



Committee	Full Council
Date	21 February 2024
Subject	General Fund Budget and Council Tax Report 2024/25
Cabinet Member	Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money
Report Author(s)	Lorraine Rogers Chief Finance Officer and Section 151 Officer Lorraine.rogers@eastsoffolk.gov.uk Georgina Peck Finance Business Partner/Acting Finance Planning Manager Georgina.peck@eastsoffolk.gov.uk Danielle Patterson Finance Business Partner/Acting Finance Planning Manager Danielle.patterson@eastsoffolk.gov.uk
Head of Service	Lorraine Rogers Chief Finance Officer and Section 151 Officer Lorraine.rogers@eastsoffolk.gov.uk
Director	Chris Bally Chief Executive Chris.bally@eastsoffolk.gov.uk

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	N/A
---	-----

Purpose/Summary

At the end of the 2024/25 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 for the next financial year.

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

Recommendation(s)

That Council is recommended to;

1. Consider the Chief Financial Officer's report attached at **Appendix G**;
2. Approve the Medium Term Financial Strategy for 2024/25 to 2027/28, including the proposed General Fund Revenue Budget for 2024/25; and forecast budgets for 2025/26 to 2027/28 as set out in **Appendix A5**;
3. Approve the movements to and from Earmarked Reserves and the General Fund Balance for 2024/25 to 2027/28 as set out in **Appendix A6**;
4. Approve the items to be treated as special items in 2024/25 – the precepts by Town/Parish Councils and parish meetings;
5. Approve a Band D Council Tax for East Suffolk Council of £186.57 for 2024/25, an increase of £5.40 or 2.98%;
6. Approve that no further changes are made to Council Tax Discounts and Premiums for 2024/25, with the exception of the introduction of the following two premiums, following the enactment of the Levelling Up and Regeneration Bill on 26 October 2023:
 - 100% premium for properties which have been empty and unfurnished for a period of between 1 and 2 years from 1 April 2024, and
 - 100% premium for second homes from 1 April 2025;
7. Grant the Chief Finance Officer and Section 151 Officer delegated authority to implement the introduction of the additional Council Tax premiums as per Recommendation 6;
8. Grant the Chief Finance Officer and Section 151 Officer delegated authority to award any further Council Tax Reliefs in 2024/25 arising from Government announcements under these powers;
9. Approve the Pay Policy Statement set out in **Appendix D**;
10. Approve the Council Tax Resolutions in **Appendix E**;
11. Approve the Flexible Use of Capital Receipts Strategy attached as **Appendix F**;
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 2024/25, awards of Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS)

continues to disregard the value of Covid-19 Grant funding from the value of unrestricted reserves and operating surpluses for one further year; and

15. Grant the Chief Finance Officer and Section 151 Officer delegated authority to award any further rate reliefs in 2024/25 arising from Government announcements under these powers.

Strategic plan

How does this proposal support Our Direction 2028?

Environmental Impact

The Council has committed to delivering positive climate, nature and environmental impacts through the decisions we make and the actions we take and this will be reflected in all our work.

During 2024/25, we will be reviewing our Asset and Procurement Strategies, both of which will demonstrate the key relationships between looking after the environment and long-term financial stability.

Specifically there is an annual budget in the region of £0.140m for Environmental Climate. This includes resourcing to help co-ordinate and support the delivery of the Council's commitment to net Zero by 2030. A Climate Change Reserve is also held which is currently being used for Plastic Action.

The 2024/25 budget includes an approved £0.110m contribution to the Green Light Trust to support the completion of a new purpose-built eco exemplar indoor learning centre.

The Cycling and Walking Group is now set up with Terms of Reference agreed with its overarching aim to promote active travel (cycling, walking and wheeling) throughout East Suffolk and to help facilitate the delivery of the East Suffolk Cycling and Walking Strategy and promote modal shift. The group has met several times and has engaged with a number of communities and developers to scope out its work programme.

A new reserve has been established for the Strategic Plan, with an allocation of £1.5m for the theme of Environmental Impact, including £1m for the Cycling and Walking Strategy. An additional post is also to be established to support this work.

The Council contributes £0.050m per annum to the National Landscape Partnership, and this is included in the budget for 2024/25 and the following years of the MTFs. This contribution ensures continued support and promotion of the importance of the Area of Outstanding Natural Beauty within East Suffolk.

