

## MID SUFFOLK DISTRICT COUNCIL

<b>From: Cabinet Member - Finance</b>	<b>Report Number: MCa/17/65</b> <b><u>amended</u></b>
<b>To: Cabinet</b>	<b>Date of meeting: 8 May 2018</b>

### 2017/18 FINANCIAL OUTTURN

#### 1. Purpose of Report

- 1.1 This report summarises the 2017/18 financial outturn for the General Fund, Housing Revenue Account and Capital Programme and shows how this links to the Medium Term Financial Strategy (MTFS) and achievement of the Council's strategic priorities.
- 1.2 This is subject to the external auditors report on the Statement of Accounts for the year, which will be presented to the Mid Suffolk Audit Committee on 30 July 2018. The unaudited Statement of Accounts will be approved for publication by the Assistant Director - Corporate Resources at the end of May.

#### 2. Recommendations

- 2.1 That the 2017/18 financial outturn as set out in this report be noted.
- 2.2 That the following net transfers of £2,410k be approved with the General Fund reserves;
  - a) Transfer of £1,270k being the net amount, for the following specific earmarked reserves, referred to in section 10.11 of this report be approved;
    - £768k to Community Infrastructure Levy (CIL)
    - £203k to Homelessness
    - £155k to Planning for legal costs
    - £110k to other Government Grants
    - £50k to Strategic Planning
    - £16k from Commuted Sums
  - b) The remaining balance of the General Fund surplus of £1,140k (£938k at Quarter 3) be transferred to the Business Rates Equalisation reserve to support the 2017/18 deficit on the Business Rates Collection Fund which will materialise in 2018/19.
- 2.3 That the General Fund carry-forward requests totalling £262k referred to in paragraph 10.13 of this report be approved.
- 2.4 That the Capital carry-forward requests referred to in paragraph 10.21 of this report totalling £14,733k be approved.
- 2.5 That the transfer of £467k, being the HRA surplus for the year (£1,181k better than planned) per paragraph 10.26, from reserves be approved.

2.6 That the HRA Capital carry-forward requests referred to in paragraph 10.33 of this report totalling £71k be approved.

### **3. Financial Implications**

3.1 These are detailed in the report.

### **4. Legal Implications**

4.1 There are no specific legal implications.

### **5. Risk Management**

5.1 This report is closely linked with risk numbers 5e and 5f of the Council's Significant Risk Register – If we do not understand our financial position and respond in a timely way, then we will be unable to deliver the entirety of the Joint Strategic Plan or the ambition of the HRA 30 year business plan. Other key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
If the forecast savings and efficiencies are not delivered then it will have a detrimental impact on the resources available to deliver services and the strategic priorities	Probable - 3	Noticeable - 2	Monitored throughout the year by Finance Teams, Corporate Managers and Assistant Directors
If economic conditions and other external factors change for the worse then it could have an adverse effect on the Councils financial position	Probable - 3	Noticeable - 2	Focus is on monitoring key income and expenditure streams – but Government changes and economic conditions continue to affect costs and income for a number of services
If the Capital Programme delivery is not on target then the strategic priorities will not be delivered as anticipated	Probable - 3	Noticeable – 2	Regular monitoring by key officers

## **6. Consultations**

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

## **7. Equality Analysis**

- 7.1 An equality analysis has not been completed because there is no action to be taken on service delivery as a result of this report.

## **8. Shared Service / Partnership Implications**

- 8.1 Both authorities continue to work closely together with particular attention given to sharing integration costs and savings between the two Councils, which is reflected in the financial outturn for the year.

## **9. Links to Joint Strategic Plan**

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

## **10. Key Information**

### **Strategic Context**

- 10.1 In February 2017 Mid Suffolk District Council approved the Joint Medium Term Financial Strategy (MTFS). This confirms the direction of travel, in that the Council is developing a new business model to respond to the financial challenges.
- 10.2 The strategic response to those challenges, to ensure long term financial sustainability, is set out in six key actions:
- (a) Aligning resources to the Councils' refreshed strategic plan and essential services
  - (b) Continuation of the shared service agenda, collaboration with others and transformation of service delivery
  - (c) Behaving more commercially and generating additional income
  - (d) Considering new funding models (e.g. acting as an investor)
  - (e) Encouraging the use of digital interaction and transforming our approach to customer access
  - (f) Taking advantage of new forms of local government finance (e.g. new homes bonus, business rates retention)
- 10.3 The details within the Joint MTFS show that for Mid Suffolk the funding gap over the next three years, 2019/20 to 2022/23 is estimated to be £888k. Work will continue on closing this gap by identifying and modelling the outcomes of various initiatives as part of the delivery of the Joint Strategic Plan.

- 10.4 The nature of local government funding has changed in recent years. There is less core funding in the form of Revenue Support Grant (RSG) and more incentivised and one-off funding like New Homes Bonus and retention of business rates. The business rates income is more uncertain than RSG, where appeals and the changing number of businesses within the district impact on the income that is available to the Council. This has been reinforced with the outturn position. It is also important that capital resources are used in ways to support the new business model. The Council is looking to use its assets and borrowing capacity to become self-sufficient from government funding.
- 10.5 The total estimated core funding for future years is not a fixed guaranteed amount as it is dependent on variations in business rates income. This is carefully monitored and the volatility and risks, for example, rate relief for schools converting to academies and the level of appeals, will affect the amount of income received.
- 10.6 The outcome of these changes and uncertainties is that predicting the resources available to the Council over a period of time is more challenging, so more annual variances against budget are likely to be seen as we develop our processes to fit the new funding environment. Members should therefore focus on whether strategic priorities are being achieved rather than in year variances against budget.

### **General Fund Revenue**

- 10.7 The unaudited accounts show a net favourable variance (reduced expenditure and/or additional income) of £2,410k. This is before the proposed reserve transfers as set out in paragraph 2.2. The favourable variance can mainly be attributed to; Planning fee income (£810k), Business Rates including S31 grants (£1,016k), CIL income (£768k) less a net increase to the transfers to reserves (£329k) when compared to the budget for the year. It is worth noting that expenditure on services is in line with the budget, however, more income has been generated than planned.

This is £1,252k more than was reported to Cabinet in March, the key changes are; an increase to planning fee income as well as Business Rates S31 grants, offset by a reduction to PV Panel FiT income and a net increase to the transfers to reserves. Also CIL income has been included in the outturn report to highlight for Members the money that has been received in 2017/18. This will be placed into an earmarked reserve to be spent in future years in accordance with the expenditure framework approved by Council in April 2018.

Details of the financial position at the end of the year are outlined in the table below

Service Area	Revised Budget £'000	Original Actual £'000	Reserve Adjustments £'000	Revised Actual £'000	Revised Actual LESS Budget Favourable / (Adverse) £'000
Communities	1,163	1,048	114	1,163	0
Corporate Resources	2,461	2,614	20	2,634	(173)
Customer Services	1,541	1,504	(1)	1,504	37
Environment Commercial Partnerships	2,298	1,995	5	2,001	297
Housing	457	778	103	881	(425)
Law and Governance	825	1,025	2	1,026	(202)
Planning for Growth	1,380	(715)	1,188	473	907
Senior Leadership Team	615	731	-	731	(116)
BMS Invest	-	61	-	61	(61)
<b>Net expenditure on services ***</b>	<b>10,740</b>	<b>9,042</b>	<b>1,431</b>	<b>10,473</b>	<b>267</b>
Recharge to HRA	(1,027)	(1,220)		(1,220)	193
Recharge to Capital	(301)	(168)		(168)	(133)
Capital financing costs	65	105		105	(40)
Transfers to / (from) reserves	1,995	2,325	(1,431)	893	1,102
<b>Total budget requirement ***</b>	<b>11,473</b>	<b>10,084</b>	<b>-</b>	<b>10,084</b>	<b>1,389</b>
Council Tax	(5,796)	(5,796)		(5,796)	-
Collection fund (Surplus)	(89)	(89)		(89)	-
Business Rates less Tariff	(2,124)	(2,839)		(2,839)	716
Levy		272		272	(272)
Business Rates - Pooling Benefit	(79)	(226)		(226)	147
16/17 distribution of deficit		137		137	(137)
S31 Grant	(600)	(1,162)		(1,162)	562
Revenue Support Grant	(370)	(370)		(370)	-
Transition Grant	(40)	(40)		(40)	-
Rural Services Support Grant	(347)	(347)		(347)	-
New Homes Bonus	(2,028)	(2,033)		(2,033)	5
<b>Total funding</b>	<b>(11,472)</b>	<b>(12,493)</b>	<b>-</b>	<b>(12,493)</b>	<b>1,021</b>
<b>Total Favourable Variance</b>	<b>0</b>	<b>(2,410)</b>	<b>-</b>	<b>(2,410)</b>	<b>2,410</b>

