

BABERGH DISTRICT COUNCIL

From: Cabinet Member - Finance	Report Number: BCa/17/56
To: Cabinet	Date of meeting: 8 March 2018

FINANCIAL MONITORING 2017/18 – QUARTER 3

1. Purpose of Report

- 1.1 Based on the financial performance of the Council during the first 9 months of this financial year and latest information, a reporting by exception approach has been adopted to reviewing income and expenditure budget variances in the first half of the year.

2. Recommendations

- 2.1 The potential or likely variations in relation to the General Fund, Housing Revenue Account and Capital Programme compared to the Budget be noted;
- 2.2 That, subject to any further budget variations that arise during the rest of the financial year, the following net transfers of £1,227k be noted;
- a) The balance of the General Fund surplus of £943k referred to in section 11.7 of the report be transferred to the Business Rates Equalisation reserve to support the 2017/18 deficit (£1,256k) on the Business Rates Collection Fund;
 - b) Transfer of £102k, being the favourable variance for the Materials Recycling Facility (MRF) to a new earmarked Waste reserve, referred to in section 11.8 of this report;
 - c) Transfer of £129k, being the favourable variance for Homelessness to the earmarked grants reserve, referred to in section 11.8 of this report;
 - d) Transfer of £53k, being the favourable variance for Planning legal costs to the earmarked reserve, referred to in section 11.8 of this report.
- 2.3 That £100k is transferred from the HRA Strategic Priorities reserve to an earmarked reserve called “Big20”, referred to in section 11.22 of this report.

Reason for Decision: To ensure that Members were kept informed of the current budgetary position for both the General Fund and HRA.

3 Financial Implications

- 3.1 These are detailed in the report.

4 Legal Implications

4.1 There are no specific legal implications.

5 Risk Management

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

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

6 Consultations

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

7 Equality Analysis

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

8 Shared Service / Partnership Implications

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

9 Links to Joint Strategic Plan

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

10 Key Information

Strategic Context

- 10.1 In February 2017 Babergh District Council approved the Joint Medium Term Financial Strategy (MTFS). This confirms the direction of travel, in that the Council continues to develop a new business model to respond to the financial challenges.
- 10.2 The strategic response to those challenges, to ensure long term financial sustainability, is set out in six key actions:
- a) Aligning resources to the Councils' refreshed strategic plan and essential services
 - b) Continuation of the shared service agenda, collaboration with others and transformation of service delivery
 - c) Behaving more commercially and generating additional income
 - d) Considering new funding models (e.g. acting as an investor)
 - e) Encouraging the use of digital interaction and transforming our approach to customer access
 - f) Taking advantage of new forms of local government finance (e.g. new homes bonus, business rates retention)
- 10.3 The details within the Joint MTFS show that for Babergh the funding gap for 2018/19 is approximately £1m and over the next three years that total funding gap is estimated to be £1.1m. Work will continue on closing this gap by identifying and modelling the outcomes of various initiatives as part of the delivery of the Joint Strategic Plan.

- 10.4 The nature of local government funding has changed in recent years. There is less core funding in the form of Revenue Support Grant (RSG) and more incentivised and one-off funding like New Homes Bonus and retention of business rates. The business rates income is more uncertain than RSG, where appeals and the changing number of businesses within the district impact on the income that is available to the Council. This was reinforced with the 2016/17 outturn position. It is also important that capital resources are used in ways to support the new business model. The Council is looking to use its assets and borrowing capacity to become self-sufficient from government funding.
- 10.5 The total estimated core funding for future years is not a fixed guaranteed amount as it is dependent on variations in business rates income. This is carefully monitored and the volatility and risks, for example, rate relief for schools converting to academies and the level of appeals, will affect the amount of income received.
- 10.6 The outcome of these changes and uncertainties is that predicting the resources available to the Council over a period of time is more challenging, so more annual variances against budget will be seen as we develop our financial management skills and processes to fit the new funding environment. Members should therefore focus on whether strategic priorities are being achieved rather than in year variances.

11 Quarter 3 Position

- 11.1 Based upon financial performance and information from April to December (with emerging trends extrapolated to the end of the financial year) and discussions with budget managers and Assistant Directors, key variations on expenditure and income compared to budget have been identified.
- 11.2 The report covers:
- The General Fund Revenue Budget
 - The HRA Revenue Budget (Council Housing)
 - Both the General Fund and HRA Capital programmes.
- 11.3 Budget monitoring is a key tool and indicator on the delivery of the council's plans and priorities for the year. There will, of course, always be reasons why there are variances such as:
- Economic conditions and those services that are affected by demand
 - Base budgets being over or understated (a number were identified in the 2016/17 financial outturn report to Members)
 - Uncertainties relating to funding or other changes that were not known at the time the Budget was approved.

11.4 Taking each area in turn, the position on key aspects of the 2017/18 budget is summarised below:

General Fund Revenue Account

11.5 In relation to funding:

- (a) Council Tax (£5m): At the end of December, collection rates were 85.97%, compared with 86.12% for the same period last year. The collecting of council tax remains challenging, especially from those receiving council tax reductions under the Local Council Tax Reduction Scheme (LCTR). Recovery Action is varied and is a high priority for the Shared Revenues Partnership (SRP).
- (b) Government Grants: RSG (£0.5m), baseline business rates (£1.9m) and New Homes Bonus (£1.2m) were allowed for in the Budget. RSG and NHB are fixed but the actual amount of business rates will vary.
- (c) Business Rates: At the end of December, collection rates were 82.36% compared with 82.92% for the same period last year. The level of Section 31 grants notified to the Council to compensate for national business rate relief is greater than expected by £207k.
- (d) Based on current projections from Suffolk County Council it is estimated that the final Business Rates Pool position will be better than expected, a favourable variance of £52k is anticipated. This is despite the reduction in the rateable value of Tesco at Copdock totalling £2m, backdated to 1 April 2010. A provision is therefore required for the 2017/18 anticipated Collection Fund deficit of £1,256k which may impact 2018/19.

11.6 On a reporting by exception basis, a review of expenditure and income budget variances was undertaken. There are two corporate savings targets as detailed below;

- a) It is currently anticipated that the vacancy management savings target of £100k will be exceeded, resulting in a favourable variance of £131k. This is a reduction of £79k since Quarter 2 due to a small number of redundancies. To improve the level of accuracy when forecasting redundancies, Finance has been working closely with HR to develop a more robust process. A breakdown of staffing variances by individual Service Area is shown in section 11.8 below. From 2018/19, the vacancy management target has been reviewed to reflect actual experience and increased to £186k (this is equal to a 2.5% turnover of staff).
- b) Included within the 2017/18 budget is a generic savings target of £80k for non-pay expenditure. Further details of the actual non-pay variances are outlined in section 11.8 below. From 2018/19 onwards, this target budget will reduce by £20k per year until it is completely removed in 2021/22, as savings are better identified and monitored in individual service areas rather than against a corporate target.

11.7 The overall net favourable variance of £1,227k means that the Council is able to supplement earmarked reserves - £102k to the Waste reserve for the Material Recycling Facility (MRF gate fee) and a substantial contribution to the Business Rates Equalisation reserve of £943k. This would be utilised to fund the 2017/18 deficit of £1,256k (due 2018/19).

11.8 The table below shows the main items that are included in the overall net favourable variance of £1,227k. The forecast variances identified within this report have been taken into consideration when setting the budgets for 2018/19.

The numbers associated with the ongoing revenue costs for the All Together programme are now included and result in a net cost pressure of £28k.

