



Full Council

Members are invited to a **Meeting of the Full Council** to be held in the Conference Room, Riverside, Lowestoft on **Wednesday, 21 February 2024 at 6:30pm**

This meeting will be broadcast to the public via the East Suffolk YouTube Channel at <https://youtube.com/live/-PjQUJ7Okcc?feature=share>

Members:

All Councillors

An Agenda is set out below.

Part One – Open to the Public

Pages

- 1 Apologies for Absence**
To receive apologies for absence, if any.
- 2 Declarations of Interest**
Members and Officers are invited to make any declarations of interests, and the nature of that interest, that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered.
- 3 Minutes** **1 - 19**
To confirm as a correct record the minutes of the meeting held on 24 January 2024.
- 4 Announcements**
To receive any announcements from the Chair, the Leader of the Council, members of the Cabinet, or the Chief Executive, in accordance with paragraph 28.2 of the Council Procedure Rules.
- 5 Questions from the Public**
No questions have been submitted by the electorate as provided by paragraph 29.1 of the Council Procedure Rules.

6 Questions from Members

The following questions from Members have been submitted in pursuance of paragraph 29.4 of the Council Procedure Rules:

Question from Councillor Peter Byatt to Councillor Caroline Topping, Leader of the Council

What is the view of this Administration on the continuous failings of Suffolk County Council's Special Educational Needs and Disabilities Service that is detrimentally affecting families in our District?

Question from Councillor Janet Craig to Councillor Sarah Whitelock, Cabinet Member with responsibility for Communities, Leisure & Tourism

As you will be aware, the Government's Household Support Fund and Cost of Livings payments will both be ceasing shortly. What Impact Assessments have been carried out by this Council on the effects this will have on those who have been relying on these?

7 Petitions

No petitions have been received as provided by paragraph 30.1 of the Council Procedure Rules.

8 Notices of Motion

The following Motion has been submitted in pursuance of paragraph 31.1 of the Council Procedure Rules:

Declaring a Biodiversity & Ecological Emergency

Proposer: Councillor Rachel Smith-Lyte

Seconder: Councillor Louise Gooch

This Council notes that:

There is political precedent as councils began declaring ecological and biodiversity emergencies as early as Brighton & Hove City Council in 2018, an example subsequently followed by many councils including Bath & North East Somerset Council and Cambridgeshire . Woodbridge Town Council have an established Climate & Ecological Emergency Committee . These declarations have been made across levels of local government by Lib Dem, Labour, Conservative and Coalition administrations.

The government states that ‘Local authorities are perfectly placed to lead by example, working with local communities, landowners and other partners to provide inspiring examples to others through the development of local plans and strategies.’

The Scottish Government’s Scottish Biodiversity Strategy to 2045 states that an ‘emergency response’ is required as ‘a new international consensus is building around the urgent need to act decisively to address the twin crises of biodiversity loss and climate change together. Just like climate change, the loss of species and degradation of our natural environment is an existential threat to humanity. And just like climate change, the action needed is both urgent and transformative.’

This Council resolves to:

Declare a biodiversity and ecological emergency, and update the East Suffolk Environmental policy accordingly.

Develop a ‘Biodiversity Action Plan’ informed by consultation with residents, community groups, officers and councillors. This plan should be subject to annual review by the Environmental Task Group (ETG) in order to maintain its efficacy.

Lead by example by including targeted and site appropriate wildlife measures in council-owned land, buildings and communal areas, and commit to effective monitoring of biodiversity with resultant measures to be implemented by ESC to inform further action.

Explore supplementing the Greenprint Forum with a youth membership, or a partnership with local under-18 education institutions to allow future business and community leaders to have necessary access to biodiversity and ecology knowledge and resources.

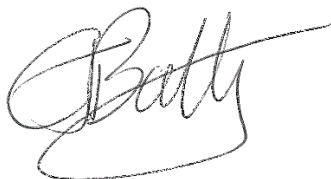
9 General Fund Budget and Council Tax Report 2024 / 25 ES/1853

Report of the Cabinet Member with responsibility for Resources and Value for Money.

Part One – Open to the Public		Pages
10	Housing Revenue Account (HRA) Budget Report 2024/25 to 2027/28 ES/1854 Report of the Cabinet Member with responsibility for Resources and Value for Money and the Deputy Leader and Cabinet Member with responsibility for Housing.	138 - 167
11	Capital Programme 2023/24 to 2027/28 ES/1855 Report of the Cabinet Member with responsibility for Resources and Value for Money.	168 - 189
12	Capital Strategy 2024/25 to 2027/28 ES/1856 Report of the Cabinet Member with responsibility for Resources and Value for Money.	190 - 207
13	Treasury Management Strategy Statement for 2024/25 & Treasury Management Investment Strategy for 2024/25 ES/1857 Report of the Cabinet Member with responsibility for Resources and Value for Money.	208 - 265
14	Exempt/Confidential Items It is recommended that under Section 100A(4) of the Local Government Act 1972 (as amended) the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Act.	

Part Two – Exempt/Confidential		Pages
15	Exempt Minutes <ul style="list-style-type: none"> • Information relating to the financial or business affairs of any particular person (including the authority holding that information). 	

Close



Chris Bally, Chief Executive

If you require this document in large print, audio or Braille or in a different language, please contact the Democratic Services Team on 01502 523521 or email: democraticservices@eastsoffolk.gov.uk

Questions from the public at Full Council meetings

Any resident of East Suffolk who is listed on the electoral register may ask questions to the Chair of the Council, the Leader of the Council, members of the Cabinet, or the Chair or Vice-Chair of any committee or sub-committee of the Council, at any ordinary meeting of the Full Council (this excludes the Council's annual meeting or any extraordinary meetings of the Full Council).

Questions must be submitted in writing or by email to the Proper Officer no later than midday ten working days before the date of the meeting. Each question must give the name and address of the questioner and must name the member of the Council to whom it is to be put. The scope of questions that can be considered can be found in the Council Procedure Rules set out in Part 3 of the [East Suffolk Council Constitution](#).

Although the deadline has passed for questions to be submitted for this meeting of the Full Council, you are able to submit questions for a future meeting. Details on the deadlines for submitting questions to all of the Council's scheduled meetings can be found [on our website](#).

Filming, Videoing, Photography and Audio Recording at Council Meetings

The Council, members of the public and press may record / film / photograph or broadcast this meeting when the public and press are not lawfully excluded.

The Council cannot guarantee public seating areas will not be filmed or recorded. By entering the Conference Room and sitting in the public seating area, those present will be deemed to have consented to the possible use of filmed images and sound recordings. If you do not wish to be recorded, please speak to a member of the Democratic Services team at the earliest opportunity.



The national Charter and Charter Plus Awards for Elected Member Development

East Suffolk Council is committed to achieving excellence in elected member development

www.local.gov.uk/Community-Leadership

Unconfirmed



Minutes of a Meeting of the **Full Council** held in the Deben Conference Room, East Suffolk House, Melton, on **Wednesday, 24 January 2024 at 6.30pm.**

Members present:

Councillor Paul Ashdown, Councillor Paul Ashton, Councillor Edward Back, Councillor David Beavan, Councillor Seamus Bennett, Councillor Peter Byatt, Councillor Jan Candy, Councillor Dan Clery, Councillor Janet Craig, Councillor Tom Daly, Councillor Mike Deacon, Councillor Julia Ewart, Councillor John Fisher, Councillor Amanda Folley, Councillor Andree Gee, Councillor Louise Gooch, Councillor Katie Graham, Councillor Alan Green, Councillor Owen Grey, Councillor Toby Hammond, Councillor Colin Hedgley, Councillor Mark Jepson, Councillor Beth Keys-Holloway, Councillor Vince Langdon-Morris, Councillor Stuart Lawson, Councillor Geoff Lynch, Councillor James Mallinder, Councillor Debbie McCallum, Councillor Stephen Molyneux, Councillor Mike Ninnmey, Councillor Sally Noble, Councillor Mark Packard, Councillor Graham Parker, Councillor Keith Patience, Councillor Malcolm Pitchers, Councillor Sarah Plummer, Councillor Lee Reeves, Councillor Craig Rivett, Councillor Keith Robinson, Councillor Sheryl Rumble, Councillor Rachel Smith-Lyte, Councillor Rosie Smithson, Councillor Anthony Specca, Councillor Ed Thompson, Councillor Caroline Topping, Councillor Geoff Wakeling, Councillor Sarah Whitelock, Councillor Tim Wilson, Councillor Kay Yule

Officers present: Chris Bally (Chief Executive), Chris Bing (Head of Legal & Democratic Services), Kate Blakemore (Strategic Director), Katy Cassidy (Democratic Services Officer (Regulatory)), Lorraine Fitch (Democratic Services Manager), Phil Harris (Strategic Communications and Marketing Manager), Andy Jarvis (Strategic Director), Nick Khan (Strategic Director), Karen Last (Electoral Services Manager), Matt Makin (Democratic Services Officer (Regulatory)), Sue Meeken (Political Group Support Officer (Labour)), Agnes Ogundiran (Conservative Political Group Support Officer), Philip Ridley (Head of Planning & Coastal Management), Isabel Rolfe (Political Group Support Officer (GLI)), Karen Thomas (Head of Coastal Partnership East)

1 Apologies for Absence

Apologies for absence were received from Councillors Ceresa, Dean, Gandy, King, Scrancher and Starling.

2 Declarations of Interest

No declarations of interests were made.

3 Announcements

Chair of the Council

The Chair updated on the upcoming Model District Council planned for the 9 February 2024. The event was oversubscribed at the close of registration. The main topic was constructed as Intergenerational Political Equity, and the Chair hoped the young people could come and explore how their voices can be heard in East Suffolk.

The Chair outlined there would be a marketplace event over lunch, a keynote speaker who was the Head of Advocacy from the National Youth Council, and a workshop on tips for public speaking. There would also be experts from departments in East Suffolk Council talking about the work they do.

The Chair advised he had attended East Suffolk Council's, Quality of Place Awards on 29 November which was the 13th year of giving out the awards in the local community. The awards took place at the Framlingham Castle Community Rooms and was a great event.

The Chair also attended Bungay Town Dinner on 1 December at Bungay Community Centre

Vice-Chair of the Council

Councillor Fisher attended the Mayor of Ipswich Charity Fundraiser which was a Cheese and Wine Evening supporting Inspire Suffolk and Brave Futures on 26 November in the Mayors Parlour, Ipswich Town Hall.

Leader of the Council

The Leader of the Council Councillor Topping was delighted to announce the retention of the Member Charter Plus award. Thanks was offered to Sarah Davis, Democratic Services Officer, Sam Kenwood, Communities Officer, and Stacey Ransbury Performance & Risk Officer for their work. Councillor Topping thanked all the teams, Officers and Members involved in completing the work to retain the award.

Using delegated authority as Leader of the Council the following changes had been made: From 18 December 2023 Councillor Sally Noble was appointed as Assistant Cabinet Member for the Environment and Councillor Lee Reeves became the Assistant Cabinet Member for Community Health

Councillor Topping also announced that Councillor Sheryl Rumble took over as Chair of Beccles, Bungay and Halesworth Community Partnership with effect from 16th January.

Cabinet Members

Councillor Daly updated that following the Council motion regarding the Energy (Nationally Significant Infrastructure Programme (NSIP) a letter was sent to the Secretary of State. The letter requested a response and favoured a visit in person from them. A response was received from MP Andrew Bowie, the Minister for Nuclear Networks who advised the government would continue their commitment to large scale nuclear energy.

Councillor Daly highlighted the recent press article which promoted the £1.2 billion government funding to continue forward with Sizewell C.

Councillor Yule promoted the recent awards for Local Authority Building Control, Building Excellence. East Suffolk's Building Control Team won the regional section for Best Residential Extension and Best Residential Builder categories. Congratulations were offered to the team.

Councillor Langdon-Morris reminded Member about the Procurement Workshop the following day at East Suffolk House.

Chief Executive

The Chief Executive had no announcements.

4 Minutes

On the proposition of the Leader Councillor Topping, seconded by Councillor Hammond, it was by a unanimous vote

RESOLVED

That the minutes of the meeting held on 22 November 2023 be agreed as a correct record and signed by the Chair.

5 Questions from the Public

No questions had been submitted by the electorate as provided by Council Procedure Rule 8.

6 Questions from Members

There were five questions submitted by Members.

Question from Councillor Mike Deacon to Councillor Rachel Smith-Lyte, Cabinet Member with responsibility for the Environment

"There are parts of the District where there are regular issues of domestic and commercial waste bins being left out on pavements well after they have been emptied.

How many Fixed Penalty Notices have been issued under this Administration for breaches of regulations related to this?"

Response from Councillor Smith-Lyte

Since the Contract Management Team took over the complaints process for bins being left on pavements in July 2023, they have received around 30 reports. These reports are allocated to one of the two Waste Street Scene officers to investigate by visiting each case, however no evidence of persistent issues has been identified. The first approach to residents and businesses will always be to persuade and educate before moving on to taking legal action. As such, no legal action has been taken thus far, showing that education helps residents and businesses take responsibility and ensure they are considerate to their neighbours and visitors to the area.

The Contract Management Team work closely with the Environmental Protection Team, who are authorised to issue fixed penalty notices to householders and businesses. This process has been recently reviewed to take into account up to date legal advice and make sure it is fit for purpose.

Supplementary question from Councillor Deacon

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Councillor Deacon stated that there was confusion over refuse collections during the recent festive season. There were reports of overflowing bins and it was felt information was buried on the website and unclear for residents.

'What measures will be taken in the lead up the 2024 festive period to avoid the same happening again.'

Councillor Smith-Lyte responded to state she would take the question back to the service area and find out any additional information regarding the festive period just gone.

Councillor Smith-Lyte added that she found the website information clear and did not feel it was buried in the website.

Question from Councillor Janet Craig to Councillor Jan Candy, Cabinet Member with responsibility for Community Health

"Recently it was revealed in the Future Health Report, 'Hiding in Plain Sight', that the Norfolk and Waveney ICB area has the highest rate of malnutrition in the entire country. It means around one in 15 people in the region, including the northern part of our District, are not getting enough of the right foods to live healthy lives.

This shameful statistic was reported in the Eastern Daily Press on January 8th, 2024.

Given the strong correlation in the Report between malnutrition and deprivation, what more can we do to address malnutrition in the 20% most deprived wards in our District?"

Response from Councillor Candy

Thank you for your question. I couldn't agree more that this is a shocking statistic. However I am pleased to say that East Suffolk Council has a range of support in place to ensure that individuals and families can access low-cost nutritious food, with several specifically focussed on areas of deprivation, including:

- Our Community Help Hub takes referrals for help with the rising cost of living, including food. Community Help Officers triage referrals and provide immediate practical support e.g. connect people to food banks, emergency food vouchers or essential household items or make referrals to other services and support. Our Financial Inclusion Officers work with residents on their money – to increase their income (including through grants and benefits) and reduce expenditure
- We have used our UK Shared Prosperity Fund (UKSPF) grant to fund a Food Network Coordinator at Community Action Suffolk to support and enhance local food pathways, with a particular focus on ensuring sufficient supply of food to food banks, pantries, fridges and other food 'pop-ups' in the district
- We have a Community Pantry grant scheme and supported five pantries to date
- We have a stock of energy efficient cooking equipment (electric hobs, slow cookers, microwaves) and recipe books
- We have funded Abbeycroft Leisure to deliver 32 'cooking on a budget' classes to help families to learn to cook low-cost, nutritious and tasty meals (classes include demonstrations, samples and meal packs to try at home)
- We provided 1,600 Field to Fork Growing Kits with planters, compost plugs, seeds, gardening gloves and tools, plus growing instructions and an online community to share hints and tips, through our most deprived primary schools. To date we have supported 15 community growing spaces with grants across the district
- East Suffolk Council co-ordinates the Holiday Activities and Food (HAF) provision aimed at families on free school meals. At Christmas we provided healthy multi-meal kits to our most vulnerable families to ensure that they could access good quality, nutritious food over the Christmas break and provided vouchers for Christmas dinners at Morrisons to some of our most vulnerable Lowestoft families
- Funding from Suffolk County Council has enabled us to run Cost of Living Community Grants last winter and this, with a focus on community-led projects that enable residents to stay warm and well fed over the winter months.

Ideas about what Councillors could do to directly contribute to this work include:

1. Allocate unspent Enabling Communities Budget funding to Ease the Squeeze to enable us to fund more community pantries, cooking on a budget classes, low-energy cooking equipment and Field to Fork growing kits
2. Identify new locations for community pantries and/or Field to Fork Growing Spaces in your wards

3. Sign up to Suffolk 500 Reasons – the aim is to get 500 members who pay a minimum of £1 a week which is awarded as £500 grants to individuals and families in need - Who are we and how does it work? – 500 Suffolk Reasons. Several cases through the Help Hub have been supported through 500 Reasons.
4. Promote the Cost of Living leaflet to residents: Cost of Living Support - East-Suffolk-2023 (pagetiger.com)
5. Refer any residents in need of help and support with money or access to food and other essentials through the Cost of living referral - My East Suffolk.

Supplementary question from Councillor Craig

Councillor Craig Queried where figures for the rest of East Suffolk could be viewed.

Councillor Candy responded to state she would find out and let Councillor Craig know.

Question from Councillor Alan Green to Councillor Kay Yule, Cabinet Member with responsibility for Planning and Coastal Management

Councillor Green withdrew his question.

Question from Councillor Paul Ashdown to Councillor Ashton Cabinet Member for Corporate Services - Digital, Customer Services, HR and Assets

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The question had been submitted to Councillor Toby Hammond, however it was agreed prior to the meeting that the question would be answered by Councillor Ashton Cabinet Member for Corporate Services - Digital, Customer Services, HR and Assets

"I was pleased to see the press release on the Nexus project - the new industrial development on Newcombe Road at Lowestoft's PowerPark.

Some will recall the Local Procurement Task and Finish Group which was established in 2020 to recognise procurement as an arm of economic development and post COVID-19 recovery.

The cross-party Task and Finish Group was convened to explore local procurement proposals. At the conclusion of its work, one of the recommendations of the Group was that wherever possible, this Council would engage local businesses for goods and services.

Why have we chosen Bycroft Commercial in Great Yarmouth to market the units for the Nexus project when there are local commercial estate agents who have the same expertise?"

Response from Councillor Ashton

East Suffolk Council sought three quotes from suitably qualified firms before awarding this contract. The three quotes process is set out in the Council's procurement rules as a compliant procurement route for lower value contracts.

The Council was seeking to contract with a company that was suitable qualified to market these types of commercial units and would offer the council best value.

There are a limited number of commercial agents within the district, and just one based in Lowestoft where the Nexus site is located. Therefore, on occasion we needed to look outside of the district to appoint a suitable contractor.

Bycrofts are based close to us in Great Yarmouth, covering the Lowestoft area. Bycrofts are also able to offer us advice from a qualified surveyor as part of our contract with them, providing us with sound advice around specific lettings such as Nexus.

It is worth noting that in a pure agency role, as opposed to valuation work and lease advice, we have instructed the agents based in Lowestoft on four occasions in the last twelve months and have also worked with that same agent on two acquisitions.

- **Supplementary question from Councillor Ashdown**

Councillor Ashdown stated it was great competition and queried how many local agents were asked to quote for the contracts?

Councillor Ashton responded to state he would find out and let Councillor Ashdown know.

- **Question from Councillor Mark Jepson to Councillor Caroline Topping, Leader of the Council**

"The previous leader of East Suffolk Council took it upon himself to visit every Councillor in their elected ward to get to know the Councillor and as an opportunity for them to update him on local and strategic issues directly affecting them and their residents.

Will our Leader agree to adopt a similar approach and confirm she is open to learning more about the district she is leading?"

Response from Councillor Topping

I recall very fondly the 2 hours spent with the former leader in Beccles. It was a time when the term 'Covid' was mainly reserved for scientists. I was able to show Steve the bright lights of the town and talk to him about some of the challenges – it was a very pleasant afternoon.

When I look at what changed as a result of that meeting, unfortunately it was very little. More was achieved when I was able to speak to Steve about specific issues and present specific challenges.

I am very open to learning more about the district I am leading, and would say that in my first 9 months I have learned a great deal and visited places I have not seen before. These have been purposeful visits with local councillors, partners and the local communities and I have taken the time to listen and learn about the issue and the wider context.

I would add that East Suffolk has an amazing group of Officers and Councillors, including a talented set of Cabinet Members, who are out and about every day meeting local communities and addressing local and strategic issues. This is central to the success of East Suffolk.

I am always open to an invite to look at a specific topic / issue which needs the Leader of the Councils attention, but would add, in a post Covid world, that if any Councillor needs to contact or meet with me, I am always willing to respond quickly through Teams to make the best use of everybody's time.

Supplementary question from Councillor Jepson

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Councillor Jepson followed up his question to state he looked forward to meeting with the Leader in Felixstowe.

7 Petitions

No petitions had been received as provided by Council Procedure Rule 10.

8 Notices of Motion

No notices of motion had been made as provided by Council Procedure Rule 11.

9 Proposed changes to East Suffolk Council's Constitution

Full Council were presented with report ES/1827 which related to the Proposed changes to East Suffolk Council's Constitution. The report was introduced by The Chair of the Council, Councillor Anthony Specca, who was the Chair of the Constitution Review Working Group (CRWG), alongside Councillor Peter Byatt, Member of the CRWG.

The report set out a series of proposed changes to East Suffolk Council's Constitution, by the cross-party CRWG, which Full Council was asked to consider and adopt.

The CRWG was convened by the Chair of Council to carry out a fundamental review of the Constitution to ensure East Suffolk Council's (ESC's) Constitution was complete, accurate, up to date, clear, lawful, fit for purpose and democratically sound.

On 11 December 2023, Audit and Governance Committee considered the proposed changes and resolved to recommend to Full Council that the changes to the Constitution be adopted, pending the CRWG's completion of its full review of the Constitution.

The Chair outlined that the group wanted the constitution to be accessible to members and be based in democratic soundness. The Audit and Governance Committee voted unanimously the recommendations should be accepted by Full Council.

The Chair highlighted 3 points regarding the group outcomes, firstly work had been completed as a group with cross party recommendations. Secondly all decisions that had been taken were moved on the full consensus of the group. In addition, there were officers participating in the CRWG. Thirdly there was the intention to provide accessibility and democratic soundness to the constitution.

The Chair stated that in his role as the 'Neutral Umpire' as Chair of the Council there was an area of change he had advocated for, this regarded the current requirement to vote on whether to debate a Notice on Motion that comes forward to Full Council.

In future if a motion comes forward and was in order, it would be debated.

A further change was that written into the Constitution, the Chair of Overview Scrutiny Committee had to be a member of opposition.

The Chair read out a statement from Councillor Starling, who could not attend the meeting.

'It is my belief that the constitutional changes recommended are an improvement to the current governance document and will serve this council and the constituents that we represent well in the future. These modifications have come about from a cross party desire to both govern efficiently and to acknowledge that circumstances in society constantly change, and to survive in such a world, we must proactively adapt our governance arrangements.

What is proposed to you today promotes the first part of an in-depth review and updating of the active document that is are first principal document that all other documents we create flows from. Our approach to this review endeavours to not only simplify our procedures but also make them more inclusive to all parties and allow for an increase to the accessibility and understanding of the local government process, that many view as a confusing labyrinthine structure.

I conclude my statement with thanks to all members of the constitution review group that contributed to this excellent document, and I look forward to working with you in the year to come'

Councillor Byatt added the following statement in support of the work he had completed with the CRWG.

'Our current Constitution was created from the necessary combination of those of the former Waveney and Suffolk Coastal Districts Councils for the new East Suffolk District in 2019.

During the initial four years of this Council it became clear that there were elements of the Constitution that needed to be re-visited and reconsidered.

Our Group welcomed the decision to establish a cross-Party Working Group for that purpose.

The Working Group has carried out a forensic assessment of the existing Constitution, with the principle of creating a document that was easy to understand, modern and relevant to how the Council operates.

This clarity will benefit Councillors and Officers alike, as well as assuring our 'customers' that we will deliver fair governance.

All these proposed changes are brought with the intention of making this a living and practical document.

I thank colleagues on the Working Group, under your Chairmanship, and with the advice of Chris Bing, for their dedication to their task, and endorse the recommendations.'

The Chair invited questions from the Chamber:

Councillor Bennett added his support for the group, which he was a part of and represented the Liberal Democrat group. He thanked the Chair for the opportunity to participate and looked to continued work with the group.

Councillor Deacon spoke as Chair of Overview Scrutiny Committee and provided thanks the Chair of the Council for seeking his comments. He queried a scenario where there could be a Cabinet decision which was deemed to be exempt from 'call in' and what would happen if the Chair (of Cabinet – the Leader of the Council) and Chair of Overview and Scrutiny could not come to an agreement.

The Chair responded that it was impossible for the Chair not to be involved and as the neutral umpire, providing the parity of esteem between Scrutiny and Cabinet he would not be able to proceed without Scrutiny approval. The Chair advised that it was challenging to write that specifically into the constitution from a legal standpoint. He advised that the group could revisit this and find a way to specify what would happen when an agreement could not be reached. This could include consideration to involving a third party.

The Chair concluded that he would not want to proceed without the agreement of the Chair of the Overview and Scrutiny Committee.

Councillor Topping requested the Chair read out recommendation 2 twice, so everyone was clear.

Councillor Specca confirmed that all changes would take effect from the 25 January 2024.

Councillor Gooch was delighted to see gender neutral language in the constitution.

The Chair highlighted the proposed change to speeches and questions going forward. The proposer would introduce their item, read out the recommendation (s) and then

the chamber would go into debate and discussion. It was hoped the new approach would allow for more free flowing debate during Full Council.

The Chair moved the recommendation, seconded by the Vice Chair Councillor Fisher, who added that he was part of the working group and a tremendous amount of work had gone into the bringing the document for consideration. He requested all Members to support the recommendations.

Councillor Jepson stated he respect what everyone has said during the discussion. He was concerned about the reduction in document size and wanted to ensure that process and procedure had not been lost.

Councillor Byatt assured that there had been extensive examination of the length of the main document and that all the information was present, however had been simplified and adopted into appendices.

Councillor Daly was very welcoming of the proposals, and it was a great step forward.

The Chair addressed Councillor Jepson's point regarding the reduction in page numbers by adding that the information had been put into appendices which would be hyperlinked. In addition, there would be a plain language guidebook to support Officers and Members in working to the new Constitution.

The Chair drew the debate to a close and on it was by unanimous vote.

RESOLVED

1. That the changes to East Suffolk Council's (ESC's) Constitution, as proposed by the cross-party Constitution Review Working Group (CRWG) and as reviewed and supported by the Audit and Governance Committee (as detailed in Appendix A, Appendix B and Appendix C to the report), be adopted as East Suffolk Council's Constitution pending the CRWG's completion of its full review of the Constitution in Spring 2024.
2. That it be agreed that these changes to the Constitution will take effect and come into force from, and including, Thursday 25 January 2024.

10 Calendar of Meetings 2024 / 2025

Report ES/1828 related to the Calendar of Meetings 2024 – 2025 Municipal Year and was introduced by the Leader of the Council, Councillor Topping.

The Calendar of Meetings provided the framework for the democratic and decision-making processes that would underpin the delivery of the key priorities identified within the Council's East Suffolk Strategic Plan.

It was noted that the the Chair of the Council / Chair of the Committees have the power to call additional or 'Extraordinary' meetings when required, to accommodate

urgent or unscheduled items of business or to change a meeting date to reflect unexpected circumstances for example, bad weather.

The Calendar would be published on the Council's website via CMIS. The meeting papers for Full Council, Cabinet and the Committees were also available to view on the website.

The meeting dates for the Community Partnerships and the Community Partnership Board would be populated as soon as practicable and would be shared with Members.

In addition approval was sought to change the start time of Cabinet meetings from 6.30pm to 6.00pm with effect from, and including, Cabinet on 6 February 2024. Approval was also sought to change the date of April 2024's Cabinet Meeting.

The Chair invited questions from the Chamber.

Councillor Byatt stated that he did not see a problem with the change in time. He sought assurance on whether Members would still be able to access the meetings remotely.

Councillor Topping responded to state there was no intention of taking it offline.

Councillor Rivett raised a concern regarding a previous paper attempting to change the Cabinet start time. He highlighted the same issue of train times and being open and inclusive to Members who work or members who might be thinking about becoming a Councillor.

Councillor Rivett suggested an amendment to the recommendations which removed recommendation 2 which sought approval to change the time of the meeting to 6pm.

The amendment was Seconded by Councillor Jepson who reserved his right to speak.

Councillor Byatt stated he was happy to attend remotely and respected what Councillor Rivett had raised. He suggested a 6-month review and report back on how it was going. Councillor Byatt suggested a flexible approach to giving it a try.

Councillor Bennett highlighted that an earlier start would mean an earlier finish.

Councillor Robinson stated that the earlier time would preclude anyone who works 9-5 hours from the South of the district attending meetings in the North and vice versa depending how the meetings fall.

Councillor Hammond added there was a number of Councillors who were working parents as well working part / full-time. He highlighted that lots of companies offer flexible working arrangements and felt that the change of time would work well for the Cabinet.

Councillor Ashton appreciated the sentiment behind the suggested amendment and added that it was challenging for full time employees to be in Cabinet Member positions. Councillor Ashton stated he would not support the amendment.

Councillor Smith-Lyte added to Councillor Bennett's point that when considering an earlier finish, it would also mean that Officers would be get to finish earlier as well.

Councillor Topping concluded that she wanted to be inclusive. Cabinet Members had been consulted and were happy with the proposed new start time.

Councillor Jepson highlighted that there had been discussion in the previous administration about changing the start times of meetings. He felt that it was a good approach to consider flexibility to reflect the dynamic Chamber, however agreed it was important not to deter anyone who might want to become a Councillor. He stated he was in support of the amendment.

Councillor Rivett concluded to reiterate his concern that the change in time could preclude people from wishing to become a Councillor.

By a majority vote against the amendment, the amendment did not pass.

There being no further speeches on the recommendations, and on the proposition of Councillor Topping, seconded by Councillor Whitelock it was

RESOLVED

1. That the Calendar of Meetings for the 2024/2025 Municipal Year, at Appendix A of the report, be approved.
2. That the changing of the start time of Cabinet meetings from 6.30pm to 6.00pm, with effect from, and including, Cabinet on 6 February 2024, be approved; and
3. That moving the Cabinet meeting scheduled for Tuesday 2 April 2024 to Tuesday 9 April 2024 be approved.

11 Adoption of Member Development Strategy 2023-2027 and Member Development Programme 2023-2027

The Leader of the Council, Councillor Topping introduced the report ES1829 which related to the Adoption of Member Development Strategy 2023-2027 and Member Development Programme 2023-2027.

On behalf of the cross-party Member Development Steering Group, Councillor Topping was pleased to be able to introduce the report which asked Full Council to adopt the Member Development Strategy and the Member Development Programme.

Learning and Development activities were stated to be an integral part of the support provided to Councillors throughout their term of office to enable them to serve the residents of East Suffolk.

The Strategy included an Action Plan with a number of activities that would be developed and overseen by the Steering Group over the remainder of the current term of office (see appendix A of the report). The Member Development Programme set out the training and development programme for Councillors and this would be supplemented, each year, by an Annual Training and Development Schedule.

Councillor Topping added that an underpinning element of both the Strategy and the Programme was the retention of the Local Government Association's Charter Plus status for Councillor Development. Councillor Topping was extremely pleased to report that, following a rigorous external inspection, East Suffolk Council was successfully reaccredited Charter Plus status in December 2023.

Councillor Topping offered her thanks to the Steering Group, partner representatives and all the Officers that pulled together the Charter submission which had well over 100 pieces of evidence.

There were no questions.

Councillor Topping moved the recommendation which was seconded by Councillor Byatt who added that it was a pleasure to work on the group and thanked Sarah Davis, Democratic Services Officer. Councillor Byatt urged Members to consider their own training needs and encouraged Members to complete their skills audit.

Councillor Jepson supported Councillor Byatt's point and encouraged members to attend training that was offered.

Councillor Gooch congratulated the team on the report and award. She added that the Member training programme was excellent, interesting, and inclusive with a remote option to attend and engage in training.

Councillor Topping concluded that she would like all members to complete the skills audit and reiterated that it was important to have the right people in the right places.

The recommendations were put to a vote and it was unanimously

RESOLVED

That the Member Development Strategy 2023-2027 and Member Development Programme 2023-2027 be adopted.

12 Review of Polling Districts, Polling Places and Polling Stations 2023/24

The Leader of the Council, Councillor Topping introduced report ES-1830 which related to the Review of Polling Districts, Polling Places and Polling Stations 2023/24

The Electoral Registration and Administration Act 2013 introduced the requirement for all local authorities to conduct a review of Parliamentary polling districts and polling places.

The current review must have been started and completed between 1 October 2023 and 31 January 2025.

The purpose of the report was to ask Council to approve the recommendations contained in the Review of Polling Districts, Polling Places and Polling Stations for 2023/24.

The formal review notice was published on 3 October 2023 and the consultation period ran from 3 October to 30 November 2023.

There were no questions from Members.

Councillor Topping moved the recommendation, which was duly seconded by Councillor Hammond

Councillor Byatt thanked Councillor Topping for bringing the report and offered thanks to electoral services team for their ongoing work.

Councillor Gooch offered thanks to the electoral services team in responding to changes made in respect of Pakefield and Kirkley and the rename of Pakefield North, to Lowestoft Pakefield Park and that the area would be moved to Carlton and Whitton

Councillor Topping concluded to thank the team for their on-going work.

It was by unanimous vote.

RESOLVED

That the recommendations, as set out in Appendix A to the report, be approved.

13 Amendment to the Constitution: Planning Committee Member Call In Process

Councillor Kay Yule, Cabinet member with responsibility for Planning and Coastal Management to introduce report ES/1832 which related to the Planning Committee Call in Process.

Strategic Planning Committee had recommended that a 'Planning Committee Member Call In' process be introduced to East Suffolk Council's Referral Panel arrangements and consequential amendments be made to the Constitution.

On 2 March 2023, Scrutiny Committee considered the matter of democratic accountability within the Planning process and made a series of recommendations to the Strategic Planning Committee.

On 3 July 2023, the Strategic Planning Committee resolved that Audit and Governance Committee considered and recommend to Full Council the approval of the introduction

of a 'Planning Committee Member Call In' process and an amendment to the scheme of delegations.

On 11 December 2023, Audit and Governance Committee resolved to recommend to Full Council that the Council's Constitution be amended as per Strategic Planning Committee's proposals of 3 July 2023, to introduce a Planning Committee Member Call In process and to amend the scheme of delegations, as detailed at sections 3.1 and 3.2 of the report.

Audit and Governance Committee also resolved that the Planning Committee Member Call In process should be reviewed 6 months after implementation to monitor progress.

On the proposition of Councillor Yule, the recommendations were moved and seconded by Councillor Fisher.

Councillor Hedgley proposed an amendment to the recommendation to make the review process at 12 months rather than 6 months.

The amendment was seconded by Councillor Rumble.

There was a debate in the chamber regarding the suggested amendment. It was highlighted that the planning process could have a lot of interest from residents and could be contentious. A number of Members stated they understood Councillor Hedgley's point of view. There was some discussion regarding the number of applications received in some rural areas and that 12 months would be more suitable for a full review to take place. There were counter views that 6 months would be adequate and there would be on-going review of the process.

The amendment was put to a vote and with a majority vote against, the proposed amendment did not pass.

Members continued to debate the original recommendations. There had been some positive feedback from some parishes where the changes had been discussed. A feeling of disconnect from some parish areas was noted. Councillor Whitelock highlighted that it would be good to bring planning processes into the open and to encourage parishes to engage with Officers if there were questions that arise. Councillor Whitelock also encouraged members to engage with their local parishes and they need to be engaged to make the system work.

RESOLVED

That the Council's Constitution be amended as per Strategic Planning Committee's proposals of 3 July 2023, to introduce a Planning Committee Member call in process and to amend the scheme of delegations, as detailed at sections 3.1 and 3.2 of the report.

14 Cabinet Members' Report and Outside Bodies Representatives' Reports to Council

Full Council received report ES/1832, which was presented by Councillor Topping, the Leader of the Council, and provided individual Cabinet Members' reports on their areas of responsibility, as well as reports from those Members appointed to represent East Suffolk Council on Outside Bodies. The Leader stated that the written reports could be taken as read and she invited relevant questions on their contents.

The Chair invited questions which were directed to the relevant Cabinet member through the Leader of the Council, Caroline Topping

Councillor Jepson wanted to congratulate Jemima Shaw who recently qualified as a Solicitor with East Suffolk Council. Congratulations was offered to Ms Shaw from Members.

Councillor Patience asked Deputy Leader, Councillor Beavan how many people had taken the offer to leave St Peters Court.

Councillor Beavan responded to state he did not have the figure to hand and would report back, however the process itself was underway.

Councillor Mallinder thanked Councillor Smith-Lyte for the report and queried if there was any proposal to change glass collection to curb side collection.

Councillor Topping responded to state there had been a presentation from the Head of Operations which outlined new government legalisation to have curb side collection implemented by 2026.

Councillor Deacon referenced page 441 of the report and queried the use of external consultants and if that would have undermined internal Officers.

Councillor Ashton stated there were excellent staff, who had advised the best course of action was to employ external consultants. The scope of the review concerned the customer experience when telephoning the Council. Councillor Ashton also referenced the wider work reviewing the end to end experience for customers engaging with the Council that was on-going.

Councillor Craig highlighted that there was only one mention in the current Play Strategy of an inclusive roundabout in Ringsfield. Councillor Craig questioned if assurance could be provided for more provision for 'disabled children so they can play alongside their peers and siblings – wheelchair swings for example.'

Councillor Craig conclude to that that there was talk a about equality and diversity and 'we don't want to be seen to be falling short in this area'.

Councillor Whitelock responded to state that she was not aware of the specific details of that playground, but would have a look into and report back to Councillor Craig.

Councillor Green referenced page 449 of the report which referred to the Annual External Audit and questioned whether 'East Suffolk Council should be reviewing the use of Ernst and Young, given the fact they were responsible for auditing the Post

Office between 1986 and 2018 giving them a clean ‘bill of health’– the entire period of the Horizon scandal.’

Councillor Langdon-Morris thanked Councillor Green for the question. He advised he would have to explore further and would come back to Councillor Green with a written response.

Councillor Smithson referenced page 444 of the report concerning Freeport East and queried how many jobs had been created so far, and how many of them have helped address deprivation in communities around Felixstowe and Harwich.

Councillor Beavan responded to state there had not been many created to date and it had been taking a while to get off the ground. There were hopes for good employment opportunities in the future.

Councillor Pitchers referenced page 434 of the report which mentioned engaging a specialist retrofit designer for a project in Beccles. He queried why the designer was used and not the skilled in-house team, or experts from the Suffolk Climate Change Partnership or Groundwork East.

