions to regional platforms such as the FAME system being implemented by New Anglia LEP.
Unified collated data, evidence and analysis is of benefit to all stakeholders and supports the lobbying for Industrial Strategy recognition and significant inward investment in infrastructure so as to bring inclusive growth benefits to the East.
Spatial information and mapping of sites shall be transparent to business sectors and available for self-help.

BMS will take appropriate steps to safeguard commercially sensitive, intellectual property or confidential/personal information about specific business engagements, but will use intelligence gathered in general ways to better support the business community.

6.8 Supporting the visitor economy

The visitor economy is of significant importance to the region and especially Babergh and Mid Suffolk. Research has shown that in 2016 the overall economic impact of tourism to the Babergh District was £188.5m (tourism related employment accounting for 11% of all employment) and for Mid Suffolk District £167.5m (9% of all employment) (source Destination Research Ltd Economic Impact of Tourism Reports 2016).

BMS note that the model of networked DMOs (and similar bodies) is seen as the way forward by both central government and Visit England. Accordingly, BMS will also support that approach, including key actions contained with the local Visitor Destination Plan produced by AECOM in 2015.

BMS recognise that the tourism landscape is complex, fragmented and not one-size-fits-all - particularly so for BMS as we do not have a Destination Management/Marketing Organisation (DMO) within our districts. Sustainable funding issues remain of key concern for our sector groups, organisations and funding partners. We see a place, and a need, for continuing with the Visit Suffolk brand as a recognisable gateway into our county's visitor offer but it needs to operate in an optimum way so as to support pan-Suffolk benefitting marketing campaigns (not just those within Suffolk boundaries) as well as the County's DMOs and Local Tourism Action Groups (LTAGs). Over time we see the County's DMOs as providing further support and link-ups to BMS's places and our sector businesses and attractions, underpinned by and linked to an effective set of LTAGs supporting BMS visitor attractions, products and providing marketing narrative and content. BMS will also progress its own 'Heart of Suffolk' brand and place identity within this framework, and our approach here may need to change (including a move away from 'Heart of Suffolk' brand) so as to best fit visitor expectations and the needs of our sector businesses.

We do not envisage our District Councils being able to directly core-fund tourism action groups, Visit Suffolk or DMOs. We can however assist with enabling expertise such as scoping bids for external funding and other support or projects where the Districts are best placed to add value. Where there is a realistic prospect of growth linked to investment in campaigns and marketing initiatives then the Councils will consider opportunities on a case-by-case basis and, given financial limitations, may preferentially invest or make a contribution in those groups and organisations with a track record of delivery and developing sustainability - minimising future reliance on public sector funding. Where Pooled Business Rates funding is considered it should be towards creating sustainability in the visitor economy sectors, given there are many other potential, and competing, programmes and projects to stimulate economic growth.

We will encourage local Tourism Action Groups to both network with each other for mutual gain and build effective relationships with DMOs. Collaborations at scale also stand greater chance of accessing central and regional funding, broader marketing initiatives and resources. BMS encourage Local TAGs to create activities and new products in support of the tourism character areas and developing a year round visitor offer, helping to increase visitor spend and stay. BMS will work in collaboration with all stakeholders in the visitor economy sectors to deliver the 'best fit' for our local places as well as the wider region, and see the visitor economy (broader than 'tourism' and encompassing matters such sports and leisure) as a vital component interlinked within broader economic strategy rather than as a separate strand.

The way BMS supports sustainable visitor information provision will be reviewed given the strategic tourism context, BMS's own public access strategy, societal changes in how visitors' research and book day and stay trips and the need for greater business and community ownership - with any targeted public spend being able to demonstrate best value impact and growth outcomes for our districts. BMS may not be best placed to support visitor information going forward, in the way it has directly delivered and funded with its existing Tourist Information Centres at Stowmarket and Lavenham, and also previous offers at Flatford and Sudbury. Research identifies that this format of face-to-face provision is increasingly seen as being outdated. BMS will therefore explore with its partners, communities and the private sector alternative models for a 'best-fit' solution in support of our key tourism destinations. For example, this may lead to mix-and-match visitor information alternatives such as mobile or peripatetic, self-service, retail outlet display stands, seasonal or event pop-ups, enhanced digital visitor support (and applications) or other collaboration or divestment opportunities. Visit England's research on visitor information provision and AECOM's Visitor Destination reporting will also inform BMS's approach on this topic.

6.9 Supporting skills and local jobs for local businesses

'Skills' is regularly fed back as being a key priority concern, and gap, to the business community in Suffolk - especially advanced engineering, leadership and some traditional skills linked to our cultural and agricultural heritage. There are also challenges facing some specific sectors heavily reliant on migrant labour (such as fruit farming, healthcare and manual labour activities) where it difficult to recruit and retain from the wider workforce and Brexit uncertainties have impacted.

1 in 4 respondents to BMS's Open for Business Survey in 2016 reported training needs as a challenge to their business and were looking for further advice about education and training. The skills theme forms a foundation part of the emerging Suffolk Framework for Growth, and the developing sectoral support is within key growth sectors but also the underpinning/enabling, for example - construction, engineering and 'big data'.

BMS's role is in collaboratively supporting the Suffolk delivery, but also by enhancing and adding value to the scale initiatives at a local place level. This type of investment in local place to address specific local needs is the type of 'supplementing' approach that may also be effective in the future within the skills and productivity arena.

We will strengthen our links to the Developing Suffolk Talent work of the Suffolk County Council Skills Team, and key developments in the skills and labour market across the region and nationally (including Skills Sector Deals through New Anglia LEP). We will however seek to understand root causes of skills and employability difficulties so we can make best and smarter use of our resources towards supporting longer term sustainable outcomes.

We will support and signpost on matters such as impact of the Apprenticeship Levy, which we will work up into support for our businesses, and assess impact on our inward provision. We will continue to speak to businesses about their skills needs/gaps and feed this back through appropriate channels and encourage businesses to link to initiatives such as ICanBeA and engage with current and emerging schemes designed to support this area.

The skills area needs to be on our 'checklist' of topics when we are engaging with businesses. We can assist with business intelligence pickups and facilitating conversations between business, business support organisations (Chamber/Menta/Growth Hub) and higher education/further education institutions and providers. Sharing our sectoral intelligence (including of motivated local individuals and operators) so as to prompt Skills Deal pooling/bids is also practical action we may take, and we are also alert to the potential commercial sensitivity / competition barriers in such conversations.

The gender pay gap and equality is also an issue for Suffolk. Compared to the national average of 18.1% difference between men and women's average earnings, Suffolk has a wider gap of 22.4%. Some larger companies in BMS report that they have difficulty in recruiting and developing females into top and higher paid positions within their businesses. Whilst BMS has little influence in this area, its support for leadership development programmes, skills sector deals and business mentoring may aid broader initiatives to redress this imbalance. Similarly BMS will support initiatives which aim to increase average wage levels and encourage living wage employers.

There are inherent difficulties with start-up and fledgling businesses, as well as established or rural micro/SMEs, having sufficient capacity/business plan to engage in the skills space or have a voice platform (and this is similar to what we see in the Tourism sectors). Encouraging businesses to engage with the Chamber of Commerce and with business support partners like Menta may help to elevate awareness of rural business needs.

There is a place for BMS (in partnership) to work more with schools and to extend its invitation to those students or unemployed people disadvantaged by a lack of relevant experience – and the Councils may extend their influence to address any identified gaps by developing specific or thematic activities. The learning from that, combined with other county initiatives such as the 'Lowestoft Rising' programme, could create the core of a broader scalable offer. Suffolk leader support, such as pooled business rates or local investment, could also elevate that possibility. There is also a clear role for BMS to better support sharing info/intel/sectoral trends about the local economy with schools, and intervening in a targeted and informed way as a place-based catalyst for skills – for example with FEZ advanced apprenticeships using DEFRA grant.

We may also with our partners examine the reasons behind declining sectors, in a skills context, and assess potential for supporting improvements.

6.10 Importance of the A14 corridor, A12 and rail links/gateway

The activity of the district's economic development team, supporting the groundwork for success (including potential Abellio investment at Brantham), is often behind the scenes and not immediately apparent. BMS will continue to deploy its economic development interventions at the right level and timing to best support successful outcomes, and with the awareness that there are often third-party influences which may ultimately impact upon deliverability.

BMS understands that the economic arteries to our places in the heart and south of Suffolk are the A14 and A12, and that both the road infrastructure and the rail network are of critical importance in terms of our corridor connections to the Port of Felixstowe (which handles over 40% of UK container traffic), London, Norwich, Cambridge, the Midlands and Haven Gateway. Logistics and distribution are of high importance to our areas, and many of our key businesses and development seek opportunities to ease access to and from suppliers, increase potential exports, develop, test and use technological advance in this sector, reduce carbon footprint and support effective distribution of fresh produce. BMS's favourable conditions in terms of connectivity, land cost, environment and significant commercial potential have attracted, and will continue to draw, key sector businesses of all scales into the area.

Whilst A14 pinch-point improvements are a short/medium term fix, and BMS will support initiatives such as the 'No More A14 Delays in Suffolk' campaign, in the longer term the A14 needs to be developed to a motorway standard to serve the future economic and housing growth needs of Suffolk. Similarly A12 improvements are needed between Ipswich and Colchester.

The new rail franchise for the East, with twenty new trains to be operational from 2019, and any significant Abellio depot investment at Brantham are also recognition of the strategic potential of our region and districts, and that a supportive rail infrastructure can help to attract investment. District support will be given for rail freight infrastructure upgrades, such as those needed at Haughley junction.

We will lobby to improve facilities at Stowmarket rail station (a gateway to Stowmarket currently catering for a 1m passenger footfall each year), and also likely to take significant further numbers if the SnOasis complex is developed at Great Blakenham. We will use our influence to seek refurbishment of buildings and increased car parking in support of our rail stations.

The Councils will pro-actively lobby to support sustainable and inclusive growth, and played a crucial role in the (Autumn 2017) National Planning and Infrastructure Framework award for A140 improvements at Eye. There are also more localised pinch-points which need improvement, for example the A1071 at Hintlesham, and at peak times impact on productivity as key traffic routes. Other general improvements at the A14 junctions and more locally at the A140, works in and around Sudbury, and works that potentially further unlock the significant economic potential of Eye Airfield and South Suffolk, will be supported (subject to their detail) in an economic and productivity context.

6.11 Business Account Management and Relationship Development

As referenced at 5.1 of this strategy, businesses are less interested in *who* provides the support and services they need and more interested in *what* is delivered, or facilitated, and *how*.