Explanation	Quarter 2 Amount (£,000) Favourable / (Adverse)	Quarter 3 Amount (£,000) Favourable / (Adverse)	Movement (£) Favourable / (Adverse)
Communities and Public Access			
<u>Policy and Strategy (Health and Wellbeing)</u> <ul style="list-style-type: none"> Employee costs – a favourable variance of £10k. This is due to a part year saving for a full-time vacancy. The post was recruited to during September 2017. This saving is for 2017/18 only. Carry forwards to support the delivery of the Joint Leisure, Sport and Physical Activity Strategy action plan and the ongoing development of the Health and Wellbeing Business Partner function in 2017/18 are unlikely to be spent resulting in a favourable variance of £45k. Other items (net) – a favourable variance of £2k 	60	57	(3)
<u>Public Access</u> <ul style="list-style-type: none"> Employee costs - a favourable variance of £53k. This area of the Council has a high turnover of employees' due to the nature of the Customer Services function, resulting in a small number of vacant posts. In Quarter 2 it was estimated that all vacant posts would be recruited to before the end of the year, this was not realistic. 	15	53	38
<u>Communications</u> <ul style="list-style-type: none"> Employee costs – this favourable variance is attributable to staff vacancies. A review of the structure has been undertaken to ensure that it is fit for the 	17	17	-

needs of the organisation, and is now being recruited to.			
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<u>Public Realm</u> This area of the Council continues its review. It is therefore likely that the forecasts included are subject to change as the review is finalised.			
<ul style="list-style-type: none"> Open Spaces (incl. Countryside Development) – due to several vacancies (2.6 fte shared 50:50) employee costs are expected to result in a favourable variance of £15k. The reduction of £17k since Quarter 2 is attributable to the cost of countryside rangers which was previously omitted in error. 	32	20	(12)
<ul style="list-style-type: none"> Open Spaces – when setting the budget for 2017/18 the grounds maintenance contract was reviewed. As the contract period runs from November to October an assumption was made regarding a 10% saving. This has not materialised and so an adverse variance of £46k is anticipated. It is too late to correct for the 2018/19 budgets, but it will be amended for 2019/20. 	-	(46)	(46)
<ul style="list-style-type: none"> Street and Major Road Cleansing – analysis of income levels over the past 3 years for the emptying of dog and litter bins for Town and Parish Councils, and for recycling credits has shown that the budget is far from achievable, this will be adjusted when setting the 2018/19 budget. An adverse variance of £54k is therefore expected for 2017/18. 	(54)	(54)	-
<ul style="list-style-type: none"> Car Parks – an adverse variance of £58k is anticipated, a minor improvement of £6k since the second quarter. The overall adverse variance is due to both a reduction in income including excess notice fines at Sudbury car parks of £18k and £19k can be attributed to an increase in business rates following the April 2017 revaluation. Both of which have been amended for 2018/19. Other items (net) – a favourable variance of £7k 	(64)	(51)	13
<ul style="list-style-type: none"> Public Conveniences – a favourable variance of £29k can be attributed to a forecast underspend against repairs and maintenance costs (£16k) water usage (£15k) and business rates (£3k). Discussions are ongoing regarding the future role that the Council plays in managing these assets. Other items (net) – an adverse variance of £5k 	33	29	(4)
<ul style="list-style-type: none"> Other items (net) – an adverse variance of £2k 	12	(2)	(14)
<u>ICT</u>	47	31	(16)
<ul style="list-style-type: none"> Employee costs – a favourable variance of £38k is anticipated included within this variance are 3 vacant full-time posts which are no longer 			

<p>required due to the transfer of functions to SCC IT. This will be an ongoing saving in 2018/19.</p> <ul style="list-style-type: none"> Other items (net) – an adverse variance of £7k. 			
Corporate Resources			
<p><u>Commissioning and Procurement</u></p> <ul style="list-style-type: none"> Employee costs - £40k favourable variance. The 2017/18 budget includes provision for two new Grade 6 Business Partner roles. One of these posts has now been offered as an ongoing saving, the other post will be recruited to, but it is anticipated that there will be an 11-month saving. Other items (net) – a favourable variance of £11k 	36	51	15
<p><u>Finance</u></p> <ul style="list-style-type: none"> The increase in volume of payment cards for housing rents and the postage method by which these cards are issued to tenants has resulted in an adverse variance of £35k. The Finance team is working with the service provider to seek recompense for the higher than expected postage costs. Discussions are also underway with the Housing Corporate Manager to actively promote the use of Direct Debit as the preferred payment method. 	-	(35)	(35)
<p><u>HR and Organisational Development</u></p> <ul style="list-style-type: none"> Employee costs – the Council has employed a number of interns during the course of the year. This was not budgeted for in 2017/18 resulting in an adverse variance of £13k. This has been amended for the 2018/19. A review of training requirements for the Council has been undertaken since the last quarter's report to Cabinet. This has resulted in a favourable variance of £32k. £10k of which has been reflected in the budgets for 2018/19. Other items (net) – an adverse variance of £14k 	11	5	(6)
Environment and Projects			
<p><u>Building Control</u></p> <ul style="list-style-type: none"> Employee Costs – a favourable variance of £21k which can be attributed to one vacancy (1 fte). Income shortfall – an adverse variance of £32k is anticipated despite an uplift in fees of 5% from September 2017. This is an improvement of £38k from the previous quarter. As reported in Quarter 2, the variance can in part be attributed to a budget error where VAT of £20k was included, inflating the overall calculation of 	(42)	(12)	30

<p>income to be received in year. A 5% increase in Building Control applications was also factored in to the 2017/18 budgets, but has not been reflected by the actual applications received to date as the service has seen a slight decrease in market share of £12k. These issues have now been resolved and the correct budgets set for 2018/19.</p> <ul style="list-style-type: none"> • Other items (net) – an adverse variance of £1k. 			
<p><u>Waste</u></p> <ul style="list-style-type: none"> • £102k favourable variance for the Material Recycling Facility (MRF). The gate fee is re-calculated each April making it difficult to accurately budget for the price per tonne. In recent years the basket price has changed from £5/tonne to £12/tonne and is very much dependent on the world market. It is proposed therefore, that this favourable variance is transferred to an earmarked reserve to ensure that the core budget can remain relatively stable and the reserve is utilised to smooth year on year changes. • Domestic Waste – a decrease in the volume of material collected and processed has resulted in an estimated adverse variance of £50k for recycling credits. This was not reported in the previous quarter. • Trade Waste – a favourable variance of £52k is expected, an improvement of £16k since Quarter 2 as customer numbers continue to increase. This can be used to partly offset the adverse variance mentioned below in relation to glass collection as well as the adverse variance for recycling credits mentioned above. • Glass Collection – this service was introduced in 2016/17 as a new income stream. When the budget was set for 2017/18 it was updated to reflect the income, but not the expenditure. The glass collection service is a viable one and the expected adverse variance of £22k and has been adjusted for when setting the budget for 2018/19. • Textile Recycling – an adverse variance of £2k is expected. The price per tonne is approximately £95 / tonne less than was budgeted for. • Other items (net) – a favourable variance of £15k. 	120	95	(25)

Investment and Commercial Delivery			
<u>Housing Development and Regeneration</u> <ul style="list-style-type: none"> Employee costs – an adverse variance of £20k can be attributed to the cost of covering a member of staff who is on maternity leave. 	(42)	(80)	(38)
<u>Borehamgate</u> <ul style="list-style-type: none"> Income shortfall of £17k is anticipated due to the budget allocation reflecting 100% occupancy which is unrealistic in practice. Further work has been carried out by the Finance Team and Service to take into account a vacancy factor for 2018/19 onwards. An adverse variance of £31k is expected. This is monies due to tenants in respect of prior year service charges and overpaid rents that must be repaid to the management agent Carter Jonas. This will be a one-off expense in 2017/18. 			
<u>Angel Court, Hadleigh</u> <ul style="list-style-type: none"> An adverse variance of £26k is expected for the cost of securing the site following its purchase earlier this year. 			
Other items (net) – a favourable variance of £14k.			
<u>Open for Business</u>	85	67	(18)
<u>Tourism and Economic Development</u> <ul style="list-style-type: none"> A favourable variance of £13k can be attributed to an under spend on advertising and marketing. This budget has been reviewed as part of the 2018/19 budget setting process. A favourable variance of £25k was reported in the previous quarter. This follows a grant received for growing the visitor economy through Destination Management / Marketing Organisation (DMO) work. It is now anticipated that this money will be fully utilised, as it must be spent by September 2018. 			
<u>Licensing</u> <ul style="list-style-type: none"> Employee costs - a favourable variance of £20k is expected as a result of one vacant post (1 fte). Professional and consultancy fees – a favourable variance of £14k. This budget is utilised for driver DBS checks and has been reviewed as part of the budget setting process for 2018/19. 			
Other items (net) – a favourable variance of £20k.			
Law and Governance			
<u>Information Management</u> <ul style="list-style-type: none"> An adverse variance of £66k on employee costs is expected. An increase of £22k since Quarter 2 mainly due to the cost of redundancy within 	(70)	(111)	(41)

