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MSDC CABINET	
DATE:	**MONDAY, 4 FEBRUARY 2019 2.30 PM**
VENUE:	**KING EDMUND CHAMBER - ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH**

Councillors		
Conservative and Independent Group David Burn Julie Flatman Nick Gowrley (Chair) Glen Horn Suzie Morley John Whitehead (Vice-Chair) Jill Wilshaw Gerard Brewster	Green Group Andrew Stringer	Liberal Democrat Group Penny Otton

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A G E N D A

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8	**MCa/18/60 GENERAL FUND BUDGET 2019/20 AND FOUR-YEAR OUTLOOK** Cabinet Member for Finance	9 - 64
9	**MCa/18/61 JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2019/20** Cabinet Member for Finance At its meeting on 14 January 2019, the Joint Audit and Standards Committee scrutinised Paper JAC/18/16 and agreed the recommendations to Cabinet and Council – a link to the report is provided for Members' information. However, a revised version of the report is attached as Paper MCa/18/61 which reflects changes to the numbers since the meeting due to amendments to the capital programme as part of the Budget process.	65 - 124
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Date and Time of next meeting

Please note that the next meeting is scheduled for Monday, 4 March 2019 at 2.30 pm.

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact the Committee Officer on: 01449 724681 or Email: Committees@baberghmidsuffolk.gov.uk

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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, 7 January 2019

PRESENT:

Councillor: Nick Gowrley (Chair)
John Whitehead (Vice-Chair)

Councillors: Gerard Brewster, David Burn, Julie Flatman, Glen Horn, Suzie Morley, Penny Otton, Andrew Stringer

In attendance:

Councillor Roy Barker
Councillor Keith Welham

Chief Executive (AC)
Strategic Director (KN)
Strategic Director (JS)
Assistant Director – Law and Governance (EY)
Assistant Director – Planning for Growth (TB)
Assistant Director – Corporate Resources (KS)
Assistant Director – Housing (GF)
Assistant Director – Environment and Commercial Contracts (CF)
Corporate Manager – Homeless Prevention and Financial Inclusion (HS)
Corporate Manager – Finance (ME)
Corporate Manager – Countryside and Public Realm (PG)
Governance Support Officer (CP)

95 APOLOGIES FOR ABSENCE

Apologies were received from Councillor Jill Wilshaw.

96 DECLARATION OF INTERESTS BY COUNCILLORS

Dispensation was granted to all Councillors by the Monitoring Officer in respect of Item 8 Draft General Fund Budget 2019/20 and Four Year Outlook, and Item 9 Draft Housing Revenue Account (HRA) Budget and Four Year Outlook.

97 MCA/18/51 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 10 DECEMBER 2018

The minutes of the meeting held on 10 December 2018 were confirmed as a correct record.

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

None received.

99 QUESTIONS BY COUNCILLORS

None received.

100 MCA/18/55 JOINT COMMUNITIES STRATEGY

With the agreement of the Chair this item was considered first.

Councillor Flatman (Cabinet Member for Communities) introduced report MCa/18/55 and explained that this has been developed as a consultative draft and at this stage Members had not been asked to comment on a detailed action plan.

Councillor Flatman moved the recommendation which was seconded by Councillor Brewster.

Councillor Stringer commented that under paragraph 10.4 the word business should be replaced with an alternative such as operations for example, and that the role of Councillors should be included in the report. It was agreed that the wording would be looked at accordingly.

The Assistant Director for Planning for Growth responded to questions regarding resolving tensions and contradictory responses received from the consultation.

By a unanimous vote

It was RESOLVED:-

(i) That the consultation approach and timetable for the Joint Communities Strategy described in paragraphs 10.5 and 10.6 of the report be agreed.

(i) That the Assistant Director for Planning and Communities, in consultation with the Cabinet Member for Communities, be given delegated authority to make any minor changes as necessary to the consultation version of the draft Joint Communities Strategy prior to the Strategy going out for consultation.

Reason for Decision: To ensure that Mid Suffolk District Council have an up to date Joint Communities Strategy which provides:

- Strategic leadership on the key community issues facing the districts;
- Coherent and joined up approaches to the way we work with our communities and with partners;

  Greater local accountability for decision making; and
- A more focused approach to community development which has the greatest impact.

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

Matters referred to Cabinet from the Overview and Scrutiny Committee was included under item 12 as part of the discussion of Extension of Serco Contract 2021-2028.

102 FORTHCOMING DECISIONS LIST

The Forthcoming Decisions List was noted.

103 MCA/18/52 DRAFT GENERAL FUND BUDGET 2019/20 AND FOUR YEAR OUTLOOK

Councillor Whitehead, Cabinet Member for Finance, introduced report MCa/18/52 and moved the recommendations with amendments as follows:

Within recommendation 3.3 the reference to paragraph 8.18 should be replaced with 8.20. This was seconded by Councillor Horn.

Councillor Horn declared a non-pecuniary interest in respect of CIFCO.

Councillor Otton raised questions regarding Members locality budgets, the Capital Programme, and care leavers discounts which the Cabinet Member for Finance and the Assistant Director for Corporate Resources provided answers to.

Councillor Otton also queried why in Appendix A there was a rise in costs for premises, and a reduction for third party payments and supplies and services. Councillor Otton and the Corporate Manager, Finance will discuss this outside of the meeting.

The following amendments were agreed:

- Paragraph 6.7, in the right-hand column of the table the words ‘economic growth’ are to be moved to the top of the list.
- Graph 4, New Homes Bonus Payments the column representing year 2019/20 has an incorrect colour showing.

Councillor Otton expressed concerns over money being put into the corporate risk reserve.

By 7 votes to 2

It was RESOLVED:-

(i) That the draft General Fund Budget proposals for 2019/20 and four year outlook set out in the report be endorsed for recommendation to Council on 21 February 2019, subject to further consideration at the next Cabinet meeting on 4 February 2019.

(ii) That the draft General Fund Budget for 2019/20 is based on an increase to Council Tax of 2%, which equates to £3.26 per annum (6p per week) for a Band D property, to support the Council’s overall financial position, which will be considered further at the February Cabinet meeting.

(iii) **That a further £25m be invested in CIFCO as set out in paragraph 8.20 of the report.**

(iv) **That a discretionary Care Leavers Council Tax discount of up to 100% be introduced from the 1st April 2019 as set out in section 11 of the report.**

Reason for Decision: To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Council's General Fund budget before the February Cabinet review and recommendations to Council.

104 MCA/18/53 DRAFT HOUSING REVENUE ACCOUNT (HRA) BUDGET AND FOUR YEAR OUTLOOK

Councillor Whitehead, the Cabinet Member for Finance, introduced report MCa/18/53 on behalf of Councillor Wilshaw, the Cabinet Member for Housing.

The recommendations 1.1 to 1.8 in report MCa/18/53 were to be presented to Full Council for approval.

The Assistant Director for Housing provided responses to questions from Members on the issues of the increases in utility charges and the removal of decorating vouchers.

Councillor Whitehead moved the recommendations which were seconded by Councillor Gowrley.

By 8 votes to 1

It was RESOLVED:-

(i) **That the HRA Budget proposals set out in the report be approved.**

(ii) **That the Housing Revenue Account (HRA) Capital Programme 2019/20 to 2022/23 and HRA Budget for 2019/20 be agreed.**

(iii) **That the mandatory decrease of 1% in Council House rents, equivalent to an average rent reduction of £0.82 a week as required by the Welfare Reform and Work Act, be implemented.**

(iv) **That garage rents are kept at the same level as last year.**

(v) **That Sheltered Housing Service charges be kept at the same level as last year.**

(vi) **That Sheltered Housing utility charges be increased by 5% (average £0.61 increase per week).**

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

(viii) **That the revised HRA Business Plan in Appendix B be noted.**

Reason for Decision: To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Council's Housing Revenue Account budget before the February Cabinet review and recommendations to Council.

105 MCA/18/54 HOMELESS PREVENTION FUND POLICY

The Corporate Manager for Housing Solutions introduced report MCa/18/54. The recommendation was moved by Councillor Gowrley and seconded by Councillor Flatman.

Members discussed the issues of eligibility for the scheme and repayment of loans.

Councillor Horn commented that the team should be recognised for the work they have done.

By a unanimous vote

It was RESOLVED:-

That the introduction of the Homeless Prevention Fund Policy for 2019/20 be approved.

Reason for Decision: By approving the implementation of the policy, it will enable the Housing Solutions Officers to prevent or relieve homelessness in more cases and reduce the demands on temporary accommodation.

106 MCA/18/56 EXTENSION OF SERCO CONTRACT 2021 - 2028

The Cabinet Member for Environment introduced report MCa/18/56. This report had been to both Mid Suffolk and Babergh Overview and Scrutiny Committees where the recommendations were approved. Councillor Burn moved the recommendations and this was seconded by Councillor Brewster.

The Chairman invited Councillor Welham, Chair of the Overview and Scrutiny Committee to make comment.

Councillor Welham thanked Officers for the prompt production of the minutes from the Overview and Scrutiny Committee.

Councillor Welham advised Members that a presentation by Eunomia was given at the Babergh Overview and Scrutiny Committee which Councillor Welham attended. After lengthy debate the Overview and Scrutiny Committee decided unanimously to recommend to Cabinet the approval of the recommendations.

The Assistant Director for Environment and Commercial Partnerships provided responses to questions from Members regarding vehicle fuel costs, the electrification of vehicles and the Government proposal for future collection of food waste.

By 8 votes to 1

It was RESOLVED:-

(i) That the current Household waste and Recycling contract with Serco be extended for a further 7-year period from 2021 to 2028.

(ii) That the Assistant Director, Environment and Commercial Partnerships, in consultation with the Cabinet Members for Environment be delegated authority to finalise the extension agreement and enter into contract with Serco for an additional 7years from 2021-2028.

Reason for Decision: The decision to extend the current contract offers good value to the Councils and has a lower cost than any other option.

107 MCA/18/57 THE ADOPTION OF A SET OF PRINCIPLES FOR THE MANAGEMENT OF COUNCIL OWNED TREES

The Cabinet Member for Environment introduced report MCa/18/57 and advised Members that this report has been developed following the Public Realm Task and Finish Group meeting outcomes.

Councillor Burn moved the recommendations in the report subject to an amendment in 3.2 to read “That the increase in operational budgets outlined in 6.3 of the report be approved subject to a more detailed justification of the increase in costs being submitted and approved by the Portfolio Holder”. This was seconded by Councillor Brewster.

Councillor Brewster requested that on page 166 the reference to pruning is removed. It was also agreed that the reference to disruption to television signal requires amendment.

By a unanimous vote

It was RESOLVED:-

(i) That the set of principles for the management of Council owned trees detailed in appendix A of the report be approved.

(ii) That the increase in operational budgets outlined in 6.3 of the report be approved subject to a more detailed justification of the increase in costs being submitted and approved by the Portfolio Holder.

Reason for Decision: The decision to agree the principles will allow the Councils to adopt a fair and consistent approach to the management of Council owned trees enabling clear guidance on how the tree resource is to be more sustainably managed.

108 EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)

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.

109 MCA/18/58 TO CONFIRM THE CONFIDENTIAL MINUTES OF 10 DECEMBER 2018 MEETING

It was RESOLVED:

That the confidential minutes of the 10 December 2018 meeting be confirmed and signed as a true record subject to a minor typographical correction.

The business of the meeting was concluded at 4.10 pm.

……..

Chair

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MID SUFFOLK DISTRICT COUNCIL

TO:	**Cabinet**	**REPORT NUMBER: MCa/18/60**
FROM:	**Councillor John Whitehead, Cabinet Member for Finance**	**DATE OF MEETING: 4 February 2019**
OFFICER:	**Katherine Steel, Assistant Director, Corporate Resources** **Melissa Evans, Corporate Manager, Finance**	**KEY DECISION REF NO. CAB98**

GENERAL FUND BUDGET 2019/20 AND FOUR YEAR OUTLOOK

1. PURPOSE OF REPORT

1.1 The report contains details of the revenue and capital budgets and the Council's strategic financial aim. The purpose of this report is to present the General Fund Budget for 2019/20 and four year outlook.

1.2 To enable Cabinet Members to consider key aspects of the 2019/20 Budgets, including Council Tax and make any recommendations to feed into the final Budget report in February.

2. OPTIONS CONSIDERED

2.1 The General Fund Budget for 2019/20 and four-year outlook is an essential element in achieving a balanced budget and sustainable medium-term position. Setting a balanced budget for the coming year is a statutory requirement, therefore no other options are appropriate in respect of this.

3. RECOMMENDATIONS

3.1 That the General Fund Budget proposals for 2019/20 and four year outlook set out in the report be endorsed for recommendation to Council on 21 February 2019.

3.2 That the General Fund Budget for 2019/20 is based on an increase to Council Tax of 2%, which equates to £3.26 per annum (6p per week) for a Band D property, to support the Council's overall financial position.

3.3 That a further £25m be invested in CIFCO as set out in paragraph 8.20.

3.4 That a discretionary Care Leavers Council Tax discount of up to 100% be introduced from the 1 April 2019 as set out in section 11.

REASON FOR DECISION

To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Councils General Fund budget before recommendations to Council.

4. KEY INFORMATION

Strategic Context

4.1 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.

4.2 The Fair Funding Review continues and aims to set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The Government are exploring options for developing an updated funding formula by looking at the factors that drive costs for local authorities. The outcome of these deliberations is still awaited and will be implemented from 2020/21.

4.3 The Council recognised the changing funding landscape, the challenges and opportunities this creates and has developed a financial strategy that responds to this challenge as set out in section 6 below.

4.4 On 29 October 2018, the Office for Budget Responsibility (OBR) published its review of the economic and fiscal outlook. The forecast is of a relatively stable but unspectacular trajectory for economic growth, close to 1.5% in every year, plus a gradual further decline in the budget deficit and in net debt as a share of Gross Domestic Product (GDP). This assessment was given against the background of the lack of any meaningful basis on which to predict the outcome of the negotiations over the future relationship between the UK and the EU.

4.5 The headline of the report was the significant improvement in the underlying pace of deficit reduction driven by stronger tax revenues and lower than expected spending on welfare and debt interest. The reduction of £11.9 billion rising to £18.1 billion by 2022/23 after taking account of projected GDP growth, would have been sufficient to achieve a budget surplus by 2023/24, meeting the Government's fiscal objective of balancing the budget by 2025.

4.6 Consumer Price Index (CPI) inflation rose to 2.4% in October 2018, in line with forecasts made in March 2018, following recent increases in oil prices and a further modest depreciation in sterling, meaning it is now slightly higher than the Bank of England's target of 2%.

4.7 Public sector net debt (PSND) had peaked as a share of GDP at 85.2% in 2016/17 and falls to 83.7% this year, 1.8% of GDP below the Spring Statement forecast. It is forecast to be 75.0% in 2022/23. Borrowing is lower in the near-term than that planned in the Spring Statement; a trend that continues in the medium-term.

4.8 Whilst the majority of new spending commitments in the Government's budget related to the NHS, there were some announcements that impact on Local Government.

a) An increase in the Disabled Facilities Grant in 2018/19 by £55m to provide home aids and adaptations for disabled children and adults on low incomes.

b) £900m in business rates relief for nearly 500,000 small businesses, by cutting business rates by a third for two years from April 2019. To qualify as a small retailer business premises must have a rateable value of £51k or less. The government will also continue the £1.5k business rates discount for office space occupied by local newspapers in 2019/20 and introduce 100% rate relief for public lavatories from April 2020. Local authorities will be fully compensated for the loss of income as a result of these business rates measures.

c) The Housing Revenue Account (HRA) cap that controls local authority borrowing for house building was abolished from 29 October 2018 in England.

d) An additional £500m will be available in the Housing Infrastructure Fund.

e) £675m will be available in a new Future High Streets Fund to make high streets and town centres fit for the future. This includes £55m for heritage-based regeneration.

f) £20m of support to tackle plastics and boost recycling. Of this £10m will pioneer innovative approaches to boosting recycling and reducing litter through the provision of smart bins.

Provisional Finance Settlement

4.9 The Provisional Finance Settlement was announced on the 13 December 2018, whilst there is new money from Central Government, councils will still face an overall finding gap of £3.2 billion in 2019/20. The headlines are as follows;

a) No change to the New Homes Bonus threshold of 0.4%;

b) An additional £16m in total has been made available through the Rural Service Delivery grant, Mid Suffolk will receive an additional £86k;

c) £180m surplus on the levy account will be distributed to all councils, Mid Suffolk's share of this is £34k and;

d) Continuation of the option for shire districts with the lowest council tax levels allowed increases in council tax of up to 3% or up to £5, whichever is higher.

4.10 The Provisional Finance Settlement provided Mid Suffolk with additional funding of £511k. The Baseline Business Rates increased from £1.9m to £2.2m, New Homes Bonus increased by £53k, mainly due to the affordable element of the allocation which was not originally budgeted for.

4.11 Table 1 below shows the Provisional Finance Settlement compared to the budget for 2019/20.

Table 1: Provisional Finance Settlement

	Budget 2019/20	Provisional settlement 2019/20	Increase (Decrease)
	£,000	**£,000**	**£,000**
Baseline Business Rates	1,899	2,238	339
New Homes Bonus	1,327	1,380	53
Rural Services Delivery Grant	347	433	86
Levy Account Surplus Draft Allocations	-	34	34
Funding	**3,573**	**4,085**	**511**

5. HOW IS THE COUNCIL'S REVENUE BUDGET BEING SPENT IN 2018/19?

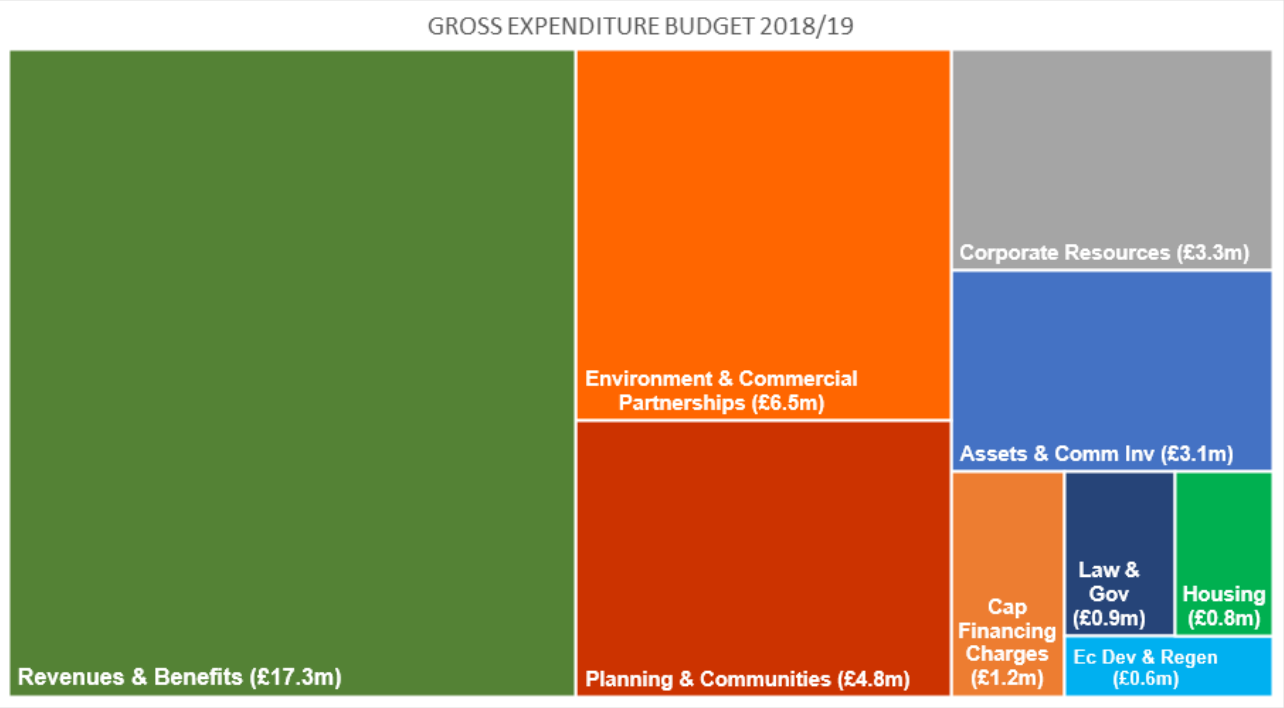
5.1 The Council's 2018/19 gross expenditure is £38.5m and income is £25.4m giving a net cost of service of £13.1m. Table 2 below shows how this is funded.

Table 2: Revenue Budget 2018/19

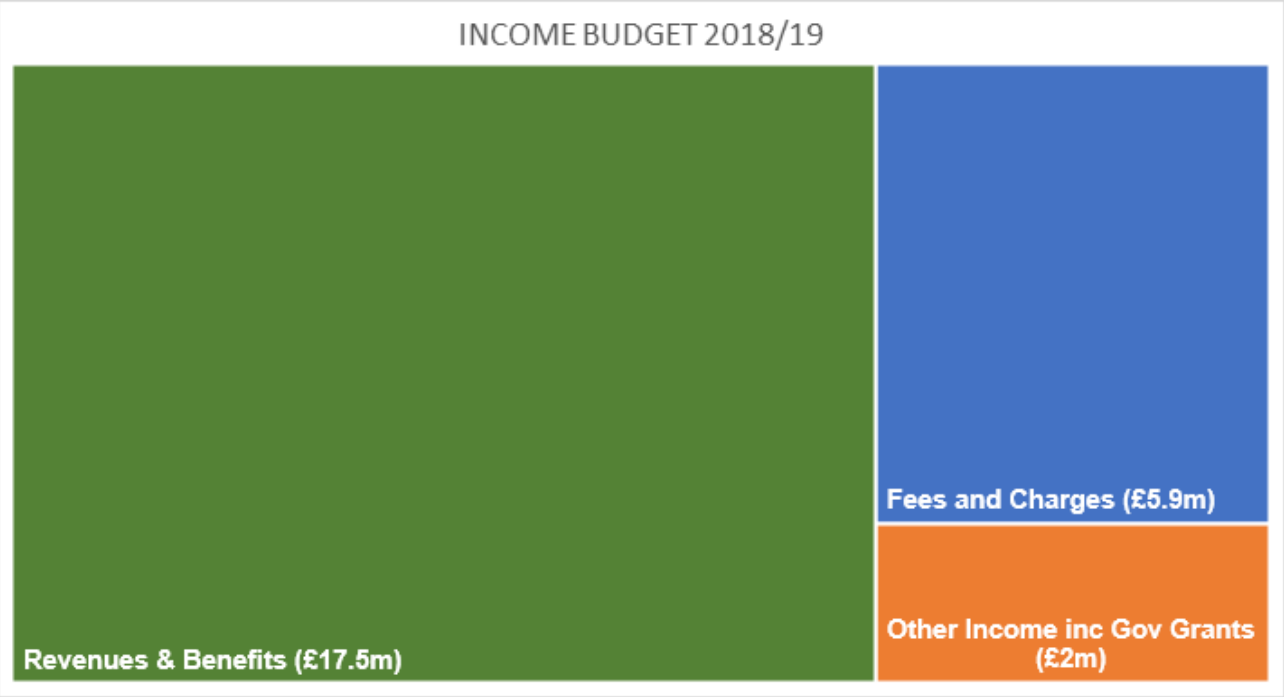
	£,000
Gross Expenditure	**38,477**
Income	**(25,417)**
Net expenditure 2018/19	**13,060**
Funded by:	
Earmarked Reserves	(4,106)
New Homes Bonus to balance the budget	(354)
S31 Grant	(764)
Business Rates	(2,808)
Collection Funds Deficit	887
Council Tax	(5,915)
Total Funding	**(13,060)**

5.2 Graph 1 below shows how the £38.5m gross expenditure is allocated across the services and Graph 2 shows the breakdown of the £25.4m income. The funding element is not shown in these graphs.

Graph 1 Gross Expenditure by service area in 2018/19



Graph 2 Income in 2018/19



5.3 The Revenues and Benefits element (£17m) in both the expenditure and the income charts above includes housing benefit paid out to claimants and received from Government.

5.4 For details of what services are within each area and a breakdown by service area of income please refer to the 2019/20 Budget Book at Appendix D.

5.5 The forecast position for 2018/19 reported to Cabinet in November showed a projected underspend of £1,648k. However, the main reason for this is due to one-off items such as additional S31 grants (£691k) as a result of the Business Rates pilot, beneficial interest rates on short term borrowing for CIFCO and Gateway 14 (£652k), and an increase in planning fee income (£144k).

5.6 The recommendation at the time was to transfer £880k to the Business Rates equalisation reserve, £773k to the Growth and Efficiency Fund, £153k to reserves for underspends in planning and waste, and £158k from reserves to fund planning appeal costs and homelessness. These forecast transfers are shown in the reserves table in 7.5 Table 3 below however, there may be further variances that occur throughout the remainder of the year. An updated position will be reported to Cabinet in March 2019 and the final outturn position in May 2019.

6. MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2019-2023

Strategic Aims

6.1 In order to achieve the vision and ambition for the districts with significantly reduced government resources the Council needs to take a medium-term view of the budget through a financial strategy that is focused on meeting the corporate priorities.

6.2 The main strategic financial aim is to become self-financing i.e. not reliant on Government funding. There is a secondary aim to be in a position to generate more funds than are required for core services, to enable additional investment in the districts.

6.3 There are 3 key elements that need to be carefully balanced to ensure success. These are:

1. Cost management;
2. Income generation; and
3. Service levels.

6.4 Principles

6.5 The approach over the medium term is to transform the Council into an organisation that is thriving and not just surviving, by reviewing, remodelling and reinventing the way the Council operates.

The Cabinet proposes that the following overarching principles should be considered when evaluating ideas and opportunities for change are set out below:

- Reduce our costs (both internally and across the wider system)
- Increase our income
- Provide better / “best” value
- Increased social value
- Provide a better service for our customers
- Reduction in administration costs, without compromising service

6.6 The focus will be on internal efficiencies and improvements within existing structures. Continuously looking to streamline work and reduce waste in processes. Greater cross-functional working and mutli-skilling and improving ways of working to move away from 'professional silos' and toward integrated services for the public. Where customer demand is understood, analysed and met through new services and business models, and where the demand itself is re-shaped and managed while engaging service users to ascertain priorities.

6.7 The approach below shows in more detail for each element the methodology that will be adopted to achieve this.

Approach

6.8 A number of savings have been identified through this approach and built into the 2019/20 budget as shown in paragraph 8.17, Table 8. Some of these strands of work require a longer-term approach and may require additional resources and investment. The Council will continue this approach in order to transform the way the Council operates over the next three years.

7. RESERVES

7.1 When setting the budget for the forthcoming year the Council must have regard to the level of reserves needed to provide enough resources to finance estimated future expenditure plus any appropriate allowances that should be made for contingencies.

7.2 The Council has been making significant savings for a number of years as set out in 8.16 below, and with each year the challenge gets more difficult without negatively impacting on service standards. The approach outlined above will deliver savings or generate income to ensure the Council is in a self-financing position. However, some of these will not be realised until 2020/21 onwards and investment from reserves may be required to deliver them.

7.3 Reserves only provide one-off funding so the Council should avoid using reserves to meet regular recurring financial commitments.

7.4 In 2019/20 the Council is using £2.4m from earmarked reserves, as follows;

- £599k of earmarked reserves against specific service expenditure (£389k shown against new pressures in paragraph 8.14 Table 7);
- £250k on members locality budgets;
- £949k for the re-development of Needham Market headquarters: and;
- £597k to fund the Business Rates deficit.

Table 3 below shows the earmarked reserves balance from 1 April 2018, forecast through to 1 April 2020. This shows that the level of reserves drops by 21% (excluding CIL) over the two years. Including £2.6m contribution towards the Regal Theatre and £949k for the re-development of Needham Market headquarters mentioned above in 2019/20.

Table 3: Forecast Earmarked Reserve Levels

Transfers to / from Earmarked Reserves	Balance 1 April 2018	Transfers 2018/19 Intra	Out	In	Balance 31 March 2019	Transfers 2019/20 Out	In	Balance 1 April 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carry Forwards	(263)		262	(111)	(112)	112		-
Growth and Efficiency Fund	(9,318)	17	5,952	(2,646)	(5,995)	3,085	(3,183)	(6,092)
Business Rates Equalisation	(1,987)		957	(880)	(1,910)	597		(1,313)
Government Grants	(204)				(204)	8		(197)
Homelessness	(360)		36		(324)	20	(133)	(437)
Welfare Benefits Reform	(211)				(211)			(211)
Commercial Risk Management	-				-		(1,000)	(1,000)
Needham Lake Visitors Centre (GEF)	-				-		(300)	(300)
Neighbourhood Planning initiatives (GEF)	-				-		(120)	(120)
Commuted Maintenance Payments	(311)				(311)	30		(281)
Elections Fund	(64)			(10)	(74)	75	(20)	(19)
Planning Enforcement	(20)				(20)			(20)
Growth & Sustainable Planning	(351)				(351)	65		(286)
Planning (Legal)	(155)		122		(33)			(33)
Strategic Planning	(350)	(17)			(367)	112	(121)	(375)
Revocation of personal search fees	(50)				(50)			(50)
Repairs and Renewals	(292)				(292)			(292)
Eric Jones House	(46)				(46)			(46)
Waste	(160)			(32)	(192)	146		(46)
Sub-total exc CIL	**(14,142)**	**-**	**7,329**	**(3,679)**	**(10,492)**	**4,250**	**(4,876)**	**(11,118)**
Community Infrastructure Levy	(2,474)			(535)	(3,009)			(3,009)
Contribution to Capital								
Needham Market headquarters (GEF)	-				-	949		949
Total earmarked reserves	**(16,616)**	**-**	**7,329**	**(4,214)**	**(13,501)**	**5,199**	**(4,876)**	**(13,178)**

7.5 After building in the estimated commitments, the level of uncommitted earmarked reserves excluding CIL at 1 April 2020 is expected to be £11.1m. There is an agreed process for CIL bids, however nothing has been included in this table for CIL income and expenditure for 2019/20 as this is difficult to predict.

7.6 The 2019/20 surplus of £1.9m shown in 8.23 Table 9 will be allocated to earmarked reserves as detailed below;

- £1m to a new Commercial Risk Management reserve to mitigate against future risks associated with the level of commercial investment and development that the Council has or will be investing in.
- £300k to further support the development of a Café and Visitors Centre at Needham Market Lake.
- £120k equivalent to the increase in Council Tax to support neighbourhood planning initiatives within the District.
- £490k being the balance to the Growth and Efficiency Fund.

7.7 Local authorities are facing significant financial challenges and Mid Suffolk has a number of commitments and operational transformations which will require financial investment from reserves. Therefore, considered planning of the remaining reserves will be undertaken to ensure the Council's priorities and aspirations are achieved.

7.8 In addition to the earmarked reserves the Council also holds a general fund reserve of £1.052m, which equates to approximately 10% of the net cost of service. This is a prudent level of reserve to hold to mitigate against unexpected financial risks that cannot be offset by savings during the year or with use of the earmarked reserves in Table 3.

8. FORECAST BUDGET GAP TO 2022/23

To establish the medium-term budget gap several assumptions have been made as to the expected level of funding and a number of cost pressures and savings have been identified over the period. These are set out later in this section.

Funding

8.1 Funding arrangements for councils have changed significantly in recent years, the revenue support grant has been completely removed in 2019/20 and the future funding of New Homes Bonus (NHB) continues to remain an uncertainty.

8.2 2019/20 is the last year of the four-year Comprehensive Spending Review where councils had some certainty about their funding levels, therefore the position from 2020/21 remains more difficult to forecast.

8.3 The Fair Funding review is underway and further consultations are expected as the Government continues to review needs and funding, including how business rates will be distributed. Government has recognised that councils are now more reliant on council tax and business rates as the main sources of funding and has announced that from 2020 business rate retention will be 75% compared to 50% of the growth achieved in business rates income.

8.4 In 2018/19 the Council was part of a national pilot of 100% business rates retention which is forecasting an additional one-off income of £691k in the form of S31 grant and an additional £1.175m to be spent in agreement with Suffolk County Council on priorities to support growth. For Mid Suffolk this has provided funding for a café at Needham Market Lake, regeneration in Stowmarket Town centre, the Tech Hub and The Foyer in Stowmarket. A further Suffolk wide bid was submitted for 2019/20 75% Pilot status, it was confirmed as part of the Provisional Finance Settlement announcement that Suffolk were not successful in this bid.

8.5 Since NHB was introduced in 2011/12 the Council has received £12.5m in total. Although the Council may not be reliant on NHB to balance the budget for the next two years, the forecast for 2021 onwards is to use approximately 14% of NHB for the following two years. The Council has the ambition is to be self-financing and free from any reliance on NHB.

8.6 As shown in Table 4 below the use of NHB to balance the budget increased from 4% in 2016/17 to 24% in 2018/19. In 2019/20 the Council is in the position of being able to balance the budget without any use of NHB and transfer the full £1.4m to earmarked reserves. From 2011/12 to 2018/19 £5.4m NHB has been transferred to the Growth and Efficiency Fund.

Table 4: New Homes Bonus used from 2016/17 to 2019/20

	2016/17	**2017/18**	**2018/19**	**2019/20**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Amount of NHB received	2,641	2,028	1,463	1,380	6,132
NHB used to balance the budget	110	267	354	0	731
% NHB used to balance the budget	4%	13%	24%	0%	12%

8.7 Table 5 and Graph 4 below shows the NHB over the last nine years plus the estimated allocations for 2020/21 to 2022/23, assuming 1.1% growth over and above the 0.4% threshold.

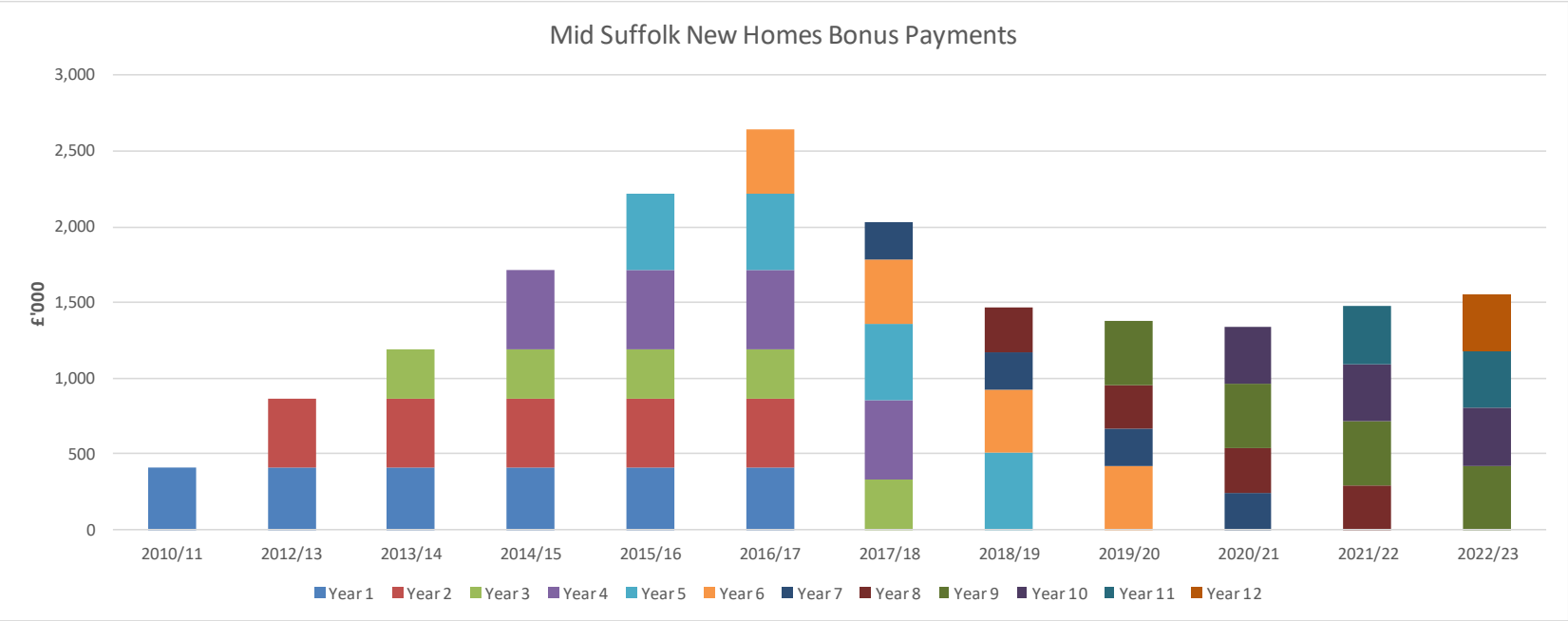
8.8 This clearly shows how the NHB has declined from £2.6m in 2016/17 to £1.4m in 2019/20, after the Government announced it would reduce the allocation from 6 years to 5 years in 2017/18 and to 4 years in 2018/19, as well as introducing a 0.4% growth baseline in 2017/18.

8.9 The 0.4% growth for Mid Suffolk means that the first 167 new homes built will receive no payment, so significant housing growth will need to be achieved to match historic income levels.

Table 5: New Homes Bonus sums per year (£'000)

									Provisional	Estimated		
Payments	**2010/11**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Year 1	409	409	409	409	409	409						
Year 2		452	452	452	452	452						
Year 3			334	334	334	334	334					
Year 4				521	521	521	521					
Year 5					506	506	506	506				
Year 6						420	420	420	420			
Year 7							247	247	247	247		
Year 8								290	290	290	290	
Year 9									422	422	422	422
Year 10										381	381	381
Year 11											379	379
Year 12												377
Total	**409**	**860**	**1,194**	**1,714**	**2,221**	**2,641**	**2,028**	**1,463**	**1,380**	**1,341**	**1,473**	**1,559**

Graph 4: New Homes Bonus Payments – Estimated for 2020/21 to 2022/23



8.10 In calculating the expected level of funding across all sources, the following assumptions have been made:

a) £825k use of reserves from 2020/21 to 2022/23.

b) NHB will continue beyond 2019/20, with no change to the 0.4% growth baseline and no change to 4 years' worth of allocation. Growth beyond 2019/20 is based on 1.1% to 2022/23.

c) No growth beyond 2019/20 in business rates income.

d) Nothing has been included for forecast Business Rates surplus or deficit beyond 2019/20 based on the assumption that the equalisation earmarked reserve will accommodate this.

e) Rural Service Delivery grant will continue beyond 2019/20.

f) 2% Council tax increase for each year, generating on average an incremental additional £126k per annum.

g) Taxbase growth of 1.3% per annum from 2020/21, approximately £83k per annum.

