

# Public Document Pack



MID SUFFOLK CABINET	
DATE:	MONDAY, 8 FEBRUARY 2021 2.30 PM
VENUE:	TEAMS MEETING

Councillors
David Burn Julie Flatman Jessica Fleming Peter Gould Lavinia Hadingham Suzie Morley (Chair) Harry Richardson John Whitehead Gerard Brewster (Vice-Chair)

This meeting will be broadcast live to Youtube and will be capable of repeated viewing. The entirety of the meeting will be filmed except for confidential or exempt items. If you attend the meeting in person you will be deemed to have consented to being filmed and that the images and sound recordings could be used for webcasting/ training purposes.

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## AGENDA

### PART 1

#### MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT

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- 1 APOLOGIES FOR ABSENCE
- 2 DECLARATION OF INTERESTS BY COUNCILLORS
- 3 MCa/20/25 TO CONFIRM THE MINUTES OF THE MEETING 5 - 10  
HELD ON 04 JANUARY 2021
- 4 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE  
WITH THE COUNCIL'S PETITION SCHEME
- 5 QUESTIONS BY COUNCILLORS
- 6 MATTERS REFERRED BY THE OVERVIEW AND SCRUTINY OR 11 - 24  
JOINT AUDIT AND STANDARDS COMMITTEES

Chair of the Overview and Scrutiny Committee

7 **FORTHCOMING DECISIONS LIST**

Please note that the most up to date version can be found via the website:

<https://www.midsuffolk.gov.uk/the-council/forthcoming-decisions-list/>

- 8 **MCa/20/28 SPECIAL URGENT DECISIONS TAKEN BY OFFICERS DURING THE COVID-19 PANDEMIC PERIOD UNDER DELEGATED POWERS IN ACCORDANCE WITH PART 2 OF THE CONSTITUTION** 25 - 28

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- 9 **MCa/20/29 GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK** 29 - 84

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- 10 **MCa/20/30 HOUSING REVENUE ACCOUNT (HRA) BUDGET 2021/22 AND FOUR-YEAR OUTLOOK** 85 - 96

Cabinet Member for Finance

- 11 **MCa/20/31 COUNCIL TAX HARDSHIP FUND** 97 - 102

Cabinet Member for Finance

- 12 **MCa/20/32 LAXFIELD NEIGHBOURHOOD PLAN** 103 - 108

Cabinet Member for Planning

- 13 **MCa/20/33 WILBY NEIGHBOURHOOD PLAN** 109 - 114

Cabinet Member for Planning

- 14 **EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**

To consider whether, 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 this item, it is likely that there would be the disclosure to them of exempt information as indicated against the item. The author of the report proposed to be considered in Part 2 of the Agenda is satisfied that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

- 15 **MCa/20/33 TO CONFIRM THE CONFIDENTIAL MINUTE OF THE MEETING HELD ON 04 JANUARY 2021** 115 - 116

### **Date and Time of next meeting**

Please note that the next meeting is scheduled for Monday, 8 March 2021 at 2.30 pm.

### **Webcasting/ Live Streaming**

The Webcast of the meeting will be available to view on the Councils Youtube page:

[https://www.youtube.com/channel/UCSWf\\_0D13zmegAf5Qv\\_aZSg](https://www.youtube.com/channel/UCSWf_0D13zmegAf5Qv_aZSg)

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact the Committee Officer, Claire Philpot on: 01473 296376 or Email: [Committees@baberghmidsuffolk.gov.uk](mailto:Committees@baberghmidsuffolk.gov.uk)

## **Introduction to Public Meetings**

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

## **Protocol for Virtual Cabinet Meetings**

### **Live Streaming:**

1. The meeting will be held on TEAMS and speakers will be able to join via invite only. Any person who wishes to speak at the meeting must contact Committee Services on 01473 296376 at least 24 hours before the start of the meeting.
2. The meeting will be live streamed and will be available to view on the Council's YouTube page as detailed below:  
[https://www.youtube.com/channel/UCSWf\\_0D13zmegAf5Qv\\_aZSg](https://www.youtube.com/channel/UCSWf_0D13zmegAf5Qv_aZSg)

### **Recording of proceedings:**

1. Proceedings will be conducted in video format.
2. A Second Governance Officer will be present and will control the TEAMS call and Livestreaming.
3. If you are experiencing slow refresh rates and intermittent audio you should turn off incoming video to improve your connection to the meeting.

### **Disclosable Pecuniary Interests:**

1. A Councillor declaring a disclosable pecuniary interest will not be permitted to participate further in the meeting or vote on the item. Where practicable the Councillor will leave the virtual meeting, including by moving to a 'lobby' space and be invited to re-join the meeting by the Committee Officer at the appropriate time. Where it is not practicable for the Councillor to leave the virtual meeting, the Committee Officer will ensure that the Councillor's microphone is muted for the duration of the item.

### **Questions and Debate:**

1. Once an item has been introduced and proposed by the relevant Cabinet Member and been seconded, the Chair will ask if there are any questions. Each Member of the Cabinet will be asked, in alphabetical order, to put their questions.
2. Any Councillors present who are not part of the Cabinet will then be invited to ask questions but must alert the committee clerk/chair first using the chat function (to be unmuted). The questions must be related to the agenda item being discussed.
3. At the end of the questions the Chair will ask Cabinet Members whether they have any further questions before entering into debate.
4. Upon completion of any debate the Chair will move to the vote.

### **Voting:**

1. Once a substantive motion is put before the committee and there is no further debate then a vote will be taken.
2. Due to circumstances the current voting by a show of hands would be impractical - as such the Governance Officer will conduct the vote by roll call or electronic voting. The total votes for and against and abstentions will be recorded in the minutes not

the individual votes of each Councillor. Except where a recorded vote is requested in accordance with the Rules of Procedure.

3. The governance officer will then read out the result for the Chair to confirm.
4. A Councillor will not be prevented from voting on an item if they have been disconnected from the virtual meeting due to technical issues for part of the deliberation.

Confidential items:

1. The Public and Press may be Excluded from the meeting by resolution in accordance with normal procedural rules. The Committee Officer will ensure that any members of the public and press are disconnected from the meeting. All Councillors participating in the meeting will be asked to verbally declare that there are no other persons present who will be able to hear or observe proceedings.

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# Agenda Item 3

## MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK CABINET** held as a Virtual Teams Meeting on Monday, 4 January 2021 at 2:30pm.

### **PRESENT:**

Councillor: Suzie Morley (Chair)  
Gerard Brewster (Vice-Chair)

Councillors:	David Burn	Julie Flatman
	Jessica Fleming	Peter Gould
	Lavinia Hadingham	Harry Richardson
	John Whitehead	

### **In attendance:**

Councillor(s): John Field  
Keith Welham

Officers: Chief Executive (AC)  
Strategic Director (KN)  
Monitoring Officer (EY)  
Assistant Director – Corporate Resources (KS)  
Assistant Director – Housing (GF)  
Assistant Director – Economic Growth and Regeneration (FD)  
Corporate Manager – Housing Solutions (HT)  
Governance Officer (CP)

### **37 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

### **38 DECLARATION OF INTERESTS BY COUNCILLORS**

There were no declarations of interest declared.

### **39 MCA/20/17 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 07 DECEMBER 2020**

The minutes of the meeting held on 07 December 2020 were confirmed as a correct record. The minutes would be signed at the next practicable opportunity.

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

None received.

### **41 QUESTIONS BY COUNCILLORS**

There were no questions from Councillors.

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

There were no matters referred.

**43 FORTHCOMING DECISIONS LIST**

The Forthcoming Decisions List was noted.

**44 MCA/20/18 INTER AUTHORITY AGREEMENT BETWEEN BABERGH DISTRICT COUNCIL AND MID SUFFOLK DISTRICT COUNCIL**

44.1 The Leader of the Council introduced report number MCA/20/19 and moved the recommendations contained within the report.

44.2 The recommendations were seconded by Councillor Brewster.

44.3 The Chief Executive provided a summary of the changes proposed in the report and advised that the agreement would be subject to an annual review.

44.4 In response to a query from Councillor Whitehead, the Chief Executive advised that the agreement would come into effect once both authorities had agreed to the recommendations.

By a unanimous vote

**It was RESOLVED:**

**That the revised Inter Authority Agreement be approved and that the Leader be authorised to sign the agreement on behalf of the Council.**

**Reason for Decision:** To ensure that appropriate and accurate governance is in place to facilitate the ongoing joint working between Babergh District Council and Mid Suffolk District Council.

**45 MCA/20/21 FEES AND CHARGES 2021/22**

45.1 The Cabinet Member for Finance introduced the report, which set out the Fees and Charges for the forthcoming year. Councillor Whitehead moved the recommendations.

45.2 The recommendations in the report were seconded by Councillor Hadingham.

45.3 The Cabinet Member for Finance and the Assistant Director for Corporate Resources responded to questions from Councillor Field on issues including the proposed increases and whether the cost recovery basis was being met.

By a unanimous vote

**It was RESOLVED:**

**That the proposed Fees and Charges for 2021/22 as shown in Appendix A of the report were approved by Cabinet.**

**Reason for Decision:** To ensure that the Council achieves sufficient income and thereby reduces subsidy on non-essential services which may compromise the Council's ability to fund statutory services.

**46 MCA/20/22 TRANSFER OF THE COUNCIL'S VEHICLE FLEET TO HYDROTREATED VEGETABLE OIL (HVO) DIESEL**

46.1 The Cabinet Member for Environment introduced the report which was for noting only.

46.2 Councillor Fleming responded to questions from Councillor Field on the use of palm oil.

46.3 The report was noted.

**47 MCA/20/19 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK**

47.1 The Cabinet Member for Finance introduced report number MCA/20/19 Draft General Fund Budget 2021/22 and Four-Year Outlook.

47.2 Councillor Whitehead moved the recommendations in the report. This was seconded by Councillor Gould.

47.3 In response to a question from Councillor Fleming regarding business rates, the Assistant Director for Corporate Resources provided clarification of the figures included in the budget.

47.4 Following a query from Councillor Field the Assistant Director for Corporate Resources provided an indication of the percentage of businesses within the district in the hospitality sector.

By a unanimous vote

**It was RESOLVED:**

**1.1 That the draft General Fund Budget proposals for 2021/22 and four-year outlook set out in the report be endorsed for recommendation to Council on 23 February 2021, subject to further consideration at the next Cabinet meeting on 4 February 2021 following consideration at Overview and Scrutiny Committee on 18 January 2021.**

**1.2 That the draft General Fund Budget for 2021/22 is based on an increase**

**to Council Tax of 1.66% which equates to £2.80 per annum (23p per month) for a Band D property.**

**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 the February Cabinet and recommendations to Council.

**48 MCA/20/20 DRAFT HOUSING REVENUE ACCOUNT (HRA) BUDGET 2021/22 AND FOUR-YEAR OUTLOOK**

48.1 The Cabinet Member for Finance introduced the report and provided Members with details of the recommendations contained in the report.

48.2 Councillor Whitehead moved the recommendations. Councillor Hadingham, the Cabinet Member for Housing, seconded the recommendations.

48.3 The Assistant Director for Housing responded to queries from Councillor Field and Councillor Welham regarding issues including: housing rental income and service charges for sheltered accommodation schemes.

By a unanimous vote

**It was RESOLVED:**

**1.1 That the draft HRA Budget proposals for 2021/22 and four-year outlook set out in the report be endorsed for recommendation to Council on 18 February 2021, subject to further consideration at the next Cabinet meeting on 8 February 2021.**

**1.2 That the CPI + 1% increase of 1.5% in Council House rents, equivalent to an average rent increase of £1.25 a week be implemented.**

**1.3 That garage rents are kept at the same level as 2020/21.**

**1.4 That Sheltered Housing Service charges be increased by £1 per week to ensure recovery of the actual cost of service.**

**1.5 That Sheltered Housing utility charges are kept at the same level as 2020/21.**

**1.6 That the budgeted surplus of £116k be transferred to the Strategic Priorities reserve in 2021/22.**

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

**1.3 Reason for Decision:** To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Councils

Housing Revenue Account budget before the February Cabinet and recommendations to Council.

#### **49 MCA/20/23 JOHN PEEL CENTRE EXPANSION**

- 49.1 The Cabinet Member for Economic Growth introduced the report and provided Members with details of the proposed plans for the John Peel Centre.
- 49.2 Councillor Brewster moved the recommendations contained in the report and proposed that recommendation 3.3 of the report be amended to include the Cabinet Member for Assets and Investments.
- 49.3 The recommendations, including the proposed amendment to recommendation 3.3 were seconded by Councillor Flatman.
- 49.4 Cabinet Members expressed their support for the proposed expansion scheme.

By a unanimous vote

#### **It was RESOLVED:**

- 1.1 That the key recommendations of the consultant report were noted by Cabinet.
- 1.2 That Cabinet approved the grant of a lease on 11 Market Place to JCP which will be conditional on:
- the JPC providing a formal business plan acceptable to Mid Suffolk District Council,
  - the provision of an acceptable funding strategy for the refurbishment of the building in 2 phases,
  - making the necessary governance improvements proposed by the report.
- 1.3 That authority be delegated to the Assistant Director for Economic Development and Regeneration in consultation with the Cabinet Member for Economic Growth and the Cabinet Member for Assets and Investments to finalise the terms and legal agreements for a long-term lease for the building (suggest 40 years) at token rent.

#### **Reason for Decision:**

To support the objectives of Stowmarket vision and cultural regeneration of town by enabling the John Peel Centre to develop and grow as a key cultural organisation in the town.

To ensure the councils investment in the John Peel Centre though the grant of a

lease at a peppercorn rent is properly monitored through the agreed KPIs.

To ensure the recommendations of the consultant's report, including the need for JPC to secure sufficient funding for the works are delivered.

**50 EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**

**It was RESOLVED:**

**That pursuant to Part 1 of Schedule 12A of the Local Government Act 1972 the public be excluded from the meeting for the business specified below on the grounds that if the public were present during this item, it is likely that there would be the disclosure to them of exempt information.**

**51 MCA/20/23 JOHN PEEL CENTRE EXPANSION**

Members agreed not to go into closed session to discuss the confidential appendices.

**52 MCA/20/24 DISABLED FACILITY GRANT - MSDC CONTRIBUTION TO SCC COMMUNITY EQUIPMENT BUDGET**

**It was RESOLVED:-**

**That the recommendations detailed in the report be approved.**

**Reason for Decision:** As detailed in the report.

The business of the meeting was concluded at 3.59 pm.

.....  
Chair

# Agenda Item 6

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b>	<b>CABINET</b>	<b>REPORT NUMBER: MCa/20/26</b>
<b>FROM:</b>	<b>Overview and Scrutiny Committee</b>	<b>DATE OF MEETING: 8 February 2021</b>
<b>OFFICER:</b>	<b>Henriette Holloway Senior Governance Officer</b>	<b>KEY DECISION REF NO. N/A</b>

**CABINET ARE ASKED TO CONSIDER THE RECOMMENDATIONS BELOW FROM THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON THE 14 JANUARY 2021**

### **MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK**

<b>1.</b>	<b>RECOMMENDATIONS</b>
<b>1.1</b>	<b>That the Overview and Scrutiny Committee asks that Officers and Cabinet take into consideration the comments made at this meeting, when submitting the General Fund Budget 2021 and Four-year Outlook for consideration at the Cabinet meeting and Council in February 2021.</b>
<b>1.2</b>	<b>That the Overview and Scrutiny Committee asks that Cabinet considers funding be allocated for planning enforcement and legal costs associated with planning.</b>

## **2. APPENDICES**

	<b>Title</b>	<b>Location</b>
<b>A.</b>	<b>Draft Minute – MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK</b>	<b>Attached</b>

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## **APPENDIX A.**

### **DRAFT MINUTE FOR MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)**

- 5.1 Councillor Whitehead introduced paper MOS/20/1 and provided the following main points from Paper MOS/20/1..
- 5.2 The initial projections of the effects of the pandemic on the Council's finances were horrendous, but since those early days, Central Government had been generous with their assistance to local councils, helping them to minimise the impact of the pandemic on finances, which would extend through to the end of the first quarter of 2021/22. The Budget report detailed the financial impact of Covid-19 and the present economic environment in which the country now found itself, as detailed in paragraphs 4.5 through to 4.18. The Government had announced a one-year Spending Review and would soon be starting a consultation on a future replacement for New Homes Bonus. They had delayed the Fair Funding Review, Business Rates Review and a business rates reset. This made it very difficult to make any forecast beyond March 2022 for the four-year outlook. In addition, the Provisional Finance Settlement was only announced on 17 December 2020 and details of this provisional settlement were included in paragraphs 4.19 - 4.21 but some of the changes had still to be fed through into the Budget numbers.
- 5.3 The draft budget did show healthy surpluses throughout the four-year period, but he emphasised how much uncertainty was built into the numbers beyond March 2022 for the reasons outlined above. The budget that was approved in February 2020 for the present year 2020/21 and incorporated an increase in the Mid Suffolk share of Council Tax by 1.66% in that year. This increase was assumed to continue year-on-year throughout the four-year outlook. This draft budget for 2021/22 continued with that assumption. These were modest annual increases, which along with a small growth every year as new-built homes become occupied, meaning that the Council would be gradually building up an ever-more robust council tax-base to serve the Council for the future. Current projections showed raising £6.382m from Council Tax in 2021/22, increasing to £6.987m by 2024/25. This year £1m would be added to the Commercial Development Risk Management Reserve, whilst awaiting planning permission on the revised Masterplan for Gateway14 development before groundworks can begin. A further £0.5million was added to the Climate Change and Biodiversity Reserve.
- 5.4 Cllr Whitehead had recommended to Cabinet a need to consider further significant additions to reserves to cover future Planning Legal and Planning Enforcement expenditure before finalising the numbers in February. He believed that it was vital that the Council could robustly defend any planning application going to appeal.
- 5.5 It was anticipated getting CIFCO fully invested by the end of March 2021 and therefore no further capital investment for yield had been incorporated into the future Capital Programme. The details of the future Capital Programme from April 2021 to March 2025 were set out in Appendix A.

## **APPENDIX A.**

### **DRAFT MINUTE FOR MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)**

- 5.6 Councillor Scarff queried the Business Rates referring to paragraph 8.5 and asked when Government would be changing the Business Rate system.
- 5.7 The Assistant Director – Corporate Recourses responded that the Government intended to change the Business Rates in April 2022, which was the deadline Officers were working to.
- 5.8 Councillor Caston queried the lack of growth for Business rates and asked if this was because of the current uncertainty.
- 5.9 The Assistant Director – Corporate Resources explained that the figures in the report were from February 2020. However, the Council submits a return to the Government this month and the new figures would be added to the final report for Council. It was difficult to predict the income from business rates, as there were a couple of changes in relation to the offshore wind farm coming into a site in Bramford.
- 5.10 Councillor Welham referred to Table 1, page 12 and asked if it was explained in the report. To which the Assistant Director responded that it was detailed in page 12, bullet point 1. The New Homes Bonus had not all been used and some of the balance had been allocated to this new one-off Lower Tier Services Grant, for one year only.
- 5.11 Councillor Welham queried page 22 and the spend of £1m and asked if this had been envisaged for the start of the financial year.
- 5.12 The Cabinet Member – Finance, responded that this had happened during the past year. Gateway 14 did not have a cashflow and did not provide an actual income and it was prudent to put this money aside until income was certain.
- 5.13 In response to Councillor Welham’s question regarding the reserves Table 7, line 40 of 2.027, the Assistant Director – Corporate Resources explained that Table 7 was for the current year and she referred to Table 6 on page 22, which detailed the projected position for next year and at the allocations of extra reserves was details at the bottom. She added, in response to a further question, that the £2m surplus for the current year was planned to be allocated to the Growth and Efficiency Fund.
- 5.14 Councillor Welham asked that this was made clearer in the report.
- 5.15 He continued questioning officers regarding service charges, page 23, and why there was an increase of £43K for Endeavour House and if going forward it would be possible to give up some of the floor space, if it was not utilised.

## APPENDIX A.

### DRAFT MINUTE FOR MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)

- 5.16 The Cabinet Member – Finance explained that the Council was tied into a rental agreement. The Assistant Director – Corporate Resources added that there was a break clause in the rental agreement. However, the agreement had included planned increases for service charges for each year.
- 5.17 Councillor Carter queried if the service charges could be reduced, to which the Assistant Director explained the cost incurred and agreement for the service charges.
- 5.18 Councillor Whitehead – Cabinet Member – Finance added that there were some costs incurred in the service charge agreement and he hoped that these would reflect reality going forward.
- 5.19 Members asked the following to be amended in the report:
- The heading on page 26 and 27.
  - That scale of the graphs to be the same to make comparison easier.
  - Appendix B, page 28, to be amended to Appendix A
- 5.20 Councillor Ekpenyong referred to section 8.19 regarding the pension fund and whether the contribution of 23% was a future assumption for contributions.
- 5.21 The Assistant Director – Corporate Resources explained that the 23% was the employer's contribution and this remained the same. The employer had to pay 23% of the basic pay for each employee into the pension fund and it was separate from the National Insurance Contributions. The pension fund was not yet a 100% funded, however, at the last evaluation of the pension fund the trajectory had indicated the fund was nearly fully funded, therefore the pension deficit lump sum allowed a 1% reduction over next three years and was reflected in the £69K savings.
- 5.22 Councillor Ekpenyong referred to page 24 and asked for context of the waste contract as there was an increase of £235K.
- 5.23 The Assistant Director – Corporate Resources believed this increase was tied up with the negotiations with the waste contractor SERCO, as there was an agreed increase in the payments made by the Council. The number of bin collections by SERCO were increasing and the Council had to pay for this increase in volume of collections and the cost implications incurred.
- 5.24 Councillor Carter inquired if SERCO also collected the brown bins for which the collections had currently been suspended.
- 5.25 The Assistant Director responded that SERCO had experienced staff shortages, as staff either became ill or had to self-isolate due to the Covid-19 Pandemic. It had therefore been agreed to currently suspend the collection of

## APPENDIX A.

### DRAFT MINUTE FOR MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)

the garden waste bins to enable crews to be transferred to the refuse and recycling bin collections.

- 5.26 Councillor Caston queried the cost of transport on page 23, he realised the conversion to vegetable oil had increased the running cost to £88K but asked if this included installation of tanks and infrastructure to enable the running of the vehicles on vegetable oil.
- 5.27 The Cabinet Member – Finance responded that the cost for the tanks was £50k per site and that there was also Community Infrastructure Levy (CIL) funding grants available to fund the required infrastructure implications.
- 5.28 Councillor Ekpenyong referred to page 21 and the draft Capital Investment Programme and the empty homes grant and asked for clarification.
- 5.29 The Assistant Director – Housing explained that the Empty Homes Grant was used by the Private Sector Housing Team for maximisation of private rented homes for use and occupation. Grants could be offered as incentives, in the form of improvements to the properties and to make them safe for Council tenants to use.
- 5.30 Councillor Ekpenyong questioned where the funding for electrical charging points were to be found in the budget and the Assistant Director – Corporate Resources responded that the Assistant Director for Environment and Commercial Partnerships was leading on this project, and that it had not been included in the Capital Programme at this stage. She would get a response to members outside the meeting.
- 5.31 Councillor Whitehead added that £1/2M had been put aside last year and again this year for climate change initiatives.
- 5.32 Members debated the issues including:
- That there was a lot of uncertainty for the future.
  - That further clarification for the biodiversity fund should be included in the budget report.
  - That the General Fund budget was sound given the circumstances under which it had been prepared.
  - That more focus on staff welfare and mental health, especially during the pandemic should be included (reference page 15, 6.4 and 6.5) and that staff welfare should be included in public documents and in the overreaching principles.
- 5.33 Members debated the recommendations and that the comments made at this meeting should be included in the recommendations to cabinet. Further

## **APPENDIX A.**

### **DRAFT MINUTE FOR MOS/20/1 DRAFT GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)**

considerations for funding should be allocated for planning enforcement and legal costs associated with planning.