The Planning Service has actively addressed the challenges of the introduction of mandatory Biodiversity Net Gain (BNG) from February this year by working with other Suffolk authorities as to how the process will be implemented and operated. The

	<p>team has also employed two further ecologists to complement the existing team in the services Specialist Servies Team and the management of the BNG agreements and funds will be facilitated through the services Infrastructure Delivery Team. The introduction of BNG will be carefully monitored through the coming year.</p>
<p>Sustainable Housing</p>	<p>Together with the Housing Revenue Account, the budget commits to support safe, suitable and sustainable homes. We will look to bring forward business cases to deliver affordable and sustainable housing as opportunities arise.</p> <p>Specifically the budget recognises the pressure on temporary accommodation and the impact on Housing Benefit Subsidy loss. This has been identified as a £0.100m annual pressure.</p> <p>By enabling growth in the Council tax base, whether from new properties or bringing empty homes back into use, this generates income to the Council from Council Tax, and Government funding in the form of New Homes Bonus (NHB) which is set to continue for another year in 2024/25.</p> <p>From 2025/26, the MTFS includes the introduction of the 100% Council Tax premium on second homes from April 2025. This is currently estimated to generate additional annual income in the region of £0.760m for the Council from 2025/26. The MTFS currently shows this annual income being held in the Strategic Plan Reserve until 2027/28 to support Sustainable Housing ambitions.</p>
<p>Tackling Inequalities</p>	<p>A significant amount of the work done by the Council’s dedicated office cohort, is aimed at supporting those most at need and in protecting vulnerable people. Teams such as communities and leisure, housing, environmental health and economic development are committed to improving the quality of life across the District.</p> <p>Specifically the budget recognises an annual increased funding for the Voluntary, Community, Faith and Social Enterprise (VCFSE) organisations which are integral to delivery of this Strategic ambition. The total budget provision is £0.270m.</p> <p>The £0.110m contribution to the Green Light Trust supports their vision to provide health and wellbeing programmes in a nature-based setting.</p> <p>The NHB reserve provides funding for a number of initiatives supporting this theme of the Strategic Plan, this includes;</p> <ul style="list-style-type: none"> • The Community Partnerships model which continues to be developed and the budget includes an annual provisional in the region of £0.600m until 2026/27 • Community Hubs with an additional £0.080m of funding being provided next year.

	<p>The Council has provided funding for a range of mental health programmes with schools including free training for teachers, mentoring programmes in Lowestoft, Crucial Crew Plus focussed on Safety.</p> <p>There is a significant amount of working with Public Health – Feel Good Suffolk programme. They are allocating £0.101m per year to us for three years for a Community Centred Approaches to Health programme. The Council worked in partnership with Public Health and Norfolk and Waveney ICB to secure £0.160m for the Lowestoft Health Hearts project, and the Council has helped to deliver £0.200m of funding for four target areas through the Public Mental Health programme.</p> <p>The need to address and reduce anti-social behaviour is an ambition of the Strategic Plan. The budget includes an increase to the staffing budget to ensure this service is adequately resourced on a permanent basis going forward.</p> <p>During the current year the Council has supported transport in rural areas via community partnership funding – Buzzabout in the north of the district and Katch in the Framlingham/Wickham Market and Snape area.</p>
<p>Thriving Economy</p>	<p>Continuing to support regeneration projects</p> <p>Council led regeneration programmes in Lowestoft, Leiston and Felixstowe are supporting the Thriving Economy theme through increasing the economic viability of the district’s towns, ensuring residents benefit from Nationally Significant Infrastructure Projects (NSIPs) and supporting responsible tourism and the visitor economy. In Lowestoft there is a major town wide regeneration programme contributing to the town’s repositioning from a deprived and run down sea-side town to a thriving coastal resort and offshore renewables Operation & Maintenance (O&M) base. Key elements include:</p> <p>Towns Fund - seeks to transform a tired high street and the seafront area through capital investments in arts, culture and leisure. A key objective is to adapt the current town centre away from an over reliance on retail which is demonstrated by the 24% vacancy rate (almost five times higher than Felixstowe). £65.1m of external funding has been secured to support an £82.7m regeneration programme.</p> <ul style="list-style-type: none"> - The Seafront Vision element of the regeneration programme includes the redevelopment and transformation of East Point Pavilion, Eastern Edge beach huts, Royal Plain, First Light Festival and Jubilee Parade. These are and will provide brand new contemporary attractions to draw in visitors from beyond Lowestoft’s traditional visitor hinterland. This complements other major capital investment on the seafront such as the £16m CEFAS redevelopment which modernised and expanded the marine science facility.