\*\*\* Transformation Fund – actual expenditure and budgets have been excluded from the table above. Full details of spend in 2017/18 are detailed in Appendix C

- 10.8 Staffing - the vacancy management savings of £100k has been exceeded resulting in a favourable variance of £121k, a decrease of £65k since Quarter 3. There have been eleven redundancies during 2017/18 at a cost of £301k. To improve the level of accuracy when forecasting redundancies, Finance will continue to work closely with HR to develop a more robust process. A breakdown of staffing variances for each Service Area is shown in section 10.9 below. For 2018/19, the vacancy management figure has been reviewed to reflect actual experience and increased to £210k (this is equal to a 2.5% turnover of staff).
- 10.9 The table below shows in detail the items that are included in the net favourable variance of £2,410k. A number of these have been reported in previous budgetary control reports to Cabinet. Quarter 3 variances have been included for comparison. Most of the variances identified within this report have been taken into consideration when setting the budgets for 2018/19.

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<b>Communities</b>			
<u>Policy and Strategy (Health and Wellbeing)</u>	23	26	3
<ul style="list-style-type: none"> <li>Employee costs – a favourable variance of £14k. This is due to a part year saving for a full-time vacancy. The post was recruited to during September 2017. This saving is for 2017/18 only.</li> <li>Other items (net) – a favourable variance of £12k</li> </ul>			
<u>Public Realm</u>			
<p>Open Spaces (incl. Countryside Development)</p> <ul style="list-style-type: none"> <li>Due to a number of vacant posts employee costs have resulted in a favourable variance of £37k.</li> <li>Plant and vehicle costs – this area is difficult to predict and is very much dependent on a number of factors such as the cost of fuel, vehicle repairs etc resulting in an adverse variance of £37k. This is an improvement of £21k since Quarter 3. This can be utilised to reduce the adverse variance that has arisen in Street and Major Road Cleaning.</li> <li>An adverse variance of £11k can be attributed to an income shortfall, an improvement of £41k since Quarter 3. The budget in this area has been reviewed for 2018/19.</li> <li>Other items (net) – a favourable variance of variance of £27k.</li> </ul> <p>It is recommended that £16k be transferred from the S106 earmarked reserve to offset expenditure associated with staff costs and for grounds maintenance of specific S106 sites including The Meadows, Debenham and Wrights Way, Woolpit.</p>	(68)	16	84
<p>Car Parks</p> <ul style="list-style-type: none"> <li>£34k favourable variance due to a net under spend on premises related expenditure and supplies and services including business rates (£21k). The budget has been adjusted for 2018/19.</li> <li>The favourable variance offsets an income shortfall of £40k which has arisen due to the closure of Morrisons last year. Income has gradually increased, however, it is not yet at the same level as when Morrisons was open.</li> <li>Other items (net) – a favourable variance of £17k</li> </ul>	55	11	(44)
<p>Street and Major Road Cleansing</p> <ul style="list-style-type: none"> <li>Employee costs – a favourable variance of £13k</li> </ul>	45	(9)	(54)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>due to a vacancy.</p> <ul style="list-style-type: none"> <li>Plant and vehicle costs – a favourable variance of £21k, a reduction of £9k since Quarter 3. This area is difficult to predict and is very much dependent on a number of factors such as the cost of fuel, vehicle repairs etc. and can be offset partly by the favourable variance in Open Spaces.</li> <li>Income shortfall – an adverse variance of £36k. This can be attributed in part to a reduction in recycling credits and income received for the emptying of dog and litter bins. This budget has been reviewed for 2018/19</li> <li>Other items (net) an adverse variance of £7k.</li> </ul>			
Other items (net) – a favourable variance of £7k	20	7	(13)
<b>Corporate Resources</b>			
<u>Commissioning and Procurement</u>	55	56	1
<ul style="list-style-type: none"> <li>Employee costs - £43k favourable variance. The 2017/18 budget included provision for two new Grade 6 Business Partner roles. One of these posts was offered as an ongoing saving, the other post has now been recruited to, but the post-holder will not start until 2018/19 resulting in a full year saving. A carry forward request for £20k has been submitted as referred to in paragraph 10.13.</li> <li>Other items (net) – a favourable variance of £13k.</li> </ul>			
<u>Finance</u>	(49)	(37)	12
<ul style="list-style-type: none"> <li>The increase in volume of payment cards for housing rents / council tax and the postage method by which these cards are issued to tenants has resulted in an adverse variance of £37k. The Finance team is working with the service provider to seek recompense for the higher than expected postage costs. Going forward, the Housing Corporate Manager will actively promote the use of Direct Debit as the preferred payment method.</li> </ul>			
<u>Organisational Development</u>	(5)	(78)	(73)
<ul style="list-style-type: none"> <li>Employee costs – the Council has employed a number of interns during the course of the year. This was not budgeted for in 2017/18 resulting in an adverse variance of £14k. This has been amended for the 2018/19 budget.</li> <li>Health and Safety – an adverse variance of £34k. This is made up of a number of items including</li> </ul>			

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>staffing resource (£13k), MYSOS smartphone app - Skyguard lone working (£13k) and Hand Arm Vibration testing (£8k).</p> <ul style="list-style-type: none"> <li>An adverse variance of £13k has arisen for recruitment costs which include placement fees.</li> <li>Other items (net) – an adverse variance of £17k.</li> </ul>			
<p><u>Asset Management</u></p> <ul style="list-style-type: none"> <li>An adverse variance of £220k for the purchase of Paddock House and Needham and Stowmarket Middle Schools as part of the Councils investment and regeneration programme, has resulted in significant revenue expenditure that was not part of the original business case. The adverse variance includes both ongoing costs such as business rates and one-off costs such as securing the sites. Ongoing costs of approximately £113k have been included in the budgets for 2018/19.</li> <li>Other items (net) – an adverse variance of £5k.</li> </ul>	(224)	(225)	(1)
<b>Customer Services</b>			
<p><u>Public Access</u></p> <ul style="list-style-type: none"> <li>Employee costs - a favourable variance of £36k. This area of the Council has a high turnover of employees due to the nature of the Customer Services function, which resulted in a small number of vacant posts.</li> </ul>	53	36	(17)
<p><u>Communications</u></p> <ul style="list-style-type: none"> <li>Employee costs – this favourable variance is attributable to staff vacancies. A review of the structure was undertaken during the 2017/18 to ensure that it fits the needs of the organisation.</li> </ul>	17	8	(9)
<p><u>ICT</u></p> <ul style="list-style-type: none"> <li>Employee costs – a favourable variance of £67k is anticipated. Included within this variance are 3 full-time vacant posts which are no longer required due to the transfer of functions to SCC IT offset in part by £40k for the cost of redundancy.</li> <li>An adverse variance of £47k can be attributed to additional service requirements from Suffolk County Council regarding staffing – backfill for maternity cover plus the deployment of additional equipment in relation to the move to Endeavour House.</li> <li>Other items (net) – an adverse variance of £5k.</li> </ul>	2	15	13



Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<b>Environment and Commercial Partnerships</b>			
<u>Building Control</u> <ul style="list-style-type: none"> <li>Employee Costs – £30k favourable variance due to one vacancy.</li> <li>Income shortfall – an adverse variance of £118k, despite an uplift in fees of 5% that took place in September 2017. This is an improvement of £8k since the previous quarter. As reported in Quarter 3, the variance can be attributed in part to a budget error where VAT of £80k was included, inflating the overall calculation of income to be received in year. A 5% increase in Building Control applications was also factored in to the budget for 2017/18 budget. This has not been reflected by the actual applications received to date as the service has seen a slight decrease in market share of £38k. These issues have now been resolved and the correct budgets set for 2018/19.</li> <li>Other items (net) – a favourable variance of £1k.</li> </ul>	(102)	(87)	15
<u>Leisure Contract</u> <ul style="list-style-type: none"> <li>A revision of the contract indices for the Mid Suffolk Leisure Centre has resulted in a favourable variance of £16k.</li> <li>£25k was carried forward from 2016/17 to support the Joint Leisure, Sport and Physical Activity Strategy in 2017/18, this has not been fully utilised and has resulted in a favourable variance of £21k.</li> <li>Other items (net) – a favourable variance of £3k.</li> </ul>	16	40	24
<u>Waste</u> <ul style="list-style-type: none"> <li>£115k favourable variance for the Material Recycling Facility (MRF). The gate fee is re-calculated each April making it difficult to accurately reflect the price per tonne. In recent years the basket price has changed from £5/tonne to £12/tonne and is very much dependent on the world market. Mid Suffolk already has an earmarked waste reserve containing £159k. This earmarked reserve is utilised to smooth year on year changes so that the core budget can remain relatively stable. As the waste reserve does not need to be supplemented in 2017/18, it is therefore recommended that the favourable variance of £115k be transferred to the Business rates</li> </ul>	233	234	1

