

# Public Document Pack



<b>COMMITTEE</b>	<b>MID SUFFOLK CABINET</b>
<b>PLACE</b>	<b>Britten room, Endeavour House, 8 Russell Road, Ipswich</b>
<b>DATE</b>	<b>Monday, 8 January 2018 at 2.30 pm</b>

## PLEASE NOTE START TIME OF MEETING

### Members

Chairman: Nick Gowrley  
Vice Chairman: John Whitehead

Gerard Brewster  
David Burn  
Julie Flatman  
Glen Horn

Penny Otton  
Andrew Stringer  
David Whybrow  
Jill Wilshaw

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## **Introduction to Public Meetings**

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

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact Sophie Moy, the Governance Officer, on: 01449 724682 or Email: [sophie.moy@baberghmidsuffolk.gov.uk](mailto:sophie.moy@baberghmidsuffolk.gov.uk)

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# Agenda Item 3

## MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK CABINET** held in the King Edmund Chamber, Endeavour House, 8 Russell Road, Ipswich on Monday, 4 December 2017 at 2:30pm

### **PRESENT:**

Councillor: John Whitehead – Chairman

Councillors:	Gerard Brewster	David Burn
	Julie Flatman	Glen Horn
	Penny Otton	Andrew Stringer
		David Whybrow

### **In attendance:**

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

Chief Executive (AC)  
Corporate Business Improvement Manager (KC)  
Economic Development Officer (DC)  
Corporate Manager – Finance (ME)  
Assistant Director - Environment and Commercial Partnerships (CF)  
Corporate Business Co-ordinator (SM)  
Corporate Manager - Strategic Asset Management (JP)  
Corporate Manager – Democratic Services (JR)  
Project and Research Officer (JS)  
Assistant Director – Finance (KS)  
Strategic Director (JS)

### **51 APOLOGIES FOR ABSENCE**

Apologies were received from Councillors Gowrley and Osborne.

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

There were none.

### **53 MCA/17/27 - CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 6 NOVEMBER 2017**

The minutes of the meeting held on 6 November 2017 were confirmed as a correct

record.

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

There were none.

**55 QUESTIONS BY COUNCILLORS**

55.1 The following questions from Councillors had been received:

**55.2 Councillor John Matthissen to Councillor Whitehead:**

*"How many members of staff have left since 1st January 2017 and, assuming we conduct exit interviews as is best practice, how many of these have given the move to Ipswich as a reason?"*

Councillor Whitehead responded:

*"Thank you for your question. The Half-Yearly Performance Reporting paper on today's agenda includes a new measure on page 111 that shows the number of staff leavers for the period 1<sup>st</sup> April to 30<sup>th</sup> September 2017. You will see that there were 20 leavers in the first quarter and 38 in the second quarter. Of this total of 58, 16 stated the move as the reason for leaving. Three due to the move to Stowmarket and the other 13 due to the move to Endeavour House. This does not quite cover the time period that you requested, but is the current information available and will continue to be included in future performance reports."*

Councillor Matthissen then asked a supplementary question as to whether the first two quarters of the year could be reconciled in addition to high staff turnover. Councillor Whitehead explained the 16 leavers whom had stated the reason for leaving was the move were not in addition to the response to question 5.

**55.3 Councillor John Matthissen to Councillor Wilshaw**

*"During 2017/18 how many private sector empty homes have been returned to occupancy as a result of council intervention, and what is the estimate of the number currently empty across the District?"*

Councillor Wilshaw responded:

*"31 homes have been returned to occupancy in the first two quarters of 2017/18*

*The current number of empty properties stands at:*

- 182 properties: empty 6 months to 2 years
- 71 properties: 2 years+"

55.4 Councillor Matthissen then asked a supplementary question regarding the numbers being high and whether any resource had been put into lowering this figure. Also did

the Council have any power to ensure occupancy rather than being left empty in extreme cases? Councillor Wilshaw explained although there may be the incentive, the Council did not have the powers in terms of the Private Sector. It may be possible to take some action, dependant on the nature and condition of the property, but this was the exception rather than the rule.

**55.5 Councillor John Matthissen to Councillor Wilshaw**

*“Can the weekly void sheet show the average void days for re-let properties?”*

Councillor Wilshaw responded:

*“The Voids Working Sheet is sent to Mid Suffolk members. It is just a working sheet which shows current void properties, forthcoming voids and those ready to let. This document is used by officers at Voids Meetings and by the different teams involved in the voids process.*

*The idea of members receiving it was so they can see what vacancies there are in their wards. Re-let times are calculated on a different document and performance reported on a quarterly basis. As part of introducing a Void Project from December average void times will be reported monthly during the project, between December 2017 and May 2018.”*

Councillor Matthissen responded by saying he thought as the document was produced on a spreadsheet it would automatically calculate the average void days for re-let properties.

**55.6 Councillor Penny Otton to Councillor Wilshaw**

*“What has been the rent loss, and the Council Tax costs as a result of voids in Mid Suffolk for the year 2016/17 and from April 2017 to date?”*

Councillor Wilshaw responded:

*“The rent loss as a result of properties being empty and rent not being charged in the year 16/17 was - £195,377. For this year 17/18 (Apr – Sept) the figure is £100,284*

*The cost of paying Council Tax on empty properties was £44,567 in the year 16/17, we haven’t as yet collected data for the year to date.”*

Councillor Otton was concerned about the last statement of year to date figures being part of the HRA. Councillor Wilshaw explained the data was being kept up to date, however, in respect of Council Tax these figures would be produced in due course.

**55.7 Councillor John Matthissen to Councillor Gowrley**

*“What is the urgency to pursue merger when the councils are already attempting to deal with multiple exceptional issues such as the move to Ipswich, high staff*

*turnover and vacancies, lack of a 5 year land supply and at least five development projects on our own account in Mid Suffolk alone.”*

Councillor Whitehead (in Councillor Gowrley’s absence) responded:

*“It is of course our role as a Council to be able to do more than one thing at a time. Progress on introducing a Joint Local Plan remains on track and this is the substantive way of addressing the 5 year land supply issue. We have had an increase in staff turnover as a result of recent office moves but this was relatively small (16 people) and work is now complete; and so I expect we will return to more usual turnover and vacancy levels.*

*It is a fundamental part of our role though to plan for the future. With this in mind it is essential that we look now at what the council should look like for the future. It was with this in mind that we asked the Chief Executive to look at our options. The Cabinets have formed an initial view that dissolving the existing Councils to form a new District Council appears to be the most viable and preferable solution. This question of whether Mid Suffolk and Babergh should form a new Council has however been around since 2011 and could not happen before 2019 at the very earliest. I therefore believe that it is right that we are looking at these issues now; but we are doing so in a proper and measured manner, that subject to Babergh Cabinet this week, will move on to a period of comprehensive engagement with all Councillors, Towns & Parishes, Electors, Stakeholders and Staff.”*

- 55.8 Councillor Matthissen stated he still did not understand the urgency from the answer given and questioned whether the process was being conducted in a measured way.

**Councillor John Matthissen to Councillor Gowrley**

*“Why was the September council meeting cancelled, without the Chairman’s agreement, at a time of great difficulty for the council, and consequent concern of members?”*

Councillor Whitehead (in Councillor Gowrley’s absence) responded:

*“The meeting of the Full Council scheduled for 21 September 2017 was cancelled due to a lack of formal substantive business for the Council to consider. The Leader and Chairman’s agreement was sought for this cancellation. It was imperative to give all Councillors early notification of the cancellation and despite several attempts to contact the Chairman it was not possible to gain his agreement before the cancellation notification was sent.”*

Councillor Matthissen gave thanks for the response.

- 55.9 **Councillor John Matthissen to Councillor Whitehead**

*“Why have the Green Group never received a complete set of written answers to questions submitted regarding the issue of redundancy notices and related issues?”*

**Councillor Whitehead responded:**



*"A written response will be circulated due to the number of questions asked."*

**55.10 Councillor John Matthissen to Councillor Whitehead**

*"Why has the departure of our strategic IT Director, Paul Doe, not been reported to members, and what steps have been taken to replace him?"*

**Councillor Morley – Lead Member for Digital – on behalf of Councillor Horn responded:**

*"Apologies this was an oversight and should have been reported. However, following his departure the County have put interim arrangements in place, details of these are available if requested."*

**55.11 Councillor Matthissen retained an underlying unease and wished to receive further details in respect of the IT Strategy. Councillor Morley responded by explaining an organisational chart was available if required and was meeting with the Assistant Director for Customers. She would report back following this meeting.**

**55.12 Councillor Rachel Eburne to Councillor Horn**

*"As Members, we are often referred to the Council's intranet site, Connect, for information."*

*"Most of the information about projects is out of date by several months. Indeed the Leisure Strategy, on the Agenda for Monday's Cabinet meeting, is shown as due to be presented to Cabinet in September 2017."*

*"Another example is the implementation of Universal Credit project which hasn't been updated since 17 August and notes a "tbc go live date" for Sudbury despite the fact that this has already happened."*

*"In the Members section it has the 2016/17 meeting timetable and an instruction with links on how to email the Executive Committee but not the Cabinet."*

*"I could list many more."*

*"Please can you advise when Connect will be up to date and we can confidently rely on the contents. Or provide us with an alternative method of understanding particular work and projects."*

**55.13 Councillor Horn responded:**

*"Councillor Eburne is absolutely correct in that there are several areas on the project and programme pages and other areas of Connect that require updating. This is designed to be a live reporting tool and so will always be partly out of date but there are key areas where the information can and should be more timely."*

*"We have already identified that it is timely and prudent to review 'how we manage*

our programmes and projects' and this is commencing with a workshop of our Senior Leadership team on 24 January. This will look at the presentation of information in relation to the JSP, communication, reporting, roles and responsibilities, the use of Sharepoint to name a few. In the meantime the Business Improvement Officers will continue to support and encourage Corporate Managers and their teams to reinvigorate the use of Connect for the visibility and transparency of key project and programme information."

With regard to the other areas on Connect that Councillor Eburne alludes to, these are the responsibility of the relevant data owners. Your comments on committee meetings have been passed to the new Corporate Manager for Democratic Services, and Corporate Managers have been asked to review their areas asap.

Councillor Eburne felt to say "always partly out of date" was unacceptable. A timescale should be issued as to when Connect would be up to date and until that time she would be directing any queries to either Members themselves or the Assistant Directors. She considered this to be a very poor example of good practice. Councillor Horn agreed and explained now the Assistant Director for Customers was in post he hoped to share good news imminently. There were no timescales to report at present. He would be meeting with the Assistant Director for Customers and following this meeting there not only would be a strategy but also a timetable.

#### 55.14 **Councillor Rachel Eburne to Councillor John Whitehead**

"At Babergh District Council meeting on Tuesday 21 November 2017, Babergh members were provided with staffing costs for both council's pre-integration in 2011 and now. The figures for Mid Suffolk were £9,071,000 then £11,158,000 which is a 23.7% increase. Please can you explain why?"

Please can you also explain why the current figure is £1.6 million more than Babergh's figure?

Also - given we have worked together for over 6 years, why is information like this not shared as a matter of course in an open and transparent way?"

#### **Councillor Whitehead responded:**

"Thank you for your question. The total cost for Mid Suffolk in 2011/12 was £9,071k, comprising £8,969k on payroll and £102k off-payroll costs. In 2016/17 the equivalent figures were a total of £11,158k comprising £9,965k on payroll and £1,193k off-payroll costs. There are several reasons why the payroll costs have changed over this period of time and this is shown in the table below:

<b><u>ANALYSIS OF MID SUFFOLK PAYROLL COSTS</u></b>	
<b><u>MOVEMENT FROM 2011/12 TO 2016/17</u></b>	
	<b>£'000</b>
Total Cost 2011/12	<b>8,969</b>

<u>Movements</u>	
Integration savings in 2012/13 and 2013/14	-1,255
Tri-ennial Pension Fund valuation deficit contribution	517
NPS and CSD staff coming back in house	881
Annual pay awards and incremental progression	969
National Insurance contribution change in 2016/17	151
Savings from adjusting cost sharing with BDC and vacant posts in 2016/17	-267
<b>Total Cost 2016/17</b>	<b>9,965</b>

*There has been a steady increase in off-payroll costs each year between 2011/12 and 2016/17, as the Councils integrated the workforce, developed new ways of working and undertook new initiatives to deliver the Joint Strategic Plan, but this trend is expected to reverse in 2017/18, based on costs to date. As you will be aware, Joint Overview and Scrutiny Committee will receive an Information Bulletin at its meeting on 18<sup>th</sup> December about off-payroll costs and you will see more information related to these costs in that bulletin.*

*Mid Suffolk's total figures are higher than Babergh's at the end of 2016/17 mainly because of the difference in payroll costs of £1.4m. This reflects the different delivery models for services that were in existence last year. Mid Suffolk had an internal Public Realm and Housing Repairs Team, whereas for Babergh these were managed through an external contract. From 1<sup>st</sup> April 2017 Babergh's Housing Repairs function has transferred back in-house, so their payroll costs will increase this year.*

*In relation to your last point, I would like to remind you that on 7<sup>th</sup> December 2016 Lindsay Barker sent an email to all Members of both councils setting out information on staffing costs, following a number of questions about staff savings from integration. The information at that time went up to 2015/16. In response to a question from Cllr John Hinton to Babergh's last Council meeting, the information was updated to include 2016/17 costs. The Mid Suffolk information was updated at the same time and the intention was to share this, but your question was asked at Council on 23<sup>rd</sup> November before this could happen. The intention from now on is to update this information on an annual basis and share it with all Members."*

Councillor Eburne considered there not only had been poor communications to members in relation to staffing costs, she hoped this figure had been included in the budget for this financial year. This was a poor example of working together.

- 55.15 A general question was raised by Councillor Otton asking for clarification as to when the deadline for questions to Cabinet members could be received. The Corporate Manager for Democratic Services explained a section had been omitted from the Constitution on this issue and as such questions would be accepted up until the day before the meeting, however, the closer to the meeting the more likely to receive a written response. The Chief Executive reiterated that Members could ask questions of both Officers and Members at any time of the day of the year, they did not have to wait until Council or Cabinet.