<p>the service. The overall adverse variance is attributable to the re-allocation of resources from the capital element of the JOSIE project to revenue.</p> <ul style="list-style-type: none"> • Land Charges – despite the increased level of activity in the housing market and consequently the increase in the number of searches carried out by the land charges team, a number of these were ‘no fee’ personal searches. An income shortfall of £54k is therefore anticipated, this is an increase of £32k since the previous quarter. • Other items (net) – a favourable variance of £9k. 			
<p><u>Internal Audit</u></p> <ul style="list-style-type: none"> • Employee costs – an adverse variance of £9k. The need for an additional Grade 5 post was identified after the 2017/18 budget was set. This post was filled and has since become vacant. The Corporate Manager has reviewed resource requirements. • An External Quality Assessment (EQA) will be carried out in February 2018. The EQA is a means to measure Internal Audit’s compliance against the Public Sector Internal Audit Standards (PSIAS). An adverse variance of £2k is expected. 	(10)	(11)	(1)
<p><u>Shared Legal Services</u></p> <ul style="list-style-type: none"> • Employee costs - there were two roles where it was anticipated that these would cease once the Shared Legal Services model was live. This was not the case, the roles ended in October 2017 and an adverse variance of £30k is expected. This is an increase of £10k since the previous quarter and is due to redundancy costs. • Legal expenses – expenditure relating to the provision of legal services is charged directly to the service area in which the work took place resulting in a favourable variance of £38k. This variance was not identified in the previous quarter nor was it identified as a savings opportunity for the 2018/19 budget. This will be amended for 2019/20. • Other items (net) an adverse variance of £3k. 	(19)	5	24
<p><u>Democratic Services</u></p> <ul style="list-style-type: none"> • Employee costs - there is significant change planned in this area i.e. posts being recruited to and service requirements being reviewed 	(28)	(28)	-

<p>including a number of posts for the new scanning function. This has resulted in an expected adverse variance of £22k, a small improvement of £4k since Quarter 2.</p> <ul style="list-style-type: none"> • Other items (net) – an adverse variance of £6k. 			
Planning for Growth			
<p><u>Development Management</u></p> <ul style="list-style-type: none"> • It is anticipated that employee costs will result in a favourable variance of £47k. This is a reduction of £40k since Quarter 2 and relates to the significant change planned in this area i.e. posts being recruited to and service requirements being reviewed. • Legal costs awarded for appeals – an under spend of £53k is anticipated. Due to its unpredictable nature, it is recommended that an earmarked reserve be set up to ensure that the core budget can remain relatively stable and the reserve is utilised to smooth year on year changes as referred to in paragraph 2.2 of this report. • The Council’s Joint Strategic Plan places a clear priority on the delivery of more of the right type of housing, of the right tenure, in the right places. The Council is seeking to significantly increase supply and expand our ‘market making’ role in terms of creating the right conditions for developers to work with communities to deliver more housing. Following this commitment, the Council continues to see an increase in planning applications which is likely to result in a favourable variance of £361k, an improvement of £237k since the previous quarter. • Following the introduction of pre-application charges in July 2017 analysis of current income levels indicates a favourable variance of £61k. The budget for 2018/19 reflects this new income stream. • Other items (net) – a favourable variance of £21k. 	259	543	284
<p><u>Strategic Planning, Sustainable Environment and Heritage</u></p> <ul style="list-style-type: none"> • The staffing resources required in this area continue to be reviewed and as a result vacant posts have been held, this does not impact on the delivery of the Local Plan. As part of the review, it has also been possible to fund the Infrastructure Team (CIL team) from this core 	123	107	(16)

<p>budget as opposed to the Transformation Fund. All staff costs associated with the team have been 'backdated' to the start of 2017/18 and are included within this revised variance. It is therefore anticipated that employee costs will remain under spent and result in a favourable variance of £93k.</p> <ul style="list-style-type: none"> • Other items (net) – a favourable variance of £14k. 			
Supported Living			
<u>Business Improvement (Corporate)</u> <ul style="list-style-type: none"> • This area is currently under review meaning that the favourable variance of £10k for employee costs is subject to change. 	(9)	10	19
<u>Property Services</u> <ul style="list-style-type: none"> • Belle Vue House – in November 2016, the Council asked and then supported the Sudbury Citizens Advice Bureau to relocate to new premises. As a result of the property now being empty, we are expecting an adverse variance of £15k. This can be attributed to business rates (£5k), loss of rental and service charge income (£10k). The budget for 2018/19 has been adjusted accordingly. • Following the move to Endeavour House, the Headquarters building in Hadleigh will require 24-hour security. It is anticipated that this will result in an adverse variance of £48k. • Employee costs - a number of changes were required to the Capital Projects Team staffing budget. Unfortunately, these changes were identified too late in the 2017/18 budget setting process. The actual forecast spend better reflects how the team is spending its time which has resulted in a favourable variance of £111k. • Other items (net) – a favourable variance of £13k. 	(63)	61	124
<u>Photo Voltaic (PV) Panels (Feed In Tariff Income)</u> <ul style="list-style-type: none"> • To enable receipt of the Feed in Tariff (FiT) income all properties must be registered with Ofgem. There are a number of properties where PV panels have been installed, but are still awaiting registration. Any income due will be backdated to when the panels were installed. Following work with the service area, it has been possible to calculate a conservative forecast which results in a net favourable variance of £23k. This includes limited costs for necessary repairs. 	24	23	(1)

<p><u>Homelessness</u></p> <ul style="list-style-type: none"> Following the introduction of the Homelessness Reduction Act 2017 (HRA) in April 2017, the Council received a ringfenced grant of £116k. In December 2017, a further grant of £40k was received. There are many implications arising from the new legislation, the most significant change being new prevention duties. As a result, it has been necessary to increase staff resources in the homelessness team to ensure the Council's new responsibilities are fulfilled. This will result in an adverse variance of £27k. It is recommended that the net favourable variance of £129k be transferred to an earmarked reserve for use in 2018/19 and beyond. 	89	129	40
<p>Other</p>			
<p><u>All Together</u></p> <ul style="list-style-type: none"> Utilising existing budgets for expenditure such as gas, electricity plus general building costs for the Headquarters site, a favourable variance of £115k is anticipated. This will be used to support the ongoing revenue costs for the All Together programme for which a current estimate of £143k is expected. One-off costs associated with the programme are forecast to be £407k which will be met from the Transformation Fund. 	(28)	(28)	-
<ul style="list-style-type: none"> Other items (net) – an adverse variance of £65k 	77	(65)	(142)
<p><u>Capital Financing Costs</u> An adverse variance of £276k is anticipated. This can be broken down as follows;</p> <ul style="list-style-type: none"> Net investment income i.e. CCLA, UBS – a favourable variance of £139k, an improvement of £64k since the previous quarter. Net interest payable / receivable – an adverse variance of £20k. CIFCO – a net adverse variance of £213k is anticipated, a reduction of £75k since Quarter 2. This results from a change in timing of purchases compared to the budget assumption. Minimum Revenue Provision (MRP) – an adverse variance of £182k is predicted. It has been identified that the budgets for 2017/18 did not include an amount for either the PV panels or land assembly. This has been corrected as part of the budget setting process for 2018/19. 	(240)	(276)	(36)