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>Equalisation Reserve this year.</p> <ul style="list-style-type: none"> <li>Glass Collection – this service was introduced in 2016/17 as a new income stream. When the budget was set for 2017/18 it was updated to reflect the income, but not the expenditure. The glass collection service is a viable one and the adverse variance of £22k has been adjusted for when setting the budget for 2018/19.</li> <li>Garden Waste – following recent housing growth, subscriptions to the Garden Waste Collection Service has increased. Surplus income of £51k has been received.</li> <li>Trade waste – surplus income of £70k has been received. Mid Suffolk's customer base has grown following continued advertising and promotional activities. This has resulted in surplus income of £70k.</li> <li>Other items (net) – a favourable variance of £20k.</li> </ul>			
<b>Law and Governance</b>			
<p><u>Information Management</u></p> <ul style="list-style-type: none"> <li>An adverse variance of £79k on employee costs. An increase of £13k since Quarter 3 mainly due to the cost of redundancy within the service. The overall adverse variance is attributable to the re-allocation of resources from the capital element of the JOSIE project to revenue.</li> <li>Land Charges – despite the increased level of activity in the housing market and consequently the increase in the number of searches carried out by the land charges team, a number of these were 'no fee' personal searches. There is an income shortfall of £13k, however this is an improvement of £33k since the previous quarter.</li> <li>Other items (net) – an adverse variance of £1k.</li> </ul>	(106)	(93)	13
<p><u>Democratic Services</u></p> <ul style="list-style-type: none"> <li>Following the move to Endeavour House, the Council no longer has an in-house print service, any savings that resulted from a change to this area of the staffing structure has since been absorbed by the cost of the new scanning team. This and the cost of outsourcing our printing and postal functions has resulted in an adverse variance of £49k, a review of this service will be undertaken.</li> <li>Other items (net) – an adverse variance of £1k.</li> </ul>	-	(50)	(50)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<u>Internal Audit</u> <ul style="list-style-type: none"> <li>Employee costs – an adverse variance of £9k. The need for an additional Grade 5 post was identified after the 2017/18 budget was set. This post was filled and has since become vacant. Revised resource requirements are in place and the budget adjusted for from 2018/19.</li> <li>An External Quality Assessment (EQA) was carried out in February 2018. The EQA is a means to measure Internal Audit's compliance against the Public Sector Internal Audit Standards (PSIAS). An adverse variance of £2k is expected.</li> <li>Other items (net) – a favourable variance of £2k.</li> </ul>	(11)	(9)	2
<u>Shared Legal Services</u> <ul style="list-style-type: none"> <li>Employee costs - £46k adverse variance. There were two roles where it was anticipated that these would cease once the Shared Legal Services model was live. This was not the case, the roles ended in October 2017</li> <li>Legal expenses – expenditure relating to the provision of legal services is charged directly to the service area in which the work took place resulting in a favourable variance of £48k. This variance was not identified as a savings opportunity for the 2018/19 budget, so will be corrected in 2019/20.</li> <li>Other items (net) an adverse variance of £17k</li> </ul>	(6)	(15)	(9)
<b>Planning for Growth</b>			
<u>Development Management</u> <ul style="list-style-type: none"> <li>It is anticipated that employee costs will result in a favourable variance of £28k, an improvement of £25k since the previous quarter. There is significant change planned in this area i.e. posts being recruited to and service requirements being reviewed.</li> <li>Legal costs awarded for appeals – an under spend of £105k, an increase of £27k since Quarter 3. Due to its unpredictable nature, it is recommended that an earmarked reserve be set up to ensure that the core budget can remain relatively stable and the reserve is utilised to smooth year on year changes. It is recommended that this favourable variance be transferred to the earmarked reserve.</li> <li>The Council's Joint Strategic Plan places a clear</li> </ul>	670	960	290

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>priority on the delivery of more of the right type of housing, of the right tenure, in the right places. It goes on to explain that the Council is seeking to significantly increase supply and expand our 'market making' role in terms of creating the right conditions for developers to work with communities to deliver more housing. Following this commitment, the Council continues to see an increase in planning applications which results in a favourable variance of £724k, an improvement of £220k since the previous quarter. It is recommended that £50k be transferred to the newly created planning legal reserve in conjunction with the £105k mentioned above.</p> <ul style="list-style-type: none"> <li>• Following the introduction of pre-application charges in July 2017 income levels have improved since the previous quarter by £30k resulting in an overall favourable variance of £86k. The budget for 2018/19 reflects this new income stream.</li> <li>• Other items (net) – a favourable variance of £17k</li> </ul>			
<p><u>Strategic Planning, Sustainable Environment and Heritage</u></p> <ul style="list-style-type: none"> <li>• The staffing resources required in this area have been under review and as a result vacant posts were held, this did not impact on the delivery of the Local Plan. Employee costs are underspent by £182k, an increase of £30k since Quarter 3.</li> <li>• A favourable variance of £171k for Professional fees and legal costs associated with the Joint Local Plan, will be carried forward for use in 2018/19.</li> <li>• Income received by way of Brownfield sites, the Custom Build Grant and the Neighbourhood Planning Grant has resulted in a favourable variance of £54k of which it is recommended that £50k be transferred to the Strategic Planning earmarked reserve for use in future years.</li> <li>• Other income received that was not anticipated has resulted in a favourable variance of £48k. This includes pre-app charges for applications where conservation / heritage advice is necessary (£7k) and contributions from other Local Authorities towards consultancy costs associated with the Joint Local Plan.</li> <li>• Other items (net) – a favourable variance of £36k.</li> </ul>	200	491	291

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<u>Community Infrastructure Levy (CIL)</u> <ul style="list-style-type: none"> <li>The overall favourable variance for CIL is £841k. It is recommended that £768k be transferred to the earmarked reserve for spend on infrastructure in accordance with the Regulation 123 list in 2018/19 and beyond. The remaining balance of £73k, can be broken down as follows;</li> <li>As part of the review within Strategic Planning, it has been possible to fund the Infrastructure Team (CIL team) from this core budget as opposed to the Transformation Fund. All staff costs associated with the team have been 'backdated' to the start of 2017/18 and are included within this revised variance. Employee costs are under spent and result in a favourable variance of £27k.</li> <li>Income for the 5% administrative charge for the operating of CIL has resulted in a favourable variance of £46k. This area is difficult to forecast due to its unpredictable nature.</li> </ul>	-	841	841
<u>Open for Business</u> Tourism <ul style="list-style-type: none"> <li>Employee costs – an adverse variance of £46k. This can be attributed to redundancy costs which were not anticipated.</li> <li>Based on current income levels for the sale of goods and services, a shortfall of £16k has arisen.</li> <li>A £49k underspend for supplies and services (includes £18k for Business Improvement Grants, £5k on contracted services and £10k on print costs for the South and Heart of Suffolk marketing campaign). A review of how this service area is currently provided is being undertaken. Any budget adjustments required have been made for 2018/19.</li> <li>A favourable variance of £25k – this follows receipt of a grant for growing the visitor economy through Destination Management / Marketing Organisation (DMO) work. It has been requested that this be transferred to the Government Grants earmarked reserve for spending in 2018/19.</li> </ul> Licensing <ul style="list-style-type: none"> <li>Employee costs, a favourable variance of £4k is expected as a result of one vacant post (1 fte).</li> </ul>	13	31	18

