



## **AGENDA**

### **COUNCIL MEETING**

**THURSDAY, 18TH FEBRUARY, 2021 –  
5.30 PM**

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Members of the Council are summoned to a Virtual Meeting of the Mid Suffolk District Council on Thursday, 18th February, 2021 at 5.30 pm.

A handwritten signature in black ink, appearing to read "Arthur Charvonja".

Arthur Charvonja  
Chief Executive

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<b>MSDC COUNCIL</b>	
<b>DATE:</b>	<b>THURSDAY, 18 FEBRUARY 2021 5.30 PM</b>
<b>VENUE:</b>	<b>VIRTUAL MEETING</b>

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.

The Council, members of the public and the press may record/film/photograph or broadcast this meeting when the public and the press are not lawfully excluded.

**PART 1  
MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT**

Page(s)

- 1      **APOLOGIES FOR ABSENCE**
- 2      **DECLARATION OF INTERESTS BY COUNCILLORS**
- 3      **MC/20/23 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 21 JANUARY 2021**      9 - 26

4      **LEADER'S ANNOUNCEMENTS**

5      **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

In accordance with Council Procedure Rule 11, The Chief Executive will report the receipt of any petitions. There can be no debate or comment upon these matters at the Council meeting.

6      **QUESTIONS BY THE PUBLIC IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

The Chairs of Committees to answer any questions from the public of which notice has been given no later than midday three clear working days before the day of the meeting in accordance with Council Procedure Rule 12.

7 **QUESTIONS BY COUNCILLORS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

The Chairman of the Council, Chairs of Committees and Sub-Committees and Portfolio Holders to answer any questions on any matters in relation to which the Council has powers or duties or which affect the District of which due notice has been given in accordance with Council Procedure Rule 13.

8 **MC/20/24 GENERAL FUND BUDGET 2021/22 AND FOUR-YEAR OUTLOOK** 27 - 98

Cabinet Member for Finance

In accordance with Council Procedure Rule 19.3, immediately after any vote is taken at a budget decision meeting of the Council the names of Councillors who cast a vote for the decision or against the decision or who abstained from voting shall be recorded in the Minutes of that meeting.

At its meeting on 8 February 2021, Cabinet considered Paper MCa/20/29, together with an addendum to the General Fund Budget. Paper MC/20/24 now includes all the relevant updated information plus the tax base, precepts and council tax band information at parish level, together with the necessary recommendations.

Proposed amendment from the Green and Liberal Democrat Group also attached.

9 **MC/20/25 HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK** 99 - 111

Cabinet Member for Finance

In accordance with Council Procedure Rule 19.3, immediately after any vote is taken at a budget decision meeting of the Council the names of Councillors who cast a vote for the decision or against the decision or who abstained from voting shall be recorded in the Minutes of that meeting.

At its meeting on 8 February 2021, Cabinet considered Paper MCa/20/30, the Housing Revenue Account. Paper MC/20/25 is unchanged from the Cabinet meeting and includes the necessary recommendations.

Proposed amendment from the Green and Liberal Democrat Group also attached.

- 10        **RECOMMENDATIONS AND REPORTS FROM CABINET / COMMITTEES**
- a        **MC/20/26 JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2021/22**    113 - 174

Chair of Joint Audit and Standards Committee

At its meeting on 25 January 2021, Joint Audit and Standards Committee considered Paper JAC/20/10, the Joint Capital, Investment and Treasury Management Strategies. Paper MC/20/26 now includes all the relevant updated information following consideration by the Joint Audit and Standards Committee, together with the necessary recommendations.

- 11        **COUNCILLOR APPOINTMENTS**

- 12        **MOTIONS ON NOTICE**

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

Please note that the next meeting is scheduled for Thursday, 25 March 2021 at 5.30 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, Committee Services on: 01473 296472 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 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 at: [committees@baberghmidsuffolk.gov.uk](mailto:committees@baberghmidsuffolk.gov.uk) 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.

#### Roll Call:

1. A roll call or electronic confirmation of attendance of all Members present will be taken during the Apologies for Absence/Substitution to confirm all Members are present at 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, the Chair will ask if there are any questions. The Chair will either ask each Member in turn if they have any questions or Members of the Council / Committee will be asked to use the "Hands Up" function within teams. The Chair will then ask Members to speak.

2. Any Councillors present who are not part of the Committee will then be invited to ask questions by using the “Hands up function” within teams. The Chair will then ask Members to speak.
3. At the end of the questions the Chair will ask Members whether they have any further questions before entering into debate.
4. In the instance where a Member of the Committee would like to formally make a proposal, they should raise their hand using the Hands Up function. At this point the Chair would go directly to them and take the proposal. Once the proposal has been made the Chair would immediately ask if there was a seconder to the Motion. If there is it would become the substantive Motion and the Chair would again continue down the list of Councillors until there is no further debate.
5. Upon completion of any debate the Chair will move to the vote.

#### Voting:

1. Once a substantive motion is put before the Council / 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 the vote will be conducted via an electronic voting method.
3. 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.
4. The governance officer will then read out the result for the Chair to confirm.
5. 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. If a connection to a Councillor is lost during a regulatory meeting, the Chair will stop the meeting to enable the connection to be restored. If the connection cannot be restored within a reasonable time, the meeting will proceed, but the Councillor who was disconnected will not be able to vote on the matter under discussion as they would not have heard all the facts.

#### 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.

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# Agenda Item 3

## MID SUFFOLK DISTRICT COUNCIL

Minutes of the meeting of the **MID SUFFOLK COUNCIL** held in the Virtual Teams Meeting on Thursday, 21 January 2021

### PRESENT:

Councillor: Barry Humphreys MBE (Chair)  
Paul Ekpenyong (Vice-Chair)

Councillors:	Oliver Amorowson	Gerard Brewster
	David Burn	Terence Carter
	James Caston	Rachel Eburne
	John Field	Julie Flatman
	Jessica Fleming	Dr Helen Geake
	Peter Gould	Lavinia Hadingham
	Matthew Hicks	Sarah Mansel
	John Matthissen	Andrew Mellen
	Richard Meyer	Suzie Morley
	David Muller	Mike Norris
	Penny Otton	Timothy Passmore
	Stephen Phillips	Dr Daniel Pratt
	Harry Richardson	Keith Scarff
	Andrew Stringer	Wendy Turner
	Rowland Warboys	Keith Welham
	John Whitehead	

### In attendance:

Guest(s): Sharon Head

Officers: Chief Executive (AC)  
Strategic Director (KN)  
Assistant Director Law and Governance and Monitoring Officer (EY)  
Assistant Director – Corporate Resources (KS)  
Assistant Director – Housing (GF)  
Assistant Director – Environment and Commercial Partnerships (CC)  
Assistant Director – Economic Development and Regeneration (FD)  
Assistant Director – Customers, Digital Transformation and Improvement (SW)  
Corporate Manager – Financial Services and Commissioning and Procurement (ME)  
Corporate Manager – Governance and Civic Office and Deputy Monitoring Officer (JR)  
Corporate Manager – Strategic Property (SC)  
Senior Governance Officer (HH)

### Apologies:

Kathie Guthrie

**37 DECLARATION OF INTERESTS BY COUNCILLORS**

Councillor Carter declared a local non-pecuniary interest in Item 11, in his capacity as Vice-Chair of Mid Suffolk Disability Forum.

**38 MC/20/15 TO CONFIRM THE MINUTES OF THE EXTRAORDINARY MEETING HELD ON 11 NOVEMBER 2020**

**It was RESOLVED:-**

**That the Minutes of the Extraordinary meeting held on 11 November 2020 be confirmed and signed as a true record and be signed at the next practicable opportunity.**

**39 MC/20/16 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 26 NOVEMBER 2020**

**It was RESOLVED:-**

**That the Minutes of the meeting held on 26 November 2020 be confirmed and signed as a true record and be signed at the next practicable opportunity.**

**40 MC/20/17 CHAIRMAN'S ANNOUNCEMENTS**

40.1 The Chair referred to Paper MC/20/17 which was for noting. He announced that the Stowmarket Dementia Group thanked Members for their contributions.

40.2 The Chair welcomed Councillor Eburne back to the Council after her absence.

40.3 Councillor Eburne thanked Members for the Cards and flowers she had received during her absence.

**41 LEADER'S ANNOUNCEMENTS**

41.1 The Chair invited the Leader, Councillor Morley to make her announcements.

41.2 Councillor Morley made the following announcements:

This second COVID-19 wave was worse than the first last Spring and she was horrified to see the current level of daily deaths and hospital admissions.

The Council was in a third national lockdown, but it was going to take a long time before a significant reduction in rates of infection, hospitalisations and deaths was seen.

Suffolk had been badly hit like all regions; and the public awareness and messaging campaign must continue. Mid Suffolk needed everyone to stay at home and follow the lockdown rules and she urged Members to promote these messages across all their communities.

The District Council was of course continuing to support residents, communities and businesses in response to Covid-19 and she wanted to highlight a couple of particular elements from all the information Councillors received on a fortnightly basis.

Firstly, the Closed Business Lockdown Payment grants, the Council had started to pay qualifying businesses this week. As the Council already held the data regarding many businesses, automatic payments were being made and these will reach approximately 70% of the businesses with a rateable value who were eligible. In addition, new grant applications had been launched for any businesses, who had not previously received a lockdown grant from the Council. The website had been updated accordingly and it was the best place to refer any businesses in Councillors' Wards that may have contacted them.

[www.midsuffolk.gov.uk/business/business-rates/grant-funding-schemes/](http://www.midsuffolk.gov.uk/business/business-rates/grant-funding-schemes/) - Just in case)

There were now a variety of Government grants available and full details were on the Council's website, including a comprehensive infographic describing them all; and the Council was guiding businesses through this to make it as simple as possible to ensure businesses swiftly receive all of the money that they were entitled to.

Secondly regarding the Covid-19 vaccination programme. Many of the Districts most vulnerable residents have already received their first vaccination.

Concerned residents had contacted Councillors as to when they would receive their jabs, how they would be informed, where they would need to go and how they would get there. These are exactly the conversations that she had been having, alongside Councillor Hicks, Councillor Passmore, and fellow Council Leaders at the Local Outbreak Engagement Board meetings to ensure that the communication to all residents was effective, clear and timely.

There were now 19 (Primary Care Network) vaccination sites in place across Suffolk. For Mid Suffolk these are located at:

- Debenham Leisure Centre
- The Mix, Stowmarket
- Woolpit Health Centre

In addition, all three hospitals – James Paget, West Suffolk & Ipswich were all vaccinating, and an additional large site would be provided in Ipswich shortly. Two further pharmacy sites (Ipswich & Lowestoft) have also been approved.

There was also an increasing supply of the Oxford vaccine available. This vaccine did not have some of the same logistical challenges as the Pfizer vaccine which should enable more people to be vaccinated more quickly. At the moment however there was what was being referred to as a 'Push model' in place i.e. local NHS was not responsible for managing the supply of the vaccine, but they hoped to be able to move to a 'Pull model' shortly, so they could draw down the level of vaccine they needed based upon demand. In any event they remained on track to achieve the first two Government milestones of vaccinating all care home residents and staff by 24<sup>th</sup> January and all of the first four cohorts by mid-February.

She was pleased that an excellent new Suffolk wide website [sneevaccine.org.uk](http://sneevaccine.org.uk) had now been launched but Councillor Hicks and Councillor Passmore and she would continue to push (and support) the NHS with regard to effective communication to all

residents.

The Council was not directly involved in the delivery of the vaccination programme but were supporting and facilitating it in a number of ways. Just two examples of this were the work that the planning, assets and legal officers were doing in support of the Woolpit GP Surgery, with the neighbouring housing developer, to deliver an expanded car park which would enable the acceleration of the vaccine programme in that area; and the provision within Council's existing car park sites such as in Stowmarket to support delivery of the vaccination programme at The Mix.

The Council was also a partner on the Suffolk-wide 'resources cell' and so would continue to redeploy officers where possible, and when needed, to ensure the delivery of not just the vaccination programme but also the new testing programme for asymptomatic workers, who are unable to work from home. This testing programme was expected to be rolled out over the next few weeks.

Last night there was the first of what would be a regular meeting for the district and county councillors to hear from and pose questions to the NHS. She hoped Members had taken this opportunity up. Those who attended would know that she had asked a number of questions on the Council's behalf.

Tonight, was also the second equivalent community session for members of the public.

She was proud of how the Council was still continuing to deliver on the wider priorities during these difficult times and she wanted to mention the fantastic news, published this week, regarding the successful purchase of 121 new council homes including developments in Haughley, Stowmarket and Woolpit. This was of course in addition to the work already underway to build 130 council homes at the former Needham Market Middle School site and at the former headquarters.

She was also pleased to announce, in line with Customer Strategy to support customers to contact the Council at a time that suits them 24/7, that a pilot scheme would be launched tomorrow, that enabled customers to easily access online information through new and innovative automated telephony and chatbot services. Through this enhancement, customers would be able to log queries such as missed waste collections, find out information about environmental services and receive links to the online forms via SMS text at any time of the day or night. The pilot would run for twelve months and provide valuable insight into how customers wished to engage with the Council, which will further inform plans for digital services in the future.

Finally, she wanted to highlight the Cabinet's recent decision to move the Council's fleet of vehicles, in particular waste and housing vehicles to Hydro-treated Vegetable Oil rather than diesel. In line with commitment to tackling climate change this alone will cut approximately a quarter of the Council's total CO2 emissions and 90% of the Council's vehicle emissions.

## **42 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

None received.

## 43 QUESTIONS BY THE PUBLIC IN ACCORDANCE WITH COUNCIL PROCEDURE RULES

43.1 The Chair invited Sharon Head, a member of the public to ask her question.

### **Question from Sharon Head to the Cabinet Member for Environment:**

One of the key recommendations for meeting Government climate change targets, in the 2020 report by Government advisory body the Climate Change Committee, was 'Low-cost, low-regret actions to encourage a 20% shift away from all meat by 2030 rising to 35% by 2050, and 20% shift from dairy products by 2030'.

Good quality plant-based meals are healthier and can be cheaper. They can also be more inclusive, as the same meal can be shared by a wide variety of people - including Jewish, Muslim, and Hindu people and those with dairy allergies.

There is good evidence that a shift in diets away from meat and dairy products to more plant-based options is good for both climate change mitigation and for human health.

Will the District Council commit to implementing menu changes that remove bias towards meat and dairy, within its own sphere?

### **Response from Councillor Fleming, Cabinet Member for Environment:**

Thank you for your question requesting a commitment from the Council to promote a plant-based diet, which you suggest might be brought in incrementally over time. This is not something that we would support for many reasons, including the fact that the Council is not actively involved in catering or supplying food. Pandemic aside, we share catering services with other organisations at Endeavour House and are pleased to report that for the most part, sourcing is local, and the food is varied and excellent with options for all tastes. However, I do believe there is widespread support for better farming and food production practices, and local sourcing to reduce food miles and emissions. We take the position that these kinds of choices are for individuals, and the Council caters for individual preferences very effectively and is continually seeking opportunities to improve the environmental footprint of all our services.

### **Supplementary Question:**

"Will you regularly advise food outlets in the district, during visits and via bulletins, about the climate and food hygiene advantages of vegetarian and plant-based menus?"

### **Response from Councillor Fleming, Cabinet Member for Environment:**

We do not have a regular bulletin to food outlets in the district currently, though

we are building a database of emails so this could be done in the future. However, our Food Safety Team who do speak with the businesses on a regular basis can and do talk to them about potential changes to their menus to reflect current wants and needs. Of those still operating, most are trying to contend with managing new takeaway services and it does not feel the right time to talk to them about changing their operation. We continue to support our businesses in every way we can, and should businesses want to talk to us about how they can change their offer, we would be more than willing to help.

#### **44 QUESTIONS BY COUNCILLORS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

None received.

#### **45 MC/20/18 OVERVIEW AND SCRUTINY COMMITTEE REPORT**

- 45.1 The Chair invited the Chair of the Overview and Scrutiny Committee, Councillor Welham to present his report.
- 45.2 Councillor Welham introduced Paper MC/20/18 and answered questions from Members.
- 45.3 Councillor Field referred to the Planning Enforcement performance and that residents often felt that the Council did not enforce the breaches of planning restrictions.
- 45.4 Councillor Welham responded that there were a lot of alleged breaches reported to the Council and that officers were not as good at passing on information regarding the alleged breaches that were not planning issues, but this has been tightened up. Historically there had been a lot of outstanding cases which had been reviewed. A new software programme had been introduced and there was now a process in place to log all new cases reported and to follow the progress of each case. There were still a lot of cases which had to be considered and the Overview and Scrutiny Committee had therefore suggested that a Task and Finish Group be organised as per the recommendations.
- 45.5 Councillor Warboys queried if there was a space for feedback to indicate if a case had been settled satisfactorily or not.
- 45.6 Councillor Mansel commented that residents had felt frustrated as they had not even received an automated response when submitting cases and the Chair of the Overview and Scrutiny Committee responded that the new software logged every case and assigned a case officer.
- 45.7 Councillor Norris asked if Members could be provided to Members and the Chair of Overview and Scrutiny responded that this was being considered.

#### **46 RECOMMENDATIONS AND REPORTS FROM CABINET / COMMITTEES**

## 47 JAC/20/3 HALF YEAR REPORT ON TREASURY MANAGEMENT 2020/21

- 47.1 The Chair invited the Chair of the Joint Audit and Standards Committee, Councillor Muller to introduce Paper JAC/20/3.
- 47.2 Councillor Muller provided a summary of the Report and **MOVED** the recommendations in the Report, which was **SECONDED** by Councillor Caston.
- 47.3 Councillor Matthissen questioned the borrowing for CIFCO and Gateway 14, which he felt was large in comparison to other loans, and whether the borrowing from the PWLB for council houses would be more difficult if the Council continued to invest in CIFCO.
- 47.4 The Assistant Director – Corporate Resources, explained that investment into CIFCO would be completed at the end of this financial year. However, in the next financial year the Council would have to borrow more for Gateway 14 but this would not jeopardise borrowing from the PWLB for housing development as Gateway 14 is primarily an economic regeneration site.
- 47.5 In response to further questions from Councillor Matthissen, the Assistant Director – Corporate Resources, clarified that if the £50m had not been fully invested into CIFCO by the end of March then no further investments would be made in the new financial year.
- 47.6 Councillor Mansel asked for clarification for paragraph 2.3 of the report, for the debt yield activity for borrowing rates and whether the Council would not be able to borrow at lower rates. The Assistant Director – Corporate Resources explained that the Council would be able to access loans from the PWLB and that in 2021/22 there would not be anything in the Capital Programme that would be subject to yield activities, so the Council would be able to borrow. Since the announcement about the changes to PWLB lending the rate had been reduced by 1% bringing it back down to competitive levels.
- 47.7 Councillor Field queried the Schroder Fund performance, which currently was evaluated at £800k less than expected (Page 52, Table 6.2) and if that was a concern for the Council.
- 47.8 The Assistant Director explained that the investment market had been affected by the Covid-19 pandemic and then detailed how the investment fund was monitored and that if the market value was less than that invested and the investment was sold at that point, the money would have to be taken from the General Fund Budget to cover the loss, but the investment is a long-term one.
- 47.9 Councillor Eburne referred to Appendix B, page 45 paragraph 2.2, and if the Council had reviewed its housing ambition in the light of the lower rate available and it not whether the Council would be taking advantage of this rate to invest in sustainable housing.

- 47.10 The Assistant Director – Corporate Resources confirmed that the Council would be able to access the lower rate for housing and that the Housing Revenue Account Business Plan would include this moving forward.
- 47.11 Members debated the issues and Councillor Stringer asked that it be noted that he would vote for the paper but under protest as he thought that some of the indicators in the report would be detrimental to communities. He did not agree with rushing to complete the investments in CIFCO as indicated in the report.
- 47.12 Councillor Meyer commented that the CIFCO Board was not rushing to invest money but was applying careful consideration for investments to provide a cashflow to the Council. The investments for CIFCO were paying off and income was being made to the Council.
- 47.13 Councillor Passmore thought that the Council should have a variety of investments and that ethical investment was important along with providing good returns to the Council.
- 47.14 Councillor Field supported local investments but in the light of recent performance nationally he had a reasonable concern for the investment performance irrespective of the performance of CIFCO.
- 47.15 Councillor Muller thanked Members for the debate.
- 47.16 The Chair put recommendations 3.1 and 3.2 to Members for the vote.

By 28 votes for and 1 vote against, 4 abstentions.

**It was RESOLVED: -**

- 1.1 That the Treasury Management activity for the first six months of 2020/21 as set out in the report and Appendices be noted.**
- 1.2 That it be noted that both Councils' Treasury Management activity for the first six months of 2020/21 was in accordance with the approved Treasury Management Strategy, and that the Council has complied with all the Treasury Management Indicators for this period.**

**48 MC/20/19 RECOMMENDATIONS FROM THE JOINT OVERVIEW AND SCRUTINY COMMITTEE**

- 48.1 The Chair invited the Chair of the Overview and Scrutiny Committee to introduce Paper MC/20/19.
- 48.2 Councillor Welham summarised the Overview and Scrutiny Committee's reasoning behind the recommendations to the Councils and explained that Members had considered the benefits and value of representation on each of the Outside Bodies.



- 48.3 Councillor Welham **PROPOSED** Recommendations 1.1 to 1.6 and the tabled recommendation, which was **SECONDED** by Councillor Matthissen.
- 48.4 Councillor Brewster explained that the circumstances had changed for representation on Haven Gateway Partnership due to recent developments.
- 48.5 Council Mansel queried the cost of the subscription fee for the East West Rail Consortium. She added that she did not feel that she could vote on the recommendations on block as some of the recommendations were for consideration, and she was unsure of what was involved with a 'recommendation to consider'.
- 48.6 The Chair advised Members that the cost for subscription for East West Rail Consortium was £1500 per year.
- 48.7 Councillor Welham explained that some Members had been elected as representatives to Outside Bodies, which either did not exist or no longer required member representation. Some of the issues required that the Council debated the representation before a decision could be made.
- 48.8 Councillor Passmore queried how much the Council currently paid to Haven Gateway Partnership.
- 48.9 Councillor Welham suggested that each recommendation was voted for individually.
- 48.10 The Chair proposed that Members voted on the recommendations as follows:
- Recommendations 1.1, 1.4 and 1.5 together  
Recommendations 1.2 and 1.3, 1.6 and 1.7 separately.
- 48.11 Councillor Welham **APPROVED** the suggested split of the recommendations.
- 48.12 In response to Councillor Field's question regarding Haven Gateway Partnership, Councillor Brewster explained that Haven Gateway Partnership was working with the free ports and that this could be beneficial for projects such as Gateway 14 and could bring some positive developments to the Council.
- 48.13 The Chair informed Members that the Council paid £5k to the Haven Gateway Partnership per year.
- 48.14 Councillor Matthissen queried the tabled recommendation and Councillor Welham explained that the recommendation was for a representative to be appointed to the Suffolk Disability Forum but that it may be more appropriate for a Member to be appointed to the Mid Suffolk Disability Forum.
- 48.15 In response to Members questions on the appointment process for representation on Outside Bodies, the Monitoring Officer explained that the

Leader appointed the Outside Bodies representatives and that the recommendations provided a steer to the Leader of the wishes of the Council. Once the Leader had decided the representatives, they would be brought back to Council to agree.

48.16 Councillor Carter queried if the Leader decided not to appoint to a Outside Body would Members be advised of the reason why.

48.17 Members debated the recommendations and representation on Outside Bodies including:

- That it was important that Council was represented on the East West Rail Consortium, to be involved with any issues relating to train lines in the District.
- That the contribution of £5000 to Haven Gateway Partnership would be money well spent, as recent developments including the possibility of Felixstowe becoming a freeport would justify the cost.
- Some Members agreed that a Councillor observer provided a different perspective on Mid Suffolk Local Citizens Advice (LCA) rather than an officer.
- Some Members disagreed with the above and felt that there were no requirements for further representation on the Mid Suffolk LCA.
- That enough information was received from the Mid Suffolk LCA.

48.18 The debate continued and Members were divided on the issues for representation on the Mid Suffolk LCA.

48.19 The Leader clarified that the Council provided funding to the Mid Suffolk LCA and that an observer on the Board would not make any difference, as the Council already worked well with the LCA in Stowmarket. She added that she would support the tabled recommendation for either Mid Suffolk Disability Forum or Suffolk Disability Forum to best serve the residents of the District.

48.20 Members generally agreed that because of the recent development for a free port in Felixstowe, continuation of representation on Haven Gateway Partnership would be beneficial to the Council and that the current funding for the organisation was outweighed by the long-term advantages it could bring.

48.21 Councillor Field thought that representation on the East West Rail Consortium would enable the Council to be involved in and influence decisions made for railway developments in the District and that the sum of money paid to the Consortium should be considered against the potential yield which could be quite high.

48.22 Members supported the recommendation for representation on the East West Rail Consortium for various reasons, some for economic and development opportunities and some for the environmental and carbon reduction

possibilities. It was generally agreed that it was important that the Council became involved in future developments and expansion of railway travel and transportation.

48.23 Councillor Brewster clarified that the Council was still part of Haven Gateway Partnership and that he was attending meetings with the organisation. With the regards to the East West Rail Consortium, he had attended meetings in recent months and had found it useful, as trains would be able to transport goods from the port in Felixstowe.

48.24 Councillor Eburne was disappointed that recommendation 1.4, which had been agreed before had not yet come to fruition. She then commented on the proposed observer on the LCA and that it would be useful to have an observer to report back to Members on the work of the LCA.

48.25 Councillor Welham summed up the issues and considered that representation on Haven Gateway Partnership might be an advantage due to recent developments. With regards to the template for receiving updates from Members, this had been attempted last year and had received very little feed-back. The proposed updates would be used in the annual review of Outside Bodies by the Overview and Scrutiny Committee. In respect of the issues around Mid Suffolk LCA, Members of the Overview and Scrutiny Committee had generally agreed that a councillor observer would report differently than an officer, which he thought was important as the Council was the biggest funder for the Mid Suffolk LCA and that the Leader should consider this in her decision.

48.26 The Chair advised Members that the recommendations would be divided up and that recommendations 1.1, 1.4 and 1.5 would be voted on together, the rest of the recommendations would be voted on separately.

48.27 Recommendations 1.1, 1.4 and 1.5 were put to Members for voting.

By a unanimous vote

**It was RESOLVED: -**

**1.1 That the following appointments to Outside Bodies, no longer requiring representation, be removed from the appointments made:**

**Mid Suffolk District Council:  
Joint Waste Management Board  
Suffolk Joint Emergency  
Planning Policy Panel.**

**1.2 That a reporting mechanism in the form of a template for Representatives on Outside Bodies be established to provide valuable information to members and Public, the information to be presented as part of the annual review of Member Representation on Outside Bodies to the Joint Overview and Scrutiny Committee.**

**1.3 That support and training be established for members when appointed as representatives on Outside Bodies.**

48.28 Recommendation 1.2 was put to Members for voting.

By 5 votes for and 28 against.

**It was Resolved:**

**That the vote was lost.**

48.29 Recommendation 1.3 was put to Members for voting

By 21 votes for and 12 votes against

**It was RESOLVED: -**

**1.4 That consideration be given by Mid Suffolk District Council that an observer be appointed to Stowmarket Citizens Advice in line with Babergh District Council.**

48.30 Recommendation 1.6 was put to Members for voting

By a unanimous vote

**It was RESOLVED:-**

**1.5 That Mid Suffolk District Council considers taking up the appointment of a representative to the East West Rail Consortium by making a payment of the subscription fees required for full participation.**

48.31 Recommendation 1.7 was put to Members for voting

By 32 votes for and 1 abstention

**It was RESOLVED :-**

**That Mid Suffolk District Council approach the Suffolk Disabilities Forum to establish whether formal Councillor representation on the forum would be appropriate and possible and that any appointment to the Suffolk Disabilities Forum be made by resolution of the Full Council.**

**49 MC/20/20 TO NOTE DECISIONS TAKEN BY THE CHIEF EXECUTIVE DURING THE COVID-19 PANDEMIC PERIOD UNDER DELEGATED POWERS IN ACCORDANCE WITH PART 2 OF THE CONSTITUTION**

- 49.1 The Chair invited the Monitoring Officer to introduce Paper MC/20/20, which was for noting.
- 49.2 The Monitoring Officer introduced the report and in response to Councillor Mansel's question assured Members that going forward, officers would endeavour to bring these reports to the next available Council meeting.

**It was RESOLVED: -**

**That Council notes the decisions taken under delegated powers by the Chief Executive as detailed in Appendix A of Paper MC/20/20.**

## **50 MC/20/21 STRATEGIC ASSET MANAGEMENT PLAN 2020-2025**

The meeting was adjourned between 7:54 pm and 8:10 pm.

Note: Councillor Geake left the meeting at 8:06 pm.

- 50.1 The meeting had reached the guillotine deadline and the Chair asked for a proposer and seconder for the meeting to continue.
- 50.2 Councillor Carter **PROPOSED** that the meeting continued, which was **SECONDED** by Councillor Muller.
- 50.3 Members approved by consensus and none spoke against the proposal.

**It was RESOLVED: -**

**That the meeting continued beyond the guillotine deadline, until all business was concluded.**

- 50.4 The Chair invited the Cabinet Member for Assets and Investments, Councillor Gould to introduce Paper MC/20/21.
- 50.5 Councillor Gould introduced the report and **MOVED** the recommendation in the report, which was **SECONDED** by Councillor Morley.
- 50.6 Councillor Field referred to paragraph 7.3 and asked if there would be any briefings for the opposition and other Members of the Council and not just for Cabinet Members. He thought that the opposition would like to have the opportunity to be constructive.
- 50.7 Councillor Gould responded that in many of the activities of the projects Members had opportunities to be involved and that the expectation was that Members would be briefed.
- 50.8 In response to Councillor Passmore's question, the Assistant Director – Assets and Investments confirmed that the evaluation of the total value of the assets was undertaken by an external party, as this was a CIFCO requirement and that this was carried out on a rolling basis of three or five

years.