**56 MATTERS REFERRED BY THE OVERVIEW AND SCRUTINY OR JOINT AUDIT AND STANDARDS COMMITTEES**

- 56.1 Apologies were given as this item had been omitted from the published agenda, as it was a standing item.
- 56.2 Councillor Eburne explained the Overview and Scrutiny Committee had recently discussed the Homelessness Reduction Act. There were concerns as to whether there was sufficient funding to implement act and she requested Cabinet monitored this. Also there were timing issues as the Code of Guidance would be issued in March 2018 which should be implemented on 3 April 2018. The Shared Legal Service would be discussed at the Joint Overview and Scrutiny meeting on 18 December 2017.

**57 MCA/17/28 - FORTHCOMING DECISIONS LIST**

- 57.1 The Forthcoming Decisions List was noted.
- 57.2 Councillor Otton was disappointed the financial report on the possible merger between Mid Suffolk District Council and Babergh District Council would not be reported at a public meeting of Mid Suffolk. She also questioned whether The Regal in Stowmarket would be coming to a future meeting. Councillor Brewster had received an email from Councillor Gowrley who had indicated a report should be brought before the Mid Suffolk Council meeting on 21 December 2017. This was supported.
- 57.3 In terms of the financial report on the possible merger, the Chief Executive explained these had gone through a Babergh District Council meeting and Babergh Cabinet would also reconsider on 7 December 2017. He agreed this raised a wider point in terms of shared working and as such should have automatically been circulated. Councillor Otton felt there should be a public Mid Suffolk Council meeting in order to give all councillors a chance to debate the issue. The Chief Executive pointed out as the decision had already been made it would only be for information.

**58 MCA/17/29 - LEISURE, SPORT AND PHYSICAL ACTIVITY STRATEGY**

- 58.1 Councillor Kearsley, the Lead Member for Health and Well Being, introduced report MCA/17/19. The recommendation was moved by Councillor Flatman and seconded by Councillor Burn, subject to the corrections and typographical errors being amended.
- 58.2 Members were pleased to receive the report. The delivery plan should now be included on the forward plan and be delivered.
- 58.3 In response to questions raised the Assistant Director for Environment and Commercial Partnerships explained an action plan would be developed as part of the Strategy with an integrated cycling element. Volunteering was very important and the strategic partnership was looking to improve on this. This strategy would be in line with other local strategies, as well as nationally. Negotiations with Stowmarket High School and the County Council had stalled due to Stowmarket

High School turning into an academy.

- 58.4 It was considered that as sports provision was important the delivery strategy would be brought back to a future Cabinet meeting and included on the forthcoming decisions list in due course.

By an unanimous vote.

**It was RESOLVED:-**

- (1) That the Leisure, Sport and Physical Activity Strategy be endorsed.

**Reason for decision:** To enable the Council's to adopt a strategic approach towards the provision of Leisure, Sport and Physical Activity.

59 **MCA/17/30 - BABERGH AND MID SUFFOLK ENTERPRISE ZONE SITES - SPACE TO INNOVATE - DISCRETIONARY BUSINESS RATES RELIEF POLICIES**

- 59.1 Councillor Brewster, the Cabinet Member for Economy, introduced report MCA/17/30 and moved the recommendation which was seconded by Councillor Whybrow.

- 59.2 Members noted the tight timescale involved and questioned whether appropriate protocols were in place. Local businesses should be promoted.

- 59.3 Councillor Brewster with support from the Economic Development Officer explained it was a Government supported initiative and the legislation defined the business rates. There were no issues to cause concern and protocols were in place. Local businesses would be treated as a priority, it was a profit for purpose site.

By a vote of 8/1

**It was RESOLVED: -**

- (1) The Mid Suffolk District Council Discretionary Business Rates Relief Policy for Stowmarket Enterprise Park be approved.
- (2) That the Assistant Directors be approved as alternative signatories on legal documentation in respect of Enterprise Zone site delivery within the District.

**Reason for Decisions:** To encourage the development of employment sites and other business growth in appropriate locations. To encourage investment in infrastructure.

60 **MCA/17/31 - HALF YEARLY PERFORMANCE REPORTING (APRIL TO SEPTEMBER '17)**

- 60.1 Councillor Horn, the Cabinet member with responsibility for Organisational Delivery, introduced report MCA/17/31 and moved the recommendation which was seconded

by Councillor Brewster.

- 60.2 In response to questions raised Councillor Horn, with the help from the Corporate Business Improvement Manager, explained there had been no change in services. The new Assistant Director for Customers was examining the public access strategy in order to provide a better service. If Councillors were experiencing problems these should be noted for investigation. Staff sickness was being monitored as well as staff vacancies, particularly within planning.

By a vote of 7 to 0 with 2 abstentions.

**It was RESOLVED: -**

- (1) The performance report and the performance outcome information tabled at Appendices A to E adequately reflects Mid Suffolk's performance for the half year April to September 2017.
- (2) Any actions required were considered where performance improvement was needed.

**Reason for Decisions:** To agree the Council's performance adequately demonstrates delivery of the Joint Strategic Plan.

**61 MCA/17/32 - FINANCIAL MONITORING 2017/18 - QUARTER 2**

- 61.1 Councillor Whitehead, the Cabinet Member with responsibility for Finance, introduced report MCA/17/32 and moved the recommendation which was seconded by Councillor Burn.
- 61.2 In response to questions Councillor Whitehead with the support of the Chief Executive explained there had been an improved management structure regarding BMBS Property Services. Both Property Services and Building Control reported to the Assistant Director of Housing. As some Councillors still considered this to be confusing further detail would be given after the meeting.
- 61.3 It was noted staffing was the biggest expense and this would be monitored. There needed to be the right balance of service delivery and staffing costs within budget. Free car parking in Stowmarket over the Christmas period would give the flexibility to encourage shoppers and would not have a significant impact.

By 7 votes to 2.

**It was RESOLVED: -**

- (1) The potential or likely variations in relation to the General Fund, Housing Revenue Account and Capital Programme compared to the Budget be noted.
- (2) That, subject to any further budget variations that arise during the rest of the financial year, the following net transfers of £1,112k be noted.
  - a) The balance of the General Fund surplus of £932k referred to in

section 11.8 of the report be transferred to the Transformation Fund;

- b) Transfer of £45k, being the favourable variance for Planning legal costs to the earmarked reserve, referred to in section 11.8 of the report;
- c) Transfer of £135k, being the favourable variance for Homelessness to the earmarked grants reserve, referred to in section 11.8 of the report.

**Reason for Decisions:** To ensure that Members were kept informed of the current budgetary position for both the General Fund and HRA.

## **62 MCA/17/33 - 2018/19 GENERAL FUND BUDGET - EARLY INDICATION**

- 62.1 Councillor Whitehead, the Cabinet Member for Finance, introduced report MCA/17/33 and moved the recommendation which was seconded by Councillor Whybrow.
- 62.2 In response to questions Councillor Whitehead explained meetings would take place with the key people in service areas. The figures in the report still indicated a decline in future revenue costs. Reserves were there as a one off which they did not want to use, the Council should be sustainable in its own right.
- 62.3 It was noted that Councillors from all parties had been invited to put forward ideas for savings.

By an unanimous vote.

**It was RESOLVED: -**

- (1) That the progress on developing the General Fund Budget for the period 2018/19 to 2021/22 and the intention to increase Council Tax in 2018/19 be noted.

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

## **63 EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**

### **RESOLUTION TO EXCLUDE THE PUBLIC**

By a unanimous vote

**It was RESOLVED:**

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

interest in disclosing the information.

**64 MCA/17/34 - LEASE AGREEMENT**

64.1 The Minute relating to the above mentioned item was excluded from the public record. A summary of the Minute made by the Proper Officer in accordance with sub-section 2 of Section 100(c) of the Local Government Act 1972 was set out below.

64.2 Councillor Whitehead, the Cabinet Member for Finance, introduced report MCA/17/34 and moved the recommendation which was seconded by Councillor Flatman.

The recommendations contained within the report were agreed.

**It was RESOLVED: -**

1.1 That the lease be granted.

**Reason for Decisions:** To formalise the tenancy arrangements between Mid Suffolk District Council and the Cedars Park Community Interest Company.

The business of the meeting was concluded at 4:49pm.

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Chairman



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

January to March 2018

Status	Subject	Summary	Decision Maker & Decision Date	Contacts:		Key Decision?
				Cabinet Member(s)	Officer(s)	
No change since last plan	2018/19 Budget and Medium Term Financial Position	For comment and agreement	Cabinet 8/11 January 2018	Peter Patrick John Whitehead	Katherine Steel 01449 724806 <a href="mailto:Katherine.steel@baberghmidsuffolk.gov.uk">Katherine.steel@baberghmidsuffolk.gov.uk</a>	Yes
Amended	Wingfield Barns	To provide an update	Cabinet 5 February 2018	Julie Flatman Diana Kearsley	Jonathan Free 01449 724859 <a href="mailto:Jonathan.free@midsuffolk.gov.uk">Jonathan.free@midsuffolk.gov.uk</a>	Yes
No change since last plan	Public Realm Transformation Project	To go before a Task and Finish Panel in the first instance – then onto Cabinet	Cabinet 5/8 February 2018	David Burn/ Margaret Maybury	Peter Garrett 01449 724944 <a href="mailto:Peter.garrett@baberghmidsuffolk.gov.uk">Peter.garrett@baberghmidsuffolk.gov.uk</a>	Yes
No change since last plan	Joint Babergh and Mid Suffolk Economic “Open for Business” Strategy	For comment and agreement	Cabinet 5/8 February 2018	John Ward Gerard Brewster	Lee Carvell 01449 724685 <a href="mailto:lee.carvell@baberghmidsuffolk.gov.uk">lee.carvell@baberghmidsuffolk.gov.uk</a>	Yes
New	Treasury Management Strategy	For comment and agreement	Cabinet 5/8 February 2018	Peter Patrick John Whitehead	Katherine Steel 01449 724806 <a href="mailto:Katherine.steel@baberghmidsuffolk.gov.uk">Katherine.steel@baberghmidsuffolk.gov.uk</a>	
Amended	Local Tourism Strategy Review	CONFIDENTIAL This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions	Cabinet 5/8 February 2018	John Ward Gerard Brewster	Lee Carvell 01449 724685 <a href="mailto:lee.carvell@baberghmidsuffolk.gov.uk">lee.carvell@baberghmidsuffolk.gov.uk</a>	Yes

<b>No change since last plan</b>	Leisure Investment Options	To comment and agree	Cabinet 8 February 2018	Margaret Maybury	Chris Fry 01449 724805 <a href="mailto:Chris.fry@baberghmidsuffolk.gov.uk">Chris.fry@baberghmidsuffolk.gov.uk</a>	Yes
<b>No change since last plan</b>	The Provision of Additional Homeless Accommodation in Stowmarket to support the introduction of the Homeless Reduction Act April 2018	CONFIDENTIAL This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions	Cabinet 5 February 2018	Jan Osborne Jill Wilshaw	David Cleary 07931 556990 <a href="mailto:David.cleary@baberghmidsuffolk.gov.uk">David.cleary@baberghmidsuffolk.gov.uk</a>	Yes
<b>Amended</b>	CONFIDENTIAL – Regeneration report	CONFIDENTIAL This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person (including the Council) with regards to detailed financial information to enable negotiated acquisitions.	Council 22 February 2018 Cabinet 5 March 2018	Nick Gowrley	Ian Winslett Lou Rawsthorne 01449 724772 <a href="mailto:Louise.rawsthorne@baberghmidsuffolk.gov.uk">Louise.rawsthorne@baberghmidsuffolk.gov.uk</a>	
<b>Amended</b>	CONFIDENTIAL – Regeneration report	CONFIDENTIAL This report will be heard in private as per Paragraph 3 of Part I of Schedule 12A of the Local Government Act 1972, as it contains information relating to the financial or business affairs of any particular person	Council 20 February 2018 Cabinet 8 March 2018	Jan Osborne	Ian Winslett Lou Rawsthorne 01449 724772 <a href="mailto:Louise.rawsthorne@baberghmidsuffolk.gov.uk">Louise.rawsthorne@baberghmidsuffolk.gov.uk</a>	

		(including the Council) with regards to detailed financial information to enable negotiated acquisitions				
<b>Amended</b>	BMS Invest – Consolidated Performance and Risk Report	For comment and agreement	Cabinet 5/8 March 2018 Council 20/22 March 2018	Nick Gowrley Jan Osborne	Ian Winslett Lou Rawsthorne 01449 724772 <a href="mailto:Louise.rawsthorne@babberghmidsuffolk.gov.uk">Louise.rawsthorne@babberghmidsuffolk.gov.uk</a>	
<b>No change since last plan</b>	Review of Housing Allocations Policy	To gain approval for changes to the Housing Allocations Policy	Cabinet 5/8 March 2018	Jan Osborne Jill Wilshaw	Sue Lister 01449 724758 <a href="mailto:Sue.lister@babberghmidsuffolk.gov.uk">Sue.lister@babberghmidsuffolk.gov.uk</a>	Yes
<b>No change since last plan</b>	Quarter Three Budgetary Control	For comment and agreement	Cabinet 5/8 March 2018	Peter Patrick/John Whitehead	Katherine Steel 01449 724806 <a href="mailto:Katherine.steel@babberghmidsuffolk.gov.uk">Katherine.steel@babberghmidsuffolk.gov.uk</a>	Yes
<b>No change since last plan</b>	Neighbourhood Plan Update	To give an update on Neighbourhood plans	Cabinet TBA	David Whybrow/ Lee Parker	Paul Bryant/Paul Munson 01449 724771 <a href="mailto:Paul.bryant@babberghmidsuffolk.gov.uk">Paul.bryant@babberghmidsuffolk.gov.uk</a>	Yes
<b>To be removed</b>	<i>Introduction of Fixed Term Tenancies</i>	<i>No date scheduled at present</i>	<i>Cabinet TBA</i>	<i>Jan Osborne/ Jill Wilshaw</i>	<i>Sue Lister 01449 724758 <a href="mailto:Sue.lister@babberghmidsuffolk.gov.uk">Sue.lister@babberghmidsuffolk.gov.uk</a></i>	Yes
<b>To be removed</b>	<i>Taking Forward the Suffolk Growth Framework – Next Steps</i>	<i>No new date scheduled at present</i>	<i>SCOLT to advise.</i>	<i>John Ward/Gerard Brewster</i>	<i>Tom Barker 01449 724647 <a href="mailto:Tom.barker@babberghmidsuffolk.gov.uk">Tom.barker@babberghmidsuffolk.gov.uk</a></i>	



# Agenda Item 8

## MID SUFFOLK DISTRICT COUNCIL

<b>From: Cabinet Member - Finance</b>	<b>Report Number: MCa/17/37</b>
<b>To: Cabinet</b>	<b>Date of meeting: 8 January 2018</b>

### **DRAFT JOINT MEDIUM TERM FINANCIAL STRATEGY AND 2018/19 BUDGET**

#### **1. Purpose of Report**

- 1.1 To consider the draft Joint Medium Term Financial Strategy (MTFS) and draft 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**

- 2.1 That the draft Joint Medium Term Financial Strategy (MTFS) and Budget proposals set out in the report be endorsed, subject to further consideration at the February meeting for recommendation to Council.
- 2.2 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, which will be considered further at the February Cabinet meeting.
- 2.3 That the draft Housing Revenue Account (HRA) Investment Strategy 2018/19 to 2022/23 and draft HRA Budget for 2018/19 be agreed, subject to further consideration at the February Cabinet meeting.
- 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 Sheltered Housing Supported people cost of £3 per week to be removed. Service charges to be increased by £5 per week for each scheme (set at £4 cap per week last year) meaning a net increase of £2 per week to tenants. This will reduce the subsidy by £30k.