Councillor Beavan responded to state that he would have to go back to the service area and to respond, he added that he was aware there was a skill shortage in the retrofit area, however, would report back when he knew more.

Councillor Gooch referenced page 451 concerning the approved incinerator on the Ellough Industrial Estate and queried what the radius and hours of operation would be.

Councillor Hammond responded that it would be a 24-hour model of operation. He advised there was detailed information available on the modelling of radius air impacts which he would be happy to share and discuss further.

Councillor Parker referenced page 433 and the new mobile scheduling solution. There had been contact with some tenants who reported significant delays in the reporting system which was affecting their health and wellbeing. It was also reported there was a shortage of staff. Councillor Parker questioned if Councillor Beavan would agree that there was urgency in the area, and the Council were letting tenants down.

Councillor Beavan stated it was concerning to hear and would like to hear the cases where delays have occurred. Councillor Beavan had spent some time in the area to gain further understanding and hoped that the new system would be more efficient, work better and provide more effective monitoring.

Councillor Beavan reported that there continued to be new regulations coming into force which the Council is endeavouring to respond to. Councillor Beavan reiterated that he would like to know where there are issues and wanted to ensure the Council are looking after their tenants.

Councillor Byatt referenced page 433 of the report which referenced the Memorandum of Understanding with the London School of Economics and the ‘Zurich

Tool' and another set of Consultants, Icarus Collective Ltd, from Derbyshire. 'What sort of economic data will you be measuring and at what cost and over what time scale.'

Councillor Topping responded to state that she would have to go back to the service area to find out and would get back to Councillor Byatt.

Councillor Patience raised a question when the parking review would be undertaken in Lowestoft.

Councillor Hammond thanked Councillor Patience for his continued work representing residents views on parking issues. There was an ongoing bespoke parking review arrangement, Felixstowe has been completed with Beccles and Bungay underway. Councillor Hammond recognised the demand for the review to consider Lowestoft and stated it would go next on the list. He concluded that it would likely be at least a couple of months before work could begin in Lowestoft.

There were no further questions.

15 Exempt/Confidential Items

On the proposition of the Chair, Councillor Speca, seconded by Councillor Fisher, it was by a unanimous vote

RESOLVED

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

16 Lowestoft Tidal Barrier Project Update

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

The meeting concluded at 9:26

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Chair



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
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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 coordinate 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)



EAST SUFFOLK COUNCIL

**MEDIUM TERM FINANCIAL STRATEGY
2024/25 – 2027/28**

FEBRUARY 2024

1 INTRODUCTION

- 1.1 The **Medium Term Financial Strategy** (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 MTFS underpins the strategic direction for East Suffolk ‘Our Direction 2028’, focusing on the following four themes and priorities, whilst recognising the financial challenges;
- Environmental Impact
 - Thriving Economy
 - Tackling Inequalities
 - Sustainable Housing
- 1.4 The MTFS provides an integrated view of the Council’s finances, recognising that the allocation and management of its human, financial and physical resources play a key role in delivering its priorities and ensuring that the Council works effectively with its partners locally, regionally and nationally.
- 1.5 The key underlying principles of the MTFS are:
- securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;
 - setting 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 benefits the residents of East Suffolk.
- 1.6 Part of the process of delivering a robust MTFS to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in **Appendix A1**.
- 1.7 Sections 2 to 4 provide an update on the financial challenges facing the Council, considering the economic factors, the local government finance environment, the Council’s

key funding streams and delivering the priorities of the Council. Sections 5 to 7 outline how the Council will respond to the challenges, as expressed in terms of its budget and strategies towards reserves and capital.

2 PUBLIC FINANCES

- 2.1 On 22 November 2023 the Chancellor held the Autumn Statement 2023. No new funding was announced for local authorities, and the outlook for local government spending reviews continues to look very tight, with pressure on the public sector to achieve 0.5% annual productivity improvements. The Autumn Statement focused on reducing debt, cutting tax and rewarding hard work, back British business, building domestic and sustainable energy and delivering world-class education.
- 2.2 Following the Autumn Statement, concern over the financial sustainability of many councils across the country continues to be highlighted. Government funding for councils has increased in recent years, but a combination of high inflation and rising demand for services places unprecedented pressure on local authority budgets. Longer-term funding certainty is required, alongside promised reform of the funding system which has been delayed for several years now.

3 ECONOMIC INDICATORS

- 3.1 The Office for Budget Responsibility (OBR) published its latest report to coincide with the Autumn Statement. The OBR provides an independent judgement about economic and fiscal prospects and the impact of government policies.
- 3.2 The latest report from the OBR indicates that the economy recovered more fully from the pandemic and has been resilient to the energy crisis. The economy is expected to grow more slowly over the medium term and inflation is expected to be more persistent and domestically fuelled. The OBR forecasts inflation to continue to fall gradually, with Consumer Price Index (CPI) inflation expected to fall further to 2.8% in Quarter 4 of 2024. CPI inflation is expected to fall below 2% during 2025 to 2027, before returning to the Bank of England's target of 2%. Interest rates are also expected to remain higher for longer to control inflation.
- 3.3 The current economic environment is one of high inflation and high interest rates. 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.

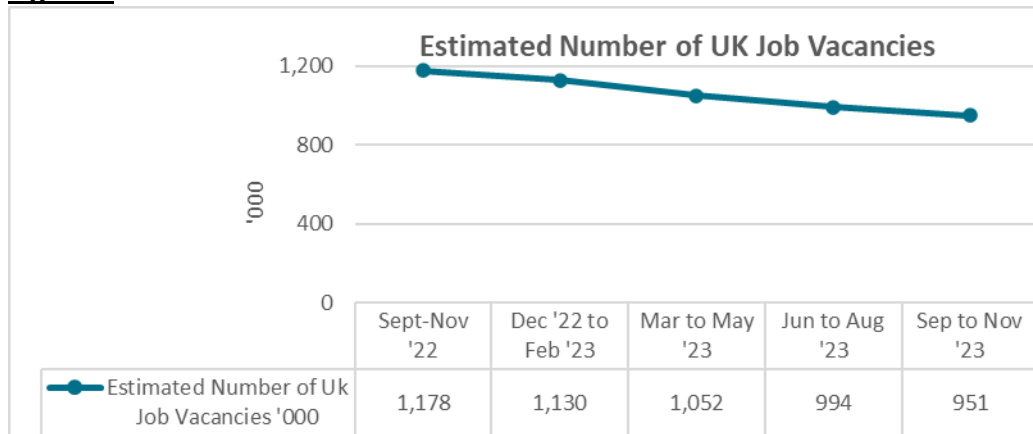
Gross Domestic Product (GDP)

- 3.4 Data released by the Office for National Statistics (ONS) in November, estimates no GDP growth in Quarter 3 2023 (July to September), compared to a 0.2% increase in Quarter 2. In output terms, there was 0.1% increase in construction output which offset a 0.1% fall in the services sector. There was a fall in household consumption from lower spending on miscellaneous goods and services, transport, and spending on food and non-alcoholic drink. There was also a decrease in government spending, particularly in the areas of health and education.

Employment

- 3.5 The OBR central forecast for unemployment expects this to rise to 1.6 million people (4.6% of the labour force) in the second quarter of 2025, which reflects rising interest rates and slower GDP growth.
- 3.6 As per the ONS, in September to November 2023 the estimated number of job vacancies in the UK was 951,000. This is down by 227,000 a year ago but remains 150,000 above pre-pandemic levels (January to March 2020). See **Figure 1** below.

Figure 1



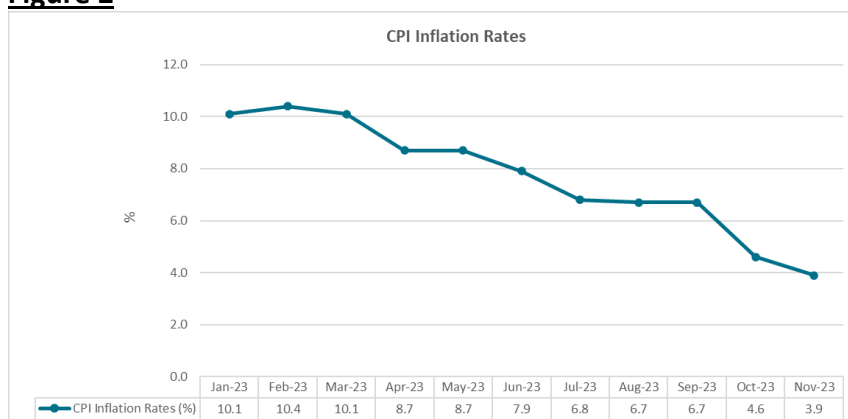
Source: ONS January 2024

- 3.7 The national living wage will increase from 1 April 2024 by 9.8% to £11.44 with the age threshold lowered from 23 to 21 years old.

Consumer Pricing Index (CPI)

- 3.8 Twelve-month CPI inflation to December 2023 was 4.0%, up from 3.9% in November 2023. The Bank of England projects for CPI inflation to fall towards the 2% later this year.
- 3.9 For local government, the September CPI is important because it will be used to index the business rates multiplier, uplift Revenue Support Grant (RSG) and the baselines within the Business Rates Retention System (BRRS).
- 3.10 **Figure 2** below shows the CPI rates from January 2023 to date.

Figure 2



Source: ONS January 2024

Bank Interest Rate

- 3.11 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.

4 LOCAL GOVERNMENT FINANCE

- 4.1 The introduction of the Local Business Rates Retention System in 2013/14, together with the Government’s programme of fiscal consolidation since 2010, have combined to both reduce the level of funding available to the Council, and to shift the balance of funding significantly away from central to local sources.
- 4.2 The Spending Review 2021, which covered 2022/23 to 2024/25 was broadly positive for local government, with funding better than expected. Increased funding was largely front loaded with growth in grant funding in 2022/23 and no further general increases in the following two years. There were various smaller allocations within the core funding announcement, including £200m for the “cross-government Supporting Families programme”, £37.8m for cyber security and £34.5m for “strengthen local delivery and transparency”.
- 4.3 On 5 December 2023 DLUHC published a Local Government Finance Policy Statement 2024/25. This set out the government’s intention for the Local Government Finance Settlement for 2024/25. This builds on the policy statement released the same time last year, with no significant change to funding proposals. It is noted in the policy statement that in recognition of pressures across the sector, all authorities will see at least 3% increase in their Core Spending Powers before any decision on organisation efficiencies, use of reserves, and council tax levels, through the Funding Guarantee. There will also be another year of New Homes Bonus.
- 4.4 The Provisional Settlement was released on 18 December 2023 and for East Suffolk this provided no overall significant change to funding above what was original budgeted, the only exception being another year of New Homes Bonus (NHB). The increase in the Council’s core spending power as per the Provisional Settlement for 2024/25 is 4.8% (4.9% 2023/24).
- 4.5 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. This announcement indicates additional funding for the Council through the Rural Services Delivery Grant and the Funding Guarantee.
- 4.6 Other key steps in the announcement on 24 January included an ask of local authorities to produce productivity plans which will set out how they 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. 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.

4.7 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 was £0.280m. The increase in the Council's core spending power in the Final Settlement was 5.8%.

4.8 The Final Settlement also provided some further details on productive plans to be produced by local authorities. These 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.

4.9 **Core Funding Streams** – this includes the Revenue Support Grant and the Rural Services Delivery Grant.

Revenue Support Grant (RSG)

4.10 From 2023/24 two existing grants have been rolled into RSG - Local Council Tax Administration Grant and the Family Annexe Council Tax Grant. Both grants are currently received by the Council separately and are not new grants. As per the Final Settlement for 2024/25 the RSG allocation is £0.751m. This was unchanged from the Provisional Settlement. For the MTFs, 2025/26 has also been increased in line with 2024/25, but future years are kept at a lower amount due to uncertainty with Government funding going forward.

Revenue Support Grant	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
MTFS (February 2024)	(703)	(751)	(751)	(346)	(346)

Rural Services Delivery Grant (RSDG)

4.11 The Rural Services Delivery Grant (RSDG) is a government grant recognising cost pressures associated with service delivery in rural sparse areas. In the Final Settlement for 2024/25 this grant has been increased from £0.291m in 2023/24 to £0.337m and is an increase on the Provisional Settlement figure of £0.291m, in recognition of the additional costs faced

by councils serving dispersed populations in rural areas. Future years of the MTFs are retained at the Final Settlement figure.

Rural Services Delivery Grant	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
MTFS (February 2024)	(291)	(337)	(337)	(337)	(337)

- 4.12 **Non-Core Funding Streams** - the below grants are non-core funding streams and they are usually seen as temporary or one-off. This potentially gives the Government scope to make changes to funding distributions.

Services Grant

- 4.13 This was a new one-off grant in 2022/23 to provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. This funding continued in 2023/24 but at a reduced level from £0.477m to £0.280m. For 2024/25 there were indication at the time of the Policy Statement that there may be some reduction to this grant for the sector, however this reduction went much further than expected. In the Final Settlement for 2024/25 this grant has been reduced to £0.048m. For 2025/26 onwards, the MTFs assumes this grant will be removed completely.

Funding Guarantee Allocation

- 4.14 For 2023/24 the Government announced repurposing the Lower Tier Services Grant (LTSG) (£0.311m for East Suffolk) and a proportion of the expired New Homes Bonus legacy payments to ensure that all councils would see at least a 3% increase in Core Spending Power before any decisions about organisational efficiencies, use of reserves or Council Tax levels. The LTSG was abolished and repurposed towards this new funding stream, the Funding Guarantee Allocation, in recognition of the inflationary pressures across local authorities. For 2023/24 the Council received an allocation of £1.51m. In the Final Settlement for 2024/25 this grant has been increased to £1.86m. This was an increase from the Provisional Settlement of £0.230m to ensure councils see at least a 4% increase in core spending power (3% at the time of the Provisional Settlement).
- 4.15 The current MTFs assumes a continuation of this funding, but at a lower amount from 2026/27 to reflect caution with government funding going forward.

Funding Guarantee Allocation	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
MTFS (February 2024)	(1,512)	(1,860)	(1,860)	(1,630)	(1,630)

Business Rates – Business Rates Retention and Fair Funding Review

- 4.16 In February 2016 a Fair Funding Review was also announced, which will affect how funding is allocated and redistributed between local authorities. Implementation of this review has been delayed and is now unlikely to be implemented before 2026/27, a shift from 2025/26 at the last budget setting round.
- 4.17 Implementation of the Fair Funding Review is likely to include a 'reset' of the business rates system, which would involve assigning a new baseline funding level and subsequent new

tariff or top-up values. Reset of the system and the establishment of new funding formulae could result in East Suffolk Council losing some of the financial advantage that it has under the current system. As a result of the delay in implementing Business Rates reforms, the Council has benefited from additional years under the current regime. This base assumption has been rolled forward in the MTFs and the figures presented in paragraph 4.20 below.

Business Rates

- 4.18 Since 2013/14, business rates income has tended to be characterised by a high degree of volatility and uncertainty. Variances between estimated and actual business rate income are realised in the form of deficits or surpluses on the business rates element of the Collection Fund. For each year, the amount of business rates income credited to the General Fund is the amount estimated on the National Non-Domestic Rate (NNDR1) return to Government submitted in January in the preceding year, including a calculation of the estimated Collection Fund deficit or surplus to be charged to the General Fund. As a result, in practice, variances between business rates estimates and actual figures are reflected as an element of the Collection Fund deficit or surplus two years after they take place.
- 4.19 **Suffolk Pool** – In October 2023 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. Suffolk County Council is the administering authority for the Pool and collates the NNDR1 returns of all of the Suffolk authorities. 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. 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.
- 4.20 The NNDR1 return for 2024/25 has now been completed and includes the split between Section 31 Grant and actual rates income. As referred to earlier, 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 apply 2023/24 estimates to 2025/26 budget onwards, with the exception being renewables and 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. The MTFs assumption is that the Council will continue to retain 100% Business Rates income from renewables, and this has been reflected in the table below. It is also worth noting that even if the current treatment of existing renewables is revised, any new renewable hereditaments coming online during the MTFs period will improve the forecast position.

Business Rates Income	Budget	Budget	MTFS	MTFS	MTFS
	2023/24	2024/25	2025/26	2026/27	2027/28
	£'000	£'000	£'000	£'000	£'000
Business Rates Income	(6,852)	(8,027)	(6,852)	(6,852)	(6,852)
Business Rates Renewables	(1,560)	(1,715)	(1,715)	(1,715)	(1,715)
Total Business Rates Income	(8,412)	(9,742)	(8,567)	(8,567)	(8,567)
Share of Pooling Benefit	(2,000)	(4,419)	(2,000)	(1,000)	(500)
Section 31 Grant	(10,677)	(11,438)	(10,677)	(10,677)	(10,677)
Total Income Relating to Business Rates	(21,089)	(25,599)	(21,244)	(20,244)	(19,744)

- 4.21 **Business Rates Collection Fund** - The current estimate for the Business Rates Collection Fund for 2024/25 is a surplus of £2.950m, with East Suffolk's share equating to £1.180m (40%). The remaining balance of the surplus is shared by Suffolk County Council £0.295m (10%) and Central Government £1.475m (50%).
- 4.22 The budget estimate for Business Rates income for 2024/25 has been uplifted by £3.271m from the original budget, this includes the above estimate for a Collection Fund surplus of £1.180m. The Non-Domestic Rating Act 2023 gives ministers the power to set the small and standard business rating multipliers separately from one another. Until 2023/24, these two multipliers had to be increased by the same percentage. In the last Autumn Statement, the Chancellor decided to use this new power in 2024/25. The small business rating multiplier will be frozen (it will remain at 49.9p). The standard multiplier (payable by businesses with premises valued at more than £51,000) will increase from 51.2p to 54.6p, an increase of 6.6%. This increase together with a lower expected contribution towards the Provision for Appeals is reflected within the Business Rates Income line. The increase in business rate renewables was due to most of the properties being large Rateable Values that had the increase in standard multiplier. The Section 31 Grant line includes an element for cap compensation for the under-indexing of business rate multipliers. This has increased as the government has frozen the small business rating multiplier again and authorities are compensated for any business rates income that they receive in respect of this multiplier. The estimated business rates surplus is mainly due to a lower expected contribution towards the Provision of Appeals.

Council Tax

- 4.23 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. The Provisional Settlement for 2024/25 confirms a council tax referendum principle for shire district councils of 2.99% or £5, whichever is higher.
- 4.24 **Council Tax Base** – The CTB1 Council Tax Base Return was submitted to Government on 2 October 2023.
- 4.25 The 2024/25 Council Tax Base at **Appendix A2** was approved by Cabinet at its meeting on 5 December 2023. 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.

- 4.26 **District Band D Council Tax 2024/25** – The proposed increase of up to the referendum principle for 2024/25, equates to a District Band D Council Tax for East Suffolk of £186.57, an increase of £5.40 or 2.98%. It would generate approximately £0.492m of additional income for East Suffolk.
- 4.27 **Council Tax Premium on Second Homes** - The Levelling-up and Regeneration Bill received Royal Assent at the end of October 2023 which included giving billing authorities the discretion to charge a 100% premium on second homes or empty dwellings. It gives billing authorities the power to charge a 100% premium on “dwellings occupied periodically”. At its meeting on 25 January 2023, Full Council approve this in principle, subject to the Bill receiving Royal Assent. In order to implement the premium, a clear 12 month period and a full financial year’s notice is required. Therefore the earliest a 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.
- 4.28 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 and £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 ambitions of the Council’s Strategic Direction of Sustainable Housing.
- 4.29 Based on the above data, the table below sets out the estimated Council Tax income based on the referendum limits of 2.99% or £5, whichever is higher.

Council Tax Income	Budget 2023/24 £'000	Budget 2024/25 £'000	MTFS 2025/26 £'000	MTFS 2026/27 £'000	MTFS 2027/28 £'000
Council Tax Income - Base	(15,688)	(16,367)	(16,982)	(18,261)	(18,805)
Growth in Tax Base	(232)	(123)	(68)	(70)	(72)
Council Tax Increase	(447)	(492)	(452)	(474)	(476)
Second Home Premium	0	0	(759)	0	0
Total Council Tax Income	(16,367)	(16,982)	(18,261)	(18,805)	(19,353)
Council Tax Band D	£181.17	£186.57	£191.52	£196.47	£201.42
Council Tax Base	90,340.92	91,018.73	91,382.80	91,748.34	92,115.33
Tax Base Growth/Reduction(-)	1.48%	0.75%	0.40%	0.40%	0.40%
Council Tax Increase £	£4.95	£5.40	£4.95	£4.95	£4.95
Council Tax Increase %	2.81%	2.98%	2.65%	2.58%	2.52%

Assumptions from 2024/25: Council Tax increases of 2.99% or £5, whichever is the higher.

- 4.30 The February 2023 MTFS for 2024/25 had assumed growth to the tax base of 0.40% compared to the current estimate of 0.75%. This additional growth of 0.35% is about £0.060m of additional income. From 2025/26 a cautious approach continues to be taken to growth in the overall tax base and this is forecast to fall for the remainder of the MTFS period. This is a combination of development site completions levelling off, and prudent assumptions regarding Local Council Tax reliefs and collection rates. The below table shows the February 2024 position for Council Tax income.

MTFS - Council Tax Income	Budget 2023/24 £'000	Budget 2024/25 £'000	MTFS 2025/26 £'000	MTFS 2026/27 £'000	MTFS 2027/28 £'000
MTFS February 2023	(16,367)	(16,882)	(17,400)	(17,922)	(17,922)
MTFS February 2024	(16,367)	(16,981)	(18,261)	(18,805)	(19,353)
MTFS Update February 2024	(0)	(99)	(861)	(883)	(1,431)

- 4.31 **Council Tax Collection Fund** – The current estimate for the Council Tax Collection Fund for 2024/25 is a surplus of £1.091m, with East Suffolk’s share equating to £0.140m. The remaining balance of the surplus is shared by Suffolk County Council (£.809m) and the Police and Crime Commissioner for Suffolk (0.142m).

New Homes Bonus (NHB)

- 4.32 The Government established the New Homes Bonus (NHB) to provide an incentive for local authorities to encourage housing growth in their areas. NHB is funding allocated to councils based on the building of new homes and bringing empty homes back into use. The intention for the New Homes Bonus is to ensure that the economic benefits of growth are returned to the local authorities and communities where growth takes place.
- 4.33 In recent years there has been much uncertainty as to the future of NHB, with the last three years being a one-year settlement and now also confirmed for 2024/25 in the Provisional Settlement at £0.650m.
- 4.34 The Council uses NHB funding to support specific community related projects and initiatives across East Suffolk. This is balanced against the overriding need to retain financial sustainability. NHB funding is transferred to the NHB reserve and released when required. The primary use of the funding is for the East Suffolk Community Partnerships and the Enabling Communities Budgets, totalling approximately £1m per annum. In November 2022, Cabinet considered and approved a paper to continue the Enabling Communities Budgets until March 2027 and for the Community Partnerships to continuing until 2024/25, with a further two years subject to NHB funding being available. This is reflected in the updated position on the NHB Reserve below. No further funding is anticipated beyond 2024/25 and insufficient funding would remain beyond March 2027 to continue both of these initiatives at the current level.
- 4.35 **Appendix A3** sets out the current position on the NHB Reserve and the proposed use of NHB funding for East Suffolk Council. This is summarised in the table below.

NHB Reserve	Budget 2023/24 £'000	Budget 2024/25 £'000	MTFS 2025/26 £'000	MTFS 2026/27 £'000	MTFS 2027/28 £'000
Opening Balance	(5,439)	(3,936)	(3,105)	(1,818)	(669)
Add: Allocation Received	(447)	(650)	0	0	0
Less: Proposed Use	1,950	1,481	1,287	1,149	50
Closing Balance	(3,936)	(3,105)	(1,818)	(669)	(619)

Delivering the priorities of the Council

Our Foundations/Good Governance

- 4.36 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 strong foundations and governance.
- 4.37 At the heart of the budget is good financial management and governance. This underpins our spending on services and investments.
- 4.38 The MTFS underpins and supports the delivery of the strategic direction of East Suffolk Council. It forms an important element of good governance, ensure financial sustainability and putting the Council's assets to good use. It highlights areas of financial risk which will impact on the Council's MTFS.
- 4.39 East Suffolk Council created East Suffolk Services Limited (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 services covered by ESSL include for example, recycling and waste, grounds maintenance and street cleansing.
- 4.40 The initial focus of the Council and company has been to ensure a smooth transition of services from the JV to ESSL. Alongside focussing on this transition, ESSL's business plan for year 1 has also included supporting the workforce during this period of change, whilst understanding operationally the company's costs for delivering services on behalf of the Council. 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.
- 4.41 Since this company became operational in July 2023, and as with other council services, ESSL has faced cost pressures such as increases in pay awards, fuel for vehicles and waste disposal costs. This has contributed significantly to the required uplift in the company's base budget from previous years, along with recognising some additional resourcing needs to support the delivery of services. For future years the Council will be working closely with ESSL to develop a business improvement plan which must balance affordability and capacity to deliver, with the expectation that the company's base budget will be reduced in subsequent years, and as such the payment the Council makes to the company for the delivery of council services.
- 4.42 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.

- 4.43 The corporate training budget has been increased to £0.136m following a review of corporate training needs. This will support the recently approved People Strategy 2024/2028.

Environmental Impacts

- 4.44 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.
- 4.45 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.
- 4.46 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.
- 4.47 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.
- 4.48 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.
- 4.49 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 team has also employed two further ecologists to complement the existing team in the services Specialist Services 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.

Sustainable Housing

- 4.50 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.
- 4.51 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.
- 4.52 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 transferred to the Strategic Plan Reserve until 2027/28 to support Sustainable Housing.

Tackling Inequalities

- 4.53 A significant amount of the work done by our 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.
- 4.54 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 Council provides almost £0.200m of funding for Citizens Advice East Suffolk (increased to £0.220m in the budget) – SCC funding for Citizens Advice (CA) was halved three years ago but CAs are key to delivering the joint Suffolk ambitions around reducing poverty. The Council also funds both Disability Advice Services that cover East Suffolk (as do SCC) and it is proposed to increase their funding.
- 4.55 The NHB reserve provides funding for a number of initiatives supporting this theme of the Strategic Plan, this includes;
- The Community Partnerships model 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. The hub provides practical advice and support for residents including with low level social care support needs and cost of living needs – cases are increasingly complex and often have social care, hoarding and mental health dimensions.
- 4.56 The Council has funded Community Action Suffolk to deliver the Rural Youth Work project to address the gap in youth work provision in the four most rural Community Partnership areas.
- 4.57 The Council works closely with schools, for example, with the two Heads networks in Lowestoft to try and support them to meet local needs. 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.
- 4.58 There is a significant amount of working with Public Health – Feel Good Suffolk programme. They are allocating £0.101m per year to the Council for three years for a

Community Centred Approaches to Health programme. The Council worked in partnership with Public Health and Norfolk and Waveney Integrated Care Board (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.

4.59 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.

4.60 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.

Thriving Economy

4.61 **Continuing to support regeneration projects** - The budget looks to ensure that our economic development and regeneration activity enables residents of East Suffolk to benefit from and contribute to a thriving economy.

4.62 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:

4.63 **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.

- 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 programme £0.600m plus Levelling Up Fund of £4.3m).
- East Suffolk is providing £0.500m and the Arts Council are putting in £0.600m over three years.

4.64 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.

- 4.65 **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.
- 4.66 **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.
- 4.67 **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 2,000 homes within a quality designed and green community.
- 4.68 **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.
- 4.69 **Support and initiatives in the rural middle of the district** - 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.
- 4.70 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.
- 4.71 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.

5 MEDIUM TERM FINANCIAL POSITION

MTFS Forecasts 2024/25 to 2027/28

- 5.1 The Finance team works with Service Areas to review their budget requirements and budget monitoring is an ongoing process between Finance, Service Areas, and the Corporate Leadership Team.
- 5.2 The following areas are identified as having potential revenue budget implications for this financial year and future years. Some areas cannot yet be quantified or quantified with a degree of certainty.

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
Asset Management Rent Review.	Council income budgets from assets.	Potential to increase the income to the Council. This will need to be quantified and captured in the update of the Council's MTFS into next year's budget setting.	Current year and going forward.
Capital Programme.	Revenue implications from capital programme revisions.	Additional revenue costs to the General Fund - direct revenue financing, use of reserves, capital charges to revenue, revenue costs to support delivery of capital projects and income generation from capital projects.	On-going
ESSL.	General Fund, HRA and capital programme.	Service investment for ESSL. Recognition of service investment and improve plan for ESSL along with costs pressures in the operations environment, e.g. pay and inflation.	Current year and future years.
Inflation.	General Fund, HRA and Capital Programme.	Increasing costs.	Current year and future years.
National pay award for 2024/25.	Council staffing costs.	Current budget assumption is for a 3% increase for Council staffing in 2024/25. Based on the pay settlements for the current year and last year, this would be above the current budget assumption.	2024/25 and future years.
Norse.	Profit share income.	Settlement of 2022/23 profit share (Accrued £0.560m) and April-June 2023/24 (Budgeted £0.074m). The position will be assessed as part of Quarter 3 monitoring.	Current year.
Recruitment difficulties.	Particular area of specialism.	Agency and contract costs may be required which can be more costly. Current forecasts show this being absorbed in existing budgets.	Ongoing.

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
Treasury Management Investment income.	General Fund and HRA income.	With higher rates of interest this is providing favourable returns on treasury management investments.	Current year and the next 2-3 years.
Workforces pay pressure/grade inflation.	Council staffing costs.	Increased staffing costs. Annual staffing vacancy allowance in the budget is at risk.	Ongoing.

- 5.3 The MTFS was last updated in February 2023. A summary analysis of the key movements from February 2023 to February 2024 is shown in the following table. This table is supported by **Appendix A4** and **Appendix A5**. **Appendix A4** also includes an analysis of the MTFS updates by the Council's Strategic Direction themes.

MTFS Updates	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Additional Cost	8,743	6,206	5,230	5,654
Savings	(825)	(1,025)	(1,525)	(1,425)
Additional Income	(10,335)	(5,079)	(3,583)	(3,475)
Reduced Income	255	255	255	255
Use of Reserves	(1,349)	(1,097)	866	956
Net Total	(3,511)	(740)	1,243	1,965

- 5.4 The updated MTFS position resulting from these movements as of February 2024 is shown below.

MTFS Position	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
MTFS February 2023 Budget Gap/(Surplus)	3,511	6,008	6,405	6,405
Net Total of MTFS Updates (Appendix A4)	(3,511)	(740)	1,243	1,965
MTFS February 2024 Budget Gap/(Surplus)	0	5,268	7,648	8,370

Budget Planning Assumptions

- 5.5 The Council's financial planning assumptions are summarised below:

Budget Area	Assumption
Inflation	
<i>Goods & Services</i>	Where inflation is built into contracts and agreements.
<i>Utilities (Electricity)</i>	2024/25 4.4% increase (November Monetary Policy Report forecast CPI for Q1 2024), future years maintain at the 2024/25 budget.
<i>Utilities (Gas)</i>	2024/25 4.4% increase (November Monetary Policy Report forecast CPI for Q1 2024), future years maintain at the 2024/25 budget.
<i>Utilities (water & Sewage)</i>	2024/25 4.4% increase (November Monetary Policy Report forecast CPI for Q1 2024), future years maintain at the 2024/25 budget.
Fees & Charges	3% increase to be applied for 2024/25 where appropriate.

Budget Area	Assumption
Staffing Costs	2023/24 Current offer of an additional £1,925 on all SCP 1 and above, 2024/25 3% increase, plus incremental progression, 2025/26 onwards 2% increase, plus incremental progression. 4% per annum of staffing costs for vacancy allowance.
Investment Income	2.75% Call Account (average as of September 2023), (2.15% Sept 2022) 5.19% Money Market Fund (September 2023), (1.73% Sept 2022) 3.80% Property Fund (average as of September 2023), (3.4% Sept 2022) 4.05% Diversified Income Fund (September 2023), (4.05% Sept 2022)

Goods & Services – Inflationary Pressures

- 5.6 The Council’s financial strategy has previously assumed for a number of years that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. The exceptions being utility costs, rates and specific contracts and agreements increases.
- 5.7 It is now recognised that this approach is becoming more challenging with inflation remaining high. Budget headings are therefore being reviewed as part of the process where inflationary increases are evident. For example, subscriptions and software licensing. As mentioned in Section 3, there is an expectation for inflation to gradually fall over the next two year but higher base costs will be part of the Council’s budgets going forward due to the current inflationary pressures. The impact of inflation is most evident in the Capital Programme, utilities and insurance premiums, and the Council’s Operation services.
- 5.8 Contracts and agreement have been inflated based on the specified inflation indices within each individual contract. Retendering of contracts is part of the Council’s strategy for cost reduction and to ensure best value.

Fees and Charges

- 5.9 Fees and Charges are based on the Council’s agreed principles of increasing existing fees and charges on a market forces basis, whilst remaining consistent with the Council’s Strategic plan and relevant Governments legislation.
- 5.10 Prior to 2022/23, the Council adopted a standard approach, increasing fees and charges in line with price inflation as a minimum uplift. However, given the heightened inflation levels, this approach was not applied for the review of 2023/24 or 2024/25 fees and charges, with a reduced rate of 3% recommended for 2024/25, in line with future forecasts, ensuring the Council remains affordable to its stakeholders.
- 5.11 Charges are reviewed considering local demand, along with reflecting changes in the cost of delivering the services, factoring changes that have either already occurred, or are expecting to occur over the next financial year, with cost recovery aimed to assist in balancing the overall cost pressures. Unless statutory restrictions apply, the Council aims to use all resources available, which includes reviewing opportunities to introduce new fees as appropriate. Proposed fees and charges for 2024/25 were approved by Cabinet at its meeting on 2 January 2024.

Interest Payable and Receivable

- 5.12 **Interest Payable** - The budget for debt interest over the period 2024/25 to 2027/28 totals £1.13m. This has not been revised in this update of the MTFs. The existing loans are all fixed rate loans and therefore not susceptible to market increases. Where the capital programme requires future additional borrowing, the budget will be updated as and when projects are completed and actual borrowing is known.
- 5.13 **Interest Receivable** – Short-dated cash rates are around 5.2% for 3 month rates (4.1%, 6 April 2023) and 12-month rates around 5.55% (4.4%, 6 April 2023). The rates on the Treasury’s Debt Management Account Deposit Facility (DMADF) currently range between 5.14% and 5.19% (4% to 4.1%, 6 April 2023).
- 5.14 The Council’s investment portfolio in the short term is looking healthy with the prospect of increased returns on investments. In the current year it is expected that actual investment income will exceed the budget of £1.6m, by at least £2.4m. For the MTFs, it is expected for investment income to remain high for the next two years, and then for a cautious approach to be taken with estimates thereafter. For 2024/25, the budget for investment income is being increased by £1.74m and £1.040m the year after. It should be noted that not all of this benefit will be realised in the General Fund, as the HRA share of investment income will also increase.

Establishment Costs

- 5.15 Establishment costs total are the single largest revenue cost for the Council and represents 50% of its total direct expenditure.
- 5.16 **Public Sector Pay** –The 2023/24 pay award was £1,925 (pro rata for part-time employees) on pay points 2 to 43. This exceed the current budget assumption of 4%, in the region of £0.750m. This will impact all years of the MTFs. The pay award assumption for 2024/25 is current 3% and 2% thereafter. A contingency will be incorporated into the budget for the pay award to be above the current assumption for next year.
- 5.17 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2022. The Fund’s Actuary reported the actuarial funding position for the Pension Fund was at 107%, an increase of 8% since the last valuation exercise in 2019. This is the first time that the Fund has reached 100% funding.
- 5.18 The Pension Fund specifically relating to East Suffolk Council is 110% funded, an increase from 99% at the time of the previous review on 31 March 2019. The triennial review also sets the employer contribution rates for the next three years – 2023/24 to 2025/26. This was set at 25% and provided 88% probability of success that over 20 years the Pension Fund will remain or achieve 100% funded.

Other Pressures

- 5.19 In formulating its detailed spending plans, the Council has also taken account of past performance and the previous year’s outturn position.

- 5.20 Ranging from increased demand for services or changes in national policy, the Council's MTFs will be adjusted to reflect the financial implications of these changes. The budget monitoring work is ongoing with the Finance Team working with service areas to review their budget requirements.
- 5.21 **Contingency** – a general annual contingency of £0.600m has also been built into the budget for further pay and inflation pressures.

East Suffolk Services Limited (ESSL)

- 5.22 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.
- 5.23 As referred to earlier in paragraph, the first year's operation of ESSL has been and continues to be about stabilisation and the identification of opportunities for the development and improvement of the various services this company delivers.
- 5.24 However, since this company became operational in July 2023, as with other council services, ESSL has faced cost pressures such as increases in pay awards, fuel for vehicles and waste disposal costs. This has contributed significantly to the required uplift in the company's base budget from previous years, along with recognising some additional resourcing needs to support the delivery of services. For future years the Council will be working closely with ESSL to develop a business improvement plan which must balance affordability and capacity to deliver, with the expectation that the company's base budget will be reduced in subsequent years, and as such the payment we make to the company for the delivery of council services. The update of the MTFs includes an uplift to the base budget for 2024/25 and 2025/26 of £1.751m and £1.151m, funded from the In-Year Savings Reserve.

6 RESERVES AND BALANCES

- 6.1 In order to manage its financial affairs soundly, the Council needs to hold an appropriate and necessary level of reserves and balances. These allow it to:
- a) manage its cash flows economically and avoid temporary borrowing pending receipt of income due during the year;
 - b) deal promptly and efficiently with emergencies if they occur;
 - c) take previously unseen opportunities to secure benefits that may arise during the year;
 - d) mitigate reliance on volatile sources of funding;
 - e) set money aside for known events but where the timing or precise amount required is not yet certain; and
 - f) accumulate monies to meet costs that it would be unreasonable for taxpayers to meet in a single year.
- 6.2 In addition to the General Fund balance, the Council keeps a number of earmarked reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans or potential liabilities.

