

MID SUFFOLK DISTRICT COUNCIL

FOR:	Cabinet	REPORT NUMBER MCa/19/3
FROM:	Cabinet Member for Finance	DATE OF MEETING: 12 June 2019
OFFICER:	Katherine Steel, Assistant Director, Corporate Resources Melissa Evans, Corporate Manager, Finance Sharon Bayliss, Senior Finance Business Partner	KEY DECISION REF NO. CAB120

GENERAL FUND FINANCIAL OUTTURN 2018/19

1. PURPOSE OF REPORT

- 1.1 This report summarises the 2018/19 financial outturn for the General Fund and Capital Programme.
- 1.2 This is subject to the external auditors' report on the Statement of Accounts for the year, which will be presented to the Joint Audit and Standards Committee later in the year once the audit is complete.
- 1.3 Key changes since the previous report total £1.523m. The main reason for this is as follows; additional Business Rates S31 grants (£716k) and Housing Benefit Subsidy (£217k) as well as an increase to planning fee income (£209k) and the CIL 5% admin charge (£178k).

2. OPTIONS CONSIDERED

- 2.1 The options that have been considered are;
 - a) Transfer surplus funds of £3.462m to the Growth and Efficiency (GEF) reserve.
 - b) Transfer surplus funds of £3.462m to the Business Rates Equalisation reserve.
 - c) Transfer surplus funds of £1.934m to the Business Rates Equalisation reserve, surplus funds of £665k to the Growth and Efficiency reserve, £500k to the new Commercial Development Risk reserve and net transfers of £363k to specific earmarked reserves as detailed in 5.8 below.
 - d) To recommend carry forward requests for the General Fund (£85k) and Capital (£983k).

3. RECOMMENDATIONS

- 3.1 That the 2018/19 financial outturn as set out in this report be noted.
- 3.2 That the following net transfers of £3.462m be noted;
 - a) Transfer to reserves of £363k being the net amount for the following specific earmarked reserves, referred to in section 5.8 and Appendix C of this report;
 - b) Of the remaining balance of the General Fund surplus £665k be transferred to the Growth and Efficiency Fund, £500k to the Commercial Development Risk reserve and £1.934m to the Business Rates Equalisation reserve, as referred to in section 2.1 (c).
- 3.3 That the General Fund carry-forward requests totalling £85k referred to in paragraph 5.9 of this report be approved.
- 3.4 That the total Capital carry-forward requests referred to in paragraph 5.17 of this report totalling £983k be approved.

REASON FOR DECISION

To ensure that Members are kept informed of the outturn position for both General Fund Revenue and Capital and to approve the carry forward requests.

4. KEY INFORMATION

Strategic Context

- 4.1 In February 2018 Mid Suffolk 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; Mid Suffolk has seen a 98.8% cumulative cut in revenue support grant over the five years from 2013/14 to 2018/19. As a result of the Business Rates pilot in 2018/19 the revenue support grant

of £36k 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 £11.1m, a small proportion of which has been used to support the core budget and the rest transferred to the Growth and Efficiency Fund (GEF) or in 2017/18 the Business Rates Equalisation Reserve.

- 4.3 For 2018/19 Mid Suffolk was part of the Suffolk Business Rates Pilot, for retention of 100% of growth. The financial benefits were shared between the councils in Suffolk and a proportion used to achieve sustainable economic growth. Mid Suffolk benefited from an additional £1.256m in retained business rates to spend on various growth initiatives as set out in 5.11 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.
- 4.4 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. 2018/19 Outturn Position