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<ul style="list-style-type: none"> <li>Licensing income - £10k adverse variance. This area of income is often difficult to predict.</li> </ul> Other <ul style="list-style-type: none"> <li>Other items (net) – a favourable variance of £25k.</li> </ul>			
<b>Housing</b>			
<u>Business Improvement (Corporate)</u> <ul style="list-style-type: none"> <li>The staffing structure within this area has been reviewed and as such employee costs are under spent resulting in a favourable variance of £13k.</li> </ul>	10	13	3
<u>Property Services</u> <ul style="list-style-type: none"> <li>Creeping Road Depot – an adverse variance of £29k is anticipated, a nominal increase of £2k since the previous quarter. The overall variance can be attributed to the cost of legionella testing, the cost of tools and equipment plus ad hoc works to ensure that the site is fit for purpose. This work would still have been required, but it was 'fast tracked' in readiness for the move, hence it not be included as part of the All Together programme.</li> <li>Following the move to Endeavour House, the Headquarters building in Needham Market requires 24-hour security. It has resulted in an adverse variance of £59k, an increase of £11k since Quarter 3.</li> <li>Employee costs - a number of changes were required to the Capital Projects Team staffing budget. Unfortunately, these changes were identified too late in the 2017/18 budget setting process. The actual forecast spend better reflects how the team is spending its time which has resulted in an adverse variance of £34k.</li> </ul>	(99)	(122)	(23)
<u>Photo Voltaic (PV) Panels (Feed In Tariff Income)</u> <ul style="list-style-type: none"> <li>Following extensive work in this area a variety of problems have been identified which has impacted the level of income received. This includes; <ul style="list-style-type: none"> <li>a) a number of properties where PV panels have been installed but are still awaiting registration.</li> <li>b) Technical problems with the panel inverters and the collection of usage data. The contractor used to supply inverters has since ceased trading, work is being undertaken to find a suitable replacement.</li> <li>c) Positioning of PV panels to optimise performance.</li> </ul> </li> </ul>	95	(38)	(133)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>d) Audit of the panels by a third party – whilst the audit is being carried out, receipt of FiT income is suspended.</p> <p>Any income due will be backdated to when the panels were installed making it extremely difficult to predict how much and when the Council will receive the income. This has resulted in an adverse variance of £38k against a budget of £395k and includes limited costs for necessary repairs. An independent review of the service is being undertaken, this will enable lessons to be learnt to support both accurate budget setting and forecasting of income and expenditure going forward.</p>			
<p><u>Homelessness</u></p> <ul style="list-style-type: none"> <li>Following the introduction of the Homelessness Reduction Act 2017 (HRA) in April 2017, the Council received a ringfenced grant of £58k. In December 2017, a further grant of £38k was received. There are many implications arising from the new legislation, the most significant change being new prevention duties. As a result, it has been necessary to increase staff resources in the homelessness team to ensure the Council's new responsibilities are fulfilled.</li> <li>Other items (net) – a favourable variance of £7k.</li> </ul> <p>It is recommended that the total net favourable variance of £103k be transferred to an earmarked reserve for use in 2018/19 and beyond. A further contribution of £100k from the overall General Fund surplus is also recommended.</p>	75	103	28
<b>Other</b>			
<p><u>All Together</u></p> <ul style="list-style-type: none"> <li>Utilising existing budgets for expenditure such as gas, electricity plus general building costs for the Headquarters site, has resulted in an adverse variance of £34k. The running costs for Endeavour House (£87k) has resulted in an overall adverse variance of £146k. One-off costs associated with the All Together programme are £396k which will be met from the Transformation Fund.</li> </ul>	(106)	(146)	(40)
<p><u>Senior Leadership Team</u></p> <ul style="list-style-type: none"> <li>Employee costs – an adverse variance of £77k mainly due to the cost of redundancy within the</li> </ul>	-	(74)	(74)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
service. • Other items (net) – a favourable variance of £3k.			
Other items (net) – an adverse variance of £146k.	(150)	(146)	4
<u>Capital Financing Costs</u> An adverse variance of £40k is anticipated. This can be broken down as follows; <ul style="list-style-type: none"> <li>Net investment income i.e. CCLA, UBS – a favourable variance of £157k, a small reduction of £9k since the previous quarter.</li> <li>Net interest payable / receivable – a favourable variance of £92k.</li> <li>CIFCO – a net adverse variance of £220k is anticipated, an improvement of £7k since Quarter 3. This results from a change in timing of purchases compared to the budget assumption.</li> <li>Minimum Revenue Provision (MRP) – an adverse variance of £69k is predicted. It has been identified that the budgets for 2017/18 did not include an amount for either the PV panels nor land assembly. This has been corrected as part of the budget setting process for 2018/19.</li> </ul>	(79)	(40)	39
<u>Transfers (to) / from reserves</u>  The overall position, a net transfer <u>to</u> reserves before those transfers set out in 2.2 of the recommendations, is £329k greater than expected. This can be attributed to contributions made to reserves that were not anticipated including Carry Forwards of £262k. The amount spent from the Transformation Fund to support staff working on Delivery Plan projects was also less than expected (£67k).	-	(329)	(329)
<u>Business Rates</u> The net favourable variance of £1,016k is made up of four key elements. These are detailed below;			
• Timing difference for the distribution of the 2016/17 deficit on the Collection Fund £137k	(137)	(137)	-
• 2017/18 Baseline business rates less Government tariff has resulted in a favourable variance of £444k.	398	444	45
• Business Rates Pooling Benefit – an estimated pooling benefit of £226k. This is a favourable variance of £147k, as referred to in paragraph 10.10(c).	76	147	71
• S31 Business Rates Grant – a favourable variance of £562k. The change of £318k since the previous quarter can be attributed to changes	244	562	318



Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
in the small business rate relief threshold.			
New Homes Bonus – national redistribution of surplus funds (Top Slice).	-	5	5
<b>TOTAL FAVOURABLE VARIANCE</b>	<b>1,158</b>	<b>2,410</b>	<b>1,252</b>

#### 10.10 Funding:

- (a) Council Tax (£5.8m): At the end of March, collection rates were 98.65%, compared with 98.59% for the same period last year and a target of 98.40%. The collection of council tax will continue to remain a challenge especially from those receiving council tax reductions under the Local Council Tax Reduction Scheme (LCTR). Recovery Action is varied and the increase in the collection rate for 2017/18 shows that it continues to be a high priority for the Shared Revenues Partnership (SRP).
- (b) Government Grants: RSG (£0.4m), baseline business rates (£2.2m), and New Homes Bonus (£2.03m) were allowed for in the Budget. NHB – a £5k favourable variance through the national redistribution of surplus funds. RSG is fixed but the actual amount of business rates will vary as outlined in the table above.
- (c) Business Rates: At the end of March, collection rates for business rates were 98.97% compared with 98.46% for the same period last year and a target of 98.19%. Following notification of the final Business Rates Pool position from Suffolk County Council, a favourable variance of £147k has been achieved for the Council's share of the pool.

10.11 The overall net favourable variance of £2,410k means that the Council is able to supplement the Business Rates Equalisation reserve (£1,140k) and make the following contributions to or from earmarked reserves;- £768k to Community Infrastructure Levy (CIL), £203k to Homelessness, £155k to Planning for legal costs, £50k to Strategic Planning, £110k to other Government Grants and £16k from Commuted Sums.

10.12 A statement showing the various transfers to and from earmarked reserves is included at Appendix A.

10.13 Members should note that the overall outturn position includes a number of budget carry forward requests totalling £262k as follows:

<b>Request</b>	<b>(£'000)</b>
Local Plans – development of a Joint Local Plan including consultations and sustainability appraisal - continuing into 2018/19	171
Community Development – grant aid committed, but not yet spent	45
Commissioning and Procurement - salary cost to cover the required changes in team structure for 2018/19.	20
Other carry forward items (less than £10k)	26
<b>Total</b>	<b>262</b>

### **Transformation Fund**

- 10.14 The table below provides a high-level summary of the movement in the Transformation Fund for 2017/18. A more detailed breakdown of expenditure is shown in Appendix C.

<b>MID SUFFOLK</b>	<b>£'000</b>
<b>Balance at 31st March 2017</b>	<b>8,238</b>
New Homes Bonus Contribution	2,028
Business Rates Grant	600
<b>Total contributions 2017/18</b>	<b>2,628</b>
<b>Revised Balance Available</b>	<b>10,866</b>
<b>LESS;</b>	
Funding 2017/18 budget	(267)
Community Capacity Building	(241)
Actual year to date spend (April - Mar 2018)	(1,046)
<b>PLUS:</b>	
Balance on Procurement Reserve no longer required, therefore transferred to Transformation Fund	16
<b>Balance at 31st March 2018</b>	<b>9,328</b>

### **General Fund Capital**

- 10.15 Capital resources should be aligned to the Councils Strategic Priorities and desired outcomes. A zero based approach was adopted for the capital programme for 2017/18 to ensure that resources are aimed at delivering the council's strategic priorities.
- 10.16 With complex capital schemes it is difficult to accurately assess the level of payments that will be made during the financial year. The Council has also embarked on new projects e.g. building new homes where it is difficult to accurately

predict at the planning stage how payments will fall. Members should therefore focus on whether overall outcomes are being achieved as a result of the capital investment rather than variances against the plan for a particular year.

