

BABERGH DISTRICT COUNCIL

TO: Cabinet	REPORT NUMBER: BCa/18/71
FROM: Councillor John Ward, Cabinet Member for Finance	DATE OF MEETING: 7 March 2019
OFFICER: Melissa Evans, Corporate Manager, Finance	KEY DECISION REF NO. CAB59

GENERAL FUND FINANCIAL MONITORING 2018/19 – APRIL TO DECEMBER 2018

1. PURPOSE OF REPORT

- 1.1 Based on the financial performance of the Council during April to December of this financial year and latest information, a reporting by exception approach has been adopted when reviewing income and expenditure budget variances.

2. OPTIONS CONSIDERED

- 2.1 The options that have been considered are;
- a) Transfer of surplus funds of £829k to the Transformation Fund.
 - b) Transfer of surplus funds of £829k to the Business Rates Equalisation Reserve
 - c) Transfer surplus funds of £937k to the Business Rates Equalisation Reserve and net transfers of £108k from specific earmarked reserves as detailed in 3.1 (a) below.
 - d) At this stage in the year, make no recommendations for the transfer of surplus funds to reserves.

3. RECOMMENDATIONS

- 3.1 That subject to any further budget variations that arise during the rest of the financial year, the following net transfers of £829k be noted;
- a) Transfer from reserves of £108k being the net amount, for the following specific earmarked reserves, referred to in section 5.8 and Appendix C of this report;
 - £108k **to** Joint Local Plan (a new earmarked reserve)
 - £31k **to** Waste
 - £10k **to** Elections
 - £115k **from** Commuted Maintenance Payments
 - £59k **from** Planning for appeal costs
 - £58k **from** Homelessness
 - £25k **from** Government Grants (Economic Development)

- b) The remaining balance of the General Fund surplus of £937k be transferred to the Business Rates Equalisation Reserve, as referred to in section 2.1 (c).

REASON FOR DECISION

To ensure that Members are kept informed of the current budgetary position for both General Fund Revenue and Capital.

4. KEY INFORMATION

Strategic Context

- 4.1 In February 2018 Babergh District Council approved the Joint Medium Term Financial Strategy (MTFS). This confirms the direction of travel, in that the Council continues to respond to the financial challenges.

The strategic response to those challenges, to ensure long term financial sustainability, is set out in five key actions:

- (1) Aligning resources to the Councils' refreshed strategic plan and essential services.
- (2) Continuation of the shared service agenda, collaboration with others and transformation of service delivery.
- (3) Behaving more commercially, generating additional income and considering new funding models (e.g. acting as an investor).
- (4) Encouraging the use of digital interaction and transforming our approach to customer access.
- (5) Taking advantage of various forms of local government finance (e.g. New Homes Bonus (NHB), Business Rates Retention) by enabling sustainable business and housing growth.

- 4.2 Funding arrangements for councils have changed significantly; Babergh has seen a 65% cumulative cut in revenue support grant over the five years from 2013/14 to 2017/18. As a result of the Business Rates pilot in 2018/19 the revenue support grant of £204k is funded from the 100% Business Rate growth retained. The Council has become reliant on Business Rates income and 'incentivised' funding such as the New Homes Bonus to support the Council's service cost budget. Since New Homes Bonus was introduced in 2011/12 the Council has received in total £7.6m, most of which has been used to balance the budget and the rest transferred to the Transformation Fund or in 2017/18 the Business Rates Equalisation Reserve. For 2018/19 Babergh is part of the Suffolk Business Rates Pilot, for retention of 100% of growth meaning that this source of funding will be even more important. The financial benefits will be shared between the councils in Suffolk and a proportion used to achieve sustainable economic growth. Further details are shown in 5.12 and Appendix A of this report. 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 generate income from alternative sources in order to protect key services and with the aim of becoming self-sufficient in relation to income that the Council can generate itself.

4.3 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.

5. April to December 2018 Position

5.1 Based upon financial performance and information from April to December (with trends extrapolated to the end of the financial year) and discussions with budget managers, key variations on expenditure and income compared to budget have been identified.

