

## BABERGH DISTRICT COUNCIL

<b>From: Assistant Director - Corporate Resources</b>	<b>Report Number: S40</b>
<b>To: Strategy Committee</b>	<b>Date of meeting: 14 July 2016</b>

### 2015/16 FINANCIAL OUTTURN

#### 1 Purpose of Report

- 1.1 This report summarises the 2015/16 financial outturn for the General Fund, Housing Revenue Account and capital programme and shows how this links to the Medium Term Financial Strategy (MTFS) and achievement of the Council's strategic priorities.
- 1.2 This is subject to the external auditors report on the Statement of Accounts for the year, which will be presented to the Babergh Audit Committee on 26 September 2016. The unaudited Statement of Accounts was approved for publication by the Assistant Director - Corporate Resources at the end of June.

#### 2 Recommendations

- 2.1 That the 2015/16 financial outturn as set out in this Report be noted.
- 2.2 That the transfer of £321k, being the General Fund favourable variance for the year, to the Transformation Fund (£245k) and Business Rates Equalisation Reserve (£76k) referred to in paragraph 10.12 of this Report be approved.
- 2.3 That the General Fund carry-forward requests that individually exceed £25k and totalling £230k referred to in paragraph 10.13 of this Report be approved.
- 2.4 That the transfer of £1.691m Capital Budget for refuse freighters from 2016/17 back to 2015/16 referred to in paragraph 10.26 of this Report be approved.
- 2.5 That the Capital carry-forward requests that exceed £25k referred to in paragraph 10.30 of this Report totalling £31.8m (includes £25m for Delivery Programme Investment Opportunities) be approved.

#### 3 Financial Implications

- 3.1 These are detailed in the report.

#### 4 Legal Implications

- 4.1 There are no specific legal implications.

#### 5 Risk Management

- 5.1 This report is closely linked with a number of the Council's Significant Business Risks. Key risks are set out below:

<b>Risk Description</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation Measures</b>
Forecast savings and efficiencies are not delivered	Unlikely	Noticeable	Monitored throughout the year by Finance Teams and Corporate Managers
Economic conditions and other external factors	Probable	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
Capital Programme delivery not on target	Unlikely	Noticeable	Regular monitoring by key officers

## **6 Consultations**

6.1 With Assistant Directors and Corporate Managers.

## **7 Equality Analysis**

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

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

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

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

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

## **10 Key Information**

### **Strategic Context**

10.1 In February 2016 Babergh District Council approved the Joint Medium Term Financial Strategy (MTFS). This confirms the direction of travel, in that the Council is developing a new business model to respond to the financial challenges.

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

- a) Aligning resources to the Councils' refreshed strategic plan and essential services

- b) Continuation of the shared service agenda, collaboration with others and transformation of service delivery
- c) Behaving more commercially and generating additional income
- d) Considering new funding models (e.g. acting as an investor)
- e) Encouraging the use of digital interaction and transforming our approach to customer access
- f) Taking advantage of new forms of local government finance (e.g. new homes bonus, business rates retention)

10.3 The budget for 2015/16 relied on New Homes Bonus and business rates grant of £1.8m.

10.4 2015/16 continued to be a period of transition, in terms of developing the new business model and aligning resources to the Council's priorities. In recognition of the changing landscape for local authorities, work has been underway to review and refresh the Joint Strategic Plan. The refreshed "Plan on a Page" was approved by Council in February and the detailed Plan in April. Complementing this has been a focused management review to ensure that the Council has the right skills and capacity to support the delivery of the Joint Strategic Plan.

10.5 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. It is also important that capital resources are used in ways to support the new business model. The Council is looking to use its assets and borrowing capacity to generate income from alternative sources in order to protect key services.

10.6 The total estimated core funding for last year and future years is not a fixed guaranteed amount as it is now dependent on variations in business rates income as seen in this report. 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.

10.7 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 your strategic priorities are being achieved rather than in year variances.

### **General Fund**

10.8 The unaudited accounts show a favourable variance (reduced expenditure and/or increased income) of £321k when compared to the budget for the year (after planned reserve movements i.e. carry forwards, Transformation Fund etc). This is just £49k less than what was reported to Strategy Committee in March although some of the reasons for the overall variance have changed. Details of the financial position at the end of the year are outlined in the table below.