10.17 Following approval by Full Council in April 2017 to set up a holding company. Activity to invest the £25m Capital Investment began with its first purchase in December 2017. During 2017/18 a total of £12.3m of the £25m has been spent, with the remainder expected to be invested by September 2018, and hence will need to be carried forward.

10.18 Capital expenditure for 2017/18 totals £14.8m, against a revised programme (including carry forwards) of £31.2m as set out in Appendix B.

	£'000
<b>Revised Capital Programme</b>	<b>31,168</b>
Actual expenditure	14,834
Contractual commitments as at 31 March 2018 (paragraph 10.20)	507
Carry forward requests (paragraph 10.21)	14,733
<b>Total expenditure and carry forward requests</b>	<b>30,074</b>
<b>Net capital programme favourable variance</b>	<b>1,094</b>

10.19 The favourable variance of £1,094k is mainly attributed to;

- Leisure Contracts - a favourable variance of £541k. Following the Strategic Leisure Review and the separate approval of the budget for 2018/19, the need to carry forward this budget is not required.
- Property Services – a favourable variance of £197k in relation to Corporate Buildings, Carbon Reduction, and equipment renewals.
- ICT – a favourable variance of £181k. The majority of the favourable variance can be attributed to the JOSIE project. When the 2017/18 budget was set it was anticipated that the project would take a full year to complete, this was not the case. A carry forward of £150k has been requested to support a number of projects in 2018/19 including improvements to Public Access and Building Control.
- Community Grants – historically, any unspent grant money has been carried forward for use in future years. Following a review of the grants allocation process, only expenditure that is genuinely committed has been carried forward for use in 2018/19 resulting in a favourable variance of £128k.
- Other items (net) – a favourable variance of £47k.

10.20 Contractual commitments are detailed in the table below. These funds were committed in 2017/18 and will be spent in 2018/19. The resources to fund these commitments will also be transferred to 2018/19.

<b>Contractual Commitments as at 31 March 2018</b>		<b>(£'000)</b>
Discretionary Housing Grants		179
Community Development Grants		150
Mandatory Disabled Facilities Grants		71
Recycling Bins		63
LED Streetlights		44
<b>Total</b>		<b>507</b>

- 10.21 The following items are schemes where no contractual commitment yet exists, but they represent either plans or aspirations for investment, for which carry forward to the 2018/19 capital programme is requested, again with the requisite capital resources to fund this. It is proposed that these capital resources are carried forward into 2018/19 and reviewed as part of the Joint Strategic Plan to assess whether the original requirement still exists, how it contributes to the strategic priorities and hence whether the resource can be redirected or removed.

<b>Capital Scheme</b>	<b>Carry Forward Requests (£'000)</b>
Delivery Programme Investment Opportunities	12,667
Land assembly, property acquisition and regeneration opportunities	1,391
Grants - Affordable Housing	500
ICT	150
Play Equipment	25
<b>Total</b>	<b>14,733</b>

### **Housing Revenue Account (HRA)**

- 10.22 The financial position of the HRA for 2017/18 should be viewed in the context of the updated 30 year business plan which was presented to Cabinet in July alongside this report. The favourable position on both revenue and capital for the HRA in 2017/18 is as a result of decisions taken during the year to assist with the 30 year position and supports the actions that are required to remain within the debt cap. The business plan, made possible by the change in funding for HRAs in April 2012, sets out the aspiration of the Council to increase the social housing stock by either buying existing dwellings or building new ones.
- 10.23 The Welfare Reform and Work Act 2016 stipulated that Council rents for 2016/17 and the following three years would need to be reduced by 1% per annum. The previously agreed rent strategy was based on applying the maximum level of rent increase to support the business plan whilst keeping our average rent level within the limit rent. The overall impact of the change is substantial; however this will be reduced following the announcement by the Government that we can increase rent by a maximum of CPI + 1% for five years from 2020/21.

10.24 With the Council's housing stock at 3,274 homes there will always be unplanned events that affect the level of income and expenditure in any one financial year. Members should therefore consider annual variances in the context of the medium term outcomes that the Council wishes to achieve.

10.25 The original budget set for the HRA for 2017/18 showed a deficit of £714k. The final figure for 2017/18 is a surplus of £467k, resulting in a net favourable variance of £1,181k for the year. This is a welcome addition to reserves to support the revised 30 year business plan.

10.26 The outturn compared to budget is shown in the table below.

	Budget YTD	Actual YTD	Variance (Adverse) / Favourable
	£'000	£'000	£'000
Income	(15,444)	(15,119)	(325)
Maintenance	1,277	1,212	65
Property Services	1,310	813	497
BMBS	225	775	(550)
Housing Management	2,238	2,390	(152)
Sheltered Housing	952	1,106	(154)
Depreciation and impairment	3,407	3,442	(35)
Capital Financing Costs	3,042	2,704	337
Debt Repayment	0	0	0
Net transfers (to)/from reserves inc revenue contributions to Capital	3,596	2,193	1,403
Bad Debt Provision	111	17	94
<b>Deficit/ (Surplus) for Year</b>	<b>714</b>	<b>(467)</b>	<b>1,181</b>
Balance at 1 April 2017	(5,442)	(5,442)	0
Deficit /(Surplus) for year (as above)	714	(467)	1,181
<b>Balance at 31 March 2018</b>	<b>(4,728)</b>	<b>(5,909)</b>	<b>1,181</b>
Working Balance 31 <sup>st</sup> March 2018	(1,209)	(1,209)	-
Strategic Priorities Reserve 31 <sup>st</sup> March 2018	(3,519)	(4,700)	1,181

10.27 The table below shows the main items that are included in the net favourable variance, a number of these have already been reported in previous budgetary control reports to Cabinet. Quarter 3 variances have been included for comparison. Most of the variances within the report have been taken into consideration when setting the 2018/19 budgets.



Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>£135k mainly due to savings on materials as a result of less work being carried out than was budgeted for. This is a reduction of £112k since Quarter 3 mainly due to the purchase of Hand Vibration tools following the Health and Safety review and a higher volume of equipment purchases than anticipated.</p> <ul style="list-style-type: none"> <li>Salaries – a favourable variance of £30k due to vacancies not being filled during the year. This is an increase of £56k since Quarter 3.</li> <li>Income - £715k adverse, an increase of £151k from the forecast at Quarter 3. This is due to less work carried out than anticipated and is offset by a favourable variance in Property Services.</li> </ul>			
<p><u>Housing Management</u></p> <ul style="list-style-type: none"> <li>Salaries – redundancy costs £25k not in budget</li> <li>Premises – an adverse variance of £33k on council tax payable on empty properties, and £34k due to utility costs on de-sheltered flats and bungalows not being budgeted for.</li> <li>Transport costs - a favourable variance of £19k following the sale of the Pool cars and lower mileage claimed.</li> <li>NPS Fees - £93k adverse variance due to an unexpected damages claim.</li> <li>Financial Inclusion – a favourable variance of £44k due to vacancies and the delay in the project of investigating ways to help tenants in arrears to avoid them becoming homeless.</li> <li>Other minor adverse variances - £30k</li> </ul>	(60)	(152)	(92)
<p><u>Sheltered Housing</u></p> <p>An adverse variance of £154k is attributable to:</p> <ul style="list-style-type: none"> <li>Redundancy costs of £27k following the review of scheme managers. This is an increase of £5k against Quarter 3.</li> <li>Grounds maintenance £20k above budget due to reallocation of costs that had incorrectly been accounted for in General Management.</li> <li>Utility Charges £34k which is mainly due</li> </ul>	(36)	(154)	(119)