- 5.1 In relation to funding:
- (a) Council Tax (£5.9m): at the end of March, collection rates were 98.59%, compared with 98.65% for the previous year. The collecting of Council Tax remains challenging, especially from those receiving Council Tax reductions under the Local Council Tax Reduction Scheme (LCTR).
 - (b) Government Grants: baseline Business Rates (£2.7m) and New Homes Bonus (£1.5m) were allowed for in the Budget. NHB is fixed but the actual amount of business rates will vary as explained further in the table in 5.3.
 - (c) Business Rates: at the end of March, collection rates were 98.62% compared with 98.97% for the previous year.
 - (d) Based on the final outturn position from Suffolk County Council the Business Rates Pool position will be £301k, a favourable variance of £150k.
- 5.2 The unaudited accounts show a favourable variance (reduced expenditure and/or increased income) of £3.462m. This is before the reserve transfers as set out in paragraph 5.8 and Appendix C. The favourable variance can mainly be attributed to; Business Rates including S31 grants (£1.934m), reduced expenditure in Strategic Planning (£378k), CIL 5% Admin Charge (£341k), Housing Benefit Subsidy (£217k), Elections (£142k), when compared to the budget for the year. It is worth noting that expenditure on services is generally in line with the budget.
- 5.3 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	Other Earmarked Reserve £'000		Carry Forwards £'000	Reserve Adjustments £'000	Revised Actual £'000	Revised Actual LESS Budget (£Favourable) / Adverse £'000	
			Adj	Forwards				Adverse	
BMS Invest	435	580	-	-	-	-	580	580	145
Corporate Resources	2,623	2,619	-	18	18	-	2,637	2,637	14
Customer Services	1,453	1,457	-	-	-	-	1,457	1,457	4
Economic Development and Regeneration	249	221	-	10	10	-	231	231	(18)
Environment and Commercial Partnerships	2,806	2,722	41	16	57	-	2,779	2,779	(27)
Housing	376	513	77	-	77	-	590	590	214
Law and Governance	996	1,028	35	-	35	-	1,063	1,063	67
Planning for Growth	1,546	498	210	41	251	-	749	749	(797)
Senior Leadership Team	695	760	-	-	-	-	760	760	65
Net expenditure on services ***	11,178	10,398	363	85	448	-	10,846	(332)	
Recharge to HRA	(1,016)	(1,162)					(1,162)	(1,162)	(146)
Recharge to Capital	(271)	(231)					(231)	(231)	40
Capital financing costs	401	(384)					(384)	(384)	(785)
Transfers to / (from) reserves	(230)	(86)	(363)	(85)	(448)	-	(535)	(535)	(305)
Total budget requirement ***	10,063	8,535	-	-	-	-	8,535	(1,528)	
Council Tax	(5,915)	(5,915)					(5,915)	(5,915)	-
Collection fund (Surplus)	(70)	(70)					(70)	(70)	-
Business Rates less Tariff	(2,657)	(2,887)					(2,887)	(2,887)	(230)
Business Rates - Pooling Benefit	(151)	(301)					(301)	(301)	(150)
17/18 distribution of deficit	957	957					957	957	-
S31 Grant	(764)	(2,318)					(2,318)	(2,318)	(1,554)
New Homes Bonus	(1,463)	(1,463)					(1,463)	(1,463)	-
Total funding	(10,063)	(11,997)	-	-	-	-	(11,997)	(1,934)	
Total Favourable Variance	-	(3,462)	-	-	-	-	(3,462)	(3,462)	

*** Actual expenditure and budgets from Growth and Efficiency Fund have been excluded from the table above. Full details of spend in 2018/19 are detailed in Appendix B.

- 5.4 The table below shows in detail the items that are included in the net favourable variance of £3.462m. A number of these have been reported in previous budgetary control reports to Cabinet. December 2018 variances have been included for comparison. Most of the variances identified within this report have been taken into consideration when setting the budgets for 2019/20.

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Strategic Planning <ul style="list-style-type: none"> Income for the 5% administrative charge for the operation of CIL is a favourable variance of £341k, an increase of £178k since the previous report. A favourable variance of £147k for professional fees and legal costs associated with the Joint Local Plan, an increase of £21k since the previous report. A favourable variance of £77k for examination stage costs of the Joint Local Plan, a small decrease of £5k since the last report. 	(443)	(719)	(276)

