



East Suffolk House, Riduna Park, Station Road,  
Melton, Woodbridge, Suffolk, IP12 1RT

# Cabinet

## Members:

Councillor Steve Gallant (Leader)  
Councillor Craig Rivett (Deputy Leader and Economic Development)  
Councillor Norman Brooks (Transport)  
Councillor Stephen Burroughes (Customer Services and Operational Partnerships)  
Councillor Richard Kerry (Housing)  
Councillor James Mallinder (The Environment)  
Councillor David Ritchie (Planning & Coastal Management)  
Councillor Mary Rudd (Community Health)  
Councillor Letitia Smith (Communities, Leisure and Tourism)

Members are invited to a **Meeting of the Cabinet**  
to be held in the Deben Conference Room, East Suffolk House, Melton  
on **Tuesday 3 December 2019 at 6:30 pm**

An Agenda is set out below.

## Part One – Open to the Public

## Pages

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- 1 Apologies for Absence**  
To receive apologies for absence, if any.

<b>2</b>	<b>Declarations of Interest</b> 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>Announcements</b> To receive any announcements	
<b>4a</b>	<b>Minutes - 23 September 2019</b> To confirm as a correct record the Minutes of the Special Meeting held on 23 September 2019	<b>1 - 8</b>
<b>4b</b>	<b>Minutes - 5 November 2019</b> To confirm as a correct record the Minutes of the Meeting held on 5 November 2019	<b>9 - 12</b>
<b>KEY DECISIONS</b>		
<b>5</b>	<b>Draft Medium Term Financial Strategy 2020/21 ES/0203</b> Report of the Leader of the Council and the Assistant Cabinet Member with responsibility for Resources	<b>13 - 43</b>
<b>6</b>	<b>'London Road' High Street, Lowestoft - Heritage Action Zone ES/0204</b> Report of the Deputy Leader and Cabinet Member with responsibility for Economic Development, and the Cabinet Member with responsibility for Planning and Coastal Management	<b>44 - 53</b>
<b>7</b>	<b>Housing Asset Management Strategy 2019/2024 ES/0206</b> Report of the Cabinet Member with responsibility for Housing	<b>54 - 78</b>
<b>8</b>	<b>Exempt/Confidential Items</b> It is recommended 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 Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.	

## Part Two – Exempt/Confidential

## 9 Exempt Minutes - 5 November 2019

- Information relating to any individual.
- Information relating to the financial or business affairs of any particular person (including the authority holding that information).

**Close**

A handwritten signature in dark ink, appearing to read "Stephen Baker", with a long horizontal flourish extending to the right.

Stephen Baker, Chief Executive

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Minutes of a Meeting of the **Cabinet** held in the Deben Conference Room, East Suffolk House, Melton on **Monday, 23 September 2019 at 6:30 pm**

**Members of the Cabinet present:**

Councillor Stephen Burroughes, Councillor Steve Gallant, Councillor James Mallinder, Councillor David Ritchie, Councillor Craig Rivett, Councillor Mary Rudd, Councillor Letitia Smith

**Other Members present:**

Councillor Jocelyn Bond, Councillor Alison Cackett, Councillor Maurice Cook, Councillor Mike Deacon, Councillor TJ Haworth-Culf, Councillor Mark Jepson, Councillor Rachel Smith-Lyte

**Officers present:**

Stephen Baker (Chief Executive), Lisa Chandler (Energy Projects Manager), Karen Cook (Democratic Services Manager), Philip Ridley (Head of Planning and Coastal Management).

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**1 Apologies for Absence**

Apologies for absence were received from Councillor Brooks and Councillor Kerry.

**2 Declarations of Interest**

There were no declarations of interest.

**3 Sizewell C Stage 4 Public Consultation Response**

Cabinet received report **ES/0155** by the Deputy Leader and Cabinet Member with responsibility for Economic Development who reported that EDF Energy was proposing to build a new nuclear power station at Sizewell. Following the Stage 3 consultation at the beginning of the year, which was discussed at Cabinet on 11 March 2019, a fourth round of consultation on specific elements of the proposal had been launched.

The report before Cabinet set out a summary of the draft response to EDF Energy's Stage 4 consultation, with the full draft response in the appendix. It was proposed that Suffolk County Council and East Suffolk Council, both statutory consultees in the process, submit a joint response to the consultation, as they had done in the three previous consultation stages. It was considered that such a joint response would give greater weight to the views of the two councils.

It was expected that EDF Energy would formally submit an application for development consent early in 2020 that would be determined by the Secretary of State for Business, Energy and Industrial Strategy (BEIS) following examination by the Planning Inspectorate.

The primary purpose of the report before Cabinet was to explain the key changes in the proposals compared to Stage 3 and propose a stance on the topic areas. The report also updated on the progress that the councils had made putting the case for Suffolk to Government. A particular issue within this was the cumulative impact of all the planning issues arising from all the national infrastructure projects in East Suffolk and the representations the Councils would make to Government.

The report also considered the next steps for the councils and it included consideration of a consultation by BEIS, on the “Regulated Asset Base” funding model which was proposed to be used for Sizewell C.

The councils’ report was prepared after a community consultation event with the parish councils on 26 July 2019 and, alongside representations from local residents, drew upon their advice and local understanding. The councils had also discussed the issues raised by EDF Energy with other statutory consultees. The councils were referencing existing work and understanding arising from membership of the New Nuclear Local Authority Group (NNLAG), this included reference to the draft version of a longitudinal study funded by NNLAG regarding impacts of Hinkley Point C which was in its final stages but not yet published.

Evidence to support the recommendations was set out in the main body of the report with further technical detail contained in the Appendix.

Cabinet was advised that Suffolk County Council was taking a similar report with the same response attached to its Cabinet meeting on the 24 September 2019.

The Deputy Leader and Cabinet Member with responsibility for Economic Development stated that he welcomed the stage 4 consultation and the opportunity to comment. He was, however, disappointed that the opportunity had not been taken by EDF Energy to clarify and fully evidence more of the issues raised by the councils at Stage 3, and previous, leaving the councils unable to come to an evidence-based view on so many matters. Amongst many other issues the councils were particularly disappointed that the issues referenced within paragraph 8.59 had not been addressed.

The Deputy Leader and Cabinet Member with responsibility for Economic Development and the Head of Planning and Coastal Management summarised the contents of the report, stating that East Suffolk had hosted nuclear power at Sizewell since Sizewell A, which was commissioned in 1966. Sizewell B was the UK’s only commercial pressurised water reactor and was commissioned in 1995. It was still generating now, it was anticipated that its lifetime would be extended by 20 years, taking its forecasted decommissioning date to 2055. Sizewell A currently had 170 staff on site and managed the Bradwell B site which was now in its care and maintenance programme. Sizewell B currently had 544 members of staff and around 250 contracting partners, it added approximately £20m to the local economy which doubled during an outage. Sizewell C (two reactors) was forecast to have 900

operational posts, it was expected to put at least £100m a year into the regional economy during construction and £40m a year during each of its 60 years of operation.

In respect of key areas for consideration related to the main elements of change, it was reported that there was an alternative freight management option – integrated strategy; there was an alternative approach for traffic management through Wickham Market (no details yet); there was a new option for a rail-head at land east of Eastlands Industrial Estate; the Sizewell Link Road would possibly be removed post-construction; flood mitigation areas; ecological mitigation areas; 7900 plus 600 workers proposed (no longer sensitivity testing); and red line changes across the project's main development site and associated development sites.

Cabinet was advised of the three transport options proposed – rail-led, integrated, and road-led. The main issue of concern for East Suffolk Council was the rail line, there being significant concerns regarding noise and vibration.

Cabinet was advised that another element of concern was pylons, there were currently two options, option 1 – four pylons, three reduced in height by 25%, and option 2 – five pylons, all reduced in height by 25%. Neither were attractive to the councils.

Cabinet was further advised of other additions since the Stage 3 consultation, there were two compensation areas to mitigate loss of floodplain at the SSSI crossing; up to three potential Marsh Harrier mitigation areas; and proposed Fen meadow mitigation (loss of SSSI).

Other minor changes included confirmation of offsite sports facilities at Leiston Sports Centre / Alde Valley Academy; minor changes to red line at the main site (ie at the entrance roundabout, which included Round House; minor changes to the red line at AD sites (link road, 2VBP, park and ride sites, freight management facility, junctions) to reflect further design work including water management; and the Yoxford Road roundabout, move by 20 metres, which EDF Energy suggested would allow offline construction.

In respect of social and economic, mitigating impacts, there were references to embedded environmental principles and mitigation for the project; project benefits including minimum 1000 apprentices, work with Suffolk colleges and businesses, aim to meet nuclear sector target of 40% female workforce; reference to a Community Fund to promote the economic, social and environmental well-being of communities; and property support, work with local potentially affected residents to explore alternatives to statutory blight claims.

Cabinet was advised that there were several things missing from the consultation: There was no reference to changes to development on Goose Hill, a key concern for the councils at Stage 3; response to network highway issues raised by the councils at Stage 3, ie Woodbridge contribution and other junctions ie Bredfield; response to consultees comments on public rights of way level crossing closures in rail-led option; details of construction programme and delivery of associated sites; removal of a marine-led strategy; no response to concerns regarding coastal processes, beach

landing facility, SSSI Crossing, and Northern Mound; plus other issues as referred to in paragraphs 354 to 376 within the report.

Cabinet was apprised of areas of difference between the East Suffolk report and the Suffolk County Council report; the recommendation was very similar between the two councils, but the response differed in two sections: The Sizewell Link Road: East Suffolk Council considered that should a road-led strategy be considered above a marine or rail-led strategy that the route demonstrated for the Link Road was potentially acceptable subject to further detailed studies and assessments. Also, in respect of retention of the Sizewell Link Road post-construction, East Suffolk Council continued to not support proposals to remove a Sizewell Link road and recognise the benefits of a separate HGV route to serve the existing A and B stations as well as the new C station.

The Cabinet Member with responsibility for Customer Services and Operational Partnerships referred to the rail and road options, with extended hours for HGVs, possibly 24 hours a day; he requested further information in respect of this. The Head of Planning and Coastal Management explained that, at this time, nothing had been agreed in respect of overnight generation; significant discussions were required and dialogue was taking place with EDF Energy.

The Cabinet Member with responsibility for the Environment stated his concerns regarding insufficient mitigation; he asked if there would be an analysis to ensure that this was strengthened. The Head of Planning and Coastal Management responded, stating that officers would be working diligently on this and the Deputy Leader and Cabinet Member with responsibility for Economic Development added that consultants would be utilised as necessary.

The Cabinet Member with responsibility for Planning and Coastal Management stated that the report made it clear that what was planned for coastal defences was not certain; he was concerned regarding this. The Head of Planning and Coastal Management, in response, stated that there was a lot of ongoing dialogue, in particular trying to understand what EDF Energy's proposals were; officers had not yet had sight of all of the proposed details in relation to coastal processes. There were outstanding concerns related to the position of the station platform and there were potential amenity impacts with the future predicted loss of beach. These issues were raised during the stage 3 consultation. All matters would be addressed as part of EDF's application for development consent. The Head of Planning and Coastal Management, in conclusion, stated that officers were working diligently on this matter.

Councillor Haworth-Culf stated that she could not find a reference to coach movements within the report. This, she stated, alongside HGV movements, was an important issue. She asked for confirmation of the proposed numbers, on a daily basis, together with mitigation information. The Head of Planning and Coastal Management stated that coach movements were included in the transport assessments; his understanding was, he stated, that there would be 400 movements a day, 200 in and 200 out. It was explained that this was not part of the current consultation because nothing had changed since previous iterations.



Councillor Bond asked, in the light of the lack of information, if it was felt that the joint proposed response was sufficient to protect the area, bearing in mind rising sea levels and the impact, ie health, wellbeing and tourism, that would be felt by everyone in the area. The Head of Planning and Coastal Management stated that it was believed that the response was adequate. He added that Cabinet should bear in mind that this was a process undertaken by EDF Energy, the Council was just a consultee in the process. It was, he stated, incumbent upon EDF Energy, in their application in 2020, to include all the information so that the Secretary of State could make a reasoned decision. The Head of Planning and Coastal Management added that if the application was submitted without that information, that would be the appropriate time for the Council, if it so wished, to make comments in relation to that.

Councillor Haworth-Culf referred to the many East Suffolk Council policies that referred to the importance of tourism for the district; she asked for an assurance that these policies would be reviewed and, where appropriate, be updated to reflect what would happen with Sizewell. The Head of Planning and Coastal Management stated that tourism was indeed a key factor and the Council would need to assess the impact on this. The Head of Planning and Coastal Management referred to the National Policy Statement and said that this was written in a way that made it clear that there were eight sites nominated across England and Wales and there was the presumption that they would be delivered to provide energy in the country. That was the context against which the Council should assess the local impact, in the best and most positive way.

The Leader stated that the Council needed to be realistic and pragmatic in its approach and that that would involve commitment and compromise; it also needed to be honest with the public. He stated that the report before Cabinet was a culmination of many hours of work by officers and he gave thanks for that.

