MID SUFFOLK DISTRICT COUNCIL

TO:	**Council**	**REPORT NUMBER: MC/19/38**
FROM:	**Councillor John Whitehead, Cabinet Member for Finance**	**DATE OF MEETING: 27 February 2020**
OFFICER:	**Katherine Steel, Assistant Director, Corporate Resources** **Melissa Evans, Corporate Manager, Finance and Commissioning & Procurement**	**KEY DECISION REF NO. N/A**

GENERAL FUND BUDGET 2020/21 AND FOUR-YEAR OUTLOOK

1. PURPOSE OF REPORT

1.1 The report contains details of the revenue and capital budgets and the Council's strategic financial aim. The purpose of this report is to present the General Fund Budget for 2020/21 and four-year outlook.

1.2 To enable Members to consider key aspects of the 2020/21 Budgets, including Council Tax and to approve the final Budget.

2. OPTIONS CONSIDERED

2.1 The General Fund Budget for 2020/21 and four-year outlook is an essential element in achieving a balanced budget and sustainable medium-term position. Setting a balanced budget for the coming year is a statutory requirement, therefore no other options are appropriate in respect of this.

3. RECOMMENDATIONS TO COUNCIL

3.1 That the General Fund revenue budget proposals for 2020/21 and four-year outlook set out in the report be approved.

3.2 That the General Fund capital budget proposals for 2020/21 set out in Appendix B in the report be approved.

3.3 That the General Fund Budget for 2020/21 is based on an increase to Council Tax of 1.66%, which equates to £2.76 per annum (5p per week) for a Band D property, to support the Council's overall financial position.

3.4 That from the 1st April 2020 properties that are unoccupied and unfurnished (Class C discount) receive a 25% reduction for the first 28 days as set out in section 11.

3.5 That the proposed Pay Policy Statement for 2020/21 as set out in section 12 be approved.

REASON FOR DECISION

To bring together all the relevant information to enable Members to approve the Councils General Fund budget.

4. KEY INFORMATION

Strategic Context

4.1 In recent years the government policy frameworks have been reducing core funding for local government as part of its deficit reduction strategy and increasingly incentivising funding to councils to deliver local economic and housing growth and to facilitate the development of strong, safe, healthy and self-sufficient communities. This is continuing, so encouraging and supporting both business and housing growth is essential to the financial future of the Council.

4.2 The Government's Fair Funding Review is still a work in progress, and it aims to set new baseline funding allocations for local authorities by delivering an up-to-date assessment of their relative needs and resources. The Government is developing an updated funding formula by looking at the factors that drive costs for local authorities. The outcome of these deliberations is still awaited and will be implemented from 2021/22.

4.3 The Council recognised the changing funding landscape, the challenges and opportunities this creates and has developed a financial strategy that responds to this challenge as set out in section 6 below.

4.4 On 16 December 2019, the Office for Budget Responsibility (OBR) published its restated March 2019 economic and fiscal outlook.

4.5 The economy ended 2018 growing a little less strongly than expected in October. Survey indicators of current activity have weakened materially, in part reflecting heightened uncertainty prior to the General Election related to Brexit. As a result, the OBR has revised their forecast for Gross Domestic Product (GDP) growth this year down to 1.2% – more than reversing the upward revision they made in October in response to the Government's discretionary fiscal loosening in the Budget. They have not altered their assessment of the outlook for potential output, so the medium-term forecast is little changed: GDP growth still settles down to around 1.5% a year.

4.6 They now expect public sector net borrowing to come in at £22.8 billion (1.1% of GDP) this year, down £2.7 billion since October thanks primarily to higher income tax receipts and lower debt interest spending. By 2023/24 the improvement since that October estimate is £6.3 billion, again thanks primarily to higher income tax receipts and lower debt interest spending.

4.7 These downward pressures on borrowing are partially offset by the £2.1 billion net cost of 20 policy decisions announced since the Budget – notably the £1.7 billion of additional planned public services spending announced at the Spring Statement. This leaves the expected deficit in 2023/24 at £13.5 billion (0.5% of GDP).

4.8 Consumer Price Index (CPI) inflation was above the 2% target throughout 2018, averaging 2.5%. In the fourth quarter of 2018 it had fallen back to 2.3%. CPI inflation fell further in January 2019 to 1.8%, largely reflecting lower gas, electricity and petrol price changes. This was the first time in two years that inflation was below the 2% target. The OBR has revised down their forecast for CPI inflation since October, dipping to 1.9% in 2020, returning to the 2% target thereafter. They have made a larger downward revision to RPI inflation due to the much weaker outlook for house prices in 2019 and 2020.

4.9 On the 4th September 2019 the Chancellor delivered his 2019 Spending Round. The key points that are relevant to Local Government are as follows:

a) Confirmation that the Fair Funding Review, Business Rates Review and business rates reset has been deferred by 12 months to 2021/22.

b) £2.9bn increase in Core Spending power overall. Most of the additional funding is for adults' and children's services, but there is £54m for Homelessness.

c) Funding to remove negative RSG has been continued for 2020/21.

d) 75% business rates pilots will come to an end and there are no new pilots planned for 2020/21.

e) £40m additional funding for Discretionary Housing Payments.

f) £23m to fund a range of measures around Universal Credit – whilst this won't come to districts it will be a positive support for people in the area.

g) Continuation of the Discover England Fund to promote inbound tourism.

h) £241m in 2020/21 in the Towns Fund to regenerate high streets, town centres and local economies.

i) Additional £30m for the Business, Energy, & Industrial Strategy (BEIS) to accelerate the development of decarbonisation schemes.

Final Finance Settlement

4.10 The Final Finance Settlement was announced on the 6 February 2020, whilst there is new money from Central Government this has been prioritised for adult and children's social care. There is no change from the provisional settlement figures for the Council.

4.11 The settlement provides no update on the progress of either the move to further business rates retention or the Review of Relative Needs and Resources (commonly called the Fair Funding Review) However the settlement confirmed that the next business rates revaluation is planned for 2021 and from then on the Government intends to move to a three-yearly revaluation cycle.

4.12 The headlines are as follows:

a) No change to the New Homes Bonus threshold of 0.4%. The 2020/21 element of NHB will be paid for one year only, the legacy payments of the bonus in respect of growth in 2019/20 and previous years will continue to be paid in 2020/21. The Government will consult on the future of the housing incentive in the Spring. The Written Ministerial Statement says this will include moving to a new, more targeted approach which is aligned with other measures around planning performance and confirmed that the payments will be phased out;

b) The Rural Services Delivery Grant will remain unchanged at £81 million in 2020/21. The Government has retained the current method of distributing the grant;

c) Business rates baseline will rise in line with inflation;

d) £400m compensation for under-indexing the business rates multiplier will be distributed to all councils, Mid Suffolk's share of this is £91k and;

e) Continuation of the option for shire districts with the lowest council tax levels allowed increases in council tax of up to 2% or up to £5, whichever is higher. The Government will continue with its policy of not setting referendum limits for parish and town councils, which they will keep under review for future years.

4.13 The Final Finance Settlement provided Mid Suffolk with additional funding of £213k. The Baseline Business Rates increased by £36k, and an additional £91k for compensation for the under-indexing of the business rates multiplier. New Homes Bonus increased by £85k, mainly due to the empty properties coming back into use element of the allocation which was not originally budgeted for.

4.14 Table 1 below shows the Final Finance Settlement compared to the budget assumptions for 2020/21.

4.15 **Table 1: Final Finance Settlement**

	2020/21 Assumed	**2020/21 Final Settlement**	**(Increase)/ Decrease**
	£'000	**£'000**	**£'000**
Baseline Funding Level	2,238	2,274	(36)
Compensation for under-indexing the business rates multiplier	-	91	(91)
New Homes Bonus	1,527	1,612	(85)
Rural Services Delivery Grant	433	433	-
Funding	4,198	4,411	(213)

5. HOW IS THE COUNCIL'S REVENUE BUDGET BEING SPENT IN 2019/20?

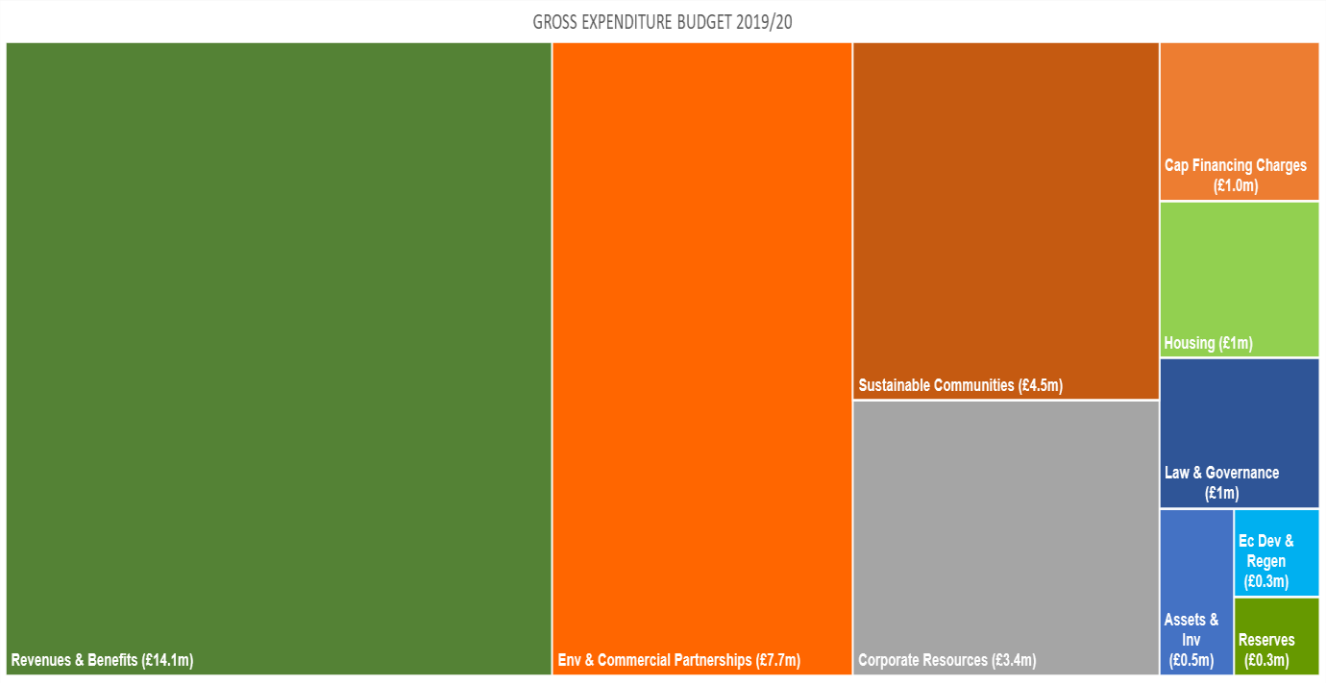
5.1 The Council's 2019/20 gross expenditure is £33.8m and income is £23.5m giving a net cost of service of £10.3m. Table 2 below shows how this is funded.

Table 2: Revenue Budget 2019/20

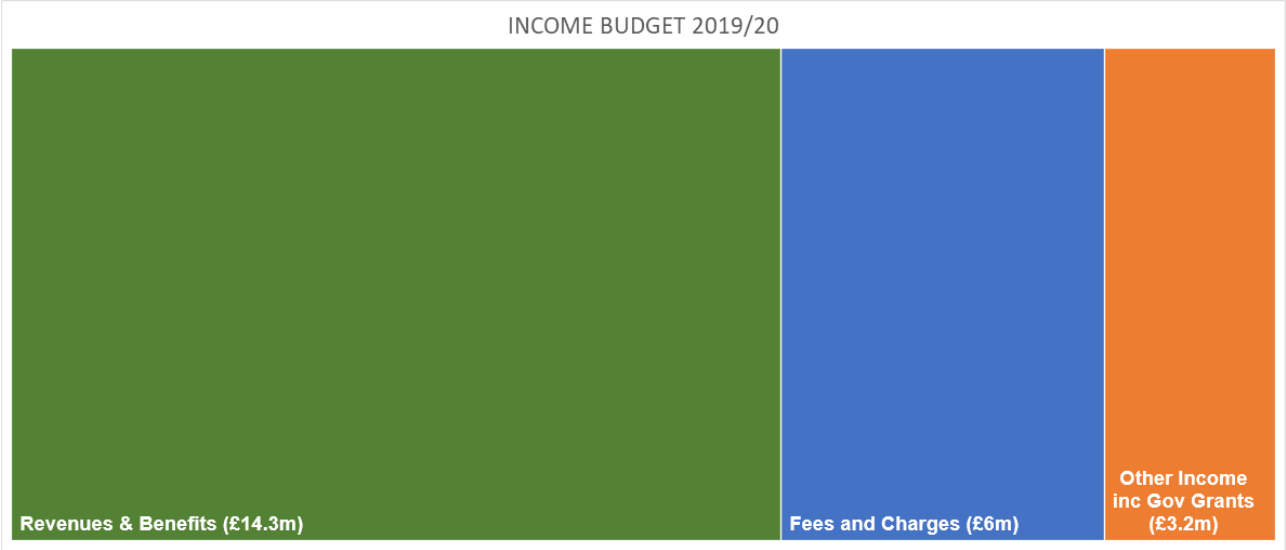
	£,000
Gross Expenditure	**33,809**
Income	**(23,557)**
Net expenditure 2019/20	**10,252**
Funded by:	
Earmarked Reserves	(1,446)
New Homes Bonus to balance the budget	-
S31 Grant	(783)
Business Rates	(2,043)
Collection Funds Deficit	570
Rural Service Delivery Grant	(433)
Council Tax	(6,117)
Total Funding	**(10,252)**

5.2 Graph 1 below shows how the £33.8m gross expenditure is allocated across the services and Graph 2 shows the breakdown of the £23.5m income. The funding element is not shown in these graphs.

Graph 1 Gross Expenditure by service area in 2019/20



Graph 2 Income in 2019/2020



5.3 The Revenues and Benefits element (£14m) in both the expenditure and the income charts above includes housing benefit paid out to claimants and reimbursed from the Government.

5.4 The forecast position for 2019/20 at quarter 2 reported to Cabinet in January 2020 showed a projected underspend of £397k. However, there may be further variances that occur throughout the remainder of the year. An updated position will be reported to Cabinet in March 2020 and the final outturn position in May 2020.

6. MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2020-2024

Strategic Aims

6.1 In order to achieve the vision and ambition for the districts with significantly reduced government resources the Council needs to take a medium-term view of the budget through a financial strategy that is focused on meeting the corporate priorities.

6.2 The main strategic financial aim is to become self-financing i.e. not reliant on Government funding. There is a secondary aim to be in a position to generate more funds than are required for core services, to enable additional investment in the district.

6.3 There are 3 key elements that need to be carefully balanced to ensure success. These are:

1. Cost management;
2. Income generation; and
3. Service levels.

Principles

6.4 The approach over the medium term is to transform the Council into an organisation that is thriving and not just surviving, by reviewing, remodelling and reinventing the way the Council operates.