Service Area	Budget	Original Actual	Reserve Adjustments	Revised Actual	Revised Actual LESS Budget
	£'000	£'000	£'000	£'000	£'000
Senior Leadership Team	534	819	(162)	657	123
Planning for Growth	1,530	1,219	33	1,252	(278)
Supported Living	1,098	1,156	(84)	1,072	(26)
Communities and Public Access	3,005	2,672	21	2,693	(312)
Environment and Projects	877	797	50	847	(30)
Investment and Commercial Delivery	330	308	(61)	247	(83)
Corporate Resources	2,010	2,688	(463)	2,225	215
Law and Governance	1,744	1,839	(83)	1,756	12
<b>Net expenditure on services</b>	<b>11,128</b>	<b>11,498</b>	<b>(749)</b>	<b>10,750</b>	<b>(378)</b>
Discretionary grant to Parishes (funded from Government Grant)	126	126		126	-
Recharge from HRA / Capital	(1,355)	(1,451)		(1,451)	(96)
Capital financing costs	610	446		446	(164)
Transfers to / (from) reserves	76	(261)	749	487	411
<b>Total budget requirement</b>	<b>10,585</b>	<b>10,358</b>	<b>-</b>	<b>10,357</b>	<b>(228)</b>
Council Tax	(4,552)	(4,552)		(4,552)	-
Collection fund (Surplus)	(94)	(94)		(94)	-
Business Rates inc S31 Grant	(2,691)	(2,767)		(2,767)	(76)
Government Grant – RSG inc Freeze Grant	(1,646)	(1,656)		(1,656)	(10)
New Homes Bonus	(1,602)	(1,609)		(1,609)	(7)
<b>Total funding</b>	<b>(10,585)</b>	<b>(10,678)</b>	<b>-</b>	<b>(10,678)</b>	<b>(93)</b>
<b>Total Favourable variance</b>	<b>-</b>	<b>(321)</b>	<b>-</b>	<b>(321)</b>	<b>(321)</b>

10.9 Since the third quarter budgetary control report to Strategy Committee in March 2016, a conscious decision was made to review the methodology by which Minimum Revenue Provision (MRP) is calculated. MRP is the method by which local authorities charge their revenue accounts over time with the cost of their capital expenditure that was originally funded by borrowing. The purpose of the review is to generate savings for the Council in future years. Following approval from the Councils external auditors Ernst and Young LLP, this has generated a favourable variance for 2015/16 and the new methodology was used to set the 2016/17 budget. See the table in paragraph 10.10 below for further details.

10.10 The table below shows the main items that are included in the net favourable variance, a number of these have been reported in previous budgetary control reports to Strategy Committee.

Service Area	Explanation	Variance (Favourable) / Adverse £'000
<b>Planning for Growth</b>		
Development Management	The majority of this variance can be attributed to planning fee income of £125k from the Chilton Woods development and a greater number of applications being received so that they could be determined before the Community Infrastructure Levy (CIL) was implemented as from 11th April 2016. The remainder relates to professional & consultancy fees, these costs are unpredictable and are very much dependent on the volume and / or complexity of planning applications in progress at any one time.	(178)
Climate Change and sustainability	The budget was increased to reflect a transfer from the green initiative earmarked reserve, but was not required.	(29)
<b>Supported Living</b>		
Headquarters	Pending the outcome of the accommodation review and the utilisation of both Corporate buildings, planned repairs were postponed and utility costs reduced	(77)
Photo Voltaic (PV) Panels	As part of the capital programme, the Council has been installing PV panels on its housing stock. Any electricity generated through the PV process is bought by the National Grid resulting in income for the Council. As a result of 'slippage' to the installation programme in 2014/15 and delays between completion / installation and registration with Ofgem, there has been a reduction to anticipated income in 2015/16. As registrations are completed the income will be backdated to the installation date, resulting in additional income in 2016/17.	66
East House	Expenditure associated with the planned sale of East House includes public enquiry costs and architects fees. Only 4% of expenditure can be offset from the proceeds of sale. This is one-off expenditure for 2015/16 only.	53
Community Alarms	A decision was made during 2015/16 to cease provision of the Community Alarms service, despite it contributing net income for the Council, as the equipment used was old and in need of significant investment. There are a number of specialist providers in this market using the latest technology. It was decided that this was not a core market for the council to operate in and compete with specialist provider, hence the investment to modernise could not be justified. The service has been transferred to Stafford and Rural Homes (SARH) and the budget for 2016/17 adjusted accordingly to reflect the loss of income.	30