The Assistant Cabinet Member with responsibility for Transport stated that she did not think the roads in Suffolk could cope; in her view they were not big enough, and this was a concern for her.

The Cabinet Member with responsibility for Customer Services and Operational Partnerships stated that, in his view, the Council was faced with a double edged sword; Sizewell C offered huge economic benefits to the area. It was, he said, a slightly worrying proposal that was put to the government in 2018 about funding a four villages bypass. This August, statistically, had been the busiest time for road capacity on the A12, more than ever recorded, so, mitigation was needed in respect of the road network. Sizewell C was, Councillor Burroughes stated, a huge opportunity for the district's tourist economy; he stated that, in fact, people had been going to Hinkley to view the construction. There were many benefits to having Sizewell C but, clearly, that would come with disadvantages. The benefits must outweigh the disadvantages. Councillor Burroughes added that it was critical that Suffolk County Council and East Suffolk Council worked together. Councillor Burroughes, in conclusion, stated that he was happy to support the recommendations within the report, pending clarification of the issues outstanding; he hoped that officers would press EDF Energy to obtain the answers that were needed.

The Cabinet Member with responsibility for the Environment stated that he was mindful that East Suffolk Council would achieve the best deal possible for its residents. The environment was not just trees and grasses, it was also about buildings and infrastructure work. Councillor Mallinder stated that the Council needed to be mindful of what the UK was trying to achieve in trying to be carbon neutral. A diverse portfolio of energy was needed and nuclear had to be part of that. However, Councillor Mallinder stated that he had reservations regarding the proposals and he felt that mitigation needed working on.

Councillor Mallinder stated that he was concerned regarding the accommodation for workers; he did not understand why EDF Energy was not proposing a futuristic way of living, a zero carbon footprint, electric bikes, cycle routes, and electric cars. Councillor Mallinder stated that transport was also a concern for him; priority should be marine first and roads last. In conclusion, Councillor Mallinder stated that he wanted something, for East Suffolk, in return for Sizewell C; he wanted to see more investment by national government in helping East Suffolk deal with these big issues. That said, Councillor Mallinder stated, East Suffolk would need to be careful not to take this project at any cost. Councillor Mallinder stated that today should be protected in order to ensure tomorrows were secured.

Councillor Haworth-Culf thanked all members of the public who had responded to the consultation; she added that the devil was in the detail and she felt that sufficient detail had not been received. Councillor Haworth-Culf stated that it must be ensured that, when more detail was received, it be communicated out to those who had responded. She added that the benefits of Sizewell C must outweigh the negatives; there would be a huge impact on the area and East Suffolk Council must represent the views of the public.

Councillor Smith-Lyte stated that she echoed the views of many of her colleagues; she said that if Sizewell C was allowed to go ahead the tourists would stop coming to the area; she referred to Sizewell C being hugely expensive and stated that, by the time that it was built, the technology would be redundant. Councillor Smith-Lyte stated that mitigation should not keep endlessly happening and she also said that wildlife were territorial and needed space.

The Leader stated that Members must remember that they were there to consider the Council's response to the consultation; it was not within the Council's power to say yes or no to Sizewell. He believed that the draft response was sensible, realistic and balanced in its approach, but he acknowledged that a lot more detail was needed. In conclusion, the Leader stated the importance of achieving the best deal possible.

The Deputy Leader referred to the earlier comments in respect of whether the Council was being robust enough in its response; he believed that it was, and referred to a balanced, evidenced based approach. He believed that the Council needed to be fair and take this approach; he believed that if the Council asked for too much the Planning Inspectorate would disregard its comments.

The Deputy Leader gave thanks to Geoff Holdcroft, who had been a former chairman of NNLAG; he also thanked colleagues from Suffolk County Council for working together on a joint response and he gave thanks to officers for their work.

In conclusion, the Deputy Leader reported that an Equality Impact Assessment had not been undertaken as East Suffolk Council was responding to the planning proposals of EDG Energy Energy. As such, EDF was required to satisfy the EqIA requirements.

## **RESOLVED**

1. That East Suffolk Council responds to the EDF Energy Stage 4 consultation, and that it continues engagement with Government and key partners as set out below. This set of recommendations is aligned to a report being taken to Suffolk County Council's Cabinet on 24 September 2019.
2. That it be agreed that the response set out in detail in the Appendix and summarised below will be submitted jointly, following its agreement by Suffolk County Council on 24 September 2019.
3. That EDF Energy be informed that, in line with the position agreed at the Cabinet Meeting on the 11 March 2019, the Stage 3 representation submitted by Suffolk County Council and (then) Suffolk Coastal District Council, and the response submitted by Waveney District Council remains valid with additional comments raised in the response in the Appendix.
4. That this Council welcome EDF Energy carrying out a Stage 4 public consultation and the opportunity to comment on revised / updated aspects of its proposals. However, it is disappointed that EDF Energy has not taken this opportunity to respond to key elements of concern raised in our Stage 3 response as detailed in paragraph 8.59 of the report.
5. Based on the new information put forward in the Stage 4 Consultation, this Council wishes EDF Energy to particularly address the following points:
  - a) As highlighted in the joint Stage 3 response, this Council expects EDF Energy to use a deliverable sustainable transport strategy to transport materials to/from the site. Unless there is strong appropriate evidence and justification, deviation away from a sustainable transport strategy should be considered to be unacceptable and this Council continues to expect maximising the use of marine- and rail- based transport to transport materials to / from the site. This Council is disappointed that Stage 4 suggests that the lack of progress on the rail-led strategy is now jeopardising delivery of this option.
  - b) Based on the above, this Council expects EDF Energy and other stakeholders including Network Rail to prioritise pursuing the rail-led strategy and confirms that we will support EDF Energy where required in pursuing a rail-led strategy above alternative road-led options. This Council expects EDF Energy to provide proportional mitigation to address its impacts at locations where their traffic is exacerbating a capacity or road safety concern, most prominently at the A12 in Woodbridge, but also other locations to the North of Woodbridge.
  - c) This Council expresses its continued opposition to four new tall pylons to the development site, which would have considerable detrimental impact on the AONB, and the options presented at Stage 4 do not appear to significantly reduce this impact;
  - d) This Council is pleased to see revisions to the layout of the Land east of Eastlands Industrial Estate (LEEIE) but expresses concern about the continued lack of detail in particular in relation to surface water drainage solutions for the site.
  - e) This Council welcomes the additional ecological mitigation and compensation areas, for Fen Meadow and Marsh Harriers, but is concerned that the feasibility of these sites cannot be evidenced and overall ecological mitigation and compensation for the whole Sizewell C DCO remains insufficient.

f) This Council welcomes the identification of flood compensation areas but will rely on the Environment Agency to provide expert advice as to their suitability, size and locations. Further detail is required for this Council to comment on the environmental impacts of these options.

g) At Stage 3, this Council was content with EDF Energy's explanation for their selection of the route of the Sizewell C Link Road. We did not consider there was any value in removing the Link Road post-construction, we recognise the legacy benefit of a Sizewell Link Road in providing a direct HGV link to the existing Sizewell A and B sites as well as the proposed Sizewell C station.

h) This Council welcomes the commitments made for project and economic benefits of the programme including the Community Fund, but requires further work related to the increase workforce number of 8,500 and its impact and required mitigation on local housing and tourism accommodation, workforce displacement, health and other socio-economic issues.

6. That the Head of Planning & Coastal Management in consultation with the Deputy Leader and Cabinet Member with responsibility for Economic Development be authorised to make any amendments to the draft response as agreed with the appropriate representatives of this Council.

7. That this Council engages with EDF Energy and Network Rail, and where appropriate the Department for Transport, to identify and remove barriers to delivery of the improvements to the East Suffolk Line and hence timely implementation of the rail-led strategy, whether this is through the DCO process or Transport Works Act Order.

8. That Cabinet notes the continued work with Government, namely Ministry for Housing, Communities and Local Government (MHCLG) and BEIS with regards to cumulative impacts in East Suffolk of the numerous energy related projects existing and forthcoming.

The meeting concluded at 7:40 pm

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Chairman

Minutes of a Meeting of the **Cabinet** held in the Conference Room, Riverside, on **Tuesday, 5 November 2019 at 6:30 pm**

**Members of the Cabinet present:**

Councillor Stephen Burroughes, Councillor Steve Gallant, Councillor Richard Kerry, Councillor James Mallinder, Councillor David Ritchie, Councillor Craig Rivett, Councillor Mary Rudd, Councillor Letitia Smith

**Other Members present:**

Councillor Peter Byatt, Councillor Linda Coulam, Councillor Graham Elliott, Councillor John Fisher

**Officers present:** Stephen Baker (Chief Executive), Kerry Blair (Head of Operations) John Brown (Building Maintenance Manager), Karen Cook (Democratic Services Manager), Andy Jarvis (Strategic Director), Chris Phillips (Senior Estates Surveyor), Lorraine Rogers (Finance Manager), Tony Rudd (Valuer)

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**1 Apologies for Absence**

Apologies for absence were received from Councillor Brooks.

**2 Declarations of Interest**

There were no declarations of interest.

**3a Minutes - 3 September 2019**

**RESOLVED**

That the Minutes of the Meeting held on 3 September 2019 be confirmed as a correct record and signed by the Chairman, subject to the following amendment:

Agenda Item 2 - Declarations of Interest - to be amended to state "Councillor Smith declared a Disclosable Pecuniary Interest in respect of agenda 12, Worlingham Community Facility - CIL Funding Updated Bid, as she was employed by a local estate agent. Councillor Smith left the meeting for this item."

**3b Minutes - 1 October 2019**

**RESOLVED**

That the Minutes of the Meeting held on 1 October 2019 be confirmed as a correct record and signed by the Chairman, subject to the following change:

Agenda Item 6 - Lowestoft Cultural Strategy - second paragraph - sixth line - correction to spelling of "Lowestoft".

Agenda item 9 - Renaissance of East Anglia Fishing (REAF) Strategy) - final paragraph - first line - "outlined" to be amended to "allocated".

#### **4 Announcements**

The Leader welcomed back Councillor Cooper and expressed his condolences on the recent passing of his wife. The Leader stated that he looked forward to working with Councillor Cooper following his appointment as Assistant Cabinet Member with responsibility for Planning.

The Leader reported that Councillor Brooks was recovering well; he hoped to return to attending meetings soon.

The Deputy Leader announced that the East Suffolk Business Festival had begun and there would be a varied programme of support and activity; he outlined the events that would be taking place.

#### **5 Wellington Esplanade Lawn Lowestoft**

Cabinet received report ES/0184 by the Deputy Leader and Cabinet Member with responsibility for Economic Development who reported that East Suffolk Council was the tenant of the Wellington Esplanade Lawn on Lowestoft south seafront; the Lawn was managed as a public garden and the lease would expire in 2021. The landlord has asked if the Council would be prepared to enter a lease for a further 21 year period; this was in support of a bid for funding to allow a re-modelling of the Lawn. The terms of the proposed new lease would largely be as the existing lease. As the details of the proposed re-modelling were not yet known the new lease would provide the Council with some control over any re-modelling works.

Cabinet acknowledged that the proposed renewal represented a continuation of current arrangements and gave its support for the proposal; it also thought that it would improve the seafront area.

#### **RESOLVED**

1. That the proposal made by the landlord to renew the lease of the Wellington Lawn Lowestoft be accepted.
2. That, in consultation with the Deputy Leader and the Cabinet Member with responsibility for Economic Development, delegated authority be given to the Strategic Director to agree the final terms for the lease and the time-frame for completion of the lease that best protect the interests of the Council together with the provision of any confirmation of the decision.

#### **6 East Suffolk Performance Report - Quarterly Performance Quarter 2 (2019-20)**

Cabinet received report ES/0185 by the Leader of the Council who reported that the East Suffolk Performance Report for Quarter 2 (1st July to 30th September 2019) provided a summarised overview of the performance aligned to strategic deliverables within the Business Plan – Enabling Communities, Economic Growth and Financial Self-Sufficiency.

The performance report was in a transitional stage and a period of review until the new Business Plan for East Suffolk had been developed. The report had therefore been reduced significantly in terms of its reporting content.

Section 2 of report provided performance highlights for Quarter 2, reporting 63% of KPIs having a status of Green or were yearly KPIs (43% had a green status). In Quarter 1 abandoned call rates was below target however in Quarter 2 this had been successfully achieved. Further details are provided in Sections 3 to 5.

For Quarter 2, Financial Self-Sufficiency was reporting a higher level of KPI's with a Red status. These were across the areas of complaints, net business rates payable and sundry debtors. Further information was provided in Section 5 of the report.

The Leader reported on highlights as follows: 351 businesses engaged with (target 422), 204 businesses received direct support; £1104,448 income generated (target £5k), yearly target of £644,004 successfully exceeded; 0 land regenerated; 98% food hygiene rating (target 95%); 137 net dwellings completed (annual target 916), 931 units currently under construction; all planning applications were above target, minors 80% determined in eight weeks (target 65%); majors 78% determined in 13 weeks (target 60%); others 90% (target 80%).

