



## FULL COUNCIL

Wednesday, 22 February 2023

<b>Subject</b>	General Fund Budget and Council Tax Report 2023/24
<b>Report by</b>	Councillor Maurice Cook Cabinet Member with responsibility for Resources
<b>Supporting Officer</b>	Brian Mew Chief Finance Officer & S151 Officer <a href="mailto:brian.mew@eastsuffolk.gov.uk">brian.mew@eastsuffolk.gov.uk</a>

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	N/A
<b>Wards Affected:</b>	All Wards

## Purpose and high-level overview

### Purpose of Report:

At the end of the 2023/24 budget process, 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.

The report brings together all the relevant information to enable Members to review, consider and comment upon the Council's General Fund revenue budget.

### Options:

Setting a balanced budget for the coming year is a statutory requirement. Consequently, no other options are appropriate.

### Discretionary Rate Reliefs

Local authorities are expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant reliefs in 2022/23 in line with the relevant eligibility criteria. Consequently, not awarding these reliefs has not been considered as an option.

### Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS)

There is an option of not disregarding Covid-19 Grant funding from the value of unrestricted reserves and operating surpluses, but this could potentially deprive these organisations of rate reliefs as a source of funding as a result of the exceptional circumstances of the pandemic.

### Recommendations:

That Council is recommended to;

1. Consider the Chief Financial Officer's report attached at **Appendix C**;
2. Approve the Medium Term Financial Strategy for 2022/23 to 2026/27, including the General Fund Revenue Budget revised for 2022/23; the proposed budget for 2023/24; and forecast budgets for 2024/25 to 2026/27 as set out in **Appendix A5**;
3. Approve the movements to and from Earmarked Reserves and the General Fund Balance for 2022/23 to 2026/27 as set out in **Appendix A7**;
4. Approve the items to be treated as special items in 2023/24 as set out in **paragraph 3.20** – the precepts by Town/Parish Councils and parish meetings;
5. Approve that no further changes are made to Council Tax Discounts and Premiums for 2023/24;
6. Approve the distribution of Council Tax Support funding under s13A(1)(c) of the Local Government Finance Act 1992 as outlined in **paragraph 3.6**;
7. Grant the Chief Finance Officer and Section 151 Officer delegated authority to award any further council tax reliefs in 2023/24 arising from Government announcements under these powers;
8. Approve a Band D Council Tax for East Suffolk Council of £181.17 for 2023/24, an increase of £4.95 or 2.81%;
9. Approve the Flexible Use of Capital Receipts Strategy attached as **Appendix B**;
10. Approve the Pay Policy Statement set out in **Appendix D**;

11. Approve the Council Tax Resolutions in **Appendix E**;
12. Approve the award of 75% relief on rates bills up to £110,000 per business to eligible retail, hospitality and leisure properties using its discretionary relief powers under section 47 of the Local Government Finance Act 1988 as amended;
13. Approve the award of rate reliefs under the Supporting Small Business (SSB) scheme using its discretionary relief powers under section 47 of the Local Government Finance Act 1988 as amended;
14. Approve that, for 2023/24, awards of Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS) continue to disregard the value of Covid-19 Grant funding from the value of unrestricted reserves and operating surpluses;
15. Grant the Chief Finance Officer and Section 151 Officer delegated authority to award any further rate reliefs in 2023/24 arising from Government announcements under these powers.

## Corporate Impact Assessment

### **Governance:**

The Medium Term Financial Strategy (MTFS) is an essential element in achieving a balanced budget and a sustainable medium term position, whilst setting a balanced budget for the coming year is a statutory requirement. The 2023/24 budget is considered at the following Council meetings:

- Cabinet 3 January 2023
- Scrutiny Committee 19 January 2023
- Cabinet 7 February 2023
- Full Council 22 February 2023

### **ESC policies and strategies that directly apply to the proposal:**

- East Suffolk Strategic Plan
- East Suffolk Medium Term Financial Strategy
- Capital Programme
- Housing Revenue Account
- East Suffolk Treasury Management Strategy and Treasury Management Policy
- Annual Governance Statement
- Financial Management Code

### **Environmental:**

There are no environmental impacts directly related to this report.

### **Equalities and Diversity:**

This report has been prepared having taken into account the results of an Equality Impact Assessment. The annual budget collates the financial implications of the Council's individual policies, projects, and initiatives and Equality Impact Assessments are produced for these specific actions.