2.6	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 D be noted.
2.10	That the proposed Capital Programme in Appendix C be agreed.
The Medium Term Financial Strategy (MTFS) and Budget will be subject to final determination by Cabinet and Council in February 2018.	
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### 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: -

<b>GENERAL FUND</b>			
<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
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 Transformation Fund to support the MTFS and an Investment Strategy.
<b>HRA</b>			
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 on the final Budget proposals will be included in the February report that will set out the key risk areas of expenditure and income that are reflected in the Council's Budget.

## **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 councils in Suffolk and Suffolk County Council were one of the 10 new areas selected for the 100% business rates retention pilots in the 2018/2019.
- 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 draft updated MTFS is attached at Appendix E 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 seven key actions:
- (a) Aligning resources to the Councils' refreshed strategic plan and essential services.
  - (b) Continuation of the shared service agenda, collaboration with others and transformation of service delivery.
  - (c) Behaving more commercially and generating additional income.
  - (d) Considering new funding models (e.g. acting as an investor).
  - (e) Encouraging the use of digital interaction and transforming our approach to customer access.
  - (f) Taking advantage of new forms of local government finance (e.g. New Homes Bonus, Business Rates Retention).
  - (g) 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 grant 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.

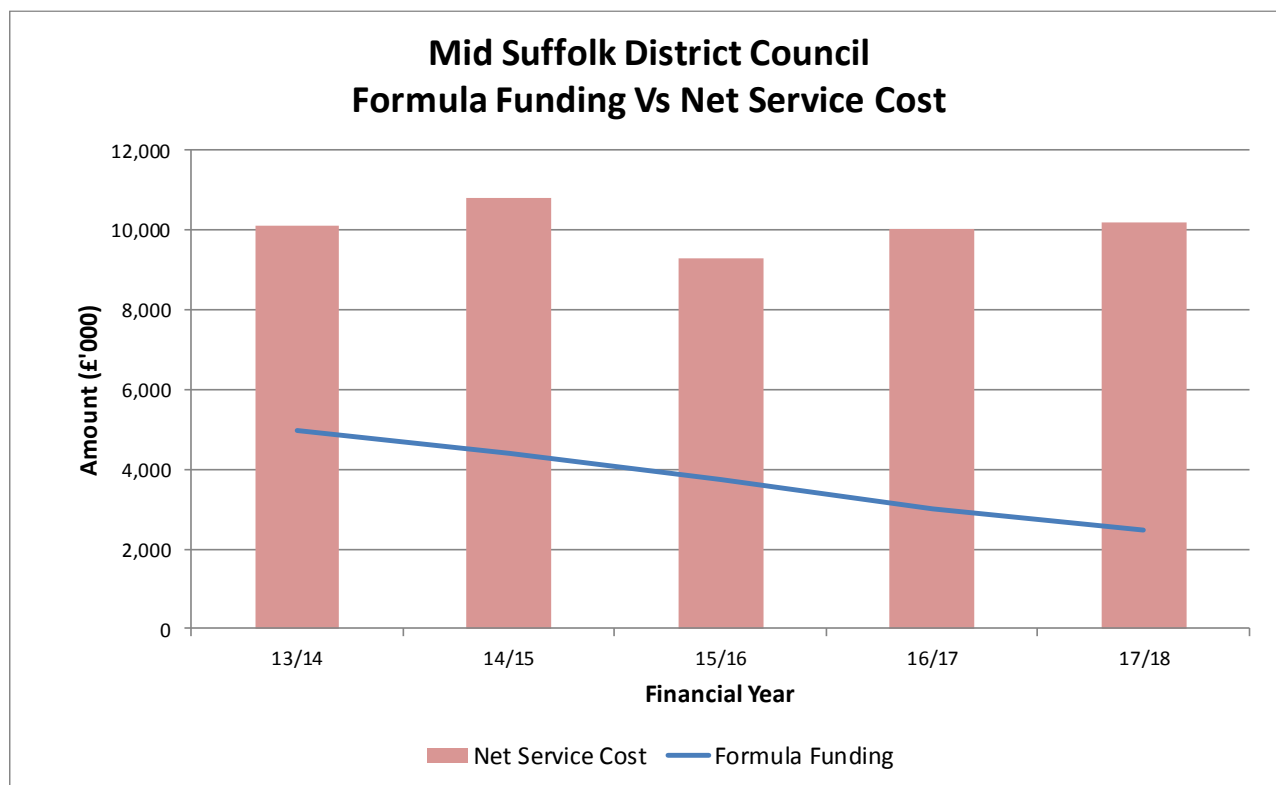


- 10.6 The future funding of New Homes Bonus continues to remain an uncertainty, with this in mind, the intention is to strive for a position where the Council is no longer reliant on New Homes Bonus to balance the core budget.
- 10.7 The details within the Joint MTFS shows a cumulative funding pressure over the three years 2019/20 to 2021/22, of £2.5m. This has been updated following the Local Government Finance Settlement announcement on 19 December.
- 10.8 Each Council is being asked to agree the key aspects of the proposed Budget for 2018/19 and endorse the draft 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 have seen a 69% cumulative cut in revenue support grant over the four years from 2013/14 to 2017/18. Under the business rates pilot scheme, the council will no longer receive the Revenue Support Grant and the Rural Services Delivery Grant. These have been rolled up in the baseline business rates figure. The government has pledged that no authority will be adversely affected by the pilot and will adjust the tariff/top ups to deal with this. Further work will be undertaken to understand the full financial impact of this change and will be updated in the final budget report presented to Cabinet in February.
- 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 saving and income generating initiatives have meant that service levels could be maintained. 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 Transformation Fund reserve, however since 2015/16 an element of this was used to balance the budget.
- 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 New Homes Bonus (NHB) is reducing from £2.028m to £1.463m. 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;

11.6 Councils are becoming reliant on Business Rates income and 'incentivised' funding such as the New Homes Bonus. Business rates and new homes growth will, therefore, be the main sources of income (plus other income generated locally) if we are to achieve a sustainable Budget in the years ahead. As indicated in paragraph 10.6 above the national total for NHB is reducing, so significant housing growth will need to be achieved to match historic income levels.

11.7 It must be emphasised that the Councils core funding is now predominantly business rates income, especially for Mid Suffolk, being part of the Suffolk pilot for 100% business rates retention in 2018/19. 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. This is carefully monitored and the volatility and risks, 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.

- 11.8 Business rates and new homes growth will, therefore be the main sources of income (plus other income generated locally) if we are to achieve a sustainable budget in the years ahead.

## **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 draft Medium Term Financial Strategy (MTFS) at Appendix E, 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 transformation 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 will be fully invested by December 2018. It is estimated that this will generate an additional £714k over the next four years.
- 12.6 The draft budget models an increase in Council Tax of 0.5% in 2018/19, this would generate an additional £101k.

### **13. GF 2018/19 Draft Budget**

- 13.1 The summary at Appendix B shows the key changes between the 2017/18 and 2018/19 and across the period of the MTFS. Additional cost pressures in 2018/19 are £541k, as well as net service cost pressures of £2.237m, this has been offset by the work set out above in identifying savings of £2.179m.
- 13.2 In order to achieve a balanced budget for 2018/19 Mid Suffolk has had to utilise £578k of the £1.463m of New Home Bonus expected in 2018/19 compared to £250k of the £2.028m received in 2017/18 which was used to support Community Capacity Building. £267k of £600k received for S31 business rates grant was used to balance the core budget.
- 13.3 A number of key assumptions have been made in formulating the draft 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 31<sup>st</sup> 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
- 13.4 The figures relating to the draft Budget shown in Appendix A are provisional and are still being reviewed, they will be finalised for the February Budget report. In order to provide further details on the 2018/19 budget, a full breakdown can be found in the form of the Council's draft Budget Book attached at Appendix F.
- 13.5 In relation to earmarked reserves, the estimated balance of earmarked reserves at the end of 2018/19 is £14.2m, including the Transformation Fund balance of £11.8m. 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 draft Capital Programme is attached at Appendix C.
- 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 D 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 2020/21 will reduce the impact of this on the 30-year plan.
  - This Act reduced the benefit cap for working age families from £23k to £20k

- The Act also requires councils to sell their high value council homes to fund Right to Buy discounts for housing association tenants. A letter from the Housing Minister following the Autumn Statement explained that the pilot scheme for housing association Right to Buy will be expanded. The government have not made it clear when the introduction of this levy may commence. Details of how the levy will be calculated are still unknown. On the advice of the Chartered Institute of Housing the budget does not include a figure for the levy.
- The impact of these measures and the action required to mitigate them are described in section 18.4 of this report

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

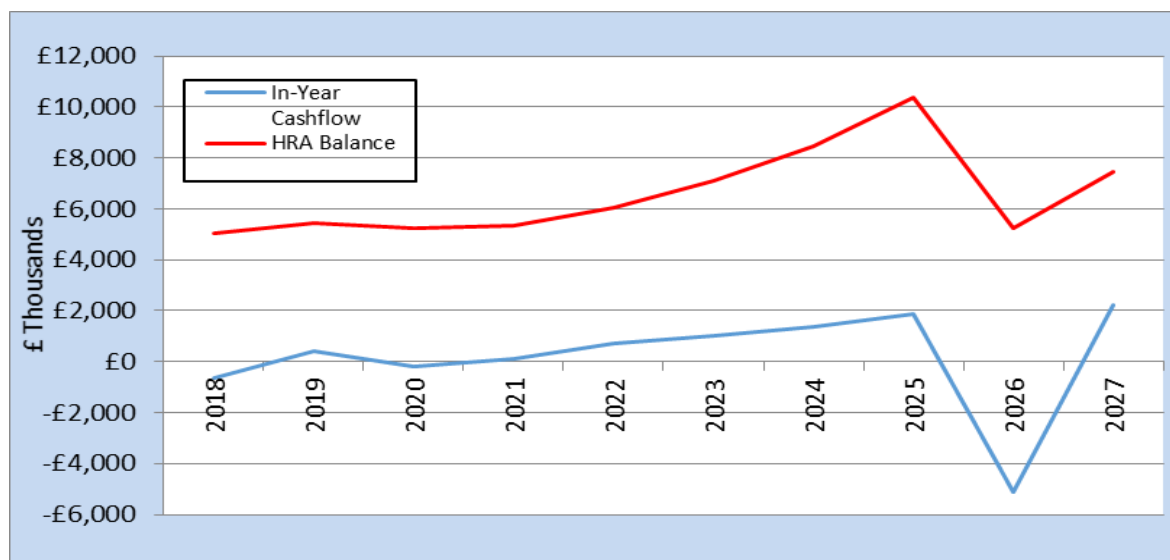
## 17 HRA Potential Resources Available for Investment

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

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

This graph shows reserve balances within the HRA 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

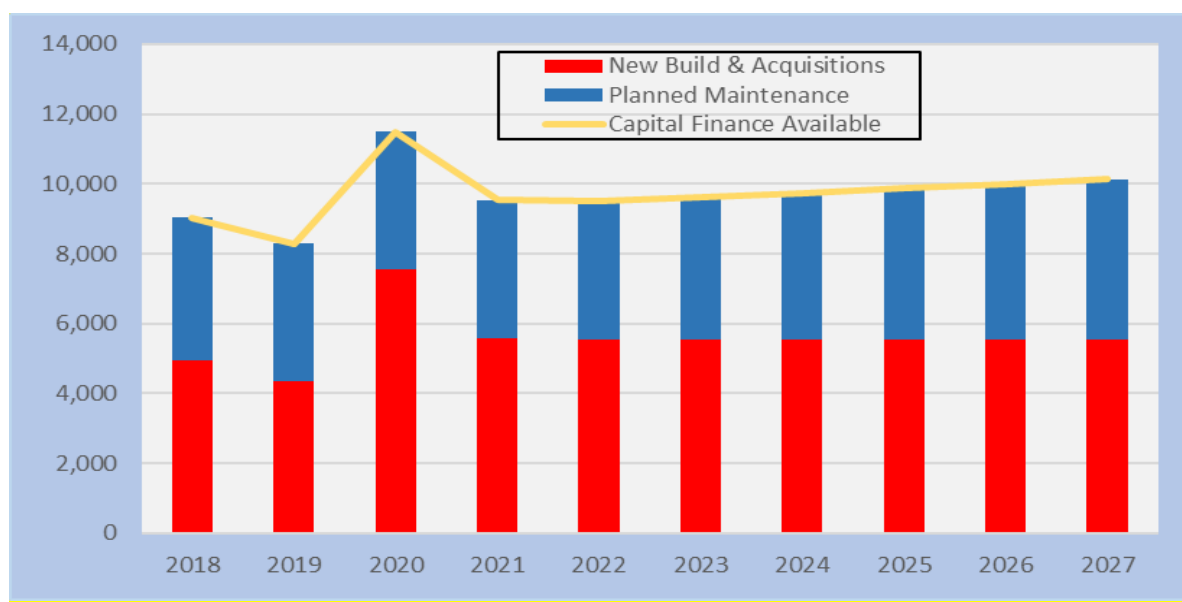


Graph B - Capital Programme from 2018/19 for 10 years (based on a 1% rent reduction in years 1 to 2 followed by a CPI +1% rent increase in years 3 to 10)