5.2 The report covers:

- The General Fund Revenue Budget
- The General Fund Capital programme.

5.3 Budget monitoring is a key tool and indicator on the delivery of the Council's plans and priorities for the year. There will, of course, always be reasons why there are variances such as:

- Economic conditions and those services that are affected by demand; and
- Uncertainties relating to funding or other changes that were not known at the time the budget was approved e.g. legislative changes.

5.4 Taking each area in turn, the position on key aspects of the 2018/19 budget is summarised below:

General Fund Revenue Account

5.5 In relation to funding:

- (a) Council Tax (£5.2m): at the end of December, collection rates were 85.73%, compared with 85.97% for the same period last year. The collecting of Council Tax remains challenging, especially from those receiving Council Tax reductions under the Local Council Tax Reduction Scheme (LCTR). Recovery Action is varied and is a high priority for the Shared Revenues Partnership (SRP).
- (b) Government Grants: baseline business rates (£2.5m) and New Homes Bonus (£0.9m) were allowed for in the Budget. NHB is fixed but the actual amount of business rates will vary.
- (c) Business Rates: at the end of December, collection rates were 83.9% compared with 82.36% for the same period last year.
- (d) Based on current projections from Suffolk County Council it is estimated that the final Business Rates Pilot position will be £278k. A favourable variance of £25k.

5.6 There are two corporate savings targets as detailed below:

- a) Working alongside Corporate Managers and Assistant Directors, the Finance Team has developed a new monitoring process for employee costs for 2018/19. Based on full year projections, it is currently anticipated that the actual vacancies due to staff turnover will be in line with the budget.
- b) Included within the 2018/19 budget is a generic savings target of £80k for non-pay expenditure, a reduction of £20k since 2017/18. This target will continue to reduce by £20k per year until it is completely removed in 2022/23, as savings are identified and monitored in individual service areas rather than against a corporate target. Further details of the actual non-pay variances are outlined in section 5.8 below.

5.7 The overall net favourable variance of £829k means that the Council will be able to make a number of contributions to the relevant reserves at the year end. Of the total favourable variance £1m is attributable to the Business Rates, £516k of which is one-off as a result of the pilot. As mentioned in 4.3 above, the Business Rates income is volatile and requires close monitoring.

5.8 The table below shows the main items that are included in the overall net favourable variance of £829k. an improvement of £190k since the previous report. The improved favourable position can be attributed to Business Rates (£306k). A number of the forecast variances identified within this report have been taken into consideration when setting the budgets for 2019/20.

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<p>Strategic Planning</p> <ul style="list-style-type: none"> • An expected favourable variance of £113k for professional fees and legal costs associated with the Joint Local Plan, an increase of £25k since the previous report. Dependent upon the final outturn position, it will be recommended to transfer £108k of the favourable variance to a new earmarked reserve. • Income for the 5% administrative charge for the operating of CIL is a favourable variance of £68k, an increase of £21k since the previous report. The position is based on actual CIL income received to December 2018 and not a full year forecast. This area is difficult to forecast due to its unpredictable nature. • Community Housing Fund - expenditure is budgeted for and met from the earmarked reserve. 	(113)	(239)	(126)

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<p>Anticipated spend for 2018/19 is much lower than expected, resulting in £66k less to be transferred from the earmarked reserve.</p> <ul style="list-style-type: none"> Other items (net) – an adverse variance of £8k. 			
<p>CIFCO</p> <ul style="list-style-type: none"> The favourable position previously reported, has reduced by £67k to a favourable variance of £166k. This can be broken down as follows; <ul style="list-style-type: none"> a) a change in the timing of purchases compared to the budget assumption (assuming full investment by March 2019 not December 2018). b) borrowing costs being higher than expected due to the change from short term to longer term borrowing. The budget assumption was an average borrowing rate of 0.76% (short-term) compared with an average 2.22% (long-term). 	(233)	(166)	67
<p>Building Control</p> <ul style="list-style-type: none"> Income – based on application fees received to date, the service is anticipating a favourable variance of £60k, a small improvement of £7k since the last report. To help improve the performance of the Councils building control service, a Suffolk-wide bid was submitted to the Suffolk TCA fund for a 2-year business development officer post which was successful and has now been recruited to. Other items (net) – a favourable variance of £7k. 	(52)	(67)	(15)