- Jubilee Parade Phase 3 wholesale redevelopment of seafront asset to provide new food and beverage offer, toilets, showers, water sports storage and an accessible lift. Currently a tired building in need of refurbishment – investment (capital prog £0.600m plus LUF of £4.3m).
- East Suffolk is providing £0.500m and the Arts Council are putting in £0.600m over three years.

Specifically the Council has agreed to contribution £0.900m to the restoration and redevelopment of the former Lowestoft Town Hall into a community, heritage and events space. This is reflected in the budgets for 2024/25 and 2025/26.

Kirkley Waterfront land remediation and development of new sustainable community in the heart of Lowestoft. Supports two priorities within the Sustainable Housing theme – deliver the right housing based on our communities needs and promote housing developments which enhance wellbeing and protect the environment.

In Leiston the Council has funded a town centre masterplan vision to regenerate the town centre with an ambition to create a new mixed use market square and heritage quarter. Will be progressing the viability and design works of the Market Square project during 2024/25.

In Felixstowe there are 3 development areas:

- South Seafront, £4m capital programme allocation to reinvigorate the seafront. Next phase of project delivery subject to agreeing the new Felixstowe Vision. Thriving economy link through investment in tourism assets which benefit residents as well as visitors.
- Landguard Peninsula, led by Landguard Trust but funded via parking receipts and income from East Suffolk owned café.
- North Felixstowe creation of sustainable leisure led development and new community of up to 2000 homes within a quality designed and green community.

Tourism contribution

East Suffolk invests in the tourism sector in a number of ways. Firstly, we support the Suffolk Coast Destination Management Organisation (DMO) with £55k pa to provide destination marketing service. Secondly we invest directly/ indirectly (via external funding) in Council assets to support the visitor economy e.g. majority of Towns Fund projects, Felixstowe Beach Village. Thirdly we support a range of events which draw tourists to the district e.g. First Light Festival, Tour of Britain, market town celebrations. Tourism is a key sector for East Suffolk with an economic value of £680m per annum and accounts for 14% of total employment.

Support and initiatives in the rural middle of the district

	<p>All towns across East Suffolk have and continue to benefit from ESC’s wide ranging investments to deliver a thriving economy. This includes £3.9m from UK Shared and Rural Economy Prosperity Funds which provide place investment, business support and skills development funding. A further funding scheme which has focussed on all the district’s town centres is the Towns Revitalisation Programme and since 2020 over £0.700m has been invested. A key capital investment (£1.8m) has been the Southwold Enterprise Hub. The majority of our towns in the ‘rural middle’ also benefit significantly from visitor spend, East Suffolk actively promotes coastal and market towns as tourism destinations via its funding of the Suffolk Coast DMO.</p> <p>In recent years the Council has also invested £1.5m across all of the district’s towns to provide digital infrastructure (free public wi-fi and footfall sensors) and business support.</p> <p>The Youth Employment Service (YES) supports young people who are NEET (Not in Education, Employment or Training) across the whole district, Leiston is one of the towns with the highest demand for this service.</p>
<p>Our Foundations / governance of the organisation</p>	<p>The Council adopted its ‘Our Direction 2028’ corporate strategy in November 2023. It is a clear articulation of the Council’s corporate priorities underpinned by financial sustainability and governance. This is supported by the Medium Term Financial Strategy.</p> <p>At the heart of the budget is good financial management and governance to provide and monitor spend on services and investments.</p> <p>This report forms an important element of good governance, ensure financial sustainability and putting the Council’s assets to good use. It highlights areas of financial, strategic and operational risks which will impact on the Council’s MTFS. This informs an assessment of an appropriate level of General Fund balance and reserves to be held, balancing financial risks and the ability of the council to deliver on its ambitions. The current approach has been for the Council to maintain a General Fund Balance of between 3% and 5% of its budgeted gross expenditure (£4- £6m). The balance currently held is £6m.</p> <p>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.</p> <p>The MTFS provides the framework for budget discussions for the forthcoming financial year. The MTFS is an essential element in achieving a balanced budget and a sustainable medium term position, whilst setting a balanced budget for the</p>

coming year is a statutory requirement. The 2024/25 budget is considered at the following meetings;

- Cabinet 2 January 2024
- Overview and Scrutiny Committee 18 January 2024
- Cabinet 6 February 2024
- Full Council 21 February 2024

This report proposes a Council Tax increase for 2024/25 of up to the referendum limit, to provide the necessary funding towards delivering council services, including the introduction of the Second Home Council Tax Premium from April 2025.