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 draft 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 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**

- 18.8 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 141 match funding requirements in 2020/21 of £2.2m which will offset any rent increase in this year.
- 18.9 The money received from RTB sales can only be used as 30% towards the cost of a replacement home. 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.
- 18.10 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 Draft Budget 2018/19**

- 19.1 The table below sets out the draft 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)	
<b>Total Net Income</b>	<b>(15,455)</b>	<b>(14,849)</b>	<b>(532)</b>	
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 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.
<b>Total Expenditure</b>	<b>16,169</b>	<b>15,584</b>	<b>585</b>	
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	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	

19.2 A revised and updated HRA Business Plan is attached at Appendix D, 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 draft Capital Programme is attached at Appendix C. 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:

<b>Expenditure</b>	<b>£m</b>
Housing Maintenance Programmes	<b>15.9</b>
New build (HCA programme)	<b>0.1</b>
RTB receipt funding	<b>22.3</b>
<b>Total</b>	<b>38.3</b>
<b>Financing</b>	
Capital receipts disposals and RTB receipts and HCA Grant	<b>23.3</b>
Revenue Contributions	<b>13.7</b>
Borrowing	<b>1.3</b>
<b>Total</b>	<b>38.3</b>
Remaining Borrowing Headroom available (31 March 2022)	<b>3.8</b>

## 21. Appendices

<b>Title</b>	<b>Location</b>
Appendix A – Draft General Fund Budget Summary 2018/19	Attached
Appendix B – Movement of service cost budget year on year	Attached
Appendix C – Draft Capital Programmes	Attached
Appendix D – Draft updated HRA Business Plan	Attached
Appendix E – Draft Joint Medium Term Financial Strategy	Attached
Appendix F – Draft Budget Book 2018/19	Attached

## 22. Background Documents

Local Government Finance Settlement.

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**Draft General Fund Budget Summary 2018/19****GENERAL FUND REVENUE BUDGET SUMMARY**

		<b>2017/18 £'000</b>	<b>2018/19 £'000</b>	<b>Movement £'000</b>
1	Employee Costs	8,715	9,077	363
2	Premises	794	789	(5)
3	Supplies & Services	4,083	4,313	230
4	Transport	335	445	110
5	Contracts	3,078	3,297	219
6	Third Party Payments	16,964	16,964	0
7	Income	(25,500)	(25,699)	(199)
8	Charge to HRA	(1,042)	(1,026)	16
9	Charge to Capital	(287)	(271)	16
10	Capital Financing Charges	962	2,253	1,291
11	Investment Income	(897)	(1,881)	(984)
12	<u>Transfers to Reserves</u>			
	(a) New Homes Bonus	2,028	1,463	(565)
	(b) S31 Business Rates Grant	600	764	164
	(c) Other	99	42	(57)
	<b>Net Service Cost</b>	<b>9,934</b>	<b>10,532</b>	<b>597</b>
13	Transformation Fund - Staffing (NHB)	(490)	(52)	438
14	Transformation Fund - Community Capacity Building (NHI)	(250)	(250)	-
15	Transfers from Reserves - earmarked	(82)	(1,155)	(1,073)
16	S31 grant	(267)	(764)	(497)
17	New Homes Bonus to balance budget	-	-	-
			975	
18	Deficit / (Surplus) on Collection fund	(89)	(70)	1,064
19	Revenue Support Grant (RSG)	(371)	-	371
20	Baseline business rates	(2,124)	(2,571)	(447)
21	Business rates – growth/pooling benefit	(79)	(151)	(72)
22	Transition Grant	(39)	-	39
23	Rural Services Support Grant	(347)	0	347
24	Council Tax	(5,797)	(5,915)	(118)
	<b>Total Funding</b>	<b>(9,934)</b>	<b>(9,953)</b>	<b>52</b>
25	Shortfall in funding / (Surplus Funds)	<b>0</b>	<b>578</b>	<b>649</b>
	<b>Minimum New Homes Bonus available</b>	<b>-</b>	<b>(1,463)</b>	<b>(1,463)</b>
	Council Tax Base	(35,786)	(36,337)	(552)
	Council Tax for Band D Property	161.97	162.78	0.81
	<b>Council Tax</b>	<b>(5,797)</b>	<b>(5,915)</b>	<b>(118)</b>

**Movement of Service Cost budget year on year**

<b>MID SUFFOLK - MOVEMENT YEAR ON YEAR</b>	<b>17/18 to 18/19 £000</b>
<b>Net Service Cost previous year</b>	<b>9,934</b>
<b><u>Cost Pressures</u></b>	
<b><u>Inflation</u></b>	
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	4
Insurance Premiums	5
Business Rates	10
<b>Sub total cost pressure</b>	<b>541</b>
<b><u>Other increases to net service cost</u></b>	
<b><u>BMS Invest</u></b>	
Staff costs	144
<b><u>Communities</u></b>	
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
<b><u>Corporate Resources</u></b>	
Stowmarket Middle School - business rates	63
Shared Revenues Partnership contract increase	40
Needham Market High School - business rates	31
Organisational Development inc Health and Safety - staff costs	25
Phased reduction of general savings	20
Reduction to HB Admin Subsidy Grant	17
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
<b><u>Environment and Commercial Partnerships</u></b>	
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
<b><u>Customer Services</u></b>	
Contribution to Sudbury Customer Access Point	39
Customer Services - staff costs	7
<b><u>Housing</u></b>	
Homelessness - staff costs (funded from grants)	101
<b><u>Law and Governance</u></b>	
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
<b><u>Planning for Growth</u></b>	
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
<b><u>Property Services</u></b>	
Needham HQ security costs	114
Capital Projects - staff costs	31
PV Panels - cleaning and repairs / maintenance	11
<b><u>Other Cost Pressures</u></b>	
Minimum Revenue Provision (MRP)	658
Accommodation - All Together	68
Movement in Reserves	56
SLT staff costs	25
Recharge to Capital	16
Recharge to HRA	17
Modern Apprentice Levy - net cost	17
<b>Sub total other increases to net service cost</b>	<b>2,237</b>

<b><u>Actions to offset increases to net service cost</u></b>	
Inflation - income	(15)
<b><u>Communities</u></b>	
Car Parks - general premises expenditure including business rates	(69)
Public Realm - staff costs	(61)
Public Footpaths / Rights of Way income (net)	(8)
<b><u>Corporate Resources</u></b>	
Management Review Savings	(147)
Cedars Park - lease income	(18)
Commissioning and Procurement - staff costs	(14)
Stationery	(12)
Corporate Training	(10)
External Audit Fees	(10)
I-Trent	(7)
Early retirement pension costs	(6)
Finance - staff costs	(5)
Contracted services (Vertas)	(3)
<b><u>Customer Services</u></b>	
ICT - staff costs	(30)
ICT costs - miscellaneous (net)	(25)
<b><u>Environment and Commercial Partnerships</u></b>	
Garden Waste Income (net)	(43)
Trade Waste income	(42)
Building control - Staffing Costs	(25)
Income for Food Hygiene Rating System rescore visits	(1)
<b><u>Housing</u></b>	
Homelessness - flexible support and new burden grants	(125)
<b><u>Law and Governance</u></b>	
Course conference fees for members	(1)
Impact of the Boundary Review	
<b><u>Planning for Growth</u></b>	
Planning fee income - volume increase	(370)
Planning fee income - 20% price increase	(200)
Reduction of License costs for UNIFORM	(39)
CIL 5% to cover admin costs	(11)
<b><u>Senior Leadership Team</u></b>	
Miscellaneous Supplies & Services	(4)
Professional & Consultancy fees	(3)
<b><u>Other Savings</u></b>	
Removal of Transformation Funded Posts	(372)
CIFCO	(304)
Increase vacancy management contingency to 2.5%	(112)
Other items (net)	(41)
Interest payable / receivable	(46)
Pooled Funds income (net of management fees)	(1)
<b>Sub total actions</b>	<b>(2,179)</b>
<b>Total Net Service Cost movement</b>	<b>598</b>
<b>New Net Service Cost</b>	<b>10,532</b>

MID SUFFOLK - MOVEMENT YEAR ON YEAR		17/18 to 18/19 £000
<b>Funding previous year</b>		<b>(9,934)</b>
<b>Cost Pressures</b>		
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 within baseline Business Rates	347	
Business Rates - tariff	-	
Change to collection fund surplus	19	
<b>Sub total cost pressure</b>	<b>1,750</b>	
<b>Savings / Actions to increase funding</b>		
Movement in Reserves	(1,132)	
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)	(101)	
Growth in taxbase	(17)	
<b>Sub total savings /actions to increase funding</b>	<b>(1,769)</b>	
<b>New Year Funding</b>	<b>(9,953)</b>	
<b>Annual Budget (surplus)/deficit</b>	<b>578</b>	



**DRAFT 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
<b>Supported Living</b>												
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
<b>Total Supported Living</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>2,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,503</b>	<b>0</b>	<b>800</b>	<b>2,303</b>
<b>Strategic Planning</b>												
Grants for Affordable Housing	100	100	100	100	400						400	400
<b>Total Strategic Planning</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>400</b>
<b>Sustainable Environment</b>												
Electric Vehicle Charging Points	396	0	0	0	396				396			396
<b>Total Sustainable Environment</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>396</b>
<b>Environment and Projects</b>												
Replacement Refuse Freighters - Joint Scheme	0	185	185	0	370						370	370
Recycling Bins	80	75	75	75	305	24					281	305
<b>Total Environmental Services</b>	<b>80</b>	<b>260</b>	<b>260</b>	<b>75</b>	<b>675</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>651</b>	<b>675</b>
<b>Communities and Public Access</b>												
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
<b>Total Communities and Public Access</b>	<b>420</b>	<b>383</b>	<b>367</b>	<b>358</b>	<b>1,527</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,527</b>	<b>1,527</b>

**DRAFT 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
<b>Leisure Contracts</b>												
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
<b>Total Leisure Contracts</b>	<b>485</b>	<b>215</b>	<b>135</b>	<b>135</b>	<b>970</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>970</b>	<b>970</b>
<b>Capital Projects</b>												
Planned Maintenance - Corporate Buildings	80	80	80	80	320						320	320
<b>Total Capital Projects</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>320</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>320</b>
<b>Investment and Commercial Delivery</b>												
Open for Business	30	0	0	0	30						30	30
Land assembly, property acquisition and regeneration opportunities	1,925	1,925	1,925	1,925	7,700						7,700	7,700
<b>Total Investment and Commercial Delivery</b>	<b>1,955</b>	<b>1,925</b>	<b>1,925</b>	<b>1,925</b>	<b>7,730</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,730</b>	<b>7,730</b>
<b>Corporate Resources</b>												
ICT - Hardware / Software costs	200	200	200	200	800	69		200			531	800
<b>Total Corporate resources</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>800</b>	<b>69</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>531</b>	<b>800</b>
<b>Total General Fund Capital Spend</b>	<b>4,291</b>	<b>3,738</b>	<b>3,643</b>	<b>3,449</b>	<b>15,121</b>	<b>93</b>	<b>0</b>	<b>200</b>	<b>1,899</b>	<b>0</b>	<b>12,929</b>	<b>15,121</b>
<b>Total Capital Spend</b>	<b>13,329</b>	<b>12,029</b>	<b>15,129</b>	<b>12,977</b>	<b>53,464</b>	<b>3,528</b>	<b>19,913</b>	<b>13,847</b>	<b>1,899</b>	<b>0</b>	<b>14,277</b>	<b>53,464</b>

**DRAFT 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
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<b>Capital Projects</b>												
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
<b>Total HRA Capital Spend</b>	<b>9,037</b>	<b>8,291</b>	<b>11,487</b>	<b>9,528</b>	<b>38,343</b>	<b>3,435</b>	<b>19,913</b>	<b>13,647</b>	<b>0</b>	<b>0</b>	<b>1,348</b>	<b>38,343</b>

**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.

**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
<b>Total Income</b>	<b>15,057</b>	<b>15,265</b>	<b>15,548</b>	<b>16,124</b>	<b>16,721</b>	<b>17,340</b>	<b>17,981</b>	<b>18,809</b>	<b>18,987</b>	<b>19,510</b>
<b>EXPENDITURE:</b>										
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	-64	-11	95	95	98	101	104	107	111
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
<b>Total Revenue Expenditure</b>	<b>-6,181</b>	<b>-5,883</b>	<b>-5,950</b>	<b>-5,969</b>	<b>-6,120</b>	<b>-6,313</b>	<b>-6,511</b>	<b>-6,718</b>	<b>-6,925</b>	<b>-7,141</b>
Interest Paid	-2,754	-2,771	-2,789	-2,817	-2,843	-2,843	-2,843	-2,843	-2,870	-2,515
Interest Received	10	8	7	5	7	12	18	26	18	11
Depreciation	-3,400	-3,402	-3,412	-3,427	-3,435	-3,443	-3,451	-3,460	-3,468	-3,476
<b>Net Operating Income</b>	<b>2,732</b>	<b>3,218</b>	<b>3,403</b>	<b>3,916</b>	<b>4,330</b>	<b>4,752</b>	<b>5,193</b>	<b>5,814</b>	<b>5,741</b>	<b>6,387</b>
<b>APPROPRIATIONS:</b>										
Revenue Contribution to Capital	-3,393	-2,827	-3,604	-3,822	-3,603	-3,713	-3,825	-3,942	-10,849	-4,182
<b>Total Appropriations</b>	<b>-3,393</b>	<b>-2,827</b>	<b>-3,604</b>	<b>-3,822</b>	<b>-3,603</b>	<b>-3,713</b>	<b>-3,825</b>	<b>-3,942</b>	<b>-10,849</b>	<b>-4,182</b>
<b>ANNUAL CASHFLOW</b>	<b>-661</b>	<b>391</b>	<b>-201</b>	<b>94</b>	<b>726</b>	<b>1,040</b>	<b>1,368</b>	<b>1,872</b>	<b>-5,108</b>	<b>2,205</b>
Opening Balance	1,484	823	1,213	1,012	1,106	1,833	2,872	4,240	6,112	1,004
<b>Closing Balance</b>	<b>823</b>	<b>1,213</b>	<b>1,012</b>	<b>1,106</b>	<b>1,833</b>	<b>2,872</b>	<b>4,240</b>	<b>6,112</b>	<b>1,004</b>	<b>3,209</b>