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Strategic Planning cont'd <ul style="list-style-type: none"> Other items (net) – a favourable variance of £27k. £224k of the overall favourable variance has been transferred to the new Joint Local Plan earmarked reserve to support ongoing professional and legal costs in future years. In March 2019, the Council received government grants for Brownfield sites (£4k) and the Custom Build Grant (£30k). Both of these grants have been placed in the Strategic Planning earmarked reserve to spend during 2019/20. Community Housing Fund - expenditure is budgeted for and met from the earmarked reserve. Actual spend for 2018/19 is much lower, resulting in £93k less to be transferred from the earmarked reserve. 			
Minimum Revenue Provision (MRP) <ul style="list-style-type: none"> A favourable variance of £367k. £23k less than the previous report as a result of the actual capital spend for the year being finalised. 	(390)	(367)	23
Gateway 14 Ltd <ul style="list-style-type: none"> A £13k decrease in the previously reported favourable variance relating to borrowing costs. 	(286)	(273)	13
Revenues and Benefits The favourable variance of £217k can be broken down as follows; <ul style="list-style-type: none"> In March 2019, following the Department of Work and Pensions (DWP) audit of the 2017/18 Housing Benefit Subsidy claim, the Council received a reimbursement of £204k. Additional grants received not budgeted for including the Council Tax Family Annex Grant has resulted in a favourable variance of £37k. Other items (net) – an adverse variance of £24k. 	-	(217)	(217)

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Elections <ul style="list-style-type: none"> A review of Elections bank accounts no longer required, has resulted in a one-off favourable variance of £103k in the last quarter of the year. A favourable variance of £61k, an improvement of £27k since the previous report resulting from reimbursement from Central Government of election costs that have previously been met by the Council. Other items (net) – an adverse variance of £22k. <p>£35k of the total favourable variance has been transferred to a new reserve to support the ad hoc cost of purchasing Elections related equipment in future years.</p>	(34)	(142)	(108)
Recharge to HRA and Capital <ul style="list-style-type: none"> A net favourable variance of £106k. This can be attributed to a number of increased costs within the General Fund support services some of which are mentioned in this table and includes ICT, HR and Organisational Development, Finance and Health and Safety. 	-	(106)	(106)
Development Management <ul style="list-style-type: none"> Planning income – a favourable variance of £391k, an improvement of £198k since the previous quarter. The change can be attributed to higher than expected applications including fees relating to Stowmarket (£52k) and Eye (£40k). Consultants and Professional Fees – an increase in the need to obtain professional ecology and landscape advice for planning applications has resulted in an adverse variance of £73k, an improvement of £25k since the previous report. 	127	(82)	(209)

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Development Management cont'd			
<ul style="list-style-type: none"> Appeal related costs has resulted in an adverse variance of £258k, an increase of £21k since the previous report. Other items (net) – a favourable variance of £22k. 			
Community Development Grants and Contributions	-	(80)	(80)
<ul style="list-style-type: none"> A favourable variance of £80k, for which a carry forward of £40k has been requested to support commitments in 2019/20. 			
Investment Income (net) - CCLA, UBS, Schroeder and Funding Circle	(28)	(79)	(51)
<ul style="list-style-type: none"> A net favourable variance of £79k, a reduction of £51k since the previous report. The majority of the change is attributed to Funding Circle, an impairment charge has been necessary due to an increase in defaults and bad debts. As Funding Circle is an investment where the Council's funds are lent to UK businesses it is likely that the current economic climate and Brexit has contributed to struggling trading conditions. 			
Waste	(47)	(75)	(28)
<ul style="list-style-type: none"> A favourable variance for the Material Recycling Facility (MRF) of £46k, an increase of £13k since the previous report. This has been transferred to the waste earmarked reserve (current balance £160k). Refuse Sacks – a favourable variance of £16k, a moderate decrease of £5k since the previous quarter. Trade Waste – a favourable variance of £19k, a decrease of £7k since the previous report. Garden Waste – a favourable variance of £9k, an improvement of £17k since the previous report. 			

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Waste cont'd <ul style="list-style-type: none"> • Other items (net) – an adverse variance of £15k. 			
Housing Solutions (Homelessness) <ul style="list-style-type: none"> • Ringfenced grants due to the Council in support of the Homelessness Reduction Act 2017 legislation are greater than budgeted, resulting in a favourable variance of £9k, an improvement of £24k since the last report. • An increase in the demand for B&B services has resulted in an adverse variance of £12k. • Homeless prevention payments - an adverse variance of £6k. • Other items (net) – a favourable variance of £12k. <p>The £3k favourable variance has been transferred to the homelessness earmarked reserve.</p>	33	(75)	(108)
Housing Solutions (other temporary accommodation) <ul style="list-style-type: none"> • Surplus net income for rental income and service charges for the provision of homelessness in both the General Fund (The Foyer) and HRA properties (Eric Jones House and other temporary accommodation), has resulted in a favourable variance of £72k. <p>This has been transferred to a new temporary accommodation earmarked reserve to support future expenditure.</p>			
CIFCO <ul style="list-style-type: none"> • A favourable variance of £65k, a decrease of £20k since the previous report. The change is due to the timing of the acquisitions and changes to the interest rate. 	(85)	(65)	20

