Appendix F

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

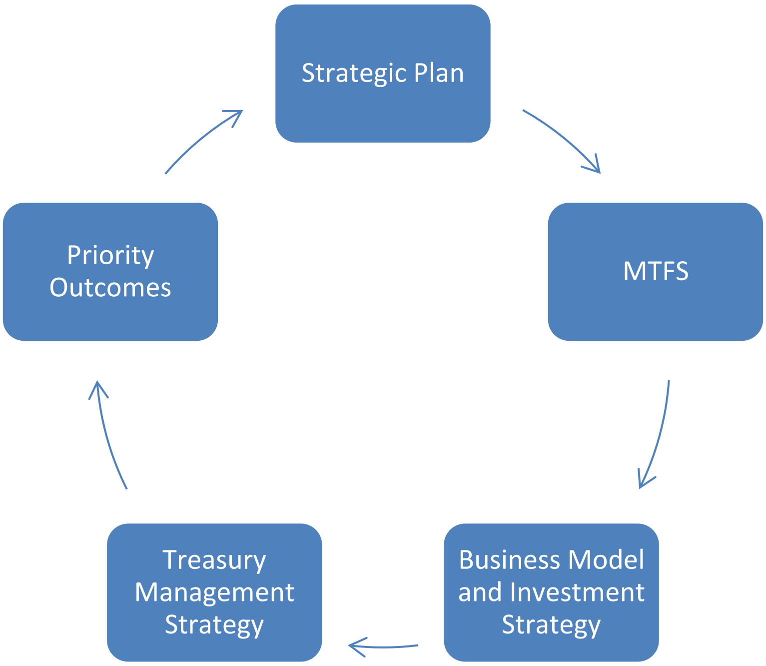
2.1 This Medium Term Financial Strategy (MTFS) provides a high-level assessment of the financial resources required to deliver the Councils' strategic priorities and essential services over the next 4 years. It sets out how the Councils can generate and use these resources within the financial context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

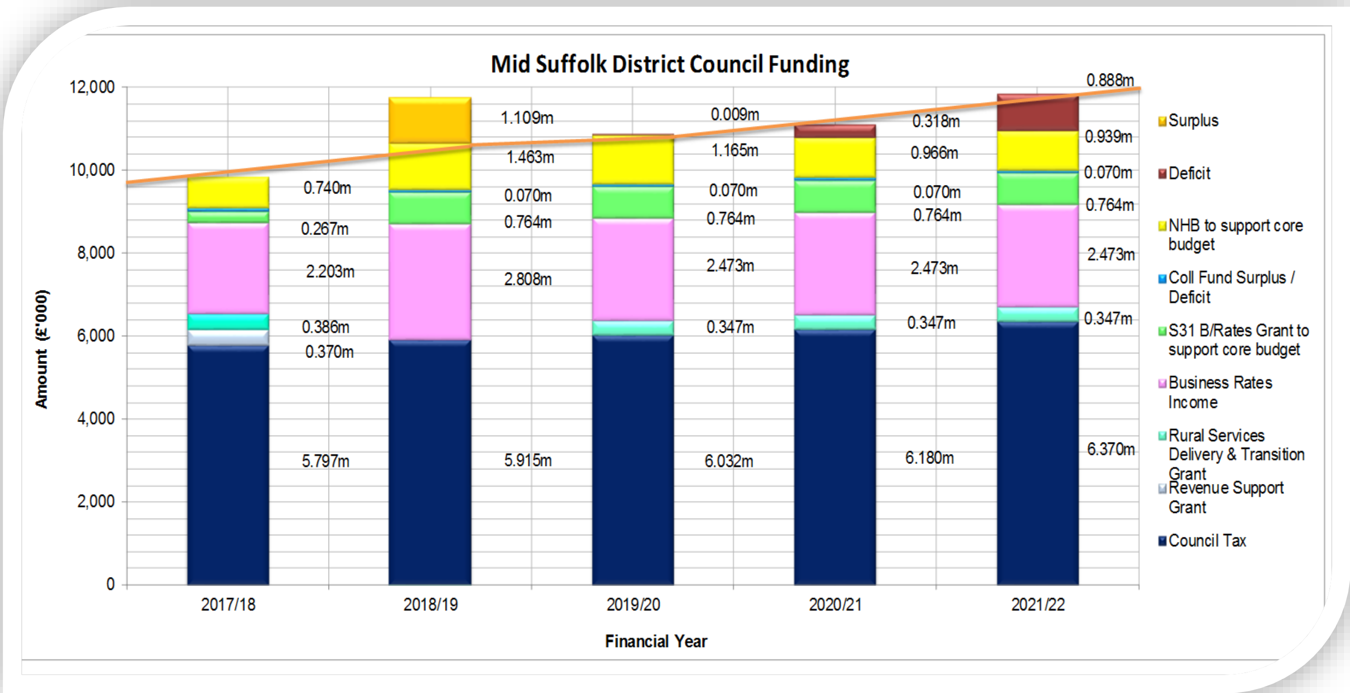
3.8 Council tax income continues to be the main source of funding, in total value, for councils. Decisions around freezes or any annual increases are an important part of the financial strategy.