The District Councils have a statutory remit, often attached to nationally prescribed procedural frameworks, in business-essential services such as Planning, Licensing, Food and Safety/ Environmental Health, Waste Collection and Business Rates Collection. Whilst this can, and must, create limits and parameters about how the district councils deliver some functions and services, this does not mean that the Councils should close their ears and minds to broader business needs in the context of those services nor the importance of business growth to our places. Local policies and strategies which sit beneath national frameworks will endeavour to be flexible and business friendly in content, language and format.

BMS has already trialled an approach to better support business enquiries and develop a model of Business Relationship Management that works effectively for business by having less separate interactions with different Council departments and instead being offered access to a single officer that will take the time and effort to better understand their full business enquiry to add value, gain insight and intelligence to tailor support, provide honest and timely advice and best help a business to assess its own options and future plans. We will strive to embed this approach within our organisational culture.

The further principles underpinning this approach are expressed below, and the Councils will continue to refine and expand this work (in synergy with its Public Access strategy and initiatives such as New Anglia Better Business for All):

- BMS recognises that investment in developing effective relationships with businesses, has benefits to all parties but is often slow-burn and time-consuming. The Council does not have capacity to directly reach all of its 9000+ businesses.
- BMS is not always best placed to deliver business support, nor do some businesses want to engage with the Councils in this regard. However, BMS can often deploy its network to meet a business's need. Where viable, BMS will facilitate greater support and reach for micro and SME businesses through commissioning investment in partner organisation support e.g. Menta/Nwes/Growth Hub or through managed and serviced work spaces (for example South Suffolk Business Centre in Sudbury)
- BMS will develop transactional and self-help resources including tailored to specific sectors. Where viable this will align with regional/cross-border information and co-design with the business community or business support organisations – such as output from the New Anglia Better Business for All programme.
- For BMS its intelligence and understanding of the business community and local economy may grow through an account management type model which permeates a broader

business friendly culture – enabling the Council to focus its influence and interventions in the areas and in ways which most benefit business.
  - BMS will strive to deliver its business facing services in a professional, business centric and understanding way.
  - BMS will be realistic, rounded, honest and timely in its advice and guidance (including any pathway options) to best support businesses in consideration of their own plans
  - Councillors, as representatives of place and community, will work together with officers and businesses to seek successful solutions and outcomes. Care will however be taken to not prejudice any formal decision-making roles or responsibilities.
  - Unlocking sites conversations (not just Enterprise Zones) though our work with investors, developers, land owners, utilities and New Anglia LEP – seeking funding and infrastructure investment. Direct engagement with companies wishing to invest in the districts (some multi-million investment opportunities and significant innovation) which also supports local supply chains and clusters and boosts the regional significance of our places

7. UNDERPINNING ASSUMPTIONS FOR OUR APPROACH

- We cannot, and should not attempt to, deliver support in isolation. We will strive to complement and not duplicate the range of support available or offered by our partners. Every intervention should add value whether we lead it or not. To this end, we shall maintain an outward focus and use intelligence and networking to maximise positive outcomes for business and industry and the broader benefits those will bring to our communities.
- That to assist existing, new and potential businesses with access to business advice, finance, funding networking and business opportunities we need to impact at the point it will be most valuable, including supporting where we can the export potential of goods and services and creation of higher value jobs and products.
- The national housing shortage and the measures in place to boost significantly the housing land supply. BMS are doing their part to increase housing delivery, and also recognise that this must be coupled with economic and infrastructure growth. Locally, this means a change from a focus on 'large industrial estates in the towns' to being more responsive to the needs of business wherever they are in the districts and whatever their property requirements are.
- That to be effective, and given our resource and financing constraints, we may need to 'get out of the way' or stop doing some things, particularly in relation to sectoral matters which we are not best placed to fund or lead on. An example of this is our transitionary support to the tourism sector (Local Tourism Action Groups, Destination Management/Marketing Organisation and Visit Suffolk brand support investment) to help create the conditions for private enterprise and groups to step-in and take forward plans to develop local tourism offers and visitor destination planning.
- We have communicated our strategic understanding and approach within this document for transparency and clarity. The strategy is living, flexible and responsive to local and wider circumstances including delivery progression and evidence. Where updates, clarifications or achievements will add value, the document may be modified accordingly under a light touch arrangement.

Agenda Item 12

MID SUFFOLK DISTRICT COUNCIL

From:	**Cabinet Member for Communities**	**Report Number:**	**MCa/17/45**
To:	**MSDC Cabinet**	**Date of meeting:**	**5 February 2018**

WINGFIELD BARNS COMMUNITY INTEREST COMPANY (WBCIC) UPDATE REPORT

This report has two parts: Part One addresses the support provided by MSDC to WBCIC; Part Two addresses the role of MSDC as the owner of the Wingfield Barns site and as landlord to WBCIC.

1. Purpose of Report

1.1 To provide an update on the activity of the Wingfield Barns Community Interest Company (WBCIC).

1.2 To provide a summary of the external review carried out on the social and economic value of the WBCIC on the local community and local economy.

1.3 To outline the business plan of the WBCIC for 2018.

1.4 To determine the future support arrangement that MSDC will provide to the WBCIC.

1.5 To determine the property management arrangements for Wingfield Barns.

2. Recommendations

Part One – Support for the WBCIC

2.1 That the current revenue budget of £6,000 (which provides support for the WBCIC) is transferred to the Communities Grant budget.

2.2 That an initial grant payment of £6000 is made to WBCIC for 2018/19

2.3 That a further £12,000 of grant funding is available for WBCIC to apply for during the next two years - to apply for this additional grant WBCIC will need to include a business case as part of the application which outlines how the organisation will achieve sustainability.

2.4 That this total of £18,000 will be the final revenue grant support made available by MSDC to WBCIC.

Part Two – Landlord Responsibilities for the Wingfield Barns site

2.5 That the rental charge for 2018/19 is waived in keeping with the terms of the WBCIC lease.

2.6 That an annual revenue budget of £15,000 is established to meet landlord obligations at the Wingfield Barns site and that this budget is administer by Property Services.

2.7 That further work is carried out to explore: the potential for a new cost effective and efficient heating system for the site and a review of the lease to enable subletting of some of the parts of the site by the WBCIC.

3. Financial Implications

3.1 The transfer of the £6,000 from the Communities Service revenue budget to the Communities Grant budget has no direct financial impact.

3.2 The immediate financial implication is an increase of £15,000 in the Property Service budget.

3.3 The rent waiver is equivalent to approximately £12,000 p.a. but current income levels of the WBCIC do not trigger a rental charge under the terms of the lease.

3.4 The NNDR value of the site is £24,500. WBCIC benefits from the statutory discount of 80% (£19,600) and a discretionary discount of 20% (£4,900). These discounts are reflected in current budget arrangements.

3.5 Recommendation 2.7 may have further financial implications but the detail will be worked up at a later date.

4. Legal Implications

4.1 Section 1 of the Localism Act 2011 provides the powers for this report.

4.2 The Community Interest Company concept was introduced as a legal form under the Companies Act 2006 and must operate subject to that Act and company law generally.

4.3 The primary core features of any company holding CIC status are twofold:

4.3.1 Assets owned by the company are held in an asset lock which secures those assets to applications for the good use of the community; and

4.3.2 Limitations are applied to dividend and interest payments capable of being made to shareholders and the primary focus remains on achieving benefit for the community.

4.4 Section 19 of the Local Government Miscellaneous Provisions Act 1976 empowers Councils to provide such recreational facilities as it thinks fit, including powers to provide buildings, equipment, supplies and assistance of any kind

4.5 This report meets the lease requirements regarding the rent arrangement with the WBCIC.

5. Risk Management

5.1 This report is most closely related to two risks in the Council's Corporate / Significant Risk Register:

- Risk 4c - If we do not manage our asset portfolio effectively it may result in: lost opportunity; loss of capital value; increased revenue costs and loss of public confidence.

- Risk 5i - If we do not maintain the trust of our stakeholders and promote our public image and reputation, then this may prevent us from entering into positive partnerships, secure funding and ultimately may affect our ability to work with partners, businesses and key stakeholders in achieving the strategic priorities.

5.2 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
The WBCIC is currently dependant on financial support from MSDC. If this support stops at this point the WBCIC is likely to fail	Highly Probable	Serious	Continuation of funding from MSDC (subject to agreement of recommendation 2.2) Landlord costs and support costs are separated Additional support to access external funding is provided by Council officers. Annual WBCIC monitoring reports/visits

6. Consultations

6.1 This report has been produced following discussion between the Assistant Director Communities and Public Realm with the WBCIC Chair of Trustees and Operations Manger and with the Director of E.G. Consulting (author of the external review of the Socio-Economic Impact Assessment report of WBCIC).

7. Equality Analysis

7.1 At this point there is no apparent equality impact as a result of this report and an Equality Impact Assessment has not been completed.

8. Shared Service / Partnership Implications

8.1 The recommendations in this report propose to continue the partnership with WBCIC but to change this to a revenue grant based relationship, with a clear distinction between the council's landlord function and the relationship with the WBCIC as a community enterprise supported by the council. This support is proposed for a minimum of one year and a maximum of three years. To access the full three years of support WBCIC will need to provide a business case to deliver a sustainable business model.

9. Links to Joint Strategic Plan

9.1 Targeted Grants & Funding to Support Community Capacity Building.

9.2 Community Led Solutions to Deliver Services & Manage Assets.

9.3 Community Volunteers Are Skilled & Able.

10. Key Information

PART ONE – SUPPORT FOR THE WBCIC

10.1 Since the establishment of the WBCIC in 2011 the aspirations of both WBCIC and the Council has been for the WBCIC to achieve a sustainable business. To date this has not been achieved although the levels of financial support provided by the council to the WBCIC have significantly decreased. The current support provided by MSDC is: a 100% business rate subsidy; a full rent waiver; and a budget of £6,000 to support the WBCIC with utility costs.

10.2 Since 2011 the WBCIC has tried a number of different business approaches to achieve financial independence and a sustainable business model. These include: significant cost reduction in the operation of the organisation; the addition of greater commercial activity within the WBCIC offer (specifically the establishment of a wedding service offer); and over the last year a general increase in the core business of the site (exhibitions, conference lettings, performances and private hire) with a revised charging structure.

10.3 During the six years since the formation of the WBCIC, the site has been managed by five different site managers and the Trustee Board has seen a number of changes, including 3 different Chairmen within the last three years.

