

District Council Report

Budget Report

General Fund

The Council's 2019/20 gross expenditure is £33.5M with an income of £23.3M. The Net Cost of service of £10.2M was funded from

- Earmarked Reserves
- New Homes bonus
- S31 Grant
- Business Rates
- Collection Funds
- Rural Services Delivery Grant
- Council Tax

Over the course of the next four years the Council's cumulative deficit is estimated to be £1.1M. To address this the Council will need to deliver significant income and/or savings by reviewing, remodelling and re-inventing the way that it operates. Its key objectives are to become self-financing and to have more than enough funds to invest within the council itself and across the district.

Housing Revenue Account

A surplus position is forecast for 2020/21 of £334k which is a significant improvement on the 2019/20 position (deficit of £193k). This has been achieved by reducing both revenue and capital budgets. A fundamental review of the housing service has been undertaken during 2019/20 to identify savings, efficiencies and income generation opportunities to achieve a sustainable business plan into the future.

Right to Buy (RTB) sales for Babergh were lower than those projected in the business plan. In 2018/19 Babergh sold 15 against an original projection of 27 sales. The money received from RTB sales can only be used as a 30% contribution towards the cost of a replacement home. The remaining 70% of the replacement cost must be found from other HRA resources.

The HRA reserve is currently £12.9M and the current business plan estimates that this will fall to £12.6M by 2049/50.

General Fund Capital Expenditure

The main General Fund projects included in the Capital Programme for Babergh over the period 2020/21 to 2023/24 are Kingfisher Leisure Centre (£1.1m), Hadleigh Pool and Leisure Centre Refurbishment (£1.5m), Babergh Regeneration Investment Fund (£3m), Housing grants (£3.3m), Community Grants (£0.6m) and replacement vehicles (£2.3m).

Commercial Investments - Former Council Offices in Hadleigh

Babergh approved the conversion of the former Corks Lane Council office in Hadleigh into 31 new homes and also the construction of an additional 26 new homes on the site, all for market sale.

In March 2019 the Council created a new company, Babergh Growth Ltd, which entered into a joint venture with Norse Group Holdings Ltd, to complete the development and they will provide 50% of the finance.

A peak cash flow funding requirement of £3.57m is included in the capital programme, based on the assumption that Babergh will provide 50% of the development finance.

I asked John Ward when this work is expected to start, and he advised that it would be in late spring but was unable to provide an estimated completion date when I pushed him. Cllr Ward also confirms that work on Angel Court is expected to start this month.

Babergh have also purchased the Borehamgate shopping precinct in Sudbury, with development still in the early stages. They are also planning to redevelop the former swimming pool in Belle Vue, Sudbury, into a restaurant and Hotel.