Explanation	Quarter 3 Amount (£,000) Favourable / (Adverse)	Outturn Amount (£,000) Favourable / (Adverse)	Movement (£,000) Favourable / (Adverse)
<p>to Npower replacing estimated meter readings with actuals for up to 3 years, leading to higher than expected charges. There is also an increase in heating costs due to adverse weather conditions and some inefficient heating systems. The budgets for 2018/19 will be reviewed as a result of this variance.</p> <ul style="list-style-type: none"> <li>Repairs costs £23k mainly due to the refurbishment of the communal areas within the units.</li> <li>Supported People charge of £30k, not budgeted for.</li> <li>Other minor adverse variances - £20k</li> </ul>			
<u>Depreciation</u> An adverse variance of £35k.	0	(35)	(35)
<u>Capital Financing Costs</u> Lower than expected borrowing costs. These were reviewed in 2017/18 and the financial model interest rates were reduced by 3.9% to 0.5% for 2018/19 onwards.	324	337	13
<u>Net transfers (to) from reserves/revenue contributions to capital</u> The amount required to support Capital spend is £435k lower than anticipated as detailed in note 10.30. There is a further favourable variance of £969k due to the amount of New Build and acquisition spend being funded by 1 for 1 RTB receipt reserves, which is higher than budget due to timing differences.	118	1,403	1,285
<u>Bad Debt Provision</u> A lower level of write-offs than anticipated due to the delayed implementation of Universal Credit.	0	94	94
<b>TOTAL FAVOURABLE VARIANCE</b>	<b>103</b>	<b>1,181</b>	<b>1,078</b>

10.28 The net position means that the HRA reserve balances as at 31 March 2018 amounts to £5.909m, a minimum working balance of £1.209m and £4.700m in the Strategic Priorities Reserve.



## **HRA Capital**

10.29 A zero-based approach was adopted for the preparation of the capital programme for 2017/18 to 2021/22, to ensure that resources are aimed at delivering the Council's strategic priorities.

10.30 A substantial level of capital investment of £6.9m was undertaken during 2017/18. Further details are shown in Appendix B. The outturn shows a net favourable variance of £435k (after carry forward requests) as summarised in the table below and is described further in paragraph 10.31.

	<b>£'000</b>
<b>Revised Capital Programme</b>	<b>8,839</b>
Actual expenditure	6,915
Contractual commitments as at 31 March 2018 (paragraph 10.32)	1,418
Carry Forward requests (paragraph 10.33)	71
<b>Total expenditure and contractual commitments</b>	<b>8,404</b>
<b>Net capital programme favourable variance</b>	<b>435</b>

10.31 The favourable variance of £435k can be attributed to a number of variances, including;

- Planned maintenance - a favourable variance of £260k is partly due to BMBS not carrying out as much work as anticipated and a robust challenge on the amounts to be carried forward. This is an improved position since Quarter 3 of £155k.

A 10-year capital programme was not available in 2017/18 however, following the 20% stock condition survey that was completed in April, an informed programme of capital works will be developed.

- ICT and total mobile - £144k favourable variance due to savings on consultancy fees as a result of completing tasks inhouse combined with a reduction in the number of consultancy days needed from Capita on the Open Housing system.
- New Build and acquisition – £28k favourable variance
- Other minor variances amount to a favourable variance of £3k

10.32 Contractual commitments are detailed in the table below. These funds were committed in 2017/18 and will be spent in 2018/19. Resources to finance the capital expenditure e.g. capital receipts will also transfer from 2017/18 into 2018/19.

<b>Contractual Commitments as at 31 March 2018</b>	<b>(£'000)</b>
Planned Maintenance	1,418
<b>Total</b>	<b>1,418</b>

- 10.33 The following items are schemes where no contractual commitment yet exists, but they represent either plans or aspirations for investment, for which carry forward to the 2018/19 capital programme is requested, again with the requisite capital resources to fund this. It is proposed that these capital resources are carried forward into 2018/19 and reviewed as part of the Joint Strategic Plan to assess whether the original requirement still exists, how it contributes to the strategic priorities and hence whether the resource can be redirected or removed.

<b>Capital Scheme</b>	<b>Carry Forward Requests (£'000)</b>
Planned Maintenance	26
ICT	17
Disabled Adaptions to Council Dwellings	28
<b>Total</b>	<b>71</b>

## 11. Appendices

<b>Title</b>	<b>Location</b>
<b>APPENDIX A</b> - General Fund Earmarked Reserves	Attached
<b>APPENDIX B</b> – Capital Programme	Attached
<b>APPENDIX C</b> – Transformation Fund	Attached

## 12. Background Documents

23 February 2017 Budget Report 2017/18 – C/03/17

13 October 2017 Financial Monitoring Quarter 1 – MCa/17/18

4 December 2017 Financial Monitoring Quarter 2 – MCa/17/32

5 March 2018 Financial Monitoring Quarter 3 – MCa/17/52

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## GENERAL FUND RESERVES

Transfers to / from Earmarked Reserves	Balance 31 March 2017 £'000	Transfers 2017/18			Balance 31 March 2018 £'000
		Intra	Out	In	
		£'000	£'000	£'000	£'000
<b>General Fund</b>					
Carry Forwards	(314)		314	(262)	(262)
Transformation Fund	(8,238)	(16)	1,554	(2,628)	(9,328)
Business Rates Equalisation	(639)			(1,140)	(1,779)
Government Grants	(94)		1	(111)	(205)
Welfare Benefits Reform	(211)				(211)
S.106 Agreements	(328)		35	(19)	(312)
Community Infrastructure Levy (CIL)	(412)			(768)	(1,180)
Growth & Sustainable Planning	(351)			(155)	(506)
Strategic Planning	(301)		4	(53)	(350)
Elections Fund	(48)			(15)	(63)
Planning Enforcement	(20)				(20)
Revocation of Personal Search Fees	(50)				(50)
Repairs and Renewals	(292)				(292)
Homelessness	(156)			(203)	(360)
Eric Jones House	(46)				(46)
Other	(176)	16			(160)
<b>Total General Fund</b>	<b>(11,676)</b>	<b>-</b>	<b>1,907</b>	<b>(5,354)</b>	<b>(15,123)</b>
<b>Total General Fund excluding Transformation Fund</b>	<b>(3,438)</b>	<b>16</b>	<b>353</b>	<b>(2,726)</b>	<b>(5,795)</b>

## Capital Programme

## APPENDIX B

### General Fund

MID SUFFOLK CAPITAL PROGRAMME 2017/18	Revised Budget incl Carry Forwards	YTD spend Apr - Mar	Variance - revised budget LESS actual spend	Contractual Commitments	Uncommitted Carry Forwards	Variance after Carry Forwards favourable /(adverse)
GENERAL FUND	£'000	£'000	£'000	£'000	£'000	£'000
<b>Supported Living</b>						
Mandatory Disabled Facilities Grant	489	418	71	71		-0
Discretionary Housing Grants	100	65	35	35		0
Empty Homes Grant	210	66	144	144		0
<b>Total Supported Living</b>	<b>799</b>	<b>549</b>	<b>250</b>	<b>250</b>	<b>0</b>	<b>-0</b>
<b>Strategic Planning</b>						
Grants for Affordable Housing	500	0	500		500	-0
<b>Total Strategic Planning</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>-0</b>
<b>Sustainable Environment</b>						
Streetlights/carpark light fittings to LED equivalents - TF funded	44	0	44	44		0
<b>Total Sustainable Environment</b>	<b>44</b>	<b>0</b>	<b>44</b>	<b>44</b>	<b>0</b>	<b>0</b>
<b>Environment and Projects</b>						
Replacement Refuse Freighters - Joint Scheme	170	183	-13			-13
Recycling Bins	136	73	63	63		0
<b>Total Environmental Services</b>	<b>306</b>	<b>256</b>	<b>50</b>	<b>63</b>	<b>0</b>	<b>-13</b>
<b>Communities and Public Access</b>						
Planned Maintenance / Enhancements - Car Parks	201	156	45			45
Streetcare - Vehicles and Plant Renewals	81	153	-72			-72
Play Equipment	55	0	55		25	30
Community Development Grants	389	111	278	150		128
<b>Total Communities and Public Access</b>	<b>726</b>	<b>420</b>	<b>306</b>	<b>150</b>	<b>25</b>	<b>131</b>
<b>Leisure Contracts</b>						
Mid Suffolk Leisure Centre - structural repairs	44	0	44			44
Mid Suffolk Leisure Centre - roofing	167	51	116			116
Mid Suffolk Leisure Centre - general repairs	200	57	143			143
Mid Suffolk Leisure Centre - car park	123	0	123			123
Stradbroke Pool - general repairs	119	3	116			116
<b>Total Leisure Contracts</b>	<b>652</b>	<b>111</b>	<b>541</b>	<b>0</b>	<b>0</b>	<b>541</b>
<b>Capital Projects</b>						
HQ - Equipment Renewals	20	0	20			20
Planned Maintenance - Corporate Buildings	81	0	81			81
Carbon Reduction	94	0	94			94
Installation of PV Panels on Housing Stock	2	0	2			2
<b>Total Capital Projects</b>	<b>197</b>	<b>0</b>	<b>197</b>	<b>0</b>	<b>0</b>	<b>197</b>
<b>Investment and Commercial Delivery</b>						
Open for Business	30	0	30			30
Land assembly, property acquisition and regeneration opportunities	1,925	534	1,391		1,391	0
<b>Total Investment and Commercial Delivery</b>	<b>1,955</b>	<b>534</b>	<b>1,421</b>	<b>0</b>	<b>1,391</b>	<b>30</b>
<b>Corporate Resources</b>						
ICT - Hardware / Software costs	780	449	331		150	181
All Together	209	182	27			27
CCTV	1	0	1			1
<b>Total Corporate resources</b>	<b>989</b>	<b>631</b>	<b>358</b>	<b>0</b>	<b>150</b>	<b>208</b>
<b>Delivery Programme Investment Opportunities</b>	<b>25,000</b>	<b>12,333</b>	<b>12,667</b>		<b>12,667</b>	<b>0</b>
<b>Total General Fund Capital Spend</b>	<b>31,168</b>	<b>14,834</b>	<b>16,334</b>	<b>507</b>	<b>14,733</b>	<b>1,094</b>

