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	BABERGH CABINET
DATE:	**TUESDAY, 11 FEBRUARY 2020 5.30 PM**
VENUE:	**KING EDMUND CHAMBER - ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH**

For consideration at the meeting on Tuesday, 11 FEBRUARY 2020, the following additional or updated papers that were unavailable when the Agenda was printed.

TABLED PAPERS

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BABERGH DISTRICT COUNCIL

COMMITTEE:	**Cabinet**	**REPORT NUMBER: XXXX**
FROM:	**Councillor John Ward, Cabinet Member for Finance**	**DATE OF MEETING: 11 February 2020**
OFFICER:	**Katherine Steel, Assistant Director, Corporate Resources** **Melissa Evans, Corporate Manager, Finance and Commissioning & Procurement**	**KEY DECISION REF NO. Item No.**

GENERAL FUND BUDGET 2020/21 AND FOUR-YEAR OUTLOOK

1. PURPOSE OF REPORT

1.1 The report contains details of the revenue and capital budgets and the Council's strategic financial aim. The purpose of this report is to present the General Fund Budget for 2020/21 and four-year outlook.

1.2 To enable Cabinet Members to consider key aspects of the 2020/21 Budgets, including Council Tax and make any recommendations to feed into the final Budget report in February.

2. OPTIONS CONSIDERED

2.1 The General Fund Budget for 2020/21 and four-year outlook is an essential element in achieving a balanced budget and sustainable medium-term position. Setting a balanced budget for the coming year is a statutory requirement, therefore no other options are appropriate in respect of this.

3. RECOMMENDATIONS TO COUNCIL

3.1 That the General Fund Revenue Budget proposals for 2020/21 and four-year outlook set out in the report and the updates tabled at the meeting be endorsed for recommendation to Council on 26 February 2020.

3.2 That the General Fund Capital Budget proposals for 2020/21 and four-year outlook set out in the report be endorsed for recommendation to Council on 26 February 2020.

3.3 That the General Fund Budget for 2020/21 is based on an increase to Council Tax of £5 per annum (10p per week) for a Band D property, which is equivalent to 3.1%, to support the Council's overall financial position.

3.4 That from 1 April 2020 properties that are unoccupied and unfurnished (Class C

discount) receive a 25% reduction for the first 28 days as set out in section 11.

3.5 That the proposed Pay Policy Statement for 2020/21 as set out in section 12 be approved.

Summary of changes

The position for 2020/21 is a surplus of £711k, an improvement of £163k. A breakdown of the changes is shown below;

Description of change	2020/21 £'000
Shortfall in funding / (surplus funds) February Cabinet	**(548)**
Public Health Funerals	7
S31 Business Rates Grant	(385)
Baseline business rates	211
B/Rates – levy	49
B/Rates – growth/pooling benefit	(40)
B/Rates – collection fund surplus	(85)
Employee Costs	38
Inflation	43
REVISED Shortfall in funding / (surplus funds) February Cabinet	**(711)**

The additional £163k will be transferred to the Transformation Fund

UPDATED Table 9: Forecast Budget Gap 2020/21 – 2023/24

	Babergh		
	2021/22	**2022/23**	**2023/24**
Including NHB			
Net Service Cost previous year	9,969	10,424	10,430
Cost Increases	656	559	477
Savings	(201)	(118)	(347)
Net Service Cost current year	**10,424**	**10,430**	**10,037**
Funding	(9,989)	(9,907)	(9,896)
Annual Deficit /(Surplus)	**435**	**522**	**141**
Cummulative Deficit/(Surplus)	**435**	**957**	**1,098**

	Babergh		
	2021/22	**2022/23**	**2023/24**
Excluding NHB			
Net Service Cost previous year	9,969	10,424	9,985
Cost Increases	656	559	477
Savings	(201)	(118)	(347)
Net Service Cost current year	**10,424**	**9,985**	**9,832**
Funding	(9,545)	(9,702)	(9,896)
Annual Deficit /(Surplus)	**879**	**283**	**(64)**
Cummulative Deficit/(Surplus)	**879**	**1,162**	**1,098**

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BABERGH DISTRICT COUNCIL

COMMITTEE:	**Cabinet**	**REPORT NUMBER: XXXX**
FROM:	**Councillor John Ward Cabinet Member for Finance**	**DATE OF MEETING: 11 February 2020**
OFFICER:	**Katherine Steel, Assistant Director, Corporate Resources Gavin Fisk, Assistant Director, Housing Melissa Evans, Corporate Manager, Finance and Commissioning & Procurement**	**KEY DECISION REF NO. Item No.**

HOUSING REVENUE ACCOUNT (HRA) BUDGET 2020/21 AND LONGER-TERM OUTLOOK

1 PURPOSE OF REPORT

1.1 The report contains details of the revenue and capital budgets and the Council's strategic financial aim. The purpose of this report is to present the HRA Budget for 2020/21 and longer-term outlook.