- 6.3 The Council has continued to develop its prudent financial management arrangements, through the development of earmarked reserves to mitigate potential future risks. As issues arise, the potential requirement for an earmarked reserve is considered. New earmarked reserves are formally considered as part of the detailed budget process, to ensure that risks identified are adequately mitigated, and throughout the annual budget monitoring process as risks arise or become clearer.
- 6.4 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 also 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.
- 6.5 A risk assessment of the General Fund balances informs the Chief Finance Officer's view of the adequacy of reserves to provide assurance to the budget. Having regard to the financial risks surrounding the budget planning process; the Council has maintained for a number of years a level of General Fund balance at around 3%-5% of its budgeted gross expenditure (in the region of £150m for 2024/25). This would equate to maintaining a General Fund balance for East Suffolk, in the region of between £4.5m and £7.5m. As of 1 April 2023, the opening General Fund balance of East Suffolk stood at £6m.
- 6.6 Further use of the General Fund balance will be evaluated against an assessment of risk, to ensure financial sustainability for the Council is maintained, whilst supporting the strategy direction and ambitions of the Council. The current update of the MTFs does not include any use of the General Fund balance.
- 6.7 One of the key underpinning financial principles of the MTFs is to not use the Council's Reserves (and other one-off resources) as a primary method to balance the ongoing pressures in the budget. Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.
- 6.8 The opening balances for 2023/24 are subject to external audit review and could therefore change.
- 6.9 The total balance of General Fund Earmarked Reserves was £48.086m as of 1 April 2023. Earmarked reserves are categorised into the following groups;
- **Grants/Funding Carried Forward** – this is external funding the Council has received for specific purposes and is drawn down from reserves when spend is incurred.
 - **Planned Future Revenue Spending** – Council funding has been set aside for specific service areas and/or projects.
 - **Planned Future Capital Spending** – this is revenue funding set aside to provide funding for the capital programme.
 - **Risk Based** – Council funding has been set aside for unforeseen budget pressures and fluctuations in budget areas of volatility. The reserves to highlight in this category include;

- *Business Rate Equalisation Reserve* - this reserve is held to provide a source of funding for future uncertainty in the reform of the business rates system. The uncommitted balance on this reserve over the MTFS is £8.47m
- *Business Rates Income Reserve* – The reserve is to manage fluctuations in business rates income, e.g. timing issues arising from accounting differences. The balance held in this reserve is £3m.
- *In-Year Savings Reserve* – Out-turn surpluses set-aside to support future year pressures. The uncommitted balance on this reserve is £3m.

6.10 Two new reserves to highlight from 2024/25, is 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 response to resilience matters, for example flooding. This has been transferred from the Business Rates Equalisation Reserve. The Strategic Plan Reserve has been allocated funds to facilitate the delivery of the Council’s new Strategic Plan, including any emerging priorities. The reserve currently includes the following funds in the MTFS.

Strategic Plan Reserve	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000	MTFS April 2027 £'000	MTFS April 2028 £'000
Environmental Impact	0	1,500	1,500	1,500	1,500
Tackling Inequalities	0	200	200	200	200
Thriving Economy	0	200	200	200	200
Sustainable Housing	0	0	759	1,538	2,337
Total	0	1,900	2,659	3,438	4,237

6.11 The projected balances on reserves will continue to be reviewed and updated throughout the budget process. The table below shows the current projections for the General Fund Earmarked Reserve over the MTFS, categorised as above. This summary does not include use of reserves to address the budget gaps from 2025/26 as presented in **Appendix A5**.

6.12 £1.85m of the In-Year Savings Reserve has been used to balance the budget for 2024/25.

East Suffolk General Fund Reserves	Opening Balance 1st April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000	MTFS April 2027 £'000	MTFS April 2028 £'000
Earmarked Reserves:						
Grants/Funding Carried Forward	5,883	3,986	3,253	2,839	2,838	2,837
Planned Future Capital Spending	1,174	2	343	727	1,106	1,505
Planned Future Revenue Spending	16,676	12,603	11,689	11,019	10,520	10,814
Port Health	3,513	1,564	702	264	0	0
Risk Based	19,675	21,192	17,139	16,008	16,028	16,048
COVID Reserve	1,165	0	0	0	0	0
Total Earmarked Reserves	48,086	39,347	33,126	30,857	30,492	31,204

7 CAPITAL STRATEGY

7.1 The Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability. The Capital Strategy for the period 2024/25 to 2027/28 was considered by the Audit & Governance Committee on 8 January 2024 before being presented to Full Council on 21 February 2024. Capital planning is about financial investment on the purchase of new assets, the creation of new assets and enhancing and/or extending the useful life of existing assets. The Council aims to achieve the optimum balance between the future needs of East Suffolk, including the need to drive growth, whilst ensuring affordability in the short and long term. Key principles include:

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

7.2 Enhancing the management of the Council's existing asset base and looking beyond the traditional medium-term financial planning horizon is a major priority. A refresh of the current Asset Management Strategy, which was approved in July 2019, is now underway and will need to link with the MTFS.

7.3 For the purposes of setting the budget for 2024/25 and medium-term financial planning, the current rolling Capital Programme has been updated to reflect existing projects and the latest capital investment plans for the period 2024/25 to 2027/28 are included.

Capital Programme

7.4 The Capital Programme including both General Fund and the Housing Revenue Account (HRA) is subject to the scrutiny process and formally adopted by Full Council each year. The decision to accept individual projects onto the Programme is driven by the overriding requirement to support the priorities communicated in the East Suffolk Strategic Plan, providing they are affordable.

7.5 As well as adequately maintaining the asset base, a range of other important factors are considered when deciding upon the allocation of General Fund resources. Consideration is given to:

- Legislation – the need for capital investment due to changes in legislation, including those with health and safety implications.
- Resource availability – the sustainability of the Capital Programme is a primary consideration and integral to the MTFS.

- 7.6 Where required, capital projects are supported by a detailed business case, which demonstrates a set of clear objectives and measurable benefits, as well as detailed financial implications. This includes the on-going revenue implications of a capital project, to ensure these are built into the MTFS revenue assumptions.
- 7.7 Major capital projects are delivered by dedicated project managers within the Council, with leadership and oversight provided by the Corporate Leadership Team.
- 7.8 The 2023/24 to 2027/28 Capital Programme was presented to Cabinet on 2 January 2024, the Overview and Scrutiny Committee on 18 January 2024, and then back to Cabinet on 6 February 2024, before Full Council on 21 February 2024.

EAST SUFFOLK MEDIUM TERM FINANCIAL STRATEGY - KEY PRINCIPLES

1 PRIORITIES, AIMS AND OBJECTIVES

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

2 STRATEGY OBJECTIVES

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

3 STRATEGY PRINCIPLES

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

General

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

- a) that the Council's budgets, financial records and accounts will be prepared and maintained in line with approved Accounting Standards, the CIPFA Code of Practice on Local Government Accounting, the CIPFA Prudential Code and the relevant sections of the Council's Constitution and Finance Procedure Rules;

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

General Fund (Revenue)

3.2 In relation to its revenue budgets the Council will:

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

- f) within Government guidelines, set a level of Council Tax that the Council, its residents and Government see as necessary, acceptable and affordable to deliver the Council's policies and objectives.

Capital

3.3 When considering capital investment, the Council will:

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

Balances and Reserves

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

- a) each year maintain a level of General Fund balances which takes account of the strategic, operational and financial risks facing the Council.
- b) have regard to the financial risks surrounding the budget planning process, including those associated with the structural deficit, inflationary pressures, interest rates, partnerships, the treatment of savings, new burdens and demand led expenditure.
- c) review its earmarked reserves, to ensure the rationale for holding the reserves and the amount of the reserves, remain consistent with their purposes and their approach to risk management; and
- d) return reserve balances no longer required to the General Fund as appropriate.

Treasury Management and Investment

3.5 The Council will:

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

4 OTHER CONSIDERATIONS

4.1 The Council's spending will have regard to:

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

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

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

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
<p data-bbox="421 244 517 272">People</p> <p data-bbox="125 323 674 352">Loss of key skills, resources and expertise.</p> <p data-bbox="398 560 539 588">Regulatory</p> <p data-bbox="125 639 808 700">Changes of responsibility from Government can adversely impact on service priorities and objectives.</p> <p data-bbox="398 756 539 785">Reputation</p> <p data-bbox="125 836 808 896">Loss of reputation if unforeseen resource constraints result in unplanned service reductions.</p>	<p data-bbox="927 323 954 352">M</p> <p data-bbox="927 639 954 668">L</p> <p data-bbox="927 836 954 865">L</p>	<p data-bbox="1160 323 1187 352">M</p> <p data-bbox="1160 639 1187 668">L</p> <p data-bbox="1160 836 1187 865">H</p>	<p data-bbox="1312 323 2063 588">Continue to invest in staff developments, service continuity measures. Monitor succession planning. Keep staff consulted and informed. Ensure employment terms and conditions are competitive and development needs identified through 'My Conversation' programme with staff are satisfied. A new People Strategy has recently been approved.</p> <p data-bbox="1312 639 2029 700">Sound system of service and financial planning in place. Lobby as appropriate.</p> <p data-bbox="1312 836 2063 935">Identify and implement robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.</p>

Band D Equivalent Taxbase by Parish

PARISH	2023/24	2024/25	Difference
Aldeburgh	1,899.17	1,902.89	3.72
Alderton	181.06	181.41	0.35
Aldringham-Cum-Thorpe	606.00	605.16	-0.84
All Saints & St. Nicholas, St. Michael and St. Peter S E	98.83	102.04	3.21
Badingham	235.76	238.42	2.66
Barnby	214.86	216.64	1.78
Barsham and Shipmeadow	134.31	135.65	1.34
Bawdsey	198.00	210.89	12.89
Beccles	3,346.33	3,417.47	71.14
Benacre	32.02	33.00	0.98
Benhall & Sternfield	311.61	318.40	6.79
Blaxhall	112.93	114.84	1.91
Blundeston and Flixton	479.77	483.69	3.92
Blyford and Sotherton	71.90	73.14	1.24
Blythburgh	198.44	198.34	-0.10
Boulge	14.48	14.48	0.00
Boyton	62.44	62.33	-0.11
Bramfield & Thorington	197.96	199.95	1.99
Brampton with Stoven	157.53	156.57	-0.96
Brandeston	146.98	149.31	2.33
Bredfield	151.22	158.61	7.39
Brightwell, Foxhall & Purdis Farm	998.79	991.44	-7.35
Bromeswell	153.62	155.02	1.40
Bruisyard	71.81	72.50	0.69
Bucklesham	205.35	216.46	11.11
Bungay	1,668.62	1,684.00	15.38
Burgh	78.95	79.17	0.22
Butley, Capel St Andrew & Wantisden	118.69	118.26	-0.43
Campsea Ashe	155.80	156.78	0.98
Carlton Colville	2,671.88	2,667.73	-4.15
Charsfield	162.02	168.22	6.20
Chediston, Linstead Magna & Linstead Parva	157.72	153.23	-4.49
Chillesford	75.96	75.82	-0.14
Clopton	142.46	145.99	3.53
Cookley & Walpole	153.25	152.94	-0.31
Corton	588.59	590.47	1.88
Covehithe	13.92	14.14	0.22
Cransford	67.77	71.31	3.54
Cratfield	152.30	154.05	1.75
Cretingham, Hoo & Monewden	208.88	214.14	5.26

PARISH	2023/24	2024/25	Difference
Dallinghoo	82.88	81.79	-1.09
Darsham	228.14	228.12	-0.02
Debach	33.38	32.59	-0.79
Dennington	239.53	239.01	-0.52
Dunwich	85.66	92.04	6.38
Earl Soham	202.51	204.48	1.97
Easton	178.23	178.05	-0.18
Eyke	151.75	152.82	1.07
Felixstowe	8,771.40	8,887.28	115.88
Flixton, St. Cross S E & St. Margaret South Elmham	167.77	166.69	-1.08
Framlingham	1,644.19	1,643.45	-0.74
Friston	208.50	209.85	1.35
Frostenden, Uggeshall and South Cove	172.91	171.31	-1.60
Gisleham	248.94	255.05	6.11
Great Bealings	133.06	132.40	-0.66
Great Glemham	102.19	102.77	0.58
Grundisburgh & Culpho	655.32	664.40	9.08
Hacheston	165.66	180.03	14.37
Halesworth	1,808.83	1,850.61	41.78
Hasketon	186.36	179.69	-6.67
Hemley	26.41	26.73	0.32
Henstead with Hulver Street	138.11	140.35	2.24
Heveningham	61.42	60.34	-1.08
Hollesley	507.88	519.48	11.60
Holton	311.80	310.83	-0.97
Homersfield	59.58	60.97	1.39
Huntingfield	79.71	82.87	3.16
Iken	61.93	62.14	0.21
Kelsale-cum-Carlton	413.65	428.92	15.27
Kesgrave	4,826.19	4,843.74	17.55
Kessingland	1,439.26	1,449.86	10.60
Kettleburgh	108.33	108.03	-0.30
Kirton & Falkenham	557.47	557.16	-0.31
Knodishall	311.92	310.50	-1.42
Leiston	1,957.72	1,987.29	29.57
Letheringham	42.41	42.52	0.11
Levington & Stratton Hall	125.14	122.81	-2.33
Little Bealings	216.46	217.01	0.55
Little Glemham	66.78	69.89	3.11
Lound	127.74	134.89	7.15
Lowestoft	12,926.07	13,032.78	106.71
Marlesford	90.73	89.38	-1.35
Martlesham	2,142.72	2,151.28	8.56
Melton	1,945.62	1,928.05	-17.57

PARISH	2023/24	2024/25	Difference
Mettingham	83.98	89.24	5.26
Middleton	209.69	211.66	1.97
Mutford	186.40	189.39	2.99
Nacton	341.61	340.43	-1.18
Newbourne	112.65	113.73	1.08
North Cove	149.77	152.53	2.76
Orford & Gedgrave	401.90	396.59	-5.31
Otley	327.59	331.12	3.53
Oulton	1,654.14	1,704.08	49.94
Oulton Broad	3,307.43	3,316.03	8.60
Parham	131.13	129.53	-1.60
Peasenhall	245.78	248.41	2.63
Pettistree	87.12	85.36	-1.76
Playford	110.97	112.10	1.13
Ramsholt	12.22	13.72	1.50
Redisham	61.82	62.51	0.69
Rendham	127.13	129.08	1.95
Rendlesham	941.76	955.48	13.72
Reydon	1,196.49	1,199.79	3.30
Ringsfield and Weston	221.74	228.08	6.34
Rumburgh	120.07	119.69	-0.38
Rushmere	34.13	33.81	-0.32
Rushmere St Andrew	2,607.03	2,617.95	10.92
Saxmundham	1,609.94	1,607.64	-2.30
Saxtead	126.45	127.65	1.20
Shadingfield, Sotterley, Willingham and Ellough	182.31	178.58	-3.73
Shottisham	83.44	86.44	3.00
Sibton	96.50	100.30	3.80
Snape	332.72	343.20	10.48
Somerleyton, Ashby & Herringfleet	163.68	163.51	-0.17
Southwold	1,100.22	1,081.77	-18.45
Spexhall	85.54	84.74	-0.80
St. Andrew Ilketshall	116.03	114.63	-1.40
St. James South Elmham	91.17	90.95	-0.22
St. John Ilketshall	20.25	20.25	0.00
St. Lawrence Ilketshall	61.83	63.26	1.43
St. Margaret Ilketshall	70.34	69.85	-0.49
Stratford St Andrew and Farnham	140.49	142.35	1.86
Sudbourne	186.37	187.33	0.96
Sutton	150.97	151.37	0.40
Sutton Heath	374.89	326.79	-48.10
Sweffling	98.89	98.57	-0.32
Swilland & Winesham	427.46	431.03	3.57
Theberton	150.78	153.41	2.63

PARISH	2023/24	2024/25	Difference
Trimley St Martin	767.41	831.14	63.73
Trimley St Mary	1,268.02	1,279.25	11.23
Tuddenham St Martin	159.80	160.56	0.76
Tunstall	256.12	258.42	2.30
Ubbeston	45.10	46.33	1.23
Ufford	406.54	402.68	-3.86
Walberswick	375.63	374.70	-0.93
Waldringfield	255.28	259.56	4.28
Wangford with Henham	258.05	259.26	1.21
Wenhaston with Mells Hamlet	421.36	417.08	-4.28
Westerfield	248.51	250.33	1.82
Westhall	136.42	133.70	-2.72
Westleton	308.17	308.62	0.45
Wickham Market	829.10	842.92	13.82
Wissett	127.62	126.39	-1.23
Woodbridge	3,389.95	3,378.86	-11.09
Worlingham	1,298.40	1,296.33	-2.07
Wrentham	379.37	385.24	5.87
Yoxford	357.01	358.28	1.27
East Suffolk Council - Total	90,340.92	91,018.73	677.81

NHB RESERVE SUMMARY 2023/24 TO 2027/28

NHB Reserve	2023/24	2024/25	2025/26	2026/27	2027/28
	Budget	Budget	Budget	Budget	Budget
	£'000	£'000	£'000	£'000	£'000
NHB Reserve Balance Brought Forward	(5,439)	(3,936)	(3,105)	(1,818)	(669)
NHB In-Year Funding	(447)	(650)	0	0	0
Total NHB Funding in Reserve	(5,886)	(4,586)	(3,105)	(1,818)	(669)
Application of NHB					
<u>Enabling Communities Budget</u>					
55 Councillors * £7.5k	475	412	412	412	0
Ease the Squeeze	0	0	0	0	0
	475	412	412	412	0
<u>Community Partnerships</u>					
8 Partnership * £25k each	295	200	200	200	0
<u>Resourcing & Engagement</u>					
CP Manager	71	74	75	76	0
Communities Officer	25	0	0	25	0
Funding Officer	25	0	0	0	0
Venues for meetings	2	3	3	3	0
Contribution to Suffolk Association Local Councils	10	10	10	10	0
Contribution to Community Action Suffolk	10	10	10	10	0
	438	297	298	324	0
Strategic Community Partnerships - Allocated	298	0	0	0	0
Strategic Community Partnerships - Unallocated	300	300	300	300	0
	598	300	300	300	0
WiFi Implementation on Market Towns	45	21	19	13	0
Lowestoft Full Fibre project	19	0	0	0	0
Cultural Development	72	0	0	0	0
First Light Festival	180	170	50	0	0
Safeguarding Officer	13	13	8	0	0
Empty Homes Officer	83	85	50	0	0
Anti Social Behaviour	0	80	0	0	0
Anti Social Behaviour additional requirement	0	2	150	100	50
Communities Help Hub - Adults/Families	0	7	0	0	0
Communities Help Hub - Money	7	84	0	0	0
<u>Place Based initiatives</u>					
Lowestoft Rising	20	10	0	0	0
	20	10	0	0	0
Total NHB use for the Year	1,950	1,481	1,287	1,149	50
<u>NHB Reserve Balance Carried Forward</u>	(3,936)	(3,105)	(1,818)	(669)	(619)

MTFS Update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total over MTFS period £'000	Strategic Direction Theme/Other Factors	Comments
Forecast Budget Gaps February 2023	3,511	6,008	6,405	6,405			
Additional Cost							
Green Light Trust	110	0	0	0	110	Tackling Inequalities	Contribution to the Green Light Trust to assist the completion of its Eco Hemp Construction Centre (funded from reserves)
Coastal Protection/Drainage	198	9	18	28	253	Environmental Impact	Repairs & maintenance works for Coastal Protection to catch up with health and safety work programme
Communities - Service Level Agreements to Community, Faith & Social Enterprise Organisations	44	44	44	44	176	Tackling Inequalities	Funding increase for Voluntary, Community, Faith and Social Enterprise (VCFSE) organisations integral to delivery of the Council's 'tackling inequalities' ambitions
Contaminated Land	50	0	0	0	50	Environmental Impact	Environmental Protection investigative works for sites identified
Economic Regeneration	153	747	0	0	900	Thriving Economy	ESC contribution to the restoration and redevelopment of former Lowestoft Town Hall into a community, heritage and events space to be funded from the Business Rates Equalisation reserve
Anti-Social Behaviour	162	165	168	172	667	Tackling Inequalities	Continuation of staffing support to ensure this area is sufficiently supported to meet demand
Estimated Inflation pressure	200	200	200	200	800	Fiscal Impact	Contingency for on-going inflation pressures
Housing Benefit Subsidy loss	100	100	100	100	400	Sustainable Housing	Pressure from temporary accommodation

MTFS Update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total over MTFS period £'000	Strategic Direction Theme/Other Factors	Comments
HRA Support recharge	204	185	178	137	704	Sustainable Housing	Review of support recharges - Choice Based Lettings revised, increasing General Fund use of the service
Insurance Renewal	203	229	246	273	951	Fiscal Impact	Inflationary increase
Internal Drainage Board	30	36	47	58	171	Fiscal Impact	Inflationary increase
Lowestoft Temporary Flood Barrier	25	25	25	25	100	Environmental Impact	Lowestoft Temporary Flood Barrier training
Miscellaneous Property - East Point Pavilion	116	103	51	14	284	Thriving Economy	East Point Pavilion revised model of operation (Cabinet 2 Jan 2024)
Miscellaneous Property - Survitec	33	0	0	0	33	Thriving Economy	Planning Fees for decontamination
Property Planned Maintenance	165	0	0	0	165	Our Foundations/ Governance	Works deferred from 2023/24
Training Budget	110	110	110	110	440	Our Foundations/ Governance	Corporate training
Utilities - Electricity	87	85	85	85	342	Fiscal Impact	Increases arising from footway lighting
Establishment Staffing Changes	1,113	1,101	1,306	1,165	4,685	Our Foundations/ Governance	Establishment changes
Annual Pay award assumption	0	0	0	765	765	Fiscal Impact	Roll over establishment base position
Pay Award 2023/24	720	735	750	765	2,970	Fiscal Impact	Additional cost over and above current budget assumption
Pay Award 2024/25	380	390	395	400	1,565	Fiscal Impact	Contingency for 2024/25 pay award to excess current budget assumption

MTFS Update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total over MTFS period £'000	Strategic Direction Theme/Other Factors	Comments
North Lowestoft HAZ Grant Scheme	147	131	0	0	278	Thriving Economy	Revenue scheme costs previously identified as capital costs
Operations (East Support Services Ltd)	1,751	1,151	451	(249)	3,104	Our Foundations/ Governance	Pay and cost inflation pressures and additional resourcing to support service delivery
Direct Revenue Financing	1,732	445	445	695	3,317	Capital Programme	Revenue funding of the Capital Programme
Other net changes	910	215	611	867	2,603	Financial Sustainability	Other net changes
	8,743	6,206	5,230	5,654	25,833		
<u>Additional Income</u>							
Admin Buildings	(148)	(148)	(148)	(148)	(592)	Our Foundations/ Governance	New lease agreement for ESH Annex
Business Rates	(3,271)	(2,155)	(1,155)	(655)	(7,236)	Government Policy	Updated budget for 2024/25 and increased business rate income due to delays with reform
Business Rates	(3,418)	0	0	0	(3,418)	Fiscal Impact	Business Rate Pooling - Pooling Member decision to redistribute the 2024/25 allocation to Members.
Car Parking Income	(30)	(30)	(30)	(30)	(120)	Thriving Economy	Income relating to penalty charge notices and off-street parking
Council Tax Income	(99)	(102)	(104)	(632)	(937)	Sustainable Housing	Slight growth in tax base for 2024/25 and Council Tax assumed increase for 2024/25, and roll forward of budget for 2027/28
Council Tax Income	0	(759)	(779)	(799)	(2,337)	Sustainable Housing	Introduction of second home premium from 1 April 2025.

MTFS Update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total over MTFS period £'000	Strategic Direction Theme/Other Factors	Comments
Council Tax Income - Council Tax Surplus	(141)	0	0	0	(141)	Sustainable Housing	Collection fund surplus
Garden Waste	(27)	(27)	(27)	(27)	(108)	Environmental Impact	Green waste subscriptions (fee increase compensating for some fall in subscriptions)
Government Grant	(991)	(289)	86	86	(1,108)	Government Policy	Provisional Settlement -NHB to continue for one year in 2024/25 (£0.651m)
Industrial Estates	(24)	(24)	(24)	(24)	(96)	Thriving Economy	Fountains Way Industrial Estate now fully let
Investment Interest Income	(1,441)	(901)	(932)	(776)	(4,050)	Fiscal Impact	Anticipating investment rates to remain high, net of HRA share
Martello Café	(45)	(45)	(45)	(45)	(180)	Thriving Economy	New lease agreement
Miscellaneous Property	(83)	(83)	(83)	(83)	(332)	Thriving Economy	Increase in occupancy over the original budget for Business Centres in Leiston and Lowestoft
Planning Application Fees	(376)	(274)	(100)	(100)	(850)	Thriving Economy	Statutory fee increase and Sanyo/Survitec (HRA contribution in 2024/25 and 2025/26)
Land Charges	(115)	(80)	(80)	(80)	(355)	Government Policy	Following some charges transferred to HMRC, the income lost has been less than original forecast
Purchase Land - Hamilton Road	(79)	(115)	(115)	(115)	(424)	Thriving Economy	New industrial estate purchased, lease income from the units
Seashore Village Beach Hut Income	(47)	(47)	(47)	(47)	(188)	Thriving Economy	New beach village in Felixstowe and increased fees and charges for beach huts
	(10,335)	(5,079)	(3,583)	(3,475)	(22,472)		
Savings							

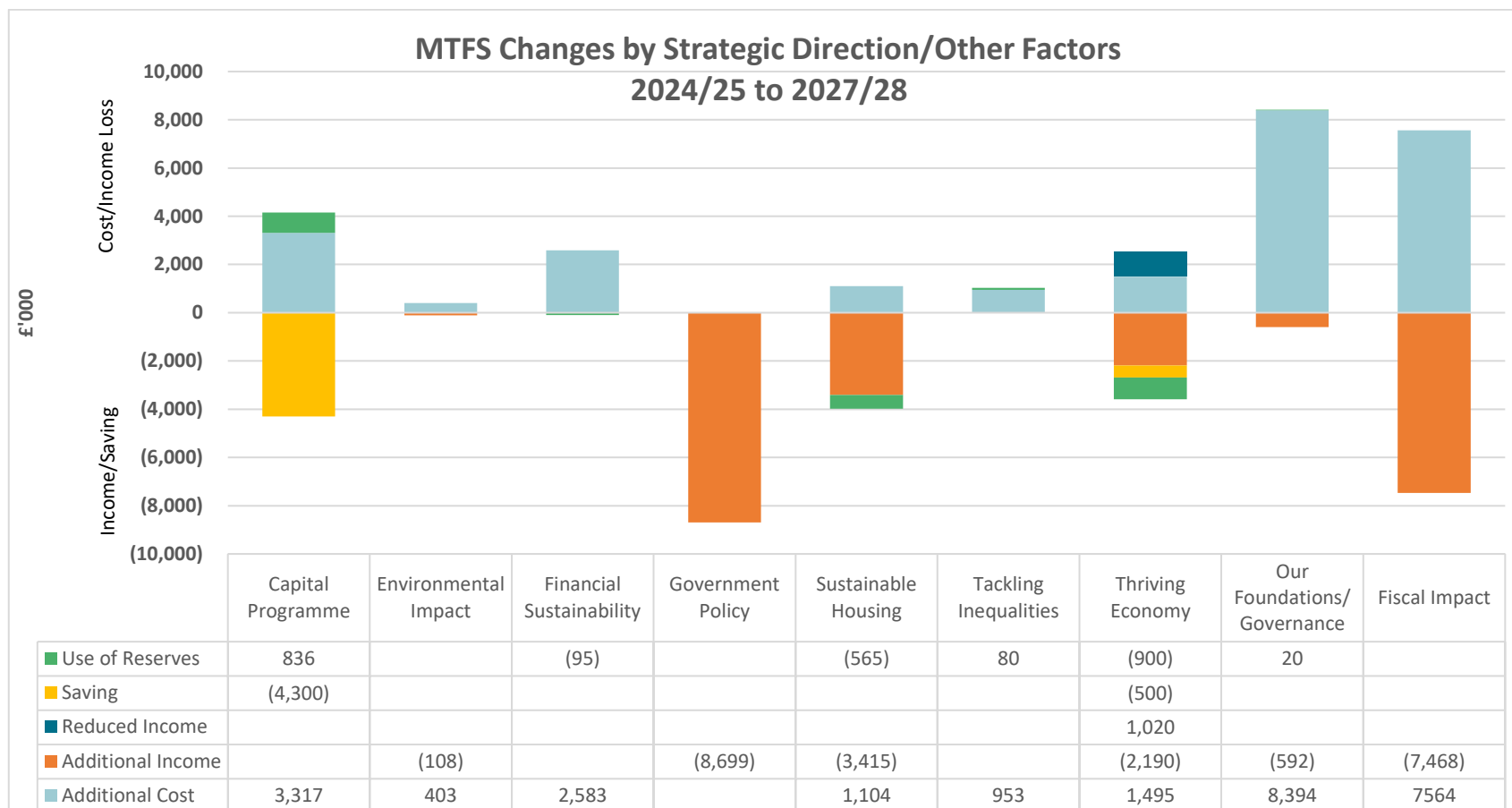
MTFS Update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total over MTFS period £'000	Strategic Direction Theme/Other Factors	Comments
Minimum Revenue Provision (MRP)	(700)	(900)	(1,400)	(1,300)	(4,300)	Capital Programme	Reflecting capital programme changes and reduced annuity rate
Ringo admin charge	(125)	(125)	(125)	(125)	(500)	Thriving Economy	New Ringo Contract (Parking Collection and National Payment Platform)
	(825)	(1,025)	(1,525)	(1,425)	(4,800)		
Reduced Income							
Miscellaneous Property	255	255	255	255	1,020	Thriving Economy	Reduction in property lease income due to administration of Wilko
	255	255	255	255	1,020		
Use of Reserves							
ASB staffing funded from reserves	(160)	(150)	(100)	(50)	(460)	Tackling Inequalities	To work towards a reduced funding position for permanent staffing
Business Rates Equalisation	(153)	(747)	0	0	(900)	Thriving Economy	Restoration and redevelopment of Lowestoft Town Hall into a community, heritage and events space
In-Year Savings	(1,751)	(1,151)	0	0	(2,902)	Sustainable Housing	Funding to support Operations service, East Suffolk Services Ltd - as per cost pressures above)
In-Year Savings	(95)	0	0	0	(95)	Financial Sustainability	Balancing the budget
Strategic Direction	(110)	0	0	0	(110)	Tackling Inequalities	Contribution to the Green Light Trust to assist the completion of its Eco Hemp Construction Centre
Strategic Direction	0	759	779	799	2,337	Sustainable Housing	Introduction of second home premium from 1 April 2025.
Short Life Asset	(130)	62	157	177	266	Capital Programme	To provide a source of funding for short life asset replacement in the capital programme

MTFS Update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Total over MTFS period £'000	Strategic Direction Theme/Other Factors	Comments
Capital	380	130	30	30	570	Capital Programme	Net movement on the reserve for funding the capital programme
New Homes Bonus	650	0	0	0	650	Tackling Inequalities	Transfer of in year allocation to support community initiatives
Business Rates Income	(3,000)	0	0	0	(3,000)	Financial Sustainability	To provide a source of funding for accounting timing differences on Business Rates income. Transferred from the Business Rates Equalisation Reserve
Business Rates Equalisation Reserve	3,000	0	0	0	3,000	Financial Sustainability	To provide a source of funding for accounting timing differences on Business Rates income. Transferred to the Business Rates Income Reserve
Business Rates Equalisation Reserve	(480)	0	0	0	(480)	Our Foundations/ Governance	To re-allocate reserve funds to provide a source of funding for the Council to response to matters of resilience, e.g. flooding
Resilience	500	0	0	0	500	Our Foundations/ Governance	New Reserve to provide a source of funding for the Council to response to matters of resilience, e.g. flooding
	(1,349)	(1,097)	866	956	(624)		
Net Total of MTFS Updates February 2024	(3,511)	(740)	1,243	1,965	(1,043)		
Budget Gaps February 2024	0	5,268	7,648	8,370			

MTFS Updates as at February 2024 – Key Items

Updates to the MTFS between the Cabinet meeting on 2 January 2024 and Full Council on 21 February 2024

MTFS Update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Comments
Budget Gap Position - Cabinet 2 January 2024	2,211	5,131	6,498	7,664	
Government Funding Streams	42	44	297	297	Update following 2024/25 Provision Local Government Finance Settlement on 18 December 2023
Budget Gap Position – Overview & Scrutiny 18 January 2024	2,253	5,175	6,795	7,961	
North Lowestoft HAZ Grant Scheme	147	131	0	0	Revenue scheme costs previously identified as capital costs
Operations (East Support Services Ltd)	1,751	1,151	451	(249)	Cost pressures, e.g. pay, waste disposal, fuel and additional resourcing
In-Year Savings Reserve	0	(1,151)	0	0	Funding to support Operations service (East Suffolk Services Ltd) as above
Creation of Resilience Reserve	500	0	0	0	To provide a source of funding for the Council to respond to matters of resilience, e.g. flooding
Business Rates Income	(3,271)	(155)	(155)	(155)	Updates to Business Rates income following completion of NNDR1 estimates
Other Changes	466	249	569	825	other net changes
In-Year Savings Reserve	(1,846)	0	0	0	Use of reserves to balance the budget for 2024/25
Budget Gap Position - Cabinet 6 February 2024	0	5,400	7,660	8,382	
Government Funding Streams	(324)	(276)	(157)	(157)	Update following 2024/25 Final Local Government Finance Settlement on 5 February 2024
Other net changes	142	144	145	145	other net changes
Business Rates Income	182	0	0	0	Update estimate for Pooling Benefit based on latest estimate.
Budget Gap Position - Full Council 21 February 2024	0	5,268	7,648	8,370	



General Fund Revenue Budget Summary 2024/25 to 2027/28

APPENDIX A5

Service	2024/25	2024/25	2024/25	2025/26	2025/26	2025/26	2026/27	2026/27	2026/27	2027/28	2027/28	2027/28
	Budget Feb-23 £	Budget Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £
Direct Income & Expenditure												
Senior and Corporate Management												
Corporate and Democratic Management	381,900	331,500	(50,400)	362,300	312,000	(50,300)	287,300	312,000	24,700	287,300	312,100	24,800
Directors and PA's	964,800	961,800	(3,000)	985,700	985,700	0	1,006,900	1,007,200	300	1,006,900	1,027,800	20,900
Growth Programme Partnership	0	0	0	0	0	0	0	0	0	0	0	0
Heads of Service	1,376,400	1,422,500	46,100	1,404,800	1,449,800	45,000	1,433,800	1,478,400	44,600	1,433,800	1,507,100	73,300
	2,723,100	2,715,800	(7,300)	2,752,800	2,747,500	(5,300)	2,728,000	2,797,600	69,600	2,728,000	2,847,000	119,000
Economic Development and Regeneration												
Economic Development	698,600	1,005,100	306,500	710,100	837,300	127,200	722,100	834,200	112,100	722,100	748,100	26,000
Economic Funding	186,800	171,300	(15,500)	174,100	176,100	2,000	177,400	179,600	2,200	177,400	183,000	5,600
Economic Regeneration	1,109,600	2,299,100	1,189,500	1,068,500	1,055,700	(12,800)	861,500	883,600	22,100	861,500	894,400	32,900
Economic Regeneration Towns Fund	300	200	(100)	400	100	(300)	400	0	(400)	400	0	(400)
Landguard	(8,100)	15,000	23,100	(5,900)	15,000	20,900	(4,000)	15,000	19,000	(4,000)	15,000	19,000
North Felixstowe Garden Neighbourhood	100	500	400	0	0	0	0	0	0	0	0	0
	1,987,300	3,491,200	1,503,900	1,947,200	2,084,200	137,000	1,757,400	1,912,400	155,000	1,757,400	1,840,500	83,100
Financial Services and Other Financial Transactions												
Financial Services	1,525,500	1,521,300	(4,200)	1,562,200	1,566,200	4,000	1,604,300	1,610,100	5,800	1,604,300	1,648,300	44,000
Other Financial Transactions	(1,441,700)	(927,700)	514,000	(1,442,700)	(878,800)	563,900	(1,456,200)	(890,500)	565,700	(1,456,200)	(891,700)	564,500
Treasury Management	9,500	8,000	(1,500)	9,500	8,000	(1,500)	9,500	8,000	(1,500)	9,500	8,000	(1,500)
	93,300	601,600	508,300	129,000	695,400	566,400	157,600	727,600	570,000	157,600	764,600	607,000
Revenue and Benefits												
Housing Benefits	2,085,600	1,949,500	(136,100)	2,161,500	2,133,800	(27,700)	2,200,900	2,004,000	(196,900)	2,200,900	2,060,600	(140,300)
Tax Collection Cost	1,006,700	1,310,800	304,100	1,050,800	1,376,100	325,300	1,092,300	1,438,900	346,600	1,092,300	1,498,400	406,100
	3,092,300	3,260,300	168,000	3,212,300	3,509,900	297,600	3,293,200	3,442,900	149,700	3,293,200	3,559,000	265,800
Digital, Programme Management and Customer Services												
Communications	320,100	353,500	33,400	330,600	366,700	36,100	339,100	380,200	41,100	339,100	388,500	49,400
Customer Services and Complaints	2,354,700	2,721,700	367,000	2,420,300	2,573,800	153,500	2,487,700	2,635,300	147,600	2,487,700	2,699,200	211,500
ICT	3,507,800	3,252,700	(255,100)	3,572,400	3,322,400	(250,000)	3,653,300	3,406,100	(247,200)	3,653,300	3,476,200	(177,100)
	6,182,600	6,327,900	145,300	6,323,300	6,262,900	(60,400)	6,480,100	6,421,600	(58,500)	6,480,100	6,563,900	83,800
Internal Audit Services												
Internal Audit & Corporate Investigations	668,300	849,700	181,400	691,900	790,600	98,700	715,800	813,400	97,600	715,800	833,400	117,600