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<p>Waste</p> <ul style="list-style-type: none"> • A favourable variance for the Material Recycling Facility (MRF) of £31k is anticipated, a nominal increase of £4k since the previous report. Dependent upon the final outturn position, it will be recommended to transfer any favourable variance to the waste earmarked reserve (current balance £119k). • Domestic waste – a £52k favourable variance is expected, a nominal reduction (£2k) since the previous report. The favourable variance can be attributed to an increase in the recycling credit due (£19k), lower than expected contract costs (£21k) and a number of other smaller items (£12k). • Trade Waste – the number of days that glass recyclate is collected has reduced from 5 days to 3 days resulting in lower contract costs and a favourable variance of £13k, a reduction of £7k since the last report. • Garden Waste – a review of contract costs for the collection and disposal of garden waste has resulted in an adverse variance of £11k, no change since the previous report. This is despite an increase in the level of subscriptions and can be offset against the favourable variance highlighted above for Trade Waste. • Other items (net) – an adverse variance of £20k. 	(120)	(65)	55
<p>Shared Legal Services</p> <ul style="list-style-type: none"> • Legal expenses – a favourable variance of £36k is expected. Expenditure relating to the provision of external legal services is charged directly to the service area in which the work took place meaning the budget is no longer required within the Shared Legal Service. The budget for 2019/20 has been adjusted accordingly. 	(52)	(44)	8

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<ul style="list-style-type: none"> Fees for the provision of conveyancing searches is expected to be less than budget resulting in a favourable variance of £8k. 			
<p>Sustainable Environment</p> <ul style="list-style-type: none"> Income received from pre-application advice is expected to result in a favourable variance of £24k. This was not budgeted for in 2018/19 and has been reflected in the budget for 2019/20. A favourable variance of £6k for legal expenses and contracted services is expected. Other items (net) – a favourable variance of £5k. 	(31)	(35)	(4)
<p>Elections</p> <ul style="list-style-type: none"> A favourable variance of £34k is expected following reimbursement from Central Government of election costs that have previously been met by the Council. It is recommended that £10k of the favourable variance be transferred to the elections earmarked reserve for use in future years. 	(34)	(34)	-
<p>Investment Income (net) - CCLA, UBS, Schroeder and Funding Circle</p> <ul style="list-style-type: none"> A net favourable variance of £27k is anticipated, a £1k reduction since the previous report. This can be attributed to an improved base rate position of 0.75% compared to budget (0.5%). which has positively affected UBS and Schroeder. CCLA is performing lower than budget; this is expected to continue as the property sector's upward momentum has all but ceased and growth in the industrial sector has been offset by falling retail rents. The expected favourable positions of Schroeder and UBS continue to help mitigate, the poorer CCLA performance. 	(28)	(27)	1

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Capital Financing Costs <ul style="list-style-type: none"> Minimum Revenue Provision (MRP) costs realised in 2018/19 are based on actual spend that took place in 2017/18. Capital expenditure for 2017/18 was lower than anticipated resulting in a small favourable variance of £20k. 	(20)	(20)	-
Other items (net) – a favourable variance £10k.	82	(10)	(92)
Policy Strategy Health and Well-being <ul style="list-style-type: none"> A favourable variance of £3k is expected. This is a reduction of £21k since the previous report and can be attributed to the fact that the carry forward (£35k) to support the delivery of the Joint Leisure, Sport and Physical Activity Strategy action plan and the ongoing development of the Health and Wellbeing Business Partner function will no longer be unspent in 2018/19. This money has now been earmarked for a number of initiatives including; Suffolk Sport, All Together Hadleigh and Suffolk Artlink Mental Health Project. 	(24)	(3)	21
Car Parks <ul style="list-style-type: none"> Business Rates – as reported previously an adverse variance of £120k is expected. Repairs – an adverse variance of £7k is expected, an improvement of £14k since the last report. In April 2018, one-off costs for urgent repairs to the wall at the rear of North Street Car Park were required at a cost of £9k. Based on car parking income received to date, an adverse variance of £3k is anticipated, a reduction of £13k since the previous report. Other items (net) – an adverse variance of £15k. 	171	145	(26)