### Housing Revenue Account

MID SUFFOLK CAPITAL PROGRAMME 2017/18	Revised Budget incl Carry Forwards	YTD spend Apr - Mar	Variance - revised budget LESS actual spend	Contractual Commitments	Uncommitted Carry Forwards	Variance after Carry Forwards favourable /(adverse)
HOUSING REVENUE ACCOUNT	£'000	£'000	£'000	£'000	£'000	£'000
<b>Housing Maintenance</b>						
Planned maintenance	3,260	1,556	1,704	1,418	26	260
ICT Projects	280	119	161		17	144
Environmental Improvements	10	12	-2			-2
Unity Redevelopment Work	167	170	-3			-3
Disabled Facilities work	226	190	36		28	8
<b>New build programme inc acquisitions</b>	<b>4,896</b>	<b>4,868</b>	<b>28</b>	<b>0</b>		<b>28</b>
<b>Total HRA Capital Spend</b>	<b>8,839</b>	<b>6,915</b>	<b>1,924</b>	<b>1,418</b>	<b>71</b>	<b>435</b>

# TRANSFORMATION FUND

# APPENDIX C

Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Mar 18		Total Spend	Variance - favourable / + adverse	Outcomes
				BDC	MSDC	BDC	MSDC			
<b>CONTINUING PROJECTS</b>										
<b>Assets &amp; Investments</b>										
<p>Strategic Leisure Review - comprehensive condition survey of all 4 leisure facilities to understand future costs requirements.</p> <p>Additional Resources for;</p> <p>Phase 1 - will be informed by the evidence from the strategic review of our built sports facilities and playing pitches (which is due to complete in October 2015), and will allow us to undertake a joint leisure strategy and investment plan for both Councils.</p> <p>1 Phase 2 - to undertake an independent review of the current contractual arrangements (with SLM and SSL) and deliver future delivery options in line with the strategy. This will involve a review of all existing legal and contractual documentation, leases and management agreements, options appraisal, and our capital investment strategy for these assets and for making recommendations</p> <p>Funding to pay for two Leisure Industry specialists ( Project Manager for phase 1, external consultant for phase 2)</p>	Chris Fry	May-16	126,100	44,801	37,231	13,699	20,679	116,410	-9,690	<p>The initial phase of completing a strategic leisure review is complete with the adoption of a Joint Physical Activity Strategy for both Councils and a completed audit of our own leisure facilities. Phase 2 is currently underway reviewing all of our sport and recreation policies, processes and procedures e.g. open space strategy, local plan policies, S106 funding, planning application responses, major community projects, funding and project proposals.</p>
<p>2 Capital Investment Strategy (CIS) – external professional advisers to support the development of the Capital Investment Strategy, as well as the associated governance framework and delivery model to support implementation of a Capital Investment Fund and provision of a fixed term post for two years - to provide direct specialist technical support to the establishment and implementation of the development and regeneration pipeline</p>	Louise Rawsthorne / Anne Bennett	Aug-16	136,285	51,088	51,088	37,570	37,570	177,316	41,031	<p>A wide range of contribution to outcomes have been achieved including: the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects including the affordable housing programme and other commercial projects</p>
<p>3 To make best use of our corporate assets to include a financial appraisal of the current GF property assets</p>	Jill Pearmain	Aug-16	9,805	3,567	3,567	929	929	8,991	-814	
<b>Business Growth</b>	<b>Business Growth</b>									
<p>4 Extension of fixed term Heritage &amp; Design officer post for 2 years to support work on securing heritage assets</p>	James Buckingham	Oct-15	69,000	17,215	17,215	16,161	16,161	66,751	-2,249	<p>Fulfilling obligation to provide the Local Planning Authority with appropriate advice in relation to Listed Building consents and planning permissions and to conserve and enhance the historic environment. The resource for this activity has been recognised as part of Councils' core functions and the post has therefore been incorporated within the core budget.</p>
<p>5 To support the installation of one or more Electric Vehicle (EV) charging points - Sudbury. Babergh only - Capital</p>	James Buckingham	Mar-17	44,000	0	0	25,154	71	25,225	-18,775	<p>2 installations located in key market towns at locations where there are 'gaps' in the national network.</p>
<p>6 Hadleigh Market - consultancy costs to test whether it is possible to develop and grow Hadleigh Market into a successful town market. <b>BDC Only</b></p>	Lee Carvell	Apr-16	22,000	5,794	0	5,633	0	11,428	-10,572	<p>The town centre has seen an increase in footfall, leading to more visitors supporting the local economy. Stall numbers have risen from 3 to 12 regular traders. Most if not all of this investment will be recouped through increased revenue by end of the project.</p>

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	Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Mar 18		Total Spend	Variance - favourable / + adverse	Outcomes
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	<b>CONTINUING PROJECTS</b>										
	<b>Business Growth</b>	<b>Business Growth</b>									
7	Additional Economic Development capacity to support a number of initiatives aimed at increasing economic growth e.g. key sites, market towns and engaging businesses - <b>18 month extension</b>	Lee Carvell	Feb-17	332,770	98,670	98,551	44,725	44,750	286,696	-46,074	Significant deliverables towards Joint Strategic Plan and business growth priorities including visioning work in Sudbury and Stowmarket, Economic Strategy development, Enterprise Zone and other major products
8	Extend the Enabling Officer, Community Led Planning post from mid-2016 until mid-2017	Robert Hobbs	Feb-16	49,000	8,184	20,123	7,223	11,219	46,749	-2,251	To ensure the neighbourhood plan is successful through the examination and referendum process, i.e. the neighbourhood plan is adopted.
9	Retrospective funding for 2016/17 (year 2) and 2017/18 (year 3) of a three year contract for the 'Visit East Anglia / Visit Suffolk' contract which is due to finish in March 2018.	Lee Carvell	Oct-16	40,000	10,000	10,000	10,000	10,000	40,000	0	Promoting the County visitor economy offer and brand - to increase visitor stay and spend. Supporting all levels of tourism businesses and groups. Supporting the transition from public sector funding to private sector led. All LAs contribute plus SCC and New Anglia LEP.
10	Town Visioning Engagement Project - the Open For Business Team will lead the work with local communities to deliver a Vision that can be used to inform later policy-making and decisions that affect the towns. The Vision is intended to establish a high-level aspiration for the towns, setting out the community's key desires and wishes for the town they would like to live in and for businesses to operate from. This is a new way for the communities to be involved in Strategic Planning of the towns (the innovation).	Lee Carvell	May-17	8,500	0	0	0	0	0	-8,500	Place shaping and regeneration work in consultation with stakeholders and communities in our market towns and greater areas. Will lead to tangible delivery/action plans and tangible outputs and investment to stimulate growth and place identity.
11	To provide support funding that enables local business to be promoted effectively at the Suffolk Show event being held in conjunction with the English National Sheepdog Trial 2017. Additional financial resource would enable a dedicated resource to professionalise the social media promotion, recruit traders and craftspeople and to organise the tourism showcase ensuring that the event is of value to our economy. <b>MSDC only</b>	Lee Carvell	May-17	5,000	0	0	0	4,898	4,898	-102	Putting MSDC on the map as a venue for nationally significant events and allowing our SME businesses to showcase their products, skills and contribution towards local and wider economic priorities .
12	<b>NEW</b> To support the development of a Technology Hub / Innovation Centre with the District by providing a project co-ordinator and for the fusing of a feasibility study. <b>MSDC only</b>	Lee Carvell	Oct-17	50,000	0	0	0	0	0	-50,000	Enabling MSDC to lead in this area to develop a 'tech hub offer' in the districts to retain, attract and grow SMEs. Business rates, jobs and place shaping benefits. Supports Enterprise Zone and Investment Strategy work.