8.11 Table 6 below shows the funding received in 2018/19 and the forecast funding from 2019/20 to 2022/23. Ignoring the use of reserves (£1.4m for 2019/20, £325k 2020/21 and £250k from 2021/22 to 2022/23) funding increases by 13% over the 4-year period. This is due to assumed council tax increases and NHB, based on the assumptions in 8.10 (b), (f), and (g) above.

8.12 Government funding is virtually non-existent now except for New Homes Bonus and Rural Service Delivery grant. If NHB continues as a funding stream to the Council, then housing growth is essential to secure this income. The main sources of funding for the Council are Business Rates and Council Tax.

8.13 In order to achieve a balanced budget, the Council will need to use 14% of NHB and 94% of the S31 grant over the next four years totalling £5.7m.

Table 6: Forecast Funding 2019/20 – 2022/23

Description	*2018/19*	*2019/20*		*2020/21*	*2021/22*	*2022/23*
	Budget	**Budget**		**Forecast**	**Forecast**	**Forecast**
	£000	**£000**		**£000**	**£000**	**£000**
Funding:						
Other Earmarked Reserves	(1,229)	(1,196)		(75)		
Growth and Efficiency Fund - DP Project (Staffing)	(52)					
Growth and Efficiency Fund - Community Capacity Building	(250)	(250)		(250)	(250)	(250)
Growth and Efficiency Fund - contribution to capital	(2,575)					
New Homes Bonus - **provisonal 2019/20 onwards**	(354)	(1,380)		(1,341)	(1,473)	(1,559)
S31 Business Rates Grant - to balance the budget	(764)	(1,313)		(1,313)	(1,313)	(1,313)
Government Support						
(a) Baseline business rates	(2,657)	(2,238)		(2,238)	(2,238)	(2,238)
(b) B/Rates – levy		488		522	522	522
(c) B/Rates – growth/pooling benefit	(151)	(293)		(293)	(293)	(293)
(d) B/Rates prior yr deficit	957	597		-	-	-
(e) Rural Services Delivery Grant		(433)		(433)	(433)	(433)
Council Tax Collection Fund surplus	(70)	(27)		(27)	(27)	(27)
Council Tax (2% increase to Band D)	(5,826)	(6,035)		(6,241)	(6,448)	(6,663)
Growth in taxbase	(89)	(82)		(80)	(82)	(85)
Total Funding	**(13,060)**	**(12,162)**		**(11,768)**	**(12,035)**	**(12,339)**

Pressures

8.14 In addition to the reduction in Government funding there are £3.4m of cost pressures that have been identified in 2019/20 and beyond. However, this includes £389k of other funding from reserves. Table 7 below shows the cost pressures the Council is expecting to face over the next four years.

Table 7: Forecast Cost Pressures 2019/20 - 2022/23

MID SUFFOLK - MOVEMENT YEAR ON YEAR	18/19 to 19/20	19/20 to 20/21	20/21 to 21/22	21/22 to 22/23
	£000	£000	£000	£000
Net Service Cost previous year	**13,060**	**10,252**	**10,212**	**11,033**
Cost Pressures				
Inflation				
Employees - includes pay award, increments and deficit pension fund change	404	384	345	324
Contracts	70	94	101	104
Business Rates inc re-valuations	74	(59)	11	12
Sub total cost pressure	**548**	**418**	**457**	**439**
Other pressures				
Environment				
Waste - Material Recycling Facility (funded from reserves - £146k)	146			
Waste - Recycling Performance Payments	136			
Waste - refuse contract	41		130	
Building Control income	25			
Housing				
PV panels	88			
Reduction in New Burdens Grant - homelessness	18			
Law and Governance				
Elections (funded from reserves - £75k)	75	(75)		
Land Charges income	58			
Planning and Communities				
Planning appeals (funded from reserves - £65k)	158			
Neighbourhood Planning (removal of contribution to reserve)		121		
Funding for 2 Police Community Support Officers (funded from reserves GEF - £75k)	75		(75)	
Planning applications - landscape and ecology consultancy	67			
Planning fee income		110	99	(10)
Other Cost Pressures				
Interest Payable - capital expenditure	229	21	-	-
Increase in transfers to reserves	231	(254)		
Health and Safety	46			
Other items (net) (funded from reserves - £28k)	53	15	26	(12)
Total Pressures	**1,993**	**356**	**638**	**417**
Pressures funded from earmarked reserves (as mentioned above)	(389)	(75)		

8.15 In calculating the pressures, the following assumptions have been made:

a) It has been agreed that a pay award of 2% will be made, so pay budgets have been increased accordingly. In view of the introduction of the national pay spine with effect from 1 April 2019, it has been necessary for the Council to review the current pay structure. The position for 2019/20 assumes the 2018/19 pay structure is just 'transitioned' to the 2019 pay spine and then increments applied as appropriate.

b) General Inflation
- Business rates on the Council's own properties - 3.9%
- Utilities – Nil increase

- Major contracts – 2% to 3.2%

c) Pension fund assumptions
   - future rate contribution - 23%, no change from 2018/19
   - pension lump sum –1% increase from 2019/20 onwards

Savings

8.16 Over the years 2011/12 to 2018/19 the Council has achieved savings of £5.2m through shared services, efficiencies, better use of technology and maximising commercial opportunities.

8.17 Continuing in this vein and following the approach set out in section 6, savings/income of £5m have already been identified for 2019/20 and beyond. However, this includes £2.6m reduction in the contribution from the Growth and Efficiency Fund for the Regal Theatre. Table 8 below shows the savings the Council is expecting to achieve over the next four years.

Table 8: Forecast Savings 2019/20- 2022/23

MID SUFFOLK - MOVEMENT YEAR ON YEAR	18/19 to 19/20	19/20 to 20/21	20/21 to 21/22	21/22 to 22/23
	£000	£000	£000	£000
Savings				
Assets and Investments				
Removal of revenue contribution to capital 19/20 Regal Theatre	(2,575)			
Gateway 14	(713)	244	116	-
CIFCO - net interest receivable	(208)	(6)	(14)	(12)
CIFCO (further investment) - net interest receivable	(218)	(386)	78	(15)
HQ security costs	(57)			
Needham Market and Stowmarket Middle Schools	(37)			
BMS Invest recharging other services		(80)	(20)	(20)
Income from old Aldi store inc Car Parking income	(32)	(80)	(20)	
Customer Access				
ICT contract saving	(25)			
Digital end to end		(25)	(25)	
Environment				
Trade Waste income	(32)			
Finance				
Finance - includes contracts and debt recovery		(62)		
Revenues and Benefits	(33)			
Reduction to SRP contract	(30)			
Investment Funds			(25)	
Housing				
The Foyer (contribution to reserves)	(98)			
Law and Governance				
Legal expenses - Shared Legal Services	(36)			
Planning and Communities				
Neighbourhood Planning (contribution to reserves)	(121)			
Cessation of Community Housing Fund fixed term post for 2 years (funded from reserves)		(112)		
Increase to CIL 5% administration charge	(87)			
Other Savings				
Reduction to employee costs	(226)	(126)	(25)	
Minimum Revenue Provision (MRP)	(173)	309	190	87
Contract management savings	(50)	(50)	(50)	(50)
Charge to HRA and Capital	(49)	(21)	(22)	(22)
Total savings	**(4,801)**	**(396)**	**183**	**(32)**

8.18 As reported at Council in December 2018 the approved lending to invest in commercial property through CIFCO is anticipated to reach approximately £50m before April 2019. Babergh and Mid Suffolk will have each loaned £25m. Full Council continues to approve CIFCO's Business Plan on an annual basis, and in doing so manages the risk profile of the investment portfolio.

8.19 The Councils took professional advice prior to the creation of the CIFCO vehicle. Having established the appropriate company structures and acquired commercial properties to the value of approximately £50m over the last two years, the Councils have established 'proof of concept' that this is an effective mechanism to generate income for the Councils to invest in local services in Babergh and Mid Suffolk.

8.20 As set out in Table 8 and in recommendation 3.3 it is proposed that each Council now approves making a further £25m available through lending to CIFCO. Commencing in 2019/20, with full investment achieved by 2021/22, this is budgeted to generate an additional net income of £386k to each Council over the four years.

Budget Gap

8.21 Table 9 below shows the forecast surplus or deficit for 2020/21 - 2022/23 with and without New Homes Bonus.

8.22 The four-year surplus of £923k is achieved by using £15.1m in total of the following;

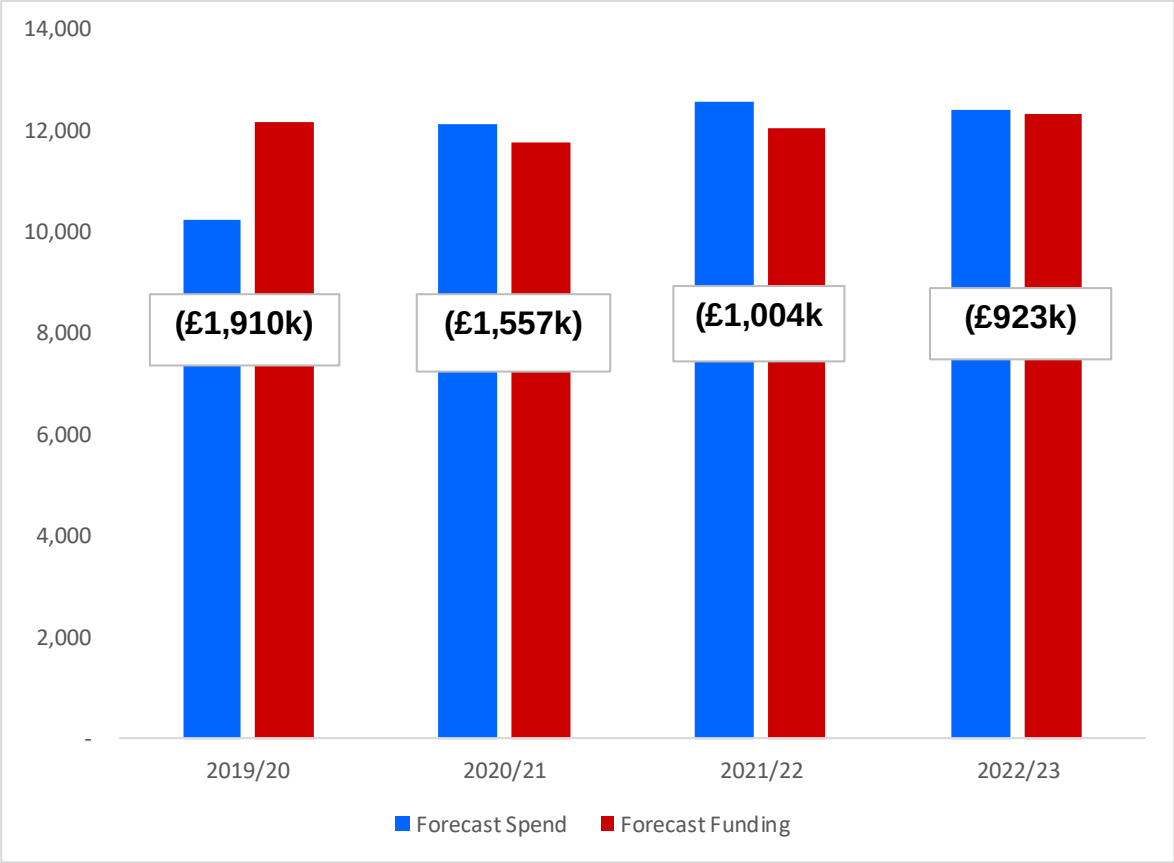
- £5.8m New Homes Bonus;
- £5.3m S31 grant;
- £1.7m Rural Service Delivery Grant; and
- £2.3m from reserves

8.23 As shown in Table 9, without NHB the 4-year position is a deficit of £4.8m. In order to achieve the strategic financial aim of becoming self-financing the Council will need to deliver significant income or savings by reviewing, remodelling and reinventing the way it operates in the future as set out in section 6.

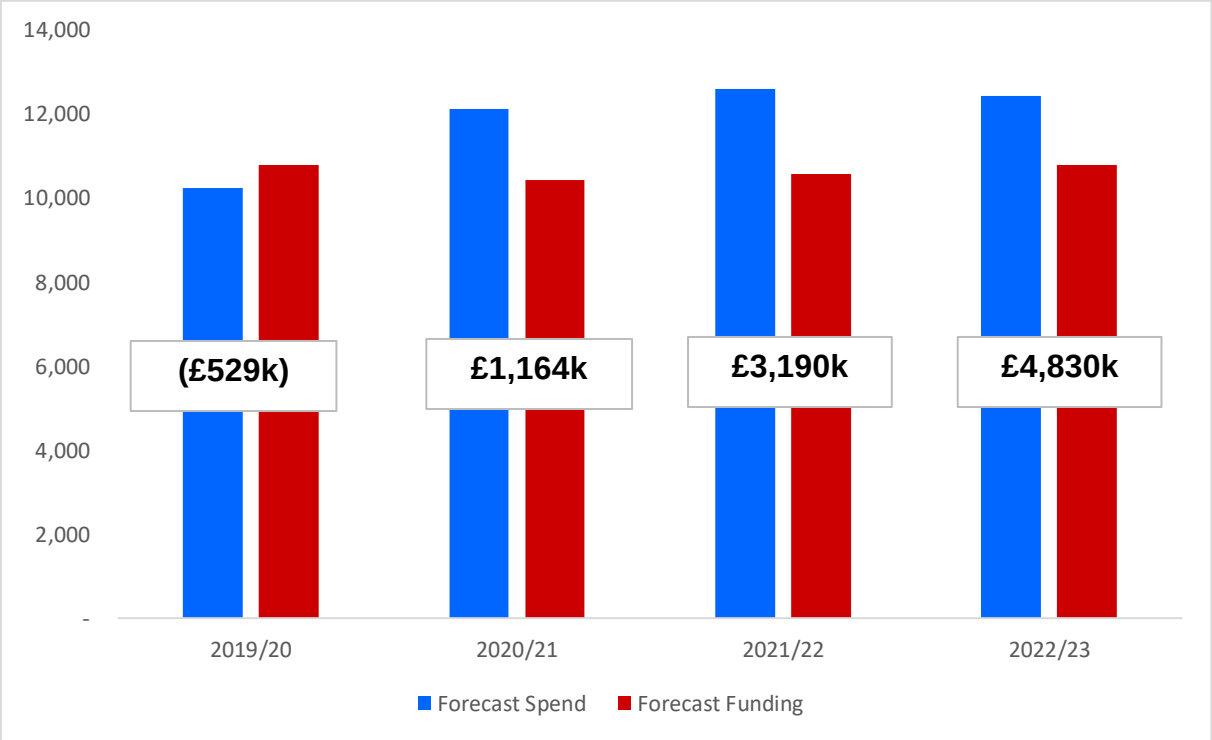
Table 9: Forecast Budget Gap 2019/20 - 2022/23

	2019/20 £000	**2020/21 £000**	**2021/22 £000**	**2022/23 £000**
Previous Year Budget	13,060	12,162	11,768	12,036
Cost pressures	1,993	243	638	417
Savings	(4,801)	(284)	183	(32)
Sub total	**10,252**	**12,121**	**12,590**	**12,421**
New Year Funding	(12,162)	(11,768)	(12,036)	(12,340)
Annual Budget (surplus)/deficit	**(1,910)**	**353**	**553**	**81**
Cumulative (surplus)/deficit	**(1,910)**	**(1,557)**	**(1,004)**	**(923)**
New Homes Bonus	1,380	1,341	1,473	1,559
Annual Budget (surplus)/deficit excluding New Homes Bonus	**(529)**	**1,694**	**2,026**	**1,640**
Total 4 year (surplus)/deficit				**4,830**

Graph 3: Forecast Budget Gap (surplus)/deficit, including NHB (Cumulative) 2019/20 - 2022/23



Graph 4: Forecast Budget Gap (surplus)/deficit, excluding NHB (Cumulative) 2019/20 - 2022/23



9. HOW IS THE COUNCIL'S REVENUE BUDGET BEING SPENT IN 2019/20?

9.1 The summary in Appendix A shows a breakdown of the Council's net cost of service for 2018/19 (£13.060m) and 2019/20 (£10.252m) a reduction of £2.8m (22%). The majority of which can be attributed to the funding of the re-development of the Regal Theatre from the Growth and Efficiency fund.

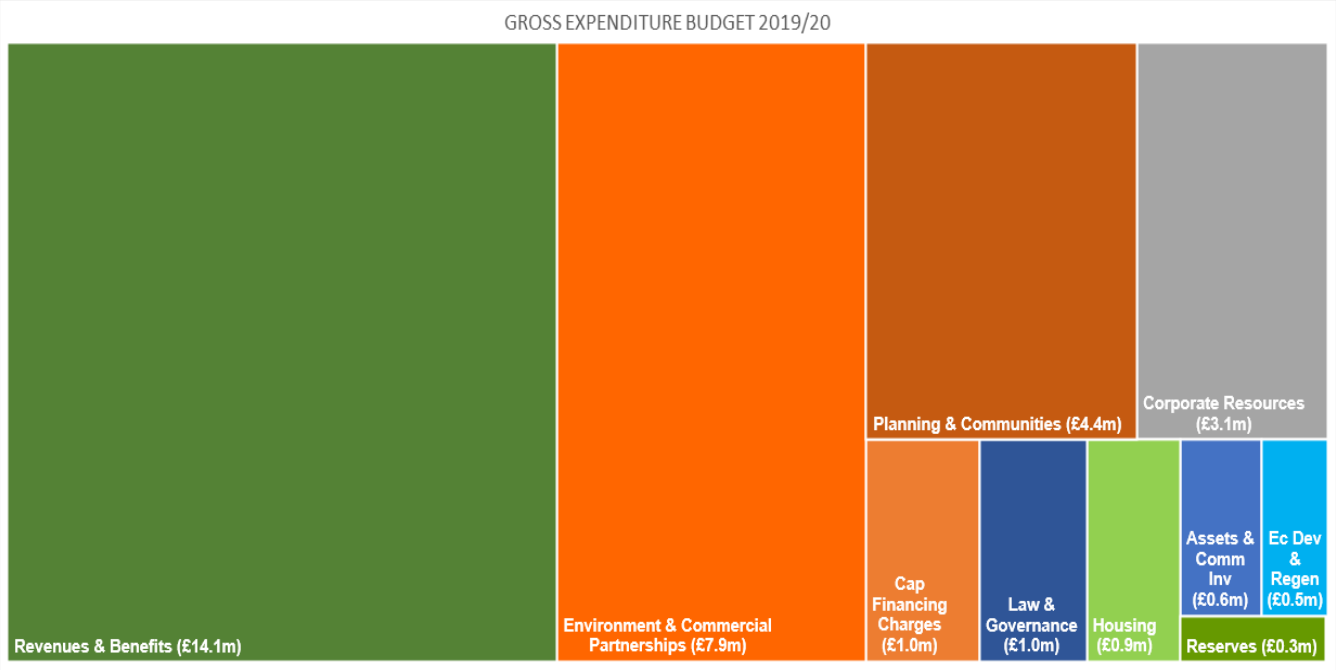
9.2 The Council's 2019/20 gross expenditure is £33.8m and Income is £23.6m giving a net cost of service of £10.2m. Table 10 below shows how this is funded. Further details by service area can be found in the Budget Book in Appendix D.

Table 10: Revenue Budget 2019/20

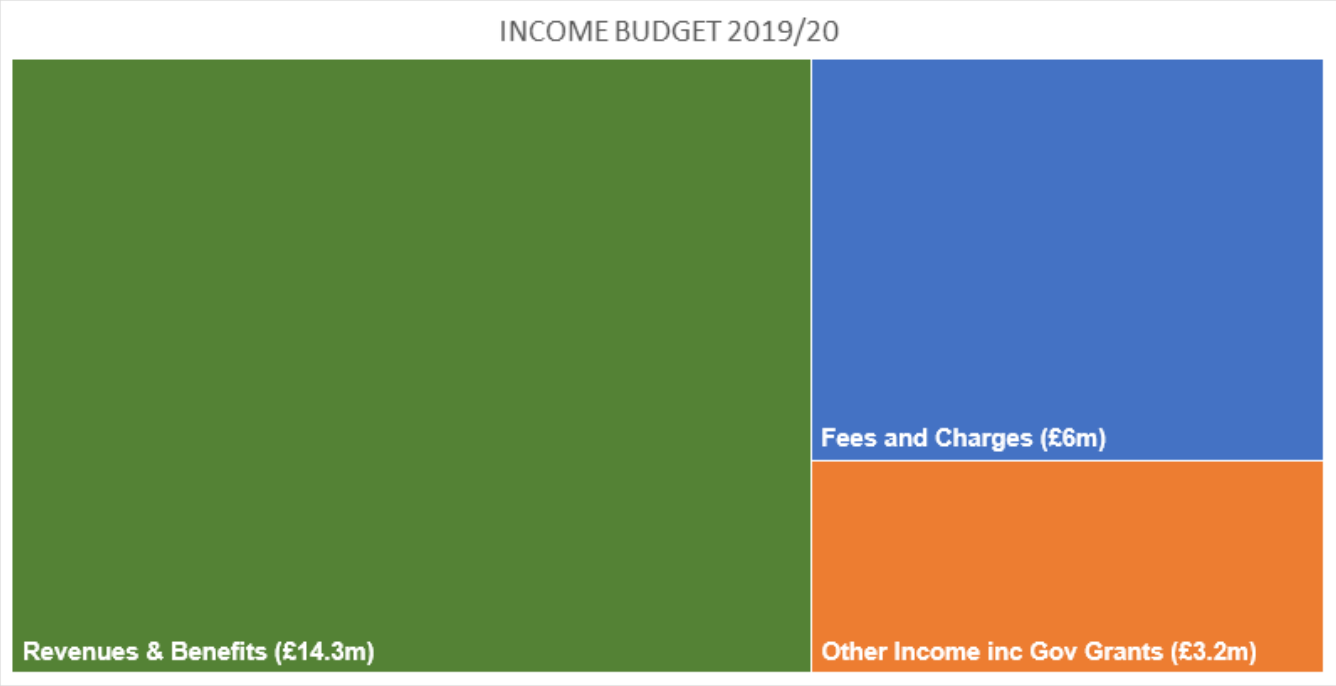
	£,000
Gross Expenditure	**33.809**
Income	**(23,557)**
Net expenditure 2019/20	**10,252**
Funded by:	
Earmarked Reserves	(1,446)
New Homes Bonus received	(1,380)
S31 Grant	(1,313)
Business Rates	(2,043)
Collection Funds (Surplus)/Deficit	570
Rural Service Delivery Grant	(433)
Council Tax	(6,117)
Total Funding	**(12,162)**
2019/20 Surplus	**(1,910)**

9.3 Graph 5 below shows how the £33.8m gross expenditure is allocated across the services and Graph 5 below shows the breakdown of the £23.6m income. The funding element is not shown in these graphs.

Graph 5 Gross Expenditure by service area in 2019/20



Graph 6 Income by service area in 2019/20



9.4 The Revenues and Benefits element (£14m) in both the expenditure and the income charts above includes housing benefit paid out to claimants and received from Government.

9.5 For details of what services are within each area and a breakdown by service area of income please refer to the 2019/20 Budget Book at Appendix D.

Fees and charges

9.6 Fees and charges have been reviewed by budget holders as part of this budget setting process and a summary of fees and charges for 2018/19 and 2019/20 is attached at Appendix E.

9.7 A further benchmarking exercise will be undertaken during 2019/20 to review the Council's levels of fees and charges.

10. CAPITAL PROGRAMME

10.1 The detailed Capital Programme is attached at Appendix B, the main areas of planned spend are;

- the re-development of Needham Market headquarters £2.6m funded from the Growth and Efficiency Fund;
- the development of Stowmarket Middle School £7.6m which will be funded from borrowing;
- Strategic Investment Fund £3m to be funded from borrowing;
- Gateway14, additional investment of £6m, funded from borrowing and;
- A further £25m investment in CIFCO, split equally in 2019/20 and 2020/21, funded from borrowing.

10.2 The Capital and Investment Strategy will have further details of the Council's borrowing capacity and the impacts of the capital programme, this will be presented to Cabinet in February along with the final budget report, following review by Joint Audit and Standards Committee in January 2019.

11. COUNCIL TAX CARE LEAVERS DISCOUNT

11.1 The Government's care leaver strategy 'Keep on Caring' published in July 2016 encourages Local Authorities to consider how they can support care leavers, using existing flexibilities, to meet their Council Tax payments.

11.2 In the strategy, the Government recognises that young people leaving care constitute one of the most vulnerable groups in society, and both the Government and wider society have a moral obligation to give them the support they need as they make transition to adulthood and independent living

11.3 The strategy focuses on embedding a culture of corporate parenting across all parts of local authorities. An increasing number of local authorities are now introducing measures that mean more and more care leavers across the country no longer have to pay council tax

11.4 Suffolk County Council has approached all of the Council's within Suffolk to consider introducing a discount for care leavers from the 1st April 2019. Suffolk Public Sector Leaders and Chief Executives have provisionally agreed to the introduction of this policy. This report seeks to formalise arrangements.

11.5 The Council has the discretion to reduce the Council Tax liability for individuals or prescribed groups. The Council exercises this discretion in accordance with Section 13A of the Local Government Finance Act 1992, in respect of local Council Tax Reductions and for ad hoc cases of extreme financial hardship.

11.6 A Care Leaver is defined as a person under 25, who has been looked after by a local authority for at least 13 weeks since the age of 14 and who was looked after by the local authority at school-leaving age or after that date. As at August 2018 Mid Suffolk had 45 defined care leavers.

11.7 The Council currently operates a Council Tax Reduction scheme (CTRS) which grants a reduction to council tax payers based on an assessment of their means to pay. It is estimated that a significant proportion of care leavers, indicated above, will fall within the scope of the CTRS and will already be receiving a reduction in their council tax. However, there is no specific policy for care leavers and the approval of the proposed scheme would act as a top up for any care leavers' who currently do not receive CTRS at 100%.

11.8 This discretionary relief will not be means tested and will be granted to anyone meeting the eligibility criteria. In summary it will be exercised as follows:

a) Where the reduction is awarded, it will remain in place until the care leaver reaches the age of 25 years (the care leavers 25th birthday) or ceases to be liable for council tax, whichever date occurs first. In these circumstances, the bill will be apportioned according to the number of months applicable.

b) Where a care leaver has a liability for council tax, the reduction in that liability will be up to 100%. The amount of reduction awarded will be the relevant amount (after all other discounts, reductions and exemptions) required to reduce the care leavers council tax liability amount to zero.

11.9 Care leavers discounts are administered under Section 13A (1)(c) of the Local Government Finance Act 1992, which means they are discretionary local reliefs and must be paid fully by the local authorities. However, if introduced, Suffolk County Council has agreed to fund their share of the cost.

11.10 The Council does not yet have a full understanding of the demographic, but it is probable that the majority of care leavers will fall within scope of the existing Council Tax Reduction Scheme or receive support through the Council's Housing Benefit scheme or Universal Credit, if resident within housing of multiple occupation (where the council tax is passed on through their rent as the owners are liable).

11.11 As an illustration, a decrease in the collected council tax could be £47,824 per annum (assuming a single resident in a Band A property). The Mid Suffolk element would be £4,782. This is based on 45 care leavers in 2018/19 living independently for a full year in a Band A property. However, as previously stated, it is extremely unlikely that the costs will be this high and it is anticipated that they will be much lower.

12. LINKS TO JOINT STRATEGIC PLAN

12.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Joint Strategic Plan. Specific links are to financially sustainable Councils, managing our corporate assets effectively, and property investment to generate income.

13. FINANCIAL IMPLICATIONS

13.1 These are detailed in the report.

14. LEGAL IMPLICATIONS

14.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) requires the Council to set a balance budget with regard to the advice of its Chief Finance Officer (Section 151).

14.2 The changes to the Care Leavers Discount are in accordance with the Local Government Finance Act 1992, Section 13A (1)(c).

15. RISK MANAGEMENT

This report is most closely linked with the Council's Significant Risk No. 5d – We may be unable to respond in a timely and effective way to financial demands and also Corporate Risk No. SE05 – if the Finance Strategy is not in place with a balanced position over the medium term the Councils will not be able to deliver the core objectives and service delivery may be at risk of not being delivered. Other key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If the Council does not plan and identify options to meet the medium-term budget gap, then it will have a detrimental impact on the resources available to deliver services and the strategic priorities.	Unlikely - 2	Bad - 3	Clear priority outcomes and robust business cases for investment plus use of the Growth and Efficiency Fund to support the MTFS and an Investment Strategy. The S151 Officer will submit the Section 25 report on the robustness of estimates and adequacy of reserves in February 2019.
If economic conditions and other external factors are worse than budgeted for it is probable that this could have an adverse effect on the Councils future medium-term financial position	Probable – 3	Noticeable - 2	Maintain the focus and momentum on reducing the budget gap throughout the financial year using the detailed template and opportunities work.

16. CONSULTATIONS

16.1 Consultations have taken place with Assistant Directors, Corporate Managers and other Budget Managers as appropriate.

17. EQUALITY ANALYSIS

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

18. ENVIRONMENTAL IMPLICATIONS

18.1 There are no specific environmental implications from the costs and savings identified in this report.

19. APPENDICES

Title	Location
Appendix A - General Fund Budget Summary 2019/20	Attached
Appendix B - Capital Programme	Attached
Appendix C - Budget, Funding and Council Tax Requirements and Robustness of Estimates and Adequacy of Reserves	Attached
Appendix D - Budget Book 2019/20	Attached
Appendix E - Fees and Charges Schedule	Attached

20. BACKGROUND DOCUMENTS

Provisional Local Government Finance Settlement

General Fund Financial Monitoring 2018/19 – April to August 2018 MCa/18/37

APPENDIX A

GENERAL FUND BUDGET SUMMARY 2019/20

GENERAL FUND REVENUE BUDGET SUMMARY

		2018/19 £'000	2019/20 £'000	Movement £'000
1	Employee Costs	9,046	8,950	(97)
2	Premises	772	820	47
3	Supplies & Services	7,136	5,033	(2,103)
4	Transport	438	359	(78)
5	Contracts	3,297	3,418	121
6	Third Party Payments	16,964	13,817	(3,147)
7	Income	(23,751)	(20,703)	3,048
8	Charge to HRA	(1,016)	(1,058)	(43)
9	Charge to Capital	(271)	(4)	267
10	Transfers to Reserves	42	274	232
	Capital Financing Charges			
11	Debt Management Costs	3	-	(3)
12	Interest Payable (Other)	-	229	229
13	Interest Payable (Pooled Funds)	130	177	47
14	Interest Payable (CIFCO)	594	562	(32)
15	Interest Payable (CIFCO - further investment)	-	89	89
16	Interest Payable (Other Commercial Investments)	435	282	(153)
17	MRP	1,211	1,038	(173)
	Investment Income			
18	Pooled Funds	(430)	(438)	(8)
19	Interest Receivable (Cash Surplus)	(7)	(19)	(11)
20	Interest Receivable (CIFCO)	(1,064)	(1,238)	(174)
21	Interest Receivable (CIFCO - further investment)	-	(307)	(307)
22	Interest Receivable (Other Commercial Investments)	(470)	(1,030)	(560)
23	**Net Service Cost**	**13,060**	**10,252**	**(2,807)**
24	Growth and Efficiency Fund - Staffing	(52)	-	52
25	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
26	Growth and Efficiency Fund - contribution to capital	(2,575)	-	2,575
27	New Homes Bonus to balance core budget	(354)	-	354
28	New Homes Bonus (surplus)	(1,109)	(1,380)	(270)
29	Transfers from Reserves - earmarked	(1,229)	(1,196)	33
30	S31 Business Rates Grant - to balance the budget	(764)	(1,313)	(550)
31	Business Rates Collection Fund Deficit	957	597	(360)
32	Council Tax Surplus on Collection fund	(70)	(27)	43
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36	Rural Services Delivery Grant	-	(433)	(433)
37	Council Tax	(5,915)	(6,117)	(202)
38	**Total Funding**	**(14,168)**	**(12,162)**	**2,006**
39	Shortfall (Surplus) funding	-	(1,910)	(1,910)

Council Tax Base	(36,337)	(36,841)	(504)
Council Tax for Band D Property	162.78	166.04	3.26
Council Tax	**(5,915)**	**(6,117)**	**(202)**

APPENDIX B

CAPITAL PROGRAMME 2019/20 TO 2022/23

MID SUFFOLK CAPITAL PROGRAMME 2019/20 - 2022/23 GENERAL FUND	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'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
Housing												
Mandatory Disabled Facilities Grant	376	376	376	376	**1,503**				1,503			**1,503**
Discretionary Housing Grants	100	100	100	100	**400**						400	**400**
Empty Homes Grant	100	100	100	100	**400**						400	**400**
Total Housing	**576**	**576**	**576**	**576**	**2,303**	**0**	**0**	**0**	**1,503**	**0**	**800**	**2,303**
Environment and Projects												
Replacement Refuse Freighters - Joint Scheme	376	188	0	1,922	**2,486**						2,486	**2,486**
Recycling Bins	80	100	100	100	**380**						380	**380**
Total Environmental Services	**456**	**288**	**100**	**2,022**	**2,866**	**0**	**0**	**0**	**0**	**0**	**2,866**	**2,866**
Communities and Public Access												
Planned Maintenance / Enhancements - Car Parks	162	150	125	100	**537**						537	**537**
Streetcare - Vehicles and Plant Renewals	173	237	83	90	**583**						583	**583**
Play Equipment	25	25	25	25	**100**						100	**100**
Community Development Grants	189	189	189	189	**756**						756	**756**
Total Communities and Public Access	**549**	**601**	**422**	**404**	**1,976**	**0**	**0**	**0**	**0**	**0**	**1,976**	**1,976**
Total Leisure Contracts	**737**	**250**	**150**	**150**	**1,288**	**0**	**0**	**0**	**0**	**0**	**1,288**	**1,288**
Capital Projects												
HQ - Equipment Renewals	0	0	0	0	**0**							**0**
Planned Maintenance - Corporate Buildings	80	70	70	70	**290**						290	**290**
Total Capital Projects	**80**	**70**	**70**	**70**	**290**	**0**	**0**	**0**	**0**	**0**	**290**	**290**
Economic Development and Regeneration												
HQ - Equipment Renewals	0	0	0	0	**0**							**0**
Open for Business	0	30	0	0	**30**						30	**30**
Total Economic Development and Regeneration	**0**	**30**	**0**	**0**	**30**	**0**	**0**	**0**	**0**	**0**	**30**	**30**
Investment and Commercial Delivery												
Stowmarket Middle School	3,463	3,861	38	0	**7,362**						7,362	**7,362**
HQ Site	949	727	994	0	**2,670**		2,670					**2,670**
Property Investment Fund	3,000	0	0	0	**3,000**						3,000	**3,000**
Gateway14	6,000	0	0	0	**6,000**						6,000	**6,000**
CIFCO	2,500	0	0	0	**2,500**						2,500	**2,500**
CIFCO - further investment	12,500	12,500	0	0	**25,000**						25,000	**25,000**
Total Investment and Commercial Delivery	**28,412**	**17,088**	**1,032**	**0**	**46,532**	**0**	**2,670**	**0**	**0**	**0**	**43,862**	**46,532**
Corporate Resources												
ICT - Hardware / Software costs	200	200	200	200	**800**						800	**800**
Total Corporate resources	**200**	**200**	**200**	**200**	**800**	**0**	**0**		**0**	**0**	**800**	**800**
Total General Fund Capital Spend	**31,010**	**19,102**	**2,550**	**3,422**	**56,085**	**0**	**2,670**	**0**	**1,503**	**0**	**51,912**	**56,085**

APPENDIX C

Budget, Funding and Council Tax Requirements

1) The precept requirements of Parish / Town Councils must be aggregated with the requirement of this authority to arrive at an average Council Tax figure for the district / parish purposes. This figure however is totally hypothetical and will not be paid by any taxpayer (other than by coincidence). A schedule of the precept requirements from Parish / Town Councils will be reported to Council on 21 February.

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

3) The legally required calculation is set out below:

   1) The General Fund Budget requirement for the District Council purposes in 2019/20 will be £166.04, based on an increase to Council Tax of £3.26 per annum for a Band D property which is the equivalent to 2%.

   2) The County Council precept requirement is still to be determined but is likely to be £1,292.13 for a Band D property in 2019/20, an increase of 3.99%.

   3) The Police and Crime Commissioner's precept requirement is likely to increase by £24 or 13% to £212.82.

   4) At the time of preparing this report, not all Parish / Town Councils have supplied formal notification of their 2019/20 precept. The final figures will be reported to Council.

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

5) Established practice is for payments to be made in 12 equal instalments on the 15th of each month or the next banking day if the 15th falls on a weekend or bank holiday. Accordingly, the precept dates applicable for 2019/20 are expected to be as follows:

15 April 2019	15 May 2019	17 June 2019	15 July 2019
15 August 2019	16 September 2019	15 October 2019	15 November 2019
16 December 2019	15 January 2020	17 February 2020	16 March 2020

APPENDIX C

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

1. Background

1.1 Section 25 of the Local Government Act 2003 requires Councils, when setting its annual General Fund budget and level of council tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves. This report fulfils that requirement for the setting of the budget and council tax for 2019/20.

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

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

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

2. Basis of Advice for Section 25 Report

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

a) The role of the Chief Finance Officer
b) The effectiveness of financial controls
c) The effectiveness of budget planning and budget management
d) The adequacy of insurance and risk management
e) The mitigation of strategic financial risks
f) The capital programme

a) Role of the Chief Finance Officer

2.2 The statutory role of the Chief Finance Officer in relation to financial administration and stewardship of the Council, and its role in the organisation are both key to ensuring that financial discipline is maintained.

2.3 The statutory duties of the Chief Finance Officer are set out in the Financial Regulations which form part of the Council's Constitution. These include the requirement to report to council if there is an unbalanced budget (under Section 114 of the Local Government Act 1988).

2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Statement on the Role of the Chief Financial Officer (CFO) in Local Government. The Statement requires that in order to meet best practice the CFO:

a) is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;

b) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and

c) must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

d) must lead and direct a finance function that is resourced to be fit for purpose; and

e) must be professionally qualified and suitably experienced.

b) <u>Financial Controls</u>

2.5 Alongside the statutory role of the CFO the Council has in place a number of financial management policies and financial controls which are set out in the Financial Regulations.

2.6 Other safeguards which ensure that the Council does not over-commit financially include:

a) the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;

b) the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and

c) the auditors' consideration of whether the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

2.7 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the "Annual Governance Statement".