General Fund Revenue Budget Summary 2024/25 to 2027/28

APPENDIX A5

Service	2024/25 Budget Feb-23 £	2024/25 Budget Feb-24 £	2024/25 Movement £	2025/26 MTFS Feb-23 £	2025/26 MTFS Feb-24 £	2025/26 Movement £	2026/27 MTFS Feb-23 £	2026/27 MTFS Feb-24 £	2026/27 Movement £	2027/28 MTFS Feb-23 £	2027/28 MTFS Feb-24 £	2027/28 Movement £
Human Resources												
Human Resources	1,321,800	1,580,700	258,900	1,342,000	1,601,800	259,800	1,398,600	1,640,100	241,500	1,398,600	1,712,000	313,400
Legal and Democratic Services												
Democratic Services	1,475,200	1,375,200	(100,000)	1,489,400	1,389,800	(99,600)	1,501,000	1,401,700	(99,300)	1,501,000	1,412,700	(88,300)
Electoral Services	460,900	479,000	18,100	470,000	488,100	18,100	477,600	495,700	18,100	477,600	930,300	452,700
Legal	790,400	962,000	171,600	804,100	859,500	55,400	815,300	878,300	63,000	815,300	894,400	79,100
Licensing	(96,000)	(61,700)	34,300	(90,000)	(53,800)	36,200	(83,900)	(45,200)	38,700	(83,900)	(36,200)	47,700
	2,630,500	2,754,500	124,000	2,673,500	2,683,600	10,100	2,710,000	2,730,500	20,500	2,710,000	3,201,200	491,200
Planning and Coastal Management												
Building Control	240,900	575,300	334,400	275,500	623,000	347,500	309,800	663,100	353,300	309,800	694,400	384,600
Coastal Management	1,618,800	1,788,500	169,700	1,625,800	1,658,600	32,800	1,521,100	1,706,100	185,000	1,521,100	1,740,300	219,200
Planning	3,206,200	3,024,000	(182,200)	3,324,000	3,277,100	(46,900)	3,454,000	3,665,900	211,900	3,454,000	3,828,400	374,400
Rights of Way	(7,600)	(7,600)	0	(7,600)	(7,600)	0	(7,600)	(7,600)	0	(7,600)	(7,600)	0
	5,058,300	5,380,200	321,900	5,217,700	5,551,100	333,400	5,277,300	6,027,500	750,200	5,277,300	6,255,500	978,200
Operations												
Admin Buildings	1,172,000	946,100	(225,900)	1,180,100	943,200	(236,900)	1,189,800	949,800	(240,000)	1,189,800	957,000	(232,800)
Arts, Heritage and Museums Development	8,200	500	(7,700)	8,200	500	(7,700)	8,200	500	(7,700)	8,200	600	(7,600)
Assets and Property Services	1,126,800	1,823,800	697,000	1,155,800	1,776,100	620,300	1,182,600	1,833,300	650,700	1,182,600	1,887,900	705,300
Beach	(942,900)	(983,500)	(40,600)	(1,006,900)	(1,052,700)	(45,800)	(1,012,300)	(1,051,500)	(39,200)	(1,012,300)	(1,050,300)	(38,000)
Caravan and Camping Sites	(99,000)	53,600	152,600	(119,900)	52,100	172,000	(109,400)	64,200	173,600	(109,400)	71,900	181,300
Cemeteries	492,000	493,800	1,800	410,600	410,700	100	337,300	337,900	600	337,300	338,600	1,300
Concessions	(108,700)	(115,600)	(6,900)	(85,200)	(94,000)	(8,800)	(108,200)	(117,000)	(8,800)	(108,200)	(116,800)	(8,600)
Events	(13,900)	(13,900)	0	(13,900)	(13,900)	0	(13,900)	(13,900)	0	(13,900)	(13,900)	0
Harbours and Yacht Stations	44,800	65,300	20,500	51,500	58,600	7,100	55,900	64,400	8,500	55,900	71,100	15,200
Industrial Estates	(572,300)	(640,900)	(68,600)	(577,100)	(680,700)	(103,600)	(576,700)	(679,800)	(103,100)	(576,700)	(678,900)	(102,200)
Markets	700	700	0	800	700	(100)	800	700	(100)	800	800	0
Miscellaneous Land	(87,500)	(134,000)	(46,500)	(89,000)	(88,800)	200	(88,900)	(88,700)	200	(88,900)	(88,500)	400
Miscellaneous Property	287,400	397,300	109,900	282,100	285,600	3,500	319,900	271,600	(48,300)	319,900	242,300	(77,600)
Operational Management	113,100	72,100	(41,000)	114,900	73,100	(41,800)	116,600	74,100	(42,500)	116,600	74,100	(42,500)
Parking Services	(1,388,400)	(1,524,500)	(136,100)	(1,380,700)	(1,517,400)	(136,700)	(1,368,700)	(1,504,000)	(135,300)	(1,368,700)	(1,468,600)	(99,900)
Parks and Gardens	856,800	839,000	(17,800)	856,800	840,100	(16,700)	856,800	840,300	(16,500)	856,800	840,500	(16,300)
Procurement	199,000	261,200	62,200	202,600	203,700	1,100	206,300	208,600	2,300	206,300	212,200	5,900
Public Conveniences	870,100	910,500	40,400	864,700	833,700	(31,000)	866,300	838,100	(28,200)	866,300	841,300	(25,000)
Public Shelters	7,100	16,000	8,900	15,200	15,600	400	2,300	2,700	400	2,300	2,700	400
Resort Activities	128,400	131,900	3,500	128,400	128,500	100	128,400	128,600	200	128,400	128,800	400
Street Scene	2,527,000	2,647,500	120,500	2,528,700	2,645,000	116,300	2,528,700	2,645,000	116,300	2,528,700	2,645,100	116,400

General Fund Revenue Budget Summary 2024/25 to 2027/28

APPENDIX A5

Service	2024/25	2024/25	2024/25	2025/26	2025/26	2025/26	2026/27	2026/27	2026/27	2027/28	2027/28	2027/28
	Budget Feb-23 £	Budget Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £
Waste Management	7,548,300	9,511,600	1,963,300	7,557,900	8,897,400	1,339,500	7,567,500	8,205,000	637,500	7,567,500	7,512,700	(54,800)
	12,169,000	14,758,500	2,589,500	12,085,600	13,717,100	1,631,500	12,089,300	13,009,900	920,600	12,089,300	12,410,600	321,300
Communities and Leisure												
Community Development	680,900	1,146,600	465,700	632,100	826,200	194,100	645,600	843,800	198,200	645,600	858,600	213,000
Community Safety	13,500	13,500	0	13,800	13,800	0	14,000	14,000	0	14,000	14,000	0
County Sports Partnership	241,000	245,300	4,300	196,400	131,000	(65,400)	(36,300)	209,800	246,100	(36,300)	(24,600)	11,700
Health and Wellbeing	0	53,800	53,800	0	56,300	56,300	0	58,700	58,700	0	61,400	61,400
Indoor Leisure	158,100	179,000	20,900	158,200	182,700	24,500	116,400	144,600	28,200	116,400	148,500	32,100
Leisure Strategy	485,800	499,500	13,700	493,200	508,600	15,400	497,300	514,300	17,000	497,300	520,400	23,100
Lowestoft Rising	48,500	37,900	(10,600)	0	0	0	0	0	0	0	0	0
Outdoor Leisure	1,333,000	1,397,200	64,200	1,340,800	1,365,000	24,200	1,332,300	1,357,100	24,800	1,332,300	1,358,100	25,800
Revenue Grants	1,185,900	1,232,800	46,900	1,185,900	1,232,800	46,900	1,185,900	1,232,800	46,900	1,185,900	297,900	(888,000)
	4,146,700	4,805,600	658,900	4,020,400	4,316,400	296,000	3,755,200	4,375,100	619,900	3,755,200	3,234,300	(520,900)
Environmental Services and Port Health												
Emergency Planning	73,600	78,500	4,900	73,600	80,100	6,500	73,600	81,600	8,000	73,600	81,600	8,000
Environmental Climate Change	139,200	249,900	110,700	141,900	142,700	800	144,600	145,400	800	144,600	148,100	3,500
Environmental Protection	1,287,400	1,520,800	233,400	1,324,500	1,513,700	189,200	1,361,400	1,556,500	195,100	1,361,400	1,584,300	222,900
Food and Safety	751,500	801,200	49,700	779,900	831,900	52,000	804,700	859,400	54,700	804,700	876,000	71,300
Corporate Health Safety	149,700	155,700	6,000	154,000	160,300	6,300	157,100	165,100	8,000	157,100	168,300	11,200
Port Health Authority	(531,700)	331,900	863,600	(557,000)	(104,900)	452,100	(551,500)	(289,600)	261,900	(551,500)	(570,400)	(18,900)
	1,869,700	3,138,000	1,268,300	1,916,900	2,623,800	706,900	1,989,900	2,518,400	528,500	1,989,900	2,287,900	298,000
Housing Services												
Homelessness	1,190,600	1,472,200	281,600	1,183,000	1,426,400	243,400	1,217,100	1,253,200	36,100	1,217,100	1,299,100	82,000
Housing Enabling	200	42,200	42,000	200	43,800	43,600	200	45,500	45,300	200	47,300	47,100
Private Sector Housing	3,502,000	4,059,100	557,100	3,509,700	3,775,900	266,200	3,445,000	3,534,300	89,300	3,445,000	3,609,900	164,900
Private Sector Housing	3,502,000	4,059,100	557,100	3,509,700	3,775,900	266,200	3,445,000	3,534,300	89,300	3,445,000	3,609,900	164,900
	4,692,800	5,573,500	880,700	4,692,900	5,246,100	553,200	4,662,300	4,833,000	170,700	4,662,300	4,956,300	294,000
Net Cost of Service	46,635,700	55,237,500	8,601,800	47,005,500	51,830,400	4,824,900	47,014,700	51,250,000	4,235,300	47,014,700	50,466,200	3,451,500
Non-Cost of Service Expenditure Adjustments												
Direct Revenue Financing (DRF)	905,000	2,637,000	1,732,000	805,000	1,250,000	445,000	805,000	1,250,000	445,000	805,000	1,500,000	695,000
Revenue provision for the repayment of debt (MRP)	2,754,900	2,045,900	(709,000)	3,397,800	2,497,800	(900,000)	3,922,700	2,522,700	(1,400,000)	3,922,700	2,622,700	(1,300,000)
Recharges to the Housing Revenue Account (HRA)	(1,420,900)	(1,216,400)	204,500	(1,431,100)	(1,246,100)	185,000	(1,461,700)	(1,283,200)	178,500	(1,461,700)	(1,324,800)	136,900
Bad Debt Provision	(9,300)	(8,000)	1,300	(9,300)	0	9,300	(2,900)	0	2,900	(2,900)	0	2,900
REFCUS Adjustment	(2,721,400)	(2,721,400)	0	(2,721,400)	(2,721,400)	0	(2,721,400)	(2,721,400)	0	(2,721,400)	(2,721,400)	0

General Fund Revenue Budget Summary 2024/25 to 2027/28

APPENDIX A5

Service	2024/25	2024/25	2024/25	2025/26	2025/26	2025/26	2026/27	2026/27	2026/27	2027/28	2027/28	2027/28
	Budget Feb-23 £	Budget Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £	MTFS Feb-23 £	MTFS Feb-24 £	Movement £
Other Accounting Adjustments	25,000	25,000	0	25,000	25,000	0	25,000	25,000	0	25,000	25,000	0
Other Operating Income and Expenditure												
Town & Parish Precepts	7,094,800	7,683,600	588,800	7,094,800	7,683,600	588,800	7,094,800	7,683,600	588,800	7,094,800	7,683,600	588,800
Levies	250,500	280,000	29,500	250,500	286,300	35,800	250,500	297,200	46,700	250,500	308,800	58,300
Financing and Investment Income and Expenditure												
Interest Payable	282,000	282,000	0	282,000	282,000	0	282,000	282,000	0	282,000	282,000	0
Interest Payable	282,000	282,000	0	282,000	282,000	0	282,000	282,000	0	282,000	282,000	0
Interest Receivable	(1,410,000)	(3,150,000)	(1,740,000)	(1,410,000)	(2,450,000)	(1,040,000)	(1,410,000)	(2,200,000)	(790,000)	(1,410,000)	(2,050,000)	(640,000)
HRA Share of Interest Payable & Receivable	160,200	459,100	298,900	200,400	339,400	139,000	200,400	58,400	(142,000)	200,400	64,600	(135,800)
Other Financing Charges	386,300	386,300	0	386,300	386,300	0	386,300	386,300	0	386,300	386,300	0
Non-Specific Grant Income												
New Homes Bonus	0	(650,000)	(650,000)	0	0	0	0	0	0	0	0	0
Capital Grants	(400)	(400)	0	(400)	(400)	0	(400)	(400)	0	(400)	(400)	0
Net Budget Expenditure before Reserve Movements	52,932,400	61,290,200	8,357,800	53,875,100	58,162,900	4,287,800	54,385,000	57,550,200	3,165,200	54,385,000	57,242,600	2,857,600
Net Movements on Reserves												
General Fund Balance	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Earmarked Reserves	(2,569,200)	(6,561,900)	(3,992,700)	(1,591,300)	(2,652,400)	(1,061,100)	(1,176,200)	(745,200)	431,000	(1,176,200)	313,200	1,489,400
Capital Reserves	92,000	342,000	250,000	192,000	384,000	192,000	192,000	379,000	187,000	192,000	399,000	207,000
Net Budget Expenditure After Reserve Movements	50,455,200	55,070,300	4,615,100	52,475,800	55,894,500	3,418,700	53,400,800	57,184,000	3,783,200	53,400,800	57,954,800	4,554,000
Financed By:												
Council Tax Income (District Council)	(16,882,000)	(16,981,400)	(99,400)	(17,400,000)	(18,261,000)	(861,000)	(17,922,000)	(18,805,000)	(883,000)	(17,922,000)	(19,353,000)	(1,431,000)
Council Tax Income (Town & Parish Precepts)	(7,094,800)	(7,683,600)	(588,800)	(7,094,800)	(7,683,600)	(588,800)	(7,094,800)	(7,683,600)	(588,800)	(7,094,800)	(7,683,600)	(588,800)
Share of Surplus/Deficit on Collection Fund	0	(1,320,800)	(1,320,800)	0	0	0	0	0	0	0	0	0
Business Rates Income	(20,579,300)	(26,088,200)	(5,508,900)	(19,579,300)	(21,734,300)	(2,155,000)	(19,579,300)	(20,734,300)	(1,155,000)	(19,579,300)	(20,234,300)	(655,000)
Services Grant	(269,000)	(48,300)	220,700	(269,000)	0	269,000	(269,000)	0	269,000	(269,000)	0	269,000
Funding Guarantee	(1,519,000)	(1,860,300)	(341,300)	(1,519,000)	(1,860,300)	(341,300)	(1,519,000)	(1,630,400)	(111,400)	(1,519,000)	(1,630,400)	(111,400)
Revenue Support Grant	(339,500)	(750,800)	(411,300)	(342,900)	(750,800)	(407,900)	(346,300)	(346,300)	0	(346,300)	(346,300)	0
Rural Services Delivery Grant	(260,300)	(336,900)	(76,600)	(262,900)	(336,900)	(74,000)	(265,500)	(336,900)	(71,400)	(265,500)	(336,900)	(71,400)
Total Financing	(46,943,900)	(55,070,300)	(8,126,400)	(46,467,900)	(50,626,900)	(4,159,000)	(46,995,900)	(49,536,500)	(2,540,600)	(46,995,900)	(49,584,500)	(2,588,600)
Budget Shortfall / (Surplus)	3,511,300	0	(3,511,300)	6,007,900	5,267,600	(740,300)	6,404,900	7,647,500	1,242,600	6,404,900	8,370,300	1,965,400

General Fund Balance and Reserves

APPENDIX A6

East Suffolk Council
East Suffolk General Fund and Earmarked Reserves

Reserve Group	Purpose of the Earmarked Reserve	2023/24			2024/25			2025/26			2026/27			2027/28			
		Actual Closing Balance 31/03/23 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Budgeted Closing Balance 31/3/24 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Budgeted Closing Balance 31/3/25 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/26 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/27 £'000	Revised Transfers In £'000	Revised Transfers Out £'000	Revised Closing Balance 31/3/28 £'000
Earmarked Reserves - Revenue:																	
Individual Electoral Registration (IER)	Planned Future Revenue Spending	438	0	(50)	388	0	(50)	338	0	(50)	288	0	(50)	238	0	(50)	188
Indoor Leisure	Planned Future Revenue Spending	68	0	(50)	18	0	0	18	0	0	18	0	0	18	0	0	18
Insurance	Risk Based	171	0	0	171	0	0	171	0	0	171	0	0	171	0	0	171
In-Year Savings	Risk Based	3,401	0	(330)	3,071	1,751	(1,866)	2,956	1,191	(1,151)	2,976	20	0	2,996	20	0	3,016
Key Capital Programme	Planned Future Revenue Spending	67	65	(102)	31	0	0	31	0	0	31	0	0	31	0	0	31
Land Charges	Planned Future Revenue Spending	150	0	(50)	100	0	(50)	50	0	0	50	0	0	50	0	0	50
Lowestoft Rising	Grants/Funding carried forward	66	3	(25)	45	14	(4)	54	0	0	54	0	0	54	0	0	54
Landguard	Planned Future Revenue Spending	179	0	(180)	0	0	0	0	0	0	0	0	0	0	0	0	0
Licensing	Grants/Funding carried forward	8	0	0	8	0	0	8	0	0	8	0	0	8	0	0	8
New Homes Bonus (NHB)	Planned Future Revenue Spending	5,439	447	(1,950)	3,936	650	(1,481)	3,105	0	(1,287)	1,818	0	(1,149)	669	0	(50)	619
Next Steps Accommodation Programme (NSAP)	Grants/Funding carried forward	22	0	0	22	0	0	22	0	0	22	0	0	22	0	0	22
Pathfinder	Grants/Funding carried forward	466	0	(466)	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning Policy	Planned Future Revenue Spending	171	0	(3)	167	0	(10)	157	0	0	157	0	0	157	0	0	157
Private Sector Housing	Planned Future Revenue Spending	82	0	(10)	72	0	(17)	55	0	(7)	48	0	(7)	41	0	(7)	34
RES - Planning	Planned Future Revenue Spending	400	0	(65)	335	0	(65)	270	0	(65)	205	0	(65)	140	0	(65)	75
RES - Planning Legal	Risk Based	400	0	0	400	0	0	400	0	0	400	0	0	400	0	0	400
Renovation Grants	Planned Future Revenue Spending	479	0	(105)	374	0	(92)	282	0	(92)	190	0	(92)	98	0	(92)	6
East Suffolk Lettings	Grants/Funding carried forward	215	70	0	285	0	(128)	157	0	(157)	0	0	0	0	0	0	0
Resilience	Risk Based	0	0	0	0	500	0	500	0	0	500	0	0	500	0	0	500
Revenues & Benefits Administration	Risk Based	200	0	0	200	0	0	200	0	0	200	0	0	200	0	0	200
RAM's	Grants/Funding carried forward	48	0	(34)	14	0	(14)	0	0	0	0	0	0	0	0	0	0
RES - Southwold Harbour	Planned Future Revenue Spending	144	65	0	210	45	0	255	65	0	319	53	0	373	53	0	426
SEAL	Grants/Funding carried forward	6	0	(1)	5	0	(1)	4	0	(1)	3	0	(1)	2	0	(1)	1
Stepping Home	Grants/Funding carried forward	24	0	0	24	0	0	24	0	0	24	0	0	24	0	0	24
SWEP Cold Weather Funding	Grants/Funding carried forward	16	0	0	16	0	0	16	0	0	16	0	0	16	0	0	16
Smart Towns	Grants/Funding carried forward	23	0	0	23	0	0	23	0	0	23	0	0	23	0	0	23
Transformation - Digital	Planned Future Revenue Spending	298	20	(78)	240	0	(228)	13	0	(8)	5	0	(5)	0	0	0	0
Transformation - Environmental	Planned Future Revenue Spending	656	0	(113)	543	0	(496)	47	0	0	47	0	0	47	0	0	47
Transformation - Financial Sustainability	Planned Future Revenue Spending	2,437	45	(1,519)	963	0	(7)	955	0	0	955	0	0	955	0	0	955
Transformation - Core	Planned Future Revenue Spending	0	0	0	0	7	0	7	0	0	7	0	0	7	0	0	7
Warmer Homes Healthy People	Grants/Funding carried forward	107	267	0	374	0	(256)	118	0	(118)	0	0	0	0	0	0	0
Warmer Homes Health People COVID pressures	Grants/Funding carried forward	1	0	(1)	0	0	0	0	0	0	0	0	0	0	0	0	0
Youth Leisure	Grants/Funding carried forward	10	0	0	10	0	0	10	0	0	10	0	0	10	0	0	10
Earmarked Reserves - Revenue sub-total		43,399	4,636	(10,255)	37,782	8,646	(14,345)	32,081	2,752	(4,947)	29,867	1,541	(2,022)	29,386	1,660	(1,347)	29,699
Earmarked Reserves - Port Health:																	
Port Health Planned Future Revenue Spending	Port Health - Planned Future Revenue Spending	3,034	352	(1,822)	1,564	0	(862)	701	0	(438)	263	0	(263)	0	0	0	0
RES - Port Health ICT	Port Health - ICT	478	35	(513)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Port Health		3,513	387	(2,335)	1,564	0	(862)	702	0	(438)	264	0	(263)	0	0	0	0
Earmarked Reserves - Capital:																	
Capital	Planned Future Capital Spending	55	279	(334)	0	379	(50)	329	379	0	708	379	0	1,087	379	0	1,466
Short Life Assets	Planned Future Capital Spending	1,120	718	(1,836)	2	2,600	(2,587)	15	1,255	(1,250)	20	1,250	(1,250)	20	1,520	(1,500)	40
Earmarked Reserves - Capital sub-total		1,174	997	(2,170)	2	2,979	(2,637)	343	1,634	(1,250)	727	1,629	(1,250)	1,106	1,899	(1,500)	1,505
Total Earmarked Reserves		48,086	6,019	(14,760)	39,347	11,625	(17,845)	33,126	4,386	(6,635)	30,857	3,170	(3,536)	30,492	3,559	(2,847)	31,204

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Policy paper

Local government finance policy statement 2024 to 2025

Published 5 December 2023

Applies to England



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Today I am setting out the government’s intentions for the Local Government Finance Settlement (the ‘Settlement’) for 2024 to 2025. I recognise that providing councils with greater certainty on key aspects of their funding is vital for the budget setting process. In December 2022, we published a policy statement to give councils forward notice of our proposals for the 2024 to 2025 Settlement - this policy statement builds on that by providing additional details of the upcoming Settlement.

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Core Settlement

- We will increase the Revenue Support Grant in line with the Consumer Price Index (CPI) of inflation.
- We have no desire to introduce ‘negative Revenue Support Grant’.
- Local authorities will see an increase in baseline funding levels (BFLs) and compensation grant as if both business rating multipliers had increased by CPI. It was announced at the Autumn Statement that the small business rating multiplier will be frozen at 49.9p, and the standard business rating multiplier will increase to 54.6p in line with the September 2022 to September 2023 change in CPI. For 2024 to 2025, BFLs will increase to reflect the uprating of the standard multiplier, and this will be done by using proxy data from the Valuation Office Agency’s compiled local rating list, published on 3 April 2023. We will also compensate local authorities for the reduction in income as a consequence of the decision to freeze the small multiplier.
- The government has consulted recently on changes to the way baseline funding levels, top-ups and tariffs are uprated, as well as how to continue calculating compensation for lower than consumer price index increases to the small and standard business rates multipliers. A consultation response will be published shortly before the provisional Settlement consultation is launched.

Council tax referendum principles

The government will continue to protect local taxpayers from excessive council tax increases. The proposed package of referendum principles strikes a fair balance and is an additional local democratic check and balance. The council tax referendum provisions are not a cap, nor do they force councils to set taxes at the threshold level. These actions are to protect hard-working people from excessive tax rises.

The proposed referendum principles are:

- a core council tax referendum limit for local authorities of up to 3%;
- a council tax referendum principle of up to 3% or £5, whichever is higher, for shire district councils;
- an adult social care precept of 2% for all authorities responsible for adult social care services;
- a council tax referendum principle of £13 for police authorities;
- the core council tax principle of up to 3% will apply to fire and rescue authorities; and
- no council tax referendum principles for mayoral combined authorities or town and parish councils, but the government will review the decisions taken by these authorities when considering referendum principles in future years.
- A bespoke additional council tax flexibility of up to £20 on Band D bills for the Greater London Authority (GLA), as requested by the Mayor of London – while this request will not be opposed, the government is disappointed that London taxpayers are having to foot the bill for the GLA's poor governance and decision-making.

It is for individual local authorities to determine whether to use the flexibilities detailed above, taking into consideration the pressures many households are facing.

Social care grants

The government announced at the 2022 Autumn Statement up to £4.7 billion additional funding for social care and discharge in 2024-25. Furthermore, the Department of Health and Social Care announced £600 million of additional funding in July 2023, which includes £205 million of new grant funding for social care in 2024-25.

Including funding announced at the 2022 Autumn Statement, additional grant resources for social care in 2024-25 will therefore be as follows:

- an additional £692 million will be distributed to local authorities through the **Social Care Grant** for adult and children's social care. This will bring the overall size of the Social Care Grant to £4,544 million. We will continue to equalise against the adult social care precept in the usual way.
- an additional £200 million will be distributed in 2024 to 2025 through the **Discharge Fund** to support timely and safe discharge from hospital into the community by reducing the number of people delayed in hospital awaiting social care. This will bring the overall size of the local authority component of the Discharge Fund to £500 million.
- the Discharge Fund will be in addition to the existing improved **Better Care Fund**, for which the quantum of £2,140 million and the distribution will remain the same as in 2023-24.
- £1,050 million in 2024 to 2025 will be distributed for adult social care through the **Market Sustainability and Improvement Fund (MSIF)**, which continues to include £162 million per year of Fair Cost of Care funding. It also includes £205 million MSIF - Workforce Funding, a 2-year fund announced in July 2023 which will be rolled into the existing MSIF. In total, the combined MSIF and MSIF Workforce Fund are worth £123 million more than in 2023 to 2024.

For 2023 to 2024, the government set an expectation that the additional funding made available to adult social care should lead to a substantial increase in planned adult social care spending, given the additional resources which were made available in

that year. The Department of Health and Social Care will continue to monitor local authority budgeting and expenditure in 2024 to 2025, with an expectation that the following will be allocated to adult social care:

- an appropriate share of the local authority's additional Social Care Grant allocation for 2024 to 2025, in line with aggregate use of this funding in previous years
- the local authority's share of the 2024 to 2025 MSIF and Discharge Fund
- the resources raised in 2024 to 2025 from the adult social care precept
- we also expect local authorities to make use of the increase in income from unhypothecated sources. We expect spending on adult social care will increase by a necessary share of this income.

There will continue to be grant conditions placed on these grants regarding performance and use of funding to support improvement against these objectives.

Remaining Settlement grants

- The government continues to recognise the importance of protecting the funding position of councils as far as possible. In recognition of pressures across the sector, we will continue to ensure that all authorities will see at least a 3% increase in their Core Spending Power before any decision they make about organisational efficiencies, use of reserves, and council tax levels through a Funding Guarantee.
- There will be new rounds of New Homes Bonus (NHB) payments in 2024 to 2025. In line with last year, these payments will not attract new legacy payments. NHB allocations for 2024 to 2025 will continue to be paid for in the usual way, applying the same the calculation process as in 2023 to 2024.
- The Rural Services Delivery Grant will continue as in 2023 to 2024.
- As with last year, the Services Grant will reduce in 2024 to 2025 and the remainder will continue to be distributed by the Settlement Funding Assessment distribution

methodology.

Other areas of the Settlement

- We will be consolidating the Home Office's Fire and Pensions Grant, worth £115 million, into the Revenue Support Grant. This grant will maintain its existing distribution.
- All current enhanced business rates retention areas will continue for 2024 to 2025. During this time the government will continue to review the role of such arrangements as a source of income for areas and its impact on local economic growth, and as part of deeper devolution commitments as set out in the Levelling Up White Paper.
- Where requested, we will proceed with business rates pooling for 2024 to 2025.
- The government asks authorities to continue to consider how they can use their reserves to maintain services over this and the next financial year, recognising that not all reserves can be reallocated, and that the ability to meet spending pressures from reserves will vary between authorities.
- The government continues to explore ways to move councils away from establishing '4 day working week' practices, as they do not represent good value for taxpayers' money. In the meantime, those councils operating or considering a 4 day working week pattern should stop.
- The Statutory Override for the Dedicated Schools Grant will continue until 31 March 2026.
- Where possible, councils should invest in areas that help place children's social care services on a sustainable financial footing. This includes investment in expanding family help and targeted early intervention, expanding kinship care, and boosting the number of foster carers.

- The National Minimum Allowance (NMA) for foster carers is routinely uplifted each year, taking into account changes in inflation and what is affordable for local government. We have uplifted the NMA by 6.88% for this financial year and full details will be published on Gov.UK.
- Government will work closely with councils to increase transparency around the costs of residential placements for children, as a precursor to wider commissioning and market shaping reforms being rolled out through Regional Care Co-Operatives.
- The Exceptional Financial Support framework is available to provide support where a council has a specific and evidenced concern about its ability to set or maintain a balanced budget, including where there has been local financial failure. Where councils need additional support from government, they should take every possible step to minimise the need for that support to be funded by national taxpayers. As part of that process, the government will consider representations from councils, including on council tax provision.

Technical adjustment to the business rates retention system

- Last year, the government consulted on its proposed approach to a technical adjustment to the business rates retention system in response to the 2023 revaluation and transfers of properties from local lists to the central list. This work delivered on the commitment made at the outset of the business rates retention system, that at revaluations it would adjust local authorities' income to ensure that as far as practicable it is no more, or less, than it would have been had the revaluation not taken place.
- The initial adjustment was implemented in 2023 to 2024, and the government intends to continue with this modified revaluation adjustment for the 2024 to 2025 Settlement, with the methodology and adjustments to tariffs and top-ups published alongside the provisional Settlement.

- Adjustments will account for compiled rating list data for the 2023 list as at 1 April 2023, and for outturn business rates data for 2022 to 2023. The final adjustment will occur at the 2025 to 2026 Settlement. The government will continue to keep the revaluation adjustment under review.

Reform

- The government remains committed to improving the local government finance landscape in the next Parliament.
- At the 2023 to 2024 Settlement, we heard calls from the sector for stability. Now is not the time for fundamental reform, for instance implementing the Review of Relative Needs and Resources or a reset of accumulated business rates growth. This continues to be the government's position.

Funding outside the Settlement – public health funding

- In addition to the core Settlement, local authorities will continue to receive funding to provide a range of public health services. Indicative allocations for the Public Health Grant in 2024 to 2025 [have been published](https://www.gov.uk/government/publications/public-health-grants-to-local-authorities-2023-to-2024) (<https://www.gov.uk/government/publications/public-health-grants-to-local-authorities-2023-to-2024>) and will continue to increase to nearly £3.6 billion. Further specific investment will continue to improve the start for life offer and support improvements in the quality and capacity of drug and alcohol treatment. We are also providing a further £70 million per year from 2024/25 to support local authority-led efforts to stop smoking. This total funding package will deliver a real terms increase of more

than 7% in DHSC investment in local authority public health functions over the 2 years 2023 to 2024 and 2024 to 2025.

Next steps

We will set out further detail on measures in the Settlement, including allocations, and consult on them at the provisional Settlement later this calendar year before the House rises for the Christmas recess. We will then consider responses to the consultation, before publishing a final Settlement in the new year.

The Settlement measures above are therefore subject to change following the consultation. In previous years, we have made changes following the provisional Settlement consultation. In recent years these changes have included very small adjustments to New Homes Bonus allocations following updated data, and uplifts grants such as the Rural Services Delivery Grant.

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Local Government Finance Policy Statement 2024-25

Settlement component	2024-25
Locally retained business rates - baseline funding levels	<ul style="list-style-type: none"> Local authorities will see an increase in baseline funding levels (BFLs) and compensation grant as if both business rating multipliers had increased by Consumer Price Index of inflation
Locally retained business rates - Under indexation	<ul style="list-style-type: none"> Increase to compensate for the difference between the business rate multipliers and the consumer price index of inflation
Revenue Support Grant	<ul style="list-style-type: none"> Increase by the Consumer Price Index of inflation Roll the £115m fire pension grant into the Revenue Support Grant. This grant will maintain its existing distribution.
Council Tax	<ul style="list-style-type: none"> A core council tax referendum limit for local authorities of up to 3% A council tax referendum principle of up to 3% or £5, whichever is higher, for shire district councils An adult social care precept of 2% for all authorities responsible for adult social care services A bespoke additional council tax flexibility of up to £20 on Band D bills for the Greater London Authority A council tax referendum principle of £13 for police authorities The core council tax principle of up to 3% will apply to fire and rescue authorities No council tax referendum principles for Mayoral Combined Authorities or town and parish councils
Social Care Grant	<ul style="list-style-type: none"> Increase by £692m to £4,544m
Discharge Fund	<ul style="list-style-type: none"> Increase by £200m to £500m
Improved Better Care Fund	<ul style="list-style-type: none"> No change at £2,140m
Market Sustainability and Improvement Fund (MSIF)	<ul style="list-style-type: none"> Increasing to £845m and combining with MSIF – Workforce Fund (£205m in 24/25) increases the total value to £1,050m
Funding Guarantee	<ul style="list-style-type: none"> Ensure all authorities see a 3% core spending power increase before any decision on organisational efficiencies, use of reserves, and council tax levels
New Homes Bonus	<ul style="list-style-type: none"> Maintain the 2023-24 approach, making 2024-25 in-year payments only
Rural Services Delivery Grant	<ul style="list-style-type: none"> No change at £95m

Services Grant	<ul style="list-style-type: none">• As in 2023-24, the Services Grant will reduce and the remainder will continue to be distributed using the Settlement Funding Assessment distribution methodology
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LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25

1 OVERVIEW

- 1.1 On 5 December 2023, a Policy Statement announced the key principles that ministers intended to use in the Provisional Settlement:

<https://www.gov.uk/government/publications/local-government-finance-policy-statement-2024-to-2025>

<https://questions-statements.parliament.uk/written-statements/detail/2023-12-05/hcws95>

- 1.2 The Policy Statement gave local authorities advanced notice of the principles that ministers would use in the 2024/25 Local Government Finance Settlement.

2 PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25

- 2.1 The Government published the Provisional Local Government Finance Settlement for 2024/25 on 18 December 2023 which provided financial values to the principals set out in the Policy Statement:

<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2024-to-2025>

<https://questions-statements.parliament.uk/written-statements/detail/2023-12-18/hcws148>

- 2.2 A consultation was launched on the Provisional Settlement which ran for four weeks until 15 January 2024.
- 2.3 The most significant changes in the Provisional Settlement for the Council was another year of New Homes Bonus and a reduction to the Services Grant which was compensated for by increases in other grants.

3 COUNCIL TAX

- 3.1 The Government confirmed the following referendum principles for 2024/25;
- Shire districts will have a referendum principle of 2.99 per cent or £5, whichever is higher. No change from the Policy Statement or from last year.

- Social care authorities will be able to set a 2 per cent adult social care precept without a referendum (in addition to the existing basic referendum threshold referred to above).
- £13 for police authorities and police and crime commissioners.
- No referendum principles will be set for parish and town councils.

4 BUSINESS RATES RETENTION SCHEME (BRRS)

- 4.1 The Non-Domestic Rating Act 2023 gives ministers the power to set the small and standard business rating multipliers separately from one another. Until 2023/24, these two multipliers had to be increased by the same percentage.
- 4.2 In last month's Autumn Statement, the Chancellor decided to use this new power in 2024/25. The small business rating multiplier will be frozen (it will remain at 49.9p). The standard multiplier (payable by businesses with premises valued at more than £51,000) will increase from 51.2p to 54.6p. Until 2024/25, the standard multiplier was fixed at 1.3p higher than the small multiplier; in 2024-25 it will be 4.7p higher.
- 4.3 To date, the BRRS has been linked to the small multiplier (49.9p): all the baselines have been uplifted using the change in the small multiplier, and the cap compensation fraction has been calculated with reference only this multiplier. Now that the two multipliers are increasing by different amounts (and this is likely to continue in the future), the baselines will have to be indexed differently. The government is proposing that "a weighted average, specific to each authority, will be used to index" baselines and tariffs and top-ups.
- 4.4 Business Rates Pooling and pilots will continue in 2024/25, and Suffolk Chief Finance officers have received a letter from DLUHC confirming that the Suffolk Business Rates Pool will operate in 2024/25.
- 4.5 Business Rates and Section 31 Grant for 2024/25 are based on the NNDR1 return to Government, which was completed on 29 January 2024.

5 FUNDING

5.1 Revenue Support Grant (RSG)

Methodology for RSG has not changed, and for 2024/25 RSG will increase at 6.62% (September CPI). There will continue to be no adjustment for "negative RSG". Family Annex Council Tax Discount Grant and LCTS Administration Subsidy grant have again been rolled into RSG in 2024/25.

5.2 New Homes Bonus (NHB)

New Homes Bonus (NHB) will continue for one year, but there will be no more legacy payments. This is the fifth year of one year NHB allocations and likely to be the final year, but it is not yet clear what a replacement system will look like.

5.3 3% Funding Guarantee

The 3% Funding Guarantee was introduced in 2023/24 to ensure that no council has less than 3 per cent increase in their Core Spending Power before any decisions about organisational efficiencies, use of reserves or council tax levels. The funding is set to continue for 2024/25.

5.4 **Services Grant**

In the December 2022 Policy Statement, ministers said that the core grants would “continue as they are now” in 2024/25. By implication, this included the Services Grant. In the Policy Statement earlier this month, there were indications that ministers were considering making cuts to Services Grant – but nothing was made explicit. However in the Settlement this grant has been cut significantly. This appears to have been used to fund increases to other settlement grants and equalisation of the adult social care precept.

5.5 **Rural Services Funding**

This grant has continued for 2024/25 using the same methodology recognising the additional costs rural areas face.

5.6 **Capital Receipts**

Flexibilities over the use of capital receipts will be extended to March 2030.

6. **FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25**

6.1 The Final Local Government Settlement considered the consultation responses and on 24 January additional funding of £600m was announced for local authorities.

6.2 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 to the Council between the Provisional and Final Settlement is £0.280m.

6.3 The Government also confirmed its commitment to continuing to protect local residents from excessive council tax increases and that the Council Tax Referendum Limits remain unchanged for 2024/25.

6.4 The Final Settlement was released on 5 February 2024 :

[Final local government finance settlement: England, 2024 to 2025 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/final-local-government-finance-settlement-england-2024-to-2025)

[Written statements - Written questions, answers and statements - UK Parliament](https://www.parliament.uk/written-questions/answers-statements)

7 **2024/25 SETTLEMENT FUNDING SUMMARY**

7.1 A summary of the funding changes (excluding any Business Rate measures) arising from the Settlement compared to the assumptions in the February 2023 MTFS is shown in the table below.