- 50.9 Councillor Welham referred to page 103, bullet points 1 and 3 and asked if the Carbon Reduction Management Plan would ensure that all new council facilities were energy efficient and delivered to sustainable specifications, and that the Council would insist on this.
- 50.10 The Assistant Director – Assets and Investments explained that standards applied to council housing developments and the Council’s own occupational houses. The carbon reduction plan was key to the Council and the Strategic Asset Management Plan would support the Carbon Reduction Plan in relation to the delivery of new build housing and require assets. There would be an appropriate approach to ensure sustainable new build houses, similar to operational properties.
- 50.11 Councillor Stringer queried page 81 regarding the timeframe of the ‘pipeline’ delivery of houses, to which Councillor Gould explained that the long term ‘pipeline’ delivery timeframe was for the overall plan and that some of the development would be completed sooner rather than later.
- 50.12 Members debated the report and Councillor Richardson thanked Councillor Gould for the report. He thought that that there was a broader impact of the Council owned assets, such as that 61% was open and amenities spaces, which had an impact on the wellbeing of residents and communities.
- 50.13 Councillor Field thought that the document did not represent a whole Council vision but a restricted one, though he was in agreement with some aspects of the plan. He considered whether the Council should be a vehicle for investments to deliver what residents required. He thought that there should be a level of reporting for failures and successes and that the data should be available on the website.
- 50.14 Councillor Otton was uncertain that she supported the recommendation, she thought that the Constitution required that any financial decision over £10k was required to be made by Cabinet and that any officer decision under that figure had to be reported.
- 50.15 The Monitoring Officer clarified that the scheme of delegation allowed officers to make decisions over £10k, and that any decision over the value of £10k had to be advertised.
- 50.16 Councillor Otton commented on page 135, paragraph 8.3 and that she was concerned that disposal of properties for community groups, often run by volunteers, as these would be leased at market value and many community groups might be forced to comply with a lease at market rates.
- 50.17 Councillor Gould explained that normally there was a requirement for leasing properties at market value, however there might be a social value, which could be taken into consideration. The Assistant Director – Assets and Investments added that if there were any leases at less than best value

payable, the decision would be transparent. This meant that they would be following a decision process and that a paper would be presented to Cabinet for consideration.

50.18 Councillor Moley thought that it was absolutely fundamental for the Council's decision-making process to have a Strategic Assets Management Plan and she thanked Councillor Gould and the Assistant Director – Assets and Investments for their work especially during the Covid-19 period.

50.19 Councillor Welham felt that a great range of views would have added value to the document and a greater understanding behind the document. He thought that when the document was reviewed it would be beneficial to seek views across the Council. He then queried the cost of managing the assets and the differences between the two Councils and how that would be mitigated.

50.20 The Assistant Director stated that there were differences between the clarification of assets between the two Councils, in part the number of assets held. The number of assets was not the best way to measure the cost of managing them but rather the number of cases and activities conducted in relation to each asset.

50.21 Councillor Humphreys thought the Strategic Assets Management Plan was a professional document as it was forward leading and ambitious. It was an evolving document and he asked Members to come forward and contribute to the plan going forward.

By 30 votes for and 1 vote against.

**It was RESOLVED: -**

**That Council approves and adopts the SAMP for 2020-2025 (Appendix 1) including the Transactions and Community Transfer Policies set out in the SAMP as Appendices A and B.**

## **51 MC/20/22 TIMETABLE OF COMMITTEE MEETINGS 2021/22**

51.1 Councillor Morley introduced Paper MC/20/22 and **MOVED** the recommendation in the Report.

51.2 Councillor Brewster **SECONDED** the recommendation.

51.3 In response to Councillor Field's question regarding electronic calendars, the Assistant Director – Governance and Civic Office explained that there was an issue with IT and that officers were working with SCC IT and Modern.gov to resolve the issue.

51.4 Councillor Matthissen stated that there were not enough Council Meetings on the Timetable.

By 28 votes for and 2 votes against, 1 abstention.

**It was RESOLVED:-**

**That the draft Committee Timetable for 2021/22 be approved.**

**52 MOTION ON NOTICE**

**53 MOTION RECEIVED FROM COUNCILLOR MORLEY**

Note: Councillor Norris left the meeting at 8:53 pm.

53.1 The Chair invited the Leader, Councillor Morley to introduce her Motion.

53.2 Councillor Morley said that the District of Mid Suffolk had a long and proud association with the Jewish community and was a refuge for children fleeing persecution by Nazi Germany through the Kindertransport, who came to live with foster families in the district. Sadly, many of the 10,000 children who arrived in the UK were never reunited with their birth parents, who died during the Holocaust. A painful reminder of why tackling hate crime was so important and the potential consequences that could arise when it was allowed to go unchecked. On Wednesday, 27 January, the UK were marking Holocaust Memorial Day, and remember the millions of people murdered during the Holocaust and in genocides that followed in Cambodia, Rwanda, Bosnia, Kurdistan and Darfur. This was a timely opportunity to adopt the International Holocaust Remembrance Alliance definition of anti-Semitism – as part of the Council's commitment to tackling hate crime in *all* its forms.

53.3 This definition, which was adopted by the UK government in 2016, outlaws all forms of hatred towards Jewish people, including rhetorical and physical manifestations of anti-Semitism. Adopting this standard did not mean the Council placed any religion, faith or creed above another. It did however, send a clear message, that the Council recognised the definition of anti-Semitism ahead of Holocaust Memorial Day, and that the Council supported the Jewish community, as the Council support all communities within the district and to live here safely.

53.4 She urged all councillors to support the motion and send a clear message to those who seek to sow seeds of hatred.

53.5 Councillor Morley **MOVED** her Motion which was **SECONDED** by Councillor Hadingham



53.6 Members debated the Motion and there was generally agreement that:

- Suffolk had a long history of taking in refugees.
- Over 1000 hate crimes had been recorded in Suffolk last year.
- That understanding for minority groups must be supported.
- That the Motion was appropriate now, as the Memorial Day was being commemorated the following week.
- Some were surprised that anti-Semitism was an issue in Suffolk but supported the motion.
- Some Members shared personal experiences of family history from the Second World War persecution of Jews and others shared memories of visits to concentration camps.
- Any hate crime should be prevented and stopped at any cost.
- The Motion should have been adopted sooner.
- There could be no tolerance for discrimination of any groups in any form.
- As the District became more cosmopolitan a more powerful statement to include all groups should be considered.
- Concerns for the escalation of anti-Semitism and that that this kind of crime was a blight on society.
- Some Members had personal experience of war crimes and atrocities of hate and had experienced how no policies, or regulation could control this kind of chaos.

53.7 A few Councillors felt that it was fundamentally wrong to single out one minority group and not others and that all groups must be protected against racism by the Equalities Act, as hate crime, racism and discrimination had to be eradicated.

53.8 The Leader summed up the debate and thanked Members for their contribution. She stated that the Motion was about leadership and to stand against anti-Semitism and she urged Members again to support the Motion.

53.9 The Motion was put to Members for voting.

By 26 votes for and 4 abstentions.

**It was RESOLVED: -**

**That this Council hereby adopts the definition of antisemitism as set out by the International Holocaust Remembrance Alliance, and adopted by the UK Government, and pledges to combat this anti-Jewish racism.**

## **54 COUNCILLOR APPOINTMENTS**

There were none.

The business of the meeting was concluded at 9:35 pm.

.....  
Chair

# Agenda Item 8

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Council	<b>REPORT NUMBER:</b> <b>MC/20/24</b>
<b>FROM:</b> Councillor John Whitehead, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 18 February 2021
<b>OFFICER:</b> Katherine Steel, Assistant Director, Corporate Resources	<b>KEY DECISION REF NO.</b> N/A

### 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 Members to consider key aspects of the 2021/22 Budgets, including Council Tax and to approve the final Budget.

#### 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 approved.
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.
3.3 That the Flexible Use of Capital Receipts Strategy at Appendix E be approved.
3.4 Subject to approval by Council, notify the Ministry of Housing, Communities and Local Government (MHCLG) of the adoption of the Strategy.
<b>REASON FOR DECISION</b>
<b>To bring together all the relevant information to enable Members approve the Councils General Fund budget.</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 Government's 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 final settlement on 10 February 2021 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 final 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 Final Finance Settlement was announced on the 10 February 2021 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 information has now been received from the other Local Authorities in Suffolk, for Mid Suffolk this has resulted in a net reduction to funding of £409k for 2021/22. The Business

Rates Levy has increased by £500k and the benefit from the Suffolk Business Rates Pool has increased by £91k.

- 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. Final 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 Final Finance Settlement compared to the provisional budget for 2021/22.



**Table 1: Final Finance Settlement**

	2021/22 Assumed	2021/22 Settlement	(Increase)/ Decrease
	£'000	£'000	£'000
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?

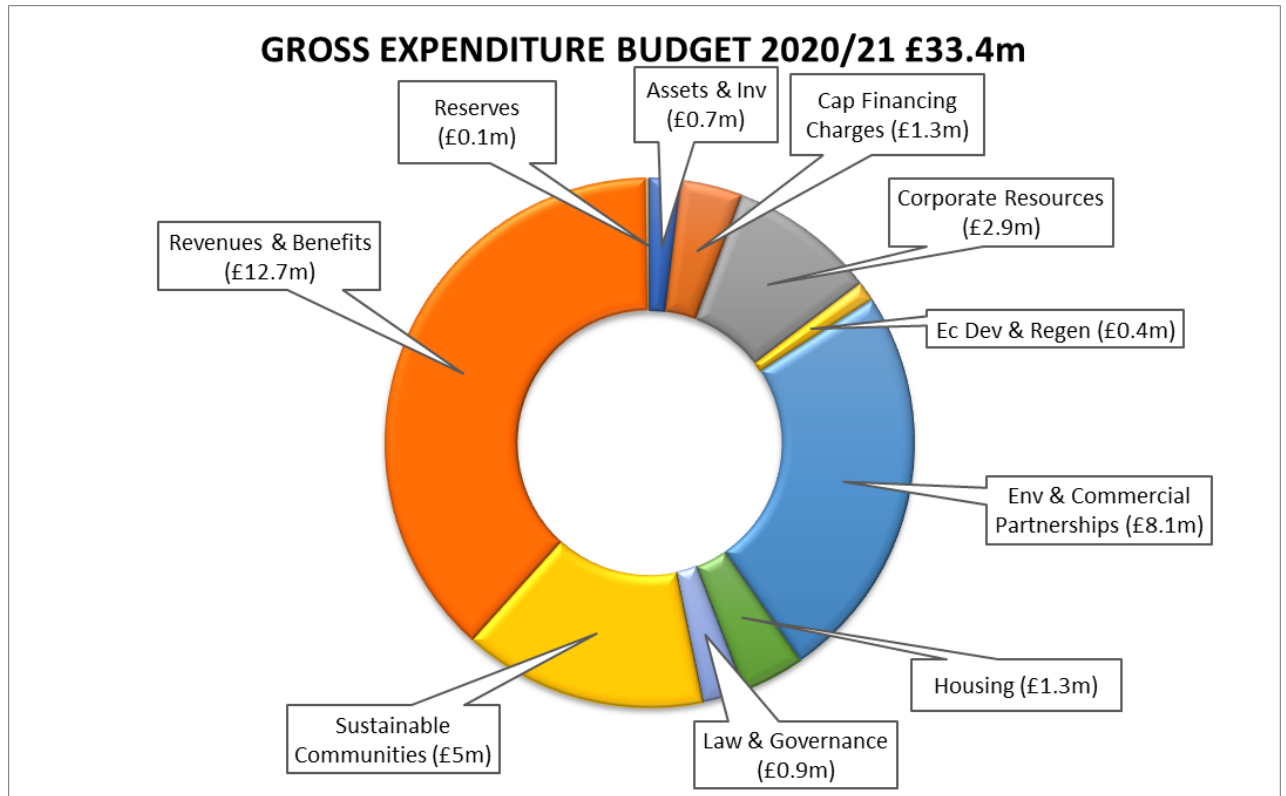
- 5.1 The Council's 2020/21 gross expenditure is £33.4m and Income is £23.4m giving a net cost of service of £10m. Table 2 below shows how this is funded.

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

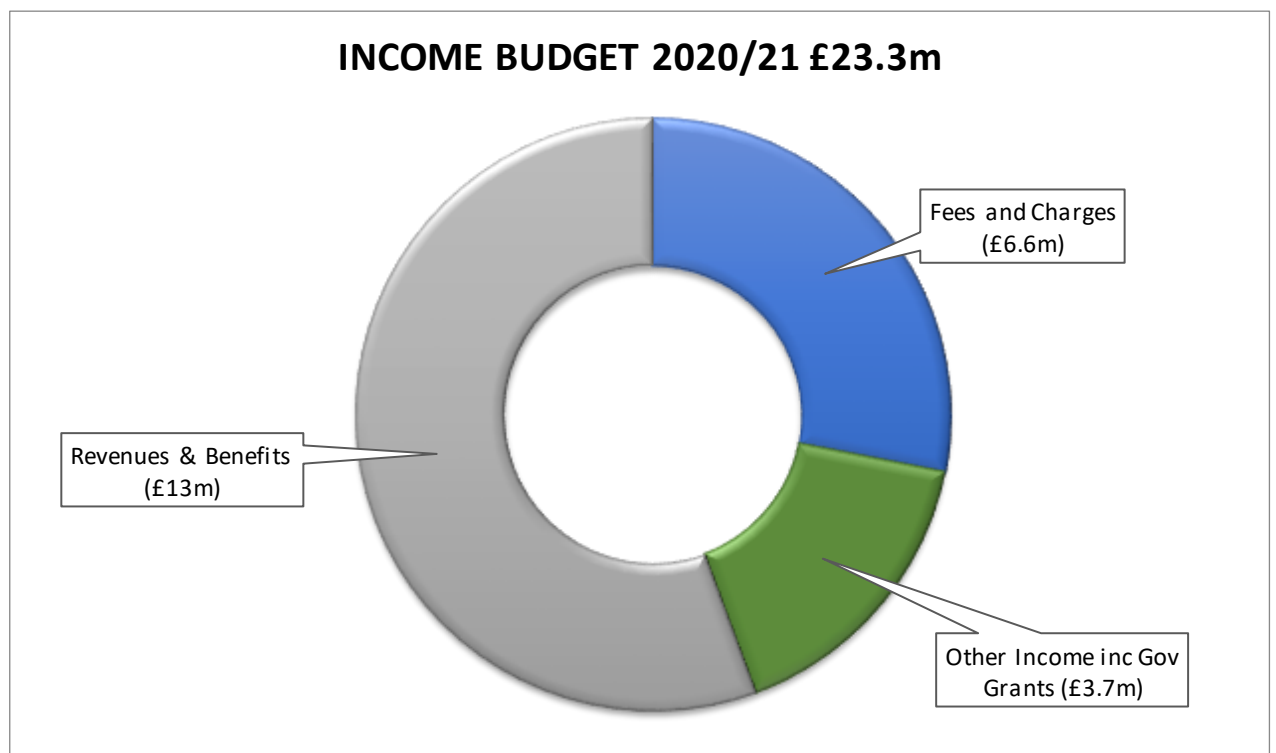
	<b>£,000</b>
<b>Gross Expenditure</b>	<b>33,371</b>
<b>Income</b>	<b>(23,339)</b>
<b>Net expenditure 2020/21</b>	<b>10,033</b>
<b>Transfer to Commercial Development Risk Management Reserve</b>	<b>1,000</b>
<b>Funded by:</b>	
Earmarked Reserves	(986)
New Homes Bonus	(1,613)
S31 Grant	(1,405)
Business 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>

- 5.2 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**



5.3 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.

- 5.4 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.

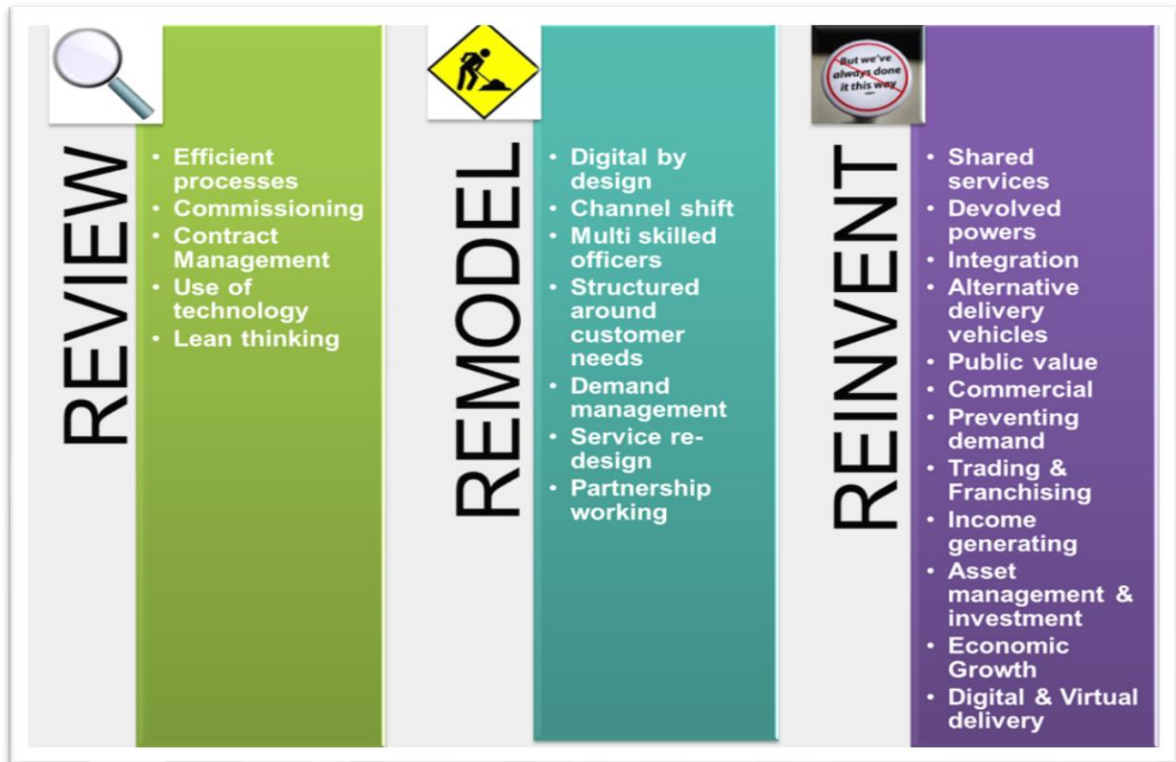
The following overarching principles are considered when evaluating ideas and opportunities for change:

- 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.

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 2% 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)	4,104	(3,550)	2,808	(271)
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)		(1,446)	2,068	(4,367)
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)		(438)		(718)
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)	(1,000)		56	(1,217)
Waste	(38)			20	(18)				(18)
Covid related business recovery	-				-	(104)			(104)
Economy	-				-	(1,000)			(1,000)
Housing	-				-	(1,000)			(1,000)
Communities	-				-	(1,000)			(1,000)
<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>(8,019)</b>	<b>5,309</b>	<b>(18,203)</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>(8,019)</b>	<b>5,309</b>	<b>(35,036)</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 a number of transfers be made from the Growth and Efficiency Fund into the following reserves which are aligned to the Councils key strategic priorities;
- £1m for Economy,
  - £1m for Housing,
  - £1m for Communities,
  - £1m for Well-being,
  - £104k towards Covid related business recovery
- 7.9 To offset any potential impacts of non-collection, bad debts or appeals that may arise during 2021/22 and beyond in respect of Business Rates and Council Tax, it is proposed that £1.376m be transferred to the Business Rates and Council Tax reserve.
- 7.10 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.
- 7.11 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.
- 7.12 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 £2.3m a decrease on the 2021/22 position of £2.6m. 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**

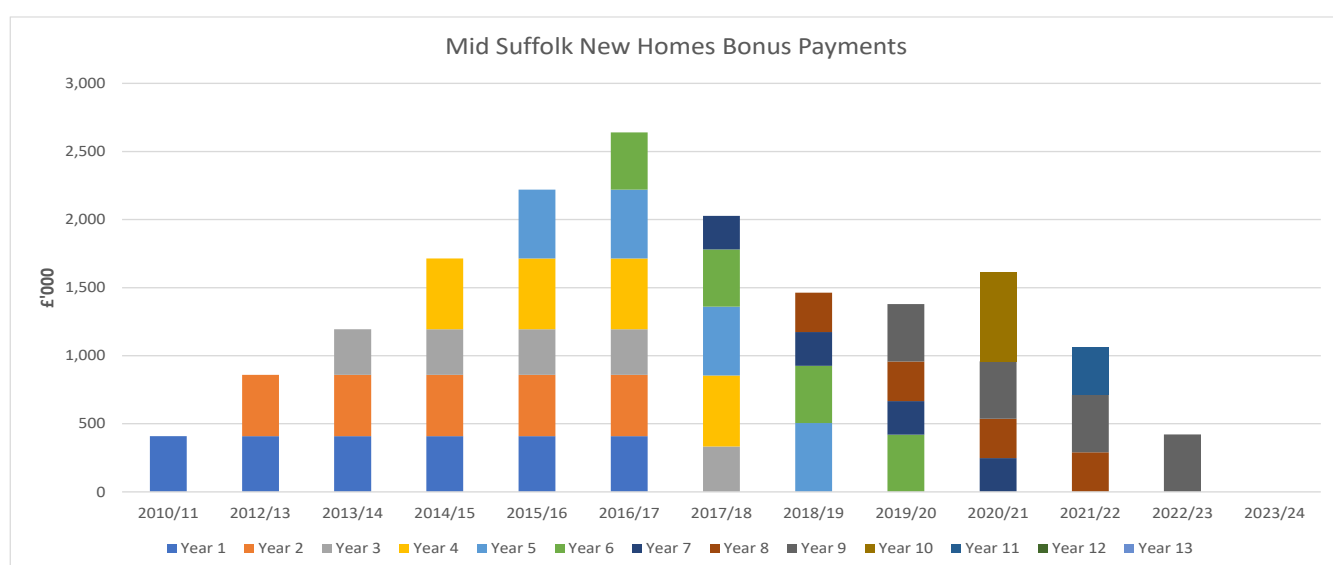
	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amount of NHB received	2,028	1,463	1,380	1,612	1,061	7,544
NHB used to balance the budget	267	354	0	0	0	621
% NHB used to balance the budget	13%	24%	0%	0%	0%	8%

- 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**

Payments												Estimated	
	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													
<b>Total</b>	<b>409</b>	<b>860</b>	<b>1,194</b>	<b>1,714</b>	<b>2,221</b>	<b>2,641</b>	<b>2,028</b>	<b>1,463</b>	<b>1,380</b>	<b>1,612</b>	<b>1,061</b>	<b>422</b>	<b>-</b>

**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:

- Minimal use of reserves after 2023/24.
- NHB as per Table 5 above.
- Growth in business rates income of £1.6m
- 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.
- Rural Services Delivery grant has increased from £433k to £454k and will continue at the higher level for the next three years.
- Council Tax increase of 1.66% each year for the next three years, generating on average an incremental additional £110k per annum.
- Tax base growth of 1% every year for the next four years, which generates approximately £68k per annum.
- 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 11% 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	1,227	1,227	1,227	1,227
(c) B/Rates – growth/pooling benefit	(367)	(458)	(458)	(458)	(458)
(d) B/Rates prior yr surplus	(120)	(471)	-	-	-
(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 - Mid Suffolk	-	(70)	-	-	-
Local Council Tax Support Grant - Town & Parish Councils	-	(32)	-	-	-
<b>Total Funding</b>	<b>(13,060)</b>	<b>(14,267)</b>	<b>(12,643)</b>	<b>(12,357)</b>	<b>(12,508)</b>

### 2021/22 Budget

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 £32.5m and Income is £23.1m.

**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	662	595
14	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>32,504</b>	<b>(866)</b>
17	Revenues and Benefits income	(13,118)	(11,764)	1,354
18	Other Income	(6,863)	(6,954)	(91)
	<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>(23,125)</b>	<b>214</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	1,227	499
32	Business rates – collection fund deficit / (surplus)	(120)	(471)	(351)
33	Business rates – growth/pooling benefit	(367)	(458)	(91)
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 - Mid Suffolk	-	(70)	(70)
39	Local Council Tax Support Grant - Town & Parish Councils	-	(32)	(32)
40	<b>Total Funding</b>	<b>(13,060)</b>	<b>(14,267)</b>	<b>(1,207)</b>
41	Transfer to Growth and Efficiency Fund	2,027	1,080	(947)
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
44	Transfer to Climate Change & Biodiversity earmarked reserve	-	500	500
45	Transfer to Planning (Legal) earmarked reserve	-	250	250
46	Transfer to Planning Enforcement earmarked reserve	-	50	50

8.15 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.

- 8.16 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.
- 8.17 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**

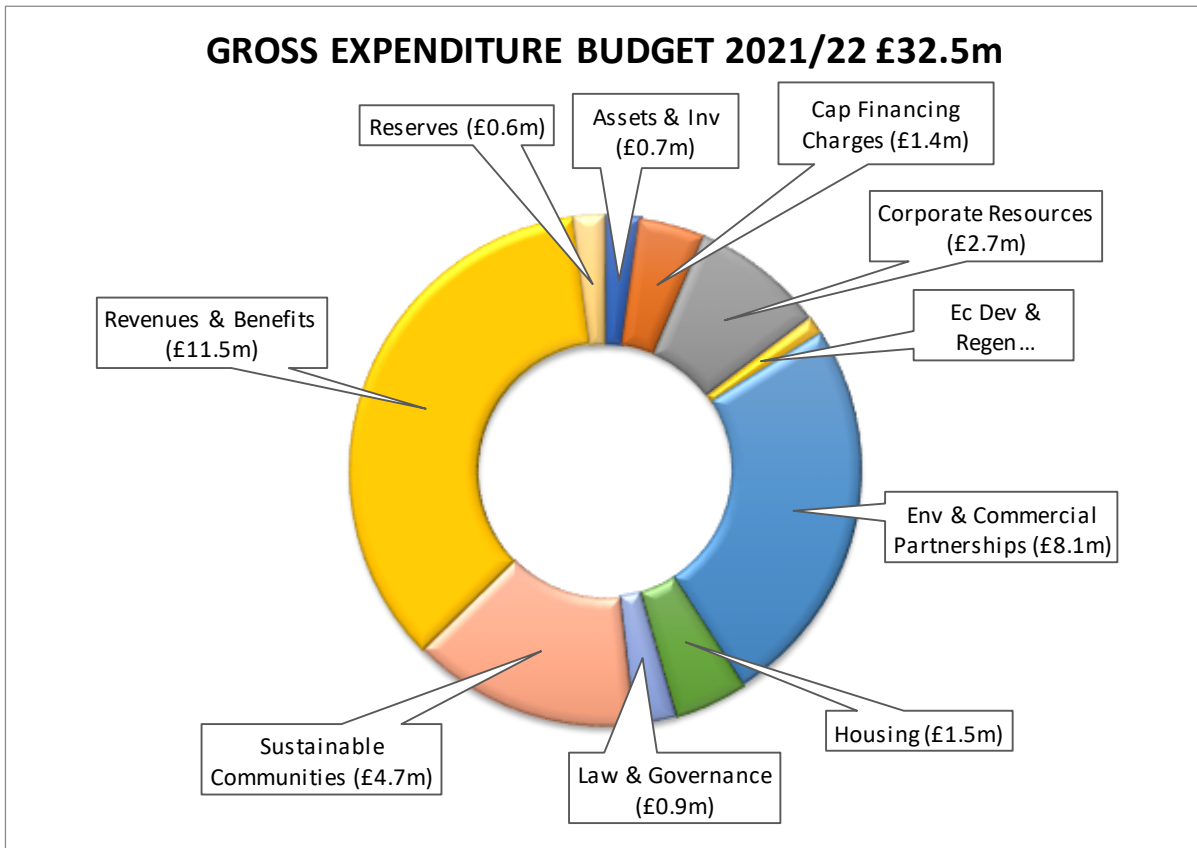
- As a result of Covid19 car parking income projections have been reduced by 30%, resulting in a reduction to income of £245k.
- Fees and charges inflationary increase of 3% totalling £62k for services including food and safety, street naming and numbering, public rights of way, rents, emptying of dog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

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

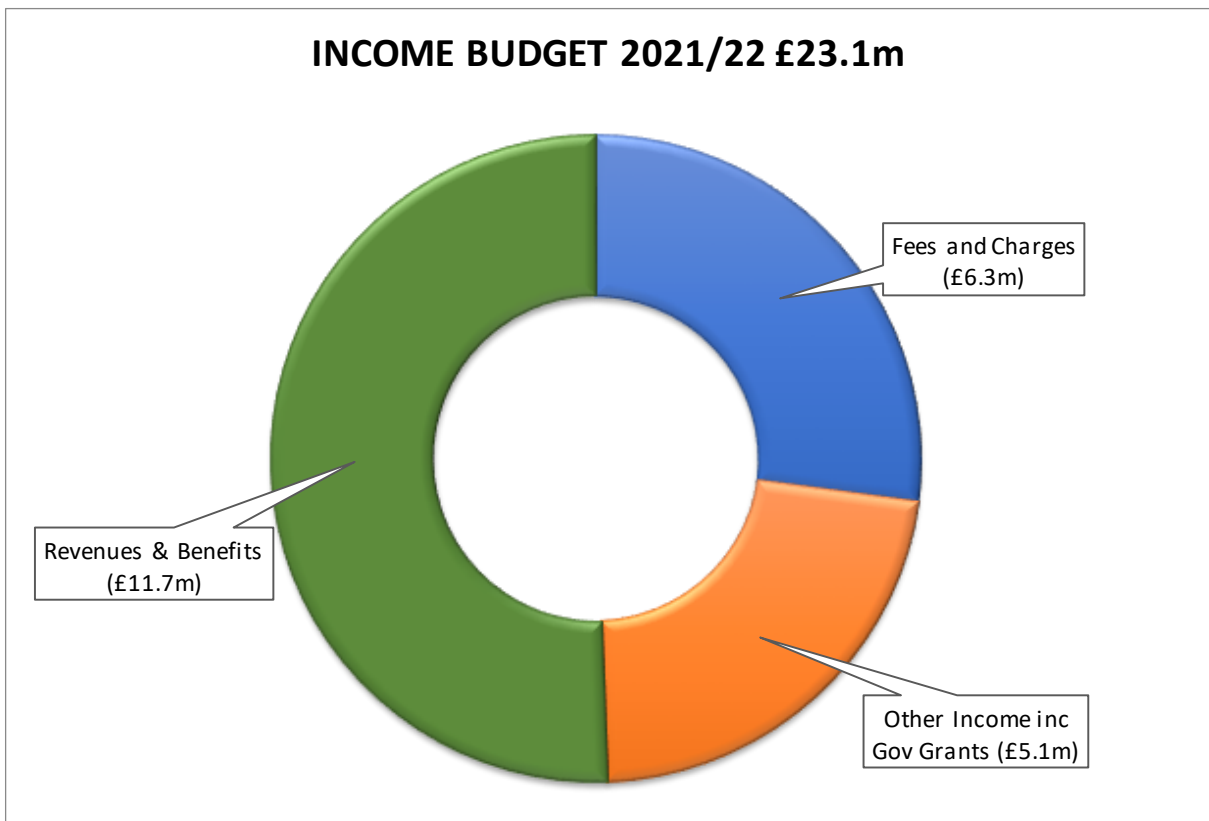
- An increase to the Council's borrowing requirements to fund the Capital Programme in 2021/22 has resulted in additional Minimum Revenue Provision (MRP) of £116k
- The Council is continuing to take advantage of low short-term interest rates for another year, saving £246k.
- With the full investment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

8.18 Graph 4 below shows how the £32.5m gross expenditure is allocated across the services and Graph 7 below shows the breakdown of the £23.1m 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**



8.19 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

8.20 Table 8 below shows the forecast surplus for 2022/23 - 2024/25 with and without New Homes Bonus.

8.21 The position for 2021/22 is a £4.9m 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 £1.080m being transferred to the Growth and Efficiency reserve.