- 5.34 Councillor Ekpenyong proposed the recommendations, which was seconded by councillor Caston

By a unanimous vote

#### **It was RESOLVED: -**

- 1.1 That the Overview and Scrutiny Committee asks that Officers and Cabinet take into consideration the comments made at this meeting, when submitting the General Fund Budget 2021 and Four-year Outlook for consideration at the Cabinet meeting and Council in February 2021.**
- 2.1 That the Overview and Scrutiny Committee asks that Cabinet considers funding be allocated for planning enforcement and legal costs associated with planning.**

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## MID SUFFOLK DISTRICT COUNCIL

<b>TO</b>	<b>CABINET</b>	<b>REPORT NUMBER: MCa/20/27</b>
<b>FROM:</b>	<b>Overview and Scrutiny Committee</b>	<b>DATE OF MEETING: 8 FEBRUARY 2021</b>
<b>OFFICER:</b>	<b>Henriette Holloway Senior Governance Officer</b>	<b>KEY DECISION REF NO. N/A</b>

**CABINET ARE ASKED TO CONSIDER THE RECOMMENDATIONS BELOW FROM THE OVERVIEW AND SCRUTINY COMMITTEE HELD ON THE 14 JANUARY 2021**

**MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK**

<b>1.</b>	<p><b>RECOMMENDATIONS</b></p> <p>That the Overview and Scrutiny Committee endorses the Housing Revenue Account Budget 2021/22 and Four-Year Outlook but asks that Officers and Cabinet Members take into consideration the comments made at this meeting, when submitting the budget for consideration at the Cabinet and Council meetings in February 2021.</p>
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## **2. APPENDICES**

Title	Location
A. Draft Minute – MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK	Attached

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## **APPENDIX A.**

### **MINUTE FOR MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)**

- 6.1 The Chair, Councillor Welham invited the Cabinet Member for Finance to introduce Paper MOS/20/2.
- 6.2 Councillor Whitehead stated that for the year 2021/22 a surplus on the Housing Revenue Account (HRA) of £116k had been forecasted. This was a contrast to the large deficit forecasted for 2020/21 of £564k. The table in paragraph 5.2 compared the budgets for the two years with explanations behind the various line movements set out in detail in paragraph 5.5. Savings and efficiencies have been identified during a robust budget-setting process, as set out and explained in the report.
- 6.3 He would like to take this opportunity, to give Members some more background to the proposed Council House rent increase. In April 2020 council house rents was increased by 2.7%, being the Consumer Price Index plus an additional 1.0%. This was the first increase after four years of a central government-imposed reduction of rents by 1% each year. For the coming year, from 1<sup>st</sup> April 2021, an increase based on September 2020's CPI plus one percent works out to be only 1.5%. The net effect of these decreases then increased over a six-year period so that the average council house weekly rent in March 2022 would only be 11p higher than it was in March 2016 and therefore virtually unchanged.
- 6.4 Sheltered Housing utility charges would not be changed in 2021/22. There was an element of subsidy presently built into these charges there had been some reductions in the price of gas, electricity and especially oil. Therefore, utility prices for 2021/22 would be frozen whilst still make some reduction in the level of subsidy.
- 6.5 Sheltered Housing Service Charges had not been increased this current year. There remained an element of subsidy with these charges and to eliminate this subsidy in 2021/22, and Service Charges would need to be increased by £2.90. The Council was not proposing to make such an increase and the recommendation for 2021/22 was an increase of just £1.00 per week. Members should note, as mentioned within paragraph 5.5 that it was the intention to develop a Rent and Service Charge Policy for sheltered housing during 2021 with a view to bringing it into effect for 2022/23.
- 6.6 There was an ambitious Capital Programme for the four years from 2021 to 2025. The Council had now identified development sites for 254 affordable homes and 119 shared ownership homes. New builds and acquisitions were forecast to cost £42.2m and the Housing Maintenance Programme £15.8m. Appendix A indicated how the capital programme was to be financed.
- 6.7 Councillor Whitehead draw Members' attention to paragraph 4.2, which explained how the Council would be reviewing the 30-year HRA Business Plan to incorporate new build specifications, the Design Guide, environmental 'retrofit' improvements and new safety enhancements. This new Business

## APPENDIX A.

### **MINUTE FOR MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)**

Plan, articulating the Council's vision for Council Housing should be coming to Cabinet by this summer.

- 6.8 Councillor Carter queried how the council would manage the utilities bills with regards to the 11 pence per month, as he was concerned for residents, who had lost employment or had reduced income caused by the current circumstances.
- 6.9 The Cabinet Member- Finance explained that the capping of utilities cost was for tenants in sheltered housing, which was collated and paid centrally. Council house tenants negotiated their own utilities contracts.
- 6.10 The Assistant Director – Housing added that the Council as landlord sought to support tenants, who were struggling, to help them remain in their homes. The Council had also imposed an eviction ban before Central Government, to support tenants who were impacted by the covid-19 pandemic.
- 6.11 Councillor Whitehead explained that the HRA budget was a ring-fenced account and was not subsidised by the General Fund, and therefore the Council produced a 30-year business plan to ensure a sustainable position. It was difficult to increase Council Housing rent but an increase would ensure retrofitting and improvement to tenant houses for environmental improvements and that they were sustainable.
- 6.12 Councillor Scarff referred to page 39 and the Right to Buy receipts, paragraph 7.17. The money received from this scheme could only be used as a 30% contribution toward a replacement home. He asked what happened to the 70%, of the sale of assets, which belonged to the authority.
- 6.13 The Assistant Director – Housing responded that when the Council received value for a property, a significant amount belonged to the Government, therefore when the Council used the 30% value of the receipts, the value had to be matched funded from the Capital Programme.
- 6.14 Councillor Scarff referred to the Councils Development Programme, paragraph 5.18, and the ability to spend all its receipts. If the Council failed to spend all the receipts due to the restrictions imposed by the Covid-19 Pandemic, would the receipts have to be paid back to Government, or were officers confident that the full spend could be achieved under the current circumstance.
- 6.15 The Assistant Director – Housing assured Members that the Assets and Investment Team had been focusing on spending the Right to Buy receipts and the Government had extended the deadline for spending the receipts. This had been due to the housing market slowing down and that estate agents and legal establishments had been closed during the Covid-19 Pandemic lockdowns. It was possible to spend the amount of the receipts up front based on the houses being sold and the Assets and Investment Team was currently undertaking this.

## **APPENDIX A.**

### **MINUTE FOR MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)**

During the past eighteen months the Right to Buy scheme had slowed down due to the economic down-turn.

- 6.16 Councillor Carter questioned the increase for Council tenant rent, though he did not disagree with an increase, as he understood the reasoning.
- 6.17 The Assistant Director – Housing clarified that the increase was for all council tenants and the utility charges were for all communal council tenants, who shared a communal metering.
- 6.18 The Chair invited non-committee Members to ask questions.
- 6.19 Councillor Field question solar panels on council housing and whether tenants who lived in these properties received their electricity for free or at least as a reduction in their utility charges.
- 6.20 The Assistant Director – Housing responded that tenants received a reduction in utility charges.
- 6.21 Councillor Field then questioned the issues around the 30% restriction on the Right to Buy scheme. The Council must use the 30% of money to buy further housing and the Government was therefore forcing the Council to borrow the remainder of the money to be able to add to the Council housing stock. Did the Council then have to buy three times as many houses than planned in order to use the 30% allocation.
- 6.22 The Assistant Director – Housing explained that the Council did have to find the additional capital to supplement the 30% retained from the receipts from the Right to Buy Scheme.
- 6.23 Councillor Whitehead, Cabinet Member – Finance, added that the Council did not have to borrow all the money to supplement the scheme, funding was detailed in the Appendix. There were other ways of getting funding.
- 6.24 The Assistant Director – Corporate Resources clarified that there were different rules depending on what kind of property was sold, The Government allowed a number of assumed Right to Buy properties in the Business Plan and for some of those the Council was allowed to keep 100% of the receipt However, for other properties the figure was 25%.
- 6.25 Members debated the issues including:
- That the increases in rents for Sheltered Housing was sensible and represented value for money.
  - That the report was excellent, well-constructed and thorough.
  - That the increase in council rents was acceptable.

## APPENDIX A.

### **MINUTE FOR MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)**

- That the Right to Buy receipts should be allowed to be kept by the Council for reinvestment into council housing.
- That the increases were modest in the Budget.

6.24 Councillor Whitehead clarified that the weekly increase in Council rent was on average £1.20 a week. The 11 pence were the difference between the Council rent six years ago and the current rent including increases and decreases. The 11 pence were included to illustrate that the increase of £1.20 had just surpassed the Council rent six years ago by 11 pence.

6.25 Members considered recommendations and the Chair suggested that the Committee endorsed the budget, but that Cabinet took the comments made at this meeting into account when considering the HRA Budget in February.

6.26 Councillor Ekpenyong proposed the recommendation, which was seconded by Councillor Caston.

By a unanimous vote

#### **It was RESOLVED:-**

**That the Overview and Scrutiny Committee endorses the Housing Revenue Account Budget 2021/22 and Four-Year Outlook but asks that Officers and Cabinet Members take into consideration the comments made at this meeting, when submitting the budget for consideration at the Cabinet and Council meetings in February 2021.**

# Agenda Item 8

## MID SUFFOLK DISTRICT COUNCIL

<b>TO: CABINET</b>	<b>REPORT NUMBER: MCa/20/28</b>
<b>FROM: Assistant Directors</b>	<b>DATE OF MEETING: 8 February 2021</b>
<b>OFFICER: Janice Robinson, Deputy Monitoring Officer</b>	

### **SPECIAL URGENT DECISIONS TAKEN BY OFFICERS DURING THE COVID-19 PANDEMIC PERIOD UNDER DELEGATED POWERS IN ACCORDANCE WITH PART 2 OF THE CONSTITUTION**

#### **1. PURPOSE OF REPORT**

- 1.1 This report details Special Urgent Decisions taken by Officers for decisions over £150K and are exempt for call-in, in consultation with the Chair of the Council using their delegated powers during the Covid-19 Pandemic.
- 1.2 The Officers are required by the Constitution to report these decisions at an ordinary meeting of the Cabinet meeting under Part 2 of the Constitution.

#### **2. RECOMMENDATIONS**

- 2.1 That Cabinet notes the decisions taken under delegated powers by Officers as detailed in Appendix A

#### **REASON FOR DECISION**

Under Part 2 of the Constitution, Delegations to Officers, Paragraph 7.2 the decision must be reported to the next ordinary meeting of the appropriate Cabinet.

#### **3. KEY INFORMATION**

- 3.1 Detailed in Appendix A.

#### **4. LINKS TO THE CORPORATE PLAN**

- 4.1 N/A

#### **5. FINANCIAL IMPLICATIONS**

Detailed in Appendix A.

## **6. LEGAL IMPLICATIONS**

6.1 To comply with the Councils Constitution.

## **7. RISK MANAGEMENT**

7.1 Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
That the key decisions in Appendix A taken during the COVID-19 pandemic period under delegated powers do not follow the Council's Constitutional Decision process thereby making them unlawful and open to challenge.	Unlikely (2)	Noticeable (2)	To follow the Constitutional decision process

7.2

## **8. CONSULTATIONS**

8.1 N/A

## **9. EQUALITY ANALYSIS**

9.1 N/A

## **10. ENVIRONMENTAL IMPLICATIONS**

10.1 N/A

## **11. APPENDICES**

Title	Location
(A) Decisions taken by Officers during the Covid-19 Pandemic under Delegated Powers in Accordance with Part 2 of the Constitutions	Attached

## **12. BACKGROUND DOCUMENTS**

12.1 [OFFICER DECISIONS](#)

### SPECIAL URGENT DECISIONS TAKEN BY OFFICERS DURING THE COVID-19 PANDEMIC PERIOD UNDER DELEGATED POWERS IN ACCORDANCE WITH PART 2 OF THE CONSTITUTION

Decision Reference	Decision	Date Published
Officer Decision	<a href="#">MID SUFFOLK COVID 19 ADDITIONAL RESTRICTIONS GRANT SCHEME</a>	23/11/2022
Officer Decision	<a href="#">MID SUFFOLK LOCAL RESTRICTION SUPPORT GRANT SCHEME (OPEN)</a>	18/12/2020

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# Agenda Item 9

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/2029</b>
<b>FROM:</b> Councillor John Whitehead, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 8 February 2021
<b>OFFICER:</b> Katherine Steel, Assistant Director, Corporate Resources	<b>KEY DECISION REF NO.</b> CAB220

### GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK

#### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the General Fund Budget for 2021/22 and four-year outlook.
- 1.2 To enable Cabinet Members to consider key aspects of the 2021/22 Budgets, including Council Tax and make any recommendations to feed into the final Budget report to Council on 18 February 2021.

#### 2. OPTIONS CONSIDERED

- 2.1 Setting a balanced budget is a statutory requirement, therefore no other options are appropriate in respect of this.

<b>3. RECOMMENDATIONS</b>
3.1 That the General Fund Budget proposals for 2021/22 and four-year outlook set out in the report be endorsed for recommendation to Council on 18 February 2021.
3.2 That the General Fund Budget for 2021/22 is based on an increase to Council Tax of 1.66% which equates to £2.80 per annum (23p per month) for a Band D property.
<b>REASON FOR DECISION</b>
<b>To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Councils General Fund budget for endorsement and recommendations to Council.</b>

## **4. KEY INFORMATION**

### **Strategic Context**

- 4.1 The 2021/22 budget has been prepared during one of the most challenging and uncertain times due to the ongoing impacts of Covid19 on the Council's finances, staff, residents, and local economy.
- 4.2 Government spending to combat Covid19 and mitigate its impact on businesses and individuals has led to record levels of public sector borrowing, and there is continuing uncertainty over the core funding that will be available to local authorities over the medium term.
- 4.3 One of the key outcomes of the Corporate Plan is achieving a robust financial strategy, the 2021/22 budget and medium-term financial strategy has been aligned to the Council's 6 Strategic Priorities:
- Environment
  - Economy
  - Housing
  - Wellbeing
  - our Customers and;
  - our Communities
- 4.4 Further details on the Councils medium term financial strategy can be found in section 6 of this report.

### **Financial Impact of Covid19**

- 4.5 The Council has played a significant role in responding to Covid19, in supporting businesses and the most vulnerable in our communities as well as running essential services.
- 4.6 The financial impact of Covid19 has been an evolving picture throughout 2020/21 and this will continue into 2021/22. The Council is forecasting additional costs in 2020/21 in the region of £1.1m including homelessness prevention, redeployment costs, support for the two Leisure Centres, additional PPE, community grants and cleaning costs.
- 4.7 The Council's income streams have also been affected, with projected losses in the region of £1m including trade and garden waste, car parking, planning income, rental income and council tax and business rates losses.
- 4.8 The Government has provided support to local authorities through £4.6bn, new burdens funding, and £3.2m towards homelessness. However, Mid Suffolk District Council's share of this £2.2m, falls short of the projected costs and losses in 2020/21.
- 4.9 The Council's capital programme has also been severely impacted by COVID19 with several projects falling behind schedule and supply difficulties, for example increased costs from suppliers to cover the cost of additional PPE.

- 4.10 The financial impact of Covid19 for 2021/22 and beyond is difficult to predict, income streams have been reviewed and revised where appropriate and minimal costs are anticipated at this stage.

### **Economic Background**

- 4.11 In November 2020, the Office for Budget Responsibility (OBR) published its independent economic and fiscal forecasts.
- 4.12 The Covid19 pandemic has delivered the largest peacetime shock to the global economy on record. It has required the imposition of severe restrictions on economic and social life; driven unprecedented falls in national income; fuelled rises in public deficits and debt surpassed only in wartime; and created considerable uncertainty about the future. The UK economy has been hit relatively hard by the virus and by the public health restrictions required to control it.
- 4.13 In the central forecast, the combined impact of the virus on the economy and the Government's fiscal policy response pushes the deficit this year to £394 billion (19% of GDP), its highest level since 1944-45, and debt to 105% of GDP, its highest level since 1959-60. Borrowing falls back to around £102 billion (3.9% of GDP) by 2025-26, but even on the loosest conventional definition of balancing the books, a fiscal adjustment of £27 billion (1% of GDP) would be required to match day-to-day spending to receipts by the end of the five-year forecast period.
- 4.14 The support provided to households and businesses has prevented an even more dramatic fall in output and attenuated the likely longer-term adverse effects of the pandemic on the economy's supply capacity. The Government's furlough scheme has prevented a larger rise in unemployment. Grants, loans, and tax holidays and reliefs to businesses have helped them to hold onto workers, keep up to date with their taxes, and avoid insolvencies. Nonetheless, OBR anticipate a significant rise in unemployment – to 7.5% in our central forecast – as this support is withdrawn in the spring.
- 4.15 The economic outlook remains highly uncertain and depends upon the future path of the virus, the stringency of public health restrictions, the timing and effectiveness of vaccines, and the reactions of households and businesses to all of these. It also depends on the outcome of the continuing Brexit negotiations. In such circumstances, the value of a single 'central' forecast is limited.
- 4.16 CPI inflation falls from 1.8% last year to 0.8% in 2020, due in part to lower indirect taxes and energy prices, as well as increased slack in the economy. Thanks primarily to relatively weak average earnings growth, inflation remains subdued over the next three years, returning to the 2% target by the end of 2024. Whole economy inflation (as measured by the GDP deflator) is erratic in the short term, driven by the statistical treatment of public sector output (for example, school closures and the cancellation of non-virus-related operations are treated as raising the implicit price of education and health services). In the medium term, GDP deflator inflation settles at 2%.

### **Spending Review 2020 (SR20) 2021/22**

- 4.17 The Governments three year Comprehensive Spending Review (CSR) was planned to conclude in July 2020, however, on 24 March 2020 the Chancellor announced that

the CSR would be delayed 'to enable the Government to remain focussed on responding to the public health and economic emergency'

4.18 On 21 October 2020, the Chancellor announced the decision to provide a one-year Spending Review in order to prioritise the response to Covid19 and focus on supporting jobs. Details of this SR20 were published on 25 November 2020. The key points that are relevant to Local Government are as follows:

- a) Core spending power (CSP) for local authorities in 2021/22 is estimated to increase by 4.5% in cash terms. In calculating CSP, it has been assumed that authorities will increase Band D by the maximum amount, and that each authority's taxbase has increased in line with their average taxbase growth since 2016-17.
- b) £3bn worth of financial support to local authorities in 2021/22 in relation to Covid19 pressures as follows:
  - £1.55bn of grant funding to meet additional expenditure pressures as a result of Covid19.
  - £670m grant funding to help households that are least able to afford council tax payments.
  - Estimated £762m compensation payments for 75% of irrecoverable loss of council tax and business rates revenues in 2020/21.
  - Extending the current sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021.
- c) Maintaining the existing New Homes Bonus scheme for a further year with no new legacy payments. This was confirmed in the provisional settlement on 17 December 2020 as two payments in respect of years 8 and 9 as planned, and a further one-off payment (year 11), this can be seen in the chart in paragraph 8.11 table 5. The Government is inviting views on a replacement for NHB.
- d) Continuation of the option for shire districts with the lowest council tax levels allowed increases in council tax of up to 2% or £5 whichever is higher, the £5 was confirmed in the provisional settlement.
- e) Rural Services Delivery Grant (RSDG) will continue in 2021/22.
- f) £254m of additional resource funding to tackle homelessness and rough sleeping in 2021/22.
- g) The Government have indicated that they are unlikely to extend further Covid19 related support through business rates reliefs, outline plans for 2021/22 reliefs are expected in the New Year.
- h) Public sector pay freeze in 2021/22 for some workforces, pay rises for NHS workers and increases for the lowest paid. The Government has no formal role in the decisions around annual local government pay increases, these are developed through negotiations between the LGA and the relevant trade unions.

- i) Confirmation that the Fair Funding Review, Business Rates Review and business rates reset will be delayed. A fundamental review of the business rates system will be undertaken, and the Government are considering responses to the call for evidence. A final report with conclusions of this review is expected spring 2021.
- j) To support businesses in the near-term, the Government has decided to freeze the business rates multiplier in 2021/22, saving businesses in England an estimated £575m over the next five years. Local authorities will be fully compensated through S31 grants.
- k) Reform of the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield. The Government cut PWLB lending rates to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate, with effect from 26 November 2020.
- l) The government is launching a new Levelling Up Fund worth £4bn (£600m in 2021/22), to invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. Bids for projects of around £20m that can be delivered in 2-3 years will be considered. The Prospectus is likely to be released early in the New Year.
- m) £300m of new grant funding for adult and children's social care, in addition to the £1bn announced at SR19 that is being maintained in 2021/22. In addition, local authorities will be able to levy a 3% adult social care precept.
- n) Negative Revenue Support Grant is now fully funded.

4.19 The Provisional Finance Settlement was announced on the 17 December 2020 and provided Mid Suffolk with additional funding of £733k of which £177k has been built into the 2021/22 budget. The remainder is to be transferred to either earmarked reserves or reallocated to cover Business Rates or Council Tax losses.

4.20 The headlines are as follows:

- No increase to the Business rates baseline funding - as part of the Council's own forecast budget additional income of £1.6m (including renewable energy business rates income of £479k) is expected.
- Part of the S31 grant allocation is £150m compensation for under-indexing the Business Rates multiplier, of which Mid Suffolk's share is £118k. Again, after calculating all elements of the S31 grant as part of the Council's own forecast, the net impact, is an overall increase in S31 grants of £4k.
- The Business Rates Levy and Suffolk Business Rates Pool forecasts will be calculated once all information has been received from the other Local Authorities in Suffolk in February 2021.
- Rural Services Delivery Grant increased by 4.9%, for Mid Suffolk this is an additional £21k.

- New Homes Bonus is £174k less than originally estimated mainly due an increase in the number of empty properties, this element of the allocation was not included in the original estimate.
- New for 2021/22 only, a Lower Tier Services grant introduced of £111m to ensure no council sees a reduction in core spending power as a result of the £285m reduction to the 'final year' of New Homes Bonus payments. Mid Suffolk's allocation of the Lower Tier Services grant is £228k.
- Mid Suffolk's share of the £1.55bn 5<sup>th</sup> tranche of Covid19 grant funding has been confirmed at £438k. This has not been included in the funding at this stage, the financial impacts of Covid19 will be assessed during 2021/22, in the meantime this grant will be placed in the Covid19 earmarked reserve.
- New Local Council Tax Support Grant £670m – outside the core settlement and is to fund authorities for the expected increase in Local Council Tax Support in 2021/22. This grant is to be allocated between Suffolk County Council, Suffolk Police and Crime Commissioner and Mid Suffolk. Provisional allocations are as follows:

	£
Mid Suffolk	102,105
Suffolk County Council	558,998
Suffolk Police and Crime Commissioner	92,673
<b>Total</b>	<b>753,776</b>

Of the £102k allocated to Mid Suffolk, £32k will be distributed to Town and Parish Councils as part of the first instalment of their precept payment in April 2021. See Appendix C for a detailed breakdown. The remaining £70k will be transferred to the Business Rates and Council Tax earmarked reserve to help mitigate the impact of expected increases in Local Council Tax Support during 2021/22.

- 4.21 Table 1 below shows the Provisional Finance Settlement compared to the provisional budget for 2021/22.

**Table 1: Provisional Finance Settlement**

	<b>2021/22 Assumed</b>	<b>2021/22 Provisional Settlement</b>	<b>(Increase)/ Decrease</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
New Homes Bonus	1,235	1,061	174
Rural Services Delivery Grant	433	454	(21)
Lower Tier Services Grant	-	228	(228)
LCTS grant	-	102	(102)
<b>Included as funding</b>	<b>1,668</b>	<b>1,845</b>	<b>(177)</b>
<b>Other funding announced</b>			
5th Tranche of COVID19 funding		438	(438)
Compensation for under-indexing the business rates multiplier. Included as part of S31 grants		118	(118)
<b>Total</b>	<b>1,668</b>	<b>2,401</b>	<b>(733)</b>

## 5. HOW IS THE COUNCIL'S REVENUE BUDGET BEING SPENT IN 2020/21?

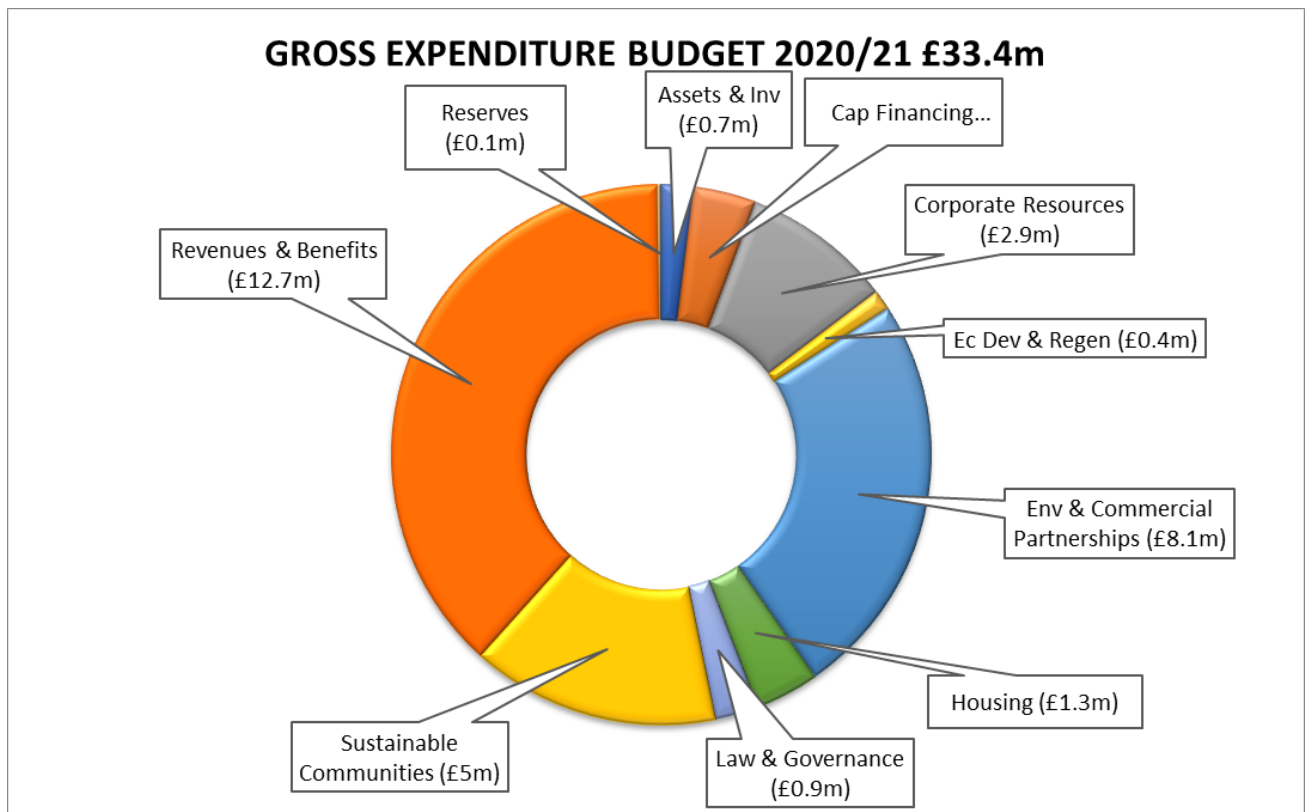
The Council's 2020/21 gross expenditure is £33.4m and Income is £23.4m giving a net cost of service of £10m. Table 2 below shows how this is funded.