The Leader further commented that 363 fly tipping incidents had been reported and there had been 137 fly tipping enforcement actions; this, he said, was good news in that incidents were being reported.

The Cabinet Member with responsibility for Planning commented that "void properties" had increased; this related to the number of days a property was unlet. The Cabinet Member with responsibility for Housing commented that a process review was being conducted to identify where further improvements could be made and reduce void periods by several days by prioritising them within workloads.

The Cabinet Member with responsibility for Planning also commented that, in respect of disabled facilities and renovation grants budget committed, performance for disabled facilities was significantly below target. The Cabinet Member with responsibility for Housing commented that he had asked the Housing Team to look into this and options were expected to come forward for discussion later in November.

Councillor Elliott, commenting on fly tipping, asked if there was anything that could be done to increase the number of prosecutions, he suggested possibly placing mobile CCTV at hotspots. The Cabinet Member with responsibility for the Environment, in response, said that there were excellent disposal facilities in place in East Suffolk; he thought that the Council should invest in education and commented that all needed to be vigilant. Councillor Elliott agreed, but suggested that the Council lacked evidence,

which mobile CCTV could provide. Members were advised by the Strategic Director that CCTV had been considered in the past, and that it could work in certain circumstances, he concluded that options would be explored.

**RESOLVED**

That the East Suffolk Performance Report for Quarter 2 be received.

**7 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 items of business on the grounds that they involved the likely disclosure of exempt information as defined in paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.

**8 Minor Disposals - Land Adjacent to 28 Haughley Drive, Rushmere St Andrew and Land Adjacent 41 Wacker Field Road, Rendlesham**

**9 Contract for the Provision of Waste Skips, Bags and Waste Disposal Facilities**

**10 Exempt Minutes - 3 September 2019**

**RESOLVED**

That the Exempt Minutes of the Meeting held on 3 September 2019 be confirmed as a correct record and signed by the Chairman.

**11 Exempt Minutes - 1 October 2019**

**RESOLVED**

That the Exempt Minutes of the Meeting held on 1 October 2019 be confirmed as a correct record and signed by the Chairman.

The meeting concluded at 7:00pm

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Chairman





## CABINET

Tuesday 3 December 2019

### DRAFT MEDIUM TERM FINANCIAL STRATEGY

#### EXECUTIVE SUMMARY

1. The Medium Term Financial Strategy (MTFS) provides 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 draft MTFS was approved by the Shadow Cabinet on 10<sup>th</sup> December 2018 and was subsequently updated when Shadow Cabinet approved the General Fund Budget on 18<sup>th</sup> February 2019.
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, the announcement of a General Election on 12<sup>th</sup> December 2019 has now added further 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 for consideration as part of the 2020/21 Budget process.
4. A technical consultation on the 2020/21 Local Government Finance Settlement was issued on 3<sup>rd</sup> October 2019. As well as deferring reforms to the system, the proposal for 2020/21 is essentially to roll forward the 2019/20 Settlement with relevant uplifts for inflation. Consequently, the Council is likely to 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 are likely to 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 MTFS appended to this report has been revised for updates including those resulting from the 2018/19 outturn position of the predecessor Councils; budget monitoring forecasts; budget review meetings; and the Local Government Finance Settlement technical consultation. The draft MTFS will 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.
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.

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 Member:</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 Officer:</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 are able to 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 and represents a base position for the medium term. 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.

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

3.1 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.

## **4 FINANCIAL AND GOVERNANCE IMPLICATIONS**

4.1 All Financial and Governance implications are contained within the MTFS document.

## **5 OTHER KEY ISSUES**

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

## **6 CONSULTATION**

6.1 The Council will consult on its strategy and detailed financial plans for the coming year with staff, residents, partners, and business through a variety of methods including e-consultation and forums.

## **7 OTHER OPTIONS CONSIDERED**

7.1 The consideration of the MTFS by members at an early stage of the budget process is essential, especially in order to commence actions to achieve a balanced budget and sustainable medium-

term position. Consequently, no other options were considered to be appropriate in respect of this.

## 8 REASON FOR RECOMMENDATION

- 8.1 To approve an updated MTFS, taking account of new and revised risks in order that the Council will be able to set a balanced budget that delivers its priorities for the period under review 2020/21 to 2023/24.

### RECOMMENDATIONS

1. That Cabinet approves the draft Medium Term Financial Strategy attached as Appendix A.
2. That Cabinet approves that members and officers develop proposals to set a balanced budget for 2020/21 and beyond.

### 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 February – November 2019

### BACKGROUND PAPERS

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.

Date	Type	Available From
October 2019	2020/21 Local Government Finance Settlement Technical Consultation	Financial Services
November 2019	Equality Impact Assessment	Financial Services



**EAST SUFFOLK COUNCIL**

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

**NOVEMBER 2019**

## 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 MTFS underpins the **Efficiency Plan**, which outlines how the key Business Plan objective of Financial Self Sufficiency will be delivered. 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, which was scheduled to be presented to Parliament on 6<sup>th</sup> November 2019, has now been postponed. The Autumn Budget 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 General Election scheduled for 12<sup>th</sup> December 2019 has increased uncertainty regarding the medium-term outlook for public finances and local government funding.

## **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 Inflation 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 1.7% for September 2019, unchanged from 1.7% in August 2019, and close to the Bank of England target rate of 2%. September CPI 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 November 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 As in previous years, the Provisional Local Government Finance Settlement would be expected in early / mid-December, with the Final Settlement expected in late January / early February. However, this timetable may be subject to change as a result of the General Election. On 5<sup>th</sup> November 2019, the MHCLG wrote to authorities with the following information regarding the settlement:

“Last year the independent review of local government finance and processes recommended the department issue the provisional settlement around 5 December. This is no longer possible because of the General Election. However, the department anticipates that the provisional Settlement will be a priority for Ministers to consider after the General Election. We will take all possible steps to ensure that the final settlement aligns with local authority budget setting timetables.

In the meantime, local authorities should take account of the proposals the Government has published in the technical consultation in drawing up draft budgets for next year.”

#### **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, the one-year settlement announced in the technical consultation now indicates that 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. In the Technical Consultation, the Government is minded to pay off Negative RSG again in 2020/21 and is consulting on this approach.

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 Technical Consultation, the Government is now proposing that 2019/20 allocations of Rural Services Delivery Grant will 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 2022/21 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 Technical Consultation, the Government has proposed that the Council Tax increase referendum limits 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 The Government proposes to continue with no referendum principles for Town and Parish Councils in 2020/21 but 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.

Council Tax Income	2019/20 £'000	Estimate 2020/21 £'000	Estimate 2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000
<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 surplus of £4.001m is estimated to be declared at this stage, which would result in a surplus to East Suffolk of just under £543k. The Collection Fund surplus position will be confirmed in January.

### **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 has proposed in the Technical Consultation to 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, the Government is minded to make a new round of allocations for 2020/21. The Government will retain the option of adjusting the baseline in 2020/21 to reflect significant additional housing growth and spending limits, and any proposals in respect of this will be set out in the Provisional Local Government Finance Settlement.

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 It is the Government’s intention to look again at the New Homes Bonus and explore the most effective way to incentivise housing growth, and there will be further consultation on proposals prior to implementation. Combined with a one-year allocation and no legacy payments, indications are that NHB is being 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. Based on the existing methodology and the Technical Consultation, the total NHB allocation for East Suffolk is forecast 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	(564)	0	0	0
Forecast October 2019	(2,408)	(2,202)	(1,073)	(525)	0
MTFS Forecast February 2019	(2,408)	(2,163)	(2,124)	(2,102)	0
Forecast Change in NHB	0	(39)	1,051	1,577	0

4.37 As part of the in-year NHB allocation, the Council receives payment for each affordable home completed (80% of £350 per property). For the 2019/20 NHB allocation this amounts to £92.4k for the Council (330 properties). This is included in the above figure of £2.408m.

- 4.38 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>	(4,415)	(3,403)	(4,119)	(3,943)	(3,412)
<b>Add: Allocation Received</b>	(2,408)	(2,202)	(1,073)	(525)	0
<b>Less: Proposed Use</b>	3,420	1,486	1,249	1,056	1,058
<b>Closing Balance</b>	<b>(3,403)</b>	<b>(4,119)</b>	<b>(3,943)</b>	<b>(3,412)</b>	<b>(2,354)</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 November 2019, key areas of the budget that are yet to be finalised include partnerships, revenue implications of the capital programme, and the use of reserves.
- 5.2 The MTFS was last updated in February 2019 when the first budget for East Suffolk was set. A summary of analysis of the key movements as at November 2019 is shown in the following table. This table is supported by **Appendix A4**. 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.

MTFS Updates - November 2019	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2022/24 £'001
<b>Key Budget Movements:</b>					
Additional Income	(320)	(137)	(137)	(162)	(162)
Operational Savings	(725)	(1,751)	(1,785)	(1,798)	(1,813)
Operational Requirements	1,872	1,170	912	872	1,374
Reduced Income	456	397	397	397	397
Section 31 Grant (Business Rates)	0	(1,853)	0	(57)	(145)
Reserve Movement	(2,049)	3,080	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	(543)	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>(637)</b>	<b>(891)</b>	<b>(1,325)</b>

- 5.3 The summary MTFs position resulting from these movements as at November 2019 is shown in the table below.

MTFS Forecast - East Suffolk	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000
February 2019	0	3,841	3,849	3,872	3,872
November 2019	0	0	3,212	2,981	2,547

- 5.4 There are a number of key features in the latest MTFs position as at November 2019 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. 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, the Technical Consultation indicates that NHB will significantly reduce as a funding source and will probably be phased out completely in its current form.
- 5.5 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

- 5.6 **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.
- 5.7 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.
- 5.8 **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 will be considered by the Cabinet in January 2020.



- 5.9 **Public Sector Pay** – In December 2017 the National Employers made a final pay offer 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. This assumption remains unchanged. 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.
- 5.10 **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. As at October 2019, the Council is awaiting the actuarial report but 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.
- 5.11 In formulating its detailed spending plans, the Council has also taken account of past performance and the previous year's outturn position.
- 5.12 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 4.22% Property Fund (as at June 2019)
<b>Interest Payable</b>	0.5% every 6 months

- 5.13 **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. This work will continue to update the MTFS over the coming weeks.

## 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.

Reserves	Actual April 2019 £'000	Projected April 2020 £'000	Projected April 2021 £'000	Projected April 2022 £'000	Projected April 2023 £'000	Projected April 2024 £'000
<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>						
Corporate - Contingency, Service Requirements	10,914	6,213	7,755	7,702	7,728	7,728
Business Rate Equalisation	8,476	10,064	9,864	9,814	9,764	9,764
Service Transformation	2,349	2,031	3,461	3,461	3,461	3,461
Community Projects & Initiatives	6,641	5,577	6,293	6,117	5,586	4,528
Housing & Homelessness	4,015	3,761	3,695	3,626	3,554	3,554
Regeneration & Economic Development Projects	3,594	1,041	1,041	1,041	1,041	1,041
Port Health	4,623	4,625	4,629	4,600	4,610	4,610
Capital	4,525	8,925	8,431	8,189	8,012	8,012
<b>Total Earmarked Reserves</b>	<b>45,137</b>	<b>42,237</b>	<b>45,169</b>	<b>44,550</b>	<b>43,756</b>	<b>42,698</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 will be considered by both the Scrutiny Committee and the Cabinet before approval by the Council in 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 2019/20 Capital Programme for the Council was considered by the Shadow Scrutiny Committee and Shadow Cabinet at their respective meetings on 17<sup>th</sup> December 2018 and 21<sup>st</sup> January 2019, with Shadow Council approval on 28<sup>th</sup> January 2019. The Capital

Programme has continued to be reviewed and revised, and an updated Programme as at November 2019 is shown below:

<b>SUMMARY - GENERAL FUND PROGRAMME</b>	<b>2019/20 £000 Revised Budget</b>	<b>2020/21 £000 Revised Budget</b>	<b>2021/22 £000 Revised Budget</b>	<b>2022/23 £000 Revised Budget</b>	<b>2023/24 £000 Revised Budget</b>	<b>2019/20 to 2023/24 Total</b>
<b>Capital Expenditure</b>						
Economic Development & Regeneration	830	0	0	0	0	830
Environmental Services & Port Health	50	11	30	-	-	91
Financial Services, Corporate Performance & R	5,951	5,500	800	200	200	12,651
ICT Services	655	400	50	50	50	1,205
Operations	10,485	18,811	11,170	1,205	6,525	48,196
Planning & Coastal Management	11,763	18,304	25,169	24,805	250	80,291
Housing Improvement	934	900	900	900	900	4,534
<b>Total Capital Expenditure</b>	<b>30,668</b>	<b>43,926</b>	<b>38,119</b>	<b>27,160</b>	<b>7,925</b>	<b>147,798</b>
<b>Financed By:-</b>						
<b>External:</b>						
Grants	13,397	18,326	25,869	25,605	6,900	90,097
Contributions	50	50	50	50	50	250
Borrowing	0	5,300	400	0	0	5,700
<b>Internal:</b>						
General Fund Capital Receipts	70	0	0	0	0	70
Borrowing	9,119	18,387	10,400	400	400	38,706
Reserves	8,032	1,863	1,400	1,105	575	12,975
<b>Total Financing</b>	<b>30,668</b>	<b>43,926</b>	<b>38,119</b>	<b>27,160</b>	<b>7,925</b>	<b>147,798</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.
		39	