The Funding Gap

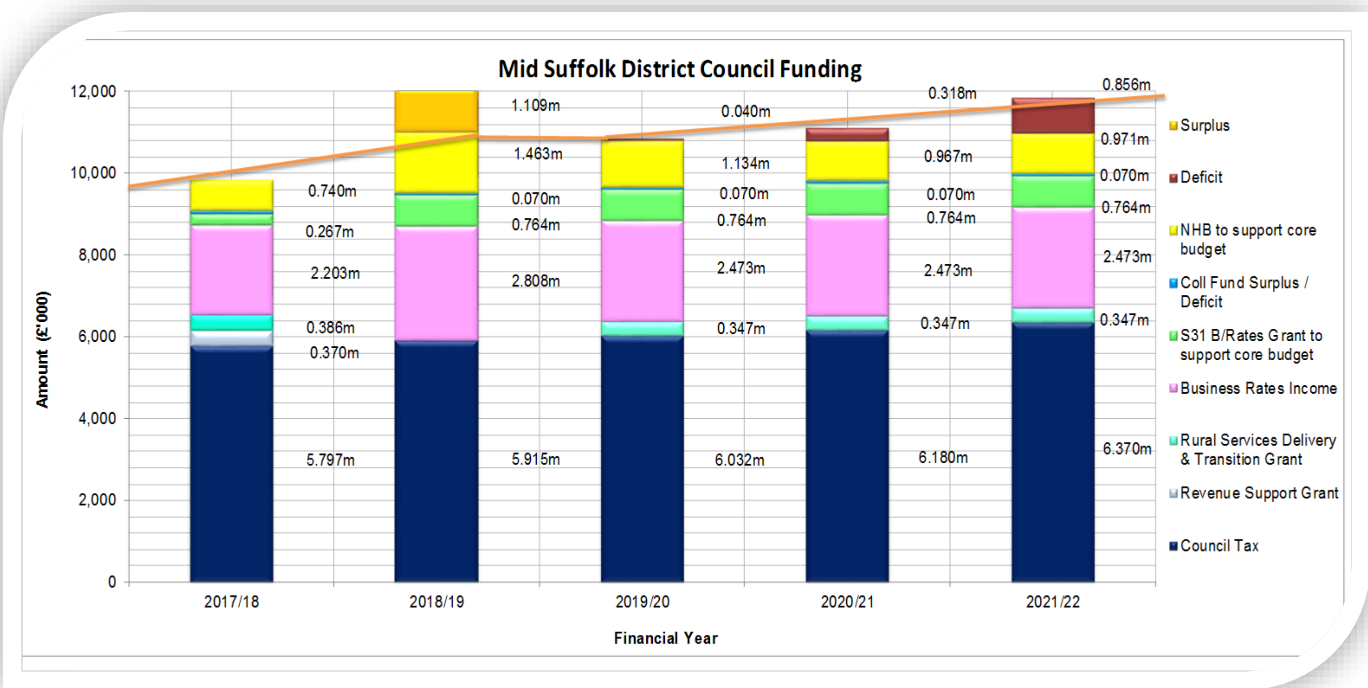
3.9 The graphs below show the different funding position for the General Fund of the two Councils over the next 4 years and whether there is a forecast surplus or deficit in the funds available. Three scenarios are shown to illustrate what the position would look like with different assumptions about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