8.22 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.

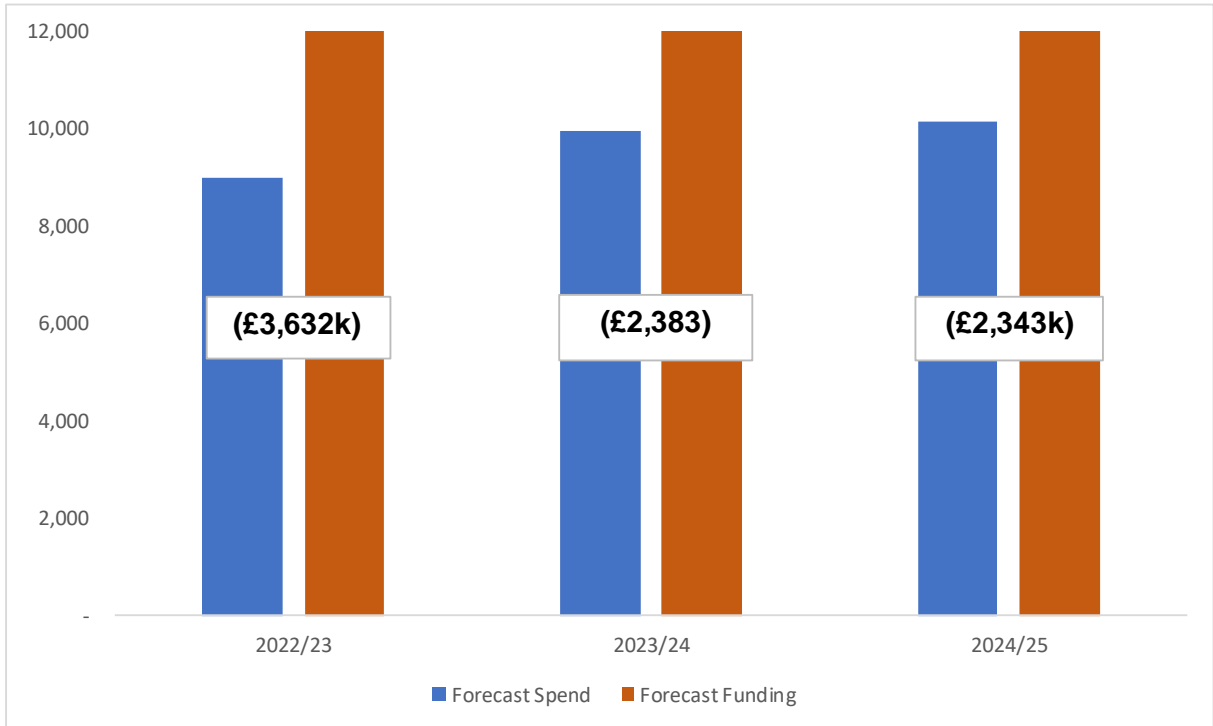
8.23 This puts the Council in a comfortable position once NHB is completely removed of achieving annual surpluses of approx. £2.3m. Over the three-year period from 2022/23 the Council's projected cumulative surplus with NHB is £8.4m.

**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	(12,643)	(12,357)	(12,508)
<b>Annual Deficit /(Surplus)</b>	<b>(3,632)</b>	<b>(2,383)</b>	<b>(2,343)</b>
<b>Cummulative Deficit/(Surplus)</b>	<b>(3,632)</b>	<b>(6,015)</b>	<b>(8,358)</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	(12,221)	(12,357)	(12,508)
<b>Annual Deficit /(Surplus)</b>	<b>(3,209)</b>	<b>(2,383)</b>	<b>(2,343)</b>
<b>Cummulative Deficit/(Surplus)</b>	<b>(3,209)</b>	<b>(5,592)</b>	<b>(7,935)</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 and approved by Cabinet in January 2021. The impact of the charges has 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 The Capital and Investment Strategy has further details of the Council's borrowing capacity and the impacts of the capital programme and has been reviewed by Joint Audit and Standards Committee in January 2021. The Strategy is an item on the agenda for discussion and approval at this meeting.



## **12. FLEXIBLE USE OF CAPITAL RECEIPTS**

- 12.1 The Secretary of State issued guidance and a Direction under section 15 (1) (a) of the Local Government Act 2003, effective from 1st April 2016 in respect of the 'Flexible use of Capital Receipts' and subsequently issued a further Direction under the same Act in February 2018 – Sections 16(2)(b) and 20.
- 12.2 The current guidance and Direction will apply to the financial year 2021/22. It is possible the guidance may be extended to future years.
- 12.3 The Direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. The Direction allows the Authority the freedom to use capital receipts (excluding Right to Buy) to help fund the revenue costs of transformation projects and release savings.
- 12.4 Local Authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which the flexibility is offered. Local authorities may not use their existing stock of capital receipts to finance revenue costs of service reform.
- 12.5 The Secretary of State has said that individual authorities are best placed to decide which projects will be most effective in their areas. A key criterion to use when deciding whether expenditure can be funded by capital receipts flexibility is the requirement it will generate ongoing revenue savings in the delivery of public services and/or transform service delivery in a way that reduces costs or demand for services in future years.
- 12.6 Authorities are required to demonstrate the highest standards of accountability and transparency and should disclose to full council the individual projects that will be funded, or part funded, through capital receipts flexibility.
- 12.7 It is a requirement to notify the Ministry of Housing, Communities and Local Government (MHCLG) of the Strategy and any updates to the Strategy.
- 12.8 The guidance and Direction do not exempt local authorities from any other obligations, for example in relation to Right to Buy receipts.
- 12.9 Clearly the extent to which the flexibilities can be applied is driven by the value of capital receipts received in year.
- 12.10 The initial Strategy and any further revisions to the Strategy will, in accordance with the guidance, be made available on-line.

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

- 13.1 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.

## **14. FINANCIAL IMPLICATIONS**

- 14.1 These are detailed in the report.

## 15. LEGAL IMPLICATIONS

- 15.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) requires the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151).
- 15.2 The Direction for use of the Flexible use of Capital Receipts is set out in the Local Government Act 2003 Sections 16(2)(b) and 20: Treatment of Costs as Capital Expenditure.

## 16. RISK MANAGEMENT

- 16.1 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 Growth and Efficiency Fund to support the MTFs and an Investment Strategy. The S151 Officer will submit the Section 25 report on the robustness of estimates and adequacy of reserves in February 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	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.

## **17. CONSULTATIONS**

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

## **18. EQUALITY ANALYSIS**

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

## **19. ENVIRONMENTAL IMPLICATIONS**

19.1 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.

19.2 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.

## **20. 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
Appendix E – Flexible use of Capital Receipts Strategy	Attached

**21. BACKGROUND DOCUMENTS**

Final 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 and Council Tax Resolutions 2021/22

## Summary of Budget 2021/22

	2021/22 Budget Requirement £	2021/22 Council Tax at Band D £	2020/21 Budget Requirement £
<b>Mid Suffolk District Council</b>			
General Fund Budget Requirement District Council Purposes	9,534,400	256.37	8,648,400
Estimated Parish/Town Council Precepts (net of Council Tax Support Scheme Grant)	2,922,114	78.57	2,858,574
	<b>12,456,514</b>	<b>334.95</b>	<b>11,506,974</b>
Settlement Funding from Government	(1,866,900)	(50.20)	(1,772,040)
Rural Services Delivery Grant	(454,365)	(12.22)	(432,990)
Lower Tier Services Grant	(227,810)	(6.13)	-
Local Council Tax Support Grant	(102,105)	(2.75)	-
Adjustment for anticipated surplus on Business Rates Collection Fund	(470,500)	(12.65)	(119,860)
Adjustment for anticipated surplus on Council Tax Collection Fund	(31,220)	(0.84)	(27,340)
<b>MSDC's basic amount under section 33 of the 1992 Local Government Act</b>	<b>9,303,614</b>	<b>250.17</b>	<b>9,154,744</b>
LESS: <i>Estimated</i> Parish/Town Council Precepts	(2,922,114)	(78.57)	(2,858,574)
Basic amount under s. 34 of the 1992 Act for dwellings to which no special items relate. (see section 3 below)	<b>6,381,500</b>	<b>171.59</b>	<b>6,296,170</b>
<i>Anticipated</i> Suffolk County Council precept requirement (see section 7 below)	51,959,975	1,397.16	50,118,736
<i>Anticipated</i> Police and Crime Commissioners Requirement (see section 7 below)	8,839,622	237.69	8,308,920
<b><i>Estimated</i> Basic amount for areas where there are no special items.</b>	<b>67,181,097</b>	<b>1,806.44</b>	<b>64,723,826</b>

**Council Tax Resolution 2021/22**

1. It is a requirement for the billing authority to calculate a council tax requirement for the year as opposed to its budget requirement.
2. It be noted that the Council, as delegated to the Section 151 Officer, calculated the taxbase:
  - a) for the whole Council area as 37,189.71 and,
  - b) for dwellings in those parts of its area to which a Parish precept relates as further detailed in Appendix B.
3. The council tax requirement for the Council's own purposes for 2021/22 (excluding Parish precepts) is £6,381,500.
4. That the following amounts be calculated for the year 2021/22 in accordance with Sections 31 to 36 of the Act:

(a)	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils (gross expenditure)	50,594,414
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(b)	Being the aggregate of the amounts which the Council estimates for items set out in Section 31(A)(3) of the Act (gross income)	(41,290,799)
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(c)	Being the amount by which the aggregate at 3 a) above exceeds the aggregate at 3 b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year. (Item R in the formula in Section 31A(4) of th	9,303,614
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(d)	Being the amount at 4(c) above (item R) all divided by item T (2(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year (including Parish precepts) (average council tax)	250.17
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(e)	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per Appendix B)	2,922,114
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(f)	Being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by item T (2(a) above) calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates (basic council tax)	171.59
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5. To note that Suffolk County Council and the Police and Crime Commissioner have issued precepts to the Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in Section 7 below.

6. That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below and further in Appendix B as the amounts of council tax for 2021/22 for each part of its area and for each of the categories of dwellings.
7. Since the Cabinet meeting on 8 February 2021, the precept levels of other precepting bodies have been received. These are detailed below;

**a) Suffolk County Council**

Suffolk County Council met on 11 February 2021 and set their precept at £51,959,975. This is adjusted for the Collection Fund contribution of £170,924 and results in a Band D council tax of £1,397.16.

**b) Suffolk Police and Crime Commissioner**

The Police and Crime Commissioner has set their precept at £8,839,622, adjusted by a Collection Fund contribution of £28,337. This results in a Band D council tax of £237.69.

**c) Mid Suffolk District Council**

The General Fund council tax requirement for Mid Suffolk District Council is based on an increase in council tax from £168.79 to £171.59 for a Band D property.

**d) Aggregated council tax requirement**

The aggregated council tax requirement for Suffolk County Council, Suffolk Police and Crime Commissioner and Mid Suffolk District Council results in a Band D council tax of £1,806.44.

	<b>Suffolk County Council</b>	<b>Police and Crime Commissioner</b>	<b>Mid Suffolk District Council</b>	<b>Aggregated Council Tax requirement</b>
<b>Valuation Bands</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>A</b>	931.44	158.46	114.39	<b>1,204.29</b>
<b>B</b>	1,086.68	184.87	133.46	<b>1,405.01</b>
<b>C</b>	1,241.92	211.28	152.52	<b>1,605.72</b>
<b>D</b>	1,397.16	237.69	171.59	<b>1,806.44</b>
<b>E</b>	1,707.64	290.51	209.72	<b>2,207.87</b>
<b>F</b>	2,018.12	343.33	247.85	<b>2,609.30</b>
<b>G</b>	2,328.60	396.15	285.98	<b>3,010.73</b>
<b>H</b>	2,794.32	475.38	343.18	<b>3,612.88</b>

8. The Town and Parish Council Precepts for 2021/22 are detailed further in Appendix B and total £2,922,114. The increase in the average Band D for Town and Parish Councils is 2.53% and results in an average Band D council tax figure of £78.57 for 2021/22.



## Council Taxbase for Parishes and District – 2021/22

Parish	COUNCIL TAX BASE		% Change
	20/21	21/22	
Akenham	23.61	22.98	-2.67%
Ashbocking	139.70	138.60	-0.79%
Ashfield-cum-Thorpe	99.57	98.50	-1.07%
Aspall	29.24	29.87	2.15%
Athelington	19.96	19.74	-1.10%
Bacton	461.24	449.54	-2.54%
Badley	34.41	35.10	2.01%
Badwell Ash	316.07	322.01	1.88%
Barham	531.95	537.03	0.95%
Barking	175.73	173.41	-1.32%
Battisford	254.36	246.71	-3.01%
Baylham	112.98	114.14	1.03%
Bedfield	159.82	160.59	0.48%
Bedingfield	101.34	99.49	-1.83%
Beyton	312.20	310.45	-0.56%
Botesdale	277.62	272.61	-1.80%
Braiseworth	29.85	30.79	3.15%
Bramford	871.08	906.08	4.02%
Brome and Oakley	195.03	204.36	4.78%
Brundish	76.84	75.42	-1.85%
Burgate	68.94	66.99	-2.83%
Buxhall	163.72	161.97	-1.07%
Claydon	758.91	746.75	-1.60%
Coddenham	277.64	275.28	-0.85%
Combs	312.01	313.42	0.45%
Cotton	239.62	241.64	0.84%
Creeting St Mary	310.72	311.85	0.36%
Creeting St Peter	101.12	99.03	-2.07%
Crowfield	161.23	158.54	-1.67%
Darmsden	18.49	17.19	-7.03%
Debenham	811.59	812.19	0.07%
Denham	79.14	80.63	1.88%
Drinkstone	283.36	282.78	-0.20%
Earl Stonham	255.01	255.04	0.01%
Elmswell	1,464.69	1,506.27	2.84%
Eye	797.61	773.99	-2.96%
Felsham	182.13	177.38	-2.61%
Finningham	212.87	211.62	-0.59%
Flowton	49.74	48.67	-2.15%
Framsden	139.71	139.78	0.05%
Fressingfield	421.98	418.29	-0.87%
Gedding	54.05	52.15	-3.52%
Gipping	26.37	26.23	-0.53%
Gislingham	435.65	447.50	2.72%
Gosbeck	89.03	87.85	-1.33%
Great Ashfield	151.94	151.16	-0.51%
Great Blakenham	750.58	770.73	2.68%
Great Bricett	215.18	213.38	-0.84%
Great Finborough	324.06	321.07	-0.92%
Harleston	66.07	64.69	-2.09%
Haughley	579.18	571.86	-1.26%
Helmingham	69.37	66.69	-3.86%
Hemingstone	97.80	104.88	7.24%
Henley	233.01	227.64	-2.30%
Hessett	203.80	205.08	0.63%
Hinderclay	123.65	120.29	-2.72%
Horham	121.98	124.93	2.42%
Hoxne	355.10	355.32	0.06%
Hunston	56.18	56.24	0.11%
Kenton	96.88	95.92	-0.99%
Langham	43.48	40.70	-6.39%
Laxfield	388.72	387.39	-0.34%

Parish	COUNCIL TAX BASE		% Change
	20/21	21/22	
Little Blakenham	109.17	108.98	-0.17%
Little Finborough	26.04	25.91	-0.50%
Mellis	206.94	199.90	-3.40%
Mendham	178.37	174.22	-2.33%
Mendlesham	570.68	561.55	-1.60%
Metfield	172.50	171.51	-0.57%
Mickfield	89.43	87.87	-1.74%
Monk Soham	74.76	73.30	-1.95%
Needham Market	1,611.57	1,607.92	-0.23%
Nettlestead	39.32	37.18	-5.44%
Norton	419.67	426.78	1.69%
Occold	194.19	199.85	2.91%
Offton	149.64	150.48	0.56%
Old Newton with Dagworth	434.09	427.72	-1.47%
Onehouse	287.07	284.12	-1.03%
Palgrave	368.97	375.16	1.68%
Pettaugh	87.94	88.25	0.35%
Rattlesden	387.53	377.68	-2.54%
Redgrave	257.73	259.11	0.54%
Redlingfield	51.88	51.64	-0.46%
Rickinghall Inferior	167.97	163.67	-2.56%
Rickinghall Superior	322.57	318.73	-1.19%
Ringshall	257.57	261.12	1.38%
Rishangles	36.84	37.65	2.20%
Shelland	27.09	26.49	-2.21%
Somersham	241.76	242.08	0.13%
Southolt	28.59	29.67	3.78%
Stoke Ash	110.80	84.14	-24.06%
Stonham Aspal	242.87	238.69	-1.72%
Stonham Parva	139.71	136.45	-2.33%
Stowlangtoft	91.15	88.63	-2.76%
Stowmarket	6,716.80	6,636.37	-1.20%
Stowupland	718.03	750.05	4.46%
Stradbroke	576.73	564.77	-2.07%
Stuston	87.86	85.82	-2.32%
Syleham	93.66	91.74	-2.05%
Tannington	41.65	40.75	-2.16%
Thorndon	307.26	316.17	2.90%
Thornham Magna	79.94	79.90	-0.05%
Thornham Parva	25.46	24.67	-3.10%
Thrandeston	70.34	72.63	3.26%
Thurston	1,228.87	1,220.96	-0.64%
Thwaite	61.75	61.38	-0.60%
Tostock	206.73	208.66	0.93%
Walsham-le-Willows	482.92	480.75	-0.45%
Wattisfield	195.98	194.44	-0.79%
Westhorpe	80.26	81.39	1.41%
Wetherden	240.18	239.71	-0.20%
Wetheringsett-cum-Brockford	279.50	278.25	-0.45%
Weybread	180.72	178.64	-1.15%
Whitton	27.72	30.26	9.16%
Wickham Skeith	137.46	135.67	-1.30%
Wilby	132.13	133.72	1.20%
Willisham	104.90	106.60	1.62%
Wingfield	149.93	144.66	-3.51%
Winston	69.89	69.60	-0.41%
Woolpit	804.24	807.54	0.41%
Worlingworth	322.40	318.31	-1.27%
Worham	330.89	335.43	1.37%
Wyverstone	137.68	137.44	-0.17%
Yaxley	210.35	208.56	-0.85%
	<b>37,301.55</b>	<b>37,189.71</b>	<b>-0.30%</b>

APPENDIX B

Precepts and Council Tax Band D for Parishes

Parish	2020/21 Parish Precept	Tax Base	Council Tax Band D	2021/22 Parish Precept	Tax Base	Council Tax Band D	Increase / Decrease (-)
	£		£	£		£	£
Akenham	-	23.61	-	-	22.98	-	0.00
Ashbocking	1,950.00	139.70	13.96	2,000.00	138.60	14.43	0.47
Ashfield-cum-Thorpe	2,982.19	99.57	29.95	3,038.85	98.50	30.85	0.90
Aspall	-	29.24	-	-	29.87	-	0.00
Athelington	421.87	19.96	21.14	409.35	19.74	20.74	-0.40
Bacton	23,724.35	461.24	51.44	23,125.83	449.54	51.44	0.00
Badley	-	34.41	-	-	35.10	-	0.00
Badwell Ash	22,425.00	316.07	70.95	23,297.00	322.01	72.35	1.40
Barham	28,108.70	531.95	52.84	27,300.00	537.03	50.84	-2.00
Barking	10,381.00	175.73	59.07	11,000.00	173.41	63.43	4.36
Battisford	10,725.00	254.36	42.16	12,320.00	246.71	49.94	7.78
Baylham	-	112.98	-	-	114.14	-	0.00
Bedfield	4,100.00	159.82	25.65	4,100.00	160.59	25.53	-0.12
Bedingfield	1,620.00	101.34	15.99	1,620.00	99.49	16.28	0.29
Beyton	16,622.00	312.20	53.24	16,622.00	310.45	53.54	0.30
Botesdale	30,700.00	277.62	110.58	35,800.00	272.61	131.32	20.74
Braiseworth	-	29.85	-	-	30.79	-	0.00
Bramford	68,850.00	871.08	79.04	71,616.00	906.08	79.04	0.00
Brome and Oakley	6,630.00	195.03	33.99	6,630.00	204.36	32.44	-1.55
Brundish	3,976.51	76.84	51.75	3,796.51	75.42	50.34	-1.41
Burgate	3,017.41	68.94	43.77	2,971.45	66.99	44.36	0.59
Buxhall	4,617.70	163.72	28.20	4,838.91	161.97	29.88	1.68
Claydon	39,902.52	758.91	52.58	39,883.82	746.75	53.41	0.83
Coddenham	37,810.00	277.64	136.18	32,227.00	275.28	117.07	-19.11
Combs	9,000.00	312.01	28.85	9,000.00	313.42	28.72	-0.13
Cotton	6,500.00	239.62	27.13	6,500.00	241.64	26.90	-0.23
Creeting St Mary	9,993.00	310.72	32.16	10,028.00	311.85	32.16	-0.00
Creeting St Peter	5,285.00	101.12	52.26	5,176.00	99.03	52.27	0.01
Crowfield	2,750.00	161.23	17.06	2,750.00	158.54	17.35	0.29
Darmsden	-	18.49	-	-	17.19	-	0.00
Debenham	78,686.00	811.59	96.95	78,686.00	812.19	96.88	-0.07
Denham	3,191.97	79.14	40.33	3,192.00	80.63	39.59	-0.74
Drinkstone	8,920.00	283.36	31.48	8,920.00	282.78	31.54	0.06
Earl Stonham	6,556.00	255.01	25.71	6,557.00	255.04	25.71	0.00
Elmswell	159,000.00	1,464.69	108.56	163,514.00	1,506.27	108.56	0.00
Eye	105,102.00	797.61	131.77	131,076.00	773.99	169.35	37.58
Felsham	7,133.00	182.13	39.16	6,946.00	177.38	39.16	-0.00
Finningham	7,243.00	212.87	34.03	7,243.00	211.62	34.23	0.20
Flowton	-	49.74	-	-	48.67	-	0.00
Framsden	9,573.00	139.71	68.52	9,754.88	139.78	69.79	1.27
Fressingfield	21,800.00	421.98	51.66	22,370.00	418.29	53.48	1.82
Gedding	1,000.00	54.05	18.50	1,000.00	52.15	19.18	0.68
Gipping	1,495.86	26.37	56.73	1,581.66	26.23	60.30	3.57
Gislingham	15,420.00	435.65	35.40	16,210.00	447.50	36.22	0.82
Gosbeck	1,500.00	89.03	16.85	1,500.00	87.85	17.07	0.22
Great Ashfield	2,415.00	151.94	15.89	2,450.00	151.16	16.21	0.32
Great Blakenham	47,220.00	750.58	62.91	48,478.00	770.73	62.90	-0.01
Great Bricett	10,465.00	215.18	48.63	10,481.00	213.38	49.12	0.49
Great Finborough	13,048.00	324.06	40.26	13,390.00	321.07	41.70	1.44
Harleston	1,858.00	66.07	28.12	1,819.00	64.69	28.12	-0.00
Haughley	46,646.00	579.18	80.54	46,056.00	571.86	80.54	0.00
Helmingham	2,600.00	69.37	37.48	2,500.00	66.69	37.49	0.01
Hemingstone	2,040.00	97.80	20.86	2,040.00	104.88	19.45	-1.41
Henley	12,111.00	233.01	51.98	11,832.00	227.64	51.98	0.00
Hessett	9,886.00	203.80	48.51	10,048.00	205.08	49.00	0.49
Hinderclay	5,150.00	123.65	41.65	5,150.00	120.29	42.81	1.16
Horham	2,578.13	121.98	21.14	2,590.65	124.93	20.74	-0.40
Hoxne	16,155.00	355.10	45.49	16,155.00	355.32	45.47	-0.02
Hunston	-	56.18	-	-	56.24	-	0.00
Kenton	1,600.00	96.88	16.52	1,600.00	95.92	16.68	0.16
Langham	-	43.48	-	-	40.70	-	0.00
Laxfield	42,430.00	388.72	109.15	42,430.00	387.39	109.53	0.38
Little Blakenham	6,200.00	109.17	56.79	6,500.00	108.98	59.64	2.85
Little Finborough	-	26.04	-	-	25.91	-	0.00

## Precepts and Council Tax Band D for Parishes

Parish	2020/21	Tax Base	Council Tax Band D	2021/22	Tax Base	Council Tax Band D	Increase / Decrease (-)
	Parish Precept			Parish Precept			
	£		£	£		£	£
Mellis	7,900.00	206.94	38.18	7,900.00	199.90	39.52	1.34
Mendham	6,500.00	178.37	36.44	6,600.00	174.22	37.88	1.44
Mendlesham	40,000.00	570.68	70.09	40,000.00	561.55	71.23	1.14
Metfield	5,500.00	172.50	31.88	5,750.00	171.51	33.53	1.65
Mickfield	4,840.00	89.43	54.12	5,000.00	87.87	56.90	2.78
Monk Soham	2,250.00	74.76	30.10	2,250.00	73.30	30.70	0.60
Needham Market	125,029.00	1,611.57	77.58	128,484.71	1,607.92	79.91	2.33
Nettlestead	-	39.32	-	-	37.18	-	0.00
Norton	22,000.00	419.67	52.42	22,000.00	426.78	51.55	-0.87
Occold	8,800.00	194.19	45.32	8,800.00	199.85	44.03	-1.29
Offton	5,330.34	149.64	35.62	5,407.98	150.48	35.94	0.32
Old Newton with Dagworth	24,624.14	434.09	56.73	25,791.34	427.72	60.30	3.57
Onehouse	13,500.00	287.07	47.03	13,500.00	284.12	47.52	0.49
Palgrave	14,770.00	368.97	40.03	16,000.00	375.16	42.65	2.62
Pettaugh	2,940.00	87.94	33.43	2,940.00	88.25	33.31	-0.12
Rattlesden	18,476.00	387.53	47.68	20,732.00	377.68	54.89	7.21
Redgrave	18,000.00	257.73	69.84	19,800.00	259.11	76.42	6.58
Redlingfield	-	51.88	-	-	51.64	-	0.00
Rickinghall Inferior	8,971.37	167.97	53.41	9,635.63	163.67	58.87	5.46
Rickinghall Superior	17,228.63	322.57	53.41	18,764.37	318.73	58.87	5.46
Ringshall	7,100.00	257.57	27.57	7,900.00	261.12	30.25	2.68
Rishangles	-	36.84	-	-	37.65	-	0.00
Shelland	100.00	27.09	3.69	-	26.49	-	-3.69
Somersham	17,308.00	241.76	71.59	17,308.00	242.08	71.50	-0.09
Southolt	-	28.59	-	-	29.67	-	0.00
Stoke Ash	4,178.36	110.80	37.71	4,113.33	84.14	48.89	11.18
Stonham Aspal	5,500.00	242.87	22.65	5,500.00	238.69	23.04	0.39
Stonham Parva	6,700.00	139.71	47.96	6,582.00	136.45	48.24	0.28
Stowlangtoft	3,300.00	91.15	36.20	3,300.00	88.63	37.23	1.03
Stowmarket	1,108,710.75	6,716.80	165.07	1,108,578.76	6,636.37	167.05	1.98
Stowupland	38,132.00	718.03	53.11	39,832.00	750.05	53.11	0.00
Stradbroke	35,107.00	576.73	60.87	36,620.00	564.77	64.84	3.97
Stuston	250.00	87.86	2.85	-	85.82	-	-2.85
Syleham	1,600.00	93.66	17.08	3,750.00	91.74	40.88	23.80
Tannington	-	41.65	-	-	40.75	-	0.00
Thorndon	15,000.00	307.26	48.82	19,000.00	316.17	60.09	11.27
Thornham Magna	1,680.00	79.94	21.02	1,000.00	79.90	12.52	-8.50
Thornham Parva	300.00	25.46	11.78	300.00	24.67	12.16	0.38
Thrandeston	2,500.00	70.34	35.54	2,500.00	72.63	34.42	-1.12
Thurston	105,162.00	1,228.87	85.58	105,864.00	1,220.96	86.71	1.13
Thwaite	2,328.64	61.75	37.71	3,000.67	61.38	48.89	11.18
Tostock	9,265.00	206.73	44.82	9,450.00	208.66	45.29	0.47
Walsham-le-Willows	21,649.00	482.92	44.83	21,900.00	480.75	45.55	0.72
Wattisfield	9,680.00	195.98	49.39	9,800.00	194.44	50.40	1.01
Westhorpe	1,640.00	80.26	20.43	2,450.00	81.39	30.10	9.67
Wetherden	12,915.00	240.18	53.77	12,890.00	239.71	53.77	-0.00
Wetheringsett-cum-Brockford	8,850.00	279.50	31.66	8,850.00	278.25	31.81	0.15
Weybread	4,700.00	180.72	26.01	5,000.00	178.64	27.99	1.98
Whitton	1,457.48	27.72	52.58	1,616.18	30.26	53.41	0.83
Wickham Skeith	3,500.00	137.46	25.46	3,500.00	135.67	25.80	0.34
Wilby	5,769.00	132.13	43.66	5,833.00	133.72	43.62	-0.04
Willisham	3,736.66	104.90	35.62	3,831.02	106.60	35.94	0.32
Wingfield	4,905.00	149.93	32.72	6,000.00	144.66	41.48	8.76
Winston	650.00	69.89	9.30	650.00	69.60	9.34	0.04
Woolpit	30,000.00	804.24	37.30	30,000.00	807.54	37.15	-0.15
Worlingworth	13,162.52	322.40	40.83	13,359.96	318.31	41.97	1.14
Wortham	14,482.59	330.89	43.77	14,878.55	335.43	44.36	0.59
Wyverstone	3,230.00	137.68	23.46	3,230.00	137.44	23.50	0.04
Yaxley	6,250.00	210.35	29.71	6,250.00	208.56	29.97	0.26
<b>Total</b>	<b>2,858,573.69</b>	<b>37,301.55</b>	<b>76.63</b>	<b>2,922,114.41</b>	<b>37,189.71</b>	<b>78.57</b>	<b>1.94</b>

## Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	114.39	133.46	152.52	171.59	209.72	247.85	285.98	343.18
Suffolk County Council	931.44	1,086.68	1,241.92	1,397.16	1,707.64	2,018.12	2,328.60	2,794.32
Police and Crime Commissioner	158.46	184.87	211.28	237.69	290.51	343.33	396.15	475.38
Aggregate of Council Tax Requirements	<b>1,204.29</b>	<b>1,405.01</b>	<b>1,605.72</b>	<b>1,806.44</b>	<b>2,207.87</b>	<b>2,609.30</b>	<b>3,010.73</b>	<b>3,612.88</b>
Parish	Total Amount of Council Tax for 2021/22							
	6/9 ths	7/9 ths	8/9 ths		11/9 ths	13/9 ths	15/9 ths	18/9 ths
	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Akenham	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Ashbocking	1,213.91	1,416.23	1,618.55	1,820.87	2,225.51	2,630.15	3,034.78	3,641.74
Ashfield-cum-Thorpe	1,224.86	1,429.00	1,633.15	1,837.29	2,245.58	2,653.86	3,062.15	3,674.58
Aspall	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Athelington	1,218.12	1,421.14	1,624.16	1,827.18	2,233.22	2,639.26	3,045.30	3,654.36
Bacton	1,238.59	1,445.02	1,651.45	1,857.88	2,270.74	2,683.60	3,096.47	3,715.76
Badley	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Badwell Ash	1,252.53	1,461.28	1,670.04	1,878.79	2,296.30	2,713.81	3,131.32	3,757.58
Barham	1,238.19	1,444.55	1,650.92	1,857.28	2,270.01	2,682.74	3,095.47	3,714.56
Barking	1,246.58	1,454.34	1,662.11	1,869.87	2,285.40	2,700.92	3,116.45	3,739.74
Battisford	1,237.59	1,443.85	1,650.12	1,856.38	2,268.91	2,681.44	3,093.97	3,712.76
Baylham	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Bedfield	1,221.31	1,424.87	1,628.42	1,831.97	2,239.07	2,646.18	3,053.28	3,663.94
Bedingfield	1,215.15	1,417.67	1,620.20	1,822.72	2,227.77	2,632.82	3,037.87	3,645.44
Beyton	1,239.99	1,446.65	1,653.32	1,859.98	2,273.31	2,686.64	3,099.97	3,719.96
Botesdale	1,291.84	1,507.15	1,722.45	1,937.76	2,368.37	2,798.99	3,229.60	3,875.52
Braiseworth	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Bramford	1,256.99	1,466.48	1,675.98	1,885.48	2,304.48	2,723.47	3,142.47	3,770.96
Brome and Oakley	1,225.92	1,430.24	1,634.56	1,838.88	2,247.52	2,656.16	3,064.80	3,677.76
Brundish	1,237.85	1,444.16	1,650.47	1,856.78	2,269.40	2,682.02	3,094.63	3,713.56
Burgate	1,233.87	1,439.51	1,645.16	1,850.80	2,262.09	2,673.38	3,084.67	3,701.60
Buxhall	1,224.21	1,428.25	1,632.28	1,836.32	2,244.39	2,652.46	3,060.53	3,672.64
Claydon	1,239.90	1,446.55	1,653.20	1,859.85	2,273.15	2,686.45	3,099.75	3,719.70
Coddenham	1,282.34	1,496.06	1,709.79	1,923.51	2,350.96	2,778.40	3,205.85	3,847.02
Combs	1,223.44	1,427.35	1,631.25	1,835.16	2,242.97	2,650.79	3,058.60	3,670.32
Cotton	1,222.23	1,425.93	1,629.64	1,833.34	2,240.75	2,648.16	3,055.57	3,666.68
Creeting St Mary	1,225.73	1,430.02	1,634.31	1,838.60	2,247.18	2,655.76	3,064.33	3,677.20
Creeting St Peter	1,239.14	1,445.66	1,652.19	1,858.71	2,271.76	2,684.80	3,097.85	3,717.42
Crowfield	1,215.86	1,418.50	1,621.15	1,823.79	2,229.08	2,634.36	3,039.65	3,647.58
Darmsden	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Debenham	1,268.88	1,480.36	1,691.84	1,903.32	2,326.28	2,749.24	3,172.20	3,806.64
Denham	1,230.69	1,435.80	1,640.92	1,846.03	2,256.26	2,666.49	3,076.72	3,692.06
Drinkstone	1,225.32	1,429.54	1,633.76	1,837.98	2,246.42	2,654.86	3,063.30	3,675.96
Earl Stonham	1,221.43	1,425.01	1,628.58	1,832.15	2,239.29	2,646.44	3,053.58	3,664.30
Elmswell	1,276.67	1,489.44	1,702.22	1,915.00	2,340.56	2,766.11	3,191.67	3,830.00
Eye	1,317.19	1,536.73	1,756.26	1,975.79	2,414.85	2,853.92	3,292.98	3,951.58
Felsham	1,230.40	1,435.47	1,640.53	1,845.60	2,255.73	2,665.87	3,076.00	3,691.20
Finningham	1,227.11	1,431.63	1,636.15	1,840.67	2,249.71	2,658.75	3,067.78	3,681.34

## Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
<b>Mid Suffolk District Council</b>	114.39	133.46	152.52	171.59	209.72	247.85	285.98	343.18
<b>Suffolk County Council</b>	931.44	1,086.68	1,241.92	1,397.16	1,707.64	2,018.12	2,328.60	2,794.32
<b>Police and Crime Commissioner</b>	158.46	184.87	211.28	237.69	290.51	343.33	396.15	475.38
<b>Aggregate of Council Tax Requirements</b>	<b>1,204.29</b>	<b>1,405.01</b>	<b>1,605.72</b>	<b>1,806.44</b>	<b>2,207.87</b>	<b>2,609.30</b>	<b>3,010.73</b>	<b>3,612.88</b>
<b>Flowton</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Framsden</b>	1,250.82	1,459.29	1,667.76	1,876.23	2,293.17	2,710.11	3,127.05	3,752.46
<b>Fressingfield</b>	1,239.95	1,446.60	1,653.26	1,859.92	2,273.24	2,686.55	3,099.87	3,719.84
<b>Gedding</b>	1,217.08	1,419.93	1,622.77	1,825.62	2,231.31	2,637.01	3,042.70	3,651.24
<b>Gipping</b>	1,244.49	1,451.91	1,659.32	1,866.74	2,281.57	2,696.40	3,111.23	3,733.48
<b>Gislingham</b>	1,228.44	1,433.18	1,637.92	1,842.66	2,252.14	2,661.62	3,071.10	3,685.32
<b>Gosbeck</b>	1,215.67	1,418.29	1,620.90	1,823.51	2,228.73	2,633.96	3,039.18	3,647.02
<b>Great Ashfield</b>	1,215.10	1,417.62	1,620.13	1,822.65	2,227.68	2,632.72	3,037.75	3,645.30
<b>Great Blakenham</b>	1,246.23	1,453.93	1,661.64	1,869.34	2,284.75	2,700.16	3,115.57	3,738.68
<b>Great Bricett</b>	1,237.04	1,443.21	1,649.39	1,855.56	2,267.91	2,680.25	3,092.60	3,711.12
<b>Great Finborough</b>	1,232.09	1,437.44	1,642.79	1,848.14	2,258.84	2,669.54	3,080.23	3,696.28
<b>Harleston</b>	1,223.04	1,426.88	1,630.72	1,834.56	2,242.24	2,649.92	3,057.60	3,669.12
<b>Haughley</b>	1,257.99	1,467.65	1,677.32	1,886.98	2,306.31	2,725.64	3,144.97	3,773.96
<b>Helmingham</b>	1,229.29	1,434.17	1,639.05	1,843.93	2,253.69	2,663.45	3,073.22	3,687.86
<b>Hemingstone</b>	1,217.26	1,420.14	1,623.01	1,825.89	2,231.64	2,637.40	3,043.15	3,651.78
<b>Henley</b>	1,238.95	1,445.44	1,651.93	1,858.42	2,271.40	2,684.38	3,097.37	3,716.84
<b>Hessett</b>	1,236.96	1,443.12	1,649.28	1,855.44	2,267.76	2,680.08	3,092.40	3,710.88
<b>Hinderclay</b>	1,232.83	1,438.31	1,643.78	1,849.25	2,260.19	2,671.14	3,082.08	3,698.50
<b>Horham</b>	1,218.12	1,421.14	1,624.16	1,827.18	2,233.22	2,639.26	3,045.30	3,654.36
<b>Hoxne</b>	1,234.61	1,440.37	1,646.14	1,851.91	2,263.45	2,674.98	3,086.52	3,703.82
<b>Hunston</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Kenton</b>	1,215.41	1,417.98	1,620.55	1,823.12	2,228.26	2,633.40	3,038.53	3,646.24
<b>Langham</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Laxfield</b>	1,277.31	1,490.20	1,703.08	1,915.97	2,341.74	2,767.51	3,193.28	3,831.94
<b>Little Blakenham</b>	1,244.05	1,451.40	1,658.74	1,866.08	2,280.76	2,695.45	3,110.13	3,732.16
<b>Little Finborough</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Mellis</b>	1,230.64	1,435.75	1,640.85	1,845.96	2,256.17	2,666.39	3,076.60	3,691.92
<b>Mendham</b>	1,229.55	1,434.47	1,639.40	1,844.32	2,254.17	2,664.02	3,073.87	3,688.64
<b>Mendlesham</b>	1,251.78	1,460.41	1,669.04	1,877.67	2,294.93	2,712.19	3,129.45	3,755.34
<b>Metfield</b>	1,226.65	1,431.09	1,635.53	1,839.97	2,248.85	2,657.73	3,066.62	3,679.94
<b>Mickfield</b>	1,242.23	1,449.26	1,656.30	1,863.34	2,277.42	2,691.49	3,105.57	3,726.68
<b>Monk Soham</b>	1,224.76	1,428.89	1,633.01	1,837.14	2,245.39	2,653.65	3,061.90	3,674.28
<b>Needham Market</b>	1,257.57	1,467.16	1,676.76	1,886.35	2,305.54	2,724.73	3,143.92	3,772.70
<b>Nettlestead</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Norton</b>	1,238.66	1,445.10	1,651.55	1,857.99	2,270.88	2,683.76	3,096.65	3,715.98
<b>Occold</b>	1,233.65	1,439.25	1,644.86	1,850.47	2,261.69	2,672.90	3,084.12	3,700.94
<b>Offton</b>	1,228.25	1,432.96	1,637.67	1,842.38	2,251.80	2,661.22	3,070.63	3,684.76
<b>Old Newton with Dagworth</b>	1,244.49	1,451.91	1,659.32	1,866.74	2,281.57	2,696.40	3,111.23	3,733.48
<b>Onehouse</b>	1,235.97	1,441.97	1,647.96	1,853.96	2,265.95	2,677.94	3,089.93	3,707.92
<b>Palgrave</b>	1,232.73	1,438.18	1,643.64	1,849.09	2,260.00	2,670.91	3,081.82	3,698.18
<b>Pettaugh</b>	1,226.50	1,430.92	1,635.33	1,839.75	2,248.58	2,657.42	3,066.25	3,679.50
<b>Rattlesden</b>	1,240.89	1,447.70	1,654.52	1,861.33	2,274.96	2,688.59	3,102.22	3,722.66
<b>Redgrave</b>	1,255.24	1,464.45	1,673.65	1,882.86	2,301.27	2,719.69	3,138.10	3,765.72
<b>Redlingfield</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Rickinghall Inferior</b>	1,243.54	1,450.80	1,658.05	1,865.31	2,279.82	2,694.34	3,108.85	3,730.62
<b>Rickinghall Superior</b>	1,243.54	1,450.80	1,658.05	1,865.31	2,279.82	2,694.34	3,108.85	3,730.62
<b>Ringshall</b>	1,224.46	1,428.54	1,632.61	1,836.69	2,244.84	2,653.00	3,061.15	3,673.38
<b>Rishangles</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Shelland</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Somersham</b>	1,251.96	1,460.62	1,669.28	1,877.94	2,295.26	2,712.58	3,129.90	3,755.88
<b>Southolt</b>	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
<b>Stoke Ash</b>	1,236.89	1,443.03	1,649.18	1,855.33	2,267.63	2,679.92	3,092.22	3,710.66
<b>Stonham Aspal</b>	1,219.65	1,422.93	1,626.20	1,829.48	2,236.03	2,642.58	3,049.13	3,658.96
<b>Stonham Parva</b>	1,236.45	1,442.53	1,648.60	1,854.68	2,266.83	2,678.98	3,091.13	3,709.36
<b>Stowlangtoft</b>	1,229.11	1,433.97	1,638.82	1,843.67	2,253.37	2,663.08	3,072.78	3,687.34

## Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	114.39	133.46	152.52	171.59	209.72	247.85	285.98	343.18
Suffolk County Council	931.44	1,086.68	1,241.92	1,397.16	1,707.64	2,018.12	2,328.60	2,794.32
Police and Crime Commissioner	158.46	184.87	211.28	237.69	290.51	343.33	396.15	475.38
<b>Aggregate of Council Tax Requirements</b>	<b>1,204.29</b>	<b>1,405.01</b>	<b>1,605.72</b>	<b>1,806.44</b>	<b>2,207.87</b>	<b>2,609.30</b>	<b>3,010.73</b>	<b>3,612.88</b>
Stowmarket	1,315.66	1,534.94	1,754.21	1,973.49	2,412.04	2,850.60	3,289.15	3,946.98
Stowupland	1,239.70	1,446.32	1,652.93	1,859.55	2,272.78	2,686.02	3,099.25	3,719.10
Stradbroke	1,247.52	1,455.44	1,663.36	1,871.28	2,287.12	2,702.96	3,118.80	3,742.56
Stuston	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Syleham	1,231.55	1,436.80	1,642.06	1,847.32	2,257.84	2,668.35	3,078.87	3,694.64
Tannington	1,204.29	1,405.01	1,605.72	1,806.44	2,207.87	2,609.30	3,010.73	3,612.88
Thorndon	1,244.35	1,451.75	1,659.14	1,866.53	2,281.31	2,696.10	3,110.88	3,733.06
Thornham Magna	1,212.64	1,414.75	1,616.85	1,818.96	2,223.17	2,627.39	3,031.60	3,637.92
Thornham Parva	1,212.40	1,414.47	1,616.53	1,818.60	2,222.73	2,626.87	3,031.00	3,637.20
Thrandeston	1,227.24	1,431.78	1,636.32	1,840.86	2,249.94	2,659.02	3,068.10	3,681.72
Thurston	1,262.10	1,472.45	1,682.80	1,893.15	2,313.85	2,734.55	3,155.25	3,786.30
Thwaite	1,236.89	1,443.03	1,649.18	1,855.33	2,267.63	2,679.92	3,092.22	3,710.66
Tostock	1,234.49	1,440.23	1,645.98	1,851.73	2,263.23	2,674.72	3,086.22	3,703.46
Walsham-le-Willows	1,234.66	1,440.44	1,646.21	1,851.99	2,263.54	2,675.10	3,086.65	3,703.98
Wattisfield	1,237.89	1,444.21	1,650.52	1,856.84	2,269.47	2,682.10	3,094.73	3,713.68
Westhorpe	1,224.36	1,428.42	1,632.48	1,836.54	2,244.66	2,652.78	3,060.90	3,673.08
Wetherden	1,240.14	1,446.83	1,653.52	1,860.21	2,273.59	2,686.97	3,100.35	3,720.42
Wetheringsett-cum-Brockford	1,225.50	1,429.75	1,634.00	1,838.25	2,246.75	2,655.25	3,063.75	3,676.50
Weybread	1,222.95	1,426.78	1,630.60	1,834.43	2,242.08	2,649.73	3,057.38	3,668.86
Whitton	1,239.90	1,446.55	1,653.20	1,859.85	2,273.15	2,686.45	3,099.75	3,719.70
Wickham Skeith	1,221.49	1,425.08	1,628.66	1,832.24	2,239.40	2,646.57	3,053.73	3,664.48
Wilby	1,233.37	1,438.94	1,644.50	1,850.06	2,261.18	2,672.31	3,083.43	3,700.12
Willisham	1,228.25	1,432.96	1,637.67	1,842.38	2,251.80	2,661.22	3,070.63	3,684.76
Wingfield	1,231.95	1,437.27	1,642.60	1,847.92	2,258.57	2,669.22	3,079.87	3,695.84
Winston	1,210.52	1,412.27	1,614.03	1,815.78	2,219.29	2,622.79	3,026.30	3,631.56
Woolpit	1,229.06	1,433.90	1,638.75	1,843.59	2,253.28	2,662.96	3,072.65	3,687.18
Worlingworth	1,232.27	1,437.65	1,643.03	1,848.41	2,259.17	2,669.93	3,080.68	3,696.82
Wortham	1,233.87	1,439.51	1,645.16	1,850.80	2,262.09	2,673.38	3,084.67	3,701.60
Wyverstone	1,219.96	1,423.29	1,626.61	1,829.94	2,236.59	2,643.25	3,049.90	3,659.88
Yaxley	1,224.27	1,428.32	1,632.36	1,836.41	2,244.50	2,652.59	3,060.68	3,672.82

**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 is included within this report.
- 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 £1,397.16 for a Band D property in 2021/22, an increase of 4%.
  - 3) The Police and Crime Commissioner's precept requirement is £237.69 an increase of 6.7%.
  - 4) All Parish / Town Councils have supplied formal notification of their 2021/22 precept.
- 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	15 September 2021	15 October 2021	15 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 final 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 £490k, 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 (PWL) 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 0.3% 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 £11.5m 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 Growth and Efficiency Fund) are forecast to be £18.2m as at 31 March 2022. The Growth and Efficiency 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

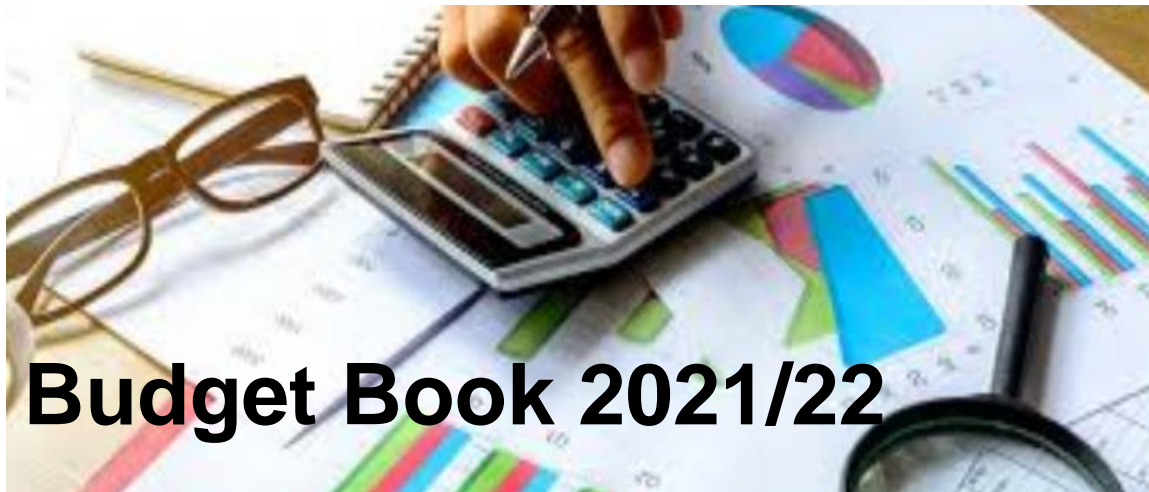
## LCTRS Grant allocations to Town and Parish Councils

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

Town & Parish Council	LCTS Grant Allocation £
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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### GENERAL FUND REVENUE BUDGET SUMMARY

	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)	(18,717)	1,130
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	662	595
<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)
22 <b>Net Service Cost</b>	<b>10,033</b>	<b>9,379</b>	<b>(652)</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	1,227	499
29 Business rates – collection fund deficit / (surplus)	(367)	(471)	(103)
30 Business rates – growth/pooling benefit	(120)	(458)	(338)
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 - Mid Suffolk	-	(70)	(70)
36 Local Council Tax Support Grant - Town & Parish Councils	-	(32)	(32)
37 <b>Total Funding</b>	<b>(13,060)</b>	<b>(14,267)</b>	<b>(1,207)</b>
38 Transfer to Growth and Efficiency Fund	2,027	1,080	(947)
39 Transfer to Commercial Development Risk Management reserve	1,000	1,631	631
40 Transfer to Business Rates and Council Tax reserve	-	1,376	1,376
41 Transfer to Climate Change & Biodiversity earmarked reserve	-	500	500
42 Transfer to Planning (Legal) earmarked reserve	-	250	250
43 Transfer to Planning Enforcement earmarked reserve	-	50	50
44 <b>Shortfall / (Surplus) funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	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
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>
<b>Housing</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>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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>
<b>Economic Development and Regeneration</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>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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>
<b>Environment and Commercial Partnerships</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>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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>
<b>Customers, Digital Transformation and Improvement</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>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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>
<b>Corporate Resources</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>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HR and Organisational Development	400	-	35	-	-	0	-	(409)	(26)	(0)
Finance, Commissioning and Procurement	766	151	250	1,023	11,257	40	(12,202)	(520)	(32)	733
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>(12,202)</b>	<b>(1,197)</b>	<b>(78)</b>	<b>1,125</b>
<b>Law and Governance</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>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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>
<b>Assets and Investments</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>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'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>(18,717)</b>	<b>(1,197)</b>	<b>(648)</b>	<b>10,238</b>



**GENERAL FUND BUDGET - Sustainable Communities**

Chief Planning Officer	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
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>

Communities	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
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>

Strategic Planning	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
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	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
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)
	<b>813</b>	<b>100</b>	<b>90</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>(453)</b>	<b>159</b>	<b>(10)</b>	<b>714</b>

Strategic Housing	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
Community Housing Fund	24	-	1	-	-	1	-	4	(26)	4
Strategic Housing	106	-	8	-	-	2	(9)	117	-	223
	<b>129</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(9)</b>	<b>121</b>	<b>(26)</b>	<b>227</b>

<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**

<b>Economic Development and Regeneration</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>
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	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
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	29	-	3	-	-	-	(7)	0	-	(4)
Street Naming and Numbering	-	2	2	-	-	1	(32)	8	-	11
	485	2	14	-	-	20	(395)	151	-	277

Health and Safety, Business Continuity and Emergency Planning	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
Civil Protection and Emergency Planning	-	-	27	-	-	-	-	1	-	28
Health and Safety	128	-	49	-	-	1	-	(177)	-	-
	128	-	75	-	-	1	-	(176)	-	28

Leisure	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
Leisure Contract	-	27	50	-	-	-	(35)	38	-	80
	-	27	50	-	-	-	(35)	38	-	80

Waste 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
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	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
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 Licences	-	-	-	-	-	-	(8)	6	-	(3)
Miscellaneous Other Licences	-	-	-	-	-	-	(0)	6	-	6
	650	2	112	-	-	15	(170)	425	-	1,034

Countryside and Public Realm	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
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	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
Service Improvement	31	-	-	-	-	-	-	-	-	31
	31	-	-	-	-	-	-	-	-	31

TOTAL	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
	2,563	263	1,153	2,551	-	271	(3,449)	1,245	(63)	4,534

GENERAL FUND BUDGET - Customer 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
<b>Customer Operations</b>										
Customer Services	570	-	2	-	-	-	-	(572)	-	-
Stowmarket Customer Access Point	-	7	16	-	-	-	-	(23)	-	0
	<b>570</b>	<b>7</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(594)</b>	<b>-</b>	<b>0</b>
<b>Digital Transformation and Improvement</b>										
Digital Transformation and Improvement	129	-	6	-	-	-	-	(135)	-	-
	<b>129</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(135)</b>	<b>-</b>	<b>-</b>
<b>ICT</b>										
ICT	229	-	366	273	-	-	-	(867)	-	-
	<b>229</b>	<b>-</b>	<b>366</b>	<b>273</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(867)</b>	<b>-</b>	<b>-</b>
<b>Communications</b>										
Communications	157	-	18	-	-	0	-	(175)	-	(0)
	<b>157</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>(175)</b>	<b>-</b>	<b>(0)</b>
<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>

**GENERAL FUND BUDGET - Corporate Resources**

<b>HR and Organisational Development</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>
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>

<b>Finance, Commissioning and Procurement</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>
Financial Resources	457	-	32	-	-	1	(438)	(490)	-	(438)
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 Management Savings	(489)	-	-	-	-	-	-	-	-	(489)
Early Retirement Pension Direct Charges	78	-	-	-	-	-	-	-	-	78
Rent Allowances	-	-	-	-	5,825	-	(5,897)	57	-	(15)
Rent Rebates to HRA Dwellings	-	-	-	-	5,432	-	(5,524)	17	-	(76)
Council Tax Collection	-	-	-	-	-	-	(207)	102	-	(105)
NNDR Collection	-	-	-	-	-	-	(135)	30	-	(105)
Shared Revenues Partnership	-	-	8	1,023	-	-	-	-	-	1,031
Contingencies/Savings Adjustments	(110)	-	-	-	-	-	-	-	-	(110)
Unapportionable Central Overheads	639	57	-	-	-	-	-	8	-	705
Commissioning and Procurement	100	-	-	-	-	0	-	(100)	-	-
Central Stationery and Equipment	-	-	4	-	-	-	-	(4)	-	-
Payment of grants to Town & Parish Councils - funded from LCTS grant	-	-	32	-	-	-	-	-	(32)	(0)
	<b>766</b>	<b>151</b>	<b>250</b>	<b>1,023</b>	<b>11,257</b>	<b>40</b>	<b>(12,202)</b>	<b>(520)</b>	<b>(32)</b>	<b>733</b>

<b>Senior Leadership Team</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>
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>

<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>(12,202)</b>	<b>(1,197)</b>	<b>(78)</b>	<b>1,125</b>
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GENERAL FUND BUDGET - Law and Governance

Electoral Services and Land Charges	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 Registration	63	-	47	-	-	-	(2)	15	-	122
Elections	16	-	25	-	-	-	(25)	57	20	94
Land Charges	110	-	21	-	-	-	(218)	5	5	(76)
	<b>189</b>	<b>-</b>	<b>93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(245)</b>	<b>77</b>	<b>25</b>	<b>139</b>

Governance and Civic Office	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
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)	-	-
	<b>124</b>	<b>-</b>	<b>362</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>(2)</b>	<b>(84)</b>	<b>-</b>	<b>401</b>

Internal Audit	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
Internal Audit	78	-	29	-	-	0	(3)	(103)	-	0
	<b>78</b>	<b>-</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>(3)</b>	<b>(103)</b>	<b>-</b>	<b>0</b>

Shared Legal 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
Shared Legal Services	203	-	262	-	-	-	(102)	(362)	-	-
	<b>203</b>	<b>-</b>	<b>262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(102)</b>	<b>(362)</b>	<b>-</b>	<b>-</b>

<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>
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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
Creting 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	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
	308	323	282	51	-	0	(486)	(251)	-	228



**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 s106	686 0	879 65	1,565 65	376 0	376 0	0 0	2,317 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>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 BUDGET	2020/21 Indicative Carry Forwards (A)	2021/22 Budget for approval (B)	2021/22 Total Spend Required (A + B)	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Total Spend Required 2021/22 - 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

<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)	2021/22 Budget for approval (B)	2021/22 Total Spend Required (A + B)	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Total Spend Required 2021/22 - 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000

<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
<b>Contingency Reserves</b>					
General Fund Working Balance / Reserve	(1,052)	-	-	-	(1,052)
<b>Earmarked reserves</b>					
Growth and Efficiency Fund	(3,634)	4,104	(3,550)	2,808	(271)
Commercial Development Risk Management	(2,500)	-	(1,631)	-	(4,131)
Business Rates and Council Tax	(4,989)	-	(1,446)	2,068	(4,367)
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)	-	(438)	-	(718)
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)
Joint Local Plan	-	-	-	-	0
Planning Enforcement	(45)	-	(50)	-	(95)
Repairs and Renewals	(292)	-	-	-	(292)
Welfare Benefits Reform	(7)	-	-	-	(7)
Well-being	(274)	(1,000)	-	56	(1,217)
Waste	(18)	-	-	-	(18)
COVID19 business recovery	-	(104)	-	-	(104)
Economy	-	(1,000)	-	-	(1,000)
Housing	-	(1,000)	-	-	(1,000)
Communities	-	(1,000)	-	-	(1,000)
<b>Sub total</b>	<b>(15,492)</b>	<b>-</b>	<b>(8,019)</b>	<b>5,309</b>	<b>(18,203)</b>
Community Infrastructure Levy	(16,833)	-	-	-	(16,833)
<b>TOTAL GENERAL FUND RESERVES</b>	<b>(33,377)</b>	<b>-</b>	<b>(8,019)</b>	<b>5,309</b>	<b>(36,088)</b>

## Flexible Use of Capital Receipts Strategy

### Introduction

The Government has produced Statutory Guidance on the Flexible Use of Capital Receipts. Proper accounting practices mean that capital receipts can only be used to support capital expenditure. However, the purpose of the guidance is to give flexibility as to the use of capital.

