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AGENDA

COUNCIL MEETING

THURSDAY, 22 FEBRUARY 2018 – 5.30 PM

Members of the Council are summoned to a meeting of the Mid Suffolk District Council at the King Edmund Chamber - Endeavour House, 8 Russell Road, Ipswich on **Thursday, 22 February, 2018 at 5.30 pm**

Arthur Charvonia
Chief Executive

COUNCIL	
DATE	Thursday, 22 February 2018
PLACE	King Edmund Chamber - Endeavour House, 8 Russell Road, Ipswich
TIME	5.30 pm

Please ask for: Committee Services

Direct Line: 01473 296472

Email: Committees@baberghmidsuffolk.gov.uk

NOTE:

The Council, members of the public and the press may record/film/photograph or broadcast this meeting when the public and press are not lawfully excluded. Any member of the public who attends the meeting and wishes to be filmed should advise the Committee Clerk.

A G E N D A

In accordance with Council Procedure Rule 10, The Chief Executive will report the receipt of any petitions. There can be no debate or comment upon these matters at the Council meeting.

7 **Questions by the Public**

The Chairmen of Committees to answer any questions from the public of which notice has been given no later than midday three clear working days before the day of the meeting in accordance with Council Procedure Rule 11.

8 **Questions by Councillors**

The Chairman of the Council, the Chairman of Committees and Sub-Committees and Portfolio Holders to answer any questions on any matters in relation to which the Council has powers or duties or which affect the District of which due notice has been given in accordance with Council Procedure Rule 12.

9 **MC/17/34 Overview and Scrutiny Committee Report** 21 - 22

10 **Recommendations from Cabinet and Committees**

a Joint Treasury Management Strategy 2018/19 (Paper MCa/17/41 - Cabinet - 5 February 2018) 23 - 68

At its meeting on 5 February 2018, the Cabinet considered Paper MCa/17/41 and accepted the recommendations as set out in the report.

Recommendations to both Councils

(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 to Paper MCa/17/41.

(b) The Treasury Management Policy Statement set out in Appendix B to Paper MCa/17/41.

(c) The Treasury Management Indicators set out in Appendix E to Paper MCa/17/41.

(d) The Prudential Indicators and Minimum Revenue Provision Statement set out in Appendices F and G to Paper MCa/17/41.

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

11 **MC/17/35 Joint Medium Term Financial Strategy and 2018/19 Budget** 69 - 160

In accordance with Council Procedure Rule 18.3, immediately after any vote is taken at a budget decision meeting of the Council the names of Councillors who cast a vote for the decision or against the decision or who abstained from voting shall be recorded in the Minutes of that meeting.

At its meeting on 5 February 2018, Cabinet considered Paper MCa/17/42. Paper MC/17/35 includes all updated information following the final Local Government Finance Settlement, together with the necessary recommendations, with the exception of one Parish precept notification which remains outstanding. Further details will be reported at the meeting.

12 **Appointments**

Note: The date of the next meeting is Thursday 26 April 2018 at 5.30pm

Introduction to Public Meetings

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

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact the Governance Officer on: 01473 296472 or Email: committees@baberghmidsuffolk.gov.uk

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

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2. Follow the signs directing you to the Fire Exits at each end of the floor.

3. Do not enter the Atrium (Ground Floor area and walkways). If you are in the Atrium at the time of the Alarm, follow the signs to the nearest Fire Exit.

4. Use the stairs, not the lifts.

5. Do not re-enter the building until told it is safe to do so.

Agenda Item 3

MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK COUNCIL** held in the King Edmund Chamber, Endeavour House on Thursday, 21 December 2017- 5:30pm

PRESENT:

Councillor: Derrick Haley – Chair

Councillors:

Roy Barker	Michael Burke
David Burn	James Caston
Rachel Eburne	John Field
Julie Flatman	Jessica Fleming
Elizabeth Gibson-Harries	Nick Gowrley
Kathie Guthrie	Lavinia Hadingham
Matthew Hicks	Glen Horn
Barry Humphreys MBE	Diana Kearsley
Anne Killett	Sarah Mansel
Wendy Marchant	John Matthissen
Lesley Mayes	Suzie Morley
Dave Muller	Mike Norris
Penny Otton	Andrew Stringer
Keith Welham	Kevin Welsby
David Whybrow	Jill Wilshaw

In attendance:

Chief Executive (AC)
Monitoring Officer (EY)
Corporate Manager – Democratic Services (JR)
Assistant Director – Corporate Resources (KS)
Governance Support Officer (RC)

101 APOLOGIES FOR ABSENCE

101.1 An apology for absence was received from Councillors John Levantis, Tim Passmore, John Whitehead, Jane Storey, Gerard Brewster, Esther Jewson, Gary Green and Derek Osborne.

102 TO RECEIVE ANY DECLARATIONS OF PECUNIARY OR NON-PECUNIARY INTERESTS BY COUNCILLORS

102.1 Councillor Nick Gowrley declared a non-pecuniary interest as a Member of Stowmarket Town Council.

102.2 Councillor Andrew Stringer declared a non-pecuniary interest as a Woodland Trust Councillor, Tree Champion.

103 **MC/17/26 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 23 NOVEMBER 2017**

103.1 The minutes of the meeting on 23 November 2017 were confirmed and signed as a true record subject to the following amendments:

- That it be noted that the minutes of the meeting on 26 October 2017 contained an inaccuracy that the constitution did not allow for Joint Overview and Scrutiny Committees. It is noted that the Constitution does allow for Joint Overview and Scrutiny Committees as listed on page 208 7.7.2 of the Constitution.
- That Minute 88 be corrected to read that “Councillor John Field declared a non-pecuniary interest in Paper MC/17/25 as he knew the landowner.”
- That minute number 97 be amended to read that Councillor Otton was happy to accept the name of the Ward as Onehouse.

104 **MC/17/27 CHAIRMAN'S ANNOUNCEMENTS**

104.1 The Chairman corrected report MC/17/27 that only he attended the visit to the Sheltered Housing in St Peters Court Claydon and that Vice Chair, Councillor John Levantis, did not.

104.2 The Chairman reported that he and the Vice Chair were well received at the Sheltered Housing who praised Mid Suffolk for their efforts. He added his concern that a number of Sheltered Housing Managers did not want the Chair to visit, and asked that action was taken regarding this.

104.3 It was RESOLVED

That the Chairman’s report be noted with the correction that Vice Chair Councillor John Levantis did not attend the Sheltered Housing visit to St Peters Court, Claydon.

105 **MC/17/28 LEADER'S ANNOUNCEMENTS**

105.1 The Leader advised that his report was on page 13 of the papers and requested that the third paragraph be substituted with the paper that had been circulated to Members’ at the beginning of the meeting as detailed below:

MID SUFFOLK - POSITION STATEMENT

As all Members are aware, an “opposition” motion was lodged at Babergh’s full Council meeting on Monday evening, which sought to “frustrate” activity regarding “merger” and also to remove Councillor Jennie Jenkins as Leader of Babergh District Council.

Having carefully considered her options, Jennie took the honourable decision to resign as Leader of the Council. Jennie did this ahead of any consideration of the motion, and so in line with Babergh’s Constitution, Councillor Jan Osborne (the

Deputy Leader) has become acting Leader of the Council, and the Cabinet remains in place. An Extraordinary Babergh Council meeting has been called for Thursday 4th January 2018, in order for the Council to elect its new Leader.

The remaining elements of the opposition motion were passed. These are:

1. No BDC money be allocated in the next budget (2018-2019) and no staff time be used from April 2018 for the purposes of the Proposed Merger without the formal approval of the full Council ("Full Council Approval"); and

2. As a condition precedent to the obtaining of Full Council Approval, the Leader be requested to guarantee that a new local referendum shall be held in which the votes of the electors of BDC are counted separately on the model of the 2011 referendum and only a vote in favour by the electors of BDC shall constitute a mandate from BDC to proceed (respectively "Condition Precedent" and "Referendum Approval")

This motion has no impact upon the current work in this financial year, with regard to "merger". As such, the public engagement work will continue, and close on 5th February 2018. Depending on the outcome of this engagement, it remains the intention to then produce a business case for "merger".

However, the additional aspect of this motion is to prevent work in BDC beyond April 2018 without first obtaining majority support of their Council, and to require a Local Poll to be conducted in Babergh before seeking such support from their Council.

Neither Council is legally required to hold a Local Poll, but it does need to be able to demonstrate "broad" Council support to the Secretary of State. Conversations will therefore need to be held with the DCLG as to whether he would accept the submission of a Business Case, without complying with this motion, or whether Babergh will now have to hold a Local Poll if it wishes to push forward with the Business Case.

Implications & Position Statement for Mid Suffolk

1. It appears to be the case that many Babergh Councillors (even some supporting the motion) are in favour of a merger, but politically feel obliged to obtain a democratic mandate from the electorate (reversing their 2011 poll) before proceeding.

2. The first draft of a Memorandum of Understanding between Mid Suffolk and Babergh that provides a route map into and beyond merger was considered by Babergh's Cabinet this morning, and will shortly come to the Mid Suffolk Cabinet.

3. It remains vital to test public support at this stage (in the ways already underway) as this is the same approach adopted by the other two pairs of districts that are seeking to merge, and who have successfully obtained "minded to" support from the Secretary of State.

4. Similarly it remains vital to produce, and consider the strength of, a Business Case for "merger".

5. All the current work should therefore continue as planned and advice sought from the DCLG regarding the motion adopted by Babergh.

6. Should MSDC consider it prudent, provisions exist to force such mergers where there are potentially unwilling parties. It is thought that these provisions will expire before they could be implemented in Mid Suffolk and Babergh, and it is proposed that the Chief Executive urgently explores this too with DCLG.

7. Advice from Government regarding a number of matters has indicated that Parliamentary time between April 2018 and April 2019 has been entirely set aside for Brexit matters. As a result, it now appears highly unlikely that a merger could be implemented before May 2020.

8. If ultimately Babergh does feel obliged to hold a Local Poll then Mid Suffolk will need to consider whether to do the same. No decision can be made on this until we have received the outcome of the current engagement activity and a draft Business Case. If the engagement activity clearly re-endorses the outcome of Mid Suffolk's Local Poll in 2011 then there would appear to be no reason (legally) for Mid Suffolk to repeat the Local Poll. We could of course always choose to do so however, if we believe there is good reason to do so.

9. Given the expectation that a new council could not be created before May 2020 we will of course therefore have our ordinary elections (albeit with a new council size and warding pattern) in May 2019. Both Councils may therefore prefer to seek a mandate through manifestos at that election rather than conducting a Local Poll.

10. Regrettably, it has become clear that the culture and behaviour of some Babergh Councillors is alien to Mid Suffolk. We therefore need to consider if we will be able to work with those Councillors and whether Mid Suffolk should still be pursuing "merger" with Babergh.

11. We should remember of course that a "merger" is actually the creation of a new Council, with candidates having to both be selected and then elected as Councillors. Similarly an election in 2020 would enable a more detailed Boundary Review to be carried out specifically for the new authority. It could therefore make further council size and ward changes.

12. If we are to deliver a "merger", we need to be able to work with Babergh's administration in the meantime; and our desire for "merger" is clearly being impacted by their political situation. Whilst I still believe the best option for Mid Suffolk is to "merge" with Babergh, I have asked the Chief Executive to consider and present alternative options for Mid Suffolk.

105.2 The Leader outlined that the replacement paragraph in the announcement provided the position statement from Mid Suffolk District Council following the meeting of Babergh District Council on 19 December 2017and put on record his thanks for Councillor Jennie Jenkins for her support, concluding that Suffolk would be a poorer place without her presence.

105.3 Councillor Andrew Stringer posed a question to the Leader regarding the East Anglian Daily Times Article on 20 December 2017 regarding Mid Suffolk Councillors concerns over a stalemate at Babergh District Council and the consideration of options other than Merger.

105.4 The Leader responded that he had no knowledge of where the information had come from but that it had not been from him.

105.5 Councillor Rachel Eburne questioned the leader regarding the possibility of an election in 2019 and another in 2020, if a merger took place, and whether it would be possible to extend the term of office to only have one election in 2020.

105.6 The Leader responded that if the Council did wish to approach the Secretary of State that this could be a possibility but that the Council needed to wait and see what Babergh's position was after 4 January 2018 when a new Leader is elected.

105.7 Councillor Penny Otton questioned the Leader regarding Suffolk being a pilot area for business rate retention and what might be the impact of coping with this new regime.

105.8 The Leader responded that the regime would allow extra financial capacity within the authority do deal with growth in the district. He added that although this had just been announced and once officers had worked through the ramifications they would bring a report for Cabinet and Full Council.

105.9 Councillor Stringer questioned the Leader regarding the regeneration of the former Needham Market HQ site and suggested that a better wording than regeneration be considered.

105.10 The Leader responded that he understood the point and noted it.

105.11 Councillor Wendy Marchant questioned the leader regarding compulsory purchase powers being used for the ex-car showroom on the High Street which is currently empty to make best use of that area.

105.12 The Leader responded that he was unsure about the detail but he would look into the matter.

105.13 **RESOLVED**

That Council Notes the report.

106 **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PROCEDURE RULE**

106.1 A petition had been received from Redgrave Parish Council stating: objection to SSO486 (in the Joint Local Plan Consultation) shown as a potential housing development as the development would be inappropriate it would cause harm to the village community by loss of its play area, open space, recreation area, sports area, village hall and all its clubs and off-road parking which are in a safe location next to the village centre. It would increase the area occupied by housing in Redgrave by a massive 50% detrimentally changing its character from a historic and scenic village to a suburbia which no facilities, infrastructure, jobs or transport. It is therefore contrary to government planning policy and defies logic.

The petition has been signed by 228 valid signatures and has been passed onto the Planning Policy team as part of the Joint Local Plan consultation.

107 **QUESTIONS BY THE PUBLIC**

107.1 None received.

108 **QUESTIONS BY COUNCILLORS**

108.1 **Councillor John Matthissen to Councillor Horn**
What alternative arrangements have been made for a control centre in case of an emergency in the district, now we no longer have an HQ building in Needham Market?

Answer
In preparation for the move to Endeavour House the entire emergency preparedness plan was reviewed and revised to ensure that in advance of the move, during the move and after the move, the Council was able to meet it's duties under the civil contingencies act and offer an effective emergency response. As part of this review, new arrangements were set in place to operate the Emergency Control Centre from Endeavour House. On the 17th October (prior to the move) a team of Emergency Control Centre Staff carried out an exercise to establish and operate the new Emergency Control Centre from Endeavour House. This exercise was successful, and the centre worked effectively.

When the two councils were based in Hadleigh and Needham Market respectively each site acted as a back-up site for the other. If for any reason, the Emergency Control Centre could not be established in the lead council location the other HQ site provide an alternative location. The Stowmarket Customer Access Point now forms the back-up site for our Emergency Control Centre if Endeavour House is not viable. Should we face the situation where both Endeavour House and the Stowmarket Customer Access Point are unavailable we are able to utilise West Suffolk House in Bury St Edmunds.

108.2 **Councillor John Matthissen to Councillor Gowrley**

When will an appropriate meeting or briefing be held in our District rather than in Ipswich, as promised by the Council Leader 14/9/17:

"As always intended, some meetings may be held in our District if there is an item of particular community interest. This will be at the discretion of the Chairman of the relevant meeting."

Answer

The principle that was adopted when we moved the office was that meetings will always be booked to happen at Endeavour House (so that we ensure that we have a room) but that the Chairman of each Committee had discretion to take any meeting to a different location (we have a list of venues with appropriate facilities already identified for this purpose). I have asked Democratic Services to pro-actively discuss this with the Committee Chairman in preparation for each meeting.

Supplementary Question

Could the list of alternative venues that have been worked up be provided to Members relatively soon.

Answer

To be provided outside of the meeting.

108.3 **Councillor Sarah Mansel to Councillor Horn**

As we seem to be no further forward following the discussion at the last Council meeting, when are Members to be equipped with Skype for Business Telephony, and given a briefing about the new ICT capabilities following the move to Endeavour House?