East Suffolk Council

Local Government Finance Settlement 2024/25 (One Year Settlement) – Funding Allocations

Funding Allocations	ESC February 2023 MTFS 2024/25 £	DLUHC Provisional Settlement 18-Dec-23 2024/25 £	DLUHC Final Settlement 05-Feb-24 2024/25 £	Funding Change between February 2023 MTFS and the Final Settlement (Additional)/Less Grant Income 2024/25 £	Comments
Services Grant	(269,000)	(44,100)	(48,300)	220,700	This grant has been reduced significantly and has been mainly compensated for in the Funding Guarantee allocation.
Revenue Support Grant (RSG)	(339,500)	(750,800)	(750,800)	(411,300)	Provisional Settlement includes - 2023/24 RSG increased by 6.62% (£59,200) to £398,700, plus other grants rolled into RSG. This includes the Family Annexe Council Tax Grant and Local Council Tax Scheme Administration Grant, totalling £352,100. This was unchanged in the Final Settlement.
Rural Services Delivery Grant	(260,300)	(291,000)	(336,900)	(76,600)	The Provisional Settlement was a roll forward of the 2023/24 grant. However, in the Final Settlement this grant was increased in recognition of the additional costs faced by councils serving dispersed populations in rural areas. This was in response to the consultation feedback.
Local Council Tax Scheme Admin Subsidy Grant	(267,600)	0	0	267,600	This grant is now roll into the Revenue Support Grant above for 2024/25.
Funding Guarantee Allocation	(1,519,000)	(1,630,400)	(1,860,300)	(341,300)	This funding was introduced last year to ensure that all councils will see at least a 3% increase in their core spending power before any decisions about organisational efficiencies, use of reserves or council tax levels. For the Final Settlement the Funding Guarantee allocation has been increased to ensure councils see at least a 4% increase in their core spending power (3% at the time of the Provisional Settlement).
New Homes Bonus	0	(651,300)	(651,300)	(651,300)	Another one year allocation which was unchanged between the Provisional and Final Settlement.
Total	(2,655,400)	(3,367,600)	(3,647,600)	(992,200)	

PAY POLICY STATEMENT 2024/25**1 INTRODUCTION**

- 1.1 This Pay Policy Statement is produced in accordance with Part 1; Chapter 8 of the Localism Act 2011 and is available on the website. In addition, the website also includes separately published data on salary information relating to Chief Officers.
- 1.2 The Council recognises that, in the context of managing public resources, remuneration at all levels needs to be adequate to attract and retain high quality employees dedicated to the service of the public, but at the same time needs to reflect that the Council is part of the public sector, funded through the taxpayer and not a private sector organisation.
- 1.3 As a general principle, the Council believes in rewarding all employees in a fair and equitable manner.
- 1.4 It is important that local authorities can determine their own pay policies and structures to address local priorities and to compete in the local labour market.

2. REMUNERATION OF EMPLOYEES

- 2.1 For employees subject to the 'National Agreement on Pay and Conditions of Service of the National Joint Council (NJC) for Local Government Services' (commonly known as the 'Green Book'), the Council uses a pay spine that commences at national Spinal Column Point (SCP) 2 and ends at SCP 53. SCP's 2-43 are nationally agreed, and SCP's 44 -53 are locally agreed.
- 2.2 The pay spine is divided into grades and posts are allocated to a pay band through a process of job evaluation.
- 2.3 For the purpose of this Pay Policy Statement, employees on Salary Band 2 are defined as our lowest paid employees. This is because no permanent and directly employed employee of the Council is paid lower than SCP 2, other than Apprentices who are currently paid at the national Apprentice hourly rate. The Council will retain SCP 2 as the lowest pay rate for all permanent and directly employed staff unless this is superseded by the National Living Wage.
- 2.4 The value of the SCPs in these pay grades are increased by the pay awards notified from time to time by the NJC for Local Government Services. The NJC pay claim for 2024/25 has not yet been agreed by the Joint Trade Union Side (UNISON, GMB and UNITE) as of 7th February 2024.
- 2.5 The SCP's 44-53 have been reviewed to provide clarity on the employees that will be awarded this scale through the Job Evaluation process. These pay scales will be awarded to any officer that provides a lead advisor role to the Council's Corporate Leadership Team and/or to those that have manage external partnership.

3. REMUNERATION OF CHIEF OFFICERS

Chief Executive

- 3.1 The Chief Executive is the statutory Head of Paid Service (section 4(1) of the Local Government and Housing Act 1989) and is paid £163,370. The salary is a “spot salary” which means that it does not attract incremental pay progression.
- 3.2 The Council has considered the relationship between Chief Executive remuneration and that of other staff. The ratio between the salary of the Chief Executive and the median salary paid is 1:5.09 The ratio of the Chief Executive’s salary to the lowest paid employee is 1:7.30.
- 3.3 It is the Council’s policy that the FTE salary range for the post of Chief Executive will normally be no greater than 11 x the FTE of a SCP 2 (entry point of the NJC Pay Spine wef 01/04/2023) ‘Green Book’ employee. The Council currently meets this requirement.
- 3.4 The Chief Executive also receives a Returning Officer fee in respect of electoral duties. This applies to Parliamentary, County, District and Parish elections, referenda and Police and Crime Commissioner elections.
- 3.5 The Council is required to appoint a Returning Officer under Section 35 of the Representation of the People Act 1983. The fees are always based on the latest Returning Officers Charges Order as set by Parliament and the latest County Council Scale of Fees & Charges. The budget for fees is provided by Central Government.

Strategic Directors

- 3.6 There are three Strategic Director posts both reporting to the Chief Executive. The annual FTE range for the grade of the Strategic Director is £109,108 to £112,322. There are two incremental points in the grade.
- 3.7 It is the Council’s policy that the salary for a Strategic Director is no greater than 7 x the FTE salary of a SCP 2 ‘Green Book’ employee. This is currently being achieved.

Heads of Service

- 3.8 These post holders report to the Strategic Directors or to the Chief Executive. The annual FTE range for the grade of these posts is £87,358 to £99,018.
- 3.9 For clarity the lower and upper banding for Heads of Service has been reviewed so that one band now exists for a Head of Service, with a generic set of requirements outlined in Heads of Services job descriptions alongside specific service area requirements.
- 3.10 It is the Council’s policy that the salary for these posts will normally be no greater than 6 x the FTE salary a SCP 2 ‘Green Book’ employee. This is currently being achieved.
- 3.11 The value of the Chief Officers’ salaries quoted above can be increased by the pay awards notified from time to time by the JNC for Chief Officers of Local Authorities. The Pay Claim for 2024/25 has not yet been agreed as of 8th January 2024.

Chief Financial Officer and Monitoring Officer

- 3.12 The Head of Legal and Democratic Services undertakes the statutory role of Monitoring Officer (section 5(1) of the Local Government and Housing Act 1989 and The Head of Finance undertakes the statutory role of Chief Finance Officer (section 151 of the Local Government Act 1972). These posts are both statutory posts and in recognition of the legal requirements placed on these post holders an additional supplement is applied to the salaries of these post holders by way of an annual allowance.

Performance Management

- 3.13 For Chief Executives and other Chief Officers annual incremental progression could be halted if there are performance issues, to be managed using the Council's performance management processes.

4. GENDER PAY GAP

- 4.1 Since March 2018 the Council is required by law to report annually 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. This is reported to the Council Corporate Leadership Team and appropriate action taken as required.

5. GENERAL PRINCIPLES APPLYING TO REMUNERATION OF CHIEF OFFICERS AND EMPLOYEES

- 5.1 On recruitment, individuals will be placed on the appropriate SCP within the pay grade for the post that they are appointed to, dependent on knowledge, skills, and if necessary, market forces. Access to appropriate elements of the Council's Relocation Scheme may also be granted in certain cases when new starters need to move to the area.
- 5.2 Individuals will normally receive an annual increment, subject to the top of their grade not being exceeded. In exceptional circumstances (e.g. examination success), individuals may receive accelerated increments. Again, this is subject to the top of their grade not being exceeded.
- 5.3 It is not the Council's policy to award bonuses for any employees, including senior officers.
- 5.4 Employees who are required to travel to carry out their duties will be recompensed under the terms of the Council's locally agreed travel policy.
- 5.5 On ceasing to be employed by the Council, individuals will only receive compensation:
- in circumstances that are relevant (e.g. redundancy); and/or
 - that is in accordance with our Policy Statement on how we exercise the various employer discretions provided by the Local Government Pension Scheme (LGPS).

- 5.6 If it is appropriate for an honorarium to be paid this will be in accordance with the Council's Special Payments Policy.
- 5.7 In relation to some specific hard to fill roles a "Golden Hello" may be awarded.
- 5.8 Any subsistence allowance that is paid will normally be no higher than the rates notified from time to time by the East of England Local Government Association.

6. REVIEW

- 6.1 The Localism Act requires councils to prepare a Pay Policy Statement for each subsequent financial year. The Policy can be amended during the year for example to incorporate a pay award. However, any changes must comply with this Statement. The next Statement is scheduled to be for 2025/26.

GLOSSARY

Pay spine – a scale showing the rates of pay for employees working at each level of the organisation.

Spinal Column Point (SCP) – the incremental steps that make up the pay spine. Each spinal column point has an associated salary value.

Full time equivalent (FTE) – a value assigned to signify the number of full-time employees that could have been employed if the reported number of hours worked by part-time employees had been worked by full-time employees instead.

Job evaluation - a method of determining on a systematic basis the relative importance of different jobs.

Council Tax Resolutions

Setting the Council Tax – Background information

The Localism Act 2011 requires the billing authority to calculate a Council Tax requirement for the year. The precept levels of other precepting bodies have been received and are detailed below:

Town and Parish Councils

The Town and Parish Council Precepts for 2024/25 are detailed in Appendix E1 and total £7,683,592.10. The increase in the average Band D Council Tax for Town and Parish Councils is 7.5% and results in an average Band D Council Tax figure of £84.42 for 2024/25.

Suffolk County Council

Suffolk County Council met on 15th February 2024 and set their precept at £142,994,065. This results in a Band D Council Tax of £1,571.04.

Police and Crime Commissioner for Suffolk

The Police and Crime Commissioner for Suffolk presented his proposal to the Police and Crime Panel on 26th January 2024 to set the precept at £25,082,941. This results in a Band D Council Tax of £275.58

Council Tax Resolutions

If the formal Council Tax Resolution below is approved, the total Band D Council Tax will be as follows:

	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

The Council is recommended to resolve as follows:

Council Tax Resolutions

- | | |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Council Tax Base | That it be noted that on 5 th December 2023, Cabinet calculated the Council Tax Base for 2024/25 |
| (a) | for the whole Council area as 91,018.73 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")]; and |
| (b) | for dwellings in those parts of its area to which one or more special items relate as in the attached Appendix E1. |
| 2. Council Tax Requirement | That the Council Tax requirement for the Council's own purposes for 2024/25 (excluding Town and Parish precepts) is £16,981,364.46 |
| 3. Council Tax Calculations | That the following amounts be calculated for the year 2024/25 in accordance with Sections 31 to 36 of the Act: - |
| (a) £200,541,200 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Town and Parish Councils (<i>i.e. Gross Expenditure</i>) |
| (b) £175,876,244 | being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act. (<i>i.e. Gross Income</i>) |
| (c) £24,664,956 | being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act). |
| (d) £270.99 | being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Town and Parish precepts). (Average Council Tax). |
| (e) £7,683,592 | being the aggregate amount of all special items (Town and Parish precepts) referred to in Section 34(1) of the Act (as per the attached Appendix F1). |
| (f) £186.57 | being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates. (Basic Council Tax) |

Council Tax Resolutions

4. Major Precepting Bodies To note that the County Council and the Police and Crime Commissioner have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council’s area as indicated in the table below.
5. Aggregate Amounts of Council Tax That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in Appendix E2 as the amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings.

Valuation Bands

EAST SUFFOLK COUNCIL (£)

A	B	C	D	E	F	G	H
124.38	145.11	165.84	186.57	228.03	269.49	310.95	373.14

SUFFOLK COUNTY COUNCIL (£)

A	B	C	D	E	F	G	H
1,047.36	1,221.92	1,396.48	1,571.04	1,920.16	2,269.28	2,618.40	3,142.08

POLICE AND CRIME COMMISSIONER FOR SUFFOLK (£)

A	B	C	D	E	F	G	H
183.72	214.34	244.96	275.58	336.82	398.06	459.30	551.16

AGGREGATE OF COUNCIL TAX REQUIREMENTS (£)

A	B	C	D	E	F	G	H
1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38

6. Excessive Council Tax That the Council’s basic amount of Council Tax for 2024/25 of £186.57 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

SPECIAL ITEMS - PARISH PRECEPTS AND SPECIAL EXPENSES

PARISH / AREA	EXPENSE	TAX BASE	EQUIVALENT COUNCIL TAX	BASIC AMOUNT OF COUNCIL TAX
	£		£	£
Aldeburgh	225,000.00	1,902.89	118.24	304.81
Alderton	7,350.00	181.41	40.52	227.09
Aldringham-Cum-Thorpe	9,000.00	605.16	14.87	201.44
All Saints & St. Nicholas, St. Michael and St. Peter S E	3,600.00	102.04	35.28	221.85
Badingham	13,950.00	238.42	58.51	245.08
Barnby	8,411.96	216.64	38.83	225.40
Barsham and Shipmeadow	1,376.85	135.65	10.15	196.72
Bawdsey	8,030.00	210.89	38.08	224.65
Beccles	237,320.00	3,417.47	69.44	256.01
Benacre	0.00	33.00	0.00	186.57
Benhall & Sternfield	9,500.00	318.40	29.84	216.41
Blaxhall	6,299.78	114.84	54.86	241.43
Blundeston and Flixton	11,399.00	483.69	23.57	210.14
Blyford and Sotherton	3,500.00	73.14	47.85	234.42
Blythburgh	8,257.00	198.34	41.63	228.20
Boulge	0.00	14.48	0.00	186.57
Boyton	4,112.53	62.33	65.98	252.55
Bramfield & Thorington	6,000.00	199.95	30.01	216.58
Brampton with Stoven	3,096.95	156.57	19.78	206.35
Brandeston	6,250.00	149.31	41.86	228.43
Bredfield	6,027.00	158.61	38.00	224.57
Brightwell, Foxhall & Purdis Farm	7,000.00	991.44	7.06	193.63
Bromeswell	5,400.00	155.02	34.83	221.40
Bruisyard	3,434.00	72.50	47.37	233.94
Bucklesham	11,720.00	216.46	54.14	240.71
Bungay	188,842.00	1,684.00	112.14	298.71
Burgh	0.00	79.17	0.00	186.57
Butley, Capel St Andrew & Wantisden	3,342.00	118.26	28.26	214.83
Campsea Ashe	6,500.00	156.78	41.46	228.03
Carlton Colville	57,836.39	2,667.73	21.68	208.25
Charsfield	7,270.00	168.22	43.22	229.79
Chediston, Linstead Magna & Linstead Parva	3,500.00	153.23	22.84	209.41
Chillesford	1,000.00	75.82	13.19	199.76
Clopton	5,550.00	145.99	38.02	224.59
Cookley & Walpole	11,000.00	152.94	71.92	258.49
Corton	7,599.35	590.47	12.87	199.44
Covehithe	0.00	14.14	0.00	186.57
Cransford	0.00	71.31	0.00	186.57
Cratfield	4,500.00	154.05	29.21	215.78
Cretingham, Hoo & Monewden	2,983.00	214.14	13.93	200.50
Dallinghoo	0.00	81.79	0.00	186.57
Darsham	6,952.50	228.12	30.48	217.05
Debach	600.00	32.59	18.41	204.98
Dennington	11,175.00	239.01	46.76	233.33
Dunwich	2,000.00	92.04	21.73	208.30
Earl Soham	16,331.00	204.48	79.87	266.44
Easton	10,507.99	178.05	59.02	245.59

Council Tax Resolutions

APPENDIX E1

PARISH / AREA	EXPENSE	TAX BASE	EQUIVALENT COUNCIL TAX	BASIC AMOUNT OF COUNCIL TAX
	£		£	£
Eyke	12,030.00	152.82	78.72	265.29
Felixstowe	664,727.00	8,887.28	74.80	261.37
Flixton, St. Cross S E & St. Margaret South Elmham	1,920.00	166.69	11.52	198.09
Framlingham	186,146.00	1,643.45	113.27	299.84
Friston	10,020.50	209.85	47.75	234.32
Frostenden, Uggheshall and South Cove	2,477.14	171.31	14.46	201.03
Gisleham	4,500.00	255.05	17.64	204.21
Great Bealings	8,000.00	132.40	60.42	246.99
Great Glemham	6,345.00	102.77	61.74	248.31
Grundisburgh & Culpho	21,000.10	664.40	31.61	218.18
Hacheston	8,995.00	180.03	49.96	236.53
Halesworth	167,400.00	1,850.61	90.46	277.03
Hasketon	8,895.05	179.69	49.50	236.07
Hemley	0.00	26.73	0.00	186.57
Henstead with Hulver Street	5,080.67	140.35	36.20	222.77
Heveningham	8,249.00	60.34	136.71	323.28
Hollesley	38,230.00	519.48	73.59	260.16
Holton	15,080.00	310.83	48.52	235.09
Homersfield	7,000.00	60.97	114.81	301.38
Huntingfield	6,124.00	82.87	73.90	260.47
Iken	3,591.00	62.14	57.79	244.36
Kelsale-cum-Carlton	24,373.00	428.92	56.82	243.39
Kesgrave	423,700.00	4,843.74	87.47	274.04
Kessingland	174,958.00	1,449.86	120.67	307.24
Kettleburgh	7,434.00	108.03	68.81	255.38
Kirton & Falkenham	26,178.00	557.16	46.98	233.55
Knodishall	20,860.00	310.50	67.18	253.75
Leiston	357,000.00	1,987.29	179.64	366.21
Letheringham	2,000.00	42.52	47.04	233.61
Levington & Stratton Hall	12,500.00	122.81	101.78	288.35
Little Bealings	13,000.00	217.01	59.91	246.48
Little Glemham	4,615.00	69.89	66.03	252.60
Lound	4,015.00	134.89	29.76	216.33
Lowestoft	2,090,222.00	13,032.78	160.38	346.95
Marlesford	5,250.00	89.38	58.74	245.31
Martlesham	150,000.00	2,151.28	69.73	256.30
Melton	123,687.00	1,928.05	64.15	250.72
Mettingham	1,583.12	89.24	17.74	204.31
Middleton	9,804.00	211.66	46.32	232.89
Mutford	6,600.24	189.39	34.85	221.42
Nacton	11,500.00	340.43	33.78	220.35
Newbourne	7,750.00	113.73	68.14	254.71
North Cove	5,986.54	152.53	39.25	225.82
Orford & Gedgrave	29,419.00	396.59	74.18	260.75
Otley	6,045.59	331.12	18.26	204.83
Oulton	29,105.70	1,704.08	17.08	203.65
Oulton Broad	274,620.00	3,316.03	82.82	269.39
Parham	7,000.00	129.53	54.04	240.61
Peasenhall	12,089.00	248.41	48.67	235.24

Council Tax Resolutions

APPENDIX E1

PARISH / AREA	EXPENSE	TAX BASE	EQUIVALENT COUNCIL TAX	BASIC AMOUNT OF COUNCIL TAX
	£		£	£
Pettistree	4,740.00	85.36	55.53	242.10
Playford	11,000.00	112.10	98.13	284.70
Ramsholt	0.00	13.72	0.00	186.57
Redisham	0.00	62.51	0.00	186.57
Rendham	2,842.34	129.08	22.02	208.59
Rendlesham	156,084.00	955.48	163.36	349.93
Reydon	29,010.92	1,199.79	24.18	210.75
Ringsfield and Weston	9,240.00	228.08	40.51	227.08
Rumburgh	4,400.00	119.69	36.76	223.33
Rushmere	0.00	33.81	0.00	186.57
Rushmere St Andrew	126,300.00	2,617.95	48.24	234.81
Saxmundham	254,050.00	1,607.64	158.03	344.60
Saxtead	8,000.00	127.65	62.67	249.24
Shadingfield, Sotterley, Willingham and Ellough	8,000.00	178.58	44.80	231.37
Shottisham	5,500.00	86.44	63.63	250.20
Sibton	2,350.00	100.30	23.43	210.00
Snape	13,239.00	343.20	38.58	225.15
Somerleyton, Ashby & Herringfleet	3,465.00	163.51	21.19	207.76
Southwold	118,551.17	1,081.77	109.59	296.16
Spexhall	4,750.00	84.74	56.05	242.62
St. Andrew Ilketshall	7,909.00	114.63	69.00	255.57
St. James South Elmham	2,402.40	90.95	26.41	212.98
St. John Ilketshall	0.00	20.25	0.00	186.57
St. Lawrence Ilketshall	0.00	63.26	0.00	186.57
St. Margaret Ilketshall	750.00	69.85	10.74	197.31
Stratford St Andrew and Farnham	5,000.00	142.35	35.12	221.69
Sudbourne	4,623.30	187.33	24.68	211.25
Sutton	3,508.76	151.37	23.18	209.75
Sutton Heath	9,750.00	326.79	29.84	216.41
Sweffling	5,000.00	98.57	50.73	237.30
Swilland & Winesham	16,351.77	431.03	37.94	224.51
Theberton	8,816.49	153.41	57.47	244.04
Trimley St Martin	28,724.00	831.14	34.56	221.13
Trimley St Mary	57,000.00	1,279.25	44.56	231.13
Tuddenham St Martin	6,230.00	160.56	38.80	225.37
Tunstall	10,341.97	258.42	40.02	226.59
Ubbeston	5,412.00	46.33	116.81	303.38
Ufford	23,821.00	402.68	59.16	245.73
Walberswick	20,000.00	374.70	53.38	239.95
Waldringfield	17,404.24	259.56	67.05	253.62
Wangford with Henham	6,500.00	259.26	25.07	211.64
Wenhaston with Mells Hamlet	24,000.00	417.08	57.54	244.11
Westerfield	10,017.44	250.33	40.02	226.59
Westhall	4,100.00	133.70	30.67	217.24
Westleton	13,000.00	308.62	42.12	228.69
Wickham Market	79,015.00	842.92	93.74	280.31
Wissett	4,327.59	126.39	34.24	220.81
Woodbridge	494,522.00	3,378.86	146.36	332.93
Worlingham	39,486.21	1,296.33	30.46	217.03

Council Tax Resolutions**APPENDIX E1**

PARISH / AREA	EXPENSE	TAX BASE	EQUIVALENT COUNCIL TAX	BASIC AMOUNT OF COUNCIL TAX
	£		£	£
Wrentham	18,672.58	385.24	48.47	235.04
Yoxford	14,753.97	358.28	41.18	227.75
Total	<u>7,683,592.10</u>	<u>91,018.73</u>	<u>84.42</u>	<u>270.99</u>

BASIC AMOUNT OF COUNCIL TAX represents the Council Tax payable on a Band D property for District Council purposes. Police and Crime Commissioner for Suffolk and Suffolk County Council's basic amount will be added to this figure.

AMOUNTS OF COUNCIL TAX 2024/25

The Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the table below as the amounts of Council Tax for 2024/25 for each part of its area and for each of the categories of dwellings.

PART OF THE COUNCIL'S AREA	VALUATION BANDS							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Aldeburgh	1,434.29	1,673.33	1,912.38	2,151.43	2,629.53	3,107.62	3,585.72	4,302.86
Alderton	1,382.47	1,612.89	1,843.30	2,073.71	2,534.53	2,995.36	3,456.18	4,147.42
Aldringham-Cum-Thorpe	1,365.37	1,592.94	1,820.50	2,048.06	2,503.18	2,958.31	3,413.43	4,096.12
All Saints & St. Nicholas, St. Michael and St. Peter S E	1,378.98	1,608.81	1,838.64	2,068.47	2,528.13	2,987.79	3,447.45	4,136.94
Badingham	1,394.47	1,626.88	1,859.29	2,091.70	2,556.52	3,021.34	3,486.17	4,183.40
Barnby	1,381.35	1,611.57	1,841.80	2,072.02	2,532.47	2,992.92	3,453.37	4,144.04
Barsham and Shipmeadow	1,362.23	1,589.26	1,816.30	2,043.34	2,497.42	2,951.49	3,405.57	4,086.68
Bawdsey	1,380.85	1,610.99	1,841.13	2,071.27	2,531.55	2,991.83	3,452.12	4,142.54
Beccles	1,401.75	1,635.38	1,869.00	2,102.63	2,569.88	3,037.13	3,504.38	4,205.26
Benacre	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Benhall & Sternfield	1,375.35	1,604.58	1,833.80	2,063.03	2,521.48	2,979.93	3,438.38	4,126.06
Blaxhall	1,392.03	1,624.04	1,856.04	2,088.05	2,552.06	3,016.07	3,480.08	4,176.10
Blundeston and Flixton	1,371.17	1,599.70	1,828.23	2,056.76	2,513.82	2,970.88	3,427.93	4,113.52
Blyford and Sotherton	1,387.36	1,618.59	1,849.81	2,081.04	2,543.49	3,005.95	3,468.40	4,162.08
Blythburgh	1,383.21	1,613.75	1,844.28	2,074.82	2,535.89	2,996.96	3,458.03	4,149.64
Boulge	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Boyton	1,399.45	1,632.69	1,865.93	2,099.17	2,565.65	3,032.13	3,498.62	4,198.34
Bramfield & Thorington	1,375.47	1,604.71	1,833.96	2,063.20	2,521.69	2,980.18	3,438.67	4,126.40
Brampton with Stoven	1,368.65	1,596.75	1,824.86	2,052.97	2,509.19	2,965.40	3,421.62	4,105.94
Brandeston	1,383.37	1,613.93	1,844.49	2,075.05	2,536.17	2,997.29	3,458.42	4,150.10
Bredfield	1,380.79	1,610.93	1,841.06	2,071.19	2,531.45	2,991.72	3,451.98	4,142.38
Brightwell, Foxhall & Purdis Farm	1,360.17	1,586.86	1,813.56	2,040.25	2,493.64	2,947.03	3,400.42	4,080.50
Bromeswell	1,378.68	1,608.46	1,838.24	2,068.02	2,527.58	2,987.14	3,446.70	4,136.04
Bruisyard	1,387.04	1,618.21	1,849.39	2,080.56	2,542.91	3,005.25	3,467.60	4,161.12
Bucklesham	1,391.55	1,623.48	1,855.40	2,087.33	2,551.18	3,015.03	3,478.88	4,174.66
Bungay	1,430.22	1,668.59	1,906.96	2,145.33	2,622.07	3,098.81	3,575.55	4,290.66
Burgh	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Butley, Capel St Andrew & Wantisden	1,374.30	1,603.35	1,832.40	2,061.45	2,519.55	2,977.65	3,435.75	4,122.90
Campea Ashe	1,383.10	1,613.62	1,844.13	2,074.65	2,535.68	2,996.72	3,457.75	4,149.30
Carlton Colville	1,369.91	1,598.23	1,826.55	2,054.87	2,511.51	2,968.15	3,424.78	4,109.74
Charsfield	1,384.27	1,614.99	1,845.70	2,076.41	2,537.83	2,999.26	3,460.68	4,152.82
Chediston, Linstead Magna & Linstead Parva	1,370.69	1,599.13	1,827.58	2,056.03	2,512.93	2,969.82	3,426.72	4,112.06
Chillesford	1,364.25	1,591.63	1,819.00	2,046.38	2,501.13	2,955.88	3,410.63	4,092.76
Clopton	1,380.81	1,610.94	1,841.08	2,071.21	2,531.48	2,991.75	3,452.02	4,142.42
Cookley & Walpole	1,403.41	1,637.31	1,871.21	2,105.11	2,572.91	3,040.71	3,508.52	4,210.22
Corton	1,364.04	1,591.38	1,818.72	2,046.06	2,500.74	2,955.42	3,410.10	4,092.12
Covehithe	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Cransford	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Cratfield	1,374.93	1,604.09	1,833.24	2,062.40	2,520.71	2,979.02	3,437.33	4,124.80
Cretingham, Hoo & Monewden	1,364.75	1,592.20	1,819.66	2,047.12	2,502.04	2,956.95	3,411.87	4,094.24
Dallinghoo	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Darsham	1,375.78	1,605.08	1,834.37	2,063.67	2,522.26	2,980.86	3,439.45	4,127.34
Debach	1,367.73	1,595.69	1,823.64	2,051.60	2,507.51	2,963.42	3,419.33	4,103.20
Dennington	1,386.63	1,617.74	1,848.84	2,079.95	2,542.16	3,004.37	3,466.58	4,159.90
Dunwich	1,369.95	1,598.27	1,826.60	2,054.92	2,511.57	2,968.22	3,424.87	4,109.84
Earl Soham	1,408.71	1,643.49	1,878.28	2,113.06	2,582.63	3,052.20	3,521.77	4,226.12
Easton	1,394.81	1,627.27	1,859.74	2,092.21	2,557.15	3,022.08	3,487.02	4,184.42
Eyeke	1,407.94	1,642.60	1,877.25	2,111.91	2,581.22	3,050.54	3,519.85	4,223.82
Felixstowe	1,405.33	1,639.55	1,873.77	2,107.99	2,576.43	3,044.87	3,513.32	4,215.98
Flixton, St. Cross S E & St. Margaret South Elmham	1,363.14	1,590.33	1,817.52	2,044.71	2,499.09	2,953.47	3,407.85	4,089.42
Framlingham	1,430.97	1,669.47	1,907.96	2,146.46	2,623.45	3,100.44	3,577.43	4,292.92
Friston	1,387.29	1,618.51	1,849.72	2,080.94	2,543.37	3,005.80	3,468.23	4,161.88
Frostenden, Uggeshall and South Cove	1,365.10	1,592.62	1,820.13	2,047.65	2,502.68	2,957.72	3,412.75	4,095.30
Gisleham	1,367.22	1,595.09	1,822.96	2,050.83	2,506.57	2,962.31	3,418.05	4,101.66
Great Bealings	1,395.74	1,628.36	1,860.99	2,093.61	2,558.86	3,024.10	3,489.35	4,187.22
Great Glemham	1,396.62	1,629.39	1,862.16	2,094.93	2,560.47	3,026.01	3,491.55	4,189.86
Grundisburgh & Culpho	1,376.53	1,605.96	1,835.38	2,064.80	2,523.64	2,982.49	3,441.33	4,129.60

PART OF THE COUNCIL'S AREA

VALUATION BANDS

	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Hacheston	1,388.77	1,620.23	1,851.69	2,083.15	2,546.07	3,008.99	3,471.92	4,166.30
Halesworth	1,415.77	1,651.73	1,887.69	2,123.65	2,595.57	3,067.49	3,539.42	4,247.30
Hasketon	1,388.46	1,619.87	1,851.28	2,082.69	2,545.51	3,008.33	3,471.15	4,165.38
Hemley	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Henstead with Hulver Street	1,379.59	1,609.53	1,839.46	2,069.39	2,529.25	2,989.12	3,448.98	4,138.78
Heveningham	1,446.60	1,687.70	1,928.80	2,169.90	2,652.10	3,134.30	3,616.50	4,339.80
Hollesley	1,404.52	1,638.61	1,872.69	2,106.78	2,574.95	3,043.13	3,511.30	4,213.56
Holton	1,387.81	1,619.11	1,850.41	2,081.71	2,544.31	3,006.91	3,469.52	4,163.42
Homersfield	1,432.00	1,670.67	1,909.33	2,148.00	2,625.33	3,102.67	3,580.00	4,296.00
Huntingfield	1,404.73	1,638.85	1,872.97	2,107.09	2,575.33	3,043.57	3,511.82	4,214.18
Iken	1,393.99	1,626.32	1,858.65	2,090.98	2,555.64	3,020.30	3,484.97	4,181.96
Kelsale-cum-Carlton	1,393.34	1,625.56	1,857.79	2,090.01	2,554.46	3,018.90	3,483.35	4,180.02
Kesgrave	1,413.77	1,649.40	1,885.03	2,120.66	2,591.92	3,063.18	3,534.43	4,241.32
Kessingland	1,435.91	1,675.22	1,914.54	2,153.86	2,632.50	3,111.13	3,589.77	4,307.72
Kettleburgh	1,401.33	1,634.89	1,868.44	2,102.00	2,569.11	3,036.22	3,503.33	4,204.00
Kirton & Falkenham	1,386.78	1,617.91	1,849.04	2,080.17	2,542.43	3,004.69	3,466.95	4,160.34
Knodishall	1,400.25	1,633.62	1,867.00	2,100.37	2,567.12	3,033.87	3,500.62	4,200.74
Leiston	1,475.22	1,721.09	1,966.96	2,212.83	2,704.57	3,196.31	3,688.05	4,425.66
Letheringham	1,386.82	1,617.96	1,849.09	2,080.23	2,542.50	3,004.78	3,467.05	4,160.46
Levington & Stratton Hall	1,423.31	1,660.53	1,897.75	2,134.97	2,609.41	3,083.85	3,558.28	4,269.94
Little Bealings	1,395.40	1,627.97	1,860.53	2,093.10	2,558.23	3,023.37	3,488.50	4,186.20
Little Glemham	1,399.48	1,632.73	1,865.97	2,099.22	2,565.71	3,032.21	3,498.70	4,198.44
Lound	1,375.30	1,604.52	1,833.73	2,062.95	2,521.38	2,979.82	3,438.25	4,125.90
Lowestoft	1,462.38	1,706.11	1,949.84	2,193.57	2,681.03	3,168.49	3,655.95	4,387.14
Marlesford	1,394.62	1,627.06	1,859.49	2,091.93	2,556.80	3,021.68	3,486.55	4,183.86
Martlesham	1,401.95	1,635.60	1,869.26	2,102.92	2,570.24	3,037.55	3,504.87	4,205.84
Melton	1,398.23	1,631.26	1,864.30	2,097.34	2,563.42	3,029.49	3,495.57	4,194.68
Mettingham	1,367.29	1,595.17	1,823.05	2,050.93	2,506.69	2,962.45	3,418.22	4,101.86
Middleton	1,386.34	1,617.40	1,848.45	2,079.51	2,541.62	3,003.74	3,465.85	4,159.02
Mutford	1,378.69	1,608.48	1,838.26	2,068.04	2,527.60	2,987.17	3,446.73	4,136.08
Nacton	1,377.98	1,607.64	1,837.31	2,066.97	2,526.30	2,985.62	3,444.95	4,133.94
Newbourne	1,400.89	1,634.37	1,867.85	2,101.33	2,568.29	3,035.25	3,502.22	4,202.66
North Cove	1,381.63	1,611.90	1,842.17	2,072.44	2,532.98	2,993.52	3,454.07	4,144.88
Orford & Gedgrave	1,404.91	1,639.07	1,873.22	2,107.37	2,575.67	3,043.98	3,512.28	4,214.74
Otley	1,367.63	1,595.57	1,823.51	2,051.45	2,507.33	2,963.21	3,419.08	4,102.90
Oulton	1,366.85	1,594.65	1,822.46	2,050.27	2,505.89	2,961.50	3,417.12	4,100.54
Oulton Broad	1,410.67	1,645.79	1,880.90	2,116.01	2,586.23	3,056.46	3,526.68	4,232.02
Parham	1,391.49	1,623.40	1,855.32	2,087.23	2,551.06	3,014.89	3,478.72	4,174.46
Peasenhall	1,387.91	1,619.22	1,850.54	2,081.86	2,544.50	3,007.13	3,469.77	4,163.72
Pettistree	1,392.48	1,624.56	1,856.64	2,088.72	2,552.88	3,017.04	3,481.20	4,177.44
Playford	1,420.88	1,657.69	1,894.51	2,131.32	2,604.95	3,078.57	3,552.20	4,262.64
Ramsholt	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Redisham	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Rendham	1,370.14	1,598.50	1,826.85	2,055.21	2,511.92	2,968.64	3,425.35	4,110.42
Rendlesham	1,464.37	1,708.43	1,952.49	2,196.55	2,684.67	3,172.79	3,660.92	4,393.10
Reydon	1,371.58	1,600.18	1,828.77	2,057.37	2,514.56	2,971.76	3,428.95	4,114.74
Ringsfield and Weston	1,382.47	1,612.88	1,843.29	2,073.70	2,534.52	2,995.34	3,456.17	4,147.40
Rumburgh	1,379.97	1,609.96	1,839.96	2,069.95	2,529.94	2,989.93	3,449.92	4,139.90
Rushmere	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
Rushmere St Andrew	1,387.62	1,618.89	1,850.16	2,081.43	2,543.97	3,006.51	3,469.05	4,162.86
Saxmundham	1,460.81	1,704.28	1,947.75	2,191.22	2,678.16	3,165.10	3,652.03	4,382.44
Saxtead	1,397.24	1,630.11	1,862.99	2,095.86	2,561.61	3,027.35	3,493.10	4,191.72
Shadingfield, Sotterley, Willingham and Ellough	1,385.33	1,616.21	1,847.10	2,077.99	2,539.77	3,001.54	3,463.32	4,155.98
Shottisham	1,397.88	1,630.86	1,863.84	2,096.82	2,562.78	3,028.74	3,494.70	4,193.64
Sibton	1,371.08	1,599.59	1,828.11	2,056.62	2,513.65	2,970.67	3,427.70	4,113.24
Snape	1,381.18	1,611.38	1,841.57	2,071.77	2,532.16	2,992.56	3,452.95	4,143.54
Somerleyton, Ashby & Herringfleet	1,369.59	1,597.85	1,826.12	2,054.38	2,510.91	2,967.44	3,423.97	4,108.76
Southwold	1,428.52	1,666.61	1,904.69	2,142.78	2,618.95	3,095.13	3,571.30	4,285.56
Spexhall	1,392.83	1,624.96	1,857.10	2,089.24	2,553.52	3,017.79	3,482.07	4,178.48
St. Andrew Ilketshall	1,401.46	1,635.04	1,868.61	2,102.19	2,569.34	3,036.50	3,503.65	4,204.38
St. James South Elmham	1,373.07	1,601.91	1,830.76	2,059.60	2,517.29	2,974.98	3,432.67	4,119.20
St. John Ilketshall	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38
St. Lawrence Ilketshall	1,355.46	1,581.37	1,807.28	2,033.19	2,485.01	2,936.83	3,388.65	4,066.38

PART OF THE COUNCIL'S AREA

VALUATION BANDS

	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
St. Margaret Ilkeshall	1,362.62	1,589.72	1,816.83	2,043.93	2,498.14	2,952.34	3,406.55	4,087.86
Stratford St Andrew and Farnham	1,378.87	1,608.69	1,838.50	2,068.31	2,527.93	2,987.56	3,447.18	4,136.62
Sudbourne	1,371.91	1,600.57	1,829.22	2,057.87	2,515.17	2,972.48	3,429.78	4,115.74
Sutton	1,370.91	1,599.40	1,827.88	2,056.37	2,513.34	2,970.31	3,427.28	4,112.74
Sutton Heath	1,375.35	1,604.58	1,833.80	2,063.03	2,521.48	2,979.93	3,438.38	4,126.06
Sweffling	1,389.28	1,620.83	1,852.37	2,083.92	2,547.01	3,010.11	3,473.20	4,167.84
Swilland & Winesham	1,380.75	1,610.88	1,841.00	2,071.13	2,531.38	2,991.63	3,451.88	4,142.26
Theberton	1,393.77	1,626.07	1,858.36	2,090.66	2,555.25	3,019.84	3,484.43	4,181.32
Trimley St Martin	1,378.50	1,608.25	1,838.00	2,067.75	2,527.25	2,986.75	3,446.25	4,135.50
Trimley St Mary	1,385.17	1,616.03	1,846.89	2,077.75	2,539.47	3,001.19	3,462.92	4,155.50
Tuddenham St Martin	1,381.33	1,611.55	1,841.77	2,071.99	2,532.43	2,992.87	3,453.32	4,143.98
Tunstall	1,382.14	1,612.50	1,842.85	2,073.21	2,533.92	2,994.64	3,455.35	4,146.42
Ubbeston	1,433.33	1,672.22	1,911.11	2,150.00	2,627.78	3,105.56	3,583.33	4,300.00
Ufford	1,394.90	1,627.38	1,859.87	2,092.35	2,557.32	3,022.28	3,487.25	4,184.70
Walberswick	1,391.05	1,622.89	1,854.73	2,086.57	2,550.25	3,013.93	3,477.62	4,173.14
Waldringfield	1,400.16	1,633.52	1,866.88	2,100.24	2,566.96	3,033.68	3,500.40	4,200.48
Wangford with Henham	1,372.17	1,600.87	1,829.56	2,058.26	2,515.65	2,973.04	3,430.43	4,116.52
Wenhaston with Mells Hamlet	1,393.82	1,626.12	1,858.43	2,090.73	2,555.34	3,019.94	3,484.55	4,181.46
Westerfield	1,382.14	1,612.50	1,842.85	2,073.21	2,533.92	2,994.64	3,455.35	4,146.42
Westhall	1,375.91	1,605.22	1,834.54	2,063.86	2,522.50	2,981.13	3,439.77	4,127.72
Westleton	1,383.54	1,614.13	1,844.72	2,075.31	2,536.49	2,997.67	3,458.85	4,150.62
Wickham Market	1,417.95	1,654.28	1,890.60	2,126.93	2,599.58	3,072.23	3,544.88	4,253.86
Wissett	1,378.29	1,608.00	1,837.72	2,067.43	2,526.86	2,986.29	3,445.72	4,134.86
Woodbridge	1,453.03	1,695.21	1,937.38	2,179.55	2,663.89	3,148.24	3,632.58	4,359.10
Worlingham	1,375.77	1,605.06	1,834.36	2,063.65	2,522.24	2,980.83	3,439.42	4,127.30
Wrentham	1,387.77	1,619.07	1,850.36	2,081.66	2,544.25	3,006.84	3,469.43	4,163.32
Yoxford	1,382.91	1,613.40	1,843.88	2,074.37	2,535.34	2,996.31	3,457.28	4,148.74

FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY 2022/23 - 2029/30**1 BACKGROUND**

1.1 In the 2022/23 Provisional Local Government Finance Settlement the following was announced:

Extension of the flexibility to use capital receipts to fund transformation projects

We are also announcing a 3-year extension from 2022-23 onwards of the existing flexibility for councils to use capital receipts to fund transformation projects that produce long-term savings or reduce the costs of service delivery. We will provide further details on the extension in due course.