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

# Budget Book 2018/19



## Budget Book 2018/19

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## GENERAL FUND REVENUE BUDGET SUMMARY

		2017/18 £'000	2018/19 £'000	Movement £'000
1	Employee Costs	8,715	9,077	363
2	Premises	794	789	(5)
3	Supplies & Services	4,083	4,313	230
4	Transport	335	445	110
5	Contracts	3,078	3,297	219
6	Third Party Payments	16,964	16,964	0
7	Income	(25,500)	(25,699)	(199)
8	Charge to HRA	(1,042)	(1,026)	16
9	Charge to Capital	(287)	(271)	16
10	Capital Financing Charges	962	2,253	1,291
11	Investment Income	(897)	(1,881)	(984)
12	<u>Transfers to Reserves</u>			
	(a) New Homes Bonus	2,028	1,463	(565)
	(b) S31 Business Rates Grant	600	764	164
	(c) Other	99	42	(57)
	<b>Net Service Cost</b>	<b>9,934</b>	<b>10,532</b>	<b>597</b>
13	Transformation Fund - Staffing (NHB)	(490)	(52)	438
14	Transformation Fund - Community Capacity Building (NHB)	(250)	(250)	-
15	Transfers from Reserves - earmarked	(82)	(1,155)	(1,073)
16	S31 grant	(267)	(764)	(497)
17	New Homes Bonus to balance budget	-	-	-
			975	
18	Deficit / (Surplus) on Collection fund	(89)	(70)	1,064
19	Revenue Support Grant (RSG)	(371)	-	371
20	Baseline business rates	(2,124)	(2,571)	(447)
21	Business rates – growth/pooling benefit	(79)	(151)	(72)
22	Transition Grant	(39)	-	39
23	Rural Services Support Grant	(347)	0	347
24	Council Tax	(5,797)	(5,915)	(118)
	<b>Total Funding</b>	<b>(9,934)</b>	<b>(9,953)</b>	<b>52</b>
25	Shortfall in funding / (Surplus Funds)	<b>0</b>	<b>578</b>	<b>649</b>
	<b>Minimum New Homes Bonus available</b>	<b>-</b>	<b>(1,463)</b>	<b>(1,463)</b>
	Council Tax Base	(35,786)	(36,337)	(552)
	Council Tax for Band D Property	161.97	162.78	0.81
	<b>Council Tax</b>	<b>(5,797)</b>	<b>(5,915)</b>	<b>(118)</b>

GENERAL FUND BUDGET - Services and Activities Summary

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Planning for Growth								
Growth and Sustainable Planning	923	0	214	20	0	0	(1,229)	(73)
Business Improvement	33	0	0	1	0	0	0	34
Strategic Planning	597	0	253	3	0	0	(36)	818
Open for Business	311	7	72	4	0	0	(168)	227
Heritage and Conservation	115	0	104	5	0	0	(80)	144
TOTAL	1,979	7	642	34	0	0	(1,513)	1,150

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

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

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Communities and Public Access								
Strong and Safe Communities	203	0	607	5	0	0	(1)	815
Countryside and Public Realm	952	199	233	142	0	0	(992)	535
Policy and Strategy (Health and Well Being)	97	0	8	4	0	0	0	110
TOTAL	1,253	199	849	151	0	0	(992)	1,460

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Customer Services								
Customer Services	436	0	41	3	0	0	0	480
Business Improvement (Corporate)	117	0	8	1	0	0	0	125
ICT	172	0	320	1	233	0	0	724
Communications	112	0	7	0	0	0	0	119
TOTAL	836	0	376	4	233	0	0	1,449

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Corporate Resources								
HR and Organisational Development	393	0	25	1	0	0	0	420
Financial Services	978	236	173	38	1,091	16,964	(19,692)	(211)
Commissioning and Procurement	126	0	3	1	0	0	0	130
Housing and Regeneration	101	223	140	102	0	0	(17)	549
Senior Leadership Team	621	0	34	10	0	0	0	666
Property Services	375	21	26	17	0	0	(419)	19
TOTAL	2,595	479	402	170	1,091	16,964	(20,128)	1,574

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

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
BMS Invest								
BMS Invest	118	0	83	0	0	0	0	201
TOTAL	118	0	83	0	0	0	0	201

	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
TOTAL	9,077	443	443	445	3,297	16,964	(25,699)	9,187

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## GENERAL FUND BUDGET - Planning for Growth

<b>Growth and Sustainable Planning</b>	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Development Management	923	0	101	20	0	0	(1,229)	(185)
Development Management - Appeals	0	0	113	0	0	0	0	113
	<b>923</b>	<b>0</b>	<b>214</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>(1,229)</b>	<b>(73)</b>

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

<b>Strategic Planning</b>	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Infrastructure Team - CIL	54	0	0	0	0	0	(11)	43
Strategic Planning General	0	0	1	0	0	0	0	1
Development Policy and Local Plans	436	0	91	2	0	0	0	529
Local Plans	0	0	41	0	0	0	0	41
Social Housing	97	0	4	1	0	0	(25)	78
Housing Enabling	0	0	10	0	0	0	0	10
Housing Enabling	10	0	106	0	0	0	0	116
	<b>597</b>	<b>0</b>	<b>253</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>(36)</b>	<b>818</b>

<b>Open for Business</b>	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Alcohol, Entertainments and Late Night Refreshment	40	0	0	(2)	0	0	(63)	(24)
Economic Development	115	0	20	5	0	0	0	139
Economic Development - additional capacity (Transformation Funded)	26	0	0	0	0	0	0	26
Gambling and Small Lotteries	18	0	0	1	0	0	(6)	13
Stowmarket Tourist Information Centre	85	7	26	0	0	0	(41)	79
South and Heart of Suffolk Marketing Campaign	0	0	20	0	0	0	(8)	12
Other Licences	4	0	0	0	0	0	0	4
Taxi and Private Hire Licensing	23	0	(3)	(1)	0	0	(49)	(31)
Tourism General	0	0	9	0	0	0	0	9
	<b>311</b>	<b>7</b>	<b>72</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>(168)</b>	<b>227</b>

<b>Heritage and Conservation</b>	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Conservation	115	0	1	5	0	0	0	122
Neighbourhood Plans	0	0	102	0	0	0	(80)	22
	<b>115</b>	<b>0</b>	<b>104</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>(80)</b>	<b>144</b>

<b>TOTAL</b>	<b>1,979</b>	<b>7</b>	<b>642</b>	<b>34</b>	<b>0</b>	<b>0</b>	<b>(1,513)</b>	<b>1,150</b>
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## GENERAL FUND BUDGET - Supported Living

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

<b>Housing Options</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
Housing Options	52	0	0	0	0	0	0	52
	<b>52</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52</b>

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

**GENERAL FUND BUDGET - Environment and Commercial Partnerships**

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

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

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

<b>Leisure</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
Hadleigh Pool	0	16	445	0	0	0	(35)	426
	<b>0</b>	<b>16</b>	<b>445</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(35)</b>	<b>426</b>

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

<b>TOTAL</b>	<b>1,338</b>	<b>84</b>	<b>1,206</b>	<b>58</b>	<b>1,974</b>	<b>0</b>	<b>(2,501)</b>	<b>2,158</b>
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## GENERAL FUND BUDGET - Communities and Public Access

<b>Strong and Safe Communities</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
The Arts	22	0	8	1	0	0	(1)	29
Wingfield Barns	0	0	21	0	0	0	0	21
Community Achievement Awards	0	0	3	0	0	0	0	3
Community Development	110	0	1	3	0	0	0	115
Grants and Contributions	33	0	503	1	0	0	0	537
Business Performance	0	0	16	0	0	0	0	16
Civil Protection and Emergency Planning	0	0	25	0	0	0	0	25
Community Safety-General	38	0	31	1	0	0	0	69
Village of the Year	0	0	1	0	0	0	0	1
	203	0	607	5	0	0	(1)	815

<b>Countryside and Public Realm</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
Eye Castle Project	0	0	3	0	0	0	(3)	0
Comm Development - Countryside	45	20	27	5	0	0	(18)	79
Footpaths	22	0	6	1	0	0	(21)	8
Public Conveniences	0	19	0	0	0	0	0	19
Street and Major Road Cleansing	293	0	86	44	0	0	(68)	356
Open Spaces	504	13	64	79	0	0	(129)	532
Public Tree Programme	47	6	0	4	0	0	0	57
Eye Park	0	0	0	0	0	0	(12)	(12)
Car Parks General	40	131	46	2	0	0	(696)	(477)
Stowmarket Lorry Park	0	11	0	0	0	0	0	11
A14 Cleansing	0	0	0	7	0	0	(45)	(38)
	952	199	233	142	0	0	(992)	535

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

<b>TOTAL</b>	<b>1,253</b>	<b>199</b>	<b>849</b>	<b>151</b>	<b>0</b>	<b>0</b>	<b>(992)</b>	<b>1,460</b>
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### GENERAL FUND BUDGET - Customer Services

<b>Public Access</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
Customer Services	436	0	41	3	0	0	0	480
	<b>436</b>	<b>0</b>	<b>41</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>480</b>

<b>Business Improvement Corporate</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
Business Improvement Corporate	117	0	8	1	0	0	0	125
	<b>117</b>	<b>0</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125</b>

<b>ICT</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
ICT	172	0	320	1	233	0	0	724
	<b>172</b>	<b>0</b>	<b>320</b>	<b>1</b>	<b>233</b>	<b>0</b>	<b>0</b>	<b>724</b>

<b>Communications</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
Communications	112	0	7	0	0	0	0	119
	<b>112</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>119</b>

<b>TOTAL</b>	<b>836</b>	<b>0</b>	<b>376</b>	<b>4</b>	<b>233</b>	<b>0</b>	<b>0</b>	<b>1,449</b>
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GENERAL FUND BUDGET - Corporate Resources

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

Financial Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Financial Resources	387	0	29	4	0	0	0	420
Treasury Management	0	0	21	0	0	0	0	21
Bank Charges	0	0	60	0	0	0	0	60
External Audit	0	0	52	0	0	0	0	52
Insurance Premiums	98	122	4	35	0	0	0	258
Pay Inflation and Increment Costs	(212)	0	0	0	0	0	0	(212)
Early Retirement Pension Direct Charges	78	0	0	0	0	0	0	78
Rent Allowances	0	0	0	0	0	9,331	(9,329)	3
Rent Rebates to HRA Dwellings	0	0	0	0	0	7,633	(7,796)	(163)
Council Tax Collection	0	0	0	0	0	0	(206)	(206)
NNDR Collection	0	0	0	0	0	0	(135)	(135)
Shared Revenues Partnership	0	0	8	0	1,091	0	0	1,099
Contingencies/Savings Adjustments	(80)	0	0	0	0	0	0	(80)
Unapportionable Central Overheads	707	114	0	0	0	0	0	821
New Homes Bonus	0	0	0	0	0	0	(1,463)	(1,463)
S31 Business Rates Grant	0	0	0	0	0	0	(764)	(764)
	978	236	173	38	1,091	16,964	(19,692)	(211)

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

Housing and Regeneration	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Asset Utilisation	101	4	4	1	0	0	0	110
Stowmarket Football Ground	0	19	0	0	0	0	(5)	14
Needham Middle School	0	37	0	0	0	0	0	37
Stowmarket Middle School	0	70	0	0	0	0	0	70
Paddock House Eye	0	5	0	0	0	0	0	5
Cedars Park	0	2	0	0	0	0	(12)	(10)
Endeavour House HQ	0	36	136	101	0	0	0	273
Stowmarket Customer Access Point	0	17	0	0	0	0	0	17
Sudbury Customer Access Point	0	19	0	0	0	0	0	19
Touch Down Points	0	13	0	0	0	0	0	13
	101	223	140	102	0	0	(17)	549

Senior Leadership Team	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Net Expenditure £'000
Senior Leadership Team	600	0	34	10	0	0	0	644
Corporate Management	22	0	0	0	0	0	0	22
	621	0	34	10	0	0	0	666

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

TOTAL	2,595	479	402	170	1,091	16,964	(20,128)	1,574
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## GENERAL FUND BUDGET - Law and Governance

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

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

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

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

TOTAL	620	0	662	17	0	0	(365)	934
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**GENERAL FUND BUDGET - BMS Invest**

<b>BMS Invest</b>	<b>Employee Costs £'000</b>	<b>Premises Costs £'000</b>	<b>Supplies &amp; Services £'000</b>	<b>Transport Costs £'000</b>	<b>Major Contracts £'000</b>	<b>Third Party Payments £'000</b>	<b>Income £'000</b>	<b>Net Expenditure £'000</b>
BMS Invest	118	0	83	0	0	0	0	201
	<b>118</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>201</b>

<b>TOTAL</b>	<b>118</b>	<b>0</b>	<b>83</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>201</b>
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## HOUSING REVENUE ACCOUNT 2017/18

	2017/18 £'000	2018/19 £'000
<b>Income</b>		
Dwelling Rent and Other Income	(15,551)	(15,057)
Less Bad Debt Provision	111	145
Interest Income	(27)	(10)
<b>Gross Income</b>	<b>(15,467)</b>	<b>(14,922)</b>