10.4 In part, these changes reflect the challenge faced by the organisation to generate sufficient activity and income in a rural location with a low local population base, whilst operating in a building with high running costs and on a site subject to a number of restrictive regulatory conditions (including noise and times of operation).

10.5 The activity summary of the WBCIC for the calendar year 2017 is attached as Appendix A. This shows the increase in activity levels of the WBCIC over the last twelve months and the switch from a wedding focused offer to a wider arts, performance, exhibition, rental and community use offer. This approach has reduced the complaint issues associated with the wedding functions.

10.6 Appendix B sets out the WBCIC Business Plan for 2018. This brief plan continues with the current approach and is reliant on continued financial support from the council. The plan reflects the current capacity of the WBCIC and ongoing constraints of the site with the associated planning and licensing conditions.

10.7 Whilst overall revenue levels are lower than the previous year, income associated with the general community and arts use is up and most significantly footfall has substantially increased.

10.8 Confidential Paper X/07/17 presented to MSDC Executive on the 9th January 2017 established revenue support to the WBCIC with a budget of £6,000 for 2017/18. A commitment was made to review this arrangement during 2017/18 and to carry out a socio-economic assessment of the WBCIC activity to inform this review and to shape a proposal for the future relationship between MSDC and the WBCIC.

10.9 To deliver this review two reports have been commissioned. The first is part of a wider piece of work to review the general fund property assets of the council. Ark Consultancy assessed Wingfield Barns during the summer of 2017. The key findings of this review is that there are two options for the site: one is to sell the site (this is complicated by the lease held by the WBCIC); and the second is for the council to support the WBCIC in a continued attempt to become sustainable.

10.10 The Ark Consultancy report points out that the planning conditions associated with the site make this a significant challenge. The report encourages WBCIC to seek other funding sources (external grants) in order to improve the site and increase the offer provided. The report also suggests that consideration should be given to reviewing the planning conditions and to varying the lease to enable WBCIC to sublet some parts of the site. The report concludes that if WBCIC is to have a realistic chance of achieving financial sustainability that continued financial support from MSDC is required in the medium term. A further two years of support is suggested to allow the WBCIC Operations Manager and Trustee Board sufficient time to achieve a sustainable operation.

10.11 The second report is an investigation into the socio-economic value of WBCIC to the local and wider economy and to the local and wider community. EG Consultancy were commissioned to complete this work during December 2017. The full report is provided in Appendix C.

10.12 The key findings of this is: WBCIC is a small scale social enterprise. The level of total investment in the organisation is critical but in general terms modest. The trading history of the WBCIC is patchy reflecting the changes in the WBCIC and the challenges of the building, the running costs, the planning and licensing conditions and the location.

10.13 The level of activity and the social value of the WBCIC to the local community has significantly improved over the last 12 months. Visits to the site are up (circa 6,200 during the year) and the number of arts, performance and community activities on site has significantly increased.

10.14 For every £1 of revenue support provided by MSDC, WBCIC is currently generating £3 in income. Based on general Arts Council research: for every £1 invested in this type of arts facility this is doubled in terms of a return to the local economy. Therefore it is suggested that for £1 invested by MSDC in the WBCIC there is an estimated £6 return to the local economy.

10.15 With these improvements in use there is still considerable scope to increase the social and economic impact of the WBCIC. At present there is no external grants programme in the WBCIC business plan. Many arts based social enterprises target grant support to build capacity, improve marketing and promotion and deliver arts based projects which engage vulnerable or disadvantaged people/communities.

10.16 The current offer from WBCIC is accessible with a pricing structure which makes its programmes affordable in a relatively low wage area. There is better connectivity with the local community but improved marketing, a better web presence and social media campaigns could further improve this.

10.17 The social impact of WBCIC is very positive but hard to precisely quantify. The introduction of *social accounting* by WBCIC could improve this and so provide the evidence to inform and support future external funding applications.

10.18 The potential of the WBCIC is significant but it is also restricted by the current capacity of the CIC itself, by the planning conditions of the site, by the poor broadband service of the location and the high running costs of the site.

10.19 Taking the findings of these two separate reports into account: It is proposed that support for the WBCIC should continue but that the direct revenue budget for the WBCIC is removed from the Communities 2018/19 budget.

10.20 It is recommended that the value of this budget (£6,000) is added to the MSDC revenue grants budget and the future of the relationship with the WBCIC is changed to that of core funded grant recipient.

10.21 The current specific WBCIC budget reflects the history of the site and that it was originally operated direct by MSDC as an in-house service. This change will bring the funding of WBCIC in line with the recent grants review and it will simplify the relationship between MSDC and WBCIC.

10.22 Whilst WBCIC operates an effective cohort of volunteers, there is potential to increase the social value to the activities on site. Local community use and participation is increasing but the WBCIC business plan does not target external funding programmes or projects which would either build capacity within the WBCIC or increase the social value and impact of the WBCIC within the local community.

10.23 MSDC has respected the independence of the WBCIC and has supported the different approaches of the WBCIC to try and achieve sustainability. WBCIC is requesting continued financial support from MSDC. Previously, this support has been provided without specific conditions.

10.24 The revenue subsidy of the WBCIC is modest and this level of support, in relationship to the level of activity delivered, is not unreasonable. However, the current business plan is unlikely to achieve financial independence for WBCIC and it is also unlikely that MSDC will receive any direct financial return in terms of rental income.

10.25 To change this and help create the conditions in which this may be possible, there are a number of possible approaches:

i. Continue to support the WBCIC at the same or similar financial level – this is likely to result in the same or similar outcomes (a modest arts and community offer and a modest benefit to the wider community economy).

ii. Continue at the same or similar level of financial support but on a grant basis and with conditions which require a business plan aimed at achieving financial sustainability.

iii. Actively encourage WBCIC to achieve sustainability by setting a maximum period during which revenue support will be provided and encourage and support WBCIC to apply to other external funding sources.

10.26 Given the potential to increase community benefit, to improve the economic impact and to encourage financial independence of the WBCIC, a combination of grant for 2018/19 and potential further grant support during 2019/20 and 2020/21 linked to a business case to achieve a sustainable business model is justifiable. This is reflected in the Part One recommendations above.

PART TWO – LANDLORD RESPONSIBILIRTIES FOR THE WINGFIELD BARNS SITE

10.27 MSDC owns the Wingfield Barns site. The site is leased to the WBCIC. The lease is a 30 year lease and has 23 years to run. Under the terms of the lease MSDC is responsible for the maintenance of the wider site and the main fabric of the buildings.

10.28 In the presentation of confidential report X/07/17 to the Executive in January 2017 there was an error in the information provided. It was reported that the landlord costs associated with maintaining the fabric of the building were charged to a separate budget in the Property Management Service. This was incorrect, as a consequence, recommendation 2.5 in this report seeks to establish this budget within the Property Management Service.

10.29 The lease with WBCIC includes a provision for a rent waiver. This is based on the operating profit levels of the WBCIC. WBCIC profits are below this threshold so it is proposed to continue with this rent waiver for 2018/19.

10.30 The Ark Consultancy report indicates that the operating conditions for the WBCIC are challenging and suggest that further work is carried out to see if some of these conditions can be improved. These include:

- Potential investment in a more cost effective and efficient heating system (the current annual heating costs are higher than the total revenue support provided by the council to the WBCIC);

- Revision of the lease to enable subletting of some of the parts of the site by the WBCIC.

10.31 These options require more detailed consideration to accurately assess cost and benefits. Any investment future in the site would need to take account of the emerging asset management strategy.

11. Appendices

Title	Location
(a) WBCIC Activity Report 2017	Attached
(b) WBCIC Business Plan 2018	Attached
(c) EG Consulting Socio – Economic Assessment	Attached

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Appendix A

Wingfield Barns CIC Activity Report – Operations Manager December 2017

Calendar Year 2016
Concerts/theatre – 11
Private hire events (one-offs) – 11
Private hire (regular) – 97
Training/conferences – 17
Exhibitions (weeks) – 10
Community events – 6
Weddings – 9

Calendar Year 2017
Concerts/theatre – 17 (up by 6)
Private hire events (one-offs) – 16 (up by 5)
Private hire (regular bookings) – 182 (up by 85)
Training/conferences – 18 (up by 1)
Exhibitions (weeks) – 13 (up by 3)
Community events – 12 (up by 6)
Weddings – 2 (down by 7)

Regular bookings are ongoing in the form of Open Space rehearsals, John's Art Classes and Studio hire, Keep Fit, Heather Demmon.

Predicted total footfall by the end of 2017 is as follows:

Weddings	250
Classes/Rehearsals	1450
Community Events	490
Conferences/Training	625
Music/Drama	855
Private hire	1400
Exhibitions	1125

Total predicted income for 2017 is around £34000. Only £5500 of this is from weddings. Total income for 2016 was £43400, with £20300 being wedding income. We have increased our income by nearly £6000, not taking in to account any wedding money.

Investments have been made towards updating the IT Infrastructure (this needs more work), a new dishwasher, new printer, various publicity.

You will notice the increase in particular in the number of community events being held at or hosted by Wingfield Barns. This is testament to the way we are integrating ourselves in the local community, and reaching out to those who have up until now not been able to take advantage of what is proving to be a real asset to the village and surrounding area.

The variety and range of events being held here is continuing to grow, and slowly but surely we are managing to change some very inaccurate pre-conceptions which I am beginning to realise people have had about the place. Wingfield Barns is a venue accessible by all, for every event – be it a birthday celebration, marriage, funeral, conference, meeting, class, therapy session, coffee morning, rehearsal… we can accommodate all of them. These private hires are complimented by the events put on by ourselves; the drama, theatre and exhibitions, all of which bring in an even broader spectrum of the community.

The De La Pole especially is profiting from our events – many people wander up there for lunch after visiting an exhibition or go for coffee after keep fit. Many conferences who don't supply lunch for their delegates also recommend they go up there for some food. Later this month a group of villagers who are attending one of our events have arranged to go for a one-off supper (they don't serve food in the evenings usually) before coming to see the play. Equally, the pub play their part in publicising our events and supporting us where they can.

We have given a lot of thought as to scope for development of the site as there are, as you know, several areas not utilised at present. We have received quotes for the work required to transform the upper room in the office block in to an office space either for hot desking or for private rental to a local business. This should go ahead before the new year hopefully. The Board and myself are also currently in discussion as to how best to utilise the Granary. I am determined for the site to be used by more people on a more regular basis, and of course for this to increase our income in the long run.