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<p>PV Panels</p> <ul style="list-style-type: none"> • Income generated from PV panels is expected to be lower than budget resulting in an adverse variance of £63k. Additional resource has been made available to help identify any outstanding monies due and to support both accurate budget setting and forecasting of income and expenditure going forward. • Contract costs for the data provision, energy metering and monitoring of the Council's PV panels are expected to result in an adverse variance of £51k. The budget for 2019/20 has been adjusted accordingly. • To enable the Council to maximise its Feed in Tariff income (FiT), there has been a significant amount of time spent inspecting and replacing faulty and / or damaged equipment. This is expected to result in an adverse variance of £17k. • Other items (net) – an adverse variance of £2k. 	63	133	70
<p>Development Management</p> <ul style="list-style-type: none"> • Planning income – a favourable variance of £49k is expected, this is a reduction of £53k since the previous report. • Consultants and Professional Fees – an increase in the need to obtain professional ecology and landscape advice for planning applications is expected to result in an adverse variance of £110k, a reduction of £13k since the last report. • Appeal related costs are expected to increase resulting in an adverse variance of £91k, an increase of £16k since the previous report. It is recommended that £59k of the total £91k adverse variance be funded from the Planning earmarked reserve. • Other items (net) – a favourable variance of £29k. 	112	123	11

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<p>ICT costs</p> <ul style="list-style-type: none"> • An adverse variance of £58k is expected due to costs associated with Skype not being identified or budgeted for. This is an ongoing pressure which has not been included as part of the 2019/20 budget. • Following a review of the BT telephone lines in operation across the Council's various properties an adverse variance of £32k is expected, an increase of £7k since the previous report. • It was anticipated that following the move to Endeavour House and the creation of Touchdown Points, a total of 5 photocopiers would be required, but there are 7 in use across the Council. The increase in number of machines as well as an increase in the number and type of items printed or copied is expected to result in an adverse variance of £6k. • Other items (net) – an adverse variance of £25k. 	36	121	85
<p>Street and Major Road Cleansing</p> <ul style="list-style-type: none"> • Grounds Maintenance Contract – an adverse variance of £115k is expected, an increase of £65k since the last report. The adverse variance is now in line with the cost pressure identified as part of the 2019/20 budget setting process. <p>Dependent on the final outturn position, it is recommended that the commuted sums earmarked reserve balance be utilised to support any adverse variance.</p>	43	115	72
<p>Borehamgate Rental Income</p> <ul style="list-style-type: none"> • Despite supplementary to include a vacancy factor in the 2018/19 income budget, a further income shortfall of £40k is anticipated – no change from the previous report. 	58	64	6

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<ul style="list-style-type: none"> An adverse variance of £16k is anticipated, this is monies due to tenants in respect of overpaid rents that must be repaid to the management agent Carter Jonas. Other items (net) – an adverse variance of £8k. 			
<p>Housing Solutions (Homelessness)</p> <ul style="list-style-type: none"> Ringfenced grants due to the Council in support of the Homelessness Reduction Act 2017 legislation are expected to be less than budgeted resulting in an adverse variance of £32k. An increase in the demand for B&B services is expected to result in an adverse variance of £25k, an increase of £10k since the previous report. Other items (net) – an adverse variance of £1k. <p>Dependent upon the final outturn position, it will be recommended to utilise the earmarked reserve for any favourable or adverse variances.</p>	54	58	4
<p>Democratic Services</p> <ul style="list-style-type: none"> There has been little change since the previous report, a £6k improvement as a result of other items (net). 	47	41	(6)
<p>Health and Safety</p> <ul style="list-style-type: none"> An adverse variance of £27k is expected, an improvement of £20k since the previous report. The change can be attributed to an expected reduction to the costs associated with Skyguard Lone working (£10k) and occupational health (£10k). 	47	27	(20)
<p>Economic Development</p> <ul style="list-style-type: none"> In 2017/18, the Council received a grant of £25k for growing the visitor economy through Destination Management / Marketing Organisation (DMO) work, which was transferred to an earmarked reserve for spending in 2018/19. 	-	25	25