Answer (given by Councillor Morley, Lead Member for Customer Service)

Skype functionality will be rolled out to all Councillors by the end of January 2018. The functionality will enable Video and Audio capability, so Councillors can participate in Skype meetings and use instant messaging. The functionality will not include a new landline phone number.

Some written training material will be made available to all Councillors when the new functionality is switched on. We will also run some in person training/briefing updates in the New Year, to support Councillors use the new functionality. If any Councillors would like to use a telephony headset, rather than the microphone and speakers built into their laptops, these will be available for collection from the IT platform, we will confirm the date that they can be collected from, in the New Year.

108.4 **Councillor Sarah Mansel to Councillor Horn**

How much are the Touchdown Points being used by staff and are there any plans to increase the number of Touchdown point locations across the district, given that there were initial plans to utilise some of the common rooms in our de-sheltered housing?

Answer
At the moment there are no immediate plans for further Touchdown points to be initiated. However we will continue to monitor demand and review accordingly.

Approximately 128 staff have completed electronic inductions in order to use and access the Touchdown points, and some 227 bookings to use a desk at a Touchdown point, have been made.

Staff are required to sign in and out on a paper register, on every occasion they work from the Touchdown point (for health & safety purposes). Unfortunately, as this would be a paper based exercise, we have not had time to provide further detail.

108.5 **Councillor Rachel Eburne to Councillor Whitehead**
At the meeting of 26th October 2017 I asked a question about costs for the move out of the offices in Needham Market. I have yet to receive a response regarding costs of consultants. Please can you advise the costs incurred on consultants for this work since the decision was taken in September 2016.

Answer (given by Councillor Gowrley, Council Leader)
Consultant's costs for the future use of Needham office to date are: £40k.
Estimated costs for project support for the move are £86k, to be split 50:50 with Babergh.

Supplementary
Is there a point in which we will know the full costs and process of the move?

Answer
There will be one in due course.

In terms of transformation and customer access improvements the Councils are forecasting costs of £173k for transformation project management and support, dealing with customer access, archiving and digital by design work, again this will be split 50:50 with Babergh.

108.6 **Councillor Rachel Eburne to Councillor Burn**
Question regarding licensing of charity collections:

What is the current policy on charity collections and is this the same all year round or are there special arrangements around Christmas?

Answer
We are currently bound to 1930's regulations as the law has not significantly changed, despite a 2009 attempt at modernising the law (to better cater for non-cash collections and improve standards/consistency) which did not progress to statute. At a local level our procedures and processes attempt to avoid clashes of regulated collections, and to be vigilant towards unregulated collectors or causes that are not for charitable or beneficial purpose.

Activity in this area increases in the run up to Christmas as you'd expect but the same regulations apply.

Regulations are available to view on the Council website or directly from the Licensing Team.

Supplementary
Thank you Cllr Burn for that. I did look at the website actually, and it doesn't, it's a policy it just gives an application form of practice and that is why I wondered what the policy was. But residents have been in contact with me as they have been concerned that the traditional Salvation Army band that plays in Stowmarket at Christmas, and there are lots of people enjoy hearing them play, but they are not permitted to put their collecting boxes out at that time because other charities have got the collection dates as it were and also that collectors have been told not to collect. The view that I have had is that at Christmas can there be a different system be looked at for Christmas collecting because obviously it is a key time of year for charity collections and I think some locals expect there to be particular arrangements in Stowmarket.

Answer
That sounds to be a very reasonable request. I can but refer it to the Licensing team and see what the response is.

109 **MOTIONS ON NOTICE**

110 **COUNCILLOR PENNY OTTON HAS GIVEN NOTICE OF HER INTENTION TO MOVE THE UNDER-MENTIONED MOTION AT THE MEETING:-**

110.1 Councillor Penny Otton Proposed the following motion to Council:

110.2 Suffolk has the ambition to be "the Greenest county", I congratulate the Minister for the Environment, Michael Gove, on his initiative to look at introducing a plastic bottle return scheme. It is a well established fact that plastic is one of the worst pollutants of the environment.

A recent report (available from link below) to the Government by Eunomia showed that a deposit return scheme would lead to savings of between £62,000 and £495,000 for any local authority that introduces it, by reducing the authority's waste handling costs. It would also send a strong message that plastics are not for single use and would significantly cut the amount of plastic ending up in the marine environment, endangering our sea life.

The Council also notes that recycling rates for plastic bottles in Britain stands at 57% - in comparison to over 90% in countries that have a Deposit Return Scheme (e.g. Germany, Norway, Sweden, Denmark)

Suffolk is ranked as the second-best performer out of 32 Waste Disposal Authorities in two tier areas for the recycling of dry-recyclables so we will always welcome any proposals brought forward to further improve our performance.

Therefore we ask the Chief Executive to write to the minister informing him that this council supports the proposed scheme and that Mid Suffolk council will look favourably upon any pilot proposals and will seek to participate where we believe the pilot would help to improve environmental outcomes and reduce costs in Suffolk.

http://www.eunomia.co.uk/reports-tools/impacts-of-a-deposit-refundsystem-for-one-way-beverage-packaging-on-local-authority-waste-services/

110.3 Councillor Otton concluded by congratulating Iceland and the CO-OP who were prepared to support the premise, and proposed the motion to the Council.

110.4 Councillor Wendy Marchant seconded the motion commenting on the impacts of plastics which had been illustrated in David Attenborough's recent television programmes.

110.5 Members outlined their support for the motion tackling the problem of plastic littering, the influence of the Suffolk Waste Partnership, that Mid Suffolk were the first district in the county to put forward the proposal, the impact of the charge of plastic carrier bags, the possibility of a Deposit Return Scheme, that the motion would need to complement the current kerbside collections, the impact on the environment, and that further concepts could be implemented from other nations.

110.6 **By a Unanimous Vote**

110.7 RESOLVED

It was Resolved That Mid Suffolk District Council adopt the motion:

- **Suffolk is Ranked as the second-best performer out of 32 Waste Disposal Authorities in two tier areas for the recycling of dry-recyclables so we will always welcome any proposals brought forward to further improve our performance**

- **Therefore we ask the Chief Executive to write to the minister informing him that this Council supports the proposed scheme and that Mid Suffolk Council will look favourably upon any pilot proposals and will seek to participate where we believe the pilot would help improve environmental outcomes and reduce costs in Suffolk.**

111 **COUNCILLOR DAVID BURN HAS GIVEN NOTICE OF HIS INTENTION TO MOVE THE UNDER-MENTIONED MOTION AT THE MEETING:-**

111.1 Councillor David Burn Proposed the following Motion to Council:

111.2 As Cabinet Member for Environment I should like to propose the following motion at Mid Suffolk District Council's meeting on 21 December 2017:

That this Council signs the Woodland Trust' Charter for Trees, Woods and People in support of the ten principles that the Charter promotes as a basis for harmony and mutual benefit between trees and people.

111.3 Councillor Burn informed the Council of the history of the Charter for Trees dating back to Henry III Charter of 1217 of the Forrest and Woodland to the founding of the Woodland Trust in 1972. Councillor Burn outlined the achievements of the Woodland Trust and the challenges that they were facing, due to increased urbanisation and changing lifestyles.

111.4 Councillor Burn concluded by saying that Suffolk County Council had voted to sign the Charter and asked for a seconder for the Proposal.

111.5 Councillor Andrew Stringer seconded the Motion and declared a non-pecuniary interest as a Woodland Trust Tree Champion. Councillor Stringer outlined his support for the application commenting on his previous advocacy for the planting of trees, the statistics of Suffolk's population with access to woodlands, and the benefits of trees not just to the community but to the environment.

111.6 Members outlined their support for the Motion outlining the monitoring and improvement of tree cover being included in the Joint Local Plan, the importance of Planning Policy and the positive contributions that can be made to the landscape.

111.7 Councillor David Whybrow added that he would report back to the Planning Department ensuring that the Charter be embraced and that it be fully implemented.

111.8 Members continued to discuss the motion on the role of Tree Preservation Orders and the benefits that Trees could bring to the local environment.

111.9 **By a Unanimous Vote**

111.10 **RESOLVED**

It was resolved that the Council approve and adopt the motion as follows:

That this Council signs the Woodland Trust' Charter for Trees, Woods and People in support of the ten principles that the Charter promotes as a basis for harmony and mutual benefit between trees and people.

112 **TO RECEIVE REPORTS FROM CABINET MEMBERS**

112.1 **CMU3 – Assets and Investments**

112.2 The Leader presented report CMU3 to Council as the Cabinet Member for Assets and investment.

112.3 Councillor Wendy Marchant posed a question to the Leader regarding the possible development on the Needham Market HQ site for NHS Child immunisation, Suffolk and Norfolk Police training dog unit or Film Suffolk. She added that it would help the local economy as businesses were already losing trade and whether these options would be considered.

112.4 The Leader responded to the question that everything was going to be considered in the proposal.

112.5 Councillor Wendy Marchant posed a question regarding the possibility of reducing rental income and security costs if commercial activity was sought and why did these options not go to the All Together group in October.

112.6 The Leader responded that he had raised it with Officers and will be considered in the future.

112.7 **CMU4 - Communities**

112.8 Councillor Julie Flatman presented report CMU4 as the Cabinet Member for Communities.

112.9 Councillor Penny Otton posed a question regarding the Regal Cinema in Stowmarket and the Councils proposals.

112.10 The Leader declared a non-pecuniary interest as a Member of Stowmarket Town Council and responded that a Cabinet report would be coming forward shortly to outline Mid Suffolk District Councils view.

112.11 Councillor Keith Welham posed a question regarding the promotion of cycling and cycle routes and if there was a possibility of having a cycling programme.

112.12 Councillor Julie Flatman responded that she would report this back to the Communities team and that they were doing everything they could to promote cycling and that there were further details to come forward.

112.13 **CMU5 – Environment**

112.14 Councillor David Burn presented report CMU5 as the Cabinet Member for Environment.

112.15 Councillor Anne Killet posed a question regarding the loss of staff and performance in the Licensing team, Building Control team, Planning Enforcement Team, and Heritage Team and of the 83 members of staff that have left this year how many exit interviews were conducted.

112.16 The Chief Executive responded that it was standard practice to offer exit interviews but that it was up to the employee as to whether they took up the offer. The Chief Executive added that he did not have the information with him but that it would be distributed to all Members after the meeting.

112.17 Councillor John Field posed a question regarding the Warm Homes Fund and whether the scheme was open to all including owner occupiers, tenants in rented properties, and the Council.

112.18 Councillor David Burn responded that he did not have the information with him but would investigate.

112.19 **CMU6 – Organisational Delivery**

112.20 Councillor Glen Horn presented report CMU6 as the Cabinet Member for Organisational Delivery.

112.21 Councillor Rachel Eburne posed a question regarding the End of Year report as to whether it would include successes and also points to learn from.

112.22 Councillor Glen Horn responded that he hoped it would and that it would be honest and that there will be an opportunity for Members to comment before it goes to the public.

112.23 Councillor John Field posed a question regarding the cost of the move of the server room from the Needham Market HQ and whether there had been an impact on resilience.

112.24 Councillor Glen Horn responded that the full cost of the move would be reported to Full Council in due course and that Constantine House was the backup and that the changes would be reported to all Members.

112.25 **CMU7 – Planning**

112.26 Councillor David Whybrow presented report CMU7 as the Cabinet Member for Planning.

112.27 Councillor Jessica Fleming posed a question regarding paragraph 3.5 in the report on who the contact was for Parish Councils and Ward Councillors regarding neighbourhood planning and the Local Plan.

112.28 Councillor David Whybrow responded that he would circulate the appropriate staff contact details in the new year.

112.29 Councillor Andrew Stringer posed a question regarding the amount of housing expected of local authorities and consultations to deliver and asked for reassurance that this would not delay the joint local plan.

112.30 Councillor David Whybrow responded that the Planning and Planning Policy team would continue until such a time that it may or may not be that the information becomes out of date. He added that Members would be informed if there was any disruption to the creation of the Plan.

112.31 Councillor Elizabeth Gibson-Harries posed a question regarding the double glazing windows in listed buildings.

112.32 Councillor Whybrow responded that this would be a matter of National Planning Policy.

112.33 RESOLVED

That Council Notes the Reports

113 **MC/17/29 OVERVIEW AND SCRUTINY COMMITTEE REPORT**

113.1 Councillor Rachel Eburne presented the Overview and Scrutiny Committee report to the Council noting that a Joint Overview and Scrutiny meeting had been held on Monday 18 December looking at the Community Infrastructure Levy and urged all Members to attend the briefings. Councillor Eburne added that the Committee had also reviewed the Shared Legal Service with the decision of an improvement required and report this back to the Committee and that for any future partnerships a business case is put forward before any partnership commences.

113.2 Councillor Eburne responded to Members questions regarding the one off pay roll costs and the lack of recommendations associated with the item and that a large amount of the budget had been spent on interims and consultants.

113.3 Katherine Steel, Assistant Director – Corporate Resources, responded that she would report to Council the figures on the interims, consultants and how many previous vacancies had been filled.

113.4 The Leader responded to a question from Councillor Otton regarding the continued use of interims to which the Leader responded that wherever possible the Council will employ staff directly but that, at times, there was a need for external staff for exceptional circumstances.

114 **MC/17/30 ADOPTION OF REVISED COUNCIL TAX REDUCTION (CTR) SCHEME FOR WORKING AGE HOUSEHOLDS - EFFECTIVE 1 APRIL 2018**

114.1 The leader Introduced report MC/17/30 outlining that the report had previously been before Members and had now been returned to Council after a period consultation. The Leader explained that there was an error in paragraph 8.1 to which Members had been notified in advance of the meeting. The Leader outlined that it should read “confusion is currently caused by Babergh District Council having a maximum reduction of 91.5% whilst Mid Suffolk have a Maximum of 95%.” The Leader outlined the options in the report, the responses from the consultation, and proposed the report for approval.

114.2 Councillor Julie Flatman seconded the proposal.

114.3 Councillor Anne Killet posed a question regarding the information on page 39 section 6.5 referring to Appendix C on how many respondents there were to the consultation.

114.4 The Leader responded that there were 12 responses to the consultation.

114.5 Councillor John Field outlined the current arrangements and compared them to those proposed and that the report had been overcomplicated and asked that in future and that a better effort be made in future.

114.6 **By a Unanimous vote**

114.7 **RESOLVED**

That Mid Suffolk District Council adopt the Council Tax Reduction (Working Age) Local Scheme (Revised) from 1 April 2018, as set out in Appendix A of the report.

115 **APPOINTMENTS**

115.1 No Appointments were made.

The business of the meeting was concluded at 7.01 pm.

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Chairman

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Agenda Item 4

MC/17/32

MID SUFFOLK DISTRICT COUNCIL CHAIRMAN'S ANNOUNCEMENTS

COUNCIL - 22 FEBRUARY 2018

EVENT	LOCATION	DATE	CHAIRMAN	VICE CHAIR
JANUARY 2018				
Suffolk County Council Chairman's Charity Concert	Ipswich	31-Jan	✓	
FEBRUARY 2018				
MSDC Past Chairman's Lunch	Needham Market	01-Feb	✓	

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Agenda Item 5

MC/17/33

MSDC – Full Council 22nd February 2018

Leader's Report.

1. **Boundary Review** – for some reason, the announcements from the Boundary Commission on the rewarding for both Mid Suffolk and Babergh has been delayed. The arrangements should be announced on the 20th February.

2. **Strategic property purchase in Stowmarket** – following approval at Cabinet, I am pleased to confirm that a formal offer has been made to purchase the vacant National Westminster Bank in Stowmarket. I hope to be able to confirm acceptance of the offer during the meeting.

3. **ComRes consultation** – this consultation ended on 5th February. The results are being collated, and I shall be providing an update during the meeting.

4. **Locality Grants** – I am pleased to say that the vast majority of the locality budget has now been fully committed. A report will be published shortly on where and who the monies have been allocated.