Wingfield Barns Business Plan 2018

Company Summary

Wingfield Barns Community Interest Company was formed in April 2010 to carry on activities which benefit the community and in particular (without limitation) to organise and deliver educational, artistic and other cultural activities for the benefit of the residents and organisations located in East Anglia.

Wingfield Barns now generates revenues though the sale of tickets to various arts and cultural events it produces, education and training projects and hire of the barns for civic and private functions. Wingfield Barns can now commercially exploit a cluster of workshops, studios, barn and offices set in beautiful grounds.

Company Direction

Vision: Wingfield Barns becomes a self-sustaining social firm managing the most popular general purpose venue for accessing a diverse and inclusive range of activities for the general wellbeing of the community.

Mission: To provide and develop a range of value-for-money social, economic, cultural and health facilities and services – primarily for the benefit of those who live, work and visit North Suffolk and South Norfolk, especially in the immediate district surrounding Wingfield.

Organisational and Financial Sustainability

For Wingfield Barns to achieve organisational sustainability it will:

- Have a clear strategic direction
- Be able to continually research the market to identify and connect with opportunities for its services
- Have robust management and administrative systems
- Become embedded in, and gain the support of, the community

For Wingfield Barns to achieve financial sustainability it needs to:

- Have several revenue sources and be more entrepreneurial (measured risk-taking)
- Have a robust financial system
- Demonstrate its values and value
- Have a good public image

Strategy

In order to reinforce long-term financial sustainability, Wingfield Barns needs to further develop a range of income streams.

To reduce financial exposure and risks, income will be a mixture of grant funding and earned income, with a priority on the latter. Grants will be employed primarily to assist infrastructure growth and establishing new projects.

Important Assumptions

It's important to start with an understanding of the limitations of the Wingfield Barns facilities and their current theoretical maximum revenue potential, as well as the development potential of the facilities to earn further profitable income.

The license restrictions together with the nature of the fabric of the buildings and their lack of sound proofing put in place an immediate limit to the type of events Wingfield Barns can host or provide. However, there is scope for further development to areas of the site not currently utilised and these have the potential to bring in additional streams of regular income for a relatively small amount of investment. This development needs to be supported by thorough regular maintenance of the site.

Projected Figures

Visitor/customer footfall

Event	2017	2018	2019	2020
Weddings	250	250	250	250
Classes/Rehearsals	1450	1600	1750	1850
Community Events	490	750	1000	1250
Conferences/Training	625	850	1000	1500
Music/Drama	855	1000	1250	1500
Private hire	1400	1750	2000	2250
Exhibitions	1125	1250	1500	1500

Financial

	2017	2018	2019	2020
Total sales	34000	37500	39000	40000
Other income	2000	2000	1500	1000
Total expenditure	41000	39000	38000	38000
Net profit/loss	-5000	500	2500	3000

In Conclusion

The business will increasingly work to build upon the number of conferences and community events, with any wedding bookings providing a welcome lift to the income. The expected broadband update to the site, along with the spending of secured funding for the internet infrastructure, will provide a much more comprehensive offer in the conferencing package available and a much more reliable service to those groups already utilising the free access.

For over a year now, Wingfield Barns CIC has had a stable Board of Directors and Management, all of like mind where the future of the business is concerned, and who bring a variety of skills with them to the table. The volunteer support has also been constant across the range of events, the group bringing an equally diverse spectrum of skills with them. For the first time, Wingfield Barns is able to utilise this to continue to widen the range of events provided in order to expand local community engagement and reaffirm Wingfield Barns as a community asset of increasing value.

December 2017

Wingfield Barns: an assessment of its social impact and value to the community and local rural economy

1. Background & Context

1.1 The Wingfield Barns Community Interest Company (WBCIC) is nearing the completion of its seventh year of operation, having been established in 2010 and then been granted a 25 year lease on the former Arts Council-funded converted farm buildings site (in 2011) from Mid Suffolk District Council (MSDC) who own the freehold. The lease runs until 2036 with no break clause excepting the possibility of WBCIC's insolvency.

Prior to WBCIC's time, the Wingfield Barns site has had a somewhat checkered history with the legacy of the past often threatening to imperil the present. There is no longer any Arts Council involvement whatsoever, in fact, currently there is no third party funder involved with the CIC excepting of course MSDC.

1.2 In broad terms, WBCIC offers a wide and impressive range of arts and community activities. The site's centrepiece is the glorious listed Great Barn (dating back to the time of Henry VIII) and all set within attractive outside grounds and rolling Suffolk countryside. Wingfield Barns is a licensed wedding venue and has an artist-in-residence plus provides storage for a local (Open Space) theatre company. Income is generated from ticketed arts and related cultural events, private hire of the barns for training, civic and other functions including weddings and funerals. Photographic and art exhibitions alongside large-scale conferences bring in not inconsiderable sums of income. There are other, one off and regular training sessions, and of course major theatre and music performances, and increasingly less often there are large-scale sumptuous weddings; even the highly supportive Parish Council holds its monthly meetings on the site.

1.3 Situated in a largely remote rural area (Wingfield is classified as a hamlet in the Local Plan) there is a nearby pub, recently re-opened and serving lunchtime and evening food; with a local produce business ethic and extensive delicatessen as well. Significant settlements are just a handful of miles away: Diss with a large population of some 7,500 people is seven miles from Wingfield and Eye - population 2,200 - a mere five miles. Other significant population centres are Harleston, with 4,600 people and nearby Stradbroke, just over 1,400 people. Wingfield itself has a strong sense of history with a number of important historical buildings including the Barns, St. Andrew's church and Wingfield College. The parish has a population of less than 400 people.

1.4 WBCIC's stated area of benefit is widely drawn: East Anglia, and clearly some major events and attractions draw an audience from a significant catchment area. However, the CIC's key potential regular (and in community engagement terms) audience is drawn from a 10-mile radius of the Barns – these predominantly sparsely populated local villages and nearby 'hinterland' towns are the CIC's 'communities of place' and there is a robust ambition to *"expand local community engagement and re-affirm Wingfield Barns as a community asset of increasing value".*

1.5 In the context of sparsity and rurality, and with many rural services in decline and reducing, Wingfield Barns plays a vital 'rural hub' role touching on the lives of many local people and communities, who would, without the facility and activities provided, face further social isolation, disadvantage and reduced community wellbeing, combined with cultural exclusion. This is explored in more detail in section 3 below.

2. Recent success and achievements – leading to a brighter organisational future

2.1 The last 12 months has seen the WBCIC really raise its game, its social impact and value to the local rural communities it exists to serve. It is highly regarded and valued by many very local key stakeholders and organisations.

According to the latest visitor/user numbers – attendance is up for all the various artistic, community and training activities. Visitor footfall is likely to top **6,200** in 2017, and to service this number of visitors/users to the Wingfield Barns has cost a total of £45,000 (combined £33,000 of expenditure by the CIC itself and public sector investment of £12,000 by Mid Suffolk District Council for utilities (core £6,000 grant) and routine maintenance costs. Overall, in raw per capita terms this equates to **£7.26** (and just **£1.93** per person of direct public funding, when the CIC's earned income element is stripped out and the council's rental waiver discounted).

2.2 Clearly, at a rate of 500 + people each month using the site, the scale of activity is highly impressive for such a small community organisation, and the number of people benefitting is expanding and projected to grow even further (10,100 people per annum by 2020). Ticketed events are modestly and accessible priced, ranging from £5 to £14 per person depending upon performance or event.

The CIC treasures its social mission of promoting social inclusion and community cohesion, and prices activities based on the desire to ensure low waged people and local families can access activities. The direction of travel for increased activity (excepting weddings) is demonstrated in these recent exponential increases:

Type of event	Number of events 2016	Number of events 2017	Percentage change
Concerts/theatre	11	17	**+54%**
Private hire events (one-off)	11	16	**+45%**
Private hire (regular bookings)	97	182	**+93%**
Training & Conferences	17	18	**+6%**
Exhibitions (in weeks)	10	13	**+30%**
Community	6	12	**+50%**
Weddings	9	2	**-78%**

2.3 In recent times the WBCIC team has been pro-active. Achievements are widespread, and increased community value and impact can be identified with a significant range of activity already earmarked for the 2018 calendar year. Events and activities are varied and extensive, in the table below for illustrative purposes in the first *nine* months of 2018 the following (as of 23/12/17) have already been programmed:

Date	Activity	Category	Anticipated attendance
31 December – 1 January	New Years eve – Ceilidh with Harbour Lights Band	Community - Music	150 people
16 January	Coffee Caravan	Community	20 – 30 people
17 January	Governor Training	Community - Training	15 people
20 January	First Aid Training – Baby & Child first aid training for parents	Community - Training	20 people
2 February	Kevin Pearce	Performance - Drama	50 people
9 February	Old Herbaceous	Performance - Drama	40 – 50 people
20 February	Governor Training	Community - Training	15 people
20 February	Coffee Caravan	Community	20 – 30 people
24 February	The Swing Museum	Performance – Music	50 people
3 March	Once Upon a Labrador	Performance - Drama	40 – 50 people
17 March	Jeremy MacDonagh	Arts – Book Launch	100 people
18 March	Measure for Measure	Performance – Drama	60 – 70 people
20 March	Coffee Caravan	Community	20 – 30 people
24 March	Piano Concert	Performance - Music	Over 100 people
24 March – 2 April	RPS Nature Group Exhibition	Arts - Visual	150 people
6 April	Dancing at Lughnasa	Performance - Dance	60 people
26 April	SCITT training	Community - Training	Over 40 people
30 April	Governor Training	Community - Training	15 people
3 May	Polling Station	Community	Over 175 people
5 – 20 May	EAF Exhibition	Arts - Visual	400 – 500 people
10 May	SCITT Training	Community - Training	Over 40 people
12 May	Richard Digance	Performance	80 – 90 people
17 May	SCITT Training	Community - Training	Over 40 people
20 May	Gigspanner	Performance - Music	80 – 90 people
2 June	Birthday Party	Private function	90 people
All weekends in June	Open Studios	Arts - Visual	400 – 500 people
29 June	Claude Bourbon	Performance - Music	50 people
30 June	Summer Fete	Community	500 people
12 July	Exhibition – Private View	Arts - Visual	120 people
14 – 29 July	HWAT Textile Exhibition	Arts - Visual	Over 750 people
14 July – 2 September	International Mini Prints Exhibition	Arts - Visual	500 people
15 July	Birthday Party	Private function	75 people
27 July	Mustard Theatre Company	Performance - theatre	50 people
22 August – 2 September	Rhonda Whitehead Exhibition	Arts - Visual	500 people
1 September	Leveret	Performance - Music	110 people
28 September	Jimmy & Sid	Performance - Drama	90 people
29 September – 7 October	RPS Nature Group Exhibition	Arts - Visual	150 people
Total Days open to public (including regular scheduled activities as below) **187**			Total Estimated Number of People **5,447**

The following table shows the regular scheduled activities:

Dates	Activities	Category	Anticipated attendance
Every Thursday (10 am onwards)	Keep Fit Class	Community – Health & Wellbeing	10 people each session
Every Tuesday (10 – 4)	Art Class with John Parker (Artist-in-Residence)	Arts – Visual & Training	12 people each session
Every Thursday (excepting school holidays)	Art Therapy	Community – Health & Wellbeing	2 people
Twice weekly (Resident theatre company rehearsals)	Open Space Theatre Company	Performance – theatre (and community)	15 people attending each session

The Operations Manager reports that all of the above comprises those ticketed events, community activities, training and private functions so far identified for 2018; and inevitably there will be many more further bookings for training activities, community events, private functions including funerals, birthday parties etc. Special mention should be made of the regular presence of the coffee caravan, which meets the needs of those with very restricted transport options, and the growing health and wellbeing activities – including therapists and gentle exercise classes. The target number of visitors/users to the site is 7,450 in 2018, an increase of 1,250 over the 2017 actual number of 6,200.