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
CDC recharge <ul style="list-style-type: none"> An increase in the cost of the charge passed to the HRA for Corporate and Democratic Core has resulted in a favourable variance of £37k. This is the element of time that Officers and Members spend on democracy e.g. meetings, producing papers for committees / Council etc. 	-	(37)	(37)
Sustainable Environment <ul style="list-style-type: none"> Income received from pre-application planning advice has resulted in a favourable variance of £15k. This was not budgeted for in 2018/19 and has been reflected in the budget for 2019/20. A favourable variance of £13k for legal expenses and contracted services. Other items (net) – a favourable variance of £8k. <p>£25k of the overall favourable variance has been transferred to the Planning Enforcement earmarked reserve for use in 2019/20.</p>	(35)	(36)	(1)
Shared Legal Services <ul style="list-style-type: none"> There has been little change since the previous report, a £13k decrease as a result of other items (net). 	(44)	(31)	13
Leisure Contract <ul style="list-style-type: none"> A favourable variance of £10k - a reduction of £20k since the previous report. The majority of the change can be attributed to repair costs and grounds maintenance. The favourable variance will be carried forward to 2019/20 to support the ongoing work on the Strategic Leisure Review. 	(30)	(10)	20

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
<ul style="list-style-type: none"> Other items (net) – there is no variance to report. <p>This includes a favourable variance of £11k for Better Business for All. This has been transferred to the Government Grants earmarked reserve at year end.</p>	(24)	-	24
ICT costs <ul style="list-style-type: none"> Skype costs as mentioned in the previous report has resulted in an adverse variance of £62k, an increase of £4k since the previous report. ICT costs cont'd <ul style="list-style-type: none"> Other items that have contributed to the overall adverse variance are software licences – Finance Capita Hosted (£26k), BT telephone lines (£47k) and a number of other smaller items (£12k). The expenditure for software licenses has been identified as ongoing and so the budget for 2019/20 has been adjusted accordingly. The main reason for the increase since the previous report (£29k) can be attributed to the external review of the ICT Contract, the aim of which is to ensure that the Council has a robust and modern ICT programme going forward. 	127	176	49
Transfers to / (from) reserves <ul style="list-style-type: none"> The net transfer from reserves is £144k less than budgeted. This can be attributed to contributions made to reserves that were not anticipated including Carry Forwards (£63k). The amount spent from the Community Housing Fund to support activity within the service was also less than expected (£81k). 	-	144	144
PV Panels <ul style="list-style-type: none"> There has been little change since the previous report, a nominal £3k increase as a result of other items (net). 	101	104	3

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Democratic Services <ul style="list-style-type: none"> There has been little change since the previous report, a nominal £1k increase as a result of other items (net). 	100	101	1
Car Parks <ul style="list-style-type: none"> Costs associated with the grounds and site maintenance across Council owned car parks was not previously forecast resulting in an adverse variance of £40k. Tools and equipment - an adverse variance of £12k, a small increase (£2k) since the previous report. Other items (net) – an adverse variance of £18k. 	8	70	62
Open Spaces <ul style="list-style-type: none"> Replacement protective clothing has been purchased for employees of the Grounds Maintenance Team resulting in an adverse variance of £38k, an increase of £27k since the previous report. This is one-off expenditure for 2018/19, however, there will be an ongoing budget requirement to replace protective clothing every 3 to 4 years. An adverse variance of £13k due to the purchase of 3 pieces of machinery to maintain open spaces and sports fields within the District. The cost of plant and vehicle fuel is higher than budgeted resulting in an adverse variance of £15k, a small increase of £4k since the last report. Plant and vehicle repairs and maintenance – an adverse variance of £10k, an increase of £3k since the previous report, due to a number of ad hoc repairs required during the year. Surplus income from the late receipt of the Parks Improvement Grant (March 2019) from Central Government has resulted in a favourable variance of £16k. 	46	50	4