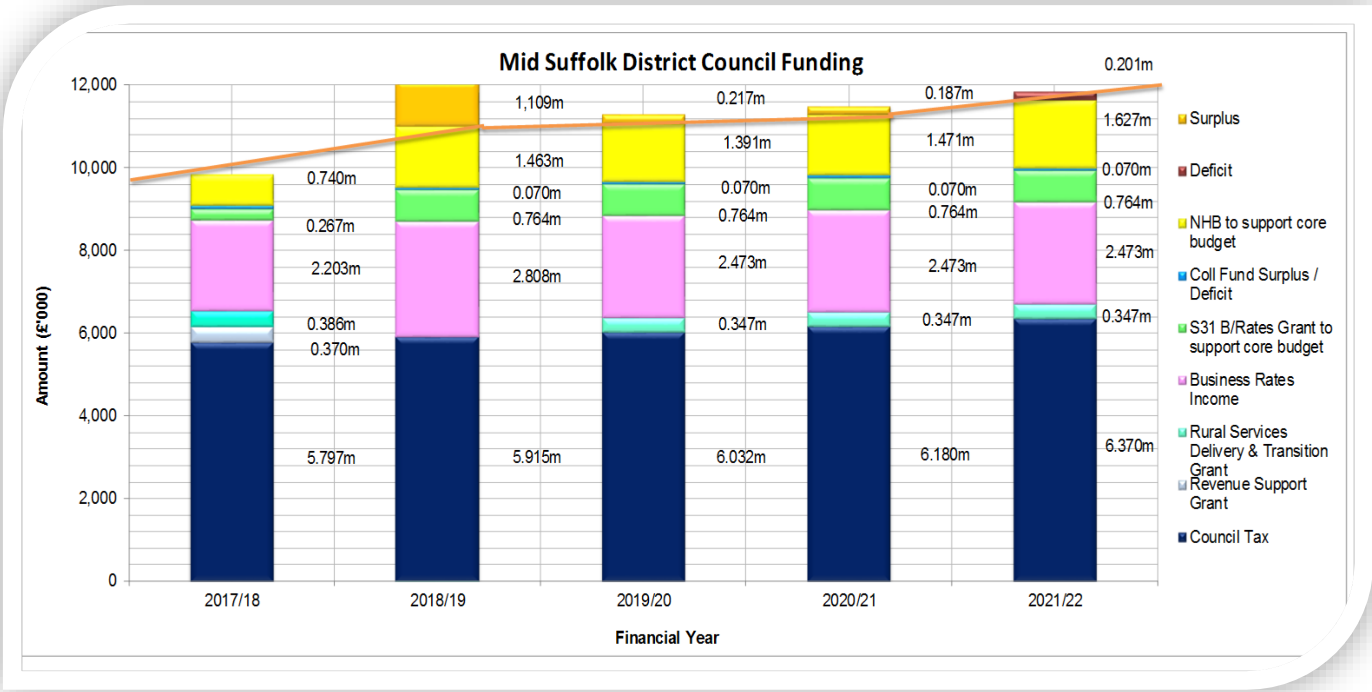
- Mid Suffolk New Homes Bonus – based on minimum level