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

<b>Net Operating Income</b>	<b>714</b>	<b>662</b>
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<b>(Surplus)/Deficit for the Year</b>	<b>714</b>	<b>662</b>
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MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22	2018/19	2019/20	2020/21	2021/22	TOTAL BUDGET (over 4 years)	Capital Receipts	Reserves	Revenue Contributions	Government Grants	S106	Borrowing	Total Financing
GENERAL FUND	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£000's	£'000	£'000	£'000	£'000
<b>Supported Living</b>												
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
<b>Total Supported Living</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>2,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,503</b>	<b>0</b>	<b>800</b>	<b>2,303</b>
<b>Strategic Planning</b>												
Grants for Affordable Housing	100	100	100	100	400						400	400
<b>Total Strategic Planning</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>400</b>
<b>Sustainable Environment</b>												
Electric Vehicle Charging Points	396	0	0	0	396				396			396
<b>Total Sustainable Environment</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>396</b>
<b>Environment and Projects</b>												
Replacement Refuse Freighters - Joint Scheme	0	185	185	0	370						370	370
Recycling Bins	80	75	75	75	305	24					281	305
<b>Total Environmental Services</b>	<b>80</b>	<b>260</b>	<b>260</b>	<b>75</b>	<b>675</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>651</b>	<b>675</b>
<b>Communities and Public Access</b>												
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
<b>Leisure Contracts</b>												
Mid Suffolk Leisure Centre - structural repairs	0	0	0	0	0						300	300
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
<b>Total Leisure Contracts</b>	<b>485</b>	<b>215</b>	<b>135</b>	<b>135</b>	<b>970</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>970</b>	<b>970</b>
<b>Capital Projects</b>												
HQ - Equipment Renewals	0	0	0	0	0						320	320
Planned Maintenance - Corporate Buildings	80	80	80	80	320						320	320
Carbon Reduction	0	0	0	0	0						0	0
Housing Stock Solar PV Project	0	0	0	0	0						0	0
<b>Total Capital Projects</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>320</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>320</b>
<b>Investment and Commercial Delivery</b>												
Open for Business	30	0	0	0	30						30	30
<b>Corporate Resources</b>												
ICT - Hardware / Software costs	200	200	200	200	800	69		200			531	800
<b>Total Corporate resources</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>800</b>	<b>69</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>531</b>	<b>800</b>
<b>Delivery Programme Investment Opportunities</b>												
	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total General Fund Capital Spend</b>	<b>4,291</b>	<b>3,738</b>	<b>3,643</b>	<b>3,449</b>	<b>15,121</b>	<b>93</b>	<b>0</b>	<b>200</b>	<b>1,899</b>	<b>0</b>	<b>12,929</b>	<b>15,121</b>
<b>Total Capital Spend</b>	<b>4,291</b>	<b>3,738</b>	<b>3,643</b>	<b>3,449</b>	<b>15,121</b>	<b>93</b>	<b>0</b>	<b>200</b>	<b>1,899</b>	<b>0</b>	<b>12,929</b>	<b>15,121</b>
<b>MID SUFFOLK CAPITAL PROGRAMME 2018/19 - 2021/22</b>												
HOUSING REVENUE ACCOUNT	£'000	£'000	£'000	£'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
<b>Capital Projects</b>												
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
<b>Total HRA Capital Spend</b>	<b>9,037</b>	<b>8,291</b>	<b>11,487</b>	<b>9,528</b>	<b>38,343</b>	<b>3,435</b>	<b>19,913</b>	<b>13,647</b>	<b>0</b>	<b>0</b>	<b>1,348</b>	<b>38,343</b>

## RESERVES

### GENERAL FUND

Estimated Balance 31 Mar 2018 £'000	Transfer into reserves £'000	106 Use of reserves £'000	Estimated Balance 31 Mar 2019 £'000
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#### Contingency Reserves

General Fund Working Balance / Reserve

(1,052)			(1,052)
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#### Earmarked reserves

S106 Agreements

Welfare Reforms

Elections

Government Grants

Business Rates Equalisation Reserve

Community Infrastructure Levy (CIL)

Growth & Sustainable Planning

Strategic Planning

Other including waste

#### Sub total

Transformation Fund

(328)			(328)
(211)			(211)
(63)			(63)
(94)			(94)
(502)			(502)
(412)			(412)
(396)			(396)
(310)			(310)
(568)			(568)
(2,884)	0	0	(2,884)
(10,368)			(10,368)

### TOTAL GENERAL FUND RESERVES

(13,252)	0	0	(13,252)
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# **Joint Medium Term Financial Strategy (MTFS) and the Councils' Business Model**

**2018/19 to 2021/22**

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## **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 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. Jan Osbourne  
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 new business model to 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 an incorporated trading company group structure through which we can generate additional income 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 100% Business Rates Retention
- New Homes Bonus (NHB) is decreasing from £2.028m to £1.463m for Mid Suffolk and from £1.212m to £865k 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 £2.5m by 2021/22. For Babergh, we also estimate a shortfall of £2.2m by 2021/22. Further detail is provided at section 6.3.
- 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

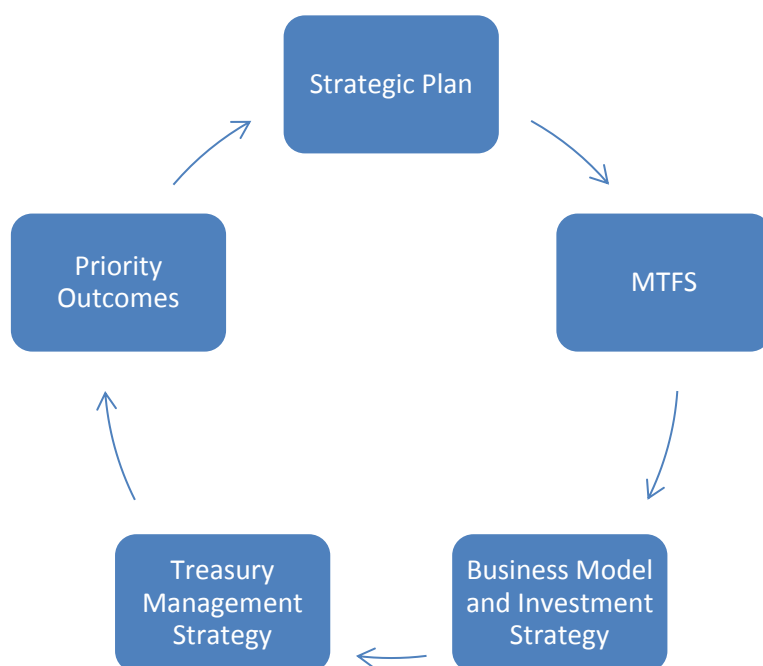
deficit. Therefore, more action and intervention is likely to be needed to achieve financial sustainability in the medium term and to move to a position where neither Council is reliant on NHB. Both Councils will, however, need to transform what they do as the funding change will bring challenges for both Councils.

- Transformation Funds of around £10.4m for Mid Suffolk and £0.6k for Babergh are available currently to invest in changing our business model and generate sustainable economic growth. However, for Babergh with the 2018/19 budget shortfall, this fund could almost be wiped out depending on the 2017/18 outturn position. 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 100% Business Rate Retention pilot arrangements 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.
- 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, but there are indications that uncertainty over the future is now weighing on growth. Transitional arrangements may prevent a cliff-edge, but will also extend the period of uncertainty for several years. Economic growth is therefore forecast to remain sluggish throughout 2018/19.
- 3.2 Consumer price inflation reached 3.0% in September 2017 as the post-referendum devaluation of sterling continued to feed through to imports. However, this effect is expected to fall out of year-on-year inflation measures during 2018, removing pressure on the Bank of England to raise interest rates.
- 3.3 Two of the Bank of England's nine-member Monetary Policy Committee voted for an increase to 0.50% in September, and the decision was said to be finely balanced for others, although all agreed that any increases would be limited and gradual. But stilted progress in the EU exit negotiations, softening consumer spending and a tightening of consumer credit are expected to stay the Committee's hands. The risk of a cut to zero or negative rates has diminished and there is now a chance that rates will rise despite the economic fundamentals.

- 3.4 The UK economy faces a challenging outlook as the minority government continues to negotiate the country's exit from the European Union. UK Q2 2017 GDP growth was 0.3%, after a 0.2% expansion in Q1. The initial expenditure breakdown showed weakness in consumption, business investment and net trade. Both consumer and business confidence remain subdued.
- 3.5 Household consumption growth, the driver of UK GDP growth, has softened following a contraction in real wages. Savings rates are at an all-time low, with little scope for further reduction to smooth consumption. When inflation eventually eases, savings are likely to be replenished, further diverting money away from consumption.
- 3.6 Some data has held up better than expected, with unemployment falling to an all-time low and house prices remaining relatively resilient.
- 3.7 The depreciation in sterling may assist the economy to rebalance away from spending. Export volumes will increase, helped by a stronger Eurozone economic expansion.

### **Government borrowing and spending**

- 3.8 Public sector net borrowing (excluding public sector banks) decreased by £3.1 billion to £48.1 billion in the current financial year-to-date (April 2017 to November 2017), compared with the same period in 2016; this is the lowest year-to-date net borrowing since 2007.
- 3.9 Public sector net borrowing (excluding public sector banks) decreased by £0.2 billion to £8.7 billion in November 2017, compared with November 2016; this is the lowest November net borrowing since 2007.
- 3.10 The Office for Budget Responsibility (OBR) forecast that public sector net borrowing (excluding public sector banks) will be £49.9 billion during the financial year ending March 2018, an increase of £4.4 billion on the outturn net borrowing in the financial year ending March 2017.
- 3.11 Public sector net debt (excluding public sector banks) was £1,734.8 billion at the end of November 2017, equivalent to 84.6% of gross domestic product (GDP), an increase of £72.2 billion (or 1.2 percentage points as a ratio of GDP) on November 2016.
- 3.12 Public sector net debt (excluding both public sector banks and Bank of England) was £1,574.5 billion at the end of November 2017, equivalent to 76.7% of GDP, a decrease of £23.5 billion (or 3.5 percentage points as a ratio of GDP) on November 2016.
- 3.13 Public sector net debt has been reduced by £65.5 billion in November 2017 due to the reclassification of English housing associations from the public to private sector.
- 3.14 Central government net cash requirement decreased by £30.6 billion to £30.7 billion in the current financial year-to-date (April 2017 to November

2017), compared with the same period in 2016; this is the lowest year-to-date central government net cash requirement since 2007.

## **The changing landscape of local government funding**

- 3.15 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 in April 2013
  - Council Housing – the HRA self-financing regime, ending the housing subsidy system and giving more freedom and flexibilities to councils
- 3.16 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.
- 3.17 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.
- 3.18 Other key income sources are as follows, and these funds are predicated on the two Councils following through on their growth strategy and policies:
- Business Rates Retention

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

In order to help manage this risk, and to maximise the potential amount of business rates that are retained within Suffolk, Suffolk County Council and each Suffolk district/borough council submitted a bid, and were successful in becoming a pilot area for 100% Business Rates Retention in 2018/19. The financial benefits are shared between councils and a proportion used to support collaborative ventures that will achieve sustainable economic growth in the region.

- New Homes Bonus

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). Mid Suffolk has put most and Babergh some of the money received to date into a Transformation Fund, to deliver the outcomes and priorities set out in the Joint Strategic Plan and to change the business model.

Growth in the number of new homes built compared to the current/historic annual levels is one of the key drivers of the Councils' business model. The new Joint Local Plan and Strategic Planning and Infrastructure Framework will be key in delivering growth.

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 empty property that is brought back into use. In 2017/18 the Government introduced baseline for growth at 0.4%, so only growth above that figure will receive a NHB payment in future. New homes also increase the council tax base and hence the amount of council tax income received.

- **Additional Income**

We must, wherever possible, generate as much additional income as we can from our activities and 'Invest to Save' in our future in order to achieve funding levels that will deliver our strategic priorities and essential services.

We are already doing this through our Treasury Management Strategy and will also do this by using the Transformation Funds as one-off money to do things differently, better and enter into more commercial ventures e.g. building new homes, borrowing to invest to generate 'profit for purpose' and other new ways of doing business better.

In November 2016 both Councils approved a new Assets and Investment Strategy. The Strategy comprises of three strands, Investment (profit for purpose), Regeneration and Development and Assets.