2.8 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily. This is backed up by the review processes of Cabinet and the Joint Audit and Standards Committee undertaking the role of the Council's Audit Committee.

c) <u>Budget Planning and Budget Management</u>

2.9 The financial planning process is Councillor-led as Cabinet decides the principles and policies that underpin budget planning. The Budget Report describes the strategy for 2019/20 and beyond.

2.10 Cost pressures and variations in key areas of income and expenditure have been carefully considered and reflected in the budget.

2.11 Key assumptions have been made and updated during the budget process to reflect the changing economic position and latest information.

2.12 Detailed scrutiny, review and challenge of budgets has been undertaken by finance officers and the Senior Leadership Team.

2.13 There has been an examination by the Overview and Scrutiny Committee in advance of the budget being approved. The recommendations made by the Committee are considered by Cabinet before the budget is presented to Council.

2.14 A key factor in effective budget management is the Council's regular monitoring of spending against budgets throughout the year and at year-end. Budget managers are required to update their forecasts during the year and these are subject to review by Cabinet on a quarterly basis. The development of budget managers and initiatives to strengthen budgetary control and financial management throughout the Council is an ongoing process.

2.15 The Council has a proven track record on budget management, which is confirmed by Ernst & Young in their Annual Audit Letter. The auditors are required to form a conclusion on the arrangements the Council has put in place to secure economy, efficiency and effectiveness in its use of resources. An unqualified opinion has again been issued for 2017/18.

d) <u>Adequacy of Insurance and Risk Management</u>

2.16 The Council's insurance arrangements are in the form of external insurance premiums with regular reviews being undertaken of the level at which risks are insured.

2.17 A critical area where risk management thinking can add significant value is to enhance the planning and budgeting process. Utilising a risk-based approach directly links to the Council's risk appetite to its core financial and economic performance, supported by the Council's Significant Risk Register. The goal when integrating risk management into budget planning is to understand the assumptions that the budget is based on.

2.18 The effective application of the Council's risk management principles enhances many processes within the context of managing its services and enables management to make better and more informed decision.

2.19 Our approach is to identify the major line items of each service budget, the personnel who contributed to them and the basis of estimation and then to ask key questions such as:

- What are the potential risks that could interfere with the accuracy of the estimate?
- What is the likelihood of these risks materialising?
- What would the impact on the organisation be if they did materialise?

e) Mitigation of Strategic Financial Risk

2.20 No budget can be completely free from risk and these are still prevalent in the ongoing financial climate. Some comments on the areas of the budget having key financial impacts or significant changes for 2019/20 are set out below:

- **Pay and Pensions** – The budget includes provision for pay increases of 2% for each of the 4 years to 2022/23 and continues to provide for annual progression through pay scales where employees are not at the top of their grades. A 1% change in pay amounts to around £90k per annum.

  2019/20 is the last year of adjustment to the employers' pension fund contribution resulting from the 2016 triennial valuation. Beyond this, an increase of 1% per annum has been included.

  The Council's establishment budget is based on a full establishment. To allow for in-year vacancy savings the budget includes an annual vacancy saving of £208k. This is based on previous years' outturn.

- **Price Increases** – Allowances for price increases have been made on some budgets including major contracts, where there is a contractual requirement to do so. For other areas the budget assumes any price inflation is absorbed by the service. A 1% change in the refuse and ICT contracts and the Shared Revenues Partnership is around £34k

- **Income from Fees and Charges** – A significant part of the Council's costs continues to be met from fees and charges. For some of these headings it is difficult to predict the level of income to be received e.g. planning fees, so progress against these income targets will need to be monitored throughout the year, particularly in the light of continuing economic volatility. A 1% change in income from planning, garden waste, car park and recycling performance payments income is around £34k.

- **Investment Income and Interest Payable** – Since 2009 interest rates have produced low returns from investments, but the Council has diversified its investments into a property fund and other pooled funds, following advice from Arlingclose, to increase the return on investment. One of the impacts of Brexit may be that the income from some pooled funds will be treated as capital rather than revenue income, which could require the redemption of current holdings and reduce the anticipated level of return.

  The Council is making other commercial investments in order to generate income or regenerate an area. Where this investment is relying on borrowing as the funding source then any return will be subject to changes in interest rates. This is particularly relevant to the Capital Investment Fund Company (CIFCO) where borrowing is taken out for CIFCO to invest in commercial property. The 2019/20 budget includes a proposal to invest a further £25m in CIFCO to generate additional income. As this activity is subject to both interest rate and tenant void risks a separate stress test is being undertaken and will be available for the Council meeting in February.

- **Business Rate Retention** – As business rates is an increasingly important source of income for the Council, measures for closer monitoring have been put in place. Under the current retention system, the General Fund's exposure to variances can come from economic decline, cessation of business from a major ratepayer and appeals to rateable values. The Council operates a Business Rates Equalisation Reserve to cover for this possibility as appropriate.

  In 2020/21 local government is expected to be given 75% retention of business rates. The figures for this year and beyond assume a cost neutral position, but this is currently untested. If baseline funding levels should reduce, the Business Rates Equalisation Reserve could be used to support a short-term reduction, but medium-term plans and resources would need to be reviewed.

- **Government Funding** – The Council's share of Revenue Support Grant for 2019/20 is zero, so the core Government funding is now reduced to Rural Services Delivery Grant (RSDG) and New Homes Bonus (NHB). 2019/20 is the final year of a 4-year Comprehensive Spending Review and funding levels beyond this are currently unknown. The medium-term figures are based on the current level of RSDG continuing and NHB being available under the current guidelines. NHB payments assume that there will be annual growth of 1.1% above the 0.4% baseline figure.

- **Welfare Reforms, Benefits and Council Tax Reductions** – At a forecast £14.1m housing benefit remains one of the Council's largest financial transactions, which due to the welfare reforms and introduction of Universal Credit and the Council Tax Reduction scheme is subject to increasing risk and change. This will continue to be closely monitored in order to protect the Council from any emerging risks and liabilities.

f) <u>Capital Programme</u>

2.21 The Council has a significant capital programme for the next 3 years which is largely funded through borrowing and is based upon reasonable estimates of cost and capacity to deliver the programme. The programme has been developed to support the key deliverables of the Council and its ambition through the Joint Strategic Plan.

2.22 A key risk therefore to consider in the Council's budget planning is the interest cost and provision for repayment of debt (Minimum Revenue Provision – MRP) that it will need to meet commitments on the borrowing it undertakes for capital purposes.

2.23 A review of the capital programme will need to be undertaken to ensure that future borrowing is targeted on projects that deliver the most for the district and are affordable within the current revenue resources.

2.24 The borrowing strategy and MRP policy are set out in detail in the Capital, Investment and Treasury Management Strategies document.

<u>Conclusion</u>

2.25 Taking all of the above into consideration, the Section 151 Officer's opinion is that the Council's budget and estimates are reasonable based on the assumptions and available information, but cannot be absolutely robust, so a full assurance cannot be given that there will be no unforeseen adverse variances.

2.26 This is an expected and acceptable situation for any organisation that is dealing with a large number of variables. Also, the general economic situation continues to impact on expenditure and income. Provided that the minimum safe level of reserves is maintained, any variations arising as a result of lack of robustness in the estimates should be manageable.

3 Adequacy of Reserves

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

3.2 The Council is required to maintain adequate financial reserves to meet the needs of the authority. This is the General Reserve and provides a safe level of contingency.

3.3 The CFO's opinion is that the minimum level of unearmarked reserves should, for the time being, be maintained at the current level of £1.05m without increasing the risk to the Council. This represents 10% of the annual General Fund Budget, so no action is required as part of the 2019/20 budget. This is partly based on the understanding that there are further sums available in earmarked reserves that will not be fully spent during 2019/20 as set out below.

3.4 Levels of earmarked reserves (excluding those relating to the Housing Revenue Account but including the Growth and Efficiency Fund and the Community Infrastructure Levy) are forecast to be £13.2m as at 31 March 2020. The level of earmarked reserves as at the 31 March 2019 will depend on the extent to which the New Homes Bonus money that is transferred to the Growth and Efficiency Fund is spent in 2019/20. The Growth and Efficiency Fund is continuing to support the delivery of the Council's Joint Strategic Plan in 2019/20.

4. Background Documents

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

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

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Appendix D

Budget Book 2019/20

Budget Book 2018/19

Contents	Page

GENERAL FUND REVENUE BUDGET SUMMARY

		2018/19 £'000	2019/20 £'000	Movement £'000
1	Employee Costs	9,046	8,950	(97)
2	Premises	772	820	47
3	Supplies & Services	7,136	5,033	(2,103)
4	Transport	438	359	(78)
5	Contracts	3,297	3,418	121
6	Third Party Payments	16,964	13,817	(3,147)
7	Income	(23,751)	(20,703)	3,048
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Council Tax for Band D Property	162.78	166.04	3.26
Council Tax	**(5,915)**	**(6,117)**	**(202)**

GENERAL FUND BUDGET - Services and Activities Summary

Planning and Communities	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Growth and Sustainable Planning	1,116	0	471	20	0	0	(1,337)	(65)	**204**
Business Improvement	33	0	0	1	0	0	0	0	**35**
Strategic Planning	582	0	372	3	0	0	(347)	(53)	**557**
Sustainable Environment	556	0	31	21	0	0	(22)	0	**587**
Policy and Strategy (Health & Well Being)	127	0	16	4	0	0	0	0	**148**
Strong and Safe Communities	182	0	652	6	0	0	0	(325)	**516**
TOTAL	**2,595**	**0**	**1,542**	**57**	**0**	**0**	**(1,706)**	**(442)**	**2,046**

Housing	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Private Sector Housing	69	0	19	4	0	0	0	0	**92**
Housing Options	52	0	0	0	0	0	0	0	**52**
Homelessness	178	57	55	6	0	0	(322)	113	**86**
Property Services	38	95	45	0	15	0	(381)	0	**(188)**
TOTAL	**337**	**152**	**118**	**10**	**15**	**0**	**(703)**	**113**	**43**

Environment and Commercial Partnerships	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Building Control	435	3	9	25	0	0	(330)	0	**143**
Public Realm	972	234	246	129	0	0	(975)	(30)	**575**
Waste Services	233	75	788	9	2,130	0	(1,977)	(146)	**1,112**
Food and Safety	246	0	66	10	0	0	(32)	(8)	**283**
Leisure	0	16	445	0	0	0	(35)	0	**426**
TOTAL	**1,886**	**328**	**1,552**	**172**	**2,130**	**0**	**(3,348)**	**(184)**	**2,538**

Economic Development and Regeneration	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Open for Business	251	0	72	9	0	0	(132)	0	**199**
TOTAL	**251**	**0**	**72**	**9**	**0**	**0**	**(132)**	**0**	**199**

Customer Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Customer Services	457	0	24	2	0	0	0	0	**484**
Business Improvement (Corporate)	119	0	6	1	0	0	0	0	**126**
ICT	139	0	326	1	212	0	0	0	**678**
Communications	137	0	15	2	0	0	0	0	**154**
TOTAL	**853**	**0**	**371**	**5**	**212**	**0**	**0**	**0**	**1,441**

Corporate Resources	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
HR and Organisational Development	336	0	29	1	0	0	0	0	**367**
Financial Services	1,055	167	196	33	1,061	13,817	(14,346)	0	**1,983**
Commissioning and Procurement	148	0	11	2	0	0	0	0	**160**
Health and Safety	100	0	81	3	0	0	0	0	**185**
Senior Leadership Team	464	0	54	48	0	0	0	0	**566**
TOTAL	**2,104**	**167**	**372**	**86**	**1,061**	**13,817**	**(14,346)**	**0**	**3,260**

Law and Governance	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Information Management	223	0	30	0	0	0	(201)	0	**53**
Internal Audit	83	0	5	0	0	0	(3)	0	**86**
Democratic Services	185	0	548	16	0	0	(32)	(75)	**642**
Shared Legal Services	185	0	225	0	0	0	(97)	0	**313**
TOTAL	**676**	**0**	**809**	**17**	**0**	**0**	**(333)**	**(75)**	**1,094**

Assets and Investments	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Asset Management	68	173	150	0	0	0	(37)	0	**354**
Housing Development	40	0	2	0	0	0	0	0	**43**
BMS Invest	139	0	45	2	0	0	(97)	0	**89**
TOTAL	**247**	**173**	**197**	**3**	**0**	**0**	**(134)**	**0**	**486**

TOTAL	**8,950**	**820**	**5,033**	**359**	**3,418**	**13,817**	**(20,703)**	**(588)**	**11,106**

GENERAL FUND BUDGET - Planning and Communities

Growth and Sustainable Planning	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Development Management	1,116	0	132	20	0	0	(1,223)	0	**44**
Development Management - Appeals	0	0	313	0	0	0	0	(65)	**248**
Development Management - pre application	0	0	27	0	0	0	(114)	0	**(88)**
	1,116	**0**	**471**	**20**	**0**	**0**	**(1,337)**	**(65)**	**204**

Business Improvement	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Business Improvement	33	0	0	1	0	0	0	0	**35**
	33	**0**	**0**	**1**	**0**	**0**	**0**	**0**	**35**

Strategic Planning	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Infrastructure Team - CIL	80	0	0	0	0	0	(113)	0	**(33)**
Strategic Planning General	0	0	60	0	0	0	0	(57)	**3**
Development Policy and Local Plans	429	0	91	2	0	0	0	0	**521**
Social Housing	63	0	8	1	0	0	(14)	0	**58**
Housing Enabling	0	0	8	0	0	0	0	0	**8**
Community Housing Fund	10	0	106	0	0	0	0	(116)	**0**
Neighbourhood Plans	0	0	99	0	0	0	(220)	121	**0**
	582	**0**	**372**	**3**	**0**	**0**	**(347)**	**(53)**	**557**

Sustainable Environment	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Conservation	122	0	1	5	0	0	(15)	0	**114**
Planning Enforcement	153	0	4	6	0	0	0	0	**163**
Environmental Protection	281	0	11	10	0	0	(7)	0	**295**
Abandoned Vehicles	0	0	1	0	0	0	0	0	**1**
Climate Change and Sustainability	0	0	8	0	0	0	0	0	**8**
Dog Control	0	0	8	0	0	0	0	0	**8**
	556	**0**	**31**	**21**	**0**	**0**	**(22)**	**0**	**587**

Policy and Strategy (Health & Well Being)	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Policy and Strategy (Health and Well Being)	123	0	16	4	0	0	0	0	**144**
Strategic Leisure Review	4	0	0	0	0	0	0	0	**4**
	127	**0**	**16**	**4**	**0**	**0**	**0**	**0**	**148**

Strong and Safe Communities	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Wingfield Barns	0	0	30	0	0	0	0	0	**30**
Community Achievement Awards	0	0	3	0	0	0	0	0	**3**
Community Development	91	0	1	3	0	0	0	0	**95**
Grants and Contributions	37	0	509	2	0	0	0	(250)	**298**
Community Safety-General	54	0	109	1	0	0	0	(75)	**88**
Village of the Year	0	0	1	0	0	0	0	0	**1**
	182	**0**	**652**	**6**	**0**	**0**	**0**	**(325)**	**516**

TOTAL									
	2,595	**0**	**1,542**	**57**	**0**	**0**	**(1,706)**	**(442)**	**2,046**

GENERAL FUND BUDGET - Housing

Private Sector Housing	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Housing Standards	69	0	0	4	0	0	0	0	**73**
Home Improvement Agency	0	0	14	0	0	0	0	0	**14**
Other Housing Matters	0	0	5	0	0	0	0	0	**5**
	69	**0**	**19**	**4**	**0**	**0**	**0**	**0**	**92**

Housing Options	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Housing Options	52	0	0	0	0	0	0	0	**52**
	52	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**52**

Homelessness	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Homelessness Private Sector	0	0	22	3	0	0	(17)	0	**8**
Rent Deposit Scheme	0	25	0	3	0	0	(25)	0	**3**
Homeless Prevention Fund	178	0	28	0	0	0	0	(20)	**186**
Flexible Homeless Support Grant	0	0	0	0	0	0	(77)	0	**(77)**
New Burdens and Data Grant	0	0	0	0	0	0	(30)	0	**(30)**
The Foyer	0	32	4	0	0	0	(137)	98	**(4)**
Other Temporary accommodation	0	0	0	0	0	0	(35)	35	**0**
	178	**57**	**55**	**6**	**0**	**0**	**(322)**	**113**	**86**

GENERAL FUND BUDGET - Environment and Commercial Partnerships

Building Control	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Building Regulations: chargeable service	301	0	4	17	0	0	(302)	0	**21**
Building Regulations: non-chargeable service	69	0	0	4	0	0	0	0	**72**
Building Regulations: other activities	42	0	0	2	0	0	0	0	**44**
Commercial Income	0	0	2	0	0	0	(7)	0	**(5)**
Dangerous Structures	0	0	0	0	0	0	(0)	0	**(0)**
Street Naming and Numbering	24	3	3	1	0	0	(21)	0	**10**
	435	**3**	**9**	**25**	**0**	**0**	**(330)**	**0**	**143**

Public Realm	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Eye Castle Project	0	0	3	0	0	0	(3)	0	**0**
Comm Development - Countryside	46	21	24	5	0	0	(8)	0	**88**
Footpaths	23	0	6	1	0	0	(21)	0	**8**
Public Conveniences	0	20	0	0	0	0	0	0	**20**
Street and Major Road Cleansing	306	0	86	44	0	0	(69)	0	**368**
Open Spaces	526	13	64	65	0	0	(188)	(30)	**450**
Public Tree Programme	48	20	0	4	0	0	0	0	**73**
Eye Park	0	0	0	0	0	0	(2)	0	**(2)**
Car Parks General	23	150	62	2	0	0	(639)	0	**(403)**
Stowmarket Lorry Park	0	11	0	0	0	0	0	0	**11**
A14 Cleansing	0	0	0	7	0	0	(45)	0	**(38)**
	972	**234**	**246**	**129**	**0**	**0**	**(975)**	**(30)**	**575**

Waste Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Creeting Rd Depot	0	45	10	0	0	0	0	0	**55**
Chilton Depot	0	28	1	0	0	0	(1)	0	**28**
Joint Waste Contract	0	2	13	7	0	0	(5)	0	**16**
Domestic Waste	146	0	362	1	1,640	0	(506)	(146)	**1,497**
Bring Sites	12	0	67	0	0	0	(134)	0	**(55)**
Trade Waste	17	0	152	0	79	0	(436)	0	**(187)**
Garden Waste	58	0	182	0	411	0	(892)	0	**(240)**
Recycling Centre	0	0	1	0	0	0	(4)	0	**(2)**
	233	**75**	**788**	**9**	**2,130**	**0**	**(1,977)**	**(146)**	**1,112**

Food & Safety	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Food and Safety (General)	246	0	2	10	0	0	(14)	0	**244**
Food Hygiene Courses	0	0	0	0	0	0	(1)	0	**(0)**
Animal Welfare Licensing	0	0	2	0	0	0	(12)	0	**(10)**
Health and Safety Regulation	0	0	0	0	0	0	(1)	0	**(1)**
Food Safety	0	0	1	0	0	0	0	0	**1**
Water Sampling	0	0	5	0	0	0	(5)	0	**0**
Better Business for All	0	0	8	0	0	0	0	(8)	**0**
Land Drainage	0	0	49	0	0	0	0	0	**49**
	246	**0**	**66**	**10**	**0**	**0**	**(32)**	**(8)**	**283**

Leisure	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Leisure Contract	0	16	445	0	0	0	(35)	0	**426**
	0	**16**	**445**	**0**	**0**	**0**	**(35)**	**0**	**426**

TOTAL	**1,886**	**328**	**1,552**	**172**	**2,130**	**0**	**(3,348)**	**(184)**	**2,538**

GENERAL FUND BUDGET - Economic Development and Regeneration

Open for Business	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Business Performance	0	0	12	0	0	0	0	0	**12**
Economic Development	148	0	20	5	0	0	0	0	**173**
Tourism General	0	0	9	0	0	0	0	0	**9**
South and Heart of Suffolk Marketing Campaign	0	0	20	0	0	0	(8)	0	**12**
Taxi and Private Hire Licensing	35	0	11	2	0	0	(49)	0	**(1)**
Alcohol, Entertainments and Late Night Refreshment	44	0	0	0	0	0	(68)	0	**(24)**
Gambling & Small Lotteries	18	0	0	1	0	0	(6)	0	**13**
Other Licences	4	0	0	0	0	0	0	0	**4**
	251	**0**	**72**	**9**	**0**	**0**	**(132)**	**0**	**199**

TOTAL	**251**	**0**	**72**	**9**	**0**	**0**	**(132)**	**0**	**199**

GENERAL FUND BUDGET - Customer Services

Customer Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Customer Services	457	0	20	2	0	0	0	0	**479**
Sudbury CAP	0	0	4	0	0	0	0	0	**4**
	457	**0**	**24**	**2**	**0**	**0**	**0**	**0**	**484**

Business Improvement Corporate	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Business Improvement Corporate	119	0	6	1	0	0	0	0	**126**
	119	**0**	**6**	**1**	**0**	**0**	**0**	**0**	**126**

ICT	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
ICT	139	0	326	1	212	0	0	0	**678**
	139	**0**	**326**	**1**	**212**	**0**	**0**	**0**	**678**

Communications	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Communications	137	0	15	2	0	0	0	0	**154**
	137	**0**	**15**	**2**	**0**	**0**	**0**	**0**	**154**

TOTAL	**853**	**0**	**371**	**5**	**212**	**0**	**0**	**0**	**1,441**

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	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
HR & Organisational Development	336	0	29	1	0	0	0	0	**367**
	336	**0**	**29**	**1**	**0**	**0**	**0**	**0**	**367**

Financial Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Financial Resources	423	0	43	1	0	0	0	0	**467**
Treasury Management	0	0	27	0	0	0	0	0	**27**
Bank Charges	0	0	55	0	0	0	0	0	**55**
External Audit	0	0	54	0	0	0	0	0	**54**
Insurance Premiums	101	110	9	32	0	0	0	0	**251**
Pay Inflation and Increment Costs	(208)	0	0	0	0	0	0	0	**(208)**
Early Retirement Pension Direct Charges	78	0	0	0	0	0	0	0	**78**
Rent Allowances	0	0	0	0	0	7,696	(7,788)	0	**(93)**
Rent Rebates to HRA Dwellings	0	0	0	0	0	6,121	(6,226)	0	**(104)**
Council Tax Collection	0	0	0	0	0	0	(197)	0	**(197)**
NNDR Collection	0	0	0	0	0	0	(135)	0	**(135)**
Shared Revenues Partnership	0	0	8	0	1,061	0	0	0	**1,069**
Contingencies/Savings Adjustments	(110)	0	0	0	0	0	0	0	**(110)**
Unapportionable Central Overheads	771	57	0	0	0	0	0	0	**828**
	1,055	**167**	**196**	**33**	**1,061**	**13,817**	**(14,346)**	**0**	**1,983**

Commissioning and Procurement	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Commissioning and Procurement	148	0	0	2	0	0	0	0	**150**
Central Stationery and Equipment	0	0	10	0	0	0	0	0	**10**
	148	**0**	**11**	**2**	**0**	**0**	**0**	**0**	**160**

Health and Safety	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Health and Safety	100	0	56	3	0	0	0	0	**160**
Civil Protection and Emergency Planning	0	0	25	0	0	0	0	0	**25**
	100	**0**	**81**	**3**	**0**	**0**	**0**	**0**	**185**

Senior Leadership Team	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Senior Leadership Team	429	0	54	(24)	0	0	0	0	**459**
Corporate Management	36	0	0	71	0	0	0	0	**107**
	464	**0**	**54**	**48**	**0**	**0**	**0**	**0**	**566**

TOTAL	**2,104**	**167**	**372**	**86**	**1,061**	**13,817**	**(14,346)**	**0**	**3,260**

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	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Information Management	223	0	10	0	0	0	0	0	**234**
Land Charges	0	0	20	0	0	0	(201)	0	**(181)**
	223	**0**	**30**	**0**	**0**	**0**	**(201)**	**0**	**53**

Internal Audit	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Internal Audit	83	0	5	0	0	0	(3)	0	**86**
	83	**0**	**5**	**0**	**0**	**0**	**(3)**	**0**	**86**

Democratic Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Electoral Registration	0	0	49	0	0	0	(2)	0	**47**
Elections	78	0	100	0	0	0	(25)	(75)	**78**
Governance	262	0	2	0	0	0	(0)	0	**265**
Cost of Democracy	(181)	0	328	15	0	0	(1)	0	**161**
Central Postal Services	26	0	51	0	0	0	0	0	**76**
Central Printing	0	0	18	0	0	0	(3)	0	**15**
	185	**0**	**548**	**16**	**0**	**0**	**(32)**	**(75)**	**642**

Shared Legal Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Shared Legal Services	185	0	225	0	0	0	(97)	0	**313**
	185	**0**	**225**	**0**	**0**	**0**	**(97)**	**0**	**313**

TOTAL	**676**	**0**	**809**	**17**	**0**	**0**	**(333)**	**(75)**	**1,094**

GENERAL FUND BUDGET - Assets and Investments

Asset Management	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Stowmarket Football Ground	0	19	0	0	0	0	(5)	0	**14**
Asset Utilisation	68	4	2	0	0	0	0	0	**75**
Endeavour House - HQ	0	50	148	0	0	0	0	0	**198**
Stowmarket CAP	0	24	0	0	0	0	0	0	**24**
Hadleigh TDP	0	13	0	0	0	0	0	0	**13**
Aldi, Stowmarket	0	63	0	0	0	0	(32)	0	**31**
	68	**173**	**150**	**0**	**0**	**0**	**(37)**	**0**	**354**

Housing Development	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Housing Development	40	0	2	0	0	0	0	0	**43**
	40	**0**	**2**	**0**	**0**	**0**	**0**	**0**	**43**

BMS Invest	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Transport Costs £'000	Major Contracts £'000	Third Party Payments £'000	Income £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
BMS Invest	139	0	45	2	0	0	(97)	0	**89**
	139	**0**	**45**	**2**	**0**	**0**	**(97)**	**0**	**89**

TOTAL	**247**	**173**	**197**	**3**	**0**	**0**	**(134)**	**0**	**486**

HOUSING REVENUE ACCOUNT 2018/19

Income	2018/19 £'000	2019/20 £'000
Dwelling Rent and Other Income	(15,062)	(15,226)
Less Bad Debt Provision	145	86
Interest Income	(10)	(8)
Gross Income	**(14,927)**	**(15,148)**

Expenditure	2018/19 £'000	2019/20 £'000
Repairs and Maintenance, Management and Other Costs	6,042	6,119
Capital Charges (funding the capital programme)	2,754	2,912
Depreciation	3,400	3,709
Revenue Contribution to Capital Programme	3,393	2,827
Gross Expenditure	**15,589**	**15,567**

Net Operating Income	**662**	**419**

(Surplus)/Deficit for the Year	**662**	**419**

MID SUFFOLK CAPITAL PROGRAMME 2019/20 - 2022/23 GENERAL FUND	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'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
Housing												
Mandatory Disabled Facilities Grant	376	376	376	376	**1,503**				1,503			**1,503**
Discretionary Housing Grants	100	100	100	100	**400**						400	**400**
Empty Homes Grant	100	100	100	100	**400**						400	**400**
Total Housing	**576**	**576**	**576**	**576**	**2,303**	**0**	**0**	**0**	**1,503**	**0**	**800**	**2,303**
Environment and Projects												
Replacement Refuse Freighters - Joint Scheme	376	188	0	1,922	**2,486**						2,486	**2,486**
Recycling Bins	80	100	100	100	**380**						380	**380**
Total Environmental Services	**456**	**288**	**100**	**2,022**	**2,866**	**0**	**0**	**0**	**0**	**0**	**2,866**	**2,866**
Communities and Public Access												
Planned Maintenance / Enhancements - Car Parks	162	150	125	100	**537**						537	**537**
Streetcare - Vehicles and Plant Renewals	173	237	83	90	**583**						583	**583**
Play Equipment	25	25	25	25	**100**						100	**100**
Community Development Grants	189	189	189	189	**756**						756	**756**
Total Communities and Public Access	**549**	**601**	**422**	**404**	**1,976**	**0**	**0**	**0**	**0**	**0**	**1,976**	**1,976**
Leisure Contracts												
Mid Suffolk Leisure Centre - PV panels	0	0	0		**0**							**0**
Mid Suffolk Leisure Centre - structural repairs	0	0	0		**0**							**0**
Mid Suffolk Leisure Centre - roofing	526	200	100	100	**926**						926	**926**
Stradbroke Pool - general repairs	212	50	50	50	**362**						362	**362**
Total Leisure Contracts	**737**	**250**	**150**	**150**	**1,288**	**0**	**0**	**0**	**0**	**0**	**1,288**	**1,288**
Capital Projects												
HQ - Equipment Renewals	0	0	0	0	**0**							**0**
Planned Maintenance - Corporate Buildings	80	70	70	70	**290**						290	**290**
Total Capital Projects	**80**	**70**	**70**	**70**	**290**	**0**	**0**	**0**	**0**	**0**	**290**	**290**
Economic Development and Regeneration												
HQ - Equipment Renewals	0	0	0	0	**0**							**0**
Open for Business	0	30	0	0	**30**						30	**30**
Total Economic Development and Regeneration	**0**	**30**	**0**	**0**	**30**	**0**	**0**	**0**	**0**	**0**	**30**	**30**
Investment and Commercial Delivery												
Stowmarket Middle School	3,463	3,861	38	0	**7,362**						7,362	**7,362**
HQ Site	949	727	994	0	**2,670**		2,670					**2,670**
Property Investment Fund	3,000	0	0	0	**3,000**						3,000	**3,000**
Gateway14	6,000	0	0	0	**6,000**						6,000	**6,000**
CIFCO	2,500	0	0	0	**2,500**						2,500	**2,500**
CIFCO - further investment	12,500	12,500	0	0	**25,000**						25,000	**25,000**
Total Investment and Commercial Delivery	**28,412**	**17,088**	**1,032**	**0**	**46,532**	**0**	**2,670**	**0**	**0**	**0**	**43,862**	**46,532**
Corporate Resources												
ICT - Hardware / Software costs	200	200	200	200	**800**						800	**800**
Total Corporate resources	**200**	**200**	**200**	**200**	**800**	**0**	**0**		**0**	**0**	**800**	**800**
Total General Fund Capital Spend	**31,010**	**19,102**	**2,550**	**3,422**	**56,085**	**0**	**2,670**	**0**	**1,503**	**0**	**51,912**	**56,085**

MID SUFFOLK CAPITAL PROGRAMME 2019/20 - 2022/23 HOUSING REVENUE ACCOUNT	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	TOTAL BUDGET (over 4 years) £'000	Capital Receipts £'000	Reserves £'000	Revenue Contributions £000's	Government Grants £'000	S106 £'000	Borrowing £'000	Total Financing £'000
Capital Projects												
Planned maintenance	3,063	3,505	3,515	3,633	**13,716**		8,517	5,199				**13,716**
ICT Projects	200	200	200	200	**800**		557	243				**800**
Environmental Improvements	40	40	40	40	**160**		44	116				**160**
Disabled Facilities work	200	200	200	200	**800**		200	600				**800**
New build programme inc acquisitions	8,757	14,257	5,893	5,622	**34,529**	14,362	2,356	7,267	3,060		7,484	**34,529**
Total HRA Capital Spend	**12,260**	**18,202**	**9,848**	**9,695**	**50,005**	**14,362**	**11,674**	**13,425**	**3,060**	**0**	**7,484**	**50,005**

RESERVES

GENERAL FUND	Estimated Balance 31 Mar 2019 £'000	2019/20 Use of reserves £'000	2019/20 Transfer to reserves £'000	Estimated Balance 31 Mar 2020 £'000
Contingency Reserves				
General Fund Working Balance / Reserve	**(1,052)**			**(1,052)**
Earmarked reserves				
Carry Forwards	**(112)**	112		**0**
Business Rates Equalisation	**(1,910)**	597		**(1,313)**
Growth and Efficiency Fund (GEF)	**(5,995)**	3,085	(3,183)	**(6,092)**
Commercial Risk Management	**0**		(1,000)	**(1,000)**
Needham Lake Visitors Centre (GEF)	**0**		(300)	**(300)**
Neighbourhood Planning initiatives (GEF)	**0**		(120)	**(120)**
Government Grants	**(204)**	8		**(197)**
Homelessness	**(324)**	20	(133)	**(437)**
Welfare Benefits Reform	**(211)**			**(211)**
Commuted Maintenance Payments	**(311)**	30		**(281)**
Elections Fund	**(74)**	75	(20)	**(19)**
Planning Enforcement	**(20)**			**(20)**
Growth & Sustainable Planning	**(351)**	65		**(286)**
Planning (Legal)	**(33)**			**(33)**
Strategic Planning	**(367)**	112	(121)	**(375)**
Revocation of personal search fees	**(50)**			**(50)**
Repairs and Renewals	**(292)**			**(292)**
Eric Jones House	**(46)**			**(46)**
Waste	**(192)**	146		**(46)**
Sub total	**(10,492)**	**4,250**	**(4,876)**	**(11,118)**
Community Infrastructure Levy	**(3,009)**			**(3,009)**
Contribution to Capital (GEF) re-development of Needham Market headquarters	**0**	949		**949**
TOTAL GENERAL FUND RESERVES	**(14,553)**	**5,199**	**(4,876)**	**(14,230)**

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Appendix E

FEES AND CHARGES SCHEDULE 2019/20

CHARGES SCHEDULE FOR 2019/20

Generally any increase in fees and charges will take effect from 1st April each year. Details of variations from this date, for example, where a fee or charge is governed by statue, are included in this schedule.
The current standard rate of Value Added Tax (VAT) is 20%. The schedules for fees and charges show whether VAT is applicable

VAT Code Key

VAT	VAT applicable
NA	VAT not applicable
EXEMPT	VAT exempt

CONTENTS

STATUTORY CHARGES

DISCRETIONARY CHARGES

LEVY CHARGES

STATUTORY CHARGES	2018/19 Total Charge inc VAT where applicable (£)	2019/20 Total Charge inc VAT where applicable (£)	VAT Status	Notes
1.0 LICENSING				
1.1 CHARGES FOR INSPECTIONS				
Food export certificate	85.00	85.00	VAT	
Destruction of surrendered food certificate	135.00	138.00		
- plus £31 per hour or part hour for time spent processing condemnation plus cost of disposal		0.00	non VAT	
Sampling private water drinking supplies	62.00	63.50		
- per visit, additional fee according to parameters of sample. Please ask for further information		0.00	non VAT	
Food Hygiene Rating (FHRS) rescore visits	100.00	102.00	non VAT	
1.2 CHARGES FOR LICENSING				
Animal Welfare				
Dangerous Wild Animal Licence *	290.00	296.00	non VAT	
Zoo licence Application *	494.00	504.00	non VAT	
Zoo licence - New * (4 year licence)	494.00	504.00	non VAT	
Zoo licence - Renewal * (6 year licence)	744.00	760.00	non VAT	
** plus Vets Inspection Fee - recovery of costs*				
Animal Welfare Licences - please visit the Council's website for further details	https://www.babergh.gov.uk/business/licensing/dog-breeding-establishments/			
Skin Piercing				
Registration for skin piercing (tattooing, electrolysis, ear piercing etc)				
- for new person or premises	158.00	161.00	non VAT	
- for additional practitioners at existing premises	112.00	114.00	non VAT	
- for existing practitioners moving into new unregistered premises	112.00	114.00	non VAT	
Licensing Act 2003 (Alcohol, Entertainment and Late Night Refreshment)				
TENS - Temporary Event Notices	£21 per TEN	£21 per TEN		
Premises Licences inc annual fee	VARIABLE	VARIABLE		
Club premises inc annual fee	VARIABLE	VARIABLE		
DPS Variation/Community DPS	23.00	23.00		
Transfer	23.00	23.00		
Notice of Interest	21.00	21.00		
Copy or replace licence	10.50	10.50		
Personal licences	37.00	37.00		
Street Trading	Please contact our Customer Services Team **0300 1234000**			
1.3 SCRAP METAL DEALERS				
Collector NEW	422.00	422.00		
Collector RENEW	344.00	344.00		
Site NEW	684.00	684.00		
Site RENEW	606.00	606.00		
1.4 LOCAL AUTHORITY POLLUTION PREVENTION & CONTROL (LAPPC)				
Please visit the Council's website for further details	https://www.babergh.gov.uk/assets/Environment/EP-Fees-2018-19.pdf		non VAT	

STATUTORY CHARGES	2018/19 Total Charge inc VAT where applicable (£)	2019/20 Total Charge inc VAT where applicable (£)	VAT Status	Notes
1.5 PRIVATE WATER SUPPLIES				
Risk Assessment	Typical cost £200 - £250	Typical cost £200 - £250	non VAT	
Sampling				
Investigation				
Analysis	20.00	20.00		
2.0 PLANNING				
2.1 - 2.7 PLANNING				
Please visit the Council's website for further details	https://ecab.planningportal.co.uk/uploads/english_application_fees.pdf		non VAT	
Please visit the Council's website for further details	https://www.midsuffolk.gov.uk/assets/DM-Planning-Uploads/Fees-for-pre-app-web-version2.pdf			
3.0 BUILDING CONTROL				
Please visit the Council's website for further details	https://www.midsuffolk.gov.uk/assets/Building-Control/October-2017-Fee-Scheme-External-RM1.pdf		non VAT	
Property Name Change - per request	100.00	100.00	non VAT	
New developments - Street naming and numbering	Various	Various	non VAT	£100 1 plot, £200 2-5 plots, £300 6-10 Plots, £500 11-20 Plots, £1000 21-50 Plots, £1500 51-100 Plots, 101+ plots £10 per plot + £1500
4.0 LAND CHARGES				
Please visit the Council's website for further details	https://www.babergh.gov.uk/assets/Land-Charges/New-VAT-Landcharge-fees-01.04.2017.pdf		VAT	
5.0 GREEN ENVIRONMENT				
5.1 DOG CONTROL				
Statutory penalty, see Discretionary charges for Admin fee	25.00	25.00	non VAT	
Please visit the Council's website for further details	https://www.babergh.gov.uk/environment/dog-control/lost-and-found/			
5.2 BINS				
Litter Bins	35.00	35.00		per annum - charges made to Town and Parish Councils
Dog Bins	41.00	51.00		
5.3 ABANDONED VEHICLES				
Please visit the Council's website for further details	http://www.legislation.gov.uk/uksi/2008/2095/regulation/4/made			
Please visit the Council's website for further details	https://www.babergh.gov.uk/assets/Environment/abandonedvehicles.pdf			Removal, storage and disposal costs depends on size and vehicle load
6.0 RESOURCES				
6.1 SALE OF ELECTORAL ROLL				
Copies of full register for entitled access only	141.50	141.50		
Monthly Updates	193.50	193.50		Up to nine sets for entitled parties
General Public copy of edited register	74.00	74.00		