<b>Service Area</b>	<b>Explanation</b>	<b>Variance (Favourable) / Adverse £'000</b>
<b>Communities and Public Access</b>		
Community Grants	A detailed review during 2015/16, working alongside the Joint Scrutiny Committee, of all community grants and the process by which they are allocated resulted in a favourable variance of £129k. A request to carry forward £60k to be utilised in 2016/17 is included in paragraph 10.13, leaving a favourable variance of £69k. Work is being focused to lever in funding from other sources to replace the Council's funding and thereby ensuring community capacity is maintained.	(69)
Grounds Maintenance	The Landscape Group contract was re-negotiated in November 2014 generating significant savings for the 2015/16 budget. Subsequent amendments made by the Landscape Group to the contract price meant that the budget was in fact over stated resulting in a favourable variance to the Council. The budget for 2016/17 has been amended to reflect the saving.	(60)
CCTV	All CCTV cameras were replaced in 2014/15, so minimal spend was required for maintenance etc during 2015/16.	(14)
<b>Environment and Projects</b>		
Street Cleansing Open Spaces	The service costs that are charged from the Housing Revenue Account for grass cutting / grounds maintenance etc was less than anticipated resulting in a net favourable variance to the General Fund	(51)
<b>Investment and Commercial Delivery</b>		
Economic Development	The majority of the favourable variance relates to Hadleigh Business Centre. This is due to a budget adjustment for the Councils contribution to final consortium costs that is no longer required. The budget for 2016/17 has been amended accordingly.	(57)
Gainsborough Chambers	One-off income from the rental of Gainsborough Chambers has resulted in additional income to the Council. Gainsborough Chambers are looking to apply for lottery funding to enable the purchase of the building from Babergh. Timescales for the purchase could be up to three years. The income budget for 2016/17 and future years has yet to be amended.	(23)
<b>Corporate Resources</b>		
Revenues and Benefits	The majority of the adverse variance can be attributed to a recommendation by the Councils external auditors BDO for the review of its bad debt provision methodology for housing benefits. The methodology has been changed to be based upon historic collection rates to ensure reasonableness.	169

Service Area	Explanation	Variance (Favourable) / Adverse £'000
	The adverse variance also includes an adjustment for the 2014/15 accounts.	
Commissioning and Procurement	Conscious changes in purchasing and requisitioning processes including stationery has led to efficiency savings	(21)
Shared Revenues Partnership	A revision to the contract cost of the Shared Revenues Partnership to reflect the transfer of benefit fraud responsibilities to the DWP has resulted in a net favourable variance for the Council.	(20)
<b>Law and Governance</b>		
ICT costs	In the 2014/15 outturn report, it was identified that there were two years of IDOX software licences paid in 2014/15 in error and that there would be a corresponding saving in 2015/16.	(47)
Land Charges	Despite an overall increase in the number of searches carried out by the land charges team, resulting from increased activity in the housing market, a number of these were 'no fee' personal searches which led to an income shortfall	29
<b>General</b>		
Employee Costs	A vacancy management saving of £50k was included in the budget for 2015/16. This savings target has been exceeded, by £36k, a reduction of £82k since Quarter 3. This can be attributed to a decrease in the cost of the charge passed to the HRA for Corporate and Democratic Core. This is the element of time that Officers & Members spend on democracy e.g. meetings, producing papers for committees / Council etc.	(36)
Other items (net)		(44)
Recharge to HRA / Capital	The charge to the Housing Revenue Account (HRA) has resulted in additional income coming into the General Fund. This area is always difficult to predict as it is very much dependent on the final outturn position.	(96)
Capital Financing Costs	<p>This favourable variance can be broken down as follows;</p> <p>MRP – a favourable variance of £54k, (paragraph 10.9), following the introduction of a revised methodology for calculating Minimum Revenue Provision (MRP).</p> <p>Interest Payable – a favourable variance of £45k as the budget for 2015/16 was overstated. This has been corrected as part of the 2016/17 budget setting process.</p> <p>Interest receivable – surplus income of £65k from our investments with the CCLA, UBS and Funding Circle</p>	(164)

<b>Service Area</b>	<b>Explanation</b>	<b>Variance (Favourable) / Adverse £'000</b>
Transfers to / (from) reserves	Contributions to earmarked reserves were higher than anticipated due to a number of smaller contributions made to reserves that were not anticipated, for example; food enterprise zone, property searches and	411
<b>Total Budget Requirement</b>		<b>(228)</b>
Business Rates inc S31 grant	There remain a number of uncertainties in being able to forecast the financial impact of the business rates retention scheme due to business rate appeals, the resultant effect on the income base and the funding of national rate reliefs through use of grants. The net result for the Council is a modest favourable variance of £76k. The Council received additional income from the Section 31 grant for national business rate relief of £129k. The remaining (net) variance can be attributed to a small increase to the bad debt provisions for historic outstanding debts. Work is being undertaken by officers to better forecast as well as to understand the impact on income levels of strategic decisions such as enterprise zones.	(76)
Other funding items (net)		(17)
<b>Total Funding</b>		<b>(93)</b>
<b>FAVOURABLE VARIANCE</b>		<b>(321)</b>

#### 10.11 Funding:

- (a) Council Tax (£4.5m): At the end of March, collection rates were 98.34%, compared with 98.36% for the same period last year and a target of 98.40%. The collection of council tax will continue to remain a challenge especially from those receiving council tax reductions under the Local Council Tax Reduction Scheme (LCTR). Recovery Action is varied and continues to be a high priority for the Shared Revenues Partnership (SRP).
- (b) Government Grants: RSG (£1.6m), baseline business rates (£1.9m) and New Homes Bonus (£1.6m) were allowed for in the Budget. RSG and NHB are fixed but the actual amount of business rates will vary as outlined in the table above. At the end of March, collection rates for business rates were 98.4% compared with 98.16% for the same period last year and a target of 98.0%.