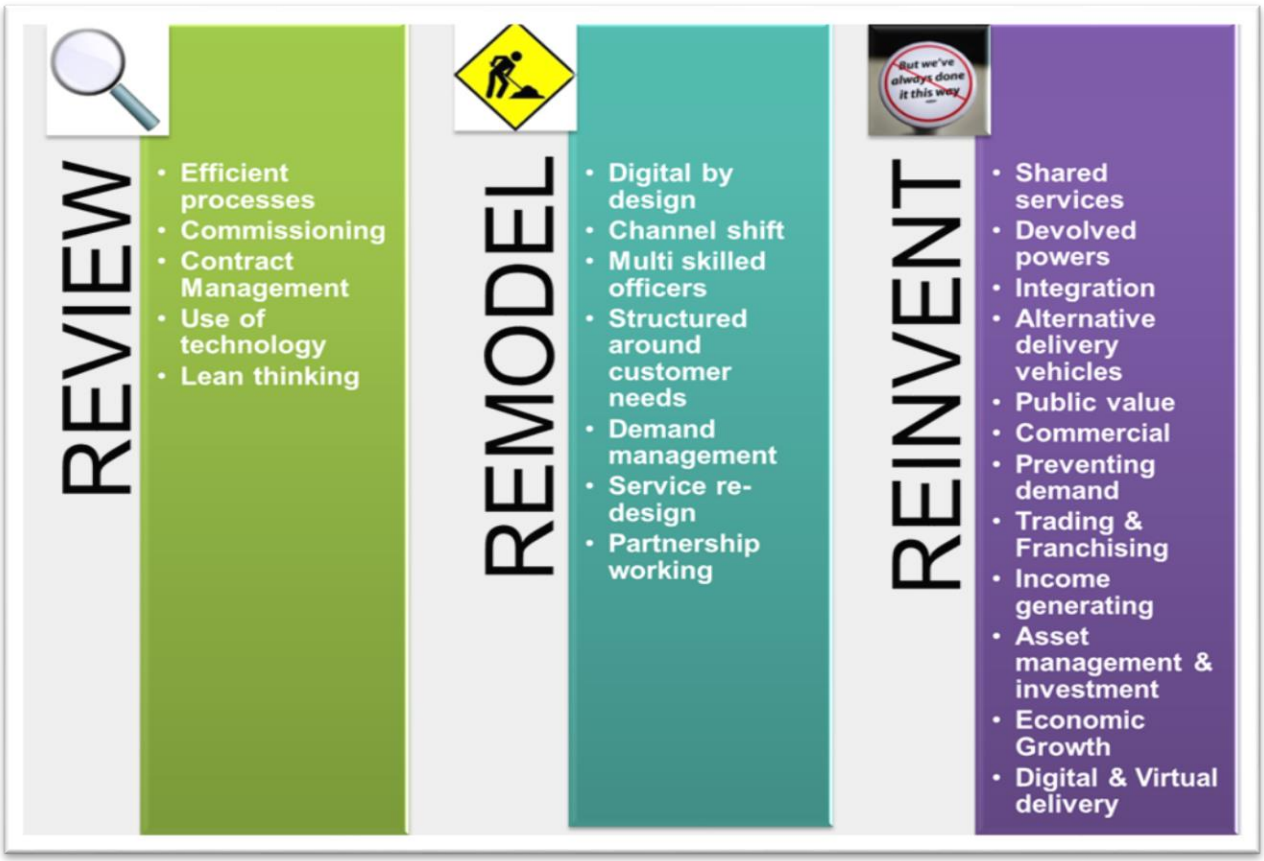
The Cabinet proposes that the following overarching principles should be considered when evaluating ideas and opportunities for change as set out below:

- Reduce our costs (both internally and across the wider system)
- Increase our income
- Provide better / "best" value
- Increased social value
- Provide a better service for our customers
- Reduction in administration costs, without compromising service

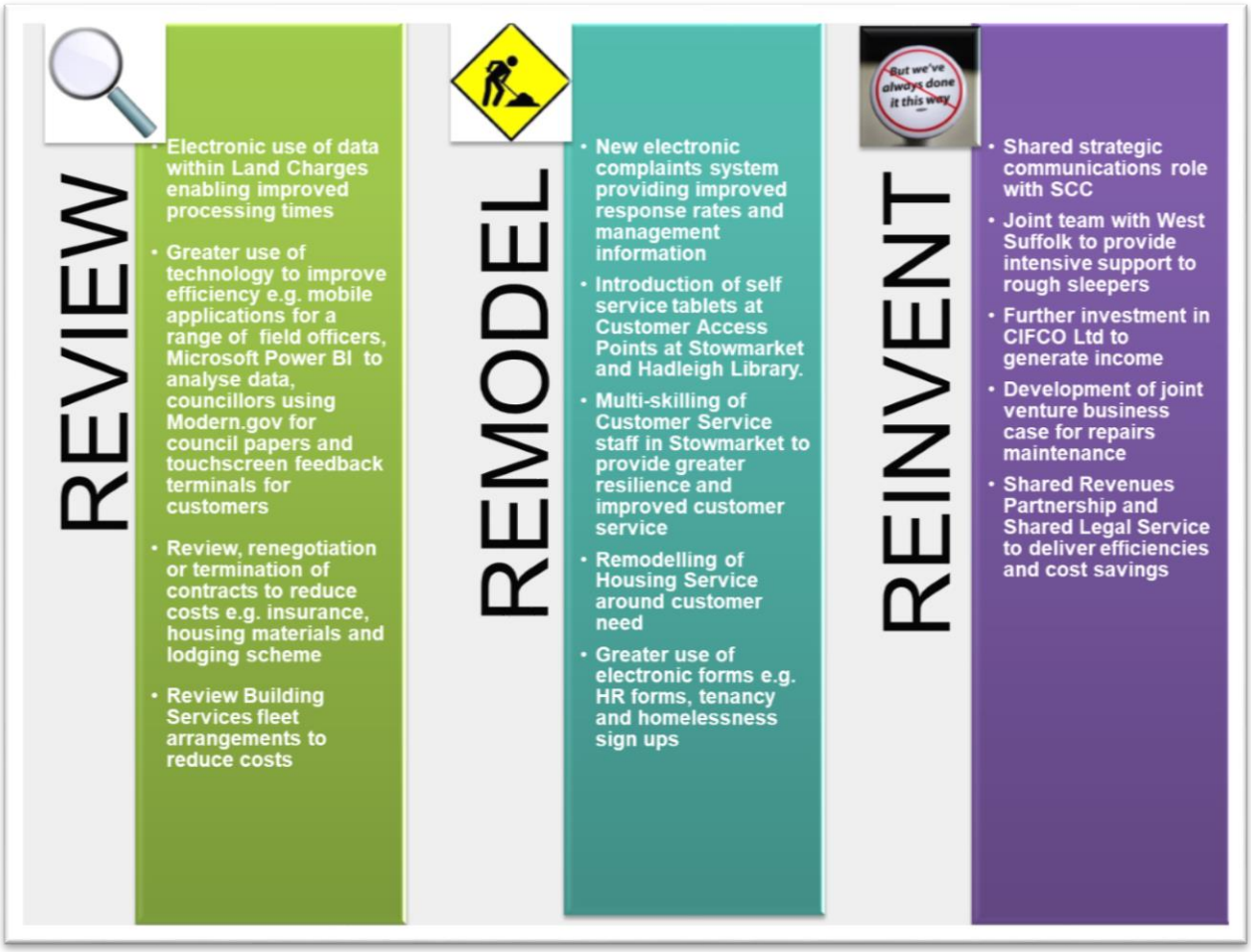
6.5 The focus will be on internal efficiencies and improvements within existing structures. Continuously looking to streamline work and reduce waste in processes. Greater cross-functional working and multi-skilling and improving ways of working to move away from 'professional silos' and toward integrated services for the public. Where customer demand is understood, analysed and met through new services and business models, and where the demand itself is re-shaped and managed while engaging service users to ascertain priorities.

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

Approach



6.7 During 2019/20 a great deal of work has been undertaken following this approach as shown in the diagram below. Work will continue into 2020/21 and is likely to require a longer-term approach and may require additional resources and investment. The Council will continue this approach in order to transform the way the it operates over the next three years.



7. RESERVES

7.1 When setting the budget for the forthcoming year the Council must have regard to the level of reserves needed to provide enough resources to finance estimated future expenditure plus any appropriate allowances that should be made for contingencies.

7.2 The Council has been making significant savings for a number of years as set out in 8.16 below, and with each year the challenge gets more difficult without negatively impacting on service standards. The approach outlined above will deliver savings or generate income to ensure the Council is in a self-financing position. However, some of these will not be realised until 2021/22 onwards and investment from reserves may be required to deliver them.

7.3 Reserves only provide one-off funding so the Council should avoid using reserves to meet regular recurring financial commitments.

7.4 In 2020/21 the Council is using £1m from earmarked reserves, as follows:

- £736k of earmarked reserves against specific service expenditure (£538k shown against new cost increases in paragraph 8.16 Table 7);

- £250k on members locality budgets

7.5 There are a number of reserve transfers from the Growth and Efficiency Fund (GEF) identified in 2019/20 which have not yet been spent. They include the £3m potential contribution to the Strategic Investment Fund, £2.6m contribution towards the Regal Theatre, £0.9m contribution towards the retail unit at the former headquarters at Needham Market and £200k towards battery storage at the Leisure Centre.

7.6 Table 3 below shows the earmarked reserves balance from 31 March 2019, forecast through to 31 March 2021. This shows that the level of reserves drops by 37% (excluding CIL) over the two years.

Table 3: Forecast Earmarked Reserve Levels

		Transfers 2019/20			Transfers 2020/21			
Transfers to / from Earmarked Reserves	**Balance 31 March 2019**	**Transfers to**	**Transfers from**	**Balance 31 March 2020**	**Transfers between**	**Transfers to**	**Transfers from**	**Balance 31 March 2021**
Carry Forwards	**(85)**		**85**	**(0)**				**(0)**
Growth and Efficiency Fund	**(9,006)**	**(3,090)**	**2,861**	**(9,235)**	**500**	**(2,027)**	**9,609**	**(1,153)**
Commercial Development Risk Management	**(500)**	**(1,000)**		**(1,500)**		**(1,000)**		**(2,500)**
Climate Change	**-**			**-**	**(500)**			**(500)**
Welfare Benefits Reform	**(211)**			**(211)**				**(211)**
Business Rates Retention	**(1,014)**			**(1,014)**				**(1,014)**
Business Rates Equalisation	**(2,962)**			**(2,962)**				**(2,962)**
Government Grants	**(214)**		**35**	**(179)**			**34**	**(145)**
Commuted Maintennace Payments	**(775)**			**(775)**			**39**	**(736)**
Elections Fund	**(84)**	**(20)**	**75**	**(29)**		**(20)**		**(49)**
Planning Enforcement (Legal Costs)	**(35)**			**(35)**				**(35)**
Planning Enforcement	**(45)**			**(45)**				**(45)**
Revocation of personal search fees	**(51)**			**(51)**				**(51)**
Homelessness	**(363)**		**33**	**(330)**			**29**	**(301)**
Temporary Accommodation	**(118)**		**42**	**(76)**			**9**	**(67)**
Planning (Legal Costs)	**(506)**		**.**	**(506)**			**333**	**(173)**
Neighbourhood Planning Grants (NPGs)	**(27)**	**(54)**		**(81)**		**(47)**		**(128)**
Strategic Planning inc Community Housing Grant, Brownfield Sites etc	**(313)**		**43**	**(270)**				**(270)**
Strategic Planning - Joint Local Plan	**(224)**		**33**	**(191)**			**118**	**(74)**
Repairs and Renewals	**(293)**			**(293)**				**(293)**
Waste	**(205)**		**127**	**(78)**			**15**	**(63)**
Sub-total exc CIL	**(17,031)**	**(4,164)**	**3,334**	**(17,861)**	**-**	**(3,094)**	**10,185**	**(10,770)**
Community Infrastructure Levy (CIL)	**(8,532)**			**(8,532)**				**(8,532)**
Total earmarked reserves	**(25,563)**	**(4,164)**	**3,334**	**(26,394)**	**-**	**(3,094)**	**10,185**	**(19,303)**

7.7 There is an agreed process for CIL bids, however nothing has been included in this table for CIL income and expenditure for 2020/21 as this is difficult to predict.

7.8 The level of risk has been assessed regarding the Councils in-district planned brownfield and greenfield commercial developments. These include Needham Market and Stowmarket middles schools, the Councils former offices in Needham Market and the major development planned for the Gateway 14 site in Stowmarket. Robust business cases have been produced for each of these projects but given the element of risk inherent in any development, a prudent decision has been made to transfer £1m to the Commercial Development Risk Management reserve in 2020/21. As these developments come to fruition the level of the reserves may be reduced.

7.9 In response to some of the Opposition Group's budget proposals, £500k is being transferred from the GEF to a new Climate Change earmarked reserve to ensure funding is available for the recommendations that will come from the Climate Change Taskforce.

7.10 In addition to the earmarked reserves the Council also holds a general fund reserve of £1.052m, which equates to approximately 11% of the net cost of service. This is a prudent level of reserve to hold to mitigate against unexpected financial risks that cannot be offset by savings during the year or with use of the earmarked reserves in Table 3.

8. FORECAST BUDGET GAP TO 2023/24

8.1 To establish the medium-term budget gap several assumptions have been made as to the expected level of funding and a number of cost increases and savings have been identified over the period. These are set out later in this section.

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Funding

8.2 Funding arrangements for councils have changed significantly in recent years, the revenue support grant has been completely removed and the future funding of New Homes Bonus (NHB) is now time-limited without any certainty yet of what will replace it.

8.3 2019/20 is the last year of the four-year Comprehensive Spending Review where councils had some certainty about their funding levels, therefore the position from 2020/21 remained more difficult to forecast until the Government announced a one-year settlement for 2020/21.

8.4 The Fair Funding Review and changes to the distribution of business rates has been delayed as a result of Brexit discussions, therefore the position after 2020/21 remains more difficult to forecast.

8.5 Government has recognised that councils are now more reliant on council tax and business rates as the main sources of funding and has announced that from 2021 business rate retention will be 75% compared to 50% of the growth achieved in business rates income. A full review of business rates is likely to happen following an announcement as part of the final finance settlement.

8.6 Since NHB was introduced in 2011/12 the Council has received £15.5m in total. As shown in Table 4 below the use of NHB to balance the budget increased from 4% in 2016/17 to 24% in 2018/19. In 2020/21 the Council is in the position of being able to balance the budget without any use of NHB and transfer the full £1.6m to earmarked reserves.

8.7 From 2011/12 to 2019/20 £6.8m NHB has been transferred to the Growth and Efficiency Fund. The Council is not reliant on NHB to balance the budget in any year up to 2023/24, but the projected transfer from the annual surplus decreases each year to just £91k in 2023/24 leaving less money available to invest into the district. If the Council wishes to continue to have resources for investment, actions will need to be taken over the next 3 years under the Medium-Term Financial Strategy.

Table 4: New Homes Bonus used from 2016/17 to 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Amount of NHB received	2,641	2,028	1,463	1,380	1,612	9,124
NHB used to balance the budget	110	267	354	0	0	731
% NHB used to balance the budget	4%	13%	24%	0%	0%	8%

8.8 Table 5 and Graph 3 below shows the NHB over the last ten years plus the estimated allocations for 2021/22 to 2023/24. This assumes 1% growth over and above the 0.4% threshold, one more year's growth for 2020/21 only and the legacy payments being phased out from 2021/22 year on year with nothing being received in 2023/24.

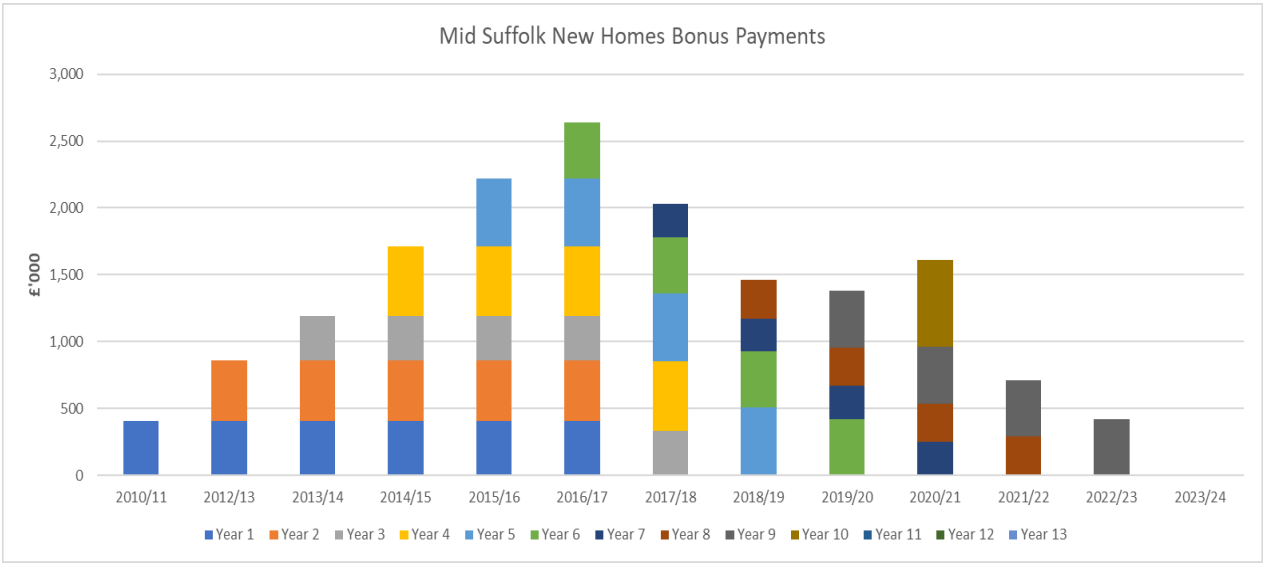
8.9 This clearly shows how the NHB has declined from a peak of £2.6m in 2016/17 to £1.5m in 2018/19, after the Government announced it would reduce the allocation from 6 years to 5 years in 2017/18 and to 4 years in 2018/19, as well as introducing a 0.4% growth baseline in 2017/18.