1.2 To enable Members to consider key aspects of the 2020/21 HRA Budget, including Council House rent levels.

2 OPTIONS CONSIDERED

2.1 The Housing Revenue Account Budget for 2020/21 and longer-term outlook is an essential element in achieving a balanced budget and sustainable medium-term position, therefore no other options are appropriate in respect of this.

3 RECOMMENDATIONS

3.1 That the HRA revenue budget proposals for 2020/21 and longer-term outlook set out in the report and the updates tabled at the meeting be endorsed for recommendation to Council on 26 February 2020.

3.2 That the HRA capital budget proposals for 2020/21 set out in Appendix A in the report be endorsed for recommendation to Council on 26 February 2020.

3.3 That the CPI + 1% increase of 2.7% in Council House rents, equivalent to an average rent increase of £2.38 a week be implemented.

3.4 That garage rents are kept at the same level as 2019/20.

3.5 That Sheltered Housing Service charges be increased by £2 per week to reduce the subsidy by £26k.

3.6 That Sheltered Housing utility charges are kept at the same level as 2019/20.

3.7 That the budgeted surplus of £334k be transferred to the HRA reserves in 2020/21.

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

3.9 That the revised 30-year HRA Business Plan in Appendix B be noted.

10 HRA REVENUE BUDGET 2020/21

10.1 The HRA Revenue Budget has **improved by £41k** as a result of changes to employee costs. The surplus position is now £334k as outlined below.

	Budget 2019/20	Budget 2020/21	Movement Adverse/ (Favourable)	Comments
	£'000	£'000	£'000	
Dwelling Rents	(16,147)	(15,996)	151	Although rents have increased by 2.7% for 2020/21 generating £428k, a cost pressure of £304k has resulted due to 2019/20 being 53 rent weeks, compared to 52 weeks in 2020/21. Also delays in anticipated new build developments budgeted for in 2019/20 have impacted the anticipated income by £263k.
Service Charges	(561)	(575)	(14)	Reflects £2 increase per week £27k, which has been offset by £13k reduction in leaseholder service charges following a review of expected income (based on last 3 years).
Non-Dwelling Income	(232)	(183)	49	Assumed increase in rental of void garages did not materialise. This will be reviewed during 2020/21.
Other Income	(11)	(10)	1	
Interest Received	(10)	(10)	0	
Income	**(16,961)**	**(16,774)**	**187**	
General Management	2,276	2,465	189	£124k due to staffing cost changes which includes pay award/increments of £23k. IT maintenance costs of £40k due to the budget moving from the central ICT budget within the General Fund to the HRA. Overheads have increased by £15k due to additional customer services costs (% increased), utilities cost pressure of £7k on de-sheltered properties and other minor variances totalling a cost pressure of £10k.
Special Management	841	817	(24)	Reduction in community alarms due to de-sheltering of schemes £28k, partly offset by increment and pay award staffing costs £4k.
Repairs and Maintenance	1,951	2,007	56	Salary savings of £111k from service restructure (net of pay award/increments £39k), £28k increase in recharge income, £24k saving on vehicle fuel based on 3-year average costs, £4k minor adverse cost pressure. Increase in voids repairs £120k, and an increase of £95k for general repairs based on 3-year trend.
Property Services	1,136	1,204	68	Planned heating maintenance £50k saving, planned maintenance on painting increase of £158k due to backlog of work, asbestos survey £33k saving due to the Trades team now monitoring the arrangements, disabled facilities work £7k saving based on a 3-year trend.
Depreciation	3,313	3,313	0	
Interest payable	3,117	3,161	44	Increase due to higher borrowing costs
Debt Repayment	500	500	0	
Revenue Contribution to Capital	3,922	2,875	(1,047)	Revised capital programme therefore funding required in year is reduced
Bad Debt Provision	98	98	0	
Deficit / (Surplus) for Year	**193**	**(334)**	**(527)**	

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Update of Changes to Cabinet Report BCa/19/36 - Joint Capital, Investment & Treasury Management Strategies 2020/21

BABERGH DISTRICT COUNCIL

TO: Babergh Cabinet	**REPORT NUMBER:** **BCa/19/36**
FROM: Cabinet Member for Finance	**DATE OF MEETING:** 11 February 2020
OFFICER: Katherine Steel, Assistant Director, Corporate Resources	**KEY DECISION REF NO. CAB145**

JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2020/21

1. PURPOSE OF REPORT

1.1 This report presents the Joint Capital, Investment and Treasury Management Strategies for the financial year 2020/21.