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
This work is currently in progress and so a transfer from the reserve of £25k will be required to offset expenditure incurred in 2018/19.			
Finance <ul style="list-style-type: none"> • Payment cards - an adverse variance due to the increase in the volume of payment cards for Council Tax and associated postage costs is anticipated. Remedial action has been taken to sign-post alternative methods of payment, but despite this an adverse variance of £7k is expected, an improvement of £11k since the last report. The budget for 2019/20 has been reviewed and amended accordingly. • Bank Charges – the costs associated with the banking merchant (Global Services) are higher than anticipated resulting in an adverse variance of £14k, a reduction of £6k since the previous report. 	38	21	(17)
Suffolk Office of Data and Analytics <ul style="list-style-type: none"> • Suffolk Chief Officers Leadership Team (SCOLT) agreed in April 2018 to establish and fund for 2 years the Suffolk Office of Data and Analytics (SODA). An adverse variance of £20k is expected, no change since the previous report. The budget for 2019/20 has been amended. 	20	20	-
Business Rates <ul style="list-style-type: none"> • 2018/19 Baseline Business Rates less Government tariff and levy is expected to result in a favourable variance of £72k. This is based on latest intelligence available including the NNDR1 and has resulted in an improvement of £442k since the previous report. 	(695)	(1,001)	(306)

Explanation	August 2018 Amount (£,000) (Favourable) / Adverse	December 2018 Amount (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<ul style="list-style-type: none"> • Business Rates Pooling Benefit – an estimated pooling benefit of £278k is anticipated, a favourable variance of £72k which is an improvement of £25k since the previous report. • The impact of the Business Rates Pilot is an additional benefit to the Council over and above the earmarked growth in the form of S31 grants of £857k, a reduction of £161k since the last report. The majority of which (£516k) is one-off for 2018/19. This is a reduction of £161k since the previous report. <p>The favourable variance can be attributed to;</p> <ul style="list-style-type: none"> • the threshold for small business rates relief being lowered, changes to the multiplier cap, growth decline and the percentage for business rates retention increasing from 40% to 80% (£668k). • an increase in Rural Rate Relief (£59k). • receipt of additional discretionary grants (£130k). 			
Sub-total favourable variance	(639)	(829)	(290)

Community Infrastructure Levy (CIL)

5.9 CIL income received by the Council between April and December 2018 is £1,423k. Dependent on the final outturn position for 2018/19, there is a requirement to transfer any surplus variance to the earmarked reserve for spend on infrastructure in accordance with the Regulation 123 list in 2019/20 and beyond.

Transformation Fund

5.10 The table below provides a high-level summary of the anticipated movement in the Transformation Fund during 2018/19. A more detailed breakdown is shown in Appendix B.

5.11 Commitments in 2018/19 continue to be reviewed to ensure the key priorities are supported.

BABERGH	£'000
Balance at 31st March 2018	655
New Homes Bonus Allocation *	866
Business Rates Grant *	797
Total contributions 2018/19	1,663
Revised Balance Available	2,318
LESS;	
New Homes Bonus to balance the budget *	(866)
Transformation Fund to balance the budget *	(329)
Business Rates Grant to balance the budget *	(797)
Delivery Plan projects - Staffing *	(20)
Actual spend - April to December 2018	(122)
Current future commitments - assumes all commitments are spent in 2018/19	(159)
Balance at 31st March 2019	25
<i>* identified in 2018/19 budget</i>	

Business Rates Retention Pilot

5.12 The 8 local authorities in Suffolk collaborated in 2017 to submit a bid to become a pilot area for the retention of 100% business rates growth in 2018/19. The bid was successful, along with 9 other areas across the country, and has been in place since 1 April 2018. The pilot will run for 2018/19 only. A list of schemes developed by officers to support growth initiatives and submitted to SCC for consideration and sign-off was submitted to Cabinet on 11 October 2018 (BCa/18/39). See Appendix A for further details and spend as at August 2018.