8.10 For 2020/21, the 0.4% growth for Mid Suffolk means that the first 174 new homes built will receive no payment.

Table 5: New Homes Bonus sums per year

											Estimated		
Payments	**2010/11**	**2012/13**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Year 1	409	409	409	409	409	409							
Year 2		452	452	452	452	452							
Year 3			334	334	334	334	334						
Year 4				521	521	521	521						
Year 5					506	506	506	506					
Year 6						420	420	420	420				
Year 7							247	247	247	247			
Year 8								290	290	290	290		
Year 9									422	422	422	422	
Year 10										653			
Year 11													
Year 12													
Year 13													
Total	**409**	**860**	**1,194**	**1,714**	**2,221**	**2,641**	**2,028**	**1,463**	**1,380**	**1,612**	**713**	**422**	

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



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

a) £1.9m use of reserves from 2020/21 to 2022/23.

b) NHB as per 8.9 above

c) No growth in business rates income.

d) Nothing has been included for forecast Business Rates surplus or deficit beyond 2019/20 based on the assumption that the equalisation earmarked reserve will accommodate this.

e) Rural Service Delivery grant will continue beyond 2019/20.

f) Council Tax 1.66% increase each year from 2020/21 to 2023/24, generating on average an incremental additional £109k per annum.

g) Tax base growth of 1.25% for 2020/21 generating an additional £76k and 1.3% per annum from 2021/22, approximately £84k per annum.

8.12 Table 6 below shows the forecast funding from 2020/21 to 2023/24. Ignoring the use of reserves (£1m for 2020/21, £335k 2021/22, £286k for 2022/23 and £250k for 2023/24) funding decreases by 10% over the 4-year period. This is due to the assumed reduction of NHB as shown in Table 5 above.

8.13 By 2023/24 Government funding is virtually non-existent except for Rural Service Delivery Grant. The main sources of funding for the Council are Business Rates and Council Tax.

8.14 The surplus position for 2020/21 means that the Council is able to make a transfer of £1m to the Commercial Development Risk Management reserve as explained in paragraph 7.9 above as well as the entire £1.6m NHB to the Growth and Efficiency Fund reserve.

Table 6: Forecast Funding 2020/21 – 2023/24

Description	*2019/20* Budget £000	*2020/21* Budget £000	*2021/22* Forecast £000	*2022/23* Forecast £000	*2023/24* Forecast £000
Funding:					
Other Earmarked Reserves	(1,196)	(736)	(85)	(36)	-
Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	(250)	(250)	(250)
New Homes Bonus - provisonal 2020/21 onwards	(1,380)	(1,613)	(713)	(422)	-
S31 Business Rates Grant	(1,313)	(1,405)	(1,405)	(1,405)	(1,405)
Government Support					
(a) Baseline business rates	(2,238)	(2,540)	(2,334)	(2,334)	(2,334)
(b) B/Rates – levy	488	727	522	522	522
(c) B/Rates – growth/pooling benefit	(293)	(367)	(367)	(367)	(367)
(d) B/Rates prior yr deficit	597	(120)	-	-	-
(e) Rural Services Delivery Grant	(433)	(433)	(433)	(433)	(433)
Council Tax Collection Fund surplus	(27)	(27)	(27)	(27)	(27)
Council Tax (1.66% increase to Band D)	(6,035)	(6,220)	(6,402)	(6,593)	(6,790)
Growth in taxbase	(82)	(76)	(82)	(84)	(87)
Total Funding	**(12,162)**	**(13,060)**	**(11,576)**	**(11,431)**	**(11,171)**

Cost Increases

8.15 In addition to the reduction in Government funding there are £3.4m of cost increases that have been identified in 2020/21 and beyond. However, this includes £538k of other funding from reserves. Table 7 below shows the cost increases the Council is expecting to face over the next four years.

Table 7: Forecast Cost Increases 2020/21- 2023/24

MID SUFFOLK - MOVEMENT YEAR ON YEAR	19/20 to 20/21 £000	20/21 to 21/22 £000	21/22 to 22/23 £000	22/23 to 23/24 £000
Net Service Cost previous year	**10,252**	**10,032**	**9,731**	**10,171**
Cost Increases				
Inflation				
Employees - includes pay award, increments	408	369	384	398
Contracts	62	87	89	91
Business Rates	10	10	10	11
Sub total cost increases	**479**	**466**	**483**	**500**
Assets and Investments				
Gateway 14 Ltd	136	(726)	160	288
PV Panels - cost of servicing & repairs	65	(8)		
CIFCO - net interest receivable	24	(14)	(13)	(15)
Customer Access				
ICT - telephony, software licenses & contract costs	162			
Environment				
Waste - refuse contract	68			
Waste - recycling credits		130		
Waste - cost of disposal (Trade and Garden waste)	50			
Materials Recycling Faculty (cost of disposal) (funded from reserves)	15			
Sustainable Communities				
Planning appeals (100% funded from reserves)	268			
Joint Local Plan - examination costs (Funded from reserves - £118k)	118			
Neighbourhood Planning (removal of contribution to reserve)	74			
Policy Strategy Health & Well-being (funded from reserves - £26k)	35			
Provision of Free Swims for children aged 17 years and under during school holidays	25			
Planning - consultants & professional fees	20			
Other Cost Increases				
Employee Costs (Funded from reserves - £86k)	204	97	-	(36)
Minimum Revenue Provision (MRP)	217	212	16	55
Other items (net) - funded from reserves £25k	116	(98)	(39)	(62)
Total Cost Increases	**2,075**	**59**	**607**	**730**
Increases funded from earmarked reserves (as mentioned above)	538			

8.16 In calculating the cost increases, the following assumptions have been made:

a) It has been agreed that a pay award of 2% will be made, so pay budgets have been increased accordingly.

b) General Inflation
- Business rates on the Council's own properties - 3.9%
- Utilities – Nil increase
- Major contracts – 2% to 2.5%

c) Pension fund assumptions
- future rate contribution - 23%, no change from 2019/20
- pension lump sum – 1% per annum reduction from 2020/21 to 2022/23 and 1% per annum increase for 2023/24

Savings

8.17 Over the years 2011/12 to 2019/20 the Council has achieved cumulative savings of £30.9m through shared services, efficiencies, better use of technology and maximising commercial opportunities.

8.18 Continuing in this vein and following the approach set out in section 6, savings/income of £2.8m have already been identified for 2020/21 and beyond. Table 8 below shows the savings the Council is expecting to achieve over the next four years.

Table 8: Forecast Savings 2020/21- 2023/24

MID SUFFOLK - MOVEMENT YEAR ON YEAR	19/20 to 20/21 £000	20/21 to 21/22 £000	21/22 to 22/23 £000	22/23 to 23/24 £000
Savings				
Assets and Investments				
CIFCO (further investment) - net interest receivable	(270)	(13)	38	(19)
Needham Market and Stowmarket Middle Schools	(68)			
Aldi - business rates	(41)			
Rental income retail building, Needham Market		(40)	(40)	
Growth Companies Recharges - Prof & Consultancy Fees	(25)			
Customer Access				
Digital Transformation - end to end		(25)		
Environment				
Waste - income (garden / trade & recycling credits)	(197)			
Grass cutting of SCC verges	(50)			
Car Park income	(22)			
Finance				
Insurance Premiums	(51)			
SRP Contract saving	(41)			
Housing				
Community Housing Fund 2 yr fixed term post (funded from reserves 18/19 & 19/20)	(105)			
Increase to Homelessness Grant funding	(43)			
Law and Governance				
Elections (funded from reserves in 19/20)	(75)			
Sustainable Communities				
Planning fee income	(253)			
Funding for 2 Police Community Support Officers (funded from GEF in 19/20 & 20/21)		(75)		
Other Savings				
Increase vacancy management contingency 2.5% to 5%	(248)	(18)	(19)	(18)
Reduction in transfers to reserves	(207)	(47)	-	
Interest Payable (Pooled Funds)	(147)			
Interest Payable (Other)	(132)			
Interest Receivable (Pooled Funds)	(128)			
Charge to HRA and Capital	(80)	(23)	(23)	(24)
Employees - deficit pension fund change (1% reduction from 20/21 - 22/23 & 1% increase for 23/24	(63)	(69)	(72)	75
Contract management savings	(50)	(50)	(50)	(50)
Total savings	**(2,294)**	**(360)**	**(167)**	**(36)**

Budget Gap

8.19 Table 9 below shows the forecast surplus or deficit for 2021/22 - 2023/24 with and without New Homes Bonus.

8.20 The position for 2020/21 is a £2.0m surplus this is achieved by using no New Homes Bonus, £189k S31 grant, £433k Rural Service Delivery Grant and £1m from reserves as well as transferring £1m from the S31 grant to the Commercial Development Risk Management reserve as explained in paragraph 7.9.

8.21 The three-year surplus from 2021/22 of £3.4m is achieved by using £7.5m in total of the following:

- £1.1m New Homes Bonus;
- £4.2m S31 grant;
- £1.3m Rural Service Delivery Grant; and
- £0.9m from reserves

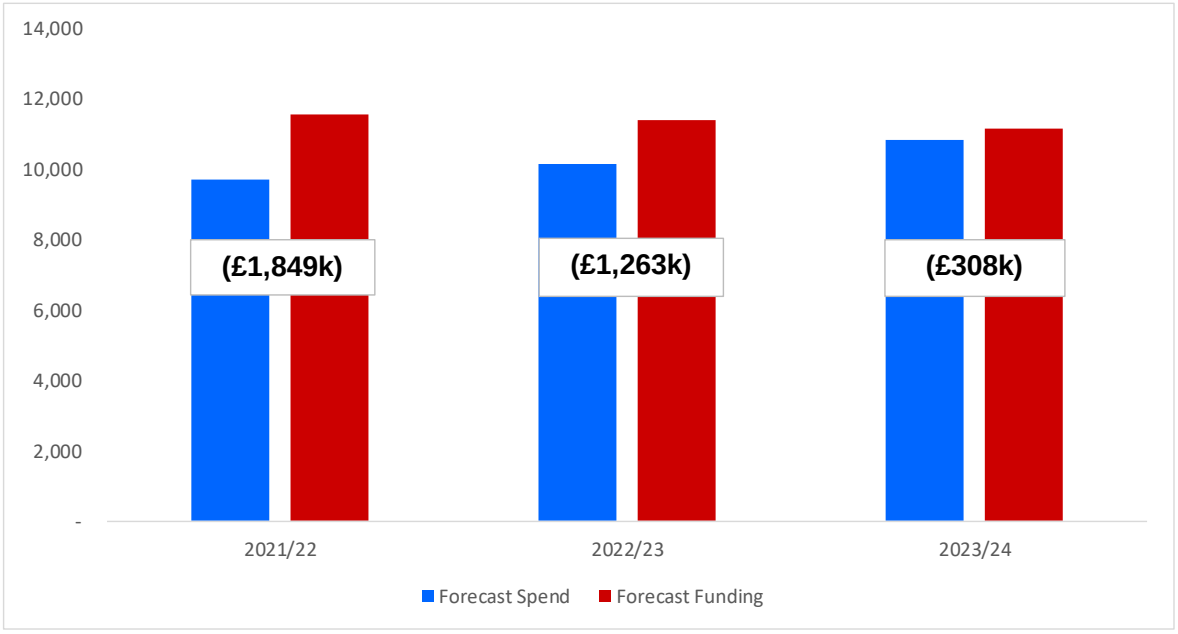
8.22 When NHB is phased out completely by 2023/24, the projected surplus for the Council is only £308k. With the key objective to become self-financing and to have more than enough funds to invest within the Council itself and the across the Districts, the Council will need to deliver significant income or savings by reviewing, remodelling and reinventing the way the it operates as set out in section 6.

Table 9: Forecast Budget Gap 2020/21 – 2023/24

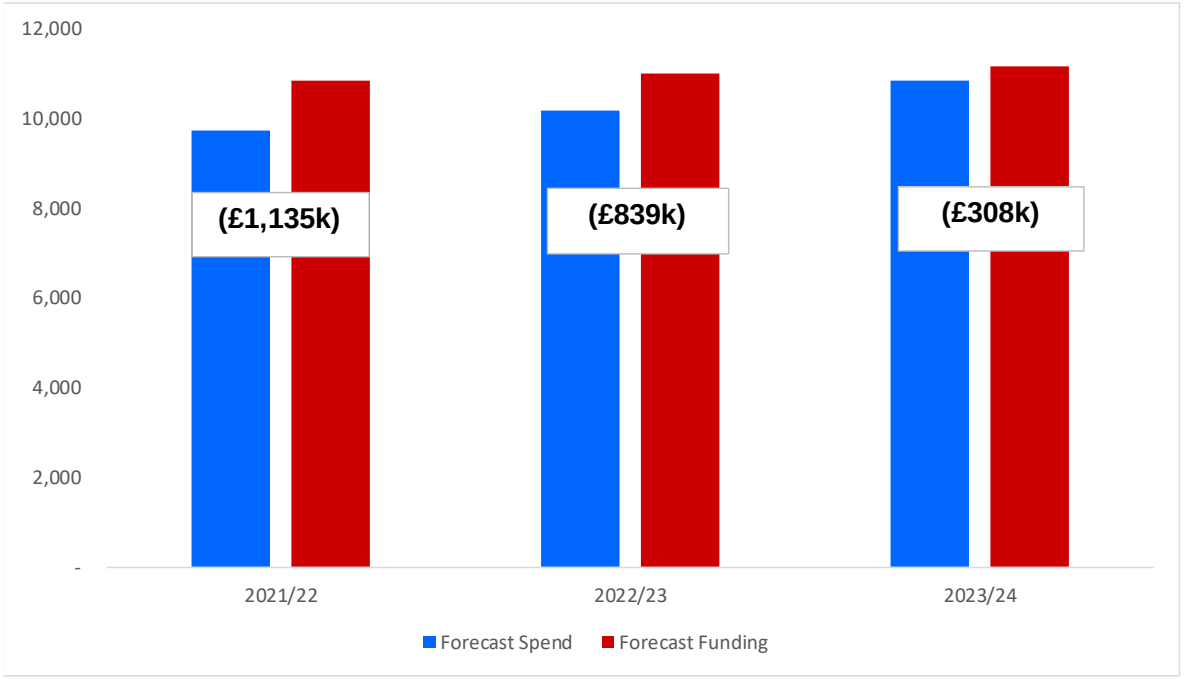
	Mid Suffolk		
	2021/22	**2022/23**	**2023/24**
Including NHB			
Net Service Cost previous year	10,032	9,728	10,168
Cost Increases	59	607	730
Savings	(360)	(167)	(36)
Net Service Cost current year	**9,728**	**10,168**	**10,863**
Funding	(11,576)	(11,431)	(11,171)
Annual Deficit /(Surplus)	**(1,849)**	**(1,263)**	**(308)**
Cummulative Deficit/(Surplus)	**(1,849)**	**(3,111)**	**(3,419)**

	Mid Suffolk		
	2021/22	**2022/23**	**2023/24**
Excluding NHB			
Net Service Cost previous year	10,033	9,729	10,169
Cost Increases	59	607	730
Savings	(360)	(167)	(36)
Net Service Cost current year	**9,729**	**10,169**	**10,863**
Funding	(10,864)	(11,008)	(11,171)
Annual Deficit /(Surplus)	**(1,135)**	**(839)**	**(308)**
Cummulative Deficit/(Surplus)	**(1,135)**	**(1,974)**	**(2,282)**

Graph 4: Forecast Budget Gap (surplus)/deficit, including NHB (annual) 2021/22 - 2023/24



Graph 5: Forecast Budget Gap (surplus)/deficit, excluding NHB (annual) 2021/22 - 2023/24



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

9.1 The summary in Appendix A shows a breakdown of the Council's net cost of service for 2019/20 (£10.252m) and 2020/21 (£10.033m) a reduction of £219k (2.1%).