10.12 The overall net favourable variance of £321k means that the Council is able to supplement earmarked reserves and has increased the contribution to the Transformation Fund by £245k and the Business Rates Equalisation Reserve by £76k.

10.13 Members should note that the overall outturn position includes a small number of carry forward requests totalling £230k as follows:



<b>Request</b>	<b>(£'000)</b>
Local Plans – development of a Joint Local Plan including consultations and sustainability appraisal - continuing into 2016/17	73
Community Development – grant aid committed, but not yet spent	60
Waste – Materials Recycling Facility (MRF) gate fee – downturn in the global market of the value of recyclable material resulting in increased gate fees.	50
Sports and Leisure – Strategic Leisure Review including consultancy, a community engagement training programme and temporary member of staff to take forward the built sports facility and playing pitch strategies recommendations with our partners	47
<b>Total</b>	<b>230</b>

10.14 A statement showing the transfers to and from reserves is included at Appendix A. This reflects the transfer to the Transformation Fund of £245k and the Business Rates Equalisation Reserve of £76k.

### **Transformation Fund**

10.15 The table below provides a high level summary of the movement in the Transformation Fund for 2015/16. A more detailed breakdown of expenditure is shown in Appendix C.

	<b>£'000</b>
<b>Balance at 31 March 2015</b>	<b>1,737</b>
New Homes Bonus Contribution	1,609
Business Rates Grant	400
NHB earmarked reserve transfer	497
2015/16 underspend (paragraph 10.12)	245
<b>Total contributions 2015/16</b>	<b>2,751</b>
<b>Revised Balance Available</b>	<b>4,488</b>
<b>LESS;</b>	
Funding 2015/16 budget	1,785
Year to date spend - 31 March 2016 (Appendix C)	444
Redundancy Costs	284
In year transfer to Government Grants - Neighbourhood Planning Grant	15
Support to Business Rates Equalisation Reserve	31
<b>Balance at 31 March 2016</b>	<b>1,929</b>

10.16 The total cost of redundancies in 2015/16 was £329k. The full cost of which has been funded from earmarked reserves, Integration (£45k) and the Transformation Fund (£284k). As part of the Focused Management Review, refer to report S/6 to Full Council on 26 April 2016, these costs were identified as one-off transition costs.

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

10.17 The financial position of the HRA for 2015/16 should be viewed in the context of the 30 year business plan, with an updated version being agreed by Council in February 2016. The business plan, made possible by the change in funding for HRAs in April 2012, sets out the aspiration of the Council to increase the social housing stock by either buying existing dwellings or building new ones.

10.18 The Chancellor's Budget in July 2015 made it clear that Council rents for 2016/17 and the following three years would need to be reduced by 1% per year and this was later confirmed in the Welfare Reform and Work Act 2016. The previously agreed rent strategy was based on applying the maximum level of rent increase to support the business plan, but keeping our average rent level within the limit rent. The overall impact of the change is substantial and requires even more focus on driving through efficiencies in the way that we deliver our services.

10.19 With the Council's housing stock at 3,067 homes there will always be unplanned events that affect the level of income and expenditure in any one financial year. Members should therefore consider annual variances in the context of the medium term outcomes that the Council wishes to achieve.

10.20 The original budget set for the HRA for 2015/16 showed a deficit of £1.521m. The final figure for 2015/16 is a surplus of £5.041m, resulting in a net favourable variance of £6.562m for the year. Of this £4.951m relates to capital which will be required to fund the expenditure in 2016/17. The balance of £1.611m represents additional resources available for investment.

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

	<b>Budget YTD</b>	<b>Actual YTD</b>	<b>Variance Adverse / (Favourable)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income	(16,955)	(17,145)	(190)
Maintenance	2,002	2,181	179
Housing Management	2,649	2,662	13
Sheltered Housing	1,023	1,083	60
Depreciation and impairment	2,721	2,739	18
Capital Financing Costs	2,860	2,854	(6)
Debt Repayment	500	500	0
Net transfers (to)/from reserves inc revenue contributions to Capital	6,521	0	(6,521)
Bad Debt Provision	200	85	(115)
<b>Deficit (Surplus) for Year</b>	<b>1,521</b>	<b>(5,041)</b>	<b>(6,562)</b>
Balance at 1 April 2015	(5,043)	(5,043)	0
Deficit (Surplus) for year (as above)	1,521	(5,041)	(6,562)

<b>Balance at 31 March 2016</b>	<b>(3,522)</b>	<b>(10,084)</b>	<b>(6,562)</b>
Working Balance 31 <sup>st</sup> March 2016	(1,000)	(1,000)	0
Strategic Priorities Reserve 31st March 2016	(2,522)	(9,084)	(6,562)