DISCRETIONARY CHARGES	2018/19 Total Charge inc VAT where applicable (£)	2019/20 Total Charge inc VAT where applicable (£)	VAT Status	Notes
1.0 COMMUNITY HEALTH				
1.1 FOOD HYGIENE				
Food hygiene courses - please visit the Council's website			non VAT	
Nutrition courses - please visit the Council's website	https://www.babergh.gov.uk/business/food-safety/food-safety-training/		non VAT	
1.2 HACKNEY CARRIAGE/PRIVATE HIRE VEHICLES CHARGES				
Taxi & Private Hire - Drivers, Vehicles and Operators				
Hackney Carriage New	344.50	344.50		
Hackney Carriage Renewal	344.50	344.50		
Hackney Carriage Change	VARIABLE	VARIABLE		
Private Hire Vehicle New	319.50	319.50		
Private Hire Vehicle Renewal	319.50	319.50		
Private Hire Vehicle Change	VARIABLE	VARIABLE		
Combined HC/PHV Driver New	153.50	153.50		
Combined HC/PHV Driver Renew	104.50	104.50		
Operator Licence New	VARIABLE	VARIABLE		(Price ranges from £137.50 to £430.00)
Operator Licence Renewal	VARIABLE	VARIABLE		
Vehicle Plate (cost if lost etc)	£22 (rear) £8 (interior)	£22 (rear) £8 (interior)		
Vehicle Plate Bracket	20.00	20.00		
Transfer of Vehicle Licence	45.00	45.00		
Vehicle Change from PHV to HC	45.00	45.00		Plus test fee, if appropriate
Vehicle Change from HC to PHV	45.00	45.00		
Temporary Vehicles HC	£124 to £197	£124 to £197		
Temporary Vehicles PHV	£121 to £192	£121 to £192		
Change of Name	15.00	15.00		
Change of Address	15.00	15.00		
Replacement licence Paper/Badge of Drivers Licence or Paper/Interior Licence of Vehicle	12.00	12.00		
Drivers Knowledge Test	20.00	20.00		
Drivers Knowledge Test (Re-Test)	20.00	20.00		
Licence reissued after suspension	15.00	15.00		
HC Fare Tariff Card	5.00	5.00		
HC Meter Calibration Check	25.00	25.00		
1.3 PREMISES LICENCES (GAMBLING ACT 2005)				
Small Lotteries (part of Gambling Act 2005)				
Lottery NEW	40.00	40.00		
Lottery RENEWAL	20.00	20.00		
Gambling premises & permits				
Betting shop NEW	3,000.00	3,000.00		
Betting shop RENEW	600.00	600.00		
Notification of 2 machines	50.00	50.00		
Alcohol Premises GMP	150.00	150.00		
Club Machine or Gaming Permit	200.00	200.00		
2.0 COMMUNITY ACCESS				
2.1 CAR PARKING				
Car Parking Charges - please visit the Council's website for further details	https://www.babergh.gov.uk/communities/parking/mid-suffolk-car-and-lorry-parks/			
Permits	£80 for 3 months or £300 for 12 months			
3.0 HOUSING				
3.1 HOUSES OF MULTIPLE OCCUPATION LICENCES				
License cost	551.00	551.00		

DISCRETIONARY CHARGES	2018/19 Total Charge inc VAT where applicable (£)	2019/20 Total Charge inc VAT where applicable (£)	VAT Status	Notes
3.2 AMENITY CHARGES FOR BED & BREAKFAST ACCOMMODATION				
B&B rate	£10 per week	£10 per week		
3.3 MOBILE HOME FEE POLICY				
Please visit the Council's website for further details	Link to be updated			
4.0 GREEN ENVIRONMENT				
4.1 HOUSEHOLD WASTE				
Bulky Item Collections	39.50	40.50	Exempt	Up to five items or 10 bags of household refuse/garden waste
Garden Waste Collection	55.00	55.00	Exempt	Annual Charge
Hazardous Waste Collection	46.86	47.62		DIY products such as varnishes, Flammable liquids, Garden chemicals or pesticides, Household cleaning products and chemicals, Motoring products such as antifreeze, Poisons such as rat or mouse
Bonded Asbestos Collection	78.01	79.27		Up to 50kgs
Larger Bins	32.50	33.50	Exempt	If entitled to a larger bin, refuse bin charge. Recycling bin no charge
Replacement Missing Bins	32.50	33.50	Exempt	Refuse bin, no charge for recycling bin
Additional Waste Sacks	0.10	0.10	Standard	Clear recycling sacks per sack
Additional Waste Sacks	0.67	0.67	Standard	Orange refuse sacks per sack
Additional Waste Sacks	1.05	1.05	Standard	Green garden waste per sack
Business Waste Services	QUOTED PRICE	QUOTED PRICE	Exempt	Contact Waste department
Medical And Clinical Collections	FREE	FREE	N/a	Free service
New Set Of Bins	54.00	55.50	Exempt	Newly built properties - this cost covers refuse and recycling bin
4.2 DOG CONTROL				
Please visit the Council's website for further details	https://www.babergh.gov.uk/environment/dog-control/lost-and-found/			Fee depends on whether dog has ID and if it is a repeat offence
4.3 HIGH HEDGES				
High Hedges	350.00	350.00	non VAT	High Hedge Report
5.0 PLANNING				
5.1 - 5.3 Please see links below:				
Please visit the Council's website for further details	https://www.midsuffolk.gov.uk/assets/DM-Planning-Uploads/Fees-for-pre-app-web-version2.pdf		VAT	
Copies of Microfiche from Storetec	£15 inc VAT	£15 inc VAT	VAT	
5.4 PUBLIC PATH ORDERS				
Please visit the Council's website for further details	https://www.babergh.gov.uk/assets/Environment/Public-Rights-of-Way/BMSDC-charges-2018-19-issued-150818.pdf			£55 per hour . Application fees £360.
6.0 BUILDING CONTROL				
Please visit the Council's website for further details	https://www.midsuffolk.gov.uk/assets/Building-Control/October-2017-Fee-Scheme-External-RM1.pdf		VAT	

LEVY CHARGES	2018/19 Total Charge inc VAT where applicable (£)	2019/20 Total Charge inc VAT where applicable (£)	VAT Status	Notes
1.0 LEVIES				
1.1 CIL				
Please visit the Council's website for further details	https://www.midsuffolk.gov.uk/assets/CIL-and-S106-Documents/MSDC-Charging-Schedule-11-Apr-2016.docx.pdf			

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

TO: Mid Suffolk Cabinet Babergh Cabinet	**REPORT NUMBER: MCa/18/61**
FROM: Cabinet Members for Finance	**DATE OF MEETING:** 4 February 2019 6 February 2019
OFFICER: Katherine Steel, Assistant Director, Corporate Resources	**KEY DECISION REF NO. CAB103**

JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2019/20

1. PURPOSE OF REPORT

1.1 This report presents the Joint Capital, Investment and Treasury Management Strategies for the financial year 2019/20.

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

1.3 The Prudential Indicators and Minimum Revenue Provision (MRP) Statement are linked to the Budget report that will be presented to this Cabinet and onto the Full Council meetings in February 2019.

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

2. OPTIONS CONSIDERED

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

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

3. RECOMMENDATIONS TO BOTH COUNCILS

That the following be approved:

3.1 The Joint Capital Strategy for 2019/20, including the Prudential Indicators, as set out in Appendix A

3.2 The Joint Investment Strategy for 2019/20, as set out in Appendix B.

3.3 The Joint Treasury Management Strategy for 2019/20, including the Joint Annual Investment Strategy as set out in Appendix C.

3.4	The Joint Treasury Management Indicators as set out in Appendix D.
3.5	The Joint Treasury Management Policy Statement as set out in Appendix G.
3.6	The Joint Minimum Revenue Provision Statement as set out in Appendix H.
3.7	That the key factors and information relating to and affecting treasury management activities set out in Appendices E, F, and I be noted.
	REASON FOR DECISION **Local authorities are required to approve their Treasury Management Strategy (TMS), their Capital Strategy (including an overview of the TMS) and their Investment Strategy annually before the start of the financial year.**

4. KEY INFORMATION

Introduction

4.1 The Joint Capital Strategy and the Joint Investment Strategy are new for 2019/20, as required by changes in CIPFA and MHCLG guidance. The Joint Treasury Management Strategy remains largely unchanged. This report now combines an overview of how capital expenditure, capital financing, treasury and other investment activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

4.2 The strategies set limits and indicators that embody the risk management approach that the Councils believe to be prudent. The strategies are set against the 2019/20 budget and the four-year outlook and the context of the UK economy and projected interest rates. The information included in Appendix A to H reflects the current plans for income, expenditure and investments of both councils.

4.3 One of the key changes to the Codes and Statutory Guidance is the definition of treasury management investments. This now includes non-financial assets that councils hold for financial return such as property portfolios, shares in council owned companies and loans, which are not managed as part of normal treasury management or under treasury management delegations. This is covered within the Joint Investment Strategy at Appendix B.

Strategic Context

4.4 In recent years the government policy frameworks have been reducing core funding for local government as part of its deficit reduction strategy. In response to this both Councils strategy over the medium term as set out in the 2019/20 budget reports is to become self-financing and to generate more funds than are required for core services, and to enable additional investment in the districts.

4.5 The three strategies within this report set out the Councils approach to capital spend, borrowing and investment in order to deliver this.

4.6 MHCLG and CIPFA are aware that most local authorities are taking a more commercial approach in order to bridge the gap they face as a result of diminishing funding from government. In response to this both bodies state that they do not seek to prescribe precisely how councils invest but they clearly have concerns that some councils are taking increasing commercial risks using borrowed money. As a result, this report provides a more extensive strategy so that more of the risks that the Codes and guidance highlight are apparent to Members.

Statutory Background

4.7 This report is part of the Councils legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Ministry for Housing, Communities and Local Government (MHCLG) Guidance. The Councils must;

- ensure priority is given to security and portfolio liquidity, when investing treasury management funds;
- ensure the security of the principal sums invested through robust due diligent procedures for all external investments;
- have regard to CIPFA's Prudential Code when determining how much money they can afford to borrow;
- ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice;
- monitor against the Prudential Code indicators each year, these are included in the Joint Capital Strategy in Appendix A; and;
- set, revise, and, if there are material changes to the strategies and prudential indicators, present to Full Council for approval.

Purpose of the Strategies

<u>Joint Capital Strategy Appendix A</u>

4.8 The new Joint Capital Strategy (Appendix A), under the requirements of the new Codes, gives a high-level overview of how capital expenditure, capital financing, and treasury management activities contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

4.9 In terms of investment, the Councils invest their money for three broad purposes:

- because there is surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and

- to earn investment income (known as commercial investments where this is the main purpose).

4.10 The Joint Capital Investment Strategy covers all three of the above points.

Joint Investment Strategy Appendix B

4.11 The new Joint Investment Strategy (Appendix B) as required by the new statutory guidance issued by the MHCLG, covers all three of the points in 4.9 above and shows the proportionality of investments, total investment exposure, and rate of return.

Joint Treasury Management Strategy Appendix C

4.12 The Joint Treasury Management Strategy (TMS) (Appendix C) covers the first point in 4.9 above and details of borrowing including authorised limits, economic and interest rate forecasts and treasury management indicators are also shown in Appendix D to G.

4.13 These three strategies together show the impact of the Councils capital programme and Joint Investment Strategy in terms of risk, prudent levels of borrowing, associated interest costs and the net financial returns to the Councils to support core services in the medium term.

5. LINKS TO JOINT STRATEGIC PLAN

5.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Joint Strategic Plan. Specific links are to financially sustainable Councils, managing our corporate assets effectively, and property investment to generate income.

6. FINANCIAL IMPLICATIONS

6.1 As outlined in this report and appendices.

7. LEGAL IMPLICATIONS

7.1 The legal status of the Treasury Management Code derives in England from regulations issued under the Local Government Act 2003 (the 2003 Act).

7.2 The Capital Finance and Accounting Regulations 2003 – SI 2003/3146, Regulation 24, explicitly require authorities to “have regard” to the Treasury Management Code.

7.3 Authorities are required by regulation to have regard to the Prudential Code when carrying out their duties under Part 1 of the 2003 Act.

7.4 The latest statutory guidance on local government investments was issued under section 15(1)(a) of the 2003 Act and effective for financial years commencing on or after 1 April 2018. Under that section local authorities are required to “have regard” to “such guidance as the Secretary of State may issue”.

8. RISK MANAGEMENT

8.1 This report is most closely linked with the Councils Significant Risk No. 5d – We may be unable to respond in a timely and effective way to financial demands and also Corporate Risk No. SE05 – if the Finance Strategy is not in place with a balanced position over the medium term the Councils will not be able to deliver the core objectives and service delivery may be at risk of not being delivered. The report also links to assets and investments section 4 of the Significant Risk register. Other key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If the councils lose the investments this will impact on their ability to deliver services.	Highly Unlikely (1)	Bad (3)	Strict lending criteria for high credit rated institutions.
If the councils achieve a poor return on investments, there will be fewer resources available to deliver services.	Unlikely (2)	Noticeable (2)	Focus is on security and liquidity, and careful cash flow management in accordance with the Joint TM Strategy is undertaken throughout the year.
If the councils have liquidity problems, then they will be unable to meet their short-term liabilities.	Unlikely (2)	Noticeable (2)	As above.
If the councils incur higher than expected borrowing costs, there will be fewer resources available to deliver services.	Unlikely (2)	Noticeable (2)	Benchmark is to borrow from the Public Works Loan Board (PWLB), whose rates are very low and can be on a fixed or variable basis. Research lowest rates available within borrowing boundaries and use other sources of funding and internal surplus funds temporarily.

9. CONSULTATIONS

9.1 Regular meetings have taken place with the Councils' Treasury advisors, Arlingclose, who also provide important updates on treasury management issues as they arise.

10. EQUALITY ANALYSIS

10.1 There are no equality and diversity implications, as the contents and recommendations of this report do not impact on those with protected characteristics.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There are no environmental implications related to this report.

APPENDICES

Title	Location
(a) Joint Capital Strategy 2019/20	Attached
(b) Joint Investment Strategy 2019/20	Attached
(c) Joint Treasury Management Strategy 2019/20	Attached
(d) Treasury Management Indicators	Attached
(e) Economic Outlook and Interest Rate Forecast	Attached
(f) Existing Borrowing and Investments	Attached
(g) Treasury Management Policy Statement	Attached
(h) Minimum Revenue Provision (MRP) Statement	Attached
(i) Credit Ratings Criteria	Attached
(j) Glossary of Terms	Attached

BACKGROUND DOCUMENTS

2017 CIPFA Treasury Management in the Public Services

2017 The Prudential Code for Capital Finance in Local Authorities

2018 Ministry of Housing, Communities and Local Government Investment Guidance

JOINT CAPITAL STRATEGY 2019/20

1. Introduction

1.1 This Joint Capital Strategy is a new report for 2019/20, giving a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these often-technical areas.

1.2 The strategy demonstrates that the Councils take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.

2. Capital Expenditure and Financing

2.1 Capital expenditure is where the Councils spend money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy or enhance assets.

2.2 The Councils have some limited discretion on what counts as capital expenditure; for example, individual assets costing below £10k are not capitalised and are charged to revenue in the year.

2.3 Table 1 below shows the actual spend for 2017/18, the forecast for 2018/19 and the budget from 2019/20 to 2022/23, for the General Fund and the HRA as per the 2019/20 budget report.

Table 1: Prudential Indicator: Estimated Capital Expenditure

Capital Expenditure						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	1.36	2.69	9.04	1.77	1.29	3.30
Capital Investments	12.53	13.77	19.58	17.10	0.00	0.00
Total General Fund	13.89	16.46	28.62	18.87	1.29	3.30
Council Housing (HRA)	8.53	13.86	23.26	14.94	10.06	11.04
Total Capital Expenditure	**22.42**	**30.32**	**51.88**	**33.81**	**11.34**	**14.33**

Capital Expenditure						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	1.98	3.46	6.81	3.37	1.53	3.42
Capital Investments	12.85	33.42	24.20	15.74	1.02	0.00
Total General Fund	14.83	36.88	31.01	19.10	2.55	3.42
Council Housing (HRA)	6.92	11.65	12.26	18.20	9.85	9.70
Total Capital Expenditure	**21.75**	**48.53**	**43.27**	**37.30**	**12.40**	**13.12**

General Fund Capital Expenditure

2.4 The main General Fund projects included in the Capital Programme for Babergh over the period 2019/20 to 2022/23 are, Kingfisher Leisure Centre Refurbishment (£2.5m), Hadleigh Pool and Leisure Centre Refurbishment (£2.4m), Babergh Regeneration Investment Fund (£3m), Housing grants (£2.4m), and Replacement Vehicles (£2.9m).

2.5 The main General Fund projects included in the Capital Programme for Mid Suffolk over the period 2019/20 to 2022/23 are Mid Suffolk Regeneration Investment Fund (£3m), replacement vehicles (£2.9m), Housing grants (£2.3m), leisure contracts (£1.3m) and Various Public Access schemes (£2m).

Capital Investments Capital Expenditure

2.6 There are two types of Capital investment. They are made:

- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main purpose).

These will relate to non-financial assets that the councils hold primarily or partially to generate a rate of return and will contribute towards service delivery objectives.

2.7 Details of the Councils Capital investments can be found in section 3 and 4 of the Joint Investment Strategy in Appendix B.

The Housing Revenue Account Capital Expenditure

2.8 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately and includes purchasing houses from the private sector to increase the housing stock as well as new build schemes over the forecast period.

Governance - General Fund Capital Expenditure:

2.9 Proposed capital projects are appraised by the Senior Leadership Team based on a comparison of service priorities against financing (even if the project is fully financed from external funds) before being included in the Councils capital programmes. The final capital programmes are then presented to Cabinet in January and onto Full Council in February each year.

2.10 For full details of the Councils capital programmes, these are included initially in the Budget report that will be presented to Cabinet in January 2019, and then this Cabinet and onto the Full Council meetings in February 2019 following review by Overview and Scrutiny Committee.

Capital Financing

2.11 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Councils own resources (revenue, reserves and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is as follows:

Table 2: Capital financing

Capital Financing - General Fund						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Capital Receipts	0.12	0.00	0.68	0.00	0.00	0.00
Revenue Contributions	0.00	0.83	0.34	0.00	0.00	0.00
Revenue Reserves	0.04	0.04	0.00	0.00	0.00	0.00
Grants	0.33	0.40	0.56	0.41	0.41	0.41
External Contributions	0.02	0.00	0.00	0.00	0.00	0.00
Borrowing	13.39	15.18	27.04	18.46	0.88	2.89
Total GF Capital Financing	**13.89**	**16.46**	**28.62**	**18.87**	**1.29**	**3.30**

Capital Financing - HRA						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Capital Receipts	0.78	1.22	6.99	3.15	2.44	1.95
Revenue Contributions	4.30	3.92	3.92	2.70	3.95	4.28
Revenue Reserves	3.23	8.72	3.31	3.45	3.31	3.56
Grants	0.13	0.00	2.70	0.34	0.35	0.00
External Contributions	0.09	0.00	1.12	0.00	0.00	0.00
Borrowing	0.00	0.00	5.22	5.32	0.00	1.25
Total HRA Capital Financing	**8.53**	**13.86**	**23.26**	**14.94**	**10.06**	**11.04**
Total ALL Capital Financing	**22.42**	**30.32**	**51.88**	**33.81**	**11.34**	**14.33**

Capital Financing - General Fund						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Capital Receipts	0.07	0.00	0.00	0.00	0.00	0.00
Revenue Reserves	0.02	3.33	0.95	0.73	0.99	0.00
Grants	0.44	0.77	0.38	0.38	0.38	0.38
External Contributions	0.07	0.00	0.00	0.00	0.00	0.00
Borrowing	14.23	32.78	29.68	18.00	1.18	3.05
Total GF Capital Financing	**14.83**	**36.88**	**31.01**	**19.10**	**2.55**	**3.42**

Capital Financing - HRA						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Capital Receipts	1.06	3.44	1.72	5.25	4.41	5.13
Revenue Contributions	2.19	3.26	2.83	3.60	3.82	3.17
Revenue Reserves	3.44	3.40	3.71	3.71	0.72	1.39
Grants	0.22	0.00	0.33	1.83	0.90	0.00
External Contributions	0.00	0.24	0.00	0.00	0.00	0.00
Borrowing	0.00	1.32	3.67	3.81	0.00	0.00
Total HRA Capital Financing	**6.92**	**11.65**	**12.26**	**18.20**	**9.85**	**9.70**
Total ALL Capital Financing	**21.75**	**48.53**	**43.27**	**37.30**	**12.40**	**13.12**

Repayment of Debt

2.12 Debt is only a temporary source of finance, since loans must be repaid, usually from revenue, which is known as minimum revenue provision (MRP).

2.13 Alternatively, proceeds from selling capital assets or principal repayment of loans (known as capital receipts) may be used to repay debt finance. Planned MRP, repayment of borrowing and use of capital receipts are shown in Table 3 as follows:

Table 3: Repayment of debt

Repayment of Debt Finance						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Capital Receipts (Loan Repayments)	0.00	0.08	0.13	0.19	0.23	0.24
Repayment of Borrowing	0.50	0.50	0.50	0.40	0.15	0.00
Minimum Revenue Provision	0.83	0.93	1.05	1.22	1.34	1.57
Total Repayment of Debt Finance	**1.33**	**1.51**	**1.68**	**1.82**	**1.72**	**1.82**

Repayment of Debt Finance						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Capital Receipts (Loan Repayments)	0.00	0.08	0.13	0.19	0.23	0.24
Minimum Revenue Provision	0.66	0.84	1.04	1.35	1.62	1.63
Total Repayment of Debt Finance	**0.66**	**0.93**	**1.17**	**1.54**	**1.85**	**1.87**

2.14 The Councils full minimum revenue provision statement is shown in Appendix H.

Capital Financing Requirement

2.15 The underlying need to borrow for capital purposes is measured by the capital financing requirement (CFR). The CFR, together with usable reserves, is one of the core drivers of both Councils treasury management activities.

2.16 The cumulative outstanding amount of debt finance for both Councils is measured by the CFR. This increases with new debt-financed (borrowing) capital expenditure and reduces with MRP and capital receipts used to repay debt.

2.17 Babergh's CFR is expected to increase by £30.71m and Mid Suffolk's by £32.32m during 2019/20. Based on the above figures for expenditure (Table 1) and financing (Table 2), the Councils estimate that their CFR will be as shown in Table 4 that follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement

Cumulative Capital Financing Requirement (CFR)						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	18.66	19.64	26.05	26.19	25.73	27.04
Capital Investments	12.51	25.77	45.36	62.45	62.45	62.45
Total General Fund	31.17	45.42	71.41	88.64	88.18	89.49
Council Housing (HRA)	86.85	86.35	91.07	95.98	95.83	97.09
Total CFR	**118.02**	**131.76**	**162.47**	**184.63**	**184.01**	**186.58**

Cumulative Capital Financing Requirement (CFR)						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast**	**2019/20 Budget**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	23.15	24.24	29.64	33.79	30.83	32.21
Capital Investments	12.67	43.51	66.77	79.27	81.78	81.82
Total General Fund	35.82	67.75	96.40	113.05	112.61	114.03
Council Housing (HRA)	86.76	88.08	91.75	95.56	95.56	95.56
Total CFR	**122.58**	**155.83**	**188.15**	**208.62**	**208.17**	**209.59**

Asset management:

2.18 The Councils emerging Joint Assets and Investment Strategy is available here:

https://baberghmidsuffolk.moderngov.co.uk/documents/s3181/C-98-16%20221116-CIF_Committee_Report_09Nov2016.Final.pdf

Asset disposals:

2.19 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts. The expected profile of capital receipts is shown in Table 5 that follows.

Capital Receipts:

2.20 Capital Receipts are used to finance capital expenditure either in the year the asset is sold or put into a capital reserve and used for later capital expenditure or used to repay debt. Table 5 that follows shows the year in which the receipts will be used.

Table 5: Capital receipts used

Capital Receipts						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	0.12	0.00	0.68	0.00	0.00	0.00
General Fund Capital Loan Repayments	0.00	0.08	0.13	0.19	0.24	0.24
Council Housing (HRA) 1-4-1 Receipts	0.73	1.22	1.68	1.30	1.30	1.56
Council Housing (HRA) Other	0.05	0.00	5.31	1.85	1.13	0.39
Total Capital Receipts	**0.89**	**1.30**	**7.81**	**3.34**	**2.68**	**2.19**

Capital Receipts						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	0.07	0.00	0.00	0.00	0.00	0.00
General Fund Capital Loan Repayments	0.00	0.08	0.13	0.19	0.23	0.24
Council Housing (HRA) 1-4-1 Receipts	1.06	1.59	0.97	1.93	0.29	1.69
Council Housing (HRA) Other	0.00	1.85	0.75	3.32	4.12	3.45
Total Capital Receipts	**1.13**	**3.52**	**1.86**	**5.44**	**4.64**	**5.38**

3. The Prudential Code

3.1 The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal.

3.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the Councils.

3.3 The Prudential Code requires both Councils to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the Councils. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.

3.4 The Prudential Indicators included in the Joint Capital Strategy, (Appendix A Tables 1, 4, 6, 8 and 9) illustrate the affordability and impact of capital expenditure decisions and set out both Councils overall capital and treasury framework.

3.5 Effective management and decisions on funding ensure both Councils comply with the provisions of Section 32 of the Local Government Finance Act 1992 to set a balanced budget. Using borrowing powers to undertake investment in line with the Joint Strategic Plan priority outcomes and generate a rate of return to produce additional income in order to address the funding pressures that both Councils face over the next 4 years.

4. Treasury Management

4.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Councils spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing. Appendix F shows the current position.

4.2 As at 30 November 2018;

- Babergh has £95.047m borrowing at an average interest rate of 2.79% and £14.723m of treasury investments at an average rate of 4.09%.

- Mid Suffolk has £115.937m borrowing at an average interest rate of 2.99% and £12.759m treasury investments at an average interest rate of 3.68%.

Borrowing strategy:

4.3 The Councils' main objective when borrowing is to achieve a low cost of finance while retaining flexibility if plans should change in the future. These objectives are often conflicting, and the Councils therefore seek to strike a balance between cheap short-term loans (currently available at around 0.80%) and long-term fixed rate loans where the future cost is known but higher (currently 2.5% to 3.0%).

4.4 The forecast movement in the CFR in coming years is one of the Prudential Indicators. The movement in actual external debt and usable reserves combine to identify the Councils' borrowing requirement and potential treasury management investment strategy in the current and future years.

4.5 Projected levels of the Councils' total outstanding debt (borrowing) are shown in Table 6 that follows, compared with the capital financing requirement (in paragraph 2.18, Table 4 above).

Table 6: Prudential Indicator: Gross Debt and Capital Financing Requirement

Gross Debt and Capital Financing Requirement						
Babergh District Council	**31.3.2018 Actual £m**	**31.3.2019 Forecast £m**	**31.3.2020 Budget £m**	**31.3.2021 Budget £m**	**31.3.2022 Budget £m**	**31.3.2023 Budget £m**
Outstanding Borrowing (Debt)	(98.30)	(113.88)	(147.68)	(169.70)	(166.92)	(167.19)
Capital Financing Requirement	118.02	131.76	162.47	184.63	184.01	186.58
Headroom	**19.72**	**17.88**	**14.79**	**14.93**	**17.10**	**19.39**

Gross Debt and Capital Financing Requirement						
Mid Suffolk District Council	**31.3.2018 Actual £m**	**31.3.2019 Forecast**	**31.3.2020 Budget**	**31.3.2021 Budget £m**	**31.3.2022 Budget £m**	**31.3.2023 Budget £m**
Outstanding Borrowing (Debt)	(103.09)	(133.83)	(166.12)	(187.58)	(187.72)	(186.36)
Capital Financing Requirement	122.58	155.83	188.15	208.62	208.17	209.59
Headroom	**19.49**	**22.00**	**22.03**	**21.04**	**20.45**	**23.23**

4.6 Statutory guidance says that debt should remain below the capital financing requirement, except in the short-term. As can be seen from Table 6 above, both Councils expect to comply with this in the medium-term.

Liability benchmark:

4.7 To compare the Councils' actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing (see Appendix C Table 2 for detailed calculation). This looks at the level of the CFR which could be reduced by use of reserves, working capital and investments. It assumes that cash and investment balances are kept to a minimum level of £12m Treasury Investments for each Council at each year-end. This benchmark is currently £119.19m for Babergh and £144m for Mid Suffolk for 2018/19 and is forecast to increase to £180.12m and £199.63m respectively over the next three years.

4.8 **Table 7: Borrowing and the Liability Benchmark**

Borrowing and Liability Benchmark						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Outstanding Borrowing (Debt)	(98.30)	(113.88)	(147.68)	(169.70)	(166.92)	(167.19)
Liability Benchmark	99.59	119.45	156.14	176.66	174.35	180.36
	1.29	**5.57**	**8.46**	**6.97**	**7.43**	**13.17**

Borrowing and Liability Benchmark						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Outstanding Borrowing (Debt)	(103.09)	(133.83)	(166.12)	(187.58)	(187.72)	(186.36)
Liability Benchmark	104.62	144.00	177.21	199.55	196.25	197.83
	1.54	**10.17**	**11.08**	**11.97**	**8.53**	**11.46**

The detailed calculation of the Liability Benchmark is shown in Appendix C Table 2.

4.9 Table 7 shows that the Councils expect to remain borrowed below their liability benchmark. This is due to the Councils' ability to internally borrow, as borrowing does not link directly to capital spend.

Affordable borrowing limit:

4.10 The Councils' are legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. The Councils 'have set a limit of £15m above the operational boundary for each year. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach this limit. This equals the Councils' CFR.

4.11 Both Councils outstanding debt over the medium term are below the liability benchmark, operational boundary and authorised limits.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt

Operational Boundary for External Debt	**2018/19 Limit £m**	**2019/20 Limit £m**	**2020/21 Limit £m**	**2021/22 Limit £m**	**2022/23 Limit £m**
Babergh District Council	133.00	164.00	186.00	185.00	188.00
Mid Suffolk District Council	156.00	189.00	209.00	209.00	210.00

Authorised Limit for External Debt	2018/19 Limit £m	2019/20 Limit £m	2020/21 Limit £m	2021/22 Limit £m	2022/23 Limit £m
Babergh District Council	148.00	179.00	201.00	200.00	203.00
Mid Suffolk District Council	171.00	204.00	224.00	224.00	225.00
% Proportion of Debt to Authorised Limit	**%**	%	%	%	%
Babergh District Council	66.42	63.62	73.47	84.85	82.22
Mid Suffolk District Council	60.29	68.55	76.84	86.42	86.10

4.12 Further details on borrowing are shown in Appendix C section 4 of the Joint Treasury Management Strategy.

Joint Treasury Investment Strategy:

4.13 Treasury investments arise from receiving cash before it is paid out again. The Councils hold a number of long-term investments as a result of this, as set out in paragraph 5.5, Table 3 of the Joint Treasury Management Strategy in Appendix C. The Councils planned spend on the capital programme has an impact on the amount of surplus cash available for treasury investments and, as explained in paragraph 4.4 above, this results in the Councils need to borrow.

4.14 Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management. These are explained further in the Joint Investment Strategy in Appendix B.

5. Investments for Service Purposes

5.1 Service investments are where the councils can support the provision of local public services by lending to or buying shares in other organisations.

5.2 The Councils do not have, nor currently have any plans to make, any investments in organisations to assist in the provision of local public services over the medium-term.

6. Liabilities

6.1 In addition to debt of £113.88m for Babergh and £139.83m for Mid Suffolk, as detailed in Table 6 above for 2018/19, the Councils are committed to making future payments to cover their pension fund deficits. At 31 March 2018 Babergh's was valued at £0.493m and Mid Suffolk's was £0.771m.

Governance – Liabilities:

6.2 Additional items are reported to Cabinet as part of the monitoring process.

7. Revenue Budget Implications

7.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, Business Rates and general government grants for the General Fund and housing rents for the HRA.

7.2 For Babergh the maximum return is 4.76% in 2019/20 and for Mid Suffolk is 7.83% in 2018/19 for the General Fund. For the HRA the levels are higher due to the link to the debt associated with the Councils housing stock.

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

Proportion of Net Financing Costs to Net Revenue Stream					
Babergh District Council	**2018/19 Forecast**	**2019/20 Budget**	**2020/21 Budget**	**2021/22 Budget**	**2022/23 Budget**
General Fund -					
Net Financing costs (£m)	(0.25)	(0.58)	(0.41)	(0.18)	(0.27)
Proportion of net revenue stream %	-2.33%	-4.76%	-3.33%	-1.45%	-2.06%
Council Housing (HRA) -					
Net Financing costs (£m)	2.83	3.11	3.43	3.55	3.55
Proportion of net revenue stream %	18.00%	19.24%	20.42%	20.17%	19.45%

Proportion of Net Financing Costs to Net Revenue Stream					
Mid Suffolk District Council	**2018/19 Forecast**	**2019/20 Budget**	**2020/21 Budget**	**2021/22 Budget**	**2022/23 Budget**
General Fund -					
Net Financing costs (£m)	(0.90)	(0.77)	(0.54)	(0.06)	(0.07)
Proportion of net revenue stream %	-7.83%	-5.75%	-3.81%	-0.38%	-0.50%
Council Housing (HRA) -					
Net Financing costs (£m)	2.74	2.80	2.87	2.93	2.98
Proportion of net revenue stream %	19.59%	19.93%	20.22%	19.80%	19.10%

8.1 In addition to capital receipts, grants and borrowing the housing capital programme is partly financed by income received from housing rents. Table 10 that follows, shows these contributions and associated costs as an equivalent average weekly rent.

8.2 **Table 10: Impact of Capital Decisions on HRA Rents**

Impact of Capital Investment Decisions on Rents					
Increase in average weekly rents	**2018/19 Forecast £**	**2019/20 Budget £**	**2020/21 Budget £**	**2021/22 Budget £**	**2022/23 Budget £**
Babergh District Council	22.19	23.27	17.52	24.66	26.90
Mid Suffolk District Council	19.62	17.90	23.24	24.33	20.32

8.3 The setting of rent levels has been determined separately through the 30-year business model and any surplus or deficit on the HRA is transferred to or from Reserves.

8.4 Further details of the revenue implications of capital expenditure are included in the Budget Report that will be presented to this Cabinet and then onto the Full Council meetings in February 2019.

9. Sustainability

9.1 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Assistant Director – Corporate Resources is satisfied that the proposed capital programme is prudent, affordable and sustainable over the medium term. This is due to the fact that debt remains below the CFR, (see Table 6), below the liability benchmark (see Table 7) , and below the operational boundary and authorised limits (see Table 8), as well as an acceptable low level of financing costs proportionate to the net revenue stream (Table 9).

10. Knowledge and Skills

10.1 The Councils employ professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Assistant Director - Corporate Resources is a CIPFA qualified accountant with 28 years' experience and the Corporate Manager – Financial Services with 18 years' experience. The Council employs an Assistant Director – Assets and Investments, who is a qualified chartered surveyor (MRICS) of 20 years' experience in both the private and public sector. The Council pays for staff to study towards relevant professional qualifications in finance such as the ICAEW and AAT.

10.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers.

Other advisers include Jones Lang Lasalle (JLL) as property consultants, Carter Jonas for development appraisal and Browne Jacobson for legal support. For the development of the council offices Purcell Architects, Lawson Planning Partnership, Hoggarth Cooke and Morley Riches and Ablewhite were appointed. This approach is more cost effective than employing such staff directly and ensures that the Councils have access to knowledge and skills commensurate with its risk appetite.

10.3 The Councils have a Learning and Development programme for staff which includes access to internal and externally provided training including attaining full professional qualifications.

JOINT INVESTMENT STRATEGY 2019/20

1. Introduction

1.1 The Councils invest their money for three broad purposes:

- because they have surplus cash as a result of their day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to earn investment income (known as commercial investments where this is the main or partial purpose).

1.2 Neither Council has invested in third party or related organisations which provide public services (known as service investments).

1.3 This Joint Investment Strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in January 2018, and focuses on the commercial investments which are or will be disclosed in the Councils annual accounts. The MHCLG defines property to be an investment (commercial) if it is held primarily or partially to generate a profit.

1.4 For each type of investment, the Councils are required to show the contribution the investments make to the Councils objectives.

2. Treasury Management Investments

2.1 The Councils typically receive their income in cash (e.g. from taxes and grants) before they pay for their expenditure in cash (e.g. through payroll and invoices). The Councils also hold reserves for future expenditure (and collect local taxes on behalf of other local authorities and central government). These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA).

2.2 For details of the Councils treasury management investments, see section 5 of the Joint Treasury Management Strategy in Appendix C.

Contribution:

2.3 The contribution that these investments make to the objectives of both Councils is to support effective treasury management activities.

3. Commercial Investments: Property

3.1 Commercial Investments in property can take the form of using and developing council owned assets, the definition does not include the redevelopment for council housing through the HRA.

Contribution:

3.2 The Councils invest in commercial and residential property within their Districts, with the intention of generating a profit that will be spent on local public services, regeneration and development.

3.3 The Councils emerging Joint Assets and Investment Strategy is available here

https://baberghmidsuffolk.moderngov.co.uk/documents/s3181/C-98-16%20221116-CIF_Committee_Report_09Nov2016.Final.pdf

3.4 The current and future property investments for council owned assets are described below.

Babergh

- **Borehamgate, Sudbury**

  Babergh purchased Borehamgate shopping precinct on 1 August 2016 for £3.5m as part of a plan to redevelop the Hamilton Road quarter of Sudbury. A prospectus seeking partners was published in September 2018, setting out the potential development of up to 40 dwellings, 44 parking spaces, 2,300m2 of food & beverage/retail and 2,200m2 of office or cinema use. This prospective development is at an early stage, and no further investment has been included in the capital programme.

- **Belle Vue, Sudbury**

  On 25 September 2018, Babergh approved a £6.5m investment to develop a restaurant and hotel on the former swimming pool site in Belle Vue, Sudbury (and then lease the property to a national hotel operator). Although partially a commercial opportunity, the regeneration of the Belle Vue site is considered essential to support the wider leisure, tourism and retail ambitions of Sudbury.