**Financial:**

The cost of discretionary rate reliefs will be fully funded by the Government. The continuation of the 2022/23 policy regarding discretionary rate relief to charities and other organisations will have a marginal financial impact on the Council and the award of these reliefs would be within existing budgets.

This report presents a balanced position for the current year and 2023/24, with a budget gap of £3.511m in 2024/25, increasing to £6.4m by 2026/27. In the MTFS, very considerable increased expenditure and reducing income pressures are being dealt with by a combination of measures, including a thorough analysis of current and projected savings, and the release of a number of earmarked reserves into the General Fund. Earmarked reserves have been reviewed, and have been released in respect of the following situations:

- to support service expenditure in line with their original intended purpose
- where the reserve is no longer required for its original purpose.

To ultimately balance the budget in 2022/23, £1.098m has been used from the In-Year Savings Reserve.

A key factor in balancing the budget for 2023/24 has been the deferral of Business Rates system changes until 2025/26 at the earliest, as East Suffolk is in an advantageous position under the current system. Due to the level of Business Rates income for 2023/24, use of reserves to balance the budget has not been required. In light of the impending reform, the approach that has been taken is to roll forward the estimates for 2023/24 through to 2026/27, with the exception being a tapering of the Pooling Benefit. This is to reflect a cautious approach to the overall Business Rates income position in the latter years of the MTFS.

**Human Resources:**

There are no HR implications directly arising from this report.

**ICT:**

There are no ICT implications directly arising from this report.

**Legal:**

**Council Tax Calculations** – Section 25 of the Local Government Act 2003 places a personal duty on an authority's "Chief Financial Officer" to make a report to Council about the robustness of the estimates made for the purposes of the Council Tax calculations and the adequacy of financial reserves and balances. The Act also requires the Council to have regard to the report before it makes its budget and Council Tax decisions.

**Balanced Budget** – The provisions of the Local Government Finance Act 1992 set out what the Council has to base its budget calculations upon and require the Council to set a balanced budget with regard to the advice of its Chief Finance Officer (Section 151).

**Pay Policy Statement** - Section 38 (1) of the Localism Act 2011 requires local authorities to produce a Pay Policy for each financial year. There is a requirement for the Council to compare the policies on remunerating Chief Officers and other employees, and to set out the policy on the lowest paid employees.

The interpretation of the meaning of "Chief Officer(s)" as used above in the context of the Pay Policy Statement includes the Chief Executive, the Strategic Directors, the Heads of Service, and the Chief Finance Officer.

**Special Items** – Section 35 of the Local Government Finance Act 1992 provides for certain items of expenditure to be treated as ‘special items’ chargeable to part only of the District when setting the Council Tax. The items referred to are detailed in paragraph 3.20.

**Rate Reliefs** – will be awarded by the Council using its discretionary relief powers under Section 47 of the Local Government Finance Act 1988 as amended.

**Risk:**

Part of the process of delivering a robust medium-term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFs key principles and a risk analysis together with mitigating actions are provided in **Appendix A1**.

<b>External Consultees:</b>	<p>Budget-related consultation questions now form a standing part of the permanent residents survey, which is live via the ESC website, and via other channels. This has been promoted again in the Autumn edition of the residents magazine, and there has been increased promotion to businesses. A summary of responses for 2022 as at December 2022 are provided in <b>Appendix F</b> and includes responses from residents and businesses.</p> <p>The Scrutiny Committee considered the General Fund Budget and Council Tax Report 2023/24 at its meeting on 19 January 2023. A copy of the Scrutiny Committee pre-meeting questions are provided in <b>Appendix G</b>, and a copy of the unconfirmed minutes from the meeting are provided in <b>Appendix H</b>.</p>
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P08	Maximising health, well-being and safety in our District	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>

P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**How does this proposal support the priorities selected?**

By ensuring the robustness of the Medium-Term Financial Strategy and adequate reserves and balances of the Council, the MTFS underpins and supports the delivery of the East Suffolk Strategic Plan. The Flexible Use of Capital Receipts Strategy enables the Council to potentially take advantage of a valuable flexibility enabling funding of the revenue costs of a number of the Council's key projects in the medium term. The flexibility will enable the Council to optimise the use of capital receipts and conserve revenue budget resources. Discretionary rate reliefs will continue to assist these businesses in 2023/24, and continuation of the policy in respect of charity and other organisations to disregard Covid-19 grants will continue to enable discretionary rate relief support to be provided to them. All of these measures contribute directly to the Strategic Plan theme of Growing our Economy. The Council Tax Support scheme will assist households with cost of living pressures, contributing to the Enabling Communities theme.

