



Riverside, 4 Canning Road, Lowestoft, Suffolk,  
NR33 0EQ

# Scrutiny Committee

## Members:

Councillor Stuart Bird (Chairman)  
Councillor Mike Deacon (Vice-Chairman)  
Councillor Edward Back  
Councillor David Beavan  
Councillor Judy Cloke  
Councillor Linda Coulam  
Councillor Andree Gee  
Councillor Louise Gooch  
Councillor Tracey Green  
Councillor Geoff Lynch  
Councillor Mark Newton  
Councillor Keith Robinson  
Councillor Caroline Topping

Members are invited to a **Meeting of the Scrutiny Committee**  
to be held in the Conference Room, Riverside, Lowestoft  
on **Thursday 23 January 2020 at 6:30 pm**

An Agenda is set out below.

## Part One – Open to the Public

## Pages

1	Apologies for Absence and Substitutions
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|----------|---|----------------|
| <b>2</b> | <b>Declarations of Interest</b><br>Members and Officers are invited to make any declarations of Disclosable Pecuniary or Local Non-Pecuniary Interests that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered. |                |
| <b>3</b> | <b>Minutes</b><br>To confirm as a correct record the Minutes of the Meeting held on 16 December 2019  | <b>1 - 10</b>  |
| <b>4</b> | <b>Cabinet Member's update</b><br>To receive an update on the Cabinet Member's portfolio and strategic priorities   |                |
| <b>5</b> | <b>East Suffolk Strategic Plan ES/0213</b><br>Report of the Leader of the Council   | <b>11 - 21</b> |
| <b>6</b> | <b>Draft General Fund Budget and Council Tax Report 2020/21 ES/0084</b><br>Report of the Leader of the Council  | <b>22 - 66</b> |
| <b>7</b> | <b>Scrutiny Committee's Forward Work Programme</b><br>To consider the Committee's Forward Work Programme  |                |

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**Part Two – Exempt/Confidential****Pages**

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There are no Exempt or Confidential items for this Agenda.

**Close**

Stephen Baker, Chief Executive

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Minutes of a Meeting of the **Scrutiny Committee** held in the Deben Conference Room, East Suffolk House, Melton, on **Monday, 16 December 2019 at 6.55 pm**

**Members of the Committee present:**

Councillor Edward Back, Councillor David Beavan, Councillor Stuart Bird, Councillor Judy Cloke, Councillor Linda Coulam, Councillor Andree Gee, Councillor Louise Gooch, Councillor Tracey Green, Councillor Geoff Lynch, Councillor Mark Newton, Councillor Keith Robinson, Councillor Caroline Topping

**Other Members present:**

Councillor Stephen Burroughes, Councillor Peter Byatt, Councillor Maurice Cook, Councillor Richard Kerry, Councillor Carol Poulter

**Officers present:**

Stephen Baker (Chief Executive), Andy Jarvis (Strategic Director), Nick Khan (Strategic Director), Matt Makin (Democratic Services Officer), Brian Mew (Interim Finance Manager), Lorraine Rogers (Finance Manager), Sam Shimon (Tenant Services Manager), Julian Sturman (Senior Accountant), Simon Taylor (Chief Finance Officer and Section 151 Officer), Amber Welham (Senior Accountant)

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**1 Apologies for Absence and Substitutions**

Apologies for absence were received from Councillor Deacon.

**2 Declarations of Interest**

No declarations of interest were made.

**3 Minutes**

**RESOLVED**

That the Minutes of the Meeting held on 26 September 2019 be confirmed as a correct record and signed by the Chairman.

**4 Capital Programme for 2020/21 to 2023/24 including Revisions to 2019/20**

The Committee received report **ES/0080** of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources.

The Assistant Cabinet Member for Resources, Councillor Cook, introduced the report, which set out the Council's Capital Programme for the financial years 2020/21 to 2023/24 including revisions to 2019/20. The report included the main principles applied to set the programme and provided details of the expenditure and financing for 2019/20 and 2020/21 to 2023/24.

Total General Fund Capital investment for the period was anticipated to be £152.612m. In addition to the use of its internal resources and both internal and external borrowing, the Council was to benefit from receiving £94.546m of external grants and contributions.

Total Housing Revenue Account (HRA) capital investment for the period was anticipated to be £59.077m and benefiting from receiving £8.977m of external grants and contributions.

Councillor Cook summarised the information contained within the report, including that regarding key investments related to leisure development, flood alleviation, the HRA redevelopment and new build programme, along with information on revenue implications.

The Committee was asked review the Capital Programme for 2020/21 to 2023/24 including revisions to 2019/20 and recommend its approval.

The Chairman invited questions to Councillor Cook and the Finance officers present as well as Councillor Kerry, the Cabinet Member with responsibility for Housing.

A member of the Committee asked if there would be any investment in green technology for the Council's housing stock, such as renewable energy solutions. Councillor Kerry said that a development paper on the matter would be considered by Cabinet and noted that the Council's housing had the largest number of energy efficient schemes in the country, which included a wide variety of different technologies.

In response to a question regarding the even spread of spending across the District, the Chief Finance Officer said that annual budgets for different types of spend were set dependent on need and demand. He advised that the Capital Programme was built and driven through the Council's Business Plan.

The spending increase for the HRA redevelopment/new build programme was noted by the Committee. The Chief Finance Officer said that this programme was limited by land availability. The Strategic Director added the programme reflected the Council's new housing strategy and aimed to build and acquire new housing to replace stock lost through the Right to Buy scheme and ensure that housing stock was available across the whole of the District.

The Chairman sought reassurances on borrowing repayments and what plans were in place to mitigate the impact of any interest rate rise. The Chief Finance Officer advised that borrowing related to the General Fund was at a fixed rate of interest over equal instalment payments, and that there was only a small amount of variable interest borrowing (£10.286m) remaining to pay against the HRA, which was expected to be

paid by 2021/22. The Chief Finance Officer stated that the advice from the Council's treasury advisors did not predict a rise in interest rates in the short-term.

In response to a question regarding the Fire Risk Assessment for St Peter's Court in Lowestoft, the Tenant Services Manager confirmed to the Committee that the Council would continue to fund refurbishments identified following the Grenfell Tower tragedy in order to provide a fully up to date Fire Risk Assessment for the property.

There being no further questions, the Chairman moved to the recommendation as set out in the report.

On the proposition of Councillor Robinson, seconded by Councillor Back it was by unanimous vote

## **RESOLVED**

That the Capital Programme for 2020/21 to 2023/24 and revisions to 2019/20 be recommended for approval by Full Council.

### **5 Housing Revenue Account Budget Report 2020/21**

The Committee received report **ES/0082** of the Leader of the Council and Cabinet Member with responsibility for Resources, the Cabinet Member with responsibility for Housing, and the Assistant Cabinet Member for Resources.

The Assistant Cabinet Member for Resources, Councillor Cook, introduced the report, which outlined the Housing Revenue Account (HRA) Income and Expenditure Budgets for the financial years 2020/21 to 2023/24 and noted the forecast position for 2019/20. In addition to this, a summary of its reserves and balances was included.

The report identified that the HRA budgets were fully funded from existing HRA funds to meet the Council's HRA spending plans. This included the capital investment programme and reserve balances as per the HRA Financial Business Plan. Councillor Cook advised that there was currently no requirement for any additional borrowing.

Councillor Cook outlined information from the report's executive summary, which stated that since 1 April 2016, the Welfare Reform and Work Act 2016 had required social landlords to reduce their rents by 1% each year for four years ('the social rent reduction'). In October 2017, the Government announced that at the end of the four-year rent reduction, there would be a return to annual rent increases of up to the Consumer Price Index (CPI) plus 1% for at least five years. This would be implemented through the Rent Standard set by the Regulator of Social Housing rather than through legislation.

On 26 February 2019 the Secretary of State for Housing, Communities and Local Government published a 'Direction to the Regulator' to set a Rent Standard that would apply from 1st April 2020. Alongside this Direction, the Government also issued a policy statement on rents for social housing (the Policy Statement) and the Regulator is required to have regard to this when setting its Rent Standard. For the first time, the Government had directed the Regulator to apply its Rent Standard to all registered

providers of social housing, including local authorities. Details of the Policy Statement and Rent Standard from 2020 were provided in the report.

The Committee was advised that the new rent policy would permit the Council to increase its rents for at least five years by up to the Consumer Price Index (CPI) plus 1%. The proposed new average rent in 2020/21 would be £84.95, which was an increase of £1.90 from 2019/20. Councillor Cook confirmed that service charges could only be at cost and that the proposed average charge for 2020/21 would be £12.85, a decrease of £1.02 on 2019/20.

The capital and revenue elements of the HRA budget were set out; Councillor Cook considered that what was proposed was consistent with allowing the Council to carry out works as appropriate.

The working balance of the HRA budget was stated as £4.958m, which was said to be well above the total acceptable level of income.

The Chairman invited questions to Councillor Cook, Councillor Kerry, and the officers present.

Councillor Cook was asked by a member of the Committee if the outcome of the recent General Election and the formation of a new Government would have any impact on the HRA budget. The Committee was advised that the impact of the General Election had been a consideration when the budget had been prepared, but that it was too early to make any assumptions on how the result would impact the budget.

Another member of the Committee raised issues in her Ward where residents had reported difficulties in paying rent and Council Tax and asked if there was any concern about the increase in non-paying tenants. The Chairman added his own concerns regarding the increasing rent arrears, noting that the Council's housing stock was a taxpayer asset that should be providing a return. He asked what plans were being put in place to rigorously manage the rent arrears.

The Tenant Services Manager informed the Committee that the increase in rent arrears could be attributed directly to the recent reforms of the welfare system. She explained that under the legacy benefits system, if a claimant was entitled to maximum housing benefit this was paid to their account the day rent was taken, resulting in a zero balance. The Committee was advised that under the new Universal Credit system, housing benefit credit is paid five weeks after rent due dates.

In response to the issue, the Council had bought in predictive analytic software in order to better identify those tenants who needed to be chased for rent arrears and to actively predict tenants who are likely to go into arrears before they do so. A portal for tenants was also being tested, which would allow them to directly access their rent account, make payments, and seek assistance, as well as automating some processes through text messaging. The Tenant Services Manager attributed recent reductions in rent arrears to this new software.

The Tenant Services Manager explained that the Council had also purchased a 'former tenants' module for the analytic software, which would allow the Housing team to

address rent arrears with those tenants no longer living in a Council-owned property. She noted that a Financial Inclusion Officer had been employed who would be able to work with tenants to maximise benefits, make referrals to debt counselling, and help reduce their outgoings. She assured the Committee that action was taken on rent arrears and that eviction usually occurred when tenants refused to pay, and that the Housing team aimed to work to help tenants who are willing but unable to pay.

The Tenant Services Manager said that a result of eviction was that tenants are made homeless and are therefore supported by the Council's homelessness services, which puts a strain on the General Fund budget. "Deep Dive" work on voids was also being undertaken and the results of this performance review would be presented to HOBTS along with strategies to reduce void times.

The Chairman sought assurances from officers that positive steps were being taken to reduce arrears. The Tenant Services Manager said that those tenants with rent arrears entered into agreements to pay a portion of their arrears each month along with their monthly rent amount. She said that the main concern now was managing the migration of claimants on to Universal Credit, which was due to be completed by 2023. It was hoped that additional resources could be put in place to make agreements with these tenants in advance, so that they were paying ahead of the transfer and that the change to Universal Credit did not impact their rent accounts.

A member of the Committee referred to under-occupancy of larger dwellings and noted that other authorities were offering alternative incentives for downsizing through packages to help people move and refurbish. He asked if this was something that could be introduced in East Suffolk.

The Tenant Services Manager confirmed that similar packages were being offered either as monetary payments or as payments directly to removals companies, but acknowledged that this was not promoted as well as it could be. It was stated that there was a significant demand for one-bedroom accommodation in the District and this restricted downsizing. The Tenant Service Manager said that alternatives were being explored to reduce under-occupancy.

In response to a request for eviction figures, the Tenant Services Manager agreed to arrange for these to be included in the Minutes of the Meeting. She noted that in the region the average for evictions was fewer than ten a year for rent arrears. It was explained that as the County Courts issued repossession to the Council, the cut-off point was dependent on a tenant's engagement with that process.

*Following the meeting, the Tenant Services Manager advised the Democratic Services Officer that 13 tenants had been evicted for rent arrears during the 2019/20 financial year (to date) and that there had been an average debt of £3,090.64.*

It was confirmed that the Council had first refusal on buying back any stock sold via the Right to Buy scheme and that there was an interest in buying back larger properties, should the opportunity arise. The Tenant Services Manager noted that the Council was not often aware of such sales until after a solicitor had been instructed and suggested that it could be advertised that sellers can approach the Council first. In response to an offer from a member of the Committee, the Tenant Services Manager said that it



would be helpful if Members notified housing if they became aware of such sales in their Wards.

In response to a question on garages the Committee was advised that these were low-earning and that a significant portion of the Council's stock had been constructed from concrete and were reaching the end of their life and were therefore scheduled for demolition. The resulting land would be allocated for either development or other uses, such as car parking.

The Chairman asked if the Council was intending to build new houses to meet demand or if it was working to a specific target number and queried what the barriers to development were. He also asked if the Council had protected itself from claims of social engineering through the development of social housing.

Councillor Kerry stated that it was the ambition of the Council to either build or acquire 50 houses per year. He noted that as a Registered Provider, the Council was in a strong position when it came to purchasing properties. The Senior Accountant added that the main barrier to development was housing land; the Council was in a strong financial position to build new houses, but it had been difficult to find appropriate housing land at an appropriate price. It was highlighted that the Housing Development team was a small one but hoped to be at full capacity by March 2020.

In response to a question regarding discretionary payments the Tenant Services Manager explained that this grant, supplied by Government, could be topped up based on a calculation of how many of a council's tenants were HRA tenants. It was confirmed that the grant money received by the Council increased each year and had been sufficient for the number of tenants applying for funds.

There being no further questions, the Chairman moved to the recommendation set out in the report.

On the proposition of Councillor Lynch, seconded by Councillor Topping it was by unanimous vote

## **RESOLVED**

To recommend that Cabinet and Full Council:

1. Approve the Housing Revenue Account Budget for 2020/21, and the indicative figures for 2021/22 to 2023/24;
2. Note the forecast outturn position for 2019/20;
3. Approve the movements in Reserves and Balances as presented in Appendix D;
4. Approve the average weekly rent for 2020/21 of £84.95 over a 50-week collection year, an average weekly increase of £1.90 or 2.3%;
5. Note the new Rent Policy Statement and Rent Standard for 2020 with effective from 1st April 2020;
6. Approve the Service Charges and associated fees for 2020/21, Appendix B; and
7. Note the changes affecting public and private sector housing and welfare.

## 6 Draft Medium Term Financial Strategy

The Committee received report **ES/0186** of the Leader of the Council and Cabinet Member with responsibility for Resources, and the Assistant Cabinet Member for Resources.

The report was introduced by Councillor Cook, the Assistant Cabinet Member for Resources, which provided an updated Medium Term Financial Strategy (MTFS) for the Council, which provided a baseline forecast of income and expenditure and looks at the overall financial climate. It provides a framework within which the Council's overall spending plans will be developed.

The MTFS appended to the report had been revised for updates as of November 2019 including those resulting from the 2018/19 outturn position of Suffolk Coastal and Waveney District Councils (the predecessor Councils); budget monitoring forecasts; budget review meetings; and the Local Government Finance Settlement technical consultation.

The Draft MTFS would be continually revised with updates including those resulting from further budget monitoring forecasts; the provisional Local Government Finance Settlement, and the emerging replacement for the East Suffolk Business Plan.

The Committee's attention was drawn to sections 2 and 3 of the Draft MTFS which dealt with public finances and economic indicators, and section 4 which outlined the situation for local government finance. Councillor Cook stated that the settlement guidance issued in October 2019 deferred the proposed reforms to local government finance and rolled forward the 2019/20 settlement, with uplifts for inflation.

The Revenue Support Grant and the Rural Services Delivery Grant remained at the same level. The New Homes Bonus would only be paid for one further year and that the Government was to consult further on incentives for housing growth, which could result in the New Homes Bonus not continuing in its current format.

Councillor Cook noted that the most financially significant issue was that the Council would benefit from another year under the current Business Rates regime. It was also noted that the New Homes Bonus would only be paid for one more year and that no legacy payments had been indicated.

The forecast for 2020/21 had improved significantly due the local government finance reforms being delayed. Business Rates would be reviewed when the Council submitted its NNDR1 return.

Councillor Cook highlighted the summary of the MTFS position in the report and outlined the key movements. He stated that the delays to local government finance reform meant that the Council could achieve a balanced budget position for 2020/21 and stressed the importance of this, given the uncertain future on future funding as well as underlying budget gaps. The key assumptions were also highlighted, and the outturns and latest forecasts were noted.

The Chairman invited questions to Councillor Cook and the officers present.

Members of the Committee queried when the next review of the MTFS would be, noting that there would be a new Budget coming forward from Government and suggesting that the Scrutiny Committee should review it in July 2020 to assess the impact of the new Budget.

The Chief Finance Officer explained that the final funding level could be confirmed at the Committee's next meeting in January 2020, as the finance settlement will have been received by that point. He suggested that July 2020 would be too early to review the MTFS and suggested that it could be reviewed in September 2020.

A member of the Committee highlighted the £700,000 of operational savings listed in the report, following a Heads of Service meeting, and sought further detail on how the savings had been made. The Chief Finance Officer and the Finance Manager explained that the majority of the savings had come from the Council's partnerships and the remainder from actions such as not filling vacancies and saving money on supplies and services. The Committee was advised that the creation of a single council had meant that officers had been able to see what a single budget for a service area looked like and had provided an opportunity for identifying further savings.