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Open Spaces cont'd <ul style="list-style-type: none"> Other items (net) – a favourable variance of £10k. <p>£57k of the overall net adverse variance has been funded <u>from</u> the Commuted Maintenance earmarked reserve and the Parks Improvement Grant (£16k) has been transferred <u>to</u> the Government Grants earmarked reserve for use in 2019/20.</p>			
Corporate Subscriptions <ul style="list-style-type: none"> An adverse variance of £37k. As reported previously, £20k for Suffolk Office of Data and Analytics (SODA). A conscious decision to subscribe to a number of other bodies to give insight to the Council has resulted in an increase to the adverse variance previously reported. These include subscriptions for the EMAP and the National Fraud Initiative (NFI). 	20	37	17
HR and Organisational Development <ul style="list-style-type: none"> An adverse variance of £53k – includes contracted services, recruitment costs and professional and legal expenses. Corporate Training - a favourable variance of £18k for which a carry forward request has been submitted. 	-	35	35
Policy Strategy Health and Well-being <ul style="list-style-type: none"> There has been little change since the previous report, an improvement of £12k as a result of other items (net). 	45	33	(12)
Health and Safety <ul style="list-style-type: none"> An adverse variance of £30k, an improvement of £6k since the previous report. The change can be attributed to lower than expected costs associated with the Skyguard Lone working system. 	36	30	(6)

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Land Charges <ul style="list-style-type: none"> An adverse variance of £27k - the land charges team has seen a reduction in the number of searches requested. For those searches that have been carried out, a number of these were 'no fee' personal searches. Other items (net) – an adverse variance of £1k. 	-	28	28
Wingfield Barns <ul style="list-style-type: none"> There has been little change since the previous report, a small £4k improvement as a result of other items (net). 	32	28	(4)
Finance <ul style="list-style-type: none"> Payment cards - an adverse variance of £15k, an increase of £3k since the last report. Bank Charges – costs associated with the banking merchant are less than budget resulting in a favourable variance of £9k, an improvement of £20k since the previous report. Other items (net) – an adverse variance of £15k. 	20	21	1
Building Control <ul style="list-style-type: none"> Income – based on application fees received, there is an adverse variance of £19k, an improvement of £15k since the previous report. Other items (net) – a favourable variance of £10k. 	30	9	(21)
Business Rates <ul style="list-style-type: none"> 2018/19 Baseline Business Rates net-of Government tariff and levy has resulted in a favourable variance of £230k, an improvement of £4k since the previous report. Business Rates Pooling Benefit – a pooling benefit of £301k was achieved, a favourable variance of £150k. 	(1,218)	(1,934)	(716)

Explanation	December 2018 (£,000) (Favourable) / Adverse	Outturn (£,000) (Favourable) / Adverse	Movement (£,000) (Favourable) / Adverse
Business Rates cont'd			
<p>• 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 £1.554m, an improvement of £705k, since the last report. The majority of S31 grant (£1.139m) is one-off for 2018/19.</p> <p>The favourable variance from the pilot 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% (£1.380m). • an increase in Rural Rate Relief (£46k). • receipt of additional discretionary grants (£128k). <p>As referred to in section 3.2(b) of this report, it is recommended that the overall favourable variance of £1.935m be transferred to the Business Rates Equalisation reserve.</p>			
Total Favourable Variance	(1,939)	(3,462)	(1,523)

- 5.5 CIL income received by the Council for the year ending 31st March 2019 is £6.797m (£2.318m at the last report). Following any necessary expenditure and adjustments for the 5% administration charge, 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.
- 5.6 In 2012, the Council acquired a residential property under Compulsory Purchase Order (CPO) powers, which was later sold. Under CPO regulations the Council is required to retain the proceeds of sale for 6 years, in case the original owner reappears. The 6 years has now passed and so the proceeds written back to the Council resulting in a favourable variance of £174k.