2.4 Although in need of a lick of paint, the site remains visually impressive, charmingly set within the Suffolk countryside and displays an extensive range of facilities - workshops, offices, studios and exhibition spaces, artist and performer overnight accommodation - and of course, the beautiful barns. Volunteers and the CIC team do all they can to sustain facilities in good order; yet resulting from under-investment and limited organisational capacity, several areas remain under-utilised but present further opportunities to grow success. As part of the uplift envisioned over the next 2-3 years these areas are now in the CIC's sights for improvement and office/business hire. Collaborative outreach is eliciting some interest, and further consideration is being given to how the site can better attract more businesses, creative industries, and artists/craftspersons (with the possibility of creating more of buzz and hub of cultural workers). The Parish Council and the new owners at the village pub are very supportive of this, and local community engagement is riding at a high point.

Commercial viability, especially private functions and the letting of the barns and other (office and studio) earned income possibilities are contingent on regular site maintenance; and any potential under-investment, combined with general wear and tear, clearly threatens this. The Granary, used for short-term overnight accommodation for artists and performers, offers up some real commercial and/or creative possibilities. The team is ardently developing proposals at the time of report writing, seeking to better create an entrepreneurial rural hub and increase its contribution further to the local rural economy. Links with the pub landlords to provide lunchtime and evening meals to visitors to the Barns further underline this positive development and narrative.

However, there remains a frustrating hurdle to realizing this aim of bettering the Barns contribution to its immediate local economy, and that of course is sporadic (often non-existent) access to reliable, and high-speed broadband. Poor broadband connections compound a challenging set of circumstances, with the proposed idea of the site becoming a rural business hub or creative artist/craft space severely hampered. Improvements to the IT network are subject to grant requests currently to ensure a more comprehensive Wi-Fi service, and going forward this would better secure commercial and community usage; and improve the positive local economy impacts arising from the site. There is a growing confidence from all stakeholders that this technological hurdle will soon be overcome.

2.5 As a small community interest company there are now five unpaid directors, two of whom are local authority elected representatives serving in a private capacity. The Board of Directors meets regularly and is chaired by Councillor Diana Kearsley, they form a determined and formidable volunteer team focused on ensuring the long-term viability and wellbeing of Wingfield Barns. Their passion and commitment – and consequent hard work - for the Barns is indefatigable. The Directors manage the CIC's sole part-time employee (Operations Manager), Anna Castleton, an experienced arts venue manager who lives locally. She works 20 hours per week, with her hours being delivered flexibly and in line with art/community business needs e.g. evenings and weekends. The volunteer CIC team and Operations Manager are very embedded locally, and this locality knowledge and commitment to the local rural communities served is invaluable, underpinning recent success and achievements. Local confidence in the CIC team and the programme of activities delivered from stakeholders is firm, underpinned by a strong streak of locality and personal loyalty. For the majority, the organizational offer and personnel delivering it are far superior to what has ever gone before.

However, noteworthy is the churn of CIC directors since 2010, and there have been 30 changes of directors details since its formation, including 24 resignations – all evidence indicating that it has taken time for the CIC to settle into a more highly performing social enterprise. In the same period Stowmarket-based John Peel Centre for Creative Arts CIC has had 10 changes of director details including four resignations. After choppy waters the CIC is now in a calmer period, reflecting the first stab (since 2014) it has had with producing a business plan and knowledge-based consideration of how to build on recent success. The CIC reports a good level of energetic local volunteering, with 10 local people acting as volunteer stewards at events, undertaking simple routine maintenance, and helping with publicity etc. The CIC has an electronic database of 800 people and organisations.

2.6 Furthermore, in the CIC's endeavours to underpin its organisational and financial sustainability WBCIC have produced an outline (broad-brush) draft 2018 Business Plan (mainly for internal purposes), and this continues to look to ensure the Barns are embedded within the local community, further gaining its support, become more entrepreneurial (developing a range of different revenue streams), better demonstrating its social value and maintaining a positive public image. Not unlike many organisations within the voluntary and social enterprise sector in these times of relentless austerity WBCIC radiates financial fragility and the Business Plan states:

" To reduce financial exposure and risks, income will be a mixture of grant funding and earned income, with the priority on the latter. Grants will be employed primarily to assist infrastructure growth and establishing new projects."

To date, the CIC has had a poor record of securing income from the independent grant funding sector or any of the Big Lottery distributors. At this juncture, it is unclear as to whether WBCIC can reverse this recent record, or from discussions with the team, whether this is desirable. Breaking even and becoming financially self-sufficient is the overwhelming goal. The team believe that their modest, 'small is beautiful', approach is best suited to the circumstances they find themselves in; and there is a distinct reluctance to embrace significant outward-facing fundraising as rather contradictorily indicated within the Business Plan.

2.7 Income has dipped in 2017 to £35,000, and from a high of £43,000 in the previous year when income from weddings comprised over £20,000 (almost half of the total annual income). Wedding income for 2017 is now down to just £6,000. Despite this, income from performances, room (including art gallery) hire, bar sales, conferences, training and art classes has shown remarkable uplift and growth. The CIC team believes that the revenue potential will for the foreseeable future remain limited and contend has a 'theoretical' ceiling.

The CIC is looking towards modest increases in income in the next three years, rising from £35,000 to £41,000 (although somewhat down from income levels in 2016), and this increase is projected to mainly come from a combination of enhanced ticketed and community events, more training, conference and other wellbeing activities and private hire functions. A small 'profit' is envisioned by 2020. Strangely, grant income does not appear to feature significantly in the financial projections going forward; excepting a modest £2,000 in 2017 and 2018; but this is projected to decline again to £1,000 by 2020.

As observed earlier, the visitor/user footfall is presently about 6,200 in 2017, and projected to rise year on year by between 15-17%. These projections would be borne out in light of the 2018 outline programme (as 2.3 above). The team anticipate footfall to be 10,100 by 2020, up 3,905 from 2017 numbers; a 63% increase. This would massively increase the CIC's contribution to social and community value, and have further positive ramifications for the immediate rural economy.

2.8 As many within MSDC will already know, and it cannot be stated too strongly, that success and long-term financial sustainability continues to be undermined by planning measures imposed by the local authority. The team spend much of their time tip-toeing around these issues – all despite being in one of the least populated areas in Suffolk where one would have supposed noise restrictions would be much less of a concern! The financial viability of the venue is consistently undermined by highly restrictive planning (noise level) and licensing constraints; until recently WBCIC has aimed to increase income from private functions (mainly weddings) with the goal of then using the income as a way of underpinning its financial stability and then providing (potentially more) arts and community access facilities and services. These showed positive signs of being successful, but this has now fallen away. Key former CIC team members who were drivers of this have also now moved on.

All outdoor activities, especially music, performance arts and even village fetes, are potentially and actually circumscribed by severe usage restrictions. This causes real organizational angst. As reported in a recent Mid Suffolk Council Asset Review:

" The planning restrictions severely limit the activities which might generate turnover, including acting as a wedding venue."

2.9 WBCIC is extensively supported by Mid Suffolk District, and as in previous years, in the latest financial year this includes a core revenue grant of £6,000 (to cover costly utility bills arising from under-floor electric heating); a large rental waiver; 100% business rates exemption; plus the council previously made WBCIC a substantial loan and as the landlord maintains the fabric of the site (at a cost, possibly exceptionally, of £21,740 in 2016). It should be noted that these maintenance costs declined considerably, to less than £5,000 in 2017 (and stood at £6,500 in 2015), therefore maintenance costs can clearly fluctuate to a great extent.

MSDC's commendable foresight in investing in, and consequent long-term commitment, to Wingfield Barns, is remarkable for a financially stretched rural local authority. This is largely in response to the perceived and actual social, economic and community value – identified by council officers and members alike - provided by Wingfield Barns. Furthermore, this community assets-based approach fits with various national and local government policy initiatives designed to encourage communities to take ownership of and to manage local assets (usually buildings/facilities), not least to sustain services in rural areas. Interestingly, in Rural England's latest 2016 'State of Rural Services' report this vital action by rural local authorities underscore this:

" The evidence points towards a community asset-based approach to service provision being of disproportionate importance in a rural context. It certainly shows that certain types of community-owned (or managed) assets are growing in number. At the very least it may be plugging gaps left by service retraction in the public and private sectors."

3. Social impact, value and contribution to community wellbeing and the rural economy

3.1 Having highlighted the recent success and achievements of the WBCIC we can see that a small social enterprise – with limited internal capacity - appears to be bringing great social, cultural and community value, in many ways well beyond its organisational size, resources or budget. WBCIC activities are generating rural community creativity plus cultural and social capital. This impact and value is in relation to many of the key findings set out by the Arts Council* in relation to arts and culture, and these of course apply to Wingfield Barns; touching on just a few of the most important, these are broadly:

- For every £1 paid into the arts and culture industry an additional £2 is generated in the wider economy through indirect multiplier impacts
- Arts and culture boost local economies: attracting visitors into an area; creating jobs and developing skills; attracting businesses; and developing talent
- Those people attending arts and culture activities and events report better health and higher levels of subjective wellbeing
- Arts and culture volunteers are more likely than average to be involved and influential in their local communities
- There is strong evidence that participation in the arts can contribute to community cohesion, reduce social exclusion, loneliness and isolation; and make communities feel safer and stronger.