The Chairman asked if officers were confident about being able to plan services in the long-term, expressing his concern about the number of smaller funding sources that contributed to the Council's budget. The Chief Finance Officer explained that the 2019/20 budget had been put together on the basis of there being no Government funding for 2020/21, however this was no longer the case. He stated that a similar approach was being taken to 2021/22.

The Committee was advised that the end of the New Homes Bonus would not impact the General Fund but would impact the Enabling Communities Budget and Community Partnerships programmes. It was confirmed that there were sufficient funds available to both programmes to meet the commitments given by the Leader of the Council for the 2019-2023 period.

The Chief Finance Officer said that the budget gap of £3.2m needed to be closed in order for the Council to become self-sufficient. Reserves had been used to balance the 2019/20 budget and the 2020/21 budget would benefit from windfalls received in order to close the gap. The Chief Finance Officer said that following on from this, it was expected that the Council's new Business Plan would be in place and would set out how savings, driven by Cabinet, would be made.

In reference to a question on future Civil Parking Enforcement (CPE) costings, the Chief Finance Officer said that estimated costs had been received but that an estimate on income had not been received. The Committee was advised that this would be received in January 2020. Councillor Cook added that Cabinet would be receiving a briefing on 17 December 2019 regarding a report on the introduction of CPE.

The Chairman asked what scope there was for making savings through actions such as changing energy suppliers and reducing insurance premiums. The Chief Finance Officer noted that savings of £200,000 had recently been achieved through a new, single insurance policy for East Suffolk Council. External auditor fees had also reduced now

that there was a single council. He confirmed that savings through energy suppliers could be explored.

There being no further questions, the Chairman moved to the recommendation as set out in the report.

On the proposition of Councillor Lynch, seconded by Councillor Robinson it was by unanimous vote

## **RESOLVED**

That the draft Medium Term Financial Strategy 2020/21 to 2023/24 be reviewed, commented upon, and recommended to Cabinet.

## **7 Scrutiny Committee's Forward Work Programme**

The Scrutiny Committee received and reviewed its current forward work programme and the Council's Forward Plan of Key and Exempt Decisions.

The Committee identified several items for its future review:

- *Cabinet Member Updates* - that the following Cabinet Members be invited to future meetings of the Scrutiny Committee
  - The Cabinet Member with responsibility for Community Health - May 2020
  - The Cabinet Member with responsibility for Housing - September 2020
- *Draft East Suffolk Council Strategic Plan* to review, comment upon and make recommendations to Cabinet (prior to being submitted to Full Council in late February for approval), to be reviewed at the Committee's meeting in January 2020.
- *Asset Management Strategy* a review of its policies for the purchase and construction of new assets, investment in existing assets, the transferring of assets to other organisations and the disposal of surplus assets to be considered for a review at the Committee's meeting in July 2020.
- *Review of how road closure permits were managed.* It was agreed that, further to the discussions on this matter at the Committee's meeting on 26 September 2019, that the Suffolk County Council Cabinet Member with responsibility for Transport be invited to the Committee's meeting in March 2020.
- *To receive a report following the Officer review of the Council's contracts with its Development Agents* at the Committee's meeting in September 2020 to ensure the required documentation to validate the contamination status of sites was received at an earlier stage to avoid undue delays.
- *To receive a report on the Housing New Build strategy* at the Committee's meeting in September 2020, focussing on how it is intended to identify and obtain both suitable housing land and dwellings to purchase in order to meet the target of 50 dwellings per year.

The Chairman suggested to the Committee that it could consider calling additional meetings in the future, on an ad hoc basis, in order to ensure topics were given a fair

hearing. In response to a suggestion on the use of Task and Finish Groups, he stated that any such groups would need to have a clearly defined remit and be closely managed.

*Councillor Topping left the meeting at the conclusion of this item.*

## **8 Exempt/Confidential Items**

### **RESOLVED**

That under Section 100(a)(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.

## **9 Exempt Minutes**

### **RESOLVED**

That the Exempt Minutes of the meeting held on 26 September 2019 be confirmed as a correct record and signed by the Chairman.

The meeting concluded at 8.30 pm

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Chairman



## SCRUTINY COMMITTEE

Thursday 23 January 2020

### EAST SUFFOLK STRATEGIC PLAN

#### EXECUTIVE SUMMARY

1. This report sets out the Council's Strategic Plan for the period to 2024
2. The Committee is asked to review the content of the plan and proposed governance structure and recommend its approval.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	All
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<b>Cabinet Member:</b>	Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources
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<b>Supporting Officers:</b>	Stephen Baker Chief Executive 01394 444378 <a href="mailto:stephen.baker@eastsuffolk.gov.uk">stephen.baker@eastsuffolk.gov.uk</a>  Sandra Lewis Business Solutions Manager 01394 444205 <a href="mailto:sandra.lewis@eastsuffolk.gov.uk">sandra.lewis@eastsuffolk.gov.uk</a>
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## **1 INTRODUCTION**

- 1.1 The Local Government Act 2000 and associated guidance and regulations give the Council responsibility for approving the Budget and Policy Framework.
- 1.2 The Strategic Plan makes up part of the Council's Budget and Policy Framework, contained within Section B Paragraph 3 of the Constitution.
- 1.3 A new Strategic Plan is proposed for East Suffolk Council as part of its formation as a new Council on 1 April 2019, to set out the strategic aims and objectives of the Council for the period 2020 to 2024.

## **2 THE STRATEGIC PLAN**

- 2.1 The proposed Strategic Plan covers five main themes, following on from the robust direction of the previous business plan:
  - Growing our economy
  - Enabling our communities
  - Financial sustainability
  - Digital transformation
  - Our environment
- 2.2 The plan is written as a strategic-level document, showing the aims and objectives of the Council at a high level, to steer both the organisation's decision making and day to day management of services. It has a sub-heading of 'Our Compass' because of this reason, not only because the East Suffolk logo is in fact a compass point, but because it will steer us in the right direction.
- 2.3 All five themes are connected, they are overarching principles for the way in which the authority will work as a whole – rather than being seen in isolation, the plan aims to present the themes and priorities as the ethos under which decisions will be made and the direction the authority will travel over the next four years.
- 2.4 Within each theme, our priorities are identified. These statements guide what is important to us and provide a steer on the areas we will focus on within each theme.
- 2.5 Against each priority, there are points listed to show how we will know if we are delivering to the priority over the coming four years. These points, again at a strategic level, will form the basis of the performance reporting presented to Cabinet, to show at a strategic level whether the authority is moving in the right direction on the areas identified to focus on.
- 2.6 Many services, teams or individuals may contribute to the priorities listed in the plan, this is part of the strategy in that the steer is shown at the top and fed right through the organisation to enable everyone to contribute to many areas of the overall plan.
- 2.7 Being a strategic level document means that the detail, 'how' it will be delivered, sits below the Strategic Plan within action plans from the appropriate Service Areas, and a governance arrangement has been proposed to manage this going forward, detailed below in paragraph 4.
- 2.8 The proposed Strategic Plan can be found at Appendix A to this report – please note that this is presented as content only, the Communications Team will produce the final branded version for publication and approval at Full Council.
- 2.9 The Committee is asked to review the content of the plan and proposed governance structure with a view to recommending its approval to Full Council.

### **3 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?**

- 3.1 This proposal is for a new Strategic Plan for East Suffolk Council, the existing Business Plan was created in 2015 for the former partnership of Suffolk Coastal and Waveney District Councils and will replace that plan.

### **4 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 4.1 In order to govern the direction of the authority, using the Strategic Plan as the steering document, a change to the way we work has been proposed.
- 4.2 A Governance Board will report to Cabinet, this board will be responsible for overseeing the delivery of the plan, including strategic risks and performance. The performance reporting framework will feed into this board, with the Strategic Performance Report being the output to Cabinet.
- 4.3 Feeding into the Governance Board are five programmes, based on the five themes. The programme in place for each theme will manage the detailed plans from Service Areas and projects delivering to the priorities of the Strategic Plan. There will be one or more responsible Heads of Service overseeing each programme in consultation with the appropriate Portfolio Holders.
- 4.4 All Service Plans and projects will feed into the five programme themes, with planned workshops to identify how each team contributes to the overall Strategic Plan.
- 4.5 A governance diagram for the delivery of the Strategic Plan is shown at Appendix B.

### **5 OTHER KEY ISSUES**

- 5.1 This report has been prepared having taken into account the results of an Equality Impact Assessment – no negative impact on any of the characteristics protected under the Equality Act 2010 are identified as a result of the new Strategic Plan, the plan aims for inclusion and equality in our workplace and communities.

### **6 CONSULTATION**

- 6.1 The creation of the proposed Strategic Plan has been a collaborative effort. Service Areas and Members have been invited to contribute and play a part in the formation of the plan, using their local knowledge, key data and service delivery experience to form a complete view.
- 6.2 Staff from all service areas were initially consulted during the formation of the new Council in January/February 2019 and again in September 2019 once the Council had been in operation for six months.
- 6.3 In October 2019, a three-day hothouse event was held at BT Adastral Park, with a combined total of 81 attendees made up of Members and staff, including the CMT and the SMT. Partners were also invited to the event. The truly collaborative atmosphere of the hothouse enabled a fully rounded picture to be formed for the new plan, and it is the output from the hothouse which has created the proposed Strategic Plan as presented with this report.
- 6.4 Evidence and data presented and available at the hothouse included demographic data to inform areas of need within the district and other areas of expertise were also available to inform the work being produced out of the three-day event.

### **7 OTHER OPTIONS CONSIDERED**

- 7.1 The development of the Strategic Plan included a rigorous process of option appraisal,



collaboration and consultation in its creation.

## **8 REASON FOR RECOMMENDATION**

8.1 Approval of a Strategic Plan is required as part of the Budget and Policy Framework.

### **RECOMMENDATION**

That the East Suffolk Strategic Plan be recommended for approval by Full Council.

### **APPENDICES**

<b>Appendix A</b>	East Suffolk Strategic Plan
<b>Appendix B</b>	Governance diagram

Please note that copies of background papers have not been published on the Council's website [www.eastsuffolk.gov.uk](http://www.eastsuffolk.gov.uk) but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

<b>Date</b>	<b>Type</b>	<b>Available From</b>
20 Dec 2019	Equality Impact Assessment	<a href="mailto:Sandra.lewis@eastsuffolk.gov.uk">Sandra.lewis@eastsuffolk.gov.uk</a>

Please note; this document is for review of content only.  
The compass idea will remain, however Comms will be developing the overall style and branding for publication.



# We are East Suffolk

We are proud of East Suffolk and we know you are too.

Our aim is to deliver the highest quality of life possible for everyone who lives in, works in and visits East Suffolk. To help us achieve this, we will use this strategic plan as our compass to guide all our decision making,

Within the compass, our five key themes show the direction we will take. All themes are interconnected and complement each other.

**GROWING OUR ECONOMY** - Let's build a strong sustainable economy for our future; we want our district to achieve its maximum potential, for the good of everyone in the area.

**ENABLING OUR COMMUNITIES** – Working together, we will enable our communities to identify opportunities and challenges, we will empower them to make a difference; we will support our communities to enhance the places we live and work for the well-being of all.

**FINANCIAL SUSTAINABILITY** - We will grow and prosper as a council; we will ensure we are well-run; provide value for money and strive for excellence.

**DIGITAL TRANSFORMATION** - Digital technology can transform the way we work and live; we will use technology to make services efficient and easily accessible to all and assist our communities to embrace and access new technologies.

**OUR ENVIRONMENT** - We know you are concerned about our environment; we are too, so we will put the environment at the heart of everything we do.

# GROWING OUR ECONOMY

**DIRECTION:** we want our district to achieve its maximum potential, for the good of everyone in the area

## OUR PRIORITIES

### **Build the right environment for East Suffolk**

We will maintain and grow a vibrant and sustainable economy, investing in our places and taking an inclusive approach in shaping communities to continue delivering economic growth and regeneration. We will ensure we have the right supply of housing and mix of business space in the right places.

### **Attract and stimulate inward investment**

We will seek to maximise inward investment, encourage business start-ups, support entrepreneurs, stimulate larger commercial investment and encourage industry to address gaps in our market. We will take advantage of opportunities for securing external funding.

### **Maximise and grow the unique selling points of East Suffolk**

We know we have some very special features in East Suffolk – such as our agriculture and energy sectors; our marine/coastal environments; our beautiful natural, built and historic landscape; and internationally significant economic assets. We will use these to our advantage by promoting our district to attract sustainable investment, business growth, tourism and innovation.

### **Business partnerships**

We will develop business partnerships that connect people and places, encouraging established businesses to invest and grow, linking challenges with solutions, promoting skills development and relationships with local schools and colleges for career and apprenticeship opportunities.

### **Support and deliver infrastructure**

We will work with our partners to support and deliver the right infrastructure investment in the district for healthy and sustainable economic growth.

## HOW WE WILL KNOW IF WE ARE DELIVERING

- Up to date local plans providing a strategy for growth and place making
- Supply of housing and business infrastructure to enable growth
- Town centre enhancement and regeneration through place-based initiatives
- Growth in inward investment
- Securing external funding
- Employment and business growth in key business sectors
- Growth in innovation incubation centres
- Protection and enhancement of the natural, built and historic environment
- Workforce skills development to support economic growth
- Apprenticeships and opportunities for young people
- Evidence based CIL spend to support the right infrastructure
- Key infrastructure is delivered
- East Suffolk infrastructure projects prominent in regional plans
- Improved accessibility to jobs, training and markets

**We are East Suffolk**

# ENABLING OUR COMMUNITIES

**DIRECTION:** we will support our communities to enhance the places we live and work for the well-being of all

## OUR PRIORITIES

### Community Partnerships

We will facilitate community partnerships, to connect people and places at a local level, encourage collective problem solving and ensure a needs-based approach to delivering local solutions to local issues, building upon local assets. We will enable all East Suffolk voices to be heard.

### Taking positive action on what matters most

We will use data and community intelligence as the basis for working with communities and partners to do the right things in the right places. This will mean less duplication, shared resources and a better experience for individuals, families and communities. We will take a targeted, place-based approach to tackling deprivation, hidden needs and the challenges of rural areas, helping communities to access the tools to identify and tackle their own needs.

### Maximising health, well-being and safety in our District

We will provide the environment and opportunities for everyone to lead healthy, active, fulfilling and safe lives. We will connect people and communities together and help individuals and families to be more resilient, achieve their full potential and age well. We will ensure that our communities are safe, helping communities to address issues as early as possible.

### Community pride

We want everyone to be proud of where they live and we will support this by helping communities come together around a shared sense of purpose, responsibility, place, care and respect for each other. We will support places to be culturally rich.

## HOW WE WILL KNOW IF WE ARE DELIVERING

- Evidence based local project delivery addresses local priorities
- Successful delivery of Community Partnership projects and budgets
- Additional funding secured for East Suffolk communities
- Positive action reduces deprivation, including rural deprivation, and addresses hidden needs
- Equality of opportunity for individuals and communities
- Shared resources and delivery models with partners
- Community led housing and planning
- Improvement in mental and physical health and wellbeing
- Reduced social isolation and loneliness
- Improved resilience of individuals and families
- Housing needs are addressed
- Public health and safety is protected, including through regulatory services
- Increased involvement, participation and positive action by individuals and communities
- Successful events and activities to celebrate our diverse heritage and cultures

# FINANCIAL SUSTAINABILITY

**DIRECTION:** we will ensure we are well-run; provide value for money and strive for excellence

## OUR PRIORITIES

### **Organisational design and streamlining services**

We will ensure our organisation is able to deliver the right services to the right places. This is linked to our digital theme, by regularly reviewing services and adopting evidence-based management, ensuring we are skilled to deliver our priorities in the most cost-effective way with a resilient and flexible workforce.

### **Making best use of and investing in our assets**

Efficient use of our assets is essential. We will maximise and invest in our assets for the benefit of all, to ensure they are financially effective and aligned to our other key themes.

### **Being commercially astute**

We will take opportunities where appropriate to generate and collect income to boost our financial sustainability and invest in services.

### **Optimising our financial investments and grant opportunities**

We will invest to save, maximise the return on the investments we make and make best use of all grants and funding opportunities available to us.

### **Review service delivery with partners**

We will ensure the services we deliver through partnership and outsourcing arrangements are the most cost effective and streamlined way of delivering the service.

## HOW WE WILL KNOW IF WE ARE DELIVERING

- Savings generated by redesigning services and processes
- Financial benchmarking against comparators
- Increased financial returns on our assets
- Sustainable asset transfer to communities
- Income collected
- Commercial ventures are performing against targets
- Return on investment
- Grants and funding received
- Major contracts reviewed for cost efficiency
- Services delivered through partners are performing against targets

**We are East Suffolk**

# DIGITAL

**DIRECTION: we will use technology to make services efficient and easily accessible to all**

## OUR PRIORITIES

### Digital by default

We have a digital vision for everything we do, without excluding those who cannot access digital technology. We will ensure we have a robust, modern and safe digital environment in which to do business.

### Lean and efficient streamlined services

We will make our processes lean and efficient, through a culture of continuous improvement, using digital solutions to optimise the way we work.

### Effective use of data

We will be data-led in our decision making and the way we manage services, ensuring we are delivering evidence-based targeted solutions in everything we do.

### Skills and training

We will improve the knowledge and skills of our workforce, partners, residents and businesses by investing in the skills we need to realise the full potential of the digital world.

### District-wide digital infrastructure

We will champion better connectivity for everyone in the district, eradicating not-spots in broadband and mobile availability to enable staff, residents, businesses and visitors to access digital services when they need them.