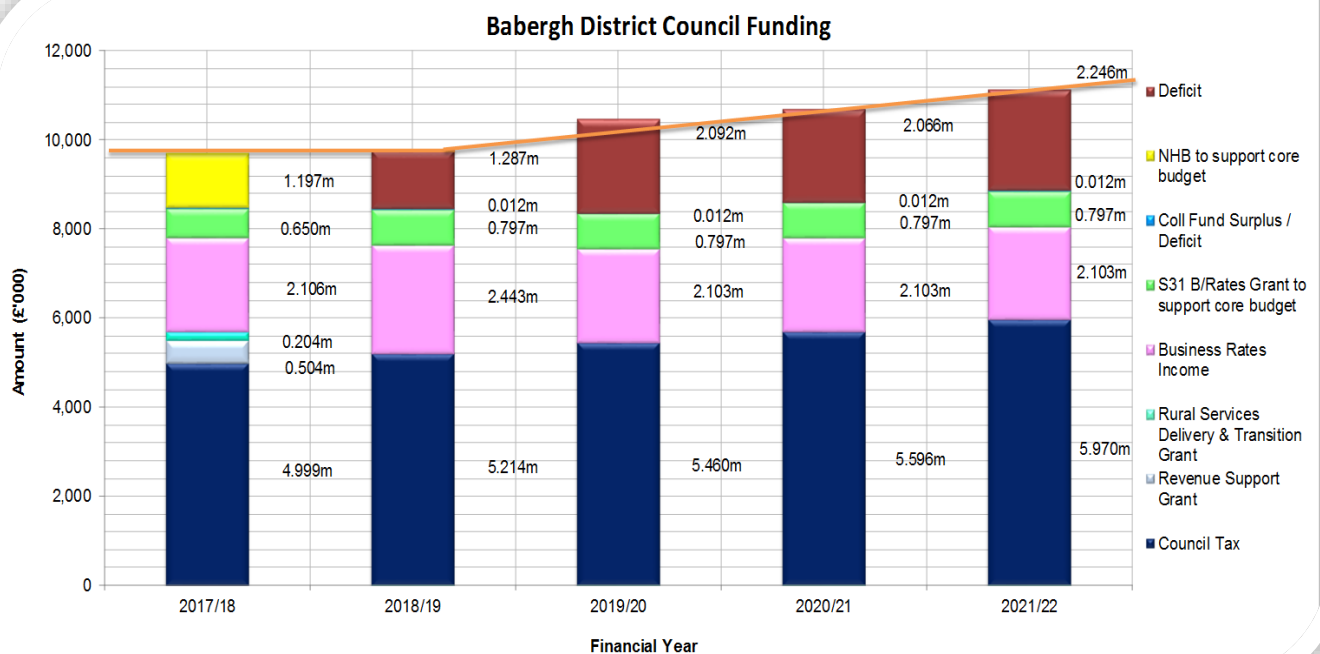
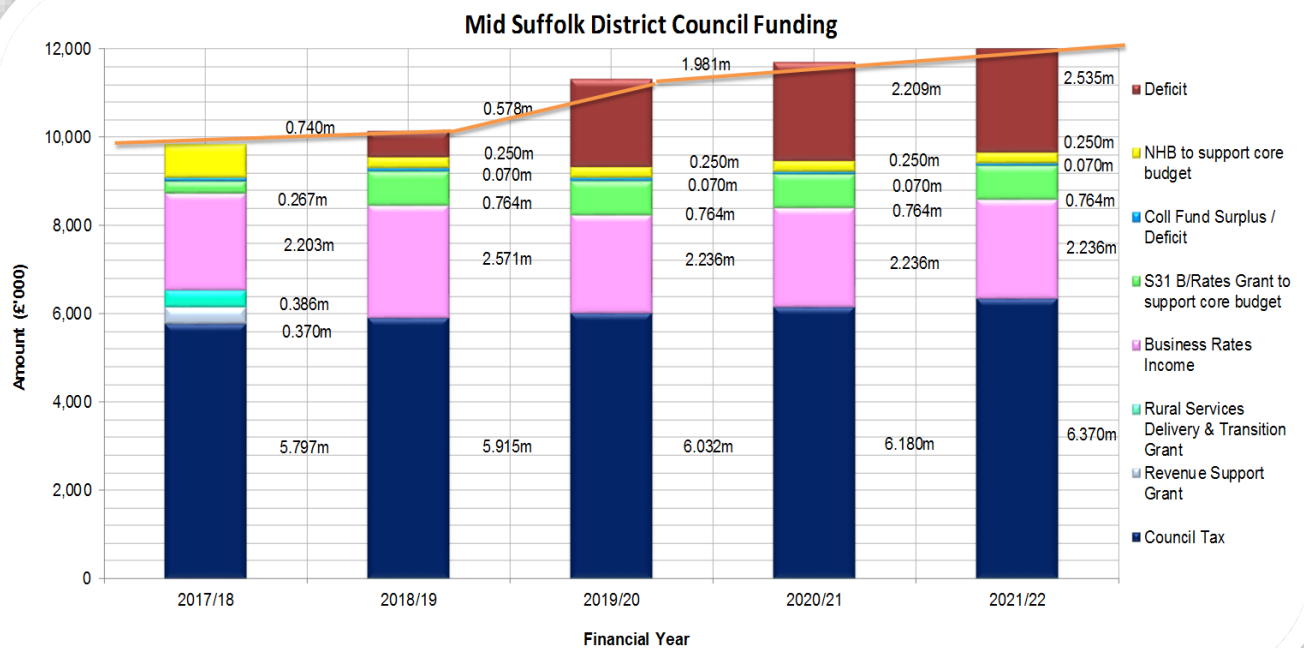
The Strategy provides the framework for the Councils' to jointly invest in commercial assets to generate long term revenue income streams, invest independently or jointly to deliver new homes, jobs and regenerate local areas and make best use of their own and the wider public sectors assets.

Each Council has also determined to use its prudential borrowing powers to invest in a way that will contribute towards our strategic priorities, but also deliver an investment return.

The success of this approach is paramount to future funding and service provision as, without this additional income, cuts to services or service standards will be needed over the next few years.

### **The Funding Gap**

- 3.19 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 surplus or deficit in the funds available. Further steps to increase income and/or reduce costs could still be needed in order to achieve medium term financial sustainability depending upon which assumptions becomes reality.



## **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
  - Not simply monitoring and managing resources and what we spend but 'resource weaving' to make sure that the funds that are available work together, complement each other and produce the maximum outcomes across different activities and with different partners. We need to ensure that our resources are being used to their optimum effect.
  - 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.

The business model requires a strong commitment and leadership to this new way of working and a change in thinking for councillors and officers. The management review and then 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 Transformation 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.
- 4.8 We are continuing to develop and use a Priority Based Resourcing (PBR) and zero based budgeting approach to aligning our resources to our key strategic objectives. As we evolve the PBR process we need to be able to demonstrate that all of our activity and resources are supporting the overall aims of the Councils. We will focus our efforts in the following areas:
1. Corporate core (the things we have to do/provide to just keep the Councils running) - which we will seek to minimise.
  2. Costs of things we must do – essential/statutory services which we will make more efficient and cost effective.
  3. Costs of things that achieve our priorities (some of which will generate new sources of funding e.g. growth).
  4. Pure income generating activities.

### **Our Overall Strategic Response**

- 4.9 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 seven 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.
  4. Considering new funding models (e.g. acting as an investor).
  5. Encouraging the use of digital interaction and transforming our approach to customer access.
  6. Taking advantage of new forms of local government finance (e.g. new homes bonus, business rates retention).
  7. Business and Housing growth.

#### 4.10 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 use what we call a 'Priority Based Resourcing' approach to do this.

We will review all of the Councils' current activities to see which could be approached differently and others that could be scaled back, stopped or provided by someone else. We will also focus on further opportunities for the generation of additional income.

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. There is now a need for a more radical transformation of how we operate and what we do (or don't do) across the public sector.

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 not just across the whole of Suffolk but also 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. 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, further discussions are progressing for other areas.

### **Behaving more commercially and generating additional income**

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

We are beginning to identify areas where there may be commercial opportunities for the Councils to be able to generate additional income. In October, both Cabinets endorsed a new investment and commercial delivery business unit model, which will be called 'BMS Invest'.

The holding companies will provide the focus for such commercial activities, separate from the core functions of the Councils. The holding companies are structured in such a way that should further opportunities arise, this will be a suitable vehicle to deliver other commercial areas.

This MTFS therefore relies far more on commercial behaviours being adopted in a number of areas of the Councils' business.

### **Considering new funding models (e.g. acting as an investor)**

Both Councils have a long tradition of investing in their communities and look to continue to do so, to support the delivery of their shared strategic priorities, and in particular to aid sustainable economic growth across the two districts. Both have invested in opportunities during 2017/18 to promote housing and sustainable economic growth.

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

The Councils have adopted an asset and investment strategy utilising the prudential borrowing facility available to them. The return on this investment has already begun in 2017/18.

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

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

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

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

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

Investment in new IT systems has included the launch of a new single website for both Babergh and Mid Suffolk District Councils and 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, 'UNIFORM', 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

<b>Taking advantage of new forms of local government finance (e.g. New Homes Bonus, Business Rates Retention)</b>
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These new forms of local government finance have now become the key sources of income for councils. The Suffolk 100% Business Rates Retention Pilot in 2018/19 means that this source of funding will become even more important.

The Councils will therefore take the opportunity to grow our 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

To ensure that communities are thriving, growing, healthy, active, and self-sufficient, it is vital that the Council builds and strengthens relationships, working together to understand what works best for them, being at the forefront of service design and to reduce demand, and prevent more costly interventions arising in the future.

### **Links to our Joint Strategic Plan**

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

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

## **5. Investing in our Strategic Priorities and future**

- 5.1 This is our key focus, to ensure the Councils and our communities thrive together. Linked to the business model, we will invest to deliver better outcomes and aim to generate additional income.

### **Funding and Investment Opportunities**

- 5.2 We can do this both through prudential borrowing and using our Transformation Funds to support our delivery plans, new funding models and innovative/different ways of working. The Transformation Funds are increased by receiving the balance of New Homes Bonus funding that is not required to support the budget. We anticipate having £0.6k in the Transformation Fund for Babergh and £10.4m for Mid Suffolk in 2017/18.
- 5.3 As identified earlier in this document, the Government changed the way that New Homes Bonus is distributed to local authorities from 2016/17. With the aim of being able to transfer resources to support social care, councils receive less funding than they have in the past from this source for the same level of growth.
- 5.4 The level of growth will have to increase significantly to maintain the income that has been received in the past, but also to contribute towards future funding shortfalls.
- 5.5 Growing this funding is paramount, but is dependent on communities, the Councils and others working together. It also depends on the wider housing economy, developers, labour and material supply/shortages.
- 5.6 In relation to the potential for additional business rates income, this will depend on sustainable economic growth and the level of appeals. This would contribute towards the funding gap and depending upon the level achieved would also add to the amount of funding available for transformation and projects.
- 5.7 In relation to future prudential borrowing, our Capital Investment Strategy is expected to take 12-18 months from 2017/18 to be fully invested, and will deliver much needed additional income.

### **Council Housing**

- 5.8 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 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.

5.9 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.

5.10 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.

5.11 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 of 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 2020/2021 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	<b>Babergh</b>	<b>Mid Suffolk</b>
1 to 5	£1.0m	£0.9m
1 to 10	£5.4m	£4.8m
1 to 15	£10.7m	£9.5m

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

5.13 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 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.

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

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



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

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

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

### **New build programme and retention of Right to Buy receipts**

- 5.16 Right to Buy (RTB) sales for both Councils have been lower than projections in business plans. In 2016/17 Mid Suffolk sold 26 homes against original projections of 31 sales. Babergh sold 26 homes against original projections of 24 sales.
- 5.17 The money received from RTB sales can only be used as 30% towards the cost of a replacement home. 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.
- 5.18 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.
- 5.19 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.
- 5.20 The forecast position on available investment funds (over the next 4 years) relating to the above is summarised below:

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

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

### **Links to Our Overall Delivery Plans**

5.22 We have developed an ambitious set of projects and an overall delivery plan to reflect our strategic priorities, investment and funding strategies. Some examples of the projects that link to Joint Strategic Plan and MTFS are provided below:

- Providing new homes, including delivering outcomes on strategic sites
- Regenerate the market town centres
- Review of grant funding to support building capacity in the community
- The decision has been made about the future location of the Councils' accommodation
- Investment in IT to drive efficiencies and support new ways of working
- Leisure Strategy

## **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 understanding that some increases may be necessary to maintain services;
- deliver the necessary savings to continue to live within our means;
- continuously improve efficiency 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:

<b>Expenditure</b>	<b>Babergh £m</b>	<b>Mid Suffolk £m</b>
Housing Maintenance Programmes	21.2	15.9
New build (HCA programme)	0.1	0.1
New build (Additional Borrowing)	0	0
RTB receipt funding	15.9	22.3
<b>Total</b>	<b>37.2</b>	<b>38.3</b>
<b>Financing</b>		
Capital receipts disposals and RTB receipts and HCA Grant	17.0	23.3
Revenue Contributions	20.2	13.7
Borrowing	0	1.3
<b>Total</b>	<b>37.2</b>	<b>38.3</b>
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.
- 6.14 We have reviewed the strategy to align to the refreshed Joint Strategic Plan, our delivery plans, this MTFS and the business model.

## **Prudential Borrowing**

- 6.15 Councils can borrow to provide new assets, invest in community facilities and services and maintain assets. They can also borrow to invest in new funding models that will both provide new assets and deliver a rate of return. This is part of the business model that is being adopted. Investment will only be made where it delivers the Councils' Strategic Plan priority outcomes and an agreed rate of return.