In summary, the guidance allowed councils to use capital receipts from the disposal of property, plant and equipment assets received in the period to 31 March 2022 to fund revenue spending which is forecast to generate ongoing savings to an authority's net service expenditure.

### 1. Qualifying Expenditure

Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces the costs or demand for services in future years for any of the public sector delivery partners.

Within this definition it is for individual local authorities to decide whether or not a project qualifies for the flexibility.

Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classed as qualifying expenditure.

### 2. Proposed use of Capital Receipts Flexibility

In accordance with the above definition the council's Strategy is such that when it utilises the flexibility it will be in support of delivering transformation. Details of expected savings/service transformation are contained within the Strategy. This Strategy includes but is not limited to:

1. Project 1 - Customer Transformation Programme
2. Project 2 - Digital Transformation & Improvement
3. Project 3 – ICT
4. Project 4 – Totalmobile
5. Project 5 – Video Calling (HRA)
6. Project 6 – Improving property data (HRA)

The council will also consider the use of this flexibility in regard to specific transformation projects that meet the qualifying criteria. In such circumstances the qualifying criteria and how they are met by the project spend will be documented.

### **3. Capital Receipts Strategy Updates**

Any revision to this Strategy, i.e. proposed use of Capital Receipts for purposes other than the above, will be reported through to Cabinet and Council at the appropriate time in the relevant financial year. Any revision to the Strategy will also consider whether it is necessary to amend the Prudential Indicators at the same time. If the council presents a revised Strategy during the year it will be copied to MHCLG.

### **4. Guidance**

In using the flexibility, the council will have due regard to the requirements of the Prudential Code, the CIPFA Local Authority Accounting Code of Practice and the current edition of the Treasury Management in Public Services Code of Practice.

## **Green and Liberal Democrat Group Amendment to Draft Budget 2021/22**

### **Mid Suffolk District Council – 18<sup>th</sup> February 2021**

The group proposes this amendment to the 2021/22 General Fund budget.

Proposed by Councillor John Field

Seconded by Councillor Rowland Warboys

The amendment has five distinct elements, A to E, which focus on specific priorities that reflect the needs and demands of our communities as they recover from the pandemic, and experience at first hand the ever-more pressing climate and biodiversity crises. The revenue items can be covered by the expected surplus in the current year, and the capital sums are eligible for Public Works Loan Board borrowing.

Our amendment will contribute significantly towards the Council's goal of achieving zero net carbon by 2030.

We believe that the Council should be investing locally, in jobs, homes, and developments, for local people, which will build resilient communities and bring better long term financial and social dividends. A key part of our proposals is support for, and improvement to, plans for Gateway 14.

#### **Elements:**

A.

We propose a series of measures to meet our community's needs with regard to planning and development:

Planning approvals incorporate the making of legal agreements (106 agreements) and the application of conditions. These are intended to ensure that infrastructure and facilities are delivered to match council and resident needs and ambitions. It is essential that developers comply with these requirements and that should be enforced by a well-resourced team. If this cannot act effectively and in a timely manner the system fails. We remain convinced that 2 Staff at a cost of £50k each plus Legal Cost allowance of £60k could be supported by the existing management structure.

In particular, viability claims should be examined and where these prove to be over cautious with regard to profitability then further social contributions should be required of the developer.

In order to re-establish our communities' confidence in the Council's planning committees, we propose an external programme of training and ongoing advice for Councillors on those committees.

In order to support community led planning applications we would like to be able to offer free pre-application advice.

Young people should be encouraged to participate in local decision making and a youth parliament or council is proposed to provide a forum for young people to shape and develop their ideas.

With regards to the Gateway 14 project.

***The Mill Lane (Gateway 14) Development Brief March 10<sup>th</sup> 2014 stated (numbered paragraphs)***

5.1.1 .....The environment will create and encourage the market conditions to make Stowmarket Business and Enterprise Park into one of the premier business locations in the region and an important community resource.

In the first part of achieving this, we propose a community liaison group to be set up to develop and secure community benefits.

Finally, in response to the ongoing health and, for many, financial uncertainties we would make available yearly grants for the next two years to the Citizens Advice Bureau and Community Food Banks.

		Indicative	
	2021-22	2022-23	Source of funding:
<b>Meeting the Community's Needs:</b>			
Additional planning enforcement – 2 extra officers @£47keach plus £60k legal	154	154	GF revenue
Training and advice for planning committees	10	10	GF revenue
Additional funding for CAB - extra £50k grant ongoing per year	50	50	GF revenue
Support for Food Banks - £50k one-off grant	50	50	GF revenue
Youth Parliament – 3 sessions a year [2]	5	5	GF revenue
Free pre-application advice for community needs - check	10	10	GF revenue
Gateway 14 – 5.1.1 reference to community resource: set up and work with community liaison group to develop and secure community benefits. [6]	25	200	GF capital and CF
<b>Sub total £,000</b>		<b>200</b>	<b>Capital</b>
<b>Sub total £,000</b>	<b>304</b>	<b>279</b>	<b>Revenue</b>

B.

We propose a Supplementary Planning Document to seek affordable retail development in order to help economic recovery. Like business incubators, retail incubators nurture new and small business owners, helping them to survive and grow during the critical start-up period.

		Indicative	
	2021-22	2022-23	Source of funding:
<b>Economy and Employment:</b>			
2 x Retail incubators - 2 years project - [1]	56	36	GF revenue
Innovation centre expansion	20		Capital
<b>Sub total £,000</b>	<b>20</b>		<b>Capital</b>
<b>Sub total £,000</b>	<b>56</b>	<b>36</b>	<b>Revenue</b>

C.

To ensure progress is made at pace to ensure everyone has healthy, secure and warm housing we propose enhancing the support of the programme of retrofitting private homes.



		Indicative	
	2021-22	2022-23	Source of funding:
<b>Housing</b>			
Retro-fit private sector housing especially private rental – 1 officer	40	40	GF revenue
<b>Sub total £,000</b>	<b>40</b>	<b>40</b>	<b>Revenue</b>

D.

While the Joint Local Plan is moving through the Examination stage, the need for a Supplementary Planning document for Biodiversity enhancement has been recognised, and for Active Travel, (in conjunction with the County Council). Specifically, an additional tree officer to facilitate pro-active management of trees on council owned land. An additional tree officer is needed to protect more valued and ancient trees with Tree Preservation Orders, and to ensure that approved planting schemes are carried out and maintained as developments are implemented.

With regard to Gateway 14 we propose that a start is made on advance landscaping to meet the council’s objective 4.5.3 (*Mill Lane (Gateway 14) Development Brief March 10<sup>th</sup> 2014*)..... *In addition, the development proposals will include significant enhancement of the potential for bio-diversity through the planting of structural landscaping It is the intention that the site incorporates the concept of green infrastructure including a network of high quality green and blue spaces and other environmental features.*

We propose that a program of structural landscaping is initiated in to mask the site whilst developing and provide mature and attractive landscaping on occupation.

<b>Environment:</b>			
Additional Tree officer [5] – to facilitate pro-active maintenance of trees on council owned land	47	47	GF revenue
Gateway 14 - biodiversity and green spaces – advance landscaping	100		GF capital
<b>Sub total £,000</b>	<b>100</b>		<b>Capital</b>
<b>Sub total £,000</b>	<b>47</b>	<b>47</b>	<b>Revenue</b>

E.

In response to the government’s Energy white paper of Dec 14<sup>th</sup> 2020: **Powering out net zero future**. We are proposing four measures that would coordinate activities in different sectors to develop a council wide strategy towards Energy Production(sourcing), Storage and Usage.

We propose working with partners such as Innovation Labs to develop a digital infrastructure for the energy system. Managing data is essential to the efficient integration of low-carbon technologies, such as solar panels, heat pumps and batteries. We regard this as an opportunity to stimulate an innovative and high-quality approach. By harnessing local energy producers and energy grids, integrating and balancing power demands we would create an attractive, financial and physical, environment for investors.

5.2.2 (Mill Lane (Gateway 14) Development Brief March 10<sup>th</sup> 2014)..... It is anticipated that buildings will incorporate technology to generate green energy.....

In order to help meet the Council’s objectives we propose to commit £30,000 this year to develop a response to the Government’s White paper and a Local Strategy for Energy Production, Storage and Usage It should also explore the feasibility of developing a facility at Gateway 14 that realises the objectives of a local strategy for Energy Production and Storage, in particular the development of an energy storage facility battery and/or hydrogen power.

As part of the need to develop a strategy for energy production, storage and usage we propose working with our partner Innovation Labs to develop expertise in managing a digital infrastructure for local energy systems.

We also propose additional funding to cover the installation of electric charging points as standard in new developments and in public parking places to facilitate the adoption

		Indicative	
	2021-22	2022-23	Source of funding:
<b>Energy Production, Storage and Usage</b>			
Additional staffing to accelerate EPSU program	50	50	GF revenue
Gateway 14 and housing - Energy strategy feasibility study H <sub>2</sub> Power – Gov’t grant to part cover [3]	30		GF revenue
Innovation Centre commission: Digital Infrastrusture to manage EPSU - Model	20		GF revenue
Public electric vehicle charging – invest for future income [4]	30		GF capital
<b>Sub total £,000</b>	<b>30</b>		<b>Capital</b>
<b>Sub total £,000</b>	<b>100</b>	<b>50</b>	<b>Revenue</b>

<b>TOTALS £000</b>	<b>150</b>	<b>200</b>	<b>Capital</b>
	<b>547</b>	<b>452</b>	<b>Revenue</b>

Additional notes:

[1] Retail incubator@ £10k rent pa + £10k to fit out + £8k pa 1 day a week of officer time. (Stowmarket, Eye, Needham – choose two)

[2] Hire of hall for the day + travel for 50 delegates+ guest speaker

[3] May lead to significant capital investment for return

[4] Electric vehicle charging points

(Stowmarket 3 more car parks, + visitor attractions - Museum, Chilton Fields, Alder Carr Farm)

[5] Trees work to tackle both climate and biodiversity crises.

[6] Aim: a community building for local clubs and organisations, baby and toddler provision, community café etc). Organisations using the building would be financially independent. This would also be an asset with regards to the onsite businesses.

# Agenda Item 9

## MID SUFFOLK DISTRICT COUNCIL

<b>TO:</b> Council	<b>REPORT NUMBER:</b> <b>MC/20/25</b>
<b>FROM:</b> Councillor John Whitehead, Cabinet Member for Finance	<b>DATE OF MEETING:</b> 18 February 2021
<b>OFFICER:</b> Gavin Fisk, Assistant Director, Housing	<b>KEY DECISION REF NO.</b> N/A

### 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 approved.
- 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 Members to approve the Councils Housing Revenue Account budget.**

## **4 KEY INFORMATION**

### **Background**

- 4.1 The Councils 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 Councils 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, there has been minimal impact on rent levels in 2021/22.

- 4.10 As the furlough scheme has been extended to the end of April 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**

	Budget 2020/21	Budget 2021/22	Movement
	£'000	£'000	£'000
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 of £4.092m 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 Icenl 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:

Risk Description	Likelihood	Impact	Mitigation Measures
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 the Assistant Director for any changes within the budget.

## **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**

<b>Title</b>	<b>Location</b>
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**

MID SUFFOLK CAPITAL PROGRAMME BUDGET	2020/21 Indicative Carry Forwards (A)	2021/22 Budget for approval (B)	2021/22 Total Spend Required (A + B)	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	Total Spend Required 2021/22 - 2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<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 Repairs	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 (HRACFR)	150	2,346	2,415	3,276	3,026	2,839	3,030	3,076	3,128	3,554
Revenue Contribution to Capital	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>

## Green and Liberal Democrat Group Amendment to Draft Budget 2021/22

### Mid Suffolk District Council – 18<sup>th</sup> February 2021

The group proposes this amendment to the 2021/22 HRA budget.

Proposed by Councillor John Field

Seconded by Councillor Rowland Warboys

To ensure progress is made at pace to ensure everyone has healthy, secure and warm housing we propose ensuring the Council's existing housing stock is upgraded and any new build homes are built to the highest specification possible.

		Indicative	
	2021-22	2022-23	Source of funding:
<b>Housing</b>			
Build housing for social rent [1]	1500	3000	HRA capital
Survey: no. of council homes need to be retrofitted by 2030 (linking to existing pilot schemes)	30		HRA revenue
Accelerate upgrading of our housing stock to reduce emissions with the immediate aim of producing exemplar conversions for developing skills and raising public awareness of what is possible and costs	250	500	HRA capital
<b>Sub total £,000</b>	<b>1750</b>	<b>3500</b>	<b>Capital</b>
<b>Sub total £,000</b>	<b>30</b>		<b>Revenue</b>

[1] Extra 10 homes in 21/22 and extra 20 homes in 22/23 – land via S106 policy

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# Agenda Item 10a

## BABERGH DISTRICT COUNCIL and MID SUFFOLK DISTRICT COUNCIL

<b>From: Joint Audit and Standards Committee</b>	<b>Report Number: MC/20/26</b>
<b>To: MSDC Council BDC Council</b>	<b>Date of meeting: 18 February 2021 23 February 2021</b>

### JOINT CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES 2021/22

#### 1. PURPOSE OF REPORT

- 1.1 This report presents the Joint Capital, Investment and Treasury Management Strategies for the financial year 2021/22.
- 1.2 These are in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code, the CIPFA Prudential Code, which were both updated in 2017, and the 2018 Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance, which introduced the requirement to prepare a Capital Strategy and an Investment Strategy. The Treasury Management Strategy remained largely unchanged.
- 1.3 The Prudential Indicators and Minimum Revenue Provision (MRP) Statement are linked to the Budget report that will be presented at this Cabinet meeting and the Full Council meetings in February 2021.
- 1.4 The Codes of Practice recommend that these strategies are subject to scrutiny before being presented to Full Council, which falls within the remit of the Joint Audit and Standards Committee.

#### 2. OPTIONS CONSIDERED

- 2.1 This report fulfils the Councils legal obligations to have regard to the Code and MHCLG Guidance.
- 2.2 Individual strategies were considered but Joint Strategies have been prepared.

#### 3. RECOMMENDATIONS TO BOTH COUNCILS

That the following be approved:

- 3.1 The Joint Capital Strategy for 2021/22, including the Prudential Indicators, as set out in Appendix A.
- 3.2 The Joint Investment Strategy for 2021/22, as set out in Appendix B.
- 3.3 The Joint Treasury Management Strategy for 2021/22, including the Joint Annual Investment Strategy as set out in Appendix C.
- 3.4 The Joint Treasury Management Indicators as set out in Appendix D.

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

#### 4. KEY INFORMATION

##### Introduction

- 4.1 The Joint Capital Strategy and the Joint Investment Strategy were new for 2019/20, as required by changes in CIPFA and MHCLG guidance. The Joint Treasury Management Strategy remained largely unchanged. This report combines an overview of how capital expenditure, capital financing, treasury and other investment activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 4.2 The strategies set limits and indicators that embody the risk management approach that the Councils believe to be prudent. The strategies are set against the 2021/22 budget and the four-year outlook and the context of the UK economy and projected interest rates. The information included in Appendix A to H reflects the current plans for income, expenditure and investments of both Councils.
- 4.3 The Joint Investment Strategy, at Appendix B, covers the non-financial assets that councils hold for financial return such as property portfolios, shares in council owned companies and loans. These are defined as investments but are not managed as part of treasury management or under treasury management delegations.

##### Strategic Context

- 4.4 In recent years the government policy frameworks have been reducing core funding for local government as part of its deficit reduction strategy. In response to this both Councils' strategy over the medium term as set out in the 2021/22 budget reports is to become self-financing and to generate more funds than are required for core services, and to enable additional investment in the districts.
- 4.5 The three strategies within this report set out the Councils approach to capital spend, borrowing and investment in order to deliver this.

- 4.6 MHCLG and CIPFA are aware that most local authorities are taking a more commercial approach in order to bridge the gap they face as a result of diminishing funding from government. In response to this both bodies state that they do not seek to prescribe precisely how councils invest but they clearly have concerns that some councils are taking increasing commercial risks using borrowed money. As a result, this report provides a more extensive strategy so that more of the risks that the Codes and guidance highlight are apparent to Members.
- 4.7 The spread of the Covid19 pandemic continues to dominate as countries around the world try to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. This has had an impact on the Councils' capital programmes and borrowing requirements as a result of projects falling behind schedule and supply difficulties. The Council's cash flow has been impacted by the timing of grants/support payments made to residents and local businesses and the receipt of support from Central Government. Interest rates on investment and borrowing and the value of investments have reduced as a result of the ongoing economic uncertainty resulting from worldwide lockdowns.
- 4.8 The impact of Covid19 is considered as part of the strategies within this report.

### **Statutory Background**

- 4.9 This report is part of the Councils' legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Ministry for Housing, Communities and Local Government (MHCLG) Guidance. The Councils must:
- ensure priority is given to security and portfolio liquidity, when investing treasury management funds,
  - ensure the security of the principal sums invested through robust due diligent procedures for all external investments,
  - have regard to CIPFA's Prudential Code when determining how much money they can afford to borrow,
  - ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice,
  - monitor against the Prudential Code indicators each year, these are included in the Joint Capital Strategy in Appendix A, and
  - set, revise, and, if there are material changes to the strategies and prudential indicators, present to Full Council for approval.

### **Purpose of the Strategies**

#### **Joint Capital Strategy Appendix A**

- 4.10 The Joint Capital Strategy (Appendix A), under the requirements of the Codes, gives a high-level overview of how capital expenditure, capital financing, and treasury management activities contribute to the provision of local public services along with

an overview of how associated risk is managed and the implications for future financial sustainability.

- 4.11 In terms of investment, the Councils invest their money for three broad purposes:
- because there is surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
  - to support local public services by lending to or buying shares in other organisations (service investments), and
  - to earn investment income (known as investment for yield where this is the main purpose).
- 4.12 The Joint Capital Strategy covers all three of the above points.

#### **Joint Investment Strategy Appendix B**

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

#### **Joint Treasury Management Strategy Appendix C**

- 4.14 The Joint Treasury Management Strategy (TMS) (Appendix C) covers the first point in 4.11 above and details of borrowing including authorised limits, economic and interest rate forecasts and treasury management indicators, which are also shown in Appendices D to G.
- 4.15 These three strategies together show the impact of the Councils' capital programme and Joint Investment Strategy in terms of risk, prudent levels of borrowing, associated interest costs and the net financial returns to the Councils to support core services in the medium term.

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

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

### **6. FINANCIAL IMPLICATIONS**

- 6.1 As outlined in this report and appendices.

### **7. LEGAL IMPLICATIONS**

- 7.1 The legal status of the Treasury Management Code derives in England from regulations issued under the Local Government Act 2003 (the 2003 Act).
- 7.2 The Capital Finance and Accounting Regulations 2003 – SI 2003/3146, Regulation 24, explicitly require authorities to “have regard” to the Treasury Management Code.

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

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

## 8. RISK MANAGEMENT

8.1 This report is most closely linked with the Councils’ Significant Risk No.13 – We may be unable to react in a timely and effective way to financial demands and also Corporate Risk No. SE05 – if the Finance Strategy is not in place with a balanced position over the medium term the Councils will not be able to deliver the core objectives and service delivery may be at risk of not being delivered.

8.2 The report also links to the Councils’ Significant Risk No.10 around the Capital Investment Fund – we may be unable to meet the income projections for the Councils.

8.3 Other key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
If the Councils lose the investments this will impact on their ability to deliver services.	Highly Unlikely (1)	Bad (3)	Strict lending criteria for high credit rated institutions.
If the Councils achieve a poor return on investments, there will be fewer resources available to deliver services.	Unlikely (2)	Noticeable (2)	Focus is on security and liquidity, and careful cash flow management in accordance with the Joint TM Strategy is undertaken throughout the year.
If the Councils have liquidity problems, then they will be unable to meet their short-term liabilities.	Unlikely (2)	Noticeable (2)	As above.
If the Councils incur higher than expected borrowing costs, there will be fewer resources available to deliver services.	Unlikely (2)	Noticeable (2)	Benchmark is to borrow from the Public Works Loan Board (PWLB), whose rates are very low and can be on a fixed or variable basis. However, access to PWLB is not available for authorities undertaking some types of commercial activity so ensure capital expenditure plans from 2021/22 are within the guidance for PWLB borrowing.

## 9. CONSULTATIONS

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

## 10. EQUALITY ANALYSIS

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

## 11. ENVIRONMENTAL IMPLICATIONS

11.1 All Council activities will need to be reviewed as part of the work of the Climate Change Task Group and the Councils' ambition to be carbon neutral by 2030.

11.2 The Councils' treasury advisors Arlingclose have provided a report on environment, social and governance (ESG) issues with regards to the investment of the Council's cash and this is discussed within the Councils' Joint Treasury Management Strategy.

## 12. APPENDICES

Title	Location
(a) Joint Capital Strategy 2021/22	Attached
(b) Joint Investment Strategy 2021/22	Attached
(c) Joint Treasury Management Strategy 2021/22	Attached
(d) Treasury Management Indicators	Attached
(e) Economic Outlook and Interest Rate Forecast	Attached
(f) Existing Borrowing and Investments	Attached
(g) Treasury Management Policy Statement	Attached
(h) Minimum Revenue Provision (MRP) Statement	Attached
(i) Credit Ratings Criteria	Attached
(j) Glossary of Terms	Attached

## 13. BACKGROUND DOCUMENTS

2017 CIPFA Treasury Management in the Public Services

2017 The Prudential Code for Capital Finance in Local Authorities

2018 Ministry of Housing, Communities and Local Government Investment Guidance

## **JOINT CAPITAL STRATEGY 2021/22**

### **1. Introduction**

- 1.1 This Joint Capital Strategy for 2021/22 gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance members' understanding of these often-technical areas.
- 1.2 Decisions made this year on capital and treasury management will have financial consequences for the Councils for many years into the future. They are therefore subject to both a national regulatory framework and a local policy framework, summarised in this report.
- 1.3 The strategy demonstrates that the Councils take capital expenditure and investment decisions in line with service objectives and properly take account of stewardship, value for money, prudence, sustainability and affordability.

### **2. Capital Expenditure and Financing**

- 2.1 Capital expenditure is where the Councils spend money on assets, such as property or vehicles, that will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy or enhance assets.
- 2.2 The Councils have some limited discretion on what counts as capital expenditure; for example, individual assets costing below £10k are not capitalised and are charged to revenue in the year.

#### **Governance: Capital Expenditure**

- 2.3 Proposed capital projects are appraised by the Senior Leadership Team based on a comparison of service priorities against financing (even if the project is fully financed from external funds) before being included in the Councils capital programmes.
- 2.4 Full details of the Councils' capital programmes are included initially in the Budget report, that were presented to Cabinet in January 2021, then at this Cabinet meeting and onto the Full Council meetings in February 2021 following review by Overview and Scrutiny Committee.

#### **Estimated Capital Expenditure**

- 2.5 The actual capital spend for 2019/20, the forecast outturn for 2020/21, the budget for 2021/22 and forecast from 2022/23 to 2024/25, for the General Fund and the Housing Revenue Account (HRA) as per the 2021/22 budget report is summarised as follows:

**Table 1: Prudential Indicator: Estimated Capital Expenditure**

<b>Babergh District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget*</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund	4.29	3.23	15.79	3.74	1.33	1.52
Capital Investments	4.44	19.14	3.04	0.06	0.06	0.06
<b>Total General Fund</b>	<b>8.73</b>	<b>22.37</b>	<b>18.83</b>	<b>3.80</b>	<b>1.39</b>	<b>1.58</b>
Council Housing (HRA)	9.60	17.62	22.56	11.86	6.41	7.70
<b>Total Capital Expenditure</b>	<b>18.33</b>	<b>39.98</b>	<b>41.39</b>	<b>15.66</b>	<b>7.80</b>	<b>9.28</b>

<b>Mid Suffolk District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget*</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund	2.50	6.04	10.57	4.00	1.68	1.49
Capital Investments	9.05	21.32	17.99	0.00	0.00	0.00
<b>Total General Fund</b>	<b>11.54</b>	<b>27.36</b>	<b>28.56</b>	<b>4.00</b>	<b>1.68</b>	<b>1.49</b>
Council Housing (HRA)	4.46	16.58	34.63	19.88	5.46	6.41
<b>Total Capital Expenditure</b>	<b>16.00</b>	<b>43.94</b>	<b>63.20</b>	<b>23.88</b>	<b>7.15</b>	<b>7.90</b>

\* including carry-forward from 2020/21

### General Fund Capital Expenditure

- 2.6 The main General Fund projects included in the Capital Programme for Babergh over the period 2021/22 to 2024/25 are Replacement Refuse Freighters (£2.3m), Kingfisher Leisure Centre (£0.4m), Housing grants (£2.8m), Community Grants (£0.5m), Solar Car Ports (£0.6m), replacement vehicles (£0.7m) and ICT hardware/software (£1.0m).
- 2.7 The main General Fund projects included in the Capital Programme for Mid Suffolk over the period 2021/22 to 2024/25 are Replacement Refuse Freighters (£2.2m), Mid Suffolk Leisure Centre (£0.7m), Stradbroke Pool (£0.4m), Solar Car Ports (£0.4m), replacement vehicles (£0.4m), Housing grants (£2.5m), Community Grants (£0.8m) and ICT hardware/software (£1.0m).

### The Housing Revenue Account (HRA) Capital Expenditure

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

### Capital Investments Capital Expenditure

- 2.9 There are two types of Capital investment. They are made:
- to support local public services by lending to or buying shares in other organisations (service investments), and



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

These will relate to non-financial assets that the Councils hold primarily or partially to generate income and will contribute towards service delivery objectives.

- 2.10 The capital investments included in the 2021/22 budget for Babergh are the former Council Offices in Hadleigh (£2.98m) and Borehamgate (£0.06m). The item included in the forecast outturn for 2020/21 is the investment in CIFCO (£18.6m).
- 2.11 The main capital investments for Mid Suffolk included in the 2021/22 budget are Gateway 14 (£17.0m) and the former Council Offices at Needham Market (£0.73m). Included in the forecast outturn for 2020/21 are the investment in CIFCO (£18.6m), former council offices at Needham Market (£1.6m) and Gateway 14 (£0.9m).
- 2.12 Further details on the Councils' capital investments can be found in section 3 and 4 of the Joint Investment Strategy in Appendix B.