## HOW WE WILL KNOW IF WE ARE DELIVERING

- The use of up to date technology
- A secure and robust network
- All services are managed digitally
- Efficiencies are generated by service and process reviews
- Customer satisfaction levels
- Demand reduction
- Decisions are backed by robust evidential data
- Services are driven by data
- Projects and campaigns deliver targeted solutions where they matter
- Digitally competent and aware officer and member workforce
- Digitally smart partners
- Digitally enabled residents and businesses
- % broadband and fibre coverage in district
- Full fibre projects are delivered
- Number of smart place initiatives with targeted benefits

**We are East Suffolk**

# OUR ENVIRONMENT

**DIRECTION:** we will put the environment at the heart of everything we do

## OUR PRIORITIES

### Lead by example

We have pledged to become a carbon neutral council by 2030, which means we will look for environmental benefit in everything we do – this includes radical changes to our vehicle fleets and mileage usage, council buildings and new build housing stock to ensure they contribute to our carbon neutral aims. We will work with communities to establish opportunities for biodiversity and will promote digital solutions to minimise our carbon footprint.

### Minimise waste, reuse materials, increase recycling

We will minimise waste generated throughout the district, encourage the reuse of materials and increase our recycling rates.

### Renewable energy

We will explore new ways of encouraging and investing in the use of renewable energy, both in terms of our own consumption as a council and the ways we can offer support to our residents and businesses as part of addressing climate change.

### Protection, education and influence

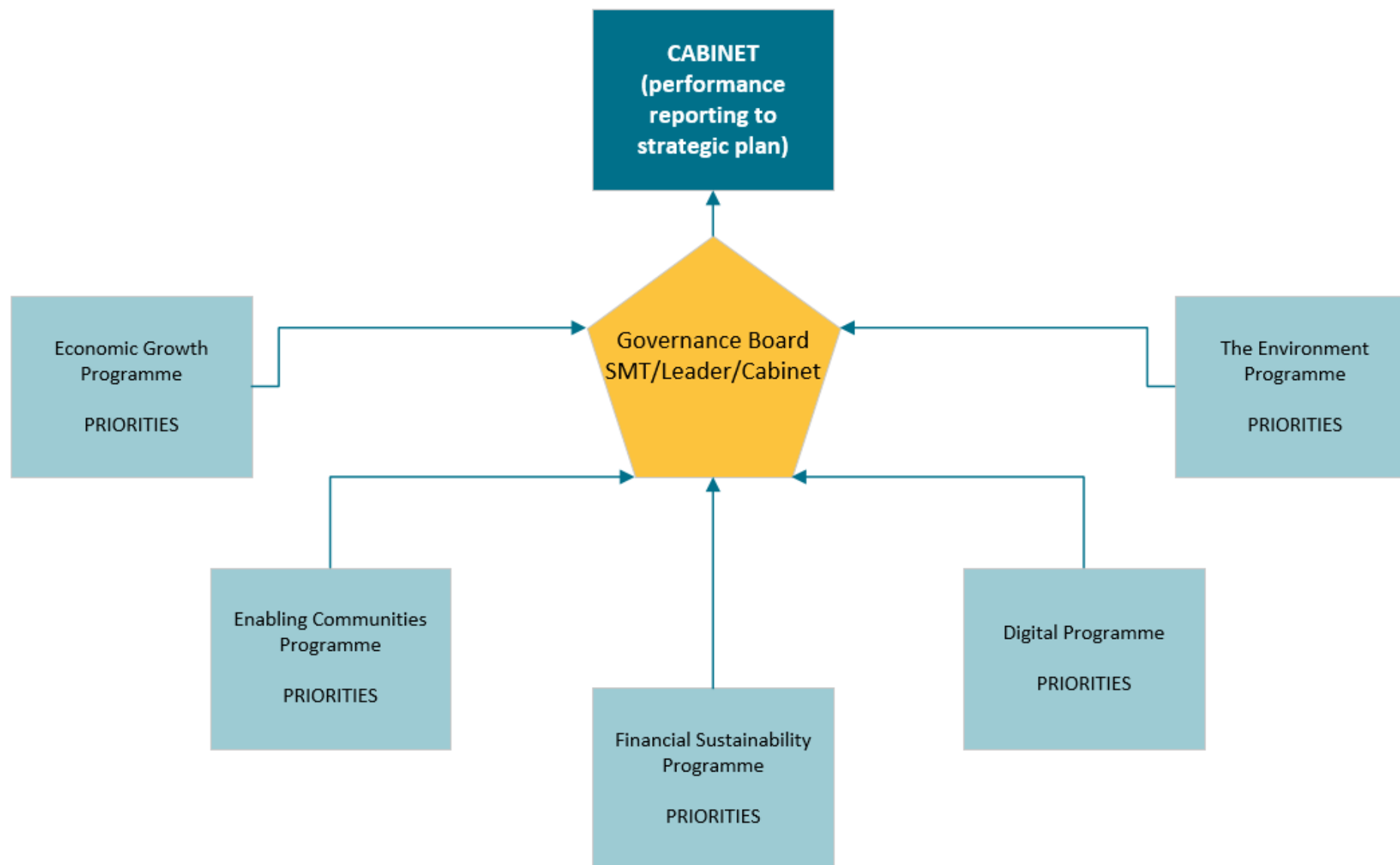
We will use our influence at all levels, our regulatory functions and appropriate enforcement to protect our natural environment including our outstanding coastline. This includes working through our community and business partnerships to achieve environmental gain and establishing a network of environmental champions throughout the district.

## HOW WE WILL KNOW IF WE ARE DELIVERING

- Positive direction towards carbon neutral targets
- Increased number of biodiversity sites
- Reduced refuse volumes
- Increased recycling rates
- Renewable energy growth in the district
- Enhancement of renewable energy on our own estate
- Supported and resilient communities and businesses
- National and local policies reflect our environmental concerns
- A cleaner, quieter and healthier environment

**We are East Suffolk**

## APPENDIX B







## SCRUTINY COMMITTEE

Thursday 23 January 2020

### DRAFT GENERAL FUND BUDGET AND COUNCIL TAX REPORT 2020/21

#### EXECUTIVE SUMMARY

1. The draft Medium Term Financial Strategy (MTFS) considered by the Cabinet on 3 December 2019 provided a baseline forecast of income and expenditure and looks at the overall financial climate. It provides a framework within which the Council's overall spending plans will be developed.
2. Overall, this period and the long-term Local Government financial picture continues to be characterised by an increased shift towards locally generated resources, with an accompanying transfer of both risk and opportunity. The Government has been working towards significant reform of the Local Government Finance System from 2020/21. However, with the announcement of a one-year only Government Spending Round and Local Government Settlement for 2020/21, these reforms have now been delayed until 2021/22. Consequently, whilst this brought a significant degree of certainty for next year, there is considerable uncertainty for the Council going forward in the MTFS period. This report sets out the assumptions made in identifying resources for the MTFS.
3. The predecessor Councils had signed up to a four-year Local Government Finance Settlements for the period 2016/17 – 2019/20 (with East Suffolk receiving the final year of the settlement), covering the elements of Revenue Support Grant, Transitional Grant, and Rural Services Delivery Grant. To take advantage of this offer each authority needed to submit an Efficiency Plan. Although not required in respect of the one-year 2020/21 Settlement, an updated Efficiency Plan will be produced during the year as the East Suffolk Strategic Plan is finalised
4. A technical consultation on the 2020/21 Local Government Finance Settlement was issued on 3 October 2019. As well as deferring reforms to the system, the proposal for 2020/21 was essentially to roll forward the 2019/20 Settlement with relevant uplifts for inflation. These proposals were included in the Provisional Local Government Finance Settlement issued on 20 December 2019. Consequently, the Council will receive Revenue Support Grant and Rural Services Delivery Grant and will also benefit financially from an additional year under the Business Rates Retention system in its present form. Partly offsetting these elements, the allocations for New Homes Bonus (NHB) for 2020/21 will also be for one year only for 2020/21, rather than for four years. The Government will consult further on

incentives to promote housing growth, and indications are that NHB may not continue beyond 2020/21 in its present form. Council tax referendum principles will remain the same as in previous years. Only business rates pilots in the original “devolution” areas will go ahead in 2020/21, with all other pilots cancelled.

5. The draft MTFS has been continually revised with updates including those resulting from budget monitoring forecasts; and the emerging replacement for the East Suffolk Business Plan.
6. At the end of the 2020/21 budget process, in February 2020, the Council is required to approve a balanced budget for the following financial year and set the Band D rate of Council Tax. This report sets out the context and initial parameters in order to achieve that objective and contribute towards a sustainable position going into the major changes now planned for the medium term.
7. This report provides an opportunity for the Scrutiny Committee to submit any comments to Cabinet on the proposed 2020/21 budget. The Committee is asked to consider and make recommendations to Cabinet regarding the:
  - proposed Budget for 2020/21, and to note the position with regard to future years;
  - assessment of reserve and balance movements;
  - Council Tax Base for 2020/21 (for noting);
  - proposed Band D Council Tax for East Suffolk Council of £171.27 for 2020/21, an increase of £4.95 or 2.98%.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	All wards in East Suffolk
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<b>Cabinet Members:</b>	<p>Councillor Steve Gallant Leader of the Council and Cabinet Member with responsibility for Resources</p> <p>Councillor Maurice Cook Assistant Cabinet Member with responsibility for Resources</p>
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<b>Supporting Officers:</b>	<p>Simon Taylor Chief Finance Officer and Section 151 Officer 01394 444570 <a href="mailto:simon.taylor@eastsuffolk.gov.uk">simon.taylor@eastsuffolk.gov.uk</a></p> <p>Lorraine Rogers Finance Manager and Deputy Section 151 Officer 01502 523667 <a href="mailto:lorraine.rogers@eastsuffolk.gov.uk">lorraine.rogers@eastsuffolk.gov.uk</a></p> <p>Brian Mew Finance Consultant 01394 444571 <a href="mailto:Brian.Mew@eastsuffolk.gov.uk">Brian.Mew@eastsuffolk.gov.uk</a></p>
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## 1 INTRODUCTION

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. To ensure Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year these are:

- October/November – as a framework for initial detailed budget discussions for the forthcoming financial year;
- January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build; and
- February – with the final Budget for the new financial year.

1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and can deliver the aspirations of the Council as set out in the Business Plan, over the medium term.

## 2 MEDIUM TERM FINANCIAL STRATEGY

2.1 The draft MTFS for this period is attached as Appendix A. This incorporates the Draft General Fund Budget and Council Tax proposals for 2020/21, reflecting the detailed budget process. In the MTFS, the key uncertainties over this period relate to the proposed reforms to the Local

Government finance system – Business Rates Retention and the Fair Funding Review – that have now been deferred until 2021/22.

- 2.2 The MTFS includes a number of Appendices that form part of the Council’s Budget, including the Council Tax Base, budget summary by Head of Service and a summary of Reserves and Balances.
- 2.3 Business Rates income has not yet been updated in the MTFS and is dependent on the NNDR1 returns being prepared by the Suffolk Councils and then collated by Suffolk County Council in January 2020. Business Rates income will be updated in the MTFS by the end of January 2020.
- 2.4 In addition to Business Rates Income, the key remaining areas of uncertainty in the 2020/21 Budget and the MTFS at this stage are the charges from Norse for a range of Council services. The current position in respect of this is referred to in more detail in the MTFS in Appendix A.
- 2.5 The table below outlines the updated MTFS Forecasts for 2019/20 to 2023/24. These indicate a balanced position for 2020/21 but underlying budget gaps from 2021/22 onwards. However, there is a high degree of uncertainty over this period.

MTFS Forecast - East Suffolk	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2022/24 £'000
February 2019	0	3,841	3,849	3,872	3,872
November 2019	0	0	3,212	2,981	2,547
January 2020	0	0	3,483	3,847	3,897

- 2.6 The proposed Capital Programme for 2019/20 to 2023/24 was considered by the Cabinet on 7 January 2020 and Council on 22 January 2020.
- 2.7 Attached as **Appendix B** is the Council’s draft Efficiency Strategy for 2020/21. The Efficiency Strategy is produced annually for the period 2016/17 to 2021/22, and is approved by Full Council as part of approval of the Council’s Budget. The Efficiency Strategy is produced to enable the Council to potentially take advantage of the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings. To date there has been no use of capital receipts to fund one-off revenue costs, and no use of this flexibility is currently proposed in respect of projects in 2020/21. The Efficiency Strategy will be revised during the course of 2020/21 to reflect the new Plan for East Suffolk.

### **3 LOCAL COUNCIL TAX REDUCTION SCHEME (LCTRS) AND COUNCIL TAX DISCOUNTS AND PREMIUMS**

- 3.1 The consideration of an annual review and potential proposed changes to the LCTRS scheme is a statutory requirement under the Local Government Finance Act 2012 which brought in the provisions for localisation of council tax support in April 2013. Cabinet on 7 January 2020 recommended to Full Council on 22 January 2020 that the Council retains the current Local Council Tax Reduction Scheme for 2020/21 as the 8.5% benefit scheme, i.e. the maximum benefit to working age claimants is 91.5%. Cabinet also recommended to Full Council that the Council introduces a tolerance to the treatment of Universal Credit income in the Local Council Tax Reduction Scheme.
- 3.2 In addition to LCTRS, the Council has the discretion to set its own policy on Council Tax Discounts and Premiums. It is a statutory requirement for the Council to set and review

annually its Discretionary Council Tax Discounts. It is recommended that no changes be made to the Council Tax discounts to be applied from 1 April 2020, which were approved by the Shadow Council at its meeting on 3 December 2018 (REP 9(SH)).

3.3 At its meeting on 28 February 2019, the East Suffolk Shadow Council approved Council Tax Long Term Empty Property Premiums as follows:

- 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019,
- 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and
- 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021

#### **4 RISK ASSESSMENT AND REPORT OF THE CHIEF FINANCIAL OFFICER**

- 4.1 Part of the process of delivering a robust medium term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in **Appendix A1** of the MTFS.
- 4.2 Section 25 of the Local Government Act 2003 places a personal duty on an authority's "Chief Financial Officer" to make a report to Council about the robustness of the estimates made for the purposes of the council tax calculations and the adequacy of financial reserves and balances. The Act also requires the Council to have regard to the report before it makes its budget and council tax decisions.
- 4.3 In relation to the statutory duty under the Act, the Chief Financial Officer considers that the estimates are robust, the General Fund Balance is within the guideline levels established as part of the Medium Term Financial Strategy and the contributions to and use of earmarked reserves will assist the Council to deliver its required changes in this period of uncertainty.
- 4.4 The Chief Finance Officer will make this statement to Full Council when it considers the budget for 2020/21 on 26 February 2020. The statement will clearly set out the budget assumptions used to arrive at the final recommendations

#### **5 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?**

- 5.1 The MTFS sits beneath the East Suffolk Business Plan in the Council's hierarchy of plans and strategies and is effectively the mechanism by which the key Business Plan objective of Financial Self-Sufficiency will be delivered over the medium term.

#### **6 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 6.1 All Financial and Governance implications are contained within the MTFS documents.

## 7 OTHER KEY ISSUES

- 7.1 This report has been prepared having taken into account the results of an Equality Impact Assessment.

## 8 CONSULTATION

- 8.1 The Council has consulted on its strategy and detailed financial plans for the coming year with staff, residents, partners, and business through a variety of methods. Business Plan and Budget briefings were held with stakeholders including Town and Parish Councils in Lowestoft and Melton on 13 and 14 January respectively.

## 9 OTHER OPTIONS CONSIDERED

- 9.1 The MTFS is an essential element in achieving a balanced budget and a sustainable medium term position, whilst setting a balanced budget for the coming year is a statutory requirement. Consequently, no other options are appropriate in respect of this.

## 10 REASONS FOR RECOMMENDATIONS

- 10.1 To bring together all the relevant information to enable Members to review, consider and comment upon the Council's General Fund revenue budgets before making recommendations to Council on 26 February 2020.
- 10.2 To seek wider Member consideration of the forward budgets beyond 2020/21, and Council Tax proposals in this report to balance the budget for 2020/21 and future years.

### RECOMMENDATIONS

That the Scrutiny Committee recommends to Cabinet and Council

1. That the General Fund Revenue Budget, as set out in this report and summarised in Appendix A5, be approved and that the budget forecast for 2021/22 and beyond be noted;
2. That the Reserves and Balances movements as presented in **Appendix A6 be approved;**
3. That no further changes be made to Council Tax Discounts and Premiums for 2020/21 be approved;
4. That the Efficiency Strategy attached as **Appendix B be approved;**
5. That the Council Tax Base of 87,888.87 for 2020/21 be noted; and
6. That a Band D Council Tax for 2019/20 of £171.27 be approved.

### APPENDICES

<b>Appendix A</b>	Medium Term Financial Strategy
<b>Appendix A1</b>	MTFS Key Principles and Risk Analysis
<b>Appendix A2</b>	East Suffolk Council Tax Base 2020/21
<b>Appendix A3</b>	NHB Reserve 2019/20 – 2023/24

<b>Appendix A4</b>	MTFS Key Movements
<b>Appendix A5</b>	General Fund Revenue Budget Summary 2019/20 to 2023/24
<b>Appendix A6</b>	General Fund Reserves Summary 2019/20 to 2023/24
<b>Appendix B</b>	Efficiency Strategy

<b>BACKGROUND PAPERS</b>  Please note that copies of background papers have not been published on the Council's website <a href="http://www.eastsuffolk.gov.uk">www.eastsuffolk.gov.uk</a> but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.		
<b>Date</b>	<b>Type</b>	<b>Available From</b>
October 2019	2020/21 Local Government Finance Settlement Technical Consultation	lorraine.rogers@eastsuffolk.gov.uk
November 2019	Equality Impact Assessment	lorraine.rogers@eastsuffolk.gov.uk
December 2019	Provisional Local Government Finance Settlement 2020/21	<a href="mailto:lorraine.rogers@eastsuffolk.gov.uk">lorraine.rogers@eastsuffolk.gov.uk</a>



**EAST SUFFOLK COUNCIL**

**MEDIUM TERM FINANCIAL STRATEGY**  
**2020/21 – 2023/24**

**JANUARY 2020**



## 1 INTRODUCTION

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. This ensures Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year:

- October/November – as a framework for initial detailed budget discussions for the forthcoming financial year;
- January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build; and
- February – with the final Budget for the new financial year.