** The Value of Arts & Culture to People and Society; Arts Council*

3.2 Often when making an assessment on social impact and value we need to consider what additional social and economic benefits that can be accrued from WBCIC service delivery, and we need to be mindful of its cultural and social significance in a 'deep rural' area of north-east Suffolk - and whether the public money which is used to deliver its arts and related community services could be used elsewhere to produce an even wider benefit to the community. Having invested in the fabric of the site MSDC (and maintaining a truly outstanding community asset) is now continuing to provide public funding (and of course also forgoing potential rental income) in the region of £12,000 per annum, and exceptionally more (as in 2016) when more extensive maintenance is required. As stated above in section 2, in 2017 this equates to £1.93 of direct public funding per visitor/user at Wingfield Barns; and is projected to decline to £1.18 by 2020. In addition, for every £1 invested by MSDC a further £3 of income is now being directly generated by WBCIC; and more so in the local rural economy.

At this time, and for several years hence, without this direct public funding the financial viability – and organisational morale - of WBCIC would be seriously undermined.

3.3 Not unusually it is often problematic to identify and properly articulate the value of what WBCIC – and similar organisations elsewhere in similar rural environments – actually do in social impact/value terms and to properly understand who is benefitting. Who is accruing the social value? In this case, all residents living in WBCIC's area of benefit – primarily from a 10 mile radius, but also further afield. Currently, we have no detailed information (their incomes; digital needs; perspectives and views; cultural, social and community learning requirements etc) about visitors and users at the Barns.

However, in the context of this desk-based and consultative exercise we have been able to deduce that WBCIC are producing a wide range of positive social and community benefits corresponding to the value to people and society brought about by arts and culture as identified by the Arts Council. Clearly, measuring the social and community value produced at Wingfield Barns requires improvement by WBCIC, and then better articulation. WBCIC have not been provided with any specific guidance on the tools and techniques that they could use to measure and articulate their social impact and value of their activities (accredited processes such as cost benefit analysis, social value created per £1 invested - SROI or social accounting). Although, these frameworks can be somewhat formulaic they are a tried and tested way of assigning financial value to social, community and cultural activities.

Possibly more user-friendly than SROI per se, and in light of the CIC's limited internal capacity, social accounting methods could be employed to establish a framework for ongoing monitoring, evaluation and accountability to external stakeholders; the social accounting approach allows for a holistic, more flexible and regular look at both process and effect, involving all stakeholders and enabling the identification and review of strengths and weaknesses. The exercise undertaken by the Consultant in researching and writing this report would contribute to the embedding of this approach. Clearly, the time constraints of this exercise only allows for a 'snapshot' of WBCIC's impact on community wellbeing and social value at any one point – in this case December 2017.

Furthermore, often 'social value' refers to wider non-financial impacts of programmes, organisations and interventions, including the wellbeing of individuals and communities, social capital and the environment. These are typically described as 'soft' outcomes, mainly because they are difficult to quantify and measure; conducting regular social accounting within WBCIC (using surveys, case studying, focus groups, community and beneficiary consultations) could ensure that all these outcomes are better monitored and recorded.

3.4 It is important to add that many similar organisations to WBCIC would find it difficult to demonstrate the softer social impacts of its activities – but according to the team, and based on the deliberations of national research elsewhere conducted by the Local Government Association and Rural England – we see it as providing the local social glue in the rural locality, tackling social isolation and exclusion, contributing to an architecture of community support and wellbeing; and making a positive difference to the overall quality of life of people living in a sparsely populated, and poorly or seldom-served, collection of rural communities.

Moreover, despite the Mid Suffolk area being relatively affluent (ranked 249th from 326 local authorities, where 1st is the most deprived) with long life expectancy and a generally high quality of life, for a number of years there has been a growing realization by national and local government that broad-brush indicators measuring the largely positive health, wealth and wellbeing of rural communities can mask small pockets of significant deprivation, digital exclusion and poor health outcomes. Wingfield Barns strength is to offer some respite to these aspects of rural disadvantage; and it is supporting community development, sustainable rural communities alongside social and economic inclusion initiatives.

4. Factors constraining the maximisation of social and community value – observations and Consultant suggestions

4.1 In a recent Assets Review conducted by Ark Consultancy for MSDC it was recommended as 'essential that other income sources, funding and potential partnerships be urgently explored by WBCIC'. The highly constrained internal capacity of the CIC make this very challenging, especially combined with all the other particular challenges – social, geographic, economic – faced by Wingfield Barns situated as it is in a remote rural locality. The Consultant also notes that there are also a range of other significant cultural and arts venues which act as a magnet to rural arts and culture audiences and participants; a major factor which does little to mitigate WBCIC's long-term financial sustainability and undermining of social impact and community value.

Possibly the most serious threat to maximising social and community value, and the nearest physically, is the recently refurbished Corn Hall in Diss (managed by the Diss Corn Hall Trust) which wants to become 'the catalyst for economic, cultural and community generation', and has a healthy income of c £270,000 (2016 figures), whereby 78% is grant funding, up from 51% in the previous year. They are currently recruiting a full time Operations Manager. Even nearer the Eyes Open CIC runs The Bank in Eye, which according to its CIC reporting *'runs a community arts centre showing free art exhibitions, and hosting national and international music theatre performances…we provide classes and workshops catering for an extensive range of creative mediums.'*

Other arts, culture and community venues exist in Stowmarket (John Peel Centre), Halesworth (The Cut), and then further afield in Bury St Edmunds (The Apex) and of course, Ipswich. The Consultant notes that the Stowmarket-based John Peel Centre for Creative Arts has an income of £180,000 (2016) and is also a Community Interest Company; it appears to be flourishing with a dynamic website, 4,620 Twitter followers and six major events in the first month of 2018 alone. WBCIC needs to consider further 'upping its game' and try (despite limited capacity) to ensure further 'strategic' partnership working with other organisations such as these, and collaborate with more artists, creative industry workers, rural businesses, health and wellbeing practitioners. Promotion of events and activities by all would be a very good start. Now WBCIC is more effectively and thoroughly embedded within its immediate local community engagement arrangements its sights can be set even more outwardly-focused, and extend to a wider catchment and partnership agenda.

4.2 Of course WBCIC has restricted abilities to reach out to the local community it serves with no actual publicity budget for the creation and production of promotional material (including fliers, posters etc) or programme of events and activities. This is a serious deficiency. Unfortunately, there is a lack of profile for Wingfield Barns across the county, and at a local level too, the merits of Wingfield Barns are not as well-known as they could be. Whilst social media activity is building, there appears to be little interface between the organisation's Face Book page and followers and the Twitter (425 followers) and Instagram (148 followers) accounts do not link to the organisational website, which remains somewhat flat and uninspired for an arts, culture and community website. This is particularly when put alongside the one for the John Peel Centre, which has a joyous energy, You Tube films and highly personable presentation (e.g. giving names of personnel, who is who in management terms etc). Possibly MSDC could consider one-off further revenue funding over the next 12-18 months to facilitate the next phase of development designed to extend and maximise social and community value?

WBCIC's formal reports to Companies House provide the bare minimum of information (and in some ways are almost dismissive!) offering no insight or illumination of the CIC's activities; this combines with a lack of a narrative report or consideration of sustained social value accruing from Wingfield Barns. Again, improvements could easily to actioned with the injection of improved capacity and development funding.

4.3 Fresh investment and/or grant income needs to be secured to energise and improve marketing; and WBCIC needs to consider producing a more fulsome Business & Development Plan linked to fundraising/income generation and marketing strategies. An accessible publicity review of activity requires producing as a tool to better engage funders and generate new partnerships and collaborative possibilities. As previously stated, there have been no significant non-local authority grants received by WBCIC and there are limited plans currently in place to generate new income from grant funders. The CIC's supporters or friends scheme is under-developed. It should be noted, that the above arts, culture and community organisations advertise from among many their grant funding from the Big Lottery Fund, Heritage Lottery Fund, Arts Council, Esmee Fairbairn Foundation, Garfield Weston Foundation, New Anglia LEP, Foyle Foundation, Geoffrey Watling Charity and Pilgrim Trust.

Going forward, to ensure extending and maximising social impact and community value WBCIC's suggested actions and solutions include:

- Securing external funding investment designed to boost internal capacity and undertake strategic development including immediate uplift of partnership working, outreach, social media activity and website presentation; production of a publicity review of recent successes and achievements and outline of future plans/activities
- Producing a Business and Development Plan, and related income generation/fundraising (project proposals for external funding) and Marketing strategies
- Embedding social accounting as part of enhanced performance, community and beneficiary involvement/consultations; and hence continuing to strengthen the evidence base for WBCIC's demonstrable social and community value.

Agenda Item 13

MID SUFFOLK DISTRICT COUNCIL

From: Cabinet Member for Finance	**Report Number: MCa/17/46**
To: MSDC Cabinet	**Date of meeting: 5 February 2018**
Part 1	**Key Decision: Yes**

REGAL THEATRE STOWMARKET IMPROVEMENT PROJECT

1. **Purpose of Report**

1.1 The Council agreed at Executive Committee, in July 2016, to support a feasibility study to look further into opportunities for redeveloping the Regal Theatre, in partnership with Stowmarket Town Council ('STC') who own the facility, to assist the regeneration of Stowmarket Town Centre.

1.2 The feasibility, financial business case and social impact report has been completed, following remodelling of different options. The recommendation that has emerged, from the reports, is to redevelop this important venue within Stowmarket, by providing an improved main auditorium, adding two additional cinema screens (87 and 57 seats) and improving the front of house and backstage provisions.

1.3 These proposals are predicted to increase attendance by approximately 45,000, to a total of 114,800, people per year and enable the Theatre, and STC, to deliver a sustainable funding model. The proposed increase in visitors to the Regal Theatre will also provide substantial, predicted, social and economic benefits to the town and surrounding areas.

1.4 The purpose of this report is to seek Cabinet approval to fund, through capital (financed from the Transformation Fund), up to £2.56m to support the redevelopment of the Regal Theatre and regeneration of Stowmarket Town Centre. This will be provided in the form of a capital grant of £1.56m and a loan of £1m to STC.

1.5 The report also seeks Cabinet approval, and funding of up to £15,000, to remodel the, Ipswich Road, Mid Suffolk District Council ('MSDC') owned car park to enable the extension and refurbishment of the Regal Theatre.

