MID SUFFOLK DISTRICT COUNCIL

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

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

1. Purpose of Report

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

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

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

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

2. Recommendations to Council

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

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

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

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

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

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

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

2.8 That garage rents are kept at the same level.

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

2.10 That the Capital Programme in Appendix D be agreed.

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

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

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

3. Financial Implications

3.1 These are detailed in the report.

4. Legal Implications

4.1 These are detailed in the report

5. Risk Management

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

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

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

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

6. Consultations

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

7. Equality Analysis

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

8. Shared Service / Partnership Implications

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

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

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

9. Links to Joint Strategic Plan

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

10. Strategic Context

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

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

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

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

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

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

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

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

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

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

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

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

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

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

GENERAL FUND (GF)

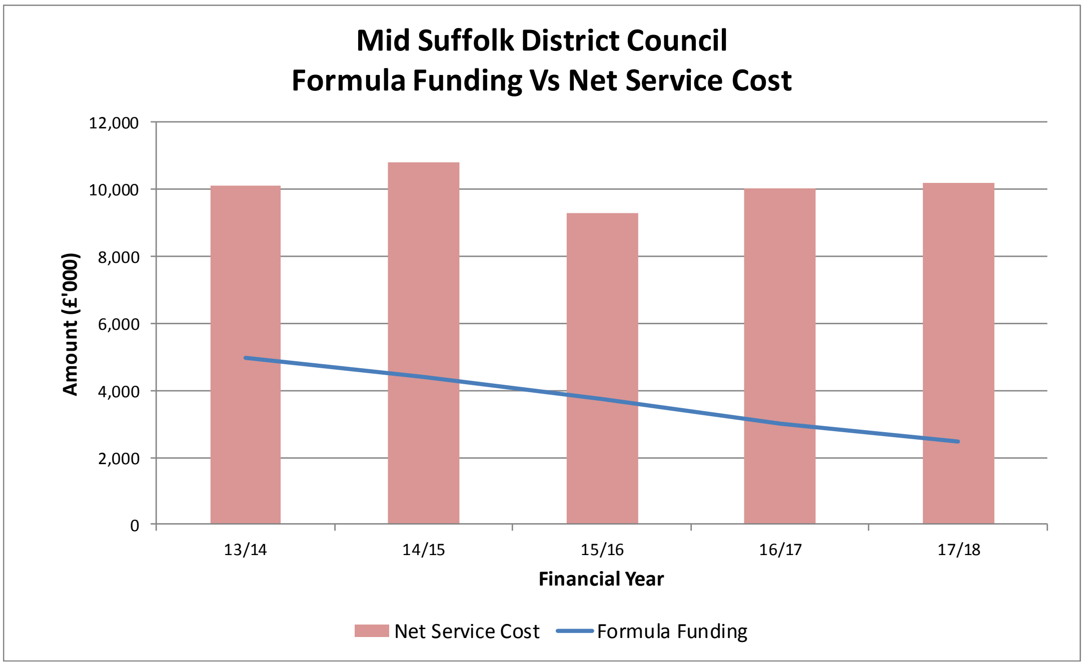
11 GF Financial Position

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

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

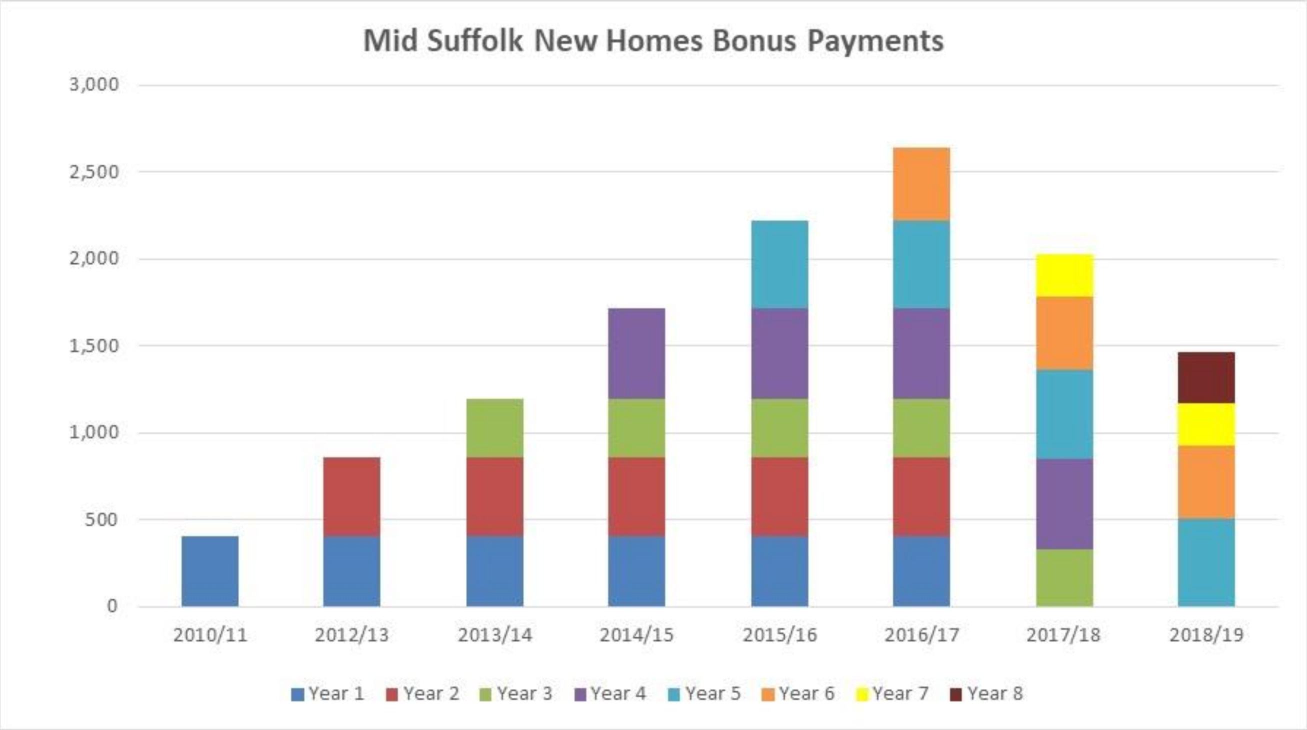
11.3 The Council's service cost budget has remained fairly static over the same period, as various budget savings and income generating initiatives have meant that service levels could be maintained.

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



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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

13. GF 2018/19 Budget

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

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

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

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

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

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

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

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

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

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

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

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

14 GF Capital Programme Investments

14.1 The Capital Programme is attached at Appendix D.

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

HOUSING REVENUE ACCOUNT (HRA)