1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Business Plan, over the medium term.

1.3 The vision of the East Suffolk Business Plan is to “Maintain and sustainably improve the quality of life for everybody growing up, living in, working in and visiting East Suffolk”. The Council is currently developing a brand new plan and vision for East Suffolk, focussing on the five key themes of:

- Economic Growth
- Enabling Communities
- Financial Sustainability
- Digital Transformation
- The Environment

As the plan develops, the MTFS will be revised to reflect this.

1.4 The MTFS provides an integrated view of the Council's finances, recognising that the allocation and management of its human, financial and physical resources play a key role in delivering its priorities and ensuring that the Council works effectively with its partners locally, regionally and nationally.

1.5 The key underlying principles of the MTFS are:

- securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;
- setting modest increases in Council Tax when appropriate; and
- delivering service efficiencies and generating additional income where there are opportunities to do so.

1.6 Part of the process of delivering a robust MTFS to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating

actions are provided in **Appendix A1**.

- 1.7 Sections 2 to 4 provide an update on the financial challenge facing the Council, taking into account economic factors, the local government finance environment, and the Council's key funding streams. Sections 5 to 7 outline how the Council will respond to the challenge, as expressed in terms of its Budget and strategies towards reserves and capital.

## **2 PUBLIC FINANCES**

- 2.1 The Government's Autumn Budget to Parliament normally provides a formal update on the state of the economy, responds to new economic and fiscal forecasts from the Office for Budget Responsibility (OBR) and sets out fiscal measures for the following year. The Autumn Budget was cancelled, and following the General Election, the Spring Budget which is expected to cover similar areas is now scheduled for 11<sup>th</sup> March 2020.

## **3 ECONOMIC INDICATORS**

- 3.1 The national economic background affects the costs the Council incurs, the funding it receives, and contributes to the demand for services as residents are affected by economic circumstances. The inflation rate impacts on the cost of services the Council purchases, as the Council delivers much of its service provision through contractual arrangements where inflationary pressures have to be negotiated and managed. Specific contractual inflation has been incorporated into the Council's financial position, where appropriate, based on the actual contractual indices.

### **Gross Domestic Product (GDP)**

- 3.2 The Bank of England's overall forecast for growth in Gross Domestic Product as outlined in its November 2019 Monetary Policy Report, are shown below.

<b>Bank of England - November 2019</b>			
<b>Gross Domestic Product (GDP) Forecasts</b>			
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1.0%	1.6%	1.8%	2.1%

### **Consumer Pricing Index (CPI)**

- 3.3 Inflation as measured by CPI, was 1.5% for November 2019, unchanged from 1.5% in October 2019, and close to the Bank of England target rate of 2%. September CPI was 1.7%, which is of particular importance as it is used as the basis for indexed increases in a number of areas in the Local Government Finance system, including Business Rates. The Bank of England's latest forecast (as at November 2019) is set out below.

<b>Bank of England - November 2019</b>			
<b>Consumer Pricing Index (CPI) Inflation Forecasts</b>			
<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
1.4%	1.5%	2.0%	2.2%

## Bank Interest Rate

- 3.4 At its December 2019 meeting, the Bank of England Monetary Policy Committee (MPC) voted by a majority of 7-2 to maintain the bank rate at 0.75%. The Bank of England MPC's new projections for activity and inflation are based on the assumption of an orderly transition to a deep free trade agreement between the United Kingdom and the European Union. The MPC is projecting a reduction in bank rate to 0.5% during the course of 2020.

## 4 LOCAL GOVERNMENT FINANCE

- 4.1 The introduction of the Local Business Rates Retention System in 2013/14, together with the Government's programme of fiscal consolidation since 2010, have combined to both reduce the level of funding available to the Council, and to shift the balance of funding significantly away from central to local sources.
- 4.2 The Final Local Government Finance Settlement 2019/20 announced on 29<sup>th</sup> January 2019 was the last year of the Four-year settlement period that started in 2016/17.
- 4.3 On 13<sup>th</sup> December 2018 the Government launched a further consultation '*A review of local authorities relative needs and resources*', which sought views on the approach to measuring the relative needs and resources of local authorities, with the aim of determining new baseline funding allocations for local authorities in England in 2020/21.
- 4.4 The 2019 Spending Review was intended to confirm overall local government resourcing from 2020/21, and the Government has been working towards significant reform in the local government finance system in 2020/21. This includes an updated, more robust and transparent distribution methodology to set baseline funding levels and resetting business rates baselines.
- 4.5 However, it was announced in September that the 2019 Spending Round would be for one year only in respect of 2020/21. The Spending Round announcement covered the following key areas for local government:
- Additional £3.5bn to Local Government;
  - Core Spending Power increased by £2.9bn – 4.3% real terms increase;
  - £1bn grant funding for social care and £200m through Adult Social Care council tax precept;
  - Business Rates Retention and Fair Funding reforms delayed until 2021/22; and
  - Technical consultation due on Local Government Finance settlement.
- 4.6 Subsequently, a technical consultation on the 2020/21 Local Government Finance Settlement was issued on 3<sup>rd</sup> October 2019. The technical consultation covered the following key points, and subsequent sections of the MTFs contain more information on these aspects of the consultation and the implications for the Council:
- 2019/20 Settlement "rolled forward" into 2020/21.
  - Settlement Funding assessment updated in line with September 2019 CPI.
  - Government likely to pay off Negative RSG in 2020/21.
  - Council Tax referendum principle for Shire Districts likely to be 2% or £5, whichever is greater.

- New Homes Bonus (NHB) to be funded at £900m using current arrangements. 2020/21 “legacy” payment not carried forward into 2021/22. Future position is uncertain.
- Rural Services Delivery Grant will continue with allocations unchanged.
- Business Rates Retention and Fair Funding reforms delayed until 2021/22. Strong commitment to resetting baselines.
- Only original Devolution Business Rates Pilots will proceed in 2020/21.

4.7 The Provisional Local Government Finance Settlement was issued on 20<sup>th</sup> December 2019 following the General Election and included these proposals. Consequently, the Council will receive Revenue Support Grant and Rural Services Delivery Grant and will also benefit financially from an additional year under the Business Rates Retention system in its present form. Partly offsetting these elements, the allocations for New Homes Bonus (NHB) for 2020/21 will also be for one year only for 2020/21, rather than for four years.

#### **Revenue Support Grant (RSG) and Rural Services Delivery Grant**

4.8 RSG has been substantially reduced in recent years. RSG for 2019/20 as confirmed in the Final Local Government Finance Settlement is £323k. The MTFS has previously assumed that 2019/20 will be the final year of RSG. However, in the one-year settlement the position for 2020/21 will now be the 2019/20 allocation uplifted by inflation as shown below:

<b>Revenue Support Grant (RSG)</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>
<b>East Suffolk</b>	(323)	(328)	0	0

4.9 The Government’s approach to Negative RSG in 2019/20 was to eliminate it in full via forgone business rates receipts, and this approach has been adopted again in the Provisional Settlement for 2020/21.

4.10 The Rural Services Delivery Grant is a Government grant recognising cost pressures associated with service delivery in rural sparse areas. The Final Finance Settlement provided for the grant to continue for East Suffolk in 2019/20, at a level of £248k. As with RSG, it has previously been assumed in the MTFS that this grant would not be received after 2019/20. In the Provisional Settlement, the 2019/20 allocations of Rural Services Delivery Grant will now be rolled forward to 2020/21. 2019/20 allocations were distributed to the top quartile of local authorities on the basis of the ‘super-sparsity’ indicator, which ranks authorities by the proportion of the population which is scattered widely, using Census data and weighted towards the authorities with the sparsest populations. It is assumed in the MTFS that RSDG will not be received from 2021/22 onwards in the current form, as sparsity is expected to be an area considered as part of the Fair Funding reforms.

#### **Business Rates – Business Rates Retention and Fair Funding Review**

4.11 In its 2015 Spending Review, the Government announced proposals for Councils to retain all locally raised business rates by the end of the decade, and to end the distribution of core grant from central Government. Originally, this was planned to begin in 2019/20, but has been subject to delay, the most recent being as a result of the one year Spending Round. However, the Government continues to be committed to give local government

greater control over the money it raises and to address concerns about the fairness of current funding distributions.

- 4.12 To complement the changes to Business rates, the Government announced a Fair Funding Review in February 2016, which will affect how funding is allocated and redistributed between local authorities. Implementation of this review has now also been delayed until 2021/22. The Government is continuing to work with the Local Government Association (LGA) and local authority representatives to develop the new system. Indicative numbers for funding allocations to individual councils are now expected to be available by spring-summer 2020/21, with the review to be implemented in April 2021 via the Local Government Finance Settlement process.
- 4.13 In December 2017, the Government announced proposals for the proportion of business rates income to be retained by the local authority sector to be increased from the current 50% to 75% from April 2020, a development which does not require primary legislation, unlike the move to 100% local retention. As referred to above, this has now been delayed to April 2021.
- 4.14 The new system of 75% rate retention will consist of a 'reset', which will involve assigning a new baseline funding level and subsequent new tariff or top-up values. Reset of the system and the establishment of new funding formulae could result in East Suffolk losing the financial advantage that it has under the current system - Suffolk Coastal benefited from actual business rates income being significantly above the baseline, which was set at a low level in 2013/14. As a result of the delay in implementing the Business Rate reforms, in 2020/21 the Council will benefit from another year under the current regime, which has a significant impact on the MTFS position for 2020/21 compared with previous forecasts.
- 4.15 General grants, e.g. RSG and the Rural Services Delivery Grant, will be few and far between after 2021, because the proportion of local business rate retention will rise. It is not yet clear whether any of these grants will be abolished when 75% retention is introduced, but a cautious approach has been adopted in the MTFS. Local authorities have expressed the view that the additional revenue available with 75% retention should be available to meet existing spending pressures, instead of being matched with new responsibilities or being offset by the removal of grant funding. The sector will not initially, at least, have more funding. Over the longer term that will depend on whether business rates grow faster or slower than local authority service demands and costs.
- 4.16 In 2017/18 local authorities in England were invited to bid to pilot the 100% Business Rates Retention scheme in 2018/19 and to pioneer new pooling and tier-split models. Suffolk was one of ten successful bids with its "Inclusive Growth" focus. The Suffolk Pilot resulted in significantly more retained business rate income for Suffolk, with East Suffolk's share in the region of £3.9m.
- 4.17 In July 2018, the Government invited local authorities in England to apply for a 75% business rates retention pilot scheme for 2019/20. Suffolk submitted an application for the 2019/20 pilot but was unsuccessful. In the Technical Consultation, the Government has announced that only the original Devolution Business Rates Pilots will proceed in 2020/21, with all other pilots being cancelled.

## Business Rates

- 4.18 Since 2013/14, business rates income has tended to be characterised by a high degree of volatility and uncertainty. Variances between estimated and actual business rate income are realised in the form of deficits or surpluses on the business rates element of the Collection Fund. For each year, the amount of business rates income credited to the General Fund is the amount estimated on the National Non Domestic Rate (NNDR1) return to Government submitted in January in the preceding year, including a calculation of the estimated Collection Fund deficit or surplus to be charged to the General Fund. As a result, in practice, variances between business rates estimates and actual figures are reflected as an element of the Collection Fund deficit or surplus two years after they take place.
- 4.19 The impact of appeals by businesses against their rating valuations has been the main cause of this volatility in recent years, particularly where the financial impact of these has been backdated. Since April 2017, there has been a new regime for appeals entitled “Check, Challenge, Appeal”. This change has been introduced at the same time as the 2017 Revaluation has come into effect. Over the past two years, data has increasingly emerged that the “Check, Challenge, Appeal” regime has very significantly reduced the level of appeals compared with the previous regime. Consequently, the estimation of the provisions that are required to be made in respect of the potential financial impact of appeals have been reviewed for both the year-end figures for 2018/19 and 2019/20 resulting in very large variances as referred to below.
- 4.20 **2018/19 Actuals** – The methodology for estimating the appeals provision has been revised at year end, enabling appeals provision to be released and income increased, a change that was particularly advantageous given the 100% Suffolk Business Rates Pilot. However, increased income results in the payment of a higher levy paid on additional income, which impacted in 2018/19. As referred to above, due to accounting timing differences, the impact on the Collection Fund deficit/surplus is not reflected in General Fund budget setting until 2021. A net transfer from the Business Rates Equalisation Reserve of £5.797m was made in 2018/19 to finance this temporary shortfall in Business Rates income.
- 4.21 **2019/20 Revised Forecast** – The methodology for estimating the appeals provision has also been reviewed in-year. A lower contribution to the appeals provision than estimated on the NNDR1 will be required and income will increase. However, as in 2018/19, a higher levy will need to be paid so net income will be down for year. However, Pooling Benefit from the Suffolk Pool will be increased, and this movement will also be reflected in the estimated Collection Fund surplus used in 2020/21 budget setting.
- 4.22 **Suffolk Pool** – In order to reduce the amounts paid to Government in levy, in 2012, all Suffolk Councils agreed to enter a pooling arrangement which would allow them to retain a larger proportion of their share of growth by reducing their individual rate of levy. The estimated Pooling benefit for 2019/20 is dependent on all of the NNDR1 returns being prepared by the Suffolk Councils and then collated by Suffolk County Council (SCC) in January. This figure will be confirmed in January but given the changes in appeals provision methodology referred to above, is currently estimated to be £1.927m for 2019/20.

- 4.23 Business Rates income for 2020/21 is based on the NNDR1 return, and all Business Rates estimates included in the MTFS will be updated when this return is produced in January 2020. As detailed earlier in the report, the Business Rates system is now to be reformed from 2021/22, including a resetting of the Business Rates Baseline. Due to the uncertainty this reform will have on the income to the Council, the Council has taken a prudent approach with the estimates for future years. The income figures included for 2021/22 and beyond, are based on the current Business Rates system and only include estimates of Baseline income, which is approximately £7m, plus S31 Grant. The updated MTFS now includes the following estimates for Business Rates income and related S31 Grant. In 2020/21, the first call on the Business Rates Collection Fund Surplus should be to reverse the transfer from the Business Rates Equalisation Reserve of £5.797m made in 2018/19, to ensure that this reserve is in place to deal with both uncertainty in the new Business rates and funding regimes, and the uncertainty inherent in the Business Rates system.

Business Rates Income	2019/20 Budget £'000	2019/20 Revised £'000	2020/21 MTFS £'000	2020/21 Revised MTFS £'000	2021/22 MTFS £'000	2022/23 MTFS £'000	2023/24 MTFS £'000
Net Business Rates Income	(8,002)	(6,932)	(7,018)	(8,440)	(7,229)	(7,446)	(7,669)
Section 31 Grant	(4,557)	(4,557)	(2,782)	(4,635)	(2,865)	(2,951)	(3,039)
Renewables	(544)	(544)		(564)			
Pooling Benefit	(1,623)	(1,927)		(1,600)			
<b>Total Business Rates Income</b>	<b>(14,726)</b>	<b>(13,960)</b>	<b>(9,800)</b>	<b>(15,239)</b>	<b>(10,094)</b>	<b>(10,397)</b>	<b>(10,708)</b>
Collection Fund Surplus	(416)	(416)		(5,197)			
<b>Total inc Collection Fund</b>	<b>(15,142)</b>	<b>(14,376)</b>	<b>(9,800)</b>	<b>(20,436)</b>	<b>(10,094)</b>	<b>(10,397)</b>	<b>(10,708)</b>

### Council Tax

- 4.24 Council Tax is one of the Council's most important and stable income streams, funding approximately 50% of the net budget requirement of the Council. In the Provisional Settlement the Council Tax increase referendum limits will continue as at present, i.e. shire districts in two-tier areas will be able to increase Council Tax by a maximum of £5.00 or 2%, whichever is the higher. An increase of £5.00 for East Suffolk would equate to an increase of 3% on the current District Band D Council Tax of £166.32. It is worth noting that in its assessment of the Core Spending Power of local authorities, the Government assumes that councils increase council tax at the maximum permitted levels.
- 4.25 There will be no referendum principles for Town and Parish Councils in 2020/21 but the Government will continue to keep this area under review.
- 4.26 **Council Tax Base** – The CTB1 Council tax base return was submitted to Government on 11<sup>th</sup> October 2019. Growth in the tax base for East Suffolk is 1,133.73 Band D equivalent properties, increasing the overall tax base for East Suffolk from 86,755.14 to 87,888.87 Band D equivalents for 2020/21. This equates to around £189k of additional Council Tax income to the Council based on the current District Band D Council Tax of £166.32. The estimated Council Tax Base for East Suffolk parish by parish is shown in **Appendix A2**.

4.27 **District Band D Council Tax 2020/21** – An increase of £4.95 for 2020/21 would equate to a District Band D Council Tax for East Suffolk of £171.27. An increase of £4.95 would generate £435k of income for East Suffolk in 2020/21, and overall Council Tax income for East Suffolk for 2020/21 based on a Band D equivalent of £171.27 is £15.053m.