1.2 These are in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code, the CIPFA Prudential Code, which were both updated in 2017, and the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, which introduced the requirement to prepare a Capital Strategy and an Investment Strategy. The Treasury Management Strategy remained largely unchanged.

1.3 The Prudential Indicators and Minimum Revenue Provision (MRP) Statement are linked to the Budget report that will be presented at this Cabinet meeting and the Full Council meetings in February 2020.

1.4 The Codes of Practice recommend that these strategies are subject to scrutiny before being presented to Full Council, which falls within the remit of the Joint Audit and Standards Committee.

2. OPTIONS CONSIDERED

2.1 This report fulfils the Councils legal obligations to have regard to the Code and MHCLG Guidance.

2.2 Individual strategies were considered but Joint Strategies have been prepared.

3. RECOMMENDATIONS TO BOTH COUNCILS

That the following be approved:

3.1 The Joint Capital Strategy for 2020/21, including the Prudential Indicators, as set out in Appendix A and the updates tabled at the meeting.

3.2 The Joint Investment Strategy for 2020/21, as set out in Appendix B and the updates tabled at the meeting.

3.3 The Joint Treasury Management Strategy for 2020/21, including the Joint Annual Investment Strategy as set out in Appendix C and the updates tabled at the meeting.

3.4 The Joint Treasury Management Indicators as set out in Appendix D.

3.5 The Joint Treasury Management Policy Statement as set out in Appendix G.

3.6 The Joint Minimum Revenue Provision Statement as set out in Appendix H.

3.7 That the key factors and information relating to and affecting treasury management activities set out in Appendices E, F, and I be noted.

3.8 That Officers and Members, Working Parties and whatever mechanisms have been set up commence exploring alternative investment strategies that take greater account of the Councils' own declaration of a climate change emergency.

REASON FOR DECISION

Local authorities are required to approve their Treasury Management Strategy (TMS), their Capital Strategy (including an overview of the TMS) and their Investment Strategy annually before the start of the financial year.

Appendix A – Joint Capital Strategy

Paragraph 4.7: Words changed from £175.52m to £175.34m.

Paragraph 4.9, Table 7: Borrowing and the Liability Benchmark

Borrowing and Liability Benchmark						
Babergh District Council	**2018/19 Actual £m**	**2019/20 Forecast £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**	**2023/24 Budget £m**
Outstanding Borrowing (Debt)	(104.05)	(122.96)	(138.21)	(147.25)	(147.33)	(147.41)
Liability Benchmark	105.41	134.04	152.55	168.73	171.54	175.34
	1.36	**11.08**	**14.34**	**21.48**	**24.21**	**27.93**

Paragraph 8, Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

Proportion of Net Financing Costs to Net Revenue Stream					
Babergh District Council	**2019/20 Forecast**	**2020/21 Budget**	**2021/22 Budget**	**2022/23 Budget**	**2023/24 Budget**
General Fund -					
Net Financing costs / (Income) £m	(0.53)	(0.59)	(0.42)	(0.25)	(0.17)
Proportion of net revenue stream %	-4.29%	-4.44%	-3.30%	-1.94%	-1.34%
Council Housing (HRA) -					
Net Financing costs £m	3.11	3.15	3.26	3.17	3.81
Proportion of net revenue stream %	18.97%	19.46%	18.82%	17.46%	20.31%

Appendix B Joint Investment Strategy

Paragraph 5.1, Table 3: Proportionality of Investments

Proportionality of Investments						
Babergh District Council	**2018/19 Actual £m**	**2019/20 Forecast £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**	**2023/24 Budget £m**
Gross service expenditure	33.88	33.52	33.30	34.33	34.88	35.37
Gross Investment income	1.50	2.06	2.56	3.04	3.08	3.07
Proportion	**4.42%**	**6.15%**	**7.68%**	**8.85%**	**8.82%**	**8.69%**

Appendix C - Joint Treasury Management Strategy

Paragraph 3.3, Table 1: Capital Financing Requirement Summary and forecast

Cumulative Capital Financing Requirement						
Babergh	**2018/19 Actual £m**	**2019/20 Forecast £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**	**2023/24 Budget £m**
General Fund	31.14	35.57	38.47	46.58	50.20	49.37
Capital Investments	13.98	25.35	40.87	48.48	48.48	48.48
Council Housing (HRA)	86.67	95.51	98.44	98.29	98.29	98.29
Total CFR	**131.80**	**156.43**	**177.77**	**193.36**	**196.97**	**196.15**
Less: External Borrowing**	(104.05)	(105.02)	(104.09)	(102.30)	(101.74)	(101.18)
Internal (Over) Borrowing (Cumulative)	**27.75**	**51.41**	**73.68**	**91.06**	**95.23**	**94.97**
Less: Balances & Reserves-General Fund	(11.59)	(10.09)	(10.55)	(10.49)	(10.49)	(10.51)
Less: Balances & Reserves-HRA	(21.12)	(20.45)	(22.32)	(21.73)	(22.44)	(17.79)
Less Working Capital Deficit	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)
New Net (Investment) / Borrowing Requirement	**(10.49)**	**15.33**	**35.28**	**53.30**	**56.77**	**61.15**