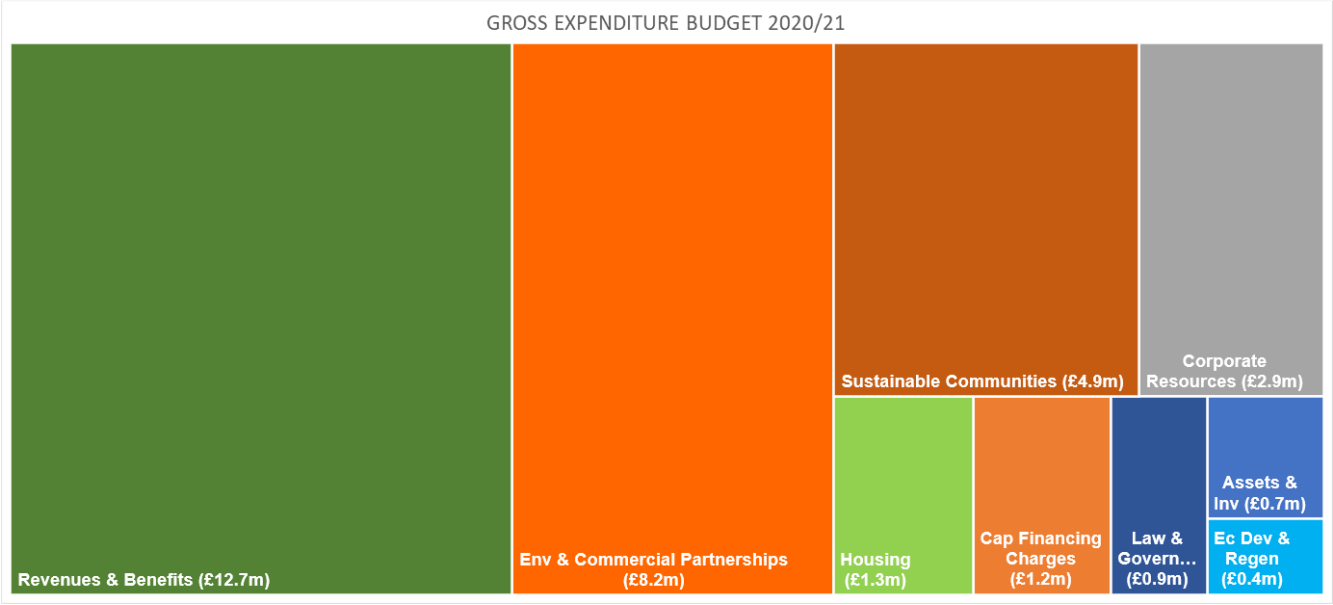
The Council's 2020/21 gross expenditure is £33.3m and Income is £23.3m giving a net cost of service of £10m. Table 10 below shows how this is funded.

Table 10: Revenue Budget 2020/21

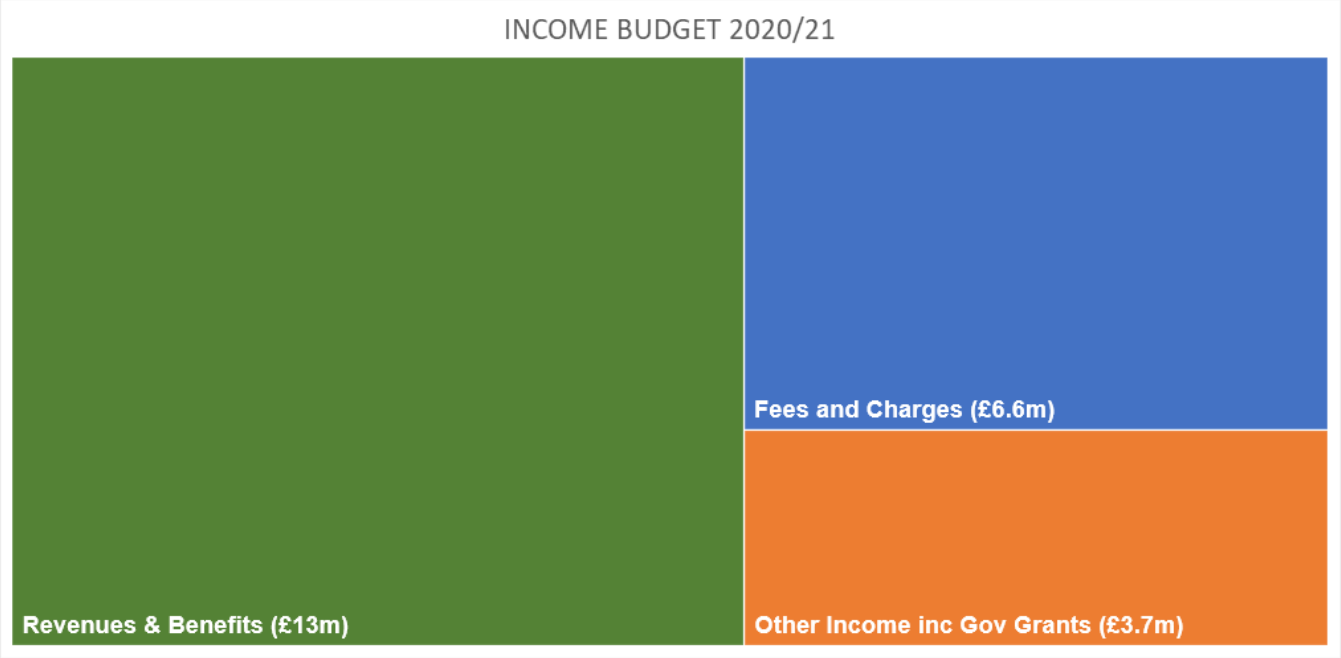
	£,000
Gross Expenditure	**33,372**
Income	**(23,339)**
Net expenditure 2020/21	**10,033**
Transfer to Commercial Development Risk Management Reserve	**1,000**
Funded by:	
Earmarked Reserves	(986)
New Homes Bonus received	(1,613)
S31 Grant	(1,405)
Business Rates	(2,300)
Collection Funds (Surplus)/Deficit	(27)
Rural Service Delivery Grant	(433)
Council Tax	(6,296)
Total Funding	**(13,060)**
Total surplus transferred to reserves	**(2,027)**

9.2 Graph 6 below shows how the £33.3m gross expenditure is allocated across the services and Graph 7 below shows the breakdown of the £23.3m income. The funding element is not shown in these graphs.

Graph 6 Gross Expenditure by service area in 2020/21



Graph 7 Income by service area in 2020/21



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

9.4 For details of what services are within each area and a breakdown by service area of income please refer to the 2020/21 Budget Book at Appendix D.

Fees and charges

9.5 Fees and charges have been reviewed by budget holders as part of this budget setting process and a summary of fees and charges for 2019/20 and 2020/21 is attached at Appendix E.

9.6 A further benchmarking exercise will be undertaken during 2020/21 to review the Council's levels of fees and charges.

10. CAPITAL PROGRAMME

10.1 The detailed Capital Programme is attached at Appendix B. The planned spend for 2020/21 is £14.9m. The main areas are the re-development of the former Council Offices, Needham Market £0.7m (funded from GEF), £8.7m investment in CIFCO, £0.6m Needham Lake Visitors Centre (funded from GEF and the Business Rates Retention Pilot) and £2.9m for the Leisure Centres including £2.2m for refurbishment and development of Mid Suffolk Leisure Centre (funded from GEF).

10.2 The Capital and Investment Strategy will have further details of the Council's borrowing capacity and the impacts of the capital programme. This was reviewed by Joint Audit and Standards Committee on 27 January 2020 and considered by Cabinet on 10 February 2020.

11. EMPTY PROPERTY DISCOUNT

11.1 The Local Government Finance Act 2012 introduced discretion for Councils to vary the Council Tax discounts for certain categories of empty properties, whilst maintaining a range of mandatory discounts and exemptions

11.2 The discretion allows the Council to vary the exemption and replace it with a local discount where:

- a property becomes unoccupied and is left substantially unfurnished (6-month exemption) (Class C discount); or

- a property is vacant, and it requires or is undergoing major repair works to render it habitable; it is undergoing structural alteration; or less than 6 months have elapsed since the date on which such work was substantially completed (12-month exemption)(Class D discount).

11.3 The Council used this discretion from 2013 to introduce a discount of 100% for the first 4 weeks from the date the property became unoccupied and unfurnished and a 25% discount for 12 months for properties that are uninhabitable. The discount for properties that are unoccupied and unfurnished was amended further in 2014 to a 25% discount for a period of 3 months.

11.4 The discount was originally introduced in order to minimise the impact of the reduction in funding from the Government in respect of Council Tax Reduction i.e. generating an income from empty properties would mitigate the need for working age recipients in receipt of a Council Tax Reduction to pay a larger proportion of the Council Tax. It was also hoped that it would add a financial incentive to encourage empty homeowners to bring their properties back into use.

11.5 The 2014 change was made purely to address some unintended administrative issues with the 2013 discount, namely an increase in landlord and tenant disputes.

11.6 When the original discount was introduced the average void period was around 43 days for council housing. This has now reduced to 30 days for Babergh and 28 for Mid Suffolk.

11.7 The Council is liable to pay Council Tax on unoccupied/unfurnished properties that they own. The cost of this falls on the HRA

Proposal

11.8 Reduce the discount period from 3 months to 28 days but keep the level of discount to 25% awarded to properties that are unoccupied and unfurnished (Class C discount). Full Council Tax would be payable after the 28-day discount has expired. The uninhabitable discount would remain unchanged at 25% discount for 12 months.

11.9 This would continue to incentivise occupation of the property and increase the level of Council Tax raised.

11.10 In considering whether a dwelling has been unoccupied and unfurnished for any one period, any periods not exceeding six weeks occupied and furnished shall be disregarded.

11.11 For 2018 £571,364 was raised from charging Council Tax on properties that have been unoccupied and unfurnished for more than 3 months. The Councils share is 10% of this amount, and 96.53% was collected in-year. If the discount had been restricted to 28 days, a further £47k would have been raised.

12. PAY POLICY STATEMENT

Requirements

12.1 The Councils are required to produce a Pay Policy Statement for each financial year under Section 38(1) of the Localism Act 2011. Should it be necessary to amend this 2020/21 Statement during the year that it applies, an appropriate resolution will be made to Full Council.

12.2 Babergh and Mid Suffolk District Councils have a single organisational structure with harmonised pay, grades, terms and conditions of service and have a single pay policy statement which covers both Councils.

12.3 The Localism Act 2011 and supporting guidance provides information and detail on the matters that must be included within this statutory pay policy. However, they also emphasise that each local authority has the autonomy to take its own decisions on pay and pay policies. The Pay Policy Statement must be formally approved by Full Council. The statement must be published on the Councils websites, and when setting the terms and conditions of those in Chief Officer posts the policy must be complied with.

12.4 In the context of managing scarce public resources, remuneration at all levels needs to be adequate to secure and retain high quality employees, but at the same time needs to avoid being unnecessarily generous.

12.5 The Pay Policy Statement must include a policy on:

- Level and elements of remuneration for each chief officer (for the Councils this is defined as Chief Executive, Strategic Directors and Assistant Directors)
- The remuneration of the Councils' lowest paid employees
- The relationship between the remuneration of the Councils' chief officers and other officers
- Other specific aspects of chief officers' remuneration, use of performance related pay and bonuses, termination payments and transparency

Remuneration of Employees Who Are Not Chief Officers

12.6 For employees subject to the National Agreement on Pay and Conditions of Service of the National Joint Councils for Local Government Services (commonly known as the 'Green Book'), the Councils currently use a total of 11 pay grades. Posts have been allocated to a pay band through a process of job evaluation.

12.7 Each grade has between 1 and 7 increments. The value of the pay increments (known as the 'Spinal Column Points) increases when the Councils are notified of pay awards by the National Joint Council (NJC) for Local Government Services.

In addition, the Councils review all pay levels every April to determine who is eligible for incremental progression.

12.8 There is also a group of staff on the 'National Agreement on Pay and Conditions of Services for Local Authority Craft and Associated Employees (commonly known as the 'Red Book'). The Councils use a spot salary for this staff group, and all are currently paid at £28,398 per annum.

12.9 For the purposes of this Policy Statement, employees on the lowest increment within the Grade 1 pay band are defined as our lowest paid employees. This is because no employee of the Council is paid at an hourly salary level that is lower than this grade. At 31st March 2019 the full time equivalent (FTE) annual value of the lowest increment used within Grade 1 is £17,364. This rate exceeds the National Minimum Wage and the Living Wage set by the Living Wage Foundation. Following a review during 2019/20, apprentices are now paid £9 per hour, which is significantly better than the National Minimum Wage rates for apprentices in order to attract and retain more apprentices.

Remuneration of Chief Officers

12.10 The Councils share the following posts, which fall within the definition of 'Chief Officer' for the purposes of this Pay Policy:

- Chief Executive (the Councils' Head of Paid Service)
- Strategic Directors x 2
- Assistant Directors x 8

12.11 The Chief Executive post was evaluated in 2016; the remaining posts were evaluated in 2011 using the Local Government Senior Managers' evaluation scheme. The pay grades for these posts were established following recommendations by an independent Local Government Association (LGA) consultant who drew on current data on salary levels within the sector.

12.12 The value of the incremental points (Spinal Column Points) within each of the pay grades will be increased by the pay awards notified from time to time by the Joint Negotiating Committees for Local Authorities.

12.13 <u>Chief Executive</u>

- The Chief Executive is the Councils' Head of Paid Service. As at 31 March 2020 the annual full time equivalent (FTE) salary range for the grade of this post is £115,588 to £134,503. There are five incremental points in the grade.

- It is the Councils' policy that the FTE salary range for the post of Chief Executive will normally be no greater than 8 x the FTE salary range of a Grade 1 'Green Book' employee, this is well within the recommended multiplier of no more than 12 x the lowest paid employee. The Chief Executives current salary is 7.2 x the FTE Grade 1.

- The Chief Executive also receives a Returning Officer fee in respect of District and Parish Council Elections, and a Deputy Returning Officer fee for County Council elections. Each Council has agreed a scale of fees for this function dependent upon the number of contests at any given election. Fees for conducting UK Parliamentary Elections, European Parliamentary Elections and national referenda are determined by way of a Statutory Instrument.

12.14 Strategic Directors and Assistant Directors

- The Strategic Directors report to the Chief Executive. The Assistant Directors report to the Strategic Directors. As at 31 March 2020 the annual FTE range for the Strategic Director grade is £79,971 to £94,213. There are five incremental points in the grade.

- It is the Councils' policy that the FTE salary range for Strategic Directors will normally be no greater than 7 x FTE salary range of a Grade 1 'Green Book' employee. The FTE salary for the Strategic Directors does not exceed this range.

- The Assistant Directors report to the Strategic Directors. As at 31 March 2020 the annual FTE salary range for the Assistant Director grade is £58,061 to £72,304. There are five incremental points in this grade.

- It is the Councils' policy that the FTE salary range for the Assistant Director posts will normally be no greater than 5 x the FTE salary range of a Grade 1 'Green Book' employee. The FTE salary for Assistant Directors does not exceed this range.

- The Councils' Monitoring Officer and Section 151 Officer are shared between both councils at Assistant Director grade. In addition, there is an allowance for the Councils' Monitoring Officer and Section 151 Office for undertaking a statutory officer role across two councils within the range of £7,975 and £11,697 per annum.

General Principles Applying to Remuneration of Chief Officers and Employees

12.15 Recruitment

- On recruitment individuals (including Chief Officers) will be placed on an appropriate pay increment within the pay grade for the post that they are appointed to. Access to appropriate elements of the Councils' Relocation Scheme may also be granted in certain cases when new starters need to move to the area.

12.16 Pay Increases

- The value of pay increments within the grades may increase as a result of the Joint Negotiating Committee for Local Authorities negotiating pay rises. Individuals (including Chief Officers) may also progress within their pay grade. Individuals cannot progress beyond the top increment within their pay grade. Progression arrangements within the grade will be dependent upon competency and performance.