15 HRA Financial Position

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

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

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

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

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

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

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

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

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

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

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

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

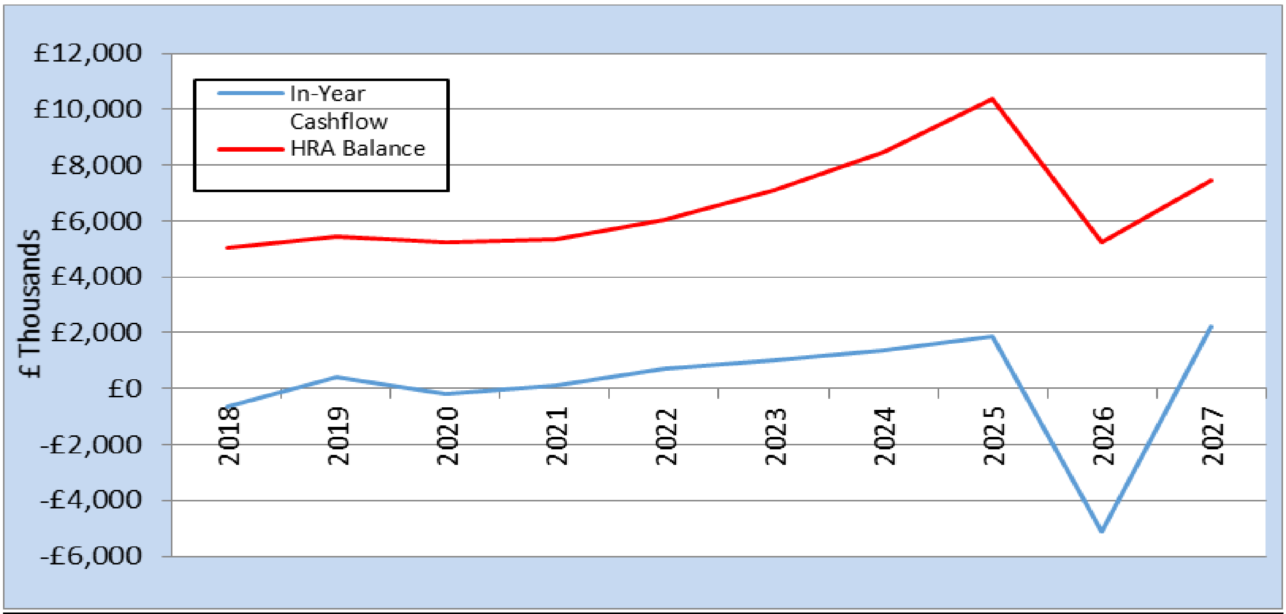
17 HRA Potential Resources Available for Investment