<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 5

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

Appendix A2

ES/0203

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, Uggeshall 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	(4,415)	(3,403)	(4,119)	(3,943)	(3,412)
NHB In-Year Funding	(2,408)	(2,202)	(1,073)	(525)	0
Total NHB Funding in Reserve	(6,823)	(5,605)	(5,192)	(4,468)	(3,412)
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>	1200	0	0	0	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	112	0	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
	285	44	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>2,860</b>	<b>1,242</b>	<b>1,117</b>	<b>1,056</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>3,420</b>	<b>1,486</b>	<b>1,249</b>	<b>1,056</b>	<b>1,058</b>
<b>NHB Reserve Balance Carried Forward</b>					
	(3,403)	(4,119)	(3,943)	(3,412)	(2,354)

	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	500
2018/19 green waste scheme contribution paid in arrears to SCC	468	0	0	0	0
Bungay Leisure Centre development	344	0	0	0	0
Melton Hill vacant costs	0	250	0	0	0
Leiston Leisure Centre closure costs	152	0	0	0	0
Car Park Enforcement	125	384	391	399	399
Increase in MRF gate fee	100	100	100	100	100
Lowestoft town centre masterplan	75	0	0	0	0
East Suffolk Council vehicle re-branding	74	0	0	0	0
Tree Management to check all Tree Preservation Orders	70	0	0	0	0
Political assistant support agreed to be funded from savings	62	95	97	98	98
Lloyds Bank charges	55	55	55	55	55
Match funding for HAZ project. As per Cabinet report 11th April 2018 Item (5).	50	50	50	0	0
Green Waste - operational costs of scheme (external printing)	37	37	37	37	37
Other	260	199	182	183	185
	<b>1,872</b>	<b>1,170</b>	<b>912</b>	<b>872</b>	<b>1,374</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
Other	27	18	18	18	18
	<b>456</b>	<b>397</b>	<b>397</b>	<b>397</b>	<b>397</b>
<b>Additional Income</b>					
Investment income due to better deals and rates	(200)	0	0	0	0
Total from Head of Service meetings	(93)	(110)	(110)	(135)	(135)
Other	(27)	(27)	(27)	(27)	(27)
	<b>(320)</b>	<b>(137)</b>	<b>(137)</b>	<b>(162)</b>	<b>(162)</b>
<b>Operational Savings</b>					
Reduction to employer pension contribution rate	(260)	(660)	(660)	(660)	(660)
Savings on insurance premium	(188)	(185)	(182)	(175)	(168)
Total from Head of Service meetings	(137)	(699)	(717)	(717)	(717)
External audit fee reduction	(134)	(134)	(134)	(134)	(134)
Finance lease interest	(49)	(67)	(87)	(108)	(131)
Economic Development restructure saving	0	(50)	(50)	(50)	(50)
Customer Services premise costs and general supplies and services	(45)	(45)	(45)	(45)	(45)
Other	(12)	(11)	(10)	(9)	(8)
Reduce vacancy saving due to vacancies given up as part of service reviews	100	100	100	100	100
	<b>(725)</b>	<b>(1,751)</b>	<b>(1,785)</b>	<b>(1,798)</b>	<b>(1,813)</b>
<b>Non-Specific Grant Income - Section 31 Grant Business Rates</b>	0	(1,853)	0	(57)	(145)
<b>Variance on Reserve Movements - November 2019 Update</b>	(2,049)	3,080	0	0	0
<b>Net Budget Expenditure After Reserve Movements - November 2019 Update</b>	<b>24,819</b>	<b>26,776</b>	<b>26,084</b>	<b>26,670</b>	<b>27,069</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	(543)	0	0	0
Business Rates	(9,819)	(10,604)	(7,229)	(7,446)	(7,669)
	<b>(24,819)</b>	<b>(26,776)</b>	<b>(22,872)</b>	<b>(23,689)</b>	<b>(24,522)</b>
<b>Budget Gap - November 2019 Update</b>	<b>0</b>	<b>0</b>	<b>3,212</b>	<b>2,981</b>	<b>2,547</b>



## CABINET

Tuesday 3 December 2019

### **'LONDON ROAD' HIGH STREET, LOWESTOFT, HERITAGE ACTION ZONE**

#### **EXECUTIVE SUMMARY**

1. On the 14<sup>th</sup> September 2019 following a bid submitted by East Suffolk Council, "London Road" Lowestoft was announced as 1 of 69 successful high streets to move onto the next stage of Historic England's High Street Heritage Action Zone Programme. The confirmation and funding is on an 'in principal' basis following the successful design and submission of a Delivery Plan to Historic England by December 20<sup>th</sup>, 2019. This report requests that Cabinet grants delegated authority to the Head of Service for Economic Development & Regeneration, in consultation with the Cabinet Member for Economic Development & Regeneration, and Heads of Finance and Legal to agree the submission of the London Road High Street Heritage Action Zone Delivery Plan. The Delivery Plan sets out: the project management and governance structure in which the outputs will be managed and monitored; the resources required from East Suffolk Council in both financial and staff time; and the specific projects and timetable for the four-year programme.
2. The Delivery Plan also includes details of the proposed grant funding allocation required from Historic England, profiled for the duration of the four-year programme. We have yet to receive written confirmation of the grant funding, as this is subject to the Delivery Plan being approved by Historic England in January 2020.
3. The match-funding required from East Suffolk Council is £66,750 Year 1, £84,877 Year 2, £36,059 Year 3 and £151,052 in Year 4, totalling £338,738. This report requests that Cabinet recommends to Full Council that approval of the requested match-funding contribution for the programme is given.
4. Additional staff resource is required in Planning and Coastal Management for both the existing North Lowestoft Heritage Action Zone and the London Road High Street Heritage Action Zone to provide an Area Planning Officer (0.5FTE) and a design and Conservation Officer (0.5FTE). This report requests that Cabinet recommends to Full Council that approval is given to the provision of additional budget to provide for extra, fixed-term resource to effectively deliver both Heritage Action Zone's. The amount requested is £181,238 for the two roles, based on starting point of Grade 7, including on-costs over the 4 year period. Additional staff will not be recruited until the funding is required by Historic England.



Is the report Open or Exempt?	Open
<b>Wards Affected:</b>	Harbour, Kirkley
<b>Cabinet Member:</b>	Councillor Craig Rivett Councillor David Ritchie
<b>Supporting Officer:</b>	Paul Wood Head of Economic Development and Regeneration 01394 444249 <a href="mailto:Paul.wood@eastsuffolk.gov.uk">Paul.wood@eastsuffolk.gov.uk</a>  Liz Beighton Planning Development Manager 01394 444778 <a href="mailto:Liz.beighton@eastsuffolk.gov.uk">Liz.beighton@eastsuffolk.gov.uk</a>

## 1 INTRODUCTION

- 1.1 Recently, Lowestoft has focused on its cultural and heritage assets as a way of unlocking investment and driving regeneration. Projects such as Making Waves Together, the First Light Festival, Lowestoft Ness and the existing North Lowestoft Heritage Action Zone are building a sense of pride and aspiration for the town. In July 2019, East Suffolk Council, on behalf of a wider partnership, submitted a first-stage (two-stage process) Expression of Interest (EOI) bid into the Historic England High Street Heritage Action Zone (HSHAZ) Programme, an initiative co-created with the Department for Culture Media & Sport (DCMS). The purpose of this initiative is to designate historic high streets within England that have the potential to become focal points to drive sustainable economic growth, deliver a cultural programme and to engender a sense of pride in place for communities; e.g. using the historic environment as a catalyst for economic growth. To be considered for designation the area put forward needed to be a high street (or high streets) with historical interest, which has number of wide-ranging issues, and falls within the boundaries of a designated Conservation Area. The scheme enables the grouping of projects within a high street, into a single vision, harnessing Historic England's expertise and funding.
- 1.2 Lowestoft was considered a strong bid area by Historic England due to the current condition of the high street areas and the success achieved so far in the existing North Lowestoft HAZ and the potential that could be achieved through sharing of resources and governance. The proposal put forward to Historic England was for an area named 'London Road', which is an area in central Lowestoft covering London Road South, Station Square and a part of London Road North. The area follows the South Lowestoft Conservation Area which was part of the eligibility criteria. Unfortunately, it was not possible to extend to the length of London Road North as this area falls out of the conservation area boundary. The area of intervention, whilst it's primary focus is centred on the high street (retail areas),

the HSHAZ boundary area will also cover Lowestoft's South Seafront, recognising the importance in connecting retail and leisure.

- 1.3 The EOI bid submitted was successful and was 1 of 69 other high streets nationally announced in September 2019 by Government, which would move onto the programme design stage. The programme design stage involves the production of a delivery plan for the scheme, including agreeing budgets for the 4 years. The delivery plan will need to be agreed by Historic England before written confirmation of the grant funding for the scheme is confirmed. This will take place during January 2020.
- 1.4 The key objectives set out in the 'London Road' High Street Heritage Action Delivery Plan are to:
  - Improve the natural, historic and built environmental quality of the area
  - Enhance the vitality and viability of the high street through improvements in the high street offer, including bring back long-term vacant properties into use and the restoration of historic shopfronts
  - Enhance the cultural offer of the area to ensure sustainable economic growth
  - Improve connections and permeability within the area including improvements public space and connections to other parts of the town
  - Build capacity amongst partners and the community, engendering pride in place through a programme of heritage, cultural and community events, encouraging learning and engagement through heritage
  - Promote and raise the profile of the HSHAZ and the area's heritage within the community and wider area
- 1.5 This will be achieved through East Suffolk Council working in partnership with Historic England, Lowestoft Town Council, Lowestoft Vision and East Suffolk Buildings Preservation Trust to deliver a 4 year programme of coordinated and connected interventions. Project interventions will include:
  - HSHAZ Shopfront Grant Scheme - for owners of individual properties to invest and undertake heritage restoration works to improve the streetscape. The grant scheme would also attract private investment from building owners, who would need to contribute a percentage of the total cost of the works.
  - Community Engagement – a programme of community engagement will target businesses, property owners, residents and visitors. Engagement will connect stakeholders to the heritage of the area, allowing them opportunities to fully understand and appreciate the need to protect their heritage assets within the

boundary. This will include community heritage events and training property owners on management and maintenance of their buildings

- Business Support – a package of support will be facilitated by the Council’s Economic Development Officers and Lowestoft Vision (BID), as a key partner in the scheme.
- Connectivity and Public Realm – a key part of the vision is to ensure that the HSHAZ area is well connected to other key areas within the town, to ensure a positive and well-designed visitor experience. A masterplan that links to the current town centre master planning work will ensure improved connectivity, with well-designed public realm that connects and compliments the other parts of the town.
- Conservation Area Appraisal and Management Plan – The last appraisal review was conducted in 2007, therefore a new appraisal of the Conservation Area is of critical importance, providing up to date information, candidates for local listing and recommendations for the management of the conservation area.
- Shopfront Design Guide- A planning tool, to ensure high-quality design, ensuring that restoration is sensitive and in-keeping to the heritage of the building, the streetscape and the conservation area.
- Lowestoft Post Office Heritage Restoration – Capital funding to restore the heritage frontage features of the Grade II Listed Post Office. As an East Suffolk Council asset, which is being significantly invested in, the Post Office forms a key part in the HSHAZ and the catalyst for regeneration in the high street.

## **2 BENEFITS OF HIGH STREET HERITAGE ACTION ZONE DESIGNATION**

- 2.1 Designating the area highlighted within the ‘London Road’ boundary as a HSHAZ will help address the chronic issues currently facing the high street, which include high vacancy rates (24.3%, national average is approximately 11%), over-reliance on traditional retail, poor condition of the streetscape / buildings and levels of severe deprivation. There is deep disadvantage in the HSHAZ area, with the two wards falling within the proposed boundary suffering from significant levels of deprivation. Kirkley Ward is the 10th most deprived neighbourhood in England and Harbour Ward falls within the 10% most deprived areas. Historic England will work in partnership with the Council and the projects partnership to provide resources such as advice, research, training and other grant funding opportunities.
- 2.2 The Delivery Plan has set out a funding request from Historic England for £540,000 over the year programme period. The funding will be drawn down quarterly in arrears based on agreed actual spend.
- 2.3 HSHAZ designation will also be a vital tool in attracting other funding from both public and private sources. In particular, the funding aligns well with programmes operated through the National Lottery Heritage Fund, Arts Council, The Architectural Heritage Fund Future High Street Fund and The Towns Fund.