12.17 Termination of Office/Employment

- On ceasing to hold office or be employed by the Councils, individuals (including Chief Officers) will only receive compensation:

    - in circumstances that are relevant (e.g. redundancy)
    - that is in accordance with council policies on how to exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS), and/or
    - that complies with the specific term(s) of a settlement agreement.

12.18 Additional Remuneration

- The Councils pay market supplements to some posts. A policy has been agreed to make sure that these are relevant, appropriate and regularly reviewed.

- The Councils do not pay honoraria awards.

- The Councils pay Essential and Casual Car User allowances in accordance with agreed policy. The payment of Essential Car User allowances is currently being reviewed for new posts, new appointments and during restructures. The rates for essential car user mileage are based on the rates set by the National Joint Consultative Council for Local Government Services. The Councils only apply the rates up to a 1199cc engine size; and do not pay the 1200cc to 1450cc (i.e. the top band). The rates for casual car user mileage are based on the rates set by HMRC. There are also rates in force for individuals who use their bicycle or motorcycle which are also based on the rates set by HMRC.

- Subsistence allowances that are paid will be determined locally.

- Chief Officers are not paid a bonus or any other performance-related pay.

NJC Pay Agreement

12.19 The NJC pay agreement for 2018-20 was in two parts – in 2018 it was a straightforward pay award. However, from April 2019 the national pay spine has been changed with some increments being merged, and new ones added. The aim of this was to even out the steps between increments.

12.20 The Councils considered how they would implement the new pay spine, and there were a number of options, but all would have involved a significant change to existing grades. The Councils consulted with UNISON and agreed that for 2019 assimilation to the new pay spine would only be to the spinal column points that align with our existing grades (not all new spinal column points would be used). This would minimise disruption, whilst still ensuring that all employees received their pay rise. This will continue into 2020/21 until a more detailed review of pay can take place.

Gender Pay Gap

12.21 Under the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, the Councils are required to report on their gender pay gap. The report based on data as at 31st March 2019 has been prepared, and this, with accompanying narrative, will be published on both the Councils' websites under the transparency requirements.

12.22 As the two Councils are sovereign bodies, a report must be published for each Council, but the combined data is more relevant due to the workforce being fully integrated. This report does not have to be approved by Council, but when published will be available using the link www.babergh.gov.uk/the-council/your-right-to-information/transparency-agenda/

13. LINKS TO THE CORPORATE PLAN

13.1 Ensuring that the Council makes best use of its resources is what underpins the ability to achieve the priorities set out in the Corporate Plan. Specific links are to financially sustainable Councils, managing our corporate assets effectively, and property investment to generate income.

14. FINANCIAL IMPLICATIONS

14.1 These are detailed in the report.

15. LEGAL IMPLICATIONS

15.1 The provisions of the Local Government Finance Act 1992 (LGFA 1992) requires the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151).

15.2 Under Section 38 (1) of the Localism Act councils are required to produce an annual Pay Policy Statement that is approved by Council and published.

16. RISK MANAGEMENT

16.1 This report is most closely linked with the Council's Significant Risk No. 13 – We may be unable to respond in a timely and effective way to financial demands and also Corporate Risk No. SE05 – if the Finance Strategy is not in place with a balanced position over the medium term the Councils will not be able to deliver the core objectives and service delivery may be at risk of not being delivered. Other key risks are set out below:

Risk Description	**Likelihood**	**Impact**	**Mitigation Measures**
If the Council does not plan and identify options to meet the medium-term budget gap, then it will have a detrimental impact on the resources available to deliver services and the strategic priorities.	Unlikely - 2	Bad - 3	Clear priority outcomes and robust business cases for investment plus use of the Growth and Efficiency Fund to support the MTFS and an Investment Strategy. The S151 Officer has submitted the Section 25 report on the robustness of estimates and adequacy of reserves.
If economic conditions and other external factors are worse than budgeted for it could have an adverse effect on the Councils future medium-term financial position	Probable – 3	Noticeable - 2	Maintain the focus and momentum on reducing the budget gap throughout the financial year
If the pay policy legal framework is not complied with, then it could make any appointments null and void.	Unlikely - 2	Bad - 3	Formal approval required and through annual reviews.
If the pay policy is not applied fairly to all staff, then this could lead to equal pay claims.	Unlikely - 2	Bad - 3	HR involvement to ensure that policy is applied equally.

17. CONSULTATIONS

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

17.2 The trade unions have been informed of the contents of the pay policy, but as there are no significant changes there is no requirement to consult.

18. EQUALITY ANALYSIS

18.1 An equality impact assessment has been undertaken with each Assistant Director for any changes within the budget proposals.

18.2 An EIA is not required for the pay policy as it is substantively the same as in previous years. An EIA will be carried out on any new pay and reward policy or process that is proposed.

18.3 The publication of the pay policy statement supports the Council in delivering its equality duty and links closely with the duty to publish workforce data such as the gender pay gap.

19. ENVIRONMENTAL IMPLICATIONS

19.1 Assistant Directors, Corporate Managers and other Budget Managers will consider the environmental impact of any savings proposals and throughout the year as they manage their budgets.

20. APPENDICES

Title	Location
Appendix A – General Fund Budget Summary 2020/21	Attached
Appendix B – Capital Programme	Attached
Appendix C - Budget, Funding and Council Tax Requirements and Robustness of Estimates and Adequacy of Reserves	Attached
Appendix D - Budget Book 2020/21	Attached
Appendix E - Fees and Charges Schedule	Attached

21. BACKGROUND DOCUMENTS

Final Local Government Finance Settlement

General Fund Financial Monitoring 2019/20 – April to September 2019 CAB/128

General Fund Budget 2020/21 and Four-Year Outlook – January Cabinet MCa/19/38

General Fund Budget 2020/21 and Four-Year Outlook – February Cabinet MCa/19/43

APPENDIX A

GENERAL FUND BUDGET SUMMARY 2020/21

GENERAL FUND REVENUE BUDGET SUMMARY

		2019/20 £'000	2020/21 £'000	Movement £'000
1	Employee Costs	8,950	9,427	478
2	Premises	820	828	8
3	Supplies & Services	4,835	5,252	416
4	Transport	359	314	(45)
5	Contracts	3,418	3,609	191
6	Third Party Payments	13,817	12,461	(1,355)
7	Income	(20,504)	(19,848)	657
8	Charge to HRA	(1,058)	(1,137)	(79)
9	Charge to Capital	(4)	(4)	(0)
10	Transfers to Reserves	274	67	(207)
	Capital Financing Charges			
11	Interest Payable (Other)	229	97	(132)
12	Interest Payable (Pooled Funds)	177	30	(147)
13	Interest Payable (CIFCO)	562	510	(52)
14	Interest Payable (CIFCO - further investment)	89	106	17
15	Interest Payable (Other Commercial Investments)	282	421	139
16	MRP	1,038	1,255	217
	Investment Income			
17	Pooled Funds	(438)	(566)	(128)
18	Interest Receivable (Cash Surplus)	(19)	(4)	15
19	Interest Receivable (CIFCO)	(1,238)	(1,162)	76
20	Interest Receivable (CIFCO - further investment)	(307)	(594)	(287)
21	Interest Receivable (Other Commercial Investments)	(1,030)	(1,033)	(3)
22	**Net Service Cost**	**10,252**	**10,033**	**(219)**
23	Transfers from Reserves - earmarked	(1,196)	(736)	459
24	Growth and Efficiency Fund - Community Capacity Building	(250)	(250)	-
25	New Homes Bonus	(1,380)	(1,613)	(233)
26	S31 Business Rates Grant	(1,313)	(1,405)	(92)
27	Baseline business rates	(2,238)	(2,540)	(302)
28	Business rates levy	488	727	240
29	Business rates – collection fund deficit / (surplus)	597	(367)	(964)
30	Business rates – growth/pooling benefit	(293)	(120)	173
31	Rural Services Delivery Grant	(433)	(433)	-
32	Council Tax	(6,117)	(6,296)	(179)
33	Council Tax Surplus on Collection fund	(27)	(27)	-
34	**Total Funding**	**(12,162)**	**(13,060)**	**(898)**
35	**Shortfall / (Surplus) funding**	**(1,910)**	**(3,027)**	**(1,117)**
36	Transfer to Growth and Efficiency Fund	1,910	2,027	117
37	Transfer to Commercial Development Risk Management reserve	-	1,000	1,000

Council Tax Base	36,841	37,302	459
Council Tax for Band D Property	£166.04	£168.79	£2.76
Council Tax £'000	**(6,117)**	**(6,296)**	**(179)**

APPENDIX B

CAPITAL PROGRAMME 2020/21 to 2023/24

MID SUFFOLK CAPITAL PROGRAMME 2020/21 - 2023/24 GENERAL FUND	Anticipated c/f from 2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	TOTAL BUDGET (over 4 years) £'000	Reserves £'000	Government Grants £'000	Borrowing £'000	Total Financing £'000
Housing										
Mandatory Disabled Facilities Grant	418	579	376	376	376	**1,707**		1,707		**1,707**
Discretionary Housing Grants		100	100	100	100	**400**			400	**400**
Empty Homes Grant		100	100	100	100	**400**			400	**400**
Total Housing	**418**	**779**	**576**	**576**	**576**	**2,507**	**-**	**1,707**	**800**	**2,507**
Environment and Projects										
Replacement Refuse Freighters - Joint Scheme		188		1,922	188	**2,298**			2,298	**2,298**
Recycling Bins		100	100	100	100	**400**			400	**400**
Total Environmental Services	**-**	**288**	**100**	**2,022**	**288**	**2,698**	**-**	**-**	**2,698**	**2,698**
Communities and Public Access										
Planned Maintenance / Enhancements - Car Parks	100	150	125	100	100	**475**			475	**475**
Streetcare - Vehicles and Plant Renewals		162	83	90	90	**425**			425	**425**
Play Equipment		50	50	50	50	**200**			200	**200**
Community Development Grants	150	189	189	189	189	**756**			756	**756**
Total Communities and Public Access	**250**	**551**	**447**	**429**	**429**	**1,856**	**-**	**-**	**1,856**	**1,856**
Total Leisure inc Mid Suffolk Leisure Centre Refurbishment & Development	**491**	**2,937**	**150**	**150**	**150**	**3,387**	**2,200**	**-**	**1,187**	**3,387**
Investment and Commercial Delivery										
Former Aldi Site		60				**60**			60	**60**
Former MSDC Offices (Needham Market)	949	727	994			**1,721**			1,721	**1,721**
Needham Lake Visitors Centre		600				**600**	600			**600**
Strategic Investment Fund	3,000					**-**				**-**
Regal Theatre	2,575					**-**				**-**
Battery Storage	223					**-**				**-**
Gateway14	1,847					**-**			-	**-**
CIFCO - further investment	1,334	8,666	3,834			**12,500**			12,500	**12,500**
Other Corporate Buildings		80	70	70	70	**290**			290	**290**
Total Investment and Commercial Delivery	**9,928**	**10,133**	**4,898**	**70**	**70**	**15,171**	**600**	**-**	**14,571**	**15,171**
ICT & Customer										
ICT - Hardware / Software costs		200	200	200	200	**800**			800	**800**
Total Corporate resources	**-**	**200**	**200**	**200**	**200**	**800**	**-**	**-**	**800**	**800**
Total General Fund Capital Spend	**11,087**	**14,889**	**6,370**	**3,447**	**1,713**	**26,418**	**2,800**	**1,707**	**21,912**	**26,418**

APPENDIX C

Budget and Council Tax Resolutions 2020/21

Summary of Budget 2020/21

	2020/21 Budget Requirement £	2020/21 Council Tax at Band D £	2019/20 Budget Requirement £
Mid Suffolk District Council General Fund Budget Requirement - District Council Purposes	8,648,400	231.85	8,023,280
Parish/Town Council Precepts (net of Council Tax Support Scheme grant)	2,858,574	76.63	2,700,731
	11,506,974	**308.48**	**10,724,011**
Settlement Funding from Government	(1,772,040)	(47.51)	(2,042,860)
Rural Services Delivery Grant	(432,990)	(11.61)	(432,990)
Business Rates Collection Fund Deficit	(119,860)	(3.21)	597,000
Council Tax Collection Fund Surplus	(27,340)	(0.73)	(27,340)
MSDC's basic amount under section 33 of the 1992 Local Government Act	**9,154,744**	**245.42**	**8,817,821**
LESS Parish/Town Council Precepts	(2,858,574)	(76.63)	(2,700,731)
Basic amount under s.34 of the 1992 Act for dwellings to which no special items relate	**6,297,170**	**168.79**	**6,117,090**
Suffolk County Council Precept Requirement	50,118,736	1,343.61	47,603,943
Suffolk Police and Crime Commissioner's Requirement	8,308,920	222.75	7,838,387
Basic amount for areas where there are no special items.	**64,723,826**	**1,735.15**	**61,559,420**

APPENDIX C

Council Tax Resolution 2020/21

1. It is a requirement for the billing authority to calculate a council tax requirement for the year as opposed to its budget requirement.

2. It be noted that the Council, as delegated to the Section 151 Officer, calculated the taxbase**:**

   a) for the whole Council area as 37,301.55 and,

   b) for dwellings in those parts of its area to which a Parish precept relates as further detailed in Appendix C.

3. The council tax requirement for the Council's own purposes for 2020/21 (excluding Parish precepts) is £6,297,170.

4. That the following amounts be calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Act:

a)	51,114,044	Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A)(2) of the Act taking into account all precepts issued to it by Parish Councils (gross expenditure)
b)	(40,959,300)	Being the aggregate of the amounts which the Council estimates for items set out in Section 31(A)(3) of the Act (gross income)
c)	9,154,744	Being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its council tax requirement for the year. (Item R in the formula in Section 31A(4) of the Act) (net expenditure)
d)	245.43	Being the amount at 4(c) above (item R) all divided by item T (2(a) above), calculated by the Council, in accordance with Section 31B(1) of the Act, as the basic amount of its council tax for the year (including Parish precepts) (average council tax)
e)	2,858,574	Being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per Appendix C)
f)	168.79	Being the amount at 4(d) above less the result given by dividing the amount at 4(e) above by item T (2(a) above) calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no Parish precept relates (basic council tax)

5. To note that Suffolk County Council and the Police and Crime Commissioner have issued precepts to the Council in accordance with section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in Section 7 below.

6. That the Council in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below and further in Appendix C as the amounts of council tax for 2020/21 for each part of its area and for each of the categories of dwellings.

7. Since the Cabinet meeting on 10 February 2020, the precept levels of other precepting bodies have been received. These are detailed below;

a) Suffolk County Council

Suffolk County Council met on 13 February 2020 and set their precept at £50,118,736. This includes an adjustment for the Collection Fund contribution of £286,870 and results in a Band D council tax of £1,343.61.

b) Suffolk Police and Crime Commissioner

The Police and Crime Commissioner has set their precept at £8,308,920, adjusted by a Collection Fund contribution of £27,240. This results in a Band D council tax of £222.75.

c) Mid Suffolk District Council

The General Fund council tax requirement for Mid Suffolk District Council is based on an increase in council tax from £166.04 to £168.79 for a Band D property.

d) Aggregated council tax requirement

The aggregated council tax requirement for Suffolk County Council, Suffolk Police and Crime Commissioner and Mid Suffolk District Council results in a Band D council tax of £1,735.15.

	Suffolk County Council	**Police and Crime Commissioner**	**Mid Suffolk District Council**	**Aggregated Council Tax requirement**
Valuation Bands	**£**	**£**	**£**	**£**
A	895.74	148.50	112.53	**1,156.77**
B	1,045.03	173.25	131.28	**1,349.56**
C	1,194.32	198.00	150.04	**1,542.36**
D	1,343.61	222.75	168.79	**1,735.15**
E	1,642.19	272.25	206.30	**2,120.74**
F	1,940.77	321.75	243.81	**2,506.33**
G	2,239.35	371.25	281.32	**2,891.92**
H	2,687.22	445.50	337.58	**3,470.30**

8. The Town and Parish Council Precepts for 2020/21 are detailed further in Appendix C and total £2,857,574. The increase in the average Band D for Town and Parish Councils is 4.2% and results in an average Band D council tax figure of £76.63 for 2020/21.