East Suffolk Council created ESSL to operate as a Local Authority Trading Company (LATCo) following a thorough review of its joint venture (JV) partnership with Norse, which ended on 30 June 2023. The first year's operation of ESSL has been and continues to be about stabilisation and identification of opportunities for the development and improvement of the various services this company delivers.

The asset maintenance budgets are used for physical reactive repairs and planned cyclical maintenance at non-housing buildings, land and infrastructure assets including occupied buildings (tenanted and operational), public conveniences, beach huts/chalets, car parks, cemeteries, parks & gardens, public open space, footpaths, roads, watercourses, campsites and harbours etc. The budgets are based on condition surveys and asset inspections, known cyclical and typical annual requirements, plus specific requests from managing departments. In addition to maintenance and repairs at buildings, the budgets also include for a range of statutory compliance and servicing, such as Legionella, Asbestos, Electrical, Fire safety, etc. The budgets are a work-in-progress every year, trying to refine them, and move towards a more planned approach, rather than reactive, which the implementation of Shire over the coming years will aid.

Justification for recommendations

1. Background

- 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. 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:
 - November/December – 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.
 - February – with the final budget for the new financial year.
- 1.3. 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;
 - delivering service efficiencies and generating additional income where there are opportunities to do so; and
 - deliver the priorities of the Council in a way that benefit of the residents of East Suffolk.

2. Introduction

- 2.1. **Economic Outlook:** The national economic background affects the costs the Council incurs, the funding it receives, and the demand for services as residents are affected by economic circumstances.
- 2.2. The twelve-month Consumer Price Index (CPI) inflation to December 2023 was 4.0%, up from 3.9% in November 2023. For local government, the September CPI (6.7% for September 2023) is important because it will be used to index the business rates multiplier, and to uplift Revenue Support Grant (RSG) and the baselines within the Business Rates Retention System (BRRS). The Bank of England projects CPI inflation to fall to towards its target of 2% later this year.
- 2.3. At its meeting on 31 January 2024, the Bank of England's Monetary Policy Committee (MPC) voted by a majority of 6-3 to maintain the Bank Rate at 5.25%. Two members of the Committee preferred an increase of 0.25% to 5.5% and one member preferred a reduction to the bank rate of 0.25% to 5%. The next meeting of the MPC to review the bank rate is 21 March 2024.

- 2.4. **Local Government Finance:** The Government published the Local government finance policy statement 2024 to 2025 on 5 December 2023 which set out the government's intention for the local Government Finance Settlement for 2024/25. Details of the policy are provided in **Appendix B**.
- 2.5. On 18 December 2023 DLUHC published the Provisional Local Government Finance Settlement for 2024/25 – further detail is provided in **Appendix B**. The increase in the Council's core spending power as per the Provisional Settlement for 2024/25 was 4.8% (4.9% 2023/24). The most significant change to funding from the original budget assumptions for the Council was New Homes Bonus for another year, of £0.650m. Overall, other settlement grants remained relatively unchanged.
- 2.6. The Government launched a consultation on the provisional settlement which ran until 15 January. On 24 January 2024, the Government announced steps it will be taking in response to the consultation feedback, including additional funding in the Final Settlement so that all local authorities will see a minimum 4% increase in their Core Spending Power before taking any local decisions on raising Council Tax.
- 2.7. The Final Settlement was announced on 5 February 2024 and for East Suffolk Council the Rural Services Delivery Grant, the Funding Guarantee and the Services Grant were increased from the Provisional Settlement. The total additional funding for the Council between the Provisional and Final Settlement is £0.280m. The Final Settlement also provided some further details on productive plans to be produced by local authorities which will set out how local authorities will improve service performance and ensure every area is making best use of taxpayers' money. The Government will monitor these plans, and funding settlements in future years will be informed by performance against these plans. Productivity Plans are expected to be published by July 2024 and agreed by Council Leaders and Members and published on local authorities' websites, together with updates on progress. The Government expects the plans to cover four main areas:
- transformation of services to make better use of resources;
 - opportunities to take advantage of advances in technology and make better use of data to inform decision making and service design;
 - ways to reduce wasteful spend within systems, including specific consideration of expenditure on consultants and discredited staff Equality, Diversity and Inclusion programmes – this does not include programmes designed to promote integration and civic pride, and counter extremism; and
 - barriers preventing activity that Government can help to reduce or remove.
- 2.8. The Government will also be establishing an expert panel to advise them on financial sustainability in the sector which will include the Office for Local Government and the Local Government Association.
- 2.9. **Business Rates:** The budget for Business Rates income is based on the NNDR1 return. The NNDR return for 2024/25 has now been completed and includes the split between Section 31 Grant and actual rates income. The budget estimate for Business Rates