## **3 HSHAZ BOUNDARY AND RATIONALE**

- 3.1 The proposed ‘London Road’ HSHAZ boundary will take in a fairly linear strip running from the Surrey Street junction with London Road North to the Carlton Road junction on London Road South in Kirkley (see Appendix 1, boundary map). The boundary encompasses the South Lowestoft Conservation Area taking in the Character Areas of the Harbour, London Road South and the Seafront. The boundary includes key commercial

areas including Station Square, London Road South, part of London Road North and Bevan Street, which contain a number of national and locally listed buildings.

- 3.2 In recent years the economic downturn and national changes in retail and the way people shop have had a negative impact on high streets within Lowestoft. Area's within the HSHAZ boundary have faced significant reductions in footfall and to an extent a lack of identity. This coupled with high numbers of vacant premises and the deterioration of heritage assets at risk and in poor states of repair, modern developments such as modern shop frontages with traditional features hidden / lost and a lack of investment in public areas have all contributed to the current conditions.
- 3.3 Strategically, the programme interventions align well with the Waveney Local Plan, The East Suffolk Growth Plan, the Lowestoft Cultural Strategy, the Coastal Community Economic Plan, Lowestoft Seafront Vision, the existing North Lowestoft Heritage Action Zone and the recent People & Places work focussed on the future of high streets in East Suffolk. Heritage-led regeneration, cultural development, inclusive growth, the future use of high streets and connectivity are all key themes.
- 3.4 The creation of the 'London Road' HSHAZ is therefore timely and the scheme will help to revive key locations in the centre of Lowestoft through maximising the potential of historic assets and kick-starting regeneration and investment.

It will bring vacant properties back into commercial use and enhance the quality and connections of historic buildings and public spaces. It will improve the overall natural, historic and built environmental quality, making the area more attractive for all.

## **4 THE DELIVERY PLAN**

### **4.1 The Delivery Plan sets out:**

- The vision and aims and aims of the objectives of the programme, setting out the planned interventions and outputs that will take place;
- The project management and partnership governance structure, in which the outputs from the HSHAZ will be managed and monitored;
- A statement of community engagement, which will form a full Community Engagement Plan
- To establish a Cultural Consortium to lead on a cultural programme
- The resources required, both financial and staff time, including the development of the programme budget;
- The timetable for the overall programme for the HAZ, mapping the key milestones
- Communication, monitoring and evaluation requirements.

### **4.2 The deadline for submission of the Delivery Plan to Historic England is 20<sup>th</sup> December 2019. The Delivery Plan will then be assessed against the Delivery Plan Guidance for agreement in January 2020.**

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

5.1 The programme supports several strands from the East Suffolk Business Plan including:

- Economic Development & Tourism – A strong, sustainable, and dynamic local economy offering communities more stable, high quality and high value jobs, with increased opportunities for all.
- Planning – Well managed development of sustainable, thriving communities, with the quality facilities and services needed for a growing economy, whilst preserving the historic and natural environment.
- Communities – A diverse mix of resilient and supportive communities that value their rural and coastal heritage; which feel engaged, valued and empowered; and where people's needs are met and where they can make a difference to their community.

## **6 FINANCIAL AND GOVERNANCE IMPLICATIONS**

6.1 As part of the delivery plan process, a budget for the 4-year programme, starting from 1<sup>st</sup> April 2020 is being set. The total grant request from Historic England over the programme period is £561,870. This funding is dependent on the agreed sign off of the Delivery Plan with Historic England. The funding will contribute towards a dedicated officer resource to run the project (HSHAZ Project Officer), a Conservation Area Appraisal and Management Plan, a HSHAZ shopfront grant scheme, a shopfront design guide, community engagement programme, a public realm and connectivity masterplan and a contribution towards Lowestoft Post Office frontage restoration.

Match funding (a requirement of the scheme) will be required from East Suffolk Council, over a four-year period, commencing from April 2020. The match funding required broken down by year is £66,750 Year 1, £84,877 Year 2, £36,059 Year 3 and £151,052 Year 4. Making a total of £338,738, which has been agreed with Finance. Budget will not be committed before written agreement is received confirming the funding from Historic England.

To effectively resource and run both the emerging 'London Road' HSHAZ and the current North Lowestoft HAZ, it has been identified that extra staff resourcing capacity is required within Planning and Coastal Management Service to effectively manage the workload and provide a dedicated resource for both programmes. To that effect, this report recommends that Cabinet recommends that Full Council approves the provision of an additional budget of £181,238 to fund a 0.5 FTE Planning Officer and a 0.5 FTE Design & Conservation Officer, both fixed term, commencing from April 2020 to April 2024. The posts will not be recruited before written confirmation of the grant funding is received by Historic England.

6.2 East Suffolk Council will be the Accountable Body for the funding and therefore will own and manage the risks associated with the delivery of the project. A process of Governance is established through a HSHAZ Board and a HSHAZ Project Delivery Team. Governance arrangements will be shared with the existing North Lowestoft HAZ, which will realise benefits in terms of efficiency for both officers and partners.

6.3 The HSHAZ Board will include the Cabinet Member for Economic Development & Regeneration (who also holds the role of Chair of the North Lowestoft HAZ Board and Heritage Champion), the Cabinet Member for Planning & Coastal Management, Historic England, Chair of Lowestoft Vision, Lowestoft Town Council, Chair of East Suffolk Buildings Preservation Trust, East Suffolk Council Officers including the Head of Economic

Development & Regeneration. The Board will be responsible for setting the overall direction and delivery programme.

6.4 The HSHAZ Delivery Team will be responsible for managing the programme and reporting into the HSHAZ Board. The team will include the HSHAZ Project Officer, Historic England, Lowestoft Vision, Lowestoft Town Council, East Suffolk Buildings Preservation Trust and officers Economic Development & Regeneration, Funding, Asset Management Design & Conservation and Planning.

6.5 The HSHAZ Project Officer will undertake the day to day management of the scheme and will be managed by East Suffolk Council's Regeneration & Growth Manager.

Historic England grant funding will contribute towards the employment of the new HSHAZ Project Officer; however, it cannot fund statutory posts such as Planning and Design & Conservation Officers. The additional Planning and Design & Conservation resource required is therefore not being matched by Historic England funding. In-kind staff time resource will also be required from finance, legal, communications and HR support. The Funding Team will be responsible for the administration of the HSHAZ Grant Scheme.

## **7 OTHER KEY ISSUES**

7.1 This report has been prepared having considered the results of an Equality Impact Assessment. The assessment identified that project would have no adverse impacts on communities.

## **8 CONSULTATION**

8.1 Development of the delivery plan will involve the production of a Community Engagement Statement, which will be developed into a wider and more detailed community engagement plan before the programme goes live in April 2020. A part of the delivery plan requires engaging with local residents and key stakeholders within the boundary in the design of the delivery plan, providing local people with the opportunity to have their say on the planned programme of interventions and finding out what's important to them regarding the heritage of the area. It is envisaged that this type of engagement will help to drive local ownership of the HSHAZ.

8.2 During 2019, a wide programme of engagement has taken place with residents and businesses covering each of the high streets in East Suffolk. The results and information generated for the Lowestoft work will be used to inform and develop the Delivery Plan.

## **9 OTHER OPTIONS CONSIDERED**

9.1 Two alternative options have been considered:

9.2 Option 1 – Do nothing: The high street areas identified within the HSHAZ boundary would be left to continue to decline, with rising vacancy rates and decline in footfall. Heritage assets within the boundary would continue deteriorate. Communities would continue to feel disjointed from their high streets.

9.3 Option 2 – Do not proceed with the HSHAZ but consider individual grant options for project interventions. Economies of scale would not be achieved, with interventions happening piecemeal. Communities would not feel engaged with the interventions. A partnership approach, with Historic England would not be possible. Additionally, it would require

match funding and resources for each individual scheme, which may not offer the same value for money.

- 9.4 The preferred option of the HSHAZ would allow for a more holistic approach to be taken to the regeneration and conservation of the area, including resources for community and cultural engagement to ensure pride in place and the longer term sustainability of projects. The partnership, with its sharing of resources and knowledge should help to provide that additional value.

## **10 REASON FOR RECOMMENDATION**

- 10.1 The HSHAZ will deliver a targeted package of interventions to address key issues within high street areas in Lowestoft. The programme will ensure that the area has achieved visual improvement and a feeling of revitalisation. Through community engagement, pride in place will have been raised, safeguarding the ongoing care and maintenance of the area through enabling communities to input into the project and engaging with partners in the programme. An improvement in the management of heritage in decline and the South Lowestoft Conservation Area will result in a proactive as approach, ensuring the projects sustainability. The ambition of the scheme is to build enthusiasm and momentum, using the programme interventions to encourage private investment in the area and act as a catalyst for future regeneration. The partnership formed will ensure that the Council and partners are committed to ensuring the long-term protection and sustainability of heritage within the area, recognising the legal enforcement measures will be taken if required. Connectivity improvements with other key areas within the town will enable an increase in footfall / economic impact and will encourage visitors to visit other areas that they would not have visited previously. A Cultural Programme will assist in driving up the visitor offer, connecting into initiatives such as First Light.
- 10.2 The Delivery Plan will set out a robust way of working with targeted intervention over the course of the four-year programming period. It will ensure that the tried and tested Governance structure (currently used in the North Lowestoft HAZ) is established, ensuring that resources are directed into areas of need, complementing future plans for the town, in particular through the emerging Town Deal for Lowestoft.

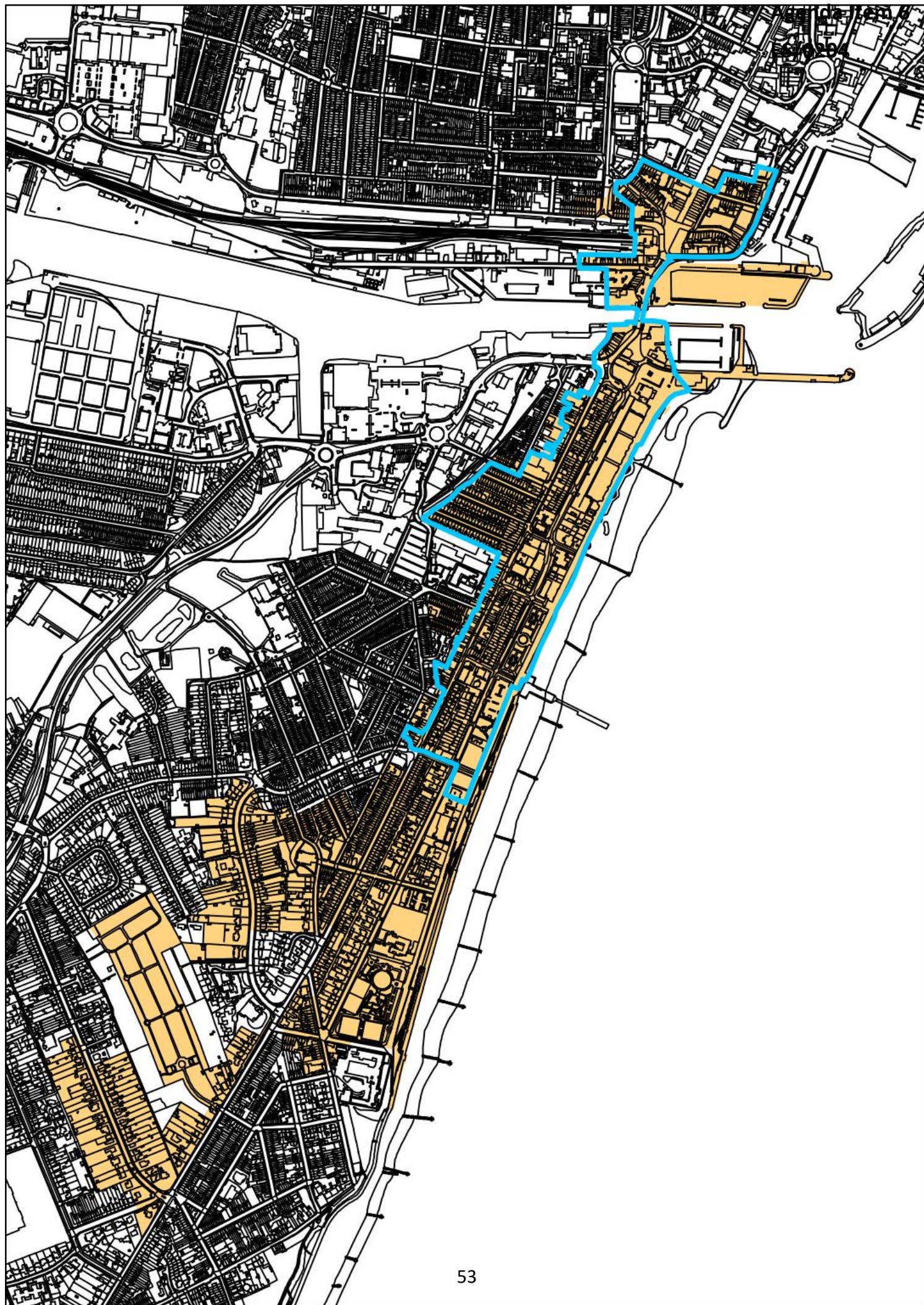
### **RECOMMENDATIONS**

1. That Cabinet delegates authority to the Head of Economic Development & Regeneration, in consultation with the Cabinet Member for Economic Development & Regeneration, and Heads of Finance and Legal to agree the submission of the 'London Road' High Street Heritage Action Zone Delivery Plan. The deadline for submission of the final plan to Historic England is 20<sup>th</sup> December 2019. The Plan will then be assessed by Historic England during January 2020, with a final decision on the programme and official, written confirmation of the funding expected soon after.
2. That Cabinet recommends to Full Council approval of the requested match-funding contribution for the programme. The match-funding required from East Suffolk Council is £66,750 Year 1, £84,877 Year 2, £36,059 Year 3 and £151,052 in Year 4, totalling £338,738.
3. That Cabinet recommends to Full Council the approval of additional resource in Planning and Coastal Management to provide an additional Area Planning Officer (0.5 FTE) and Design & Conservation Officer (0.5 TE), totalling £181,283 over four years, which will cover both the existing North Lowestoft Heritage Action Zone and the 'London Road' High Street Heritage Action Zone.