- **Former Council Offices in Hadleigh**

  - In September 2016 both Councils decided to relocate from their existing Council offices in Hadleigh and Needham Market to Endeavour House in Ipswich and subsequently relocated in November 2017. In December 2018, the Councils approved investments in market led housing schemes for the former office sites to realise value from these now surplus assets. SPVs will be set up for the developments and the Councils will work in partnership with an experienced developer.

  - Babergh has approved the conversion of the former Corks Lane Council office in Hadleigh into 31 new homes and also the construction of an additional 26 new homes on the site, all for market sale. A peak cash flow funding requirement of £3.77m is included in the capital programme, based on the assumption that Babergh will provide 100% of the development finance. The scheme is scheduled to commence before the end of 2018/19.

Mid Suffolk

- **Former Aldi site, Stowmarket**

  Mid Suffolk bought the former Aldi site in Gipping Way, Stowmarket for £1.4m on 7 January 2019. A licence to operate the car park was entered into before completion enabling the development and use of this site for public pay and display car parking from December 2018. This will promote an economic use for the building which will be beneficial for the economy of Stowmarket and provide a rental income to the Council.

- **Former NatWest Bank premises, Stowmarket**

  The former NatWest Bank in the Market Place in Stowmarket was purchased on 13 March 2018 for £351k. External redecoration works were completed before Christmas 2018. Terms have been agreed with a partner to deliver a temporary offer at the property from the New Year 2019 and into early Spring.

- **Former Stowmarket Middle School**

  Mid Suffolk purchased Stowmarket Middle School on 27 February 2017 for £888k. The capital programme includes a proposal for a development scheme for £7.6m to provide new houses on the site, approximately 65% which will be for market sale (65% has been included as a capital investment) and the rest for council housing.

- **Former Council Offices in Needham Market**

  - As stated above, both Councils decided to relocate their offices to Endeavour House in Ipswich and subsequently relocated in November 2017.

  - Mid Suffolk has applied for planning permission for 93 new homes on the former Council office and car park sites, in Needham Market, including 83 for market sale, 7 for affordable rent and 3 for shared ownership. Later, the scheme will also include a retail area. A peak cash flow funding requirement of £2.67m (which is the Council's 50% share of the whole cost) is included in the capital programme, based on the assumption that the development partner will provide the other 50% of the finance. The scheme is not scheduled to commence until 2019/20 and the Council's 50% contribution is included in the capital expenditure shown in Table 1 that follows.

Table 1: Property held for investment purposes

Cumulative Expenditure on Property Investments						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Borehamgate, Sudbury	0.00	0.00	0.00	0.00	0.00	0.00
Belle Vue, Sudbury	0.03	0.53	4.53	6.53	6.53	6.53
Council Offices, Hadleigh	0.18	0.77	1.35	3.95	3.95	3.95
Total	**0.21**	**1.30**	**5.88**	**10.48**	**10.48**	**10.48**

Cumulative Expenditure on Property Investments						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Council Offices, Needham Market	0.18	0.18	1.13	1.86	2.85	2.85
Former Aldi Premises, Stowmarket	0.00	1.40	1.40	1.40	1.40	1.40
Former Natwest Premises, 11 Market Place, Stowmarket	0.35	0.35	0.35	0.35	0.35	0.35
Stowmarket Middle School	0.00	0.00	2.25	4.76	4.79	4.79
Total	**0.53**	**1.93**	**5.13**	**8.37**	**9.39**	**9.39**

Security:

3.5 In accordance with government guidance, the Councils consider a property investment to be secure if its accounting valuation is at the same level or higher than its purchase cost including taxes and transaction costs at the time of anticipated disposal.

3.6 A fair value assessment of the Councils directly owned investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. If during the preparation of the 2018/19 year end accounts and audit process the value of these properties materially below their purchase cost, then an updated investment strategy will be presented to Full Council detailing the impact of the loss on the security of investments and any revenue consequences arising there from.

Risk assessment:

3.7 As mentioned in section 8 of the main report this strategy has links to the Councils Significant Risk Register, specifically risk no. 5d and Corporate risk no. SE05 as well as section 4 – Assets and Investments.

3.8 The Councils assess the risk of loss before entering into and whilst holding every property investment.

3.9 The Councils also commission third parties to provide expert advice. These advisors are appointed on the basis of reputation, experience and price and their advice is scrutinised by the company board members and officers responsible for investment decisions.

3.10 Babergh purchased Borehamgate shopping precinct for £3.56m in 2016 as an investment property and the 31 March 2018 balance sheet reflects its fair value of £3.5m. This is as a result of fluctuations in the commercial property market. The retail units generate income from leases and are subject to pressures in the retail sector as a result of the general economic conditions. The Council has accepted the risks associated with this property whilst taking a longer-term view of its future as part of the regeneration and development of the Hamilton Road area in Sudbury.

3.11 Babergh's investment in a hotel and restaurant on the Council owned Belle Vue site is the outcome of an open tender process undertaken by Strutt & Parker on behalf of the Council. The preferred business model of the recommended bid is a 30-year lease of a building developed and owned by the Council. A development appraisal and financial viability analysis was undertaken for the Council by Carter Jonas, based on the proposed heads of terms.

Browne Jacobson are providing legal support and the Council's treasury advisors, Arlingclose, will be requested to recommend a borrowing strategy. The Council has accepted the risks associated with this development of the site.

3.12 Market sale housing development:

Purcell Architects, Lawson Planning Partnership, Hoggarth Cooke and Morley Riches & Ablewhite were appointed to support the Council with design, planning advice, feasibility and financial viability appraisals of the options for future use for the former Babergh and Mid Suffolk council office sites in Hadleigh and Needham Market.

3.13 Proposed housing schemes were approved in principle by each Council in July 2018 and three delivery options have subsequently been considered:

1. Council development of the sites,
2. Joint Venture development with a private partner, and
3. Joint Venture development with a public partner.

3.14 In addition, the immediate disposal of each site has been considered. Option 3 has been selected to enable the Councils to manage these schemes in a timely manner, control the quality of the housing, mitigate risk through securing an experienced socially wedded public sector partner and secure a commercial return.

3.15 Mid Suffolk bought the empty property, formerly occupied by Aldi, in Stowmarket, including the car park and introduced managed parking. The acquisition also aims to bring the site back into use after being vacant for over a year. Letting agents have been appointed to identify new occupiers for the building and discussions are on-going with a number of interested parties.

3.16 A marketing process has begun to identify a long-term tenant for the former Natwest Bank building.

Liquidity:

3.17 Property can be relatively difficult to sell quickly because of a lack of ready and willing investors or speculators to purchase the asset and convert to cash at short notice. However, all of these properties will be part of the Councils commercial or residential regeneration schemes.

4. Commercial Investments: Shares and Loans

4.1 The Councils invest through share ownership and giving loans to their wholly owned companies, special purpose vehicles or third parties (local organisations) as part of a strategy for generating a rate of return or improving the local economy.

Contribution:

CIFCO Ltd

4.2 The Councils invest indirectly in property, through two wholly owned holding companies, by a combination of shares (equity) and loans (debt), matching the funding requirements of the underlying investment and the returns required by the Councils. All debt financed investment complies with EU State Aid rules.

4.3 BDC (Suffolk Holdings) Limited, a wholly owned subsidiary of Babergh, and MSDC (Suffolk Holdings) Limited, a wholly owned subsidiary of Mid Suffolk, were both incorporated on 9 June 2017, and are commercial investment vehicles for each Council.

4.4 Each holding company owns 50% of the issued share capital of CIFCO Ltd which was incorporated on 12 June 2017 to invest in a portfolio of commercial property in primarily the Eastern region. Each Council's investment in these companies is split 10% share capital in their holding companies and 90% loan direct to CIFCO Ltd.

4.5 Each Council approved an initial investment of a total of £27.5m (£2.75m shares, £24.75m loans) and this is forecast to be fully invested by 31 March 2019. To date 9 properties have been acquired, and a further 3 acquisitions are planned.

4.6 Each Council plans to invest a further £25m (£2.5m shares, £22.5m loans) with £12.5m included in the 2019/20 and 2020/21 in each Council's capital programme.

Gateway 14 Ltd

4.7 MSDC (Suffolk Holdings) Limited also owns 100% of the issued share capital of Gateway 14 Ltd which was incorporated on the 1 November 2017 as an SPV to acquire Gateway 14, a 135-acre site located to the eastern fringe of Stowmarket and develop a business park. Mid Suffolk's investment in these companies is split 10% share capital in the holding company and 90% loan to Gateway 14 Ltd.

4.8 Mid Suffolk Council approved an initial investment of the Gateway 14 site which was acquired for £16.5m (£1.6m shares, £14.9m loans) on 13 August 2018. An additional £1m for working capital is forecast for 2018/19 and the 2019/20 capital programme includes a further £6m for development costs. This investment by the Council will accelerate the anticipated economic and financial benefits of the site.

Regal Theatre, Stowmarket

4.9 On 5 February 2018 Mid Suffolk Cabinet approved funding of £2.58m for a scheme to support the redevelopment of the Regal Theatre in Stowmarket and the regeneration of the town centre. It was in the form of a £1m loan and a £1.58m capital grant to Stowmarket Town Council, who owns the theatre.

Table 2 Total Investments in shares and loans

Cumulative Investments through Shares and Loans						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
CIFCO Ltd (1)	12.32	25.00	27.50	27.50	27.50	27.50
CIFCO Ltd (2)	0.00	0.00	12.50	25.00	25.00	25.00
Total	**12.32**	**25.00**	**40.00**	**52.50**	**52.50**	**52.50**
Investment in Shares	1.23	2.50	4.00	5.25	5.25	5.25
Investment through Loans	11.09	22.50	36.00	47.25	47.25	47.25
Total	**12.32**	**25.00**	**40.00**	**52.50**	**52.50**	**52.50**

Cumulative Investments through Shares and Loans						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
CIFCO Ltd (1)	12.32	25.00	27.50	27.50	27.50	27.50
CIFCO Ltd (2)	0.00	0.00	12.50	25.00	25.00	25.00
Gateway 14 Ltd	0.00	16.51	22.51	22.51	22.51	22.51
Regal Theatre, Stowmarket	0.00	1.00	1.00	1.00	1.00	1.00
Total	**12.32**	**42.51**	**63.51**	**76.01**	**76.01**	**76.01**
Investment in Shares	1.23	4.15	6.25	7.50	7.50	7.50
Investment through Loans	11.09	38.36	57.26	68.51	68.51	68.51
Total	**12.32**	**42.51**	**63.51**	**76.01**	**76.01**	**76.01**

Risk Assessment:

4.10 As mentioned in section 8 of the main report this strategy has links to the Councils Significant Risk Register, specifically risk no. 4a If CIFCO does not generate forecast investment returns and 4e Gateway 14 Ltd fails to bring forward the development of site.

4.11 CIFCO Ltd and Gateway 14 Ltd also maintain their own risk registers and the Corporate Manager for Internal Audit attends the regular Risk Management Panel meetings.

4.12 The Councils holding companies have appointed directors to the board of CIFCO Ltd and Gateway 14 Ltd that offer a Council shareholder perspective (elected member directors) and commercial property expertise (industry expert directors). It is anticipated that boards of any future investment SPVs, will have a similar membership.

CIFCO Ltd

4.13 CIFCO Ltd's investment strategy targets medium to long term resilience based on;

- a strategy that balances the portfolio, so a significant number of assets are 'core' and liquid; and;

- a strategy that balances other attributes such as geography, asset class and sector so that resistance to market stresses in any individual attribute can be mitigated.

4.14 Each property acquisition is approved by the CIFCO Ltd Board and reported to each holding company Board for approval before funds are released, and due diligence is done on the tenant as assets are acquired, including a Dun and Bradstreet credit check.

4.15 On a quarterly basis, CIFCO Ltd's fund managers Jones Lang LaSalle (JLL) provide a portfolio analysis report including market forecasts and any tenancy arrears, and the CIFCO Ltd Chair (an independent industry expert) reports on performance to simultaneous holding company board meetings and twice a year to Full Council.

4.16 As part of annual business planning, JLL provide a full market conditions assessment, based on the individual attributes of each asset class targeted by CIFCO Ltd, and the CIFCO Ltd Board consider any revisions to its investment strategy based on this assessment and the ongoing quarterly portfolio analysis reports.

4.17 With financial return being the main objective, the Councils accept higher risk on commercial investments than they do with treasury management investments. The potential risks for property held for income are voids and falls in rental values. The commercial properties acquired for income are bought as long-term holdings and are professionally managed. They would be sold individually if the long-term prognosis is to underachieve net return targets.

Gateway 14 Ltd

4.18 Mid Suffolk and its holding company delegated authority to the board to acquire the site and develop a detailed delivery model for this business park development. Savills were commissioned to carry out a red book valuation to confirm value before purchase, and model cash flows for the development. Grant Thornton & Devonshire Solicitors were appointed to provide tax and legal advice, and treasury advisors Arlingclose were commissioned to provide a financial evaluation of the project and advise on debt funding, based on the cashflow forecasts.

4.19 The board monitor and manage the progress of the project. In due course a delivery model will be proposed with revised financial costs and benefits for approval by the Council and its holding company.

Regal Theatre, Stowmarket

4.20 Due-diligence has been undertaken with Stowmarket Town Council to understand their financial position and ability to repay the loan over a 30-year period. The Section 151 Officer is satisfied that the Town Council has the ability to finance the loan.

Liquidity:

4.21 Loans are repaid often over a long time and consist of principal and interest in accordance with the loan agreements. The interest is a revenue receipt and is available for use immediately. The Councils have a charge on the properties acquired by CIFCO Ltd which gives the Councils security. With regard to the Regal Theatre to protect Mid Suffolk's interest, it is proposed that the Council acquires at least 50% ownership of the venue and site to be funded and /or registering a charge on the property.

5. Proportionality

5.1 Both Councils have some dependency on profit generating investment activity to achieve a balanced revenue budget. Table 3 shows the extent to which the Councils expenditure is dependent on achieving the expected net profit from investments over the medium-term.

Should the Councils fail to achieve the expected net profit, both Councils have contingency plans for continuing to provide these services by reducing overheads, continuing to make services more efficient and through digital transformation.

Table 3: Proportionality of Investments

Babergh	2017/18 Actual £m	2018/19 Forecast £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m
Gross service expenditure	35.08	37.74	32.79	32.63	33.16	33.55
Investment income	0.70	1.31	2.25	2.81	3.05	3.33
Proportion	2.00%	3.48%	6.86%	8.60%	9.20%	9.92%

Mid Suffolk	2017/18 Actual £m	2018/19 Forecast £m	2019/20 Budget £m	2020/21 Budget £m	2021/22 Budget £m	2022/23 Budget £m
Gross service expenditure	33.63	35.49	32.38	32.35	32.82	33.21
Investment income	0.68	2.19	3.01	3.57	3.81	3.79
Proportion	2.01%	6.16%	9.30%	11.03%	11.61%	11.41%

6. Borrowing in Advance of Need

CIPFA Prudential Code

6.1 The 2017 Prudential Code states that “authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”.

6.2 Currently there is no definition of ‘needs’ however, the underlying need to borrow is reflected in the CFR adjusted for long term liabilities (see Appendix A Table 4). Neither Council plans to borrow above its CFR which is in accordance with the Prudential Code.

6.3 Further CIPFA guidance on this is planned but has not yet been published.

MHCLG Guidance

6.4 Government guidance issued in October 2018 has extended the Prudential Code definition to include borrowing to finance the acquisition of non-financial as well as financial investments that the organisation holds primarily or partially to generate a profit. This includes all loans and property investments.

6.5 Both Councils’ have borrowed and plan to borrow to invest in their own properties and to give loans to CIFCO Ltd, Gateway 14 Ltd and other special purpose vehicles in order to make a profit to reinvest in Council services and achieve a balanced revenue budget. The Councils’ view of this activity is that it meets the service needs and is within their CFR as per the CIPFA definition.

6.6 The Councils’ policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing are:

- When exercising the power to invest, the Councils' will act for a proper purpose and act in a reasonable manner, its fiduciary duty to obtain value for money and whether the investments are proportionate and properly balanced against the anticipated benefits as well as the wider interests of the Council's local Business Rate and Council Tax payers.

- To have regard to the regeneration and development strand of the Councils' Joint Asset and Investment Strategy when investing for profit, acknowledging that the Councils' have a key role to play in using their own assets and enabling/facilitating the use of private and other public sector assets to deliver housing and economic growth. To appoint independent industry expert directors to the Councils' investment and SPV company boards

- For the SPVs to prepare a business case for each purchase and report to the council on expected cost and benefits

- To appoint relevant expert advisors when assessing, entering and holding an investment.

- When investing in development projects, where possible and appropriate, to contract with an experienced development partner.

- To prioritise medium to long term resilience of investments, over short-term gain

- To fund and structure each investment to optimise risks & rewards, having regard to previous bullet point.

7. Knowledge and Skills

7.1 As per section 10 of the Joint Capital Strategy in Appendix A

8. Governance – Capital Investments

8.1 The Capital Programme is approved as part of the annual budget setting process approved by Cabinet and Full Council in February. Other investment decisions occurring outside of this process that exceed £150k qualify as a key decision as per part one of the Councils' constitution and is approved by Cabinet and Full Council.

9. Investment Indicators

9.1 The Councils' have set the following quantitative indicators to allow elected members and the public to assess the Councils' total risk exposure as a result of their investment decisions. These are shown in Tables 4,5 and 6.

Total risk exposure:

9.2 The first indicator shows the Councils' cumulative total exposure to potential investment losses.

Table 4: Total investment exposure

Babergh cumulative investment exposure	2017/18 Actual £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Treasury management investments	12.08	11.94	12.00	12.00	12.00	12.00
Capital Investments	12.53	26.30	45.88	62.98	62.98	62.98
Total Exposure	**24.61**	**38.24**	**57.88**	**74.98**	**74.98**	**74.98**

Mid Suffolk cumulative investment exposure	2017/18 Actual £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Treasury management investments	12.04	11.94	12.00	12.00	12.00	12.00
Capital Investments	12.85	46.27	70.47	86.21	87.23	87.23
Total Exposure	**24.89**	**58.21**	**82.47**	**98.21**	**99.23**	**99.23**

How investments are funded:

9.3 Government guidance is that these indicators should include how investments are funded. Since the Councils' do not normally associate particular assets with particular liabilities, this guidance is difficult to apply. However, the following investments could be described as being funded by borrowing.

9.4 For those investments funded by borrowing the exposure at the beginning of 2019/20 is forecast to be £26.3m for Babergh and £46.27m for Mid Suffolk as shown in Table 5 that follows.

Table 5: Investments funded by borrowings

Babergh Cumulative investments funded by borrowings	2017/18 Actual £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Capital Investments	12.00	26.30	45.88	62.98	62.98	62.98
Total Funded by borrowing	**12.00**	**26.30**	**45.88**	**62.98**	**62.98**	**62.98**

Mid Suffolk Cumulative investments funded by borrowings	2017/18 Actual £m	2018/19 Forecast £m	2019/20 Forecast £m	2020/21 Forecast £m	2021/22 Forecast £m	2022/23 Forecast £m
Capital Investments	12.85	46.27	70.47	86.21	87.23	87.23
Total Funded by borrowing	**12.85**	**46.27**	**70.47**	**86.21**	**87.23**	**87.23**

Rate of return received:

9.5 This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 6: Investments net rate of return

Babergh Investments net rate of return	2017/18 Actual %	2018/19 Forecast %	2019/20 Forecast %	2020/21 Forecast %	2021/22 Forecast %	2022/23 Forecast %
Treasury Management Investments	3.52	3.41	4.06	3.91	3.90	3.83
CIFCO Ltd (1)	0.69	2.40	2.86	2.25	2.31	2.37
CIFCO Ltd (2)	0.00	0.00	1.74	2.42	2.10	2.17
All investments	**2.10**	**2.90**	**2.88**	**2.86**	**2.77**	**2.79**

Mid Suffolk Investments net rate of return	2017/18 Actual %	2018/19 Forecast %	2019/20 Forecast %	2020/21 Forecast %	2021/22 Forecast %	2022/23 Forecast %
Treasury Management Investments	3.74	3.75	3.83	3.68	3.66	3.60
CIFCO Ltd (1)	0.69	2.13	2.46	2.48	2.53	2.57
CIFCO Ltd (2)	0.00	0.00	1.74	2.42	2.10	2.17
Gateway 14 Ltd	0.00	1.93	3.18	2.14	1.65	1.65
All investments	**2.22**	**2.60**	**2.80**	**2.68**	**2.49**	**2.50**

JOINT TREASURY MANAGEMENT STRATEGY 2019/20

1. Introduction

1.1 The Joint Treasury Management strategy contains the following;

- Borrowing Strategy (section 4)
- Annual Investment Strategy (section 5)
- Treasury Management Indicators (Appendix D)
- Economic and Interest Rate Forecast (Appendix E)
- Existing Investment and Debt Portfolio (Appendix F)
- Treasury Management Policy Statement (Appendix G)

1.2 Treasury management is the management of the Councils cash flows, borrowing and investments, and the associated risks. Babergh and Mid Suffolk invest surplus funds and both Councils borrow to fund capital investment and manage cash flows. Both Councils are therefore exposed to financial risks including the loss of invested funds and the revenue effect of interest rate changes.

1.3 The successful identification, monitoring and control of financial risk are therefore central to the Councils prudent financial management.

1.4 The Councils will continue to:

- Make use of call accounts, if necessary
- Use the strongest/lowest risk non-credit rated building societies
- Use covered bonds (secured against assets) for longer term investments
- Consider longer term investments in property or other funds

1.5 The Local Government Act 2003 requires the Councils to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities 2017 (the Prudential Code) when determining how much money they can afford to borrow.

1.6 Treasury risk management at both Councils is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the TM Code) which requires the Councils to approve a treasury management strategy before the start of each financial year. This report fulfils the Councils legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

1.7 The MHCLG Investment Guidance 2018 no longer requires details of 'specified' or 'non-specified' treasury management investments. Instead, in paragraph 21 of the Guidance, it requires local authorities to prioritise Security, Liquidity and Yield in that order of importance.

1.8 The Joint Treasury Management Strategy for 2019/20 continues to focus primarily on the effective management and control of risk and striking a balance between the security, liquidity and yield of those investments. The Councils objective when investing money is to strike an appropriate balance between risk and return.

1.9 Details of investments held for service purposes or for commercial profit are included in the Joint Investment Strategy, which are shown in Appendix B.

2. External Context

2.1 A detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix E.

3. Local Context

Interest rates on Investments and Borrowing

3.1 For the purpose of setting the budget, it has been assumed that new short-term investments will be made at an average rate of 0.75%, and that new long-term loans will be borrowed at an average rate of 3.00%.

Capital Financing Requirement

3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Councils current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

3.3 As at the 30 November 2018, Babergh held £95.047m of borrowing and £14.723m of investments, Mid Suffolk held £115.937m of borrowing and £12.759m of investments. This is set out in further detail at Appendix F. Forecast changes in these sums are shown in the balance sheet analysis in Table 1 that follows.

Table 1: Capital Financing Requirement Summary and forecast

Cumulative Capital Financing Requirement						
Babergh	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	18.66	19.64	26.05	26.19	25.73	27.04
Capital Investments	12.51	25.77	45.36	62.45	62.45	62.45
Council Housing (HRA)	86.85	86.35	91.07	95.98	95.83	97.09
Total CFR	**118.02**	**131.76**	**162.47**	**184.63**	**184.01**	**186.58**
Less: External Borrowing**	(98.30)	(113.88)	(112.86)	(111.93)	(110.13)	(109.51)
Internal (Over) Borrowing (Cumulative)	**19.72**	**17.88**	**49.62**	**72.70**	**73.88**	**77.07**
Less: Balances & Reserves -General Fund	(7.58)	(6.82)	(5.64)	(5.66)	(5.68)	(5.70)
Less: Balances & Reserves HRA	(19.50)	(14.00)	(9.26)	(10.87)	(12.55)	(9.08)
Less Working Capital Deficit	(3.43)	(3.43)	(3.43)	(3.43)	(3.43)	(3.43)
Net (Investments)/Borrowing Requirement	**(10.79)**	**(6.37)**	**31.28**	**52.74**	**52.21**	**58.85**

Cumulative Capital Financing Requirement						
Mid Suffolk	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
General Fund	23.15	24.24	29.64	33.79	30.83	32.21
Capital Investments	12.67	43.51	66.77	79.27	81.78	81.82
Council Housing (HRA)	86.76	88.08	91.75	95.56	95.56	95.56
Total CFR	**122.58**	**155.83**	**188.15**	**208.62**	**208.17**	**209.59**
Less: External Borrowing**	(103.09)	(139.83)	(138.49)	(137.12)	(135.88)	(134.77)
Internal (Over) Borrowing (Cumulative)	**19.49**	**16.00**	**49.67**	**71.50**	**72.29**	**74.82**
Less: Balances & Reserves -General Fund	(17.67)	(14.55)	(14.23)	(13.93)	(13.70)	(13.47)
Less: Balances & Reserves HRA	(13.07)	(9.97)	(9.46)	(7.89)	(10.98)	(11.04)
Add: Working Capital Surplus	0.75	0.75	0.75	0.75	0.75	0.75
Net (Investments)/Borrowing Requirement	**(10.50)**	**(7.77)**	**26.72**	**50.43**	**48.36**	**51.05**

** shows only loans to which the Councils are currently committed and excludes optional refinancing.

3.4 The Councils have an increasing CFR due to the capital programme, and investments will therefore be required to borrow up to £186.6m for Babergh and £209.6m for Mid Suffolk over the forecast period.

3.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Councils total debt should be lower than their highest forecast CFR over the next three years. Table 1 above shows that the Councils expect to comply with this recommendation during 2019/20.

Liability benchmark:

3.6 To compare the Councils actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of £12m Treasury Investments for each Council at each year-end to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

Liability Benchmark						
Babergh	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
CFR	118.02	131.76	162.47	184.63	184.01	186.58
Less: Usable Reserves	(27.08)	(20.82)	(14.90)	(16.53)	(18.23)	(14.79)
Less Working Capital Deficit	(3.43)	(3.43)	(3.43)	(3.43)	(3.43)	(3.43)
Plus: Minimum Investments	12.08	11.94	12.00	12.00	12.00	12.00
Liability Benchmark	**99.59**	**119.45**	**156.14**	**176.66**	**174.35**	**180.36**

Liability Benchmark						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
CFR	122.58	155.83	188.15	208.62	208.17	209.59
Less: Usable Reserves	(30.74)	(24.52)	(23.69)	(21.81)	(24.67)	(24.51)
Add: Working Capital Surplus	0.75	0.75	0.75	0.75	0.75	0.75
Plus: Minimum Investments	12.04	11.94	12.00	12.00	12.00	12.00
Liability Benchmark	**104.62**	**144.00**	**177.21**	**199.55**	**196.25**	**197.83**

4. Borrowing Strategy

Overview

4.1 As at 30 November 2018 Babergh held loans of £95.047m and Mid Suffolk £115.937m. These have increased by £8.5m for Babergh and £27.7m for Mid Suffolk on the previous year, due to funding previous years' capital programmes.

4.2 The balance sheet forecast for borrowing in Table 1 above shows that Babergh expects to borrow up to £30.71m and Mid Suffolk expects to borrow up to £32.32m in 2019/20. The Councils may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £179m for Babergh and £204m for Mid Suffolk, as shown in Appendix A Table 8.

Objectives

4.3 The Councils chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans, should the Councils long-term plans change, is a secondary objective.

Strategy

4.4 Given the significant cuts to public expenditure and in particular to local government funding, the Councils borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolios. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. This position will be monitored and evaluated on an ongoing basis to ensure both Councils achieve value for money.

4.5 By doing so, the Councils are able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose (the Councils treasury advisers) will assist the Councils with this 'cost of carry' and breakeven analysis.

4.6 Its output may determine whether the Councils borrow additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

4.7 Alternatively, the Councils may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.8 In addition, the Councils may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing

4.9 The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Suffolk County Council Pension Fund)
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Municipal Bonds Agency

4.10 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons:

- borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to for any reason;

- there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council

LOBOs

4.11 Mid Suffolk holds £4m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these loans have options during 2019/20, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £4m.

Short-term and variable rate loans

4.12 These loans leave the Councils exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Other sources of debt finance

4.13 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

Local Application

4.14 The Councils have previously raised the majority of their long-term borrowing from the PWLB, but continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

4.15 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Councils may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

4.16 Consideration will be given to all forms of borrowing/financing in relation to any future capital investment plans. This is most likely to be via the Public Works Loan Board (PWLB) but consideration will also be given to borrowing from other sources such as other local authorities, commercial banks, the European Investment Bank (EIB), money markets, capital markets (stock issues, commercial paper and bills) and leasing. The Councils will receive the "certainty rate" discount of 0.2%. on PWLB loans.

4.17 In conjunction with advice from Arlingclose, both Councils will keep these sources of finance under review.

4.18 Officers will take advice on the optimum time to undertake additional borrowing and will adopt a flexible approach in consultation with their treasury advisors, after consideration of the following:

- Affordability
- Maturity profile of existing debt
- Interest rate and refinancing risks
- Borrowing source

4.19 The General Fund revenue budget for 2019/20 will include provision for interest payments relating to external borrowing and the statutory Minimum Revenue Provision (MRP) to ensure the principal is repaid. Different arrangements apply to the Housing Revenue Account (Council Housing) in that there is no MRP. The strategy and activities are affected by a number of factors, including the regulatory framework, economic conditions, best practice and interest rate/liquidity risk. Appendix D, E, F, G, H and I summarise the regulatory framework, economic background and information on key activities for the year.

4.20 In accordance with the MHCLG Guidance, the Councils will be asked to approve a revised Treasury Management Strategy if the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Councils capital programmes or in the level of investment balances.

Debt rescheduling

4.21 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Councils may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5. Annual Investment Strategy

5.1 The Councils hold significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past twelve months, Babergh's investment balances have ranged between £11.105m and £28.766m and those of Mid Suffolk between £10.687m and £38.061m. Similar levels are expected to be maintained in the forthcoming year.

Objectives

5.2 CIPFA's TM Code requires the Councils to invest funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Councils objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5.3 Cash that is likely to be spent in the short term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Councils may request their money back at short notice.

5.4 Where balances are expected to be invested for more than one year, the Councils will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

5.5 Table 3 shows the planned level of investments for treasury management purposes over the medium-term. Long term investments are those made for more than one year. Cash and cash equivalents include money market funds and current bank accounts.

Table 3: Treasury management investments

Treasury Management Investments						
Babergh District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Long Term Investments	9.64	9.44	10.00	10.00	10.00	10.00
Cash and Cash Equivalents	2.45	2.50	2.00	2.00	2.00	2.00
Total Investments	**12.08**	**11.94**	**12.00**	**12.00**	**12.00**	**12.00**

Treasury Management Investments						
Mid Suffolk District Council	**2017/18 Actual £m**	**2018/19 Forecast £m**	**2019/20 Budget £m**	**2020/21 Budget £m**	**2021/22 Budget £m**	**2022/23 Budget £m**
Long Term Investments	9.64	9.44	10.00	10.00	10.00	10.00
Cash and Cash Equivalents	2.39	2.50	2.00	2.00	2.00	2.00
Total Investments	**12.04**	**11.94**	**12.00**	**12.00**	**12.00**	**12.00**

Governance – Treasury Management:

5.6 Decisions on treasury management investment and borrowing are made daily and are delegated to the Assistant Director - Corporate Resources (the S151 Officer) and Finance staff, who must act in line with the Joint Treasury Management Strategy approved by Full Council in February each year.

5.7 There is a Joint Half Year and Joint Annual Outturn Report on treasury management activity presented to Council. The Joint Audit and Standards Committee is responsible for scrutinising treasury management decisions.

Negative interest rates

5.8 If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy

5.9 Given the increasing risk and very low returns from short-term unsecured bank investments, both Councils have diversified into higher yielding asset classes. This diversification represents a continuation of the new strategy adopted in 2015/16.

Business Models

5.10 Under the new IFRS 9 standard, accounting for certain investments depends on the Councils "business model" for managing them. The Councils aim to achieve value from their internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties

5.11 The minimum proposed investment criteria for UK counterparties in the 2019/20 TMS remains at A-. (See Appendix I for list). (Note: This would be the lowest credit rating determined by credit rating agencies).

5.12 In line with advice received from Arlingclose the Councils may invest surplus funds with any of the counterparty types in Table 3 that follows, subject to the cash limits (per counterparty) and the time limits shown.

Table 3: Approved investment counterparties and limits for Babergh and Mid Suffolk

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2m 5 years	£2m 20 years	£2m 50 years	£1m 20 years	£1m 20 years
AA+	£2m 5 years	£2m 10 years	£2m 25 years	£1m 10 years	£1m 10 years
AA	£2 m 4 years	£2m 5 years	£2m 15 years	£1m 5 years	£1m 10 years
AA-	£2m 3 years	£2m 4 years	£2m 10 years	£1m 4 years	£1m 10 years
A+	£2m 2 years	£2m 3 years	£2m 5 years	£1m 3 years	£1m 5 years
A	£2 m 13 months	£2m 2 years	£2m 5 years	£1 m 2 years	£1m 5 years
A-	£2m 6 months	£2m 13 months	£2m 5 years	£1m 13 months	£1m 5 years

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
None	£1m 6 months	n/a	£1m 25 years	£50,000 5 years	£1m 5 years
Pooled funds	£5m per fund				

Table 3 should be read in conjunction with the following notes:

- **Credit rating**
  Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- **Banks unsecured**
  Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

- **Banks secured**
  Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

- **Government**
  Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

- **Corporates**
  Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £50,000 per company as part of a diversified pool in order to spread the risk widely.

- **Registered providers**
  Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England). As providers of public services, they retain the likelihood of receiving government support if needed.

- **Pooled funds**
  Shares or units in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

  Bond, equity and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Councils to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Councils investment objectives will be monitored regularly.

  If the risks or returns of pooled funds change significantly enough over a period that they no longer meet the Councils objectives, the funds will be withdrawn at the earliest opportunity. No new or re-investments will be made into those funds and alternatives will be considered. This will continue to be applied to Funding Circle in 2019/20.

Council banker and Operational bank accounts

5.13 The Councils may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £2m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Councils maintaining operational continuity. Both Councils bank with Lloyds Bank plc which currently has a credit rating of A+.

Risk assessment and credit ratings

5.14 Credit ratings are obtained and monitored by the Councils treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and

- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.15 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

5.16 See the table in Appendix I for an explanation of the credit ratings issued by the main credit ratings agencies.

Other information on the security of investments

5.17 The Councils understand that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Councils treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

5.18 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Councils will restrict investments to those organisations of higher credit quality and reduce the maximum duration of investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Councils cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office (DMADF) or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

Investment limits

5.19 The Councils revenue reserves available to cover investment losses are forecast to be £6.3m for Babergh and £14.5m for Mid Suffolk on 31 March 2019. In order to minimise the available reserves that would be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £5m.

5.20 A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as stated in Table 4 that follows. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment limits for Babergh and Mid Suffolk

Investment Limits	Babergh	Mid Suffolk
Any single organisation, except the UK Central Government	£2m each	£2m each
UK Central Government	Unlimited	Unlimited
Any group of organisations under the same ownership	£1m per group	£1m per group
Any group of pooled funds under the same management	£5m per manager	£5m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker	£10m per broker
Foreign countries	£2m per country	£2m per country
Registered Providers and registered social landlords	£5m in total	£5m in total
Unsecured investments with building societies	£2m in total	£2m in total
Loans to unrated corporates	£1m in total	£1m in total
Money Market Funds	50% total Investments	50% total Investments

Liquidity management

5.21 The Councils use purpose-built cash flow forecasts to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Councils being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Councils medium-term budget planning and cash flow forecasts.

TREASURY MANAGEMENT INDICATORS

The Councils measure and manage their exposure to treasury management risks using the following indicators:

1. Security

1.1 The Councils have adopted a voluntary measure of their exposure to credit risk by monitoring the value-weighted average credit score of their investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. Positions at the 30th September 2018 were Babergh 5.71 and Mid Suffolk 5.88 respectively.

	Target
Portfolio average credit score	7.0

2. Liquidity

2.1 The Councils have adopted a voluntary measure of their exposure to liquidity risk by monitoring the amount they can borrow each quarter without giving prior notice.

Liquidity risk indicator	
Total sum borrowed in past 3 months without prior notice	**2019/20 Target**
Babergh District Council	£5m
Mid Suffolk District Council	£5m

3. Interest rate exposures

3.1 This indicator is set to control the Councils exposure to interest rate risk. The Boundary on the one-year revenue impact of a 1% rise in interest rates will be:

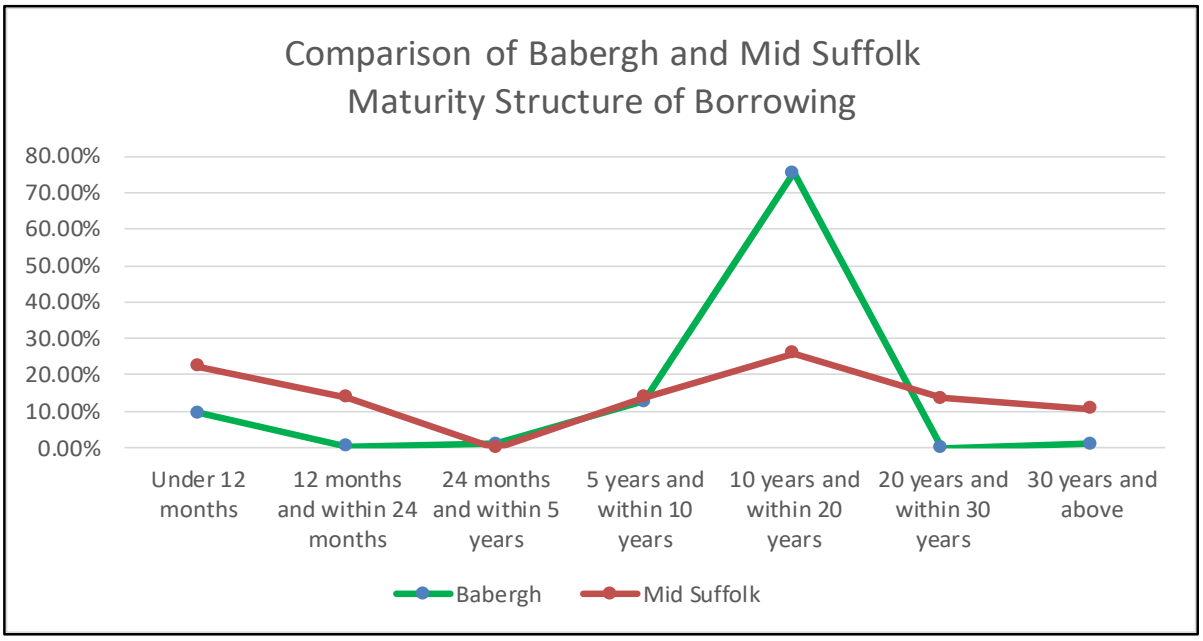
Interest rate risk indicator	
Upper impact on Revenue of a 1% increase in rates	**2019/20 Limit £m**
Babergh District Council	0.376
Mid Suffolk District Council	0.490

3.2 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

4. Maturity structure of borrowing

4.1 This indicator is set to control the Councils exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator				
% of total borrowing	Babergh 30.11.2018 %	Mid Suffolk 30.11.2018 %	Upper Limit %	Lower Limit %
Under 12 months	9.47%	22.43%	50.00	0.00
12 months and within 24 months	0.42%	13.80%	50.00	0.00
24 months and within 5 years	0.95%	0.00%	50.00	0.00
5 years and within 10 years	12.63%	13.71%	100.00	0.00
10 years and within 20 years	75.38%	25.88%	100.00	0.00
20 years and within 30 years	0.00%	13.55%	100.00	0.00
30 years and above	1.16%	10.64%	100.00	0.00



4.2 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

5. Principal sums invested for periods longer than a year

5.1 The purpose of this indicator is to control the Councils exposure to the risk of incurring losses by seeking early repayment of their investments. The limits on the long-term principal sum invested to final maturities beyond the period will be:

Price risk indicator			
Limit on principal invested beyond year end	**2019/20 Limit**	**2020/21 Limit**	**2021/22 Limit**
Babergh District Council	£2m	£2m	£2m
Mid Suffolk District Council	£2m	£2m	£2m

6. Related Matters

6.1 The CIPFA TM Code requires the Councils to include the following in their Joint Treasury Management Strategy.

Policy on the use of financial derivatives

6.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

6.3 The Councils will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Councils are exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

6.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Policy on apportioning interest to the HRA

6.5 On 1 April 2012, the Councils notionally split each of their existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account.