income for 2024/25 has been uplifted by £3.271m from the original budget, this includes an estimate for a Collection Fund surplus of £1.180m.

- 2.10. The Business Rates system may be subject to reform from 2026/27 with the changes potentially not impacting as seriously as previously forecast. In light of the impending reform, the approach that has been taken is to taper the Business Rates income budget from 2025/26. This is to reflect a cautious approach to the overall Business Rates income position in the latter years of the MTFS. This is covered in detail in 4.20 of **Appendix A**.
- 2.11. In October all Suffolk councils agreed to continue a pooling arrangement for 2024/25, which would allow them to retain a larger proportion of their share of growth by reducing the overall levy rate for Suffolk to £nil. In addition, and for 2024/25 only, Suffolk Public Sector Leaders (SPSL) have agreed for their share of the pooling benefit for next year, to be distributed to the pool members using the same methodology as for the normal distribution. Demand and inflationary pressures are having a significant impact on council budgets and this will provide additional financial support through these pressures and to assist with setting balanced budgets and to protect council services. Suffolk County Council is the administering authority for the Pool and collates the NNDR1 returns of all of the Suffolk authorities. The Council is currently estimated to receive a Pooling Benefit for next year of £3.9m. In addition to this, the Pool also holds a £2m contingency reserve, also to be re-distributed to the Pool members in 2024/25. The current estimate for the Pooling Benefit to the Council is £4.4m.
- 2.12. The MTFS assumption is that the Council will continue to retain 100% Business Rates income from renewables.
- 2.13. **MTFS Forecasts 2024/25 to 2027/28:** In the Budget report to Full Council in February 2023 the MTFS reported an annual General Fund budget gap for 2024/25 of £3.511m. There have been significant challenges setting next year's budget – uncertainty with local government funding, cost pressures from pay and inflation, and supporting the Council's capital programme for next year. Additional income from business rates and the return on investment income from treasury management activities due to high interest rates, have been the two key items to largely offset budget pressures next year. Further details are provided in **Appendix A4**.
- 2.14. This report presents a balanced budget for 2024/25, which has required £1.85m use of the In-Year Savings Reserve to balance the budget. For future years, the MTFS is currently showing annual budget gaps for 2025/26 to 2027/28, with an in-year gap of £5.27m in 2025/26 and increasing to £8.37m in 2027/28.
- 2.15. **Reserves and Balances:** The total balance of General Fund Earmarked Reserves was £48.09m as of 1 April 2023, and the current projected balance at the end of the April 2028 is £31.20m. Reserve movements presented in **Appendix A5**, do not include use of reserves to address budget gaps beyond 2024/25. The General Fund balance remains at £6m, with no planned use over the current MTFS.
- 2.16. Two new reserves to highlight from 2024/25, are the Resilience Reserve and Strategic Plan Reserve. The Resilience Reserve has been allocated a fund of £0.500m to provide

an allocation of funding for the Council to use as and when it deems it to be appropriate in address matters of resilience, e.g. flooding events. The Strategic Plan Reserve has been allocated funds to facilitate the delivery of Council's new Strategic Plan ambitions, including any emerging priorities.

- 2.17. The detailed budget process includes an assessment of risk, the adequacy of the General Fund balance and a review of earmarked reserves. This review evaluates the need to create and/or change earmarked reserve levels and to release reserves which are no longer required, thereby becoming a one-off resource for the Council. As part of this year's review it will include a refresh of the reason for/purpose of each reserve, and how and when they can be used.