<u>Business Rates</u>			
The net favourable variance of £724k is made up of four key elements. These are detailed below;			
<ul style="list-style-type: none"> Timing difference for the distribution of the 2016/17 surplus on the Collection Fund £337k. 	337	337	-
<ul style="list-style-type: none"> 2017/18 Baseline business rates less Government tariff has resulted in a favourable variance of £128k. The improved position can be attributed to a reduction in the levy. 	(119)	128	247
<ul style="list-style-type: none"> Business Rates Pooling Benefit – a favourable variance of £52k. As referred to in paragraph 11.5 (d). 	102	52	(50)
<ul style="list-style-type: none"> S31 Business Rates Grant - higher than budget by £207k. As referred to in paragraph 11.5 (c) <p>It is recommended that the sum of £337k, relating to the 2016/17 Collection Fund surplus, be transferred to the Business Rates Equalisation reserve as referred to in paragraph 2.2 of this report.</p>	138	207	69
TOTAL FAVOURABLE VARIANCE	831	1,227	396

Transformation Fund

11.9 A review of Transformation Fund commitments has been undertaken with the support of the Senior Leadership Team, Corporate Managers and Finance.

11.10 The table below provides a high-level summary of the anticipated movement in the Transformation Fund during 2017/18. A more detailed breakdown is shown in Appendix A.

11.11 Transformation Projects that were completed prior to 2017/18 are no longer shown in detail in this report.

BABERGH	£'000
Balance at 31st March 2017	1,006
New Homes Bonus Contribution	1,212
Business Rates Grant	857
Total contributions 2017/18	2,069
Revised Balance Available	3,075
LESS;	
Funding 2017/18 budget	(1,362)
Delivery Plan projects - Staffing	(418)
Actual year to date spend (April - Dec 2017)	(720)
Current commitments	(41)
Balance at 31st March 2018	534

Commitments in 2017/18 will continue to be reviewed to ensure the key priorities are supported.

General Fund Capital

- 11.12 Capital resources should be aligned to the Council's Strategic Priorities and desired outcomes. A zero based approach was adopted for the capital programme for 2017/18 to ensure that resources are aimed at delivering the council's strategic priorities.
- 11.13 With complex capital schemes it is difficult to accurately assess the level of payments that will be made during the financial year. The Council has also embarked on new projects e.g. building new homes where it is difficult to accurately predict at the planning stage how payments will fall. Members should therefore focus on whether overall outcomes are being achieved as a result of the capital investment rather than variances against the plan for a particular year.
- 11.14 Following approval by Full Council in April 2017 to set up a holding company, activity to invest the £25m for the Capital Investment began with its first purchase in December 2017. It is anticipated that at least £12.5m will be spent in 2017/18 with the remainder being invested in 2018/19.
- 11.15 Capital expenditure for the period April to December 2017 totals £1m, against a revised programme (including carry forwards) of £7m, excluding the £25m, as set out in Appendix B. The main variances to date are set out below:
- Land Assembly, Property Acquisition and Regeneration – a favourable variance of £3.6m. A number of significant investment projects, including the regeneration of the HQ sites and the affordable housing programme are moving forward and will require further capital funding as they progress over the next 6 months.
 - Kingfisher Leisure and Hadleigh Pool – a favourable variance of £436k is anticipated. However, this is very much dependent on the outcome of the Strategic Leisure Review

- Grants for Affordable Housing – it is anticipated that this budget (£400k) will be carried forward at the end of the year for use in 2018/19 and beyond. As the amount is significant, the decision was made not to include any new budget allocation in the Capital programme for 2018/19 onwards.
- ICT – the majority of the forecast favourable variance of £316k can be attributed to the JOSIE project. When the 2017/18 budget was set it was anticipated that the project would take a full year to complete, the majority of work has been completed with just a few minor elements to finalise before the end of the financial year.
- All Together – an adverse variance of £72k is expected. Anticipated costs include equipment requirements for Endeavour House as well as Customer Access and Touchdown Points.
- Property Services – a favourable variance of £118k is forecast in relation to Corporate Buildings, Carbon Reduction etc. This underspend can be utilised to support the work surrounding the All Together programme.
- Other items (net) – a favourable variance of £94k.

Housing Revenue Account (HRA - Council Housing) - DRAFT

11.16 In relation to the HRA Revenue Budget, the position on key activity areas is as follows:

Explanation	HRA Qtr 3 Amount (£,000) Favourable / (Adverse) Worst	HRA Qtr 3 Amount (£,000) Favourable / (Adverse) Medium	HRA Qtr 3 Amount (£,000) Favourable / (Adverse) Best
Dwelling Rents and other income - £16.7m			
<ul style="list-style-type: none"> • Dwelling rents – an adverse variance of £170k. This is due to right to buys and voids being higher than forecast and the delay in the 23 houses on the Kingfisher development being completed. • Service charges – a favourable variance of £70k. This is due to Supported People Grant and fees being under budgeted in error. • Other items (net) – due to rents on garages being higher than expected, a favourable variance of £6k is forecast. 	(94)	(94)	(94)
Repairs and Maintenance - £2.2m			

<ul style="list-style-type: none"> • Cyclical Repairs - Closer monitoring of the budgets has enabled us to realign costs so we are now forecasting a £205k adverse variance (£62k favourable Q2). The movement is mainly due to an additional £145k for planned heating maintenance due to, a 3.5% uplift in costs for non-contracted work, additional work on acquisitions and other problems arising as employees become more knowledgeable in identifying them. There has also been an increase in external contractor's costs of £60k as a result of BMBS carrying out less work than expected. As these are difficult to predict they will continue to be closely monitored for the remainder of the year. • Property Services – a favourable variance is forecast because of an underspend due to lower than estimated expenditure on work undertaken by BMBS (Building Services). The favourable variances, reflected as a loss of income for BMBS, are as follows; <ul style="list-style-type: none"> • Best case scenario will produce a favourable variance of £472k • Medium case scenario will produce a favourable variance of £357k • Worst case scenario will produce a favourable variance of £318k 	(205)	(205)	(205)
BMBS – Budget Deficit (£232k)			
<ul style="list-style-type: none"> • The budgets for BMBS have been reviewed following its inception in April 2017. The first half produced little factual evidence of its income and expenditure. This was as a result of the significant investment required in embedding a fundamentally new service delivery model. <p>Using the original business plan as the budget for 2017/18 we have identified that assumptions made with respect to forecast income and expenditure were ambitious considering the levels of investment required to introduce the BMBS model.</p>	318	357	472

<p>A Project Team consisting of the HRA Accountant, Assistant Director and BMBS Corporate Manager has revised forecasts for 2017/18. These are based on actual income and expenditure for both Quarters 1, 2 and 3, outturns for previous years and a cautious approach.</p> <ul style="list-style-type: none"> • To create visibility from this piece of work, three scenarios based on worst, medium and best cases for this year end have been produced, refer to Appendix C <ul style="list-style-type: none"> ○ Worst Case scenario - £708k adverse variance. A forecast income shortfall of £1,064k offset by reduced expenditure of £356k ○ Medium Case scenario - £610k adverse variance. A forecast income shortfall of £919k offset by reduced expenditure of £308k ○ Best case scenario - £587k adverse variance. A forecast income shortfall of £860k offset by reduced expenditure of £273k. • Significant work is being undertaken to remedy this position through <ul style="list-style-type: none"> • Ensuring income is accurately being recouped and extracted from software used. • Increasing productivity • Cleansing data • Developing new ways of working • Appointing to vacant job roles • Reducing costs and increasing income 	(587)	(610)	(708)
Management and other costs - £3.1m			
<ul style="list-style-type: none"> • General Management – a favourable variance of £40k is forecast due to a reduction in the Pension Fund contribution of £36k and grounds maintenance £5k • Special management – an adverse variance of £2k is forecast due to redundancy costs of £21k that were not budgeted for. This is offset by a favourable variance of £19k for repairs 	38	38	38