1.2 On 4 April 2022, the Department of Levelling Up, Housing, and Communities confirmed this extension and published Guidance and a Direction.

1.3 The Council has previously produced strategies over the period 2016/17 to 2021/22 in respect of the previous flexibility. The Strategy was updated and produced for the period 2022/23 to 2024/25 in the light of the extension and revised guidance and was approved by Full Council on 27 July 2022.

1.4 As part of the 2024/25 Local Government Finance Settlement announcement, this included an extension to the flexible use of capital receipts until March 2030. Guidance is yet to be published on this extension, but in formulating this policy for 2024/25 to 2029/30, it is assumed that the same principles will be applied as under the current guidance.

2 OBJECTIVES AND PURPOSE

2.1 This Strategy is intended to enable the Council to potentially take advantage of this flexibility if appropriate. The Strategy forms part of the delivery of the Council's Strategic Plan and particularly supports financial sustainability. The East Suffolk Strategic Plan priorities are:

- Environmental Impact
- Thriving Economy
- Tackling Inequalities
- Sustainable Housing

2.2 The objectives of this Strategy are to:

- Outline the methodology for funding projects using this flexibility;
- Identify actual and potential capital receipts that could be utilised to fund transformation projects;
- Identify projects that are considered to be eligible and which could be funded by this method;
- In subsequent years, report on the progress of projects approved in previous years.

3 METHODOLOGY

- 3.1 The Strategy for 2023/24 to 2024/25 was approved by Full Council on 27 July 2022 and submitted to the Secretary of State in accordance with the Guidance. If required, a revised Strategy for the extended period to 2030 will be prepared once the new guidance is made available.
- 3.2 A revised Strategy can also be prepared during the course of the year to reflect significant changes to both the range and potential funding value of eligible projects.
- 3.3 To make use of this flexibility, capital receipts must arise in the period 2016/17 to 2029/30, and qualifying expenditure must take place in the same period. For example, a capital receipt realised in 2024/25 could finance a project in 2029/30, but not in 2030/31. Capital receipts realised before 2016/17 cannot be used.
- 3.4 If projects are identified in the Strategy, they can still be financed in whole or in part from other sources, e.g. revenue budgets. Having approved the Strategy, the Council is not obliged to fund these projects from capital receipts. It is Council policy that capital receipts are not relied upon to fund any expenditure until they are realised and as new capital receipts might not necessarily be available during the period of the Strategy, it is essential that eligible projects should only proceed if alternative sources of funding have been identified. Inclusion in the strategy does not constitute a commitment to fund through capital receipts as this decision needs to be taken in the light of the Council's overall revenue and capital financing requirements, nor does inclusion in the Strategy constitute approval to progress a project.
- 3.5 For 2023/24, Cabinet will determine the actual financing when approving the Council's Capital Programme outturn and financing for the year. For 2023/24 to 2027/28, the Council will approve the budgeted funding of the projects in the Strategy when approving the Budget and the Capital Programme for the year.

4 ELIGIBLE CAPITAL RECEIPTS AND IMPACT ON PRUDENTIAL INDICATORS

- 4.1 As at February 2024, the previously agreed position in respect of eligible Capital Receipts regarding this flexibility is shown below. It should be noted that the flexibility excludes Right-To-Buy capital receipts. It should also be noted that it is Council policy that capital receipts are not relied upon to fund any expenditure until they are realised. Consequently, the planned use of the flexibility shown in Section 5 does not exceed the amount of eligible receipts currently realised and available. This summary will be updated in each annual strategy.

	2022/23 Actual £'000	2023/24 Planned £'000	2024/25 Planned £'000	2025/26 Planned £'000
Eligible General Fund Capital Receipts b/fwd.	0	-5,560	-961	-120
General Fund Capital Receipts Received				
Melton Hill	-5,385	0	0	0
Lowestoft Eastern Edge Beach Huts	-235	0	0	0
Allocated against Capital expenditure				
Operational Vehicles	0	4,000	0	0
Actual or Planned Use of Flexible Use Direction				
North Felixstowe Garden Neighbourhood Master planning	60	599	841	0
Eligible General Fund Capital Receipts c/fwd.	-5,560	-961	-120	-120

- 4.2 It should be noted that the Council does not currently hold any other significant capital receipts in addition to those set up in the table above.
- 4.3 As it is Council policy not to rely on capital receipts until they are realised, these capital receipts have not been factored into the Council's Capital Financing Requirement (CFR) by way of either reducing debt or financing capital expenditure. Consequently, the use of these receipts under this flexibility will have no effect on the Council's Prudential Indicators.

5 ELIGIBLE PROJECTS AND USE OF CAPITAL RECEIPTS 2024/25

- 5.1 There is one project included in this Strategy, which has been previously agreed as eligible for capital receipts funding. This is summarised below, with a description of the project, project objectives, and use of capital receipts – actual and planned. If further potential projects arise during the course of th year, they can be considered for eligibility, subject to capital receipts being available – if this is the case, further revisions will be made to the Strategy.

Project	Description and Progress	Service Transformation / Savings	Lead Team	Cabinet Portfolio	Total Planned Use of Capital Receipts £'000	Actual Use of Receipts 2022/23 £'000	Planned Use of Receipts 2024/25 £'000	Planned Use of Receipts 2025/26 £'000
North Felixstowe Garden Neighbourhood	<p>Key leisure-led regeneration programme in Felixstowe focused upon the creation of new leisure centre to replace ageing and expensive leisure centres, and housing development. Programme will entail development of housing by ESC either directly, through a development company or in partnership to generate significant future income streams. ESC has made provision for capital expenditure in the Capital Programme, but significant revenue expenditure will be incurred on planning, design, and feasibility work. ESC land in the programme could facilitate development or potentially generate capital receipts generating investment interest / reducing debt.</p> <p>Full Council on 28 September 2022 approved that the Council carries out whole site master planning and enables progression toward securing outline planning consent for the full North Felixstowe site allocation (or at least the parts where the Council has an interest), with the cost of this work up to £1.5m to be funded from capital receipts in accordance with the Council's Flexible Use of Capital Receipts Strategy.</p> <p>Project Progress since last year:</p> <p>Over the last twelve months significant progress has been made on developing a master plan for north Felixstowe.</p>	<p>By replacing the two existing Felixstowe Leisure Centres and providing a new destination facility, it will change the current net costs by an estimated £400k per annum when fully operational, although this is continually reviewed with the design and business plan as the project progresses to ensure this is correct and can be achieved. Significant capital receipts and/or income streams could also be generated from the former sites. The new leisure centre will be a 'fabric' first design and will not use gas for heating. It will be operated by electric, with heat pumps and using PV to mitigate additional costs, thus reducing the carbon footprint and through good design will be more energy efficient. The previous floor plans</p>	Communities, Leisure & Tourism	<p>Cabinet Member for Economic Development & Regeneration</p> <p>and</p> <p>Cabinet Member for Communities, Leisure and Tourism</p>	£1,500 2022/23 to 2025/26	60	599	841

Project	Description and Progress	Service Transformation / Savings	Lead Team	Cabinet Portfolio	Total Planned Use of Capital Receipts £'000	Actual Use of Receipts 2022/23 £'000	Planned Use of Receipts 2024/25 £'000	Planned Use of Receipts 2025/26 £'000
	<p>A full team of consultants have been mobilised to develop the hybrid planning application with an ambition to submit in December 2024. The project team are working with the ESC Leisure Team to ensure this will include a detailed design of the new leisure centre and associated infrastructure as part of the first phase.</p> <p>The design team has held a series of well attended workshops with statutory consultees to establish key principles for the masterplan and establish some key spatial concepts for how the site will be master planned. This has allowed ESC to confirm its preferred strategy for the masterplan and is now continuing into a formal pre-application process with the Local Planning Authority.</p> <p>.</p> <p>The ambition for the masterplan is to ensure policy compliant provision of affordable housing while also incorporating a long-term low carbon strategy, underpinned by a passive and 'Fabric First' approach to high quality healthy buildings. Current and emerging technologies will be considered for future needs and provided for wherever possible which includes the phase out of natural gas and all homes at North Felixstowe will be heated using low carbon alternatives.</p> <p>A forward-thinking public engagement and consultation strategy has been</p>	<p>and business plans are being reviewed to ensure they still meet the financial sustainability aims and the sustainable energy targets of ESC. Discussions are taking place with health partners to investigate the possibilities for some co-location such as treatment rooms and library links to support the new leisure centre becoming a 'health and wellbeing' centre. ESC now delivers strength and balance for the ICB and have a partnership with Suffolk County Council to deliver 'Feel Good Suffolk' the delivery of smoking cessation, physical activity and adult weight management and the new leisure centre will form a key area of delivery.</p>						

Project	Description and Progress	Service Transformation / Savings	Lead Team	Cabinet Portfolio	Total Planned Use of Capital Receipts £'000	Actual Use of Receipts 2022/23 £'000	Planned Use of Receipts 2024/25 £'000	Planned Use of Receipts 2025/26 £'000
	<p>established which will ensure the detail of the master plan is developed in dialogue with the local community. The project is now approaching a key stage of work, as the detail of the masterplan is developed, all issues are being explored and addressed with our collaborators to reduce overall project risk.</p>							

LOCAL GOVERNMENT ACT 2003 – REPORT BY THE CHIEF FINANCIAL OFFICER ON THE ADEQUACY OF RESERVES AND ROBUSTNESS OF BUDGET ESTIMATES**1. Introduction**

- 1.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer and Section 151 Officer to formally report to Council as part of the tax setting report on the robustness of estimates and the adequacy of reserves. The Council is required to take this report into account when setting the Budget and Council Tax at its meeting on 21 February 2024.
- 1.2 In the context of its service and financial planning the Council's overall approach to risk management is to take appropriate action to mitigate risks, or ensure that sufficient contingency exists, so that service provision is not threatened by unforeseen financial problems during the financial year.
- 1.3 Making changes to service provision at short notice in order to resolve a budget problem can have undesirable consequences. These can include:
- (a) damage to the Council's reputation and customer relationships if services are unavailable or delayed
 - (b) failure to meet agreed performance targets
 - (c) inefficiencies in overall service provision
 - (d) associated costs of reducing service provision, such as staff redundancies, when planning changes over a longer timescale would allow greater flexibility
 - (e) potential problems for partner organisations that are dependent upon Council financial support to achieve agreed goals.
- 1.4 To avoid such problems the Council manages its financial risks by ensuring that its annual budget represents a reasonable estimate of the costs of providing agreed service levels. It also holds appropriate balances and reserves so that resources are available to allow a managed and considered response should any significant variations or emergencies arise.

2. Role of the Chief Finance Officer

- 2.1 The statutory duties of the Chief Financial Officer are set out in the Finance Procedure Rules which form part of the Council's Constitution.
- 2.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) published a Statement on the Role of the Chief Financial Officer in Local Government. The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the Chief Finance Officer in public service organisations and the organisational arrangements needed to support them:
- 1. is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
 - 2. must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy

3. must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Finance Officer:

4. must lead and direct a finance function that is resourced to be fit for purpose; and
5. must be professionally qualified and suitably experienced.

2.3 This report considers:

- The Council's financial governance regime
- The robustness of the budget
- Review of Earmarked Reserves
- Adequacy of General Fund Balances
- Financial standing

3. Financial Management, Budgetary Control, And Risk Management

- 3.1 East Suffolk Council operates a comprehensive and effective range of financial management policies. These are contained in the Finance Procedure Rules, which form part of the Council's Constitution. This Constitution is available on the Council's website. These rules are regularly evaluated and reviewed in the light of operational considerations and changing circumstances. The Financial Procedure Rules were last amended in 2022/23 and are currently in the process of being reviewed again.
- 3.2 The Council conducts an annual review of the effectiveness of the system of internal control and reports on this in the Annual Governance Statement.
- 3.3 The Council continues to implement effective risk management policies, identifying corporate, operational and budget risks and mitigating strategies.
- 3.4 The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily.
- 3.5 This is backed up by the review processes of Cabinet, the Overview and Scrutiny Committee, and the Audit and Governance Committee.
- 3.6 East Suffolk has a good record of budget and financial management and reports quarterly budget monitoring to the Corporate Leadership Team and Cabinet, and for the 2023/24 outturn the Council is expecting a small surplus.
- 3.7 All relevant reports to Council, Cabinet, and Committees have their financial implications identified and linked to the East Suffolk Strategic Plan. Emerging budget pressures are kept under review during the year and this has been particularly important in recent years, with the Covid-19 pandemic, high inflation and the cost of living crisis. This is in addition to operating in a local government environment with uncertainty of the scale and timing of funding reforms, and one year settlements. This leads to more prudent and cautious financial planning assumptions over the medium term.

- 3.8 Strategic risk management is embedded throughout the Council to ensure that all risks are identified, mitigated and managed appropriately. The Council's insurance arrangements are in the form of external insurance premiums and internal funds to self-insure some items.
- 3.9 Projects are subject to business case challenge on financial and risk matters and to reflect their importance in delivery of the East Suffolk Strategic Plan and achievement of financial sustainability.
- 3.10 Collection rates on the Council's key income streams of Council Tax and Business Rates, are monitored monthly via the Anglia Revenue Partnership (ARP) and inform the income planning assumptions for review and updates of the MTFS.
- 3.11 In October 2019, CIPFA published the Financial Management Code (FM Code), which provides guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively. The FM Code applies a principle-based approach which requires that a local authority demonstrates that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances.
- 3.12 Using these standards, and key questions within the guidance, the Chief Finance Officer carried out a self-assessment of current processes, procedures, and governance arrangements, which was reported to the Audit and Governance Committee in December 2021. No areas were assessed as non-complaint. Demonstrating Value for Money and developing a Long Term Financial Strategy were areas identified for improvement. As noted above, in the absence of certainty of Local Government funding in the medium term, this makes longer term planning more challenging and a more prudent approach being taken.

4. Robustness Of The 2024/25 Estimates And Tax Calculations

- 4.1 The Local Government Act 2003 (Section 25) places a personal duty on the "Chief Financial Officer" (Section 151 Officer) to make a report to the 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. when it is considering its Budget and Council Tax. Where this advice is not accepted, it should be recorded formally within the minutes of the Council meeting.
- 4.2 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).
- 4.3 The Budget and Council Tax calculations for 2024/25 are based upon forecasts of expenditure, income and Council Tax revenues up to 31 March 2025, with some significant assumptions made in order to prepare these forecasts. When setting its Council Tax for 2024/25 the Council needs to be satisfied that these assumptions are reasonable. In order to ensure the robustness of the budgeting, the Council's budget process commenced in September 2023 and progressed with Cabinet's initial consideration of the MTFS on 7 November 2023 and the draft Budget on 2 January 2024. The Overview and Scrutiny Committee also considered the draft Budget on 18 January 2024.
- 4.4 The pay award for staff from 1 April 2023 was agreed at a flat rate increase of £1,925 for pay points up to scale point 43. Pay points above this level but below Chief Officer increased by 3.88%. Chief Officer pay increased by 3.5%. The mean percentage increase for the current

year was 5.32% against a budget assumption of 4%. The budget assumption is for a 3% increase in 2024/25 and a 2% increase for 2025/26 onwards. Reflecting staff turnover, an in-year vacancy allowance of 4% of staffing costs is maintained.

- 4.5 The Council's financial strategy has previously assumed for a number of years that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. The exceptions being utility costs, rates and specific contracts and agreements where inflation increases are built in. The impact of inflation is most evident in the Capital Programme, utilities and insurance premiums, and the Council's Operation services. Budget headings have been reviewed and revised as part of the budget process for 2024/25 where inflationary increases are evident.
- 4.6 Both pay and general inflation represent a continued risk to the Council's budget and MTFs. A contingency budget of £0.600m has been added into the budget for 2024/25 and each subsequent year of the MTFs to mitigate some of this potential risk.
- 4.7 Budgeted increases for fees and charges are based on three key principles: cost recovery, market value and inflationary increases. The budget also includes those increases that are set and proposed by Government. However, in setting fees and charges for 2024/25, the Council has been mindful of the cost of living crisis and the ability to pay of the district's communities.
- 4.8 Interest rates have increased rapidly over the last couple of year in response to inflation. This has increasing investment interest returns to the Council which has benefited both the General Fund and Housing Revenue Account by providing significant additional income to the Council in the current year, above original estimates. The 2024/25 budget has assumed the Council will continue to benefit from higher interest rates with the interest income budget increased by £1.7m. This source of income is gradually reduced over the MTFs in anticipation of interest rates falling over, as the bank of England inflation target of 2% is reached.
- 4.9 Existing loans are all at fixed rates and therefore not susceptible to market increases. Where the Capital Programme requires future additional borrowing, the budget will be updated as and when projects are completed and actual borrowing is known.
- 4.10 Security of the Council's cash is the over-riding consideration in setting its Treasury Management Policy Statement. During the year the Council constantly receives advice from its Treasury Advisors with regard to the creditworthiness of financial institutions and lending on the local authority market.
- 4.11 Business Rates is a key income stream to the Council. The budget estimate for Business Rates income for 2024/25 is based on the NNDR1 return completed at the end of January, and the budget has been uplifted by £3.271m from the original budget. This is due to a combination of the Chancellor increasing the standard multiplier for 2024/25 by 6.6% (payable by businesses with premises valued at more than £51,000), and a lower contribution to the provision for appeals. This improvement to the original budget for 2024/25 has been a significant item to addressing the initial budget gap.
- 4.12 Significant reform in the local government finance system which will include resetting Business Rates baselines has now been further deferred and unlikely to happen before 2026/27. Reset of the system and the establishment of new funding formulae is likely to result in the Council losing a degree of financial advantage under the current system, which derives from the fact that actual Business Rates income is above the baseline in the system which was set at a low level in 2013/14. In expectation of the impending reform, the approach that has been taken is to apply 2023/24 estimates to the 2025/26 budget onwards, with the exception being renewables and a tapering of the Pooling Benefit from £2.0m in 2025/26 to £1.0m in 2026/27

and then to £0.50m in 2027/28. This is to reflect a cautious approach to the overall Business Rates income position in the latter years of the MTFS. The MTFS assumption is that the Council will continue to retain 100% Business Rates income from renewables. If the current treatment of existing renewables is revised, any new renewable hereditaments coming online during the MTFS period will improve the forecast position.

- 4.13 Council Tax income was subject to financial impacts as a result of the pandemic, but also not to the extent that was previously anticipated. To a large extent, the position on the tax base returned to projected pre-pandemic levels. However, in-year monitoring of collection rates for 2023/24 are showing a fall in collection rates compared to the previous year, suggesting the cost of living crisis may now be impacting. The estimated taxbase growth for 2024/25 had fallen from 1.48% in 2023/24 to 0.75%. From 2025/26 a cautious approach continues to be taken to growth in the overall tax base and the MTFS assumes taxbase growth around half of the estimated growth for 2024/25 at 0.40%. This approach considers the impact of inflation and the cost of living crisis on development site completions, and Local Council Tax reliefs and collection rates.
- 4.14 East Suffolk Council created East Suffolk Services Limited (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 initial focus of the Council and company has been to ensure a smooth transition of services from the JV to ESSL. Alongside focussing on this transition, ESSL's business plan for year 1 has also included supporting the workforce during this period of change, whilst understanding operationally the company's costs for delivering services on behalf of the Council. 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. As with other council services, ESSL has faced cost pressures such as increases in pay awards and fuel. This has contributed significantly to the required uplift in the company's base budget for 2024/25 and 2025/26 of £1.7m and £1.1m respectively. Year one of operation has also identified an under investment in the service for a number of years, which has added to the pressure on both the revenue and capital budgets for 2024/25.
- 4.15 The Council is required to complete a range of calculations (Prudential Indicators) to evidence that borrowing for capital expenditure is affordable, prudent and sustainable over the medium term. This makes sure that the cost of paying for interest charges and repayment of principal by a minimum revenue payment (MRP) each year is considered when drafting the Budget and Medium Term Financial Strategy. The Council has a large and ambitious Capital Programme and external funding and the realisation of capital receipts and external funding will be important in ensuring affordability and delivery of the programme.

5. Adequacy of Reserves and Balances

- 5.1 The Council holds a healthy balance of funds in reserves and balances to enable it to plan and manage its finances soundly. In addition to the Council's General Fund which will have a balance of £6 million as at 1 April 2024, the Council's earmarked reserves are estimated to stand at around £39 million going into 2024/25.
- 5.2 Main budget risks and sensitivity to the Council's key in-year income and expenditure variables in 2024/25 are referred to below:
- Cost of living crisis impact, especially potential increases in homelessness and temporary accommodation costs

- Inflationary pressures
- Deliverability of large capital projects
- Local government pay award levels
- Financial pressures at a County Council level

5.3 In response to risk, sensitivity, and uncertainty, the Council has continued to develop its prudent financial management arrangements, through the development of earmarked reserves. Broadly speaking, the Council holds earmarked reserves to:

- a) Comply with statutory requirements or proper accounting practice;
- b) To mitigate potential future risks and uncertainties and to smooth year-to-year fluctuations in income or expenditure;
- c) To earmark resources for future revenue spending plans including delivery of the strategic plan and transformation projects;
- d) To earmark resources to finance the Capital Programme, in particular short life assets; and
- e) To hold grant funding received in advance of spend.

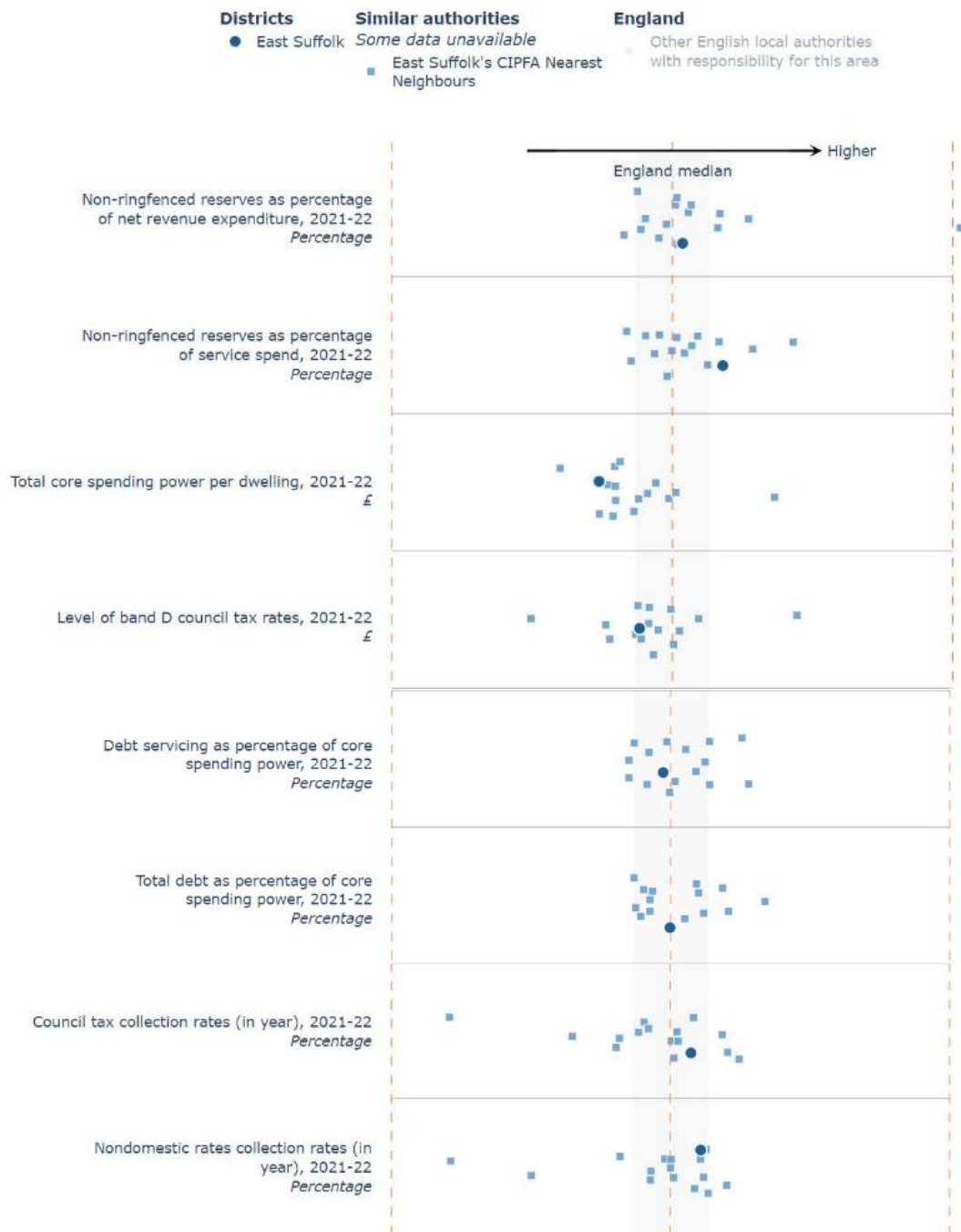
5.4 For the purposes of this report, around £14.5 million, principally in the Business Rates Reserves and the In-Year Savings Reserve, is available in category b) above. This represents around 20% of the net budget requirement before reserve movements - a high level of coverage of risk and volatility in addition to the General Fund Balance of £6 million.

5.5 As far as the General Fund Balance itself is concerned, the financial challenges and opportunities facing the Council over the medium term mean that the Council should continue to maintain a robust level of General Fund Balance of about 3% to 5% of budgeted gross expenditure (£150 million for 2024/25), equating to about £4.5 million to £7.5 million.

6. Financial Standing

6.1 During 2023/24, the Office for Local Government (Oflog) provided a new online tool to bring together a selection of existing metrics across a subset of service areas for data that is available at different levels of local authority. The aim is to provide authoritative and accessible data and analysis about the performance of local government and support its improvement. This tool is still in its early stages of development and the data needs to be treated with caution. Data on its own does not provide a complete picture and data may be inaccurate, incomplete or inconsistent for comparator authorities. The assessment of risk associated with an indicator may also be open to different interpretations.

6.2 There is one data set for Corporate and Finance and this provides contextual information and a sense of how a local authority operates. The latest available information is based on 2021/22. An extract is provided below.



6.3 The points below provide some brief narrative to explain the above, and supports the Council being in a good position with its overall reserve balance, servicing debt and collection rates for Council Tax and Business Rates.

- *Non-ringfenced reserves as percentage of net revenue expenditure* - East Suffolk has a value of 160.4%. The median value of East Suffolk CIPFA nearest neighbours for this measure is 152.8%.
- *Non-ringfenced reserves as percentage of service spend* - East Suffolk has a value of 184.6%. The median value of East Suffolk CIPFA nearest neighbours for this measure is 139.8%.
- *Debt servicing as percentage of core spending power* - East Suffolk has a value of 8.4%. The median value of East Suffolk CIPFA nearest neighbours for this measure is 10.6%. It should be noted that this indicator on its own, cannot show whether a local

authority is managing its risks effectively or why the debt was incurred. Different debt will carry different risks and will be issued on different repayment terms.

- *Total debt as percentage of core spending power* - East Suffolk has a value of 449.2%. The median value of East Suffolk CIPFA nearest neighbours for this measure is 449.2%.
- *Council tax collection rates (in year)* - East Suffolk has a value of 97.9%. The median value of East Suffolk CIPFA nearest neighbours for this measure is 97.4%.
- *Non-domestic rates collection rates (in year)* - East Suffolk has a value of 98.2%. The median value of East Suffolk CIPFA nearest neighbours for this measure is 97.7%.

7. Future Years Beyond 2024/25

- 7.1 In recent years, the Council's financial position has been largely characterised by the fact that it has been in an advantageous position under the current Business Rates Retention system. Reforms to this system (and implementation of the Fair Funding Review) have been deferred on a number of occasions which has benefitted the Council and has enabled it to build up and maintain a robust reserves position. This will be important in enabling the Council to adjust to pressures and uncertainties in the medium term and to address underlying budget gaps going forward.
- 7.2 The forecast annual budget gap for 2025/26 is £5.40m and rising to £7.660m in 2025/26 and £8.38m in 2027/28. The Medium Term Financial Strategy currently forecasts increasing annual budget gaps in the medium term - £5.27m in 2025/26, £7.65m in 2026/27 and £8.37m in 2027/28. This reflects the uncertainty of local government finance reforms and the range and scale of expenditure and income pressures. 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 Council's overall balance on reserves is currently healthy, which will provide the time for actions to embed and outcomes to be realised.

8. Conclusion

- 8.1 Overall, the estimates are robust, taking into account known risks and mitigating strategies, and the reserves are adequate for the 2024 to 2025 budget plans.

Lorraine Rogers (FCCA)

Chief Finance Officer and Section 151 Officer

February 2024

Committee	Full Council
Date	21/02/2024
Subject	Housing Revenue Account (HRA) Budget Report 2024/25 to 2027/28
Cabinet Member	Councillor Vince Langdon-Morris, Cabinet Member with responsibility for Resources and Value for Money Councillor David Beavan, Cabinet Member with responsibility for Housing and Deputy Leader
Report Author(s)	Amber Welham Finance Business Partner - Housing amber.welham@eastsoffolk.gov.uk
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Director	Chris Bally Chief Executive chris.bally@eastsoffolk.gov.uk

Key Decision?	Yes
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.	Not Applicable.
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Purpose/Summary

This report provides the relevant information to enable Council to review, consider, and comment upon the proposed 2024/25 to 2027/28 Housing Revenue Account (HRA) budget as required under the Budget and Policy Framework.

As set out in the Council's Financial Procedure Rules, the Chief Finance Officer is responsible for preparing and submitting reports on revenue budgets to Cabinet and Council.

The 2024/25 budget and the indicative figures for 2025/26 to 2027/28 have been considered at the following Council meetings:

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

The report details how rents and service charges are determined, and the proposed increases for 2024/25 are set out for approval.

The report also notes changes in welfare and benefits and the impact of external and internal requirements which have been considered when completing the budgets, and rents and service charges for 2024/25.

Recommendation(s)

That Full Council approves the following:

1. The draft HRA budget for 2024/25, and the indicative figures for 2025/26 to 2027/28;
2. Movements in HRA Reserves and Balances;
3. Proposed rent increase of up to 7.7%. In line with the Rent Standard September 2023 CPI + 1%.
4. Service charges and associated fees for 2024/25;
5. Rent and Service Charges to be charged over a 51-week period unless being used for Temporary Accommodation when a 53-week period will be applied, due to 2024/25 being a 53-week year.

To note the following:

6. Projected outturn position for 2023/24;
7. Changes affecting public and private sector housing and welfare;
8. Effects of the cost-of-living crisis to the HRA.

Strategic plan

How does this proposal support Our Direction 2028?

Environmental Impact

Continued Commitment to net zero by 2030.

Although the HRA stock is excluded from this target, it is still committed to improving the energy efficiency of its housing stock. The Social Housing (Regulation) Act 2023 which received royal assent on 20 July 2023 includes the provision for all social housing to have a minimum EPC of C by 2030.

Stock condition surveys are underway and budgeted to continue through 2024/25, which will help with planned programmes of work to target energy efficiency within the housing stock.

Budgets have been included within the HRA's capital programme for significant investment in its own stock to contribute towards this. This includes £1,000,000 per annum for instalment of solar panels where appropriate, £500,000 per annum replacing and improving windows and external doors, £500,000 for upgrades and replacement of loft and cavity wall insulation and associated works of properties, and a further contingency of £500,000 for other initiatives to help improve the energy efficiencies of the housing stock.

The combination of the stock condition surveys of all HRA stock, and the asset investments planned will help ensure the HRA achieves this goal.

Support, promote and implement Green Tech.

The investment in solar panel installation will also contribute towards the implementation of green tech. In addition, heat source pumps and other green initiatives are being fitted in appropriate properties.

Sustainable Housing

Deliver the right housing based on our communities' needs.

All housing development through the HRA are consulted with the housing needs team, to ensure it delivers the right types/size housing to meet the needs of the residents in that area.

Tackle fuel poverty and support new heating technologies.

As per above, the implementation of solar panels and heat source pumps contributes to delivering this goal. In addition to this, a passivhaus development at Deben Fields brings new initiatives to tackling fuel poverty.

Add to, improve and make better use of our housing stock.

The capital investment in housing development directly meets this goal by adding to the housing stock.

In addition to this, the capital investment of the asset investment programme is targeting the improvement of the housing stock.

	<p>The stock condition survey being carried out will provide data to then plan and make the best use of the housing stock.</p>
Tackling Inequalities	<p>Efficiently deliver benefits and grants to residents. Within the HRA there are 2 Financial Inclusion Officers to help support HRA tenants with their finances. Ensuring they are sign posted to the benefits they are entitled to, and to help them on their Universal Credit journey.</p> <p>Reduce health inequality and improve wellbeing. One of the new roles added to the HRA is a dedicated damp and mould inspector, to ensure HRA tenants are not being impacted by damp and mould in the home, which can affect tenants' health.</p> <p>Take action to improve community safety and reduce ASB. Within the HRA there is a dedicated Anti-Social Behaviour Officer to help, assist and support tenants experiencing ASB.</p>
Thriving Economy	<p>Community wealth building by working with local companies. Where possible, local companies are used for contracted work for repairs and maintenance and the housing development programme.</p>
Our Foundations / governance of the organisation	<p>Under the Self-Financing regime, the resources and spend of the HRA are based on local decisions. The HRA budget report uses all available reserves and balances to provide the best possible service to it's tenants, while ensuring it remains compliant, and financially sustainable.</p> <p>To ensure the HRA maintains its minimum working balance while delivering the strategic direction of East Suffolk Council, it is required to maximise rental income in 2024/25. A 7.7% rental increase is deemed essential to produce a balanced budget. The income for 2024/25 not only impacts on that financial year, but all years within the 30-year financial business plan.</p> <p>Setting a balanced budget is a statutory requirement, and the report has been considered at the following meetings:</p> <ul style="list-style-type: none"> • Cabinet 2 January 2024 • Scrutiny Committee 18 January 2024 • Cabinet 6 February 2024 • Full Council 21 February 2024

Justification for recommendations

1. Background

Self-Financing Arrangement

- 1.1. The HRA self-financing regime was introduced in April 2012. The Council had to take on a significant amount of debt (£68 million) in exchange for not paying future housing subsidy. This change is beneficial to the HRA over the long-term.
- 1.2. A 30-year financial business model is used to support the delivery of the HRA under the self-financing regime. It makes assumptions regarding the level of income available and the key risks facing housing service delivery within this timeframe. It also programmes in the due date for current borrowing to be repaid, whilst delivering the required service.
- 1.3. The HRA funds the costs of borrowing for the initial debt settlement. The Council has chosen to incorporate this debt into the Council's overall borrowing portfolio, creating a single pool and charging interest to the HRA in proportion to the debt it holds.
- 1.4. Originally the HRA had a 'borrowing cap' of £87.26 million imposed on it by Central Government, however this was removed in 2018 when Central Government issued a determination revoking the limit of indebtedness on the HRA. However, the HRA's borrowing capacity is still restricted to the operational boundary for external debt for the whole Council. The boundary is set at £173 million, which includes both the General Fund (GF) and the HRA. Therefore, consideration must be given to the Council's total borrowing and the requirements for borrowing by the GF, before considering increasing the current borrowing of the HRA.
- 1.5. As of 1 April 2023, the total debt of the HRA was £60.4 million (£58 million from the self-financing settlement and £2.4 million pre-self-financing).
- 1.6. During the budget period 2024/25 to 2027/28 a further £960,000 is due to be repaid in 2024/25 and £10 million in 2026/27. Both amounts have already been set aside in the debt repayment reserve and the Major Repairs Reserve.
- 1.7. Interest on all current HRA borrowing is fixed, therefore, the HRA will see a reduction in interest payments in the subsequent years of repayment.
- 1.8. The HRA spending plans, including its capital investment programme, are fully funded from existing resources. Therefore, there is currently no need to make use of any additional borrowing. However, any additional costs added to the budget in the future, will likely require additional borrowing, and the HRA will need to ensure it can service the interest payments as well as the principle borrowing.

Welfare Reform

- 1.9. **Universal Credit (UC)** was first introduced 11 years ago as part of 'The Welfare Reform Act 2012'. It is a single payment for working aged people who are looking for work or are on a low-income. It replaces housing benefit, working tax credit, child tax credit, income support, income-based jobseekers' allowance and income related employment and support allowance. It was rolled out in the district in 2015.