2. **Recommendations**

2.1 That Cabinet approves, Option 3 (as per paragraph 8.6 of this report), the funding of up to £2.56m, (Loan and Grant) from the Transformation Fund, to support the redevelopment of the Regal Theatre and the regeneration of Stowmarket Town Centre.

2.2 That Cabinet authorises, that the Section 151 Officer, in consultation with the Monitoring Officer and the Cabinet Member for Finance, negotiates and enters into a legal agreement between Mid Suffolk District Council and Stowmarket Town Council for a £1m loan and £1.56m capital grant (as per paragraph 3.2).

2.3	That Cabinet approves, the funding of up to £15,000, from the Transformation Fund, for the remodelling of Ipswich Road car park (referred to in paragraphs 10.6 and 10.7 of this report), which will result in a reduction of, no more than, 10% of the total number of parking spaces available. ***Reason for decision:*** *The recommendations support the redevelopment and financial sustainability of the Regal Theatre, the regeneration of Stowmarket Town Centre and provides wider social and economic benefits to Stowmarket and the surrounding areas.*

3. Financial Implications

3.1 The proposal is to support this project with up to £2.575m of MSDC's resources. This is comprised of £1.56m capital grant towards the refurbishment of the theatre, a £1m loan to STC for the refurbishment work and £15k capital grant for the remodelling of the car park beside the theatre. All of the £2.575m will be funded from MSDC's Transformation Fund.

3.2 The £1m loan to STC will be taken in the form of a 30-year annuity loan, at the current PWLB rate of interest. Due-diligence has been undertaken with STC to understand their financial position and ability to repay the loan over a 30-year period. The Section 151 Officer is comfortable that STC has the ability to finance the loan.

3.3 In addition to the loan, STC has committed £400,000 towards the Regal Theatre Regeneration Project ('the project') from their reserves. This money has been ring-fenced by STC for the project. It will be earmarked to fund the business interruption costs arising from closure of the theatre during a phased project, refurbishment works for the existing building e.g. roof replacement which are outside the scope of the project, and a sum for contingencies, based on 10% of the total project.

3.4 In addition, STC has agreed to relinquish the current annual grant of £9,530 that it receives from MSDC for the maintenance of the public toilets outside The Regal Theatre, from the year in which the build phase commences.

3.5 There will also be a direct impact on income to MSDC through the loss of five car parking spaces, resulting in the loss of an estimated £5,000 revenue income per annum. In a worst-case scenario where 10% of the car parking is lost, the loss of income would total £7,500 per year. However, the regeneration of the Theatre is expected to increase visitor numbers and therefore may increase utilisation of the Ipswich Road car park which will provide an increase against existing income levels.

3.6 The overall annual revenue implications for the Council, arising from the recommended option are shown in the table below:

Description	£
Potential loss of income from reduced number of parking spaces	5,000
Loss of investment income at 0.2% from use of £2.575m from reserves	5,150
Annual loan repayment and interest from STC at the PWLB interest rate (Currently 2.74%)	(49,000)
Net annual income to the Council over the life of the 30-year loan	**(38,850)**

4. **Legal Implications**

4.1 The MSDC in exercising its powers under S.1 Localism Act 2011 and S.137 Local Government Act 1972 may provide loan and grant to STC for the refurbishment work and the car park improvement. However, the MSDC must comply with State Aid rules which can apply to funding given to charities, public authorities and other non-profit making bodies where they are involved in commercial activities.

4.2 In order to minimise the risk of state aid challenge and to protect the MSDC's interest, it would be appropriate for MSDC to acquire at least 50% ownership of the venue and site to be funded and /or registering a charge on the property. As recent case law has shown (Sky Blue Sport & Leisure Ltd v Coventry City Council), Any agreement to be entered into with the STC should be done on commercial terms to be state aid compliant.

4.3 STC and MSDC will need to ensure that appropriate legal documentation is put in place that reflects: (i) the project aims and objectives and in particular limiting MSDC's liability within the agreed financial limits and provides details of the terms of the loan and payment schedule, to include a charge against the property and the site (ii) STC is the lead partner; and (iii) A Memorandum of Understanding between STC and MSDC setting out each parties respective obligations and responsibilities under the project.

4.4 The procurement for the lead contractor will be completed in partnership with the STC, however the resulting contracts will be made between STC and the successful bidder.

5. **Risk Management**

5.1 The report links to the following risks in the Councils' Significant Risk Register:

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to develop the local economy and our market towns to thrive – Risk 2b	Unlikely (2)	Bad (3)	Work with Town Councils, steering groups and partnerships to develop vision; Development of Suffolk tourism strategy; Promotion of area to attract new business; Increased commercial awareness and relationship building with our businesses.

5.2 Other project risks:

Risk Description	Likelihood	Impact	Mitigation Measures
That MSDC cannot demonstrate 'Best Value' in its use of public funds.	Unlikely (2)	Bad (3)	The feasibility study considered financial, economic, social returns on investment. The overall economic and social benefits for providing the investment outweigh not providing support to the project.
State Aid Challenge	Unlikely (2)	Bad (3)	In order to minimise the risk of state aid challenge and to protect MSDC's interest, it is proposed that MSDC acquires at least 50% ownership of the venue and site to be funded and /or registering a charge on the property. The proposal is that the loan is provided at no less than the current PWLB rate to ensure that STC do not benefit from State Aid, as this is the equivalent rate they would be able to borrow directly at.
The opportunity to make investment in our market towns to meet our Strategic Priorities and achieve a range of returns (financial, economic, social) will be missed without investment into this key regeneration project.	Likely (2)	Bad (3)	A full feasibility, business case and Social Impact study has been undertaken to demonstrate the potential benefits to Stowmarket and the district.
STC cannot deliver this capital project within budget and within the agreed timescale	Unlikely (2)	Bad (3)	An integrated project team will be established, with STC, and gateway reviews for all stages of progression agreed. A legal agreement will also be put in place to provide clear terms with regards to funding and delivery of the project.
STC are not able to honour their borrowing commitment	Unlikely (2)	Bad (3)	Full due-diligence has been undertaken prior to funding being provided by MSDC.

6. **Consultations**

6.2 The 'Vision For Prosperity' ('VFP') consultation in October 2017 provided an opportunity for residents of Stowmarket to share their views about how the town should move forward. The school children from Stowmarket High School who helped to prepare the event materials noted that the Cinema is one of Stowmarket's best features/assets, but that Stowmarket's best is not up to the standard of newer cinemas such as those in Ipswich and Bury St Edmunds. Their support for an improved cinema was one of the strongest outcomes of the school liaison event.

6.4 The VFP event with a broader, older participant age yielded a small number of public responses supporting the continuation and extension of the cinema (4% of comments overall). Many more comments around the "Direction of Travel" for Stowmarket concerned a significant uplift in the town's entertainment, leisure and recreational function, particularly in the evenings. When combined with the "evening and night time economy" comments, the issue accounted for 14% of all comments, the 3rd most important topic (after redevelopment of the middle school and better shops for young people).

7. **Equality Analysis**

7.1 A full equality impact assessment will be undertaken by STC in partnership with MSCDC, with regards to the design and build, to ensure the final development provides, where possible and appropriate, to enable inclusive access and welfare facilities for all customers.

8. **Alternative Options Considered**

8.1 STC is seeking an investment partner to achieve a public – public delivery model and is keen that the District Council is the main investment partner as the Councils have shared interests in the outcomes of the project.

8.2 The following options have been considered prior to the recommendations, in section 2, being proposed within this report: -

- Option 1-MSDC not providing financial support
- Option 2-MSDC only providing financial support in the form of a loan to STC
- Option 3-MSDC providing support through a capital grant and a loan (over 30yrs)

8.3 **Option 1** has been considered but would prevent the redevelopment of the Regal Theatre, the regeneration of Stowmarket Town Centre and the support it would provide for additional social and economic development of the town and surrounding areas. STC have explored other funding opportunities and it is clear without public sector funding this project will not be achievable.

8.4 This option also has the potential to risk the future of the Regal Theatre as without this investment STC will be unable to sustain the future running costs of the venue.

8.5 **Option 2** has been considered but as with option 1 it would also prevent the redevelopment of the Theatre. STC are unable to solely support the overall development costs of this regeneration project without MSDC as a partner.

8.6 **Option 3** is the recommended option as it will provide direct financial support (£1.56m), by MSDC, to assist this important redevelopment project and enable STC to provide additional funding to the project in the form of an affordable loan (£1m), over 30 years. This option enables the project to be fully funded and assists the Regal Theatre to have a long-term sustainable financial plan moving forward and provide a social and economic return to Stowmarket and surrounding area.

9. Links to Joint Strategic Plan

In 2014 MSDC adopted a new Joint Strategic Plan 2014 - 2019. The Joint Strategic Plan (JSP) has been refreshed and the new version adopted in June 2016. The JSP is effectively the Council's Delivery Plan, setting out the direction of the Council for the next four years. The JSP articulates three priority areas: Economy and Environment, Housing and Strong and Healthy communities which will be delivered under five key strategic outcomes.

The following key strategic outcomes are linked to this project:

- Further develop local economy and market towns to thrive
- Property investment to generate income and regenerate local areas

The regeneration of the Regal Theatre will provide direct benefits to Stowmarket through creation of additional permanent jobs, increased visitor numbers and temporary employment as a result of the construction project. An improved cinema and theatre offer will increase investment confidence and is therefore likely to attract further investment to the town.

10. Key Information

10.1 The Regal Theatre has been identified as an investment project within the Stowmarket Area Action Plan. Many people living within Stowmarket and the surrounding area, look outside of the town to gain access to amenities. In developing a sustainable community in the heart of Mid Suffolk, residents will be able to identify more readily, with their local market town, and spend their money within the local economy. The provision of a modern entertainment venue would support this approach.

10.2 The Regal Theatre Stowmarket is a single auditorium venue within the town centre which doubles as a cinema and theatre. The venue is profitable and well supported with a wide catchment area across MSDC district. Data collected in 2015 confirmed that the primary catchment is centred on Stowmarket and a large number of villages and settlements principally within MSDC. Secondary catchment extends to Diss in the north, Ipswich in the east, Sudbury in the south and Bury St Edmunds in the west. There is also data to confirm visits from tourists.

10.3 From the work already underway in Stowmarket it is clear that an improved cinema and theatre offer would increase confidence in the town centre for other investment to follow. Building on the cultural and creative offer that already exists in Stowmarket will enable the Town to establish a more vibrant and sustainable Town Centre.