3. Proposal

- 3.1. **Balanced Budget** - The Council has a statutory duty to deliver a balanced budget for the forthcoming year and Full Council will consider the balanced budget for 2024/25.
- 3.2. **Council Tax:** The increase in the tax base for East Suffolk is currently estimated to be 677.81 (0.75%) Band D equivalent properties, increasing the overall tax base for East Suffolk from 90,340.92 to 91,018.73 for 2024/25. This equates to around £0.123m of additional Council Tax income to the Council based on the current District Band D Council Tax of £181.17.
- 3.3. The 2024/25 Council Tax Base was reported to Cabinet on 5 December 2023. Council Tax is one of the Council's most important and stable income streams, funding approximately 40% of the net budget requirement of the Council.
- 3.4. The 2024/25 Settlement confirmed a council tax referendum principle for shire district councils of 2.99% or £5, whichever is higher. In considering the budget for 2024/25, the Cabinet proposed that the Council increases its Band D Council Tax to £186.57, an increase of £5.40 or 2.98%. This generates approximately £0.492m of additional income for East Suffolk.
- 3.5. 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."
- 3.6. The Council's share of Council Tax income 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 2024/25. The Band D tax for Suffolk County Council has been increased by 4.99% and includes a 2.00% increase for the Social Care Precept. The Police and Crime Commissioner for Suffolk has recommended an increase of 4.93%. The Council Tax Resolutions are set out in **Appendix E.**

	2023/24 £	2024/25 £	Increase %
East Suffolk Council	181.17	186.57	2.98
Suffolk County Council	1,496.43	1,571.04	4.99
Police and Crime Commissioner for Suffolk	262.62	275.58	4.93
Sub-Total	1,940.22	2,033.19	4.79
Town & Parish Councils (average)	78.53	84.42	7.50
Total	2,018.75	2,117.61	4.90

- 3.7. **Local Council Tax Reduction Scheme (LCTRS)** - The consideration of an annual review and potential proposed changes to the LCTRS 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 2023 approved that no change be made to the East Suffolk Local Council Tax Reduction Scheme (LCTRS) for 2024/25, 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%.
- 3.8. **Council Tax Discounts and Premiums** – 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 2024.
- 3.9. At its meeting on 28 February 2019, the East Suffolk Shadow Council approved Council Tax Long Term Empty Property Premiums as follows:
- 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019,
 - 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and
 - 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021.
- 3.10. The Levelling-up and Regeneration Bill received Royal Assent at the end of October 2023 which included giving billing authorities the discretion to implement a 100% premium for properties which have been empty and unfurnished for a period of between 1 and 2 years. On 25 January 2023, Full Council approved in principle for this premium to be applied subject to the Bill receiving Royal Assent. This report includes a recommendation to reaffirm the introduction of this premium from 1 April 2024. No other changes are proposed to empty home premiums detailed in 3.9. above.
- 3.11. The Levelling-up and Regeneration Bill also included giving billing authorities the discretion to charge a 100% premium on second homes. It gives billing authorities the power to charge a 100% premium on “dwellings occupied periodically”. At its meeting on 25 January 2023, Full Council also approved this premium on Second Homes in principle, subject to the Bill receiving Royal Assent. This report reaffirms that recommendation. In order to implement the premium, a clear 12 month period and a full financial year’s notice is required. Therefore, the earliest the Second Home

Premium could be charged is the 1 April 2025. Although the Act has been passed the categories of properties exempted from the second home premium have not yet been disclosed and regulation is being awaited.

- 3.12. Given the number of second homes in Suffolk, this 100% council tax premium should represent a significant addition to the income stream from Council Tax. It is estimated that this could generate in the region of £8.450m in East Suffolk - £6.265m for Suffolk County Council, over £1.100m for Suffolk Police, £0.759m for East Suffolk Council £0.326m Town & Parishes. This estimate is based on 2023/24 (current year) Council Tax levels. As the premium cannot be implemented until 1 April 2025, this estimate is subject to change due to change in the number of second homes in the district and the Council Tax level set for 2025/26. The additional income to the Council of £0.759m has been included in the annual Council Tax income estimates from 2025/26. This has been transferred to the Strategic Plan reserve for potential use to deliver objectives under the Council's Strategic Direction of Sustainable Housing.
- 3.13. **Retail, Hospitality, and Leisure Rate Reliefs** - The Autumn Budget Statement in 2023 confirmed the continuation of eligible retail, hospitality and leisure properties with 75% relief on rates bills up to £110,000 per business for 2024/25. 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.
- 3.14. 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 2024/25 under section 47 of the Local Government Finance Act 1988 as amended in line with the relevant eligibility criteria.
- 3.15. **Supporting Small Business scheme (SSB)** - At the 2022 Autumn Statement the Chancellor announced the 2023 Supporting Small Business (SSB) for the years 2023/24 to 2025/26. 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.
- 3.16. **Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS)** - 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. 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 funds remain in unrestricted reserves. In some instances, the amount potentially lost in relief was broadly equivalent to the amount above the threshold. This could continue to be the position in 2024/25, and consequently it is proposed that in 2024/25, for one further year, 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.