6.6 Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured annually, and interest transferred between the General Fund and HRA at each Council's average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive

6.7 The Councils have opted up to professional client status with their providers of financial services, including advisers, banks, brokers and fund managers, allowing access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Councils treasury management activities, the S151 Officer believes this to be the most appropriate status.

Financial Implications

6.8 The budget for investment income in 2019/20 is £1.888m for Babergh and £2.407m for Mid Suffolk, based on an average investment portfolio of £47m for Babergh and £55.2m Mid Suffolk.

6.9 The budget for debt interest paid in 2019/20 is £4.065m for Babergh and £4.208 m for Mid Suffolk, based on an average debt portfolio of £167.449m for Babergh and £178.143m for Mid Suffolk.

6.10 If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

6.11 The CIPFA TM Code does not prescribe any particular treasury management strategy for local authorities to adopt. The S151 Officer believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed in the following table.

Alternative	**Impact on income and expenditure**	**Impact on risk management**
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

ECONOMIC & INTEREST RATE FORECAST

1 Economic background

1.1 The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Councils Joint Treasury Management Strategy for 2019/20.

1.2 Following a weak reading in the first quarter of 2018 attributed to weather-related factors, UK GDP growth rebounded in the second quarter to 0.4%, but at an annual rate of only 1.2% this remains below trend. As economic growth had evolved broadly in line with its May Inflation Report forecast, the Bank of England's Monetary Policy Committee (MPC) voted unanimously for a rate rise of 0.25% in August, taking Bank Rate to 0.75%. In November 2018 the MPC maintained Bank Rate at 0.75% while the Inflation Report showed that compared to the August report further interest rate increases may be required to bring inflation down to the 2% target over the forecast horizon.

1.3 The headline rate of UK Consumer Price Inflation fell back to 2.4% year-on-year in September 2018 from 2.7% in August, as higher import and energy prices continued to hold inflation above the Bank of England target. Labour market data is positive. The International Labour Organisation (ILO) unemployment rate fell to 4%, its lowest level since 1975. The 3-month average annual growth rate for pay excluding bonuses rose to 3.1% in August providing some evidence that a shortage of labour is supporting wages. However, adjusting for inflation this means real wages were only up by 0.7% and only likely to have a moderate impact on household spending.

1.4 While external inflationary pressures from energy costs and import prices are expected to subside, domestic pressures are projected to build over the forecast horizon with the balance of these effects likely to keep inflation above the Bank of England's target throughout most of their forecast horizon.

1.5 The fallout from the US-China trade war continues which, combined with tighter monetary policy, risks contributing to a slowdown in global economic activity in 2019. Despite slower growth in the region, the European Central Bank (ECB) has started conditioning markets for the end of quantitative easing as well as the timing of the first interest rate hike, currently expected in 2019, and the timing and magnitude of increases thereafter.

2 Credit outlook

2.1 The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

2.2 European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

3 Underlying assumptions

3.1 The MPC left Bank Rate unchanged at the September meeting, after voting unanimously to increase Bank Rate to 0.75% in August.

3.2 Arlingclose's projected outlook for the UK economy means we maintain the significant downside risks to our interest rate forecast. The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in Q2 2018, but the annual growth rate of 1.2% remains well below the long-term average. Arlingclose's view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.

3.3 Cost pressures were projected to ease but have risen more recently and are forecast to remain above the Bank's 2% target through most of the forecast period. The rising price of oil and tight labour market means inflation may remain above target for longer than expected. This means that strong real income growth is unlikely in the near future.

3.4 The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that: 1) ultra-low interest rates result in other economic problems, and 2) higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise and cuts are required.

3.5 The global economy appears to be slowing, particularly the Eurozone and China, where the effects of the trade war has been keenly felt. Despite slower growth, the European Central Bank (ECB) is adopting a more strident tone in conditioning markets for the end of QE, the timing of the first rate increase (2019) and their path thereafter. Meanwhile, European political issues, mostly lately with Italy, continue.

3.6 The US economy is expanding more rapidly. The Federal Reserve has tightened monetary policy by raising interest rates to the current 2%-2.25% range; further rate hikes are likely, which will start to slow economic growth. Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

4 Interest Rate Forecast

4.1 Following the increase in Bank Rate to 0.75% in August 2018, the Councils, treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

4.2 The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck, and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity. As such, the risks to the interest rate forecast are considered firmly to the downside.

4.3 Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.5% and 2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

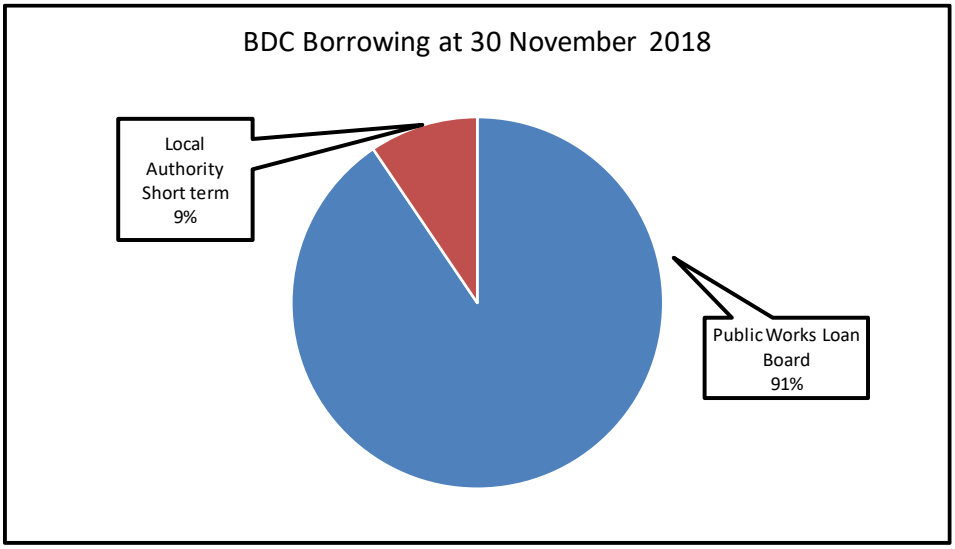
Table 1 Interest Rate Forecast

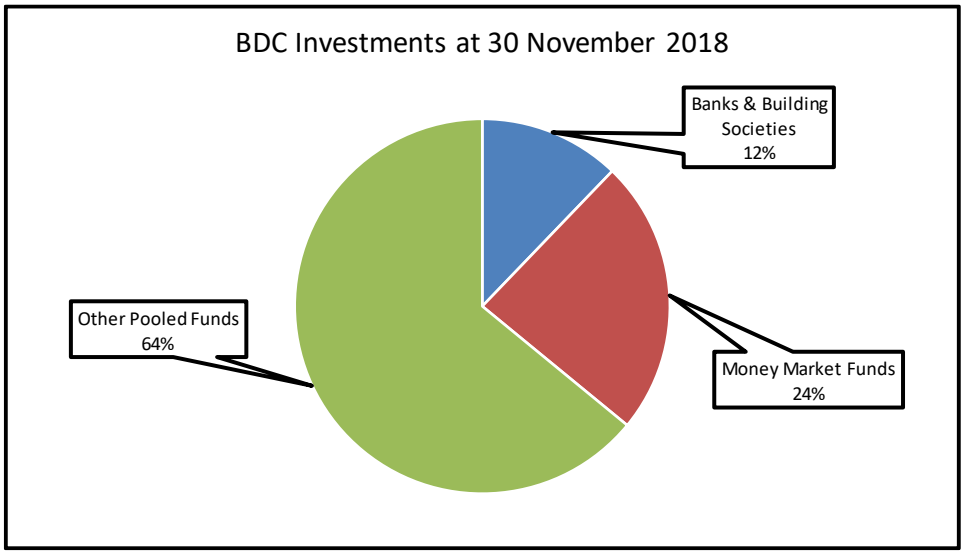
	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	**0.17**
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	**0.65**
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	**0.17**
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	**0.68**
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	**0.33**
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	**0.69**
5-yr gilt yield														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	**0.32**
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	**0.54**
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	**0.32**
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	**0.55**
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	**0.32**
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	**0.43**
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	**0.32**
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	**0.43**

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%
PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

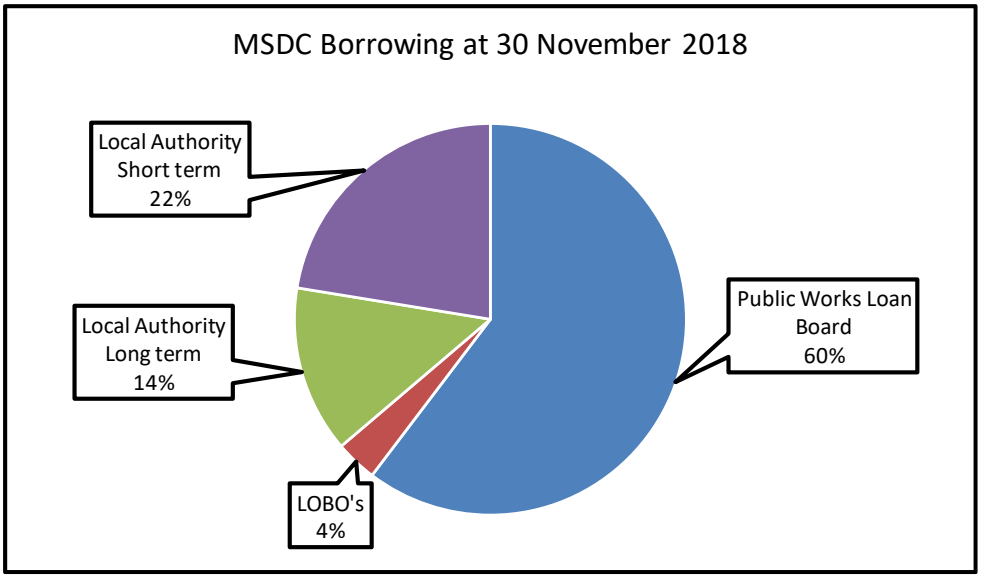
EXISTING INVESTMENT & DEBT PORTFOLIO POSITION

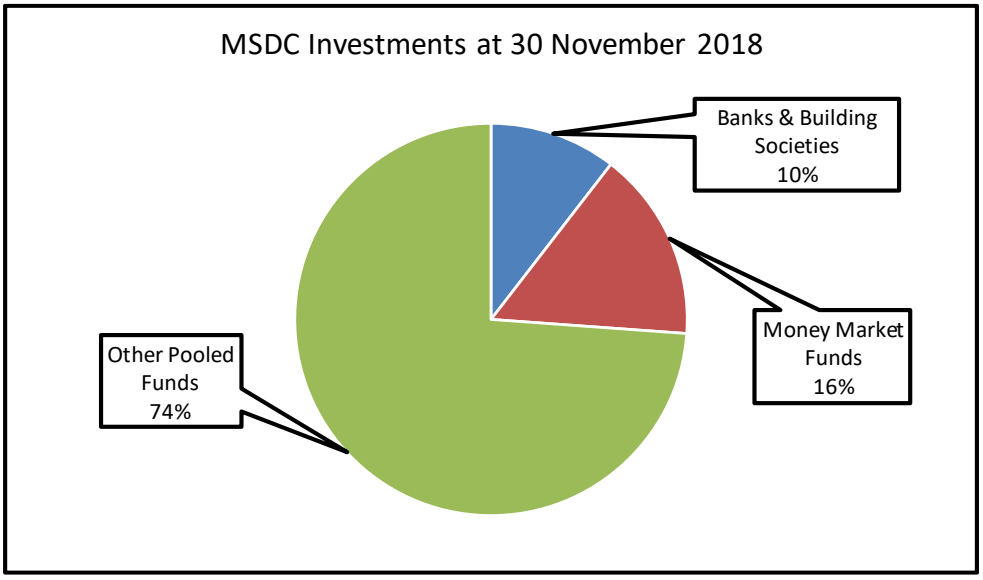
Babergh	30.11.2018 Portfolio £m	Average Rate %
External Borrowing		
Public Works Loan Board	86.05	3.00%
Local Authority Short term	9.00	0.75%
Total External borrowing	**95.05**	2.79%
Treasury Investments		
Banks & Building Societies	1.79	0.52%
Money Market Funds	3.50	0.55%
Other Pooled Funds	9.43	5.19%
Total Treasury Investments	**14.72**	4.09%
Net Debt	**80.32**	





Mid Suffolk	**30.11.2018 Portfolio £m**	**Average Rate %**
External Borrowing		
Public Works Loan Board	69.94	4.15%
LOBO's	4.00	4.21%
Local Authority Long term	16.00	1.20%
Local Authority Short term	26.00	0.78%
Total External borrowing	**115.94**	2.99%
Treasury Investments		
Banks & Building Societies	1.34	0.49%
Money Market Funds	2.00	0.59%
Other Pooled Funds	9.42	5.14%
Total Treasury Investments	**12.76**	3.68%
Net Debt	**103.18**	





TREASURY MANAGEMENT POLICY STATEMENT

1. Introduction and Background

1.1 The Councils adopt the key recommendations of the CIPFA Code of Practice on Treasury Management in Public Services 2017 Edition (the TM Code) as described in Section 5 of the Code.

1.2 In addition, the Ministry of Housing, Communities and Local Government (MHCLG) revised guidance on Local Councils Investments issued in 2018 requires councils to approve a treasury management investment strategy before the start of each financial year.

1.3 Accordingly, the Councils will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.

- Suitable treasury management practices (TMPs), setting out the manner in which the Councils will seek to achieve those policies and objectives, and prescribing how they will manage and control those activities.

1.4 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the TM Code, subject only to amendment where necessary to reflect the particular circumstances of the Councils. Such amendments will not result in the Councils materially deviating from the TM Code's key principles.

1.5 The Full Council meeting for Babergh and Mid Suffolk will receive recommendations from Cabinet on their treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a half-year review and an annual outturn report after its close.

1.6 The Councils delegate responsibility for the implementation of their treasury management policies and practices to the Cabinet, monitoring to the Joint Audit and Standards Committee and the execution and administration of treasury management decisions to the Section 151 Officer and/or Corporate Manager - Financial Services, who will act in accordance with the Councils policy statement, the TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

1.7 The Joint Audit and Standards Committee is responsible for ensuring effective scrutiny of the Joint Treasury Management Strategy and policies.

2. Policies and Objectives of Treasury Management Activities

2.1 The Councils define their treasury management activities in line with the TM Code definition as: "the management of the organisations investments and cash flows, their banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance associated with those risks."

2.2 The Councils regard the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of their treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Councils and any financial instruments entered into to manage these risks.

2.3 The Councils recognise that effective treasury management will provide support towards the achievement of their business and service objectives. They are therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques within the context of effective risk management.

2.4 Both Councils borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken, and the type of borrowing should allow the Councils transparency and control over their debt.

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

ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT 2019/20

1.1 Where the Councils finance their capital expenditure by debt, they must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Councils to have regard to the Ministry for Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2018 and effective from 1 April 2018.

1.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by grant income that has been rolled into Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

1.3 A charge to a revenue account for MRP cannot be a negative charge.

1.4 The CLG Guidance requires Full Council to approve an Annual MRP Statement each year and recommends a number of options for calculating an amount of MRP that they consider to be prudent. The following paragraph lists the options recommended in the Guidance.

1.5 The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method

1.6 For capital expenditure incurred before 1 April 2008, MRP will be determined in accordance with the former regulations that applied on 31 March 2008, incorporating an "Adjustment A" of £2.4m for Mid Suffolk (Option 1). Babergh does not have any capital expenditure incurred before 1st April 2008 on which to charge MRP.

1.7 For capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis using an interest rate equivalent to the average PWLB annuity rate for the year of expenditure. MRP charges start in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. (Option 3).

1.8 Where investments are made in the Councils subsidiaries for the purpose of the companies purchasing land and buildings, MRP will be charged over 40 years.

1.9 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Councils will make no MRP charge, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational.

1.10 No MRP will be charged in respect of assets held within the Housing Revenue Account. However, voluntary MRP contributions from the HRA may be made.

1.11 Capital expenditure incurred during 2018/19 will not be subject to an MRP charge until 2019/20 and capital expenditure incurred during 2019/20 will not be subject to an MRP charge until 2020/21.

1.12 If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Full Council at that time.

1.13 Based on the Councils latest estimates of their Capital Financing Requirements on 31 March 2019, the budget for MRP for 2019/20 has been set as follows:

Estimated Capital Financing Requirement		
Babergh District Council	**31.3.2019 Estimated CFR £m**	**2019/20 Estimated MRP £m**
Unsupported capital expenditure after 31.3.2008	22.39	1.05
Loans to other bodies repaid in instalments	23.03	-
Total General Fund	**45.42**	**1.05**
HRA subsidy reform payment	86.35	-
Total Housing Revenue Account	86.35	-
Total CFR	**131.77**	**1.05**

Estimated Capital Financing Requirement		
Mid Suffolk District Council	**31.3.2019 Estimated CFR £m**	**2019/20 Estimated MRP £m**
Capital expenditure before 01.04.2008	8.29	0.07
Unsupported capital expenditure after 31.3.2008	22.11	0.96
Loans to other bodies repaid in instalments	37.36	-
Total General Fund	**67.75**	**1.04**
Assets in the Housing Revenue Account	30.87	-
HRA subsidy reform payment	57.21	-
Total Housing Revenue Account	88.08	-
Total CFR	**155.83**	**1.04**

INSTITUTIONS MEETING HIGH CREDIT RATINGS CRITERIA

1.1 Detailed below is the list of the banks and building societies that both Councils can lend to (based on information on credit risk and credit ratings as at November 2018). This will be continuously monitored as the position changes throughout the year as credit ratings are reviewed and additional market information is evaluated.

1.2 This is based on UK Banks and Building Societies A-, Money Market Funds, Foreign Banks AA-. Foreign banks must be in a country with a sovereign rating of AAA.

Counterparty	Long term rating - Fitch	Duration
UK BANKS		
Bank of Scotland PLC	A+	***
Barclays Bank PLC	A*+	**
Barclays Bank UK PLC	A*+	**
Close Brothers Limited	A	***
Goldman Sachs International Bank	A	**
HSBC Bank PLC	AA-	***
HSBC UK Bank PLC	AA-	***
Lloyds Bank PLC	A+	***
Santander UK PLC	A+	***
Standard Chartered Bank	A+	***
UK BUILDING SOCIETIES		
Nationwide Building Society	A+	***
Leeds Building Society	A-	**
Coventry Building Society	A	***
FOREIGN BANKS		
Australia		
Australia and NZ Banking Group	AA-	***
Commonwealth Bank of Australia	AA-	***
National Australia Bank	AA-	***
Westpac Banking Group	AA-	***
Canada		
Bank of Montreal	AA-	***
Bank of Nova Scotia	AA-	***
Canadian Imperial Bank of Commerce	AA-	***
Royal Bank of Canada	AA	***
Toronto-Dominion Bank	AA-	***
Finland		
Nordea Bank AB	AA-	****
Netherlands		
Cooperative Rabobank	AA-	****
Singapore		
DBS Bank Ltd	AA-	****
Oversea-Chinese Banking Corporation	AA-	****
United Overseas Bank	AA-	****
Sweden		
Svenska Handelsbanken	AA	***

Counterparty	Long term rating - Fitch	Duration
MONEY MARKET FUNDS (MMF)		
Aberdeen Standard Sterling Liquidity Fund	AAAmmf	*
Goldman Sterling Liquid Reserves Fund	AAAmmf	*
Insight Sterling Liquidity Fund	AAAmmf	*
Federated Investors (UK) Sterling Liquidity Fund	AAAmmf	*
Invesco AIM STUC Sterling Liquidity Portfolio	AAAmmf	*
Blackrock Institutional Sterling Liquidity Fund	*1	*

*	Overnight Limit
**	Maximum limit to maturity 100 days
***	Maximum limit to maturity 6 months
****	Maximum limit to maturity 13 months
*****	Maximum exposure limit 10% of total investments per fund
*1	Blackrock has withdrawn from Fitch Rating

1.3 MMFs – Federated is domiciled in the UK for tax and administration purposes, Standard Life, Goldman Sachs, BlackRock, Invesco and Insight are domiciled in Ireland for tax and administration purposes.

Long Term Investments Grades - Fitch

Agency - Fitch	
Rating	**Definition**
AAA	Highest credit quality – 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality 'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality – 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

Long Term Investments Grades – Moody's

Agency - Moody's	
Rating	**Definition**
Aaa	Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.
Aa1	Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.
Aa2	
Aa3	
A1	Obligations rated A are considered upper-medium grade and are subject to low credit risk.
A2	
A3	

Long Term Investments Grades – Standard & Poor's

Agency - Standard & Poor's	
Rating	**Definition**
AAA	An obligator rated 'AAA' has extremely strong capacity to meet its financial commitments. 'AAA' is the highest issuer credit rating assigned by Standard & Poor's.
AA	An obligator rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest rated obligators only to a small degree.
A	An obligator rated 'A' has strong capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligators in higher rated categories.

Glossary of Terms

CCLA	Churches, Charities and Local Authority Property Fund
CFR	Capital Financing Requirement. The underlying need to borrow to finance capital expenditure.
CIPFA	The Chartered Institute of Public Finance and Accountancy. This is the leading professional accountancy body for public services.
CLG	Ministry for Housing, Communities and Local Government. This is a ministerial department.
DMADF	Debt Management Account Deposit Facility.
Funding Circle	Accounts set up to lend money to local and national businesses at competitive rates
GDP	Gross Domestic Product. This is the market value of all officially recognised goods and services produced within a country in a given period of time.
HRA	Housing Revenue Account. The statutory account to which are charged the revenue costs of providing, maintaining and managing Council dwellings. These costs are financed by tenants' rents.
LOBO	Lender's Option Borrower's Option. This is a loan where the lender has certain dates when they can increase the interest rate payable and, if they do, the Council has the option of accepting the new rate or repaying the loan.
MIFID II	Markets in Financial Instruments Directive 2014/65/EU. Effective from 1 January 2018. The Councils have met the conditions to opt up to professional status. The Councils will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.
MPC	Monetary Policy Committee – A committee of the Bank of England which meets each month to decide the official interest in the UK. It is also responsible for other aspects of the Government's monetary policy framework such as quantitative easing and forward guidance.
MRP	Minimum Revenue Provision. Local authorities are required to make a prudent provision for debt redemption on General Fund borrowing.

PWLB	Public Works Loan Board - offers loans to local authorities below market rates.
QE	Quantitative Easing. The purchase of Government bonds by the Bank of England to boost the money supply.
T Bills	Treasury Bill. A short-term Government Bond.
UBS	UBS Multi Asset Income Fund (UK) - a pooled fund

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MID SUFFOLK DISTRICT COUNCIL

TO:	**Cabinet**	**REPORT NUMBER: MCa/18/62**
FROM:	**Councillor John Whitehead Cabinet Member for Finance**	**DATE OF MEETING: 4 February 2019**
OFFICER:	**Katherine Steel – Assistant Director, Corporate Resources Andrew Wilcock – Shared Services Operations Manager**	**KEY DECISION REF NO. CAB102**

RETAIL DISCOUNT - BUSINESS RATE RELIEF POLICY

1. PURPOSE OF REPORT

1.1 This report sets out proposal to introduce a discretionary retail discount scheme for ratepayers occupying properties with a rateable value of less than £51,000 for each of the years 2019/20 and 2020/21.

2. OPTIONS CONSIDERED

2.1 Option 1 – Introduce a retail discount

A new discretionary retail discount is created using the Councils discretionary relief powers, introduced by the Localism Act under section 47 of the Local Government Finance Act 1988, as amended that applies to occupied properties with a rateable value of less than £51,000 that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

The criteria for the discount:

- Would require the applicants to be in occupation and using the property as described in the policy.
- Eligibility for the discount and the amount itself will be assessed and calculated on a daily basis. The discount will be awarded after any mandatory relief and any other discretionary relief including those funded by section 31 grants except those introduced using the powers granted under the Localism Act 2011. The discount will amount to one third of the bill after the above reliefs.
- The discount will be subject to state aid rules

Administration would be a simple procedure whereby the discount would be automatically applied where the circumstances are clear. A letter would be issued to the ratepayer requesting confirmation that accepting the discount would not exceed the de minimis threshold under the state aid rules. Moving forward a simple online application form will be available for ratepayers to request the discount.

Creating a local retail discount will support local retailers within the district at no cost to the Council.

2.2 Option 2 – Do nothing

There is no mandatory requirement on billing authorities to provide a retail discount, however the Government is funding the scheme, so not introducing it would be an opportunity missed to support local retailers.

3.	**RECOMMENDATION**
3.1	That Cabinet approves the introduction of a discretionary retail discount policy for financial years 2019/20 and 2020/21.
	REASON FOR DECISION
	To provide a discretionary retail discount to support ratepayers in the Mid Suffolk District.

4. KEY INFORMATION

4.1 The Government announced in the budget on the 29th October 2018 that it will provide a Business Rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 for each of the years 2019-20 and 2020-21. A guidance document issued on the 4th December 2018 has provided more details in respect of the scheme.

4.2 As this is a measure for 2019-20 and 2020-21 only, the Government is not changing the legislation around the discount available to properties. Instead the Government will, reimburse local authorities that use their discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended) to grant relief.

4.3 The Government expects local authorities to award the relief to eligible ratepayers in time for the new 2019/20 bill issued in March.

4.4 It will be for individual local billing authorities to adopt a local scheme and decide in each individual case when to grant relief. The Government will fully reimburse local authorities for the local share of the discretionary relief (using a grant under section 31 of the Local Government Act 2003).

4.5 The Government has recently outlined the qualifying criteria as occupied properties with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments. They have provided as a guide a list of activities that they consider for this purpose should be retail (see Appendix A).

4.6 The Government has also provided a list of uses that they consider not to be retail for the purposes of relief (see Appendix B).

4.7 This relief will be considered as state aid. As such, as part of the application process, the ratepayer will need to certify that they have not received more than €200,000 of de minimis aid over three consecutive fiscal years.

4.8 The UK is scheduled to leave the EU on 29 March 2019. If there is an Implementation Period, the State Aid rules will continue to apply as now and will be subject to control by the EU Commission as at present.

If the UK leaves the EU without a negotiated Withdrawal Agreement, the Government has announced its intention to transpose EU State Aid rules into UK domestic legislation.

4.9 As this scheme is discretionary the Council can choose not to grant the relief if they consider that appropriate, for example where granting the relief would go against the Council's wider objectives for the local area.

4.10 Where a local scheme is adopted, the Government expects the 2019/20 bills to be issued containing the discount. However, any new awards granted during the year can be backdated. Northgate (SRP systems provider) has issued a bulletin to advise that to administer the discount, software changes are needed. They have indicated that these changes will not be available until the end of February 2019.

4.11 This does create a very small window to receive, test and implement the scheme in time to issue the 2019/20 bills by the 14th March.

5. LINKS TO JOINT STRATEGIC PLAN

5.1 Priority 1 - Economy and Environment

6. FINANCIAL IMPLICATIONS

6.1 The Government will reimburse the Council and those major precepting authorities for the actual cost to them under the rates retention scheme of the relief that falls within the definitions in the guidance (using a grant under section 31 of the Local Government Act 2003). The Council will provide an estimate of the likely total cost for providing the relief in the National Non-Domestic Rate Return 1 (NNDR1) for 2019/20 and 2020/21.

6.2 The current estimate is that there are 159 properties that meet the rateable value criteria and the property description suggests it is used for retail purposes. Awarding a retail discount would amount to a total relief of £366,000.

7. LEGAL IMPLICATIONS

7.1 The Council can use discretionary relief powers, introduced by the Localism Act (under section 47 of the Local Government Finance Act 1988, as amended)

8. RISK MANAGEMENT

8.1 This report is not closely linked with any of the Council's Corporate / Significant Business Risks. The key risk is set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If qualifying ratepayers fail to apply for the discount, then they may encounter unnecessary trading difficulties.	3 – Probable	2 – Noticeable / Minor	Officers proactively identify cases that can apply for the discount. Take-up campaign

Risk Description	Likelihood	Impact	Mitigation Measures
If the software to implement the change to 2019/20 bills is received late in the annual billing process, then testing and quality assurance could be compromised.	3 - Probable	2 – Noticeable / Minor	Seek regular progress updates from the software provider. Project plan for late delivery and ensure testing resource available when required. Any new awards during the year can be backdated.

9. CONSULTATIONS

9.1 No direct consultation has been undertaken in respect of this proposal.

10. EQUALITY ANALYSIS

10.1 Equality Impact Assessment (EIA) not required as the policy relates to businesses and not individuals.

11. ENVIRONMENTAL IMPLICATIONS

11.1 None identified from this policy.

12. APPENDICES

Title	Location
(a) Types of properties that will benefit from the discount	Attached
(b) Uses not considered as retail	Attached
(c) Discretionary Retail Discount policy	Attached

Appendix A

Which properties will benefit from relief?

i. Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florist, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licence, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

ii. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

iii. Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

Appendix B

Uses not considered as retail

i. Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureau de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting office

ii. Hereditaments that are not reasonably accessible to visiting members of the public

Generally speaking, the Government also does not consider other assembly or leisure uses beyond those listed in Appendix A to be retail uses for the purpose of the discount. For example, cinemas, theatres and museums are outside the scope of the scheme, as are nightclubs and music venues which are not similar in nature to the hereditaments described at Appendix A (iii) above. Hereditaments used for sport or physical recreation (e.g. gyms) are also outside the scope of the discount. Where there is doubt, the local authority should exercise their discretion with reference to the above and knowledge of their local tax base.

Appendix C

Mid Suffolk District Council
Retail Discount - Business Rate Relief Policy

1. Background

1.1. The retail sector is changing, and consumer behaviour presents a significant challenge for retailers in town centre. The Government wishes to take action to help the high street evolve.

1.2. The Government announced in the Budget on 29 October 2018 that it will provide a business rates Retail Discount scheme for occupied retail properties with a rateable value of less than £51,000 in each of the years 2019/20 and 2020/21. The value of discount should be one third of the bill, and must be applied after mandatory reliefs and other discretionary reliefs funded by section 31 grants have been applied, except those introduced using the powers granted under the Localism Act 2011.

2. Introduction

2.1. The Local Government Finance Act 1988 gives Local Authorities the power to grant discretionary retail discount to properties that are occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

3. Available relief

3.1. There is no relief available under this policy for properties with a rateable value of more than £50,999.

3.2. The eligibility for the relief and the relief itself will be assessed and calculated on a daily basis.

3.3. The relief will be applied against the net business rates bill after all other reliefs have been taken into account.

3.4. Where the net rate liability for the day, after all other reliefs but before the retail discount, is less than the retail discount, the maximum amount of retail discount will be no more than the value of the net rate liability.

3.5. Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties, subject to State Aid de-minimis limits.

4. Awarding relief

4.1. Properties that will benefit from the relief will be occupied hereditaments with a rateable value of less than £51,000, that are wholly or mainly being used as shops, restaurants, cafes and drinking establishments.

4.2. We consider shops, restaurants, cafes and drinking establishments to mean:

(i) Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as: florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off licences, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post offices
- Furnishing shops/ display rooms (such as: carpet shops, double glazing, garage doors)
- Car/ caravan show rooms
- Second hand car lots
- Markets
- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

(ii) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as: hair dressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/ key cutting
- Travel agents
- Ticket offices e.g. for theatre
- Dry cleaners
- Launderettes
- PC/ TV/ domestic appliance repair
- Funeral directors
- Photo processing
- Tool hire
- Car hire

(iii) Hereditaments that are being used for the sale of food and/ or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

4.3. To qualify for the relief the hereditament should be wholly or mainly being used as a shop, restaurant, cafe or drinking establishment. In a similar way to other reliefs (such as charity relief), this is a test on use rather than occupation. Therefore, hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

4.4. As a guide, the list below sets out the types of uses that the Council does not consider to be retail for the purpose of this policy:

(i) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (e.g. banks, building societies, cash points, bureaux de change, payday lenders, betting shops, pawn brokers)
- Other services (e.g. estate agents, letting agents, employment agencies)
- Medical services (e.g. vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (e.g. solicitors, accountants, insurance agents/ financial advisers, tutors)
- Post office sorting offices

(ii) Hereditaments that are not reasonably accessible to visiting members of the public.

5. Administration of applications for relief

5.1. The Council's Shared Revenues Partnership will identify the potential properties that may be eligible for the retail discount. It is for the ratepayer to opt out if they are already receiving maximum state aid.

5.2. The Council's Shared Revenues Partnership will administer all applications for the retail discount and determine the amount of discretionary retail discount to be awarded.

5.3. Decisions regarding discretionary retail discount will be notified to the ratepayer in writing within 28 days of the decision, or as soon as reasonably practicable. Unsuccessful applicants will be given reasons for any refusal to award relief.

6. State Aid

6.1 Local rate relief shall not be awarded in any circumstances where it appears that an award will result in the ratepayer receiving state aid that is above the current de minimis level. The ratepayer must inform the Council if they are already receiving maximum state aid.

6.2 Rate relief for charities and non-profit making bodies is not normally considered to be state aid, because the recipients are usually not in market competition with other businesses. However, if the charity or non-profit making body is engaged in commercial activities or they are displacing an economic operator or if they have a commercial partner, rate relief could constitute state aid.

6.3 To find further information on state aid please visit www.gov.uk/state-aid

7. Duration of awards

7.1. The award of discretionary retail discount will be made for a fixed period ending on 31st March 2021. The only exception is where the business rates liability of a retail business ends before this date.

8. Right of appeal

8.1. There is no statutory right of appeal against a decision made by the Council in respect of discretionary retail discount. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome.
This review will be carried out independently by the Head of the Shared Revenues Partnership in consultation with the Council's Section 151 Officer.

8.2. If an unsuccessful applicant decides to request a review, they will still need to continue to pay their rates bill. Once the review has been conducted, the ratepayer will be informed in writing whether the original decision has been revised or upheld. Notification of the decision will be made within 28 days, or as soon as reasonably practicable.

8.3. The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

TO:	**Babergh Cabinet** **Mid Suffolk Cabinet**	**REPORT NUMBER:**	**MCa/18/63**
FROM:	**Councillor David Burn** **Councillor Christina Campbell** **Cabinet Members for Environment**	**DATE OF MEETING:**	**4 February 2019** **6 February 2019**
OFFICER:	**Chris Fry – Assistant Director Environment and Commercial Partnerships**	**KEY DECISION REF NO. CAB39**	

JOINT AREA PARKING PLAN

1. PURPOSE OF REPORT

1.1 To approve the Joint Area Parking Plan, attached as Appendix A, for consultation.

2. OPTIONS CONSIDERED

2.1 To have two separate area parking plans.

2.2 Not to have an area parking plan.

3. RECOMMENDATIONS

3.1 That Cabinet agrees the draft content of the Babergh and Mid Suffolk Joint Area Parking Plan (Appendix A) and authorises the commencement of a stakeholder consultation process commencing February 2019.

3.2 That the result of the stakeholder consultation and recommendations arising from it will be presented to Cabinet later in 2019 for approval.

REASON FOR DECISION

The Council is required to have a parking policy and to demonstrate that it has reviewed the content. Suffolk County Councils Parking Management Strategy which forms part of the application to the DfT for the granting of CPE powers for the remaining majority of Suffolk requires the district and boroughs to develop Area Parking Plans.

4. KEY INFORMATION

4.1 The Department for Transport (DfT) expects every local authority to have a parking policy. The DfT also expects local authorities to regularly appraise their parking policies and objectives and consult the public as part of their formulation.

4.2 Local authorities applying for civil parking enforcement (CPE) powers must provide a summary of its parking strategies and policies as part of its submission and the detail and outcome of its parking management review.

Suffolk County Council adopted a high-level Suffolk Parking Management Strategy in November 2018 (attached at Appendix B for information). Each district and borough council need to have regard to the strategy and set out its own local parking policies and objectives in area parking plans. The Babergh and Mid Suffolk Joint Area Parking Plan has been drafted to meet these objectives.

4.3 The original target date for CPE implementation across the rest of Suffolk was April 2019. This has been delayed due to the government's preparation for Brexit. Suffolk Public Sector Leaders continue to lobby the Secretary of State for Transport for a CPE implementation date. The County Council submitted the application early in 2018 to give the DfT the maximum amount of time for its administrative process to be completed.

4.4 The Babergh and Mid Suffolk Joint Area Parking Plan (BMSAPP) is a completely new parking policy document. It has been drafted with the objective of setting out the broad parking policy objectives that will be adopted and the rationale behind them. A copy of the document is attached at Appendix A.