5. **General Data Protection Regulations** – these new regulations come into force on 25th May 2018. Under the regulations, the Council must become compliant and that means making changes to how we as Members control, process, manage and store personal data. A series of workshops have been arranged for Members, commencing early March. I have asked in the meantime, if this topic could be the subject of a Member Briefing.

Cllr. Nicholas G K Gowrley

Leader, Mid Suffolk District Council

13th February 2018

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Agenda Item 9

MC/17/34

Overview & Scrutiny Committee Report for Council – 22 February 2018

The December 2017 Joint Overview & Scrutiny Committee reviewed:
- Shared Legal Services
- Impact and delivery of the Community Infrastructure Levy (CIL)
- Off-Payroll costs

The January 2018 Mid Suffolk Overview & Scrutiny Committee reviewed the draft budget.

The February 2018 Joint Overview & Scrutiny Committee will review:
- Options to scrutinise an element of Waste Services
- Scoping of Five Year Housing Land Supply

Shared Legal Services Partnership: This has been in operation since November 2016 but there is no business case available to Members to assess whether the new service has improved delivery. The Committee asked to see a review in six months' time and recommended to Cabinet that no partnership working, or shared service takes place in the future without a full business case.

Community Infrastructure Levy (CIL): Prior to Cabinet agreeing a Member working group to assess a framework for expenditure of CIL the Committee assessed work to date. Questions were raised about relationship between S106 and CIL; on communication with parishes; concerns with overall monies available for infrastructure and joint provider arrangements.

Off-Payroll Costs: A review of the costs for interims and consultants showed that, across both Councils, for 2016/17 a total of 98 positions will have cost £2.4 million and for 2017/18 to date 81 positions at a cost of £1.1 million. The Committee agreed to review this again later in 2018.

Draft Budget: On the General Fund there was detailed discussion on funding from business rates and Members requested that the budget papers included greater breakdown on this as well as capital financing charges, investment income and new homes bonus funding. There were questions on the increase in costs of 20% over the next four years, queries on pension contributions and cost of security at the old Needham Market HQ. Members also questioned specific elements of the Capital budget. On the Housing Revenue Account (HRA) questions were raising regarding the change to when BMBS would break even and how this would impact the HRA. Members were advised that the HRA was constantly being updated and a summary would be provided to Members when it had been next reviewed.

Waste Services: Members will be considering the current position of the joint waste contract, the recycling contract and new projects under review to see where the Committee can add value.

Five Year Housing Land Supply: A scoping exercise will be undertaken to assess actions being taken to improve this and how Members can contribute to this.

Forward plan: Items include reviews of:

- BMBS (Babergh and Mid Suffolk Building Services)
- the costs the office move
- the Transformation Fund
- staff welfare
- take-up of paid-for pre-application planning advice

Councillor Rachel Eburne

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

From:	**Cabinet Members for Finance**	**Report Number:**	**MCa/17/41**
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.

<u>The 2018/19 Strategy</u>

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

Background Documents

CIPFA Treasury Management in the Public Services – 2011

The Prudential Code for Capital Finance in Local Authorities – 2011

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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, and the October 2017 figures are shown in Appendix C.

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. Annual Investment Strategy

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.

<u>Table 2: Approved investment counterparties and limits for Babergh and Mid Suffolk</u>

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.

<u>Table 4: Investment limits for Babergh and Mid Suffolk</u>

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 £119.8million for Babergh and £132.3million 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 2018, 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.

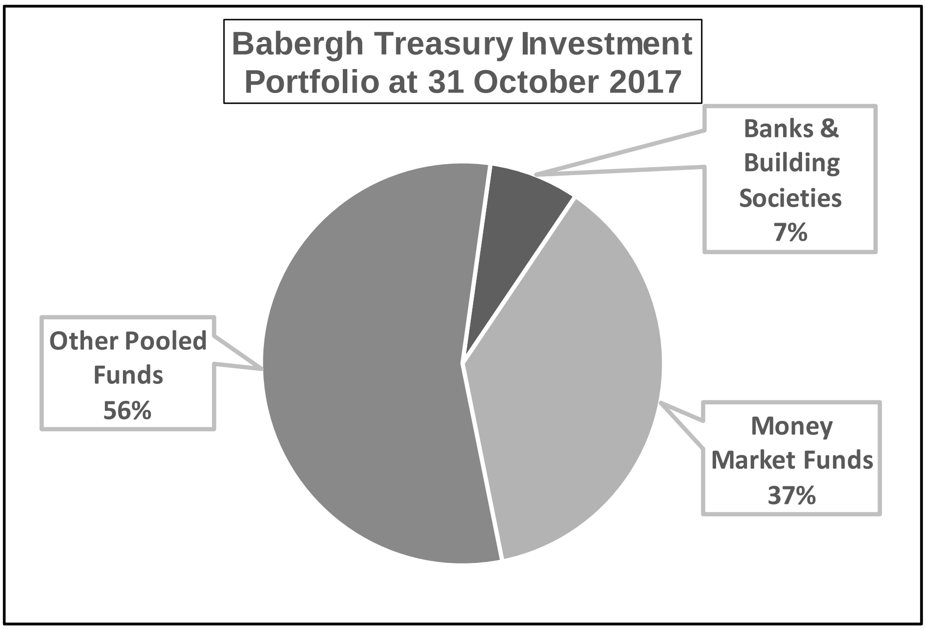
2.5 Both Councils primary objectives in relation to investments remain the security of capital. The liquidity or accessibility of the Councils investments followed by the yield earned on investments remain important but are secondary considerations.

Appendix C Revised

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**	

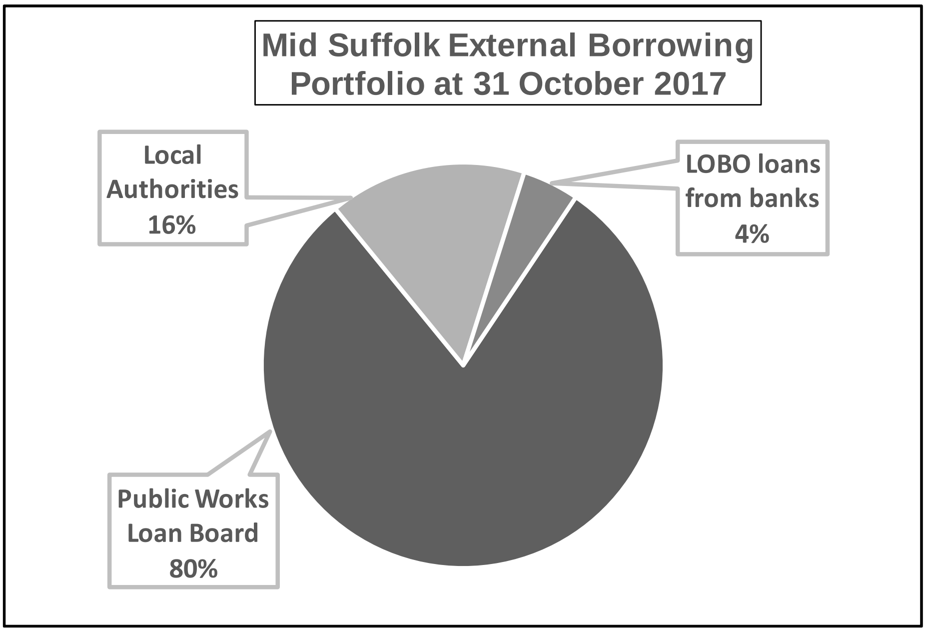
Non-treasury Investments:		
Investment property	3.560	
Loans to subsidiaries	0.030	
Total Non-treasury Investments	3.590	
Total Investments	**20.990**	



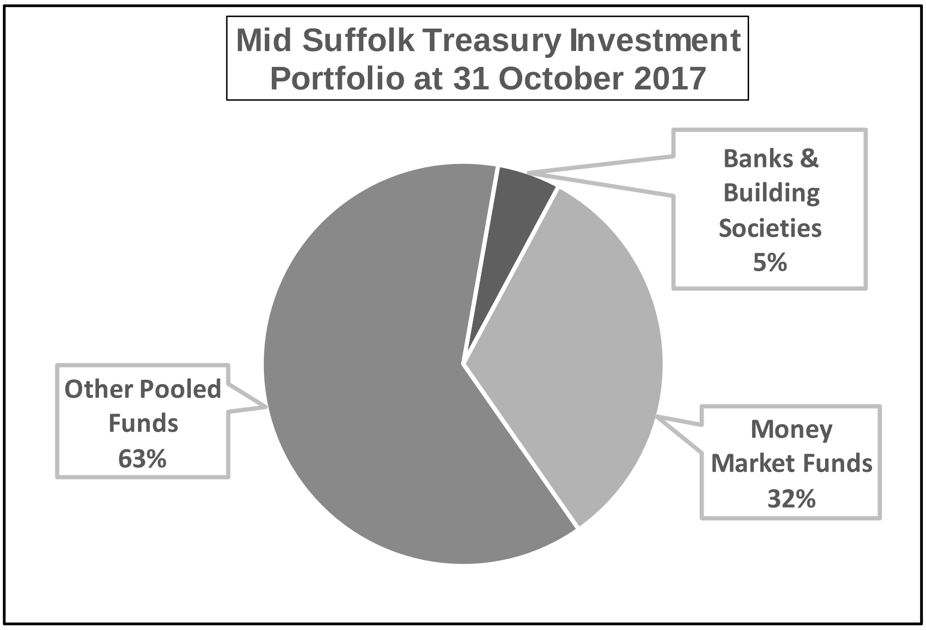
Appendix C Revised

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**

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

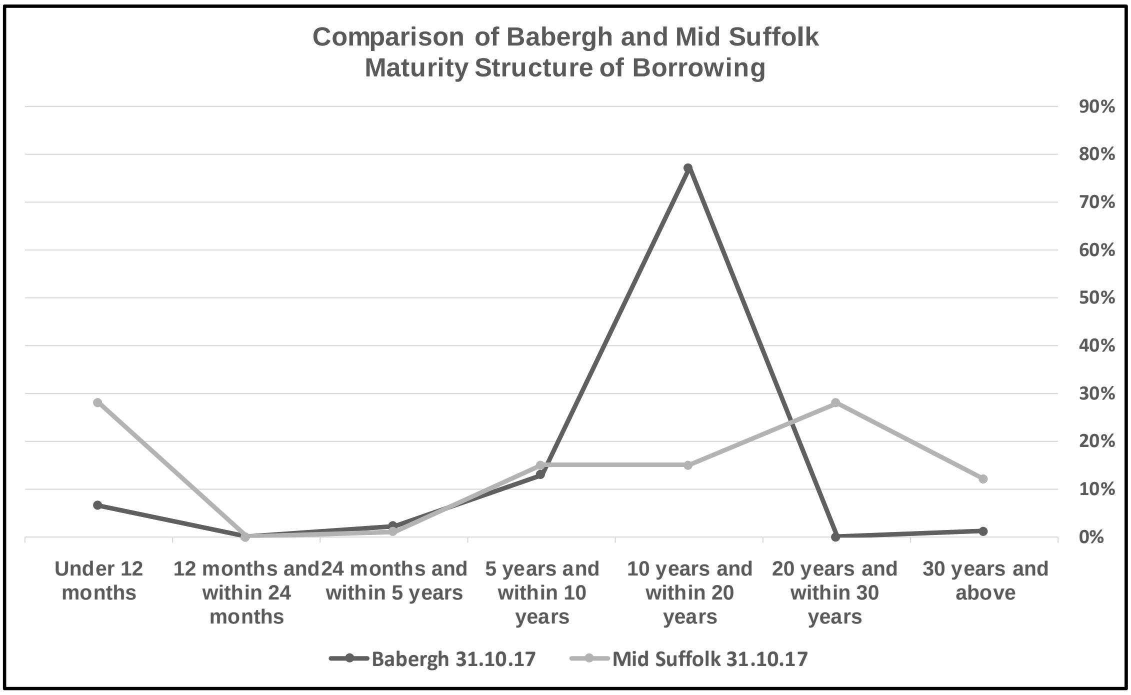
Mid Suffolk	**2018/19 Forecast £m**	**2019/20 Forecast £m**	**2020/21 Forecast £m**
Upper limit on fixed interest rate exposure	154	156	159
Upper limit on variable interest rate exposure	40	40	40

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. Estimates of Capital Financing Requirement

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	****

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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.

Appendix H

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 Aa2 Aa3	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
A1 A2 A3	Obligations rated A are considered upper-medium grade and are subject to low credit risk.

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.

Appendix I Revised

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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MID SUFFOLK DISTRICT COUNCIL

From: Cabinet	**Report Number: MC/17/35**
To: Council	**Date of meeting: 22 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.

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 £888k 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 £201k 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)

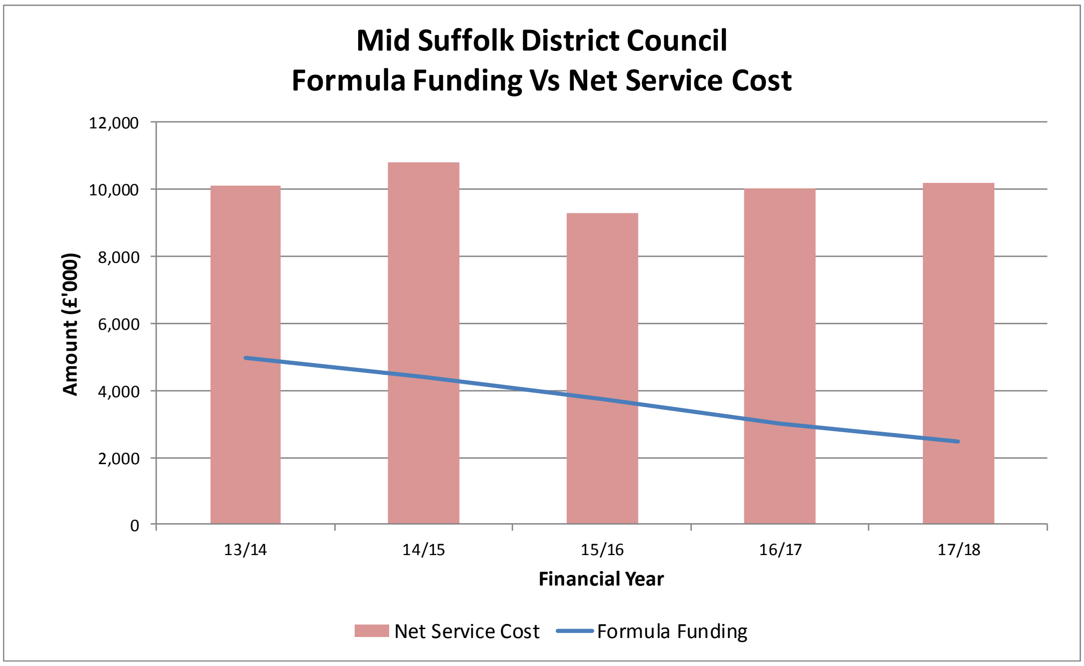
11 GF Financial Position

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.