## Background and Justification for Recommendation

1 Background facts	
1.1	The MTFS sets the strategic financial direction for the Council. It sets out the key financial management principles, budget assumptions and service issues.
1.2	<p>The MTFS provides a 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 Strategic Plan. It provides a sound basis for planning and decision making, and is reviewed and updated at the following key points in the year:</p> <ul style="list-style-type: none"> <li>• November/December – as a framework for initial detailed budget discussions for the forthcoming financial year.</li> <li>• January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build.</li> <li>• February – with the final Budget for the new financial year.</li> </ul>

1.3	<p>The key underlying principles of the MTFS are:</p> <ul style="list-style-type: none"> <li>• securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;</li> <li>• setting modest increases in Council Tax when appropriate; and</li> <li>• delivering service efficiencies and generating additional income where there are opportunities to do so.</li> </ul>
1.4	<p>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, although in recent years the high level of rate reliefs and Section 31 Grant to fund them has effectively shifted the balance back towards central funding to an extent.</p>
<b>2 Current position</b>	
2.1	<p><b>Economic Outlook</b></p> <p>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. Following the pandemic, the UK economy is being impacted by a series of other events, including rising living costs, the Russian invasion of Ukraine, a labour shortage, and UK fiscal policy and financial market turbulence. The squeeze on real incomes, rising interest rates, and a fall in house prices all weigh on consumption and investment, with the Bank of England reporting that the UK is set to enter recession this year. However this is forecast to be shorter and less severe than previously expected.</p>
2.2	<p>As per the ONS Labour Force Survey (LFS), the unemployment rate of England was 3.7% in the three months to November 2022, compared with 3.5% in the previous three months. This latest figure is also 0.3% below pre-pandemic levels. Unemployment is expected to peak at 4.9% in the third quarter of 2024.</p>
2.3	<p>Twelve-month CPI inflation fell from 10.7% in November to 10.5% in December. The Bank of England projects CPI inflation to fall sharply to around 4% towards the end of this year. This is largely due to past increases in energy costs and other goods prices falling out of the calculation of the annual rate. It expects inflation to fall to the official target of 2% in the medium term.</p>
2.4	<p>At its meeting ending on 1 February 2023, the Monetary Policy Committee (MPC) voted by a majority of 7-2 to increase the bank rate by 0.50% to 4.0%. This is the tenth increase in a row. The bank rate is expected to rise further in 2023, to around 4.5% by mid-year before falling to just over 3.25% in three years' time.</p>
2.5	<p><b>Local Government Finance</b></p> <p>On the 17 November 2022 the Chancellor announced the Autumn Statement, alongside the updated forecasts from the Office for Budget Responsibility (OBR). The indication at the time was for all existing grant funding to be protected in cash terms in 2023/24 and 2024/25, and then to grow by 1% per year in real terms for the following three years.</p>
2.6	<p>The Provisional Local Government Finance Settlement for 2023/24 was announced on 19 December 2022. This was a one-year settlement and the best in cash terms that local government has received for over a decade. However, against a backdrop of inflation, the settlement will still leave many local authorities with significant financial pressures. The Provision Settlement introduced a new Funding Guarantee Allocation, amounting to £1.512m for East Suffolk. This new funding guarantee is in recognition of inflationary pressures and ensures</p>

that all Councils see at least a 3% increase in their Core Spending Power(CSP). The Revenue Support Grant was increased by 10.1%, plus other grants rolled in. Other funding streams were either frozen, reduced or rolled into the Funding Guarantee Allocation.

The Final Local Government Finance Settlement was announced on 6 February 2023. Changes between the Provisional and Final Settlement showed a re-allocation of funding from the Funding Guarantee to the Rural Services Delivery Grant and the Services Grant, but with no change to the overall funding to the Council. There was also a minor change to the Revenue Support Grant.