- 3.17. **Additional Rate Measures in 2024/25** - The Chancellor of the Exchequer has announced that the Spring Budget will be held on 6 March 2024. 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 2024/25 arising from Government announcements.
- 3.18. **Flexible Use of Capital Receipts Strategy 2022/23 to 2029/30** - 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. The Government has since extended this flexibility twice since its introduced, currently to 2024/25. As part of the 2024/25 Local Government Finance Settlement announcement, this has now been extended further until March 2030.
- 3.19. 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. The Strategy is attached as **Appendix F**. 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. This list is not definitive and further potentially eligible projects could be identified during the course of the year and the Strategy revised.

4. Financial Implications

- 4.1. Detailed financial analysis and commentary is included in **Appendix A**.
- 4.2. This report presents a balanced budget for 2024/25. This has been achieved by using £1.85m from the In-Year Savings Reserve to balance the budget.
- 4.3. 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.

5. Legal Implications

- 5.1. Chief Finance Officer Report - 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.

- 5.2. In relation to the statutory duty under the Act, the Chief Financial Officer considers that the budget estimates are robust, taking into account known risks and mitigating strategies, and the reserves are adequate for the 2024 to 2025 budget plans. 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 the objective of financial sustainability. The Chief Finance Officer's report is attached at **Appendix G**. The Act also requires the Council to have regard to the report before it makes its budget and Council Tax decisions.
- 5.3. **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 Section 151 Officer.
- 5.4. **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.
- 5.5. 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 2024/25 is attached in **Appendix D**.
- 5.6. **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:
- (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;
 - (b) any expenses of the Authority which are its special expenses, and which were included in the budget requirement.
- 5.7. The items to be treated as special items in 2024/25 under s35 (2) of the Act are the precepts by Town/Parish Councils and parish meetings.
- 5.8. **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.
- 6. Risk Implications**
- 6.1. Part of the process of delivering a robust medium-term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in **Appendix A1**.

7. Options

- 7.1. Setting a balanced budget for the coming year is a statutory requirement, therefore no other options are considered appropriate.
- 7.2. 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 2024/25 in line with the relevant eligibility criteria. Consequently, not awarding these reliefs has not been considered as an option.
- 7.3. Discretionary Rate Relief to Charities, Non-Profit Making Organisations, (NPMOs) and Community Amateur Sports Clubs (CAS) – there is the option of not disregarding Covid-19 Grant funding for a further year from the value of unrestricted reserves and operating surpluses. However, this could potentially deprive these organisations of rate reliefs as a source of funding as a result of the exceptional circumstances of the pandemic.

8. Recommendations

- 8.1. That Cabinet recommends to Full Council that it approves:
 - The 2024/25 General Fund Revenue Budget as set out in this report and summarised in **Appendix A5** and notes the budget forecast for 2025/26 and beyond;
 - The reserves and balances movements as presented in **Appendix A6**;
 - A proposed Band D Council Tax for East Suffolk Council of £186.57 for 2024/25, an increase of £5.40 or 2.98%;
 - The following Council Tax premiums to be applied, following the enactment of the Levelling Up and Regeneration Bill on 26 October 2023:
 - 100% premium for properties which have been empty and unfurnished for a period of between 1 and 2 years from 1 April 2024
 - 100% premium for second homes from 1 April 2025; and
 - The Pay Policy Statement
 - The Council Tax Resolutions
 - The Flexible Use of Capital Receipts Strategy
 - 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
 - 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

- That for 2024/25, 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.

9. Reasons for Recommendations

- 9.1. To bring together all the relevant information to enable Members to review, consider and comment upon the Council's General Fund revenue budgets.
- 9.2. The Council is required to set a balanced budget for the following financial year and to agree the Council Tax for 2024/25.
- 9.3. To approve the award of a range of Discretionary Rate Reliefs in 2024/25.
- 9.4. To approve the implementation of Council Tax Premiums.
- 9.5. To seek wider Member consideration of the budgets beyond 2024/25.