APPENDIX C

Council Taxbase for Parishes and District – 2020/21

Parish	COUNCIL TAX BASE		% Change
	19/20	20/21	
Akenham	22.48	23.61	4.79%
Ashbocking	143.70	139.70	-2.86%
Ashfield-cum-Thorpe	96.07	99.57	3.52%
Aspall	27.81	29.24	4.89%
Athelington	19.96	19.96	0.00%
Bacton	450.84	461.24	2.25%
Badley	34.55	34.41	-0.41%
Badwell Ash	313.63	316.07	0.77%
Barham	532.03	531.95	-0.02%
Barking	169.24	175.73	3.69%
Battisford	246.47	254.36	3.10%
Baylham	115.17	112.98	-1.94%
Bedfield	156.55	159.82	2.05%
Bedingfield	99.93	101.34	1.39%
Beyton	310.97	312.20	0.39%
Botesdale	277.30	277.62	0.12%
Braiseworth	30.54	29.85	-2.31%
Bramford	862.93	871.08	0.94%
Brome and Oakley	193.72	195.03	0.67%
Brundish	74.72	76.84	2.76%
Burgate	67.87	68.94	1.55%
Buxhall	158.48	163.72	3.20%
Claydon	755.95	758.91	0.39%
Coddenham	278.21	277.64	-0.21%
Combs	301.88	312.01	3.25%
Cotton	229.32	239.62	4.30%
Creeting St Mary	304.73	310.72	1.93%
Creeting St Peter	101.38	101.12	-0.26%
Crowfield	160.56	161.23	0.42%
Darmsden	18.35	18.49	0.76%
Debenham	813.12	811.59	-0.19%
Denham	77.62	79.14	1.92%
Drinkstone	281.80	283.36	0.55%
Earl Stonham	248.92	255.01	2.39%
Elmswell	1,421.17	1,464.69	2.97%
Eye	801.59	797.61	-0.50%
Felsham	180.42	182.13	0.94%
Finningham	206.38	212.87	3.05%
Flowton	49.77	49.74	-0.06%
Framsden	142.21	139.71	-1.79%
Fressingfield	421.71	421.98	0.06%
Gedding	52.36	54.05	3.13%
Gipping	25.98	26.37	1.48%
Gislingham	429.22	435.65	1.48%
Gosbeck	86.32	89.03	3.04%
Great Ashfield	150.54	151.94	0.92%
Great Blakenham	720.17	750.58	4.05%
Great Bricett	212.83	215.18	1.09%
Great Finborough	318.38	324.06	1.75%
Harleston	67.65	66.07	-2.39%
Haughley	572.09	579.18	1.22%
Helmingham	68.07	69.37	1.87%
Hemingstone	97.94	97.80	-0.14%
Henley	231.81	233.01	0.51%
Hessett	201.93	203.80	0.92%
Hinderclay	122.59	123.65	0.86%
Horham	121.99	121.98	-0.01%
Hoxne	357.27	355.10	-0.61%
Hunston	55.46	56.18	1.28%
Kenton	96.45	96.88	0.44%
Langham	42.54	43.48	2.16%
Laxfield	375.10	388.72	3.50%

Parish	COUNCIL TAX BASE		% Change
	19/20	20/21	
Little Blakenham	105.78	109.17	3.11%
Little Finborough	26.23	26.04	-0.73%
Mellis	204.00	206.94	1.42%
Mendham	177.25	178.37	0.63%
Mendlesham	552.52	570.68	3.18%
Metfield	174.75	172.50	-1.30%
Mickfield	88.33	89.43	1.23%
Monk Soham	73.53	74.76	1.65%
Needham Market	1,606.14	1,611.57	0.34%
Nettlestead	40.55	39.32	-3.13%
Norton	419.53	419.67	0.03%
Occold	193.60	194.19	0.30%
Offton	150.60	149.64	-0.64%
Old Newton with Dagworth	424.04	434.09	2.32%
Onehouse	281.70	287.07	1.87%
Palgrave	363.16	368.97	1.57%
Pettaugh	87.15	87.94	0.90%
Rattlesden	380.75	387.53	1.75%
Redgrave	262.33	257.73	-1.78%
Redlingfield	51.91	51.88	-0.06%
Rickinghall Inferior	164.47	167.97	2.08%
Rickinghall Superior	322.43	322.57	0.04%
Ringshall	258.45	257.57	-0.34%
Rishangles	37.48	36.84	-1.74%
Shelland	25.36	27.09	6.39%
Somersham	244.53	241.76	-1.15%
Southolt	28.84	28.59	-0.87%
Stoke Ash	96.80	110.80	12.64%
Stonham Aspal	242.88	242.87	0.00%
Stonham Parva	136.93	139.71	1.99%
Stowlangtoft	90.53	91.15	0.68%
Stowmarket	6,647.51	6,716.80	1.03%
Stowupland	685.25	718.03	4.57%
Stradbroke	559.41	576.73	3.00%
Stuston	85.94	87.86	2.19%
Syleham	94.69	93.66	-1.10%
Tannington	40.35	41.65	3.12%
Thorndon	309.77	307.26	-0.82%
Thornham Magna	80.07	79.94	-0.16%
Thornham Parva	26.23	25.46	-3.02%
Thrandeston	70.21	70.34	0.18%
Thurston	1,219.82	1,228.87	0.74%
Thwaite	61.39	61.75	0.58%
Tostock	210.28	206.73	-1.72%
Walsham-le-Willows	474.43	482.92	1.76%
Wattisfield	193.98	195.98	1.02%
Westhorpe	81.19	80.26	-1.16%
Wetherden	237.52	240.18	1.11%
Wetheringsett-cum-Brockford	286.82	279.50	-2.62%
Weybread	178.60	180.72	1.17%
Whitton	24.10	27.72	13.06%
Wickham Skeith	136.75	137.46	0.52%
Wilby	128.29	132.13	2.91%
Willisham	102.43	104.90	2.35%
Wingfield	146.00	149.93	2.62%
Winston	65.96	69.89	5.62%
Woolpit	787.79	804.24	2.05%
Worlingworth	315.82	322.40	2.04%
Wortham	327.76	330.89	0.95%
Wyverstone	137.13	137.68	0.40%
Yaxley	206.67	210.35	1.75%
	36,841.45	**37,301.55**	**1.23%**

APPENDIX C

Precepts and Council Tax Band D for Parishes

Parish	2019/20 Parish Precept	Tax Base	Council Tax Band D	2020/21 Parish Precept	Tax Base	Council Tax Band D	Increase / Decrease (-)
	£		£	£		£	£
Akenham	-	22.48	-	-	23.61	-	0.00
Ashbocking	1,950.00	143.70	13.57	1,950.00	139.70	13.96	0.39
Ashfield-cum-Thorpe	2,926.58	96.07	30.46	2,982.19	99.57	29.95	-0.51
Aspall	-	27.81	-	-	29.24	-	0.00
Athelington	421.84	19.96	21.13	421.87	19.96	21.14	0.00
Bacton	22,671.38	450.84	50.29	23,724.35	461.24	51.44	1.15
Badley	-	34.55	-	-	34.41	-	0.00
Badwell Ash	19,500.00	313.63	62.18	22,425.00	316.07	70.95	8.77
Barham	27,290.00	532.03	51.29	28,108.70	531.95	52.84	1.55
Barking	9,000.00	169.24	53.18	10,381.00	175.73	59.07	5.89
Battisford	10,725.00	246.47	43.51	10,725.00	254.36	42.16	-1.35
Baylham	-	115.17	-	-	112.98	-	0.00
Bedfield	3,600.00	156.55	23.00	4,100.00	159.82	25.65	2.66
Bedingfield	1,620.00	99.93	16.21	1,620.00	101.34	15.99	-0.23
Beyton	16,622.00	310.97	53.45	16,622.00	312.20	53.24	-0.21
Botesdale	29,500.00	277.30	106.38	30,700.00	277.62	110.58	4.20
Braiseworth	-	30.54	-	-	29.85	-	0.00
Bramford	67,500.00	862.93	78.22	68,850.00	871.08	79.04	0.82
Brome and Oakley	6,630.00	193.72	34.22	6,630.00	195.03	33.99	-0.23
Brundish	3,860.69	74.72	51.67	3,976.51	76.84	51.75	0.08
Burgate	2,915.48	67.87	42.96	3,017.41	68.94	43.77	0.81
Buxhall	4,119.21	158.48	25.99	4,617.70	163.72	28.20	2.21
Claydon	39,728.44	755.95	52.55	39,902.52	758.91	52.58	0.02
Coddenham	30,872.00	278.21	110.97	37,810.00	277.64	136.18	25.22
Combs	8,000.00	301.88	26.50	9,000.00	312.01	28.85	2.34
Cotton	6,180.00	229.32	26.95	6,500.00	239.62	27.13	0.18
Creeting St Mary	9,800.00	304.73	32.16	9,993.00	310.72	32.16	0.00
Creeting St Peter	5,300.00	101.38	52.28	5,285.00	101.12	52.26	-0.01
Crowfield	2,650.00	160.56	16.50	2,750.00	161.23	17.06	0.55
Darmsden	-	18.35	-	-	18.49	-	0.00
Debenham	74,232.00	813.12	91.29	78,686.00	811.59	96.95	5.66
Denham	3,090.00	77.62	39.81	3,191.97	79.14	40.33	0.52
Drinkstone	8,790.00	281.80	31.19	8,920.00	283.36	31.48	0.29
Earl Stonham	6,400.00	248.92	25.71	6,556.00	255.01	25.71	0.00
Elmswell	130,051.00	1,421.17	91.51	159,000.00	1,464.69	108.56	17.05
Eye	91,068.00	801.59	113.61	105,102.00	797.61	131.77	18.16
Felsham	6,990.00	180.42	38.74	7,133.00	182.13	39.16	0.42
Finningham	7,101.00	206.38	34.41	7,243.00	212.87	34.03	-0.38
Flowton	-	49.77	-	-	49.74	-	0.00
Framsden	9,478.00	142.21	66.65	9,573.00	139.71	68.52	1.87
Fressingfield	25,210.00	421.71	59.78	21,800.00	421.98	51.66	-8.12
Gedding	1,000.00	52.36	19.10	1,000.00	54.05	18.50	-0.60
Gipping	1,436.17	25.98	55.28	1,495.86	26.37	56.73	1.45
Gislingham	15,120.00	429.22	35.23	15,420.00	435.65	35.40	0.17
Gosbeck	1,000.00	86.32	11.58	1,500.00	89.03	16.85	5.26
Great Ashfield	2,415.00	150.54	16.04	2,415.00	151.94	15.89	-0.15
Great Blakenham	45,300.00	720.17	62.90	47,220.00	750.58	62.91	0.01
Great Bricett	10,350.00	212.83	48.63	10,465.00	215.18	48.63	0.00
Great Finborough	12,393.00	318.38	38.93	13,048.00	324.06	40.26	1.34
Harleston	1,858.00	67.65	27.46	1,858.00	66.07	28.12	0.66
Haughley	46,082.00	572.09	80.55	46,646.00	579.18	80.54	-0.01
Helmingham	2,600.00	68.07	38.20	2,600.00	69.37	37.48	-0.72
Hemingstone	2,040.00	97.94	20.83	2,040.00	97.80	20.86	0.03
Henley	12,111.00	231.81	52.25	12,111.00	233.01	51.98	-0.27
Hessett	9,645.00	201.93	47.76	9,886.00	203.80	48.51	0.74
Hinderclay	5,000.00	122.59	40.79	5,150.00	123.65	41.65	0.86
Horham	2,578.16	121.99	21.13	2,578.13	121.98	21.14	0.00
Hoxne	15,386.00	357.27	43.07	16,155.00	355.10	45.49	2.43
Hunston	-	55.46	-	-	56.18	-	0.00
Kenton	1,600.00	96.45	16.59	1,600.00	96.88	16.52	-0.07
Langham	-	42.54	-	-	43.48	-	0.00
Laxfield	41,880.00	375.10	111.65	42,430.00	388.72	109.15	-2.50
Little Blakenham	5,916.00	105.78	55.93	6,200.00	109.17	56.79	0.86
Little Finborough	-	26.23	-	-	26.04	-	0.00

APPENDIX C

Precepts and Council Tax Band D for Parishes

Parish	2019/20 Parish Precept	Tax Base	Council Tax Band D	2019/20 Parish Precept	Tax Base	Council Tax Band D	Increase / Decrease (-)
	£		£	£		£	£
Mellis	7,900.00	204.00	38.73	7,900.00	206.94	38.18	-0.55
Mendham	6,500.00	177.25	36.67	6,500.00	178.37	36.44	-0.23
Mendlesham	37,700.00	552.52	68.23	40,000.00	570.68	70.09	1.86
Metfield	5,500.00	174.75	31.47	5,500.00	172.50	31.88	0.41
Mickfield	4,700.00	88.33	53.21	4,840.00	89.43	54.12	0.91
Monk Soham	1,500.00	73.53	20.40	2,250.00	74.76	30.10	9.70
Needham Market	119,935.00	1,606.14	74.67	125,029.00	1,611.57	77.58	2.91
Nettlestead	-	40.55	-	-	39.32	-	0.00
Norton	20,000.00	419.53	47.67	22,000.00	419.67	52.42	4.75
Occold	8,500.00	193.60	43.90	8,800.00	194.19	45.32	1.41
Offton	5,406.67	150.60	35.90	5,330.34	149.64	35.62	-0.28
Old Newton with Dagworth	23,440.83	424.04	55.28	24,624.14	434.09	56.73	1.45
Onehouse	13,000.00	281.70	46.15	13,500.00	287.07	47.03	0.88
Palgrave	14,595.00	363.16	40.19	14,770.00	368.97	40.03	-0.16
Pettaugh	2,625.00	87.15	30.12	2,940.00	87.94	33.43	3.31
Rattlesden	14,600.00	380.75	38.35	18,476.00	387.53	47.68	9.33
Redgrave	15,400.00	262.33	58.70	18,000.00	257.73	69.84	11.14
Redlingfield	-	51.91	-	-	51.88	-	0.00
Rickinghall Inferior	8,323.15	164.47	50.61	8,971.37	167.97	53.41	2.80
Rickinghall Superior	16,316.85	322.43	50.61	17,228.63	322.57	53.41	2.80
Ringshall	5,900.00	258.45	22.83	7,100.00	257.57	27.57	4.74
Rishangles	-	37.48	-	-	36.84	-	0.00
Shelland	100.00	25.36	3.94	100.00	27.09	3.69	-0.25
Somersham	17,052.00	244.53	69.73	17,308.00	241.76	71.59	1.86
Southolt	-	28.84	-	-	28.59	-	0.00
Stoke Ash	3,286.88	96.80	33.96	4,178.36	110.80	37.71	3.76
Stonham Aspal	7,000.00	242.88	28.82	5,500.00	242.87	22.65	-6.17
Stonham Parva	6,565.00	136.93	47.94	6,700.00	139.71	47.96	0.01
Stowlangtoft	3,300.00	90.53	36.45	3,300.00	91.15	36.20	-0.25
Stowmarket	1,065,416.43	6,647.51	160.27	1,108,710.75	6,716.80	165.07	4.79
Stowupland	34,886.00	685.25	50.91	38,132.00	718.03	53.11	2.20
Stradbroke	33,225.00	559.41	59.39	35,107.00	576.73	60.87	1.48
Stuston	-	85.94	-	250.00	87.86	2.85	2.85
Syleham	1,600.00	94.69	16.90	1,600.00	93.66	17.08	0.19
Tannington	-	40.35	-	-	41.65	-	0.00
Thorndon	13,500.00	309.77	43.58	15,000.00	307.26	48.82	5.24
Thornham Magna	1,200.00	80.07	14.99	1,680.00	79.94	21.02	6.03
Thornham Parva	300.00	26.23	11.44	300.00	25.46	11.78	0.35
Thrandeston	2,500.00	70.21	35.61	2,500.00	70.34	35.54	-0.07
Thurston	96,889.00	1,219.82	79.43	105,162.00	1,228.87	85.58	6.15
Thwaite	2,084.52	61.39	33.96	2,328.64	61.75	37.71	3.76
Tostock	8,285.00	210.28	39.40	9,265.00	206.73	44.82	5.42
Walsham-le-Willows	20,851.00	474.43	43.95	21,649.00	482.92	44.83	0.88
Wattisfield	9,680.00	193.98	49.90	9,680.00	195.98	49.39	-0.51
Westhorpe	1,600.00	81.19	19.71	1,640.00	80.26	20.43	0.73
Wetherden	12,911.00	237.52	54.36	12,915.00	240.18	53.77	-0.59
Wetheringsett-cum-Brockford	8,850.00	286.82	30.86	8,850.00	279.50	31.66	0.81
Weybread	4,700.00	178.60	26.32	4,700.00	180.72	26.01	-0.31
Whitton	1,266.56	24.10	52.55	1,457.48	27.72	52.58	0.02
Wickham Skeith	3,000.00	136.75	21.94	3,500.00	137.46	25.46	3.52
Wilby	5,625.00	128.29	43.85	5,769.00	132.13	43.66	-0.18
Willisham	3,677.33	102.43	35.90	3,736.66	104.90	35.62	-0.28
Wingfield	4,905.00	146.00	33.60	4,905.00	149.93	32.72	-0.88
Winston	650.00	65.96	9.85	650.00	69.89	9.30	-0.55
Woolpit	27,000.00	787.79	34.27	30,000.00	804.24	37.30	3.03
Worlingworth	12,968.00	315.82	41.06	13,162.52	322.40	40.83	-0.23
Wortham	14,079.52	327.76	42.96	14,482.59	330.89	43.77	0.81
Wyverstone	3,182.00	137.13	23.20	3,230.00	137.68	23.46	0.26
Yaxley	5,250.00	206.67	25.40	6,250.00	210.35	29.71	4.31
Total	**2,700,730.69**	**36,841.45**	**73.31**	**2,858,573.69**	**37,301.55**	**76.63**	**3.33**