<b>APPENDICES</b>	
<b>Appendix A</b>	'London Road' Provisional HSHAZ Boundary

<b>BACKGROUND PAPERS:</b>		
<b>Date</b>	<b>Type</b>	<b>Available From</b>
12/11/2019	Equality Impact Assessment	Democratic Services







## Cabinet

Tuesday 3 December 2019

### HOUSING ASSET MANAGEMENT STRATEGY 2019 - 2024

#### EXECUTIVE SUMMARY

1. This Strategy considers the management of the Council's housing stock until 2024 and is an update on the current strategy.
2. The Strategy has been written to provide a structure to the Council's housing asset management. It addresses the approach the Council will take to help achieve its objectives and bring transparency to the process.

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 Richard Kerry Cabinet Member for Housing
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<b>Supporting Officer:</b>	John Brown Housing Maintenance Manager 01502 523952 John.brown@east Suffolk.gov.uk
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## **1 INTRODUCTION**

- 1.1 The Council owns nearly 4500 units of accommodation in the district and the proper and effective maintenance of them is important to safeguard these valuable assets and ensure tenants can live in safe comfortable homes.
- 1.2 The Housing Revenue Account (HRA) Business Plan previously agreed by the Council ensures that there is the funding to build new homes and maintain the current housing stock. The Housing Asset Management Strategy considers what will be done to achieve this.

## **2 THE STRATEGY**

- 2.1 The Strategy discusses the importance of the inter-connection of the Housing Asset Management Strategy with other corporate and departmental strategies, reviewing the current stock portfolio and the historical maintenance and investment that has taken place to date.
- 2.2 The document considers the achievements in the service over time, the financial investment being taken in the housing stock over the long term as well as in response to newly arising issues, the redevelopment of the existing stock that will bring added value and efficiencies and the new build intentions. The role of tenant involvement and our desire to do more is also addressed.
- 2.3 The Strategy outlines the priorities for the service which includes an environmentally sustainable approach to maintenance and management of the stock, the adoption of new technology, management of voids (empty properties), new housing, fire risk management and maximising the use of the housing stock. Together with this the Strategy provides eight actions that will be taken within the Housing Team to improve performance, efficiency and service delivery.

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

- 3.1 A Critical Success Factor within the East Suffolk Business Plan's is 'Improved access to appropriate housing to meet existing and future needs'. The Housing Asset Management Strategy seeks to meet this objective as well as those stated within the HRA Business Plan to ensure the valuable housing assets to the Council are maintained and provide good quality homes for tenants.
- 3.2 The maintenance of the housing stock and the investment in it will help improve mental and physical Health and Wellbeing in the district as well as contributing to inclusive growth through the Council's corporate social values which have developed an effective apprenticeship scheme within the Housing Maintenance Team.

## **4 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 4.1 The Housing Asset Management Strategy considers the approach the Council will take to managing its housing assets in the district. Although the document considers resources as part of an effective strategy, there are no financial implications with the adoption of

the Strategy. The Strategy considers the need for management of the housing assets to ensure the Council's and the Council's resident's interests are protected.

## **5 OTHER KEY ISSUES**

- 5.1 This report has been prepared having taken into account the results of an Equality Impact Assessment. No adverse impact was noted and the investment in disabled adaptations provides a positive impact.

## **6 REASON FOR RECOMMENDATION**

- 6.1 The Strategy provides an agreed approach to the management of the Council's housing assets that is coordinated with other corporate and housing strategies and business plans.

### **RECOMMENDATION**

That the Housing Asset Management Strategy 2019 – 2024, attached as Appendix A, be approved.

### **APPENDICES**

<b>Appendix A</b>	Housing Asset Management Strategy 2019 - 2024
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**BACKGROUND PAPERS** 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>
<b>3.10.2019</b>	<b>Equality Impact Assessment</b>	<b>David Howson</b>

# Housing Asset Management Strategy 2019 - 2024



# Foreword

The Council owns, manages and maintains nearly 4,500 properties in East Suffolk. We are building new homes for our residents as well as continuing to maintain a very high standard of property for our existing tenants. With a repairs and maintenance budget of £7m in 2019-20 alone it demonstrates our commitment to investing in the housing stock for the benefit of our current and our future tenants.

The housing stock is the Council's most valuable asset and therefore it is important to ensure that it continues to be properly managed. New properties being built, new improvements within our housing, and responsive repairs must be carefully planned to ensure budgets are achieved and the standards we have set for years are kept. This strategy plays an important role in that, considering what we have achieved and crucially identifying our new priorities for the next 5 years.

In July 2019, East Suffolk Council unanimously voted to declare a climate emergency. We recognise that environmental factors must be taken into account in our asset management processes and play a key role in informing the decisions we take about our residential assets, and how we invest in them. This strategy sets out how we support the Council to achieve its commitments to step up its positive work on environmental issues, to reduce its own carbon emissions and to encourage communities to help fight climate change. We are committed to setting the standard for our district and be an exemplar for housing providers across East Suffolk.



**Cllr Richard Kerry**  
Portfolio Holder for Housing

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**Stock portfolio** - *Page 05*

**Enviromental sustainability** - *Page 07*

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**Financial information** - *Page 13*

**Redevelopment and new build** - *Page 14*

**Tenant and resident involvement** - *Page 15*

**Our Priorities** - *Page 16*

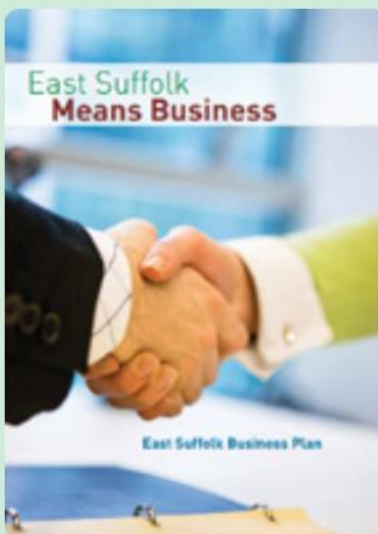
**Our Actions** - *Page 18*

**Actions Summary** - *Page 21*

# Corporate Strategies

This Housing Asset Management Strategy (HAMS) links closely with other related business plans and strategies, to ensure that there is a 'golden thread' from the East Suffolk Business Plan to ensure a cohesive and coordinated approach to the Council's service delivery.

The Strategy reviews the historic approach to our housing stock, recognising the achievements we have already delivered and sets out our aspirations over the next 5 years, recognising that these assets are our tenants' homes as well as bricks and mortar.



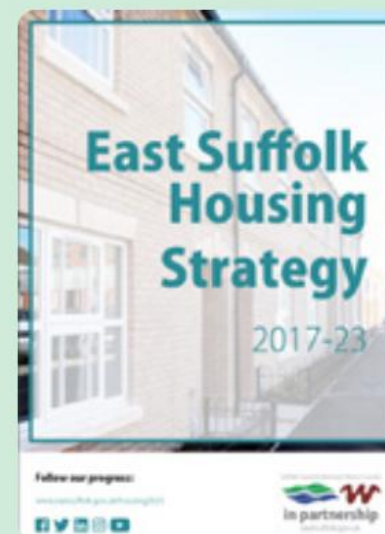
## **East Suffolk Business Plan**

This corporate plan was adopted by the two former councils in 2015. It set out the Vision for East Suffolk (as the largest district council in England by population) and the adoption of the three current themes: Enabling Communities; promoting Economic Growth; and becoming Financially Self Sufficient.



## **East Suffolk HRA Business Plan**

This is the prime document that links with this strategy setting out planned investment in the housing stock over the next 30 years and providing detailed analysis of the current position of our housing assets.



## **East Suffolk Housing Strategy**

The strategy sets out the ambitions and priorities for the housing service from 2017 to 2023 and addresses a range of issues relating to the Council's own housing stock.



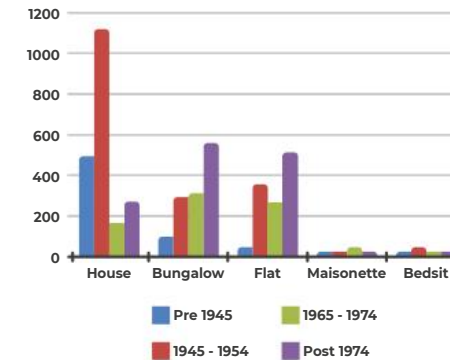
# Stock Portfolio

## Stock age

Our housing stock is focused in the north of the district. Our intention is to be pro-active and develop in the south but we recognise there are challenges around availability and affordability of land.

The chart below gives a breakdown of the types of stock by age. The largest proportion is houses built between 1945-1964. Recent housing developments will now contribute to increasing stock numbers though there will continue to be a loss annually through Right to Buy.

**Stock breakdown by age**

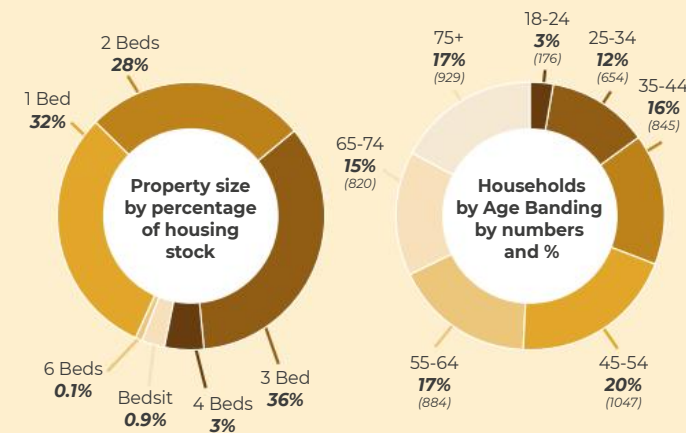


## Stock type

We hold information on occupation of our properties which is reflected in the two charts below. One shows the property size by number of bedrooms and the other shows households by age.

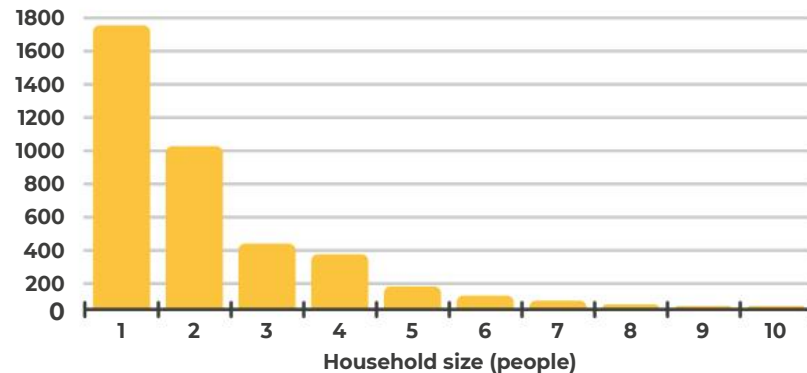
We hold a fairly broad spread of accommodation with the majority being 1, 2 and 3 bedroom units but we are aware that there is an increasing demand for 1 and 2 bedroom units and much of our new development is focused on meeting this need.

We know that in general we house an older population with nearly half of our tenants aged 55 or more. This is unusual compared to the national average but is consistent for the county and reflects specific needs and demands that are made on our stock.



# Stock Portfolio - continued

**No. of tenancies by household size**



## Occupation

An analysis of the stock reflected in the chart shows that our properties are predominantly occupied by single people (1700). This is not surprising when considering the inclusion of our Retired Living accommodation in the figures as well as the large number of flats we own.

Inevitably we house fewer larger households and very few households of more than 5 people. This is reflected in the size of our new build properties which are generally 1 and 2 bed types.