4.28 Based on the above data, the table below sets out the estimated Council Tax income and assumptions on Council Tax as included in the latest update of the MTFs for East Suffolk.

<b>Council Tax Income</b>	<b>2019/20 £'000</b>	<b>Estimate 2020/21 £'000</b>	<b>Estimate 2021/22 £'000</b>	<b>Estimate 2022/23 £'000</b>	<b>Estimate 2023/24 £'000</b>
<b>Council Tax Income – Base</b>	(13,890)	(14,429)	(15,053)	(15,643)	(16,243)
<b>Growth in Tax Base</b>	(188)	(189)	(151)	(156)	(162)
<b>Council Tax Increase</b>	(351)	(435)	(439)	(444)	(448)
<b>Total Council Tax Income</b>	<b>(14,429)</b>	<b>(15,053)</b>	<b>(15,643)</b>	<b>(16,243)</b>	<b>(16,853)</b>
<b>Council Tax Band D</b>	£166.32	£171.27	£176.22	£181.17	£186.12
<b>Council Tax Base</b>	86,755.14	87,888.87	88,767.76	89,655.44	90,551.99
<b>Growth in Tax Base %</b>	1.36%	1.31%	1.00%	1.00%	1.00%
<b>Council Tax Increase £</b>	£4.05	£4.95	£4.95	£4.95	£4.95
<b>Council Tax Increase %</b>	2.50%	2.98%	2.89%	2.81%	2.73%

4.29 **Council Tax Collection Fund** – The Collection Fund is monitored closely throughout the financial year. No Council Tax Collection Fund Surplus was declared last year, and the residual surplus for 2018/19 feeds into the surplus to be declared for 2019/20. An overall estimated surplus of £3.961m has been declared, resulting in a surplus to East Suffolk of around £537k.

### **New Homes Bonus (NHB)**

4.30 The Government established the New Homes Bonus in 2011 to provide an incentive for local authorities to encourage housing growth in their areas. Over £7.9 billion has been allocated to local authorities through the scheme to reward additional housing supply.

4.31 NHB is funding allocated to councils based on the building of new homes and bringing empty homes back into use. The intention for the New Homes Bonus is to ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place. Over the past few years, NHB has become an extremely important source of incentivised income.

4.32 The NHB allocations for 2017/18 (Year 7) reflected a previous Government consultation which had the objectives of diverting at least £800m of funding to Social Care (the Better Care Fund), and of sharpening the incentives for authorities. Although the Bonus has been successful in encouraging authorities to welcome housing growth, it has not rewarded those authorities who are the most open to growth, and in December 2016 the



Government announced reforms to the system. The key features in the new NHB allocations included:

- The allocation period being reduced from six to four years in 2018/19, with 2017/18 as a transition year with a five year allocation; and
- The introduction of a national baseline for housing growth was set at 0.4% of Council Tax base growth (weighted by band) for 2017/18 and remained at this level for 2018/19 and 2019/20. The purpose of the baseline is to remove “deadweight” growth that would occur normally without active delivery by councils – councils will only receive NHB for new properties above this level.

4.33 **NHB 2020/21** – As part of the roll-forward settlement the Government will retain the £900 million top-slice of Revenue Support Grant to fund NHB payments in 2020/21. In addition to funding legacy payments associated with previous allocations, there is a new round of allocations for 2020/21.

4.34 As the roll forward is for one year, with any funding beyond 2020/21 subject to the 2020 Spending Review and potential new proposals, any new allocations in 2020/21 will not result in legacy payments being made in subsequent years on those allocations. The payment of an allocation for one year instead of four years has a significant impact on NHB funding availability, as current annual allocations amount to over £500k per year.

4.35 The Government will be consulting in the Spring on incentivising housing growth as referred to in the Provisional Settlement: “This will include moving to a new, more targeted approach that rewards local authorities where they are ambitious in delivering the homes we need, and which is aligned with other measures around planning performance.” Combined with a one-year allocation and no legacy payments, this indicates that NHB may be phased out more rapidly than previously anticipated and may be abolished altogether in its current form.

4.36 **NHB Allocation** – The Council Tax Base return to Government (CTB1) provides the basis for calculating the NHB allocation each year, and the Council also receives payment for each affordable home completed (80% of £350 per property), based on housing statistics. Based on the Provisional Settlement and the Technical Consultation, the total NHB allocation for East Suffolk for 2020/21 and forecasts for subsequent years are shown in the table below.

NHB	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
Year 6	(770)	0	0	0	0
Year 7	(565)	(565)	0	0	0
Year 8	(548)	(548)	(548)	0	0
Year 9	(525)	(525)	(525)	(525)	0
Year 10	0	(665)	0	0	0
Forecast October 2019	(2,408)	(2,303)	(1,073)	(525)	0
MTFS Forecast February 2019	(2,408)	(2,163)	(2,124)	(2,102)	0
Forecast Change in NHB	0	(140)	1,051	1,577	0

- 4.37 Prior to 2019/20 the approach to using NHB funding differed between Suffolk Coastal and Waveney. Suffolk Coastal used NHB funding to support specific community related projects and initiatives, whereas Waveney used the income as part of its core funding to support the General Fund budget. After consideration by the relevant Member Working Groups for the East Suffolk project, a modified version of the Suffolk Coastal approach was adopted for East Suffolk. This approach provides an expansion to supporting community initiatives across East Suffolk, balanced against the overriding need to retain financial sustainability. **Appendix A3** outlines the position on the NHB Reserve and proposed use of NHB funding for East Suffolk over the MTFS period, and this is summarised in the table below.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>Opening Balance</b>	(4,594)	(4,263)	(5,005)	(4,253)	(3,666)
<b>Add: Allocation Received</b>	(2,408)	(2,303)	(1,073)	(525)	0
<b>Less: Proposed Use</b>	2,739	1,561	1,825	1,112	1,058
<b>Closing Balance</b>	<b>(4,263)</b>	<b>(5,005)</b>	<b>(4,253)</b>	<b>(3,666)</b>	<b>(2,608)</b>

## 5 MEDIUM TERM FINANCIAL POSITION

### MTFS Forecasts 2020/21 to 2023/24

- 5.1 The Finance team works with Service Areas to review their budget requirements and budget monitoring is an ongoing process between Finance, Service Areas and the Corporate Management Team. This work leads to continual updating of the MTFS for the Council. As at January 2020, the key areas of the budget that are yet to be finalised include business rates retention estimates (as referred to above); payments to Norse (see below); and the movement in reserves that ultimately reflects the final approved budget.
- 5.2 **Norse Partnership** - Initial proposed budgets have been received from Norse in respect of the services that they provide to the Council. Although some elements of these proposals have already been incorporated into the draft Budget and MTFS forecasts, overall, these proposals indicate potential levels of expenditure over the MTFS period considerably above current budgeted levels, arising from a number of factors such as the National Living Wage. At the upper end of the scale, these could entail a potential total increase of around £1.2m in 2020/21, rising to around £2.3m in 2023/24. Obviously increases of this magnitude potentially have a very significant impact on the Council's financial position. Consequently, these proposals need to be challenged and reviewed in detail, and are the subject of ongoing challenge, discussion, and negotiation with Norse, including Director level meetings. The Committee and Cabinet will be updated further on this position as this review and negotiations progress.
- 5.3 The MTFS was updated in February 2019 when the first budget for East Suffolk was set and in November 2019. A summary of analysis of the key movements as at January 2020 is shown in the following table. This table is supported by **Appendix A4** and **Appendix A5**. As noted in paragraph 5.1 above, there is continual updating of the MTFS and there are key areas of the budget still to be finalised which are not included in the updated MTFS position as set out in this report.

<b>MTFS Updates - January 2020</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2022/24 £'001</b>
<b>Key Budget Movements:</b>					
Additional Income	(411)	(407)	(407)	(407)	(407)
Operational Savings	(868)	(1,131)	(1,311)	(1,153)	(909)
Operational Requirements	1,849	1,215	997	1,356	2,083
Reduced Income	429	379	379	379	379
Section 31 Grant (Business Rates)	0	(1,853)	0	(57)	(145)
Reserve Movement	(1,765)	2,697	0	0	0
<b>Funding:</b>					
Rural Services Delivery Grant	0	(248)	0	0	0
Revenue Support Grant (RSG)	0	(328)	0	0	0
Council Tax Income	0	(42)	(24)	2	(608)
Council Tax Surplus	0	(537)	0	0	0
Business Rates	766	(3,586)	0	(145)	(368)
<b>Net Total of Updates</b>	<b>0</b>	<b>(3,841)</b>	<b>(366)</b>	<b>(25)</b>	<b>25</b>

- 5.4 The summary MTFS position resulting from these movements as at January 2020 is shown in the table below.

<b>MTFS Forecast - East Suffolk</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2022/24 £'000</b>
February 2019	0	3,841	3,849	3,872	3,872
November 2019	0	0	3,212	2,981	2,547
January 2020	0	0	3,483	3,847	3,897

- 5.5 There are a number of key features in the latest MTFS position as at January 2020 resulting from the roll forward of the 2019/20 Local Government Finance Settlement to 2020/21 and the delay in the Business Rate Retention and Fair Funding reforms until 2021/22. East Suffolk is in an advantageous position under the current Business Rates Retention system and deferral of the reforms will enable the council to benefit from another year of the current regime. Combined with the roll forward of Revenue Support Grant and Rural Services Delivery Grant, this has created a favourable position for 2020/21. Effectively, the significant underlying budget gap previously forecast in the MTFS for East Suffolk has been deferred until 2021/22. Although valuable work has been done in identifying over £1.7m of operational savings, these have been largely offset by other operational and income pressures, and there are also potentially other large increases in operational expenditure over the MTFS period. The period from 2021/22 onwards is extremely uncertain, and the position forecasted represents a likely base scenario in terms of external funding, assuming business rates income at the current baseline level. In addition, from 2021/22, there are indications that NHB will significantly reduce as a funding source and will probably be phased out completely in its current form.
- 5.6 Consequently, budget setting for 2020/21 needs to balance the favourable one-off position that the Council finds itself in with the pressures and uncertainties of the medium term, and the underlying budget gap that needs to be addressed. It is important that the Council's policy towards its reserves and balances, and towards income streams such as Council Tax, seeks to provide some contingency against these future pressures, and

ensures the continuation of valuable programmes and initiatives, particularly those currently funded from NHB.

### **Budget Planning Assumptions**

- 5.7 **Goods & Services** - The Council's financial strategy assumes that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. This will be kept under review to ensure this planning assumption remains adequate. This does not impact on inflation for specific contracts where the budget planning assumptions reflect specific contract increases.
- 5.8 Contracts have been inflated based on the specified inflation indices within each individual contract. Additional negotiation has taken place with contractors to determine how these cost increases can be reduced where possible. This negotiation and retendering of contracts is part of the Council's strategy for cost reduction and will continue over the medium-term.
- 5.9 **Fees and Charges** are based on the Council's agreed principles of increasing existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. As a minimum, fees and charges should be increased by price inflation. The Council will also review opportunities to introduce new fees as appropriate. Proposed fees and charges were considered by the Cabinet on 7<sup>th</sup> January 2020.
- 5.10 **Public Sector Pay** – April 2020 is the end of the two year pay award covering the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2020, which included a 2% increase in 2018/19 and 2019/20. The opening MTFS position for East Suffolk had assumed a 2% pay award increase per annum for 2020/21 onwards, and this assumption remains unchanged. The national pay award for 2020/21 is now likely to be determined in January. In addition to pay increases, pay costs include incremental progression and on-costs such as employer national insurance and pension contributions. A 1% pay awards equates to approximately £230k including on-costs.
- 5.11 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31<sup>st</sup> March 2019. The Council has been advised that its share of the pension fund was 98% fully funded at this date. The proposed employers pension contribution rate for 2020/21, 2021/22 and 2022/23 is 34%, 33% and 32% and is a reduction on the current rate for East Suffolk of 35.4%. The current rate is based on a Primary Rate of 22.8%, plus a deficit payment of £2.6m at 12.6%. For 2020/21 to 2022/23 onwards there will not be a deficit payment, and instead it is incorporated into the primary rate.
- 5.12 In formulating its detailed spending plans, the Council has also taken account of past performance and the previous year's outturn position.
- 5.13 The Council's financial planning assumptions are summarised below:

Budget Area	Assumption
<b>Inflation</b>	
<i>Goods &amp; Services</i>	Met within existing budgets (exception is contract)
<i>Utilities</i>	4.4% RPI (utilities) September 2019
<b>Fees &amp; Charges</b>	2.9% RPI June 2019
<b>Staffing Costs</b>	2% per annum plus incremental progression
<b>In-Year Vacancy Saving</b>	£300k per annum
<b>Investment Income</b>	0.91% Term Investments (average) 0.4% Call Accounts 4.35% Property Fund (as at December 2019) 3.20% Multi Asset Fund (as at December 2019)
<b>Interest Payable</b>	0.5% every 6 months

- 5.14 **Other Pressures** – Ranging from increased demand for services or changes in national policy, the Council’s MTFS will be adjusted to reflect the financial implications of these changes. The budget monitoring work is ongoing with the Finance Team working with service areas to review their budget requirements.

## 6 RESERVES AND BALANCES

- 6.1 In order to manage its financial affairs soundly, the Council needs to hold an appropriate level of reserves and balances. These allow it to:
- a) manage its cash flows economically and avoid temporary borrowing pending receipt of income due during the year;
  - b) deal promptly and efficiently with emergencies if they occur, as this year;
  - c) take previously unseen opportunities to secure benefits that may arise during the year;
  - d) mitigate reliance on volatile sources of funding;
  - e) set money aside for known events but where the timing or precise amount required is not yet certain; and
  - f) accumulate monies to meet costs that it would be unreasonable for taxpayers to meet in a single year.
- 6.2 In addition to the General Fund Balance, the Council keeps a number of earmarked reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans or potential liabilities.
- 6.3 The Council has continued to develop its prudent financial management arrangements, through the development of earmarked reserves to mitigate potential future risks. As issues arise, the potential requirement for an earmarked reserve is considered. New earmarked reserves are formally considered as part of the detailed budget process, to ensure that risks identified are adequately mitigated, and throughout the annual budget monitoring process as risks arise or become clearer.

## General Fund Balance and Earmarked Reserves

- 6.4 The detailed budget process includes an assessment of risk, the adequacy of General Fund Reserves and a review of earmarked reserves. This review evaluates the need to create and/or change earmarked reserve levels and to also release reserves which are no longer required, thereby becoming a one-off resource for the Council. A risk assessment of the General Fund Balances informs the Chief Finance Officer's view of the adequacy of reserves to provide assurance to the budget. Having regard to the financial risks surrounding the budget planning process; the Council maintains the level of General Fund balances at around 3%-5% of its budgeted gross expenditure (in the region of £120m for East Suffolk). This would equate to maintaining a General Fund balance for East Suffolk, in the region of between £4.0m and £6.0m. As at 1<sup>st</sup> April 2019, the opening General Fund balance of East Suffolk stood at £8.0m
- 6.5 The General Fund Balance and Earmarked Reserves position for East Suffolk as at 1<sup>st</sup> April 2019 has been informed by the outturn positions of Suffolk Coastal and Waveney for 2018/19.
- 6.6 Key features of the 2018/19 outturn position for Suffolk Coastal are noted below:
- General Fund – surplus of £639k transferred to in-year savings reserve, in addition to planned transfer of £1.3m.
  - Earmarked reserves increased by £2.4m to £33.1m.
  - General Fund balance maintained at £4m.
  - Capital Programme spend of £6.7m, underspent by £2.2m – largely rephased to 2019/20.
- 6.7 Key features of the 2018/19 outturn position for Waveney are noted below:
- General Fund – surplus of £94k transferred to in-year savings reserve.
  - Earmarked reserves increased by £0.7m to £12.2m.
  - General Fund balance maintained at £4m.
  - General Fund Capital Programme spend of £3.2m, and HRA Capital Programme spend of £7m – underspends mainly rephased to 2019/20.
- 6.8 £2.0m of the General Fund Balance is being transferred to the earmarked Capital Reserve in 2019/20, to set aside additional revenue funding for the capital programme. Further use of the General Fund balance will be evaluated against an assessment of risk, to ensure financial sustainability for the Council is maintained, whilst supporting the strategy direction and ambitions of the Council.
- 6.9 One of the key underpinning financial principles of the MTFS is to not use the Council's Reserves (and other one-off resources) as a primary method to balance the ongoing pressures in the budget. Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.
- 6.10 The current projected position on Reserves and Balances for East Suffolk is summarised in the following table and shown in more detail in **Appendix A6**.