10. Conclusions/Next Steps

- 10.1. Part of the process of delivering a robust medium term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in Appendix A1 of the MTFS.
- 10.2. Section 25 of the Local Government Act 2003 places a personal duty on an authority's Chief Financial Officer to make a report to Council about the robustness of the estimates made for the purposes of the council tax calculations and the adequacy of financial reserves and balances. The Act also requires the Council to have regard to the report before it makes its budget and council tax decisions.

Areas of consideration comments

Section 151 Officer comments:

As per the Chief Finance Officers report at Appendix G, the estimates made for the purposes of the Council Tax calculations are robust, taking into account known risks and mitigating strategies, and the reserves are adequate for the 2024 to 2025 budget plans. 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 the objective of financial sustainability.

A strategy for a combination of actions will be needed in the next budget round to ensure a longer term sustainable position; including a phased use of reserves, maximisation of income, and the achievement of savings. The productivity plans to be introduced by Government will support this approach. The Council's overall balance on reserves is currently healthy, which will provide the time for actions to embed and outcomes to be realised.

Monitoring Officer comments:

This report complies with Section 2 of the Budget and Policy Framework Procedure Rules in the Council's Constitution. The setting of the Budget (Capital Programme, Housing Revenue Account, General Fund and Council Tax) is a matter reserved to Full Council, having considered recommendations made by the Cabinet. The Overview and Scrutiny Committee was given the opportunity to scrutinise the Budget, and make recommendations on the Budget to Cabinet, at its meeting on 18 January 2024.

Equality, Diversity and Inclusion/EQIA:

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.

Safeguarding:

There are no direct implications arising from this report.

Crime and Disorder:

There are no direct implications arising from this report.

Corporate Services implications:

(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)

There are no direct implications for Corporate Services directly arising from this report.

Residents and Businesses consultation/consideration:

During 2023, budget-related consultation questions formed a standing part of the permanent residents' survey, which was live on the ESC website. During the period 1 January to 14 November 2023, 192 responses were received. Highlights from the survey include;

- Just over 29% of respondents supported using reserves as a temporary solution to address the budget gaps. Other solutions which ranked highly, included reviewing spend and increasing Council Tax.

- 48% of respondents considered a council tax increase of 3% to be fair with 32% considering less than a 3% increase to be fair.
- 50% of respondents agree with the principal of the Council investing in land and buildings in the district to generate income.
- 68% of respondents agree with the principle of the Council transferring viable land and buildings to local communities to run, use and maintain for their own local use.

The results of the survey will be considered as part of budget planning during 2024/25.

Appendices:

Appendix A	Medium Term Financial Strategy (February 2024)
Appendix A1	MTFS Key Principles and Risk Analysis
Appendix A2	East Suffolk Council Tax Base 2024/25
Appendix A3	NHB Reserve Summary 2023/24 to 2027/28
Appendix A4	Budget and MTFS Key Changes
Appendix A5	General Fund Revenue Budget and MTFS Summary 2024/25 to 2027/28
Appendix A6	General Fund Reserve Summary 2023/24 to 2027/28
Appendix B	DLUHC - Local Government Finance Policy Statement 2024 to 2025
Appendix C	Local Government Finance Settlement 2024/25
Appendix D	Pay Policy Statement 2024/25
Appendix E	Council Tax Resolutions 2024/25
Appendix F	Flexible Use of Capital Receipts Strategy 2022/23 to 2029/30
Appendix G	Report by the Chief Finance Officer 2024/25

Background reference papers:

Date	Type	Available From
22/11/2023	Chancellor's Autumn Statement 2023	Autumn Statement 2023 - GOV.UK (www.gov.uk)
22/11/2023	Office for Budget Responsibility - Economic and fiscal outlook – November 2023	Economic and fiscal outlook – November 2023 - Office for Budget Responsibility (obr.uk)
05/12/2023	DLUHC - Local government finance policy statement 2024 to 2025	Local government finance policy statement 2024 to 2025 - GOV.UK (www.gov.uk)
14/12/2023	Bank of England Monetary Policy Report	https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2023/december-2023

	– December 2023	
18/12/2023	Local Government Provisional Settlement 2024 to 2025	https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025
24/01/2024	Local Government Finance Update Statement made on 24 January 2024	Written statements - Written questions, answers and statements - UK Parliament
01/02/2024	Bank of England Monetary Policy Report – February 2024	https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/february-2024
05/02/2024	Local Government Final Settlement 2024 to 2025	Final local government finance settlement: England, 2024 to 2025 - GOV.UK (www.gov.uk)