- 1.10. New claimants of UC have an initial wait time of five weeks before receiving their first payment, however if they are already receiving housing benefits, this will continue for the first two weeks of the claim process, reducing pressure on tenants.
- 1.11. **The benefit cap** has always been £20,000 per annum (outside of Greater London), since the introduction of the Welfare Reform Act 2012. However, from April 2023, Government increased the cap by 10.1% for the first time since its introduction. The current cap is £22,020 per annum, which provided claimants with a much-needed boost during a cost-of-living crisis. However, it has been confirmed this new cap will remain for 2024/25.
- 1.12. If new claimants' previous income was higher than the benefit cap, they are given a 'grace period' of nine months, easing the transition for the claimant.
- 1.13. Although the benefit cap is frozen, UC payments will increase by 6.7% (September CPI) from April 2024, up to the benefit cap.
- 1.14. **The Local Housing Allowance (LHA)** rates are used to calculate the amount of housing benefits a tenant can receive. These have been frozen for the past four years. However, it was announced in the Autumn Statement 2023 that the LHA rates will be reset in April 2024 to the 30th percentile of the local market rents of September 2023. This means the cheapest 30% of rents in the area should be affordable to people claiming UC or housing benefits.
- 1.15. **Under-Occupation Charge** (also referred to as the 'Bedroom tax') is a fixed cut to housing benefit or the housing element of UC received based on the number of spare bedrooms in the property. The charge only applies to working aged tenants renting from local authorities, registered housing associations or other registered social landlords and is set by Central Government. The cut is 14% for one spare room, or 25% for two or more spare rooms.
- 1.16. To help alleviate the pressure of this penalty, the Council's HRA offers the incentive called 'Cash-for-Moving.' This is a widely used scheme across councils to encourage tenants to downsize. Tenants can bid for a smaller property on Gateway to Home-Choice, and if successful the tenant could receive up to £2,000 depending on the number of bedrooms given up.
- 1.17. **The Right to Buy (RTB) Scheme** allows tenants to purchase their council house at a discounted rate. The maximum discount available is 70% or £102,400 from 06.04.2024 (outside of Greater London) whichever is lower. This value is set by Central Government and increases in April each year by CPI.
- 1.18. In 2012, the Council entered into an agreement with the Secretary of state to retain a share of its RTB receipts to reinvest in the provision of new affordable homes. As of April 2021, the conditions of this agreement were updated by Central Government. The receipts can now fund up to 40% of investment in new affordable housing (previously only 30%) and they can now contribute to the delivery of shared ownership properties or first Homes, which they could not before.
- 1.19. On average the HRA loses 30 properties a year through RTB, and this is the assumption used within the 30-year business plan. However, for 2023/24 (as at 05 January 2024) only 12 properties have been sold through the scheme. This is a trend being seen by many other councils and is likely linked to increased living costs and high interest rates.

1.20. The implication of RTB sales is a reduction in dwelling rents received. The annual income lost through RTB is on average £140,000 per annum (year on year). RTB sales are considered when setting the dwelling income budget.

2. Introduction

Dwelling Rents and Service Charges

- 2.1. The 2020 Rent Standard is the Policy Statement for rents on social housing and has been in effect from 1 April 2020. It is the first-time Government have directed the Regulator of Social Housing to apply its Rent Standard to all social housing providers, including local authorities.
- 2.2. From 1 April 2020, all Registered Provider rents (including Local Authorities) must be charged in accordance with the Government Policy Statement on Rents for Social Housing. The Rent Standard, published by the Regulator of Social Housing in 2020 requires rents to be set in line with this policy statement.
- 2.3. The rent policy permits the Council to increase its rents for at least five years to 2024/25 by up to CPI for September of the previous year plus 1%. The Rent Standard also provides freedom to apply a lower increase or to freeze or reduce the rent if a registered housing provider chooses to do so.
- 2.4. There has been no indication from Government as to what social housing providers will be permitted to increase rents by from 2025/26. The budgets are working on the assumption of continuing with the same method as the past five years, however, this could be subject to change.
- 2.5. Due to high inflation, CPI was 6.7% in September 2023, which results in social housing landlords having the ability to increase rents by up to 7.7% (6.7% CPI + 1%). Government have confirmed there will be no rent increase caps, like they did for 2023-24.
- 2.6. The rent policy aims to strike a balance between the interests of existing social housing tenants who pay some or all their own rent, and the importance of ensuring that providers of social housing have sufficient income to manage and maintain their housing stock.
- 2.7. **Rent Setting** is different depending on the type of rent set. There are three types of rents used within the HRA. Social Rent, Affordable Rent and Shared Ownership, as well as a small number of leased properties.
The current breakdown of the stock by rent type as at 1 December 2023 is as follows:
Social Rent: 4,264
Affordable Rent: 119
Shared Ownership: 16
Leased: 11
Total: 4,410
- 2.8. **Social Rent** is described as all low-cost rental accommodation. Since 2001 social rents have been based on a formula set by Government. Annual updates to the formula calculations are published in November of the previous year.
- 2.9. Under the Rent Policy the initial rent may be set at a level no higher than formula rent plus rent flexibility. The formula rent takes account of relative property values,

relative local earnings, and a bedroom factor, i.e. smaller properties should have lower rents. The formula rent is also subject to a rent cap. The rent cap applies a maximum ceiling on the formula rent. Therefore, if the formula rent is higher than the rent cap for a particular property, the rent cap must be used instead. The rent caps will increase each year by CPI (September of the previous year) plus 1.5%.

- 2.10. The Government's Rent Policy recognises that registered housing providers should have some flexibility over the rent set for individual properties, to take account of local factors. As a result, the Policy Statement contains flexibility to set rents at up to 5% above the formula rent (10% for supported housing). East Suffolk Council applies rent flexibility following approval by Full Council in January 2023.
- 2.11. The Government's Rent Policy states any social rents that exceed the flexibility level must not be increased by more than CPI (rather than CPI plus 1%) each year, until the rent is brought within the rent flexibility level. Also, the property must be re-let at the formula rent value (plus rent flexibility). If this arises when setting the HRA rents, the rent will be frozen or potentially reduced until it reaches the formula rent value. Such situations will be dealt with on a case-by-case basis.
- 2.12. **Affordable Rent** values were introduced in 2011 and must not exceed 80% of gross market rent (inclusive of service charges), i.e. rent for which the accommodation might reasonably be expected to be let in the private rented sector. The size, location and service provision must be taken into consideration.
- 2.13. Affordable rent is exempt from the social rent requirements of the Policy Statement. The Government expects new build properties to be let at affordable rent values. Affordable rent allows the Council to set rents at a level that are typically higher than social rents. The intention behind this flexibility is to enable local authorities to generate additional capacity for investment in new affordable homes. The Council is applying affordable rents to new build or purchased properties and can do so as it has an agreement in place with the Secretary of State. The agreement allows the Council to retain RTB receipts for investment in new affordable rented homes.
- 2.14. The private rented market can fluctuate from month to month. Therefore, the Council charges the Local Housing Allowance (LHA) rate for all affordable rents (inclusive of service charges). The LHA rate is less than 80% of market rent, but more than social rents. The LHA rate is the most a tenant can receive in benefits towards their rent, therefore anything charged over this value would need to be financed by the tenant's own resources, which could cause financial hardship and potential arrears.
- 2.15. An additional benefit to this approach ensures a consistent and fair approach to all tenants.
- 2.16. Affordable rents must not increase by more than CPI (September of the previous year) plus 1%. As with social rent setting, this is a ceiling and a lower increase, or to freeze or reduce affordable rents is permitted.
- 2.17. **Full Market Rent** can be charged by a social landlord from April 2015, where a social tenant has an annual household income of at least £60,000. This change allowed landlords to make better use of their social housing for properties rented to households with relatively high incomes. However, the HRA does not currently

charge any tenants full market rent as very few tenants are in this position, and the cost to identify these tenants outweighs the benefit of the additional income.

- 2.18. **Shared Ownership Rent** is calculated at 2.75% of the share still owned by ESC. This is a nationwide calculation for the initial rent charged. Future year increases will follow the 2020 Rent Standard of the previous year's September RPI + 0.5%.
- 2.19. For any shared ownership properties acquired on or after 12/10/2023 must have future year rent increases in line with CPI + 1%.
- 2.20. **The Rent Period** the Council works on is a 50-week period. The 52-week rent value is converted to the slightly higher 50-week value, allowing tenants to have two 'rent free weeks' over the Christmas period. This helps tenants at an expensive time of year, and for those in arrears, can help them 'catch up.'
- 2.21. A small number of HRA properties are used as temporary accommodation. These properties are charged at the 52-week value as they will not be in the property for more than a year, and therefore would not benefit from the rent-free weeks.
- 2.22. Every five to six years there are 53 Mondays in the rent year. 2024/25 is a 53-week rent year. Tenants will need to be aware of this if in receipt of UC as this is based on a 52-week rent year and the Government have yet to release a statement as to whether this will be changed considering the 53-week rent year. However, in the past the Government have not made any allowances for this, and it is unlikely to change its stance on this now.
- 2.23. **Garage Rents** do not follow the same restrictions as dwelling rents. These are based on market research in the district and have been considered for approval by Cabinet as part of the 2024/25 Fees and Charges Report.
- 2.24. **Service Charges** are those charges payable by tenants to reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities, e.g. communal facilities in sheltered accommodation (Grouped Homes).
- 2.25. Councils can review their service charges annually. Service charges should be sufficient to cover the cost of providing the service and are not governed by the same factors as rents. Therefore, not all service charges will necessarily increase each year, they will replicate the cost of the service provided. As set out in the Policy Statement, increases for service charges should be managed, where possible, within the limit on rent changes of CPI plus 1%. Exceptions to this include new charges or where services have been extended.

Arrears

- 2.26. 2022/23 had an increase on arrears from 2021/22 of £236,497.82. As at 31.03.23 arrears were 6.78% of total rents and charges raised. This was a 0.99% increase from the previous year.
- 2.27. The current arrears position as of 05 January 2024 is higher than the 2022/23 position. The total arrears are currently £1,600,763.56, an increase of £192,000.
- 2.28. Although the arrears position continues to rise, it is anticipated a high percentage of these arrears will be cleared due to the rents and service charge refund process (Over £1,000,000). Arrears are required to be cleared before tenants are entitled to

a refund. Reducing these arrears should help with managing the remaining arrears in the future.

- 2.29. To further reduce the risk of arrears, new tenants are asked to pay rent in advance. The amount they pay is linked to how regularly they pay their rent e.g. if a tenant pays weekly, they will be required to pay one week in advance. As of 05 January 2024, the HRA holds £986,717.50 in rent in advance.

Repairs and Maintenance

- 2.30. The HRA repairs and maintenance (R & M) programme is split between capital and revenue. Revenue costs are to be funded from the revenue income derived from rents, whilst capital will be funded from the Major Repairs Reserve.
- 2.31. In recent years the budgets have been increased to consider the increase in material costs.
- 2.32. The HRA is currently undertaking a programme of essential safety inspections, primarily relating to fire safety and essential works identified during inspections. A report detailing the planned works was approved at Cabinet on 4 October 2022 and included in the 2023/24 budget setting. However, these increases to budget did not include provisions to meet the new Social Housing (Regulation) Act 2023 announced in July 2023.

Capital Programme

- 2.33. The HRA capital programme forms part of the Council's 'Capital Programme Report 2024/25 to 2027/28'. The HRA capital programme consists of capital budgets for 'Asset Investment' and 'Acquisition and Housing Development.'
- 2.34. The HRA capital programme will be funded via the rental income it retains, also referred to as 'Direct Revenue Financing' (DRF), the Major Repairs Reserve, Right-to-Buy (RTB) receipts, external funding and other capital receipts held.
- 2.35. The repairs and maintenance aspect of the capital programme forms part of the 'Asset Investment Programme.' This element of the capital programme is funded through the MRR.
- 2.36. The Asset Investment Programme not only covers repairs and maintenance, but also energy efficiency measures, fire safety, and redevelopment of existing housing stock.
- 2.37. The Acquisition and Housing Development element of the capital programme is the investment in purchasing and building new affordable housing to be held within the HRA. The current development programme has seen cost pressures associated with the increases across the construction industry.
- 2.38. As of the 31 March 2023, the Council's housing stock totalled 4,418. During 2023/24 there have been 12 RTB sales to date with more anticipated before the end of the year. However, there will be an additional 25 properties added to the stock through the acquisition and development programme giving a net increase to the stock levels for this year.
- 2.39. 2024/25 will then see a decrease in stock levels due to the decant and demolition of St Peters Court.

2.40. **Special Services** are made up of revenue costs for Sheltered Schemes, Warden services, caretakers and acquisitions and new build programme. As the acquisitions and new build programmes increases, the associated revenue costs also increase. These costs include for example, architect fees, consultant fees, warranty insurance, marketing, and staffing.

3. Proposal

Rents and service charges

Rent Setting

- 3.1. In accordance with the Rent Standard for 2020, rent increases for 2024/25 will be increased by the September 2023 CPI plus 1%. September CPI was 6.7%, which gives a proposed rent increase of up to 7.7%. Government have confirmed there are no rent increase caps in place for 2024/25.
- 3.2. Official guidance was released by Government on 04 January 2024, the formula rent (a nationwide calculation) will be increased by the September 2023 CPI plus 1% regardless of the rent increase applied to current tenants. The Council has no option on this, and it will affect new tenancies only.
- 3.3. ESC has a commitment to providing all tenants with a home at a decent home's standard, as well as investing in its existing housing stock to meet the Social Housing (Regulation) Act 2023, while building much needed new homes for those waiting on the housing register.
- 3.4. The balance between service provision and protecting current tenants have been carefully considered, and a rent increase of up to 7.7% for 2024/25 is proposed in this report.
- 3.5. The Government's increase to the LHA rate and ESC rent policy to cap affordable rents at the LHA rate will help with the affordability of the rent increase proposed.
- 3.6. Government released the indicative LHA rates for 2024-25 on 09 January 2024. The LHA rate has increased by more than 7.7%, and therefore affordable rents will have the same rent increases applied as social rents.
- 3.7. Rent setting takes place during February each year to ensure the most up to date rents are used as a base and reduces the chance of manual updates relating to properties re-let between February and March (before the new rent values apply).
- 3.8. Applying a 7.7% rent increase in 2024/25, gives an average rent increase of £6.92 per week for social rented properties and £8.23 for affordable rented properties. **Table A** below shows the current average weekly rent value and the anticipated average for both social and affordable rented properties in 2024/25.

Table A

Average Rent	Social Rents	Affordable Rents
2023/24 Average Rent (52 Week Value)	£89.86	£107.37
2024/25 Average Rent (52 Week Value)	£96.78	£115.61
Average Weekly Rent Increase (52 Week Value)	£6.92	£8.23

- 3.9. Due to the affordable rents being capped at the LHA rate, these rents have not seen a rent increase since the last time the LHA was increased, which was back in April 2020, which will be 4 years ago.

- 3.10. The average rent for the East of England as provided by the HomeLet statistics for December 2023 is £1,215 per month. This is the equivalent to £280.38 per week. This equates to ESC 2023/24 average social rent being just 32.04% and affordable rents being 38.29% of the average rents for the area.
- 3.11. The proposed 2024/25 ESC average social rent increases to 34.52% and affordable rents to 41.23% of the average rent charged in the area compared to December 2023. Both still significantly below the average.
- 3.12. The ESC average rent value will fluctuate slightly week-to-week, depending on the number of voids and re-lets during a month. However, the change will be minimum (a few pence different), and it is compared each year during December, giving a consistent approach.
- 3.13. Shared Ownership properties follow a slightly different set of guidance. Although the Shared ownership rent reform was introduced in October 2023, it only affects shared ownership properties purchased or built after this date, and therefore, does not impact on our current shared ownership properties.
- 3.14. Shared Ownership properties are to increase by Retail Price Index (RPI) plus 0.5% each year. The September 2023 RPI was 8.9%, giving an increase to rents of 9.4%.
- 3.15. Applying a 9.4% rent increase to shared ownership properties in 2024/25, gives an average rent increase of £17.54 per month. All Shared ownership properties are charged monthly as per the ESC rent policy. Their rents will vary depending on the valuation of their property and the percentage share bought. **Table B** below shows the current average monthly rent value and the anticipated average value for shared ownership properties in 2024/25.

Table B

Average Rent	Shared Ownership
2023/24 Average Rent (52 Week Value)	£186.56
2024/25 Average Rent (52 Week Value)	£204.10
Average Weekly Rent Increase (52 Week Value)	£17.54

- 3.16. Not increasing social and affordable rents by 7.7% or Shared ownership properties by 9.4% would put a financial strain on the HRA. With increasing demands and costs across all service areas, and the requirement for significant investment in the decarbonisation of the current housing stock and new build programme, the capital programme will suffer if rent increases are not utilised.
- 3.17. Due to the agreement ESC holds with the Secretary of State to retain its RTB receipts, the Council must invest in the provision of new affordable homes. However, the provision of new affordable housing is not a legislative or regulative requirement. If the Capital programme is required to reduce to balance the budget, the investment in new affordable housing would have to be reduced or removed. Any RTB receipts held would need to be gifted to other social housing providers as required by the agreement or returned to Government each year.
- 3.18. Although Government have not announced a new settlement on how rents will be set for the period 2025/26 to 2027/28, the budgets have been based on the same methodology as the previous five-year arrangement. An increase of the September

CPI plus 1%. The Bank of England (BoE) CPI predictions plus 1% have been applied to these years.

- 2025/26 (BoE) CPI 2.4% plus 1%
- 2026/27 (BoE) CPI 2.1% plus 1%
- 2027/28 (BoE) CPI 2.1% plus 1%

If the new settlement arrangement is announced before Full council, the report and budgets will be updated accordingly.

- 3.19. Other factors are also taken into consideration when calculating the dwelling rent budget for future years. Such as disposals through RTB's or asset management of underperforming stock, reconversions, new build developments and acquisitions.
- 3.20. The 2024/25 and future year income budgets take into consideration the decant and demolition of St Peters Court. This is a loss of £400,000 plus rent increases each year.

Service charges

- 3.21. The proposed service charges for 2024/25 are set out in Appendix C of this report. The costs of providing the services have been reviewed and set at a level to ensure that the costs are recovered. The HRA cannot make a profit on the service charges, these are purely to recover HRA costs.
- 3.22. Not all service charges, outlined in **Appendix C** will increase in 2024/25. This is due to contracts that run for more than one year for a fixed price.
- 3.23. The average grouped home service charge relates to services provided to sheltered schemes and communal utility costs. The proposed general service charge for grouped homes for 2024/25 is set at an average weekly charge of £19.31. This is an increase of £3.21 compared to 2023/24.
- 3.24. The average grouped home heating charge is based on the previous full year's cost and reflect the tenants use of utilities in their home. Due to using the previous year's full costs, tenants benefited from no major increases last year, however in fairness to all council tenants who pay for their own heating charges, the recharge should reflect the actual cost of their utility's usage. The proposed heating charge for 2024/25 is £23.71 per week (with 2 'rent free weeks'). This is an increase of £5.58 compared to 2023/24.
- 3.25. Due to the decant at St Peters Court, it was deemed inappropriate to increase any rents or service charges here, while tenants are waiting to be rehoused.

Garage Rents

- 3.26. Garage rents are also set out in Appendix C. For 2024/25 tenant's weekly garage rent is proposed to increase from £9.45 to £9.73, an increase of £0.28 on the 2023/24 charge. The proposed increased for non-tenant weekly garage rent is £13.63 from £13.23 (inclusive of VAT), an increase of £0.40 on the 2023/24 charge.
- 3.27. The Garage rents are based on local market research. Historically, ESC has charged particularly low garage rents, however they are now at a similar level as other Local Council providers. Garage rents form part of the Councils' annual fees and charges report to be considered by Cabinet on 2 January 2024.

Repairs and Maintenance

- 3.28. The repairs and maintenance revenue budget for 2024/25 has been set at £7.978 million, compared to a revised forecast of £6.781 million in the 2023/24 budget. An analysis of the repairs and maintenance revenue budget is set out in **Appendix D**.
- 3.29. The amounts included in the repairs and maintenance revenue budget are deemed sufficient to allow the Council to carry out all necessary major works and to maintain the decent homes standard in all its properties. It should also be sufficient to cover significant levels of work on fire risk safety, compliance contract management and stock condition surveys for the entire HRA stock. The costs associated with the Government's target to ensuring all stock is EPC C or above by 2030 is within the HRA capital programme.
- 3.30. The 2024/25 budget includes increases to cover; additional compliance consultancy support, increased contract costs, extension of the stock condition survey to cover all housing stock, increased budgets to tackle damp and mould and increased staffing budgets relating to compliance management.
- 3.31. Increased revenue costs associated with the decant of St Peters Court fall under special services as part of non-sheltered scheme costs. The decant and demolition has had a £500,000 impact on the 2023/24 forecasted outturn position and increased the 2024/25 to 2025/26 budgets by approximately £1,000,000. These additional costs were approved as part of the report to Cabinet on 3 October 2023. Although over 30 years this was the best financial option, these costs were not included in the original budget.

Human Resources

- 3.32. The budget has been increased to cover staffing requirements of the HRA, with 15 new permanent posts being added in 2024/25 and 1 fixed term posts. This follows the addition of 8.75 new posts during the 2023/24 budgets setting.
- 3.33. The new permanent posts will help to meet the growing demands of all service areas following the introduction of the Social Housing (Regulation) Act 2023, covering services such as housing compliance, housing development, tenant engagement and data analysis.
- 3.34. The cost of these additional posts is £751,000 in 2024/25, increasing to £823,000 by 2027/28.
- 3.35. The HRA needs to increase capacity to meet the requirements of the Social Housing Regulation Act. Ideally, the service requires an additional 45 posts, at a cost of £1.8 million per annum, increasing to £2.05M by 2027/28. However, this cannot currently be afforded. Therefore, as per paragraph 3.34 £751,000 has been added to 2024/25 for 15 of these new posts to support some of the additional roles required. If there are further requirements for posts, which will be over the budget allowed, then a report will be presented to Cabinet for consideration.
- 3.36. The 1 additional fixed term posts is in relation to the decant of St Peters Court to support tenants requiring to be rehoused and was approved as part of the cabinet report 'Asset Review – St Peters Court, Lowestoft' on 3 October 2023.

3.37. Further changes to the staffing budgets are a result of the following:

- 2023/24 national pay award agreed.
- In year vacancies.
- Updating of job descriptions and regrading.

Other Budget Pressures and Savings

3.38. The acceptance of £4.2 million grant funding for the Brownfield Site Release Fund had additional costs associated with it. The total revenue impact was £518,000 between 2023/24 and 2025/26. Also, in addition to this, the HRA had to contribute a further £300,000 to the capital programme for the decontamination of the site.

3.39. Due to the size of the Deben fields new build development, the revenue costs associated with the build are much higher and outside of the existing budgets. Therefore, an additional £700,000 has been added to the budgets between 2024/25 and 2025/26.

3.40. Higher interest rates have given the HRA a boost on its interest income over 2023/24 and 2024/25, providing an additional £1.1 million, which will help contribute towards some of the budget pressures highlighted above.

Reserves and Balances

3.41. The HRA has earmarked reserves as well as the HRA revenue working balance (see section 11.19 in **Appendix A2** for details on the revenue working balance), and the Major Repairs Reserve. **Appendix E** shows the movement and balances of these reserves for the budget period 2023/24 to 2027/28.

3.42. **Brownfield Land Release Reserve** is a new reserve set up during 2023-24 for the grant funding received for the decontamination works at the former Sanyo site and will be spend in accordance with the grant agreement.

3.43. **HRA Debt Repayment Reserve** was set up in 2012/13. The viability of the self-financing regime depends ultimately on the Council acting prudently and in doing so, setting sufficient sums aside to meet its future liabilities. The transfer of funds to the Debt Repayment Reserve gives the Council flexibility around its future decisions for repaying the debt. The balance at 31 March 2028 is forecasted to be £3 million. This is after a planned repayment of a substantial debt instalment of £10 million in 2026/27. Payments into this reserve from 2027/28 will need to increase to meet the following instalment of £10 million due in 2031/32. Future debt repayment instalments will be funded by both the Debt Repayment Reserve and the MRR.

3.44. During 2024/25 the HRA has significant cost pressures. To avoid short-term borrowing and increases in interest payments it is planned to release £1.8 million of the debt repayment reserve back into the HRA revenue account to balance the budget. This will then be replenished between 2025/26 to 2027/28.

3.45. Any savings above the projected outturn for 2023/24 will be used to reduce the need to release funds from this reserve.

3.46. **HRA DHP Top-Up Reserve (also known as the hardship reserve)** was set up in 2012/13 with a fund of £500,000 taking the Welfare Reform Act 2012 into account.

The reserve recognised the unexpected and exceptional difficulties tenants may face arising from these changes. Although the Act is now over ten years old, the financial difficulties tenants face has not faded.

- 3.47. This reserve was set up to 'top up' the Discretionary Housing Payments (DHP) made by the Council by the value used by HRA tenants, only if the total payments made were to exceed the value of the DHP grant received by the Council. To date, this has not been required. With increased Department for Work and Pensions (DWP) grant in recent years, it is unlikely to be required in 2023/24.
- 3.48. Due to the reserve not being required for its original purpose, discussions have been held, and the reserve is now being utilised for some staffing posts that will benefit our tenants when managing their finances. This includes a finance inclusion officer, and temporary staffing to guide tenants through their rents and service charge refund process as well as the decant at St Peters Court.
- 3.49. The balance is estimated to be £59,000 at 31 March 2028 and will continue to be utilised in future years.
- 3.50. **MMI Reserve** is the Municipal Mutual Insurance Reserve. This reserve covers any potential insurance claims relating to when the Council was covered by this insurer, and the new insurance providers will not cover such claims.
- 3.51. **Acquisition and Development Reserve** is used to transfer in potential underspends during a given financial year, to later fund the acquisition and new build capital programme. The reserve is planned to be utilised between 2023/24 and 2024/25.
- 3.52. **Major Repairs Reserve (MRR)** was set up following the introduction of the self-financing on 1 April 2012 and to meet changes in Accounts and Audit Regulations from 2012/13. Depreciation charged to the HRA is credited to the MRR and can be used to repay the principal elements of the HRA debt, as well as finance capital expenditure on the existing dwelling stock. There are plans to use the MRR to part fund the capital programme in each financial year. The balance at 31 March 2028 is projected to be a £7.436 million. The balance of this reserve is monitored through the 30-year financial business model to ensure it remains at a balance sufficient to fund capital programme repairs and contribute to debt repayment in future years.
- 3.53. The next debt repayment instalment of £960,000 in 2024/25 is planned to be financed by the MMR.
- 3.54. All reserves and balances are allocated to fund both the revenue and capital budgets, including repayment of debt in future years. Anything additional added to these proposed budgets will require borrowing to be taken out against the new build capital programme. However, this is subject to capacity in revenue budgets to cover additional interest payments and servicing new debt.

4. Financial Implications

- 4.1. A summary analysis of the budget movement is shown in **Table C**. This table is supported by **Appendix A1**, that gives a full breakdown of all budget changes between 2024/25 and 2027/28, with a brief explanation to the changes.

Table C

HRA MTFS Updates	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Additional Cost	8,559	3,456	1,852	2,194
Reduced Income	428	442	599	602
Additional Income	-1,690	-955	-858	-1,408
Saving	-327	-439	-903	-3,097
Use of Reserves	-4,390	-1,328	-1,283	1,120
Net Movement Each Year	2580	1,176	-593	-589
New Movement over the period 2024/25 to 2027/28				2,574

- 4.2. The full HRA budget and relevant information can be seen in **Appendix A2**.
- 4.3. The proposed budgets remain financially sustainable for the HRA, however any unforeseen costs will need to be mitigated by in year savings to be identified. Close budget monitoring will be required.

5. Legal Implications

- 5.1. No Impact directly arising from this report.
- 5.2. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the Council's housing stock, offset by tenant rents, service charges and other income. The Council has a statutory responsibility to set a balanced HRA budget.
- 5.3. From 1 April 2020 the Government set out a new policy statement for rents on social housing (the Policy Statement). This was implemented through the Regulator for Social Housing rather than through legislation. The Government published a 'Direction to the Regulator' to set a Rent Standard, and the Regulator is required to have regard to this when setting its Rent Standard. For the first time, the Government has directed the Regulator to apply its Rent Standard to all registered providers, including local authorities.

6. Risk Implications

- 6.1. The HRA self-financing regime transferred the financial risk to the Council. The HRA manages this risk through prudent budgeting, careful financial management and adoption of a rolling 30-year financial business plan. The financial sustainability of the budget is managed by ensuring adequate funds are set aside to repay the debt and appropriate levels of working balances are available for any unforeseen costs. It also gives the HRA the opportunities to meet its business objectives whilst creating efficiencies and savings, giving added value for money.
- 6.2. The HRA budgets 2024/25 to 2027/28 (including a projected outturn for 2023/24) have been updated in the 30-year financial business plan, it shows the current requirements are financially sustainable if the proposed income levels are approved, and no further borrowing will be required at this point.
- 6.3. However, there are significant costs pressures on the HRA during the MTFS, and all reserves and balances have been utilised to fund the budget and capital

programme. Adding any further costs will put the financial sustainability of the HRA at risk. Budget will need to be monitored closely and savings identified to cover any in year overspends.

- 6.4. A new HRA 30-year business plan has been purchased and updated with the new budgets. The new business plan provides improved data and financial sustainability indicators to further reduce the risk of future deficits.
- 6.5. In addition to this, significant investment has been made in Housing software to improve the service tenants receive and create delivery efficiencies within the repairs and maintenance service, which will help to improve performance against budget.

7. Options

- 7.1. **HRA Budget Setting:** The Housing Revenue Account Budget forms part of the Council's Budget and Policy Framework. The Council is required to set an annual budget and therefore no other options have been considered for this.
- 7.2. **Rent Setting:** Following four years of compulsory rent reduction, setting rents from 2020/21 below the maximum permitted under the Rent Standard is not recommended. However, the 2023/24 rents were set 1% below the Government cap of 7% to help alleviate financial pressures on our tenants. From 2024/25 it is not recommended to repeat this to ensure financial sustainability within the HRA.
- 7.3. The budgets work on the assumption of increasing rents by the September Consumer Price Index (6.7%) + 1% as per the Rent Standard. Government have confirmed there will be no rent cap for 2024/25 and Local Authorities are expected to follow the Rent Standard.
- 7.4. Other options include setting the rents at less than the September Consumer Price Index (6.7%) + 1%. However, this will have a negative impact on the HRA budget and 30-year business plan and is not recommended.

8. Recommendations

- 8.1. Full Council approves the following:
 1. The draft HRA budget for 2024/25, and the indicative figures for 2025/26 to 2027/28;
 2. Movements in HRA Reserves and Balances;
 3. Proposed rent increase of up to 7.7%. In line with the Rent Standard September 2023 CPI + 1%.
 4. Service charges and associated fees for 2024/25;
 5. Rent and Service Charges to be charged over a 51-week period unless being used for Temporary Accommodation when a 53-week period will be applied, due to 2024/25 being a 53-week year.
- 8.2. To note the following:
 6. Projected outturn position for 2023/24;
 7. Changes affecting public and private sector housing and welfare;
 8. Effects of the cost-of-living crisis to the HRA.

9. Reasons for Recommendations

- 9.1. This report brings together all relevant information to enable Members to review, consider and comment upon the Council's Housing Revenue Account budgets, the proposed rental increase, service and other charges and movements in reserves and balances, before making final recommendations to Full Council on 21 February 2024. This report also forms the basis of Scrutiny Committee's review of the Budget at its meeting on 18 January 2024 as required under the Budget and Policy Framework.
- 9.2. To advise Members of the wider housing and welfare changes that will impact on future service delivery.
- 9.3. The Council's constitution requires the Chief Finance Officer to prepare and present to Cabinet and Full Council the Council's HRA Medium-Term Financial Strategy (MTFS) budget for approval.

10. Conclusions/Next Steps

- 10.1. The HRA budget set for 2024/25 to 2027/28 makes full use of all balances and reserves to provide the best possible service to tenants, make improvements to the existing housing stock to meet the goal of EPC C by 2030 while remaining compliant with the Regulator for Social Housing and deliver much needed additional affordable housing.
- 10.2. This is only possible by increasing rents in line with the Government guidance of the September CPI (6.7%) + 1%. Social rents are considerably less than affordable rents, which are capped at the LHA rate. The LHA rate is set to increase in April 2024, meaning all rents should remain affordable for all tenants.
- 10.3. Although this is a balanced budget, work will continue to be done to identify efficiencies and savings where possible to ensure tenants receive value for money and the HRA remains financially sustainable.
- 10.4. The report will next be presented to Full Council on 21 February 2024 for consideration and approval.

Areas of consideration comments

Section 151 Officer comments:

As per the Constitution, it is the Chief Finance Officers responsibility to present members with the budget for the Medium-Term Financial Strategy (MTFS), to be approved by Council.

The HRA budget report is compliant with the constitution by delivering a financially sustainable budget that does not go into deficit.

The report is presented to Council on 21 February 2024.

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. 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:

An Equality impact assessment has been completed for setting the HRA budgets and proposed rent setting for 2024/25, EQIA568922876.

There is potential for a negative impact on low-income households if rents are increased. However, measures have been put in place to support these tenants if this should happen. Affordable rents are capped at the LHA rate which is the most a tenant can receive for the housing element of benefits. This should mean the rents are affordable to all.

Safeguarding:

There is no negative impact on Safeguarding related to this budget.

Crime and Disorder:

There is no negative impact on Crime and Disorder related to this budget.

Corporate Services implications:

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

The budget does not add any significant impacts on the corporate services of the Council. However, it is worth noting, that withing the HRA budget, the HRA pays a support recharge to the General Fund for the corporate services it used. Therefore, the budget has taken into account the work required from other services and has been reflected in this recharge.

Residents and Businesses consultation/consideration:

Tenants will be informed in writing of any changes to their rent and service charges one month before they take effect, including reference to 2024/25 being a 53-week rent year. Tenants will have the opportunity to speak to their rent officer or the HRA's financial inclusion officers if they have any concerns.

Appendices:

Appendix A1	Budget changes to the financial period 2024/25 to 2027/28
Appendix A2	HRA 2024/25 to 2027/28 Budget – inclusive of 2023/24 forecast position
Appendix B	Summary of Headings on Chart of Accounts
Appendix C	HRA Service and other charges
Appendix D	HRA Repairs and Maintenance Revenue Budget
Appendix E	HRA Balances and Reserve Summary
Appendix F	HRA Budget Key Assumptions

Background reference papers:

Date	Type	Available From
November 2023	Budget Working Papers	Financial Services
November 2023	Bank of England Monetary Policy Report November 2023	Bank rate maintained at 5.25% - November 2023 Bank of England
November 2023	September 2023 CPI	Consumer price inflation, UK - Office for National Statistics
December 2023	HomeLet average rent Statistics	Average Rents in The East of England Average Rental Prices 2023 HomeLet Rental Index
09 January 2024	Increase in LHA rate from April 2024	Indicative Local Housing Allowance rates for 2024 to 2025 - GOV.UK (www.gov.uk)
04 January 2024	Limit on annual rent increase 2024-25 from April 2024	Limit on annual rent increases 2024-25 – from April 2024 (accessible version) - GOV.UK (www.gov.uk)
July 2023	Social Housing (Regulation) Act 2023	Social Housing (Regulation) Act 2023 (legislation.gov.uk)

Budget changes to the financial period 2024/25 to 2027/28

Table D

HRA Budget update	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	Description
Additional Cost					
Direct Revenue Financing - source of finance for capital programme	4,418	1,600	0	0	Increase due to changes in Capital programme. Some Capital Grants and Reserve movements contra against these.
St Peters Court - Decant and Demolition	735	48	0	0	Revenue costs associated with the decant and demolition of St Peters Court (excludes staffing).
St Peters Court - Decant and Demolition (Staffing)	24	0	0	0	Additional Staffing Requirements during decant of St Peters Court.
Housing Development Programme	647	0	0	0	Additional revenue costs associated with Housing development. 1 x Damp & Mould Officer, 1 x Operational Lead: Housing Maintenance support, 1 x Senior Development Officer, 1 x Contract Manager - Electrical, 0.4 x Disabled Adaption Manager, 0.5 Policy & Project Officer, 2 x Capital Project Officers and Assistant Project Officer, 1 x Operational Lead: Investment and Ownership, 1 x Housing Officer, 1 x Resident Liaison Officer, 2 x Schedulers, 1 x Tenant Engagement Officer, 1 x Neighbourhood Manager. Also staff pay awards. 2027/28 base is 2026/27 budget.
Additional Staffing Requirements	792	843	884	1,129	
Brownfield Land Release Revenue costs	496	22	0	0	Planning fees and project management of Brownfield Release. Costs to be recovered through land sale at end of project.
Consultancy costs	372	75	50	0	External consultancy costs relating to HRA compliance.
Repairs and Maintenance service cost increase	298	402	415	428	Increase Material costs, increased cost of services and additional compliance works previously approved at cabinet.
running of schemes (sheltered and non- sheltered)	245	203	207	208	Increases in utilities bills for all schemes.
Stock Condition Survey	229	0	0	0	Extend contract for stock condition surveys to cover all HRA stock. Contract to continue from 2023-24 to 2024-25.
Rents, rates and other charges	130	19	0	0	Estimated Council Tax on voids at St Peters Court until demolition.
Depreciation charge	0	121	164	284	Depreciation is linked to the capital programme.
Insurance Premiums	36	44	51	58	External impact, insurance premiums have increased across the Council.
Provision for Bad Debt	35	21	19	16	Increase on provision for bad debt following the rent refunds processed.
Digital Transformation Programme	64	20	24	33	Increase in investment in analytical software and digital transformation programme.
Travel Expenses	16	16	16	16	Increase in travel costs with increased staff, vacancies filled and increased office working.
Tenant Engagement	11	11	11	11	Vacancy filled, increase investment in tenant engagement.
Corporate Subscriptions	11	11	11	11	Housing Ombudsman increased annual fee.
	8,559	3,456	1,852	2,194	
Reduced Income					
Dwelling Rent income	412	426	440	453	Decant of St Peters Court.
Interest on cash balances	0	0	142	136	Forecasted reduced HRA balances in 26/27 & 27/28.
Non Dwelling Income (Leases and Wayleaves)	8	8	8	8	Reduced income due to demolition of St Peters court.
Reimbursement of costs	5	5	5	5	Reduced external use of Choice Based Letting Service.
Non Dwelling Income (Garage Rents)	3	3	4	0	Reduced number of Garages.
	428	442	599	602	

Additional Income					
Dwelling Rent income	-1,017	-635	-675	-1,198	7.7% increase applied to 2024/25. 2027/28 base is 2026/27 budget. BOI predicted CPI + 1% for 2025/26 to 2027/28.
Interest on cash balances	-299	-139	0	0	Increase in average interest received in 24/25 & 25/26.
Service charges and facilities income	-171	-176	-178	-204	Increase to recover costs of services.
Capital Grants and Contributions	-157	0	0	0	Homes England funding towards specific housing development. Contra against increase in DRF.
Contribution towards expenditure	-41	0	0	0	Reserve contribution to specific development sites.
Leaseholders Charges for Services	-5	-5	-5	-5	Improved recharging to leaseholders.
Non Dwelling Income (Garage Rents)	0	0	0	-1	27/28 base is 2026/27 budget. 3% increase applied.
	-1,690	-955	-858	-1,408	
Savings					
Direct Revenue Financing - source of finance for capital programme	0	0	-501	-2,465	Use of Capital Receipts in future years. 2027/28 base is 2026/27 budget.
Support recharge from General Fund to HRA	-205	-185	-179	-137	Support recharges reviewed to reflect the services used by the HRA.
Interest Payable and similar Charges	0	0	0	-302	Interest to reduce in 27/28 following repayment of debt instalment.
Housing Development Programme	0	-156	-91	-56	Revenue costs associated with Housing Development to reflect capital programme requirements.
Dwelling Rent Write-offs	-50	-50	-50	-50	Dwelling rent write off budget to reduce due to rent and service charges refunds.
Depreciation charge	-53	0	0	0	Depreciation is linked to the capital programme.
St Peters Court - Decant and Demolition - Staffing	-9	-37	-39	-39	Savings from posts currently filled by agency relating to St Peters Court.
St Peters Court - Decant and Demolition	0	0	-20	-20	Savings from removing the running costs of St Peters court (excludes staffing).
HRA Contribution to Treasury Management	-10	-11	-12	-17	Contribution reduces inline with HRA share of cash balances
Rents, rates and other charges	0	0	-11	-11	Once redevelopment programme progresses, charges for associated properties/sites will be removed.
	-327	-439	-903	-3,097	
Use of Reserves					
Debt Repayment Reserve	-1,800	200	450	1,150	Use of balance 24/25 to cover in year expenses. To be replenished between 25/26 to 27/28.
Brownfield Land Release Reserve	-1,000	-1,500	-1,704	0	Use of reserve to contra against increase in DRF. - Kirkley Water Front Decontamination.
Acquisition and Development Reserve	-1,486	0	0	0	Use of reserve to contra against increase in DRF. - Development Programme.
Hardship/DHP Top up Reserve	-104	-28	-29	-30	To extend agency cover for rent officers and fund a financial inclusion officer post.
	-4,390	-1,328	-1,283	1,120	
Net Total Movements	2,580	1,176	-593	-589	
	Net Total Movements between 2024/25 and 2027/28			2,574	

11.1 Table D details the changes across each financial year, with a brief description for the change. All changes have been put through the 30-year business plan to ensure the financial viability of the HRA. There is no adverse effect to the long-term financial position of the HRA by making these changes, and no requirement to take on additional borrowing at this stage. However, if the proposed dwelling rent increase of 7.7% is not adopted, or further growth is added to the budgets, borrowing against the new build capital programme will be required or potentially reducing/removing the new build programme.