### Capital Financing

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

**Table 2: Capital financing**

Babergh District Council – General Fund	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Capital Receipts	0.69	0.00	0.00	0.00	0.00	0.00
Revenue Contributions	0.00	0.00	0.13	0.00	0.00	0.00
Revenue Reserves	0.01	0.00	0.00	0.00	0.00	0.00
Grants	0.48	0.62	2.28	0.41	0.41	0.41
External Contributions	0.00	0.00	0.00	0.00	0.00	0.00
Borrowing	7.55	21.74	16.41	3.39	0.98	1.17
<b>Total GF Capital Financing</b>	<b>8.73</b>	<b>22.37</b>	<b>18.83</b>	<b>3.80</b>	<b>1.39</b>	<b>1.58</b>

Babergh District Council – HRA	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Capital Receipts	0.95	7.38	4.88	2.96	0.47	1.07
Revenue Contributions	1.37	2.11	2.90	0.00	0.21	0.00
Revenue Reserves	3.81	4.28	14.72	5.89	4.61	4.75
Grants	0.05	2.37	0.06	0.28	0.00	0.00
External Contributions	0.00	0.00	0.00	0.00	0.38	0.00
Borrowing	3.41	1.49	0.00	2.74	0.74	1.88
<b>Total HRA Capital Financing</b>	<b>9.60</b>	<b>17.62</b>	<b>22.56</b>	<b>11.86</b>	<b>6.41</b>	<b>7.70</b>
<b>Total ALL Capital Financing</b>	<b>18.33</b>	<b>39.98</b>	<b>41.39</b>	<b>15.67</b>	<b>7.80</b>	<b>9.28</b>

Mid Suffolk District Council – General Fund	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Revenue Contributions	0.41	0.00	0.07	0.00	0.00	0.00
Revenue Reserves	0.14	4.47	5.15	0.00	0.00	0.00
Grants	0.56	0.38	1.56	0.38	0.38	0.38
External Contributions	0.00	0.00	0.00	0.00	0.00	0.00
Borrowing	10.43	22.52	21.79	3.63	1.31	1.12
<b>Total GF Capital Financing</b>	<b>11.54</b>	<b>27.36</b>	<b>28.56</b>	<b>4.00</b>	<b>1.68</b>	<b>1.49</b>

Mid Suffolk District Council - HRA	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Capital Receipts	0.27	5.50	6.10	6.67	0.63	1.23
Revenue Contributions	0.13	1.22	1.45	0.00	0.00	0.00
Revenue Reserves	4.01	3.91	8.00	4.17	4.39	4.54
Grants	0.05	1.91	0.72	1.03	0.00	0.00
External Contributions	0.00	0.00	0.28	0.00	0.00	0.00
Borrowing	0.00	4.04	18.08	8.01	0.45	0.63
<b>Total HRA Capital Financing</b>	<b>4.46</b>	<b>16.58</b>	<b>34.63</b>	<b>19.88</b>	<b>5.46</b>	<b>6.41</b>
<b>Total ALL Capital Financing</b>	<b>16.00</b>	<b>43.94</b>	<b>63.20</b>	<b>23.88</b>	<b>7.15</b>	<b>7.90</b>

### Capital Receipts

- 2.14 When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts.
- 2.15 Capital Receipts are either used to finance capital expenditure in the year the asset is sold, put into a capital reserve and used for later capital expenditure or used to repay debt. Capital receipts are expected to be used as follows:

**Table 3: Capital receipts used**

Babergh District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
General Fund	0.69	0.00	0.00	0.00	0.00	0.00
General Fund Capital Loan Repayments	0.12	0.16	0.22	0.23	0.25	0.26
Council Housing (HRA) 1-4-1 Receipts	0.95	1.72	2.98	1.44	0.00	0.60
Council Housing (HRA) Other	0.00	5.65	1.90	1.52	0.47	0.47
<b>Total Capital Receipts</b>	<b>1.76</b>	<b>7.54</b>	<b>5.11</b>	<b>3.19</b>	<b>0.72</b>	<b>1.33</b>

Mid Suffolk District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
General Fund	0.00	0.00	0.00	0.00	0.00	0.00
General Fund Capital Loan Repayments	0.12	0.16	0.22	0.23	0.25	0.26
Council Housing (HRA) 1-4-1 Receipts	0.27	2.89	2.82	1.36	0.03	0.63
Council Housing (HRA) Other	0.00	2.61	3.28	5.31	0.60	0.60
<b>Total Capital Receipts</b>	<b>0.39</b>	<b>5.67</b>	<b>6.32</b>	<b>6.91</b>	<b>0.87</b>	<b>1.49</b>

### Repayment of Debt

- 2.16 Debt is only a temporary source of finance, since loans and leases must be repaid. Capital receipts may be used to replace debt finance, but usually debt is repaid from revenue, which is known as minimum revenue provision (MRP).
- 2.17 The Councils planned MRP and repayment of borrowing charged to revenue are as follows:

**Table 4: Repayment of debt from revenue**

Babergh District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Repayment of Borrowing from HRA Revenue	0.50	0.40	0.15	0.00	0.00	0.00
Minimum Revenue Provision	1.01	1.08	1.27	1.81	1.88	1.95
<b>Total Repayment of Debt</b>	<b>1.51</b>	<b>1.48</b>	<b>1.42</b>	<b>1.81</b>	<b>1.88</b>	<b>1.95</b>

Mid Suffolk District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Minimum Revenue Provision	1.02	1.18	1.37	1.65	1.72	1.76
<b>Total Repayment of Debt</b>	<b>1.02</b>	<b>1.18</b>	<b>1.37</b>	<b>1.65</b>	<b>1.72</b>	<b>1.76</b>

- 2.18 The Councils' full minimum revenue provision statement is shown in Appendix H.

### Capital Financing Requirement

- 2.19 The underlying need to borrow for capital purposes is measured by the capital financing requirement (CFR). The CFR, together with usable reserves, is one of the core drivers of both Councils' treasury management activities.
- 2.20 The CFR represents the cumulative outstanding amount of debt finance. It increases with new debt-financed (borrowing/leases) capital expenditure and reduces with MRP and capital receipts used to repay debt.

- 2.21 Babergh's CFR is expected to increase by £21.62m and Mid Suffolk's by £31.47 m during 2020/21. Based on the above figures for expenditure (Table 1), financing (Table 2), and debt repayment (Table 4), the Councils estimate that their CFR will be as follows:

**Table 5: Prudential Indicator: Estimates of Capital Financing Requirement**

<b>Babergh District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund	17.16	18.69	33.77	35.29	34.32	33.48
Capital Investments	34.46	53.46	50.52	49.37	49.19	49.00
<b>Total General Fund</b>	<b>51.62</b>	<b>72.14</b>	<b>84.29</b>	<b>84.66</b>	<b>83.51</b>	<b>82.48</b>
Council Housing (HRA)	89.59	90.68	90.53	93.26	94.00	95.88
<b>Total CFR</b>	<b>141.20</b>	<b>162.82</b>	<b>174.81</b>	<b>177.92</b>	<b>177.51</b>	<b>178.37</b>

<b>Mid Suffolk District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
General Fund	23.74	24.47	26.89	25.03	24.62	23.98
Capital Investments	51.95	72.30	83.27	76.89	86.98	76.55
<b>Total General Fund</b>	<b>75.69</b>	<b>96.77</b>	<b>110.16</b>	<b>101.92</b>	<b>111.60</b>	<b>100.53</b>
Council Housing (HRA)	87.36	91.51	109.60	117.61	118.05	118.68
<b>Total CFR</b>	<b>163.05</b>	<b>188.28</b>	<b>219.75</b>	<b>219.52</b>	<b>229.65</b>	<b>219.22</b>

### **3. The Prudential Code**

- 3.1 The framework established by the Prudential Code should support local strategic planning, local asset management planning and proper option appraisal.
- 3.2 The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the Councils.
- 3.3 The Prudential Code requires both Councils to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the Councils. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudential approach to capital expenditure, investment and debt.
- 3.4 The Prudential Indicators included in the Joint Capital Strategy, (Appendix A Tables 1, 5, 6, 8 and 9) illustrate the affordability and impact of capital expenditure decisions and set out both Councils overall capital and treasury framework.

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

#### 4. **Treasury Management**

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

4.2 As at 30 November 2020:

- Babergh has £107.01m total borrowing at an average interest rate of 2.90% and £15.61m of treasury investments at an average rate of 3.10%.
- Mid Suffolk has £123.26m total borrowing at an average interest rate of 2.72% and £15.04m treasury investments at an average interest rate of 3.21%.

#### **Borrowing strategy:**

4.3 The Councils' main objective when borrowing is to achieve a low but certain cost of finance whilst retaining flexibility if plans should change in the future. This objective is often conflicting, and the Councils therefore seek to strike a balance between cheap short-term loans (currently available at around 0.25%) and long-term fixed rate loans where the future cost is known but higher (currently around 1.0% to 2.0%).

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

4.5 The Councils' projected levels of total outstanding debt (borrowing and leases) are shown below, and compared with the capital financing requirement (in paragraph 2.19, Table 5 above).

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

<b>Babergh District Council</b>	<b>31.3.2020 Actual £m</b>	<b>31.3.2021 Forecast Outturn £m</b>	<b>31.3.2022 Budget £m</b>	<b>31.3.2023 Forecast £m</b>	<b>31.3.2024 Forecast £m</b>	<b>31.3.2025 Forecast £m</b>
Capital Financing Requirement	141.20	162.82	174.81	177.92	177.51	178.37
Outstanding Borrowing (Debt)	(112.52)	(139.95)	(138.73)	(143.28)	(144.77)	(147.59)
<b>Headroom</b>	<b>28.68</b>	<b>22.87</b>	<b>36.08</b>	<b>34.64</b>	<b>32.74</b>	<b>30.77</b>

Mid Suffolk District Council	31.3.2020 Actual £m	31.3.2021 Forecast Outturn £m	31.3.2022 Budget £m	31.3.2023 Forecast £m	31.3.2024 Forecast £m	31.3.2025 Forecast £m
Capital Financing Requirement	163.05	188.28	219.75	219.52	229.65	219.22
Outstanding Borrowing (Debt)	(135.34)	(155.85)	(184.97)	(184.35)	(186.07)	(175.68)
<b>Headroom</b>	<b>27.71</b>	<b>32.44</b>	<b>34.79</b>	<b>35.17</b>	<b>43.58</b>	<b>43.53</b>

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

#### Liability benchmark:

- 4.7 The Councils can internally borrow when they have generated a cash surplus on their revenue activities, for example from council tax, business rates, etc received in advance of use. This is known as a working capital surplus and can be used, in the short term, to finance capital expenditure meaning that there is not an immediate requirement to borrow from third parties.
- 4.8 Cash held within the Councils' reserves also reduces the requirement to borrow from third parties, until the reserves are used for their intended purpose.
- 4.9 To compare the Councils' actual borrowing against the lowest risk level of borrowing, a liability benchmark has been calculated. This gives an indication of the minimum amount of external borrowing required to meet the borrowing need (CFR) assuming that the Councils' internally borrow up to the level of their estimated reserves balance and projected working capital surplus, whilst maintaining cash and investment balances at a minimum of Treasury Investments for each Council over the medium-term (the lowest level being £13.02m).
- 4.10 This benchmark is currently £141.60m for Babergh and £164.87m for Mid Suffolk for 2020/21 and is forecast to increase to £168.74m and £197.11m respectively over the next four years.

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

Babergh District Council	2019/20 Actual £m	2020/21 Forecast Outturn £m	2021/22 Budget £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m
Liability Benchmark	115.32	141.60	164.73	169.86	168.42	168.74
Outstanding Borrowing (Debt)	(112.52)	(139.95)	(138.73)	(143.28)	(144.77)	(147.59)
	<b>2.80</b>	<b>1.66</b>	<b>26.00</b>	<b>26.58</b>	<b>23.65</b>	<b>21.15</b>

Mid Suffolk District Council	2019/20 Actual £m	2020/21 Forecast Outturn £m	2021/22 Budget £m	2022/23 Forecast £m	2023/24 Forecast £m	2024/25 Forecast £m
Liability Benchmark	139.32	164.87	198.84	199.06	208.11	197.11
Outstanding Borrowing (Debt)	(135.34)	(155.85)	(184.97)	(184.35)	(186.07)	(175.68)
	<b>3.98</b>	<b>9.02</b>	<b>13.88</b>	<b>14.70</b>	<b>22.04</b>	<b>21.43</b>

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

**Authorised limit for external debt:**

- 4.11 The Councils are legally obliged to set an authorised limit for external debt each year and to keep it under review. In line with guidance, a lower “operational boundary” is also set and acts as a warning that action may be required to ensure that debt does not breach the authorised limit.
- 4.12 The operational boundary is set equal to the Councils’ CFR, which represents the total borrowing need resulting from capital expenditure. The Councils have set an authorised limit of £15m above the operational boundary for each year to allow for working capital fluctuations or borrowing in advance of planned capital expenditure.

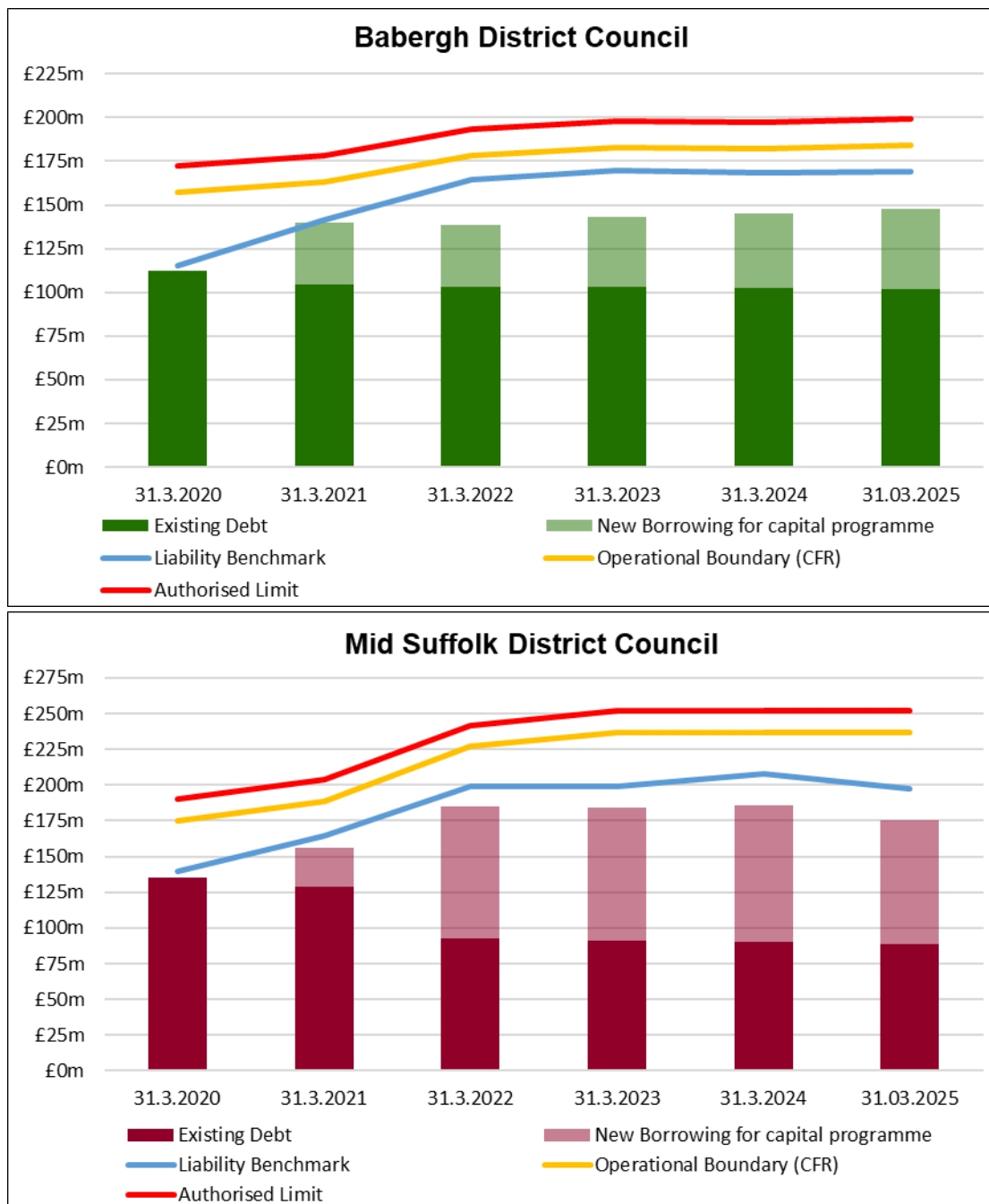
**Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt**

<b>Babergh District Council</b>	<b>2020/21 Limit £m</b>	<b>2021/22 Limit £m</b>	<b>2022/23 Limit £m</b>	<b>2023/24 Limit £m</b>	<b>2024/25 Limit £m</b>
Operational Boundary	163.00	178.00	183.00	182.00	184.00
Authorised Limit	178.00	193.00	198.00	197.00	199.00
	%	%	%	%	%
Ratio of Debt to Authorised Limit	63.22	72.51	70.07	72.73	72.75

<b>Mid Suffolk District Council</b>	<b>2020/21 Limit £m</b>	<b>2021/22 Limit £m</b>	<b>2022/23 Limit £m</b>	<b>2023/24 Limit £m</b>	<b>2024/25 Limit £m</b>
Operational Boundary	189.00	227.00	237.00	237.00	237.00
Authorised Limit	204.00	242.00	252.00	252.00	252.00
	%	%	%	%	%
Ratio of Debt to Authorised Limit	66.34	64.40	73.40	73.16	73.84

- 4.13 The charts that follow illustrate how outstanding debt is expected to remain below the liability benchmark, operational boundary and authorised limit for both Councils.

**Chart 1: Borrowing compared to CFR, liability benchmark, operational boundary and authorised limit**



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

**Joint Treasury Investment Strategy:**

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



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

4.17 **Risk management:**

The effective management and control of risk are prime objectives of the Councils' treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

4.18 **Governance:**

Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Assistant Director, Corporate Resources (the S151 Officer) and staff, who must act in line with the treasury management strategy approved by full Council. Half yearly reports on treasury management activity are presented to the Joint Audit and Standards Committee (JASC) who is responsible for scrutinising treasury management decisions.

**5. Investments for Service Purposes**

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

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

**6. Liabilities:**

6.1 In addition to debt of £139.95m for Babergh and £155.85m for Mid Suffolk, as detailed in Table 6 above for 2020/21, the Councils are committed to making future payments to cover their pension fund deficits. At 31 March 2020 Babergh's deficit was valued at £19.293m and Mid Suffolk's was £28.964m, with contributions of £0.54m for Babergh and £0.88m for Mid Suffolk due in 2020/21.

**Governance:**

6.2 Reports are taken to Cabinet as part of the budget monitoring process.

**7. Revenue Budget Implications**

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

7.2 For Babergh the maximum return (net income) is 7.82% in 2021/22 and for Mid Suffolk it is 12.00% in 2021/22 for the General Fund, as shown in Table 9 below. For the HRA the levels (net costs) are higher due to the link to the debt associated with the Councils' housing stock.

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

<b>Babergh District Council</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
<b>General Fund</b>					
Net Financing costs / (Income) £m	(0.67)	(1.08)	(0.28)	(0.10)	0.06
Proportion of net revenue stream %	-4.84%	-7.82%	-2.14%	-0.80%	0.45%
<b>Council Housing (HRA)</b>					
Net Financing costs £m	3.15	3.15	2.92	2.86	2.85
Proportion of net revenue stream %	18.80%	18.24%	15.92%	15.12%	14.34%

<b>Mid Suffolk District Council</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
<b>General Fund</b>					
Net Financing costs / (Income) £m	(1.23)	(2.16)	(1.92)	(1.43)	(1.89)
Proportion of net revenue stream %	-7.03%	-12.00%	-11.30%	-8.74%	-11.06%
<b>Council Housing (HRA)</b>					
Net Financing costs £m	2.96	2.96	3.53	3.70	3.63
Proportion of net revenue stream %	19.31%	19.16%	21.37%	20.86%	19.32%

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

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

<b>Babergh District Council</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	£	£	£	£	£
Increase in average weekly rents	12.06	16.23	0.37	1.57	0.53

<b>Mid Suffolk District Council</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	£	£	£	£	£
Increase in average weekly rents	7.59	9.79	1.82	1.81	1.85

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

8.4 Further details of the revenue implications of capital expenditure are included in the Budget Report that will be presented at this Cabinet meeting and then onto the Full Council meetings in February 2021.

## **9. Sustainability**

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

## **10. Knowledge and Skills**

- 10.1 The Councils employ professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Assistant Director - Corporate Resources is a CIPFA qualified accountant with 30 years' experience and the Corporate Manager – Finance, Commissioning and Procurement an ACCA qualified accountant with 20 years' experience. The Council employs an Assistant Director – Assets and Investments, who is a qualified chartered surveyor (MRICS) of 22 years' experience in both the private and public sector. The Council pays for staff to study towards relevant professional qualifications in finance such as the ICAEW, CIPFA and AAT.
- 10.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers.
- 10.3 Other advisers include Jones Lang Lasalle (JLL) as property consultants, Carter Jonas for development appraisal and Browne Jacobson for legal support. For the development of the council offices Purcell Architects, Lawson Planning Partnership, Hoggarth Cooke and Morley Riches and Ablewhite were appointed. This approach is more cost effective than employing such staff directly and ensures that the Councils have access to knowledge and skills commensurate with its risk appetite.
- 10.4 Both Councils are working with Norse Group Holdings Ltd to complete the developments at the sites of the former council offices, in Hadleigh and Needham Market, through the Councils' trading companies, Babergh Growth Ltd and Mid Suffolk Growth Ltd. Mid Suffolk is working with JAYNIC Properties Ltd on the development of the Gateway 14 site.
- 10.5 The Councils have a Learning and Development programme for staff which includes access to internal and externally provided training including attaining full professional qualifications.

## **JOINT INVESTMENT STRATEGY 2021/22**

### **1. Introduction**

1.1 The Councils invest their money for four broad purposes:

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

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

1.3 This Joint Investment Strategy is for 2021/22, meets the requirements of statutory guidance issued by the government in January 2018, and focuses on the investments which are or will be disclosed in the Councils' annual accounts. The MHCLG defines property to be an investment (commercial) if it is held primarily or partially to generate a profit.

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

### **2. Treasury Management Investments**

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

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

#### **Contribution:**

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

### **3. Investments in Property**

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

**Contribution:**

- 3.2 The Councils invest in commercial and residential property within their Districts, for the purpose of regeneration and economic development, whilst also generating income that will be spent on local public services.
- 3.3 The current and future property investments for council owned assets are described below.

**Babergh**

• **Borehamgate, Sudbury**

Babergh purchased Borehamgate shopping precinct on 1 August 2016 for £3.5m as part of a plan to regenerate the Hamilton Road quarter of Sudbury. This prospective development is still at an early stage and amounts for minor improvements have been included in the capital programme.

• **Belle Vue, Sudbury**

- The former swimming pool site in Belle Vue, Sudbury is a surplus asset. In 2018, Babergh approved a £6.5m investment to develop a restaurant and hotel on the former swimming pool site in Belle Vue, Sudbury (and then lease the property to a national hotel operator). Although partially a commercial opportunity, the regeneration of the Belle Vue site is considered essential to support the wider leisure, tourism and retail ambitions of Sudbury.
- These plans were subsequently cancelled as a result of the Covid19 pandemic and the site is currently being marketed for sale in order to understand its potential and the options available for the site.

• **Former Council Offices in Hadleigh**

- In September 2016 both Councils decided to relocate from their existing Council offices in Hadleigh and Needham Market to Endeavour House in Ipswich and subsequently relocated in November 2017. In December 2018, the Councils approved investments in market led housing schemes for the former office sites to realise value from these now surplus assets.
- Babergh approved the conversion of the former Corks Lane Council office in Hadleigh into 31 new homes and also the construction of an additional 26 new homes on the site, all for market sale.
- The Council created a new company, Babergh Growth Ltd, on 19 March 2019, which entered into a joint venture with Norse Group Holdings Ltd, to complete the development. The Council is providing 100% of the finance.
- A peak cash flow funding requirement of £2.98m is included in the capital programme, based on the assumption that Babergh will provide 50% of the development finance. The scheme is scheduled to commence in 2021/22.

**Mid Suffolk**

- **Former retail site, Stowmarket**

- Mid Suffolk bought the site in Gipping Way, Stowmarket for £1.4m on 7 January 2019 for economic development purposes. A licence to operate the car park was entered into before completion enabling the development and use of this site for public pay and display car parking from December 2018.
- Work has been undertaken to divide the site into two units with a lease being arranged with a tenant for one of the units.

- **Former Council Offices in Needham Market**

- As stated above, both Councils decided to relocate their offices to Endeavour House in Ipswich and subsequently relocated in November 2017, with the site in Needham Market being earmarked for development predominantly for housing purposes.
- Mid Suffolk obtained planning permission for 93 new homes on the former Council office and car park sites, in Needham Market, including 83 for market sale, 7 for affordable rent and 3 for shared ownership and a convenience store.
- The Council created a new company, Mid Suffolk Growth Ltd on 19 March 2019, which entered into a joint venture with Norse Group Holdings Ltd, to complete the development and they will provide 50% of the finance.
- A peak cash flow funding requirement of £2.81m is included in the capital programme. The housing for open market sale will be funded 50% by Norse. Work on site commenced in 2020/21 and the Council's contribution is included in the capital expenditure as shown in Table 1 below:

**Table 1: Property held for investment purposes: Cumulative expenditure**

<b>Babergh District Council</b>	<b>2019/20 Cumulative Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Borehamgate, Sudbury	3.56	3.65	3.71	3.78	3.84	3.91
Former Council Offices, Hadleigh	0.59	0.78	3.76	3.76	3.76	3.76
<b>Total</b>	<b>4.15</b>	<b>4.43</b>	<b>7.48</b>	<b>7.54</b>	<b>7.61</b>	<b>7.67</b>

<b>Mid Suffolk District Council</b>	<b>2019/20 Cumulative Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Former Council Offices, Needham Market	0.53	2.08	3.08	3.08	3.08	3.08
Former Retail Premises, Stowmarket	1.83	1.89	1.89	1.89	1.89	1.89
<b>Total</b>	<b>2.35</b>	<b>3.97</b>	<b>4.96</b>	<b>4.96</b>	<b>4.96</b>	<b>4.96</b>

**Security:**

- 3.4 In accordance with government guidance, the Councils consider a property investment to be secure if its accounting valuation is at the same level or higher than its purchase cost including taxes and transaction costs at the time of anticipated disposal.
- 3.5 A fair value assessment of the Councils' directly owned investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. If during the preparation of the 2020/21 year end accounts and audit process the value of these properties are materially below their purchase cost, then an updated investment strategy will be presented to Full Council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

**Risk assessment:**

- 3.6 As mentioned in section 8 of the main report this strategy has links to the Councils' Significant Risk Register, specifically risk No's 10 and 13 and Corporate Risk No. SE05.
- 3.7 The Councils assess the risk of loss before investing in and whilst holding every property investment.
- 3.8 The Councils also commission third parties to provide expert advice. These advisors are appointed on the basis of reputation, experience and price and their advice is scrutinised by the company board members and officers responsible for investment decisions.
- 3.9 Babergh purchased Borehamgate shopping precinct for £3.56m in 2016 as an investment property. The retail units generate income from leases and are subject to pressures in the retail sector as a result of the general economic conditions. The Council has accepted the risks associated with this property e.g. the previous valuations below purchase price, whilst taking a longer-term view of its future as part of the regeneration and development of the Hamilton Road area in Sudbury.
- 3.10 Market sale housing development:
- Purcell Architects, Lawson Planning Partnership, Hoggarth Cooke and Morley Riches & Ablewhite were appointed to support the Council with design, planning advice, feasibility and financial viability appraisals of the options for future use of the former Babergh and Mid Suffolk council office sites in Hadleigh and Needham Market.
  - Proposed housing schemes were approved in principle by each Council in July 2018 and the delivery option subsequently chosen for both schemes were Joint Venture developments with a public partner (in both cases Norse Group Holdings Ltd).
  - This enables the Councils to manage these schemes in a timely manner, control the quality of the housing, mitigate risk through securing an experienced socially wedded public sector partner and secure a commercial return.

- 3.11 Mid Suffolk bought the empty retail property in Stowmarket, including the car park and introduced managed parking. Work has been undertaken to divide the site into two units with a lease being arranged with a tenant for one of the units.

**Liquidity:**

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

**4. Investments for yield: Shares and Loans**

- 4.1 The Councils invest through share ownership and giving loans to their wholly owned companies, special purpose vehicles or third parties (local organisations) as part of a strategy for generating a rate of return or improving the local economy.
- 4.2 The Councils invest indirectly in property, through two wholly owned holding companies, by a combination of shares (equity) and loans (debt), matching the funding requirements of the underlying investment and the returns required by the Councils. All debt financed investment complies with EU State Aid rules.
- 4.3 BDC (Suffolk Holdings) Limited, a wholly owned subsidiary of Babergh, and MSDC (Suffolk Holdings) Limited, a wholly owned subsidiary of Mid Suffolk, were both incorporated on 9 June 2017, and are investment vehicles for each Council.

**Contribution:**

**CIFCO Ltd**

- 4.4 Each holding company owns 50% of the issued share capital of CIFCO Ltd which was incorporated on 12 June 2017 to invest in a portfolio of commercial. Each Council's investment in these companies is split 10% share capital in their holding companies and 90% loan direct to CIFCO Ltd.
- 4.5 Each Council approved an initial investment (CIFCO Ltd 1) of a total of £27.5m (£2.75m shares, £24.75m loans) of which £26.1m was invested by 31 March 2019 to acquire 11 properties. There will be no further purchases from this tranche.
- 4.6 Each Council approved a further investment (CIFCO Ltd 2) of £25m (£2.5m shares, £22.5m loans) with £22.65m forecast to be spent by the end of 2020/21. Although CIFCO may sell assets and reinvest to make changes to the portfolio, there is not expected to be further investment by the Councils for property purchases beyond 2020/21.

**Gateway 14 Ltd**

- 4.7 MSDC (Suffolk Holdings) Limited also owns 100% of the issued share capital of Gateway 14 Ltd which was incorporated on the 1 November 2017 as a special purpose vehicle (SPV) to acquire Gateway 14, a 156-acre site located to the eastern fringe of Stowmarket and develop a business park. Mid Suffolk's initial investment in this company was split 10% share capital in the holding company and 90% loan to Gateway 14 Ltd, with further investments anticipated to be 100% loans.



4.8 Mid Suffolk Council approved an initial investment of the Gateway 14 site which was acquired for £16.5m (£1.6m shares, £14.9m loans) on 13 August 2018. A further investment of £4.16m was made in August 2019 with £0.9m expected during 2020/21 and another £17m during 2021/22.