APPENDIX C

Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	112.53	131.28	150.04	168.79	206.30	243.81	281.32	337.58
Suffolk County Council	895.74	1,045.03	1,194.32	1,343.61	1,642.19	1,940.77	2,239.35	2,687.22
Police and Crime Commissioner	148.50	173.25	198.00	222.75	272.25	321.75	371.25	445.50
Aggregate of Council Tax Requirements	**1,156.77**	**1,349.56**	**1,542.36**	**1,735.15**	**2,120.74**	**2,506.33**	**2,891.92**	**3,470.30**

Parish	Total Amount of Council Tax for 2020/21							
	6/9 ths	7/9 ths	8/9 ths		11/9 ths	13/9 ths	15/9 ths	18/9 ths
	Band A £	Band B £	Band C £	Band D £	Band E £	Band F £	Band G £	Band H £
Akenham	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Ashbocking	1,166.07	1,360.42	1,554.76	1,749.11	2,137.80	2,526.49	2,915.18	3,498.22
Ashfield-cum-Thorpe	1,176.73	1,372.86	1,568.98	1,765.10	2,157.34	2,549.59	2,941.83	3,530.20
Aspall	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Athelington	1,170.86	1,366.00	1,561.15	1,756.29	2,146.58	2,536.86	2,927.15	3,512.58
Bacton	1,191.06	1,389.57	1,588.08	1,786.59	2,183.61	2,580.63	2,977.65	3,573.18
Badley	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Badwell Ash	1,204.07	1,404.74	1,605.42	1,806.10	2,207.46	2,608.81	3,010.17	3,612.20
Barham	1,191.99	1,390.66	1,589.32	1,787.99	2,185.32	2,582.65	2,979.98	3,575.98
Barking	1,196.15	1,395.50	1,594.86	1,794.22	2,192.94	2,591.65	2,990.37	3,588.44
Battisford	1,184.87	1,382.35	1,579.83	1,777.31	2,172.27	2,567.23	2,962.18	3,554.62
Baylham	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Bedfield	1,173.87	1,369.51	1,565.16	1,760.80	2,152.09	2,543.38	2,934.67	3,521.60
Bedingfield	1,167.43	1,362.00	1,556.57	1,751.14	2,140.28	2,529.42	2,918.57	3,502.28
Beyton	1,192.26	1,390.97	1,589.68	1,788.39	2,185.81	2,583.23	2,980.65	3,576.78
Botesdale	1,230.49	1,435.57	1,640.65	1,845.73	2,255.89	2,666.05	3,076.22	3,691.46
Braiseworth	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Bramford	1,209.46	1,411.04	1,612.61	1,814.19	2,217.34	2,620.50	3,023.65	3,628.38
Brome and Oakley	1,179.43	1,376.00	1,572.57	1,769.14	2,162.28	2,555.42	2,948.57	3,538.28
Brundish	1,191.27	1,389.81	1,588.36	1,786.90	2,183.99	2,581.08	2,978.17	3,573.80
Burgate	1,185.95	1,383.60	1,581.26	1,778.92	2,174.24	2,569.55	2,964.87	3,557.84
Buxhall	1,175.57	1,371.49	1,567.42	1,763.35	2,155.21	2,547.06	2,938.92	3,526.70
Claydon	1,191.82	1,390.46	1,589.09	1,787.73	2,185.00	2,582.28	2,979.55	3,575.46
Coddenham	1,247.55	1,455.48	1,663.40	1,871.33	2,287.18	2,703.03	3,118.88	3,742.66
Combs	1,176.00	1,372.00	1,568.00	1,764.00	2,156.00	2,548.00	2,940.00	3,528.00
Cotton	1,174.85	1,370.66	1,566.47	1,762.28	2,153.90	2,545.52	2,937.13	3,524.56
Creeting St Mary	1,178.21	1,374.57	1,570.94	1,767.31	2,160.05	2,552.78	2,945.52	3,534.62
Creeting St Peter	1,191.61	1,390.21	1,588.81	1,787.41	2,184.61	2,581.81	2,979.02	3,574.82
Crowfield	1,168.14	1,362.83	1,557.52	1,752.21	2,141.59	2,530.97	2,920.35	3,504.42
Darmsden	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Debenham	1,221.40	1,424.97	1,628.53	1,832.10	2,239.23	2,646.37	3,053.50	3,664.20
Denham	1,183.65	1,380.93	1,578.20	1,775.48	2,170.03	2,564.58	2,959.13	3,550.96
Drinkstone	1,177.75	1,374.05	1,570.34	1,766.63	2,159.21	2,551.80	2,944.38	3,533.26
Earl Stonham	1,173.91	1,369.56	1,565.21	1,760.86	2,152.16	2,543.46	2,934.77	3,521.72
Elmswell	1,229.14	1,434.00	1,638.85	1,843.71	2,253.42	2,663.14	3,072.85	3,687.42
Eye	1,244.61	1,452.05	1,659.48	1,866.92	2,281.79	2,696.66	3,111.53	3,733.84
Felsham	1,182.87	1,380.02	1,577.16	1,774.31	2,168.60	2,562.89	2,957.18	3,548.62
Finningham	1,179.45	1,376.03	1,572.60	1,769.18	2,162.33	2,555.48	2,948.63	3,538.36

APPENDIX C

Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	112.53	131.28	150.04	168.79	206.30	243.81	281.32	337.58
Suffolk County Council	895.74	1,045.03	1,194.32	1,343.61	1,642.19	1,940.77	2,239.35	2,687.22
Police and Crime Commissioner	148.50	173.25	198.00	222.75	272.25	321.75	371.25	445.50
Aggregate of Council Tax Requirements	**1,156.77**	**1,349.56**	**1,542.36**	**1,735.15**	**2,120.74**	**2,506.33**	**2,891.92**	**3,470.30**
Flowton	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Framsden	1,202.45	1,402.85	1,603.26	1,803.67	2,204.49	2,605.30	3,006.12	3,607.34
Fressingfield	1,191.21	1,389.74	1,588.28	1,786.81	2,183.88	2,580.95	2,978.02	3,573.62
Gedding	1,169.10	1,363.95	1,558.80	1,753.65	2,143.35	2,533.05	2,922.75	3,507.30
Gipping	1,194.59	1,393.68	1,592.78	1,791.88	2,190.08	2,588.27	2,986.47	3,583.76
Gislingham	1,180.37	1,377.09	1,573.82	1,770.55	2,164.01	2,557.46	2,950.92	3,541.10
Gosbeck	1,168.00	1,362.67	1,557.33	1,752.00	2,141.33	2,530.67	2,920.00	3,504.00
Great Ashfield	1,167.36	1,361.92	1,556.48	1,751.04	2,140.16	2,529.28	2,918.40	3,502.08
Great Blakenham	1,198.71	1,398.49	1,598.28	1,798.06	2,197.63	2,597.20	2,996.77	3,596.12
Great Bricett	1,189.19	1,387.38	1,585.58	1,783.78	2,180.18	2,576.57	2,972.97	3,567.56
Great Finborough	1,183.61	1,380.87	1,578.14	1,775.41	2,169.95	2,564.48	2,959.02	3,550.82
Harleston	1,175.51	1,371.43	1,567.35	1,763.27	2,155.11	2,546.95	2,938.78	3,526.54
Haughley	1,210.46	1,412.20	1,613.95	1,815.69	2,219.18	2,622.66	3,026.15	3,631.38
Helmingham	1,181.75	1,378.71	1,575.67	1,772.63	2,166.55	2,560.47	2,954.38	3,545.26
Hemingstone	1,170.67	1,365.79	1,560.90	1,756.01	2,146.23	2,536.46	2,926.68	3,512.02
Henley	1,191.42	1,389.99	1,588.56	1,787.13	2,184.27	2,581.41	2,978.55	3,574.26
Hessett	1,189.11	1,387.29	1,585.48	1,783.66	2,180.03	2,576.40	2,972.77	3,567.32
Hinderclay	1,184.53	1,381.96	1,579.38	1,776.80	2,171.64	2,566.49	2,961.33	3,553.60
Horham	1,170.86	1,366.00	1,561.15	1,756.29	2,146.58	2,536.86	2,927.15	3,512.58
Hoxne	1,187.09	1,384.94	1,582.79	1,780.64	2,176.34	2,572.04	2,967.73	3,561.28
Hunston	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Kenton	1,167.78	1,362.41	1,557.04	1,751.67	2,140.93	2,530.19	2,919.45	3,503.34
Langham	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Laxfield	1,229.53	1,434.46	1,639.38	1,844.30	2,254.14	2,663.99	3,073.83	3,688.60
Little Blakenham	1,194.63	1,393.73	1,592.84	1,791.94	2,190.15	2,588.36	2,986.57	3,583.88
Little Finborough	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Mellis	1,182.22	1,379.26	1,576.29	1,773.33	2,167.40	2,561.48	2,955.55	3,546.66
Mendham	1,181.06	1,377.90	1,574.75	1,771.59	2,165.28	2,558.96	2,952.65	3,543.18
Mendlesham	1,203.49	1,404.08	1,604.66	1,805.24	2,206.40	2,607.57	3,008.73	3,610.48
Metfield	1,178.02	1,374.36	1,570.69	1,767.03	2,159.70	2,552.38	2,945.05	3,534.06
Mickfield	1,192.85	1,391.65	1,590.46	1,789.27	2,186.89	2,584.50	2,982.12	3,578.54
Monk Soham	1,176.83	1,372.97	1,569.11	1,765.25	2,157.53	2,549.81	2,942.08	3,530.50
Needham Market	1,208.49	1,409.90	1,611.32	1,812.73	2,215.56	2,618.39	3,021.22	3,625.46
Nettlestead	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Norton	1,191.71	1,390.33	1,588.95	1,787.57	2,184.81	2,582.05	2,979.28	3,575.14
Occold	1,186.98	1,384.81	1,582.64	1,780.47	2,176.13	2,571.79	2,967.45	3,560.94
Offton	1,180.51	1,377.27	1,574.02	1,770.77	2,164.27	2,557.78	2,951.28	3,541.54
Old Newton with Dagworth	1,194.59	1,393.68	1,592.78	1,791.88	2,190.08	2,588.27	2,986.47	3,583.76
Onehouse	1,188.12	1,386.14	1,584.16	1,782.18	2,178.22	2,574.26	2,970.30	3,564.36
Palgrave	1,183.45	1,380.70	1,577.94	1,775.18	2,169.66	2,564.15	2,958.63	3,550.36
Pettaugh	1,179.05	1,375.56	1,572.07	1,768.58	2,161.60	2,554.62	2,947.63	3,537.16
Rattlesden	1,188.55	1,386.65	1,584.74	1,782.83	2,179.01	2,575.20	2,971.38	3,565.66
Redgrave	1,203.33	1,403.88	1,604.44	1,804.99	2,206.10	2,607.21	3,008.32	3,609.98
Redlingfield	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Rickinghall Inferior	1,192.37	1,391.10	1,589.83	1,788.56	2,186.02	2,583.48	2,980.93	3,577.12
Rickinghall Superior	1,192.37	1,391.10	1,589.83	1,788.56	2,186.02	2,583.48	2,980.93	3,577.12
Ringshall	1,175.15	1,371.00	1,566.86	1,762.72	2,154.44	2,546.15	2,937.87	3,525.44
Rishangles	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Shelland	1,159.23	1,352.43	1,545.64	1,738.84	2,125.25	2,511.66	2,898.07	3,477.68
Somersham	1,204.49	1,405.24	1,605.99	1,806.74	2,208.24	2,609.74	3,011.23	3,613.48
Southolt	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Stoke Ash	1,181.91	1,378.89	1,575.88	1,772.86	2,166.83	2,560.80	2,954.77	3,545.72
Stonham Aspal	1,171.87	1,367.18	1,562.49	1,757.80	2,148.42	2,539.04	2,929.67	3,515.60
Stonham Parva	1,188.74	1,386.86	1,584.99	1,783.11	2,179.36	2,575.60	2,971.85	3,566.22
Stowlangtoft	1,180.90	1,377.72	1,574.53	1,771.35	2,164.98	2,558.62	2,952.25	3,542.70

APPENDIX C

Precept for each banding by Parish

	Valuation Bands (£)							
	A	B	C	D	E	F	G	H
Mid Suffolk District Council	112.53	131.28	150.04	168.79	206.30	243.81	281.32	337.58
Suffolk County Council	895.74	1,045.03	1,194.32	1,343.61	1,642.19	1,940.77	2,239.35	2,687.22
Police and Crime Commissioner	148.50	173.25	198.00	222.75	272.25	321.75	371.25	445.50
Aggregate of Council Tax Requirements	**1,156.77**	**1,349.56**	**1,542.36**	**1,735.15**	**2,120.74**	**2,506.33**	**2,891.92**	**3,470.30**
Stowmarket	1,266.81	1,477.95	1,689.08	1,900.22	2,322.49	2,744.76	3,167.03	3,800.44
Stowupland	1,192.17	1,390.87	1,589.56	1,788.26	2,185.65	2,583.04	2,980.43	3,576.52
Stradbroke	1,197.35	1,396.90	1,596.46	1,796.02	2,195.14	2,594.25	2,993.37	3,592.04
Stuston	1,158.67	1,351.78	1,544.89	1,738.00	2,124.22	2,510.44	2,896.67	3,476.00
Syleham	1,168.15	1,362.85	1,557.54	1,752.23	2,141.61	2,531.00	2,920.38	3,504.46
Tannington	1,156.77	1,349.56	1,542.36	1,735.15	2,120.74	2,506.33	2,891.92	3,470.30
Thorndon	1,189.31	1,387.53	1,585.75	1,783.97	2,180.41	2,576.85	2,973.28	3,567.94
Thornham Magna	1,170.78	1,365.91	1,561.04	1,756.17	2,146.43	2,536.69	2,926.95	3,512.34
Thornham Parva	1,164.62	1,358.72	1,552.83	1,746.93	2,135.14	2,523.34	2,911.55	3,493.86
Thrandeston	1,180.46	1,377.20	1,573.95	1,770.69	2,164.18	2,557.66	2,951.15	3,541.38
Thurston	1,213.82	1,416.12	1,618.43	1,820.73	2,225.34	2,629.94	3,034.55	3,641.46
Thwaite	1,181.91	1,378.89	1,575.88	1,772.86	2,166.83	2,560.80	2,954.77	3,545.72
Tostock	1,186.65	1,384.42	1,582.20	1,779.97	2,175.52	2,571.07	2,966.62	3,559.94
Walsham-le-Willows	1,186.65	1,384.43	1,582.20	1,779.98	2,175.53	2,571.08	2,966.63	3,559.96
Wattisfield	1,189.69	1,387.98	1,586.26	1,784.54	2,181.10	2,577.67	2,974.23	3,569.08
Westhorpe	1,170.39	1,365.45	1,560.52	1,755.58	2,145.71	2,535.84	2,925.97	3,511.16
Wetherden	1,192.61	1,391.38	1,590.15	1,788.92	2,186.46	2,584.00	2,981.53	3,577.84
Wetheringsett-cum-Brockford	1,177.87	1,374.19	1,570.50	1,766.81	2,159.43	2,552.06	2,944.68	3,533.62
Weybread	1,174.11	1,369.79	1,565.48	1,761.16	2,152.53	2,543.90	2,935.27	3,522.32
Whitton	1,191.82	1,390.46	1,589.09	1,787.73	2,185.00	2,582.28	2,979.55	3,575.46
Wickham Skeith	1,173.74	1,369.36	1,564.99	1,760.61	2,151.86	2,543.10	2,934.35	3,521.22
Wilby	1,185.87	1,383.52	1,581.16	1,778.81	2,174.10	2,569.39	2,964.68	3,557.62
Willisham	1,180.51	1,377.27	1,574.02	1,770.77	2,164.27	2,557.78	2,951.28	3,541.54
Wingfield	1,178.58	1,375.01	1,571.44	1,767.87	2,160.73	2,553.59	2,946.45	3,535.74
Winston	1,162.97	1,356.79	1,550.62	1,744.45	2,132.11	2,519.76	2,907.42	3,488.90
Woolpit	1,181.63	1,378.57	1,575.51	1,772.45	2,166.33	2,560.21	2,954.08	3,544.90
Worlingworth	1,183.99	1,381.32	1,578.65	1,775.98	2,170.64	2,565.30	2,959.97	3,551.96
Wortham	1,185.95	1,383.60	1,581.26	1,778.92	2,174.24	2,569.55	2,964.87	3,557.84
Wyverstone	1,172.41	1,367.81	1,563.21	1,758.61	2,149.41	2,540.21	2,931.02	3,517.22
Yaxley	1,176.57	1,372.67	1,568.76	1,764.86	2,157.05	2,549.24	2,941.43	3,529.72

APPENDIX C

Budget, Funding and Council Tax Requirements

1) The precept requirements of Parish / Town Councils must be aggregated with the requirement of this authority to arrive at an average Council Tax figure for the district / parish purposes. This figure however is totally hypothetical and will not be paid by any taxpayer (other than by coincidence). A schedule of the precept requirements from Parish / Town Councils is shown further down in Appendix C.