10.21 The table below gives an explanation of the key items included in the net favourable variance of £6.562m.

	<b>Actual Variance Adverse / (Favourable) (£000)</b>
<b>Income</b>	
High levels of HRA balances and HRA capital reserves have resulted in much higher than budgeted interest receivable.	(126)
Additional income from garage rents, wayleaves and easements	(25)
Rents and service charges exceeded the budget of £16.6m owing to minor variances in void rates and dwelling numbers	(39)
<b>Maintenance</b>	
Impact of introducing whole house service visits for planned maintenance, partially offset by lower costs of responsive maintenance.	48
Extra costs of void repairs	67
Additional costs of asbestos surveys	19
Repairs to fencing, gates and garages not anticipated	31
Higher level of dampness problems than anticipated which were identified by specialist surveys	9
Other minor variances from budget	5
<b>Housing Management</b>	
The overspend is due to the writing off of past expenditure which had been identified as subject to insurance claims but could not be recovered.	155
Savings on supplies and services, including legal services, consultancy and computing costs	(62)
Lower cost of Corporate Democratic and Core	(80)
<b>Sheltered Housing</b>	

	<b>Actual Variance Adverse / (Favourable) (£000)</b>
Higher cost of central recharges.	25
Consultant fees for Sheltered Housing Review	25
Numerous minor variances on employee costs and supplies and services	10
<b>Capital financing and Depreciation</b>	<b>18</b>
<b>Bad Debt Provision</b>	
Limited impact from welfare reforms and the slow roll-out of Universal Credit compared to the budget assumption led to a much lower level of provision than expected.	(115)
<b>Net transfers (to) from reserves / revenue Contributions to Capital</b>	
Lower than expected expenditure on the capital programme.	(4,951)
Other funding used to finance the capital programme	(1,570)

10.22 The net position means that the total HRA balances as at 31 March 2016 amount to £10.084m, a minimum working balance of £1m and £9.084m in the Strategic Priorities Reserve.

### **Capital Programme**

10.23 Capital resources should be aligned to the Council's strategic priorities and desired outcomes. The PBR approach has not been applied to capital, as the focus has been on revenue resources, but a zero-based approach was adopted for the preparation of the capital programme for 2016/17 to 2020/21, to ensure that resources are aimed at delivering the council's strategic priorities.

10.24 With complex capital schemes it is difficult to accurately assess the level of payments that will be made in any one financial year. The Council has also embarked on new projects e.g. building new homes and the solar PV project where it is difficult to accurately predict at the planning stage how payments will fall. Members should therefore focus on whether overall outcomes are being achieved as a result of the capital investment rather than variances against the plan for a particular year.

10.25 A substantial level of capital investment of £11.2m was undertaken in the year - £5.5m on the HRA and £5.7m on the General Fund (further details are shown in Appendix B). The outturn shows a net favourable variance of £346k (after carry forward requests) as summarised in the table below and is described further in paragraph 10.28.

10.26 Appendix B assumes the approval (paragraph 2.1d) to bring forward from 2016/17 the £1.691m budget for refuse freighters to the 2015/16 capital programme. The replacement of these vehicles was scheduled in 2016/17, but were delivered in March 2016, so have to be accounted for in 2015/16.

10.27 There are MRP cost implications associated with the early delivery of the refuse freighters. There will be charges for the final year of the old freighters and first year charges for the new freighters. The one-off additional cost is expected to be approximately £220k in 2016/17.

	<b>£'000</b>
<b>Revised Capital Programme</b> (inc refuse freighter adjustment)	<b>45,953</b>
Actual expenditure	11,223
Contractual commitments as at 31 March 2016 (see paragraph 10.29 below)	2,591
Carry forward requests (see paragraph 10.30 below)	31,793
<b>Total expenditure, commitments and slippage requests</b>	<b>45,607</b>
<b>Net capital programme favourable variance</b>	<b>346</b>

10.28 The favourable variance of £346k can be attributed to a number of smaller variances, including;

- community development grants (£96k) as with revenue, this favourable variance can be attributed to a review of all community grants and the process by which they are allocated
- PV panels (£87k) – the final cost was slightly lower than anticipated.

10.29 Contractual commitments are detailed in the table below. These funds were committed in 2015/16 and will be spent in 2016/17. Resources to finance the capital expenditure e.g. capital receipts will also transfer from 2015/16 into 2016/17.

<b>Contractual Commitments as at 31 March 2016</b>	<b>(£'000)</b>
<b><u>HRA</u></b>	
Planned maintenance	1,136
New Build programme including acquisitions	1,140
<b>Total HRA</b>	<b>2,276</b>
<b><u>General Fund</u></b>	
Grants to Community Development projects	160
Solar PV Project	155
<b>Total General Fund</b>	<b>315</b>
<b>Total</b>	<b>2,591</b>

10.30 The following items are schemes where no contractual commitment yet exists, but they represent either plans or aspirations for investment, for which carry forward to the 2016/17 capital programme is requested, again with the requisite capital resources to fund this. It is proposed that these capital resources are carried forward into 2016/17 and reviewed as part of the Joint Strategic Plan to assess whether the original requirement still exists, how it contributes to the strategic priorities and hence whether the resource can be redirected or removed.