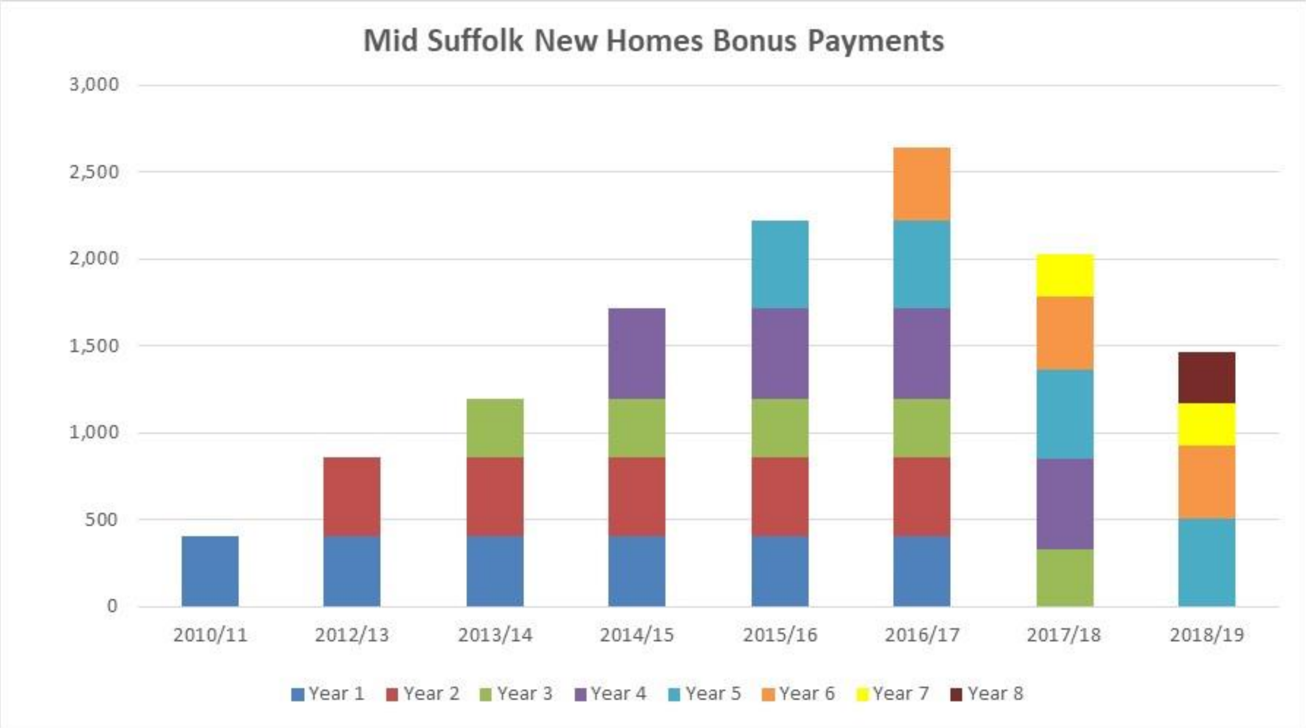
11.3 The Council's service cost budget has remained fairly static over the same period, as various budget savings and income generating initiatives have meant that service levels could be maintained.

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 ever 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 cap 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, and the final settlement announced on the 6th February 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 (£432k), 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 Council's 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 means 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, these are 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 A summary of the pressures and actions taken is set out below. A summary of detailed key changes between 2017/18 and 2018/19 and across the period of the MTFS is shown at Appendix B.

SUMMARY	
Budget Pressures	**£'000**
Regal Theatre Regeneration - contribution to capital	2,575
Funding - Business Rates Collection Fund Deficit	957
Minimum Revenue Provision	623
Funding - Government Grants & Baseline Business Rates	223
Employees - pay award and increments	296
Employees - pension fund deficit contribution	240
Funding - Reduction in Council Tax Collection Fund Surplus	19
Funding - Tax base increase	(89)
Inflation (net)	(9)
Total Budget Pressures	**4,835**
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	61
Total Action Taken	**(757)**
Reserves	
New Homes Bonus Allocation	(1,463)
Movement in Reserves	(3,724)
Total Reserves	**(5,187)**
Budget (surplus)	**(1,109)**

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 £354k 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 £224k 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)**
<u>Changes</u>	
BMS Invest	(119)
Pre- app charges (net)	(88)
Funding - Government Grants & Baseline Business Rates	(85)
additional RSDG	
Staff savings	(75)
CIFCO / Investment Income	(40)
MRP	(33)
External Audit Fees	(4)
Other Commercial Investments	105
IRP review	70
Other items (net)	32
Charge to HRA	10
Local Council Tax Scheme Admin grant reduction	5
Revised Surplus	**(1,109)**

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 at the end of 2018/19 is £10.6m, including the Growth and Efficiency Fund balance of £7.5m. 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) 38 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 2020/21 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 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.

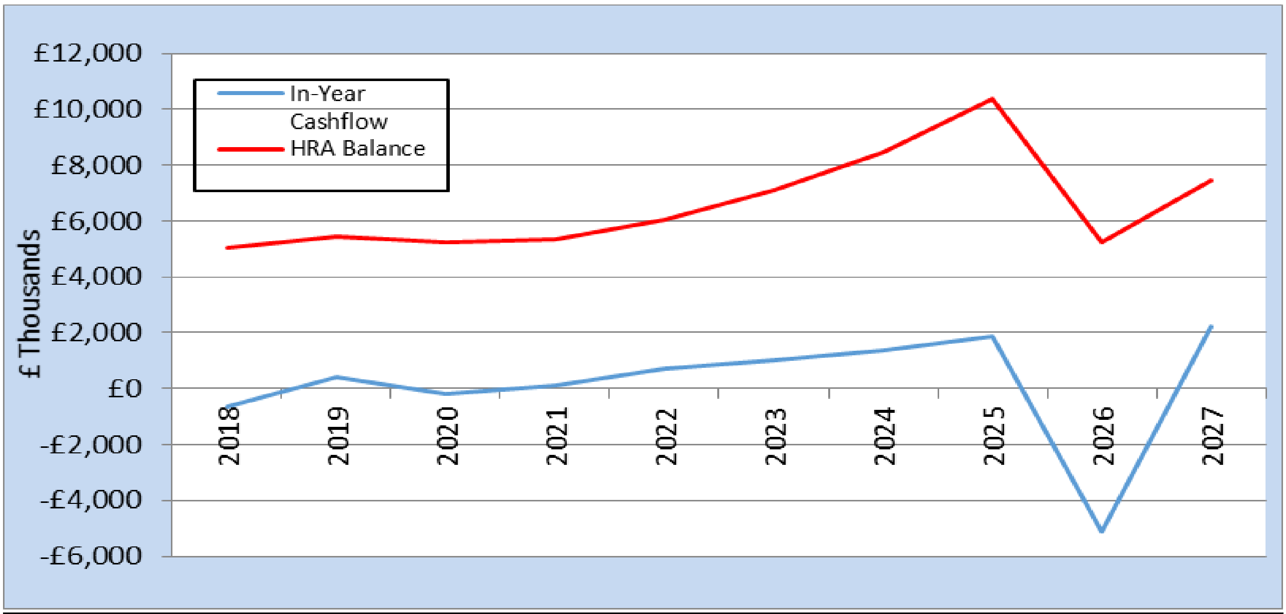
17 HRA Potential Resources Available for Investment

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 increasing 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

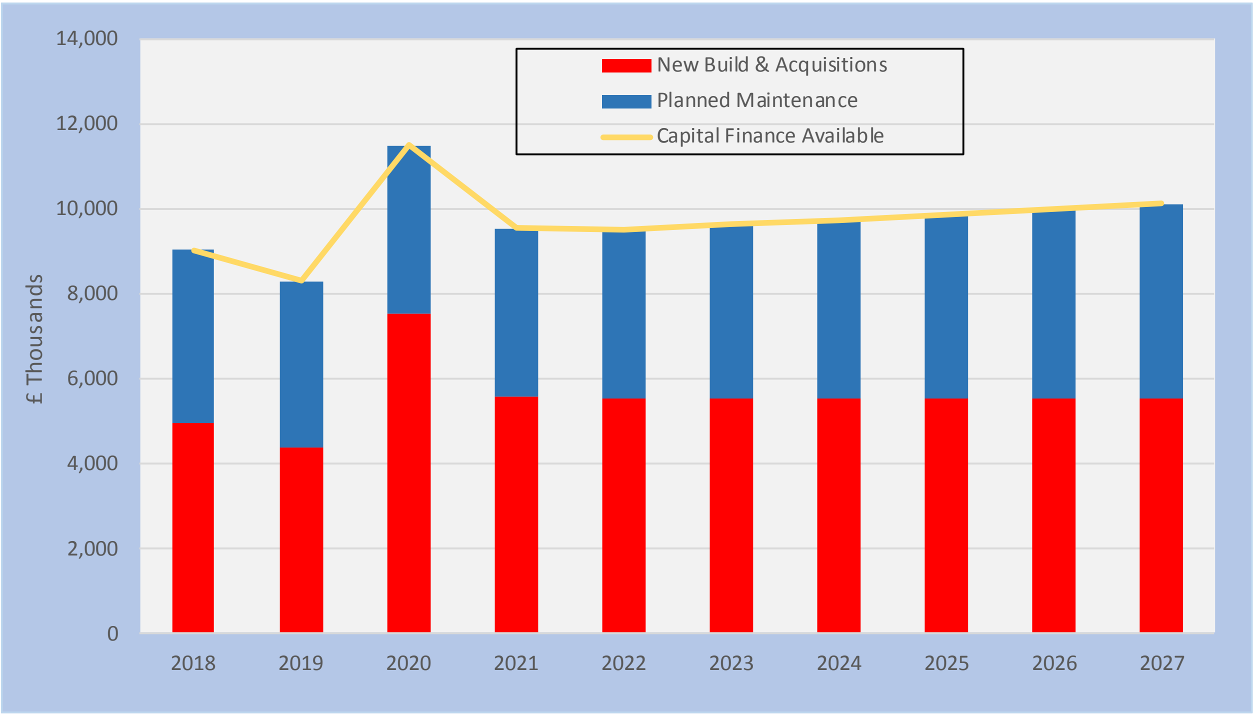


Graph B - Capital Programme from 2018/19 for 10 years (based on a 1% rent reduction in years 1 to 2 followed by a CPI +1% rent increase in years 3 to 10)

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 2018/19 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 one-for-one 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	7,136	3,052
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**	**13,059**	**3,124**
21	Growth and Efficiency Fund - Staffing	(490)	(52)	438
22	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
22	Growth and Efficiency Fund - contribution to capital for Regal Theatre Regenration	-	(2,575)	(2,575)
23	New Homes Bonus to balance core budget	-	(354)	(354)
24	New Homes Bonus (surplus)	(1,288)	(1,109)	178
25	Transfers from Reserves - earmarked	(82)	(1,229)	(1,147)
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	-	957	957
29	Council Tax 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)	(2,657)	(533)
32	Business rates – growth/pooling benefit	(79)	(151)	(72)
33	Transition Grant	(39)	0	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)**	**(14,168)**	**(2,615)**
37	Surplus Funds	(1,621)	(1,109)	511
38	Transfer to reserve	1,621	1,109	(511)
		-	**-**	**-**

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	5
Premises	1
Supplies & Services	6
Insurance Premiums	5
Business Rates	10
Sub total cost pressure	**564**
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	
Revenue contribution to capital - Regal Theatre Regeneration	2,575
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	

Appendix B

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	
IRP review	70
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	**4,805**

MID SUFFOLK - MOVEMENT YEAR ON YEAR	**17/18 to 18/19 £000**
Actions to offset increases to net service cost	
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)
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)	(31)
Sub total actions	**(2,242)**
Total Net Service Cost movement	**3,126**
New Net Service Cost	**13,059**

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000
Funding previous year	**(9,934)**
Cost Pressures	
Business Rates - collection fund deficit	957
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	**1,732**
Savings / Actions to increase funding	
Movement in Reserves - NHB, Growth and Efficiency Fund, S31 grant	(4,135)
Business Rates - baseline (now includes RSG & RSDG)	(533)
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	**(4,858)**
New Year Funding	**(13,059)**
Annual Budget (surplus)/deficit	**-**

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 £188.82.

    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

Appendix C

Budget and Council Tax Resolutions 2018/19

Summary of Budget 2018/19

	2018/19 Budget Requirement £	**2018/19 Council Tax at Band D £**	**2017/18 Budget Requirement £**
Mid Suffolk District Council General Fund Budget Requirement - District Council Purposes	7,684,980	211.49	8,844,995
Parish/Town Council Precepts (net of Council Tax Support Scheme grant)	2,550,059	70.18	2,293,457
	10,235,039	**281.67**	**11,138,452**
Settlement Funding from Government	(2,656,700)	(73.11)	(2,573,049)
Rural Services Delivery Grant	-	-	(347,457)
Transition Grant	-	-	(39,426)
Business Rates Collection Fund Deficit	957,000	26.34	-
Council Tax Collection Fund Surplus	(70,340)	(1.94)	(88,910)
MSDC's basic amount under section 33 of the 1992 Local Government Act	**8,464,999**	**232.96**	**8,089,610**
LESS Parish/Town Council Precepts	(2,550,059)	(70.18)	(2,293,457)
Basic amount under s.34 of the 1992 Act for dwellings to which no special items relate	**5,914,940**	**162.78**	**5,796,153**
Suffolk County Council Precept Requirement	45,150,661	1,242.54	42,352,352
Suffolk Police and Crime Commissioner's Requirement	6,861,226	188.82	6,328,698
Basic amount for areas where there are no special items.	**57,926,827**	**1,594.14**	**54,477,203**

Appendix C

Council Tax Resolution 2018/19

1. It is a requirement for the billing authority to calculate a council tax requirement for the year as opposed to its budget requirement.

2. It be noted that the Council, as delegated to the Section 151 Officer, calculated the taxbase**:**

   a) for the whole Council area as 36,337.39 and,

   b) for dwellings in those parts of its area to which a Parish precept relates as further detailed in Appendix C.

3. The council tax requirement for the Council's own purposes for 2018/19 (excluding Parish precepts) is £5,914,940.

4. That the following amounts be calculated for the year 2018/19 in accordance with Sections 31 to 36 of the Act:

a)	51,286,169	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A)(2) of the Act taking into account all precepts issued to it by Parish Councils (gross expenditure)
b)	(42,821,170)	Being the aggregate of the amounts which the Council estimates for items set out in Section 31(A)(3) of the Act (gross income)
c)	8,464,999	Being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act) (net expenditure)
d)	232.96	Being the amount at 4(c) above (item R) all divided by item T (2(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year (including Parish precepts) (average council tax)
e)	2,550,059	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per Appendix C)
f)	162.78	Being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by item T (2(a) above) calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates (basic council tax)

5. To note that Suffolk County Council and the Police and Crime Commissioner have issued precepts to the Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in Section 7 below.

6. That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below and further in Appendix C as the amounts of council tax for 2018/19 for each part of its area and for each of the categories of dwellings.

7. Since the Cabinet meeting on 5 February 2018, the precept levels of other precepting bodies have been received. These are detailed below;

a) **Suffolk County Council**

Suffolk County Council met on 8 February 2018 and set their precept at £45,150,661. This includes an adjustment for the Collection Fund contribution of £363,640 and results in a Band D council tax of £1,242.54.

b) **Suffolk Police and Crime Commissioner**

The Police and Crime Commissioner has set their precept at £6,861,226, adjusted by a Collection Fund contribution of £54,335. This results in a Band D council tax of £188.82.

c) **Mid Suffolk District Council**

The General Fund council tax requirement for Mid Suffolk District Council is based on an increase in council tax from £161.97 to £162.78 for a Band D property.

d) **Aggregated council tax requirement**

The aggregated council tax requirement for Suffolk County Council, Suffolk Police and Crime Commissioner and Mid Suffolk District Council results in a Band D council tax of £1,594.14.

	Suffolk County Council	**Police and Crime Commissioner**	**Mid Suffolk District Council**	**Aggregated Council Tax requirement**
Valuation Bands	**£**	**£**	**£**	**£**
A	828.36	125.88	108.52	**1,062.76**
B	966.42	146.86	126.61	**1,239.89**
C	1,104.48	167.84	144.69	**1,417.01**
D	1,242.54	188.82	162.78	**1,594.14**
E	1,518.66	230.78	198.95	**1,948.39**
F	1,794.78	272.74	235.13	**2,302.65**
G	2,070.90	314.70	271.30	**2,656.90**
H	2,485.08	377.64	325.56	**3,188.28**

8. The Town and Parish Council Precepts for 2018/19 are detailed further in Appendix C and total £2,550,05. The increase in the average Band D for Town and Parish Councils is 4.74% and results in an average Band D council tax figure of £70.18 for 2018/19.