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# APPENDIX C

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	<b>CONTINUING PROJECTS</b>										
	<b>Business Growth</b>										
	<b>Community Capacity Building</b>										
13	Additional locality capacity in the Communities Team - <b>40% BDC, 60% MSDC</b>	Sue Clements	May-16	<b>90,000</b>	27,611	41,241	10,900	13,086	<b>92,838</b>	<b>2,838</b>	Dedicated coverage of the Stowmarket Locality including enabling direct engagement with Cedars Park CIC, working together with organisations supporting young people etc. Plus Supporting the Safe Agenda e.g. developing the opportunity to better inform and advice our Taxi Drivers across Babergh & Mid Suffolk on safeguarding and the prevent agenda, delivery of safeguarding training for both adults and children to our internal teams etc
14	Delivery of the Public Realm Review which will transform the management and utilisation of our public realm assets which include Open Spaces, Amenity areas, car parks and Countryside assets.	Peter Garrett	Jul-16	<b>60,000</b>	10,355	10,355	12,525	12,525	<b>45,761</b>	<b>-14,239</b>	To provide expertise to carry out an options appraisal to assess the delivery of public realm service for both Councils. This is now complete and a separate report will be presented to cabinet.
15	Increase staff resources - one day a week for the Tourism Development Officer role	Lee Carvell	Nov-16	<b>9,000</b>	1,765	1,765	3,029	3,012	<b>9,571</b>	<b>571</b>	Has enabled increased work with local tourism action groups, developing our links to regional tourism network, increasing visitor spend and stay.
	<b>Efficient Organisation</b>										
16	Buildings at risk - to support a targeted approach towards dealing with Heritage at Risk in Babergh and Mid Suffolk with the view to finding viable uses for those buildings at risk and reducing the overall number, to also support the planning transformation programme by producing information and guidance to support decision-making activities and the management of heritage assets. <b>12 month extension.</b>	James Buckingham	Feb-17	<b>17,816</b>	3,106	1,486	9,658	9,657	<b>23,906</b>	<b>6,090</b>	Activity has been recognised as part of Councils' core functions and the post has been incorporated in the core budget. An underspend in staffing costs in 2017/18 as a result of vacancies will cover the costs.
17	To extend the current room rental agreement with The Mix in Stowmarket from it's current end date of 31 March 2017 to match the final end of contract date of 31 December 2017. This will enable the delivery of the current Mygo contract to continue from the current location ensuring continuity for service users to the end of the project lifetime. <b>MSDC only</b>	Lee Carvell	Apr-17	<b>9,257</b>	0	0			<b>0</b>	<b>-9,257</b>	Support for young people in employability and skills, helping them into jobs, improving their wellbeing and confidence and reducing pressure on benefits system. Supporting vital local facilities.
18	Support for public access and streamlining information management for both the Councils external website and CONNECT	Carl Reeder	Oct-15	<b>96,852</b>	13,414	13,414	18,867	18,697	<b>64,393</b>	<b>-32,459</b>	Website up and running. Support for Public Access provision and Web development to in core budget 18/19 in Customer Services
19	ALL TOGETHER - majority of costs at this stage relate to scanning - to improve accessibility to both officers and members of the public by going 'paperless'. Ensure that all information is accessible electronically. <b>The amount sought will be increased as part of the overall one-off costs of moving to Endeavour House when they are finalised. INCLUDES TPMS</b>	Melissa Evans	Sep-16	<b>889,000</b>	31,137	31,153	394,401	396,310	<b>853,000</b>	<b>-36,000</b>	Move to Endeavour House (EH) completed December 2017. Customer Access Points and Touch Down Points commenced use November 2017. Still decommissioning former HQ offices and finalising lease payments for EH. Full actual cost picture expected for Outturn



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	<b>CONTINUING PROJECTS</b>										
	<b>Efficient Organisation</b>										
20	Strengthening Governance through the implementation of the Leader- Cabinet form of Governance	Emily Yule	Mar-17	55,028	5,659	5,659	8,089	8,089	27,495	-27,533	Leader Cabinet model implemented, no additional costs expected
21	<b>NEW</b> To commissioning telephone polling (subject to Cabinet decisions) to explore the issue of Babergh and Mid Suffolk dissolving and becoming a new council.	Emily Yule	Oct-17	60,000	0	0	31,410	31,410	62,820	2,820	Polling initiated. Awaiting feedback on the responses.
	<b>Housing Delivery</b>										
22	Delivery of a proactive monitoring and enforcement function, to support the work of the existing Planning Enforcement team and the new Infrastructure team - Shared Services Monitoring Officer <b>40% BDC 60% MSDC</b>	James Buckingham	Feb-16	62,250	8,855	13,282	11,342	17,000	50,478	-11,772	Bringing forward timely delivery of developer contributions (financial and non-financial mitigation secured by CIL and S106), triggered by commencement of development. Reduced incidence of commencement of development involving a breach of planning control - subsequent reduction in enforcement investigation and regularisation work for the Planning Enforcement and DM teams.
23	Additional resources to enable Senior Planning Officer level to be released to support delivery of the planning transformation programme	Phil Isbell	Oct-16	205,000	14,619	14,619	32,891	32,933	95,061	-109,939	
	<b>Housing Delivery/Business Growth</b>										
24	Commissioning of external specialist feasibility / viability work on key sites as required, to be able to move them forward for approval and development to support economic and housing growth	Lou Rawsthorne	Jan-15	475,000	117,660	57,496	76,499	74,554	326,209	-148,791	A wide range of contribution to outcomes has been achieved including; the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects which include the affordable housing programme and other commercial projects
25	Creation of a new Infrastructure ODT to support and secure the implementation of CIL and effective operational processes. <b>Staffing costs absorbed into Core Budget.</b>	Robert Hobbs	Jul-15	235,000	126,755	107,403	0	0	234,159	-841	Both Councils are effective collection authorities for CIL. Further development of the expenditure side of CIL is required.

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	<b>CONTINUING PROJECTS</b>										
	<b>Housing Delivery/Business Growth</b>										
26	External support to undertake Local Housing Needs Surveys	Robert Hobbs	Feb-16	20,000	2,709	2,709	0	5,740	11,158	-8,842	Has enabled the Councils and been really important in determining housing mix when considering planning applications.
27	Additional staffing capacity to migrate historic and future developer contribution information to the new ICT system supporting the Community Infrastructure Levy	Robert Hobbs	Jun-16	98,000	38,086	36,681	2,658	2,658	80,083	-17,917	The CIL team continued the work and entered this into Exacom. Phase one of the project is complete with a further four phases to complete.
28	Building the evidence base for the Joint Local Plan - the requirement to hold and maintain accurate baseline information within GIS underpins the preparation of the Joint Local Plan and land allocation strategy.	Robert Hobbs	Aug-16	44,000	21,297	22,699	4,989	4,989	53,975	9,975	Published draft SHELAA in August 2017. Joint Local Plan consultation document published in August 2017. Neighbourhood plan designation maps produced. Improved data and knowledge on infrastructure.
	<b>General Transformation - other projects</b>										
29	- Core Staffing not allocated to a specific project	Melissa Evans		585,858	147,636	168,222	107,853	107,750	531,461	-54,397	
30	- Other	Melissa Evans			16,643	33,171	0	152,100	201,914	201,914	Loan write off for Museum of East Anglian Life (£150k) Socio Economic Assessment - Wingfield Barns (£2.1k)
	<b>CONTINUING PROJECTS SUB-TOTAL</b>			3,904,521	826,624	799,128	886,203	1,036,788	3,548,743	-355,777	
	<b>COMPLETED PROJECTS SUB-TOTAL -SEE BELOW</b>			3,267,638	590,230	2,581,483	10,129	9,933			
				7,172,159	1,416,854	3,380,611	896,332	1,046,721	3,548,743	-355,777	
									49%		