Earmarked Reserves

- 5.7 Earmarked reserve balances total £25.6m as at 31 March 2019. Appendix C outlines the specific earmarked reserve movements detailed in section 5.8 of this report as well as the Growth and Efficiency Fund movements detailed in section 5.10.
- 5.8 The overall net favourable variance of £3.462m means that the Council has been able to supplement the Business Rates Equalisation reserve by £1.934m and has made the following contributions to earmarked reserves;- £224k to Joint Local Plan, £72k to Temporary Accommodation, £46k to Waste, £35k to Elections Equipment, £34k to Strategic Planning, £33k to Government Grants, £25k to Planning Enforcement and £3k to Homelessness. A small number of transfers from reserves has also been required, £57k Commuted Maintenance Payments, £29k Strategic Planning and £23k Government Grants.
- 5.9 Members should note that the overall outturn position includes a small number of carry forwards totalling £85k and are asked to approve these as per the recommendation in section 3.3 of this report.

<u>Carry Forwards</u>	(£'000)
Community Development – grant aid committed, but not yet spent	30
Corporate training – to support employee development through post-entry training.	18
Leisure - input to planning policy through the new Leisure, Sport and Physical Activity integration (LSPA).	16
Other carry forward items (less than £10k)	21
Total	85

Growth and Efficiency Fund (GEF)

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

MID SUFFOLK	£'000
Balance at 31 March 2018	9,318
New Homes Bonus Allocation *	1,463
Business Rates Grant *	764
2018/19 surplus	665
Compulsory Purchase Order	174
Total contributions 2018/19	3,066
Revised Balance Available	12,384
LESS;	
New Homes Bonus to balance the budget *	(354)
Business Rates Grant *	(764)
Community Capacity Building *	(257)
Transfer to Strategic Planning reserve -	(17)
Habitat Regulation Assessment (New Burdens Funding)	(206)
Actual spend - April 2018 to March 2019	(26)
Actual Spend - Delivery Plan projects (Staffing) *	(1,758)
<i>* identified in 2018/19 budget</i>	
Balance at 31 March 2019	9,004

Business Rates Retention Pilot

- 5.11 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 was 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 8 October 2018 (MCa/18/32). See Appendix A for further details and spend as at March 2019.

Capital

- 5.12 Use of capital and one-off funds is critical and needs to be linked into our future delivery plans.
- 5.13 With complex capital schemes it is difficult to accurately assess the level of payments that will be made during the financial year.
- 5.14 Capital expenditure for 2018/19 totals £34.9m, against a revised programme (including carry forwards) of £39.1m as set out in Appendix D.

	£'000
Revised Capital Programme	38,514
Actual expenditure	34,962
Contractual commitments as at 31 March 2019 (paragraph 5.16)	3,176
Carry forward requests (paragraph 5.17)	983
Total expenditure and carry forward requests	39,121
 Net capital programme adverse variance	 607

5.15 The main variances that contribute to the £607k adverse position are set out below:

- **CIFCO** – 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 was spent, with a further £13.7m invested during 2018/19. As part of the 2017/18 Capital Investment Company Business Trading and Performance Report (presented to Full Council in July 2018) , the Holding Company Board requested from the Council (via its holding company shareholders) a maximum 10% (£5m) contingency against the full investment of £25m previously approved to ensure that it makes its final acquisition in line with the business plan criteria. This was after the budget was set, hence the adverse variance of £1.112m.
- **Leisure Centres** – in the last report to Cabinet (March 2019), it was anticipated that all the remaining budget would be carried forward to 2019/20 to support the ongoing work surrounding the Leisure Strategy. However the anticipated spend is forecast to be significantly lower, resulting in a favourable variance of £257k.
- **Grants for Empty Homes** – the Council is pro-active in working with homeowners to bring empty homes back into use including offering grants to assist with repairs. Despite this there has been a reticence by homeowners to participate in the scheme during 2018/19 which has resulted in an underspend of £200k.
- **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 £107k.
- **Other items (net)** – an adverse variance of £59k.

5.16 Contractual commitments are detailed in the table below. These funds were committed in 2018/19 and will be spent in 2019/20. The resources to fund these commitments will also be transferred to 2019/20.

Contractual Commitments as at 31 March 2019	(£'000)
Regal Theatre Regeneration	2,575
Electric Vehicle Charging Points	236
Mandatory Disabled Facilities Grants	215
Community Development Grants	150
Total	3,176

- 5.17 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 2019/20 capital programme is requested, again with the requisite capital resources to fund this. It is proposed that these capital resources are carried forward into 2019/20 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.