4.9 Further details on this project can be found in 4.21 and 4.22 below.

#### Babergh Growth Ltd

4.10 BDC (Suffolk Holdings) Limited, also owns 50% of Babergh Growth Ltd. This was incorporated on 19 March 2019. The other 50% is owned by Norse Group Holdings Ltd. This is a joint venture with the purpose of delivering the housing development at the former council offices at Hadleigh and other residential and mixed used schemes in the future. The Council has invested in £5k of shares in the company.

#### Mid Suffolk Growth Ltd

4.11 MSDC (Suffolk Holdings) Limited, also own 50% of Mid Suffolk Growth Ltd. This was incorporated on 19 March 2019. The other 50% is owned by Norse Group Holdings Ltd. This is a joint venture with the purpose of delivering the housing development at the former council offices at Needham Market and other residential and mixed used schemes in the future. The Council has invested in £5k of shares in the company.

#### 4.12 Table 2: Total Investments in shares and loans

<b>Babergh District Council</b>	<b>2019/20 Cumulative Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
CIFCO Ltd (1)	25.93	25.81	25.69	25.56	25.43	25.28
CIFCO Ltd (2)	4.05	22.86	22.77	22.67	22.56	22.45
<b>Total</b>	<b>29.98</b>	<b>48.68</b>	<b>48.46</b>	<b>48.23</b>	<b>47.99</b>	<b>47.73</b>
Investment in Shares	3.01	4.90	4.90	4.90	4.90	4.90
Investment through Loans	26.96	43.78	43.56	43.33	43.09	42.83
<b>Total</b>	<b>29.98</b>	<b>48.68</b>	<b>48.46</b>	<b>48.23</b>	<b>47.99</b>	<b>47.73</b>

<b>Mid Suffolk District Council</b>	<b>2019/20 Cumulative Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
CIFCO Ltd (1)	25.93	25.81	25.69	25.56	25.43	25.28
CIFCO Ltd (2)	4.05	22.86	22.77	22.67	22.56	22.45
Gateway 14 Ltd	20.38	21.23	32.16	23.54	33.87	23.70
<b>Total</b>	<b>50.36</b>	<b>69.91</b>	<b>80.62</b>	<b>71.76</b>	<b>81.86</b>	<b>71.43</b>
Investment in Shares	4.64	6.52	6.52	6.52	6.52	6.52
Investment through Loans	45.72	63.39	74.10	65.24	75.34	64.91
<b>Total</b>	<b>50.36</b>	<b>69.91</b>	<b>80.62</b>	<b>71.76</b>	<b>81.86</b>	<b>71.43</b>

**Risk Assessment:**

- 4.13 As mentioned in section 8 of the main report this strategy has links to the Councils Significant Risk Register, specifically risk no. 10, if CIFCO Ltd does not generate forecast investment returns and Gateway 14 Ltd fails to bring forward the development of the site.
- 4.14 CIFCO Ltd and Gateway 14 Ltd, also maintain their own risk registers and the Corporate Manager for Internal Audit attends the regular Risk Management Panel meetings.
- 4.15 The Councils' holding companies have appointed directors to the boards of CIFCO Ltd, Gateway 14 Ltd, Babergh Growth Ltd and Mid Suffolk Growth Ltd that offer a Council shareholder perspective (elected member directors) and commercial property expertise (industry expert directors). It is anticipated that boards of any future investment SPVs, will have a similar membership.

CIFCO Ltd

- 4.16 CIFCO Ltd.'s investment strategy targets medium to long term resilience based on:
- a strategy that balances the portfolio, so a significant number of assets are 'core' and liquid and,
  - a strategy that balances other attributes such as geography, asset class and sector so that resistance to market stresses in any individual attribute can be mitigated.
- 4.17 Each property acquisition is approved by the CIFCO Ltd Board and reported to each holding company Board for approval before funds are released, and due diligence is done on the tenant as assets are acquired, including a Dun and Bradstreet credit check.
- 4.18 On a quarterly basis, CIFCO Ltd.'s fund managers Jones Lang LaSalle (JLL) provide a portfolio analysis report including market forecasts and any tenancy arrears, and the CIFCO Ltd Chair (an independent industry expert) reports on performance to simultaneous holding company board meetings and once a year to Full Council.
- 4.19 As part of annual business planning, JLL provide a full market conditions assessment, based on the individual attributes of each asset class targeted by CIFCO Ltd, and the CIFCO Ltd Board consider any revisions to its investment strategy based on this assessment and the ongoing quarterly portfolio analysis reports.
- 4.20 With financial return being the main objective, the Councils accept higher risk on investments for yield than they do with treasury management investments. The potential risks for property held for income are voids and falls in rental income. The commercial properties acquired for income are bought as long-term holdings and are professionally managed. They could be sold individually if the long-term prognosis is an underachievement of net return targets.

Gateway 14 Ltd

- 4.21 Mid Suffolk and its holding company delegated authority to the Board to acquire the site and develop a detailed delivery model for this business park development. Since acquisition, Avison Young has been advising the Board in respect of delivery models and partners to bring forward the development of this 156-acre business park. The Holding company will approve subsequent requests for the drawdown of capital for infrastructure and development works across the site.
- 4.22 Property company JAYNIC has been appointed by Gateway 14 to develop the site. Public consultation on illustrative masterplans for the site were held in Autumn 2020 with a subsequent planning application submitted on 19<sup>th</sup> January 2021.

**Liquidity:**

- 4.23 Loans are repaid often over a long time and consist of principal and interest in accordance with the loan agreements. The interest is a revenue receipt and is available for use immediately. The Councils have a charge on the properties acquired by CIFCO Ltd and the land acquired for Gateway 14 which gives the Councils security.

**5. Proportionality**

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

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

**Table 3: Proportionality of Investments**

<b>Babergh District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Gross service expenditure	33.52	31.56	32.63	32.78	33.28	33.96
Gross Investment income	1.24	1.50	2.18	2.17	2.16	2.14
<b>Proportion</b>	<b>3.70%</b>	<b>4.75%</b>	<b>6.68%</b>	<b>6.62%</b>	<b>6.48%</b>	<b>6.31%</b>

<b>Mid Suffolk District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Gross service expenditure	33.90	31.60	30.77	30.81	31.36	32.10
Gross Investment income	2.16	2.53	3.81	3.94	3.58	4.16
<b>Proportion</b>	<b>6.38%</b>	<b>8.02%</b>	<b>12.38%</b>	<b>12.78%</b>	<b>11.42%</b>	<b>12.97%</b>

## 6. **Borrowing in Advance of Need**

### **CIPFA Prudential Code**

- 6.1 The 2017 Prudential Code states that “authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”.
- 6.2 The underlying need to borrow is reflected in the CFR adjusted for long term liabilities (see Appendix A Table 4). Neither Council plans to borrow above its CFR which is in accordance with the Prudential Code.

### **MHCLG Guidance**

- 6.3 Government guidance issued in October 2018 has extended the Prudential Code definition to include borrowing to finance the acquisition of non-financial as well as financial investments that the organisation holds primarily or partially to generate a profit. This includes all loans and property investments.
- 6.4 Both Councils’ have borrowed to invest in their own properties and to give loans to CIFCO Ltd and Gateway 14 Ltd and other special purpose vehicles. These make a profit to reinvest in Council services and help achieve a balanced revenue budget. The Councils’ view of this activity is that it meets the service needs and is within their CFR as per the CIPFA definition.
- 6.5 The Councils’ policies in investing the money borrowed, including management of the risks, for example, of not achieving the desired profit or borrowing costs increasing are:
- When exercising the power to invest, the Councils will act for a proper purpose and act in a reasonable manner, its fiduciary duty to obtain value for money and whether the investments are proportionate and properly balanced against the anticipated benefits as well as the wider interests of the Councils’ local Business Rate and Council Tax payers.
  - To have regard to the regeneration and development strand of the Councils’ Joint Asset and Investment Strategy when investing for profit, acknowledging that the Councils have a key role to play in using their own assets and enabling/facilitating the use of private and other public sector assets to deliver housing and economic growth and regeneration. To appoint independent industry expert directors to the Councils’ investment and SPV company boards
  - For the SPVs to prepare a business case for each purchase and report to the Council on expected cost and benefits
  - To appoint relevant expert advisors when assessing, entering and holding an investment.
  - When investing in development projects, where possible and appropriate, to contract with an experienced development partner.
  - To prioritise medium to long term resilience of investments, over short-term gain.
  - To fund and structure each investment to optimise risks and rewards, having regard to the previous bullet point.

**7. Knowledge and Skills**

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

**8. Governance – Capital Investments**

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

**9. Investment Indicators**

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

**Total risk exposure:**

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

**Table 4: Total investment exposure**

<b>Babergh District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Treasury Management Investments	14.60	13.64	13.10	13.06	13.05	13.02
Capital Investments	34.13	53.11	55.94	55.77	55.59	55.40
<b>Total Exposure</b>	<b>48.72</b>	<b>66.76</b>	<b>69.04</b>	<b>68.84</b>	<b>68.64</b>	<b>68.43</b>

<b>Mid Suffolk District Council</b>	<b>2019/20 Actual</b>	<b>2020/21 Forecast Outturn</b>	<b>2021/22 Budget</b>	<b>2022/23 Forecast</b>	<b>2023/24 Forecast</b>	<b>2024/25 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Treasury Management Investments	21.66	13.65	13.10	13.07	13.05	13.02
Capital Investments	53.07	74.23	85.94	77.09	87.18	76.75
<b>Total Exposure</b>	<b>74.73</b>	<b>87.88</b>	<b>99.04</b>	<b>90.15</b>	<b>100.23</b>	<b>89.77</b>

**How investments are funded:**

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

9.4 For those investments funded by borrowing the exposure at the beginning of 2021/22 is forecast to be £53.4m for Babergh and £74.0m for Mid Suffolk as shown in Table 5 that follows.

**Table 5: Investments funded by borrowing**

Babergh District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Capital Investments	34.13	53.11	55.94	55.77	55.59	55.40
<b>Total Funded by borrowing</b>	<b>34.13</b>	<b>53.11</b>	<b>55.94</b>	<b>55.77</b>	<b>55.59</b>	<b>55.40</b>

Mid Suffolk District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
Capital Investments	53.07	74.23	85.94	77.09	87.18	76.75
<b>Total Funded by borrowing</b>	<b>53.07</b>	<b>74.23</b>	<b>85.94</b>	<b>77.09</b>	<b>87.18</b>	<b>76.75</b>

**Rate of return received:**

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

**Table 6: Investments net rate of return**

Babergh District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	%	%	%	%	%	%
Treasury Management Investments	3.33	2.92	3.32	3.33	3.34	3.34
Other Capital Investments	4.62	2.73	3.53	3.52	3.50	3.49
CIFCO Ltd (1)	3.24	2.17	3.38	2.72	2.75	2.79
CIFCO Ltd (2)	1.84	2.13	4.10	3.63	3.17	2.70
<b>All investments (Average)</b>	<b>3.24</b>	<b>2.34</b>	<b>3.78</b>	<b>3.26</b>	<b>3.08</b>	<b>2.89</b>

Mid Suffolk District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	%	%	%	%	%	%
Treasury Management Investments	3.14	2.67	3.11	3.11	3.12	3.12
CIFCO Ltd (1)	2.34	2.44	2.57	2.64	2.80	2.86
CIFCO Ltd (2)	1.84	2.13	4.10	3.63	3.17	2.70
Gateway 14 Ltd	3.45	2.88	4.53	6.83	3.75	7.89
<b>All investments (Average)</b>	<b>2.79</b>	<b>2.47</b>	<b>3.78</b>	<b>4.33</b>	<b>3.29</b>	<b>4.48</b>

**Note:** The returns for CIFCO Ltd (2) for 2019/20 and 2020/21 are lower as they reflect income received for only part of the year as properties are acquired.

## **JOINT TREASURY MANAGEMENT STRATEGY 2021/22**

### **1. Introduction**

- 1.1 The Joint Treasury Management strategy contains the following:
- Borrowing Strategy (section 4)
  - Annual Investment Strategy (section 5)
  - Treasury Management Indicators (Appendix D)
  - Economic and Interest Rate Forecast (Appendix E)
  - Existing Investment and Debt Portfolio (Appendix F)
  - Treasury Management Policy Statement (Appendix G)
- 1.2 Treasury management is the management of the Councils' cash flows, borrowing and investments, and the associated risks. Babergh and Mid Suffolk invest surplus funds and both Councils borrow to fund capital investment and manage cash flows. Both Councils are therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.
- 1.3 The successful identification, monitoring and control of financial risk are therefore central to the Councils' prudent financial management.
- 1.4 The Councils will continue to:
- Make use of call accounts, if necessary
  - Use the strongest/lowest risk non-credit rated building societies
  - Use covered bonds (secured against assets) for longer term investments
  - Consider longer term investments in property or other funds
- 1.5 The Local Government Act 2003 requires the Councils to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities 2017 (the Prudential Code) when determining how much money they can afford to borrow.
- 1.6 Treasury risk management at both Councils is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the TM Code) which requires the Councils to approve a treasury management strategy before the start of each financial year. This report fulfils the Councils legal obligation under the Local Government Act 2003 to have regard to the TM Code.
- 1.7 The MHCLG Investment Guidance 2018, in paragraph 21, requires local authorities to prioritise Security, Liquidity and Yield in that order of importance.
- 1.8 The Joint Treasury Management Strategy for 2021/22 continues to focus primarily on the effective management and control of risk and striking a balance between the security, liquidity and yield of those investments. The Councils' objective when investing money is to strike an appropriate balance between risk and return.
- 1.9 Details of investments held for service purposes or for commercial profit are included in the Joint Investment Strategy shown in Appendix B.

## 2. External Context

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

## 3. Local Context

### Interest rates on Investments and Borrowing

- 3.1 For the purpose of setting the budget, it has been assumed that new short-term investments will be made at an average rate of 0.1%, and that new long-term loans will be borrowed at an average rate between 1.0% and 2.0%.

### Capital Financing Requirement

- 3.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Councils' current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3 As at 30 November 2020, Babergh held £107.01m of borrowing and £15.61m of investments, Mid Suffolk held £123.26m of borrowing and £15.04m of investments. This is set out in further detail at Appendix F. Forecast changes in these sums are shown in the following balance sheet analysis:

**Table 1: Capital Financing Requirement Summary and forecast**

<b>Babergh District Council</b>	<b>2019/20 Actual £m</b>	<b>2020/21 Forecast Outturn £m</b>	<b>2021/22 Budget £m</b>	<b>2022/23 Forecast £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Forecast £m</b>
Total CFR	141.20	162.82	174.81	177.62	177.29	178.23
Less: External Borrowing**	(112.52)	(104.09)	(103.40)	(102.84)	(102.28)	(101.71)
<b>Internal / (Over) Borrowing</b>	<b>28.68</b>	<b>58.73</b>	<b>71.42</b>	<b>74.77</b>	<b>75.01</b>	<b>76.52</b>
Less: Balances & Reserves-GF	(12.88)	(13.05)	(13.12)	(13.00)	(12.86)	(12.79)
Less: Balances & Reserves-HRA	(22.06)	(16.27)	(4.53)	(2.59)	(3.74)	(4.32)
Less Working Capital Deficit	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)
<b>New Net (Investment) / Borrowing Requirement</b>	<b>(11.80)</b>	<b>23.87</b>	<b>48.23</b>	<b>53.65</b>	<b>52.88</b>	<b>53.88</b>

<b>Mid Suffolk District Council</b>	<b>2019/20 Actual £m</b>	<b>2020/21 Forecast Outturn £m</b>	<b>2021/22 Budget £m</b>	<b>2022/23 Forecast £m</b>	<b>2023/24 Forecast £m</b>	<b>2024/25 Forecast £m</b>
Total CFR	163.05	188.28	219.75	219.19	229.42	219.08
Less: External Borrowing**	(135.34)	(128.57)	(92.34)	(91.23)	(90.10)	(88.95)
<b>Internal (Over) Borrowing</b>	<b>27.71</b>	<b>59.71</b>	<b>127.42</b>	<b>127.96</b>	<b>139.32</b>	<b>130.13</b>
Less: Balances & Reserves-GF	(35.95)	(31.10)	(33.55)	(33.24)	(32.90)	(32.64)
Less: Balances & Reserves-HRA	(11.72)	(8.24)	(2.74)	(2.24)	(3.73)	(4.63)
Add Working Capital surplus	2.28	2.28	2.28	2.28	2.28	2.28
<b>New Net (Investment) / Borrowing Requirement</b>	<b>(17.68)</b>	<b>22.65</b>	<b>93.40</b>	<b>94.76</b>	<b>104.96</b>	<b>95.14</b>



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

- 3.4 The Councils have an increasing CFR due to the capital programme and investments and will therefore need to borrow up to £56.28m for Babergh and £112.38m for Mid Suffolk over the forecast period.
- 3.5 CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Councils' total debt should be lower than their highest forecast CFR over the next three years. Table 1 above shows that the Councils expect to comply with this recommendation over the forecast period.

### Liability benchmark:

- 3.6 A liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts as Table 1 above, but that cash and investment balances are kept to a minimum level of Treasury Investments for each Council over the medium-term (the lowest being £13.02m) to maintain sufficient liquidity but minimise credit risk.
- 3.7 A comparison of the Councils' actual borrowing against this alternative strategy was shown in Table 7 in Appendix A, paragraph 4.9. This showed that both Councils' expected debt is below the Liability Benchmark (lowest risk level) for the forecast period.

**Table 2: Liability Benchmark**

Babergh District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
CFR	141.20	162.82	174.81	177.92	177.51	178.37
Less: Usable Reserves	(34.94)	(29.32)	(17.65)	(15.59)	(16.60)	(17.12)
Less Working Capital Surplus	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)	(5.53)
Plus: Minimum Investments	14.60	13.64	13.10	13.06	13.05	13.02
<b>Liability Benchmark</b>	<b>115.32</b>	<b>141.60</b>	<b>164.73</b>	<b>169.86</b>	<b>168.42</b>	<b>168.74</b>

Mid Suffolk District Council	2019/20 Actual	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
	£m	£m	£m	£m	£m	£m
CFR	163.05	188.28	219.75	219.19	229.42	219.08
Less: Usable Reserves	(47.67)	(39.34)	(36.30)	(35.48)	(36.64)	(37.27)
Add Working Capital Deficit	2.28	2.28	2.28	2.28	2.28	2.28
Plus: Minimum Investments	21.66	13.65	13.10	13.07	13.05	13.02
<b>Liability Benchmark</b>	<b>139.32</b>	<b>164.87</b>	<b>198.84</b>	<b>199.06</b>	<b>208.11</b>	<b>197.11</b>

## **4. Borrowing Strategy**

### **Overview**

- 4.1 As at 30 November 2020 Babergh held loans of £107.01m and Mid Suffolk £123.26m. These have increased by £4.47m for Babergh and £1.14m for Mid Suffolk on the previous year, due to funding previous years' capital programmes.
- 4.2 The balance sheet forecast for borrowing in Table 1 above shows that Babergh expects to borrow up to £48.23m and Mid Suffolk expects to borrow up to £93.4m in 2021/22. The Councils may borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £190m for Babergh and £242m for Mid Suffolk, as shown in Appendix A Table 8.

### **Objectives**

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

### **Strategy**

- 4.4 Given the significant cuts to public expenditure and in particular to local government funding, the Councils' borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolios. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. This position will be monitored and evaluated on an ongoing basis to ensure both Councils achieve value for money.
- 4.5 By doing so, the Councils are able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose (the Councils' treasury advisers) will assist the Councils with this 'cost of carry' and breakeven analysis.
- 4.6 Its output may determine whether the Councils borrow additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.
- 4.7 The Councils have previously raised the majority of their long-term borrowing from the PWLB but will consider borrowing any long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the Treasury Management Code.
- 4.8 PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Councils intend to avoid this activity in 2021/22 and beyond in order to retain its access to PWLB loans.

- 4.9 Alternatively, the Councils may arrange forward starting loans during 2021/22, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.10 In addition, the Councils may borrow more short-term loans to cover unplanned cash flow shortages.

### **Sources of borrowing**

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

### **Municipal Bonds Agency**

- 4.12 UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons:
- borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason,
  - there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Full Council

### **LOBOs**

- 4.13 Mid Suffolk holds £4m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. All of these loans have options during 2021/22, and although the Council understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Council will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £4m.

### **Short-term and variable rate loans**

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

### **Other sources of debt finance**

- 4.15 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
- leasing
  - hire purchase
  - Private Finance Initiative
  - sale and leaseback

### **Local Application**

- 4.16 The Councils have previously raised the majority of their long-term borrowing from the PWLB, but continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.
- 4.17 Consideration will be given to all forms of borrowing/financing in relation to any future capital investment plans. This is most likely to be via the Public Works Loan Board (PWLB) but consideration will also be given to borrowing from other sources such as other local authorities, commercial banks, the money markets, capital markets (stock issues, commercial paper and bills) and leasing. The Councils will receive the “certainty rate” discount of 0.2% on PWLB loans. An “infrastructure rate” discount of 0.4% is also available for lending to support nominated infrastructure projects.
- 4.18 In conjunction with advice from Arlingclose, both Councils will keep these sources of finance under review.
- 4.19 Officers will take advice on the optimum time to undertake additional borrowing and will adopt a flexible approach in consultation with their treasury advisors, after consideration of the following:
- Affordability
  - Maturity profile of existing debt
  - Interest rate and refinancing risks
  - Borrowing source
- 4.20 The General Fund revenue budget for 2021/22 will include provision for interest payments relating to external borrowing and the statutory Minimum Revenue Provision (MRP) to ensure the principal is repaid. Different arrangements apply to the Housing Revenue Account (Council Housing) in that there is no MRP. The strategy and activities are affected by a number of factors, including the regulatory framework, economic conditions, best practice and interest rate/liquidity risk. Appendices D, E, F, G, H and I summarise the regulatory framework, economic background and information on key activities for the year.
- 4.21 In accordance with the MHCLG Guidance, the Councils will be asked to approve a revised Treasury Management Strategy if the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Councils’ capital programmes or in the level of investment balances.

**Debt rescheduling**

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

**5. Annual Treasury Investment Strategy**

- 5.1 The Councils hold significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past twelve months, Babergh's treasury investment balances have ranged between £11.9m and £39.0m. Mid Suffolk's treasury investment balances ranged between £12.7m and £41.3m.
- 5.2 Balances fluctuated more than in previous years due to timing differences between funding to support Covid19 payments received from central Government and the payments being made by the Councils.

**Objectives**

- 5.3 CIPFA's TM Code requires the Councils to invest their treasury funds prudently, and to have regard to the security and liquidity of their investments before seeking the highest rate of return or yield. The Councils' objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 5.4 Cash that is likely to be spent in the short term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both short-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which investments to buy and the Councils may request their money back at short notice.
- 5.5 Where balances are expected to be invested for more than one year, the Councils will aim to achieve a total return that is equal to or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 5.6 Table 3 shows the planned level of investments for treasury management purposes over the medium-term. Long term investments are those made for more than one year. Cash and cash equivalents include money market funds and current bank accounts.

**Table 3: Treasury management investments**

<b>Babergh District Council</b>	<b>31.3.2020 Actual</b>	<b>31.3.2021 Forecast Outturn</b>	<b>31.3.2022 Budget</b>	<b>31.3.2023 Forecast</b>	<b>31.3.2024 Forecast</b>	<b>31.3.2025 Forecast</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Long Term Investments	11.22	11.14	11.10	11.06	11.05	11.02
Cash and Cash Equivalents	3.38	2.50	2.00	2.00	2.00	2.00
<b>Total TM Investments</b>	<b>14.60</b>	<b>13.64</b>	<b>13.10</b>	<b>13.06</b>	<b>13.05</b>	<b>13.02</b>

Mid Suffolk District Council	31.3.2020 Actual £m	31.3.2021 Forecast Outturn £m	31.3.2022 Budget £m	31.3.2023 Forecast £m	31.3.2024 Forecast £m	31.3.2025 Forecast £m
Short Term Investments	3.50	0.00	0.00	0.00	0.00	0.00
Long Term Investments	11.21	11.15	11.10	11.07	11.05	11.02
Cash and Cash Equivalents	6.95	2.50	2.00	2.00	2.00	2.00
<b>Total TM Investments</b>	<b>21.66</b>	<b>13.65</b>	<b>13.10</b>	<b>13.07</b>	<b>13.05</b>	<b>13.02</b>

### Governance – Treasury Management:

- 5.7 Decisions on treasury management investment and borrowing are made daily and are delegated to the Assistant Director - Corporate Resources (the S151 Officer) and Finance staff, who must act in line with the Joint Treasury Management Strategy approved by Full Council in February each year.
- 5.8 There is a Joint Half Year and Joint Annual Outturn Report on treasury management activity presented to Council. The Joint Audit and Standards Committee is responsible for scrutinising treasury management decisions.

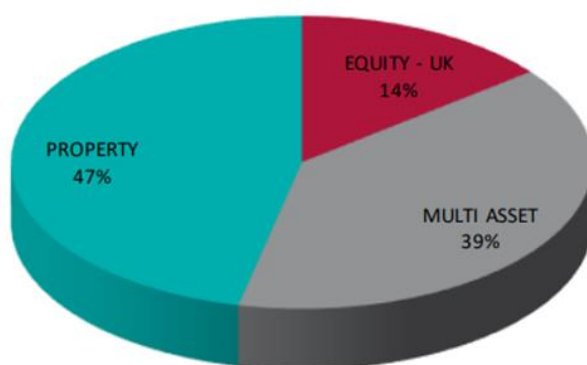
### Negative interest rates

- 5.9 The COVID-19 pandemic has increased the risk that the Bank of England will set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

### Strategy

- 5.10 Given the increasing risk and very low returns from short-term unsecured bank investments, both Councils have diversified into higher yielding asset classes. This diversification represents a continuation of the new strategy adopted in 2015/16.
- 5.11 The value of these funds can fluctuate and they are therefore considered to be long term investments. The Councils have invested in a number of strategic pooled funds, across a variety of asset classes to minimise risk, as shown below.

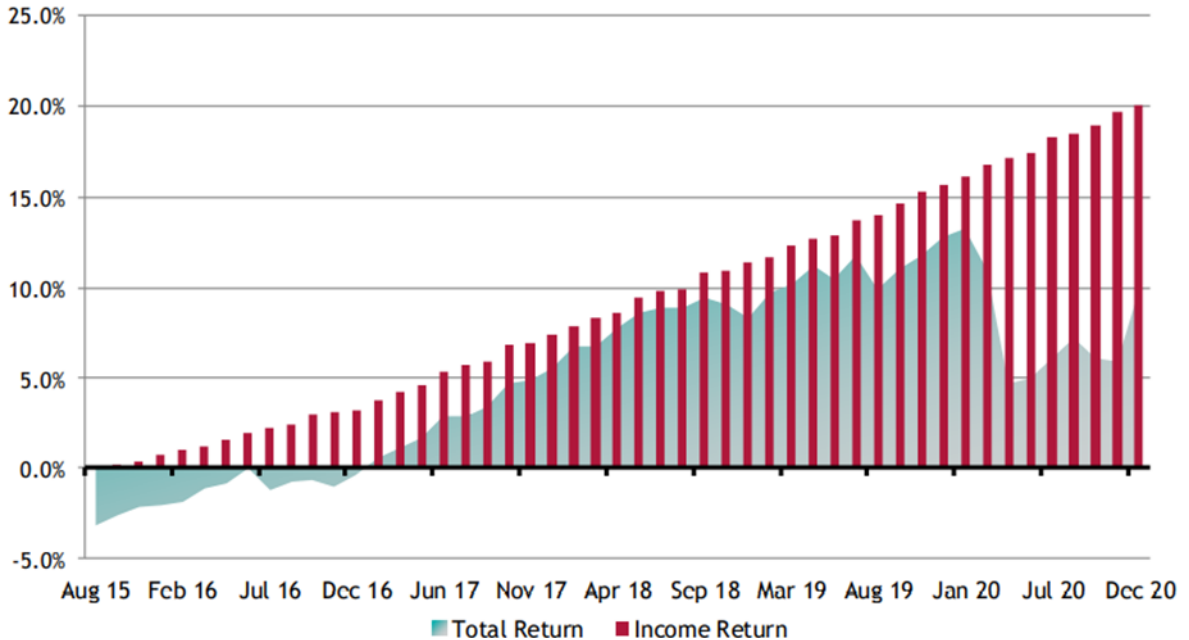
**Chart 1: Strategic pooled funds asset class allocation for both Councils**



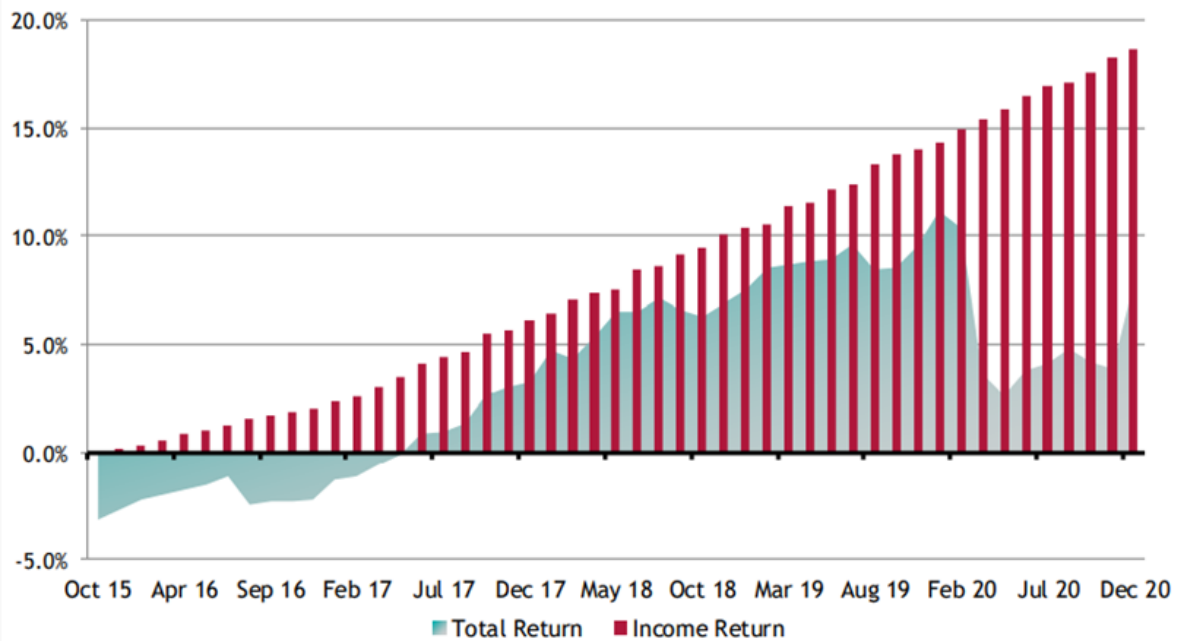
5.12 Although these funds have incurred unrealised capital losses, the overall total return for each has been positive, with a total return of 9.87% for Babergh and 7.81% for Mid Suffolk since the Councils' investment in 2015 as illustrated in the following charts:

**Chart 2: Cumulative return on strategic pooled funds**

**Babergh**



**Mid Suffolk**



**Environment, social and governance (ESG) issues**

5.13 In 2019 the Councils declared a climate emergency with the ambition to make the Councils carbon neutral by 2030.

5.14 In light of climate change-related risks in particular, increasing attention is being given to responsible investment by investors globally, resulting in an increasing appreciation that assessing ESG factors is not only a moral issue to be addressed, but also a key part of understanding long-term investment risk.