Paragraph 3.7, Table 2: Liability Benchmark

Liability Benchmark						
Babergh	**2018/19 Actual £m**	**2019/20 Forecast £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**	**2023/24 Budget £m**
CFR	131.80	156.43	177.77	193.36	196.97	196.15
Less: Usable Reserves	(32.71)	(30.54)	(32.87)	(32.22)	(32.93)	(28.29)
Less Working Capital Deficit	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)
Plus: Minimum Investments	11.85	13.69	13.18	13.13	13.03	13.01
Liability Benchmark	**105.41**	**134.04**	**152.55**	**168.73**	**171.54**	**175.34**

BABERGH DISTRICT COUNCIL

TO: **Babergh Cabinet**	**REPORT NUMBER: XXXX**
FROM: **Cllr John Ward, Leader, Babergh**	**DATE OF MEETING:** **11th February 2020, Babergh**
OFFICER: Kathy Nixon, Strategic Director	**KEY DECISION REF NO. Item No.**

OUTPUTS FOR 2019-23 TO SUPPORT THE DELIVERY OF THE JOINT CORPORATE PLAN

ADDENDUM REPORT

1. PURPOSE OF THIS ADDENDUM REPORT

1.1 This addendum report adds additional outputs, set out at paragraph 1.2 below, to the list at **Appendix One** of the main report. This follows discussions with Mid Suffolk. These are either new, as with the proposal at paragraph 1.2.1 to increase advice to promote sustainable new homes, or build on current or planned initiatives. Although Planning Enforcement is a core activity, we should include this in the outputs as it is an area of high priority for review and improvement this year.

1.2 The additional outputs proposed for inclusion are:

1.2.1 Promote sustainable new homes across the District by increasing available advice (Planning Portfolio);

1.2.2 Address fuel poverty, while improving energy efficiency and reducing carbon (Environment Portfolio);

1.2.3 Improve tree cover across the district (Environment Portfolio);

1.2.4 Improve democratic engagement with residents (Leader Portfolio); and

1.2.5 Review and improve planning enforcement (Planning Portfolio).

1.3 These proposals align closely with the strategic priorities in the Corporate Plan and will be further developed and more precisely costed over the next few months. Those relevant to the parameters of the Climate Change Task Force will be referred to that group.

2. OPTIONS CONSIDERED

2.1 The options that informed the development of these *additional* outputs focussed primarily on the strategic priorities of Environment, Housing and Communities within the Joint Corporate Plan.

3. RECOMMENDATIONS

3.1 Cabinet is recommended to agree the outputs for 2019-23 set out at **Appendix One** of the main report and also the five additional outputs listed at paragraph 1.2 above of this addendum report, tabled at this meeting.

3.2 Cabinet is recommended to agree that the environmental outputs relevant to the parameters of the Climate Change Task Force be referred to that group.

REASON FOR DECISION

To ensure that Babergh and Mid Suffolk have appropriate plans in place to address the challenges and seize the opportunities facing the districts, and their organisations, for the foreseeable future.

4. LINKS TO JOINT CORPORATE PLAN

4.1 The entirety of this addendum report addresses the Joint Corporate Plan.

5. FINANCIAL IMPLICATIONS

5.1 Where additional finance is required for implementation of these additional outputs, business cases will be prepared and applications made to the existing Transformation Fund.

6. LEGAL IMPLICATIONS

6.1 No change to the comments in the main report.

7. RISK MANAGEMENT

7.1 No change to the comments in the main report.

8. CONSULTATIONS

8.1 No change to the comments in the main report.

9. EQUALITY ANALYSIS

9.1 No change to the comments in the main report.

10. ENVIRONMENTAL IMPLICATIONS

10.1 Four of the proposed additional outputs would have a positive impact on the environment.

11. BACKGROUND DOCUMENTS

(a) Cabinet Report for meeting on 11th February 2020: 'Outputs for 2019-23 to support the delivery of the Joint Corporate Plan.'
(b) Joint Strategic Plan 2019-27.
(c) Economy Strategy ('Open for Business').
(d) Housing and Homes Strategy.
(e) Leisure, Sport and Physical Activity Strategy.
(f) Communities Strategy.
(g) Customers Strategy.
(h) Babergh & Mid Suffolk District Councils' Values.

12. APPENDIX ONE

Title	Location
(a) Corporate Plan Outputs 2019-23	Attached separately.

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