Carry Forward Requests as at 31 March 2019	(£'000)
Grants - Affordable Housing	400
Land Assembly, property acquisition and regeneration opportunities	203
ICT	160
Leisure	131
Planned Maintenance – Corporate Buildings	60
Play Equipment	10
Recycling Bins	20
Total	983

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 – Growth and Efficiency Fund	Attached
APPENDIX C – Earmarked Reserves	Attached
APPENDIX D – Capital Programme	Attached

14. BACKGROUND DOCUMENTS

22 February 2018 Budget Report 2018/19 – MC/17/35

6 August 2018 Quarter 1 General Fund Financial Monitoring 2018/19 – MCa/18/18

5 November 2018 General Fund Financial Monitoring 2018/19 (April to August 2018) – MCa/18/37

4 March 2019 General Fund Financial Monitoring 2018/19 (April to December 2018) – MCa/18/66

Appendix A

MID SUFFOLK – BUSINESS RATES PILOT

	Scheme Description	BRR Funding £'000	Actual Spend £'000
1	Needham Lake Café / Visitor Centre	300	15
2	Town Centre Redevelopment - Stowmarket Visioning Project	240	18
3	Tech Hub – Stowmarket / A14 Corridor / Enterprise Zone	200	29
4	Establishment of a Central Suffolk Chamber of Commerce	30	30
5	The Foyer, Stowmarket	150	150
6	Inclusive Growth Engagement Officer	60	0
	Unallocated	276	
	Total amount received	1,256	242

Appendix B

Growth and Efficiency Fund

Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2017/18		Apr 18 - Mar 19		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	33,106	33,106	182,622	-3,478	1,739	1,739
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	Emily Atack	Aug-16	136,285	88,658	88,658	147	147	177,610	41,325		
3 Business Growth											
3 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		4,876	0	30,100	-13,900	13,900	
4 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	6,354	0	17,782	-4,218	4,218	
5 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	26,972	26,972	340,640	-87,130	Remaining budget no longer required	
6 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
7 Shop front & access improvement grants (MSDC only)	Lee Carvell	Jun-18	350,000	0	0	0	6,937	6,937	-343,063		343,063
Community Capacity Building											
8 New engagement post within Communities to support the development of key sites	David Clarke	Apr-18	35,000	0	0	23,062	23,063	46,125	11,125		

Appendix B

Growth and Efficiency Fund

	Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2017/18		Apr 18 - Mar 19		Total Spend	Variance - favourable / + adverse	Commitments	
					BDC	MSDC	BDC	MSDC			BDC	MSDC
	CONTINUING PROJECTS											
	Efficient Organisation											
9	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. MSDC only	Lee Carvell	Apr-17	40,000	0	0	0	40,000	40,000			
10	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		
11	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	54,970
	Housing Delivery/Business Growth											
12	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	Robert Hobbs	Jan-15	475,000	194,159	132,050	0	0	326,209	-148,791	43,341	105,450
	Housing Delivery/Business Growth											
13	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	40,744	39,339	10,438	10,438	100,960	2,960		
	General Transformation - other projects											
14	- Other	Melissa Evans			16,643	185,271	0	49,340	251,254	251,254		
15	Trees for Life (MSDC only)	Melissa Evans		15,000	0	0	0	3,350	3,350	-11,650		11,650
16	FISONs Building - dangerous structure. Cost of survey (MSDC only)	Paul Hughes		10,000	0	0	0	6,190	6,190	-3,810		3,810
17	Strategic Purchase - Aldi, Stowmarket (MSDC only)			1,484,000				1,759,008	1,759,008	275,008		
	CONTINUING PROJECTS SUB-TOTAL			3,625,405	626,260	694,080	160,364	1,989,908	3,470,612	-154,793		
	COMPLETED PROJECTS SUB-TOTAL			3,267,638	600,359	2,591,416	0	0				
				6,893,043	1,226,619	3,285,497	160,364	1,989,908	3,470,612	-154,793	122,418	524,932