<b>Reserves</b>	<b>Actual April 2019 £'000</b>	<b>MTFS April 2020 £'000</b>	<b>MTFS April 2021 £'000</b>	<b>MTFS April 2022 £'000</b>	<b>MTFS April 2023 £'000</b>	<b>MTFS April 2024 £'000</b>
<b>General Fund</b>	<b>8,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>
<b>Earmarked Reserves:</b>						
Business Rate Equalisation	8,476	5,447	5,331	5,195	5,107	4,917
Capital	4,700	10,357	9,588	9,400	9,792	10,214
Community Projects & Initiatives	6,765	5,321	5,767	4,710	3,997	2,939
Corporate - Contingency, Service Requirements	8,751	5,080	6,207	6,137	6,147	6,157
Housing & Homelessness	4,128	4,012	2,388	1,475	1,262	1,125
Port Health	4,623	4,784	5,069	5,271	5,448	5,587
Regeneration & Economic Development	6,319	4,037	3,073	2,888	2,904	2,920
Service Transformation	1,556	1,257	2,687	2,687	2,687	2,687
<b>Total Earmarked Reserves</b>	<b>45,318</b>	<b>40,295</b>	<b>40,110</b>	<b>37,763</b>	<b>37,344</b>	<b>36,546</b>

## 7 CAPITAL STRATEGY

7.1 The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy for the period 2020/21 to 2023/24 was considered by the Audit and Governance Committee on 6<sup>th</sup> January 2020 and Full Council on 22<sup>nd</sup> January 2020. Capital planning is about financial investment on the purchase of new assets, the creation of new assets and enhancing and/or extending the useful life of existing assets. The Council's approach is being enhanced with the aim of achieving the optimum balance between the future needs of East Suffolk (including the need to drive growth) and the ongoing challenge of public sector austerity. Key principles include:

- Developing asset and capital strategies that facilitate a long-term approach to decision-making;
- Ensuring that assets are only held as needed to achieve Council objectives;
- Maximising efficiency in the management and use of assets;
- Ensuring that pressure to achieve short-term savings does not compromise the value of assets through lack of investment; and
- Ensuring that capital investment is targeted where it will achieve the greatest long-term benefit.

7.2 Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a major priority. An updated Asset Management Strategy was approved in July 2019, broken down into four key components:

- Administrative Improvements

- Compliance and Sustainability
- A strategic approach to assets
- Reducing expenditure and increasing income

- 7.3 For the purposes of setting the budget for 2020/21 and medium-term financial planning, the current rolling Capital Programme is being updated to reflect existing projects and the latest capital investments plans for the period 2019/20 to 2023/24.
- 7.4 The Capital Programme including both General Fund and HRA elements is subject to the scrutiny process and formally adopted by Full Council each year and the decision to accept individual projects onto the Programme is driven by the overriding requirement to support the priorities communicated in the East Suffolk Business Plan.
- 7.5 As well as adequately maintaining the asset base, a range of other important factors also have to be considered, especially when deciding upon the allocation of General Fund resources. Notably:
- Legislation – the need for capital investment due to changes in legislation, including those with health and safety implications, is given due priority; and
  - Resource Availability – the sustainability of the Capital Programme is a primary consideration and integral to the MTFS.
- 7.6 Where required, capital projects are supported by a detailed business case, which demonstrates a set of clear objectives and measurable benefits, as well as detailed financial implications. This includes the on-going revenue implications of a capital project, to ensure these are built into the MTFS revenue assumptions.
- 7.7 Major capital projects are delivered by dedicated project managers, with leadership and oversight provided by the Senior Management Team.
- 7.8 The 2020/21 Capital Programme was considered by the Scrutiny Committee, the Cabinet, and Full Council at their respective meetings on 16<sup>th</sup> December 2019, 7<sup>th</sup> January 2020, and 22<sup>nd</sup> January 2020. The updated Capital Programme is shown below:



SUMMARY - GENERAL FUND PROGRAMME	2019/20	2020/21	2021/22	2022/23	2023/24	2019/20 to
	£000	£000	£000	£000	£000	2023/24
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Total
<b>Capital Expenditure</b>						
Economic Development & Regeneration	830	0	0	0	0	830
Environmental Services & Port Health	50	11	30	0	0	91
Financial Services	5,380	5,300	600	0	0	11,280
ICT Services	670	400	50	50	50	1,220
Operations	11,056	19,611	11,370	1,405	6,725	50,167
Planning & Coastal Management	6,302	14,602	21,729	23,384	13,995	80,012
Housing Improvement	2,148	1,716	1,716	1,716	1,716	9,012
<b>Total Capital Expenditure</b>	<b>26,436</b>	<b>41,640</b>	<b>35,495</b>	<b>26,555</b>	<b>22,486</b>	<b>152,612</b>
<b>Financed By:-</b>						
<b>External:</b>						
Grants	9,150	15,440	23,245	25,000	21,461	94,296
Contributions	50	50	50	50	50	250
Borrowing	0	12,800	10,400	0	0	23,200
<b>Internal:</b>						
General Fund Capital Receipts	70	0	0	0	0	70
Borrowing	12,004	11,422	925	900	400	25,651
Reserves	5,162	1,928	875	605	575	9,145
<b>Total Financing</b>	<b>26,436</b>	<b>41,640</b>	<b>35,495</b>	<b>26,555</b>	<b>22,486</b>	<b>152,612</b>

## EAST SUFFOLK MEDIUM TERM FINANCIAL STRATEGY - KEY PRINCIPLES

## 1 PRIORITIES, AIMS AND OBJECTIVES

- 1.1 The **East Suffolk Business Plan** provides the overarching vision for East Suffolk. In fulfilment of the Plan, the Council makes use of significant resources to achieve its aims including money, people, property and technology. In order to allocate resources to competing demands, achieve effective and efficient use of its resources, best value and ultimately achieve its vision, the Council has several strategies and plans which give a clear sense of direction and underpin the deployment of those resources. The **Medium Term Financial Strategy** sits under the **Efficiency Plan**, and combined with other strategies and plans, they support and embrace the strategic direction of East Suffolk.

## 2 STRATEGY OBJECTIVES

- 2.1 The Council's MTFS aims to ensure the provision of the best quality services possible within the resources available. To do so it must maximise the use of its resources to ensure they are used efficiently and effectively to support the development of longer term sustainable objectives.
- 2.2 The specific objectives of the MTFS are to:
- a) ensure that the Council sets a balanced, sustainable budget year by year, so that forecast spending does not exceed forecast resources available to it;
  - b) plan for a level of Council Tax that the Council, its residents and Government see as necessary, acceptable and affordable to ensure that it has the financial capacity to deliver the Council's policies and objectives;
  - c) redirect resources over time to adequately support and resource the priorities of the both the Council and the wider community; and
  - d) maintain sufficient reserves and balances to ensure that the Council's long term financial health remains sound.

## 3 STRATEGY PRINCIPLES

- 3.1 The principles set out below provide a framework within which the Council will develop its detailed financial plan over the medium term.

**General**

There are a number of overarching principles that will apply across the Council's detailed financial accounting, planning and monitoring:

- a) that the Council's budgets, financial records and accounts will be prepared and maintained in line with approved Accounting Standards, the CIPFA Code of Practice on Local Government Accounting, the CIPFA Prudential Code and the relevant sections of the Council's Constitution and Finance Procedure Rules;
- b) prior to setting a budget, the Council will always analyse potential risks and ensure these are minimised in line with its Risk Management Strategy;

- c) that the Council's Corporate Management Team will review the budget proposals for reasonableness and adherence to corporate policies and objectives prior to the budget being submitted to Cabinet;
- d) the Council will monitor its revenue and capital budgets effectively. Monitoring will be undertaken monthly by Heads of Service together with their portfolio holders, and integrated quarterly monitoring reports will be reported to Cabinet. In cases where significant financial and service performance deviates from that planned, action plans setting out corrective action will be drawn up by Heads of Service / Portfolio Holders and reported to Cabinet as appropriate;
- e) that the Council's Corporate Management Team will take appropriate steps to continue to maintain and improve the accuracy and quality of data that it uses throughout the Council thereby ensuring that budget and other decisions are taken on a sound basis; and
- f) the Council will seek to maximise external contributions towards revenue and capital spending for example through bidding for specific grants, attracting levered funding, participating in new funding streams and engaging in further strategic partnering opportunities where appropriate.

### **General Fund (Revenue)**

#### **3.2 In relation to its revenue budgets the Council will:**

- a) set a balanced budget each year that will be constructed to reflect its objectives, priorities and commitments. In particular, the budget will influence and be influenced by the Business Plan, the Organisational and Development Strategy, Capital and Asset Management Strategies, the Risk Management Strategy, its Comprehensive Equality Scheme and its Consultation and Engagement Strategies;
- b) within the constraints of the resources available to it, set a sustainable budget each year that meets on-going commitments from on-going resources. The Council will continue to aim to maintain its level of general balances when it sets its revenue budget each year now that a prudent level of balances has been achieved;
- c) seek to identify annual efficiency savings through business process improvement, shared service initiatives, service best value reviews and benchmarking and strategic partnering opportunities within and across county borders;
- d) review the appropriateness of service delivery between the Council, parishes and other partners;
- e) increase existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. As a minimum fees and charges should be increased by price inflation. The Council will also review opportunities to introduce new fees as appropriate; and
- f) within Government guidelines, set a level of Council Tax that the Council, its residents and Government see as necessary, acceptable and affordable to deliver the Council's policies and objectives.

## **Capital**

3.3 When considering its capital investment the Council will:

- a) maximise the generation of capital receipts and grants to support its planned investment programmes;
- b) enhance its capital investment by applying specific grants and contributions, capital receipts, earmarked reserves and revenue contributions, with any balance being met by external borrowing;
- c) not recognise capital receipts until there is certainty that the receipt will materialise, and will not be earmarked against specific developments without express Cabinet approval;
- d) allocate its capital resources in line with its Capital Strategy and Asset Management Plan whilst recognising that other priorities may emerge that may require those plans to be amended and resources to be diverted;
- e) annually review and prioritise capital schemes in accordance with Council objectives having regard to:
- f) the business case for any given project; asset management planning; and
- g) affordability in line with the application of the Prudential Code.

## **Balances and Reserves**

3.4 In relation to its balances and earmarked reserves, the Council will:

- each year maintain the level of General Fund balances at around 3% - 5% of its budgeted gross expenditure. This would lead the Council to maintain a General Fund balance in a range of around £4m to £6m.
- have regard to the financial risks surrounding the budget planning process, including those associated with the structural deficit, inflationary pressures, interest rates, partnerships, the treatment of savings, new burdens and demand led expenditure.
- review its earmarked reserves, which have been established to meet known or predicted liabilities, to ensure that the level of those reserves are still appropriate; and
- return reserve balances no longer required to the General Fund as appropriate.

## **Treasury Management and Investment**

3.5 The Council will:

- a) having regard to risk, maximise investment income and minimise borrowing costs within the overall framework set out in the Council's annual Treasury Management and Investment Strategy; and
- b) secure the stability of the Council's longer term financial position rather than seeking to make short-term one-off gains which may lead to higher costs in the long term.

- c) having regard to risk, seek to diversify its investment portfolio; maximise investment income; and deliver economic development objectives through the Asset Investment Strategy (in development).

## 4 OTHER CONSIDERATIONS

4.1 The Council's spending will have regard to:

- a) the base budget position for the current financial year, adjusted for in year grant changes;
- b) the Council's medium term priorities;
- c) the refocusing of service expenditure through transactional, shared services and other efficiencies to support the achievement of its medium term priorities and satisfy Government funding changes;
- d) demographic and welfare changes;
- e) consultation outcomes; and
- f) fiscal matters including:
  - price inflation;
  - the effect on the level of General Fund balances and reserves;
  - the impact of any changes to the capital programme on the potential costs of borrowing;
  - triennial revaluation of the pension fund;
  - ongoing commitments, arising in part, from initiatives that have previously been funded from specific grants;
  - achieving budgeted savings from outsourcing, shared services and service reviews; and
  - the likely passporting of some Government departmental savings targets to councils.

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
<p><b>Strategic Risks</b></p> <p>The absence of a robust Medium Term Financial Strategy could adversely affect the Council's budget and resource planning and projections.</p> <p>Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.</p> <p>Local Government funding is under continuous pressure and review. Failure to respond to these funding pressures may adversely impact on the Council's ability to service delivery.</p> <p>Budget pressures arising from housing and economic growth and other demographic changes.</p> <p><b>Financial</b></p> <p>Uncertain medium term sustainability of incentivised income areas subject to Government policy, economic factors, and revaluation e.g. Brexit, business rates and New Homes Bonus.</p>	<p>L</p> <p>L</p> <p>M</p> <p>H</p> <p>H</p>	<p>H</p> <p>H</p> <p>H</p> <p>H</p> <p>H</p>	<p>Continually monitor and refine the strategy in line with changing influences. Update Corporate Management Team and Cabinet.</p> <p>Continuously engage with key stakeholders and take advantage of existing consultation methodologies. Continue to monitor and more closely align service levels to demand and need.</p> <p>Take advantage of the Council's growth opportunities to reduce dependency on government funding. Align service delivery to funding levels, improve exist strategy to minimise risk.</p> <p>Take advantage of technological advancements to understand and reduce unit costs, monitor demand for services and proactively manage resourcing requirements, invest in schemes to promote skills and developments.</p> <p>Constantly monitor information and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Adopt prudent budgeting approach not placing undue reliance on uncertain funding sources.</p>

Uncertainty surrounding the Government's change agenda including, business rates and welfare reform over the medium term.	<b>H</b>	<b>H</b>	Constantly monitor information from Government and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Lobby through the LGA as appropriate.
Budget pressures from demand led services and income variances reflecting the wider economy.	<b>M</b>	<b>M</b>	Monitor pressures throughout the budget process and take timely actions.
Costs arising from the triennial review of the Local Government Pension Scheme.	<b>H</b>	<b>M</b>	Review and monitor information from Government and actuaries. Update forecasts as necessary.
Interest rate exposure on investments and borrowing.	<b>L</b>	<b>L</b>	Review cash flows, ensuring the Council has a flexible and forward looking Treasury management policy.
<b>Information</b>			
The Council itself has no influence over the outcome of some of the other bigger assumptions such as formula grant, national pay awards, interest rates, inflation and statutory fees and charges.	<b>L</b>	<b>M</b>	Key assumptions made are regularly reviewed from a variety of sources. Forecasts are updated as necessary.
<b>Operational</b>			
The Council has entered into a number of strategic partnerships and contracts and is therefore susceptible to price changes.	<b>M</b>	<b>H</b>	Effective negotiation, sound governance arrangements and regular reviews of performance and partnership risks.
There is a potential risk to the Council if there is a financial failure of an external organisation, providing services to the public on behalf of the Council.	<b>L</b>	<b>H</b>	Ensure rigorous financial evaluations are carried out at tender stage. Consideration of processes to ensure annual review of the successful organisation and review any external auditor comments.
		52	

<p><b>People</b></p> <p>Loss of key skills, resources and expertise.</p>	<b>M</b>	<b>L</b>	Continue to invest in staff developments, service continuity measures. Monitor succession planning. Keep staff consulted and informed. Ensure employment terms and conditions are competitive and development needs identified through 'My Conversation' programme with staff are satisfied.
<p><b>Regulatory</b></p> <p>Changes of responsibility from Government can adversely impact on service priorities and objectives.</p>	<b>L</b>	<b>L</b>	Sound system of service and financial planning in place. Lobby as appropriate.
<p><b>Reputation</b></p> <p>Loss of reputation if unforeseen resource constraints result in unplanned service reductions.</p>	<b>L</b>	<b>H</b>	Identify and implement robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.