	DLUHC Provisional Settlement 19-Dec-22 2023/24 £	DLUHC Final Settlement 6-Feb-23 2023/24 £	Difference between Provisional and Final Settlement 2023/24 £	
Funding Allocations				Comments
Lower Tier Services Grant	0	0	0	This grant has been abolished from 2023/24 and repurposed towards the Funding Guarantee. No change.
Services Grant	(269,000)	(280,100)	(11,100)	Reallocation from Funding Guarantee.
Revenue Support Grant	(702,800)	(704,100)	(1,300)	Minimal change.
Rural Services Delivery Grant	(260,300)	(290,900)	(30,600)	Reallocation from Funding Guarantee.
Funding Guarantee	(1,553,200)	(1,511,500)	41,700	Funding reallocated between Services Grant and the Rural Services Delivery Grant.
New Homes Bonus	(447,100)	(447,100)	0	No change.
<b>Total</b>	<b>(3,232,400)</b>	<b>(3,233,700)</b>	<b>(1,300)</b>	

- 2.7 Key points from the Settlement are shown below, with more detail provided in Section 4 of **Appendix A**:
- Core Spending Power for East Suffolk (basically the assumed total of all income streams including Council Tax) increased by 4.7%.
  - Council Tax referendum limit for shire districts remains at 3% or £5, whichever is the greater.
  - Revenue Support Grant £0.704m. This grant was increased by 10.1%, plus other existing grants rolled in.
  - Rural Services Delivery Grant has increased from the 2022/23 allocation of £0.260m to £0.291m.
  - Lower Tier Services Grant(LTSG) has been abolished and repurposed towards the new Funding Guarantee Allocation. The 2022/23 LTSG allocation was £0.311m.
  - 2023/24 Services Grant has been reduced from £0.477m to £0.280m to remove funding provided for the Health and Social Care Levy which was reversed from 6 November 2022.
  - Funding Guarantee, a new funding stream for 2023/24 of £1.512m.
  - New Homes Bonus (NHB) one-year allocation of £0.447m.
- 2.8 Following consideration of the budget by Cabinet on 7 February 2023 there have been some updates to the budget for this report. This is detailed in **Appendix A4**. The key change is in relation to Business Rates income in 2023/24 and associated Section 31 Grant following the completion of the NNDR1 Return.



2.9	<p><b>Reserves and Balances</b></p> <p>The total balance of General Fund Earmarked Reserves was £62m as of 1 April 2022. Earmarked Reserves are categorised into the following groups;</p> <ul style="list-style-type: none"> <li>• <b>Grants/Funding Carried Forward</b> – this is external funding the Council has received for specific purposes and is drawn down from reserves when spend is incurred.</li> <li>• <b>Planned Future Revenue Spending</b> – Council funding has been set aside for specific service areas and/or projects.</li> <li>• <b>Planned Future Capital Spending</b> – this is revenue funding set aside to provide funding for the Capital Programme.</li> <li>• <b>Risk Based</b> – Council funding has been set aside for unforeseen budget pressures and fluctuations in budget areas of volatility. The Business Rate Equalisation Reserve is the main reserve within this group. This reserve is primarily held to manage fluctuations in Business Rates income, due to the timing of accounting treatments. The reserve will also be called upon to address budget gap pressures. Another reserve in this category is the In-Year Savings reserve, which is mainly used to address budget gaps.</li> <li>• <b>Covid Reserve</b> – Mainly consisting of Section 31 Grants to fund Covid related Business Rate Reliefs and the Local Authority support grant. This reserve is forecast to be used by the end of this financial year, with the exception of approximately £0.600m of Section 31 Grant to fund the 2020/21 Collection Fund Deficit treatment.</li> <li>• <b>Port Health</b> – The Port Health reserve balance as at 1 April 2022 was £4.3m. This reserve is expected to be fully utilised over the MTFS period, to meet operation needs and as external funding held in reserve is allocated towards relevant spent. This reserve will be closely monitored over the MTFS period, due to continuing uncertainty surrounding the post Brexit situation.</li> </ul> <p>A review of reserves has been undertaken this year, to identify reserve balances which have not been used for some time and/or are no longer required for their original purpose. This exercise has identified £1.8m of reserve balances to be released into the General Fund in the current year.</p> <p>In addition to the Covid reserve which will be fully used, there are a number of other reserves that are forecast to be fully or substantially utilised over this period, and not replenished. This includes the NHB reserve, Transformation reserve, Capital reserve and Port Health reserve. As at the end of 2026/27 the total balance for Earmarked Reserves is estimated to be £31.59m.</p>
2.10	The General Fund balance remains at £6m, with no planned use over the MTFS period.
<b>3 How to address current situation</b>	
3.1	<p><b>Local Council Tax Reduction Scheme (LCTRS); Council Tax Discounts and Premiums; Council Tax Support and Council Tax Base</b></p> <p>The consideration of an annual review and potential proposed changes to the LCTRS scheme is a statutory requirement under the Local Government Finance Act 2012, which brought in the provisions for localisation of council tax support in April 2013. Cabinet on 1 November 2022 approved that no change be made to the East Suffolk Local Council Tax Reduction Scheme (LCTRS) for 2023/24, and the core of the scheme continues to be the 8.5% benefit scheme, i.e., the maximum benefit to working age claimants is 91.5%.</p>