Funding the Capital Programme £8.8m			
<ul style="list-style-type: none"> Revenue Contribution to Capital Outlay (RCCO) – a forecast favourable variance of £168k (£600k Q2) can be attributed to expected underspend in capital maintenance. See 11.21 for the breakdown of the variance. Depreciation is forecast to be in line with Budget 	168	168	168
Borrowing and associated costs £2.8m			
<ul style="list-style-type: none"> These are currently forecast to show a favourable variance of £33k based on half year costs. 	33	33	33
HRA Deficit - Budget transfer from reserves (£527k)			
<ul style="list-style-type: none"> The Surplus/(Deficit) figure will alter depending on the net total of the above variances. As we have three different scenarios for BMBS this will also be shown as Worst/Medium/Best for comparison. <ul style="list-style-type: none"> Best case. The total of the above variances will increase the net budget deficit to (£823k). Medium case. The total of the above variances will increase the net budget deficit to (£841k). Worst case. The total of the above variances will increase the net budget deficit to (£856k). 	(329)	(314)	(296)

Any areas where budgets have been over or under stated were reviewed as part of the 2018/19 budget setting process.

11.17 Further analysis of the movement between Quarter 2 and Quarter 3 for the medium case scenario is detailed in the table below:

	Q2 Variance Fav/(Adv)	Q3 Variance Fav/(Adv)	Movement Fav/(Adv)	Reasons for movement between Q2 and Q3
Dwelling Rents	(147)	(170)	(23)	9 months of actuals for rental income has led to the revised forecast in Q3 to be reduced
Non Dwelling Income	9	6	(3)	
Service Charges	0	70	70	We identified in Q3 that the Supported People Grant and fees had been under budgeted
Dwelling Rents and other income Total	(138)	(94)	44	
Cyclical Repairs	62	(205)	(267)	Increase in Heating due to a 3.5% uplift in non-contract work backdated for 10 months in Q3. There has also been an increase in work and external contractors costs as BMBS have not been able to carry out as much work as originally planned.
Property Services	482	357	(125)	As BMBS have increased their income forecast in Q3 the offset is an increase in costs to Property Services
Repairs and Maintenance Total	544	152	(392)	
BMBS	(688)	(610)	78	An increase in Q3 of predicted income of £184k and costs of £106k has led to a movement of £78k
General Management	(7)	40	47	A pension fund contribution reduction of £36k in Q3 and anticipated £5k saving on grounds maintenance
Special Management	(21)	(2)	19	Some schemes were showing repairs work by BMBS and external contractors so we have reduced the forecast by £19k to reflect this
Management and Other Costs Total	(28)	38	66	
RCCO	600	168	(432)	Contracts will be entered into earlier than anticipated so expected capital underspend in Q2 has reduced
Borrowing and Assoc Costs	0	33	33	Following a review based on costs at half year we have reduced the forecast
Surplus/(Deficit)	288	(314)	(602)	The movement in Surplus/Deficit in the quarter will depend on the total of the individual variances above

11.18 The recent Government announcement that LA's can increase rents by CPI +1% for five years from 2020/21 has been amended in the HRA business model. This has been reflected in the Budget 2018/19 MTFS report.

11.19 The decision to apply a LHA cap on housing benefits paid to Supported and Social Housing tenants has now been scrapped which will relieve pressure on the anticipated rent arrears this would have caused.

11.20 No further updates have been issued by the Government regarding the sale of high value council houses levy, but this continues to be monitored, and once details are fully known and understood a further review of the business plan will be undertaken.

HRA Capital

11.21 Investment plans for this year total £14.5m (including carry forwards of £4.9m) as set out in Appendix B. A favourable variance of £170k is forecast the breakdown of which is below;

- Planned maintenance variance of £105k favourable is due to the change in policy to carry out a 20% stock condition survey this year. Ridge has been appointed to carry out the work by February 2018 when a robust 30-year Capital programme can be developed.

The original Quarter 2 forecast of £600k favourable variance has been reduced by £495k mainly following contracts for rewiring (£233k) and kitchens (£260K) being entered into earlier than anticipated.

- ICT is forecasting a £65k favourable variance due to reduced consultancy costs, as we have taken on some work in-house, and the number of days Capita, who own the Open Housing system, have been able to support us.
- New builds and acquisition expenditure is forecast to be in line with Budget.

HRA Reserves

11.22 The HRA Assistant Director has initiated a new innovative scheme called the “Big 20” for both Babergh and Mid Suffolk District Councils. The aim of the scheme is to encourage HRA employees to produce ideas of how the HRA can save money, create income, improve services, etc.

The Housing Management Team will look at the ideas at and a maximum amount of £10k per scheme will be available to investigate and fund the best ideas based on certain criteria (costs vs returns, capacity, legality, if it meets strategic priorities, etc.).

Employees will then be given feedback on successful ideas and why other ideas are not being looked into further, so they remain engaged and encouraged to continue to produce ideas going forward.

To fund this scheme, we propose to transfer £100k from the Strategic Priorities reserve to an earmarked reserve called “Big20”. The balance in the Strategic Priorities forecast to be £11.8m at 31st March 2018.

12 Appendices

Title	Location
APPENDIX A – Transformation Fund	Attached
APPENDIX B – Capital Programme	Attached
APPENDIX C – BMBS Scenario Tests	Attached

13 Background Documents

21 February 2017 Budget Report 2017/18 – S109

7 September 2017 Financial Monitoring Quarter 1 – Bca/17/17

7 December 2017 Financial Monitoring Quarter 2 - Bca/17/35

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TRANSFORMATION FUND – PROJECTS

APPENDIX A

Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Dec 17		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Assets & Investments											
1	Strategic Leisure Review - comprehensive condition survey of all 4 leisure facilities to understand future costs requirements. Additional Resources for; Phase 1 - will be informed by the evidence from the strategic review of our built sports facilities and playing pitches (which is due to complete in October 2015), and will allow us to undertake a joint leisure strategy and investment plan for both Councils. Phase 2 - to undertake an independent review of the current contractual arrangements (with SLM and SSL) and deliver future delivery options in line with the strategy. This will involve a review of all existing legal and contractual documentation, leases and management agreements, options appraisal, and our capital investment strategy for these assets and for making recommendations Funding to pay for two Leisure Industry specialists (Project Manager for phase 1, external consultant for phase 2)	Chris Fry	May-16	126,100	44,801	37,231	11,960	11,960	105,952	-20,148	
2	Capital Investment Strategy (CIS) – external professional advisers to support the development of the Capital Investment Strategy, as well as the associated governance framework and delivery model to support implementation of a Capital Investment Fund and provision of a fixed term post for two years - to provide direct specialist technical support to the establishment and implementation of the development and regeneration pipeline	Louise Rawsthorne / Jill Pearmain / Ann Bennett	Aug-16	136,285	51,088	51,088	16,181	16,181	134,537	-1,748	A wide range of contribution to outcomes have been achieved including; the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects including the affordable housing programme and other commercial projects
Business Growth											
3	Extension of fixed term Heritage & Design officer post for 2 years to support work on securing heritage assets	James Buckingham	Oct-15	69,000	17,215	17,215	11,254	11,254	56,938	-12,062	Fulfilling obligation to provide the Local Planning Authority with appropriate advice in relation to Listed Building consents and planning permissions and to conserve and enhance the historic environment. The resource for this activity has been recognised as part of Councils' core functions and the post has therefore been incorporated within the core budget.
4	To support the installation of one or more Electric Vehicle (EV) charging points - Sudbury. Babergh only - Capital	James Buckingham	Mar-17	44,000	0	0	11,886	0	11,886	-32,114	2 installations located in key market towns at locations where there are 'gaps' in the national network.
5	Hadleigh Market - consultancy costs to test whether it is possible to develop and grow Hadleigh Market into a successful town market. BDC Only	Lee Carvell	Apr-16	22,000	5,794	0	4,633	0	10,428	-11,572	The town centre has seen an increase in footfall, leading to more visitors supporting the local economy. Stall numbers have risen from 3 to 12 regular traders. Most if not all of this investment will be recouped through increased revenue by end of the project.