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

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

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

Graph A

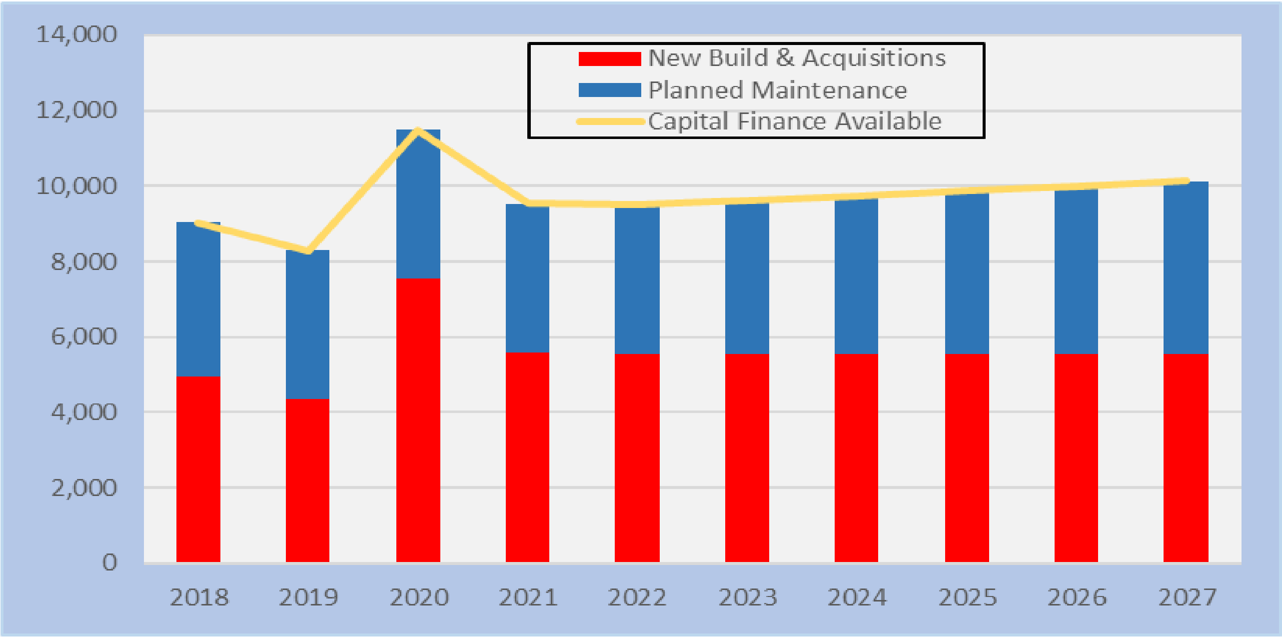


Graph B - Capital Programme from 2018/19 for 10 years (based on a 1% rent reduction in years 1 to 2 followed by a CPI +1% rent increase in years 3 to 10)

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

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

Graph B



18 HRA Key Challenges

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

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

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

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

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

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

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

- Performance management measures and complaints handling.

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

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

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

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

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

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

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

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

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

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

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

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

HRA New Build programme and retention of Right to Buy receipts

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

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

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

19 HRA Budget 2018/19

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

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

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

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

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

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

20 HRA Capital Programme Investment

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

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

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

21. Appendices

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

22. Background Documents

Local Government Finance Settlement.

Authorship:

Katherine Steel Assistant Director - Corporate Resources	(01449) 724806 katherine.steel@baberghmidsuffolk.gov.uk
Melissa Evans Corporate Manager - Finance	(01473) 296320 melissa.evans@baberghmidsuffolk.gov.uk
Sharon Bayliss Senior Finance Business Partner	(01473) 296316 sharon.bayliss@baberghmidsuffolk.gov.uk
Gavin Fisk Assistant Director – Housing	07891 807490 gavin.fisk@baberghmidsuffolk.gov.uk
Tricia Anderson HRA Accountant	07702 897095 tricia.anderson@baberghmidsuffolk.gov.uk

Appendix A

General Fund Budget Summary 2018/19

GENERAL FUND REVENUE BUDGET SUMMARY

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

	2017/18 £'000	2018/19 £'000	Movement £'000
Council Tax Base	(35,786)	(36,337)	(552)
Council Tax for Band D Property	161.97	162.78	0.81
Council Tax	**(5,797)**	**(5,915)**	**(118)**

Appendix B

Movement of Service Cost budget year on year

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

Appendix B

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000
<u>Customer Services</u>	
Contribution to Customer Access Point	39
Customer Services - staff costs	3
<u>Housing</u>	
Homelessness - staff costs (funded from grants)	101
<u>Law and Governance</u>	
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
<u>Planning for Growth</u>	
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
<u>Property Services</u>	
Needham HQ security costs	114
Capital Projects - staff costs	31
PV Panels - cleaning and repairs / maintenance	11
<u>Other Cost Pressures</u>	
Minimum Revenue Provision (MRP)	623
Support for un-installing planning applications	57
Occupational Health support for Disabled Facilities Grants	37
Trees for Life initiative	15
Accommodation - All Together	49
Movement in Reserves eg neighbourhood planning grants, repairs and renewals	56
Recharge to Capital	16
Recharge to HRA	26
Modern Apprentice Levy - net cost	17
Sub total other increases to net service cost	**2,160**

Appendix B

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

Appendix B

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

Appendix C

Budget, Funding and Council Tax Requirements

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

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

3. The legally required calculation is set out below:

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

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

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

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

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

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

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

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

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

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

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

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

2. Basis of Advice for Section 25 Report

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

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

3. Robustness of Estimates

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

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

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

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

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

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

4 Adequacy of Reserves

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

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

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

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

5. Background Documents

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

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

Appendix D

CAPITAL PROGRAMME FOR 2018/19 TO 2021/22

GENERAL FUND

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

Appendix D

CAPITAL PROGRAMME FOR 2018/19 TO 2020/21

GENERAL FUND

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

Appendix D

CAPITAL PROGRAMME FOR 2018/19 TO 2021/22

HRA

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

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

Appendix E

HRA Business Plan updated 2018 – 2028

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

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