Appendix C

Council Taxbase for Parishes and District – 2018/19

Parish	COUNCIL TAX BASE 17/18	COUNCIL TAX BASE 18/19	% Change
Akenham	22.22	22.32	0.45%
Ashbocking	143.01	138.95	-2.92%
Ashfield-cum-Thorpe	94.30	93.79	-0.54%
Aspall	28.56	28.69	0.45%
Athelington	19.65	19.65	0.00%
Bacton	448.28	447.87	-0.09%
Badley	32.61	32.70	0.28%
Badwell Ash	307.93	306.89	-0.34%
Barham	526.91	527.77	0.16%
Barking	167.88	169.30	0.84%
Battisford	243.32	244.61	0.53%
Baylham	120.66	113.13	-6.66%
Bedfield	159.78	157.72	-1.31%
Bedingfield	99.34	98.76	-0.59%
Beyton	304.02	306.20	0.71%
Botesdale	275.75	275.22	-0.19%
Braiseworth	31.27	30.02	-4.16%
Bramford	828.91	830.02	0.13%
Brome and Oakley	195.25	195.22	-0.02%
Brundish	73.57	73.19	-0.52%
Burgate	69.99	68.91	-1.57%
Buxhall	162.74	159.51	-2.02%
Claydon	748.68	753.39	0.63%
Coddenham	270.85	274.50	1.33%
Combs	303.03	316.70	4.32%
Cotton	231.11	231.66	0.24%
Creeting St Mary	287.69	293.60	2.01%
Creeting St Peter	103.15	102.61	-0.53%
Crowfield	160.60	159.86	-0.46%
Darmsden	17.44	18.35	4.96%
Debenham	784.91	800.42	1.94%
Denham	75.71	77.64	2.49%
Drinkstone	279.27	283.47	1.48%
Earl Stonham	252.40	250.18	-0.89%
Elmswell	1,349.16	1,377.32	2.04%
Eye	786.86	791.07	0.53%
Felsham	175.79	179.12	1.86%
Finningham	197.05	196.85	-0.10%
Flowton	48.28	48.99	1.45%
Framsden	140.85	140.31	-0.38%
Fressingfield	418.92	420.52	0.38%
Gedding	50.31	52.37	3.93%
Gipping	25.93	26.92	3.68%
Gislingham	420.52	419.35	-0.28%
Gosbeck	85.19	83.55	-1.96%
Great Ashfield	150.94	152.82	1.23%
Great Blakenham	624.64	667.53	6.43%
Great Bricett	200.00	203.46	1.70%
Great Finborough	309.39	314.72	1.69%
Harleston	61.89	64.80	4.49%
Haughley	582.82	571.09	-2.05%
Helmingham	66.49	67.14	0.97%
Hemingstone	95.79	98.18	2.43%
Henley	230.89	235.44	1.93%
Hessett	200.77	202.04	0.63%
Hinderclay	121.17	119.59	-1.32%
Horham	120.16	120.76	0.50%
Hoxne	359.47	356.68	-0.78%
Hunston	55.44	56.05	1.09%
Kenton	96.11	98.46	2.39%
Langham	41.98	40.68	-3.20%
Laxfield	354.88	371.70	4.53%
Little Blakenham	108.57	106.86	-1.60%
Little Finborough	26.23	26.23	0.00%
Mellis	200.18	205.92	2.79%
Mendham	172.68	175.85	1.80%
Mendlesham	511.05	543.57	5.98%
Metfield	174.11	176.77	1.50%
Mickfield	88.29	91.01	2.99%
Monk Soham	73.15	73.61	0.62%
Needham Market	1,508.65	1,597.76	5.58%
Nettlestead	40.09	39.99	-0.25%
Norton	399.82	407.60	1.91%
Occold	195.22	195.09	-0.07%
Offton	153.07	148.02	-3.41%
Old Newton with Dagworth	418.06	421.44	0.80%
Onehouse	276.50	280.31	1.36%
Palgrave	351.03	357.77	1.88%
Pettaugh	89.68	88.89	-0.89%
Rattlesden	374.85	383.84	2.34%
Redgrave	257.93	261.49	1.36%
Redlingfield	51.96	52.48	0.99%
Rickinghall Inferior	158.07	162.51	2.73%
Rickinghall Superior	319.19	321.93	0.85%
Ringshall	244.39	244.14	-0.10%
Rishangles	37.07	38.59	3.94%
Shelland	23.97	25.61	6.40%
Somersham	243.31	243.38	0.03%
Southolt	29.48	27.88	-5.74%
Stoke Ash	81.16	83.38	2.66%
Stonham Aspal	240.86	245.56	1.91%
Stonham Parva	136.80	136.49	-0.23%
Stowlangtoft	87.24	88.56	1.49%
Stowmarket	6,343.12	6,516.90	2.67%
Stowupland	646.82	654.38	1.16%
Stradbroke	546.31	557.06	1.93%
Stuston	86.53	85.10	-1.68%
Syleham	95.01	96.33	1.37%
Tannington	40.79	39.27	-3.87%
Thorndon	294.76	301.02	2.08%
Thornham Magna	80.46	79.17	-1.63%
Thornham Parva	27.58	27.58	0.00%
Thrandeston	72.64	70.62	-2.86%
Thurston	1,203.56	1,206.53	0.25%
Thwaite	61.65	61.62	-0.05%
Tostock	191.12	199.35	4.13%
Walsham-le-Willows	471.58	475.84	0.90%
Wattisfield	192.78	193.80	0.53%
Westhorpe	80.14	81.48	1.64%
Wetherden	237.27	238.22	0.40%
Wetheringsett-cum-Brockford	269.36	275.44	2.21%
Weybread	176.34	176.44	0.06%
Whitton	24.76	23.83	-3.90%
Wickham Skeith	133.43	138.29	3.51%
Wilby	126.97	129.06	1.62%
Willisham	100.63	101.58	0.94%
Wingfield	144.01	147.00	2.03%
Winston	66.90	67.29	0.58%
Woolpit	784.83	783.09	-0.22%
Worlingworth	306.97	308.74	0.57%
Wortham	328.00	330.36	0.71%
Wyverstone	133.32	134.45	0.84%
Yaxley	202.90	204.69	0.87%
	35,785.68	**36,337.39**	**1.52%**

Precepts and Council Tax Band D for Parishes

Parish	2017/18 Parish Precept	Tax Base	Council Tax Band D	2018/19 Parish Precept	Tax Base	Council Tax Band D	Increase / Decrease (-)
	£		£	£		£	£
Akenham	-	22.22	-	-	22.32	-	0.00
Ashbocking	1,836.00	143.01	12.84	1,870.00	138.95	13.46	0.62
Ashfield-cum-Thorpe	1,700.00	94.30	18.03	2,700.00	93.79	28.79	10.76
Aspall	-	28.56	-	-	28.69	-	0.00
Athelington	182.71	19.65	9.30	279.89	19.65	14.24	4.95
Bacton	21,452.00	448.28	47.85	21,881.04	447.87	48.86	1.00
Badley	-	32.61	-	-	32.70	-	0.00
Badwell Ash	14,181.00	307.93	46.05	14,890.00	306.89	48.52	2.47
Barham	24,692.00	526.91	46.86	24,692.00	527.77	46.79	-0.08
Barking	8,688.00	167.88	51.75	9,000.00	169.30	53.16	1.41
Battisford	10,725.00	243.32	44.08	10,725.00	244.61	43.85	-0.23
Baylham	-	120.66	-	-	113.13	-	0.00
Bedfield	3,000.00	159.78	18.78	3,000.00	157.72	19.02	0.25
Bedingfield	1,420.00	99.34	14.29	1,620.00	98.76	16.40	2.11
Beyton	11,336.00	304.02	37.29	12,800.00	306.20	41.80	4.52
Botesdale	27,500.00	275.75	99.73	28,700.00	275.22	104.28	4.55
Braiseworth	-	31.27	-	-	30.02	-	0.00
Bramford	64,935.00	828.91	78.34	66,233.00	830.02	79.80	1.46
Brome and Oakley	6,630.00	195.25	33.96	6,630.00	195.22	33.96	0.01
Brundish	3,518.51	73.57	47.83	3,694.44	73.19	50.48	2.65
Burgate	2,813.74	69.99	40.20	2,847.73	68.91	41.33	1.12
Buxhall	4,002.00	162.74	24.59	4,023.50	159.51	25.22	0.63
Claydon	42,121.96	748.68	56.26	42,355.29	753.39	56.22	-0.04
Coddenham	56,622.00	270.85	209.05	29,342.00	274.50	106.89	-102.16
Combs	6,850.00	303.03	22.61	7,250.00	316.70	22.89	0.29
Cotton	6,000.00	231.11	25.96	6,000.00	231.66	25.90	-0.06
Creeting St Mary	9,000.00	287.69	31.28	9,500.00	293.60	32.36	1.07
Creeting St Peter	4,900.00	103.15	47.50	5,245.00	102.61	51.12	3.61
Crowfield	2,600.00	160.60	16.19	2,625.00	159.86	16.42	0.23
Darmsden	-	17.44	-	-	18.35	-	0.00
Debenham	68,868.00	784.91	87.74	71,637.00	800.42	89.50	1.76
Denham	2,800.00	75.71	36.98	3,000.00	77.64	38.64	1.66
Drinkstone	4,823.00	279.27	17.27	8,440.00	283.47	29.77	12.50
Earl Stonham	6,037.16	252.40	23.92	6,339.00	250.18	25.34	0.00
Elmswell	116,837.00	1,349.16	86.60	123,931.00	1,377.32	89.98	3.38
Eye	79,103.98	786.86	100.53	81,240.00	791.07	102.70	2.17
Felsham	6,162.00	175.79	35.05	6,550.00	179.12	36.57	1.51
Finningham	6,695.00	197.05	33.98	6,895.00	196.85	35.03	1.05
Flowton	-	48.28	-	-	48.99	-	0.00
Framsden	9,200.00	140.85	65.32	9,384.00	140.31	66.88	1.56
Fressingfield	18,755.00	418.92	44.77	32,416.00	420.52	77.09	32.32
Gedding	1,000.00	50.31	19.88	1,000.00	52.37	19.09	-0.78
Gipping	1,332.15	25.93	51.37	1,450.17	26.92	53.87	2.49
Gislingham	14,460.00	420.52	34.39	14,810.00	419.35	35.32	0.93
Gosbeck	1,000.00	85.19	11.74	1,000.00	83.55	11.97	0.23
Great Ashfield	1,890.00	150.94	12.52	2,300.00	152.82	15.05	2.53
Great Blakenham	39,000.00	624.64	62.44	42,000.00	667.53	62.92	0.48
Great Bricett	9,750.00	200.00	48.75	10,250.00	203.46	50.38	1.63
Great Finborough	10,586.00	309.39	34.22	11,769.00	314.72	37.40	3.18
Harleston	1,700.00	61.89	27.47	1,780.00	64.80	27.47	0.00
Haughley	44,813.00	582.82	76.89	46,000.00	571.09	80.55	3.66
Helmingham	3,150.00	66.49	47.38	2,400.00	67.14	35.75	-11.63
Hemingstone	2,000.00	95.79	20.88	2,000.00	98.18	20.37	-0.51
Henley	12,111.00	230.89	52.45	12,111.00	235.44	51.44	-1.01
Hessett	8,900.00	200.77	44.33	9,123.00	202.04	45.15	0.83
Hinderclay	4,500.00	121.17	37.14	4,500.00	119.59	37.63	0.49
Horham	1,117.29	120.16	9.30	1,720.11	120.76	14.24	4.95
Hoxne	15,085.00	359.47	41.96	15,386.00	356.68	43.14	1.17
Hunston	-	55.44	-	-	56.05	-	0.00
Kenton	-	96.11	-	1,250.00	98.46	12.70	12.70
Langham	-	41.98	-	-	40.68	-	0.00
Laxfield	39,500.00	354.88	111.31	41,500.00	371.70	111.65	0.34
Little Blakenham	5,500.00	108.57	50.66	5,800.00	106.86	54.28	3.62
Little Finborough	-	26.23	-	-	26.23	-	0.00

Appendix C

Precepts and Council Tax Band D for Parishes

Parish	2017/18 Parish Precept	Tax Base	Council Tax Band D	2018/19 Parish Precept	Tax Base	Council Tax Band D	Increase / Decrease (-)
	£		£	£		£	£
Mellis	6,500.00	200.18	32.47	8,435.00	205.92	40.96	8.49
Mendham	6,000.00	172.68	34.75	6,000.00	175.85	34.12	-0.63
Mendlesham	35,000.00	511.05	68.49	35,697.00	543.57	65.67	-2.82
Metfield	5,250.00	174.11	30.15	5,250.00	176.77	29.70	-0.45
Mickfield	4,200.00	88.29	47.57	4,600.00	91.01	50.54	2.97
Monk Soham	1,500.00	73.15	20.51	1,500.00	73.61	20.38	-0.13
Needham Market	104,270.22	1,508.65	69.11	114,827.00	1,597.76	71.87	2.75
Nettlestead	-	40.09	-	-	39.99	-	0.00
Norton	20,000.00	399.82	50.02	20,000.00	407.60	49.07	-0.95
Occold	7,000.00	195.22	35.86	8,000.00	195.09	41.01	5.15
Offton	5,128.48	153.07	33.50	5,052.61	148.02	34.13	0.63
Old Newton with Dagworth	21,477.85	418.06	51.38	22,702.83	421.44	53.87	2.49
Onehouse	12,800.00	276.50	46.29	13,000.00	280.31	46.38	0.08
Palgrave	14,595.00	351.03	41.58	14,595.00	357.77	40.79	-0.78
Pettaugh	1,750.00	89.68	19.51	1,750.00	88.89	19.69	0.17
Rattlesden	10,046.00	374.85	26.80	12,590.00	383.84	32.80	6.00
Redgrave	10,580.00	257.93	41.02	13,300.00	261.49	50.86	9.84
Redlingfield	-	51.96	-	-	52.48	-	0.00
Rickinghall Inferior	6,753.23	158.07	42.72	7,906.78	162.51	48.65	5.93
Rickinghall Superior	13,636.77	319.19	42.72	15,663.22	321.93	48.65	5.93
Ringshall	6,600.00	244.39	27.01	7,000.00	244.14	28.67	1.67
Rishangles	-	37.07	-	-	38.59	-	0.00
Shelland	100.00	23.97	4.17	100.00	25.61	3.90	-0.27
Somersham	14,465.00	243.31	59.45	16,800.00	243.38	69.03	9.58
Southolt	-	29.48	-	-	27.88	-	0.00
Stoke Ash	2,391.44	81.16	29.47	2,420.90	83.38	29.03	-0.43
Stonham Aspal	7,000.00	240.86	29.06	7,000.00	245.56	28.51	-0.56
Stonham Parva	6,500.00	136.80	47.51	6,565.00	136.49	48.10	0.58
Stowlangtoft	3,300.00	87.24	37.83	3,300.00	88.56	37.26	-0.56
Stowmarket	884,654.62	6,343.12	139.47	974,331.32	6,516.90	149.51	10.04
Stowupland	32,600.00	646.82	50.40	33,317.00	654.38	50.91	0.51
Stradbroke	31,480.00	546.31	57.62	32,292.00	557.06	57.97	0.35
Stuston	-	86.53	-	-	85.10	-	0.00
Syleham	1,515.00	95.01	15.95		96.33	-	-15.95
Tannington	-	40.79	-	-	39.27	-	0.00
Thorndon	12,500.00	294.76	42.41	12,875.00	301.02	42.77	0.36
Thornham Magna	774.00	80.46	9.62	790.00	79.17	9.98	0.36
Thornham Parva	300.00	27.58	10.88	300.00	27.58	10.88	0.00
Thrandeston	2,600.00	72.64	35.79	2,500.00	70.62	35.40	-0.39
Thurston	90,959.00	1,203.56	75.57	94,067.00	1,206.53	77.96	2.39
Thwaite	1,816.56	61.65	29.47	1,789.10	61.62	29.03	-0.43
Tostock	7,735.00	191.12	40.47	8,285.00	199.35	41.56	1.09
Walsham-le-Willows	20,100.00	471.58	42.62	20,502.00	475.84	43.09	0.46
Wattisfield	6,050.00	192.78	31.38	9,680.00	193.80	49.95	18.57
Westhorpe	1,600.00	80.14	19.97	1,600.00	81.48	19.64	-0.33
Wetherden	12,164.83	237.27	51.27	12,475.00	238.22	52.37	1.10
Wetheringsett-cum-Brockford	8,510.00	269.36	31.59	8,680.00	275.44	31.51	-0.08
Weybread	4,300.00	176.34	24.38	4,400.00	176.44	24.94	0.55
Whitton	1,393.04	24.76	56.26	1,339.71	23.83	56.22	-0.04
Wickham Skeith	2,400.00	133.43	17.99	2,800.00	138.29	20.25	2.26
Wilby	3,500.00	126.97	27.57	4,205.00	129.06	32.58	5.02
Willisham	3,371.52	100.63	33.50	3,467.39	101.58	34.13	0.63
Wingfield	4,315.00	144.01	29.96	4,905.00	147.00	33.37	3.40
Winston	600.00	66.90	8.97	600.00	67.29	8.92	-0.05
Woolpit	28,000.00	784.83	35.68	30,000.00	783.09	38.31	2.63
Worlingworth	12,707.00	306.97	41.39	12,834.00	308.74	41.57	0.17
Wortham	13,186.26	328.00	40.20	13,652.27	330.36	41.33	1.12
Wyverstone	3,120.00	133.32	23.40	3,182.00	134.45	23.67	0.26
Yaxley	5,250.00	202.90	25.87	5,250.00	204.69	25.65	-0.23
Total	**2,397,727.32**	**35,785.68**	**67.00**	**2,550,059.30**	**36,337.39**	**70.18**	**3.17**

Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	108.52	126.61	144.69	162.78	198.95	235.13	271.30	325.56
Suffolk County Council	828.36	966.42	1,104.48	1,242.54	1,518.66	1,794.78	2,070.90	2,485.08
Police and Crime Commissioner	125.88	146.86	167.84	188.82	230.78	272.74	314.70	377.64
Aggregate of Council Tax Requirements	**1,062.76**	**1,239.89**	**1,417.01**	**1,594.14**	**1,948.39**	**2,302.65**	**2,656.90**	**3,188.28**

Parish	Total Amount of Council Tax for 2018/19							
	6/9 ths	7/9 ths	8/9 ths		11/9 ths	13/9 ths	15/9 ths	18/9 ths
	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Akenham	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Ashbocking	1,071.73	1,250.36	1,428.98	1,607.60	1,964.84	2,322.09	2,679.33	3,215.20
Ashfield-cum-Thorpe	1,081.95	1,262.28	1,442.60	1,622.93	1,983.58	2,344.23	2,704.88	3,245.86
Aspall	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Athelington	1,072.25	1,250.96	1,429.67	1,608.38	1,965.80	2,323.22	2,680.63	3,216.76
Bacton	1,095.33	1,277.89	1,460.44	1,643.00	2,008.11	2,373.22	2,738.33	3,286.00
Badley	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Badwell Ash	1,095.11	1,277.62	1,460.14	1,642.66	2,007.70	2,372.73	2,737.77	3,285.32
Barham	1,093.95	1,276.28	1,458.60	1,640.93	2,005.58	2,370.23	2,734.88	3,281.86
Barking	1,098.20	1,281.23	1,464.27	1,647.30	2,013.37	2,379.43	2,745.50	3,294.60
Battisford	1,091.99	1,273.99	1,455.99	1,637.99	2,001.99	2,365.99	2,729.98	3,275.98
Baylham	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Bedfield	1,075.44	1,254.68	1,433.92	1,613.16	1,971.64	2,330.12	2,688.60	3,226.32
Bedingfield	1,073.69	1,252.64	1,431.59	1,610.54	1,968.44	2,326.34	2,684.23	3,221.08
Beyton	1,090.63	1,272.40	1,454.17	1,635.94	1,999.48	2,363.02	2,726.57	3,271.88
Botesdale	1,132.28	1,320.99	1,509.71	1,698.42	2,075.85	2,453.27	2,830.70	3,396.84
Braiseworth	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Bramford	1,115.96	1,301.95	1,487.95	1,673.94	2,045.93	2,417.91	2,789.90	3,347.88
Brome and Oakley	1,085.40	1,266.30	1,447.20	1,628.10	1,989.90	2,351.70	2,713.50	3,256.20
Brundish	1,096.41	1,279.15	1,461.88	1,644.62	2,010.09	2,375.56	2,741.03	3,289.24
Burgate	1,090.31	1,272.03	1,453.75	1,635.47	1,998.91	2,362.35	2,725.78	3,270.94
Buxhall	1,079.57	1,259.50	1,439.43	1,619.36	1,979.22	2,339.08	2,698.93	3,238.72
Claydon	1,100.24	1,283.61	1,466.99	1,650.36	2,017.11	2,383.85	2,750.60	3,300.72
Coddenham	1,134.02	1,323.02	1,512.03	1,701.03	2,079.04	2,457.04	2,835.05	3,402.06
Combs	1,078.02	1,257.69	1,437.36	1,617.03	1,976.37	2,335.71	2,695.05	3,234.06
Cotton	1,080.03	1,260.03	1,440.04	1,620.04	1,980.05	2,340.06	2,700.07	3,240.08
Creeting St Mary	1,084.33	1,265.06	1,445.78	1,626.50	1,987.94	2,349.39	2,710.83	3,253.00
Creeting St Peter	1,096.84	1,279.65	1,462.45	1,645.26	2,010.87	2,376.49	2,742.10	3,290.52
Crowfield	1,073.71	1,252.66	1,431.61	1,610.56	1,968.46	2,326.36	2,684.27	3,221.12
Darmsden	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Debenham	1,122.43	1,309.50	1,496.57	1,683.64	2,057.78	2,431.92	2,806.07	3,367.28
Denham	1,088.52	1,269.94	1,451.36	1,632.78	1,995.62	2,358.46	2,721.30	3,265.56
Drinkstone	1,082.61	1,263.04	1,443.48	1,623.91	1,984.78	2,345.65	2,706.52	3,247.82
Earl Stonham	1,079.65	1,259.60	1,439.54	1,619.48	1,979.36	2,339.25	2,699.13	3,238.96
Elmswell	1,122.75	1,309.87	1,497.00	1,684.12	2,058.37	2,432.62	2,806.87	3,368.24
Eye	1,131.23	1,319.76	1,508.30	1,696.84	2,073.92	2,450.99	2,828.07	3,393.68
Felsham	1,087.14	1,268.33	1,449.52	1,630.71	1,993.09	2,355.47	2,717.85	3,261.42
Finningham	1,086.11	1,267.13	1,448.15	1,629.17	1,991.21	2,353.25	2,715.28	3,258.34

Appendix C

Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	108.52	126.61	144.69	162.78	198.95	235.13	271.30	325.56
Suffolk County Council	828.36	966.42	1,104.48	1,242.54	1,518.66	1,794.78	2,070.90	2,485.08
Police and Crime Commissioner	125.88	146.86	167.84	188.82	230.78	272.74	314.70	377.64
Aggregate of Council Tax Requirements	**1,062.76**	**1,239.89**	**1,417.01**	**1,594.14**	**1,948.39**	**2,302.65**	**2,656.90**	**3,188.28**
Flowton	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Framsden	1,107.35	1,291.90	1,476.46	1,661.02	2,030.14	2,399.25	2,768.37	3,322.04
Fressingfield	1,114.15	1,299.85	1,485.54	1,671.23	2,042.61	2,414.00	2,785.38	3,342.46
Gedding	1,075.49	1,254.73	1,433.98	1,613.23	1,971.73	2,330.22	2,688.72	3,226.46
Gipping	1,098.67	1,281.79	1,464.90	1,648.01	2,014.23	2,380.46	2,746.68	3,296.02
Gislingham	1,086.31	1,267.36	1,448.41	1,629.46	1,991.56	2,353.66	2,715.77	3,258.92
Gosbeck	1,070.74	1,249.20	1,427.65	1,606.11	1,963.02	2,319.94	2,676.85	3,212.22
Great Ashfield	1,072.79	1,251.59	1,430.39	1,609.19	1,966.79	2,324.39	2,681.98	3,218.38
Great Blakenham	1,104.71	1,288.82	1,472.94	1,657.06	2,025.30	2,393.53	2,761.77	3,314.12
Great Bricett	1,096.35	1,279.07	1,461.80	1,644.52	2,009.97	2,375.42	2,740.87	3,289.04
Great Finborough	1,087.69	1,268.98	1,450.26	1,631.54	1,994.10	2,356.67	2,719.23	3,263.08
Harleston	1,081.07	1,261.25	1,441.43	1,621.61	1,981.97	2,342.33	2,702.68	3,243.22
Haughley	1,116.46	1,302.54	1,488.61	1,674.69	2,046.84	2,419.00	2,791.15	3,349.38
Helmingham	1,086.59	1,267.69	1,448.79	1,629.89	1,992.09	2,354.29	2,716.48	3,259.78
Hemingstone	1,076.34	1,255.73	1,435.12	1,614.51	1,973.29	2,332.07	2,690.85	3,229.02
Henley	1,097.05	1,279.90	1,462.74	1,645.58	2,011.26	2,376.95	2,742.63	3,291.16
Hessett	1,092.86	1,275.00	1,457.15	1,639.29	2,003.58	2,367.86	2,732.15	3,278.58
Hinderclay	1,087.85	1,269.15	1,450.46	1,631.77	1,994.39	2,357.00	2,719.62	3,263.54
Horham	1,072.25	1,250.96	1,429.67	1,608.38	1,965.80	2,323.22	2,680.63	3,216.76
Hoxne	1,091.52	1,273.44	1,455.36	1,637.28	2,001.12	2,364.96	2,728.80	3,274.56
Hunston	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Kenton	1,071.23	1,249.76	1,428.30	1,606.84	1,963.92	2,320.99	2,678.07	3,213.68
Langham	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Laxfield	1,137.19	1,326.73	1,516.26	1,705.79	2,084.85	2,463.92	2,842.98	3,411.58
Little Blakenham	1,098.95	1,282.10	1,465.26	1,648.42	2,014.74	2,381.05	2,747.37	3,296.84
Little Finborough	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Mellis	1,090.07	1,271.74	1,453.42	1,635.10	1,998.46	2,361.81	2,725.17	3,270.20
Mendham	1,085.51	1,266.42	1,447.34	1,628.26	1,990.10	2,351.93	2,713.77	3,256.52
Mendlesham	1,106.54	1,290.96	1,475.39	1,659.81	2,028.66	2,397.50	2,766.35	3,319.62
Metfield	1,082.56	1,262.99	1,443.41	1,623.84	1,984.69	2,345.55	2,706.40	3,247.68
Mickfield	1,096.45	1,279.20	1,461.94	1,644.68	2,010.16	2,375.65	2,741.13	3,289.36
Monk Soham	1,076.35	1,255.74	1,435.13	1,614.52	1,973.30	2,332.08	2,690.87	3,229.04
Needham Market	1,110.67	1,295.79	1,480.90	1,666.01	2,036.23	2,406.46	2,776.68	3,332.02
Nettlestead	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Norton	1,095.47	1,278.05	1,460.63	1,643.21	2,008.37	2,373.53	2,738.68	3,286.42
Occold	1,090.10	1,271.78	1,453.47	1,635.15	1,998.52	2,361.88	2,725.25	3,270.30
Offton	1,085.51	1,266.43	1,447.35	1,628.27	1,990.11	2,351.95	2,713.78	3,256.54
Old Newton with Dagworth	1,098.67	1,281.79	1,464.90	1,648.01	2,014.23	2,380.46	2,746.68	3,296.02
Onehouse	1,093.68	1,275.96	1,458.24	1,640.52	2,005.08	2,369.64	2,734.20	3,281.04
Palgrave	1,089.95	1,271.61	1,453.27	1,634.93	1,998.25	2,361.57	2,724.88	3,269.86
Pettaugh	1,075.89	1,255.20	1,434.52	1,613.83	1,972.46	2,331.09	2,689.72	3,227.66
Rattlesden	1,084.63	1,265.40	1,446.17	1,626.94	1,988.48	2,350.02	2,711.57	3,253.88
Redgrave	1,096.67	1,279.44	1,462.22	1,645.00	2,010.56	2,376.11	2,741.67	3,290.00
Redlingfield	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Rickinghall Inferior	1,095.19	1,277.73	1,460.26	1,642.79	2,007.85	2,372.92	2,737.98	3,285.58
Rickinghall Superior	1,095.19	1,277.73	1,460.26	1,642.79	2,007.85	2,372.92	2,737.98	3,285.58
Ringshall	1,081.87	1,262.19	1,442.50	1,622.81	1,983.43	2,344.06	2,704.68	3,245.62
Rishangles	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Shelland	1,065.36	1,242.92	1,420.48	1,598.04	1,953.16	2,308.28	2,663.40	3,196.08
Somersham	1,108.78	1,293.58	1,478.37	1,663.17	2,032.76	2,402.36	2,771.95	3,326.34
Southolt	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Stoke Ash	1,082.11	1,262.47	1,442.82	1,623.17	1,983.87	2,344.58	2,705.28	3,246.34
Stonham Aspal	1,081.77	1,262.06	1,442.36	1,622.65	1,983.24	2,343.83	2,704.42	3,245.30
Stonham Parva	1,094.83	1,277.30	1,459.77	1,642.24	2,007.18	2,372.12	2,737.07	3,284.48
Stowlangtoft	1,087.60	1,268.87	1,450.13	1,631.40	1,993.93	2,356.47	2,719.00	3,262.80

Appendix C

Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	108.52	126.61	144.69	162.78	198.95	235.13	271.30	325.56
Suffolk County Council	828.36	966.42	1,104.48	1,242.54	1,518.66	1,794.78	2,070.90	2,485.08
Police and Crime Commissioner	125.88	146.86	167.84	188.82	230.78	272.74	314.70	377.64
Aggregate of Council Tax Requirements	**1,062.76**	**1,239.89**	**1,417.01**	**1,594.14**	**1,948.39**	**2,302.65**	**2,656.90**	**3,188.28**
Stowmarket	1,162.43	1,356.17	1,549.91	1,743.65	2,131.13	2,518.61	2,906.08	3,487.30
Stowupland	1,096.70	1,279.48	1,462.27	1,645.05	2,010.62	2,376.18	2,741.75	3,290.10
Stradbroke	1,101.41	1,284.97	1,468.54	1,652.11	2,019.25	2,386.38	2,753.52	3,304.22
Stuston	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Syleham	954.24	1,113.28	1,272.32	1,431.36	1,749.44	2,067.52	2,385.60	2,862.72
Tannington	1,062.76	1,239.89	1,417.01	1,594.14	1,948.39	2,302.65	2,656.90	3,188.28
Thorndon	1,091.27	1,273.15	1,455.03	1,636.91	2,000.67	2,364.43	2,728.18	3,273.82
Thornham Magna	1,069.41	1,247.65	1,425.88	1,604.12	1,960.59	2,317.06	2,673.53	3,208.24
Thornham Parva	1,070.01	1,248.35	1,426.68	1,605.02	1,961.69	2,318.36	2,675.03	3,210.04
Thrandeston	1,086.36	1,267.42	1,448.48	1,629.54	1,991.66	2,353.78	2,715.90	3,259.08
Thurston	1,114.73	1,300.52	1,486.31	1,672.10	2,043.68	2,415.26	2,786.83	3,344.20
Thwaite	1,082.11	1,262.47	1,442.82	1,623.17	1,983.87	2,344.58	2,705.28	3,246.34
Tostock	1,090.47	1,272.21	1,453.96	1,635.70	1,999.19	2,362.68	2,726.17	3,271.40
Walsham-le-Willows	1,091.49	1,273.40	1,455.32	1,637.23	2,001.06	2,364.89	2,728.72	3,274.46
Wattisfield	1,096.06	1,278.74	1,461.41	1,644.09	2,009.44	2,374.80	2,740.15	3,288.18
Westhorpe	1,075.85	1,255.16	1,434.47	1,613.78	1,972.40	2,331.02	2,689.63	3,227.56
Wetherden	1,097.67	1,280.62	1,463.56	1,646.51	2,012.40	2,378.29	2,744.18	3,293.02
Wetheringsett-cum-Brockford	1,083.77	1,264.39	1,445.02	1,625.65	1,986.91	2,348.16	2,709.42	3,251.30
Weybread	1,079.39	1,259.28	1,439.18	1,619.08	1,978.88	2,338.67	2,698.47	3,238.16
Whitton	1,100.24	1,283.61	1,466.99	1,650.36	2,017.11	2,383.85	2,750.60	3,300.72
Wickham Skeith	1,076.26	1,255.64	1,435.01	1,614.39	1,973.14	2,331.90	2,690.65	3,228.78
Wilby	1,084.48	1,265.23	1,445.97	1,626.72	1,988.21	2,349.71	2,711.20	3,253.44
Willisham	1,085.51	1,266.43	1,447.35	1,628.27	1,990.11	2,351.95	2,713.78	3,256.54
Wingfield	1,085.01	1,265.84	1,446.68	1,627.51	1,989.18	2,350.85	2,712.52	3,255.02
Winston	1,068.71	1,246.82	1,424.94	1,603.06	1,959.30	2,315.53	2,671.77	3,206.12
Woolpit	1,088.30	1,269.68	1,451.07	1,632.45	1,995.22	2,357.98	2,720.75	3,264.90
Worlingworth	1,090.47	1,272.22	1,453.96	1,635.71	1,999.20	2,362.69	2,726.18	3,271.42
Wortham	1,090.31	1,272.03	1,453.75	1,635.47	1,998.91	2,362.35	2,725.78	3,270.94
Wyverstone	1,078.54	1,258.30	1,438.05	1,617.81	1,977.32	2,336.84	2,696.35	3,235.62
Yaxley	1,079.86	1,259.84	1,439.81	1,619.79	1,979.74	2,339.70	2,699.65	3,239.58