10.4 STC in partnership with MSDC commissioned a feasibility report, in the autumn of 2016, with consultants Burrell, Foley, Fisher to understand further the potential to redevelop the existing theatre site based on option 2b of the original site option appraisal report. STC has a commitment to maintain the existing theatre provision and any redevelopment of the site would need to provide for this as well as increasing the number of screens on the site by at least two in order that it can compete for new film releases.

10.5 The feasibility study coupled with the business case and the social, economic and cultural benefits, that the development of the Regal Theatre provides the community, are compelling. For example, it is predicted that the redevelopment will have the following additional (GVA) impact on the local economy: -

- support 45,000 new visits to Stowmarket and the Regal Theatre;
- increase visitor spends within the Stowmarket area of between £500,000-£1million, based on a local visitor spending ranging from £14-£23 per visit;
- support the creation of 10-20 (FTE's) new jobs;
- support direct local spends by the theatre of £165,000;
- support direct job creation by the theatre by 3 (FTE's).

Source: - ARK Consultancy, Regal Cinema Stowmarket Evaluating the Social Impact, 2017, Shared Intelligence, Ipswich Economic Impact Summary (Culture), 2014.

10.6 Estimated project costs for this redevelopment are approx. £2.565m. These costs have been quantified by STC architects and quantity surveyors and are within Appendix 1 of this report.

10.7 The project has always identified the need for public investment, as the original options appraisal identified that it is less likely for a development of this kind to attract private investment; as private investors would have a preference for a new build.

10.8 This development project will also require the remodelling of Ipswich Street Car Park which is owned by MSDC. A measured site plan is attached to this report at Appendix 3 which shows the existing layout at Ipswich Street Car Park, together with a proposed arrangement which maximises the available space following the possible extension to the Regal Theatre. The proposed layout is based on losing ten parking spaces immediately adjacent to the north elevation of the cinema. The existing layout has a capacity of 80 spaces, including three wheelchair user bays, plus the equivalent of two spaces designated for taxis. The proposed layout would have a capacity of 75 spaces, including three wheelchair user bays, plus the equivalent of two spaces designated for taxis.

10.9 A estimated figure with regards to the capital cost of this work would be in the region of £10,000.00 to £15,000.00 with a potential £5,000 per year annual revenue loss predicted. This loss may be mitigated by the increase in attendance, of 45,000 visitors per year, to the theatre following the development.

10.10 Following the completion of the feasibility and business case STC now wish to take the development of the Regal Theatre forward and to undertake this they are seeking to gain financial support to enable them to apply for planning permission and appoint a construction partner.

10.11 The lead architect, already appointed, will be responsible for leading the project, coordinating the services of other members of the design team as well as communication with the Councils. All consultants will be directly appointed by STC using Standard Forms of Appointment, as published by the relevant professional body.

10.12 Instruction will be provided on a staged basis using a series of Gateways with no commitment to proceed to the next Gateway, unless the required outcome from the preceding Gateway has been achieved.

The gateways will be:

- **Phase 1 -** Confirmation of a viable project and selection of procurement route for the construction. (30th April 2018)
- **Phase 2 -** Securing Full Planning Permission and confirmation of funding. (31st July 2018)
- **Phase 3 -** Obtaining a tender for the construction works, capable of acceptance. (31st October 2018)
- **Phase 4** – Construction to completion. (31st January 2019 to 1st May, 2020)

10.13 The procurement route for the construction element of the Regal Theatre project will be confirmed during Phase 1.

10.14 An integrated project team, to include MSDC, will be established to ensure project delivery.

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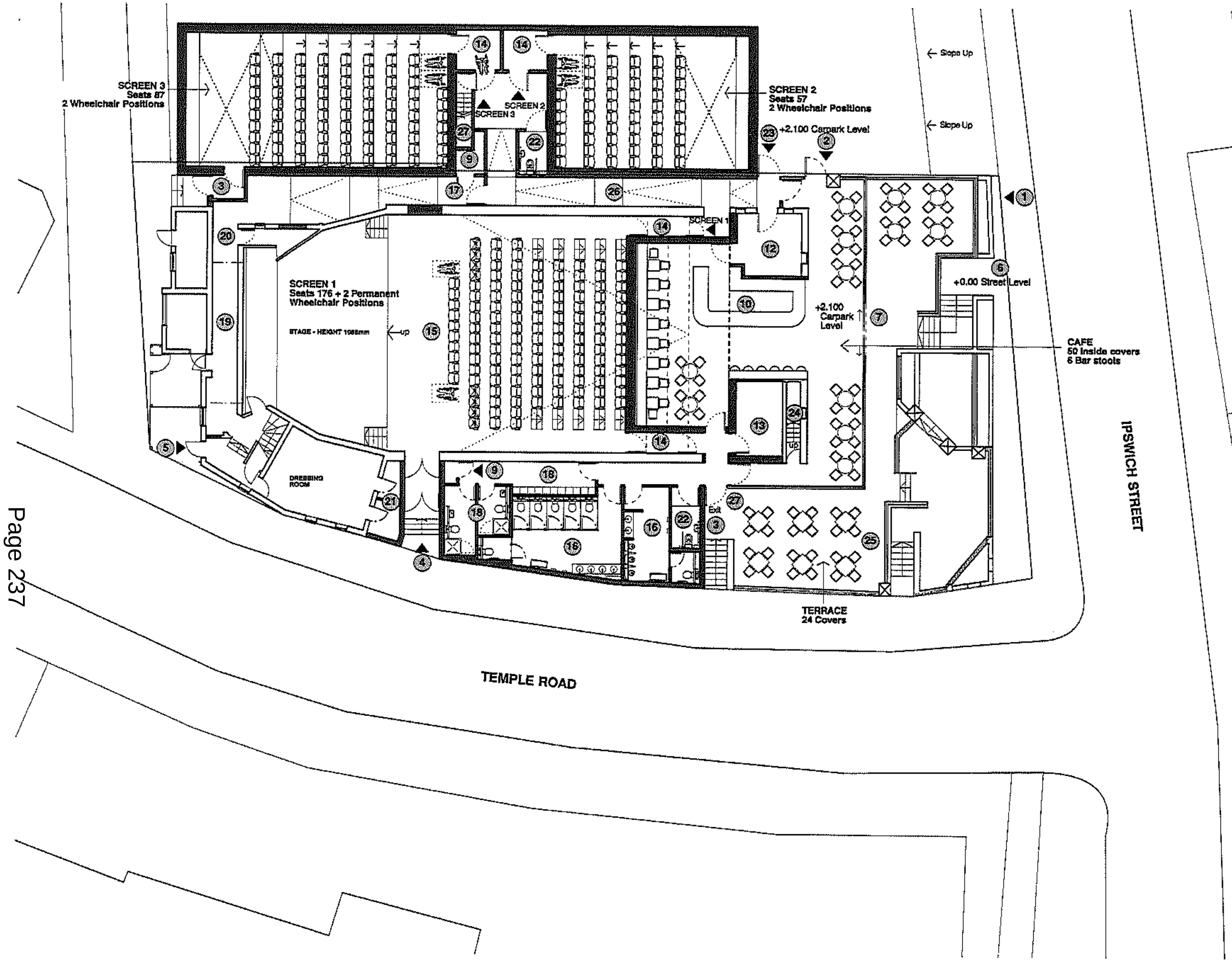
Appendices

Title	Attachment
Appendix 1. The Regal Theatre, Stowmarket, Improvement project, 23 November 2017 Confidential documents are within Part 2 of the report	Confidential documents within part 2 of the report
Appendix 2. ARK Consultancy, The Regal Cinema Stowmarket (Evaluating Social Impact), October 2017 Confidential documents are within Part 2 of the report	Confidential documents within part 2 of the report
Appendix 3. Ipswich Street, Car Park Site Plan	Site Plan Regal Theatre.pdf



NOTE

Further variants are:
- Screen 1
- Screen 1 + Screen 2
- Screen 1 + Screen 3

KEY

1. Main entrance from Ipswich Street
2. Entry from car park
3. Fire exit
4. Get-in
5. Entrance to dressing room
6. Entrance at street level
7. Foyer and cafe/bar at car park level
8. -
9. Cleaners store
10. Sales kiosk
11. -
12. Kitchen/ Stores
13. Office
14. Light & sound lobby
15. Main auditorium
16. Toilets
17. Back of house access
18. Staff welfare & lockers
19. Cross over corridor with high level recess for base speakers behind screen in main auditorium
20. Reconfigured floor levels and opening to provide level access onto stage (clear width of doors onto stage would need to be checked)
21. Extension to provide new female toilets
22. Wheelchair accessible toilet
23. Deliveries entrance
24. New stair to projection room
25. Existing terrace extended
26. Ramped corridor providing access to Screens 2 & 3 and level access to stage
27. Direct public access to toilets

R denotes Removable

BURRELL|FOLEY|FISCHER
ARCHITECTS AND URBAN DESIGNERS

REGAL CINEMA
Proposed Ground Floor Plan - Scenario 2b-2a
(With rake to Screen 1)

N

1262 REGAL CINEMA
SK 218
SCALE 1:200 @A3
DATE: 20.11.17
scale bar
0 2 4 6 8 10m

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Agenda Item 14

MID SUFFOLK DISTRICT COUNCIL

Urgent Key Decision to be taken at Cabinet Meeting 5 February 2018

Regulation 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 ("the 2012 Regulations") allow for a Key Decision to be made if it is impracticable for notice of the intention to take a Key Decision under Regulation 9 to be given 28 clear days in advance of the taking of the Decision.

Regulation 10 sets out the actions required to be taken in those circumstances which includes setting out the reasons for General Exception.

The Chair of the Overview and Scrutiny Committee has been notified that the making of the decision detailed below is urgent and cannot reasonably be deferred.

It is intended that Cabinet will take a Key Decision regarding a Strategic Acquisition of Property at its meeting on 5 February 2018. This decision will be taken in private as it contains exempt information by virtue of which the Council are likely to exclude the public during the discussion of the agenda item to which the reports relates. The description of the exempt information under Schedule 12A of the Local Government Act 1972 (as amended) is as follows: -

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The decision is urgent and cannot reasonably be deferred as the property will be auctioned before the next scheduled Cabinet meeting and the cost is likely to exceed the key decision threshold. After the Cabinet meeting, if the Key Decision is made, under paragraph 17 of the Overview and Scrutiny Procedure Rules within Part 3 of the Council's Constitution the decision will be exempt from call-in on the grounds of urgency.

Emily Yule
Assistant Director for Law and Governance (Monitoring Officer)
31 January 2018

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Agenda Item 16

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