4.5 The BMSAPP contains eight broad parking policy statements which aim to set out what the parking plan is and what it is intended to achieve. It does not set out specific proposals for parking restrictions for specific areas, nor is it a blue-print to introduce paid parking. What it does do is provide a toolkit on how the councils would go about investigating requests or reviewing the need for waiting, loading and parking controls when and if they occur. It also sets out how to engage with the local community and seek the views of local councils, businesses and residents.

5. LINKS TO JOINT STRATEGIC PLAN

5.1 The adoption of a Joint Area Parking Plan has several linkages to the Council's Joint Strategic Plan, namely: Community capacity building and engagement, maximising the use of our assets, engage with and support businesses to thrive, further develop the local economy and our market towns to thrive, community-led solutions to deliver services and manage assets and financially sustainable councils

6. FINANCIAL IMPLICATIONS

6.1 The adoption of a Joint Area Parking Plan will not in itself have any financial implications on the Council's.

6.2 The implementation of CPE in Babergh and Mid Suffolk will have minimal financial implications. Neither Babergh or Mid Suffolk will be enforcing authorities and therefore there is little risk in meeting any financial targets. However, both authorities will enter into service level agreements with the enforcing authorities for the management of off-street parking which may have a small increase in cost.

7. LEGAL IMPLICATIONS

7.1 There are no legal implications.

8. RISK MANAGEMENT

8.1 This report is most closely linked with the Council's Corporate / Significant Business are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
Engagement with business and communities	Unlikely (2)	Noticeable (2)	Ensure we comply with the consultation process outlined in the document
Managing asset portfolio and meeting income projections	Unlikely (2)	Noticeable (2)	Regularly review our car park tariffs and policies

9. CONSULTATIONS

9.1 Following approval of the draft by Cabinet, stakeholder consultation with town and parish councils and other interested individuals and groups will take place from February 2019 for a period of six weeks. The results of the consultation and any modifications that may result will be reported to Cabinet later in 2019 for final adoption.

10. EQUALITY ANALYSIS

10.1 There are no equality impacts in adopting a Joint Area Parking Plan. If, as a result of adopting the document, any changes are proposed that impact on any of the protected grounds, a full Equality Impact Assessment (EIA) will need to be carried out.

11. ENVIRONMENTAL IMPLICATIONS

11.1 There are no environmental implications for this report.

12. APPENDICES

Title	Location
(a) Babergh and Mid Suffolk Joint Area Parking Plan	Attached
(b) The Suffolk Parking Management Strategy	Attached

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Appendix A

2019

Babergh and Mid Suffolk Joint Area Parking Plan

January 2019

Table of Contents

Document revision

Revision date	author	Revision description	Section/paragraph
27 October 18	AJT	Master document formatted	All
31 December 18	AJT	Draft finalised for circulation	All
11 January 19	AJT	penultimate draft after comments	All
21 January 19	AJT	Final draft after 15 Jan meeting	All

Executive summary

Requests to do something about parking in Suffolk have increased year on year along with the increase in vehicle ownership and use. While the numbers of vehicles increased, the amount of time they are being actively used is estimated at around 3-4%. For 80% of the time the vehicle is parked at home and around 16% of the time it is spent parked at a destination[1].

There is a significant amount of anecdotal evidence and opinion over the relationship between good car parking provision and town and village centre prosperity and vibrancy. Local authorities must take account of conflicting demands for parking space for residents, visitors, business and workers. It also must balance this with the affects that unrestricted and free parking can contribute to increased congestion, obstructions, pollution and spaces being occupied by the wrong users at inappropriate times.

Accommodating all car users, particularly in historic towns and villages, is not always possible and will remain a challenge for local authorities. Changing priorities for the police coupled with fewer available resources to enforce on-street parking, waiting and loading restrictions adds to the current problem in our congested towns and villages.

The Government believes that the enforcement of waiting, loading and parking restrictions should be a civil matter carried out by the local highway/traffic authority which is known as civil parking enforcement (CPE). Most councils in England already operate CPE leaving about twenty at the time of writing who have not done so. Out of these, six are in Suffolk (Ipswich have operated CPE since 2005).

The Suffolk Public Sector Leaders, police and county, district and borough councils have agreed that the adoption of CPE for the whole of Suffolk must happen. The councils and police have been working together to put together the business case in support of an application to the Department for Transport (DfT) for these powers. The application was submitted to the DfT in April 2018. The DfT have informed the Suffolk Councils that due to Brexit there is insufficient parliamentary time to process an application for the requested April 2019 commencement date. At the time of writing, the DfT have been unable to provide any definite timeframe when they will be able to do so.

Suffolk County Council has provided the over-arching strategic approach to the operation of civil parking enforcement in the Suffolk Parking Management Strategy 2018 (SPMS) which was formally adopted By the County Council on the 6th November 2018.
https://committeeminutes.suffolk.gov.uk/Committee.aspx?Refinablestring10=The%20Cabinet

Each district/borough will publish Area Parking Plans (APP) providing the detail on how the SPMS will be implemented locally. The Babergh and Mid Suffolk Joint Area Parking Plan (BMS APP) does so and reflects both Councils' vision for parking in both districts. The BMS APP does not set out specific proposals for parking restrictions for specific areas, nor is it a blueprint to introduce paid parking. What it does is to provide a toolkit on how we would go about investigating requests or reviewing the need for waiting, loading and parking controls when and if they occur. It also sets out how the Councils plan to engage with the local community and seek the views of local councils, businesses and residents.

[1] Source RAC foundation 2012

Area Parking Plan policies

Policy 1 – Babergh and Mid Suffolk Councils' joint 'Vision for Parking'

- The Vision for Parking is "to allow parking where possible and control parking where necessary".

Policy 2 – off-street parking places

- Off-street parking places will be utilised to assist with traffic management and to support and promote our communities.

Policy 3 – the review of off-street car park operation

- The car park orders, tariffs, terms and conditions of use will be reviewed as part of the CPE implementation process. Planned changes will be advertised in accordance with national regulations.
- Car park tariffs and operational arrangements will be regularly reviewed at least on a biennial basis in accordance with the traffic order procedure regulations and Parking Places Variation of Charges Act 2017.

Policy 4 – parking petitions

- Part 4 and 5 of the Councils' petition scheme will be amended to incorporate specific provisions for the handling of parking petitions.
- A parking petition review can take 12 months before the report is finalised and considered by Councillors.
- Parking petitions will not be considered:-
    - within 3 years of the adoption of the Area Parking Plan;
    - less than1 year after the adoption of a new traffic regulation order; and
    - less than 6 months after the implementation of an on-street parking scheme

Policy 5 – parking consultation
Parking scheme development will use local engagement with Opinion Survey, Detailed Design consultation and Statutory Consultation as the standard procedure.

Policy 6 – standard operational hours

- New on-street parking schemes will be implemented with standard operational hours of Monday to Friday between 9:30am – 4:30pm with the potential to add Saturday and/or Sunday.
- Longer operational hours – in the morning and/or late afternoon/early evening will only be considered where there is compelling evidence of need.

Policy 7 – footway parking
Footway parking is not to be encouraged. Allowing footway parking will only be considered in exceptional circumstances and where local consultation supports it and only if the footway construction and underground services are unlikely to be compromised and only with agreement from local councillors. Where allowed, appropriate signing in accordance to the Traffic Signs Regulations and General Directions 2016 (TRSGD) will be installed.

Policy 8 – reducing street clutter
Parking schemes will be designed and implemented with the aim to reduce street clutter.

- Minimise the number of signs used while still maintaining enforceability;
- Fix signs wherever possible to existing street furniture;
- New signs positioned at the back of footways;
- In environmentally sensitive areas, consider using 'restricted street' or 'permit holder parking area' zones;

About Babergh and Mid Suffolk

1. Both districts are predominantly rural where most of the population live in villages or small market towns. The two districts have been working in partnership for several years and now share a single headquarters based in the county-town of Ipswich.

2. Babergh is the southernmost district in Suffolk and shares a common boundary with Essex along much of the River Stour. The River Orwell is the other important river in the district. Babergh has a population of just over 90,000[2] and will be the smallest non-urban district in Suffolk (after the formation of East Suffolk and West Suffolk councils in April 2019) both in its geographical area and percentage of overall Suffolk population. Babergh is also 'Constable Country' attracting visitors from around the globe to the Dedham Vale conservation area and the well-preserved 'wool town' villages of Lavenham, Long Melford and Kersey. Sudbury and Hadleigh are the largest settlements in the district.

3. Mid Suffolk is currently the largest and most rural of the Suffolk districts with a population of around 101,000. After April 2019, it will become the second smallest rural district in Suffolk. The market town of Stowmarket is the largest area of population although most habitation is based in village settlements. Mid Suffolk has the lowest population density in Suffolk but also the highest car ownership rate in Suffolk. Its car ownership is ranked 11th in local authority areas in England and Wales[3].

Administrative district (post April 2019)	UK administrative district ranking by		Km²	Miles²	area % of county	Population			
	area	population				total	% of county	Density per Miles²	Density per Km²
Suffolk CC			**3,801**	**1,468**		**752,200**		**512**	**198**
East Suffolk	17	70	1,262	487	33%	245,000	32.6%	503	194
West Suffolk	27	105	1,035	400	27%	177,700	23.6%	444	172
Ipswich BC	292	157	40	15	1%	138,500	18.4%	9233	3463
Mid Suffolk	**40**	**230**	**871**	**336**	**23%**	**100,700**	**13.3%**	**300**	**116**
Babergh	**72**	**270**	**594**	**229**	**16%**	**90,300**	**12.0%**	**394**	**152**
					100%		100.0%		

[2] Suffolk Observatory 2017 figures

[3] RAC Foundation December 2012

Setting the context

The need for an area parking plan

4. The Department for Transport (DfT) expects every local authority to 'have a clear idea of what its parking policy is and what it intends to achieve by it'.[4] It also requires local authorities to keep these policies up to date and to reflect wider strategic priorities, changes in development and land use and to accommodate changes in legislation and national guidance.

5. The decision to adopt civil parking enforcement (CPE) powers for the whole of Suffolk has provided an opportunity for the county, district and boroughs to review their current parking policies and approach to the implementation and management of CPE.

6. The intention in Suffolk is that enforcement will be carried out by the districts/boroughs under agency agreements with the County Council. Babergh and Mid Suffolk Councils took the decision at a very early stage not to directly enforce restrictions in our area. The predominantly rural makeup of the districts would make it inefficient and costly to do so ourselves. Instead, enforcement will be carried out by adjacent district/boroughs where the economies of scale makes this the most appropriate and cost effective method of enforcement. Even though we will not be carrying out enforcement ourselves the Councils will still set out the guiding policies and objectives on how this will operate once civil parking enforcement is granted.

7. It is necessary both for the DfT application and for the wider community that the local authorities set out their parking policies and strategies with respect to CPE. The County Council have adopted the **Suffolk Parking Management Strategy 2018** which provides a high level, over-arching strategy for the whole county. Area Parking Plans (APP) will be produced for each enforcement district setting out the detailed policies to be adopted for the management of on- and off-street parking. East Suffolk approved its Area Parking Plan in November 2018 and the other district/boroughs are working on the production of their own policies. This document is the first Babergh and Mid Suffolk Joint Area Parking Plan.

8. An APP that deals with the supply and management of parking can be one of the most useful tools available to local authorities in helping them achieve their economic, social and environmental objectives. An APP can:-

   - Support the local economy (e.g. by making it easy for shoppers and tourists to visit Suffolk) and facilitate development growth;
   - Meet residents' needs for parking near their homes (e.g. by introducing controlled parking zones);
   - Provide access to key services and facilities for special needs groups and people with impaired mobility;
   - Improve journey time reliability for road users (e.g. by designing and managing on-street parking facilities to reduce traffic conflicts and delays);

[4] DfT – Operational Guidance to Local Authorities: Parking Policy and Enforcement (March 2015) para 2.10 pp9

- Encourage sustainable travel modes and help reduce reliance on the private car (e.g. by setting parking charges at appropriate levels);
- Enhance the built and natural environment (e.g. by making the most effective use of land required for parking and by improving the look of the street scene by reducing sign clutter);
- Make Babergh and Mid Suffolk a safer place (e.g. by ensuring that car parks are 'safer by design' and improving road safety).

National policy

9. **The Future of Transport White Paper**, published in July 2004, set out a long-term strategy for a modern, efficient and sustainable transport system backed up by sustained high levels of investment over 15 years. Effective management of the road network is a key part of this.

10. **The Traffic Management Act 2004** imposes an explicit duty on local highway authorities to manage their network to reduce congestion and disruption and to appoint a traffic manager. Part 6 of the Act also provides additional powers to do with parking, including increased scope to take over the enforcement of driving and parking offences from the police[5].

11. Parking policies need to be integral to a local authority's transport strategy. The Department for Transport's guidance on Local Transport Plans published in July 2009, expects local authorities to set policies/strategies to contribute to the national transport goals[6]: –

    - Support economic growth;
    - Reduce carbon emissions;
    - Promote equality of opportunity;
    - Contribute to better safety, security and health;
    - Improve quality of life and a healthy natural environment.

Local policy

12. **The Suffolk Local Transport Plan** has a small section on parking. This has been expanded by the SPMS which is the over-arching, high level, strategic document setting out the County Council's local transport plan strategic objectives with respect to the operation of county-wide CPE.

13. The County Council has also produced the **Suffolk Guidance for Parking** which provides guidance for developers and planning authorities.

    The document can be viewed at: – https://www.suffolk.gov.uk/planning-waste-and-environment/planning-and-development-advice/parking-guidance/

[5] Operational Guidance para 2.1 pp8
[6] Department for Transport- Guidance on Local Transport Plans (July 2009) chapter 3 pp12

14. Babergh and Mid Suffolk Councils work in partnership and the Joint Strategic Plan (2016-2020) provides an overview and scopes the pace, direction and purpose for both districts based on three key priority areas:-

- Economy and environment
- Housing
- Strong and healthy communities

The document can be viewed at: – https://www.babergh.gov.uk/home/SearchForm?Search=joint+strategic+plan&action_results=Go

15. The Councils have also published their Open for Business Strategy which includes amongst its aims and objectives the delivery of 10,000 new jobs in the area along with 18,000 new homes by 2036. The implementation of this strategy will result in an increase in vehicle numbers and put further pressure on the road network and parking provision.

The document can be viewed at: – https://www.midsuffolk.gov.uk/assets/Economic-Development/OpenForBusiness-Strategy-with-links.pdf

16. The **Open for Business Strategy** and **New Anglia Economic Strategy** highlight the importance of the districts' market towns as drivers of broader economic growth and as service delivery hubs for wider catchments. The future development and evolution of our town centres and high streets, including as visitor destinations, is clearly influenced by effective, flexible and progressive joint APP. The Councils' **Vision for Prosperity** project programmes and **Visioning Action Plans for our Market Towns**, focused by the underpinning community and stakeholder engagement work, have made that clear connection.

Car ownership

17. The number of cars on Britain's roads and the number of households with regular access to one or more vehicles continues to rise, particularly in areas with poor/infrequent access to public transport. Multiple car ownership in the East of England is significantly higher than the rest of England and is influenced by the rural nature and relative lack of access to good public transport. The county of Suffolk broadly matches the East of England percentage figures for car ownership.

18. At the Suffolk district/borough level, car ownership varies. Car ownership in Mid Suffolk in 2012 was ranked 11th out of all local authorities in England and Wales and Babergh 28th. This reflects its predominantly rural makeup and the lack of viable public transport alternatives in the area. Within Suffolk there are marked differences between the districts. Households with no cars are significantly lower in both districts (Babergh 14.1% and Mid Suffolk 11.3%) than for Suffolk (17.9%), the East of England (18.5%) and England (25.8%).

19. Households in Babergh with 1 car are higher (40.6%) than Mid Suffolk (39%) but both are lower than for the East of England (42.9%) and Suffolk (43.5%). Households in both districts with 2 cars, 3 cars or 4 or more vehicles are all significantly higher than the Suffolk or East of England average which is a reflection on the rural makeup and poor

public transport alternatives. The table below shows car ownership figures based on information from the 2011 Census[7].

Car ownership	England	East of England	Suffolk		Babergh		Mid Suffolk	
Households				338,720		40,210		43,610
	%	%	%		%	No.	%	No.
no car	25.8	18.5	17.9	60,631	14.1	**5,670**	11.3	**4,928**
1 car	42.2	42.9	43.5	147,343	40.6	**16,325**	39.0	**17,008**
2 car	24.7	29.1	29.2	197,812	33.2	**26,699**	35.9	**31,312**
3 car	5.5	6.9	6.8	69,099	8.5	**10,254**	9.7	**12,691**
4 or more	1.9	2.6	2.6	35,227	3.6	**5,790**	4.1	**7,152**
Resident vehicles on the road (min)				**449,481**		**59,068**		**68,162**

20. The continuing rise in vehicle ownership means 2018 car ownership will be higher than the figures shown in the table. Taken together and with the influx of visitors to the two districts there will be an increasing pressure on the existing road network. This in turn will lead to an increase in congestion and journey times and in areas where on-street parking contributes to a reduction in traffic flow, is likely to result in calls for the loss of some existing on-street parking in the worst congested areas in favour of waiting restrictions.

21. Within this timeframe (2011-2018) a change in priorities for policing has resulted in less resources being available year on year for the active enforcement of highway restrictions in Suffolk. Increasing traffic levels and reduced enforcement results in more congestion and pressure on the road network and is the primary reason the authorities in Suffolk have asked the DfT to grant CPE powers.

The case for managing parking

22. Managing parking is one of the most effective means of tackling congestion and its more serious consequences – increased air pollution, delay, and unreliability of scheduled public transport services. Lack of investment in transport infrastructure has been consistently acknowledged as a barrier to growth in the county and at district level. One of the outcomes of this underinvestment is a greater reliance on the car.

23. For many residents and especially those living in rural communities the car is the only viable means of transport as there is often little or no public transport alternative, or where public transport does exist it is too infrequent or too slow. Parking on the public highway can lead to conflict and tension. On the one hand, motorists want to park conveniently close to their homes and destinations, on the other hand they do not want delayed journeys or the roads obstructed by parked vehicles. Balancing the conflicting demands is not always easy. Ease of access and convenient parking has an influence on a location's economic vitality and viability.

[7] Source:- Suffolk Observatory

Babergh and Mid Suffolk Councils' joint vision for parking

Policy 1 – Babergh and Mid Suffolk Councils' joint 'Vision for Parking'

- The Vision for Parking is "to allow parking where possible and control parking where necessary".

Civil Parking Enforcement

24. Under CPE, traffic authorities have control over parking and traffic policy and enforcement. In Suffolk, only the County Council (as highway/traffic authority) can apply for CPE powers. The County Council were granted CPE powers for the Ipswich borough area in 2005 and enforcement has been successfully undertaken by Ipswich Borough Council under an agency agreement with the County Council.

25. The Suffolk Public Sector Leaders and local authorities have agreed that CPE should be adopted for the whole of Suffolk and an application has been made to the Department for Transport to grant the extension of these powers. It is proposed that the enforcement of CPE powers will be devolved from the County Council to the district/boroughs under agency agreements, initially lasting for 10 years. All waiting, loading and parking restrictions on the public highway and the enforcement of bus lanes and public car parks are enforced through civil enforcement officers (CEOs) who issue a penalty charge notice (PCN) for vehicles found to be in contravention of the restrictions.

26. Enforcement is a civil rather than a criminal matter. Part 6 of the **Traffic Management Act 2004** (TMA) and the Secretary of State for Transport's Statutory Guidance and Operational Guidance set out the process for handling PCNs. Motorists who receive a PCN can challenge its validity without charge and includes access to an independent parking adjudicator whose decision is legally binding on both parties.

27. Income from the issue of PCNs is retained by the enforcement authority to contribute towards the cost of enforcement. Authorities who operate CPE generally do not make a surplus and many operate at a deficit. The use of any surplus income is regulated by section 55 of the **Road Traffic Regulation Act 1984** (RTRA).

28. In Babergh and Mid Suffolk, the Councils have taken the decision not to directly enforce restrictions. The logistical and economic model produced by the County Council's consultants predicted an operational financial deficit if we were to undertake enforcement ourselves whereas this could be mitigated by the greater economies of scale if our neighbouring districts did so on our behalf. The plan is for enforcement in Babergh and Mid Suffolk to be carried out jointly by Ipswich and West Suffolk Council and financially underwritten by the County Council.

Legislative basis for civil parking enforcement

29. **The Road Traffic Regulation Act 1984** (as amended) (RTRA) makes it the duty of the local traffic authority (Suffolk County Council) to "secure the expeditious, convenient and safe movement of traffic and the provision of suitable and adequate parking facilities so far as this is practicable[8]". The Act empowers the traffic authority to control waiting and loading and to provide parking places on the highway. The Act gives powers for local authorities (usually district/borough councils) to provide off-street parking places.[9]

30. Part VIII of the RTRA deals with the enforcement of on-street and off-street parking restrictions which are applicable where civil parking enforcement does not operate. The police are responsible for enforcing waiting, limited waiting, and loading restrictions on the highway. Local authorities are responsible for enforcing permit holder and paid parking bays on the highway and off-street parking places. Parking offences are criminal proceedings enforced through the Court process (this is the current operating situation in Babergh and Mid Suffolk).

31. **The Traffic Orders (Procedure) (England and Wales) Regulations 1996** sets out the legal process for making traffic regulation orders to implement measures under the RTRA.

32. **The Road Traffic Act 1991** (RTA) decriminalised parking offences and introduced civil penalties in London taking the role of enforcement of waiting, loading and parking away from the police and traffic warden service and transferring the responsibility of enforcement to the traffic authority.

33. The Civil Enforcement of Parking Contraventions (England) General Regulations 1997 extended the civil penalties regime outside of London.

34. **Part 6** of the **Traffic Management Act 2004** (TMA) (enacted March 2008) replaced the RTA for England and Wales and is the current legislation under which CPE is regulated.

35. The Secretary of State's Statutory Guidance to Local Authorities on Civil Enforcement of Parking Contraventions (November 2015) and;

36. The Secretary of State's **Operational Guidance to Local Authorities on Parking Policy and Enforcement** (March 2015) provide additional regulation and good practice for traffic authorities operating CPE.

37. **The Traffic Signs Regulations and General Directions 2016** (TSRGD) prescribes the traffic and parking signs to be used on the highway.

38. **The Local Government Transparency Code 2015** sets out information local authorities are required to publish including the requirement to publish an annual parking account and the number of marked out parking spaces both on- and off-street.

[8] S.12 RTRA
[10] S.32 RTRA

39. **The Right to Challenge Parking Policies 2015** is the statutory instrument requiring local authorities to adopt specific policies for the acceptance and management of parking petitions over and above the local authority's general petition policy.

40. **Parking Places Variation of Charges Act 2017** is amending legislation that requires local authorities to carry out consultation on any proposed changes to parking tariffs.

Current parking stock in Babergh and Mid Suffolk

41. Within the context of the BMS APP, consideration of parking stock will focus on parking in council owned/run off-street parking places (car parks) and parking on the public highway.

Current off-street parking stock

42. In Babergh, the Council provide or manage 24 car and lorry parks of which only the Pin Mill car park, one car park in Hadleigh and two car parks in Sudbury have any charges; the majority make no charge. Details of the car and lorry parks can be viewed at:

https://www.midsuffolk.gov.uk/communities/parking/babergh-car-and-lorry-parks/

43. In Mid Suffolk, the Council provide or manage 14 car and lorry parks of which only the Stowmarket car parks have charges the other 7 car and lorry parks have no charges. Details of the car and lorry parks can be viewed at:

https://www.midsuffolk.gov.uk/communities/parking/mid-suffolk-car-and-lorry-parks/

44. The Babergh and Mid Suffolk Councils' joint policy objective for off-street parking is: –

Policy 2 – off-street parking places

- Off-street parking places will be utilised to assist with traffic management and to support and promote our communities.

45. Car park tariffs are only applied in a limited number of the districts' car parks with most parking provided at no cost. In areas where there is a parking charge, the typical charges are:-

- Babergh — Up to 3 hours free.
After 3 hours £2.00
- Mid Suffolk — Up to 2 hours £1.00
2.0 to 3 hours £2.00

46. Local authorities regularly review their parking charges to ensure they are fit for purpose in delivering their local policy objectives. The review process will typically consider the use, capacity and turnover of parking spaces within the car park and if charges or the level of charge is a factor in determining parking activity. Location, convenience and

demand are all factors and are all specific to the car park. Any review will be on the merits of each location. The review will also consider operational costs such as the cost of providing the car park, business rates, its maintenance and the management and enforcement costs. For completeness, a review should also take account of charges in neighbouring authorities and in private commercial car parks.

47. The last car park charging review was carried out for Babergh in 2011 and for Mid Suffolk in 2014. The DfT no longer stipulate that local authorities must operate their parking accounts so they are at least self-financing but the do advocate that this is good practice. The DfT does stipulate that "The Secretary of State will not expect either national or local taxpayers to meet any deficit".[10] The adoption of CPE will necessitate changes to the existing off-street traffic orders and provides an opportunity for a review of tariffs, terms of use and other operational arrangements on a car park by car park basis.

Policy 3 – the review of off-street car park operation

- The car park orders, tariffs, terms and conditions of use will be reviewed as part of the CPE implementation process. Planned changes will be advertised in accordance with national regulations.
- Car park tariffs and operational arrangements will be regularly reviewed at least on a biennial basis in accordance with the traffic order procedure regulations and Parking Places Variation of Charges Act 2017.

Comparison of costs for off-street parking in East Anglia

48. Benchmarking[11] charges in East Anglia this year show that the Babergh and Mid Suffolk car park charges are at the bottom of charges. The results below focus on one hour charges and are correct at 2018:-

- Babergh mostly free (Pin Mill 30p/hour)
- Mid Suffolk mostly free (£1/2 hours in Stowmarket)
- Bury St. Edmunds £1.00 - £3.50/hour
- Cambridge £1.20 -£2.10/hour
- Chelmsford £1.20 - £1.40/hour
- Colchester £1.80 - £2.10/hour
- Ely free or £3/day
- Great Yarmouth £1.00 - £2.00/hour
- Ipswich 70p - £1.80/hour
- Kings Lynn £1.60/hour
- Norwich £1.40 - £2.00/hour
- Suffolk Coastal 40p - £1.40/hour.
- Waveney 70p - £1.20/hour.

[10] Operational Guidance to Local Authorities: Parking Policy and Enforcement (March 2015)
[11] Source: local authority parking websites and correct at 2018

Current on-street parking stock

49. In Babergh and Mid Suffolk most on-street parking is unrestricted and uncharged. In built up areas some limited waiting controls are in operation. These range from 30 minutes, one hour or 2 hour restrictions with no return generally set at two hours. These arrangements have generally been in place for a considerable number of years without change or review.

50. In preparation for adopting CPE the County Council has carried out a review of all existing waiting, loading and parking restrictions on the highway and compared them with the legal description in the traffic regulation orders. During 2018/9, any discrepancies will be resolved and new traffic regulation orders will be advertised reflecting the restrictions as they appear on the highway.

51. The implementation of CPE should bring greater consistency and level of enforcement on the highway network. A possible consequence may be that the current restrictions are no longer considered fit for purpose and need to be amended. Any review will be dependent on the availability of a budget to pay for the review, consultation and implementation. The process for undertaking a review is set out in the following section.

Comparison of costs for on-street charges in East Anglia

52. Benchmarking[12] with other districts in East Anglia show that the Councils are in the minority for not charging for parking space in car parks or on the highway. While there are no current plans to change this arrangement, it will need to be kept under review. The results below focus on one hour charges for on-street parking in East Anglia and are correct at 2018:-

On-street paid parking charges in East Anglia correct at 2018

- Babergh free/limited waiting
- Mid Suffolk free/limited waiting
- Suffolk Coastal free/limited waiting
- Waveney free/limited waiting
- Ipswich £1.50 - £2.00/hour
- Bury St. Edmunds £2.20/hour
- Great Yarmouth £3.00 all day
- Norwich £1.20 - £2.00/hour
- Kings Lynn N/A*
- Colchester N/A*
- Chelmsford £0.90/hour
- Cambridgeshire £2.40/hour
- Ely N/A*

* No information available at the time through a website review

[12] Source: local authority parking websites and correct at 2018

Comparison of on-street permit costs in East Anglia

53. There are currently no on-street resident permit parking schemes operated by the Councils and no plans at the time of writing for any introduction of on-street permit schemes.

On-street resident permit price (correct at 2018)

- Babergh N/A
- Mid Suffolk N/A
- Suffolk Coastal N/A
- Waveney £22
- Ipswich £100/year
- Bury St. Edmunds £29 - £76/year (prices vary by parking zone)
- Great Yarmouth £40/year
- Norwich £21.60 – 49.80/year (prices vary on vehicle size)
- Kings Lynn £40/year
- Colchester £62/year
- Chelmsford £26/year
- Cambridgeshire £50 - £81/year (prices vary by parking zone)
- Ely N/A

Parking petitions

54. The Department for Communities and Local Government (DCLG – now Ministry of Housing, Communities and Local Government) has produced statutory guidance in 2015 to local authorities under section 18 of the **Traffic Management Act 2004** requiring them to set policies for petitions challenging parking policies. The statutory guidance recognises that local authorities should already have policies for petitioning about council run services but requires specific and additional policies and procedures to be published with respect to parking policies. The Councils' general petitions policy can be seen here:-
https://baberghmidsuffolk.moderngov.co.uk/documents/s11533/Petition%20Scheme.pdf

55. The DCLG have provided guidance and best practice advice on what polices should be adopted and provided illustrative examples for a rural district and/or county council that covers:-

- The minimum number of signatures for a valid petition;
- Information that needs to be provided by and about the petitioners;
- How the petition will be managed on receipt;
- The timeframe for a review;
- The circumstances when a petition will not be considered;
- Definition of vexatious petitions.

56. The Councils' petitions scheme has set a minimum number of 20 signatures for a valid petition and this will be the general requirement for parking petitions. The DCLG guidance does require the use of discretion rather than imposing a minimum threshold

as an immovable hurdle.[13] "Some parking issues may most directly affect a particularly small number of people – such as residents on a street. In these cases, local authorities should take this into account when considering the appropriate thresholds for specific petitions." The guidance suggests an achievable threshold would be around 10% - 20% and it is our intention to apply this in appropriate circumstances.

57. The petitions scheme sets out the information that needs to be provided by and about the petitioners and provides a definition of vexatious petitions and these do not need to be amended. As the provisions for handling parking petitions come under statutory guidance we would handle a parking petition under the statutory petitions process.

58. Part 4 and part 5 of the Councils' current petitions scheme would not apply to a parking petition and instead the following proposed approach would apply:-

How a parking petition will be managed

59. A valid parking policy petition will be managed in the following way. An acknowledgement will be sent to the petition organiser within 10 working days of receiving and confirming that it is a petition. In most cases this will involve:-

- undertaking a review;
- possibly public consultation;
- analysis of results;
- drafting a report on the outcome of the review;
- reporting to Cabinet;
- The petitioner will be specifically notified of when the report will be considered by Cabinet to enable them to attend the meeting.

The timeframe for a review

60. The timeframe for a review and reporting to Cabinet(s) is recommended to be set at 12 months from the date of acknowledgement of the petition.

When a parking petition is inappropriate

61. The circumstances when a parking petition will be inappropriate are generally linked to where public consultation has already taken place in the formulation of a policy, traffic regulation order or prior to the introduction of a parking scheme. In these circumstances the public have had an opportunity to influence the decision prior to it being adopted. It would not be a good use of council resources to carry out further reviews until a reasonable time has lapsed from the adoption or implementation of a scheme. The proposed time restraint on accepting petitions on parking polices are set at:-

- 3 years following the adoption or review of policies within the BMS APP;
- 1 year following the adoption of new traffic regulation orders;
- 6 months after the implementation of an on-street parking scheme.

[13] Right to challenge parking policies – DCLG (March 2015) page 6

62. In setting a time limit where a petition would not be considered the Councils will not use this as an immovable hurdle if local circumstances have changed and will use its discretion to ascertain if there is merit in accepting a petition and commencing a review of the issues raised in the petition.

Policy 4 – parking petitions

- Part 4 and 5 of the Councils' petition scheme will be amended with respect to parking petitions.
- A parking petition review can take 12 months before the report is finalised and considered by Members.
- Parking petitions will not be considered:-
  - within 3 years of the adoption of the Area Parking Plan;
  - less than1 year after the adoption of a new traffic regulation order; and
  - less than 6 months after the implementation of an on-street parking scheme.

Requests for new restrictions or amendments to existing waiting restrictions

63. Once CPE is adopted for the whole of Suffolk, it will generally be the responsibility of the enforcement districts under agency agreements with the County Council to manage and deliver enforcement. In Babergh and Mid Suffolk the management and delivery of enforcement will be carried out jointly by Ipswich and West Suffolk Councils. Requests for new on-street restrictions or amendments to existing ones will be the responsibility of Babergh and Mid Suffolk Councils or the County Council.

64. A request to "do something about parking" is one of the most frequent issues for local authorities up and down the country and has the potential to be one of the most contentious. Not everybody will have the same viewpoint and petitions or group held views, however strongly expressed, may not represent the collective view of the silent majority. The need for community engagement and consultation before any proposals are introduced is essential

65. It is expected that the prioritisation and delivery of new or revised restrictions will also be the responsibility of the enforcement districts in consultation with the County Council. In Babergh and Mid Suffolk this will be a collaborative approach between ourselves and the County Council and involving the enforcement districts working in our area. We will use the policies set out in this Area Parking Plan to prioritise and deliver such requests where there is evidence of a problem and subject to funding being available for their development. The workflow process is set out in Appendix D.

66. The most common types of parking issue can be broken down into four categories: –

- Dangerous and inconsiderate parking: –
  - Parking around junctions;
  - Parking on bends;
  - Blocking driveways and accesses;
  - Affecting free flow of traffic.

- School parking: –
  - Inconsiderate/dangerous parking during the school-run;
  - School access controls;
  - Student parking.

- Commuter and tourism parking on local roads: –
  - Clogging up local streets;
  - Restricting residential parking.

- Parking priority schemes: –
  - Where residents have limited/no off-street parking and want priority over other motorists to park on-street;
  - A turnover of parking spaces to serve local businesses and stop all-day parking.

67. The first three categories potentially involve the introduction of yellow line waiting restrictions and the consideration of such measures will remain the responsibility of the County Council. The County Council is proposing to devolve decisions over on-street paid parking priority schemes to the districts. We will assess:-

- Who is raising the issue?
- What is the evidence of a problem?
- Who or where is the source of the evidence?
- What actual safety risks are there?
- What is the potential impact on the wider area?
- How is the request to be funded?

68. In the first instance, a 'desktop' review will be carried out to assess the evidence of a problem; this will include a review of requests from residents, town/parish councils, councillors and other sources. Other data sources such as accident data or reports of problems with scheduled public transport or refuse collection can also provide valuable data. Site inspections will generally be needed, possibly over several days and months, at different times of the day to establish if a problem exists, the times, days and the extent of the area affected. The desktop review will aim to categorise requests as: –

Priority 1 - Highway Safety

69. These make up probably the highest proportion of issues raised by members of the public. Invariably these relate to the potential risk to safety, particularly at junctions or where parking is considered hazardous. These will remain the responsibility of the County Council.

Priority 2 - Accessibility

70. Issues that affect the flow of traffic where parking contributes to problems or increases congestion on the highway network. This is not generally a safety issue but linked to congestion or increased journey times. On-street parking can be one of the best (and cheapest) forms of traffic calming; it can also be a major cause of congestion. Any solution will need to take account the potential that reducing on-street parking may has for increasing speed on the highway. These issues will remain the responsibility of the County Council.

Priority 3 - Capacity

71. Issues around the use of the available kerbside space for parking and the prioritisation of the space will be considered according to a hierarchy of parking need. This will vary according to location.

Priority 4 - Amenity

72. Parked vehicles, traffic signs and road markings can have a detrimental effect on the visual or environmental amenity of a town, village or neighbourhood. This includes parking on footways and/or grass verges or where parking is a visual intrusion rather than a safety or accessibility issue.

Priority 5 - Monitor

73. Some parking and/or safety issues randomly occur but they are not sufficiently or consistently serious to justify action straight away. Continue monitoring the situation to establish if the problem worsens over time.

Local Engagement

74. Where a parking problem has been established and funding secured for the development of a solution, the stakeholder public consultation process will be:

- opinion survey;
- detailed design;
- statutory consultation.

75. In certain situations, it may be possible to combine the detailed design and statutory consultation stage into a single operation. Further detail on the consultation process is contained in Appendix A.

Opinion survey

76. It is intended that an opinion survey will use a standard questionnaire designed to establish the extent of the parking problem and inform the detailed design process. The opinion survey may cover a slightly wider geographic area to help define the area where there is a greater appetite for a possible solution. The consultation period will mirror the traffic regulation order statutory timeframe of 21 days. The public will be encouraged to make use of the online consultation feature on the website and respond online but will also allow for a paper response. A copy of the proposed questionnaire is contained in Appendix B.

77. Analysis of the opinion survey will establish if and where there is local support for a parking solution without wasting time on abortive design. If there is support in principle for some form of solution the analysis of the results will help inform the decision-making process for scoping the detailed design.

Detailed design consultation

78. The detailed design consultation will be based on tried and tested measures which are set out below. Once the preliminary design is finalised and agreed, a second, detailed design consultation will be carried out to gauge support for the proposed solution and the extent of support for the scheme design. Any design will take a holistic view and will consider the needs of all highway users not just those of the frontagers. We will only be allowed to develop paid on-street parking schemes. This means the County Council will consider where appropriate the design/provision of:-

- bus stop clearways;
- loading bays;
- taxis bays;
- dedicated and/or disabled parking provision;
- car share/car clubs;
- permit holder parking;
- short stay parking (free or paid);
- long stay parking (free or paid)
- yellow line waiting and/or loading restrictions.

79. As with the opinion survey, we will use a standardised questionnaire which will allow the local community to express their view via the online questionnaire on the proposals for their street. The consultation period will mirror the statutory timeframe when traffic orders are advertised of 21 days. A copy of the detailed design questionnaire is contained in Appendix C.

80. The results of the detailed design consultation will inform the decision-making process. Any amendments, changes or omissions will be finalised along with the financial assessment for implementing and operating the scheme. These will be subject to a decision report either at County or district level depending on the proposal. Where approval is given to progress a scheme, it will include the approval to advertise traffic orders along with the statement of reasons for doing so.