# Agenda Item 6

## East Suffolk Council Council Taxbase by Parish 2020/21

Appendix A2

ES/0084

Parish Area	2019/20 Taxbase	2020/21 Taxbase	Parish Area	2019/20 Taxbase	2020/21 Taxbase
Aldeburgh	1,869.81	1,883.62	Leiston	1,702.25	1,777.07
Alderton	177.28	174.22	Letheringham	40.95	42.82
Aldringham-Cum-Thorpe	576.82	575.43	Levington & Stratton Hall	127.01	125.62
All Saints & St. Nicholas, St. Michael and St. Peter S E	101.25	102.49	Little Bealings	212.78	213.74
Badingham	219.72	224.14	Little Glemham	67.32	67.14
Barnby	214.49	217.09	Lound	118.75	117.41
Barsham and Shipmeadow	130.74	129.08	Lowestoft	12,554.29	12,682.12
Bawdsey	188.48	188.02	Marlesford	88.61	87.42
Beccles	3,198.11	3,206.36	Martlesham	2,301.57	2,296.38
Benacre	34.33	33.97	Melton	1,744.44	1,822.60
Benhall & Sternfield	288.33	290.55	Mettingham	81.68	82.10
Blaxhall	109.76	112.44	Middleton	191.13	198.64
Blundeston and Flixton	446.39	456.35	Mutford	183.55	185.31
Blyford and Sotherton	72.39	71.01	Nacton	341.44	344.26
Blythburgh	187.24	191.21	Newbourne	106.28	107.22
Boulge	13.91	14.85	North Cove	148.71	149.89
Boyton	61.21	59.66	Orford & Gedgrave	398.50	394.25
Bramfield & Thorington	190.65	191.03	Otley	289.69	288.92
Brampton with Stoven	145.21	148.52	Oulton	1,411.47	1,463.43
Brandeston	144.24	146.11	Oulton Broad	3,240.96	3,250.37
Bredfield	149.29	147.28	Parham	122.53	120.08
Brightwell, Foxhall & Purdis Farm	984.12	985.21	Peasenhall	235.03	232.77
Bromeswell	157.31	154.82	Pettistree	87.00	87.15
Bruisyard	65.85	66.12	Playford	110.05	112.89
Bucklesham	200.26	200.74	Ramsholt	13.02	12.77
Bungay	1,628.79	1,631.58	Redisham	51.57	52.13
Burgh	81.11	79.37	Rendham	127.47	129.57
Butley, Capel St Andrew & Wantisden	112.68	113.32	Rendlesham	936.97	939.42
Campsea Ashe	147.02	155.05	Reydon	1,176.73	1,192.36
Carlton Colville	2,652.40	2,657.67	Ringsfield and Weston	219.71	221.44
Charsfield	146.41	145.84	Rumburgh	119.15	119.50
Chediston, Linstead Magna & Linstead Parva	154.35	158.06	Rushmere	32.78	33.07
Chillesford	63.34	63.35	Rushmere St Andrew	2,560.08	2,573.67
Clopton	144.54	145.80	Saxmundham	1,520.55	1,566.89
Cookley & Walpole	151.90	153.33	Saxtead	125.30	126.06
Corton	554.75	567.16	Shadingfield, Sotterley, Willingham and Ellough	171.96	180.14
Covehithe	10.41	10.84	Shottisham	84.23	84.33
Cransford	65.34	67.42	Sibton	93.24	94.89
Cratfield	147.65	148.76	Snape	323.12	329.04
Cretingham, Hoo & Monewden	200.37	207.77	Somerleyton, Ashby & Herringfleet	161.52	164.18
Dallinghoo	82.52	84.77	Southwold	1,052.55	1,094.99
Darsham	177.51	181.67	Spexhall	84.31	85.38
Debach	32.22	32.01	St. Andrew Ilketshall	113.36	110.89
Dennington	234.56	232.70	St. James South Elmham	88.84	87.83
Dunwich	88.91	86.20	St. John Ilketshall	20.30	20.38
Earl Soham	198.87	202.46	St. Lawrence Ilketshall	61.52	61.77
Easton	151.37	163.04	St. Margaret Ilketshall	70.13	69.38
Eyke	149.69	154.63	Stratford St Andrew and Farnham	139.34	138.50
Felixstowe	8,324.16	8,474.25	Sudbourne	175.83	184.58
Flixton, St. Cross S E & St. Margaret South Elmham	162.58	165.31	Sutton	138.26	142.39
Framlingham	1,391.92	1,492.68	Sutton Heath	320.82	327.25
Friston	207.09	211.74	Sweffling	95.54	96.45
Frostenden, Uggheshall and South Cove	169.39	164.76	Swilland & Witnesham	391.91	398.60
Gisleham	245.15	248.05	Theberton	150.53	152.35
Great Bealings	127.85	132.25	Trimley St Martin	719.86	731.42
Great Glemham	101.44	103.37	Trimley St Mary	1,247.84	1,267.47
Grundisburgh & Culpho	631.37	634.94	Tuddenham St Martin	164.51	164.05
Hacheston	159.33	159.69	Tunstall	236.97	264.01
Halesworth	1,695.51	1,719.61	Ubbeston	43.27	42.45
Hasketon	172.61	175.12	Ufford	358.42	382.86
Hemley	26.08	25.33	Walberswick	377.68	388.72
Henstead with Hulver Street	138.42	139.22	Waldringfield	251.81	249.75
Heveningham	64.21	65.50	Wangford with Henham	248.23	249.08
Hollesley	469.73	475.97	Wenhaston with Mells Hamlet	411.58	417.09
Holton	303.11	308.32	Westerfield	231.48	234.74
Homersfield	59.44	59.30	Westhall	129.95	130.45
Huntingfield	76.31	78.65	Westleton	298.94	308.52
Iken	62.83	63.31	Wickham Market	814.49	818.13
Kelsale-cum-Carlton	398.23	406.67	Wissett	120.79	123.66
Kesgrave	4,782.80	4,788.23	Woodbridge	3,121.95	3,149.75
Kessingland	1,422.07	1,427.93	Worlingham	1,278.44	1,289.04
Kettleburgh	108.42	109.66	Wrentham	368.67	382.53
Kirton & Falkenham	545.10	554.01	Yoxford	342.12	343.31
Knodishall	312.46	315.05			
Total Taxbase - Band D				86,755.14	87,888.87

NHB Reserve					
	2019/20	2020/21	2021/22	2022/23	2023/24
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
	£'000	£'000	£'000	£'000	£'000
NHB Reserve Balance Brought Forward	(4,594)	(4,263)	(5,005)	(4,253)	(3,666)
NHB In-Year Funding	(2,408)	(2,303)	(1,073)	(525)	0
Total NHB Funding in Reserve	(7,002)	(6,566)	(6,078)	(4,778)	(3,666)
Application of NHB					
<b>Enabling Communities Budget</b>					
55 Councillors * £7.5k	413	413	413	413	413
	413	413	413	413	413
<b>Community Partnerships</b>					
8 Partnership * £25k each	80	200	200	200	200
<b>Resourcing &amp; Engagement</b>					
CP Manager	57	61	62	62	64
Communities Officer	20	20	20	20	20
Funding Officer	20	20	20	20	20
Venues for meetings	3	3	3	3	3
Contribution to Suffolk Association Local Councils	10	10	10	10	10
Contribution to Community Action Suffolk	10	10	10	10	10
	200	324	325	325	327
<b>Strategic Community Partnerships (£200k per annum)</b>	150	300	300	300	300
<b>Exemplar Grants</b>	160	0	0	0	0
<b>WIFI Implementation on Market Towns</b>	200	0	0	0	0
<b>ESP</b>	100	0	0	0	0
<b>Lowestoft Full Fibre project</b>	568	0	576	56	0
<b>UCI World Masters Cycle Cross Championships</b>	0	8	8	0	0
<b>Commitments Pre 2019/20</b>					
Tour of Britain - Womens Tour 2019 & 2020	63	75	0	0	0
Housing Enabling Support	19	26	22	0	0
Better Broadband Suffolk	111	0	0	0	0
Community Enabling (locality budget)	3	0	0	0	0
Economic Development Major Projects	22	0	0	0	0
Landguard	18	18	18	18	18
	236	119	40	18	18
<b>Place Based initiatives</b>					
Felixstowe Forwards	106	106	0	0	0
Leiston Together	26	39	31	0	0
Lowestoft Rising	20	8	0	0	0
	152	153	31	0	0
<b>Total NHB Earmarked for Community Initiatives</b>	<b>2,179</b>	<b>1,317</b>	<b>1,693</b>	<b>1,112</b>	<b>1,058</b>
<b>Set Aside to Support the Budget</b>					
To Support Transition of NHB use to East Suffolk	560	244	132	0	0
% of In Year NHB allocation	23%	11%	12%	0%	
<b>Total NHB use for the Year</b>	<b>2,739</b>	<b>1,561</b>	<b>1,825</b>	<b>1,112</b>	<b>1,058</b>
<b>NHB Reserve Balance Carried Forward</b>	<b>(4,263)</b>	<b>(5,005)</b>	<b>(4,253)</b>	<b>(3,666)</b>	<b>(2,608)</b>

## MTFS KEY MOVEMENTS

## Agenda Item 6

ES/0084

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
<b>Net Budget Expenditure After Reserve Movements - February 2019</b>	25,585	25,870	26,697	27,418	27,418
<b>Growth to Budget</b>					
Roll forward of salary budgets to 2023/24	0	0	0	0	600
18/19 green waste scheme contribution paid to SCC (funded from reserves £400k)	468	0	0	0	0
Bungay Leisure Centre development	344	0	0	0	0
Car Park Enforcement	94	237	266	274	274
East Suffolk Council vehicle re-branding (funded from reserves £74k)	74	0	0	0	0
Green Waste - operational costs of scheme	66	37	37	37	37
HRA share of interest income and payable	64	73	86	89	102
Leiston leisure centre closure costs (funded from reserves £120k)	152	0	0	0	0
Lloyds bank charges	150	100	100	100	100
Match funding for HAZ project. As per Cabinet report 11th April 2018	30	60	60	0	0
Melton Hill vacant costs	0	248	0	0	0
Norse: Increase in MRF gate fee	170	170	170	170	170
Norse Partnership	0	0	0	0	0 <i>Note 1 below</i>
Revenue costs associated with capital programme	(14)	245	278	328	358
Tree management to check all Tree Preservation Orders	70	0	0	0	0
Other	342	45	0	358	442
	<b>2,010</b>	<b>1,215</b>	<b>997</b>	<b>1,356</b>	<b>2,083</b>
<b>Reduced Income</b>					
Jubilee Parade - overnight stay beach hut project did not progress	355	305	305	305	305
Southwold Caravan park project delayed (additional static sites)	74	74	74	74	74
	<b>429</b>	<b>379</b>	<b>379</b>	<b>379</b>	<b>379</b>
<b>Additional Income</b>					
Car parking income	(106)	(74)	(74)	(74)	(74)
Investment income due to better deals and rates	(200)	(250)	(250)	(250)	(250)
Total from Head of Service meetings	(105)	(83)	(83)	(83)	(83)
	<b>(411)</b>	<b>(407)</b>	<b>(407)</b>	<b>(407)</b>	<b>(407)</b>
<b>Operational Savings</b>					
Anglia Revenue Partnerships contribution	0	(145)	(171)	(122)	(122)
External audit fee reduction	(134)	(134)	(134)	(134)	(134)
Finance lease interest	(49)	(67)	(87)	(108)	(131)
PWLB Interest savings	(80)	(125)	(125)	(125)	(125)
Reduction to employer pension contribution rate	(260)	(260)	(260)	(260)	0
Savings on insurance premium	(208)	(201)	(194)	(187)	(180)
Total from Head of Service meetings	(137)	(199)	(217)	(217)	(217)
Other	0	0	(123)	0	0
	<b>(868)</b>	<b>(1,131)</b>	<b>(1,311)</b>	<b>(1,153)</b>	<b>(909)</b>
<b>Non-Specific Grant Income - Section 31 Grant Business Rates</b>	0	(1,853)	0	(57)	(145)
<b>Variance on Reserve Movements</b>					
Planning related reserve balances released to the General Fund	(587)	0	0	0	0
Transfer to In Year Savings reserve	0	1,197	0	0	0
Transfer to Transformation reserve	0	1,500	0	0	0
Use of Business Rates Equalisation reserve	(766)	0	0	0	0
Use of In Year Savings reserve	182	0	0	0	0
Use of reserves to fund some growth items above	(594)	0	0	0	0
<b>Net Budget Expenditure After Reserve Movements</b>	<b>24,980</b>	<b>26,770</b>	<b>26,355</b>	<b>27,536</b>	<b>28,419</b>
<b>Financed By:</b>					
Revenue Support Grant	(323)	(328)	0	0	0
Rural Services Delivery Grant	(248)	(248)	0	0	0
Council Tax	(14,429)	(15,053)	(15,643)	(16,243)	(16,853)
Council Tax Surplus	0	(537)	0	0	0
Business Rates	(9,819)	(10,604)	(7,229)	(7,446)	(7,669)
Business Rates Pilot	(161)	0	0	0	0
	<b>(24,980)</b>	<b>(26,770)</b>	<b>(22,872)</b>	<b>(23,689)</b>	<b>(24,522)</b>
<b>Budget Gap - January 2020 update</b>	<b>0</b>	<b>0</b>	<b>3,483</b>	<b>3,847</b>	<b>3,897</b>

Note 1: Norse charges to be reviewed. See MTFS Appendix A paragraph 5.2

## General Fund Revenue Budget Summary

## Agenda Item 6

ES/0084

	Original Budget 2019/20	Revised Outturn 2019/20	MTFS 2020/21	MTFS 2021/22	MTFS 2022/23	MTFS 2023/24
	£	£	£	£	£	£
<b>Head of Service</b>						
Customer Services, Communications & Marketing	2,006,000	1,900,200	2,028,900	2,063,300	2,091,400	2,131,900
Communities	1,938,200	2,476,900	1,963,500	2,041,500	1,840,700	1,725,800
Economic Development & Regeneration	1,384,500	2,938,300	1,752,300	1,927,600	1,250,200	1,329,400
Environmental Services & Port Health	733,800	337,400	682,600	778,700	863,600	936,200
Financial Services, Corporate Performance & Risk Management	863,300	815,600	446,600	453,400	470,600	796,400
Housing	1,583,100	1,429,000	2,910,000	2,269,100	1,577,400	1,530,000
ICT Services	2,420,900	2,560,100	2,582,700	2,618,700	2,651,800	2,686,800
Internal Audit	491,400	426,500	501,200	519,700	535,800	549,900
Legal & Democratic Service	2,466,900	2,523,200	2,416,500	2,422,700	2,448,000	2,510,100
Operations	7,522,600	9,732,600	8,675,900	8,519,500	8,603,000	8,723,700
Planning & Coastal Management	2,031,000	1,622,200	2,607,800	2,537,900	2,679,400	2,818,800
Revenue & Benefits	1,892,100	2,050,900	2,344,700	2,459,900	2,575,200	2,651,500
Senior & Corporate Management	2,929,500	3,332,700	3,293,600	3,250,800	3,304,400	3,363,300
<b>Net Cost of Service</b>	<b>28,263,300</b>	<b>32,145,600</b>	<b>32,206,300</b>	<b>31,862,800</b>	<b>30,891,500</b>	<b>31,753,800</b>
<b>Non-Cost of Service Expenditure Adjustments</b>						
Direct Revenue Financing (DRF)	6,418,000	5,162,000	1,928,000	875,000	605,000	575,000
Revenue provision for the repayment of debt (MRP)	830,100	816,000	1,100,000	1,360,000	1,410,000	1,440,000
Superannuation Backfunding	3,000,000	2,600,000	0	0	0	0
Recharges to the Housing Revenue Account (HRA)	(1,869,900)	(1,925,200)	(1,376,700)	(1,472,900)	(1,497,800)	(1,526,300)
Other Accounting Adjustments	34,500	34,500	34,500	34,500	34,500	34,500
<b>Other Operating Expenditure</b>						
Town & Parish Precepts	6,066,300	6,066,300	6,066,300	6,066,300	6,066,300	6,066,300
Levies	236,800	236,800	239,500	240,000	241,900	244,500
<b>Financing and Investment Income and Expenditure</b>						
Interest Payable	463,000	458,000	413,000	413,000	413,000	413,000
Interest Receivable	(550,000)	(750,000)	(800,000)	(800,000)	(800,000)	(800,000)
HRA Share of Interest Payable & Receivable	(148,900)	(84,900)	(104,100)	(103,700)	(94,500)	(81,500)
Investment Property Income & Expenditure	(153,000)	(139,200)	(139,000)	(138,700)	(138,300)	(138,000)
Other Financing Charges	517,300	468,700	450,200	430,300	409,100	386,300
<b>Non-Specific Grant Income</b>						
New Homes Bonus	(2,408,000)	(2,408,000)	(2,302,700)	(1,073,000)	(525,000)	0
S31 Grant	(4,557,700)	(4,557,700)	(4,635,000)	(2,865,200)	(2,951,000)	(3,039,000)
Capital Grants	(113,900)	(54,000)	(58,200)	(59,300)	(43,000)	(44,900)
<b>Net Budget Expenditure before Reserve Movements</b>	<b>36,027,900</b>	<b>38,068,900</b>	<b>33,022,100</b>	<b>34,769,100</b>	<b>34,021,700</b>	<b>35,283,700</b>
<b>Net Movements on Reserves (Appendix A6)</b>						
General Fund Balance	(2,000,000)	(2,000,000)	0	0	0	0
Revenue Earmarked Reserves	(6,777,700)	(10,679,800)	583,800	(2,159,700)	(811,200)	(1,220,400)
Capital Reserves	4,400,600	5,656,600	(769,000)	(188,000)	392,000	422,000
<b>Net Budget Expenditure After Reserve Movements</b>	<b>31,650,800</b>	<b>31,045,700</b>	<b>32,836,900</b>	<b>32,421,400</b>	<b>33,602,500</b>	<b>34,485,300</b>
<b>Financed By:</b>						
Council Tax Income (District Council)	(20,495,300)	(14,429,000)	(15,053,000)	(15,643,000)	(16,243,000)	(16,853,000)
Council Tax Income (Town & Parish Precepts)	0	(6,066,300)	(6,066,300)	(6,066,300)	(6,066,300)	(6,066,300)
Council Tax Surplus	0	0	(537,400)	0	0	0
Business Rates Income*	(10,584,900)	(9,818,900)	(10,604,400)	(7,228,900)	(7,446,200)	(7,669,200)
Business Rates Pilot Income	0	(160,900)	0	0	0	0
Revenue Support Grant	(322,500)	(322,500)	(327,700)	0	0	0
Rural Services Delivery Grant	(248,100)	(248,100)	(248,100)	0	0	0
<b>Total Financing</b>	<b>(31,650,800)</b>	<b>(31,045,700)</b>	<b>(32,836,900)</b>	<b>(28,938,200)</b>	<b>(29,755,500)</b>	<b>(30,588,500)</b>
<b>Budget Shortfall / (Surplus) - January 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,483,200</b>	<b>3,847,000</b>	<b>3,896,800</b>

\*It should be noted that the Business Rates income for 2021/22 onwards is based on the current system. Due to the high degree of uncertainty regarding the future reform of the Local Government Financing System, income above the baseline has not been included at this time.