Appendix C

Section 25 report on the robustness of estimates and adequacy of reserves

1. Background

1.1 Section 25 of the Local Government Act 2003 requires the Council, 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 2018/19 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

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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 £1.8m by 2021/22. For Babergh, we estimate a shortfall of £2m 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 3.10 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 £0.2m 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 £9.4m and the equivalent Transformation Fund in Babergh is £0.5m, 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

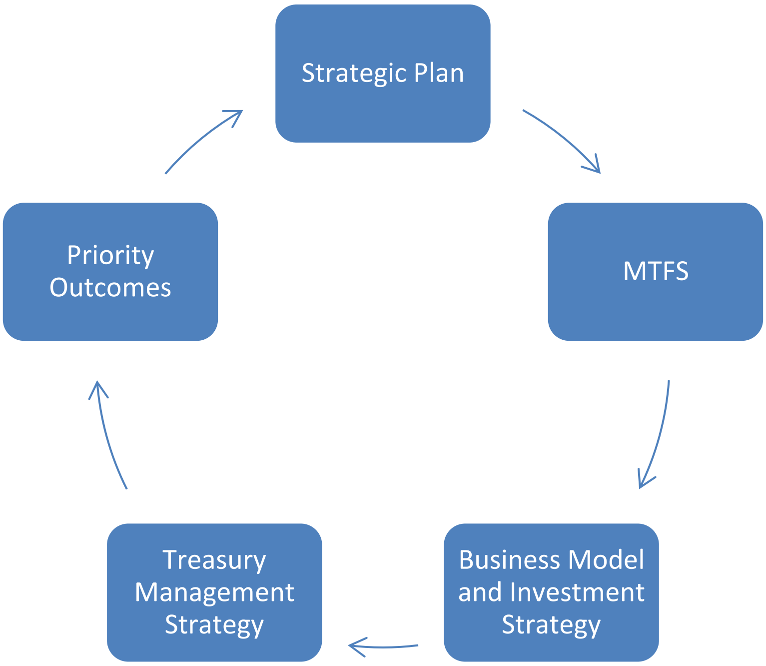
2.1 This Medium Term Financial Strategy (MTFS) provides a high-level assessment of the financial resources required to deliver the Councils' strategic priorities and essential services over the next 4 years. It sets out how the Councils can generate and use these resources within the financial context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

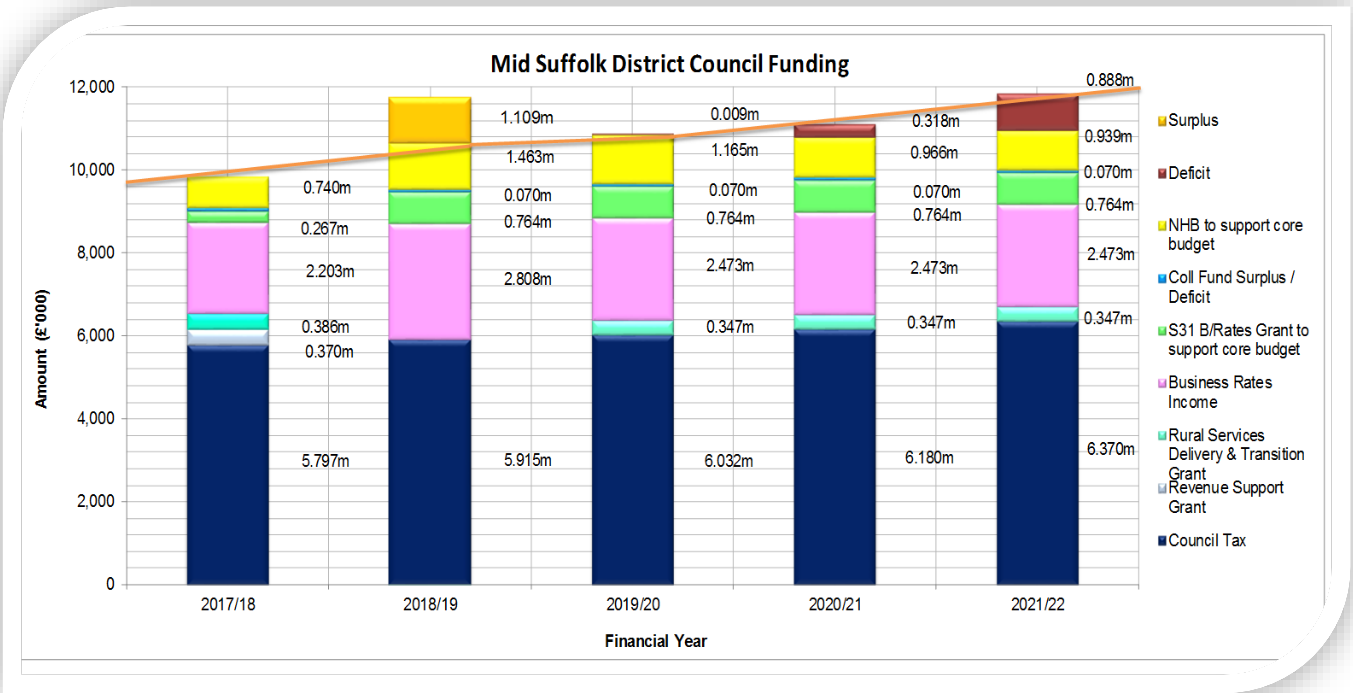
3.8 Council tax income continues to be the main source of funding, in total value, for councils. Decisions around freezes or any annual increases are an important part of the financial strategy.

The Funding Gap

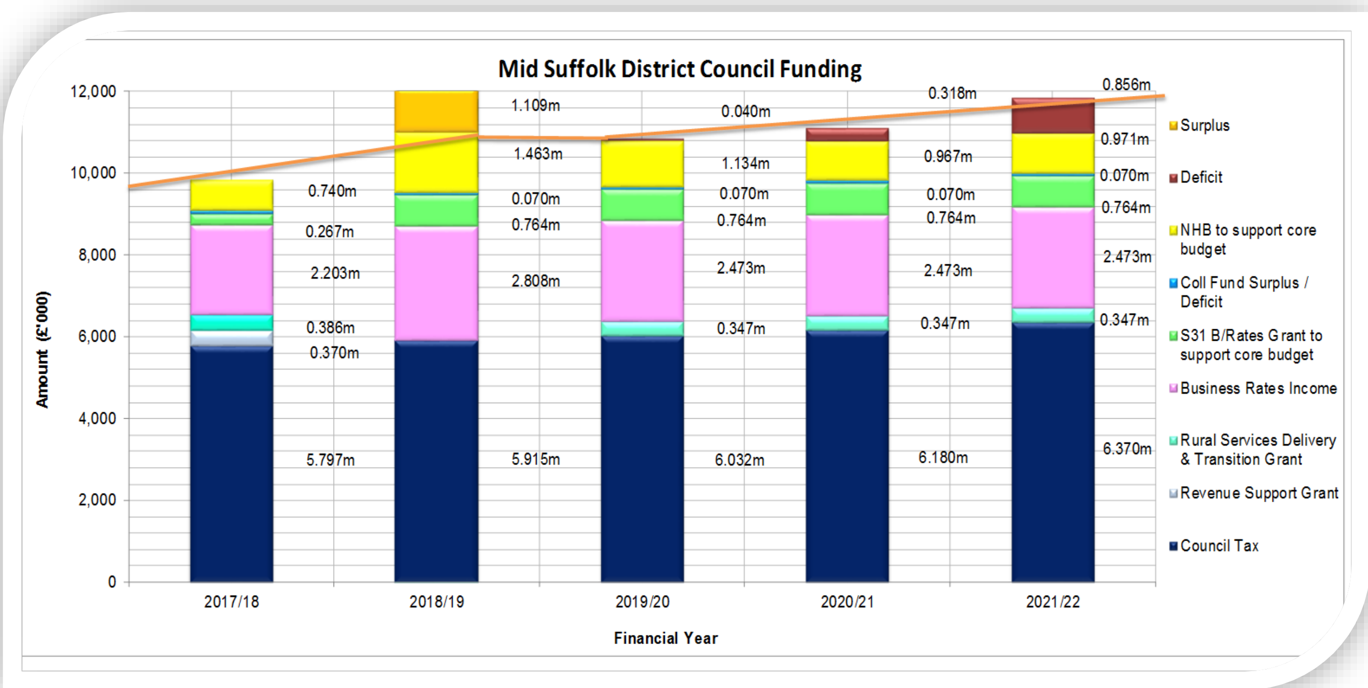
3.9 The graphs below show the different funding position for the General Fund of the two Councils over the next 4 years and whether there is a forecast surplus or deficit in the funds available. Three scenarios are shown to illustrate what the position would look like with different assumptions about 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.

3.10 The General Fund Revenue Budget Summary at Attachment 1 and the graph below based on the minimum level New Homes Bonus, currently shows a cumulative funding pressure over the three years 2019/20 to 2021/22, of £0.9m for Mid Suffolk and £1.2m for Babergh. This scenario does not allow for any housing growth in future years. The remaining two scenarios are based on the current estimate for projected completions where the picture improves to a cumulative deficit of £0.2m for Mid Suffolk and £0.4m for Babergh and a 5 year average of new homes built where the cumulative deficit is estimated to be £0.9m for Mid Suffolk and £1.6m for Babergh.

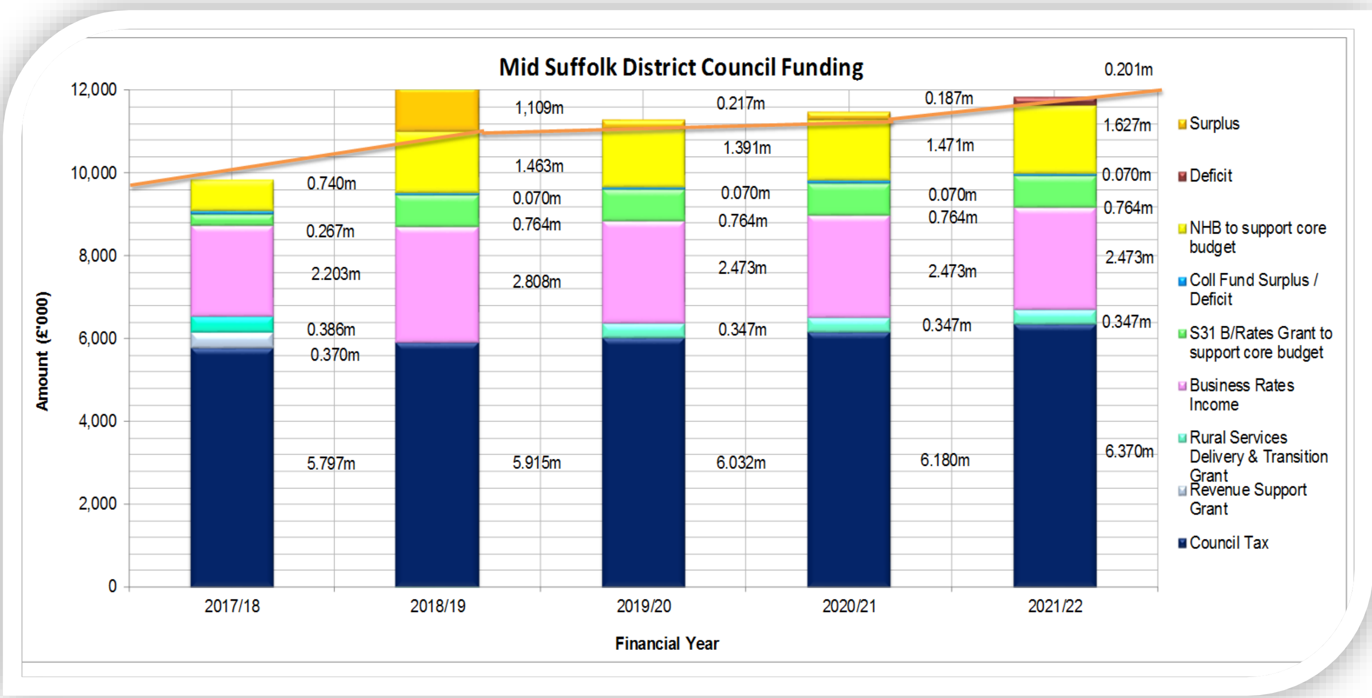
- Mid Suffolk New Homes Bonus – based on minimum level



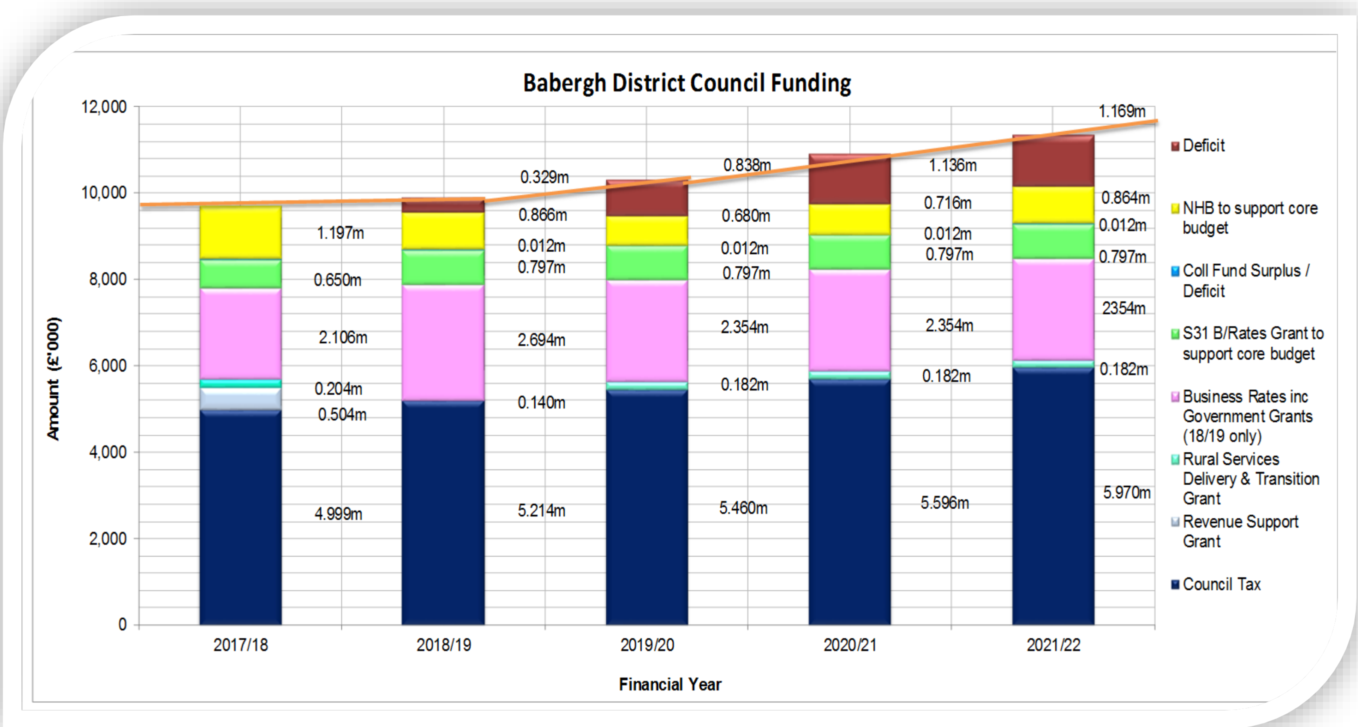
- Mid Suffolk New Homes Bonus - based on 5-year average of new homes built