3.2	In addition to LCTRS, the Council has the discretion to set its own policy on Council Tax Discounts and Premiums. It is a statutory requirement for the Council to set and review annually its Discretionary Council Tax Discounts. It is recommended that no changes be made to the Council Tax discounts to be applied from 1 April 2023, which were approved by the Shadow Council at its meeting on 3 December 2018.
3.3	<p>At its meeting on 28 February 2019, the East Suffolk Shadow Council approved Council Tax Long Term Empty Property Premiums as follows:</p> <ul style="list-style-type: none"> <li>• 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019,</li> <li>• 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and</li> <li>• 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021.</li> </ul>
3.4	<p>At its meeting on 25 January 2023, Full Council approved that, in principle, the following additional Council Tax Premiums be applied from 1 April 2024, subject to the Levelling Up and Regeneration Bill receiving Royal Assent, and that the Chief Finance Officer and Section 151 Officer be granted delegated authority to implement the introduction of these additional premiums when the Levelling Up and Regeneration Bill receives Royal Assent:</p> <ul style="list-style-type: none"> <li>• 100% premium for properties which have been empty and unfurnished for a period of between 1 and 2 years;</li> <li>• 100% premium for second homes.</li> </ul>
3.5	<p><b>Council Tax Support</b></p> <p>Alongside the 2023/24 Provisional Local Government Finance Settlement the Government announced £100m Council Tax Support Funding for local authorities to provide further support to households already receiving Council Tax Support. East Suffolk Council has been allocated £404,835. The Government expects local authorities to use the majority of their funding allocations to reduce bills for current working age and pension age Local Council Tax Reduction Scheme (LCTRS) claimants by up to £25. Councils can use any remaining allocation as they see fit to support vulnerable households with Council Tax bills. The Council is expected to deliver this using their discretionary powers under s13A(1) (c) of the Local Government Finance Act 1992 and unlike LCTRS there is no requirement for a separate scheme design.</p>
3.6	<p>The following approach is proposed for the distribution of these funds using these discretionary powers:</p> <ol style="list-style-type: none"> <li>(a) To apply the required reductions of up to £25 to all current LCTRS claimants to their 2023/24 Council Tax bills</li> <li>(b) To maximise use of the fund by providing additional top up payments of £8 to all current LCTRS claimants to their 2023/24 Council Tax bills so that the overall reduction for each household is £33</li> <li>(c) To provide additional s13A(1) ©Exceptional Hardship Payment (EHP) funding, and for that fund to be used by 31 March 2024 (or until the fund is exhausted) to: <ol style="list-style-type: none"> <li>i. support new LCTS claimants with a one-off reduction of £33 to their 2023/24 Council Tax bills, and</li> <li>ii. provide additional support to vulnerable customers via the existing EHP claim form route</li> </ol> </li> </ol>
3.7	The approach outlined above is being recommended for adoption by all of the Anglia Revenues Partnership (ARP) authorities, although the amount of top up will vary from authority to