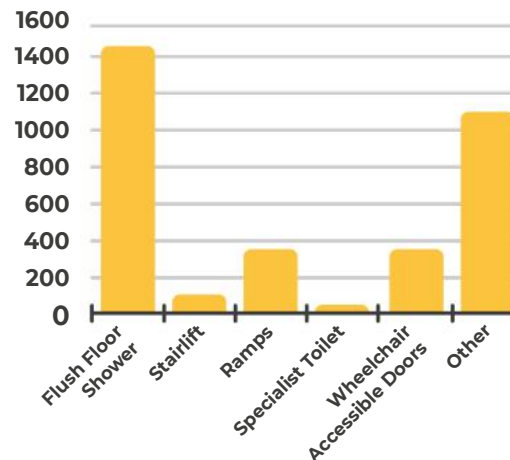
## Adapted properties

We have carried out adaptations to our properties over many years to now have a comprehensively adapted stock to meet the needs of our tenants.

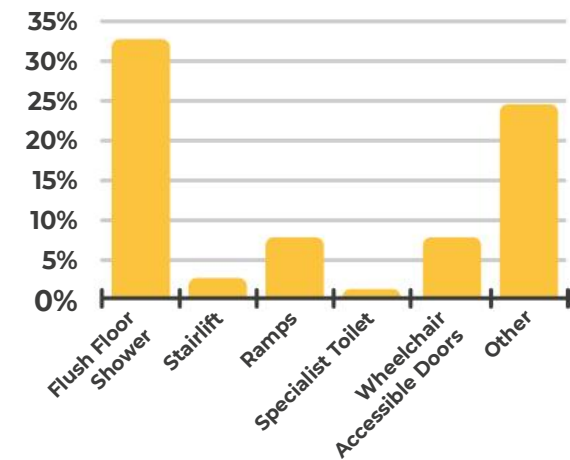
Nearly one third of our stock has flush floor showers and nearly 42% of the stock has had an adaptation of some kind – a high amount.

We remain committed to adapting our properties to meet the changing needs of our tenants and have an annual budget of £250,000 to achieve this.

**No. Properties**



**% of Stock**



# Environmental sustainability

As a Council we have committed through our East Suffolk Business Plan to protect, enhance and make sustainable use of our environment. We recognise that good asset management and delivery of services to our housing stock can impact on our commitment, and we must therefore carefully consider our actions.

## Low emission vehicles

We recognise that our services and accompanying fuel usage impact on the environment. Replacing older vehicles with **lower emission vehicles** is a priority and potential use of fully **electric vehicles** is actively being investigated.



As a housing provider East Suffolk Council utilises the services of many specialist contractors for delivery of work programmes such as gas heating, lift maintenance and asbestos removals. A key evaluation score for the contracts we award considers how the bidder manages their environmental impact and their plans to reduce their future carbon footprint.

We recognise that consideration must be given to the selection of suitable and sustainable material products within the construction industry and we intend to work closely with our suppliers to allow use of appropriate materials wherever possible. Additionally we must consider waste generated through our activities and we currently recycle waste products wherever practical to do so, such as concrete, plastics, metal and paper.

During late 2019 we will be inviting bids for a new waste removal contract, the award of which will have a high emphasis placed upon the recycling abilities of the bidders and any carbon reduction initiatives offered.

We will consider options to deliver new housing and individual remodelling projects to achieve carbon neutral or passivhaus standards where practicable and cost effective to do so.

# Environmental sustainability - continued

We have a very good track record of reducing reliance on carbon fuels to deliver heating for our tenants by use of renewable or low carbon heating initiatives, and intend to continue such works in the future.

## Solar Photovoltaic



We have installed **Solar Photovoltaic** panels to our retired living schemes, generating electricity for communal supplies and reducing costs for tenants. These installations benefitted from the Government's 'feed in tariff' scheme which generates additional income to the HRA and supports funding for other energy efficiency projects.

## Solar Thermal



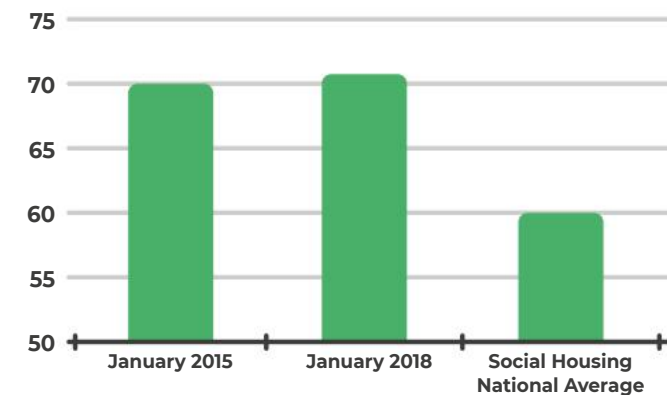
As a Council many of our properties are in rural areas without access to natural gas supplies. We have been keen to assist our tenants by providing more efficient, flexible and affordable heating systems and have installed over 250 air source heating systems with **solar thermal** panels. These installations qualify for the Government's renewable heat initiative payments and East Suffolk are extremely pleased to recognise we have the highest number of applications for RHI of any Council in England.

## Energy Performance

Our energy performance certificate (EPC) score has been improving over several years bringing benefits to our tenants with greater energy efficiency and helping to combat fuel poverty. The graph below shows the average EPC score has risen from 70.05 to 70.65 from over 3 years. This is higher than the national average for council housing of 65.00 (English Housing Survey 2014/15).

Legislation will require a minimum EPC rating of 'D' (55-68) in the private rented sector and we are mindful of the need to consider in the strategy how we achieve this in our own stock.

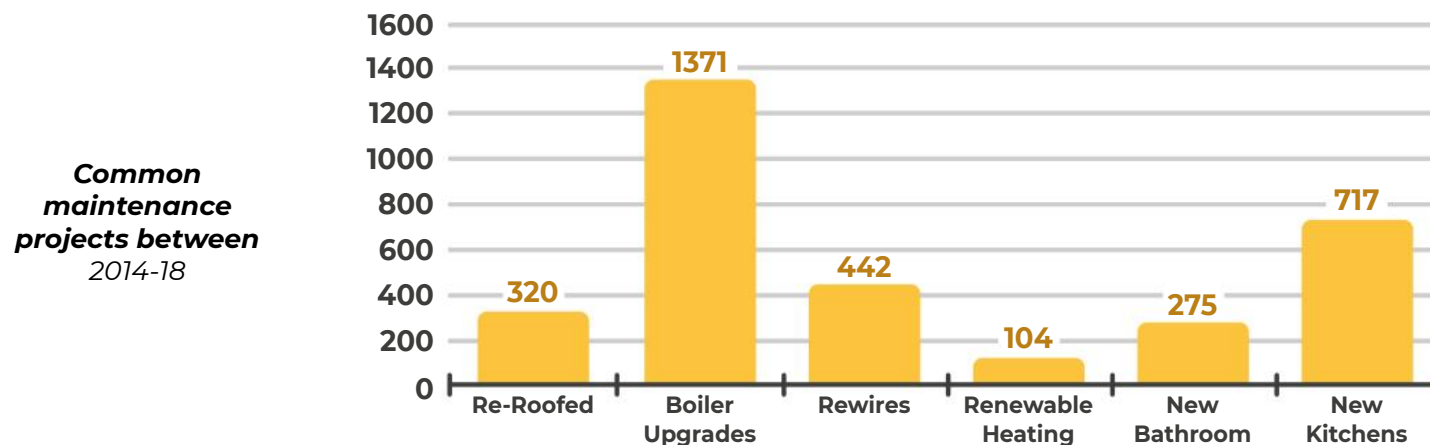
**Average EPC Score**



# Stock maintenance

We pride ourselves on maintaining our housing stock to a high standard and achieved the Decent Homes Plus standard in 2009, a year ahead of the Government time frame. We are continuing to invest millions of pounds over the years to ensure that we have well maintained properties that are improved to a high standard. Historically we have been a sector leader with full double glazing of our stock completed over 19 years ago and we commenced a programme of installation of energy efficient condensing boilers a decade ago.

The Chart below highlights the most common maintenance projects we have carried out between 2014 and 2018. Upgrading boilers remain a priority for us.



The investment over the years has resulted in a predicted fall in day to day repairs and most expenditure is allocated to renewal projects such as new bathrooms and kitchens. Only 14% of our £6.8m budget is spent on day to day repairs. This meets the level that the former Audit Commission stated Registered Providers should be achieving when they invest appropriately in improvements.

Additionally, we have seen significantly high levels of tenant satisfaction in the repairs service typically around 90%. This is a high rating with the national average satisfaction of Registered Provider tenants being 66% (English Housing Survey - Social rented sector 2016-17).

We will continue to invest in our properties to improve living conditions for our tenants.

# Stock maintenance - continued

## Non-Traditional Housing

Some of our housing is built in a non-traditional way, which was not uncommon in the post war period. We have a range of this type of stock, including Swedish, Airey, Tarran, and Unity construction. This type of stock requires increased monitoring to ensure deterioration is picked up early. We own 193 non-traditional properties.

## Kitchen modernisation

We are choosing to modernise kitchens by not only upgrading older kitchen fittings but also delivering an increase in kitchen space as well as upgrading the quality of the fittings. We believe that a family home should have a decent kitchen to meet the needs of the family, in terms of both the size (to accommodate modern day appliances) and the standard to reduce maintenance costs and improve the quality for our tenants.



## Re-roofing

A significant programme of re-roofing work of 860 properties has been undertaken over the last 16 years, informed by our asset management database. This proactive programme helps ensure the stock is energy efficient and watertight. Having a mostly aged stock we intend to continue this programme with similar levels of investment in coming years.



## Information gathering

We have a comprehensive stock survey process with regular property inspections to ensure our stock data is current. The data is managed on an asset management software system. This allows us to review our asset plans against future improvement strategies, such as energy efficiency or communal areas and enable us to make investment decisions in the stock ensuring we keep our stock to a high standard.



# Housing maintenance workforce

We have developed a competent and trained workforce to deliver the housing maintenance service to our tenants. In recent years we acquired a local roofing and scaffolding company to contribute to the service. We are also conscious of the need to raise revenue to fund the HRA and we offer our services to private companies and carry out work for owner-occupiers as well as other Registered Providers on a chargeable basis.



## Apprenticeships

We have a corporate commitment to our social value responsibilities and are committed to employing and training apprentices within the Housing Maintenance Team. Since 2014 we have taken on 16 apprentices who have worked in various trades. We were delighted when two of our apprentices were short-listed for a national apprenticeship award, with one of them winning.



# Achievements

## Financial management

Our strong financial management has enabled a significant investment to be made in our housing stock. In 2019-20 our budget for housing maintenance was £6.5m covering a range of improvements, maintenance and environmental enhancements.

## Procurement

Our procurement approach supports the wider social value objectives of the Council, including employment opportunities, work experience, training and development and community investment. We are committed as a Council to these objectives and offer apprenticeships and work experience opportunities within the team.

The gas contract let in 2019 reflects this social value objective with a requirement for the contractor to employ and train several apprentices from the local community.

## Lettable standard

Since the last Housing Asset Management Strategy, we have made investment commitments to maintain assets to an agreed property standard (which we call our 'Lettable Standard') along with other prioritised investments and improvements. We have made a new 5-year investment plan that reflects our investments priorities and available resources, which was approved in 2018.

## Fleet management

We have a Fleet Strategy for our vehicles which considers the corporate commitment we have to improve sustainability and reduce greenhouse gas emissions. Between 2016-2017 our fleet emitted 161 tonnes CO<sub>2</sub>e (carbon dioxide equivalent), 119 kg Nitrogen Oxide and 8 kg Particulate Matter. With more efficient vehicles being introduced the level of pollution emissions has fallen, helping us meet the corporate objective.

We are committed to continue to strive to be greener and are investigating the use of electric vehicles when it is economically viable to do so.

## Performance monitoring

The Housing Service has consistently monitored how it performs. For the past few years we have employed an independent company to randomly survey our tenants every month to ensure that we are maintaining our standard. In 2018 -19 our independently assessed satisfaction level for the Maintenance Service was 89% for the overall housing service – a figure we have consistently maintained over the years.





# Financial Information

We are required to account separately for our housing provision via the Housing Revenue Account (HRA). This is a ring-fenced account containing the costs arising from the provision and the management of the Councils housing stock, offset by tenant rents, service charges and other income.

We have a 30-year financial business model to support the delivery of the HRA. It makes assumptions regarding the level of income available and the key risks facing housing service delivery within this timeframe. It programmes in the years we expect to pay back the current borrowing, whilst delivering the needs of the service.

Our repairs and maintenance (R & M) programme is split between capital and revenue. Revenue costs are funded from the revenue income from rents, whilst capital is funded from the Major Repairs Reserve (MRR).

The total R & M budget for both revenue and capital for 2019-20 is approximately £7m, which will increase in line with inflation over future years. During the life of the financial business plan there are projected peaks within the R & M programme where components will need replacing. These will be monitored and controlled to reduce the strain on the financial position of the HRA. Reducing these peaks in spending helps give a consistent financial approach, allowing accurate spend on the new development programme without the requirement of increasing borrowing and allows for better workforce planning.