TRANSFORMATION FUND – PROJECTS

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Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Dec 17		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Business Growth											
6	Additional Economic Development capacity to support a number of initiatives aimed at increasing economic growth e.g. key sites, market towns and engaging businesses - 18 month extension	Lee Carvell	Feb-17	332,770	98,670	98,551	38,279	38,279	273,778	-58,992	Significant deliverables towards Joint Strategic Plan and business growth priorities including visioning work in Sudbury and Stowmarket, Economic Strategy development, Enterprise Zone and other major products to increase jobs, business value, business rates base.
7	Extend the Enabling Officer, Community Led Planning post from mid-2016 until mid-2017	Bill Newman	Feb-16	49,000	8,184	20,123	6,296	7,758	42,361	-6,639	To ensure the neighbourhood plan is successful through the examination and referendum process, i.e. the neighbourhood plan is adopted.
8	Retrospective funding for 2016/17 (year 2) and 2017/18 (year 3) of a three year contract for the 'Visit East Anglia / Visit Suffolk' contract which is due to finish in March 2018.	Lee Carvell	Oct-16	40,000	10,000	10,000	10,000	10,000	40,000	0	Promoting the County visitor economy offer and brand - to increase visitor stay and spend. Supporting all levels of tourism businesses and groups. Supporting the transition from public sector funding to private sector led. All LAs contribute plus SCC and New Anglia LEP.
9	Town Visioning Engagement Project - the Open For Business Team will lead the work with local communities to deliver a Vision that can be used to inform later policy-making and decisions that affect the towns. The Vision is intended to establish a high-level aspiration for the towns, setting out the community's key desires and wishes for the town they would like to live in and for businesses to operate from. This is a new way for the communities to be involved in Strategic Planning of the towns (the innovation).	Lee Carvell	May-17	8,500	0	0	0	0	0	-8,500	Place shaping and regeneration work in consultation with stakeholders and communities in our market towns and greater areas. Will lead to tangible delivery/action plans and tangible outputs and investment to stimulate growth and place identity.
10	To provide support funding that enables local business to be promoted effectively at the Suffolk Show event being held in conjunction with the English National Sheepdog Trial 2017. Additional financial resource would enable a dedicated resource to professionalise the social media promotion, recruit traders and craftspeople and to organise the tourism showcase ensuring that the event is of value to our economy. MSDC only	Lee Carvell	May-17	5,000	0	0	0	4,898	4,898	-102	Putting MSDC on the map as a venue for nationally significant events and allowing our SME businesses to showcase their products, skills and contribution towards local and wider economic priorities .
11	NEW To support the development of a Technology Hub / Innovation Centre with the District by providing a project co-ordinator and for the fusing of a feasibility study. MSDC only	Lee Carvell	Oct-17	50,000	0	0	0	0	0	-50,000	Enabling MSDC to lead in this area to develop a 'tech hub offer' in the districts to retain, attract and grow SMEs. Business rates, jobs and place shaping benefits. Supports Enterprise Zone and Investment Strategy work.

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		Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Dec 17		Total Spend	Variance - favourable / + adverse	Outcomes
					BDC	MSDC	BDC	MSDC			
CONTINUING PROJECTS											
Business Growth											
Community Capacity Building											
12	Additional locality capacity in the Communities Team - 40% BDC, 60% MSDC	Sue Clements	May-16	90,000	27,611	41,241	12,649	14,835	96,337	6,337	Dedicated coverage of the Stowmarket Locality including enabling direct engagement with Cedars Park CIC, working together with organisations supporting young people etc. Plus Supporting the Safe Agenda e.g. developing the opportunity to better inform and advise our Taxi Drivers across Babergh & Mid Suffolk on safeguarding and the prevent agenda, delivery of safeguarding training for both adults and children to our internal teams etc
13	Delivery of the Public Realm Review which will transform the management and utilisation of our public realm assets which include Open Spaces, Amenity areas, car parks and Countryside assets.	Peter Garrett	Jul-16	60,000	10,355	10,355	12,525	12,525	45,761	-14,239	To provide expertise to carry out an options appraisal to assess the delivery of public realm service for both Councils. This is now complete and a separate report will be presented to cabinet.
14	Increase staff resources - one day a week for the Tourism Development Officer role	Lee Carvell	Nov-16	9,000	1,765	1,765	3,020	3,020	9,571	571	Has enabled increased work with local tourism action groups, developing our links to regional tourism network, increasing visitor spend and stay.
Efficient Organisation											
15	Buildings at risk - to support a targeted approach towards dealing with Heritage at Risk in Babergh and Mid Suffolk with the view to finding viable uses for those buildings at risk and reducing the overall number, to also support the planning transformation programme by producing information and guidance to support decision-making activities and the management of heritage assets. 12 month extension.	James Buckingham	Feb-17	17,816	3,106	1,486	7,870	7,870	20,331	2,515	Activity has been recognised as part of Councils' core functions and the post has been incorporated in the core budget. An underspend in staffing costs in 2017/18 as a result of vacancies will cover the costs.
16	To extend the current room rental agreement with The Mix in Stowmarket from it's current end date of 31 March 2017 to match the final end of contract date of 31 December 2017. This will enable the delivery of the current Mygo contract to continue from the current location ensuring continuity for service users to the end of the project lifetime. MSDC only	Lee Carvell	Apr-17	9,257	0	0	0	0	0	-9,257	Support for young people in employability and skills, helping them into jobs, improving their wellbeing and confidence and reducing pressure on benefits system. Supporting vital local facilities.
17	Support for public access and streamlining information management for both the Councils external website and CONNECT	Carl Reeder	Oct-15	96,852	13,414	13,414	14,148	14,148	55,124	-41,728	Website up and running. Support for Public Access provision and Web development to in core budget 18/19 in Customer Services
18	ALL TOGETHER - majority of costs at this stage relate to scanning - to improve accessibility to both officers and members of the public by going 'paperless'. Ensure that all information is accessible electronically. The amount sought will be increased as part of the overall one-off costs of moving to Endeavour House when they are finalised. INCLUDES TPMS	Carl Reeder	Sep-16	889,000	31,137	31,153	330,870	330,870	724,029	-164,971	Move to Endeavour House (EH) completed December 2017. Customer Access Points and Touch Down Points commenced use November 2017. Still decommissioning former HQ offices and finalising lease payments for EH. Full actual cost picture expected for Outturn

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					BDC	MSDC	BDC	MSDC			
CONTINUING PROJECTS											
Efficient Organisation											
19	Strengthening Governance through the implementation of the Leader- Cabinet form of Governance	Emily Yule	Mar-17	55,028	5,659	5,659	8,089	8,089	27,495	-27,533	Leader Cabinet model implemented, no additional costs expected
20	NEW To commissioning telephone polling (subject to Cabinet decisions) to explore the issue of Babergh and Mid Suffolk dissolving and becoming a new council.	Emily Yule	Oct-17	60,000	0	0	10,289	10,289	20,579	-39,422	Polling initiated. Awaiting feedback on the responses.
Housing Delivery											
21	Delivery of a proactive monitoring and enforcement function, to support the work of the existing Planning Enforcement team and the new Infrastructure team - Shared Services Monitoring Officer 40% BDC 60% MSDC	James Buckingham	Feb-16	62,250	8,855	13,282	9,353	14,016	45,505	-16,745	Bringing forward timely delivery of developer contributions (financial and non-financial mitigation secured by CIL and S106), triggered by commencement of development. Reduced incidence of commencement of development involving a breach of planning control - subsequent reduction in enforcement investigation and regularisation work for the Planning Enforcement and DM teams.
22	Additional resources to enable Senior Planning Officer level to be released to support delivery of the planning transformation programme	Trevor Saunders	Oct-16	205,000	14,619	14,619	32,912	32,912	95,061	-109,939	
Housing Delivery/Business Growth											
23	Commissioning of external specialist feasibility / viability work on key sites as required, to be able to move them forward for approval and development to support economic and housing growth	Lou Rawsthorne	Jan-15	475,000	117,660	57,496	67,313	58,215	300,685	-174,315	A wide range of contribution to outcomes has been achieved including; the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects which include the affordable housing programme and other commercial projects
24	Creation of a new Infrastructure ODT to support and secure the implementation of CIL and effective operational processes. Staffing costs absorbed into Core Budget.	Bill Newman	Jul-15	235,000	126,755	107,403	0	0	234,159	-841	Both Councils are effective collection authorities for CIL. Further development of the expenditure side of CIL is required.