**Table 2: Revenue Budget 2020/21**

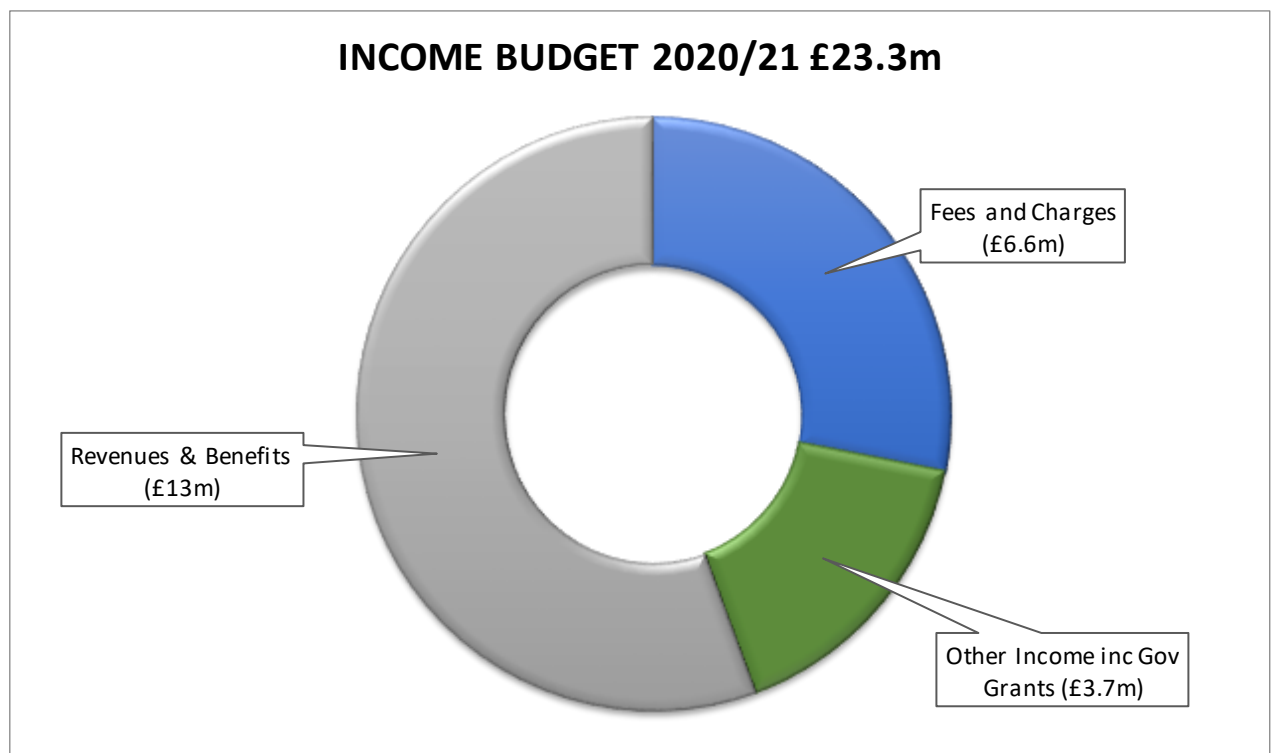
	<b>£,000</b>
<b>Gross Expenditure</b>	<b>33,371</b>
<b>Income</b>	<b>(23,339)</b>
<b>Net expenditure 2020/21</b>	<b>10,033</b>
<b>Transfer to Commercial Development Risk Management Reserve</b>	<b>1,000</b>
<b>Funded by:</b>	
Earmarked Reserves	(986)
New Homes Bonus	(1,613)
S31 Grant	(1,405)
Business Rates	(2,300)
Collection Funds (Surplus)	(27)
Rural Services Delivery Grant	(433)
Council Tax	(6,296)
<b>Total Funding</b>	<b>(13,060)</b>
<b>Budget deficit / (surplus)</b>	<b>(2,027)</b>

- 5.1 Graph 1 below shows how the £33.4m gross expenditure is allocated across the services and Graph 2 below shows the breakdown of the £23.3m income. The funding element is not shown in these graphs.

**Graph 1 Gross Expenditure by service area in 2020/21**



**Graph 2 Income by service area in 2020/21**



- 5.2 The Revenues and Benefits element (£13m) in both the expenditure and the income charts above includes housing benefit paid out to claimants and reimbursed from the Government.

- 5.3 The forecast position for 2020/21 at quarter 2 reported to Cabinet in December 2020 showed a projected surplus of £848k. However, there almost certainly will be further variances that occur throughout the remainder of the year. An updated position will be reported to Cabinet in March 2021 and the final outturn position in July 2021.

## **6. MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2021-2025**

### **Strategic Aims**

- 6.1 In order to achieve the Council's Vision, the Council needs to take a medium-term view of the budget through a robust financial strategy that is focused on delivering the 6 corporate strategic priorities.
- 6.2 The Council's main strategic financial aim remains to become self-financing i.e. not reliant on Government funding. The Council's parallel aim is to generate more funds than are required purely for core services, in order to enable additional investment into the district.
- 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.

### **Principles**

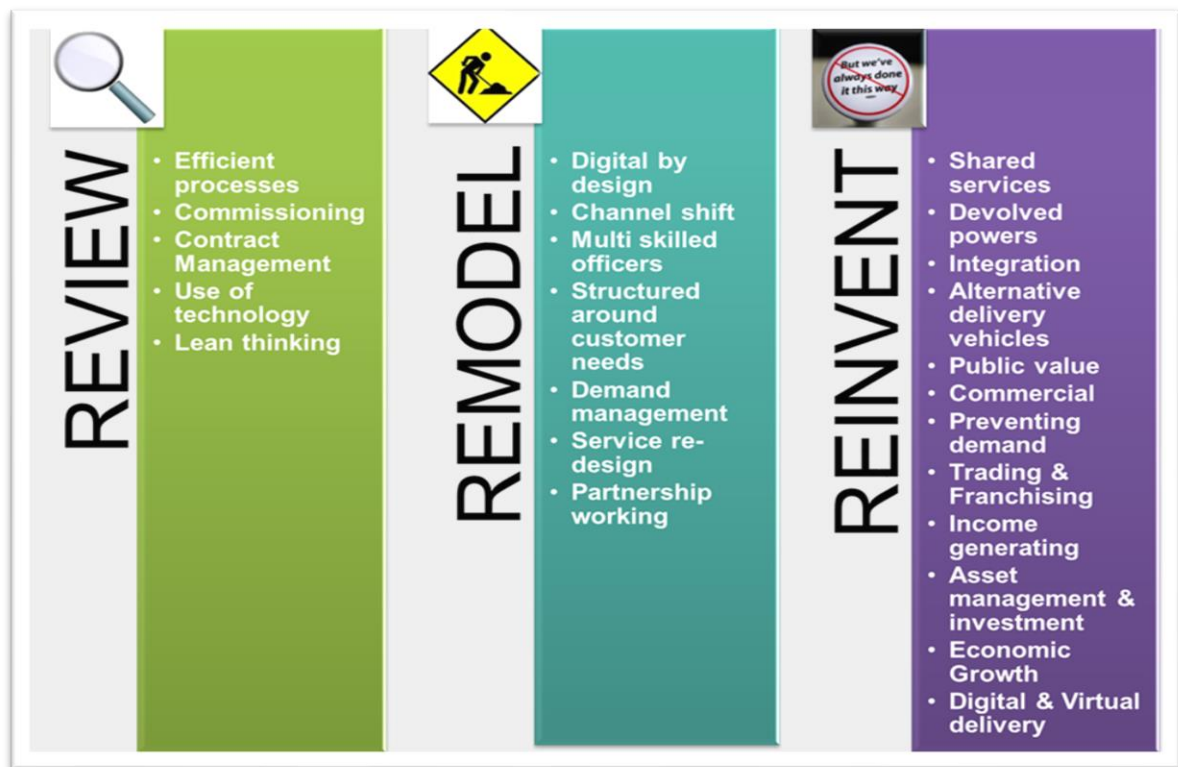
- 6.4 The approach over the medium term is to transform the Council into an organisation that is thriving and not just surviving, by continuously reviewing, remodelling and reinventing the way the Council operates. In order for the Council to thrive, a strong focus is placed on the wellbeing of our staff.

The following overarching principles are considered when evaluating ideas and opportunities for change:

- 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
- Reduced climate change and biodiversity impact

- 6.5 The focus is on:
- internal efficiencies and improvements;
  - continuously streamlining work and reducing waste in processes;
  - greater cross-functional working and multi-skilling;
  - improving ways of working to move away from 'professional silos' and toward integrated services for the public;
  - customer demand understood, analysed and met through new services and business models;
  - demand is re-shaped and managed while engaging service users to ascertain priorities.

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



- 6.7 Work is underway across the Council re-designing our service delivery using these three underpinning strands. However, during 2020/21 the focus for many service areas was diverted to responding swiftly and effectively to needs of our communities, residents and businesses to help mitigate the impact of the Covid19 pandemic.

#### **Achievement during 2020/21**

- Business process reengineering programme of work
- Customer transformation programme
- ICT review and new strategy
- Reviewed complaints and FOI processes
- Review of performance framework
- New model for Disabled Facilities Grants
- Development of the Asset Management Plan
- Staff survey action plan
- Commissioning and procurement review
- New economic evidence base, refreshed strategy and action plan

- 6.8 Further work will continue in 2021/22 and is likely to require a longer-term approach and may require additional resources and investment. The Council will continue this approach in order to transform the way it 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 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 invest in improved service delivery across the District. However, some of these will not be realised until 2022/23 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 2021/22 the Council is using £770k from earmarked reserves against specific service expenditure, this includes £250k for Locality budgets from the Growth and Efficiency fund. The Council is able to transfer all of the £1.409m S31 grants and £1.061m New Homes Bonus to reserves as well as the surplus for the year of £3.034m.
- 7.5 Table 3 below shows the earmarked reserves balance from 31 March 2020, forecast through to 31 March 2022. This shows that the level of reserves (excluding CIL) increases by 1% over the two years.

**Table 3: Forecast Earmarked Reserve Levels**

MID SUFFOLK									
Transfers to / from Earmarked Reserves	Balance 31 March 2020	Transfers between	Forecast transfers to	Forecast transfers from	Balance 31 March 2021	Transfers between	Forecast transfers to	Forecast transfers from	Balance 31 March 2022
Growth and Efficiency Fund	(9,395)	1,640	(6,045)	10,166	(3,634)		(4,167)	2,808	(4,992)
Commercial Development Risk Management	(1,500)	(1,000)			(2,500)		(1,631)		(4,131)
Business Rates and Council Tax	(2,853)	140	(2,276)		(4,989)		(1,376)	2,276	(4,089)
Business Rates Retention Pilot	(904)			132	(772)			92	(680)
Climate Change and Biodiversity	-	(500)			(500)		(500)		(1,000)
Government Grants	(253)			26	(227)		(5)		(232)
Commuted Maintenance Payments	(665)		(14)	25	(654)			63	(591)
COVID19	-	(280)			(280)				(280)
Elections Fund	(28)		(20)		(48)		(20)		(68)
Elections Equipment	(35)				(35)				(35)
Homelessness	(381)		(59)	6	(433)		(34)	124	(343)
Temporary Accommodation	(256)		(74)	9	(320)		(95)	15	(401)
Planning (Legal)	(439)		-	333	(107)		(250)	25	(332)
Neighbourhood Planning Grants	(74)		(90)	25	(139)			32	(107)
Community Housing Fund	(243)			38	(205)			26	(180)
Strategic Planning	(64)			50	(14)				(14)
Joint Local Plan	(138)			138	-				-
Planning Enforcement	(45)				(45)		(50)		(95)
Repairs and Renewals	(292)				(292)				(292)
Welfare Benefits Reform	(7)				(7)				(7)
Well-being	(275)			1	(274)			56	(217)
Waste	(38)			20	(18)				(18)
<b>Total Earmarked Reserves excluding CIL</b>	<b>(17,884)</b>	<b>-</b>	<b>(8,577)</b>	<b>10,969</b>	<b>(15,492)</b>	<b>-</b>	<b>(8,128)</b>	<b>5,516</b>	<b>(18,104)</b>
Community Infrastructure Levy (CIL)	(16,833)				(16,833)				(16,833)
<b>Total Earmarked Reserves</b>	<b>(34,717)</b>	<b>-</b>	<b>(8,577)</b>	<b>10,969</b>	<b>(32,325)</b>	<b>-</b>	<b>(8,128)</b>	<b>5,516</b>	<b>(34,937)</b>

- 7.6 There is an agreed process for CIL bids, however nothing has been included in this table for CIL income and expenditure for 2021/22 as this is difficult to predict.

- 7.7 The level of risk has been assessed regarding the Councils in-district planned brownfield and greenfield commercial developments. These include Needham Market and Stowmarket middle schools, the Councils former offices in Needham Market and the major development planned for the Gateway 14 site in Stowmarket. The income from these redeveloped sites is anticipated a way in the future, therefore, a prudent decision has been made to transfer a further £1.631m to the Commercial Development Risk Management reserve in 2021/22 increasing the reserve to a total of £4.1m. As these developments come to fruition the level of the reserves may not be needed.
- 7.8 It is proposed that £1,376m be transferred to the Business Rates and Council Tax reserve to offset any potential impacts of non-collection, bad debts or appeals that may arise during 2021/22 and beyond.
- 7.9 It is proposed that a further £500k be transferred to the Climate Change and Biodiversity earmarked reserve which was established in 2020/21 increasing the reserve to a total of £1m. This will help to ensure funding is available for the recommendations from the Climate Change Taskforce.
- 7.10 To support the unpredictable nature of planning appeals and associated legal costs, it is proposed that an additional £250k be transferred to the Planning (Legal) earmarked reserve and £50k to the Planning Enforcement earmarked reserve.
- 7.11 In addition to the earmarked reserves, the Council also holds a general fund reserve of £1.05m, which equates to approximately 11% of the net cost of service. This is a prudent level of reserve to hold, as has been evidenced by the Covid19 pandemic this year, 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 POSITION TO 2024/25**

- 8.1 To establish the medium-term budget position 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.

### **Funding**

- 8.2 Funding arrangements for councils have changed significantly in recent years, the revenue support grant has been completely removed for the Council and New Homes Bonus (NHB) legacy payments continue to be phased out. Government has indicated that a consultation paper on the future of NHB will be published shortly.
- 8.3 2019/20 was the last year of the four-year Comprehensive Spending Review where councils had some certainty about their funding levels. 2020/21 and 2021/22 continue to be one off Spending Reviews, therefore the medium-term position continues to be more difficult to forecast.
- 8.4 MHCLG is still committed to delivering the wider reforms to local government funding however whether this is achievable for 2022/23 remains to be seen, as fully worked proposals for consultation would need to be ready before Summer 2021.
- 8.5 Government has recognised that councils are now more reliant on council tax and business rates as the main sources of funding. A full review of the business rates system is expected to be published in Spring 2021. This is needed now more than ever with the impact of Covid19 on the economy.

- 8.6 Since NHB was introduced in 2011/12 the Council has received £16.6m in total.
- 8.7 As shown in Table 4 below, the use of NHB to balance the budget increased from 13% in 2017/18 to 24% in 2018/19. Since 2019/20 the Council continues to be in the position of being able to balance the budget without any use of NHB transferring the full allocation to earmarked reserves. From 2011/12 to 2020/21 £8.4m NHB has been transferred to the Growth and Efficiency Fund
- 8.8 Whilst the Council is not reliant on NHB to balance the budget in any year up to 2024/25, the anticipated surplus reduces year on year as NHB is phased out and inflationary pressures continue to increase the Councils net cost of service. By 2024/25 the projected surplus is £2.7m a decrease on the 2021/22 position of £2.7m. If the Council wishes to continue to have resources for investment, actions will need to be taken over the next 3 years under the principles of Medium-Term Financial Strategy.

**Table 4: New Homes Bonus used from 2017/18 to 2021/22**

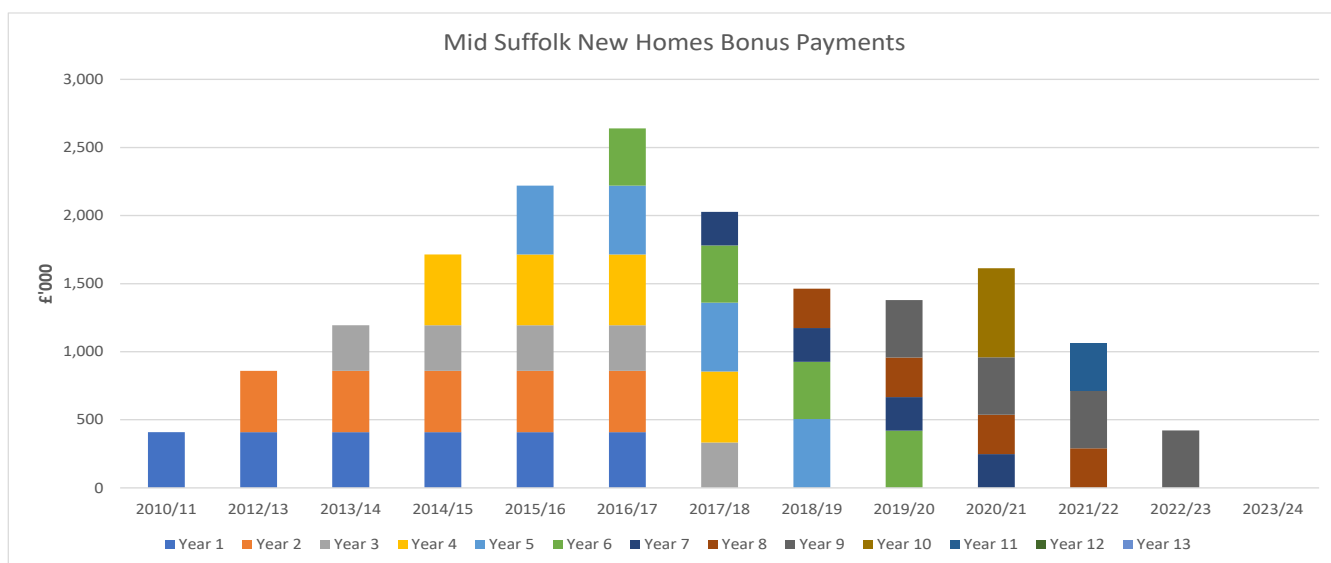
	2017/18	2018/19	2019/20	2020/21	2021/22
	£'000	£'000	£'000	£'000	£'000
Amount of NHB received	2,028	1,463	1,380	1,612	1,061
NHB used to balance the budget	267	354	0	0	0
% NHB used to balance the budget	13%	24%	0%	0%	0%

- 8.9 Table 5 and Graph 3 below shows the NHB over the last ten years plus the estimated allocations for 2021/22 to 2023/24. This assumes 0.8% growth over and above the 0.4% threshold, one more year's growth for 2021/22 only and the legacy payments being phased out from 2020/21 year on year with nothing being received in 2023/24.
- 8.10 This shows how NHB has declined from a peak of £2.6m in 2016/17 to £1.1m in 2021/22, 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.
- 8.11 For 2021/22 the 0.4% growth for Mid Suffolk means that the first 171 new homes built will receive no payment.

**Table 5: New Homes Bonus sums per year**

												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	2023/24
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										653				
Year 11											349			
Year 12														
Year 13														
Total	409	860	1,194	1,714	2,221	2,641	2,028	1,463	1,380	1,612		1,061	422	

**Graph 3: New Homes Bonus Payments - Estimated for 2021/22 to 2023/24**



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

- a) Minimal use of reserves after 2023/24.
- b) NHB as per Table 5 above.
- c) No growth in business rates income above the 2021/22 level.
- d) Nothing has been included for forecast Business Rates surplus or deficit beyond 2020/21 based on the assumption that the business rates and council tax earmarked reserve will accommodate this.
- e) Rural Services Delivery grant has increased from £433k to £454k and will continue at the higher level for the next three years.
- f) Council Tax increase of 1.66% each year for the next three years, generating on average an incremental additional £110k per annum.
- g) Tax base growth of 1% every year for the next four years, which generates approximately £68k per annum.
- h) As mentioned in paragraph 4.8, the impact of Covid19 has resulted in a lower taxbase for 2021/22 due to an increase in LCTRS caseload and an assumed lower collection rate. It is anticipated that this will start to recover from 2022/23 to 2023/24.

8.13 Table 6 below shows the forecast funding from 2021/22 to 2024/25. Ignoring the use of reserves, funding decreases by 4% over the 4-year period. This is mainly due to the assumed reduction and phasing out of NHB as shown in Table 5 above.

8.14 By 2023/24 Government funding is expected to reduce significantly except for Rural Services Delivery Grant. The main sources of funding for the Council are Business Rates and Council Tax.

**Table 6: Forecast Funding 2021/22 – 2024/25**

Description	2020/21	2021/22	2022/23	2023/24	2024/25
	Budget	Budget	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000
<b>Funding:</b>					
Other Earmarked Reserves	(736)	(520)	(127)	(49)	(49)
Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	(250)	(250)	(250)
New Homes Bonus - provisional 2021/22 onwards	(1,613)	(1,061)	(422)	-	-
S31 Business Rates Grant	(1,405)	(1,409)	(1,409)	(1,409)	(1,409)
Government Support					
(a) Baseline business rates	(2,540)	(4,128)	(4,128)	(4,128)	(4,128)
(b) B/Rates – levy	727	727	727	727	727
(c) B/Rates – growth/pooling benefit	(367)	(367)	(367)	(367)	(367)
(d) B/Rates prior yr surplus	(120)	(678)	-	-	-
(e) Rural Services Delivery Grant	(433)	(454)	(454)	(454)	(454)
(f) Lower Tier Services Grant	-	(228)	-	-	-
Council Tax Collection Fund surplus	(27)	(31)	(31)	(31)	-
Council Tax - an increase of 1.66% per annum	(6,220)	(6,329)	(6,453)	(6,701)	(6,919)
(Growth) / Reduction in taxbase - 1% 2022/23 onwards	(76)	(124)	(174)	(104)	(68)
Impact of LCTRS on taxbase	-	71	37	-	-
Local Council Tax Support Grant	-	(102)	-	-	-
<b>Total Funding</b>	<b>(13,060)</b>	<b>(14,883)</b>	<b>(13,051)</b>	<b>(12,765)</b>	<b>(12,916)</b>

**2021/22 Budget**

- 8.15 The summary in Table 7 below shows breakdown of the Council's net cost of service for 2021/22 (£9.379m) compared to 2020/21 (£10.033m), a decrease of £652k.

The Council's 2021/22 gross expenditure is £32m and Income is £22.7m giving a net cost of service of £9.3m.

**Table 7:**

<b>GENERAL FUND REVENUE BUDGET SUMMARY</b>				
		<b>2020/21</b>	<b>2021/22</b>	<b>Movement</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
1	Employee Costs - excl grant & reserve funding 21/22 £347k	9,568	10,087	520
2	Premises	812	844	32
3	Supplies & Services	5,178	4,294	(884)
4	Transport	316	371	56
5	Contracts	3,560	3,948	388
6	Revenues and Benefits	12,593	11,257	(1,337)
	<u>Capital Financing Charges</u>			
7	Interest Payable (Other)	97	97	-
8	Interest Payable (Pooled Funds)	30	30	-
9	Interest Payable (CIFCO)	510	474	(36)
10	Interest Payable (CIFCO - further investment)	106	91	(15)
11	Interest Payable (Other Commercial Investments)	421	175	(246)
12	MRP	1,255	1,371	116
13	Transfers to Reserves	67	224	157
15	Charge to HRA	(1,137)	(1,192)	(55)
15	Charge to Capital	(4)	(4)	(0)
16	<b>Gross Expenditure</b>	<b>33,371</b>	<b>32,066</b>	<b>(1,304)</b>
17	Revenues and Benefits income	(13,118)	(11,764)	1,354
18	Other Income	(6,863)	(6,515)	348
	<u>Investment Income</u>			
19	Pooled Funds	(566)	(566)	-
20	Interest Receivable (Cash Surplus)	(4)	(31)	(27)
21	Interest Receivable (CIFCO)	(1,162)	(1,156)	6
22	Interest Receivable (CIFCO - further investment)	(594)	(1,023)	(430)
23	Interest Receivable (Other Commercial Investments)	(1,033)	(1,631)	(598)
24	<b>Gross income</b>	<b>(23,339)</b>	<b>(22,687)</b>	<b>652</b>
25	<b>Net Service Cost</b>	<b>10,033</b>	<b>9,379</b>	<b>(652)</b>
26	Transfers from Reserves - earmarked	(736)	(520)	216
27	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
28	New Homes Bonus	(1,613)	(1,061)	551
29	S31 Business Rates Grant	(1,405)	(1,409)	(4)
30	Baseline business rates	(2,540)	(4,128)	(1,588)
31	Business rates levy	727	727	-
32	Business rates – collection fund deficit / (surplus)	(120)	(678)	(558)
33	Business rates – growth/pooling benefit	(367)	(367)	-
34	Rural Services Delivery Grant	(433)	(454)	(21)
35	Lower Tier Services Grant	-	(228)	(228)
36	Council Tax	(6,296)	(6,382)	(85)
37	Council Tax Surplus on Collection fund	(27)	(31)	(4)
38	Local Council Tax Support Grant	-	(102)	(102)
39	<b>Total Funding</b>	<b>(13,060)</b>	<b>(14,883)</b>	<b>(1,823)</b>
40	<b>Shortfall / (Surplus) funding</b>	<b>(3,027)</b>	<b>(5,504)</b>	<b>(2,475)</b>
41	Transfer to Growth and Efficiency Fund	2,027	1,697	(330)
42	Transfer to Commercial Development Risk Management reserve	1,000	1,631	631
43	Transfer to Business Rates and Council Tax reserve	-	1,376	1,376
43	Transfer to Climate Change & Biodiversity earmarked reserve	-	500	500
44	Transfer to Planning (Legal) earmarked reserve	-	250	250
45	Transfer to Planning Enforcement earmarked reserve	-	50	50

8.16 The approach for the 2021/22 budget setting included “budget challenge sessions” which consisted of Corporate Managers taking a group of peers (comprising other Corporate Managers and Assistant Directors) through their budgets line by line. The

peer group provided challenge and review to the budgets. As a result, a number of savings were identified, as shown in the explanations below.