	<p>authority. The Council will monitor expenditure regularly as part of the monitoring requirements and will encourage take up of EHP to help maximise use of the funding. Support will also continue to be available for those who may be economically vulnerable but just outside of the income threshold for LCTRS eligibility through the allocation of s13A(1) (c) awards directly to their Council Tax bills via a separate non-LCTRS claim form route. In accordance with the New Burdens doctrine reasonable administration costs will be funded following a Government assessment later in the year.</p>
3.8	<p>The Chancellor of the Exchequer has announced that the Spring Budget will be held on 15 March 2023. It is conceivable that further council tax support measures could be announced that would require the Council to use its discretionary relief powers under section 47 of the Local Government Finance Act 1988. To cover the event of this arising, it is recommended in this report that Council grants the Chief Finance Officer and Section 151 Officer delegated authority to award any further reliefs in 2023/24 arising from Government announcements.</p>
3.9	<p><b>Council Tax Base</b></p> <p>At its meeting on 6 December 2022 Cabinet approved the Council Tax Base for 2023/24 for the East Suffolk district is 90,340.92 Band D equivalent properties <b>Appendix A2</b>.</p>
3.10	<p><b>Risk Assessment and Report of The Chief Financial Officer</b></p> <p>Part of the process of delivering a robust medium term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in <b>Appendix A1</b> of the MTFS.</p>
3.11	<p>In relation to the statutory duty under the Act, the Chief Financial Officer considers that the estimates are robust; the General Fund Balance is within the guideline levels established as part of the MTFS; and the contributions to and use of earmarked reserves will assist the Council in meeting its financial challenges and developing its response to the pandemic and the objective of financial sustainability. The Chief Finance Officer's report is attached as <b>Appendix C</b>.</p>
3.12	<p><b>Pay Policy Statement</b></p> <p>There is a requirement for the Council to compare the policies on remunerating Chief Officers and other employees, and to set out the policy on the lowest paid employees.</p> <p>The interpretation of the meaning of "Chief Officer(s)" as used above in the context of the Pay Policy Statement includes the Chief Executive, the Strategic Directors, the Heads of Service, and the Chief Finance Officer.</p> <p>The Council is also required by law to report annually in April, on their gender pay gap and publish this information. This must include mean and median gender pay gaps; the mean and median gender bonus gaps; the proportion of men and women who received bonuses; and the proportions of male and female employees in each pay quartile. The Pay Policy Statement for 2023/24 is attached in <b>Appendix D</b>.</p>
3.13	<p><b>Flexible Use of Capital Receipts Strategy 2022/23 to 2024/25</b></p> <p>The predecessor Councils' first Flexible Use of Capital Receipts Strategies were produced in response to the Statutory Guidance on the Flexible Use of Capital Receipts, originally issued to cover the period 2016/17 to 2018/19. In the 2018/19 Provisional Local Government Finance Settlement, this was extended for a further three years to April 2022. Subsequently, a further 3-year extension from 2022/23 onwards was announced in the 2022/23 Provisional Local</p>

	Government Finance Settlement. On 4 April 2022, the Department of Levelling Up, Housing, and Communities confirmed this extension and published Guidance and a Direction.																												
3.14	The Guidance provides the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings but does not enable ongoing revenue costs to be funded by this method.																												
3.15	The Strategy is attached as <b>Appendix B</b> and includes two key projects identified from the East Suffolk Strategic Plan as being eligible for capital receipts funding. This list is not definitive and further potentially eligible projects could be identified during the course of the year. Full Council on 28 September 2022 approved that the Council carries out whole site master planning for the full North Felixstowe site allocation with the cost of this work up to £1.5m to be funded from capital receipts. This is currently the only project with approval for funding in accordance with the Flexible Use of Capital Receipts Strategy.																												
3.16	<b>Council Tax</b>  For Shire District Councils in two-tier areas, the referendum limit for 2022/23 was the higher of 2% or £5. In the Provisional Settlement the referendum limit for 2023/24 was changed to the higher of 3% or £5 and this remained as per the Final Settlement. However, this additional flexibility has limited significance for the Council, as 3% on the 2022/23 Band D Council Tax would equate to an increase (divisible by 9) of £5.22, generating additional income of only just over £24,000 compared with the Cabinet recommended increase of £4.95.																												
3.17	In the Key Principles of the MTFs, the Council Tax strategic objective is to “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.”																												
3.18	In considering the budget for 2023/24, the Cabinet proposed that the Council increases its Band D Council Tax to £181.17 an increase of £4.95 (2.81%). This equates to around £0.447m of additional Council Tax income to the Council based on the current District Band D Council Tax of £176.22.																												
3.19	<p>The Council’s Council Tax is only a small proportion of the total Council Tax required to fund all local authority and police services in the East Suffolk area. The following table shows the approved tax to be levied in 2023/24. The Band D tax for Suffolk County Council has been increased by 3.99% and includes a 2.00% increase for the Social Care Precept. The Police and Crime Commissioner for Suffolk has recommended an increase of 6.03%. The Council Tax Resolutions are set out in <b>Appendix E</b>.</p> <table><tr><td></td><td><b>2022/23</b> <b>£</b></td><td><b>2023/24</b> <b>£</b></td><td><b>Increase</b> <b>%</b></td></tr><tr><td>East Suffolk Council</td><td>176.22</td><td>181.17</td><td>2.81</td></tr><tr><td>Suffolk County Council</td><td>1,438.92</td><td>1,496.43</td><td>3.99</td></tr><tr><td>Police and Crime Commissioner for</td><td>247.68</td><td>262.62</td><td>6.03</td></tr><tr><td><b>Sub-Total</b></td><td><b>1862.82</b></td><td><b>1,940.22</b></td><td><b>4.15</b></td></tr><tr><td>Town &amp; Parish Councils (average)</td><td>75.81</td><td>78.53</td><td>3.59</td></tr><tr><td><b>Total</b></td><td><b>1,938.63</b></td><td><b>2,018.75</b></td><td><b>4.13</b></td></tr></table>		<b>2022/23</b> <b>£</b>	<b>2023/24</b> <b>£</b>	<b>Increase</b> <b>%</b>	East Suffolk Council	176.22	181.17	2.81	Suffolk County Council	1,438.92	1,496.43	3.99	Police and Crime Commissioner for	247.68	262.62	6.03	<b>Sub-Total</b>	<b>1862.82</b>	<b>1,940.22</b>	<b>4.15</b>	Town & Parish Councils (average)	75.81	78.53	3.59	<b>Total</b>	<b>1,938.63</b>	<b>2,018.75</b>	<b>4.13</b>
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3.20	Special Items - Section 35 of the Local Government Finance Act 1992 provides for certain items of expenditure to be treated as ‘special items’ chargeable to part only of the District when setting the Council Tax. The items referred to are:																												