Earmarked Reserves

5.13 Earmarked reserve balances total £5.6m as at 1 April 2018. Appendix C outlines the specific earmarked reserve movements detailed in section 3.1(a) and 5.8 of this report as well as the Transformation Fund reserve movements detailed in section 5.11.

Capital

5.14 Use of capital and one-off funds is critical and needs to be linked into our future delivery plans

5.15 With complex capital schemes it is difficult to accurately assess the level of payments that will be made during the financial year. Members should continue to 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.

5.16 Following approval by Full Council in April 2017 to set up a holding company, activity to invest the £25m for the Capital Investment began with its first purchase in December 2017. During 2017/18, £12.3m of the £25m has been spent, a further £10.4m is expected to be invested by 31 March 2019 and the remainder invested early in the next financial year.

5.17 Capital expenditure for the period April to December 2018 totals £1.5m, against a revised programme (including carry forwards) of £10.4m, excluding the £12.7m for CIFCO, as set out in Appendix D. The anticipated spend for 2018/19 against the £10.4m is £2m resulting in a favourable variance of £8.4m. The main variances that contribute to the £8.4m favourable position are set out below:

- **Land assembly, property acquisition and regeneration opportunities** – although there is little expenditure in 2018/19, a favourable variance of £6,330k is expected. The level of activity to acquire land and property for regeneration and investment opportunities is fast moving, so there likely to be a requirement to carry forward any unspent monies for use in 2019/20 and beyond, but this will be reviewed at year end.
- **Leisure Centres** – a favourable variance of £681k is anticipated. This budget will be carried forward to 2019/20 to support the ongoing work surrounding the Leisure Strategy. When the budget was set for 2018/19 it was not known exactly when expenditure would occur.
- **Grants for Affordable Housing** – a favourable variance of £400k is expected. As self-financing has enabled us to build new homes ourselves, grant funding for housing associations has reduced. The budget for 2018/19 is a carry forward from the previous year, it was agreed as part of the budget setting process that the budget continue to be carried forward year on year until it is fully utilised.
- **ICT costs** – a favourable variance of £253k is expected. A carry forward request will be required to support a number of projects in 2019/20 including a full capital refresh, enabling customer services and data capture.
- **Grants for Empty Homes** – the Council is pro-active in working with home owners to bring empty homes back into use. This includes offering grants to assist with repairs. This area is difficult to predict resulting in an under spend of £229k which will be carried forward for use in 2019/20.
- **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 will be carried forward for use in 2019/20 resulting in a favourable variance of £204k.
- **Disabled Facilities Grant (DFG)** – ongoing issues with the service provider of this Countywide contract is expected to result in reduced expenditure for 2018/19 and so an underspend of £172k is anticipated.
- **Other items (net)** – a favourable variance of £117k.

6. LINKS TO JOINT STRATEGIC PLAN

6.1 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 assets effectively, and property investment to generate income.

7. FINANCIAL IMPLICATIONS

7.1 These are detailed in the report.

8. LEGAL IMPLICATIONS

8.1 There are no specific legal implications.

9. RISK MANAGEMENT

9.1 This report is closely linked with risk number 5d of the Council's Significant Risk Register – If we do not understand our financial position and respond in a timely and effective way, then we will be unable to deliver the entirety of the Joint Strategic Plan. Other key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
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	3 - Probable	2 - Noticeable	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	3 - Probable	2 - Noticeable	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	3 - Probable	2 - Noticeable	Regular monitoring by key officers

10. CONSULTATIONS

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

11. EQUALITY ANALYSIS

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

12. ENVIRONMENTAL IMPLICATIONS

12.1 There are no specific environmental implications.

13. APPENDICES

Title	Location
APPENDIX A – Business Rates Retention Pilot	Attached
APPENDIX B – Transformation Fund	Attached
APPENDIX C – Earmarked Reserves	Attached
APPENDIX D – Capital Programme	Attached