- 8.17 This work will continue throughout 2021/22 as there were a number of areas that were identified that are aligned to the approach set out in section 6 of this report and will require further work in order to deliver efficiencies.
- 8.18 In calculating the 2021/22 budget, the following assumptions have been made:

### **Staffing**

- Grant funding and reserves of £347k are being used to fund staffing costs in 2021/22.
- 2% pay award, however this will depend on the agreement between LGA and the relevant trade unions, this amounts to £191k.
- Incremental progression through grades to the value of £126k have been included.
- Pension fund assumptions
  - future rate contribution - 23%, no change from 2020/21.
  - pension deficit lump sum – 1% per annum reduction from 2021/22, saving £69k.
- Excluding the items mentioned above the staffing costs for the Council in 2021/22 have reduced by £121k.

### **Premises**

- Insurance premium for theft from unoccupied buildings £23k increase.
- An increase in the repairs costs to PV Panels has been identified totalling £53k

### **Supplies & Services**

- A change to management arrangements for the Mid Suffolk leisure centre contract has resulted in savings of £420k.
- The removal of planning appeal expenditure previously funded from reserves has resulted in savings of £330k.
- ICT cost savings have been identified of £128k as a result of migrating to Microsoft Teams, a review of licences and digital transformation.
- Increase to service charges for Endeavour house £43k, subject to discussions with Suffolk County Council.
- Savings to print post and stationery have been identified totalling £27k.

### **Transport**

- Proposal to convert the Council's fleet to hydrogenated vegetable oil (HVO) to reduce the Council's carbon emissions, if approved, will increase vehicle running costs by £88k.

- Reduction to travel costs including essential user and disturbance allowances, saving £68k, but also contributing to the Council's reduction in carbon emissions.

### **Contracts**

- Contracts – general 2% inflationary increase totalling £89k including, SRP and some ICT contracts.
- Major contracts – Waste increase of £235k.

### **Income**

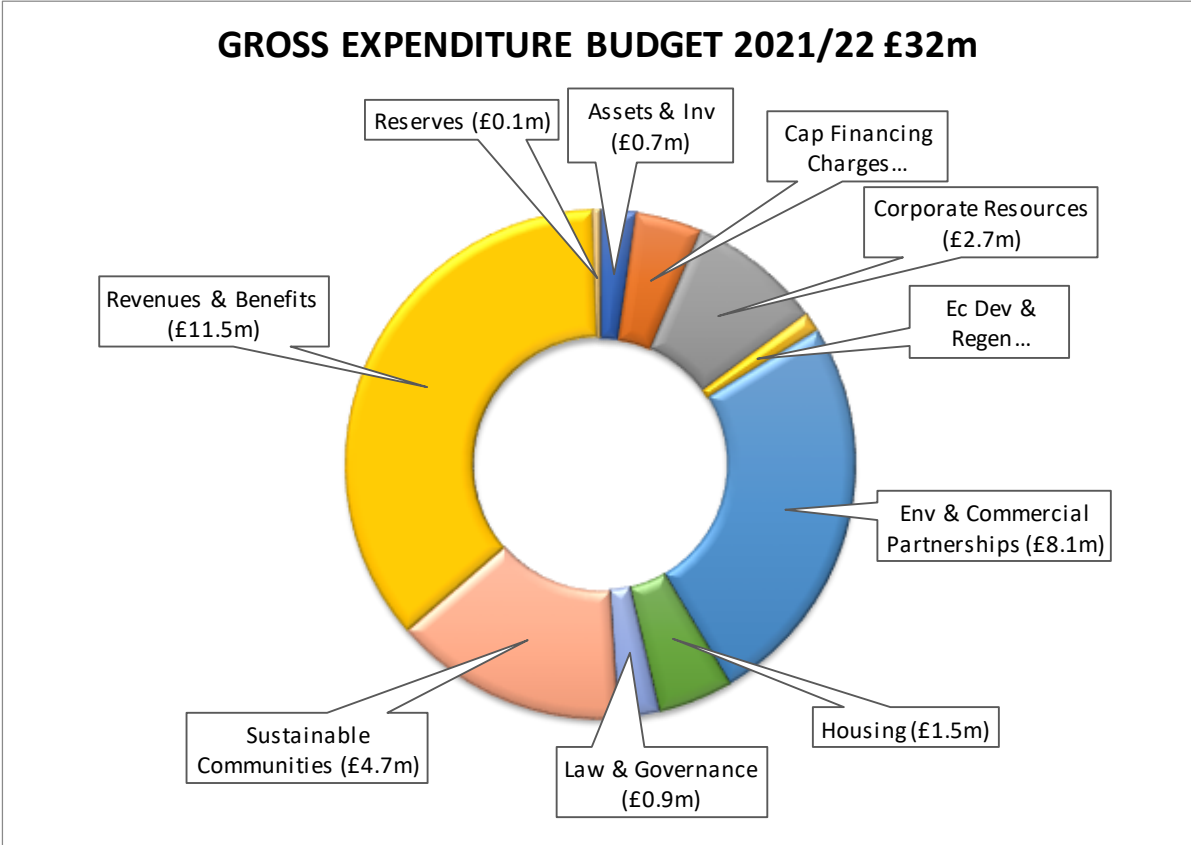
- As a result of Covid19 car parking income projections have been reduced by 30%, resulting in a reduction to income of £245k.
- Fees and charges inflationary increase of 3% totalling £62k for services including food and safety, street naming and numbering, public rights of way, rents, emptying of dog and litter bins, waste, licensing and land charges.

### **Capital Financing charges and Investment Income**

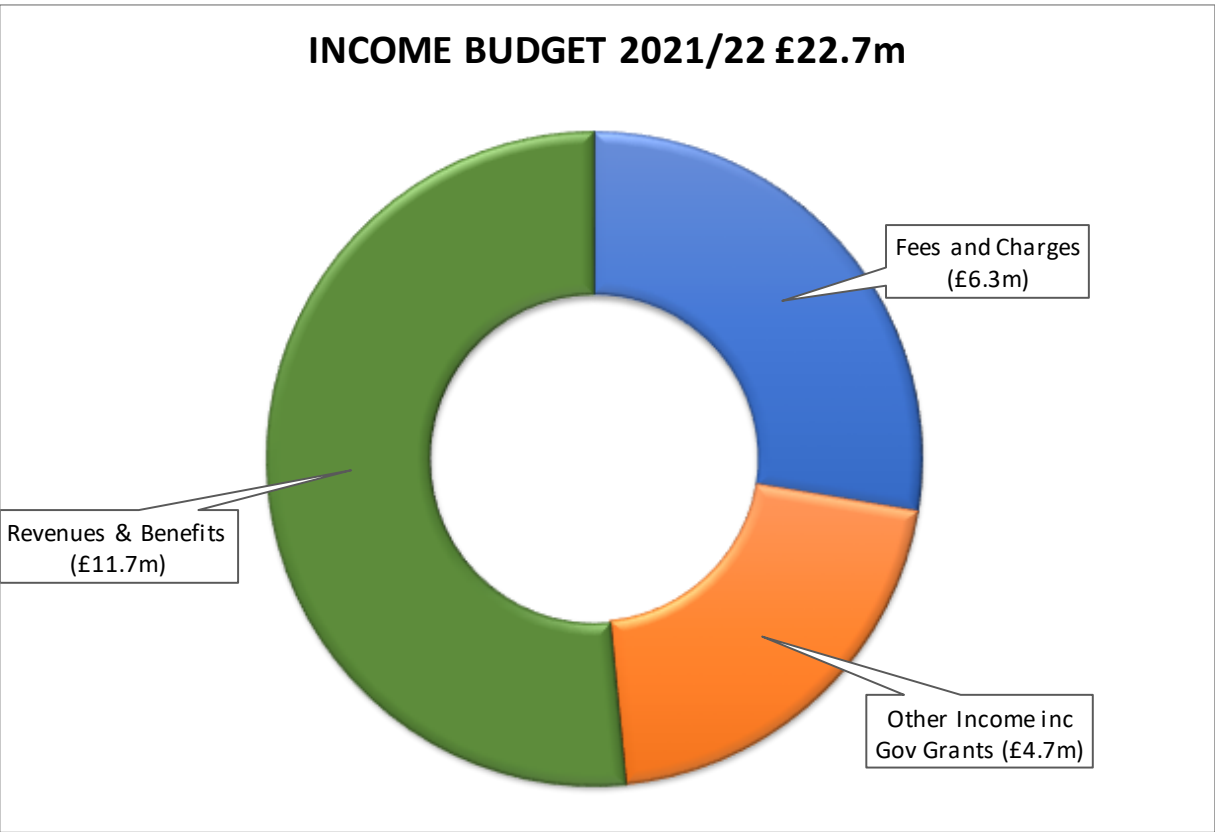
- An increase to the Council's borrowing requirements to fund the Capital Programme in 2021/22 has resulted in additional Minimum Revenue Provision (MRP) of £116k
- The Council is continuing to take advantage of low short-term interest rates for another year, saving £246k.
- With the full investment of CIFCO expected by the end of 2020/21, additional income has been included of £458k.
- Gateway14 Ltd – additional accrued income of £598k

8.19 Graph 4 below shows how the £32m gross expenditure is allocated across the services and Graph 7 below shows the breakdown of the £22.7m income. The funding element is not shown in these graphs.

**Graph 4 Gross Expenditure by service area in 2021/22**



**Graph 5 Income by service area in 2021/22**



- 8.20 The Revenues and Benefits element (£11.6m) in both the expenditure and the income charts above includes housing benefit paid out to claimants and reimbursed from the Government.

### Budget Surplus

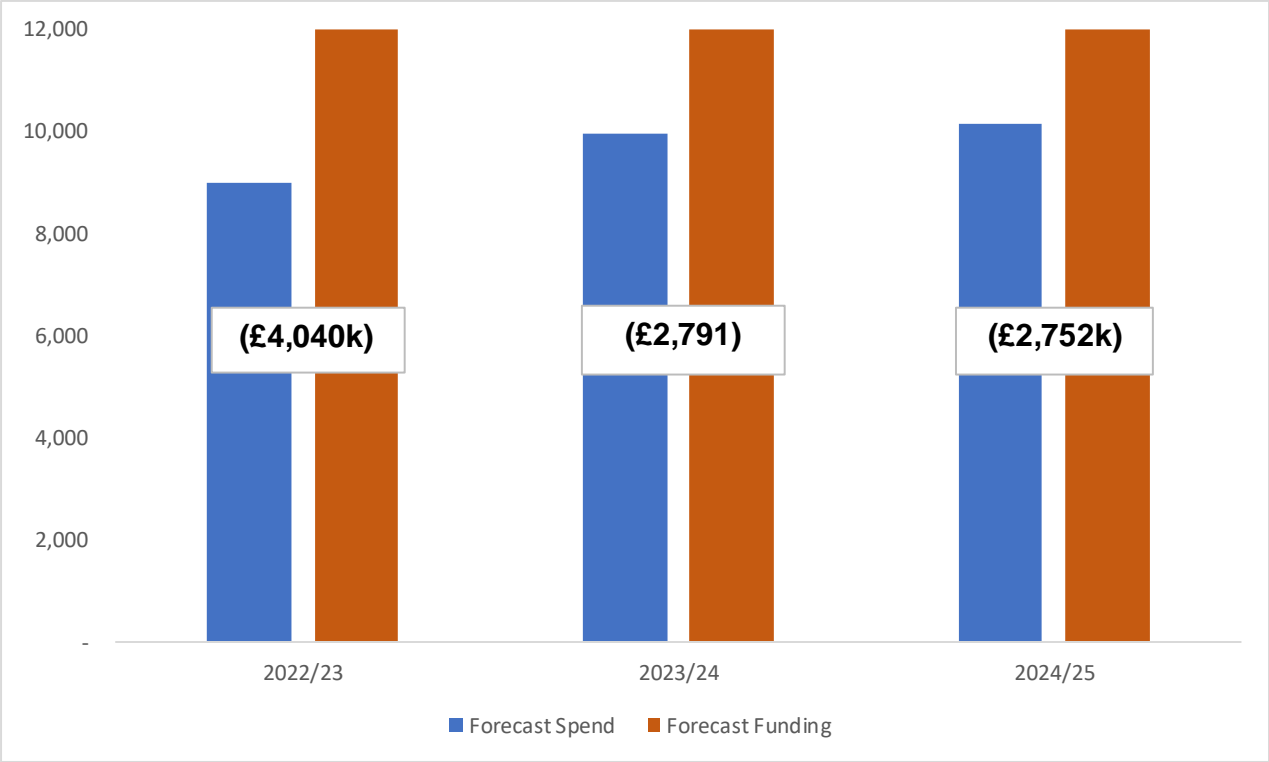
- 8.21 Table 8 below shows the forecast surplus for 2022/23 - 2024/25 with and without New Homes Bonus.
- 8.22 The position for 2021/22 is a £5.5m surplus which is being used to increase the Commercial Development Risk Management reserve by £1.631m, the business rates and council tax reserve by £1.376m, the Climate Change and Biodiversity reserve by £500k, the Planning (Legal) reserve by £250k and the Planning Enforcement reserve by £50k with the remaining £1.697m being transferred to the Growth and Efficiency reserve.
- 8.23 Over the next three years the net cost of service increases by £0.8m, mainly due to pay award, increments and inflationary increases on major contracts. The 1.66% increase in council tax and taxbase growth over the same period (£574k) covers 73% of this increase. Whilst the Council loses £1.1m in NHB funding over the same period, the Council's use of reserves reduces by £472k.
- 8.24 This puts the Council in a comfortable position once NHB is completely removed of achieving annual surpluses of approx. £2.7m. Over the three-year period from 2022/23 the Council's projected cumulative surplus with NHB is £9.6m.

**Table 8: Forecast Budget Surplus 2021/22- 2024/25**

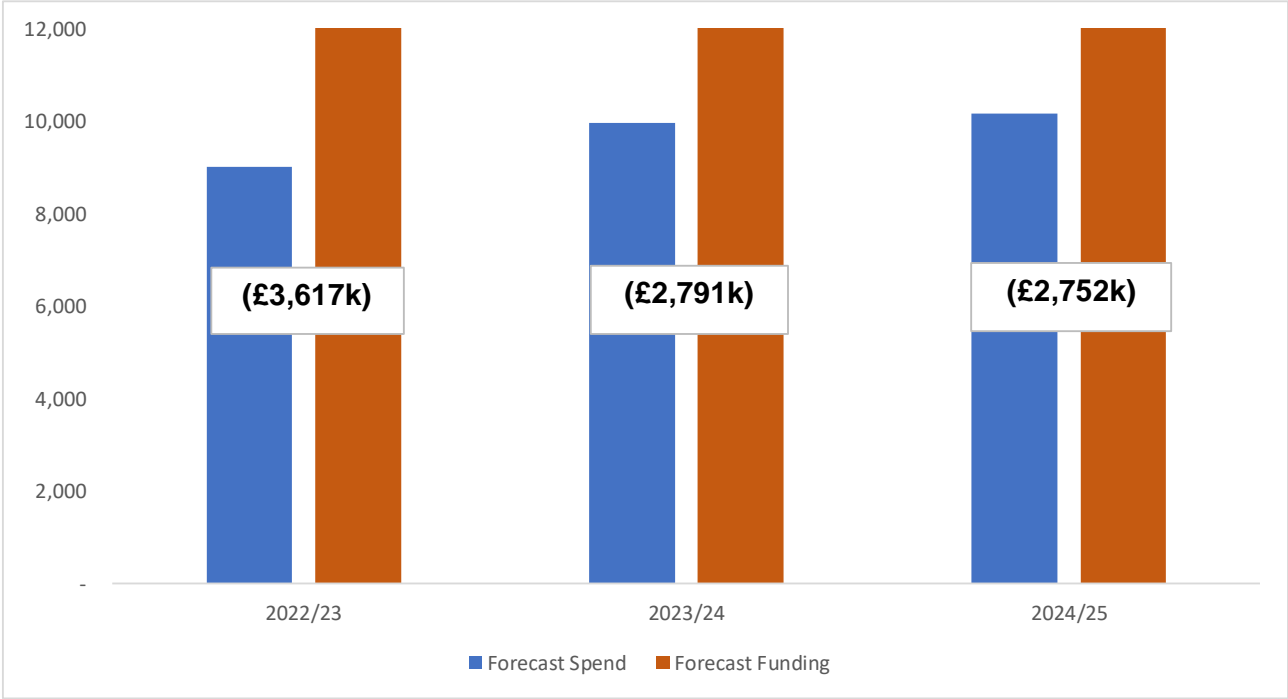
	Mid Suffolk		
	2022/23	2023/24	2024/25
<b>Net Service Cost current year</b>	<b>9,012</b>	<b>9,974</b>	<b>10,165</b>
Funding	(13,051)	(12,765)	(12,916)
<b>Annual Deficit /(Surplus)</b>	<b>(4,040)</b>	<b>(2,791)</b>	<b>(2,752)</b>
<b>Cummulative Deficit/(Surplus)</b>	<b>(4,040)</b>	<b>(6,831)</b>	<b>(9,583)</b>

	Mid Suffolk		
	2022/23	2023/24	2024/25
<b><u>Excluding NHB</u></b>			
<b>Net Service Cost current year</b>	<b>9,012</b>	<b>9,974</b>	<b>10,165</b>
Funding	(12,629)	(12,765)	(12,916)
<b>Annual Deficit /(Surplus)</b>	<b>(3,617)</b>	<b>(2,791)</b>	<b>(2,752)</b>
<b>Cummulative Deficit/(Surplus)</b>	<b>(3,617)</b>	<b>(6,409)</b>	<b>(9,160)</b>

**Graph 6: Forecast Budget surplus including NHB (annual) 2022/23 - 2024/25**



**Graph 7: Forecast Budget surplus, excluding NHB (annual) 2022/23 - 2024/25**



## **9. CIPFA RESILIENCE INDEX**

- 9.1 CIPFA's Financial Resilience Index, made publicly available for the first time in 2019, aims to support good practice in the planning of sustainable finance. The index does not come with CIPFA's own scoring, ranking or opinion on the financial resilience of an authority. However, users of the index can undertake comparator analysis drawing their own conclusions.
- 9.2 The 2020 index, which will provide the relative position for the 2019/20 financial year, will be made publicly available shortly. Councils performance will be ranked relative to those in the selected 'comparator group'.
- 9.3 As part of the audit work for the 2018/19 and 2019/20 financial statements, a going concern review was undertaken in light of Covid19. The Council has demonstrated that it is currently in a strong financial position with the level of reserves it has and the funding received from the Government mitigating the financial impact forecast at this stage.
- 9.4 The Council will continue to strive to remain self-financing over the next three years, using reserves as a last resort. Earmarked Reserves may be drawn on for their intended function, such as to mitigate the impact of Covid19, Climate Change initiatives, and funding specific projects. As such, the reserves indicators within the resilience index could move either way in future years.

### **CIPFA FM Code of Practice**

- 9.5 CIPFA has developed the Financial Management Code (FM Code) 'designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.' The FM code has several components including six Principles of Good Financial Management, setting the benchmark against which all financial management should be judged.
- 9.6 CIPFA expect the first full year of compliance with the FM Code to be 2021/22 and it is for individual authorities to determine whether they meet the standards. The Extended Leadership Team have taken part in the first workshop to develop awareness and understanding of the requirements of the code. Work will continue throughout 2021/22 to ensure the Council adopts best practice.

## **10. FEES AND CHARGES**

- 10.1 Fees and charges have been reviewed by budget holders as part of this budget setting process and a separate report was presented to Cabinet in January 2021. The impact of the charges being proposed have been built into the budget for 2021/22.

## **11. CAPITAL PROGRAMME**

- 11.1 The detailed Capital Programme is attached at Appendix A, the 2021/22 budget totals £20m. The most significant item of planned spend is £16m for further investment in the redevelopment of the Gateway 14 site.
- 11.2 Following review by Joint Audit and Standards Committee in January 2021, 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,

## **12. LINKS TO THE CORPORATE 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 Corporate Plan and aligns to the corporate outcomes against a backdrop of efficiency, and sound financial robustness. The underlying principle of the Medium-Term Financial Strategy is to be financially sustainable.

## **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).

## **15. RISK MANAGEMENT**

- 15.1 This report is most closely linked with the Council's Significant Risk No. 13 – We may be unable to respond in a timely and effective way to financial demands and also Corporate Risk No. 5E05 – 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:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
If the Council does not plan and identify options to meet the medium-term budget gap, then it will have a detrimental impact on the resources available to deliver services and the strategic priorities.	Unlikely - 2	Bad - 3	Clear priority outcomes and robust business cases for investment plus use of the Transformation Fund to support the MTFS and an Investment Strategy. The S151 Officer will submit the Section 25 report on the robustness of estimates and adequacy of reserves in February 2021.
If economic conditions and other external factors like Covid19 are worse than budgeted for it could have an adverse effect on the Councils 2021/22 and medium-term financial position	Probable – 3	Noticeable - 2	Maintain the focus and momentum on reducing the budget gap throughout the financial year. Announcement about additional Covid19 funding from the Government into 2021/22.  Maintain sufficient minimum reserve level to withstand the impact.

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
If the Council does not plan for the impact of Brexit, then there could be additional unexpected financial costs and a negative impact on the Councils funding.	Unlikely - 2	Bad - 3	<p>The Council has nominated a Brexit lead to work with Government and to plan for the impacts of Brexit across the Council.</p> <p>A corporate Brexit risk register has been created in consultation with all service areas.</p>

## **16. CONSULTATIONS**

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

## **17. EQUALITY ANALYSIS**

- 17.1 An equality impact assessment will be undertaken with each Assistant Director for any changes within the budget proposals.

## **18. ENVIRONMENTAL IMPLICATIONS**

- 18.1 Assistant Directors, Corporate Managers and other Budget Managers will consider the environmental impact of any savings proposals and throughout the year as they manage their budgets.
- 18.2 A number of initiatives are in progress to support the Council's Climate Change ambitions, including HVO fuel being introduced across the Councils fleet and reduced travel and printing as a result of a large majority of staff working from home.

## **19. APPENDICES**

<b>Title</b>	<b>Location</b>
Appendix A – Capital Programme	Attached
Appendix B - Budget, Funding and Council Tax Requirements and Robustness of Estimates and Adequacy of Reserves	Attached
Appendix C – Grant allocations to Town and Parish Councils	Attached
Appendix D - Budget Book 2021/22	Attached

## **20. BACKGROUND DOCUMENTS**

Provisional Local Government Finance Settlement

General Fund Financial Monitoring 2020/21 – Quarter 2 MCa/20/11

## CAPITAL PROGRAMME 2021/22 TO 2024/25

## APPENDIX A

Mid Suffolk District Council - General Fund Capital Budgets	2020/21 Anticipated C/Fwds	2021/22 Budget for Approval	2021/22 Total Spend Required	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Total Spend Required 2021/22 - 2024/25
2021/22 to 2024/25	(A)	(B)	(A + B)				
	£'000	£'000		£'000	£'000	£'000	£'000
<b>Housing</b>							
Mandatory Disabled Facilities Grant	666	579	1,245	376	376	376	2,372
Renovation/Home Repair Grants	0	100	100	100	100	100	400
Empty Homes Grant	169	100	269	100	100	100	569
Grants for Affordable Housing	340	0	340	0	0	0	340
<b>Total Housing</b>	<b>1,175</b>	<b>779</b>	<b>1,955</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>3,682</b>
<b>Environment and Projects</b>							
Replacement Refuse Freighters-Jnt Scheme	0	0	0	1,922	188	0	2,110
Hydrotreated Vegetable Oil (HVO) Fuel Storage Tanks	0	50	50	0	0	0	50
Bins	0	100	100	100	100	100	400
<b>Total Environment and Projects</b>	<b>0</b>	<b>150</b>	<b>150</b>	<b>2,022</b>	<b>288</b>	<b>100</b>	<b>2,560</b>
<b>Communities and Public Access</b>							
Vehicle and Plant Renewals	0	162	162	90	90	90	432
Leases on Car Parks (under new IFRS16)	0	0	0	91	0	0	91
Planned Maintenance / Enhancements-Car Parks	177	163	340	95	40	40	515
<b>Total Community Services</b>	<b>177</b>	<b>325</b>	<b>501</b>	<b>276</b>	<b>130</b>	<b>130</b>	<b>1,037</b>
<b>Sustainable Communities</b>							
Play equipment	0	65	65	50	50	50	215
Community Development Grants	0	189	189	189	189	189	756
<b>Total Sustainable Communities</b>	<b>0</b>	<b>254</b>	<b>254</b>	<b>239</b>	<b>239</b>	<b>239</b>	<b>971</b>
<b>Leisure Contracts</b>							
Stowmarket Leisure Cent - Improvements	0	405	405	100	100	100	705
Stradbroke Pool - Improvements	0	212	212	50	50	50	362
Stowmarket Leisure Cent - Refurbishment	1,880	0	1,880	0	0	0	1,880
Stradbroke Pool - Refurbishment	349	0	349	0	0	0	349
Solar Car Ports	223	377	600	0	0	0	600
<b>Total Leisure Contracts</b>	<b>2,452</b>	<b>993</b>	<b>3,445</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>3,895</b>
<b>Investment and Commercial Delivery</b>							
Planned Maintenance / Enhancements - Corporate Buildings	80	30	110	30	30	30	200
Leases on Property (under new IFRS16)	0	0	0	439	0	0	439
Strategic Investment Fund	3,000	0	3,000	0	0	0	3,000
Wingfield Barns	0	20	20	20	20	20	80
Regeneration Fund - HQ Sites	0	994	994	0	0	0	994
Gateway 14	997	16,003	17,000	0	0	0	17,000
Needham Lake Visitor Centre	470	220	690	0	0	0	690
<b>Total Investment and Commercial Delivery</b>	<b>4,547</b>	<b>17,267</b>	<b>21,814</b>	<b>489</b>	<b>50</b>	<b>50</b>	<b>22,403</b>
<b>ICT &amp; Customer</b>							
ICT - Hardware / Software costs	196	250	446	250	250	250	1,196
<b>Total Corporate Resources</b>	<b>196</b>	<b>250</b>	<b>446</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>1,196</b>
<b>TOTAL General Fund Capital Spend</b>	<b>8,547</b>	<b>20,017</b>	<b>28,565</b>	<b>4,002</b>	<b>1,683</b>	<b>1,495</b>	<b>35,744</b>
<b>GF Financing</b>							
Government Grants	686	879	1,565	376	376	0	2,317
S106	0	65	65	0	0	0	65
Reserves	4,947	200	5,147	0	0	0	5,147
Borrowing	2,915	18,873	21,788	3,626	1,307	1,495	28,215
<b>Total GF Capital Financing</b>	<b>8,547</b>	<b>20,017</b>	<b>28,565</b>	<b>4,002</b>	<b>1,683</b>	<b>1,495</b>	<b>35,744</b>

**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 18 February 2021.
- 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 2021/22 will be £171.59, based on an increase to Council Tax of £2.80 per annum for a Band D property which is the equivalent to 1.66%.
  - 2) The County Council precept requirement is still to be determined but is likely to be £1,397.35 for a Band D property in 2021/22, an increase of 4%.
  - 3) The Police and Crime Commissioner's precept requirement is still to be determined but is likely to be £237.75 an increase of 6.7%.
  - 4) At the time of preparing this report, not all Parish / Town Councils have supplied formal notification of their 2021/22 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 2021/22 are expected to be as follows:

15 April 2021	17 May 2021	15 June 2021	15 July 2021
16 August 2021	16 September 2021	15 October 2021	16 November 2021
15 December 2021	17 January 2022	15 February 2022	15 March 2022

## **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 2021/22.
- 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.
- 2.5 In October 2019, CIPFA published The CIPFA Financial Management Code, introduced in April 2020 and fully operational from April 2021. This code complements the Statement on the Role of the Chief Financial Officer, developing a set of financial management standards to be complied with. The standards emphasise how financial management is a collective responsibility of the Council's Corporate Leadership Team, acting alongside the CFO, stating that "it is for the leadership team to ensure that the authority's governance arrangements and style of financial management promote financial sustainability. Although not yet adopted these standards have been considered in drafting this statement.