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	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Dec 17		Total Spend	Variance - favourable / + adverse	Outcomes	
				BDC	MSDC	BDC	MSDC				
CONTINUING PROJECTS											
Housing Delivery/Business Growth											
25	External support to undertake Local Housing Needs Surveys	Bill Newman	Feb-16	20,000	2,709	2,709	0	3,740	9,158	-10,842	Has enabled the Councils and been really important in determining housing mix when considering planning applications.
26	Additional staffing capacity to migrate historic and future developer contribution information to the new ICT system supporting the Community Infrastructure Levy	Bill Newman	Jun-16	98,000	38,086	36,681	6,585	6,585	87,937	-10,063	The CIL team continued the work and entered this into Exacom. Phase one of the project is complete with a further four phases to complete.
27	Building the evidence base for the Joint Local Plan - the requirement to hold and maintain accurate baseline information within GIS underpins the preparation of the Joint Local Plan and land allocation strategy.	Bill Newman	Aug-16	44,000	21,297	22,699	5,907	5,907	55,809	11,809	Published draft SHELAA in August 2017. Joint Local Plan consultation document published in August 2017. Neighbourhood plan designation maps produced. Improved data and knowledge on infrastructure.
General Transformation - other projects											
28	- Core Staffing not allocated to a specific project	Melissa Evans		585,858	147,636	168,222	78,272	78,272	472,402	-113,456	
29	- Other	Melissa Evans		50,000	16,643	33,171	0	2,100	51,914	1,914	
CONTINUING PROJECTS SUB-TOTAL				3,944,716	823,057	795,561	710,291	703,723	3,032,633	-912,083	
COMPLETED PROJECTS SUB-TOTAL -SEE BELOW				3,297,443	602,215	2,593,468	10,129	9,933			
				7,242,159	1,425,272	3,389,029	720,420	713,656	3,032,633	-912,083	
									42%		
BDC OUTSTANDING COMMITMENTS											
<i>Less staffing budgets already accounted for</i>											
BDC TOTAL OUTSTANDING COMMITMENTS											
MSDC OUTSTANDING COMMITMENTS											
<i>Less staffing budgets already accounted for</i>											
MSDC TOTAL OUTSTANDING COMMITMENTS											

TRANSFORMATION FUND – PROJECTS

APPENDIX A

Project	Responsible Officer	Date of Approval	Budget	Cumulative spend to 2016/17		Apr 17 - Dec 17		Total Spend	Variance - favourable / + adverse	Outcomes
				BDC	MSDC	BDC	MSDC			
COMPLETED PROJECTS										
Business Growth										
Introduction of Glass collection round for trade waste service (income generation project) - cost of vehicle and wheeled bins - Capital	Ollie Faiers	Dec-15	87,273	10,137	77,137	1,800	1,800	90,874	3,601	By including the collection of glass we were able to plug a gap in our service offering and reducing risk of clients elsewhere. At Service launch, in June 2016, there were 52 paying clients signed up. A total of 353 glass bins are now in place [Dec 2017] across both BDC and MSDC areas. An average of some 15 tonnes of glass is collected weekly and taken out of the general refuse stream per week saving some £63k pa in disposal costs. Overall the commercial collection service seen an increase of 15%
Additional capacity within the Licensing Team to enable the Corporate Manager to work on the Open for Business Project thereby supporting business to thrive and grow. Extension of 6 months	Lee Carvell	Jan-15	48,000	18,478	23,407	926	926	43,738	-4,262	Provided vital service resilience to Licensing who lost two members of staff in the same period including business continuity to customers who need licences to work/provide facilities and transport. It enabled key economic projects and networking to progress as resource was able to flex around higher priority work. This TF resource also directly helped with Open for Business events, business surveys and consultations
Accommodation Review - Phase 1 Analysis and Direction	Louise Rawsthorne	Jan-16	100,000	48,268	46,410	2,712	2,712	100,102	102	
Open for Business - filming service area talks so that they are available to a wider audience	Lee Carvell	May-16	1,500	0	0	848	848	1,695	195	Provided 'what we do' talks in an accessible/reusable format to aid awareness of what teams do, supports induction work and provides a more cohesive experience for customers (including businesses)

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APPENDIX A

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				BDC	MSDC	BDC	MSDC			
COMPLETED PROJECTS										
Business Growth										
Opportunity to support businesses within the District in benefiting from a photovoltaic array which can provide a percentage of their electricity needs and improve the environmental credentials of the business. The cost of an array can be prohibitive to these businesses but there is an opportunity for the Councils to fully fund the system and obtain a commercial return on the investment i.e. Feed in Tariff - Capital, shared 50:50 - NO LONGER REQUIRED	James Buckingham	Dec-16	200,000	0	0	0	0	0	-200,000	Although the scheme was viable, significant marketing and direct approaches to local businesses (resourced from core service budgets), found that the 65% reduction in Feed in Tariff payments by Central Government, combined with general uncertainty, discouraged businesses from committing to a 20+ year investment.
External support to create Joint Local Plan plus the building of the evidence base (DUPLICATE)	Bill Newman	Feb-16	45,000	0	0	0	0	0	-45,000	DUPLICATE
Housing Delivery										
Review leasehold and right to buy service to ensure fit for purpose for the future.	Gavin Fisk	Apr-16	40,000	8,663	8,663	3,648	3,648	24,622	-15,378	
Community Engagement Planning - support for the Third Stage of the agreed programme to develop a coherent engagement plan to ensure the messages on growth to our communities are coherent and closely coordinated.	David Clarke	Feb-16	20,698	7,570	7,350	196	0	15,116	-5,582	This funding helped us to deliver 27 Community events which were positioned to engage our communities on the positive case for growth and so to explain both the processes involved in strategic planning and also the irrefutable evidence that supported these plans. Over 700 people attended and we received more than 1,000 comments. This was an unprecedented response to the formal consultation of the draft local plan and indicates that this was the correct investment.
Additional resources within the Strategic Housing Team to support housing growth	Bill Newman	Nov-14	187,000	74,587	74,787	0	0	149,373	-37,627	People employed to provide additional capacity to set up the Councils' new build programme, achieve planning permission, and access Homes and Communities Agency grant funding. Developed a client specification for the build contract. Worked through the procurement and tendering exercise for contractors. Ensured schemes were then built out on site. Also provided support when discussing the affordable housing requirements in schemes through section 106 agreements. This is up to March 2016. Development of homes by the Councils. Appropriate delivery of affordable housing through section 106 agreements.
COMPLETED PROJECTS CURRENT YEAR AS ABOVE SUB-TOTAL			297,471	93,116	162,968	10,129	9,933	276,146	-21,325	
COMPLETED PROJECTS PREVIOUS YEARS SUB-TOTAL			2,754,972	509,099	2,430,500	0	0	2,939,599	184,627	
COMPLETED PROJECTS TOTAL			3,297,443	602,215	2,593,468	10,129	9,933	3,215,745	-81,698	