14. BACKGROUND DOCUMENTS

20 February 2018 Budget Report 2018/19 – BC/17/29

9 August 2018 Quarter 1 General Fund Financial Monitoring 2018/19 – BCa/18/22

5 November 2018 General Fund Financial Monitoring 2018/19 (April to August 2018) – BCa/18/43

BABERGH – BUSINESS RATES PILOT

	Scheme Description	Budget £'000	Actual Spend £'000
1	Belle Vue, Hamilton Road and wider Sudbury Town Centre Development	500	61
2	Angel Court Housing Development	200	11
3	Delphi Site / Newton Road (Sudbury) / South Suffolk Business Area	200	22
4	Inclusive Growth Engagement Officer	60	
5	Establishment of a Central Suffolk Chamber of Commerce	30	
	Total	990	94

Transformation Fund

	Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2017/18		Apr 18 - Dec 18		Total Spend	Variance - favourable / + adverse	Commitments	
					BDC	MSDC	BDC	MSDC			BDC	MSDC
	CONTINUING PROJECTS											
	Assets & Investments											
1	Strategic Leisure Review - comprehensive condition survey of all 4 leisure facilities to understand future costs requirements. Additional Resources for; 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. 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 Funding to pay for two Leisure Industry specialists (Project Manager for phase 1, external consultant for phase 2)	Chris Fry	May-16	186,100	58,500	57,910	21,735	21,735	159,880	-26,220	13,110	13,110
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	Emily Atack	Aug-16	136,285	88,658	88,658	123	123	177,562	41,277		
3	To make best use of our corporate assets to include a financial appraisal of the current GF property assets	Jill Pearmain	Aug-16	9,805	4,495	4,495	0	0	8,991	-814	407	407
	Business Growth											
4	To support the installation of one or more Electric Vehicle (EV) charging points - Sudbury. Babergh only - Capital	James Buckingham	Mar-17	44,000	25,225		0	0	25,225	-18,775	18,775	
5	Hadleigh Market - consultancy costs to test whether it is possible to develop and grow Hadleigh Market into a successful town market. BDC Only	Lee Carvell	Apr-16	22,000	11,428	0	5,354	0	16,782	-5,218	5,218	
6	Additional Economic Development capacity to support a number of initiatives aimed at increasing economic growth e.g. key sites, market towns and engaging businesses - 18 month extension	Lee Carvell	Feb-17	427,770	143,395	143,301	20,309	20,309	327,314	-100,456	6,757	6,757
7	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	4,250	4,250
	Community Capacity Building											
8	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	60,000	22,880	22,880	0	0	45,761	-14,239	7,120	7,120
9	New engagement post within Communities to support the development of key sites	Ann Hunter	Apr-18	35,000	0	0	16,820	16,820	33,640	-1,360	680	680

Appendix B

Transformation Fund

Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2017/18		Apr 18 - Dec 18		Total Spend	Variance - favourable / + adverse	Commitments	
				BDC	MSDC	BDC	MSDC			BDC	MSDC
CONTINUING PROJECTS											
Community Capacity Building											
10	To support delivery of the partnership programme to be delivered by the Mix in Stowmarket including 1) work with local businesses to develop a programme supporting work readiness and experience for young people designed around business need 2) Offer life coaching, employment support and work readiness skills via drop in and outreach work to 16 -24 year olds in Mid Suffolk to support MSDC only	Lee Carvell	Apr-17	36,257	0	0	0	0	0	-36,257	36,257
Environment and Leisure											
11	LED replacement for streetlights/carpark lights, funding of the capital expenditure to install LED fittings. (Capital)	J Buckingham	Dec-16	88,750	0	0	55,409	31,357	86,765	-1,985	
Housing Delivery/Business Growth											
12	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	47,509	47,551	0	0	95,061	-109,939	54,970
13	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	194,159	132,050	14,423	50,933	391,565	-83,435	41,717
14	External support to undertake Local Housing Needs Surveys	Robert Hobbs	Feb-16	20,000	2,709	8,449	0	0	11,158	-8,842	4,421
15	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	26,286	27,688	0	0	53,975	9,975	
General Transformation - other projects											
16	- Other	Melissa Evans			16,643	185,271	0	0	201,914	201,914	
17	FISONs Building - dangerous structure. Cost of survey	Paul Hughes		10,000	0	0	0	6,190	6,190	-3,810	3,810
CONTINUING PROJECTS SUB-TOTAL				1,808,467	641,887	718,254	134,173	147,466	1,641,780	-166,686	
COMPLETED PROJECTS SUB-TOTAL				3,267,638	600,359	2,591,416	608	562			
				5,076,105	1,242,246	3,309,670	134,781	148,028	1,641,780	-166,686	157,426