**b) Financial Controls**

- 2.6 In December 2019, CIPFA provided the Council's Section 151 Officer with analysis relating to Mid Suffolk District Council from its newly developed 'Resilience Index' tool, designed to support and improve discussions surrounding local authority financial resilience. The tool is based on a series of indicators relating to the sustainability of reserves, external debt, fees & charges and income from local taxation (business rates and council tax). The information is based on the latest available annual data and reserves measures. The 2020 version has yet to be published by CIPFA and it is anticipated for some time in February. Information will be provided in the final report for Council if it is published in time. The following paragraphs describe how Mid Suffolk compared to its nearest neighbours last year, which are the councils that are statistically similar and is likely to be similar to what will be published this year.
- 2.7 The tool shows that the only areas where Mid Suffolk is higher risk is on external debt and interest payable compared to its nearest neighbours. This reflects the fact that we had to take on a significant amount of debt in relation to our housing stock in 2012 and our strategy to borrow money to generate a return to the council e.g. Cifco and Gateway 14 to replace reduced government funding. Based on this, I would expect Mid Suffolk to be higher than other authorities, but the decisions taken have been based on robust business cases and full consideration of the risks.

- 2.8 As a counterbalance to the higher risk on debt and interest costs, Mid Suffolk is low risk in terms of its level of reserves and changes in the level of reserves. Reserves could be used in the short term to offset the effect of any changes to investment plans, if required.
- 2.9 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.
- 2.10 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).
- 2.11 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the "Annual Governance Statement".
- 2.12 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) Budget Planning and Budget Management**

- 2.13 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 2021/22 and beyond.
- 2.14 Cost pressures and variations in key areas of income and expenditure have been carefully considered and reflected in the budget.
- 2.15 Key assumptions have been made and updated during the budget process to reflect the changing economic position and latest information. The continuing impact of Covid-19 on the Council's finances and budget assumptions for 2021/22 has also been considered and included in the process.
- 2.16 Detailed scrutiny, review and challenge of budgets has been undertaken by finance officers and the Senior Leadership Team.
- 2.17 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.

- 2.18 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.
- 2.19 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. There has been a delay in the external audit process for 2019/20, but an unqualified opinion was achieved for 2018/19 and is expected again for 2019/20.
- 2.20 As part of the audit work for the 2018/19 and 2019/20 financial statements, a going concern review was undertaken in light of Covid19. The Council has demonstrated that it is currently in a strong financial position with the level of reserves it has and the funding received from the Government mitigating the financial impact forecast at this stage.

**d) Adequacy of Insurance and Risk Management**

- 2.21 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.
- 2.22 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.
- 2.23 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.
- 2.24 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**

- 2.25 No budget can be completely free from risk and this is especially true with the ongoing Covid-19 pandemic affecting the Councils finances. Some comments on the areas of the budget having key financial impacts or significant changes for 2021/22 are set out below:

- **Covid-19** – With the prolonged duration of the Covid-19 pandemic there is likely to be an ongoing financial impact into 2021/22 and beyond in terms of increased costs and reduced income. The cost pressures are likely to be seen for homelessness, leisure provision and community grants. The reduced income is likely to be seen for car parking, council tax and business rates, but depending upon the extent of the continuing impacts it could also be seen in terms of trade and garden waste, planning income and commercial income. The Government has announced that funding support measures will continue into the first quarter of 2021/22 to assist with these impacts.
- **Pay and Pensions** – The budget includes provision for pay increases of 2% for each of the 4 years to 2024/25 and continues to provide for annual progression through pay scales where employees are not at the top of their grades. A public sector pay freeze was announced as part of the provisional local government financial settlement, but as local authorities are part of a different pay agreement the allowance at 2% has been retained. A 1% change in pay amounts to around £96k per annum.

Based on the 2019 triennial pension fund valuation a decrease of 1% per annum has been included for each of the three years that commenced from 2020/21.

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 £410k, which equates to 5%.

- **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 £39k.
- **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 as a result of the Covid-19 pandemic. A 30% reduction in the car parking income has been built into the budget to reflect an anticipated reduction in visitor numbers to car parks during 2021/22. A 1% change in income from planning, building control, garden waste, car park and recycling performance payments income is around £46k.
- **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. Following implementation of International Financial Reporting Standards (IFRS) and how changes to the year-end values of pooled funds have to be treated could encourage the redemption of holdings and reduce the anticipated level of return, but this will not come into force until April 2023.

The Council has made other commercial investments to generate income or regenerate an area, but the income generation aspect will be restricted in future following the changes to the lending terms of the Public Works Loan Board (PWLB) from November 2020. Where this investment is relying

on borrowing as the funding source then any return will be subject to changes in interest rates. The 2021/22 budget includes the full year effect of the second £25m investment in CIFCO to generate additional income, but no further investments will be made, enabling the Council to access the PWLB for housing and other economic development and regeneration purposes.

- **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, all of which have been seen during the Covid-19 pandemic in the current year. The Council operates a Business Rates and Council Tax Reserve to cover for this possibility as appropriate and the Government is providing some funding to cover irrecoverable tax losses.

The change to 75% retention of business rates and the reset have been deferred and a more fundamental review of the system may take place during 2021/22. The figures beyond 2021/22 assume a continuation of resources at the current level, but this is unknown. If baseline funding levels should reduce, the Business Rates and Council tax Reserve could be used to support a short-term reduction, but medium-term plans and resources would need to be reviewed.

- **Council Tax Income and the Tax Base** - The increasing numbers of people claiming Council Tax Reduction Support (LCTRS) during the current year and increasing arrears from collection have had a negative impact on the tax base calculation for 2021/22. A 2.2% reduction has been calculated and used in the budget process, but if LCTRS numbers increase more than anticipated at the end of the furlough scheme, this will have a negative impact on council tax income. The Government has provided an LCTRS grant for 2021/22 to mitigate the impact, but this may not be sufficient.
- **Government Funding** – The Council's share of Revenue Support Grant (RSG) ended after 2018/19 and in theory is now in a negative RSG position i.e. money to be paid to the Government for redistribution. This has again been offset by centrally retained business rates money for 2021/22 as it was for 2019/20 and 2020/21. The Council's core Government funding is now reduced to Rural Services Delivery Grant (RSDG), New Homes Bonus (NHB) and a new Lower Tier Services Grant for 2021/22 only. 2021/22 is a further one-year settlement from the Government with a new 4-year Comprehensive Spending Review expected during 2021/22. Funding levels beyond 2021/22 are therefore currently uncertain, so the medium-term figures are based on the current level of RSDG continuing and NHB reducing each year and disappearing by 2023/24.
- **Welfare Reforms, Benefits and Council Tax Reductions** – At a forecast of £14m for 2021/22, 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) Capital Programme**

- 2.27 The Council's capital programme for the next 4 years is £9.9m 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 Corporate Plan.
- 2.28 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.
- 2.29 Review of the capital programme on an ongoing basis is required to ensure that future borrowing is targeted on projects that deliver the most for the district and are affordable within the current revenue resources.
- 2.30 The borrowing strategy and MRP policy are set out in detail in the Capital, Investment and Treasury Management Strategies document.

**Conclusion**

- 2.31 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.
- 2.32 This is an expected and acceptable situation for any organisation that is dealing with a large number of variables. Also, the general economic situation resulting from the ongoing Covid-19 pandemic continues to impact on expenditure and income. The minimum safe level of reserves proved to be sufficient to manage the impact of the Covid-19 pandemic in 2020/21, alongside the support provided by the Government, which has been the single largest impact on local authorities finances in recent years, so provided this 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 be maintained at the current level of £1.2m without increasing the risk to the Council, as this has proven to be sufficient during the Covid-19 pandemic alongside the level of support provided by the Government. This represents 12% of the annual General Fund Budget, so no action is required as part of the 2021/22 budget. This is partly based on the understanding that there are further sums available in earmarked reserves that will not be fully spent during 2021/22 as set out below.

- 3.4 Levels of earmarked reserves (excluding those relating to the Housing Revenue Account but including the Transformation Fund) are forecast to be £18.1m as at 31 March 2022. The Transformation Fund is continuing to support the delivery of the Council's Joint Corporate Plan in 2021/22.

#### **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)

## LCTRS Grant allocations to Town and Parish Councils

Town & Parish Council	LCTS Grant Allocation £
Akenham	0.00
Ashbocking	102.00
Ashfield-cum-Thorpe	53.00
Aspall	0.00
Athelington	9.00
Bacton	372.00
Badley	0.00
Badwell Ash	293.00
Barham	457.00
Barking	104.00
Battisford	121.00
Baylham	0.00
Bedfield	109.00
Bedingfield	72.00
Beyton	191.00
Botesdale	343.00
Braiseworth	0.00
Bramford	938.00
Brome and Oakley	175.00
Brundish	46.00
Burgate	34.00
Buxhall	113.00
Claydon	707.00
Coddenham	204.00
Combs	164.00
Cotton	152.00
Creeting St Mary	203.00
Creeting St Peter	54.00
Crowfield	128.00
Debenham	774.00
Denham	49.00
Drinkstone	140.00
Earl Stonham	146.00
Elmswell	1,242.00
Eye	1,026.00
Felsham	161.00
Finningham	138.00
Flowton	0.00
Framsden	82.00
Fressingfield	405.00

## LCTRS Grant allocations to Town and Parish Councils

Town & Parish Council	LCTS Grant Allocation £
Gedding	47.00
Gipping	15.00
Gislingham	342.00
Gosbeck	52.00
Great Ashfield	115.00
Great Blakenham	616.00
Great Bricett	93.00
Great Finborough	249.00
Harleston	73.00
Haughley	643.00
Helmingham	51.00
Hemingstone	47.00
Henley	189.00
Hessett	137.00
Hinderclay	122.00
Horham	85.00
Hoxne	309.00
Hunston	0.00
Kenton	51.00
Langham	0.00
Laxfield	355.00
Little Blakenham	70.00
Little Finborough	0.00
Mellis	158.00
Mendham	132.00
Mendlesham	531.00
Metfield	160.00
Mickfield	71.00
Monk Soham	54.00

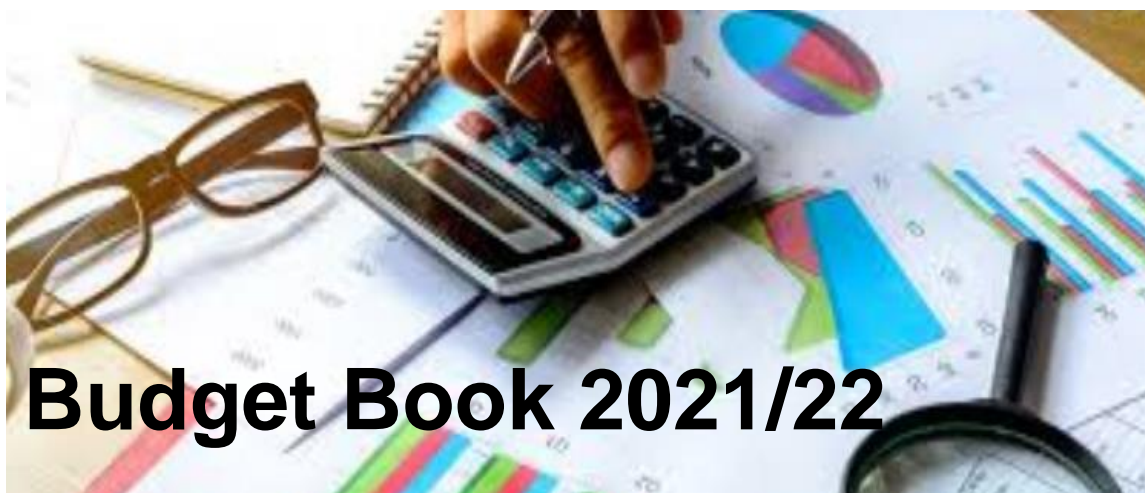
## LCTRS Grant allocations to Town and Parish Councils

Town & Parish Council	LCTS Grant Allocation £
Needham Market	1,775.00
Nettlestead	0.00
Norton	307.00
Occold	171.00
Offton	148.00
Old Newton with Dagworth	408.00
Onehouse	210.00
Palgrave	284.00
Pettaugh	47.00
Rattlesden	314.00
Redgrave	198.00
Redlingfield	0.00
Rickinghall Inferior	179.00
Rickinghall Superior	223.00
Ringshall	76.00
Rishangles	0.00
Shelland	14.00
Somersham	213.00
Southolt	0.00
Stoke Ash	75.00
Stonham Aspal	141.00
Stonham Parva	118.00
Stowlangtoft	63.00
Stowmarket	6,993.00
Stowupland	870.00
Stradbroke	528.00
Stuston	44.00
Syleham	47.00
Tannington	0.00
Thorndon	182.00
Thornham Magna	72.00
Thornham Parva	14.00
Thrandeston	28.00
Thurston	908.00
Tostock	151.00

## LCTRS Grant allocations to Town and Parish Councils

<b>Town &amp; Parish Council</b>	<b>LCTS Grant Allocation £</b>
Walsham-le-Willows	402.00
Wattisfield	149.00
Westhorpe	51.00
Wetherden	174.00
Wetheringsett-cum-Brockford	231.00
Weybread	136.00
Whitton	22.00
Wickham Skeith	107.00
Wilby	87.00
Willisham	64.00
Wingfield	121.00
Winston	34.00
Woolpit	683.00
Worlingworth	233.00
Wortham	225.00
Wyverstone	108.00
Yaxley	142.00
Darmsden	0.00
Thwaite	36.00
<b>TOTAL TOWN &amp; PARISH COUNCIL ALLOCATION</b>	<b>31,880.00</b>

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# Budget Book 2021/22

## Budget Book 2021/22

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Reserves	16

	2019/20 £'000	2020/21 £'000	Movement £'000
1 Employee Costs	9,427	9,977	550
2 Premises	828	844	16
3 Supplies & Services	5,252	4,454	(798)
4 Transport	314	371	57
5 Contracts	3,609	3,898	288
6 Third Party Payments	12,461	11,257	(1,205)
7 Income	(19,848)	(18,279)	1,569
8 Charge to HRA (Corporate Overheads)	(1,137)	(1,192)	(56)
9 Charge to Capital (Corporate Overheads)	(4)	(4)	(0)
10 Transfers to Reserves	67	224	157
<u>Capital Financing Charges</u>			
11 Interest Payable (Other)	97	97	-
12 Interest Payable (Pooled Funds)	30	30	-
13 Interest Payable (CIFCO)	510	474	(36)
14 Interest Payable (CIFCO - further investment)	106	91	(15)
15 Interest Payable (Other Commercial Investments)	421	175	(246)
16 MRP	1,255	1,371	116
<u>Investment Income</u>			
17 Pooled Funds	(566)	(566)	-
18 Interest Receivable (Cash Surplus)	(4)	(31)	(27)
19 Interest Receivable (CIFCO)	(1,162)	(1,156)	6
20 Interest Receivable (CIFCO - further investment)	(594)	(1,023)	(430)
21 Interest Receivable (Other Commercial Investments)	(1,033)	(1,631)	(598)
<b>22 Net Service Cost</b>	<b>10,033</b>	<b>9,379</b>	<b>(650)</b>
23 Transfers from Reserves - earmarked	(736)	(520)	216
24 Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
25 New Homes Bonus	(1,613)	(1,061)	551
26 S31 Business Rates Grant	(1,405)	(1,409)	(4)
27 Baseline business rates	(2,540)	(4,128)	(1,588)
28 Business rates levy	727	727	-
29 Business rates – collection fund deficit / (surplus)	(367)	(678)	(311)
30 Business rates – growth/pooling benefit	(120)	(367)	(247)
31 Rural Services Delivery Grant	(433)	(454)	(21)
32 Lower Tier Services Grant	-	(228)	(228)
33 Council Tax	(6,296)	(6,382)	(85)
34 Council Tax Surplus on Collection fund	(27)	(31)	(4)
35 Local Council Tax Support Grant	-	(102)	(102)
<b>36 Total Funding</b>	<b>(13,060)</b>	<b>(14,883)</b>	<b>(1,823)</b>
<b>37 Shortfall / (Surplus) funding</b>	<b>(3,027)</b>	<b>(5,504)</b>	<b>(2,477)</b>
38 Transfer to Growth and Efficiency Fund	2,027	1,697	(330)
39 Transfer to Commercial Development Risk Management reserve	1,000	1,631	631
39 Transfer to Business Rates and Council Tax reserve	-	1,376	1,376
40 Transfer to Climate Change & Biodiversity earmarked reserve	-	500	500
41 Transfer to Planning (Legal) earmarked reserve	-	250	250
42 Transfer to Planning Enforcement earmarked reserve	-	50	50

Council Tax Base	37,302	37,190	(113)
Council Tax for Band D Property	168.79	171.59	£2.80
<b>Council Tax £'000</b>	<b>(6,296)</b>	<b>(6,382)</b>	<b>(85)</b>

GENERAL FUND BUDGET - Services and Activities Summary

Sustainable Communities	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Chief Planning Officer	1,493	-	471	-	-	25	(1,595)	604	(25)	973
Communities	462	-	567	-	-	11	-	95	(356)	779
Strategic Planning	497	-	336	-	-	1	(172)	171	(84)	748
<b>TOTAL</b>	<b>2,452</b>	<b>-</b>	<b>1,373</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>(1,767)</b>	<b>870</b>	<b>(465)</b>	<b>2,500</b>

Housing	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Housing Solutions	813	100	90	-	-	15	(453)	159	(10)	714
Strategic Housing	129	-	9	-	-	3	(9)	121	(26)	227
<b>TOTAL</b>	<b>942</b>	<b>100</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>(462)</b>	<b>280</b>	<b>(36)</b>	<b>941</b>

Economic Development and Regeneration	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Economy and Business	258	-	40	-	-	2	-	100	(32)	369
<b>TOTAL</b>	<b>258</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>100</b>	<b>(32)</b>	<b>369</b>

Environment and Commercial Partnerships	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Building Control	485	2	14	-	-	20	(395)	151	-	277
Health and Safety, Business Continuity and Emergency Planning	128	-	75	-	-	1	-	(176)	-	28
Leisure	-	27	50	-	-	-	(35)	38	-	80
Waste Services	319	2	825	2,551	-	9	(2,252)	251	-	1,706
Public Protection	650	2	112	-	-	15	(170)	425	-	1,034
Countryside and Public Realm	951	230	77	-	-	226	(598)	555	(63)	1,378
Service Improvement	31	-	-	-	-	-	-	-	-	31
<b>TOTAL</b>	<b>2,563</b>	<b>263</b>	<b>1,153</b>	<b>2,551</b>	<b>-</b>	<b>271</b>	<b>(3,449)</b>	<b>1,245</b>	<b>(63)</b>	<b>4,534</b>

Customers, Digital Transformation and Improvement	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Customer Operations	570	7	18	-	-	-	-	(594)	-	-
Digital Transformation and Improvement	129	-	6	-	-	-	-	(135)	-	-
ICT	229	-	366	273	-	-	-	(867)	-	-
Communications	157	-	18	-	-	0	-	(175)	-	(0)
<b>TOTAL</b>	<b>1,085</b>	<b>7</b>	<b>406</b>	<b>273</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(1,771)</b>	<b>-</b>	<b>(0)</b>

Corporate Resources	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
HR and Organisational Development	400	-	35	-	-	0	-	(409)	(26)	(0)
Finance, Commissioning and Procurement	766	151	250	1,023	11,257	40	(11,764)	(520)	(32)	1,171
Senior Leadership Team	610	-	69	-	-	2	-	(267)	(21)	392
<b>TOTAL</b>	<b>1,775</b>	<b>151</b>	<b>354</b>	<b>1,023</b>	<b>11,257</b>	<b>42</b>	<b>(11,764)</b>	<b>(1,197)</b>	<b>(78)</b>	<b>1,563</b>

Law and Governance	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Electoral Services and Land Charges	189	-	93	-	-	-	(245)	77	25	139
Governance and Civic Office	124	-	362	-	-	1	(2)	(84)	-	401
Internal Audit	78	-	29	-	-	0	(3)	(103)	-	0
Shared Legal Services	203	-	262	-	-	-	(102)	(362)	-	-
<b>TOTAL</b>	<b>594</b>	<b>-</b>	<b>745</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(352)</b>	<b>(472)</b>	<b>25</b>	<b>541</b>

Assets and Investments	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Strategic Property	139	323	268	51	-	0	(384)	(251)	-	146
The Council's Companies	169	-	15	-	-	-	(102)	-	-	82
<b>TOTAL</b>	<b>308</b>	<b>323</b>	<b>283</b>	<b>51</b>	<b>-</b>	<b>0</b>	<b>(486)</b>	<b>(251)</b>	<b>-</b>	<b>228</b>

<b>TOTAL</b>	<b>9,977</b>	<b>844</b>	<b>4,454</b>	<b>3,898</b>	<b>11,257</b>	<b>371</b>	<b>(18,279)</b>	<b>(1,197)</b>	<b>(648)</b>	<b>10,676</b>
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**GENERAL FUND BUDGET - Sustainable Communities**

<b>Chief Planning Officer</b>	<b>Employee Costs</b>	<b>Premises Costs</b>	<b>Supplies &amp; Services</b>	<b>Major Contracts</b>	<b>Third Party Payments</b>	<b>Transport Costs</b>	<b>Income</b>	<b>Charge to HRA / Capital Corporate Overheads)</b>	<b>Transfer to / (from) earmarked reserves</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Development Management	1,153	-	197	-	-	17	(1,510)	490	-	347
Development Management - appeals	-	-	248	-	-	-	-	3	(25)	225
Pre application	-	-	17	-	-	-	(55)	-	-	(38)
Planning Performance Agreements	-	-	5	-	-	-	(15)	-	-	(10)
Conservation	146	-	0	-	-	4	(15)	47	-	182
Planning Enforcement	194	-	4	-	-	5	-	65	-	267
	<b>1,493</b>	<b>-</b>	<b>471</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>(1,595)</b>	<b>604</b>	<b>(25)</b>	<b>973</b>

<b>Communities</b>	<b>Employee Costs</b>	<b>Premises Costs</b>	<b>Supplies &amp; Services</b>	<b>Major Contracts</b>	<b>Third Party Payments</b>	<b>Transport Costs</b>	<b>Income</b>	<b>Charge to HRA / Capital Corporate Overheads)</b>	<b>Transfer to / (from) earmarked reserves</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Community Achievement Awards	-	-	3	-	-	-	-	0	-	3
Community Development	382	-	1	-	-	11	-	130	(60)	463
Grants and Contributions	-	-	509	-	-	-	-	-	(250)	259
Wellbeing	46	-	-	-	-	-	-	-	(46)	-
Policy and Strategy Health and Well-being	-	-	23	-	-	-	-	-	-	23
Community Safety-General	-	-	24	-	-	-	-	-	-	24
Business Improvement	35	-	-	-	-	-	-	(35)	-	-
Women's Cycle Tour	-	-	8	-	-	-	-	-	-	8
	<b>462</b>	<b>-</b>	<b>567</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>95</b>	<b>(356)</b>	<b>779</b>

<b>Strategic Planning</b>	<b>Employee Costs</b>	<b>Premises Costs</b>	<b>Supplies &amp; Services</b>	<b>Major Contracts</b>	<b>Third Party Payments</b>	<b>Transport Costs</b>	<b>Income</b>	<b>Charge to HRA / Capital Corporate Overheads)</b>	<b>Transfer to / (from) earmarked reserves</b>	<b>Net Expenditure</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Infrastructure Team - CIL	120	-	-	-	-	-	(102)	-	-	18
Strategic Planning General	-	-	54	-	-	-	-	-	-	54
Development Policy and Local Plans	354	-	85	-	-	1	-	171	(52)	559
Local Plans	-	-	118	-	-	-	-	-	-	118
Neighbourhood Plans	23	-	79	-	-	-	(70)	-	(32)	-
	<b>497</b>	<b>-</b>	<b>336</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(172)</b>	<b>171</b>	<b>(84)</b>	<b>748</b>