APPENDIX B

BABERGH CAPITAL PROGRAMME 2017/18	Budget	Revised Budget inc Carry Forwards	Actual Spend Apr- Dec	Variance - budget LESS actual spend	Forecast Outturn	Variance to Forecast favourable /(adverse)
HOUSING REVENUE ACCOUNT	£'000	£'000	£'000	£'000	£'000	£'000
Housing Maintenance						
Planned maintenance	4,288	4,344	1,341	3,003	4,240	104
ICT Projects	80	330	119	211	265	65
Environmental Improvements	50	1	0	1	0	1
Disabled Facilities work	200	261	112	149	261	0
Horticulture and play equipment	33	33	0	33	33	0
New build programme inc acquisitions	5,010	9,539	2,977	6,562	9,539	-0
Total HRA Capital Spend	9,661	14,508	4,549	9,959	14,338	170
BABERGH CAPITAL PROGRAMME 2017/18						
GENERAL FUND						
Supported Living						
Mandatory Disabled Facilities Grant	300	300	176	124	300	0
Discretionary Housing Grants	100	100	64	36	100	0
Empty Homes Grant	100	230	28	202	230	0
Total Supported Living	500	630	268	362	630	0
Strategic Housing						
Grants for Affordable Housing	100	400	0	400	400	0
Total Strategic Housing	100	400	0	400	400	0
Sustainable Environment						
Streetlights/carpark light fittings to LED equivalents - TF funded	0	44	0	44	44	0
EV charging point (Sudbury) - TF funded	0	44	12	32	44	0
Total Sustainable Environment	0	88	12	76	88	0
Environment and Projects						
Replacement Refuse Freighters - Joint Scheme	0	0	0	0	0	0
Recycling Bins	75	99	35	64	65	34
Total Environment and Projects	75	99	35	64	65	34
Communities and Public Access						
Community Development Grants	117	302	82	220	302	0
Play Equipment	50	100	0	100	100	0
Planned Maintenance / Enhancements - Car Parks	38	78	9	69	18	60
Total Community Services	205	480	90	390	420	60
Leisure Contracts						
Kingfisher Leisure Centre - changing room replacement	550	555	118	436	139	415
Hadleigh Sports and Swimming Pool - general	50	47	22	25	26	21
Total Leisure Contracts	600	601	140	462	165	436
Capital Projects						
Planned Maint / Enhancements - Hadleigh HQ	35	32	0	32	0	32
Planned Maint / Enhancements - Other Corp Buildings	48	48	8	41	10	38
Carbon Reduction	50	48	-5	53	0	48
Hadleigh Community Facility	0	0	1	-1	1	-1
Installation of PV Panels on Housing Stock	0	2	-11	13	2	0
Total Capital Projects	133	131	-8	138	13	118
Investment and Commercial Delivery						
Land assembly, property acquisition and regeneration opportunities	2,973	3,809	133	3,676	225	3,584
Total Investment and Commercial Delivery	2,973	3,809	133	3,676	225	3,584
Corporate Resources						
ICT - Hardware / Software costs	763	780	346	435	465	316
All Together	0	209	8	200	281	-72
Total Corporate Resources	763	989	354	635	745	244
Delivery Programme Investment Opportunities	0	25,000	1,845	23,155	12,360	12,640
Total General Fund Capital Spend	5,349	32,227	2,869	29,357	15,110	17,117
Total Capital Spend	15,010	46,734	7,418	39,316	29,448	17,286

APPENDIX C

Babergh BMBS Scenario Results for revised Forecast 2017/18								
Code Description	BDC Original Budget	BDC Forecast Worst	BDC Forecast Medium	BDC Forecast Best	Difference W	Difference M	Difference B	
8199 DSO trading A/C								
H1001 Salaries	681,849	681,849	681,849	681,849	-	-	-	
H1003 Overtime & Holiday Pay	-	-	-	-	-	-	-	
H1011 ER NI Contribs	64,837	64,837	64,837	64,837	-	-	-	
H1021 ER Pension Contribs	153,492	153,492	153,492	153,492	-	-	-	
H1031 Agency Staff	3,000	3,000	3,000	3,000	-	-	-	
H1041 Subsistence	917	917	917	917	-	-	-	
H1043 Training	2,095	2,095	2,095	2,095	-	-	-	
H1053 Misc Employee Costs	-	-	-	-	-	-	-	
H1061 Savings contingency	5,837	5,837	5,837	5,837	-	-	-	
H2001 Annual Bldg Maint Contracts	-	-	-	-	-	-	-	
H2010 Repairs	-	369,474	387,948	406,422	369,474	387,948	406,422	
H2014 BMBS Repairs Work	-	-	-	-	-	-	-	
H2022 NNDR Payable	-	-	-	-	-	-	-	
H2031 Electricity	-	-	-	-	-	-	-	
H2042 Misc Premises Costs	152,198	9,710	12,000	15,000	- 142,488	- 140,198	- 137,198	
H2048 Fire Prevention	1,000	1,000	1,000	1,000	-	-	-	
H3001 Computer Equpt Purchases	5,500	10,705	10,705	10,705	5,205	5,205	5,205	
H3011 Telephone Costs	-	2,000	2,000	2,000	2,000	2,000	2,000	
H3025 Postage	-	-	-	-	-	-	-	
H3031 Equipment, Tools & Materials	726,250	275,297	302,827	316,592	- 450,953	- 423,423	- 409,658	
H3032 Operating Lease Payments	34,000	72,008	72,008	72,008	38,008	38,008	38,008	
H3033 Protective clothing	4,000	5,531	5,531	5,531	1,531	1,531	1,531	
H3042 Contracted Services	199,345	20,000	20,000	20,000	- 179,345	- 179,345	- 179,345	
H3054 Subscriptions	1,000	1,000	1,000	1,000	-	-	-	
H3067 Transfer of Waste	1,000	1,000	1,000	1,000	-	-	-	
H3068 Waste Disposal	4,000	4,000	4,000	4,000	-	-	-	
H3071 Container Charges	3,000	3,000	3,000	3,000	-	-	-	
H3106 Misc Supplies & Services Costs	-	-	-	-	-	-	-	
H4001 Car Mileage Allowance	1,000	1,000	1,000	1,000	-	-	-	
H4002 Essential User Allowances	500	500	500	500	-	-	-	
H4003 Public Transport Costs	60	60	60	60	-	-	-	
H4011 Lease Cars - Payment	73,125	73,125	73,125	73,125	-	-	-	
H4014 Plant & Vehicle Fuel	47,555	47,555	47,555	47,555	-	-	-	
H4015 Plant & Vehicle - Other costs	29,042	29,042	29,042	29,042	-	-	-	
H4017 Vehicle Insurance Excess	-	-	-	-	-	-	-	
H5000 Corporate Recharges In	74,897	74,897	74,897	74,897	-	-	-	
Total expenses	2,269,499	1,912,932	1,961,225	1,996,464	- 356,567	- 308,274	- 273,035	
H5005 Capital Income	- 611,400	- 199,312	- 229,209	- 249,140	412,088	382,191	362,260	
H5006 Responsive Repairs (HRA Rev)	- 878,836	- 524,515	- 603,192	- 629,418	354,321	275,644	249,418	
H5007 Voids Income	- 386,356	- 235,958	- 271,352	- 283,149	150,398	115,004	103,207	
H5008 Other Housing Projects	- 31,080	-	-	-	31,080	31,080	31,080	
H5009 Aids & Adaptations	- 101,900	- 8,258	- 9,497	- 9,910	93,642	92,403	91,990	
H5010 Corporate Works GF	- 25,475	- 5,007	- 5,758	- 6,008	20,468	19,717	19,467	
H7021 Payments to Tenants	-	-	-	-	-	-	-	
H9501 Misc Income	-	-	-	-	-	-	-	
H9998 Recharge to HRA	- 2,513	44	51	53	2,557	2,564	2,566	
Total income	- 2,037,560	- 973,005	- 1,118,956	- 1,177,572	1,064,555	918,604	859,988	
8199 DSO trading A/C Total	231,939	939,926	842,269	818,892	707,987	610,330	586,953	