General Fund Earmarked Reserves

Transfers to / from Earmarked Reserves	Balance	Transfers	Transfers	Transfers	Balance
	01 April 2018 £'000	Between £'000	Out £'000	In £'000	31 March 2019 £'000
General Fund					
Carry Forwards	(263)		263	(85)	(85)
Growth and Efficiency Fund	(9,318)	17	3,365	(3,069)	(9,004)
Commercial Development Risk Reserve	-			(500)	(500)
Business Rates Equalisation Reserve	(1,987)		957	(1,933)	(2,963)
Business Rates Retention Pilot	-		242	(1,256)	(1,014)
Strategic Planning	(350)	(17)	61	(34)	(340)
Joint Local Plan	-			(224)	(224)
Government Grants	(204)		23	(33)	(214)
Homelessness	(360)			(3)	(363)
Temporary Accommodation (inc Eric Jones House)	(46)			(72)	(118)
Welfare Benefits Reform	(211)				(211)
Commuted Maintenance Payments	(311)		80	(544)	(775)
Elections Fund	(64)			(20)	(84)
Elections Equipment	-			(35)	(35)
Planning Enforcement	(20)			(25)	(45)
Growth & Sustainable Planning	(351)				(351)
Planning (Legal)	(155)				(155)
Waste	(160)			(46)	(206)
Revocation of personal search fees	(50)				(50)
Repairs and Renewals	(292)				(292)
Sub-total General Fund (exc CIL)	(14,142)	-	4,991	(7,879)	(17,029)
Community Infrastructure Levy (CIL)	(2,474)		173	(6,232)	(8,532)
TOTAL GENERAL FUND	(16,616)	-	5,165	(14,111)	(25,561)

Note: includes the transfer to GEF (£665k), the Commercial Development Risk Reserve (£500k) and the Business Rates Equalisation Reserve (£1.934m) as shown in section 3.2 (b).

Appendix D

MID SUFFOLK CAPITAL PROGRAMME 2018/19 GENERAL FUND	Original Budget	Carry Forwards / Budget Adjustments	Current Budget	Actual Spend	Full Year Forecast LESS Budget	Contractual Commitments	Uncommitted Carry Forwards	Variance after Carry Forwards (favourable) /adverse
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Housing								
Mandatory Disabled Facilities Grant	376	71	447	232	(215)	215		-
Discretionary Housing Grants	100	35	135	62	(73)			(73)
Empty Homes Grant	100	144	244	44	(200)			(200)
Total Housing	576	250	826	337	(489)	215	-	(274)
Planning for Growth								
Grants for Affordable Housing		500	500	100	(400)		400	-
Total Planning for Growth	-	500	500	100	(400)	-	400	-
Environment and Projects								
Recycling Bins	80	63	143	60	(83)		20	(63)
LED Streetlights		44	44	31	(13)			(13)
Electric Vehicle Charging Points	396		396	236	(160)	236		76
Total Environment and Projects	476	107	583	327	(256)	236	20	-
Communities and Public Access								
Planned Maintenance / Enhancements - Car Parks	162	(60)	102	66	(35)			(35)
Streetcare - Vehicles and Plant Renewals	44		44	59	15			15
Play Equipment	25	25	50	40	(10)		10	-
Community Development Grants	189	150	339	82	(257)	150		(107)
Open Spaces (funded by s106)				216	216			216
Total Communities and Public Access	420	115	535	462	(72)	150	10	88
Leisure Contracts								
Total Leisure Contracts	485	60	545	158	(387)		131	(257)
Capital Projects								
Planned Maintenance - Corporate Buildings	80		80	20	(60)		60	-
Total Capital Projects	80	-	80	20	(60)	-	60	-
Investment and Commercial Delivery								
Open for Business	30		30	8	(22)			(22)
Regal Theatre Regeneration	2,575		2,575		(2,575)	2,575		-
Land assembly, property acquisition and regeneration opportunities	1,925	1,391	3,316	3,113	(203)		203	-
Total Investment and Commercial Delivery	4,530	1,391	5,921	3,122	(2,799)	2,575	203	(21)
Corporate Resources								
ICT - Hardware / Software costs	200	150	350	182	(168)		160	(8)
Total Corporate resources	200	150	350	182	(168)	-	160	(8)
CIFCO		12,667	12,667	13,779	1,112			1,112
Gateway 14 Ltd		16,507	16,507	16,475	(32)			(32)
Total General Fund Capital Spend	6,766	31,748	38,514	34,962	(3,553)	3,176	983	607