	<p>(a) any precepts issued or anticipated by the Council in calculating its budget requirement believed to be applicable to part of the area; i.e., precepts of Town and Parish Councils;</p> <p>(b) any expenses of the Authority which are its special expenses, and which were included in the budget requirement.</p> <p>The items to be treated as special items in 2023/24 under s35 (2) of the Act are the precepts by Town/Parish Councils and parish meetings.</p>
3.21	<p><b>MTFS Position</b></p> <p>There are prospective activities not yet factored into the MTFS, which have the potential to make inroads into the budget gap towards the end of the MTFS. These include the Council Tax Premium on second homes, expected efficiencies from East Suffolk Services Ltd, and income streams from capital projects.</p> <p>However, despite these factors, and the uncertainty due to local government finance reforms, the range and scale of expenditure and income pressures indicate that a combination of actions will be needed to ensure a longer term sustainable position including a phased use of reserves, maximisation of income, and the achievement of savings.</p>
3.22	<p><b>Retail, Hospitality, and Leisure Rate Reliefs</b></p> <p>The Autumn Budget Statement in 2022 confirmed the continuation of eligible retail, hospitality and leisure properties with 75% relief on rates bills up to £110,000 per business for 2023/24 – an increase from 50% from 2022/23. Local authorities are expected to use their discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the discount in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting the discount through a Section 31 Grant from Government.</p> <p>It is proposed to award the new relief for eligible retail, hospitality and leisure properties with 75% relief on rates bills up to £110,000 per business in 2023/24 under section 47 of the Local Government Finance Act 1988 as amended in line with the relevant eligibility criteria.</p>
3.23	<p><b>Supporting Small Business scheme (SSB)</b></p> <p>In the Autumn Budget 2022 the Government announced that it would reintroduce Supporting Small Business Relief – this will limit the increase on rates bills to £600 a year for those ratepayers who have had an increase due to full or partial loss of Small Business Rate or Rural Rate Relief.</p> <p>It is proposed to use the Council's discretionary relief powers (under section 47 of the Local Government Finance Act 1988 as amended) to grant the discount in line with the relevant eligibility criteria. Authorities will be compensated for the cost of granting the discount through a Section 31 Grant from Government.</p>
3.24	<p><b>Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS)</b></p> <p>In its Discretionary Rate Relief policy, the Council normally takes into account the value of unrestricted reserves and operating surpluses when determining whether to award reliefs. In this respect, the Council will not generally award reliefs to organisations with significant assets or operating surpluses in excess of £50,000.</p> <p>In 2021/22 and 2022/23, Anglia Revenues Partnership (ARP) received a number of reviews for this relief where the organisations are above the value of reserves threshold, solely as a result of the receipt of Covid-19 grants in 2020/21 and 2021/22. Many organisations have put any excess funding into restricted reserves to pay for facilities and improvements, but in some cases these</p>