## **Managing Risks**

- 6.16 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 and the new business model.
- 6.17 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**

- 6.18 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**

- 6.19 The Councils each hold earmarked reserves, which are earmarked for a particular purpose and are set aside in order to meet known or predicted future expenditure in relation to that purpose.
- 6.20 The level of earmarked reserves at the end of 2017/18 (including the Transformation Fund) is expected to be as follows:
- £13.3m for Mid Suffolk; and
  - £2.2m for Babergh

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

**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	34,886	35,219	35,619	36,115
2	Income (incl. s31 B/Rates Grant)	(23,472)	(24,236)	(23,893)	(23,837)	(23,793)
3	Capital Financing Charges	962	2,253	2,442	2,605	2,601
4	Investment Income	(897)	(1,881)	(1,960)	(2,299)	(2,293)
5	Charge to HRA	(1,042)	(1,026)	(1,046)	(1,067)	(1,088)
6	Charge to Capital	(287)	(271)	(276)	(282)	(288)
7	Transfers to Reserves					
8	S31 Business Rates Grant	600	764	764	764	764
9	Other	99	42	20	20	20
10	<b>Net Service Cost</b>	<b>9,934</b>	<b>10,531</b>	<b>11,269</b>	<b>11,523</b>	<b>12,038</b>
11	<b>Funding:</b>					
12	Other Earmarked Reserves	(82)	(1,155)	(123)		
13	Transformation Fund - DP Project (Staffing)	(490)	(52)			
14	Transformation Fund - Community Capacity Building	(250)	(250)	(250)	(250)	(250)
15	S31 Business Rates Grant	(267)	(764)	(764)	(764)	(764)
16	Government Support					
17	(a) Baseline business rates	(2,124)	(2,571)	(2,236)	(2,236)	(2,236)
18	(b) B/Rates – growth/pooling benefit	(79)	(151)	(151)	(151)	(151)
19	(e) Revenue Support Grant	(370)	-	-	-	-
20	(f) RSG Tariff		-	337	337	337
21	(g) Rural Services Delivery Grant	(347)	0	0	0	0
22	(h) Transition Grant	(39)	-			
23	(h) Business Rates Collection Fund deficit	-	975	-	-	-
24	Collection Fund surplus	(89)	(70)	(70)	(70)	(70)
25	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)
26	Growth in taxbase	(72)	(89)	(64)	(64)	(64)
27	<b>Total Funding</b>	<b>(9,934)</b>	<b>(9,953)</b>	<b>(9,288)</b>	<b>(9,314)</b>	<b>(9,503)</b>
28	2018/19	(0)	578	578	578	578
29	2019/20			1,403	1,403	1,403
30	2020/21				228	228
31	2021/22					326
32	<b>Shortfall in funding / (Surplus Funds) - cumulative</b>	<b>(0)</b>	<b>578</b>	<b>1,981</b>	<b>2,209</b>	<b>2,535</b>
33	Estimated New Homes Bonus (5 year average of No of houses built)		(1,401)	(1,134)	(967)	(971)
34	Estimated New Homes Bonus (projected completions)		(1,405)	(1,391)	(1,471)	(1,627)
35	Minimum New Homes Bonus		(1,463)	(957)	(537)	(290)
36	Council Taxbase	1.30%	1.54%	1.30%	1.30%	1.30%
37	Band D Council Tax	1.60%	0.50%	0.66%	1.15%	1.75%
38	<b>Band D Council Tax</b>	<b>£161.97</b>	<b>£162.78</b>	<b>£163.85</b>	<b>£165.74</b>	<b>£168.64</b>

## Movement of Service Cost Budget Year on Year

MID SUFFOLK - MOVEMENT YEAR ON YEAR	17/18 to 18/19 £000	18/19 to 19/20 £000	19/20 to 20/21 £000	20/21 to 21/22 £000
Net Service Cost previous year	9,934	10,532	11,270	11,523
<b>Cost Pressures</b>				
<b>Inflation</b>				
Employees - 2% pay award	185	168	175	182
Employees - increments	111	168	175	182
Employees - deficit pension fund change (1% increase from 18/19)	240	65	67	69
Other Employee costs	1	1	2	2
Contracts	(17)	66	67	69
Supplies & Services	4	6	7	8
Insurance Premiums	5	5	5	5
Business Rates	10	7	7	7
<b>Sub total cost pressure</b>	<b>541</b>	<b>487</b>	<b>505</b>	<b>524</b>
<b>Other increases to net service cost</b>				
<b>BMS Invest</b>				
Staff costs	144			
<b>Communities</b>				
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			
<b>Corporate Resources</b>				
Stowmarket Middle School - business rates	63	(63)		
Shared Revenues Partnership contract increase	40			
Needham Market High School - business rates	31	(31)		
Organisational Development inc Health and Safety - staff costs	25	(13)		
Phased reduction of general savings	20	20	20	20
Reduction to HB Admin Subsidy Grant	17			
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)		
<b>Environment and Commercial Partnerships</b>				
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		
<b>Customer Services</b>				
Contribution to Sudbury Customer Access Point	39			
Customer Services - staff costs	7			
<b>Housing</b>				
Homelessness - staff costs (funded from grants)	101			
<b>Law and Governance</b>				
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			
<b>Planning for Growth</b>				
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			
<b>Property Services</b>				
Needham HQ security costs	114			
Capital Projects - staff costs	31			
PV Panels - cleaning and repairs / maintenance	11			
<b>Other Cost Pressures</b>				
Minimum Revenue Provision (MRP)	658	167	166	
Accommodation - All Together	68	11	(5)	(39)
Movement in Reserves	56			
SLT staff costs	25			
Recharge to Capital	16	(5)	(6)	(6)
Recharge to HRA	17	(21)	(21)	(21)
Modern Apprentice Levy - net cost	17	1	1	1
<b>Sub total other increases to net service cost</b>	<b>2,237</b>	<b>306</b>	<b>43</b>	<b>(45)</b>



**Movement of Service Cost Budget Year on Year**

<b><u>Actions to offset increases to net service cost</u></b>				
Inflation - income	(15)	(49)	(50)	(52)
<b><u>Communities</u></b>				
Car Parks - general premises expenditure including business rates	(69)			
Public Realm - staff costs	(61)			
Public Footpaths / Rights of Way income (net)	(8)			
<b><u>Corporate Resources</u></b>				
Management Review Savings	(147)			
Cedars Park - lease income	(18)			
Commissioning and Procurement - staff costs	(14)			
Stationery	(12)			
Corporate Training	(10)			
External Audit Fees	(10)			
I-Trent	(7)			
Early retirement pension costs	(6)			
Finance - staff costs	(5)			
Contracted services (Vertas)	(3)			
<b><u>Customer Services</u></b>				
ICT - staff costs	(30)			
ICT costs - miscellaneous (net)	(25)			
<b><u>Environment and Commercial Partnerships</u></b>				
Garden Waste Income (net)	(43)			
Trade Waste income	(42)			
Building control - Staffing Costs	(25)			
Income for Food Hygiene Rating System rescore visits	(1)			
<b><u>Housing</u></b>				
Homelessness - flexible support and new burden grants	(125)			
<b><u>Law and Governance</u></b>				
Course conference fees for members	(1)			
Impact of the Boundary Review		(10)		
<b><u>Planning for Growth</u></b>				
Planning fee income - volume increase	(370)	120	108	97
Planning fee income - 20% price increase	(200)			
Reduction of License costs for UNIFORM	(39)			
CIL 5% to cover admin costs	(11)	(1)	(2)	(2)
<b><u>Senior Leadership Team</u></b>				
Miscellaneous Supplies & Services	(4)			
Professional & Consultancy fees	(3)			
<b><u>Other Savings</u></b>				
Removal of Transformation Funded Posts	(372)	(52)		
CIFCO	(304)	(61)	(347)	(2)
Increase vacancy management contingency to 2.5%	(112)	(7)	(9)	(9)
Other items (net)	(41)			
Interest payable / receivable	(46)	-	-	-
Pooled Funds income (net of management fees)	(1)	4	4	4
<b>Sub total actions</b>	<b>(2,179)</b>	<b>(55)</b>	<b>(295)</b>	<b>37</b>
<b>Total Net Service Cost movement</b>	<b>598</b>	<b>738</b>	<b>253</b>	<b>515</b>
<b>New Net Service Cost</b>	<b>10,532</b>	<b>11,270</b>	<b>11,523</b>	<b>12,038</b>

**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
<b>Funding previous year</b>	<b>(9,934)</b>	<b>(9,953)</b>	<b>(9,289)</b>	<b>(9,314)</b>
<b>Cost Pressures</b>				
Business Rates - collection fund deficit	975	(975)	-	-
Removal of Revenue Support Grant (RSG) - now included within baseline Business Rates	409	-	-	-
Removal of Rural Services Support Grant (RSDG) - now included within baseline Business Rates	347	-	-	-
Business Rates - tariff	-	337	-	-
Change to collection fund surplus	19	-	-	-
<b>Sub total cost pressure</b>	<b>1,750</b>	<b>(638)</b>	<b>-</b>	<b>-</b>
<b>Savings / Actions to increase funding</b>				
Movement in Reserves	(1,132)	1,084	123	-
Business Rates - baseline (now includes RSG & RSDG)	(447)	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)	(101)	(142)	(148)	(190)
Growth in taxbase	(17)	25	-	-
<b>Sub total savings /actions to increase funding</b>	<b>(1,769)</b>	<b>1,302</b>	<b>(25)</b>	<b>(190)</b>
<b>New Year Funding</b>	<b>(9,953)</b>	<b>(9,289)</b>	<b>(9,314)</b>	<b>(9,504)</b>
<b>Annual Budget (surplus)/deficit</b>	<b>578</b>	<b>1,403</b>	<b>228</b>	<b>326</b>
<b>Total 4 year (surplus)/deficit</b>				<b>2,535</b>

**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
<b>Total Income</b>	<b>15,057</b>	<b>15,265</b>	<b>15,548</b>	<b>16,124</b>	<b>16,721</b>
<b>EXPENDITURE:</b>					
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	-64	-11	95	95
Bad Debt Provision	-145	-183	-186	-155	-122
Responsive & Cyclical Repairs	-2,334	-2,536	-2,558	-2,614	-2,697
<b>Total Revenue Expenditure</b>	<b>-6,181</b>	<b>-5,883</b>	<b>-5,950</b>	<b>-5,969</b>	<b>-6,120</b>
Interest Paid	-2,754	-2,771	-2,789	-2,817	-2,843
Interest Received	10	8	7	5	7
Depreciation	-3,400	-3,402	-3,412	-3,427	-3,435
<b>Net Operating Income</b>	<b>2,732</b>	<b>3,218</b>	<b>3,403</b>	<b>3,916</b>	<b>4,330</b>
<b>APPROPRIATIONS:</b>					
Revenue Contribution to Capital	-3,393	-2,827	-3,604	-3,822	-3,603
<b>Total Appropriations</b>	<b>-3,393</b>	<b>-2,827</b>	<b>-3,604</b>	<b>-3,822</b>	<b>-3,603</b>
<b>ANNUAL CASHFLOW</b>	<b>-661</b>	<b>391</b>	<b>-201</b>	<b>94</b>	<b>726</b>
Opening Balance	1,484	823	1,213	1,012	1,106
<b>Closing Balance</b>	<b>823</b>	<b>1,213</b>	<b>1,012</b>	<b>1,106</b>	<b>1,833</b>

**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
<b>Supported Living</b>												
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
<b>Total Supported Living</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>2,303</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,503</b>	<b>0</b>	<b>800</b>	<b>2,303</b>
<b>Strategic Planning</b>												
Grants for Affordable Housing	100	100	100	100	400						400	400
<b>Total Strategic Planning</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>400</b>	<b>400</b>
<b>Sustainable Environment</b>												
Electric Vehicle Charging Points	396	0	0	0	396				396			396
<b>Total Sustainable Environment</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>396</b>	<b>0</b>	<b>0</b>	<b>396</b>
<b>Environment and Projects</b>												
Replacement Refuse Freighters - Joint Scheme	0	185	185	0	370						370	370
Recycling Bins	80	75	75	75	305	24					281	305
<b>Total Environmental Services</b>	<b>80</b>	<b>260</b>	<b>260</b>	<b>75</b>	<b>675</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>651</b>	<b>675</b>
<b>Communities and Public Access</b>												
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
<b>Total Communities and Public Access</b>	<b>420</b>	<b>383</b>	<b>367</b>	<b>358</b>	<b>1,527</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,527</b>	<b>1,527</b>

**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
<b>Leisure Contracts</b>												
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
<b>Total Leisure Contracts</b>	<b>485</b>	<b>215</b>	<b>135</b>	<b>135</b>	<b>970</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>970</b>	<b>970</b>
<b>Capital Projects</b>												
Planned Maintenance - Corporate Buildings	80	80	80	80	320						320	320
<b>Total Capital Projects</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>320</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>320</b>	<b>320</b>
<b>Investment and Commercial Delivery</b>												
Open for Business	30	0	0	0	30						30	30
Land assembly, property acquisition and regeneration opportunities	1,925	1,925	1,925	1,925	7,700						7,700	7,700
<b>Total Investment and Commercial Delivery</b>	<b>1,955</b>	<b>1,925</b>	<b>1,925</b>	<b>1,925</b>	<b>7,730</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,730</b>	<b>7,730</b>
<b>Corporate Resources</b>												
ICT - Hardware / Software costs	200	200	200	200	800	69		200			531	800
<b>Total Corporate resources</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>800</b>	<b>69</b>	<b>0</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>531</b>	<b>800</b>
<b>Total General Fund Capital Spend</b>	<b>4,291</b>	<b>3,738</b>	<b>3,643</b>	<b>3,449</b>	<b>15,121</b>	<b>93</b>	<b>0</b>	<b>200</b>	<b>1,899</b>	<b>0</b>	<b>12,929</b>	<b>15,121</b>
<b>Total Capital Spend</b>	<b>13,329</b>	<b>12,029</b>	<b>15,129</b>	<b>12,977</b>	<b>53,464</b>	<b>3,528</b>	<b>19,913</b>	<b>13,847</b>	<b>1,899</b>	<b>0</b>	<b>14,277</b>	<b>53,464</b>

**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
<b>Capital Projects</b>												
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
<b>Total HRA Capital Spend</b>	<b>9,037</b>	<b>8,291</b>	<b>11,487</b>	<b>9,528</b>	<b>38,343</b>	<b>3,435</b>	<b>19,913</b>	<b>13,647</b>	<b>0</b>	<b>0</b>	<b>1,348</b>	<b>38,343</b>

**Earmarked Funds/Reserves – Mid Suffolk**

Transfers to / from Earmarked Reserves	Balance 31 March 2017 £'000	Transfers 2017/18			Balance 31 March 2018 £'000	Transfers 2018/19			Balance 31 March 2019 £'000
		Intra £'000	Out £'000	In £'000		Intra £'000	Out £'000	In £'000	
<b>General Fund</b>									
Carry Forwards	(314)		314		-				-
Transformation Fund	(8,238)	(308)	1,756	(3,579)	(10,368)		2,184	(2,227)	(11,762)
Non Domestic Rates Equalisation	(639)		137		(502)		502		-
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)				(441)
Strategic Planning	(301)			(9)	(310)		112		(206)
Elections Fund	(48)			(15)	(63)			(20)	(78)
Planning Enforcement	(20)				(20)				(20)
Revocation of Personal Search Fees	(50)				(50)				(50)
Repairs and Renewals	(292)	292			-				-
Eric Jones House	(46)				(46)				(46)
Other	(332)	16		(135)	(452)				(587)
<b>Total General Fund</b>	<b>(11,676)</b>	<b>-</b>	<b>2,207</b>	<b>(3,783)</b>	<b>(13,251)</b>	<b>-</b>	<b>2,798</b>	<b>(2,247)</b>	<b>(14,236)</b>
<b>Total General Fund excluding Transformation</b>	<b>(3,438)</b>	<b>308</b>	<b>451</b>	<b>(204)</b>	<b>(2,884)</b>	<b>-</b>	<b>614</b>	<b>(20)</b>	<b>(2,473)</b>

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