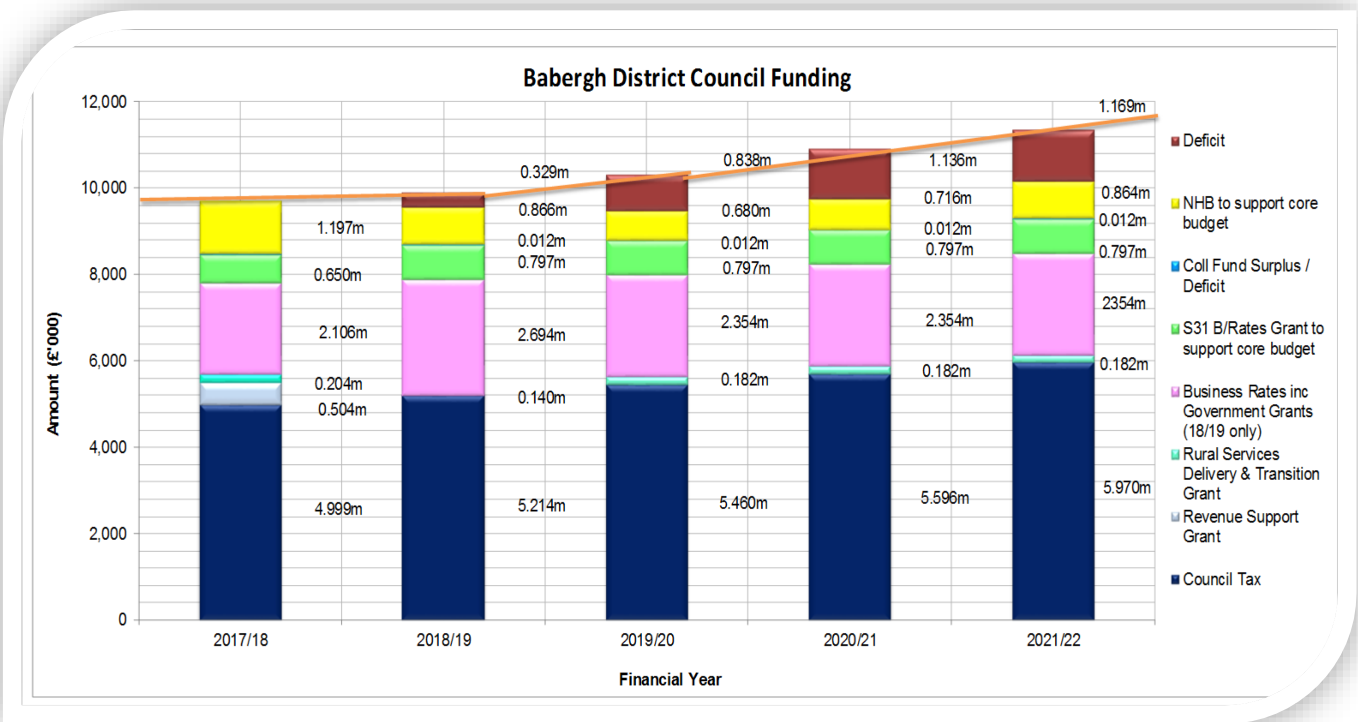
- Mid Suffolk New Homes Bonus - based on 5-year average of new homes built



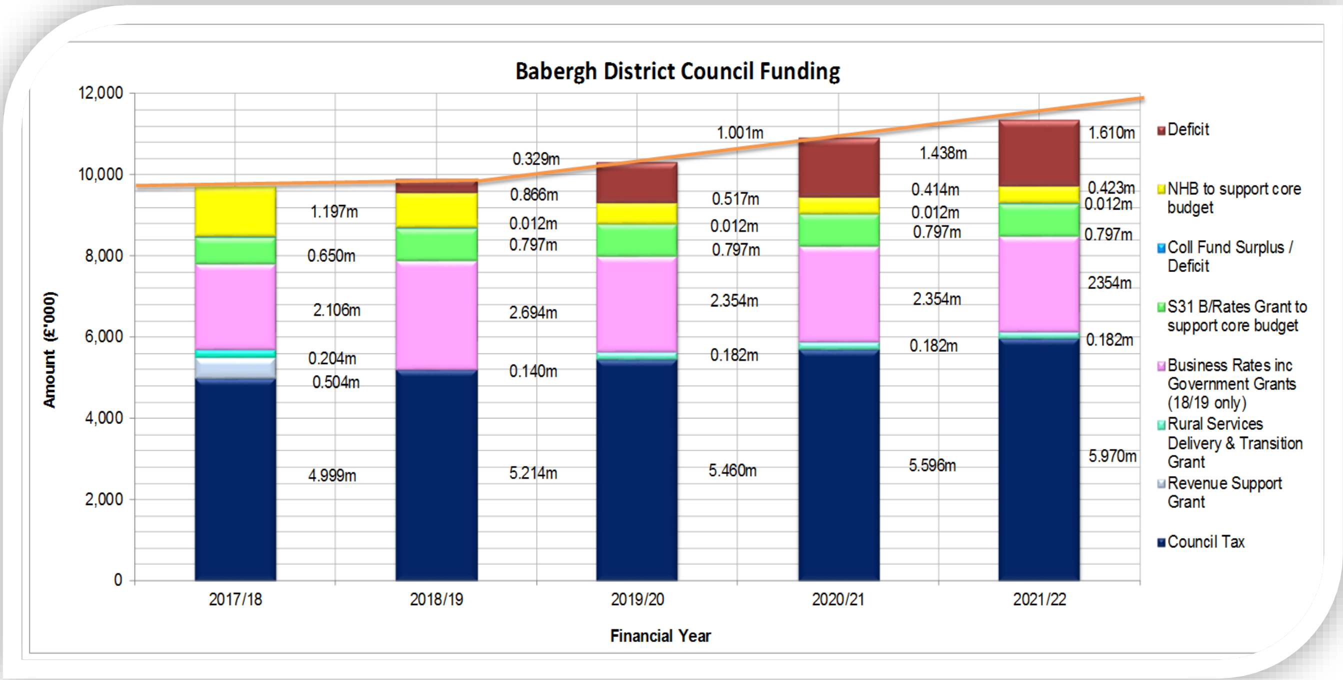
- Mid Suffolk New Homes Bonus – based on projected completions