Between 2018 and 2020 a budget of £501k was included in both the R&M revenue and capital budgets for additional works on our only tower block at St Peter's Court. These completed works included new window reveals, door replacement, water tank replacement, and a new sprinkler system. These works have been included in the programme in response to the issues identified by the tragic Grenfell Tower fire in 2017 and demonstrate the Councils commitment to ensuring the safety of tenants of the building. However, events such as the Grenfell fire also demonstrate that unforeseen events can have a substantial impact on planned budgets, indicating the importance of maintaining sufficient reserves.

Getting value for money is also important and we have sought to increase the level of partnership working we undertake to deliver better value. We are working with a broad range of public sector organisations (Norfolk County Council, Suffolk County Council and Great Yarmouth Borough Council) to deliver home improvements that prevent bed blocking and enable earlier hospital discharge benefitting the public purse as well as being better for the client. We also carry out adaptations to homes in the private sector which benefit the public purse as well as generating an income to the Council.



# Redevelopment and new build

## Redevelopment

Redevelopment and adaptation work have been valued at an expected £55.9m investment over a 30-year period which can be viably funded through the HRA. This ranges from conversion and upgrading of unpopular bedsit accommodation to conversions of larger older properties which are no longer fit for purpose.

We have commenced a review of our stock which has seen one of our retired living schemes set to close in 2019 due to the level of investment required and its unsuitability for affordable housing.

We will also be commencing a review of our Retired Living complexes to ensure they meet the future needs of East Suffolk which has a predicted increase in its ageing population.

Redevelopment also relates to the purchase of financially viable properties throughout the district that could be upgraded or converted to meet a specific housing need. This allows the Housing Service to intervene and act to remedy problematic vacant properties working closely with our Private Sector Housing Team and using compulsory purchase options where appropriate.



***Renovation of an HMO in Lowestoft***

## New build

The Council has initiated a programme of land acquisition and new build development to provide additional affordable homes. This has identified funding of £47m to 2023. The programme combines HRA funding with funds from other sources. Longer term the Lowestoft and Outer Harbour regeneration proposals are expected to provide a significant opportunity for the development of further affordable homes. In 2017/18 a total of £2.6 million was invested in purchasing and developing brownfield sites with a further £1.8 million in the first 2 months of 2018/19. An additional £8.8million is available for 2018/19. Further to this a budget of £23.7million has been set aside for brownfield site developments during 2019/20 and 2021/22.

Our future staffing and maintenance budgets will be regularly reviewed to account for increased stock levels from new build developments.

# Tenant and resident involvement

Tenant involvement in our housing service is important to us. We have an established Tenants Forum that provides a great opportunity for us to approach tenants with ideas, policies or initiatives.

Involvement however goes beyond the formal tenant groups and also includes residents and neighbourhoods to enable a broad cross section to express a view and allow us to listen and act. Examples of this include:

- We have engaged with the residents at Avenue Mansions, the retired living scheme we are closing down. We spent time with all the residents both individually and together to explain our decision and listen to their concerns. We have been able to work with all residents to find them new accommodation in their areas of choice.
- The fire protection work at St Peters Court in Lowestoft and the detailed cross-service engagement with residents that required sensitivity because of the traumatic nature of the London tower block fire that initiated the work.



# Our Priorities

## Environmental sustainability

Over the next 5 years improving the energy efficiency of all our assets will be a priority. We will be doing this by assessing our housing stock and identifying those properties that require investment. This would include considering EPC ratings to improve individual and average ratings as well as considering disposal of those properties with an E banding that cannot reasonably be improved.

We will continue to consider new energy efficient formats for tenants including the extension of installation of air source heat pumps, PV and Solar Thermal panels and indeed, any new technologies that may arise.

We will consider the environmental impact of our new developments and remodelling projects, seeking to achieve carbon neutral or Passivhaus standards where possible and practical to do so.

## Tenant Involvement

A tenant engagement strategy is to be written during 2020 that will detail further the level of engagement of tenants. We hope to engage with our residents in new ways assisted by digital technology such as our tenants' portal which launches in 2020.

## Voids

Void management (how empty properties are managed) is a priority to us to ensure that we maximise the income through rent coming into the Council as well as getting tenants quickly into their new home.

The time a property is empty is affected by a range of things from delayed return of keys, damage to the property and clearance of household rubbish, taking the opportunity to upgrade the kitchen etc. whilst the property is empty. All these matters are kept under constant review to try and minimise the period when a property is stood empty.

## Technology

We are delivering a technological transformation programme which will include:

- ICT –to deliver business efficiencies e.g. mobile working as well as customer centred improvements such as a self-service portal for tenants to report repairs due in 2021. We recognise that in many areas superfast fibre broadband is lacking and we will need to work with the relevant groups to enable superfast broadband provision;
- Smart Home technology and Internet of Things (IoT) – A longer term goal for reducing costs and introducing convenience benefits for tenants as well as efficiencies for the Council;
- Green technologies and standards - including renewable energy sources, new materials for energy efficiency, sustainable building materials and using electric vehicles;

We will proactively monitor and evaluate all relevant emerging technologies for application to our housing stock and, where appropriate, undertake small feasibility studies to understand how best to apply these technologies.

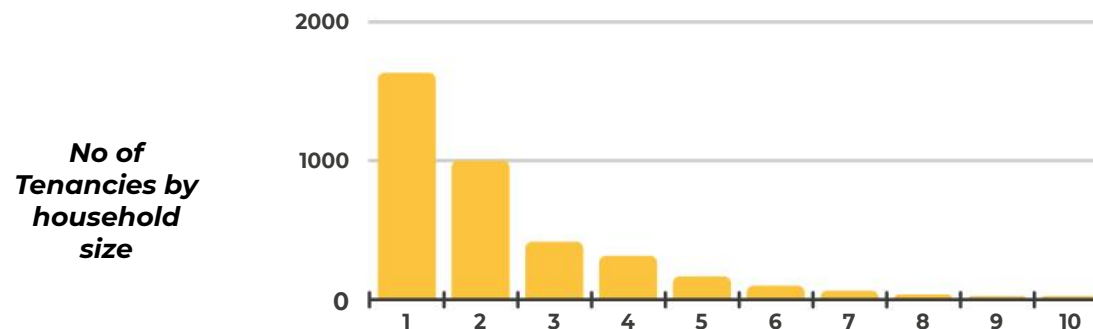
# Our Priorities

## New housing

We have a comprehensive new build programme that we know can be funded from existing resources. The challenge will be in finding sites and enabling the scale of development we are seeking. The HRA Business Plan provides a comprehensive analysis of the new build programme over the long term and specifically to 2023.

## Maximising the use of stock

An analysis of our tenants' household size has indicated a high level of under occupation in the stock that needs to be a priority to try and deliver a more efficiently occupied housing stock. Attention to this was detailed in the HRA Business Plan and was an adopted action within it.



## Fire risk management

Significant recent strides have been achieved on fire management in our tower block.

We have a range of other blocks of flats and we recognise that fire risk management is required and will be undertaken.

We have several hard to let properties that are almost exclusively within Retired Living schemes. We will be undertaking a review of our Retired Living accommodation to consider the needs of the East Suffolk ageing population as well as other vulnerable groups.

## Harmonising asset management

It is recognised that the Council owns buildings which are assets shared between the HRA and General Fund. Our approach to managing them should be coherent and integrated to be as efficient as possible. Closer working on IT systems is underway and the joint use of an Asset Performance Tool is being considered.



# Our Actions



**Stock performance** - It is important that we understand our housing stock to manage our 'business resilience'. This means that we need to profile, review and appraise the stock to fully understand its performance and the contribution it makes to our HRA Business Plan. We manage opportunities and liabilities by identifying properties and either redeveloping or disposing of them to: i) reduce our liabilities; ii) generate funds for future re-investment in properties which are either better located to a) meet other housing need, or; b) are more efficient to manage. We have a track record in this area which has contributed to new build housing and generated a valuable capital contribution for new investment in our existing stock. Additionally, we have been active in re-developing our properties to deliver a higher performing additional stock that meets the needs of our tenants.

It is recognised that an effective Asset Performance Tool to help manage our assets may need to be invested in. This would allow us to understand our housing assets in more detail and enable us to manage them more effectively.

## Action 01

**To investigate the potential benefits of an Asset Performance Tool for the Housing Service and report to the Head of Housing by the end of 2020.**



**Resident involvement** - We currently engage with our tenants through the Tenants Forum (composed of tenants and officers) and the Housing Benefits and Tenant Services Consultation Group (a mix of tenants, councillors and partners) which are well established groups. They consider our performance reporting on the housing stock as well as any significant changes that may occur (e.g. fire risk assessments to tower blocks).

We want to improve tenant engagement through new channels including the ability for tenant scrutiny of our strategies and budgets and will produce Tenant Engagement Strategy in 2020.

## Action 02

**Support the development of a Tenant Engagement Strategy in 2020 to enable meaningful engagement with residents and tenants in any future investment process as well as the development of future strategies.**

# Our Actions



**Energy efficiency and sustainability** - We have, for many years, committed ourselves to a higher standard than those outlined in the Decent Homes Standard. This reflects our long-held view that our properties should be good quality, have decent facilities and amenities and be affordable for our tenants to live in. Over nearly three decades we have adopted energy efficiency measures in our stock with the installation of gas central heating with thermostatic radiator valves, double glazing throughout all our stock, loft insulation to a minimum of 250mm, a programme of showers over baths, warm deck flat roof replacement, and in recent years the installation of air-source heat pumps and solar thermal and solar PV panels. Our commitment to energy efficiency measures continues.

We are also committed to use sustainable products where possible and adopt sustainable practices where we can such as the use of electrical vehicles in our fleet. This is an area that we intend to focus on during the life of this strategy.

## Action 03

**Throughout the life of this strategy we will investigate and consider new energy efficient and sustainable approaches in the development and maintenance of our housing stock, and the use of electric fleet vehicles.**



**Property standards** - We have a 'Lettable Standard' that our tenants can expect when they move into their home. This was adopted by the Council after full consultation with councillors and tenants in 2011 and is due for revision. A standard helps ensure that, over time, the housing stock not only continues to meet statutory and/or regulatory standards but offers a quality of accommodation that exceeds the Decent Homes Standard and meets the changing needs of current and future tenants.

## Action 04

**To work with tenants and councillors on a revision of the lettable property standard for our housing stock before the end of this strategy. This is dependent on achieving action point No2.**



**Void properties** - We recognise that there is a need to reduce the period that our properties are stood empty whilst work on takes place to repair and modernise them as well as getting them relet to new tenants. This was recognised as an action in our business plan.

## Action 05

**Manage void turnaround figures to minimise rent loss.**

# Our Actions



**Information technology** - The use of technology and the role it can play in bringing efficiencies to the housing maintenance services have been recognised with the operation of an effective asset management system (Keystone) for 10 years. This has been critical for the modelling of our stock investment that has informed the HRA Business Plan. However, there is a recognition that our customer interface for reporting repairs and the remote working technology for our workforce needs to be improved and during 2018 resources were committed to improve this area. We fully expect to see a step change in the use of technology in relation to how we maintain our stock and deliver services to our customers.

## Action 06

**Deliver an improved repairs and maintenance service through enhanced mobile technology and online reporting to commence introduction during 2021 as part of phased process.**



**Private sector** - We have carried out an increasing amount of work for the private sector to bring additional revenue to the Council. We currently carry out disabled adaptations in the private sector in coordination with our Private Sector Housing Team, as well as scaffolding installations for private businesses and public bodies.

Additionally, we work closely with our private sector colleagues to improve long term problematic empty properties in our district as well as undertaking Disabled Facility Grants on behalf of Great Yarmouth Borough Council.

## Action 07

**Continue to develop the expansion of the Housing Maintenance service into the private sector to bring additional financial resource to the Housing Revenue Account.**



**Housing service across East Suffolk Council** - With the growth of the housing service through new development and acquisitions across the whole of the new East Suffolk district, there will be new and unique challenges that will face us. We have stated our intention to develop in the south of the district over the life of our HRA Business Plan, this will be in a considered way which takes into account the demand for housing and our ability to manage and maintain the homes.

## Action 08

**Develop a plan for the delivery of new housing across the district that is efficient and cost effective.**



# Actions Summary

Action Ref	Action Description
1	To investigate the potential benefits of an Asset Performance Tool for the Housing Service and report to the Head of Housing by the end of 2020.
2	Support the development of a Tenant Engagement Strategy by 2020 to enable meaningful engagement with residents and tenants in any future investment process as well as the development of future strategies.
3	Throughout the life of this strategy we will investigate and consider new energy efficient and sustainable approaches in the development and maintenance of our housing stock, and the use of electric fleet vehicles.
4	To work with tenants and councillors on a revision of the lettable property standard for our housing stock before the end of this strategy. This is dependent on achieving action point No2.
5	Manage void turnaround figures to minimise rent loss.
6	Deliver an improved repairs and maintenance service through enhanced mobile technology and online reporting to commence introduction during 2021 as part of phased process.
7	Continue to develop the expansion of the Housing Maintenance service into the private sector to bring additional financial resource to the Housing Revenue Account.
8	Develop a plan for the delivery of new housing across the district that is efficient and cost effective.