2) The County and the Police and Crime Commissioner's precept requirements are added to this.

3) The legally required calculation is set out below:

    1) The General Fund Budget requirement for the District Council purposes in 2020/21 will be £168.79, based on an increase to Council Tax of £2.76 per annum for a Band D property which is the equivalent to 1.66%.

    2) The County Council precept requirement is £1,343.61 for a Band D property in 2020/21, an increase of 3.98%.

    3) The Police and Crime Commissioner's precept requirement is likely to be £222.75 an increase of 4.69%.

    4) At the time of preparing this report, not all Parish / Town Councils have supplied formal notification of their 2020/21 precept. The final figures will be reported to Council.

4) Mid Suffolk is a billing authority and collects council tax and non-domestic rates on behalf of the other precepting authorities i.e. Suffolk County Council, Suffolk Police and Crime Commissioner and Parish / Town Councils. The dates that monies collected are paid over to the County Council, and the Police and Crime Commissioner ("precept dates") need to be formally agreed under Regulation 5(i) of the Local Authorities (Funds) (England) Regulations 1992.

5) Established practice is for payments to be made in 12 equal instalments on the 15th of each month or the next banking day if the 15th falls on a weekend or bank holiday. Accordingly, the precept dates applicable for 2020/21 are expected to be as follows:

15 April 2020	15 May 2020	15 June 2020	15 July 2020
17 August 2020	16 September 2020	15 October 2020	16 November 2020
15 December 2020	15 January 2021	15 February 2021	15 March 2021

APPENDIX C

Section 25 report on the robustness of estimates and adequacy of reserves

1. Background

1.1 Section 25 of the Local Government Act 2003 requires Councils, when setting its annual General Fund budget and level of council tax, to take account of a report from its Section 151 Officer on the robustness of estimates and adequacy of reserves. This report fulfils that requirement for the setting of the budget and council tax for 2020/21.

1.2 This is to ensure that when deciding on its budget for a financial year, Members are made aware of any issues of risk and uncertainty, or any other concerns by the Chief Financial Officer (CFO). The local authority is also expected to ensure that its budget provides for a prudent level of reserves to be maintained.

1.3 Section 26 of the Act empowers the Secretary of State to set a minimum level of reserves for which a local authority must provide in setting its budget. Section 26 would only be invoked as a fallback in circumstances in which a local authority does not act prudently, disregards the advice of its CFO and is heading for financial difficulty. The Section 151 Officer and Members, therefore, have a responsibility to ensure in considering the budget that:

- It is realistic and achievable and that appropriate arrangements have been adopted in formulating it.
- It is based on clearly understood and sound assumptions and links to the delivery of the Council's strategic priorities.
- It includes an appropriate statement on the use of reserves and the adequacy of these.

2. Basis of Advice for Section 25 Report

2.1 In forming the advice for this year's Section 25 report, the CFO has considered the following:

a) The role of the Chief Finance Officer
b) The effectiveness of financial controls
c) The effectiveness of budget planning and budget management
d) The adequacy of insurance and risk management
e) The mitigation of strategic financial risks
f) The Capital Programme

a) Role of the Chief Finance Officer

2.2 The statutory role of the Chief Finance Officer in relation to financial administration and stewardship of the Council, and its role in the organisation are both key to ensuring that financial discipline is maintained.

2.3 The statutory duties of the Chief Finance Officer are set out in the Financial Regulations which form part of the Council's Constitution. These include the requirement to report to council if there is an unbalanced budget (under Section 114 of the Local Government Act 1988).

2.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Statement on the Role of the Chief Financial Officer (CFO) in Local Government. The Statement requires that in order to meet best practice the CFO:

a) is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;

b) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy; and

c) must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

d) must lead and direct a finance function that is resourced to be fit for purpose; and

e) must be professionally qualified and suitably experienced.

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

b) Financial Controls

2.5 In December 2019, CIPFA provided the Council's Section 151 Officer with analysis relating to Mid Suffolk District Council from its newly developed 'Resilience Index' tool, designed to support and improve discussions surrounding local authority financial resilience. The tool is based on a series of indicators relating to the sustainability of reserves, external debt, fees & charges and income from local taxation (business rates and council tax). The information is based on the latest available annual data and reserves measures. The following paragraphs describe how Mid Suffolk compares to its nearest neighbours, which are the councils that are statistically similar.

2.6 The tool shows that the only areas where Mid Suffolk is higher risk is on external debt and interest payable compared to its nearest neighbours. This reflects the fact that we had to take on a significant amount of debt in relation to our housing stock in 2012 and our strategy to borrow money to generate a return to the council e.g. CIFCO and Gateway 14 to replace reduced government funding. Based on this, I would expect Mid Suffolk to be higher than other authorities, but the decisions taken have been based on robust business cases and full consideration of the risks.

2.7 As a counterbalance to the higher risk on debt and interest costs, Mid Suffolk is low risk in terms of its level of reserves and changes in the level of reserves. Reserves could be used in the short term to offset the effect of any changes to investment plans, if required.

2.8 Alongside the statutory role of the CFO the Council has in place a number of financial management policies and financial controls which are set out in the Financial Regulations.

2.9 Other safeguards which ensure that the Council does not over-commit financially include:

a) the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;

b) the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and

c) the auditors' consideration of whether the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

2.11 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the "Annual Governance Statement".

2.12 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily. This is backed up by the review processes of Cabinet and the Joint Audit and Standards Committee undertaking the role of the Council's Audit Committee.

c) <u>Budget Planning and Budget Management</u>

2.13 The financial planning process is Councillor-led as Cabinet decides the principles and policies that underpin budget planning. The Budget Report describes the strategy for 2020/21 and beyond.

2.14 Cost increases and variations in key areas of income and expenditure have been carefully considered and reflected in the budget.

2.15 Key assumptions have been made and updated during the budget process to reflect the changing economic position and latest information.

2.16 Detailed scrutiny, review and challenge of budgets has been undertaken by finance officers and the Senior Leadership Team.

2.17 There has been an examination by the Overview and Scrutiny Committee in advance of the budget being approved. The recommendations made by the Committee are considered by Cabinet before the budget is presented to Council.

2.18 A key factor in effective budget management is the Council's regular monitoring of spending against budgets throughout the year and at year-end. Budget managers are required to update their forecasts during the year and these are subject to review by Cabinet on a quarterly basis. The development of budget managers and initiatives to strengthen budgetary control and financial management throughout the Council is an ongoing process.

2.19 The Council has a proven track record on budget management, which is confirmed by Ernst & Young in their Annual Audit Letter. The auditors are required to form a conclusion on the arrangements the Council has put in place to secure economy, efficiency and effectiveness in its use of resources. There has been a delay in the external audit process for 2018/19, but an unqualified opinion is expected again for 2018/19.

d) Adequacy of Insurance and Risk Management

2.20 The Council's insurance arrangements are in the form of external insurance premiums with regular reviews being undertaken of the level at which risks are insured.

2.21 A critical area where risk management thinking can add significant value is to enhance the planning and budgeting process. Utilising a risk-based approach directly links to the Council's risk appetite to its core financial and economic performance, supported by the Council's Significant Risk Register. The goal when integrating risk management into budget planning is to understand the assumptions that the budget is based on.

2.22 The effective application of the Council's risk management principles enhances many processes within the context of managing its services and enables management to make better and more informed decision.

2.23 Our approach is to identify the major line items of each service budget, the personnel who contributed to them and the basis of estimation and then to ask key questions such as:

- What are the potential risks that could interfere with the accuracy of the estimate?
- What is the likelihood of these risks materialising?
- What would the impact on the organisation be if they did materialise?

e) Mitigation of Strategic Financial Risk

2.24 No budget can be completely free from risk and these are still prevalent in the ongoing financial climate. Some comments on the areas of the budget having key financial impacts or significant changes for 2020/21 are set out below:

- **Pay and Pensions** – The budget includes provision for pay increases of 2% for each of the 4 years to 2023/24 and continues to provide for annual progression through pay scales where employees are not at the top of their grades. A 1% change in pay amounts to around £95k per annum.

2019/20 is the last year of adjustment to the employers' pension fund contribution resulting from the 2016 triennial valuation. Based on the 2019 valuation a decrease of 1% per annum has been included for each of the three years commencing 2020/21.

The Council's establishment budget is based on a full establishment. To allow for in-year vacancy savings the budget includes an annual vacancy saving of £455k. This is based on previous years' outturn.

- **Price Increases** – Allowances for price increases have been made on some budgets including major contracts, where there is a contractual requirement to do so. For other areas the budget assumes any price inflation is absorbed by the service. A 1% change in the refuse and ICT contracts and the Shared Revenues Partnership is around £34k.

- **Income from Fees and Charges** – A significant part of the Council's costs continues to be met from fees and charges. For some of these headings it is difficult to predict the level of income to be received e.g. planning fees, so progress against these income targets will need to be monitored throughout the year, particularly in the light of continuing economic volatility. A 1% change in income from planning, garden waste, car park and recycling performance payments income is around £38k.

- **Investment Income and Interest Payable** – Since 2009 interest rates have produced low returns from investments, but the Council has diversified its investments into a property fund and other pooled funds, following advice from Arlingclose, to increase the return on investment. Following implementation of International Financial Reporting Standards (IFRS) and how changes to the year-end values of pooled funds have to be treated could encourage the redemption of holdings and reduce the anticipated level of return, but this will not come into force until April 2023.

  The Council is making other commercial investments in order to generate income or regenerate an area. Where this investment is relying on borrowing as the funding source then any return will be subject to changes in interest rates. The Public Works Loan Board (PWLB) increased rates by 1% at the end of 2019. This has been factored into the budget proposals for 2020/21, but the way that it was introduced with no notice poses a risk that it could happen again. This is particularly relevant to the Capital Investment Fund Company (CIFCO) where borrowing is taken out and lent to CIFCO for investment in commercial property. The 2020/21 budget includes the continuation of the investment of the second £25m in CIFCO to generate additional income and shows a positive net return to the council.

- **Business Rate Retention** – As business rates is an increasingly important source of income for the Council, measures for closer monitoring have been put in place. Under the current retention system, the General Fund's exposure to variances can come from economic decline, cessation of business from a major ratepayer and appeals to rateable values. The Council operates a Business Rates Equalisation Reserve to cover for this possibility as appropriate.

In 2021/22 local government is expected to be given 75% retention of business rates. The figures for this year and beyond assume a cost neutral position, but this is currently untested. If baseline funding levels should reduce, the Business Rates Equalisation Reserve could be used to support a short-term reduction, but medium-term plans and resources would need to be reviewed.

- **Government Funding** – The Council's share of Revenue Support Grant (RSG) ended after 2018/19 and in theory is now in a negative RSG position i.e. money to be paid to the Government for redistribution. This has been offset by centrally retained business rates money for 2019/20 and 2020/21 but could be reinstated in future years. The Council's core Government funding is now reduced to Rural Services Delivery Grant (RSDG) and New Homes Bonus (NHB). 2020/21 is a one-year settlement from the Government with a new 4-year Comprehensive Spending Review due during 2020/21. Funding levels beyond 2020/21 are therefore currently uncertain, so the medium-term figures are based on the current level of RSDG and NHB reducing each year and disappearing by 2023/24, according to announcements within the final finance settlement.
- **Welfare Reforms, Benefits and Council Tax Reductions** – At a forecast of £13m for 2020/21, housing benefit remains one of the Council's largest financial transactions, which due to the welfare reforms and introduction of Universal Credit and the Council Tax Reduction scheme is subject to increasing risk and change. This will continue to be closely monitored in order to protect the Council from any emerging risks and liabilities.

f) Capital Programme

2.25 The Council has a significant capital programme for the next 4 years (£26m) which is largely funded through borrowing and is based upon reasonable estimates of cost and capacity to deliver the programme. The programme has been developed to support the key deliverables of the Council and its ambition through the Joint Corporate Plan.

2.26 A key risk therefore to consider in the Council's budget planning is the interest cost and provision for repayment of debt (Minimum Revenue Provision – MRP) that it will need to meet commitments on the borrowing it undertakes for capital purposes.

2.27 Review of the capital programme on an ongoing basis is required to ensure that future borrowing is targeted on projects that deliver the most for the district and are affordable within the current revenue resources.

2.28 The borrowing strategy and MRP policy are set out in detail in the Capital, Investment and Treasury Management Strategies document.

Conclusion

2.29 Taking all of the above into consideration, the Section 151 Officer's opinion is that the Council's budget and estimates are reasonable based on the assumptions and available information, but cannot be absolutely robust, so a full assurance cannot be given that there will be no unforeseen adverse variances.

2.30 This is an expected and acceptable situation for any organisation that is dealing with a large number of variables. Also, the general economic situation continues to impact on expenditure and income. Provided that the minimum safe level of reserves is maintained, any variations arising as a result of lack of robustness in the estimates should be manageable.

3 Adequacy of Reserves

3.1 There is no available guidance on the minimum level of reserves that should be maintained. Each authority should determine a prudent level of reserves based upon their own circumstances, risk and uncertainties. Regard has been had to guidance that has been issued to CFO's and the risks and uncertainties faced.

3.2 The Council is required to maintain adequate financial reserves to meet the needs of the authority. This is the General Reserve and provides a safe level of contingency.

3.3 The CFO's opinion is that the minimum level of unearmarked reserves should, for the time being, be maintained at the current level of £1.05m without increasing the risk to the Council. This represents 11% of the annual General Fund Budget, so no action is required as part of the 2020/21 budget. This is partly based on the understanding that there are further sums available in earmarked reserves that will not be fully spent during 2020/21 as set out below.

3.4 Levels of earmarked reserves (excluding those relating to the Housing Revenue Account but including the Growth and Efficiency Fund and the Community Infrastructure Levy) are forecast to be £19.3m as at 31 March 2021. The level of earmarked reserves as at the 31 March 2021 will depend on the extent to which the New Homes Bonus money that is transferred to the Growth and Efficiency Fund is spent in 2020/21. The Growth and Efficiency Fund is continuing to support the delivery of the Council's Joint Corporate Plan in 2020/21.

4. Background Documents

Local Government Act 2003; Guidance Note on Local Authority Reserves and Balances – CIPFA 2003; Medium Term Financial Strategy

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