<b>Capital Scheme</b>	<b>Carry Forward Requests (£'000)</b>
<b><u>HRA</u></b>	
Other programmes e.g. insulation, major improvements, garages, forecourts, sewerage treatment works etc.	310
New Build programme including acquisitions	2,365
<b>Total HRA</b>	<b>2,675</b>
<b><u>General Fund</u></b>	
Delivery Programme – investment opportunities	25,000
Land Assembly, property acquisition and regeneration opportunities	2,898
ICT	360
Planned maintenance – Kingfisher	252
Grants - Affordable Housing	200
Carbon Reduction	140
Empty homes grant	130
Planned maintenance – Hadleigh Pool	44
Planned maintenance – Other Corporate Buildings	38
Planned maintenance – Hadleigh HQ	27
Other Capital projects (£20,000 & below)	29
<b>Total General Fund</b>	<b>29,118</b>
<b>Total</b>	<b>31,793</b>

## 11 Appendices

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

## **12 Background Documents**

12.1 Budget Book 2015/16

12.2 Financial Monitoring 2015/16 Quarter 1 – R42

12.3 Financial Monitoring 2015/16 Quarter 2 – R68

12.4 Financial Monitoring 2015/16 Quarter 3 – R110

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## GENERAL FUND RESERVES

Transfers to / from Earmarked Reserve	Balance 31 March 2015 £'000	Transfers Between 2015/16 £'000	Transfers Out 2015/16 £'000	Transfers In 2015/16 £'000	Net Transfers 2015/16 £'000	Balance 31 March 2016 £'000
Carry Forwards	(144)		144	(230)	(86)	(230)
Babergh/Mid Suffolk Integration	(45)		45		45	-
Transformation Fund	(1,737)	(451)	2,513	(2,254)	(191)	(1,928)
Business Rates Equalisation	(573)	(31)	880	(276)	573	0
Government Grants	(269)	(15)		(87)	(102)	(371)
New Homes Bonus	(497)	497			497	-
Welfare Benefits Reform	(64)		64		64	-
S.106 Agreements	(270)		38		38	(232)
Elections Fund	(60)		70	(20)	50	(10)
Planning Enforcement	(20)			(20)	(20)	(40)
Energy Efficiency / Green Initiatives	(25)					(25)
Revocation of personal search fees	(13)			(47)	(47)	(60)
<b>Total General Fund</b>	<b>(3,717)</b>	<b>-</b>	<b>3,754</b>	<b>(2,934)</b>	<b>821</b>	<b>(2,897)</b>

## Notes

- 1) Government grants; this is a reserve established for grants committed to future budgeted expenditure. For example, neighbourhood planning grants, Food Enterprise Zone and buildings at risk
- 2) Transformation Fund includes the transfer of £245k of the total £321k favourable variance
- 3) Business rates includes the transfer of £76k of the total £321k favourable variance to reserves.
- 4) For business rates, there are accounting entries with the Collection Fund that are required to ensure that the Council's share of the surplus / deficit are correctly accounted for. This has resulted in a transfer from the Business Rates reserve of £880k in 2015/16.