## GENERAL FUND RESERVE SUMMARY

## APPENDIX A6

	2019/20			2020/21			2021/22			2022/23			2023/24			
	Opening Balance 01/04/19 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/20 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/21 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/22 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/23 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/24 £'000
Revenue Balances:																
General Fund	8,000	0	(2,000)	6,000	0	0	0	0	0	0	0	0	0	0	0	0
General Fund Balance	8,000	0	(2,000)	6,000	0	0	0	0	0	0	0	0	0	0	0	0
Earmarked Reserves - Revenue:																
Community Projects & Initiatives																
Better Broadband	36	0	(36)	0	0	0	0	0	0	0	0	0	0	0	0	0
Climate Change	51	0	(21)	30	0	0	30	0	0	30	0	0	30	0	0	30
Communities	899	0	(607)	292	0	(20)	272	0	(4)	268	0	0	268	0	0	268
Community Health	35	0	(25)	10	0	0	10	0	0	10	0	0	10	0	0	10
County Sports	761	34	(149)	646	24	(243)	427	23	(324)	126	22	(148)	0	20	(20)	0
East Suffolk Partnership	123	0	(123)	0	0	0	0	0	0	0	0	0	0	0	0	0
Felixstowe Forwards	33	0	(29)	4	0	0	4	0	0	4	0	0	4	0	0	4
Great Places	13	0	(4)	9	0	0	9	0	0	9	0	0	9	0	0	9
Indoor Leisure	120	0	(120)	0	0	0	0	0	0	0	0	0	0	0	0	0
Lowestoft Rising	90	0	(33)	57	0	(57)	0	0	0	0	0	0	0	0	0	0
New Homes Bonus (NHB)	4,594	2,408	(2,739)	4,263	2,303	(1,561)	5,005	1,073	(1,825)	4,253	525	(1,112)	3,666	0	(1,058)	2,608
Youth Leisure	10	0	0	10	0	0	10	0	0	10	0	0	10	0	0	10
Corporate - Contingency, Service Requirements																
Actuarial Contributions	637	0	0	637	0	0	637	0	0	637	0	0	637	0	0	637
Air Quality	97	12	(13)	96	0	0	96	0	0	96	0	0	96	0	0	96
Budget Carry Forward Requests	212	0	(113)	99	0	0	99	0	0	99	0	0	99	0	0	99
Brexit	35	10	(35)	10	0	(10)	0	0	0	0	0	0	0	0	0	0
Customer Services	156	0	0	156	0	0	156	0	0	156	0	0	156	0	0	156
District Elections	404	60	(240)	224	60	0	284	60	0	344	60	0	404	60	0	464
Deployment of Flood Barrier	88	0	(38)	50	0	0	50	0	0	50	0	0	50	0	0	50
Housing Benefit (HB) Subsidy	352	0	0	352	0	0	352	0	0	352	0	0	352	0	0	352
Individual Electoral Registration (IER)	266	0	(50)	216	0	(50)	166	0	(50)	116	0	(50)	66	0	(50)	16
Insurance	166	0	0	166	0	0	166	0	0	166	0	0	166	0	0	166
In-Year Contingency	400	0	(400)	0	0	0	0	0	0	0	0	0	0	0	0	0
In-Year Savings	5,547	0	(2,837)	2,710	1,197	0	3,907	0	0	3,907	0	0	3,907	0	0	3,907
Key Capital Programme	200	0	(29)	171	0	0	171	0	0	171	0	0	171	0	0	171
Revenues & Benefits Administration	191	0	(28)	163	0	(70)	93	0	(80)	13	0	0	13	0	0	13
S106 Interest	0	30	0	30	0	0	30	0	0	30	0	0	30	0	0	30

## GENERAL FUND RESERVE SUMMARY

## APPENDIX A6

	2019/20			2020/21			2021/22			2022/23			2023/24			
	Opening Balance 01/04/19 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/20 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/21 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/22 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/23 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/24 £'000
<b><i>Housing &amp; Homelessness</i></b>																
Homes and Communities Agency (HCA) - Area Action Plan (AAP) land contamination grant	162	0	0	162	0	0	162	0	0	162	0	0	162	0	0	162
Additional Disabled Facilities Grant(DFG) funding (Non-Ringfenced)	8	0	(8)	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Housing Fund	2,191	0	(60)	2,131	0	(1,056)	1,075	0	(622)	453	0	0	453	0	0	453
Domestic Violence Support Funding	53	72	0	125	0	(125)	0	0	0	0	0	0	0	0	0	0
Empty Properties and Houses in Disrepair	190	0	(86)	104	85	(6)	183	0	(42)	141	0	(6)	135	0	(6)	129
Gypsy and Traveller Macerator	0	37	0	37	14	0	51	15	0	66	15	0	81	15	0	96
HCA Development Grant	75	0	0	75	0	0	75	0	0	75	0	0	75	0	0	75
Homelessness Prevention (Inc. Mortgage Rescue)	117	0	(91)	26	0	(24)	2	18	0	20	26	0	46	25	0	71
Housing Condition Survey and Improvements	97	0	(15)	82	0	(67)	15	0	(15)	0	0	0	0	0	0	0
Homelessness New Burdens	43	0	(43)	0	0	0	0	0	0	0	0	0	0	0	0	0
Homelessness- Rough Sleeper	2	9	0	11	0	(11)	0	0	0	0	0	0	0	0	0	0
Homelessness - Flexible Homelessness Grant	151	119	0	270	0	(68)	202	0	(46)	156	0	(47)	109	0	(48)	61
Private Sector Housing	41	0	0	41	0	0	41	0	0	41	0	0	41	0	0	41
Renovation Grants	872	0	(150)	722	0	(200)	522	0	(200)	322	0	(200)	122	0	(122)	0
Rent Guarantee Scheme	15	0	(2)	13	0	0	13	0	0	13	0	0	13	0	0	13
SEAL	7	3	0	10	0	(1)	9	0	(1)	8	0	(1)	7	0	(1)	6
Stepping Home	68	10	0	78	0	(58)	20	0	(20)	0	0	0	0	0	0	0
Somewhere safe to stay (RRP)	0	65	0	65	0	(65)	0	0	0	0	0	0	0	0	0	0
Supported Lettings (RRP)	0	42	0	42	0	(42)	0	0	0	0	0	0	0	0	0	0
Fuel Payments	1	0	0	1	0	0	1	0	0	1	0	0	1	0	0	1
Warmer Homes Healthy People	31	0	(14)	17	0	0	17	0	0	17	0	0	17	0	0	17
Warmer Homes Healthy People (WHHP) - RAD	4	0	(4)	0	0	0	0	0	0	0	0	0	0	0	0	0
<b><i>Regeneration &amp; Economic Development</i></b>																
Building Control	519	0	(4)	515	0	(12)	503	0	(19)	484	0	(19)	465	0	(19)	446
Business Incentive	97	0	(97)	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Rates Pilot	3,011	161	(1,503)	1,669	0	(792)	877	0	(160)	717	0	0	717	0	0	717
Coastal Management	222	0	0	222	0	0	222	0	0	222	0	0	222	0	0	222
Economic Development	99	0	(26)	73	0	(47)	26	0	0	26	0	0	26	0	0	26
Economic Regeneration	153	0	(32)	121	0	0	121	0	0	121	0	0	121	0	0	121
Enterprise Zone	684	0	(59)	625	0	(72)	553	0	(41)	512	0	0	512	0	0	512
Flood Prevention	12	0	(6)	6	0	(6)	0	0	0	0	0	0	0	0	0	0
Growth Programme	184	0	(114)	70	0	(70)	0	0	0	0	0	0	0	0	0	0
Land Charges	372	0	(222)	150	0	0	150	0	0	150	0	0	150	0	0	150
Local Development Framework	477	0	(472)	5	0	0	5	0	0	5	0	0	5	0	0	5
Planning	0	446	(65)	381	100	(65)	416	100	(65)	451	100	(65)	486	100	(65)	521
Planning Delivery	182	0	(182)	0	0	0	0	0	0	0	0	0	0	0	0	0

## GENERAL FUND RESERVE SUMMARY

## APPENDIX A6

	2019/20			2020/21			2021/22			2022/23			2023/24			
	Opening Balance 01/04/19 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/20 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/21 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/22 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/23 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/24 £'000
Planning Legal	0	200	0	200	0	0	200	0	0	200	0	0	200	0	0	200
Planning Policy	255	0	(255)	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning Training	52	0	(52)	0	0	0	0	0	0	0	0	0	0	0	0	0
<i>Service Transformation</i>																
Business Plan Delivery	234	16	0	250	0	0	250	0	0	250	0	0	250	0	0	250
Transformation	1,322	0	(315)	1,007	1,500	(70)	2,437	0	0	2,437	0	0	2,437	0	0	2,437
Earmarked Reserves - Revenue sub-total	27,519	3,734	(11,546)	19,707	5,283	(4,868)	20,122	1,289	(3,514)	17,897	748	(1,648)	16,997	220	(1,389)	15,828
<i>Earmarked Reserves - Business Rates</i>																
Business Rate Equalisation	8,476	2,045	(5,074)	5,447	0	(116)	5,331	0	(136)	5,195	0	(88)	5,107	0	(190)	4,917
<i>Earmarked Reserves - Port Health:</i>																
Port Health	4,623	211	(50)	4,784	296	(11)	5,069	232	(30)	5,271	177	0	5,448	139	0	5,587
<i>Earmarked Reserves - Capital:</i>																
Capital	3,761	5,742	0	9,503	605	(1,292)	8,816	39	(320)	8,535	379	(80)	8,834	379	(50)	9,163
Coastal Protection	176	0	0	176	0	0	176	0	0	176	0	0	176	0	0	176
Short Life Assets	588	596	(681)	503	618	(525)	596	618	(525)	689	618	(525)	782	618	(525)	875
Southwold Beach Front	175	0	0	175	0	(175)	0	0	0	0	0	0	0	0	0	0
Earmarked Reserves - Capital sub-total	4,700	6,338	(681)	10,357	1,223	(1,992)	9,588	657	(845)	9,400	997	(605)	9,792	997	(575)	10,214
Total Earmarked Reserves	45,318	12,328	(17,351)	40,295	6,802	(6,987)	40,110	2,178	(4,525)	37,763	1,922	(2,341)	37,344	1,356	(2,154)	36,546

## EFFICIENCY STRATEGY 2016/17 – 2021/22

### 1 BACKGROUND

- 1.1 The predecessor Councils first Efficiency Strategies were produced in response to the Statutory Guidance on the Flexible Use of Capital Receipts issued by the Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department for Communities and Local Government (DCLG).
- 1.2 The Guidance provides the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings.
- 1.3 This Strategy forms part of the delivery of the East Suffolk Business Plan and particularly supports the overall objective of Financial Self-Sufficiency.
- 1.4 The Council is currently developing a brand new plan and vision for East Suffolk, focussing on the five key themes of:
  - Economic Growth
  - Enabling Communities
  - Financial Sustainability
  - Digital Transformation
  - The Environment
- 1.5 As the plan is developed, new projects will be identified to deliver on these key themes and included in an updated Efficiency Strategy if eligible.

### 2 OBJECTIVES

- 2.1 The Guidance enables authorities to use capital receipts to fund one-off revenue costs associated with projects intended to produce ongoing revenue savings. The Guidance does not enable ongoing revenue costs to be funded by this method. The Guidance originally applied to capital receipts and projects over the period 2016/17 to 2018/19, but in the 2018/19 Provisional Local Government Finance Settlement it was announced that:

*“Local government operates in a society that is constantly changing. To meet the challenges of the future, the Communities Secretary confirmed that the flexibility to use capital receipts to help meet the revenue costs of transformation will be extended for a further 3 years to April 2022”.*

- 2.2 The objectives of this Strategy are to:
  - Outline the methodology and criteria for projects that might be eligible for capital receipts funding;
  - Identify projects that are considered to be eligible and which may be funded by this method;



- Report on the progress of projects approved in previous years.

### **3 METHODOLOGY**

- 3.1 The Efficiency Strategy is produced annually for the period 2016/17 to 2021/22, and is approved by Full Council as part of approval of the Council's Budget. If required, a revised Strategy is prepared during the course of the year to reflect significant changes to both the range and potential funding value of eligible projects. This is the fifth annual Efficiency Strategy prepared since the guidance was issued.

- 3.2 Key Financial Self-Sufficiency projects will be project managed by the Strategic Management Team (SMT).
- 3.3 To make use of this flexibility, capital receipts must arise in the period 2016/17 to 2021/22, and qualifying expenditure must take place in the same period. For example, a capital receipt realised in 2016/17 could finance a project in 2021/22, but not in 2022/23. Capital receipts realised before 2016/17 cannot be used.
- 3.4 If projects are identified in the Strategy, they can still be financed in whole or in part from other sources, e.g. revenue budgets. The Council is not obliged to fund these projects from capital receipts, and new capital receipts might not necessarily be available during the period of the Strategy. It is essential that eligible projects should identify alternative sources of funding to enable them to proceed, as capital receipts cannot necessarily be relied upon. In addition, the decision to use capital receipts to fund these projects needs to be taken in the context of the Council's overall capital financing requirements.
- 3.5 If appropriate, the Council will approve the budgeted funding of the projects in the strategy when approving the Capital Programme for the year, and will determine the actual financing when approving the Council's Capital Programme outturn and financing for the year.
- 3.6 There is no formal check by MHCLG on the eligibility of projects to be classified as qualifying expenditure, nor is the Strategy specifically reviewed by external audit.

#### **4 ELIGIBLE PROJECTS AND USE OF CAPITAL RECEIPTS 2020/21**

- 4.1 The decision to use capital receipts to fund transformation projects needs to be taken in the context of the Council's overall capital financing requirements, and in the event all of these capital receipts will be required to fund the Council's Capital Programme. Consequently, no use of this flexibility is currently proposed in respect of projects in 2020/21. Funding of the one-off revenue costs of the identified projects will be made from other sources, e.g. existing revenue resources.
- 4.2 To date there has been no use of capital receipts to fund one-off revenue costs.

#### **5 ELIGIBLE EFFICIENCY STRATEGY PROJECTS**

- 5.1 A brief summary of the projects identified from the East Suffolk Business Plan included in this Strategy as being eligible for capital receipts funding are summarised below, with a description of the project and project objectives.

Project	Project Description	Project Objectives	Project Progress
<b>ES4: TRANSFER OF AMENITY AND COMMUNITY ASSETS TO TOWN AND PARISH COUNCILS</b>	To empower local town and parish councils by continuing to transfer amenity and community assets.	To achieve ongoing savings to the Council's budget and potential efficiencies and strengthened third-tier service delivery.	<p>The Council has been working with the Town and Parish Councils to increase their role in influencing and delivering local services. As part of this process, many of the Town and Parish Councils expressed a desire to play a more active role in the provision of local discretionary services, such as public conveniences, parks and play areas, and the Council recognises that they are often best placed to deliver these services on behalf of their local community. By transferring responsibility for assets it not only helps to generate pride in a local area, but often secures a service that might otherwise have been at risk.</p> <p>Around 70 assets have been transferred to local Town and Parish Councils, including Waveney Meadow to Beccles Town Council, a boating lake to Southwold Town Council, allotments to Felixstowe Town Council and Oak Meadow to Kesgrave Town Council.</p>
<b>ES8: LONG TERM EMPTY PROPERTIES</b>	To continue to reduce the number of long term empty properties.	To achieve additional New Homes Bonus (NHB) income and potential additional council tax income.	Work to identify empty homes and bring them back into use has seen the number of empty properties across East Suffolk reduce. The Council has also introduced a new streamlined process for dealing with empty homes and has begun purchasing its long term empty homes in order to bring them back into use.
<b>ES15: LEISURE SERVICES FINANCIAL SELF-SUFFICIENCY</b>	To pursue service developments and initiatives intended to reduce costs and / or increase income.	Increased access to quality leisure, cultural facilities and activities. Achieving a substantial reduction in the net cost of Leisure Services.	The Council is undertaking a five year programme to improve leisure facilities. The Deben Leisure Centre has been completed and work is also underway on the £3.5million refurbishment of Leiston Leisure Centre and a business case for the redevelopment of the Bungay Leisure Centre.

Project	Project Description	Project Objectives	Project Progress
<b>ES20: RECYCLING PROMOTION</b>	Promotion of Recycling and reduction of net expenditure through reducing costs and / or increasing income.	To continue to promote and encourage recycling across East Suffolk through a financially sustainable service.	<p>The Suffolk Waste Partnership (SWP), of which the Council is a member, continues to promote recycling services (including home composting) across Suffolk, using a variety of communication campaigns and medias, jointly supported by equal funding from all SWP member authorities. The SWP has recently secured funding from DEFRA for 15 'smart' litter bins to be installed on the county's trunk roads in an effort to reduce littering.</p> <p>The Council continues to facilitate the Greenprint Forum with the focus on plastics, with funding secured to develop and run a programme of activities relating to understanding the plastics industry in our area, reducing plastic waste and promoting effective waste management and recycling behaviours. To date the Council has engaged key stakeholders, including the Marine Conservation Society and the Environment Agency, taken part in 15 public events (8 of which were litter picks), and undertaken litter surveys in both Lowestoft and Felixstowe to identify the key items of litter to enable targeted messaging and campaigns.</p>
<b>ES23: COASTAL MANAGEMENT</b>	Development of a shared coastal management service for East Anglia.	Integrate coastal management expertise with other local authorities to ensure most effective local delivery.	Coastal Partnership East is working across four local authorities to effectively utilise our collective resources to deliver not only a £150m capital investment plan (Inc. Lowestoft £63m scheme) but also coastal adaptation at numerous locations along the Norfolk and Suffolk coastline. There are significant benefits of scale and expertise being derived from being in this partnership.

Project	Project Description	Project Objectives	Project Progress
<b>ES26: BUILDING CONTROL</b>	Development of a Suffolk-wide commercial Building Control service.	Achieve a resilient and competitive Building Control service increasing net income.	There is now growing momentum within Suffolk to share mutual support within Building Control services in order to create capacity for the service developments the Council needs to undertake. The Council has secured funding of £140,000 to support a shared development and implementation plan. This proposal is integral to our Suffolk-wide approach to developing common services that support good growth. Effective implementation of the approach will inform joint development on areas of common interest/concern, often working with a sector that goes beyond boundaries and helps support stronger and more resilient services across the county.
<b>ES28: FURTHER TRANSFORMATION IN EAST SUFFOLK</b>	Explore the options for further integration for more streamlined and resilient district services, and evaluate the potential for greater East Suffolk autonomy.	Achievement of further efficiencies and resilience.	The creation of East Suffolk Council from 1 <sup>st</sup> April 2019 will provide greater resilience and sustainability in the longer term and will allow the Council to withstand significant reductions in central government funding. As a single council, the Council will be able to continue to protect and deliver the best possible services for local people, as well as having a stronger voice at regional and national level (and greater leverage) in order to deliver its ambitions in terms of growth, infrastructure and housing.