5.15 The United Nations gives the following examples of ESG issues within its Principles for Responsible Investment;

**Environmental**

- Climate change
- Greenhouse gas emissions
- Resource depletion
- Waste and pollution
- Deforestation

**Social**

- Human rights
- Working conditions (including slavery and child labour)
- Local communities
- Employee relations and diversity

**Governance**

- Bribery and Corruption
- Board diversity and structure
- Executive pay
- Political lobbying and donations
- Tax strategy

5.16 An increasing number of ESG focussed funds are emerging that follow certain criteria for investments, such as abiding with the UN Principles of Responsible Investment, or not investing in certain industries such as weapons, fossil fuels or alcohol and tobacco.

5.17 Although regulations on ESG investments are gaining more clarity and standardisation, careful due diligence is required to ensure that a fund lives up to the claims being made and its ESG principles match the Councils' priorities for environmental / ethical investing.

5.18 The Councils' treasury advisors, Arlingclose, have provided a comprehensive report on ESG and responsible investment for local authorities, covering assessment of ESG issues, how they relate to key investment instruments, considerations in determining an ESG policy for treasury investments and the approaches taken by various fund managers.

5.19 Further work will be undertaken to determine how ESG could be incorporated into the Councils' Treasury Management Strategy and reporting processes and recommendations will be reported to members in due course. However, whilst the Councils' current pooled investments are below the purchase price, they will not be redeemed at a loss to invest elsewhere to meet ESG requirements.

5.20 The Councils' single largest holding, CCLA LAMIT Property Fund has achieved an A+ for its ESG approach under the UN PRI transparency report assessment scores.

**Business Models**

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

**Approved counterparties**

5.22 The minimum proposed investment criteria for UK counterparties in the 2021/22 Treasury Management Strategy remains at A-. (See Appendix I for list). (Note: This



would be the lowest credit rating determined by credit rating agencies).

- 5.23 In line with advice received from Arlingclose the Councils may invest surplus funds with any of the counterparty types in Table 4 that follows, subject to the cash limits (per counterparty) and the time limits shown.

**Table 4: Approved investment counterparties and limits for Babergh and Mid Suffolk**

<b>Sector</b>	<b>Time limit</b>	<b>Counterparty limit</b>	<b>Sector limit</b>
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£2m	100%
Secured investments *	25 years	£2m	100%
Banks (unsecured) *	13 months	£2m	100%
Building societies (unsecured) *	13 months	£2m	25%
Registered providers (unsecured) *	5 years	£1m	25%
Money market funds *	n/a	£2m	100%
Strategic pooled funds	n/a	£5m	100%
Other investments *	5 years	£1m	10%

Table 4 should be read in conjunction with the following notes:

- Credit rating**

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) as part of a diversified pool e.g. via a peer-to-peer platform.
- Government**

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

Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key

factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

- **Banks and building societies (unsecured)**  
Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- **Registered providers (unsecured)**  
Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.
- **Money market funds**  
Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Councils will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.
- **Strategic pooled funds**  
Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Councils' investment objectives will be monitored regularly.
- **Real estate investment trusts**  
Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.
- **Other investments**  
This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Councils' investment at risk.

### **Council banker and Operational bank accounts**

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

### **Risk assessment and credit ratings**

5.25 Credit ratings are obtained and monitored by the Councils treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

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

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

### **Other information on the security of investments**

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

5.29 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Councils will restrict investments to those organisations of higher credit quality and reduce the maximum duration of investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions.

5.30 If these restrictions mean that insufficient commercial organisations of high credit

quality are available to invest the Councils' cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office (DMADF) or invested in government treasury bills for example, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

### **Investment limits**

- 5.31 The Councils' total General Fund reserves available to cover investment losses are forecast to be £6.6m for Babergh and £14.3m for Mid Suffolk on 31 March 2021. In order to minimise the available reserves that would be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) for the majority of sectors will be £2m.
- 5.32 A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits are also placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as per Table 5. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, as the risk is diversified over many countries.
- 5.33 Credit risk exposures arising from non-treasury investments, financial derivatives and operational bank accounts count against the relevant investment limits.

**Table 5: Additional Investment limits for Babergh and Mid Suffolk**

<b>Investment Limits</b>	<b>Cash limit</b>
Any group of pooled funds under the same management	£5m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£2m per country

### **Liquidity management**

- 5.34 The Councils use purpose-built cash flow forecasts to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Councils being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Councils medium-term budget planning and cash flow forecasts.
- 5.35 The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

**TREASURY MANAGEMENT INDICATORS**

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

**1. Security**

- 1.1 The Councils have adopted a voluntary measure of their exposure to credit risk by monitoring the value-weighted average credit score of their investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. Positions at the 30 September 2020 were Babergh 5.17 and Mid Suffolk 4.72 respectively.

	<b>Target</b>
Portfolio average credit score	7.0

**2. Liquidity risk**

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

<b>Babergh District Council</b>	<b>2021/22 Target £m</b>
Total sum borrowed in past 3 months without prior notice	£5m

<b>Mid Suffolk District Council</b>	<b>2021/22 Target £m</b>
Total sum borrowed in past 3 months without prior notice	£5m

**3. Interest rate exposures**

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

<b>Babergh District Council</b>	<b>2021/22 Limit £m</b>
Upper impact on Revenue of a 1% increase in rates	0.111

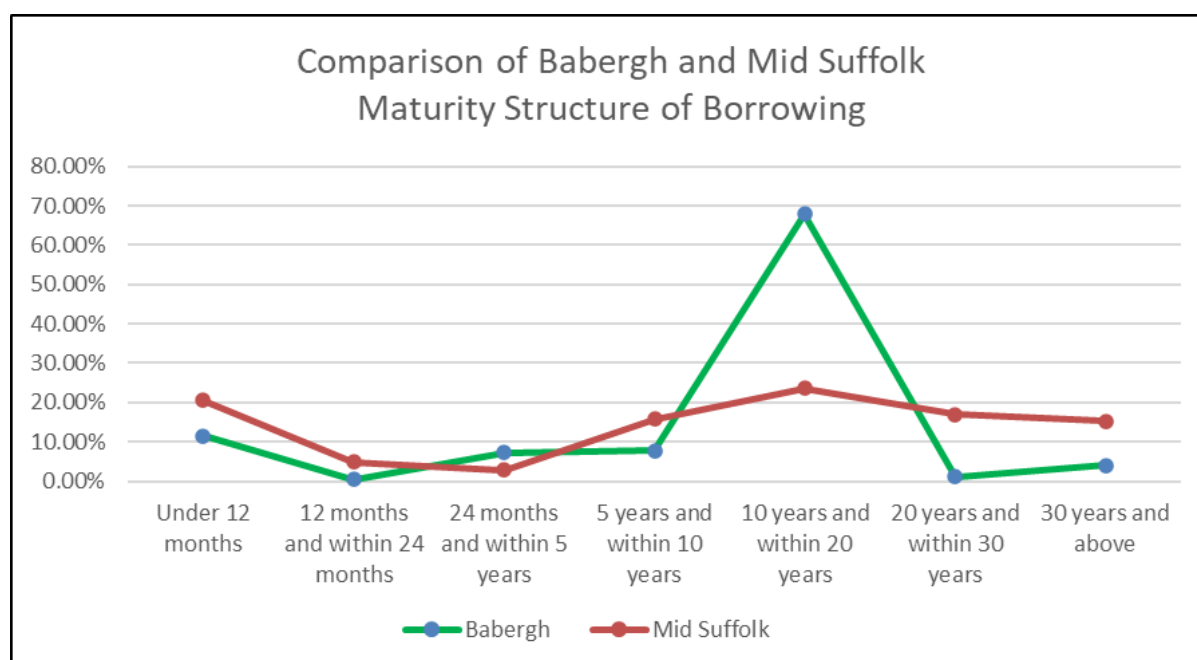
<b>Mid Suffolk District Council</b>	<b>2021/22 Limit £m</b>
Upper impact on Revenue of a 1% increase in rates	0.210

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

#### 4. **Maturity structure of borrowing**

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

<b>% of total borrowing</b>	<b>Babergh 30.11.2020 Proportion</b>	<b>Mid Suffolk 30.11.2020 Proportion</b>	<b>Upper Limit %</b>	<b>Lower Limit %</b>
Under 12 months	11.53%	20.59%	50.00	0.00
12 months and within 24 months	0.51%	4.95%	50.00	0.00
24 months and within 5 years	7.20%	2.77%	50.00	0.00
5 years and within 10 years	7.69%	15.79%	100.00	0.00
10 years and within 20 years	67.83%	23.59%	100.00	0.00
20 years and within 30 years	1.14%	16.98%	100.00	0.00
30 years and above	4.10%	15.34%	100.00	0.00



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

#### 5. **Principal sums invested for periods longer than a year**

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

<b>Babergh District Council</b>	<b>2021/22 Limit £m</b>	<b>2022/23 Limit £m</b>	<b>2023/24 Limit £m</b>
Limit on principal invested beyond year end	£2m	£2m	£2m

Mid Suffolk District Council	2021/22 Limit £m	2022/23 Limit £m	2023/24 Limit £m
Limit on principal invested beyond year end	£2m	£2m	£2m

## 6. **Related Matters**

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

### **Policy on the use of financial derivatives**

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

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

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

6.5 In line with the TM Code, the Councils will seek external advice and will consider that advice before entering into financial derivatives to ensure that they fully understand the implications.

### **Policy on apportioning interest to the Housing Revenue Account (HRA)**

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

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

### Markets in Financial Instruments Directive

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

### Financial Implications

- 6.9 The budget for investment income in 2021/22 is £2.77m for Babergh and £4.42m for Mid Suffolk, based on an average investment portfolio of £69.65m for Babergh and £98.83m Mid Suffolk. The average return is 3.98% for Babergh and 4.47% for Mid Suffolk.
- 6.10 The budget for debt interest payable in 2021/22 is £3.57m for Babergh and £3.84m for Mid Suffolk, based on an average debt portfolio of £134.19m for Babergh and £165.99m for Mid Suffolk. The average cost is 2.66% for Babergh and 2.31% for Mid Suffolk.
- 6.11 If actual levels of investments and borrowing, or actual interest rates, differ from that forecast, performance against budget will be correspondingly different.

### Other Options Considered

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

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain



Appendix D – Treasury Management Indicators

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

**ECONOMIC & INTEREST RATE FORECAST****1 Economic background**

- 1.1 The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.
- 1.2 The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.
- 1.3 UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.
- 1.4 GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.
- 1.5 GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.
- 1.6 The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at

between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

- 1.7 Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

## 2 **Credit outlook**

- 2.1 After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.
- 2.2 The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.
- 2.3 Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

## 3 **Underlying assumptions**

- 3.1 The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- 3.2 The Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- 3.3 Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- 3.4 The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- 3.5 Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.

3.6 Long Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

#### 4 Interest Rate Forecast

4.1 The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements. The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

4.2 Gilt yields are expected to remain very low in the medium-term while short-term yields are likely remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

#### 4.3 Table 1 Interest Rate Forecast

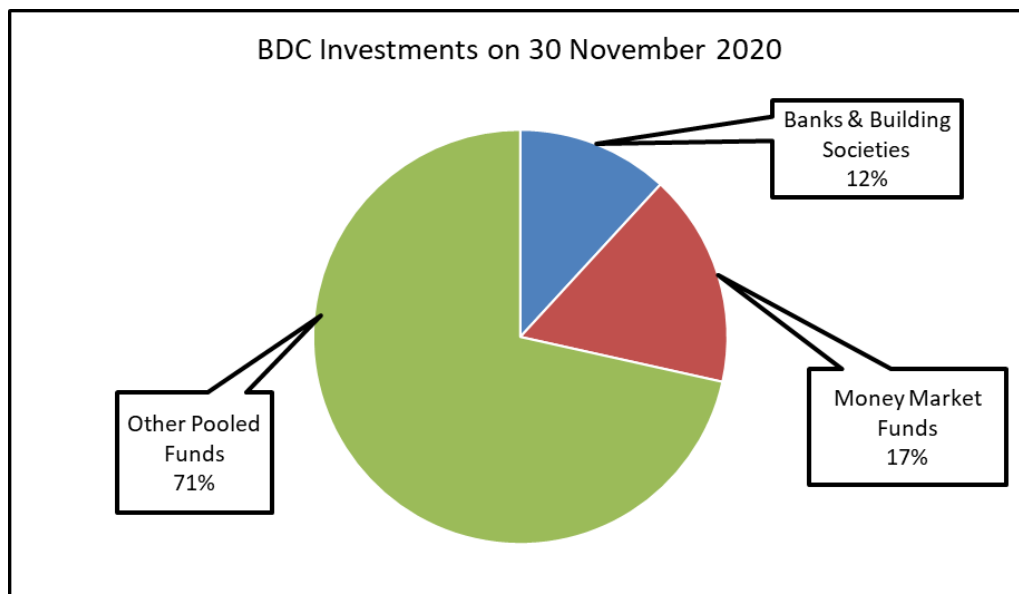
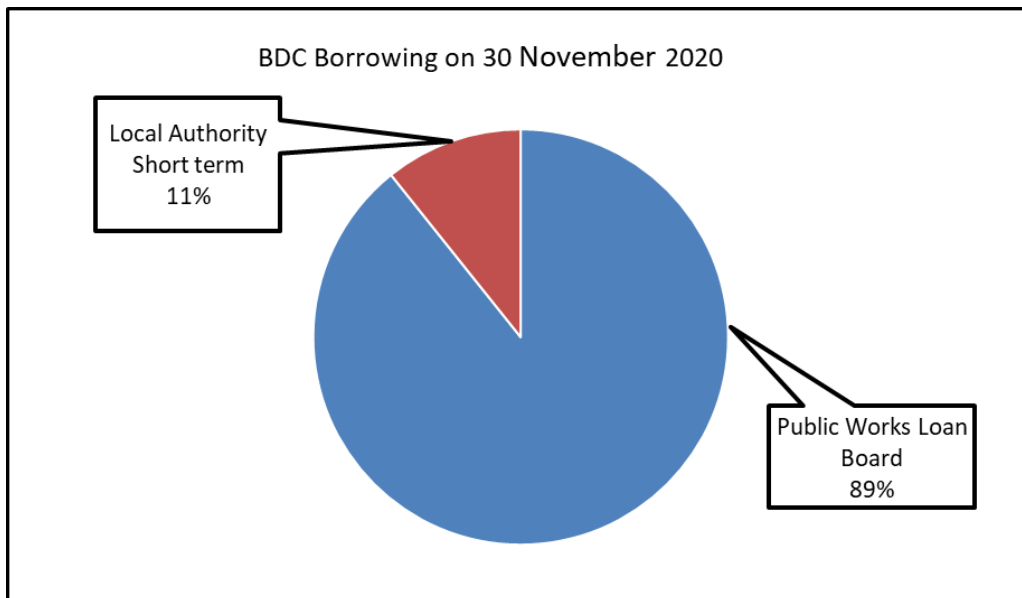
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>3-month money market r</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>1yr money market rate</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
<b>5yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<b>10yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
<b>20yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>50yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

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

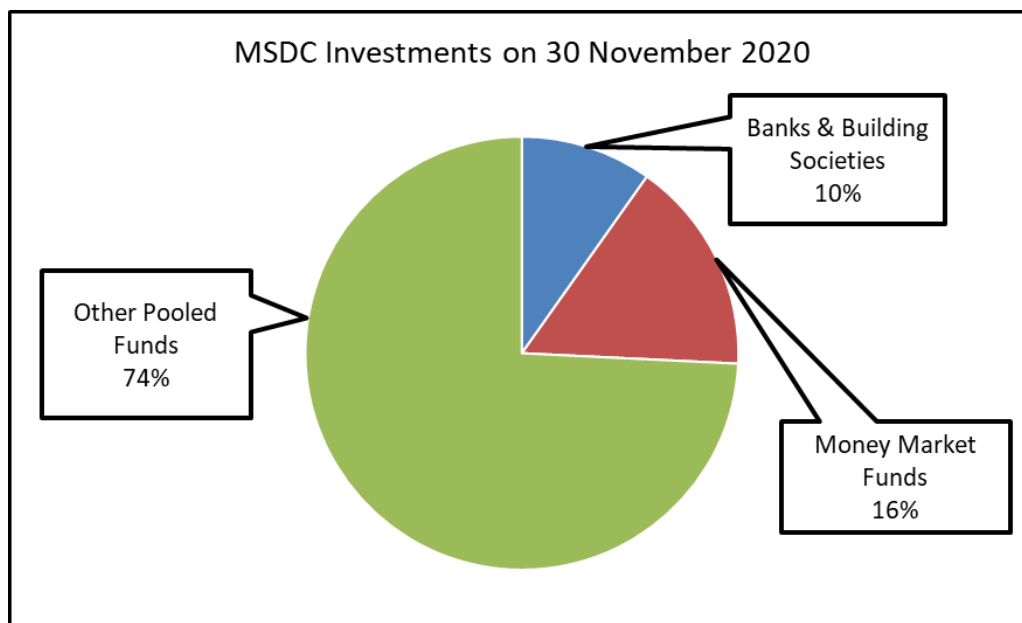
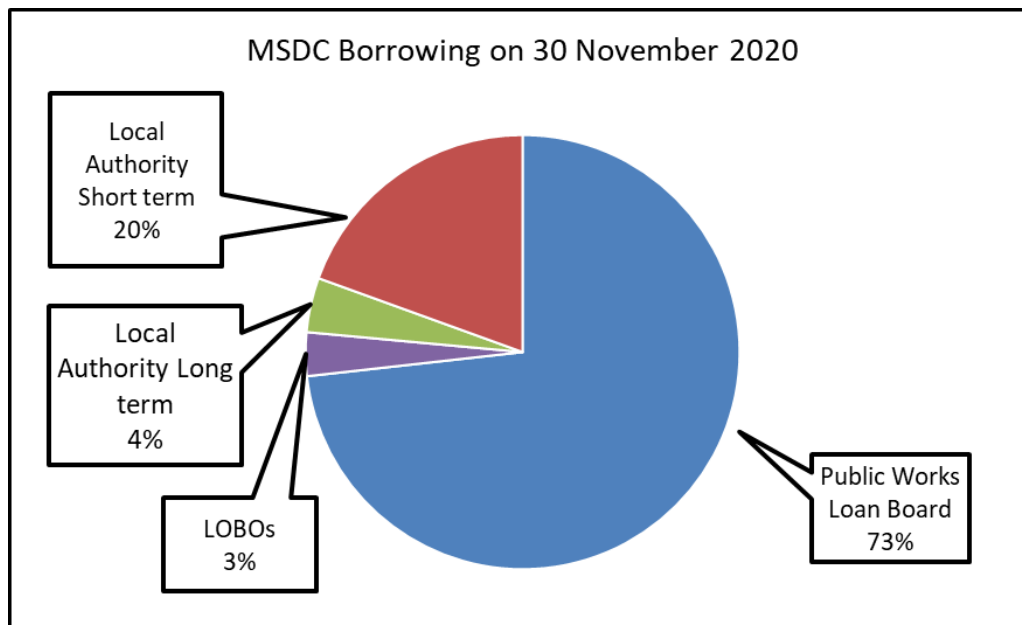
PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

**EXISTING INVESTMENT & DEBT PORTFOLIO POSITION**

Babergh	30.11.2020 Portfolio £m	Average Rate %
<b>External Borrowing:</b>		
Public Works Loan Board	95.51	3.18%
Local Authority Short term	11.50	0.52%
<b>Total External borrowing</b>	<b>107.01</b>	<b>2.90%</b>
<b>Treasury Investments:</b>		
Banks & Building Societies	1.85	0.04%
Money Market Funds	2.60	0.16%
Other Pooled Funds	11.17	4.30%
<b>Total Treasury Investments</b>	<b>15.61</b>	<b>3.10%</b>
<b>Net Debt</b>	<b>91.39</b>	



Mid Suffolk	30.11.2020 Portfolio £m	Average Rate %
<b>External Borrowing:</b>		
Public Works Loan Board	90.26	3.26%
LOBOs	4.00	4.21%
Local Authority Long term	5.00	1.00%
Local Authority Short term	24.00	0.79%
<b>Total External borrowing</b>	<b>123.26</b>	<b>2.72%</b>
<b>Treasury Investments:</b>		
Banks & Building Societies	1.47	0.02%
Money Market Funds	2.40	0.17%
Other Pooled Funds	11.16	4.29%
<b>Total Treasury Investments</b>	<b>15.04</b>	<b>3.21%</b>
<b>Net Debt</b>	<b>108.22</b>	



## **TREASURY MANAGEMENT POLICY STATEMENT**

### **1. Introduction and Background**

- 1.1 The Councils adopt the key recommendations of the CIPFA Code of Practice on Treasury Management in Public Services 2017 Edition (the TM Code) as described in Section 5 of the Code.
- 1.2 In addition, the Ministry of Housing, Communities and Local Government (MHCLG) revised guidance on Local Councils Investments issued in 2018 requires councils to approve a treasury management investment strategy before the start of each financial year.
- 1.3 Accordingly, the Councils will create and maintain, as the cornerstones for effective treasury management:
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
  - Suitable treasury management practices (TMPs), setting out the manner in which the Councils will seek to achieve those policies and objectives, and prescribing how they will manage and control those activities.
- 1.4 The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the TM Code, subject only to amendment where necessary to reflect the particular circumstances of the Councils. Such amendments will not result in the Councils materially deviating from the TM Code's key principles.
- 1.5 The Full Council meeting for Babergh and Mid Suffolk will receive recommendations from Cabinet on their treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a half-year review and an annual outturn report after its close.
- 1.6 The Councils delegate responsibility for the implementation of their treasury management policies and practices to the Cabinet, monitoring to the Joint Audit and Standards Committee and the execution and administration of treasury management decisions to the Section 151 Officer and/or Corporate Manager - Financial Services, who will act in accordance with the Councils policy statement, the TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.7 The Joint Audit and Standards Committee is responsible for ensuring effective scrutiny of the Joint Treasury Management Strategy and policies.

### **2. Policies and Objectives of Treasury Management Activities**

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

- 2.2 The Councils regard the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of their treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on the risk implications for the Councils and any financial instruments entered into to manage these risks.
- 2.3 The Councils recognise that effective treasury management will provide support towards the achievement of their business and service objectives. They are therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques within the context of effective risk management.
- 2.4 Both Councils' borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken, and the type of borrowing should allow the Councils transparency and control over their debt.
- 2.5 Both Councils' primary objectives in relation to investments remain the security of capital. The liquidity or accessibility of the Councils investments followed by the yield earned on investments remain important but are secondary considerations.



## **ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT 2021/22**

- 1.1 Where the Councils finance their capital expenditure by debt, they must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Councils to have regard to the Ministry for Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the CLG Guidance) most recently issued in 2018 and effective from 1 April 2018.
- 1.2 The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by grant income that has been rolled into Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
- 1.3 A charge to a revenue account for MRP cannot be a negative charge.
- 1.4 The CLG Guidance requires Full Council to approve an Annual MRP Statement each year and recommends a number of options for calculating an amount of MRP that they consider to be prudent. The following paragraph lists the options recommended in the Guidance.
- 1.5 The four MRP options available are:
  - Option 1: Regulatory Method
  - Option 2: CFR Method
  - Option 3: Asset Life Method
  - Option 4: Depreciation Method
- 1.6 For capital expenditure incurred before 1 April 2008, MRP will be determined in accordance with the former regulations that applied on 31 March 2008, incorporating an "Adjustment A" of £2.4m for Mid Suffolk (Option 1). Babergh does not have any capital expenditure incurred before 1st April 2008 on which to charge MRP.
- 1.7 For capital expenditure incurred after 31 March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis using an interest rate equivalent to the average PWLB annuity rate for the year of expenditure. MRP charges start in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. (Option 3).
- 1.8 For assets acquired by leases, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.
- 1.9 Where investments are made in the Councils' subsidiaries for the purpose of the companies purchasing land and buildings, MRP will be charged over 40 years.
- 1.10 For capital expenditure loans to third parties that are repaid in annual or more frequent instalments of principal, the Councils will make no MRP charge, but will instead apply the capital receipts arising from principal repayments to reduce the capital financing requirement. In years where there is no principal repayment, MRP will be charged in accordance with the MRP policy for the assets funded by the loan,

## Appendix H – Minimum Revenue Provision Statement

including where appropriate, delaying MRP until the year after the assets become operational.

- 1.11 No MRP will be charged in respect of assets held within the Housing Revenue Account. However, voluntary MRP contributions from the HRA may be made.
- 1.12 Capital expenditure incurred during 2020/21 will not be subject to an MRP charge until 2021/22 and capital expenditure incurred during 2021/22 will not be subject to an MRP charge until 2022/23.
- 1.13 If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Full Council at that time.
- 1.14 Based on the Councils' latest estimates of their Capital Financing Requirements on 31 March 2021, the budget for MRP for 2021/22 has been set as follows:

Babergh District Council	31.3.2021 Estimated CFR £m	2021/22 Estimated MRP £m
Capital expenditure before 01.04.2008	(0.38)	-
Unsupported capital expenditure after 31.3.2008	28.86	1.27
Transferred debt to HRA	(0.33)	-
Loans to other bodies repaid in instalments	43.87	-
<b>Total General Fund</b>	<b>72.03</b>	<b>1.27</b>
Assets in the Housing Revenue Account	11.10	-
HRA subsidy reform payment	79.25	-
Transferred debt from GF	0.33	-
<b>Total Housing Revenue Account</b>	<b>90.67</b>	<b>-</b>
<b>Total CFR</b>	<b>162.71</b>	<b>1.27</b>

Mid Suffolk District Council	31.3.2021 Estimated CFR £m	2021/22 Estimated MRP £m
Capital expenditure before 01.04.2008	8.14	0.08
Unsupported capital expenditure after 31.3.2008	36.02	1.29
Transferred debt to HRA	(0.71)	-
Loans to other bodies repaid in instalments	53.22	-
<b>Total General Fund</b>	<b>96.66</b>	<b>1.37</b>
Assets in the Housing Revenue Account	33.59	-
HRA subsidy reform payment	57.21	-
Transferred debt from GF	0.71	-
<b>Total Housing Revenue Account</b>	<b>91.51</b>	<b>-</b>
<b>Total CFR</b>	<b>188.18</b>	<b>1.37</b>

**INSTITUTIONS MEETING HIGH CREDIT RATINGS CRITERIA**

- 1.1 Detailed below is the list of the banks and building societies that both Councils can lend to (based on information on credit risk and credit ratings as at November 2020). This will be continuously monitored as the position changes throughout the year as credit ratings are reviewed and additional market information is evaluated.
- 1.2 This is based on UK Banks and Building Societies A-, Money Market Funds, Foreign Banks AA-. Foreign banks must be in a country with a sovereign rating of AAA.

<b>Counterparty</b>	<b>Long term rating - Fitch</b>	<b>Duration</b>
<b>UK BANKS</b>		
Bank of Scotland PLC	A+	35 days
Barclays Bank PLC	A+	35 days
Barclays Bank UK PLC	A+	35 days
HSBC Bank PLC	AA-	35 days
HSBC UK Bank PLC	AA-	35 days
Lloyds Bank PLC	A+	35 days
National Westminster Bank	A+	35 days
Royal Bank of Scotland PLC/T	A+	35 days
Santander UK PLC	A+	35 days
Standard Chartered Bank	A+	35 days
Ulster Bank PLC	A+	35 days
<b>UK BUILDING SOCIETIES</b>		
Nationwide Building Society	A+	35 days
<b>FOREIGN BANKS</b>		
<b>Australia</b>		
Australia and NZ Banking Group	A+	35 days
National Australia Bank	A+	35 days
<b>Finland</b>		
Nordea Bank AB	AA	35 days
<b>Germany</b>		
DZ Bank AG Deutsche Zentral	AA-	35 days
Landesbank Baden Wuerttemberg	A	35 days
<b>Netherlands</b>		
Cooperative Rabobank	AA-	35 days
<b>Singapore</b>		
DBS Bank Ltd	AA-	35 days

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

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

### Long Term Investments Grades - Fitch

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

### Long Term Investments Grades – Moody’s

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

### Long Term Investments Grades – Standard & Poor’s

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

**Glossary of Terms**

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

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