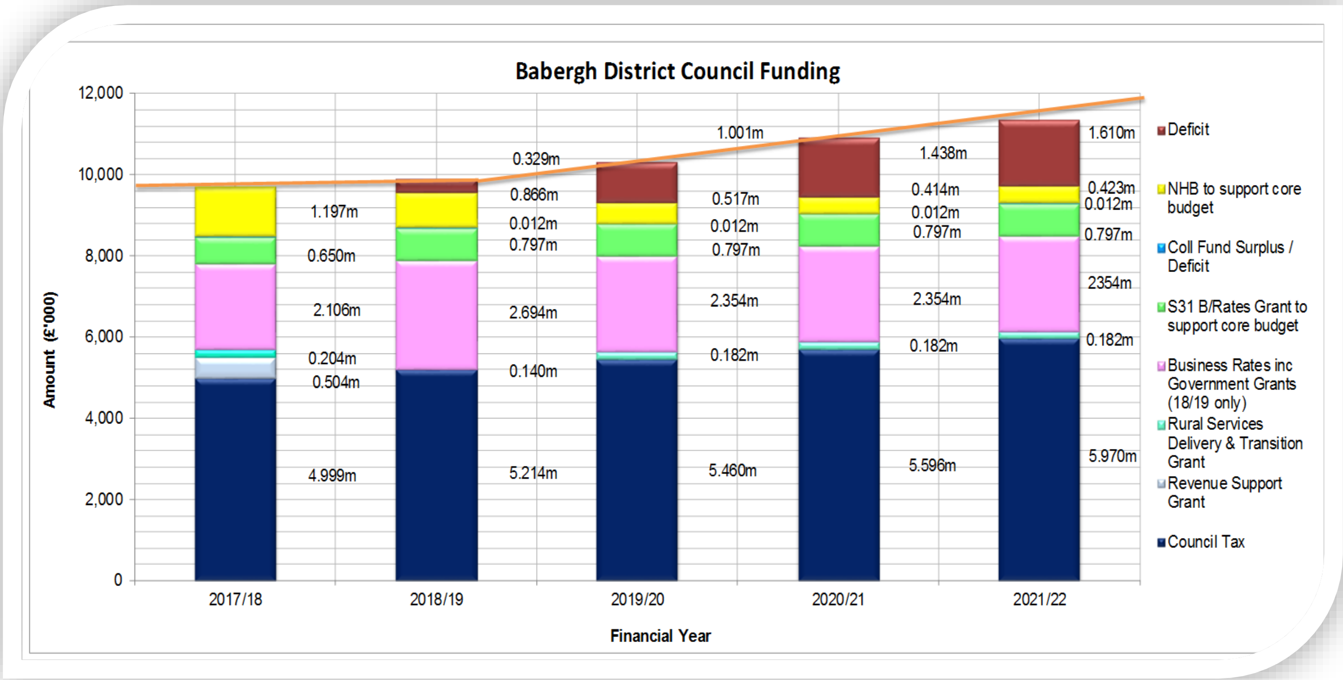
- Mid Suffolk New Homes Bonus – based on projected completions



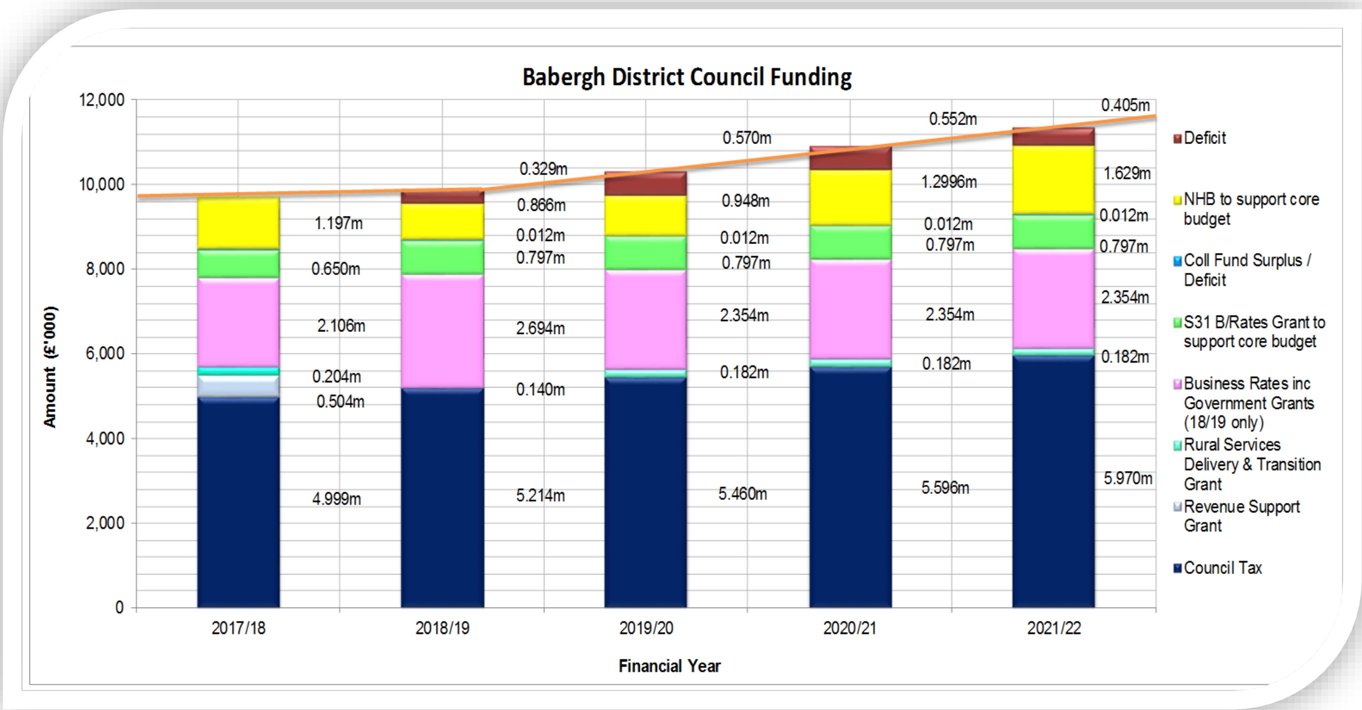
- Babergh New Homes Bonus – based on minimum level



- 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 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 Councils' websites, 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:

1. **Housing delivery –** More of the right type of homes, of the right tenure in the right place.

2. **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.

3. **Community capacity building and engagement –** All communities are thriving, growing, healthy, active and self-sufficient.

4. **Assets and investment –** Improved achievement of strategic priorities and greater income generation through use of new and existing assets.

5. **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 (BDC £1,300), 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 (£42k BDC) 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 (£42k BDC) 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 place.

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:

- £13.5m for Mid Suffolk; and
- £2.7m 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	37,654	35,299	35,695	36,188
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	1,374	1,540	1,540
	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**	**13,059**	**10,895**	**11,031**	**11,764**
20	**Funding:**					
21	Other Earmarked Reserves	(82)	(1,229)	(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	Growth and Efficiency Fund - contribution to capital for Regal Theatre Regenration	-	(2,575)	-	-	-
25	New Homes Bonus - to balance the budget	-	(354)	(1,165)	(966)	(939)
26	S31 Business Rates Grant - to balance the budget	(267)	(764)	(764)	(764)	(764)
27	Government Support					
28	(a) Baseline business rates	(2,124)	(2,657)	(2,322)	(2,322)	(2,322)
29	(b) B/Rates – growth/pooling benefit	(79)	(151)	(151)	(151)	(151)
30	(c) B/Rates prior yr deficit	-	957	-	-	-
31	(d) Revenue Support Grant	(370)	-	-	-	-
32	(e) RSG Tariff	-	-	337	337	337
33	(f) Rural Services Delivery Grant	(347)	0	(347)	(347)	(347)
34	(g) Transition Grant	(39)	-	-	-	-
35	Collection Fund surplus	(89)	(70)	(70)	(70)	(70)
36	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)
37	Growth in taxbase	(72)	(89)	(64)	(64)	(64)
38	**Total Funding**	**(9,934)**	**(13,059)**	**(10,886)**	**(10,713)**	**(10,875)**
39	2018/19	**-**	**-**	**-**	**-**	**-**
40	2019/20			**9**	**9**	**9**
41	2020/21				**309**	**309**
42	2021/22					**570**
43	**Shortfall in funding / (Surplus Funds) - cumulative**	**-**	**-**	**9**	**318**	**888**
44	Estimated New Homes Bonus (5 year average of No of houses built)		(1,401)	(1,134)	(967)	(971)
45	Estimated New Homes Bonus (projected completions)		(1,405)	(1,391)	(1,471)	(1,627)
46	Minimum New Homes Bonus		(1,463)	(1,165)	(966)	(939)
47	Council Taxbase	1.30%	1.54%	1.30%	1.30%	1.30%
48	Band D Council Tax	1.60%	0.50%	0.66%	1.15%	1.75%
49	**Band D Council Tax**	*£161.97*	*£162.78*	*£163.85*	*£165.74*	*£168.64*

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**	**13,059**	**10,895**	**11,030**
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	5	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	**564**	**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				
Revenue contribution to capital - Regal Theatre Regeneration	2,575	(2,575)		
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				
IRP review	70			
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	163	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	**4,805**	**(2,383)**	**43**	**(45)**

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
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)	(31)			
Sub total actions	**(2,242)**	**(265)**	**(409)**	**258**
Total Net Service Cost movement	**3,126**	**(2,164)**	**135**	**733**
New Net Service Cost	**13,059**	**10,895**	**11,030**	**11,763**

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)**	**(13,059)**	**(10,886)**	**(10,713)**
Cost Pressures				
Business Rates - collection fund deficit	957	(957)	-	-
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	**1,732**	**(967)**	**-**	**-**
Savings / Actions to increase funding				
Movement in Reserves - NHB, Growth and Efficiency Fund, S31 grant	(4,135)	2,922	321	27
Business Rates - baseline (now includes RSG & RSDG)	(533)	335	-	-
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)	(40)	(70)	(110)
Growth in taxbase	(89)	(77)	(78)	(80)
Sub total savings /actions to increase funding	**(4,858)**	**3,140**	**173**	**(162)**
New Year Funding	**(13,059)**	**(10,886)**	**(10,713)**	**(10,875)**
Annual Budget (surplus)/deficit	**-**	**9**	**308**	**570**
Total 4 year (surplus)/deficit				**888**

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**

Appendix F

Attachment 4

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**

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**	**2,575**	**0**	**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**	**200**		**0**	**0**	**531**	**800**
Total General Fund Capital Spend	**6,766**	**3,638**	**3,543**	**3,349**	**17,296**	**93**	**2,775**	**0**	**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	Out £'000	In £'000	Balance 31 March 2018 £'000	Transfers 2018/19 Intra £'000	Out £'000	In £'000	Balance 31 March 2019 £'000
General Fund									
Carry Forwards	(314)		314		-				-
Growth and Efficiency Fund (GEF)	(8,238)	(16)	1,701	(2,872)	(9,424)		4,153	(2,227)	(7,497)
Non Domestic Rates Equalisation	(639)		137	(938)	(1,440)		957		(483)
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)				(292)
Eric Jones House	(46)				(46)				(46)
Other	(332)	16		(135)	(452)				(452)
Total General Fund	(11,676)	-	2,152	(4,014)	(13,537)	-	5,223	(2,269)	(10,584)
Total General Fund excluding GEF	(3,438)	16	451	(1,142)	(4,114)	-	1,069	(42)	(3,087)

Budget Book 2018/19

Budget Book 2018/19

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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	7,136	3,052
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**	**13,059**	**3,124**
21	Growth and Efficiency Fund - Staffing	(490)	(52)	438
22	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
22	Growth and Efficiency Fund - contribution to capital for Regal Theatre Regenration	-	(2,575)	(2,575)
23	New Homes Bonus to balance core budget	-	(354)	(354)
24	New Homes Bonus (surplus)	(1,288)	(1,109)	178
25	Transfers from Reserves - earmarked	(82)	(1,229)	(1,147)
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	-	957	957
29	Council Tax 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)	(2,657)	(533)
32	Business rates – growth/pooling benefit	(79)	(151)	(72)
33	Transition Grant	(39)	0	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)**	**(14,168)**	**(2,615)**
37	Surplus Funds	(1,621)	(1,109)	511
38	Transfer to reserve	1,621	1,109	(511)
		-	**-**	**-**

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	6	0	0	0	0	**118**
TOTAL	**831**	**0**	**375**	**4**	**233**	**0**	**0**	**1,442**

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	2,715	102	0	0	(17)	**3,106**
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**	**3,083**	**170**	**1,091**	**16,964**	**(20,123)**	**4,170**

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	467	16	0	0	(7)	**631**
Shared Legal Services	206	0	236	0	0	0	(105)	**338**
TOTAL	**620**	**0**	**732**	**17**	**0**	**0**	**(365)**	**1,004**

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**

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
TOTAL	**9,045**	**772**	**7,136**	**438**	**3,297**	**16,964**	**(25,978)**	**11,674**

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

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
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	6	0	0	0	0	**118**
	112	**0**	**6**	**0**	**0**	**0**	**0**	**118**

TOTAL	**831**	**0**	**375**	**4**	**233**	**0**	**0**	**1,442**

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 inc Regal Theatre Contribution	101	4	2,579	1	0	0	0	**2,685**
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**	**2,715**	**102**	**0**	**0**	**(17)**	**3,106**

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**	**3,083**	**170**	**1,091**	**16,964**	**(20,123)**	**4,170**

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	338	15	0	0	(1)	**181**
Central Postal Services	65	0	51	0	0	0	0	**116**
Central Printing	0	0	27	0	0	0	(3)	**24**
	155	**0**	**467**	**16**	**0**	**0**	**(7)**	**631**

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**	**732**	**17**	**0**	**0**	**(365)**	**1,004**

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**	**2,575**	**0**	**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**	**200**	**0**	**0**	**0**	**531**	**800**
Total General Fund Capital Spend	**6,766**	**3,638**	**3,543**	**3,349**	**17,296**	**93**	**2,775**	**0**	**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	**(1,440)**		957	**(483)**
Community Infrastructure Levy (CIL)	**(412)**			**(412)**
Growth & Sustainable Planning	**(396)**			**(396)**
Strategic Planning	**(310)**	(22)	112	**(220)**
Repairs and Renewals	**(292)**			**(292)**
Other including waste	**(568)**			**(568)**
Sub total	**(4,114)**	**(42)**	**1,069**	**(3,087)**
Growth and Efficiency Fund	**(9,424)**	(2,227)	4,153	**(7,497)**
TOTAL GENERAL FUND RESERVES	**(13,538)**	**(2,269)**	**5,223**	**(10,584)**

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