Statutory consultation

81. The statutory consultation stage is when the draft traffic order is formally advertised and the local community have a statutory 21-day period to make written objection to the proposals. The process involves placing street notices in the area, adverts in the local press and a letter drop to affected frontagers and consultation with statutory consultees (e.g. police, emergency services, freight transport representatives and other public bodies). The consultation will also be on the current consultations section of the website.

82. Any objections must be made in writing and must specify the specific reasons for objecting. Authorities are required to consider all written objections and test the objection against the statement of reasons for proposing the scheme. Any decision to overrule an objection must be communicated to the objector within 14 days of the date for making of the traffic order.

Policy 5 – parking consultation
Parking scheme development will use local engagement with Opinion Survey, Detailed Design consultation and Statutory Consultation as the standard procedure.

Managing expectations in the current economic climate

Delivering the solution

83. The adoption of CPE for the whole of Suffolk will for the first time make all local authorities responsible for the enforcement of the restrictions they have implemented under the traffic order process. Many restrictions are largely self-enforcing and ideally this is the main objective of CPE – 100% compliance. The reality is somewhat different and there will be areas or situations where motorists will continue to take a chance by parking in contravention.

84. Dealing with multiple requests from an area and/or where requests for prioritised parking are being made will require a more considered approach based on collection and analysis of data by officers.

Dangerous parking

85. Problems with persistent dangerous parking under CPE remain the responsibility of the County Council. In the current economic climate, it is unlikely that an individual location would be progressed in isolation. Instead it is envisaged that the County Council would batch similar locations together to take advantage of economies of scale.

Tackling parking congestion

86. Parking congestion occurs where parking stress (the number of vehicles parking) is close to or outweighs parking capacity (the amount of available kerbside space). Only if

parking stress is consistently very high (greater than 80-85%) will the introduction of any form of parking controls be considered even if there is local support and funding for such a scheme as it would not be good use of increasingly scarce resources.

87. Parking can be a very effective form of passive traffic calming. Removing parking entirely (except on roads that form part of the strategic highway network) generally is not a good idea as it can result in increased traffic speed and increasing hazards for other road users. It also tends to displace parking elsewhere resulting in further demands for parking controls. This does not represent value for money.

88. Parking schemes must make the best use of kerbside space. All schemes will be designed and implemented on the basis that parking will be allowed where it is safe for vehicles to park. It may be that a solution to the problem would be to introduce small sections of yellow line restriction to allow vehicles to safely manoeuvre around parked vehicles. This could be achieved using the Highway Code Test process but will be a matter for the County Council to review and implement.

89. Where the parking stress is caused by a variety of users (e.g. resident, shopper and commuter) wanting to park in the same location, the introduction of some form of parking prioritisation may be the solution. Such schemes could involve prioritisation by user such as a permit holder scheme and/or introducing limited waiting controls to remove commuter parking.

90. Schemes are unlikely to be progressed if the primary aim is only to remove all non-resident parking from a street unless there is overwhelming evidence that there is insufficient parking space for residents on- and off-street.

91. Where the parking problem is primarily caused by residents having too many cars for the available kerbside parking space, the only way to resolve the problem is to introduce a scheme which restricts the number of resident vehicles through price and eligibility. This may not be popular, and it may be better to do nothing in terms of parking restrictions.

Commuter parking

92. Commuter parking can be simply put as ‘motorists who are not residents’. One of the main and most irritating parking problems for a local community is caused by commuters parking all day and taking up kerb-side parking spaces to the detriment of residents. Commuter parking is often linked with single car occupancy and represents one of the least efficient modes of transport. When this is coupled with banging doors and revving engines early and late at night it is probably the most common reason for requests for parking controls to be introduced.

93. Commuters using a popular destination will walk considerable distances to avoid having to pay for parking; 10-15 minutes not being an untypical walking distance. Introducing parking controls in just the immediate and current parking problem area may be short-sighted as the short-term parking solution is likely to displace the parking problem to the nearest unrestricted area. Care needs to be taken to look at a sufficiently wide area in the preliminary stages.

Tourist parking

94. Tourism is a key UK industry equivalent to 6.4% of GDP and worth an estimated £74billion. Once seasonal, tourism is now a year-round industry. It is estimated that in the UK around 1 billion tourist day trips take place and of these, 73% are by car.[14] Tourist parking differs from other forms of parking in that the motorist is:-

- often unfamiliar with the local area;
- more likely to depend on parking signage to destination;
- greater expectation to pay to park but is sensitive to pricing;
- expects reasonable levels of parking provision;
- has the option to go elsewhere;
- usually parks for medium or long stay.

Access protection

95. The simplest and quickest measure to resolve inconsiderate parking near driveways is the use of Access Protection Markings (APT). These are white 'H' bar markings and while they are not enforceable, they do help indicate to motorists where not to park. Residents can apply directly to the County Council and pay for these markings to be installed. Further information can be found on the County Councils website here:-

https://www.suffolk.gov.uk/roads-and-transport/parking/apply-for-access-protection-markings/

Controlled parking zones

96. Probably the most common form of parking restriction after yellow lines but also one of the most misunderstood. Technically a CPZ is an environmental measure to reduce the need for repeater sign plates along the highway where a common waiting restriction is present. In its purest form, a CPZ does not contain any parking places. The reality is that almost always parking bays are included in a CPZ but are in fact an 'exemption' from the common waiting restriction and therefore require having a sign with operational details for each bay. If a parking scheme is made up of mainly double yellow lines (which do not need to be plated) and parking bays it does not need to be introduced as a CPZ. Schemes termed 'resident parking' or 'resident zone/controls' are usually some form of CPZ.

97. If a CPZ is deemed to be the best parking solution, consideration needs to be given to the operational hours and days of control. During the operational hours, residents who wish to park will need to buy a permit for their vehicle and potentially pay for a voucher for their visitors to park. The scheme could also allow other eligibility classes (e.g. local businesses) to be able to purchase a permit.

98. Extensive operational hours may initially seem attractive to some but will not, in most circumstances, provide a greater level of protection. It will mean that residents who use their car to drive to and from work will have to buy a permit even though they do not normally park in the zone during the day. Working day controls (e.g. 08:30am- 6:30pm) are generally used in business/ retail centres and for yellow line controls with these times are probably appropriate in most circumstances. Parking bay controls do not have

[14] Parking and Tourism – Position paper 13 British Parking Association (August 2006)

to follow the same convention and it may be desirable to have a period of unrestricted parking at the start and/or end of the working day in retail areas or different operational hours in predominantly residential areas.

99. Traditionally, CPZs have been implemented with working hour controls that replicate the ones typically used for single yellow lines where maintaining traffic flow is the priority; i.e. 8:30am-6:30pm. While these hours are necessary for maintaining vehicular access, the hours do not have to be as long to remove all day non-residents parking from a permit area.

100. Shorter operational hours for permit holder bays have several advantages. They allow visitors to come and go at the start and end of the day without having to pay for a permit or voucher. For the resident who uses their own car to commute to and from work, the shorter operational hours could mean they do not need to buy a permit. Several enforcement authorities have adopted shorter operational hours, for example CPZs of 9:30am-4:30pm and have reported that they work well and are generally popular with residents. These hours still provide control and a turnover of spaces during peak times but are more relaxed at the start and end of day. It is recommended that a similar approach is adopted in East Suffolk for new schemes

101. Extended operational hours will only be considered where there is compelling evidence that extensive non-resident parking pressures are present and would make it difficult for a resident to find a parking space without longer controls.

Policy 6 – standardised operational hours

- New on-street parking schemes will be implemented with standard operational hours of Monday to Friday between 9:30am – 4:30pm with the potential to add Saturday and/or Sunday.
- Longer operational hours – in the morning and/or late afternoon/early evening will only be considered where there is compelling evidence of need.

Disabled parking bays

102. The disabled badge scheme was originally introduced as the Orange Badge scheme in 1971 but was replaced by the current European Blue Badge scheme. The scheme was introduced to help those with severe mobility problems and who rely on a car for transportation to be able to park close to where they need to go. Apart from the concession to be able to park for up to 3 hours on yellow lines where it is safe to park and where there is no loading restriction in force, it also allowed traffic authorities to mark disabled parking bays on the highway.

103. The **Traffic Signs Regulations and General Directions** (TSRGD) sets out the national requirements for signs and lines to be used on the highway network. Disabled parking bays backed by a traffic order (and therefore enforceable) need to be marked out in accordance with TSRGD diagram 661A (sign) and diagram 1028.3 (line). In urban town centre locations, there is a need to provide general enforceable Blue Badge bays and the

DfT traffic Advisory Leaflet 5/95 provides guidance on how this should be achieved. Blue Badge bays should be provided within 50-100m of likely destinations such as Banks, Post Offices or shops and regularly enforced to prevent misuse.

Disabled bays in residential areas

104. In residential areas, a disabled bay could be installed if there is a Blue Badge holder living at the property and the car that the Blue Badge holder uses is registered at the address. The County Council are responsible for the issue and administration of the Blue Badge scheme. Bays will generally not be installed:-

- where there is suitable off-street parking,
- within 10m of a junction, or
- if the road is not wide enough to accommodate the bay and still allow the free flow of traffic (including larger vehicles).

105. Disabled bays in residential areas are installed as advisory bays. This means they do not have a traffic sign or traffic order and have no legal standing. The disabled road marking is the only indicator but in the main they are generally well respected by other drivers and left for the use of those who need them. The main advantage of using advisory bays is the relative speed of installation.

Footway and verge parking

106. Footway and verge parking is a national issue. Motorists often do so in the belief that they are assisting other motorists by keeping the carriageway free for passing vehicles. What motorists fail to consider is the problem it causes for pedestrians and wheelchair users trying to walk on the footway or the potential damage to the footway or grass verge and assets under the footway.

107. Under current legislation, acting against vehicles parking on the footway or verge is not straightforward. Where a yellow line restriction is in place it also covers the footway and/or verge and can be enforced. Where no restrictions are in place, CEOs cannot enforce unless there is a specific footway parking restriction in place (unless the vehicle is a lorry). This may change in the medium term as the DfT (Department for Transport) announced in April 2018 that they are considering options to extend the blanket-wide footway parking bans that apply in London and some other cities.

108. The 2016 edition of the TSRGD allowed the option to create an area-wide footway/ verge parking ban which is signed in a similar fashion to a CPZ. This is a potentially attractive option to consider but before adopting this approach there will be a need to define some standardised protocols to be used in the consideration of future schemes.

109. Footway and verge parking is not desirable and not to be encouraged but except for heavy vehicles is not an offence (except in cases of obstruction). The Government has indicated its intention to carry out a review of the current arrangements which could result in the introduction of a nation-wide footway parking ban. In anticipation of changes to the legislation, there are certain locations where vehicles have traditionally parked, partly or fully on the footway to maintain a wide enough thoroughfare on the

carriageway or where the footway is sufficiently wide that footway parking would not cause a problem for pedestrians.

110. Where it is considered appropriate to allow this to continue, certain tests will need to be applied before allowing footway parking. It is proposed that a 'double buggy' rule will be applied whereby a double buggy or wheelchair can easily pass a parked vehicle – the unobstructed footway width between parked vehicle and property boundary would be around 1,200mm (4 foot).

111. In some locations where the footway and carriageway is particularly narrow, consideration will be given to allow footway parking on one side of the road provided the other footway is unobstructed. Where footway parking is allowed, either traffic signs complying with TSRGD diagram 667 or 668 will be placed to indicate the extents where footway parking is allowed or appropriate marks on the footway/carriageway will be used. Verge parking will not be allowed.

Policy 7 – footway parking
Footway parking is not to be encouraged. Allowing footway parking will only be considered where local consultation supports it and only if the footway construction and underground services are unlikely to be compromised and only with agreement from local councillors. Where allowed, appropriate signing in accordance to the TSRGD will be installed.

Reducing street clutter

112. Parking schemes inevitably lead to an increase in signs and lines and care and consideration needs to be given to the negative impact they can have on the environment. In rural and village locations, care needs to be given to minimise urbanisation and the same approach is applicable in our historic market towns. The Traffic Signs Manual published by the DfT gives advice and guidance. Chapter 5, published in 2003 provides guidance on waiting and parking installations. English Heritage published 'Streets for All' in September 2004. Its aim was to advocate looking at streets holistically with the aim to reduce unnecessary street clutter on the basis that 'less is more'. Since then, Historic England has published regional **Streets for All** documents providing advice and guidance on paved surfaces, street furniture and traffic signs.

113. The DfT published a Traffic Advisory Leaflet **Reducing Sign Clutter (TAL 01/13)** in January 2013. This document advocates engineers to 'use their engineering judgement' on the number and location of signs and street furniture. This advice does not engender a particularly consistent approach and it is down to individuals and organisations to establish its own design principles.

114. Further work needs to be done to produce a clear, design guidance for Babergh and Mid Suffolk but the principles will be an aim to:-

- reduce the number of signs to a minimum;
- combine signs where possible;

- fix signs to existing street furniture;
- avoid marking lines on cobbles or granite setts – instead use restricted street process;
- Conservation signing and lining where appropriate.

Policy 8 – reducing street clutter
Parking schemes will be designed and implemented with the aim to reduce street clutter.

- Minimise the number of signs used while still maintaining enforceability;
- Fix signs wherever possible to existing street furniture;
- New signs positioned at the back of footways;
- In environmentally sensitive areas, consider using 'restricted street' or 'permit holder parking area' zones;

Managing parking around schools

115. It has been estimated that 46% of primary school pupils and 23% of secondary travel to school by car.[15] Child casualties around schools are thankfully very rare in Babergh and Mid Suffolk but like all schools across the country managing the increased traffic and stressed behaviours around the 'school-run' can be a challenge. Residents living close to a school where such behaviour is a regular occurrence understandably wish the problem to be resolved.

116. The County Council may propose introducing school keep clear zigzags across the pedestrian entrance to a school. These restrictions are aimed at reinforcing safe lines of sight for pedestrians and motorists. If pedestrians are likely to be crossing the road at the same point it is usual to include waiting restrictions on the opposite side of the road to balance the need for sight lines. School zigzags are generally well respected and do not need constant active enforcement by civil enforcement officers (CEOs) to keep the area clear of parked vehicles.

[15] DfT National Travel Survey 2014

Appendix A

Parking consultations

Legislation requires that we have regard to various factors in making a decision on whether an area should have parking controls introduced. These include the views of owners and occupiers of properties but also the need for maintaining the free movement of traffic including public service vehicles, reasonable access to premises and the effect on amenities within the locality.

The proposed policy of responding to demand from residents and businesses, and of carrying out an opinion survey and detailed consultation before proposing the implementation of parking controls is based on industry best practice and is designed to provide the widest engagement opportunity for all stakeholders.

Consultation process

We will produce a letter (or leaflet) and questionnaire that is delivered to every property in the consultation area. In this document we provide all the relevant information relating to parking controls, including costs and ask a series of questions, the responses to which will help us decide whether a scheme should be introduced and how it will operate. We will also write to other stakeholders where applicable such as town/parish councils, business representatives, disability, public transport, and emergency and haulage representatives.

Response rates

We aim to obtain a minimum 25% response rate to our consultations by offering a range of engagement methods; post, email, and online. We will compile the results that show the individual responses from each household and business though you can be assured that these are not available for individual scrutiny to determine the views expressed by you or your neighbours. These enable us to accurately define the areas where there is support for the introduction of controls and those areas where there is not.

Businesses

Getting businesses to respond to consultations in sufficient numbers can be a problem. We try to deliver consultation documents to businesses during their opening hours, to ensure they are received. The analysis of the questionnaire and comments also helps us to ensure that the design of a proposed zone most accurately reflects the desires of the community, be it one-hour zones, controls on Saturday or any other local factor to the area.

Consultation results

The results of this consultation will be analysed both for the overall area and on a street-by-street basis. When examining the results we will take into account the overall response rate, the level of support and whether the streets where there is a straightforward majority support for controls would form a coherent zone area. Working in conjunction with the County Council, we will try to ensure that zone boundaries are clear so that any confusion can be avoided.

The introduction of parking controls in one street often results in displacement parking problems in adjacent streets, as commuters and other motorists may move their cars to the nearest road where parking is unrestricted. Consequently, we will initially consult over a wider area than that in which there are known to be current parking difficulties to try and establish the ‘core’ area where parking is an issue.

Reporting on the consultation results

The results of parking consultations will be reported to the appropriate County and District Cabinet who will decide if a scheme will be implemented subject to funding being available to do so.

Introducing parking controls

For parking controls to be introduced, the Council will take into account the views of residents and businesses, as detailed above. However, customer feedback is not the single deciding factor and will be considered along with all other relevant factors, as detailed in the first paragraph.

Residents and businesses will generally be informed of the results by letter but, in any event, a copy of the Cabinet report detailing the results can always be found on our website.

Appendix B

Opinion survey

The opinion survey questionnaire should have a question to identify the street the response is being made about, and;

1. In your street do you have a parking problem?		Yes /no /don't know
2. If yes is the problem,	a) access/junction parking issues?	Yes /no /don't know
	b) finding parking on-street?	Yes /no /don't know
3. Is the problem	a) during the day?	Yes /no /don't know
	b) in the evening?	Yes /no /don't know
	c) at weekends?	Yes /no /don't know
	d) all the time?	Yes /no /don't know

(Please chose as many as applicable)

4. If you have indicated there is a parking problem in your road would you support in principle the introduction of parking controls?

Yes /no /don't know

5. Comments

Appendix C

Detailed design questionnaire

The detailed design questionnaire should have a question to identify the street the response is being made about, and;

1. Does your household/business have off street parking? Yes /no

   If no, how many vehicles park on street ……

2. In your street do you have a parking problem Yes /no /don't know

If yes;

3. Is the problem a) during the day? Yes /no /don't know

   b) in the evening? Yes /no /don't know

   c) at weekends? Yes /no /don't know

   d) all the time? Yes /no /don't know

(Please chose as many as applicable)

We have produced a design aimed at improving the ability to find a parking space in your area

4. Do you support the design for your road? Yes /no /don't know

5. If you said no /don't know to question 4, would your view change if controls were introduced in an adjacent street potentially displacing parking to your street?
   Yes /no /don't know

6. Comments

Appendix D

Parking Scheme Workflow Process

A1. Establish Number and Extents of Roads under review and what the main problem is

A2. Is the problem a 'Highway Code Test' issue?
(Junction protection/safety/access)?

If yes, this is a County Council matter go to G

A3. Is the problem a parking priority issue?
Residents can't park during the day?

If yes

B. Undertake Opinion Survey (Questionnaire, FAQ, online content and street notices)

C. Opinion Survey Analysis
Identification of possible scheme area, issues and potential solutions

If the opinion survey results support mainly Highway Code issues inform CC for them to decide what to do

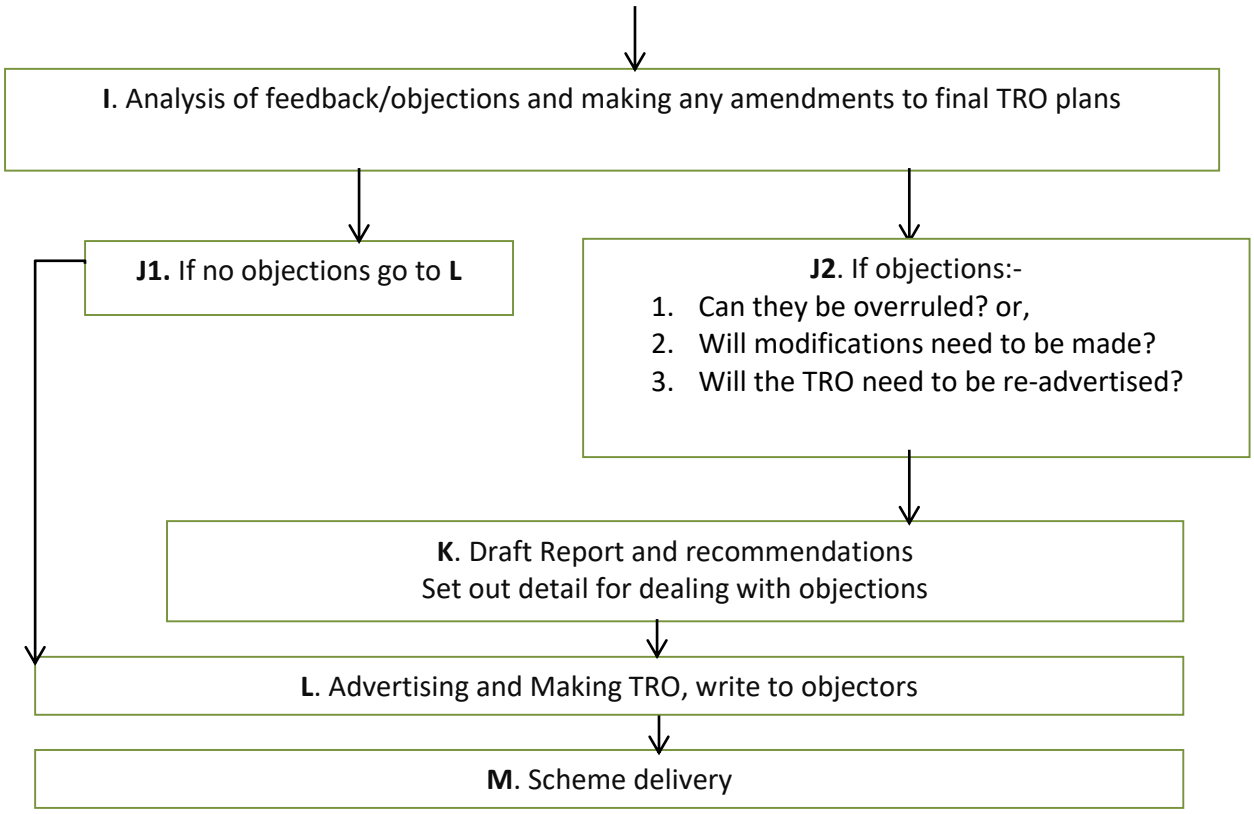
D. Detailed Design Solutions
(where there is little support streets will be excluded from detailed design).
Principles of design
1. Maintaining highway safety & Highway Code Test
2. Junction protection
3. Allow parking where possible
4. Continuity and sustainability of restrictions
5. Cllr and local group agreement of design

E. Undertake Detailed Design Consultation
(Questionnaire, FAQ, online content and street notices)

F. Detailed Design Consultation Analysis
Finalise scheme, draft financial analysis, report and implementation plan

G. Where Support and Funding exist, CC to draft TRO

H. Undertake Statutory Consultation
Draft TRO (advertised in press and street notices and plans on deposit, on the web site, library.
Letters to frontages and statutory consultees


I. Analysis of feedback/objections and making any amendments to final TRO plans
J1. If no objections go to L
J2. If objections:-
1. Can they be overruled? or,
2. Will modifications need to be made?
3. Will the TRO need to be re-advertised?
K. Draft Report and recommendations
Set out detail for dealing with objections
L. Advertising and Making TRO, write to objectors
M. Scheme delivery

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THE SUFFOLK PARKING MANAGEMENT STRATEGY

1 Introduction

1.1 This document presents Suffolk's Parking Management Strategy (hereinafter referred to solely as the 'Strategy') which forms an addendum to the Suffolk Local Transport Plan (LTP3) 2011-2031. It provides a high-level policy position on a range of key factors.

1.2 A parking strategy that deals with the supply and management of car parking can be one of the most useful tools available to local authorities in helping them achieve their economic, social and environmental objectives. In particular, a parking strategy can:

- Support the local economy (e.g. by making it easy for shoppers and tourists to visit Suffolk) and facilitate development growth;
- Meet residents' needs for car parking near their homes (e.g. by introducing controlled parking zones);
- Provide access to key services and facilities for special needs groups and people with impaired mobility;
- Improve journey time reliability for road users (e.g. by designing and managing on-street parking facilities to reduce traffic conflicts and delays);
- Encourage sustainable travel modes and help reduce reliance on the private car (e.g. by setting parking charges at appropriate levels);
- Enhance the built and natural environment (e.g. by making the most effective use of land required for parking and by improving the look of the streetscene by reducing sign clutter);
- Make Suffolk a safer place (e.g. by ensuring that car parks are 'safer by design' and improving road safety).

1.3 To achieve the most appropriate impact, it is essential that the County Council works in partnership with district and borough councils, responding to policies for transport and economic growth. This Strategy relies and builds upon the close working relationships that exist between the County Council, Suffolk Constabulary and district and borough councils.

2 Policy context

2.1 Within the Secretary of State's Statutory Guidance to Local Authorities on Civil Enforcement of Parking Contraventions, it states:

"Local authorities should ensure that parking in town centres and other shopping areas is convenient, safe and secure, including appropriate provision for

motorcycles and deliveries. Parking policies including enforcement should be proportionate and should not undermine the vitality of town centres.

Enforcement authorities should design their parking policies with particular regard to: -

- managing the traffic network to ensure expeditious movement of traffic, (including pedestrians and cyclists), as required under the TMA Network Management Duty;
- improving road safety;
- improving the local environment;
- improving the quality and accessibility of public transport;
- meeting the needs of disabled people, some of whom will be unable to use public transport systems and depend entirely on the use of a car; and
- managing and reconciling the competing demands for kerb space."

'TMA' is the Traffic Management Act 2004.

2.2 The Suffolk Local Transport Plan (LTP3) 2011 to 2031 sets out the Council's long-term transport strategy. The key focus of that Plan is to support future sustainable economic growth. The Plan supports the Council's priorities of:

- Inclusive growth;
- Health, care and well-being;
- Efficient and effective public services.

2.3 The Local Transport Plan supports these priorities through a series of transport aims, the relevant ones for parking are:

- Improving accessibility;
- Supporting sustainable travel;
- Tackling congestion;
- Improving air quality;
- Improving road safety.

2.4 The remaining sections of this document explore a range of parking issues and develop specific policies which follow statutory guidance and seek to manage parking to support the aims of the Local Transport Plan.

3 Strategic Parking Management

3.1 There are three broad categories of car parking in Suffolk: -

1. On-street – this is parking within the adopted highway boundary that is regulated by the Council acting as highway authority;
2. Public off-street – these are parking areas provided mainly by other councils or operators which are open for use by the public. These can be paid or unpaid, but typically, users are charged according to length of stay;

3. Private off-street – parking that is privately owned for use by residents, employers, retailers, etc.

3.2 Parking needs to be carefully managed to help achieve the Local Transport Plan aims as follows: -

> **Policy PMS1 - Strategic parking management.**
> - **The overall parking stock will be efficiently and effectively managed through the implementation of appropriate supply, maintenance, charging and enforcement measures to help achieve relevant transport aims, helping to balance growth and sustainable forms of travel.**
> - **Local detailed parking plans will be developed for our key towns in consultation with local stakeholders.**

3.3 The Strategy requires Suffolk councils to: -

- effectively manage (on-street and local authority owned / managed off-street) public parking stock to ensure effective accessibility and reflect local circumstances;
- define the provision of private non-residential and residential parking associated with new developments and re-developments;
- enforce parking regulations effectively;
- effectively manage competing demands for on-street parking through the implementation of appropriate measures (e.g. waiting restrictions and controlled parking zones);
- encourage the provision of accessible, high quality and safe public parking facilities.

3.4 The policy for overall parking management is set within the context of wider demand management measures. Demand management broadly covers measures to modify behaviour through a wide range of activities to control and reduce the negative impact of travel. It is often specifically aimed at addressing the adverse effects of car journeys, especially those containing just one person. Demand management covers an extensive and wide-ranging assortment of measures and activities of which parking management is an integral part. The Council can directly influence on-street parking and will seek to work in partnership with others to influence public and private off-street parking.

4 Managing local authority parking stock

4.1 Most public off-street local authority car parks are owned and managed by the district and/or borough councils. The Council will continue to work closely with these authorities to manage both on- and off-street parking in a coordinated way to meet transport aims. The approach is to ‘manage demand’ by having a parking

management strategy which supports a prosperous and vibrant economy, but also seeks to promote more sustainable transport choices wherever possible.

4.2 National highway and parking policies are designed to limit congestion and promote modal shift to more sustainable transport alternatives. Within this context, sustainable travel is favoured over less efficient and more polluting modes of transport.

4.3 . Where parking is possible, the Strategy will: -

- support the principle of locating short-stay spaces in town centres and long-stay spaces more distant from the town centre;
- encourage the setting of parking charges which encourage a turnover of short-stay parking spaces (e.g. by shoppers) close to destinations and long-stay parking (e.g. by commuters) in parking areas more distant from the centre/destination;
- long-stay commuter parking will be managed to encourage the use of sustainable transport where it is a viable alternative to private vehicles;
- encourage the management of the number of long-stay and short-stay spaces in line with the principles above.

4.4 The reason for facilitating and favouring short-stay parking is that parking spaces need to be readily available to support the vitality, vibrancy and resilience of town centres. Higher turnover of spaces allows more users to be accommodated per space and shoppers are more likely to travel during inter-peak periods when there is more likely to be spare capacity on the road network. Commuter parking typically occupies parking spaces for the whole of the working day with commuters mainly travelling at peak periods when the road network is most congested. Additionally, it is sometimes more practicable for commuters to use other transport modes (e.g. cycling, public transport and car sharing) since their journeys are typically to and from fixed locations, and form only a small part of the day.

4.5 Some long-stay parking is close to train stations and bus stations. This allows and encourages longer journeys to be made predominantly by sustainable transport. Where train or bus stations are in, or close to, congested areas it is accepted that long-stay parking will be available for train and bus passengers.

4.6 Park and ride services provide long-stay parking away from the main destination with a regular bus service providing the link to and from the destination, thereby reducing the number of vehicles on the roads in congested areas. These services may operate year-round for town centres, or at particularly busy times to assist with visitors travelling to highly attractive events.

Policy PMS 2 - Managing local authority parking stock

The Strategy encourages the management of parking stock in accordance with the following principles: -

Off-street public parking:

- **short-stay parking will be prioritised on sites within an acceptable walking distance of shopping and commercial centres to ensure adequate accessibility;**
- **longer-stay parking will be prioritised on sites further away from shopping and commercial centres;**
- **long-stay commuter parking will be reduced where good sustainable transport alternatives exist;**
- **the mix, number and usage of off and on-street parking spaces will be periodically reviewed to ensure they continue to meet Local Transport Plan aims and reflect local circumstances.**

On-street parking:

- **short-stay parking will be given priority at on-street parking locations in or near shopping or commercial centres and other areas of high demand;**
- **adequate provision will be made for the delivery of goods and for public service and emergency vehicles;**
- **provision for Blue Badge holders will be made in line with recognised national standards;**
- **on residential roads, priority will be given to meeting residents' parking needs if certain criteria are met;**
- **the mix, number and usage of on-street parking spaces will be periodically reviewed to ensure they continue to meet Local Transport Plan aims and reflect local circumstances;**
- **long-stay commuter parking will be managed to encourage the use of sustainable transport where it is a viable alternative to private vehicles.**

4.7 Parking charges are highly influential in the management of parking and driver behaviour. In Suffolk, most off-street public parking is owned and managed by the district and borough councils whilst on-street parking is the responsibility of the Council as the local highway authority. All councils will aim to work together to ensure that parking changes, where appropriate, are set in accordance with Policy PMS3.

Policy PMS3 - Parking charges

Recommended parking charges (on and off-street) will be set to take account of the following factors: -

- **the service role and strength of the local economy;**
- **effective utilisation of existing parking spaces;**
- **traffic conditions on the local highway network;**
- **the availability of sustainable transport modes;**
- **the need to avoid circulating traffic searching for free parking spaces;**
- **parking charges in neighbouring areas;**
- **the convenience and quality of parking locations;**
- **relevant transport aims;**
- **charges for on-street parking will be set at a premium (typically 10%) over the equivalent off-street parking charge;**
- **the actual parking charges will be set following consultation with stakeholders;**
- **charges will be reviewed on a regular basis to ensure they continue to support transport aims.**

5 Management of demands for on-street parking

5.1 Where on-street parking is desirable and possible, there is a need for a hierarchy of parking need in order to manage and reconcile the competing demands for kerb space. In reviewing the mix, number and usage of parking spaces, the Council priorities are based on transport aims and local circumstances. Generally parking will be prioritised within the following hierarchy of kerb space users:

1. bus stop;
2. essential deliveries where there is no off-street provision;
3. taxis;
4. disabled parking;
5. car clubs;
6. residents' parking;
7. short-stay parking (free or paid);
8. long-stay parking (free or paid).

Parking bays need not be for the exclusive use of one group of users at all times; e.g. parking bays placed in residential areas near town centres shared by residents and short-term parking can be successful.

5.2 In the central area of towns and larger villages, the demands for a range of parking uses can be considerable and, when reviewing appropriate uses, the Council will consult widely to fully understand user needs.

5.3 It has long been recognised that the pressure on the use of kerbside space in some of our built-up areas can mean that the availability of parking close to the destination is difficult to find. This can cause major difficulties in terms of accessibility and convenience, but also cause concerns about personal safety. Where parking demand remains high during the normal working day, the introduction of well-designed prioritised parking schemes can benefit the local community. Consideration will be given of new or extensions to existing schemes designed to meet a hierarchy of parking need where there is evidence of significant parking demand and there is a likelihood of support for a scheme in the local community. Other issues to be considered can be the turnover of short-stay parking spaces in shopping and business areas. All possible schemes would be subject to extensive consultation with stakeholders.

Policy PMS4 – Parking schemes

The introduction of further on-street parking schemes will be considered if the following criteria are met: -

- **it can be clearly shown that there is significant and persistent parking stress in the area;**
- **the local community can evidence widespread support for the introduction of a scheme;**
- **that the scheme is financially viable and can be effectively managed and enforced.**

Where a request is progressed, a consultation exercise will be undertaken which will provide an opportunity for residents and businesses to state their level of support. The results of the consultation will help inform the decision on whether to implement a parking scheme. It is unlikely that a scheme will be progressed if a majority of respondents do not support the proposal.

5.4 It is expected that parking schemes will only be introduced where there is a majority support in favour of the measures and where a business case has been undertaken, taking into account the ability to adequately enforce and the implementation and running costs.

6 Parking in new developments

6.1 The County Council has developed the document ‘Suffolk Guidance for Parking’ which is a technical guidance document adopted in November 2014. In 2015, the document was updated to reflect new Government guidance. The guidance should be used for the planning of developments which are new, have changed use or have been extended.

6.2 The guidance is intended to: -

- assist the local planning authorities in determining appropriate parking standards for residential and non-residential developments in their areas;
- advise members of the public of these in a readily comprehensible manner;
- assist developers in preparing plans for the development of land.

The document can be viewed at -

https://www.suffolk.gov.uk/planning-waste-and-environment/planning-and-development-advice/parking-guidance/

7 Enforcement of parking restrictions

7.1 Civil parking enforcement (CPE) has operated in Ipswich since 2005. The Council, police and district and borough councils are committed to introducing CPE across the whole of Suffolk from April 2019 (subject to approval by the Department for Transport).

7.2 The benefits of CPE are primarily:

- to decriminalise most parking, waiting and loading restrictions and to transfer enforcement from the police to the local highway authority;
- enforcement of restrictions leads to a civil rather than a criminal offence through the issue of a penalty charge notice (PCN);
- motorists who receive a PCN are able to challenge the PCN at no cost and where applicable have access to a free and independent adjudication service;
- penalty charge payments are retained by the local authority and are used to help fund CPE;
- a co-ordinated and locally accountable parking enforcement service across the whole of the county with improved enforcement that will help deliver: -
    - the ability to keep roads clear of vehicles parked in contravention of a restriction, which create safety and obstruction issues. In doing so, this can reduce traffic delays, improve the reliability of bus services; enhance the safety and environment for pedestrians and cyclists, and provide easier access for emergency vehicles;
    - the increased turnover of short-stay spaces and encouragement for the appropriate use of long-stay spaces can result in less circulating traffic and help support the vitality and vibrancy of market town centres;
    - parking schemes can be introduced in the knowledge that they will be effectively enforced;
    - improved enforcement helps Blue Badge holders by ensuring that dedicated spaces are not used inappropriately;
    - more reliable access to designated loading bays and facilities for deliveries.

Policy PMS5 - Civil Parking Enforcement

The County Council will work with the police, district and borough councils to introduce and sustain civil parking enforcement across the whole of Suffolk to ensure that a consistent and effective level of enforcement of parking restrictions is achieved.

8 Maintain accessible, high quality and safe parking facilities

8.1 In order to make parking facilities as accessible as possible, a range of measures needs to be considered. Good signage to off-street car parks is an effective tool in reducing unnecessary driving, thereby reducing congestion and improving air quality and safety. Signage, particularly interactive signage which can respond to changing circumstances, can also encourage or discourage the use of particular car parks and roads.

8.2 Clear and appropriate signs and lines on the highway and in car parks are essential to ensure motorists understand what they can and cannot do. Within available budgets, the Council will ensure that signs and lines on the highway are appropriately maintained.

8.3 Suffolk councils will publish details or provide links on their respective websites to provide motorists with parking information to assist their journey planning.

8.4 Facilities for Blue Badge holders both on and off-street needs to be carefully considered in accordance with legislation and guidance. The Council will encourage district and borough councils and private providers of public parking to ensure that disabled parking is conveniently placed, in line with recognised national guidance as a minimum.

8.5 On-street parking for disabled motorists will be provided in two forms: -

- formal bays usually in more central built-up areas, where there are other parking restrictions, which are legally enforceable as they will have a traffic regulation order;
- in largely residential areas, informal (advisory) disable parking bays can be provided outside Blue Badge holders' homes where parking problems occur. Although they are not legally enforceable, they are generally widely respected and of benefit to disabled residents. There are strict medical criteria which have to be met. More information is available on the Council's website at-

https://www.suffolk.gov.uk/roads-and-transport/parking/parking-bays-for-people-with-disabilities/

8.6 The County Council will seek to maintain all signs and lining for on-street parking to a good standard to assist motorists in understanding the nature of the parking and ensure that enforcement can be undertaken effectively.

8.7 To ensure car parks are as safe as possible, all operators of public car parks will be encouraged to achieve the Park Mark award which is for car parks that have achieved the standards of the Safer Parking Scheme

Policy PMS 6 – Accessible, high quality and safe parking

Suffolk councils will: –

- **ensure effective and enforceable signing and lining on the highway is maintained within available budgets;**
- **encourage providers of off-street public parking to provide good levels of information in a number of forms;**
- **make appropriate provisions for disabled parking on-street and encourage all off-street car park providers to make provision to recognised standards and to conveniently locate dedicated disabled parking;**
- **encourage providers of off-street public car park operators to achieve Park Mark award standards for their car parks.**