	<p>funds remain in unrestricted reserves. In some instances, the amount potentially lost in relief was broadly equivalent to the amount above the threshold.</p> <p>This could continue to be the position in 2023/24, and consequently it is proposed that in 2023/24, awards of Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS) continue to disregard the value of Covid-19 Grant funding from the value of unrestricted reserves and operating surpluses, so as not to deprive these organisations of this source of funding as a result of the exceptional circumstances of the pandemic.</p>
3.25	<p>The Chancellor of the Exchequer has announced that the Spring Budget will be held on 15 March 2023. It is conceivable that further rate relief measures could be announced that would require the Council to use its discretionary relief powers under section 47 of the Local Government Finance Act 1988. To cover the event of this arising, it is recommended in this report that Council grants the Chief Finance Officer and Section 151 Officer delegated authority to award any further reliefs in 2023/24 arising from Government announcements.</p>

## 4 Reason/s for recommendation

4.1	To bring together all the relevant information to enable Members to review, consider and comment upon the Council's General Fund revenue budgets.
4.2	The Council is required to set a balanced budget for the following financial year and to agree the Council Tax for 2023/24.
4.3	To implement Council tax Support for 2023/24.
4.3	To approve the award of a range of Discretionary Rate Reliefs in 2023/24.
4.4	To seek wider Member consideration of the forward budgets beyond 2023/24, and Council Tax proposals in this report to balance the budget for 2023/24 and future years.

## Appendices

Appendices:	
<b>Appendix A</b>	Medium Term Financial Strategy(February 2023)
<b>Appendix A1</b>	MTFS Key Principles and Risk Analysis
<b>Appendix A2</b>	East Suffolk Council Tax Base 2023/24
<b>Appendix A3</b>	NHB Reserve Summary 2022/23 to 2026/27
<b>Appendix A4</b>	MTFS Key Changes Analysis by Strategic Theme/Other Factors
<b>Appendix A5</b>	General Fund Revenue Budget Summary 2022/23 to 2026/27
<b>Appendix A6</b>	Financial Provision to Support the Council's Green Agenda - Caring for Our Environment
<b>Appendix A7</b>	General Fund Reserve Summary 2022/23 to 2026/27
<b>Appendix A8</b>	DLUHC - Policy Statement on Local Government Finance Settlement 2023/24 and 2024/25
<b>Appendix A9</b>	Provisional Local Government Settlement 19 December 2022
<b>Appendix B</b>	Flexible Use of Capital Receipts Strategy 2022/23 to 2024/25
<b>Appendix C</b>	Report by the Chief Finance Officer 2023/24
<b>Appendix D</b>	Pay Policy Statement 2023/24



<b>Appendix E</b>	Council Tax Resolutions 2023/24
<b>Appendix E1</b>	Special Items – Parish Precepts and Special Expenses
<b>Appendix E2</b>	Amounts of Council Tax 2023/24
<b>Appendix F</b>	Residents Survey Results – 2022
<b>Appendix G</b>	Scrutiny Committee Pre-meeting Questions Submitted
<b>Appendix H</b>	Extract from Unconfirmed Minutes of Scrutiny Committee 19 January 2023

### Background reference papers:

Date	Type	Available From
03/11/2022	Bank of England Monetary Policy Report – November 2022	<a href="#">Monetary Policy Report - November 2022   Bank of England</a>
17/11/2022	Chancellor's Autumn Statement 2022	<a href="#">Chancellor delivers plan for stability, growth and public services - GOV.UK (www.gov.uk)</a>
17/11/2022	Office for Budget Responsibility - Economic and fiscal outlook – November 2022	<a href="#">Economic and fiscal outlook - November 2022 - Office for Budget Responsibility (obr.uk)</a>
12/12/2022	DLUHC - Policy Statement on Local Government Finance Settlement 2023/24 and 2024/25	<a href="#">Local government finance policy statement 2023-24 to 2024-25 - GOV.UK (www.gov.uk)</a>
19/12/2022	Provisional Local Government Finance Settlement 2023/24	<a href="#">Provisional local government finance settlement: England, 2023 to 2024 - GOV.UK (www.gov.uk)</a>
06/02/2023	Final Local Government Finance Settlement 2023/24	<a href="#">Final local government finance settlement: England, 2023 to 2024 - GOV.UK (www.gov.uk)</a>