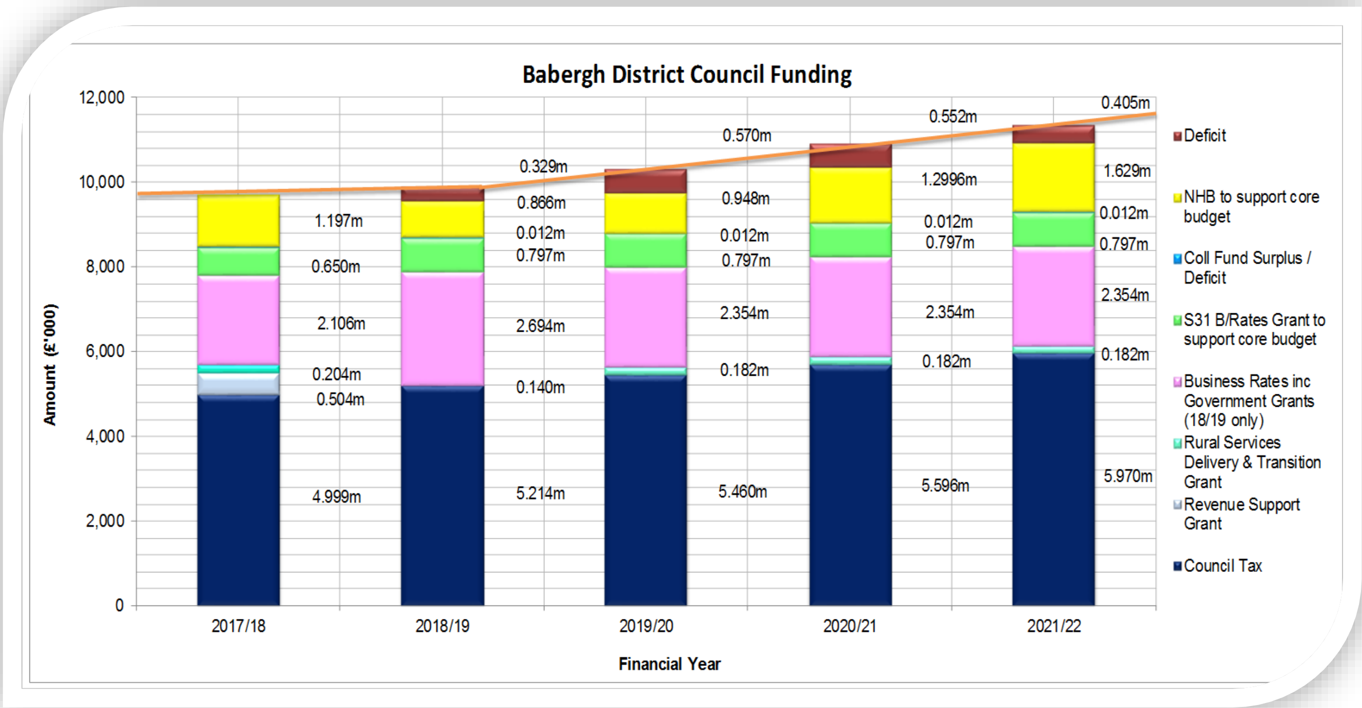
- Babergh New Homes Bonus – based on minimum level



- 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		

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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)**

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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**

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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**

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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.

Appendix F

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)