## APPENDIX B

BABERGH CAPITAL PROGRAMME 2015/16	15/16 Revised Budget £'000	YTD spend Apr - Mar £'000	Variance - budget LESS actual spend £'000	Contractual Commitments £'000	Uncommitted Carry Forwards £'000	Variance after Carry Forwards £'000
<b>Housing Revenue Account</b>						
<b>Housing Maintenance</b>						
Planned maintenance	4,186	3,050	-1,136	1,136	0	-0
Other programmes	1,640	1,330	-310	0	310	0
Environmental Improvements	10	8	-2	0	0	-2
Disabled Facilities work	300	281	-19	0	0	-19
Horticulture and play equipment	101	0	-101	0	0	-101
Social Mobility Fund	0	20	20	0	0	20
Total Mobile	0	17	17	0	0	17
New build programme inc acquisitions	4,285	780	-3,505	1,140	2,365	0
<b>Total HRA Capital Spend</b>	<b>10,522</b>	<b>5,485</b>	<b>-5,036</b>	<b>2,276</b>	<b>2,675</b>	<b>-85</b>
<b>General Fund</b>						
<b>Housing</b>						
Mandatory Disabled Facilities Grant	329	397	68	0	0	68
Discretionary Housing Grants	100	128	28	0	0	28
Empty Homes Grant	150	20	-130	0	130	0
Grants for Affordable Housing	288	46	-242	0	200	-42
Energy Efficiency Grants	9	0	-9	0	0	-9
<b>Total Housing</b>	<b>876</b>	<b>591</b>	<b>-285</b>	<b>0</b>	<b>330</b>	<b>45</b>
<b>Environmental Services</b>						
Replacement Refuse Freighters - Joint Scheme	1,691	1,691	-0	0	0	-0
Recycling Bins	62	89	27	0	0	27
Planned Maintenance / Enhancements - Car Parks	25	15	-10	0	9	-2
Planned Maintenance / Enhancements - Kingfisher	287	32	-255	0	252	-3
Planned Maint / Enhancements - Hadleigh Pool	47	3	-44	0	44	-0
Play Equipment	79	67	-12	0	12	0
Street Parking Improvement	8	0	-8	0	0	-8
<b>Total Environmental Services</b>	<b>2,200</b>	<b>1,897</b>	<b>-302</b>	<b>0</b>	<b>317</b>	<b>14</b>
<b>Community Services</b>						
Broadband Development	50	0	-50	0	0	-50
Replacement CCTV Cameras	40	0	-40	0	0	-40
Community Development Grants	355	99	-256	160	0	-96
<b>Total Community Services</b>	<b>445</b>	<b>99</b>	<b>-346</b>	<b>160</b>	<b>0</b>	<b>-186</b>
<b>Asset Management</b>						
Planned Maint / Enhancements - Hadleigh HQ	79	13	-66	0	27	-39
Planned Maint / Enhancements - Other Corp Buildings	84	41	-43	0	38	-5
Carbon Reduction	141	1	-140	0	140	-0
Hadleigh Community facility	10	1	-9	0	8	-1
Installation of PV Panels on Housing Stock	3,098	2,856	-242	155	0	-87
<b>Total Asset Management</b>	<b>3,412</b>	<b>2,911</b>	<b>-501</b>	<b>155</b>	<b>213</b>	<b>-133</b>
<b>Corporate Services</b>						
ICT - Hardware / Software (incl joint working with MSDC)	600	240	-360	0	360	-0
Land assembly, property acquisition and regeneration opportunities	2,898	0	-2,898	0	2,898	0
<b>Total Corporate Services</b>	<b>3,498</b>	<b>240</b>	<b>-3,258</b>	<b>0</b>	<b>3,258</b>	<b>-0</b>
<b>Delivery Programme Investment Opportunities</b>	<b>25,000</b>	<b>0</b>	<b>-25,000</b>	<b>0</b>	<b>25,000</b>	<b>0</b>
<b>Total General Fund Capital Spend</b>	<b>35,431</b>	<b>5,738</b>	<b>-29,693</b>	<b>315</b>	<b>29,118</b>	<b>-260</b>
<b>Total Capital Spend</b>	<b>45,953</b>	<b>11,223</b>	<b>-34,730</b>	<b>2,591</b>	<b>31,793</b>	<b>-346</b>

# TRANSFORMATION FUND

# APPENDIX C

Project	Theme	Council	Capital or Revenue	Date of Approval	Revised Amount Sought	2014/15 Actual		2015/16 Actual		Total Spend	Variance to Revised Amount Sought - favourable / + adverse	
						BDC	MSDC	BDC	MSDC			
<b>Approved:</b>												
1	Priority Based Resourcing work to move to our new financial and business model and Delivery Programme Resources	Efficient Organisation	Shared Equally	Revenue	April and Nov 2014	212,000	60,568	60,804	6,098	6,098	133,567	-78,433
2	Interim organisational development capacity to build change management and leadership capacity within the organisation	Efficient Organisation	Shared Equally	Revenue	May-14	221,000	24,212	24,212	85,791	85,791	220,007	-993
3	Development of evidence base for playing pitch and built sports/recreational facilities to feed into strategy and wider review of how leisure assets contribute towards health outcomes.	Community Capacity	Shared Equally	Revenue		37,000	7,075	7,075	13,787	8,827	36,764	-236
4	Investigation and research into the feasibility and viability of a Suffolk wide Building Control Partnership to support collaborative working across Suffolk	Efficient Organisation	Shared Equally	Revenue	Oct-14	20,000					0	-20,000
5	Establishment of a joint contract register to support the commissioning for outcomes framework and the transparency agenda	Efficient Organisation	Shared Equally	Revenue	Nov-14	15,000	3,000	3,000			6,000	-9,000
6	Development and implementation of the Community Infrastructure Levy to support economic growth	Housing Delivery/Business Growth	Shared Equally	Revenue	Nov-14	133,000	14,017	13,918	52,704	51,890	132,529	-471
7	Additional resources within the Strategic Housing Team to support housing growth	Housing Delivery	Shared Equally	Revenue	Nov-14	187,000			64,076	64,276	128,352	-58,648
8	Undertake research to develop a visitor destination plan with West Suffolk and Ipswich to support an emerging Suffolk tourism strategy	Business Growth	Shared Equally	Revenue	Nov-14	15,000	2,500	2,500	5,000	5,000	15,000	0
9	Undertaking HRA stock / viability assessments in order to maximise the use of our housing resources	Housing Delivery	Shared Equally	Revenue	Dec-14	15,000					0	-15,000
10	Contribution to a countywide project developing a website that showcases the local economy	Business Growth	Shared Equally	Revenue	Jun-14	50,000	25,000	25,000			50,000	0
11	Additional capacity in area of skills and work enabling to support the right skills for business project, thereby contributing towards a economic growth	Business Growth	Shared Equally	Revenue	Nov-14	6,000			1,567	1,567	3,134	-2,867
12	External property consultancy to undertake preliminary options appraisal under the accommodation review to ensure optimum use of strategic assets (see also 25 below)	Efficient Organisation	Shared Equally	Revenue	Jan-14	24,000	12,113	12,113	4,246	3,069	31,542	7,542