<b>TOTAL</b>	<b>2,452</b>	<b>-</b>	<b>1,373</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>(1,767)</b>	<b>870</b>	<b>(465)</b>	<b>2,500</b>
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## GENERAL FUND BUDGET - Housing

Housing Solutions	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads) £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Housing Information	67	-	-	-	-	0	-	77	-	144
Housing Standards	153	-	0	-	-	4	-	22	-	179
Mobile Home Sites	-	-	-	-	-	-	(2)	-	-	(2)
HMO Licence	-	-	-	-	-	-	(1)	0	-	(1)
Homelessness Private Sector	-	-	63	-	-	-	(20)	37	-	79
Rent Deposit Scheme	21	30	1	-	-	3	(8)	(49)	-	(2)
Homeless Prevention Fund	257	-	10	-	-	8	(53)	72	(9)	285
Homeless Prevention Grant	-	-	-	-	-	-	(34)	-	34	-
The Foyer	-	35	1	-	-	-	(131)	-	94	(1)
Other Temp Accommodation	86	-	1	-	-	-	-	-	(14)	73
Rough Sleepers Intervention	212	-	5	-	-	-	(112)	-	(99)	6
Guaranteed Rent Scheme	17	35	9	-	-	-	(92)	-	(16)	(47)
	813	100	90	-	-	15	(453)	159	(10)	714

Strategic Housing	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads) £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Community Housing Fund	24	-	1	-	-	1	-	4	(26)	4
Strategic Housing	106	-	8	-	-	2	(9)	117	-	223
	129	-	9	-	-	3	(9)	121	(26)	227

<b>TOTAL</b>	<b>942</b>	<b>100</b>	<b>99</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>(462)</b>	<b>280</b>	<b>(36)</b>	<b>941</b>
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**GENERAL FUND BUDGET - Economic Development and Regeneration**

Economic Development and Regeneration	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads) £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Business Performance Grants	-	-	12	-	-	-	-	0	-	12
Economic Development	142	-	16	-	-	2	-	40	-	200
Tourism General	-	-	12	-	-	-	-	59	-	71
Regeneration	84	-	-	-	-	1	-	-	-	85
4 Towns Visioning	32	-	-	-	-	-	-	-	(32)	-
	<b>258</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>100</b>	<b>(32)</b>	<b>369</b>
<b>TOTAL</b>	<b>258</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>100</b>	<b>(32)</b>	<b>369</b>

GENERAL FUND BUDGET - Environment and Commercial Partnerships

Building Control	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Building Regulations: chargeable service	335	-	9	-	-	14	(356)	107	-	108
Building Regulations: non-chargeable service	73	-	-	-	-	3	-	22	-	98
Building Regulations: other activities	49	-	-	-	-	2	-	14	-	64
Commercial Income	-	-	3	-	-	-	(7)	0	-	(4)
Street Naming and Numbering	29	2	2	-	-	1	(32)	8	-	11
	485	2	14	-	-	20	(395)	151	-	277

Health and Safety, Business Continuity and Emergency Planning	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Civil Protection and Emergency Planning	-	-	27	-	-	-	-	1	-	28
Health and Safety	128	-	49	-	-	1	-	(177)	-	-
	128	-	75	-	-	1	-	(176)	-	28

Leisure	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Leisure Contract	-	27	50	-	-	-	(35)	38	-	80
	-	27	50	-	-	-	(35)	38	-	80

Waste Services	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Domestic Waste	199	2	390	1,943	-	9	(515)	133	-	2,160
Bring Sites	16	-	67	-	-	0	(138)	10	-	(45)
Trade Waste	24	-	165	106	-	0	(484)	17	-	(172)
Garden Waste	80	-	200	502	-	0	(1,115)	93	-	(240)
Recycling Centre	-	0	2	-	-	-	(0)	0	-	2
	319	2	825	2,551	-	9	(2,252)	251	-	1,706

Public Protection	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Other Housing Matters	-	-	15	-	-	-	-	63	-	79
Food & Safety (General)	276	0	1	-	-	6	(14)	99	-	369
Animal Welfare Licensing	-	-	4	-	-	-	(12)	8	-	(9)
Health & Safety Regulation	-	-	-	-	-	-	(1)	-	-	(1)
Food Safety	-	-	-	-	-	-	-	24	-	24
Water Sampling	-	-	7	-	-	-	(7)	0	-	0
Environmental Protection	310	-	11	-	-	9	(7)	142	-	465
Abandoned Vehicles	-	-	1	-	-	-	-	24	-	25
Land Drainage	-	-	49	-	-	-	-	1	-	50
Climate Change and Sustainability	-	2	9	-	-	-	-	0	-	11
Dog Control	-	-	8	-	-	-	-	0	-	8
Licensing	63	-	-	-	-	-	-	-	-	63
Taxi & Private Hire Licensing	-	-	9	-	-	0	(52)	18	-	(25)
Alcohol, Entertainments & Late Night Refreshment Licensing	-	-	0	-	-	-	(69)	35	-	(34)
Gambling & Small Lotteries Licenses	-	-	-	-	-	-	(8)	6	-	(3)
Miscellaneous Other Licences	-	-	-	-	-	-	(0)	6	-	6
	650	2	112	-	-	15	(170)	425	-	1,034

Countryside and Public Realm	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Eye Castle Project	-	-	3	-	-	-	(3)	0	-	0
Footpaths	24	-	5	-	-	1	(18)	8	-	20
Public Conveniences	-	15	-	-	-	-	-	2	-	16
Street & Major Road Cleansing	307	-	78	-	-	71	(51)	157	-	562
Open Spaces	566	33	(68)	-	-	132	(49)	295	(63)	846
Public Tree Programme	46	20	-	-	-	3	-	18	-	87
Eye Park	-	-	-	-	-	-	(3)	0	-	(2)
Car Parks General	8	152	58	-	-	5	(430)	75	-	(132)
Stowmarket Lorry Park	-	11	0	-	-	-	-	0	-	11
A14 Cleansing	-	-	-	-	-	14	(45)	0	-	(31)
	951	230	77	-	-	226	(598)	555	(63)	1,378

Service Improvement	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Service Improvement	31	-	-	-	-	-	-	-	-	31
	31	-	-	-	-	-	-	-	-	31

TOTAL	2,563	263	1,153	2,551	-	271	(3,449)	1,245	(63)	4,534
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## GENERAL FUND BUDGET - Customer Services

Customer Operations	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Customer Services	570	-	2	-	-	-	-	(572)	-	-
Stowmarket Customer Access Point	-	7	16	-	-	-	-	(23)	-	0
	570	7	18	-	-	-	-	(594)	-	0

Digital Transformation and Improvement	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Digital Transformation and Improvement	129	-	6	-	-	-	-	(135)	-	-
	129	-	6	-	-	-	-	(135)	-	-

ICT	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
ICT	229	-	366	273	-	-	-	(867)	-	-
	229	-	366	273	-	-	-	(867)	-	-

Communications	Employee Costs £'000	Premises Costs £'000	Supplies & Services £'000	Major Contracts £'000	Third Party Payments £'000	Transport Costs £'000	Income £'000	Charge to HRA / Capital Corporate Overheads £'000	Transfer to / (from) earmarked reserves £'000	Net Expenditure £'000
Communications	157	-	18	-	-	0	-	(175)	-	(0)
	157	-	18	-	-	0	-	(175)	-	(0)

TOTAL	1,085	7	406	273	-	0	-	(1,771)	-	(0)
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**GENERAL FUND BUDGET - Corporate Resources**

HR and Organisational Development	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HR & Organisational Development	400	-	35	-	-	0	-	(409)	(26)	(0)
	<b>400</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(409)</b>	<b>(26)</b>	<b>(0)</b>

Finance, Commissioning and Procurement	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Financial Resources	457	-	32	-	-	1	-	(490)	-	-
Treasury Management	-	-	27	-	-	-	-	30	-	57
Bank Charges	-	-	69	-	-	-	-	1	-	71
External Audit	-	-	71	-	-	-	-	1	-	72
Insurance Premiums	90	94	7	-	-	40	-	(231)	-	(0)
Pay Inflation, Increments and Vacancy	(489)	-	-	-	-	-	-	-	-	(489)
Management Savings	78	-	-	-	-	-	-	-	-	78
Early Retirement Pension Direct Charges	-	-	-	-	5,825	-	(5,897)	57	-	(15)
Rent Allowances	-	-	-	-	5,432	-	(5,524)	17	-	(76)
Rent Rebates to HRA Dwellings	-	-	-	-	-	-	(207)	102	-	(105)
Council Tax Collection	-	-	-	-	-	-	(135)	30	-	(105)
NNDR Collection	-	-	-	-	-	-	-	-	-	1,031
Shared Revenues Partnership	(110)	-	8	1,023	-	-	-	-	-	(110)
Contingencies/Savings Adjustments	639	57	-	-	-	-	-	8	-	705
Unapportionable Central Overheads	100	-	-	-	-	0	-	(100)	-	-
Commissioning and Procurement	-	-	4	-	-	-	-	(4)	-	-
Central Stationery and Equipment	-	-	-	-	-	-	-	-	(32)	(0)
Payment of grants to Town & Parish Councils - funded from LCTS grant	-	-	32	-	-	-	-	-	-	-
	<b>766</b>	<b>151</b>	<b>250</b>	<b>1,023</b>	<b>11,257</b>	<b>40</b>	<b>(11,764)</b>	<b>(520)</b>	<b>(32)</b>	<b>1,171</b>

Senior Leadership Team	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Senior Leadership Team	569	-	69	-	-	2	-	(618)	(21)	-
Corporate Management	42	-	-	-	-	-	-	351	-	392
	<b>610</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>(267)</b>	<b>(21)</b>	<b>392</b>

TOTAL	1,775	151	354	1,023	11,257	42	(11,764)	(1,197)	(78)	1,563
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## GENERAL FUND BUDGET - Law and Governance

Electoral Services and Land Charges	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Electoral Registration	63	-	47	-	-	-	(2)	15	-	122
Elections	16	-	25	-	-	-	(25)	57	20	94
Land Charges	110	-	21	-	-	-	(218)	5	5	(76)
	189	-	93	-	-	-	(245)	77	25	139

Governance and Civic Office	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Governance	276	-	5	-	-	0	(0)	(281)	-	0
Cost of Democracy	(166)	-	317	-	-	1	(1)	251	-	401
Central Postal Services	13	-	30	-	-	-	-	(43)	-	-
Central Printing	-	-	10	-	-	-	-	(10)	-	-
	124	-	362	-	-	1	(2)	(84)	-	401

Internal Audit	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Internal Audit	78	-	29	-	-	0	(3)	(103)	-	0
	78	-	29	-	-	0	(3)	(103)	-	0

Shared Legal Services	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Shared Legal Services	203	-	262	-	-	-	(102)	(362)	-	-
	203	-	262	-	-	-	(102)	(362)	-	-

TOTAL	594	-	745	-	-	1	(352)	(472)	25	541
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GENERAL FUND BUDGET - Assets and Investments

Strategic Property	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads)	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Management	10	0	(0)	-	-	-	-	23	-	33
Creeping Rd Depot	-	48	7	-	-	-	-	(55)	-	-
Wenham Depot	-	7	1	-	-	-	-	(8)	-	(0)
Chilton Depot	-	26	1	0	-	-	(1)	(26)	-	-
PV Panels	-	126	8	51	-	-	(326)	3	-	(138)
Wingfield Barns	-	-	30	-	-	-	-	2	-	32
Stowmarket Football Ground	-	19	-	-	-	-	(4)	0	-	15
Community safety - CCTV	-	-	10	-	-	-	-	-	-	10
Strategic Property	129	4	11	-	-	0	-	61	-	206
Paddock House Eye	-	-	-	-	-	-	-	-	-	-
Cedars Park Community Centre	-	14	4	-	-	-	-	-	-	17
Endeavour House - HQ	-	52	194	-	-	-	-	(245)	-	-
Hadleigh Touchdown Point	-	3	4	-	-	-	-	(8)	-	-
Opportunities Building (Chilton Field)	-	-	-	-	-	-	(21)	-	-	(21)
Aldi, Stowmarket	-	22	-	-	-	-	(32)	-	-	(10)
Streetlights	-	2	-	-	-	-	-	-	-	2
	139	323	268	51	-	0	(384)	(251)	-	146

The Council's Companies	Employee Costs	Premises Costs	Supplies & Services	Major Contracts	Third Party Payments	Transport Costs	Income	Charge to HRA / Capital Corporate Overheads)	Transfer to / (from) earmarked reserves	Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
BMS Invest	169	-	15	-	-	-	(102)	-	-	82
	169	-	15	-	-	-	(102)	-	-	82

TOTAL	308	323	282	51	-	0	(486)	(251)	-	228
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## HOUSING REVENUE ACCOUNT 2021/22

	2021/22 £'000
<b>Income</b>	
Dwelling Rents	(14,368)
Service Charges	(704)
Non-Dwelling Income	(355)
Other Income	(23)
Interest Received	(9)
<b>Gross Income</b>	<b>(15,458)</b>

	2021/22 £'000
<b>Expenditure</b>	
Housing Management	3,147
Building Services	3,639
Depreciation	3,911
Interest payable	2,968
Revenue Contribution to Capital	1,599
Bad Debt Provision	92
<b>Gross Expenditure</b>	<b>15,356</b>

<b>(Surplus)/Deficit for the Year</b>	<b>(102)</b>
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MID SUFFOLK CAPITAL PROGRAMME 2021/22 to 2024/25	2020/21 Anticipated Carry Forwards	2021/22 Budget for Approval	2021/22 Total Spend Required	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Total Spend Required 2021/22 - 2024/25
	£'000	(B) £'000	(A + B) £'000	£'000	£'000	£'000	£'000
<b>Housing</b>							
Mandatory Disabled Facilities Grant	666	579	1,245	376	376	376	2,372
Renovation/Home Repair Grants		100	100	100	100	100	400
Empty Homes Grant	169	100	269	100	100	100	569
Grants for Affordable Housing	340		340				340
<b>Total Housing</b>	<b>1,175</b>	<b>779</b>	<b>1,955</b>	<b>576</b>	<b>576</b>	<b>576</b>	<b>3,682</b>
<b>Environment and Projects</b>							
Replacement Refuse Freighters-Jnt Scheme				1,922	188		2,110
Hydrotreated Vegetable Oil (HVO) Fuel Storage Tanks		50	50				50
Bins		100	100	100	100	100	400
Vehicle and Plant Renewals		162	162	90	90	90	432
Leases on Car Parks (under new IFRS16)				91			91
Planned Maintenance / Enhancements-Car Parks	177	163	340	95	40	40	515
<b>Total Environment and Projects</b>	<b>177</b>	<b>475</b>	<b>651</b>	<b>2,298</b>	<b>418</b>	<b>230</b>	<b>3,597</b>
<b>Sustainable Communities</b>							
Play equipment		65	65	50	50	50	215
Community Development Grants		189	189	189	189	189	756
<b>Total Sustainable Communities</b>	<b>-</b>	<b>254</b>	<b>254</b>	<b>239</b>	<b>239</b>	<b>239</b>	<b>971</b>
<b>Leisure Contracts</b>							
Stowmarket Leisure Cent - Improvements		405	405	100	100	100	705
Stradbroke Pool - Improvements		212	212	50	50	50	362
Stowmarket Leisure Cent - Refurbishment	1,880		1,880				1,880
Stradbroke Pool - Refurbishment	349		349				349
Solar Car Ports	223	377	600				600
<b>Total Leisure Contracts</b>	<b>2,452</b>	<b>993</b>	<b>3,445</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>3,895</b>
<b>Assets and Investments</b>							
Planned Maintenance / Enhancements - Corporate Buildings	80	30	110	30	30	30	200
Leases on Property (under new IFRS16)				439			439
Strategic Investment Fund	3,000	0	3,000				3,000
Wingfield Barns		20	20	20	20	20	80
Regeneration Fund - HQ Sites	0	994	994	0	0	0	994
Gateway 14	997	16,003	17,000				17,000
Needham Lake Visitor Centre	470	220	690				690
<b>Total Assets and Investments</b>	<b>4,547</b>	<b>17,267</b>	<b>21,814</b>	<b>489</b>	<b>50</b>	<b>50</b>	<b>22,403</b>
<b>Customers, Digital Transformation and Improvement</b>							
ICT - Hardware / Software costs	196	250	446	250	250	250	1,196
<b>Total Customers, Digital Transformation and Improvement</b>	<b>196</b>	<b>250</b>	<b>446</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>1,196</b>
<b>TOTAL General Fund Capital Spend</b>	<b>8,547</b>	<b>20,017</b>	<b>28,565</b>	<b>4,002</b>	<b>1,683</b>	<b>1,495</b>	<b>35,744</b>

MID SUFFOLK CAPITAL PROGRAMME 2021/22 to 2024/25	2020/21 Anticipated Carry Forwards	2021/22 Budget for Approval	2021/22 Total Spend Required	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Total Spend Required 2021/22 - 2024/25
	£'000	(B) £'000	(A + B) £'000	£'000	£'000	£'000	£'000
<b>General Fund Financing</b>							
External Grants and contributions	686	879	1,565	376	376	0	2,317
s106	0	15	15	50	0	0	65
Transformation / GEF / BRRP Reserves	4,947	200	5,147	0	0	0	5,147
Borrowing	2,915	18,873	21,788	3,626	1,307	1,495	28,215
<b>Total General Fund Capital Financing</b>	<b>8,547</b>	<b>19,967</b>	<b>28,515</b>	<b>4,052</b>	<b>1,683</b>	<b>1,495</b>	<b>35,744</b>

MID SUFFOLK CAPITAL PROGRAMME BUDGET	2020/21 Indicative Carry Forwards (A)  £'000	2021/22 Budget for approval (B)  £'000	2021/22 Total Spend Required (A + B)  £'000	2022/23 Forecast  £'000	2023/24 Forecast  £'000	2024/25 Forecast  £'000	Total Spend Required 2021/22 - 2024/25  £'000
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<b>Planned Maintenance &amp; Response</b>							
Planned maintenance	1,184	2,534	3,718	3,762	3,757	3,873	15,111
Replacement Vehicles (IFRS 16 Leases)	0	0	0	156	0	0	156
ICT Projects	198	200	398	200	200	200	998
Environmental Improvements	40	40	80	40	40	40	200
Disabled Facilities Work	0	200	200	200	200	200	800
Horticulture and play equipment	0	0	0	0	0	0	0
<b>Total Planned Maintenance &amp; Response</b>	<b>1,422</b>	<b>2,974</b>	<b>4,397</b>	<b>4,358</b>	<b>4,197</b>	<b>4,313</b>	<b>17,265</b>

New build programme inc acquisitions	6,873	23,364	30,238	15,523	1,266	2,095	49,122
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<b>TOTAL HRA Capital Spend</b>	<b>8,295</b>	<b>26,339</b>	<b>34,634</b>	<b>19,881</b>	<b>5,463</b>	<b>6,408</b>	<b>66,387</b>
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MID SUFFOLK CAPITAL PROGRAMME BUDGET	2020/21 Indicative Carry Forwards (A)  £'000	2021/22 Budget for approval (B)  £'000	2021/22 Total Spend Required (A + B)  £'000	2022/23 Forecast  £'000	2023/24 Forecast  £'000	2024/25 Forecast  £'000	Total Spend Required 2021/22 - 2024/25  £'000
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<b>HRA Financing</b>							
External Grants and contributions		718	718	1,032			1,750
s106		284	284				284
Capital Receipts(from SO Sales)		2,676	2,676	4,710			7,386
Other capital Receipts		602	602	602	602	602	2,408
New build 1-4-1 capital receipts		2,819	2,819	1,362	26	629	4,836
Major Repairs Reserve		3,910	3,910	4,165	4,389	4,544	17,009
Borrowing	8,295	9,789	18,084	8,010	446	633	27,173
Revenue Contributions		1,449	1,449				1,449
Strategic Priorities Reserve		4,092	4,092				4,092
<b>Total HRA Capital Financing</b>	<b>8,295</b>	<b>26,339</b>	<b>34,634</b>	<b>19,881</b>	<b>5,463</b>	<b>6,408</b>	<b>66,387</b>

## RESERVES

### GENERAL FUND

Estimated Balance 31 Mar 2021 £'000	Transfers between £'000	2021/22 Transfer to reserves £'000	Use of reserves £'000	Estimated Balance 31 Mar 2022 £'000
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#### Contingency Reserves

General Fund Working Balance / Reserve	(1,052)	-	-	-	(1,052)
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#### Earmarked reserves

Growth and Efficiency Fund	(3,634)	-	(4,167)	2,808	(4,992)
Commercial Development Risk Management	(2,500)	-	(1,631)	-	(4,131)
Business Rates and Council Tax	(4,989)	-	(1,376)	2,276	(4,089)
Business Rates Retention Pilot	(772)	-	-	92	(680)
Climate Change and Biodiversity	(500)	-	(500)	-	(1,000)
Government Grants	(227)	-	(5)	-	(232)
Commuted Maintenance Payments	(654)	-	-	63	(591)
COVID19	(280)	-	-	-	(280)
Elections Fund	(48)	-	(20)	-	(68)
Elections Equipment	(35)	-	-	-	(35)
Homelessness	(433)	-	(34)	124	(343)
Temporary Accommodation	(320)	-	(95)	15	(401)
Planning (Legal)	(107)	-	(250)	25	(332)
Neighbourhood Planning Grants	(139)	-	-	32	(107)
Community Housing Fund	(205)	-	-	26	(180)
Strategic Planning	(14)	-	-	-	(14)
Planning Enforcement	-	-	-	-	0
Repairs and Renewals	(45)	-	(50)	-	(95)
Welfare Benefits Reform	(292)	-	-	-	(292)
Well-being	(7)	-	-	-	(7)
Waste	(274)	-	-	56	(217)
<b>Sub total</b>	<b>(15,474)</b>	<b>-</b>	<b>(8,128)</b>	<b>5,516</b>	<b>(18,085)</b>

Community Infrastructure Levy	(16,833)	-	-	-	(16,833)
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<b>TOTAL GENERAL FUND RESERVES</b>	<b>(33,359)</b>	<b>-</b>	<b>(8,128)</b>	<b>5,516</b>	<b>(35,970)</b>
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# Agenda Item 10

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Cabinet	<b>REPORT NUMBER:</b> <b>MCa/20/30</b>
<b>FROM:</b> Councillor John Whitehead, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 8 February 2021
<b>OFFICER:</b> Gavin Fisk, Assistant Director, Housing	<b>KEY DECISION REF NO.</b> CAB222

### HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET 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 HRA Budget for 2021/22 and four-year outlook.
- 1.2 To enable Members to consider key aspects of the 2021/22 HRA Budget, including Council House rent levels.

#### 2 OPTIONS CONSIDERED

- 2.1 The Housing Revenue Account Budget for 2021/22 and four-year outlook is an essential element in achieving a balanced budget and sustainable medium-term position, therefore no other options are appropriate in respect of this.

#### 3 RECOMMENDATIONS

- 3.1 That the HRA Budget proposals for 2021/22 and four-year outlook set out in the report be endorsed for recommendation to Council on 18 February 2021.
- 3.2 That the CPI + 1% increase of 1.5% in Council House rents, equivalent to an average rent increase of £1.25 a week be implemented.
- 3.3 That garage rents are kept at the same level as 2020/21.
- 3.4 That Sheltered Housing Service charges be increased by £1 per week to ensure recovery of the actual cost of service.
- 3.5 That Sheltered Housing utility charges are kept at the same level as 2020/21.
- 3.6 That the budgeted surplus of £102k be transferred to the Strategic Priorities reserve in 2021/22.
- 3.7 That in principle, Right to Buy (RTB) receipts should be retained to enable continued development and acquisition of new council dwellings.

#### REASON FOR DECISION

**To bring together all the relevant information to enable Cabinet Members to review, consider and comment upon the Councils Housing Revenue Account budget for endorsement and recommendations to Council.**

## **4 KEY INFORMATION**

### **Background**

- 4.1 The Council's HRA Business Plan presents a positive financial picture over the longer term (a thirty-year period as required under the self-financing regime). The business plan sets out the aspiration of the Council to increase the social housing stock by either buying existing dwellings or building new ones.
- 4.2 The HRA Business Plan is currently being reviewed to understand how income over the medium and long term can be balanced against the requirements to invest in the existing housing stock including environmental 'retrofit' improvements and new safety enhancements in response to Building Safety and Fire safety. As well as building new homes that meet the draft Design Guide and new build specification. It is intended that a new Business Plan which articulates the vision for council housing will be presented to Cabinet and Council in the first six months of 2021.
- 4.3 The Welfare Reform and Work Act 2016 requiring all social landlords to reduce rents by 1% each year came to an end in March 2020. This means rents can increase by Consumer Price Index (CPI) +1% for five years from April 2020, which have begun to mitigate the impact of the 1% reduction on the 30-year plan.
- 4.4 The removal of the HRA Debt Cap from 29 October 2018 means that local authorities can borrow to fund new homes without worrying about breaching this cap. Any borrowing will be subject to the Council adhering to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code.
- 4.5 The 2021/22 budget and medium term outlook is aligned to the Council's Homes and Housing Strategy and the Council's vision for residents to live in affordable and high-quality homes that enable them to build settled, safe and healthy lives, within sustainable and thriving communities.

### **COVID19**

- 4.6 The outbreak of COVID19 which hit the UK in March 2020 has had a significant impact nationally and locally. More specifically for the Council's Housing Revenue Account, rent levels are at risk and property repairs and maintenance on the Council's housing stock were reduced to emergency repairs for a period of time for existing tenants, whilst the completion of void work in order to support the accommodation of the homeless and rough sleepers continued. This followed work followed Government guidance in the interests of the safety of both our staff and tenants.
- 4.7 Property repairs and maintenance work recommenced in the summer whilst following COVID19 safe systems of work and within the Government's COVID19 safety guidelines.
- 4.8 The new build programme was also impacted as development ground to a halt during the initial lockdown and has been slow to recover, and now carries additional COVID19 related costs for site works to re-commence safely.
- 4.9 The financial costs for the HRA as reported at quarter 2 mainly consists of additional PPE amounting to £47k, and in terms of income, in the first half of the year, there has been minimal impact on rent levels, however a 15% reduction has been modelled for the last 26 weeks of the financial year totalling £792k.