General Fund Earmarked Reserves

Transfers to / from Earmarked Reserves	Balance	Transfers	Transfers	Balance
	01 April 2018	Out	In	31 March 2019
	£'000	£'000	£'000	£'000
General Fund				
Carry Forwards	(224)	224		(0)
Transformation Fund	(655)	2,284	(1,663)	(34)
Business Rates Equalisation Reserve	(788)	1,256	(937)	(469)
Strategic Planning	(339)			(339)
Joint Local Plan	-		(108)	(108)
Government Grants	(248)	25		(223)
Homelessness	(259)	58		(201)
Commuted Maintenance Payments	(232)	115	(707)	(824)
Community Infrastructure Levy (CIL)	(2,496)			(2,496)
Elections Fund	(50)		(10)	(60)
Planning Enforcement	(20)			(20)
Growth & Sustainable Planning	(20)			(20)
Planning (Legal)	(123)	59		(64)
Waste	(119)		(31)	(150)
Revocation of personal search fees	(55)			(55)
Total General Fund	(5,627)	4,021	(3,456)	(5,063)

Note; includes the recommended transfer to the Business Rates Equalisation Reserve (£937k) shown in section 3.1 (b).

Appendix D

BABERGH CAPITAL PROGRAMME 2018/19 GENERAL FUND	Original Budget £'000	Carry Forwards £'000	Current Budget £'000	Actual Spend Apr - Dec £'000	Full Year Forecast £'000	Full Year Forecast LESS Budget £'000
Supported Living						
Mandatory Disabled Facilities Grant	409	13	422	197	250	-172
Discretionary Housing Grants	100	0	100	44	100	0
Empty Homes Grant	100	199	299	63	70	-229
Total Supported Living	609	212	821	303	420	-401
Planning for Growth						
Grants for Affordable Housing	0	400	400	0	0	-400
Total Planning for Growth	0	400	400	0	0	-400
Environment and Projects						
Replacement Refuse Freighters - Joint Scheme	185	60	245	236	236	-9
Recycling Bins	65	-15	50	49	49	-1
LED Streetlights	0	44	44	55	55	11
Electric Vehicle Charging Points	0	0	0	4	5	5
Total Environment and Projects	250	89	339	345	346	6
Communities and Public Access						
Community Development Grants	117	175	292	66	88	-204
Play Equipment	50	100	150	47	50	-100
Planned Maintenance / Enhancements - Car Parks	36	0	36	0	18	-18
Total Community Services	203	275	478	113	156	-322
Leisure Contracts						
Total Leisure Contracts	1,412	0	1,412	373	731	-681
Capital Projects						
Planned Maint / Enhancements - Other Corp Buildings	48	0	48	0	44	-4
Total Capital Projects	48	0	48	0	44	-4
Investment and Commercial Delivery						
						0
Land assembly, property acquisition and regeneration opportunities	2,973	3,595	6,568	244	238	-6,330
Total Investment and Commercial Delivery	2,973	3,595	6,568	244	238	-6,330
Corporate Resources						
						0
ICT - Hardware / Software costs	200	150	350	80	97	-253
Total Corporate Resources	200	150	350	80	97	-253
CIFCO	0	12,667	12,667	10,445	10,445	-2,222
Total General Fund Capital Spend	5,696	17,389	23,084	11,904	12,476	-10,608