# TRANSFORMATION FUND

# APPENDIX C

Project	Theme	Council	Capital or Revenue	Date of Approval	Revised Amount Sought	2014/15 Actual		2015/16 Actual		Total Spend	Variance to Revised Amount Sought - favourable / + adverse	
						BDC	MSDC	BDC	MSDC			
<b>Approved:</b>												
13	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	Business Growth	Shared Equally	Revenue	Jan-15	30,000			8,144	8,144	16,288	-13,712
14	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	Housing Delivery/Business Growth	Shared Equally	Revenue	Jan-15	500,000			11,500	11,000	22,500	-477,500
15	Additional Economic Development capacity to support a number of initiatives aimed at increasing economic growth e.g. key sites, market towns and engaging businesses	Business Growth	Shared Equally	Revenue	28/01/2015	100,000			32,390	32,390	64,781	-35,219
16	Review of the administrative function within the councils to ensure that it can support the organisation to be flexible and able to grasp new opportunities	Efficient Organisation	Shared Equally	Revenue		15,000	2,156	2,156	3,019	3,019	10,350	-4,650
17	Integrated employment service for young people in Stowmarket and surrounding area - MyGo	Business Growth	MSDC only	Revenue	Jul-15	107,000			0	53,228	53,228	-53,772
18	Extension of fixed term Heritage & Design officer post for 2 years to support work on securing heritage assets	Business Growth	Shared Equally	Revenue	Oct-15	69,000			3,306	3,306	6,613	-62,387
19	Review of leasehold management services	Efficient Organisation	Shared Equally	Revenue		5,000					0	-5,000
20	Commission Connect Education Businesses (CEB) to work with schools to help them to link up with local businesses more effectively	Business Growth	Shared Equally	Revenue	Aug-15	30,000			8,560	15,440	24,000	-6,000
21	Extend the Enabling Officer, Community Led Planning post from mid-2016 until mid-2017	Business Growth	Shared Equally	Revenue	Feb-16	49,000					0	-49,000
22	Inspecting Houses in Multiple Occupation - 12 mth fixed term post	Housing Delivery/Business Growth	Shared Equally	Revenue	Dec-15	55,000			4,839	4,839	9,677	-45,323
23	Introduction of Glass collection round for trade waste service (income generation project) - cost of vehicle and wheeled bins	Business Growth	Shared Equally	Capital	Dec-15	84,000					0	-84,000
24	Sales person to promote trade waste services - 6 months (linked to 23 above)	Business Growth	Shared Equally	Revenue	Dec-15	20,000					0	-20,000
25	Accommodation Review - Phase 1 Analysis and Direction	Efficient Organisation	Shared Equally	Revenue	Jan-16	100,000			13,964	13,905	27,869	-72,131

## TRANSFORMATION FUND

## APPENDIX C

Project	Theme	Council	Capital or Revenue	Date of Approval	Revised Amount Sought	2014/15 Actual		2015/16 Actual		Total Spend	Variance to Amount Sought - favourable / + adverse	
						BDC	MSDC	BDC	MSDC			
<b>Approved:</b>						<b>BDC</b>	<b>MSDC</b>	<b>BDC</b>	<b>MSDC</b>			
26	External support to undertake Local Housing Needs Surveys	Housing Delivery/Business Growth	Shared Equally	Revenue	Feb-16	20,000				0	-20,000	
27	HRA projects: Review Of Trades Team	Housing Delivery/Business Growth	MSDC only	HRA	Feb-16	56,625			56,625	56,625	0	
28	External support to create Joint Local Plan	Business Growth	Shared Equally	Revenue	Feb-16	20,000				0	-20,000	
29	General Transformation - other projects	Efficient Organisation		Revenue								
	- Interim Programme Delivery Director							67,808	67,808	135,617		
	- Additional legal support for Planning							35,709	35,709	71,418		
	- Focussed Management Review							18,279	18,279	36,558		
	- Other							3,279	11,110	14,389		
<b>APPROVED SUB-TOTAL</b>						<b>2,195,625</b>	<b>150,642</b>	<b>150,779</b>	<b>444,066</b>	<b>561,321</b>	<b>1,306,807</b>	<b>-888,818</b>
										<b>67%</b>		