- 4.10 As the furlough scheme comes to an end in March 2021, it is anticipated that tenants who are in employment may be impacted. Housing Benefit and Universal Credit tenants are likely to be less affected.
- 4.11 Levels of debt to be written off are expected to be very low, if any, as any outstanding rents are likely to be reclaimed, but over a longer period of time because of the commitment the Council made to pledging not to evict any tenants in which rent arrears could be contributed to COVID19. No adjustment has been made in the 2021/22 budget to rental income collection levels, any impact of this would be covered by the Strategic Priorities Reserve with recovery continuing in future years.
- 4.12 The Government has not yet announced any financial support specifically for the Housing Revenue Account.

### **2020/21 Quarter 2 position**

- 4.13 The quarter 2 financial monitoring report presented to Cabinet in December 2020 was showing a forecast surplus for 2020/21 of £1.5m. The main reason for this is as a result of slippage in the capital programme due to COVID19, which means that the Council has not used as much of the budgeted revenue contribution to fund the capital programme.
- 4.14 The position will be kept under review and the quarter 3 position will be reported to Cabinet in March 2021, any surplus at the year-end will be transferred to the Strategic Priorities Reserve.

## **5 2021/22 Budget**

- 5.1 A surplus position is forecast for 2021/22 of £102k compared to the 2020/21 budget deficit position of £564k.
- 5.2 Table 1 below shows the 2021/22 budget compared to the 2020/21 budget, explanations for movements are shown in paragraph 5.5 below.

**Table 1 2021/22 Budget compared to 2020/21 Budget**

	<b>Budget 2020/21</b>	<b>Budget 2021/22</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Dwelling Rents	(14,258)	(14,368)	(110)
Service Charges	(689)	(704)	(15)
Non Dwelling Income	(355)	(355)	0
Other Income	(23)	(23)	0
Interest Received	(09)	(09)	0
<b>Total Income</b>	<b>(15,334)</b>	<b>(15,458)</b>	<b>(124)</b>
Housing Management	3,263	3,147	(116)
Building Services	3,265	3,639	374
Depreciation	3,709	3,911	202
Interest payable	2,968	2,968	0
Debt Repayment	300	150	(150)
Revenue Contribution to Capital	2,304	1,449	(855)
Bad Debt Provision	89	92	3
<b>Deficit / (Surplus) for Year</b>	<b>564</b>	<b>(102)</b>	<b>(666)</b>

- 5.3 The approach for the 2021/22 budget setting included “budget challenge sessions” which consisted of Corporate Managers taking a group of peers (comprising other Corporate Managers and Assistant Directors) through their budgets line by line. The peer group provided challenge and review to the budgets. As a result, a number of savings and efficiencies were identified, as shown in the following explanations.
- 5.4 This work will continue throughout 2021/22 as there were a number of areas that were identified which require further work in order to deliver efficiencies.
- 5.5 In calculating the 2021/22 budget, the following assumptions have been made:

#### **Income**

- Rental increase of 1.5% - CPI + 1%, with the average weekly rent set at £84.49 an increase of £1.25 a week, generating approximately £110k additional income.
- Garage rents kept at the same level as 2020/21. Work will continue in 2021/22 to identify alternative use of long term/unviable garage sites.
- Sheltered housing – to ensure recovery of the actual cost, it is proposed that the 2021/22 charges are increased by £1 per week.
- It is proposed that utility charges are kept at the same level as 2020/21
- A Rent and Service Charge Policy will be developed over the coming year. It is because of the need to develop the methodology as part of the wider policy work that it is not possible to implement these changes any sooner than 2022/23.

#### **Housing Management and Building Services**

- A review of housing management and building services coding has been undertaken with finance and the service managers to allow more effective financial management and monitoring. As a result of this, £348k has moved from the housing management to the building services budget line.
- There has been an increase to the in-house trades team to cover the work of fencing, UPVC repairs and asbestos inspections work previously undertaken by external contractors. The financial impact of this is cost neutral as there is an equal reduction in subcontractor costs.
- Business rates for Stowmarket and Needham Middle School sites £99k
- Pay award of 2% and increments totalling £75k
- Contracts – 2.5% inflation to major contracts, including the Whole House Servicing (WHS) contract, totalling £23k.

#### **Depreciation**

- The depreciation charge has increased by £202k this is due to the increase in the valuation of the housing stock.

#### **Revenue Contribution to Capital**

- For 2021/22 the capital programme will be predominantly funded from the Strategic Priorities reserve and borrowing as referred to in section 5.8 of the report as opposed to the contribution from revenue. This has resulted in a lower revenue contribution to capital charge of £855k for 2021/22.

## **Key achievements**

- Introduction of locality-based working within the Building Service to reduce travel times, save fuel costs and improve service delivery, including establishing an operational hub in Great Wenham
- Development of a Data Dashboard for each service area which provides real time performance statistics.
- Reducing the work in progress (WIP) in Building Services from 7,500 outstanding jobs to 1,500 jobs.
- A review of the Travis Perkins materials contract which has delivered savings and efficiencies as well as improvement in customer service.
- Introduction of mobile video software to allow remote repair inspections and assisted viewings.
- Introduction of new software 'Rent sense' to intelligently predict which rent arrear cases officers should focus their time and attention on.
- New Neighbourhoods Team and Tenant Engagement officer delivering significant improvements in the condition of neighbourhoods, and an increase in the number of tenants engaged in the management of landlord services.
- Void performance being maintained at an average of 18 days.
- Housing Conference held for all Housing staff.

## **Reserves**

- 5.6 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.
- 5.7 Reserves only provide one-off funding, so the Council should avoid using reserves to meet regular recurring financial commitments.
- 5.8 The 2021/22 budget position means that the Council will increase its Strategic Priorities Reserve by £102k however the 2021/22 capital programme assumes funding from reserves followed by borrowing as shown in appendix A. The balance in earmarked reserve as at 31 March 2022 is forecast to be £2.727m.
- 5.9 In addition to this, the Council continues to hold £1.209m in the working balance.
- 5.10 Table 2 below shows the earmarked reserves balance from 31 March 2020, forecast through to 31 March 2022.

**Table 2 Earmarked Reserves**

	Balance 31 March 2020	Forecast trf to	Forecast trf from	Balance 31 March 2021	Forecast trf to	Forecast trf from	Balance 31 March 2022
Strategic Priorities	(5,162)	(1,555)		(6,717)	(102)	4,092	(2,727)
Building Council Homes Programme (BCHP)	(20)			(20)			(20)
<b>HRA Revenue</b>	<b>(5,182)</b>	<b>(1,555)</b>	<b>-</b>	<b>(6,737)</b>	<b>(102)</b>	<b>4,092</b>	<b>(2,747)</b>

**Capital**

- 5.11 The new build and acquisitions funding within the Capital Programme 2021/22 to 2024/25 totals £42.2m, with an additional £6.8m anticipated carry forward from 2020/21. Table 3 below shows the capital expenditure and financing over this period. The detailed capital programme is attached at Appendix A.

**Table 3 Capital Expenditure and Financing 2021/22 to 2024/25**

<b>Expenditure</b>	<b>£m</b>
Housing Maintenance Programme	15.8
New Build & Acquisitions	42.2
<b>Total</b>	<b>58.0</b>
<b>Financing</b>	
Capital receipts, disposals & RTB receipts and Grants	16.7
Major Repairs Reserve (Depreciation)	15.7
Revenue Contributions	1.3
Strategic Priorities Reserve	4.0
Borrowing	20.3
<b>Total</b>	<b>58.0</b>

- 5.12 The engagement of Iceni to work with the Council to identify development sites for new homes has led to a proposed Capital Programme for 2021-2024 of 254 affordable homes and 119 shared ownership homes.
- 5.13 The major areas being developed over the next three years include sites in Needham Market (former Middle School), further development at Cedars Park Stowmarket and in Bacton and Haughley.
- 5.14 The Corporate Plan sets out clearly the Council's aligned corporate outcomes. The key housing projects supporting delivery of the priorities are outlined in the HRA Business Plan.
- 5.15 New homes have delivered New Homes Bonus for the Council, additional rent and Council Tax and local businesses will also benefit. All these factors will bring growth to our local economy. Analysis by the Local Government Association\* and Capital Economics found;
- Investment in a new generation of social housing could return £320 billion to the nation over 50 years.
  - Every £1 invested in a new social home generates £2.84 in the wider economy.

- Every new social home would generate a saving of £780 per year in Housing Benefit.
- Every new social home would generate a fiscal surplus through rental income.

\* **LGA Report June 2020** - Delivery of council housing Developing a stimulus package post pandemic

- 5.16 Right to Buy (RTB) sales for Mid Suffolk were lower than those projected in the business plan. In 2019/20 Mid Suffolk sold 12 against an original projection of 20 sales.
- 5.17 The money received from RTB sales can only be used a 30% contribution towards the cost of a replacement home. The remaining 70% of the replacement cost must be found from other HRA resources. As sales increase, it means that the level of match funding required (70%) increases. If the receipts are not spent within the 3-year period allowed, they must be repaid to Government with 4% above the base rate interest added.
- 5.18 The Council can enter into agreements with the Secretary of State to retain the full RTB receipt from the sale of nominated homes newly built or acquired since July 2008. Officers will investigate opportunities to enter into agreements so that any capital receipts received in future from the sale of nominated homes could be retained in full and used as part of the 70% match funding required.
- 5.19 The restrictions imposed as a result of COVID19 have caused serious delays in the Council's housing development programme during 2020/21 and its ability to spend all of the receipts within the required 3-year period. The Government is allowing an extension of the timescales for the receipts to be spent which has been extended to the end of the financial year. Developers/contractors are now working but restricted to what they can do, this may have an impact on the Council's ability to achieve the full amount of spend required.
- 5.20 Officers have focused on an alternative programme to achieve the spend by purchasing existing houses and suitable land from the open market before the March 2021 extension ends. These actions will minimise any repayments that may be due back to the government.

## **6 30 Year Business Plan**

- 6.1 The current version of the HRA Business Plan is attached at Appendix B and shows additional detail for years 1-10, The main assumptions are:
- Annual rent increase of 1.5% in 2021/22 then increasing by CPI +1% from 2022/23 for three years. The remaining 25 years are based on an annual rent increase of CPI only.
  - Funding to support spend of RTB receipts and capital programme expenditure.
- 6.2 As explained in paragraph 4.2 the new HRA Business Plan will be presented to Cabinet and Council in the first six months of 2021.

## **7. LINKS TO THE CORPORATE PLAN**

- 7.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Corporate Plan, and ensuring the Council has a robust financial strategy. Specific links are to the Council's Homes and Housing Strategy and the Council's vision for residents to live in affordable and high-quality homes that enable them to build settled, safe and healthy lives, within sustainable and thriving communities.

## **8. FINANCIAL IMPLICATIONS**

- 8.1 These are detailed in the report.

## **9. LEGAL IMPLICATIONS**

- 9.1 There are none that apply.

## **10. RISK MANAGEMENT**

- 10.1 This report is most closely linked with the Council's Significant Risk No. 13 – We may be unable to respond in a timely and effective way to financial demands and also Corporate Risk No. 5E05 – 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:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
If we do not consider the ongoing impacts of the Welfare and Funding Reforms, then it could lead to unpreparedness for further changes.	Unlikely - 2	Bad – 3	Ensure adequate bad debt provision and that the Income Management Strategy seeks to mitigate the impact of the changes on residents, the Council's income streams and budgets.
If there are increases in inflation and other variables, then Council Housing self-financing could result in a greater risk to investment and service delivery plans.	Unlikely - 2	Noticeable – 2	Inflation and interest rate assumptions have been modelled in the HRA business plan. Capital receipts and capital programme funding reviewed.
If we fail to spend retained RTB receipts within 3-year period, then it will lead to requirement to repay to Government with interest.	Probable - 3	Bad - 3	Provision has been made in the budget and Investment Strategy to enable match funding and spend of RTB receipts.

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
If we borrow too much to fund New Homes, we will not be able to pay the loan interest.	Unlikely - 2	Bad - 3	Follow the CIPFA Prudential Code which states Capital investment plans must be affordable, prudent and sustainable.
If Brexit has a negative impact on the Economy, then interest rates/inflation/house prices and demand/jobs could be impacted.	Unlikely - 2	Bad - 3	The Council has nominated a Brexit lead to work with Government and to plan for the impacts of Brexit across the Council. A corporate Brexit risk register has been created in consultation with all service areas
If economic conditions and other external factors like Covid19 are worse than budgeted for it could have an adverse effect on the Councils 2021/22 and medium-term financial position	Probable – 3	Noticeable - 2	Maintain the focus and momentum on reducing the budget deficit throughout the financial year. Announcement about additional Covid19 funding from the Government into 2021/22. Maintain sufficient minimum reserve level to withstand the impact.
If capital data is inaccurate it could lead to problems with treasury management debt and cashflows.	Unlikely - 2	Bad - 3	Capital plans form part of the Treasury, Capital and Investment strategy. Monitor the capital spend quarterly.

## **11. CONSULTATIONS**

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

## **12. EQUALITY ANALYSIS**

- 12.1 An equality impact assessment will be undertaken with each Assistant Director for any changes within the budget proposals.

## **13. ENVIRONMENTAL IMPLICATIONS**

- 13.1 In support of the Council's commitment to be Carbon Neutral by 2030, a review of the existing housing stock will be undertaken and affordable options will be costed, including investing in environmental 'retrofit' improvements as well as building new homes that meet the draft Design Guide and new build specification. These will form part of the revised 30-year Business Plan for the HRA.

#### 14. APPENDICES

Title	Location
Appendix A – Capital Programme	Attached
Appendix B – HRA Business Plan	Attached

#### 15. BACKGROUND DOCUMENTS

Housing Revenue Account (HRA) financial monitoring 2020/21 – quarter 2 MCa/20/12

**CAPITAL PROGRAMME FOR 2021/22 to 2024/25**

<b>MID SUFFOLK CAPITAL PROGRAMME BUDGET</b>	<b>2020/21 Indicative Carry Forwards (A)</b>	<b>2021/22 Budget for approval (B)</b>	<b>2021/22 Total Spend Required (A + B)</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>	<b>Total Spend Required 2021/22 - 2024/25</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Housing Revenue Account</b>							
<b>Planned Maintenance &amp; Response</b>							
Planned maintenance	1,184	2,534	3,718	3,762	3,757	3,873	15,111
Replacement Vehicles (IFRS 16 Leases)	0	0	0	156	0	0	156
ICT Projects	198	200	398	200	200	200	998
Environmental Improvements	40	40	80	40	40	40	200
Disabled Facilities Work	0	200	200	200	200	200	800
New build programme inc acquisitions	6,873	23,364	30,238	15,523	1,266	2,095	49,122
<b>TOTAL HRA Capital Spend</b>	<b>8,295</b>	<b>26,339</b>	<b>34,634</b>	<b>19,881</b>	<b>5,463</b>	<b>6,408</b>	<b>66,387</b>
<b>HRA Financing</b>							
External Grants and contributions	0	718	718	1,032	0	0	1,750
s106	0	284	284	0	0	0	284
Capital Receipts(from SO Sales)	0	2,676	2,676	4,710	0	0	7,386
Other capital Receipts	0	602	602	602	602	602	2,408
New build 1-4-1 capital receipts	0	2,819	2,819	1,362	26	629	4,836
Major Repairs Reserve	0	3,910	3,910	4,165	4,389	4,544	17,009
Borrowing	8,295	9,789	18,084	8,010	446	633	27,173
Revenue Contributions	0	1,449	1,449	0	0	0	1,449
Strategic Priorities Reserve	0	4,092	4,092	0	0	0	4,092
<b>Total HRA Capital Financing</b>	<b>8,295</b>	<b>26,339</b>	<b>34,634</b>	<b>19,881</b>	<b>5,463</b>	<b>6,408</b>	<b>66,387</b>

## HRA Business Plan updated 2021/22 – 2030/31

## Appendix B

Year	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
£'000	1	2	3	4	5	6	7	8	9	10
<b>INCOME:</b>										
Rental Income	(14,557)	(15,626)	(16,843)	(17,879)	(17,869)	(18,127)	(18,388)	(18,652)	(18,919)	(19,558)
Void Losses	189	202	217	231	230	234	237	241	244	252
Other rental income	0	0	0	0	0	0	0	0	0	0
Service Charges	(704)	(717)	(731)	(748)	(763)	(778)	(794)	(809)	(826)	(842)
Non-Dwelling Income	(355)	(361)	(369)	(377)	(385)	(392)	(400)	(408)	(416)	(425)
Grants & Other Income	(23)	(23)	(24)	(24)	(25)	(25)	(26)	(26)	(27)	(28)
<b>Total Income</b>	<b>(15,450)</b>	<b>(16,526)</b>	<b>(17,749)</b>	<b>(18,798)</b>	<b>(18,811)</b>	<b>(19,089)</b>	<b>(19,370)</b>	<b>(19,655)</b>	<b>(19,944)</b>	<b>(20,600)</b>
<b>EXPENDITURE:</b>										
General Management	2,303	2,323	2,367	2,418	2,474	2,541	2,616	2,672	2,724	2,776
Special Management	845	865	882	903	921	939	958	977	996	1,016
Other Management	0	0	0	0	0	0	0	0	0	0
Bad Debt Provision	92	98	106	112	112	114	115	117	119	123
Responsive & Cyclical Repa	3,639	3,702	3,795	3,901	4,054	4,220	4,421	4,557	4,685	4,804
<b>Total Revenue Expenditure</b>	<b>6,878</b>	<b>6,988</b>	<b>7,150</b>	<b>7,334</b>	<b>7,560</b>	<b>7,814</b>	<b>8,110</b>	<b>8,323</b>	<b>8,525</b>	<b>8,718</b>
Interest Paid	2,968	3,538	3,708	3,641	3,562	3,672	3,346	3,256	3,171	3,082
Interest Received	(9)	(6)	(6)	(8)	(8)	(7)	(8)	(9)	(10)	(11)
Depreciation	3,911	4,165	4,389	4,544	4,662	4,775	4,890	5,008	5,128	5,252
<b>Net Operating Income</b>	<b>(1,701)</b>	<b>(1,840)</b>	<b>(2,508)</b>	<b>(3,287)</b>	<b>(3,034)</b>	<b>(2,835)</b>	<b>(3,033)</b>	<b>(3,077)</b>	<b>(3,130)</b>	<b>(3,560)</b>
<b>APPROPRIATIONS:</b>										
Revenue Provision (HRACFF	150	2,346	2,415	3,276	3,026	2,839	3,030	3,076	3,128	3,554
Revenue Contribution to Ca	1,449	0	0	0	0	0	0	0	0	0
<b>Total Appropriations</b>	<b>1,599</b>	<b>2,346</b>	<b>2,415</b>	<b>3,276</b>	<b>3,026</b>	<b>2,839</b>	<b>3,030</b>	<b>3,076</b>	<b>3,128</b>	<b>3,554</b>
<b>ANNUAL CASHFLOW</b>	<b>(102)</b>	<b>507</b>	<b>(93)</b>	<b>(11)</b>	<b>(8)</b>	<b>4</b>	<b>(3)</b>	<b>(1)</b>	<b>(2)</b>	<b>(5)</b>
Opening Balance	394	496	(10)	82	93	102	98	101	102	104
<b>Closing Balance</b>	<b>496</b>	<b>(10)</b>	<b>82</b>	<b>93</b>	<b>102</b>	<b>98</b>	<b>101</b>	<b>102</b>	<b>104</b>	<b>109</b>

# Agenda Item 11

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b>	<b>Cabinet</b>	<b>REPORT NUMBER: MCa/20/31</b>
<b>FROM:</b>	<b>Councillor John Whitehead Cabinet Member for Finance</b>	<b>DATE OF MEETING: 8 February 2021</b>
<b>OFFICER:</b>	<b>Katherine Steel, Assistant Director, Corporate Resources</b>	<b>KEY DECISION REF NO. Item No.</b>

### COUNCIL TAX HARDSHIP FUND

#### 1. PURPOSE OF REPORT

- 1.1 The Council was given money by Government for a Covid19 Council Tax Hardship Fund up to 31<sup>st</sup> March 2021. The core use of this was to give a discount of up to £150 to any working age household in receipt of Local Council Tax Support.
- 1.2 The Local Council Tax Reduction Scheme (LCTRS) allows up to 95% discount on the council tax payable to the most financially vulnerable residents. This means that many residents have less than £150 council tax to pay for the year and the Hardship Fund applied has fallen short of the funds available.
- 1.3 This report seeks to amend the use of the Hardship Fund to ensure that it is allocated to the working age council taxpayers most in need of support by 31<sup>st</sup> March 2021.

#### 2. OPTIONS CONSIDERED

- 2.1 Option 1 – Designate additional funds to Discretionary Housing Payments (DHP).

This option is not recommended as there is no need to put additional money into this fund now because there is still an unspent balance of £57k or 41% of the allocation from the Government for 2020/21.

- 2.2 Option 2 - Designate additional sums to Discretionary Financial Assistance (DFA) and use these awards to clear council tax arrears.

Making awards of DFA for customers who have arrears would improve the position of the Collection Fund but would penalise those who have made arrangements to bring their debt under control and would set an expectation in relation to future arrears. For this reason, it is not the preferred option.

- 2.3 Option 3 - Increase the award from the Hardship Fund from 'up to £150' to an amount that exhausts the fund.

This is the preferred option because it would apply additional funds to any working age LCTRS customer who had a liability in the year 2020/21 and a balance to pay after LCTRS and any discounts/reliefs had been applied.

Residents have different amounts to pay depending on their entitlement to LCTRS, their property banding and who else lives with them. Allowing a higher allocation from the Hardship Fund would mean more residents had less council tax to pay for the year 2020/21.

### **3. RECOMMENDATIONS**

- 3.1 That the award from the Hardship Fund is increased from 'up to £150' to an amount that exhausts the fund and is made to all working age Local Council Tax Reduction Support cases with a liability for 2020/21.
- 3.2 That any residual balance, after applying the additional award, is used to fund Discretionary Financial Assistance for residents in exceptional circumstances.

### **REASON FOR DECISION**

To ensure that the Hardship Fund is fully spent by 31<sup>st</sup> March 2021 thereby aiding those working age LCTRS taxpayers most in need of support.

### **4. KEY INFORMATION**

- 4.1 Early in 2020/21, after the impact of Covid-19 was beginning to be seen, the Council was given an allocation of money, called the Hardship Fund, from Government to support working age households in receipt of LCTRS to pay their council tax bills.
- 4.2 The Council's allocation was £435,683 and the Government guidance was that the money should be used to provide up to £150 to relevant households.
- 4.3 The caseload for working age LCTRS cases has increased in 2020/21 due to several people being made redundant during the Covid-19 pandemic.

	1 <sup>st</sup> March 2020	1 <sup>st</sup> September 2020 (Peak)	1 <sup>st</sup> January 2021
Mid Suffolk	2,021	2,506 (+24%)	2,462

- 4.4 The initial award of up to £150 per household was applied to accounts in early May 2020 and has been automatically calculated on each new or amended liability thereafter. The current commitment of funds is as follows:

	Original Fund Allocation	Current Expenditure	Hardship Fund Payment (HFP) Balance
Mid Suffolk	£435,683	£290,618	£145,065 (c 33%)

The monthly awards are adding in the region of £6,000 per month.

- 4.5 The number of customers who have already benefitted from a Hardship Fund payment at 3,100 exceeds the current caseload. This is because residents move on/off LCTRS and in/out of accommodation and often only qualify for a short period of time and consequently the caseload is constantly changing.
- 4.6 The country is now in a third national lockdown and the impacts on the caseload (and any future additional demand upon the Hardship Fund) cannot be fully known but it is reasonable to assume that a number of residents will be affected and claim LCTRS between now and 31<sup>st</sup> March 2021.
- 4.7 The current situation with regard to Council Tax for LCTRS residents is that:  
The total arrears for LCTRS cases is £401k;  
274 working age customers have arrears amounting to £133k (average of £485 per person);  
The largest open LCTRS case still owes £2,795.
- 4.8 In making the original grant allocation, the Government expected that billing authorities would primarily use their grant allocation to reduce the council tax liability of individuals in their area by up to £150, using their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992.
- 4.9 The Government confirmed that it is expected that the Hardship Fund grants made for 2020/21 are used in 2020/21 and that, whilst some residual monies may be carried forward into the next financial year, every effort should be made to apply the assistance in the current financial year.
- 4.10 Before determining any new way of allocating funds, it is important to ensure that sufficient funds are set aside to meet any new eligible liabilities. Any change to the caseload can only be estimated but based on the current rate of spending over the last 3 months, it is estimated that the funds required to meet the initial £150 minimum for all working age LCTRS residents will extend the commitment of funds by approximately £18k.
- 4.11 It is necessary to establish a way of distributing residual funds to council taxpayers in a way which is both fair and equitable, at a time which does not create confusion through unnecessary bills / notifications or require refunds of council tax account credits to be made and to clearly communicate the action taken and why.
- 4.12 Councils are also able to use residual funding to deliver increased financial assistance through other local support mechanisms, having considered local circumstances. This was considered as part of the options appraisal and for the reasons explained under Options 1 and 2 above was not the preferred recommendation.
- 4.13 An estimate as to the likely cost of increasing the awards above £150 has been calculated based on 'live' LCTRS cases taking into consideration their net liability for the year. These estimates do not include for accounts that have been live in 2020/21 but have since been ended or accounts where exemptions have been granted for part of the year.

	<b>2020/21 HFP Balance</b>	<b>Additional £100 (total £250)  A</b>	<b>Additional £150 (Total £300)  B</b>	<b>Additional £200 (Total £350)  C</b>	<b>Additional £250 (Total £400)  D</b>
<b>Mid Suffolk</b>	£145,065	£69,015	£99,147	£125,941	£149,551

- 4.14 Option B from the table above should prove sufficient to exhaust the fund and increase the total award for past, existing and new customers and allow for further new claims to be made up to the end of March 2021. The final level of award cannot be determined until the additional functionality is in place from the software provider. Any residual balance would be used to create funds for Discretionary Financial Assistance (DFA) to meet the needs of residents in ‘exceptional circumstances.’
- 4.15 The recommended course of action is that an additional top up award is made to all working age LCTRS cases with a liability for 2020/21. There is flexibility in the amount to be awarded to prevent any under/overspend of the total allocation for the Hardship Fund, as the figures in the table in paragraph 4.13 above are estimated at this stage.
- 4.16 It is intended that the additional relief is applied at the point that council tax is billed for 2021/22, in March 2021, which would have the effect of:
- reducing the overall council tax arrears balance for 2020/21
  - committing the residual funds in year and meet the original fund intention
  - clearing arrears for most customers who have arrears in 2020/21; and
  - for those customers who had paid, reducing the amount for them to pay in 2021/22 by rolling a credit into the next financial year
  - minimising the cost of administration and environmental impact, through reducing the number of bills required and the cost of postage.

## **5. LINKS TO CORPORATE PLAN**

- 5.1 The vision in the Joint Corporate Plan (2019-27) is to have ‘great communities with bright and healthy futures that everyone is proud to call home.’
- 5.2 The Joint Corporate Plan identifies six strategic priorities namely Environment, Economy, Housing, Communities, Well-Being, and Customers. Ensuring that the Hardship Fund is fully allocated to the relevant residents of Babergh in the manner of the recommendation will have some impact across all of these strategic priorities.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 As detailed in section 4 above.

## **7. LEGAL IMPLICATIONS**

- 7.1 Billing authorities can use their discretionary powers under s13A(1)(c) of the Local Government Finance Act 1992 to further reduce the amount of council tax payable after the Local Council Tax Reduction Scheme has been applied.

## **8. RISK MANAGEMENT**

- 8.1 This report is not closely linked with any of the Council's Corporate / Significant Business Risks. Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
If the Hardship Fund is not fully allocated, then the Council will miss an opportunity to support working age council taxpayers during the Covid-19 pandemic and also reduce the level of outstanding council tax and will have to repay much needed funds to the Government.	1 - Unlikely	2 - Noticeable	Amend the parameters of the Hardship Fund to ensure full allocation.
If the number of LCTRS claimants increases significantly in the last quarter of the year, then the scheme could exceed the funding provided by the Government.	2 - Unlikely	2 – Noticeable	Flexibility within the amount of the additional payment to ensure the Council is not overcommitted. Payments made in March to ensure increase in cases allowed for.

## **9. CONSULTATIONS**

- 9.1 Consultation has taken place with the Senior Leadership Team and the Shared Revenues Partnership.

## **10. EQUALITY ANALYSIS**

- 10.1 An equality analysis has not been completed because this report is aimed at all working-age recipients of LCTRS which includes anyone who may share any of the protected characteristics.

## **11. ENVIRONMENTAL IMPLICATIONS**

- 11.1 As detailed in paragraph 4.16 the intention is notify residents at the same time as council tax is billed for 2021/22, to minimise the number of bills sent to residents and hence the environmental impact of this and the postage.

## **12. BACKGROUND DOCUMENTS**

- 12.1 None

# Agenda Item 12

## MID SUFFOLK DISTRICT COUNCIL

<b>TO: Cabinet</b>		<b>REPORT NUMBER: MCa/20/32</b>
<b>FROM:</b>	<b>Councillor David Burn - Cabinet Member for Planning</b>	<b>DATE OF MEETING: 8 February 2021</b>
<b>OFFICER:</b>	<b>Robert Hobbs - Corporate Manager, Strategic Planning</b>	<b>KEY DECISION REF NO. CAB252</b>

### LAXFIELD NEIGHBOURHOOD PLAN

#### 1. PURPOSE OF REPORT

- 1.1 To present the findings of the Independent Examiner's Report on the Laxfield Neighbourhood Plan Submission Draft document.
- 1.2 Subject to implementation of the detailed recommendations in the Examiner's Report, it is proposed that Cabinet agree that the Laxfield Neighbourhood Plan proceed to a local referendum.

#### 2. OPTIONS CONSIDERED

- 2.1 A Local Planning Authority may propose to make a decision on a recommendation that differs from that set out by the Examiner. If so, it must give its reason why and undertake further consultation before issuing a final decision. As appropriate, this may require the matter to be re-examined. For the reasons set out in section 4 below this option has been discarded.
- 2.2 The recommended option is that Mid Suffolk agree that, subject to modification, the Laxfield Neighbourhood Plan proceed to a local referendum.

<b>3. RECOMMENDATIONS</b>
3.1 That Laxfield Parish Council be requested to make the necessary modifications to their Neighbourhood Plan in accordance with the Examiner's recommendations.
3.2 That, subject to satisfactory completion of the above (to be agreed by the Corporate Manager for Strategic Planning), this Neighbourhood Plan be advanced to a local referendum covering the parish of Laxfield.
<b>REASON FOR DECISION</b>
3.3 To enable the Council to meet its statutory obligations under Section 17A of the Neighbourhood Planning (General) Regulations 2012 (as amended) and to allow the Laxfield Neighbourhood Plan to proceed to a local referendum

#### 4. KEY INFORMATION

- 4.1 The Localism Act 2011 introduced the concept of neighbourhood plans. These are plans developed by local communities covering the area in which they live and work, and provide them with an opportunity to prepare planning policies and allocate land to shape the future of their area. Consequently, each plan has its own character.
- 4.2 The Laxfield Neighbourhood Plan has been prepared in accordance with the Neighbourhood Planning (General) Regulations 2012 (as amended). The key stages prior to examination are set out below:
- Area Designation: 9 February 2018
  - Regulation 14 Pre-submission consultation: 22 February to 6 April 2020 (carried out by the Parish Council).
  - Regulation 16 Submission Draft consultation: 17 August to 12 October 2020 (carried out by the District Council). During this period representations were received from ten organisations / individuals.

A Consultation Statement submitted by the Parish Council sets out how they went about preparing the Plan. Officers at Mid Suffolk also responded to various enquiries during the preparation stages.

- 4.3 The Plan has been independently examined by Janet Cheesley BA (Hons) DipTP MRTPI, a suitably qualified and experienced person who was independent of the plan making process. The examination was conducted via the written representation and through matters for clarification to which both Parish and District Council responded. In the interests of openness and transparency, details relating to the examination were published on the District Council website.
- 4.4 On 4 December 2020, the Examiner issued her Final Report. It concludes that: *“subject to my recommendations, the Plan meets the Basic Conditions”* and, *“that the Plan will provide a strong practical framework against which decisions on development can be made.”* The modifications of note are summarised in paragraph 4.5 below. A link to the Full Report is provided at Appendix 1. The Examiner did not consider it necessary to extend the local referendum area.
- 4.5 The modifications made are there to improve the Plan policies and supporting text so that they provide clarity for decision makers. Of the twenty Plan policies, eight required no modification and five policies only required limited minimal change. The modifications of note:
- Responding to the revised minimum housing requirement figure set out in the Regulation 19 Joint Local Plan; which became publicly available late on in the examination process, and with the agreement of the Parish and District Council, a modification to policy LAX 2 (Housing Development) which now sees this Plan providing for around 110 dwellings over the Plan period,
  - Deletion of the allocation made in policy LAX 3 (Land at Mill Road) and a consequential Policies Map update given that these four dwellings have now been constructed,
  - In response to a recent Court of Appeal case with regard to the lawfulness of a Local Green Space policy in a neighbourhood plan, a modification to policy LAX 15 (Local Green Spaces) that removes the final paragraph referring to

development in these designated areas only being permitted in very special circumstances, *and*

- A modification that sees the deletion of policy LAX 7 (Measures for New Housing Development) and a modification to policy LAX 12 (Sustainable Construction Practices) to remove policies reference to additional local technical standards for residential development.

4.6 The District Council must now consider all of the Examiner's recommendations, the reasons for them, and then decide what action to take. It must also come to a formal view about whether the Plan meets the 'Basic Conditions'.

4.7 The 'Basic Conditions' are set out in Paragraph 8(2) of Schedule 4B of the Town and Country Planning Act, 1990 (as amended). In order to satisfy them, the Plan must:

- have regard to national policies and advice contained in guidance issued by the Secretary of State,
- contribute to the achievement of sustainable development,
- be in general conformity with the strategic policies contained in the development plan for the area of the authority,
- not breach, and is otherwise compatible with, European Union obligations, *and*
- meet the prescribed conditions in relation to the neighbourhood plan and the prescribed matters have been complied with in connection with the proposal for the neighbourhood plan.

4.8 Officers have assessed the content of the Examiner's Report and each recommendation, and concur with its findings. It is therefore recommended that all the modifications proposed be made by Laxfield Parish Council. If Cabinet agrees with this recommendation, the District Council will need to publicise its decision (a 'Regulation 18 Decision Statement') and move to a local referendum.

4.9 The Housing and Planning Act 2016 has made it clear that the only modifications that the District Council can make at this stage are those required to ensure that:

- the plan is compatible with EU obligations,
- the plan does not breach Convention Rights, or
- those required for the purpose of correcting minor errors.

The District Council is therefore only able to exercise limited discretion at this point.

4.10 As noted above, the task of modifying the Plan falls to the Parish Council, with assistance from the District Council as required. While there is no prescribed period for this process, the modified plan, along with other specified documents must be available before the date of the local referendum can be confirmed.

4.11 The referendum process is governed by the Neighbourhood Planning (Referendum) Regulations, 2012 (as amended). They set out that not less than 28 working days' notice must be provided of the date of the local referendum.

On the 7 April 2020, the Local Government and Police and Crime Commissioner (Coronavirus) (Postponement of Elections and Referendums) (England and Wales) Regulations 2020 came into force which provides that all neighbourhood planning referendums that are scheduled to take place between 16 March 2020 and 5 May

2021 are postponed until 6 May 2021. The Ministry for Housing, Communities & Local Government (MHCLG) have also provided guidance on procedures that can be undertaken which have a bearing on the weight to be attached to any Plan where the intention to hold a referendum is made clear. Officers will continue to monitor the situation, publish any relevant notices when required and work with colleagues in Electoral Services and the Parish Council to ensure that the local referendum can take place at the earliest opportunity.

- 4.12 The Parish Council will be expected to promote the referendum but it should be noted that there are restrictions on the publication of promotional material, advertisements, and expenses. The format of the Referendum question will be:

*‘Do you want Mid Suffolk District Council to use the Neighbourhood Plan for Laxfield to help it decide planning applications in the neighbourhood area?’*

- 4.13 If more than 50% of those who vote in the referendum are in favour of the Neighbourhood Development Plan, then it must be brought into legal force and be ‘made’ (adopted) by the District Council. A paper would be presented to Full Council to ratify the eventual outcome.

## **5. LINKS TO CORPORATE PLAN**

- 5.1 The successful making (adoption) of the neighbourhood plan will enable the District Council to fulfil its corporate priorities in terms of housing delivery, business growth and community capacity building.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The District Council can claim £20,000 from MHCLG for each neighbourhood plan that has not previously been ‘made’ (adopted) for that area. Previously claimable only after a referendum date had been set, this sum can now be claimed once the local planning authority issues a decision statement detailing their intention to send the plan to referendum. The sum is paid to help meet the costs of delivering this Plan and will be sufficient in this case.
- 6.2 If the Laxfield Neighbourhood Plan is successfully ‘made’ (adopted) the Parish Council will be eligible to receive 25% of any Community Infrastructure Levy (CIL) receipts from qualifying development in its area. However, the postponement of referendums until at least May 2021 means that some communities might miss out on qualifying payments. On 25 September 2020, Planning Practice Guidance was updated to encourage CIL charging authorities to work with the parish council or neighbourhood forum wherever possible, to consider whether an additional sum, equal to the shortfall in expected CIL receipts can be agreed. Initial discussions have already taken within the District Council as to what this might mean for Laxfield.

## **7. LEGAL IMPLICATIONS**

- 7.1 The Neighbourhood Plan has been prepared in accordance with the provisions of the Town & Country Planning Act, 1990, the Planning & Compulsory Purchase Act, 2004 and the Neighbourhood Planning (General) Regulations, 2012 (as amended). It has also had regard to the Environmental Assessment of Plans & Programmes Regulations, 2004 and the Conservation of Habitats & Species Regulations, 2017.

- 7.2 If 'made' (adopted), the Laxfield Neighbourhood Plan will become part of the Development Plan and be used, where relevant, to determine planning applications.

## **8. RISK MANAGEMENT**

- 8.1 This report is most closely linked with Significant Business Risk No. 7 - We may not be able to help communities to become more sustainable. The key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
The Neighbourhood Plan fails to receive support at the referendum stage.	Unlikely - 2	Bad - 3	The Parish Council are responsible for promoting the referendum.
Legal challenge to the content of the Neighbourhood Plan and/or judicial review of the District Council's decisions.	Unlikely - 2	Bad - 3	Ensuring that the relevant Regulations are followed and that decision making processes are clear and transparent.

## **9. CONSULTATIONS**

- 9.1 As noted in paragraph 4.2, the District Council consulted on the Submission draft Laxfield Neighbourhood Plan between 17 August to 12 October 2020. A link to the representations received at this stage is provided at Appendix 2.
- 9.2 Guidance issued in 2018 by the Independent Examiner Referral Service (NPIERS) affords the Parish Council / Neighbourhood Plan Working Group the opportunity to see and respond to the submitted representations before the examination commences. A link to the Parish Council response is provided at Appendix 3.

## **10. EQUALITY ANALYSIS**

- 10.1 There are no equality or diversity implications arising directly from this report. An Equality Impact Assessment (EqIA) is not required.

## **11. ENVIRONMENTAL IMPLICATIONS**

- 11.1 The consideration of environmental implications are an integral part of the Plan preparation process. The Laxfield Neighbourhood Plan has been subject to the appropriate Strategic Environmental and Habitats Regulations screening assessments.

## **12. APPENDICES**

<b>Title</b>	<b>Location</b>
(1) Examiners Final Report	<a href="https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Laxfield-NP-Exam-Report.pdf">https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Laxfield-NP-Exam-Report.pdf</a>

(2) Submission Draft Plan representations	<a href="https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Laxfield-NP-R16-Reps.pdf">https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Laxfield-NP-R16-Reps.pdf</a>
(3) Laxfield Parish Council response	<a href="https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Laxfield-NP-R16-Reps-Response.pdf">https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Laxfield-NP-R16-Reps-Response.pdf</a>

### 13. BACKGROUND DOCUMENTS

The submission draft version of the Laxfield Neighbourhood Plan can be found at:

<https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Laxfield-NP-Sub-Draft-Aug20.pdf>

[Ends]

# Agenda Item 13

## MID SUFFOLK DISTRICT COUNCIL

<b>TO: Cabinet</b>		<b>REPORT NUMBER: MCa/20/33</b>
<b>FROM:</b>	<b>Cllr David Burn - Cabinet Member for Planning</b>	<b>DATE OF MEETING: 8 February 2021</b>
<b>OFFICER:</b>	<b>Robert Hobbs - Corporate Manager, Strategic Planning</b>	<b>KEY DECISION REF NO. CAB253</b>

### WILBY NEIGHBOURHOOD PLAN

#### 1. PURPOSE OF REPORT

- 1.1 To present the findings of the Independent Examiner's Report on the Wilby Neighbourhood Plan Submission Draft document.
- 1.2 Subject to implementation of the detailed recommendations in the Examiner's Report, it is proposed that Cabinet agree that the Wilby Neighbourhood Plan proceed to a local referendum.

#### 2. OPTIONS CONSIDERED

- 2.1 A Local Planning Authority may propose to make a decision on a recommendation that differs from that set out by the Examiner. If so, it must give its reason why and undertake further consultation before issuing a final decision. As appropriate, this may require the matter to be re-examined. For the reasons set out in section 4 below this option has been discarded.
- 2.2 The recommended option is that Mid Suffolk agree that, subject to modification, the Wilby Neighbourhood Plan proceed to a local referendum.

#### 3. RECOMMENDATIONS

- 3.1 That Wilby Parish Council be requested to make the necessary modifications to their Neighbourhood Plan in accordance with the Examiner's recommendations.
- 3.2 That, subject to satisfactory completion of the above (to be agreed by the Corporate Manager for Strategic Planning), this Neighbourhood Plan be advanced to a local referendum covering the parish of Wilby.

#### REASON FOR DECISION

- 3.3 To enable the Council to meet its statutory obligations under Section 17A of the Neighbourhood Planning (General) Regulations 2012 (as amended) and to allow the Wilby Neighbourhood Plan to proceed to a local referendum

#### 4. KEY INFORMATION

- 4.1 The Localism Act 2011 introduced the concept of neighbourhood plans. These are plans developed by local communities covering the area in which they live and work,

and provide them with an opportunity to prepare planning policies and allocate land to shape the future of their area. Consequently, each plan has its own character.

4.2 The Wilby Neighbourhood Plan has been prepared in accordance with the Neighbourhood Planning (General) Regulations 2012 (as amended). The key stages prior to examination are set out below:

- Area Designation: 18 December 2017
- Regulation 14 Pre-submission consultation: 22 January to 12 March 2020 (carried out by the Parish Council).
- Regulation 16 Submission Draft consultation: 12 August to 7 October 2020 (carried out by the District Council). During this period representations were received from six organisations / individuals.

A Consultation Statement submitted by the Parish Council sets out how they went about preparing the Plan. Officers at Mid Suffolk also responded to various enquiries during the preparation stages.

4.3 The Plan has been independently examined by Janet Cheesley BA (Hons) DipTP MRTPI, a suitably qualified and experienced person who was independent of the plan making process. The examination was conducted via the written representation and through matters for clarification to which both Parish and District Council responded. In the interests of openness and transparency, details relating to the examination were published on the District Council website.

4.4 On 16 November 2020, the Examiner issued her Final Report. It concludes that: *“subject to my recommendations, the Plan meets the Basic Conditions”* and, *“that the Plan will provide a strong practical framework against which decisions on development can be made.”* The modifications of note are summarised in paragraph 4.5 below. A link to the Full Report is provided at Appendix 1. The Examiner did not consider it necessary to extend the local referendum area.

4.5 The modifications made are there to improve the Plan policies and supporting text so that they provide clarity for decision makers. Of the ten Plan policies, two required no modification and the remainder only required limited change. The modifications of note:

- A text amendment to policy WIL1 (Landscape & Natural Features) relating to the test on development benefits clearly outweighing any impacts is applicable,
- In response to a recent Court of Appeal case with regard to the lawfulness of a Local Green Space policy in a neighbourhood plan, a modification to policy WIL3 (Local Green Spaces) that removes the final paragraph referring to development in these designated areas only being permitted in very special circumstances,
- A modification to policy WIL4 (Renewable Energy & Future Sustainability) and revised wording for the second part of policy WIL7 (Housing Mix) to remove references to additional local technical standards for residential development, *and*
- Minor modifications to the Policies Map to improve cross-referencing.

- 4.6 The District Council must now consider all of the Examiner's recommendations, the reasons for them, and then decide what action to take. It must also come to a formal view about whether the Plan meets the 'Basic Conditions'.
- 4.7 The 'Basic Conditions' are set out in Paragraph 8(2) of Schedule 4B of the Town and Country Planning Act, 1990 (as amended). In order to satisfy them, the Plan must:
- have regard to national policies and advice contained in guidance issued by the Secretary of State,
  - contribute to the achievement of sustainable development,
  - be in general conformity with the strategic policies contained in the development plan for the area of the authority,
  - not breach, and is otherwise compatible with, European Union obligations, *and*
  - meet the prescribed conditions in relation to the neighbourhood plan and the prescribed matters have been complied with in connection with the proposal for the neighbourhood plan.
- 4.8 Officers have assessed the content of the Examiner's Report and each recommendation, and concur with its findings. It is therefore recommended that all the modifications proposed be made by Wilby Parish Council. If Cabinet agrees with this recommendation, the District Council will need to publicise its decision (a 'Regulation 18 Decision Statement') and move to a local referendum.
- 4.9 The Housing and Planning Act 2016 has made it clear that the only modifications that the District Council can make at this stage are those required to ensure that:
- the plan is compatible with EU obligations,
  - the plan does not breach Convention Rights, or
  - those required for the purpose of correcting minor errors.

The District Council is therefore only able to exercise limited discretion at this point.

- 4.10 As noted above, the task of modifying the Plan falls to the Parish Council, with assistance from the District Council as required. While there is no prescribed period for this process, the modified plan, along with other specified documents must be available before the date of the local referendum can be confirmed.
- 4.11 The referendum process is governed by the Neighbourhood Planning (Referendum) Regulations, 2012 (as amended). They set out that not less than 28 working days' notice must be provided of the date of the local referendum.

On the 7 April 2020, the Local Government and Police and Crime Commissioner (Coronavirus) (Postponement of Elections and Referendums) (England and Wales) Regulations 2020 came into force which provides that all neighbourhood planning referendums that are scheduled to take place between 16 March 2020 and 5 May 2021 are postponed until 6 May 2021. The Ministry for Housing, Communities & Local Government (MHCLG) have also provided guidance on procedures that can be undertaken which have a bearing on the weight to be attached to any Plan where the intention to hold a referendum is made clear. Officers will continue to monitor the situation, publish any relevant notices when required and work with colleagues in Electoral Services and the Parish Council to ensure that the local referendum can take place at the earliest opportunity.

- 4.12 The Parish Council will be expected to promote the referendum but it should be noted that there are restrictions on the publication of promotional material, advertisements, and expenses. The format of the Referendum question will be:

*‘Do you want Mid Suffolk District Council to use the Neighbourhood Plan for Wilby to help it decide planning applications in the neighbourhood area?’*

- 4.13 If more than 50% of those who vote in the referendum are in favour of the Neighbourhood Development Plan, then it must be brought into legal force and be ‘made’ (adopted) by the District Council. A paper would be presented to Full Council to ratify the eventual outcome.

## **5. LINKS TO CORPORATE PLAN**

- 5.1 The successful making (adoption) of the neighbourhood plan will enable the District Council to fulfil its corporate priorities in terms of housing delivery, business growth and community capacity building.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 The District Council can claim £20,000 from MHCLG for each neighbourhood plan that has not previously been ‘made’ (adopted) for that area. Previously claimable only after a referendum date had been set, this sum can now be claimed once the local planning authority issues a decision statement detailing their intention to send the plan to referendum. The sum is paid to help meet the costs of delivering this Plan and will be sufficient in this case.
- 6.2 If the Wilby Neighbourhood Plan is successfully ‘made’ (adopted) the Parish Council will be eligible to receive 25% of any Community Infrastructure Levy (CIL) receipts from qualifying development in its area. However, the postponement of referendums until at least May 2021 means that some communities might miss out on qualifying payments. On 25 September 2020, Planning Practice Guidance was updated to encourage CIL charging authorities to work with the parish council or neighbourhood forum wherever possible, to consider whether an additional sum, equal to the shortfall in expected CIL receipts can be agreed. Initial discussions have already taken within the District Council as to what this might mean for Wilby.

## **7. LEGAL IMPLICATIONS**

- 7.1 The Neighbourhood Plan has been prepared in accordance with the provisions of the Town & Country Planning Act, 1990, the Planning & Compulsory Purchase Act, 2004 and the Neighbourhood Planning (General) Regulations, 2012 (as amended). It has also had regard to the Environmental Assessment of Plans & Programmes Regulations, 2004 and the Conservation of Habitats & Species Regulations, 2017.
- 7.2 If ‘made’ (adopted), the Wilby Neighbourhood Plan will become part of the Development Plan and be used, where relevant, to determine planning applications

## **8. RISK MANAGEMENT**

- 8.1 This report is most closely linked with Significant Business Risk No. 7 - We may not be able to help communities to become more sustainable. The key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
The Neighbourhood Plan fails to receive support at the referendum stage.	Unlikely - 2	Bad - 3	The Parish Council are responsible for promoting the referendum.
Legal challenge to the content of the Neighbourhood Plan and/or judicial review of the District Council's decisions.	Unlikely - 2	Bad - 3	Ensuring that the relevant Regulations are followed and that decision making processes are clear and transparent.

## **9. CONSULTATIONS**

- 9.1 As noted in paragraph 4.2, the District Council consulted on the Submission draft Wilby Neighbourhood Plan between 12 August and 7 October. A link to the representations received at this stage is provided at Appendix 2.
- 9.2 Guidance issued in 2018 by the Independent Examiner Referral Service (NPIERS) affords the Parish Council / Neighbourhood Plan Working Group the opportunity to see and respond to the submitted representations before the examination commences. A link to the Parish Council response is provided at Appendix 3.

## **10. EQUALITY ANALYSIS**

- 10.1 There are no equality or diversity implications arising directly from this report. An Equality Impact Assessment (EqIA) is not required.

## **11. ENVIRONMENTAL IMPLICATIONS**

- 11.1 The consideration of environmental implications are an integral part of the Plan preparation process. The Wilby Neighbourhood Plan has been subject to the appropriate Strategic Environmental and Habitats Regulations screening assessments.

## **12. APPENDICES**

<b>Title</b>	<b>Location</b>
(1) Examiners Final Report	<a href="https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Wilby-NP-Exam-Report.pdf">https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Wilby-NP-Exam-Report.pdf</a>
(2) Submission Draft Plan representations	<a href="https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Wilby-NP-R16-Reps.pdf">https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Wilby-NP-R16-Reps.pdf</a>
(3) Wilby Parish Council response	<a href="https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Wilby-NP-R16-Reps-Response.pdf">https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Wilby-NP-R16-Reps-Response.pdf</a>

## **13. BACKGROUND DOCUMENTS**

The submission draft version of the Wilby Neighbourhood Plan can be found at:  
<https://www.midsuffolk.gov.uk/assets/Neighbourhood-Planning/Wilby-NP-Sub-Jul20.pdf>

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# Agenda Item 15

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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