HRA 2024/25 to 2027/28 Budget – inclusive of Projected outturn for 2023/24

11.2 Table E summarises the 2024/25 budget through to 2027/28, with a projected outturn position for 2023/24. A brief description for each heading can be found in **Appendix B**.

Table E

	2023/24 Budget £'000	2023/24 Projection £'000	2023/24 Movement £'000	2024/25 Budget £'000	2025/26 Budget £'000	2026/27 Budget £'000	2027/28 Budget £'000
Income							
Dwelling Rent	(20,634)	(20,520)	114	(22,136)	(22,440)	(23,040)	(23,550)
Non-Dwelling Rent	(184)	(175)	9	(177)	(181)	(185)	(190)
Service & Other Charges	(732)	(750)	(18)	(911)	(924)	(946)	(972)
Leaseholders Charges for Services	(10)	(20)	(10)	(15)	(15)	(15)	(15)
Contribution towards Expenditure	(57)	(234)	(177)	(74)	(33)	(33)	(33)
Reimbursement of Costs	(68)	(80)	(12)	(64)	(64)	(64)	(64)
Capital Grants and Contributions	-	(4,926)	(4,926)	(157)	-	-	-
Interest Income	(276)	(1,083)	(807)	(575)	(415)	(134)	(140)
Total Income	(21,961)	(27,788)	(5,827)	(24,109)	(24,072)	(24,417)	(24,964)
10% of total income	(2,196)	(2,779)	(583)	(2,411)	(2,407)	(2,442)	(2,496)
Expenditure							
Repairs & Maintenance	6,935	6,760	(175)	7,938	7,715	7,866	8,013
Supervision & Management	3,724	3,862	138	4,024	3,973	4,079	4,203
Special Services	2,705	3,660	959	5,093	3,046	3,045	3,076
Rents, Rates and other Charges	143	188	45	243	131	101	102
Movement in Bad Debt Provision	-	(220)	(220)	34	21	19	16
Contribution to CDC	92	92	-	92	92	92	92
Capital Charges	4,191	4,206	15	4,633	5,100	5,397	5,511
Interest Charges	2,106	2,106	-	2,066	2,026	2,026	1,724
Revenue Contribution to Capital	3,400	6,040	3,011	6,555	3,400	3,199	1,235
Transfer to Earmarked Reserves	(38)	481	519	(4,430)	(1,328)	(1,283)	1,120
Total Expenditure	23,258	27,175	4,292	26,248	24,176	24,541	25,092
Movement in the HRA balance	1,297	(613)	(1,535)	2,139	104	124	128
HRA Balance carried forward	(3,066)	(4,976)	(1,910)	(2,837)	(2,733)	(2,609)	(2,481)

Highlights regarding 2023/24 revised position – Table E

Income

11.3 The reduction in dwelling rent is in relation to the decant of St Peters Court and delays in the new build development programme.

11.4 The small variation in non-dwellings is due to the reduction in the number of garages.

11.5 The small variation in service charges is minimal compared to the size of the budget.

11.6 The increased income on leaseholder charged is due to improved processes on recharging.

11.7 The increase on contribution to expenditure is a combination of:

- Refund on Stamp Duty Paid on properties for social housing over the last 4 years.

- Unexpected funding from the Government towards the new burdens of customer satisfaction measures.
- Additional contributions towards to project management of decontamination of the former Sanyo site.

11.8 Reimbursement on costs includes a one-off recharge for work completed in 2022-23.

11.9 Additional funding received in Capital Grants relates to:

- £4.2 million for the Brownfield release fund.
- £250,000 Suffolk County Council contribution towards the purchase of 2 properties for Homes for Ukraine's.
- £473,000 Homes England funding towards Milton Road new build development.

11.10 Increased interest income due to increased cash balances in year and higher interest rates.

Expenditure

11.11 Saving on Repairs and Maintenance in relation to in year vacancy savings.

11.12 Increased costs on Supervision and Management are in relation to implementation of new ICT software and agency staff for the rents and service charge refund process.

11.13 Increased costs on Special Services are due to the decant and demolition of St Peters Court, Consultancy fees and additional revenue costs associated with the Deben Fields Development.

11.14 The increase in rents, rates and other charges are increased Council Tax payments on void properties in St Peters Court.

11.15 The saving on Bad Debt Provision is based on the knowledge that rent arrears will be reduced due to the rents and service charge refund process.

11.16 The slight change to the Capital charges is the depreciation charge. This is transferred to the Major Repairs Reserve.

11.17 The increase in Revenue contributions to Capital are partly covered by the additional grant funding received (section 11.9), and the use of the acquisition and development reserve.

11.18 The increase to earmark reserves represents all earmark reserve movements that can be seen in detail on appendix E.

2024/25 to 2027/28 Budgets

11.19 **Table E** demonstrates a projected healthy HRA working balance at 31 March 2024. The balance is planned to be drawn down in financial years 2024/25, to make best use of the funds, but always maintaining the required 10% minimum. Best practice is considered to have a minimum working balance that approximates to 10% of the total income received in one year.

11.20 There is a separate provision already set aside in previous financial years to cover all anticipated refunds through the rents and service charge refund process. This process will not impact on the proposed budgets.

SUMMARY OF HEADINGS ON CHART OF ACCOUNT

Income.

- **Dwelling Rent;** Rental income from tenants for housing (Including Housing Benefits).
- **Non-Dwelling Rent;** Rental income for garages, and any other assets rented out by the HRA.
- **Services and other Charges;** Service Charges and nonspecific income.
- **Leaseholder's charges for services;** Recharges to Leaseholders for works and services.
- **Contributions towards expenditure;** External contributions towards expenditure.
- **Reimbursement of costs;** Rechargeable works to a third party.
- **Interest Income;** Interest received on cash balances held by the HRA.

Expenditure.

- **Repairs and Maintenance;** General Repairs and Maintenance to all housing stock.
- **Supervision and Management;** Costs associated with running the HRA, e.g. tenant's services, office-based staff, IT etc.
- **Special Services;** Sheltered schemes, warden costs, property acquisitions, redevelopment/decarbonisation, and new development revenue costs.
- **Rents, Rates, and other Charges;** Council Tax charges for void properties and Business Rates.
- **Movement in Bad Debt Provision;** Bad debt provision is to hold funds to cover debt (arrears) that are unlikely to be recovered by the HRA. Current Bad Debt provision is at £872k.
- **Contribution to CDC;** CDC is Corporate & Democratic Core costs. This is the HRA's contribution towards these.
- **Capital Charges;** Depreciation charged to HRA assets. (This is transferred to the Major Repairs Reserve. This can fund capital work or contribute to paying down the debt).
- **Interest Charges;** The interest payments relating to HRA borrowing.
- **Revenue contribution to Capital;** Capital expenditure is large repairs work such as 'replacing a kitchen' or building new properties. These are funded from either the HRA 'Revenue Contribution,' receipts held through the sale of assets (e.g. Right to Buy Properties), or other reserves and contributions.
- **Transfer to Earmark Reserves;** The HRA has several reserves, but the one used most frequently is the Debt Repayment Reserve. Money is transferred to this reserve each year to pay off the debt held by the HRA.

HRA SERVICE AND OTHER CHARGES

The following charges are based on a 50 week collection year. Under current policies, the following increases/(Decreases) in charges are proposed for 2024/25.

	Average Weekly Charge 2023/24 £	Average Proposed Weekly Charge 2024/25 £	Average Weekly Increase/ (Decrease) £
Grouped Homes Service Charges (average):			
General Service Charge	16.10	19.31	3.21
Heating Charge	18.13	23.71	5.58
Communal Water Charge	1.71	2.29	0.58
Support Charge	3.33	3.33	0.00
Laundry	3.90	3.90	0.00
Caretaker:			
St Peter's Court	7.15	7.15	0.00
Dukes Head Street	5.30	5.45	0.15
Chapel Court	3.75	3.86	0.11
Servicing:			
Septic Tank Emptying/Servicing	5.83	6.12	0.29
Flue Maintenance	2.53	2.71	0.18
Grounds Maintenance (average) *	1.39	1.42	0.03
* Cost vary depending on size of land to maintain.			
Other:			
Communal Area Cleaning Service (average) **	2.55	2.67	0.12
** Cost vary depending on number and size of communal areas.			
Garage Rents:			
Tenants	9.45	9.73	0.28
Non Tenants (net of VAT)	11.03	11.36	0.33 (13.63 inclusive of VAT)

HRA REPAIRS & MAINTENANCE REVENUE BUDGETS

	2023/24 Approved Budget	2023/24 Forecast Outturn	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget
	£	£	£	£	£	£
Responsive Maintenance						
Supervision and Management (See note 1 below)	2,365,500	2,743,800	2,997,200	3,069,300	3,088,500	3,094,900
Compliance Consultancy	120,000	110,500	196,700	0	0	0
Compliance Contract Management (See note 2 below)	331,500	332,400	647,600	691,600	716,900	737,900
Jobbing Repairs	1,350,000	1,050,000	1,100,000	1,152,500	1,207,600	1,265,500
Loft and Cavity wall Insulation (See note 3 below)	50,000	35,000	0	0	0	0
Tenant Paint Allowances	40,000	25,000	31,500	33,100	34,800	36,500
Relet Repairs (Voids)	925,000	755,000	807,500	846,900	888,200	931,600
Asbestos - Removal	80,000	155,000	150,000	150,000	150,000	150,000
Asbestos - Testing	95,000	35,000	60,000	60,000	60,000	60,000
Legionella	10,000	35,000	50,000	50,000	50,000	50,000
Internal Communal Areas (See note 4 below)	60,000	0	60,000	60,000	60,000	60,000
Solid Fuel and Heating Repairs	33,000	33,000	34,500	36,100	37,800	39,500
Electrical Testing & Repairs	200,000	200,000	200,000	200,000	200,000	200,000
Emergency Lighting	0	80,000	35,000	35,000	35,000	35,000
External Decoration (See note 4 below)	100,000	40,000	150,000	150,000	150,000	150,000
Roof and PVC Panelling Cleaning (See note 5 below)	25,000	0	0	0	0	0
Fire Fighting Equipment and Detection	17,000	62,000	20,000	20,000	20,000	20,000
Fire Risk Assessments	9,800	20,000	37,400	27,900	17,400	11,800
Fire Alarm Servicing	0	23,300	24,000	24,700	25,400	26,200
Solar Panel and Sprinkler Servicing	0	6,200	7,300	8,400	6,000	7,000
Installation of CO2 detectors (See note 6 below)	0	23,700	0	0	0	0
Stock Condition Survey (See note 7 below)	0	155,000	229,000	0	0	0
Lift servicing, maintenance and installation	55,000	54,000	56,700	58,400	60,200	62,000
Disabled Adaptations	30,000	45,000	30,000	30,000	30,000	30,000
Door Porter and Security Systems	20,000	25,000	20,000	20,000	20,000	20,000
Environmental Works/Energy Efficiency software	7,500	7,500	7,500	7,500	7,500	7,500
Drainage and Pumping Stations	9,600	9,600	9,600	9,600	9,600	9,600
Mutual Exchange	10,000	10,000	10,000	10,000	10,000	10,000
Rechargeable Works - Incl's Leaseholder Properties	40,000	40,000	40,000	40,000	40,000	40,000
Servicing Contracts & Repairs	486,000	469,000	536,000	552,000	568,500	585,500
Total Responsive Maintenance	6,469,900	6,580,000	7,547,500	7,343,000	7,493,400	7,640,500
Planned Maintenance	£	£	£	£	£	£
Chimneys	20,000	10,000	10,000	10,000	10,000	10,000
External Walls, Boundary and retaining walls	60,000	35,000	60,000	60,000	60,000	60,000
Canopy's and Porches	15,000	0	0	0	0	0
Paths / Hardstanding	250,000	50,000	180,000	180,000	180,000	180,000
Outbuildings	40,000	10,000	20,000	20,000	20,000	20,000
Structural / Damp / Drainage / etc (See note 4 below)	80,000	70,000	160,000	160,000	160,000	160,000
Total Planned Maintenance	465,000	175,000	430,000	430,000	430,000	430,000
Total HRA Housing Repairs	6,934,900	6,755,000	7,977,500	7,773,000	7,923,400	8,070,500

Notes:

Note 1 - Supervision and Management of the Repairs and Maintenance Team, unrecoverable cost, stock and equipment.

Note 2 - New Contract Compliance Team managing compliance contracts including fire safety.

Note 3 - Previously a £50,000 revenue budget held. This has been replaced with a £500,000 Capital Budget to focus investment in this area.

Note 4 - Programme of works being worked up during 2023-24 to be implemented from 2024/25 onwards.

Note 5 - Roof cleaning to be combines with external dec works. Not required to be held separate.

Note 6 - Fitting of CO2 Detectors - most of the work was completed in 2022-23, remaining balance paid in 2023-24.

Note 7 - Work planned for 2022-23, now being completed in 2023-24, and contract extended into 2024-25 to cover the whole HRA Stock.

Appendix E

HRA BALANCE AND RESERVE SUMMARY

HRA WORKING BALANCE

	2023/24 Movements			2024/25 Movements			2025/26 Movements			2026/27 Movements			2027/28 Movements			Closing Balance 31/03/28
	Closing Balance 31/03/23	Transfer In	Transfer Out	Closing Balance 31/03/24	Transfer In	Transfer Out	Closing Balance 31/03/25	Transfer In	Transfer Out	Closing Balance 31/03/26	Transfer In	Transfer Out	Closing Balance 31/03/27	Transfer In	Transfer Out	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Working Balance	-4,363	(613)	0	-4,976	-	2,140	-2,836	0	104	-2,732	-	123	-2,609	-	127	-2,482
10% Requirement	-2,085			-2,167			-2,338			-2,366			-2,429			-2,482

HRA EARMARKED RESERVES

	2023/24 Movements			2024/25 Movements			2025/26 Movements			2026/27 Movements			2027/28 Movements			Closing Balance 31/03/28
	Closing Balance 31/03/23	Transfer In	Transfer Out	Closing Balance 31/03/24	Transfer In	Transfer Out	Closing Balance 31/03/25	Transfer In	Transfer Out	Closing Balance 31/03/26	Transfer In	Transfer Out	Closing Balance 31/03/27	Transfer In	Transfer Out	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Debt Repayment Reserve	-13,000	-	-	-13,000	-	1,800	-11,200	(200)	-	-11,400	(450)	10,000	-1,850	(1,150)	-	-3,000
HRA DHP topup Reserve	-499	-	209	-290	-	144	-146	-	28	-118	-	29	-89	-	30	-59
MMI Reserve	-60	-	-	-60	-	-	-60	-	-	-60	-	-	-60	-	-	-60
Acquisition & Development Reserve	-5,000	-	3,514	-1,486	-	1,486	-	-	-	-	-	-	-	-	-	-
Brownfield Land release Reserve	0	(4,204)	-	-4,204	-	1,000	3,204	-	1,500	1,704	-	1,704	-	-	-	-
Brampton Sinking Fund	-2	(1)	-	-3	(1)	-	-4	(1)	-	-5	(1)	-	-6	(1)	-	-7
Total HRA Earmarked Reserves	-18,561	-4,205	3,723	-19,043	-1	4,430	-14,614	-201	1,528.00	-13,287	-451	11,733	-2,005	-1,151	30	-3,126

HRA CAPITAL RESERVE

	2023/24 Movements			2024/25 Movements			2025/26 Movements			2026/27 Movements			2027/28 Movements			Closing Balance 31/03/28
	Closing Balance 31/03/23	Transfer In	Transfer Out	Closing Balance 31/03/24	Transfer In	Transfer Out	Closing Balance 31/03/25	Transfer In	Transfer Out	Closing Balance 31/03/26	Transfer In	Transfer Out	Closing Balance 31/03/27	Transfer In	Transfer Out	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
HRA Major Repairs Reserve	-15,780	(4,174)	4,074	-15,880	(4,605)	8,404	-12,081	(5,073)	10,498	-6,656	(5,370)	5,290	-6,736	(5,490)	4,790	-7,436

HRA BUDGET KEY ASSUMPTIONS

The following key assumptions have been made in the budgets.

Income	2024/25	2025/26	2026/27	2027/28
Dwelling rents annual increase (see paragraph 3.19)	7.7%	3.4%	3.1%	3.1%
Allowance for voids - % of total rent roll	1.3%	1.3%	1.3%	1.3%
Garage rents annual increase	3.0%	3.0%	3.0%	3.0%
Charges for services & facilities annual increase *	N/A	3.00%	3.00%	3.00%
Write-off allowance **	£0	£50,000	£50,000	£50,000
Number of dwellings lost through Right To Buys (RTB's)	15	30	30	30
Number of dwellings lost to demolition	0	90	0	0
Number of new dwellings added to the stock	25	81	20	31
Average interest rate on HRA balances	4.00%	3.00%	3.00%	2.00%

Expenditure

Bad Debt Provision

Due to the rents and service charge refunds an assumption has been made that there will be a reduction in the bad debt requirement during 2023/24, and then a small increase has been added for future years. This will be revised each year.

* The 2024/25 service charges have varying increases, see Appendix C. 3% has been applied to future years inline with increased budget costs.

** No write-off allowance is included in 2024/25 while the rent and service charge audit is being carried out and potential refunds are to be processed.

Committee	Full Council
Date	21/02/2024
Subject	Capital Programme 2023/24 to 2027/28
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
Report Author(s)	Julian Sturman Specialist Accountant – Capital & Treasury Management julian.sturman@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
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Purpose/Summary

As part of the budget setting process, the Council is required to agree a programme of capital expenditure for the coming four years. The capital programme plays an important part in the delivery of the Council's Medium-Term Financial Strategy (MTFS), which in turn supports wider service delivery. The report sets out the Council's capital programme including revisions to the current programme for the financial years 2023/24 to 2027/28. This report also forms the basis of Overview & Scrutiny Committee's review of the Budget at its meeting on 18 January 2024 as required under the Budget and Policy Framework.

Recommendation(s)

That Full Council:

1. Approve the General Fund capital programme for 2023/24 to 2027/28 including revisions as shown in **Appendix B**.
2. Approve the Housing Revenue Account capital programme for 2023/24 to 2027/28 including revisions as shown in **Appendix G**.

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. All projects in the Programme are intended to contribute to this commitment, ensuring where possible environment and energy efficient processes, materials and equipment are used.
Sustainable Housing	The Housing Revenue Account commits to support safe, suitable and sustainable homes directly through the projects within the capital programme
Tackling Inequalities	As part of the regeneration programme enabling business and charities providing direct services to residents of East Suffolk residents to locate in Council owned assets.
Thriving Economy	The capital programme ensures that economic development and regeneration activity enables residents of East Suffolk to benefit from and contribute to a thriving economy. Specifically, the Council is committed to delivering the Towns Fund Deal project including the regeneration of the Towns Seafront.
Our Foundations / governance of the organisation	At the heart of the capital budget is good financial management and governance which underpins the Councils spending commitments on projects funded by the Council. The financing of the capital programme feeds directly into the Councils Medium Term Financial Strategy (MTFS) which supports the delivery of the strategic direction of East Suffolk Council.

The report forms an important element of good governance, ensuring financial sustainability and putting the Council's assets to good use.

The Capital Programme budget for 2024/25 through to 2027/28 is considered at the following meetings.

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

Justification for recommendations

1. Background

1.1. The Capital programme feeds directly into the Council's MTFS which in turn is the mechanism by which the key Strategic Plan objective of Financial Sustainability will be delivered over the medium term. The Capital programme contributes directly to the Council's specific actions within the Strategic Plan and identifies the financing for these projects.

2. Introduction

2.1. Capital expenditure within the Council is split into two main components, the General Fund Capital programme, and the Housing Revenue Account (HRA) Capital programme.

2.2. The capital programme has been compiled taking account of the following main principles, to:

- maintain an affordable four-year rolling capital programme.
- ensure capital resources are aligned with the Council's Strategic Plan,
- maximise available resources by actively seeking external funding and disposal of surplus assets; and
- not to anticipate receipts from disposals until they are realised.

3. Proposal

General Fund Capital Programme Summary

3.1. Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset.

3.2. Following the review and revisions to programme by project officers the revised capital programme has been reviewed by the Corporate Leadership Team (CLT) along with the Chief Finance Officer and is presented at:

- **Appendix A:** - General Fund Capital Programme 2023/24 to 2027/28 Summary, shows a summary of the capital programme and planned financing.
- **Appendix B:** - General Fund Capital Programme Revisions 2023/24 to 2027/28, shows budget revisions to previously approved projects.
- **Appendix C:** - General Fund Capital Programme 2023/24 to 2027/28 extract of budget increases greater than £0.500m and budget decreases greater than £0.500m.
- **Appendix D:** - General Fund Capital Programme 2023/24 to 2027/28 new projects, shows the new projects being recommended for approval and inclusion within the existing programme as shown in Appendix B.
- **Appendix E:** - General Fund Capital Programme 2023/24 to 2027/28 extract of externally funded projects, is an extract of the programme showing all projects which are subject to external grants/contributions.

- 3.3. The General Fund capital programme for 2023/24 through to 2027/28 has a total financing requirement of £329.03m which will be financed through both internal and external resources.
- 3.4. The programme from 2023/24 to 2027/28 benefits from £211.08m (64%) of external grants and contributions, the use of £13.85m (4%) of reserves and internal/external borrowing of £104.10m (32%).
- 3.5. Where projects have identified external funding, if this is not secured then those projects will look to secure other funding or will not be pursued. Similarly, where projects require significant borrowing more than £3m, these will require robust business cases to underpin the investment. The project business case should be presented to Council for approval prior to external borrowing being secured.

Housing Revenue Account (HRA) Capital Programme Summary

- 3.6. Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset.
 - **Appendix F:** - HRA Capital Programme 2023/24 to 2027/28 Summary shows a summary of the capital programme and planned financing.
 - **Appendix G:** - HRA Capital Programme 2023/24 to 2027/28, shows an update to the HRA capital budgets.
- 3.7. The HRA capital programme for 2023/24 through to 2027/28 has a total budget requirement £81.95m which will be financed through both internal and external resources.
- 3.8. The programme from 2023/24 to 2027/28 relies upon £8.92m (11%) of external grants and contributions, the use of £38.05m (46%) of capital reserves, direct revenue financing (HRA) of £18.08m (22%) and £16.90m (21%) of capital receipts.

4. Financial Implications

- 4.1. Approval of the capital programme by Full Council is an authority for Council officers to enter into contracts and incur expenditure up to the approved budget amounts and where applicable, secure external funding.

5. Legal Implications

- 5.1. As set out in the Council's Financial Procedure Rules, the Chief Finance Officer is responsible for preparing and submitting capital budgets to Cabinet and Council.
- 5.2. As the Capital Programme budget directly links to the Councils overarching budget the provisions of the Local Government Finance Act 1992 also applies which sets out what the Council has to base its budget calculations upon and requires the Council to set a balanced budget with regard to the advice of its Section 151 Officer.

6. Risk Implications

6.1. The financing of the capital programme is embedded within the Councils MTFS budget therefore there is no additional budget impact directly arising from this report.

6.2. Projects within the programme could be subject to delay for a variety of reasons therefore slippage in the budget may occur.

7. Options

7.1. The capital programme forms part of the Council's Budget and Policy Framework. The Council is required to set an annual budget and therefore no other options have been considered.

8. Recommendations

8.1 Full Council approves the General Fund capital programme for 2023/24 to 2027/28 including revisions as shown in **Appendix B**.

8.2 Full Council approves the Housing Revenue Account capital programme for 2023/24 to 2027/28 including revisions as shown in Appendix.

9. Reasons for Recommendations

9.1. The Council's constitution requires the Chief Finance Officer to prepare and present to Cabinet and Full Council the Council's capital programme for approval.

10. Conclusions/Next Steps

10.1 Full Council approves the Capital Programme as per the Councils constitution.

Areas of consideration comments

Section 151 Officer comments:

The Council programme as presented in the report maintains the principle of affordability over the Medium Term Financial Strategy, however, the scale of the capital programme as currently drafted is such that the Council would begin to approach its borrowing limits over the life of the proposed programme if other sources of finance were not available. The programme as presented does not pre-empt the realisation of capital receipts and only those receipts already received will be used as financing.

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. Overview & 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:

There are no direct implications arising from this report.

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 arising from this report.

Residents and Businesses consultation/consideration:

External consultation has been conducted on a range of individual projects and programmes within the overall Capital Programme, and a number of programmes such as the Lowestoft Flood Risk Management Project and the Lowestoft Town Investment Plan feature programme boards which include key external stakeholders as part of their governance arrangements. The Overview & Scrutiny Committee also considered the Capital programme as part of the budget process at its meeting on 18 January 2024.

Appendices:

Appendix A	General Fund Capital Programme 2023/24 to 2027/28 Summary
Appendix B	General Fund Capital Programme Revisions 2023/24 to 2027/28
Appendix C	General Fund Capital Programme 2023/24 to 2027/28 extract of budget increases greater than £0.50m and budget decreases greater than £0.50m.
Appendix D	General Fund Capital Programme 2023/24 to 2027/28 New Projects
Appendix E	General Fund Capital Programme 2023/24 to 2027/28 Extract of Externally Funded Projects
Appendix F	HRA Capital Programme 2023/24 to 2027/28 Summary
Appendix G	HRA Capital Programme 2023/24 to 2027/28

Background reference papers:

Date	Type	Available From

General Fund Capital Programme 2023/24 to 2027/28 Summary

SUMMARY - GENERAL FUND PROGRAMME	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	2023/24 to 2026/27	2023/24 to 2027/28
	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 New Budget	£000 Original Total	£000 Revised Total
MHCLG Grant Funding to Freeport East via ESC as Accountable Body	19,810	0	4,940	0	0	0	0	0	0	24,750	0
Communities, Leisure & Tourism	8,700	1,936	21,500	5,671	21,500	22,850	0	24,841	0	51,700	55,298
Corporate Services (formerly ICT - Digital & Programme Management)	875	796	250	887	250	250	250	250	500	1,625	2,683
Corporate Services (formerly Operations)	29,105	17,505	12,988	12,958	1,280	5,322	1,280	1,930	1,930	44,653	39,645
Economic Development & Transport	14,363	5,651	8,782	21,777	22,849	18,498	0	909	0	45,994	46,835
Community Health (formerly Environmental Services & Port Health)	484	485	50	50	0	0	0	0	0	534	535
Resources & Value for Money (Formerly Financial Services)	0	400	0	315	0	0	0	0	0	0	715
Resources & Value for Money (Formerly General Fund Housing)	3,690	2,594	1,000	2,207	1,000	2,194	1,000	2,182	2,171	6,690	11,348
Resources & Value for Money - Long Term Debtors	5,000	0	0	0	0	0	0	0	0	5,000	0
Planning & Coastal Management	31,084	17,367	36,749	32,367	36,175	36,175	85,885	85,885	175	189,893	171,969
Total Capital Expenditure	113,111	46,734	86,259	76,232	83,054	85,289	88,415	115,997	4,776	370,839	329,028
Financed By:-											
Internal resources - reserves	6,309	7,229	1,350	2,637	800	1,250	800	1,250	1,500	9,259	13,866
Internal resources - borrowing	35,630	16,485	29,863	22,697	31,155	37,161	905	26,635	1,105	97,553	104,083
Grants	71,172	23,020	55,046	50,898	51,099	46,878	86,710	88,112	2,171	264,027	211,079
Total Financing	113,111	46,734	86,259	76,232	83,054	85,289	88,415	115,997	4,776	370,839	329,028

General Fund Capital Programme Revisions 2023/24 to 2027/28

ES/1855

MHCLG GRANT FUNDING TO FREEPORT EAST (via ESC as Accountable Body)	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Harwich	5,600	0	1,400	0	0	0	0	0	0	EG
Felixstowe	8,460	0	3,540	0	0	0	0	0	0	EG
Gateway 14	5,750	0	0	0	0	0	0	0	0	EG

Total Capital Expenditure	19,810	0	4,940	0	0	0	0	0	0	
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Financed By:-

Internal resources - Reserves	0	0	0	0	0	0	0	0	0	
Internal resources - borrowing	0	0	0	0	0	0	0	0	0	
Grants/contributions	19,810	0	4,940	0	0	0	0	0	0	
	19,810	0	4,940	0	0	0	0	0	0	

Project	Description
Harwich	Central Government Grant Funding to Freeport East via Principle (East Suffolk Council)
Felixstowe	Central Government Grant Funding to Freeport East via Principle (East Suffolk Council)
Gateway 14	Central Government Grant Funding to Freeport East via Principle (East Suffolk Council)

Funding Type Key:

CR Capital Receipt	EG External Grant
EB External Borrowing	ER Earmarked Reserve
EC External Contribution	IB Internal Borrowing

COMMUNITIES, LEISURE & TOURISM	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre)	1,000	0	16,500	1,000	17,500	16,500	0	17,500	0	EB
Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre Land Purchase & Access Road)	5,000	500	3,000	1,456	0	4,000	0	2,991	0	EB
Felixstowe North - Garden Neighbourhood Regeneration Project (Infrastructure)	0	0	2,000	0	4,000	2,000	0	4,000	0	EB
Felixstowe Sports Hub	0	250	0	0	0	250	0	250	0	IB
Deben Fields (Former Deben High School) Felixstowe (BC)	2,200	500	0	2,850	0	0	0	0	0	IB
Leisure Centres (South)	500	550	0	315	0	100	0	100	0	IB
Leisure Centre Lowestoft (Roof)	0	41	0	50	0	0	0	0	0	IB
Leisure Centres - Pool Covers	0	95	0	0	0	0	0	0	0	IB

Total Capital Expenditure	8,700	1,936	21,500	5,671	21,500	22,850	0	24,841	0
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Financed By:-

Internal resources - Reserves	0	0	0	0	0	0	0	0	0
Internal resources - borrowing	8,700	1,936	21,500	5,671	21,500	22,850	0	24,841	0
Grants/contributions	0	0	0	0	0	0	0	0	0
	8,700	1,936	21,500	5,671	21,500	22,850	0	24,841	0

Project	Description
Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre)	Provision of new leisure centre site including purchase of site and access road
Felixstowe North - Garden Neighbourhood Regeneration Project (Infrastructure)	Infrastructure development to enable housing development
Felixstowe Seafront Gardens Handrailing	Installation of handrailing
Felixstowe Sports Hub	ESC is working with key sports clubs in Felixstowe including, football, cricket, rugby and hockey in order to provide separate hubs in Felixstowe that each sport can develop and grow.
Deben Fields (BC)	Site Leisure provision
Leisure Centres South	Planned preventative maintenance works required to ensure the immediate running of the facility.
Leisure Centre Lowestoft (Roof)	Refurbishment of Leisure Centre roof to enhance the life of the asset and to protect against water ingress
Leisure Centre Pool Covers	Pool covers to increase energy efficiency and reduce loss of heat

CORPORATE SERVICES (formerly Digital & Programme Management)	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Corporate IT Requirements	450	571	250	350	250	250	250	250	500	ER
ESSL ICT	100	200	0	237	0	0	0	0	0	ER
CCTV replacement	325	25	0	300	0	0	0	0	0	IB

Total Capital Expenditure	875	796	250	887	250	250	250	250	500
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Financed By:-

Internal resources - Reserves	550	771	250	587	250	250	250	250	500
Internal resources - borrowing	325	25	0	300	0	0	0	0	0
Grants/contributions	0	0	0	0	0	0	0	0	0
	875	796	250	887	250	250	250	250	500

Project	Description
Corporate IT Requirements	Corporate refresh of hardware and updating of current systems
ESSL ICT	Purchase of hardware systems for ESSL use
CCTV	Safer Streets initiative

CORPORATE SERVICES (formerly Operations)	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Bath Tap Chalets, Felixstowe	500	100	0	400	0	0	0	0	0	IB
Cemeteries	380	88	0	300	0	0	0	0	0	IB
Cliff House, Felixstowe	900	194	0	800	0	0	0	0	0	IB
East Point Pavilion	0	100	0	95	0	0	0	0	0	IB
Estates Management	500	1,650	500	750	500	500	500	500	500	IB
Felixstowe Beach Village	1,500	1,589	0	0	0	0	0	0	0	IB
Felixstowe Ferry Car Park	150	150	0	50	0	0	0	0	0	IB
Felixstowe Garrison Lane Car Park	0	20	0	0	0	0	0	0	0	IB
Felixstowe Lighting	250	5	0	245	0	0	0	0	0	IB
Felixstowe Seafront Gardens Handrailing	0	5	0	10	0	0	0	0	0	IB
Felixstowe South - Public Realm and Martello Tower	2,000	0	2,000	1,000	0	2,980	0	0	0	IB
Fishing Hut Felixstowe	0	21	0	0	0	0	0	0	0	ER
Footway Lighting Works - Northern (cyclical replacement)	30	30	30	30	30	30	30	30	30	IB
Deben Fields (Former Deben High School) Felixstowe	500	50	0	0	0	0	0	0	0	IB
Lowestoft Beach Hut Block 2 to 5	100	0	0	20	0	0	0	0	0	IB
Lowestoft Victoria Terrace	150	75	0	75	0	0	0	0	0	IB
Lowestoft - car park enhancement (BCMC)	600	0	0	600	0	0	0	0	0	IB
Lowestoft - Property Purchase Hamilton Road	0	1,200	0	0	0	0	0	0	0	IB
Lowestoft - Property Wilde Street	0	750	0	0	0	0	0	0	0	IB
Newcombe Road Lowestoft	1,900	1,951	2,000	2,261	0	0	0	0	0	EB
Car Park Works	600	200	0	194	0	50	0	0	0	IB
Orford Road Felixstowe Access Ramp	0	6	0	0	0	0	0	0	0	IB

Public Conveniences Programme	500	285	0	363	0	362	0	0	0	IB
Railway Building - Lowestoft	1,700	500	308	1,540	0	0	0	0	0	EB
Ravine (Jubilee) Bridge	400	442	0	25	0	0	0	0	0	IB
Rotterdam Road Roof	300	405	0	0	0	0	0	0	0	IB
Seafront Gardens Beach Hut Sites & Relocations	0	495	0	0	0	0	0	0	0	IB
Southwold Caravan Site redevelopment	1,400	48	0	1,500	0	0	0	0	0	EB
Southwold Enterprise Hub	0	625	0	0	0	0	0	0	0	IB
Southwold Harbour Improvements	320	150	0	150	0	0	0	0	0	IB
Southwold Harbour - Visitor Moorings	100	150	900	0	0	0	0	0	0	IB
Southwold Harbour South Pier	6,000	0	6,000	0	0	0	0	0	0	EG
St Marys Church Woodbridge - Wall	0	4	0	140	0	0	0	0	0	IB
Operational Grounds Equipment	25	0	25	0	25	0	25	0	0	ER
Operational Vehicles/Equipment/Grounds Equipment/Assets	5,250	5,952	1,025	2,000	525	1,000	525	1,000	1,000	ER/CR/IB
Wheeler Bin purchase	0	0	0	200	0	200	0	200	200	IB
Barnards Way, Lowestoft	2,750	20	0	0	0	0	0	0	0	IB
Council Offices Leiston	0	20	0	0	0	0	0	0	0	IB
Woodbridge Model Boat Pond	0	25	0	0	0	0	0	0	0	IB

Total Capital Expenditure	29,105	17,505	12,988	12,958	1,280	5,322	1,280	1,930	1,930
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Financed By:-

Internal resources - Reserves	5,275	5,973	1,050	2,000	550	1,000	550	1,000	1,000
Internal resources - borrowing	17,830	11,532	5,938	10,958	730	4,322	730	930	930
Grants/contributions	6,000	0	6,000	0	0	0	0	0	0
	29,105	17,505	12,988	12,958	1,280	5,322	1,280	1,930	1,930

Project	Description
Bath Tap Chalets, Felixstowe	Structural works and refurbishment
Bawdsey Quay	Sewage system, clearance of car park and signage works
Cemeteries	Provision for Cemetery improvements across the district
Cliff House, Felixstowe	Development of site
East Point Pavilion	Redevelopment of the East Point Pavilion complex
Estates Management	A planned preventative maintenance list of works required on Council owned properties throughout the district
Felixstowe Beach Village	Construction and development of Felixstowe Beach Village
Felixstowe Ferry Car Park	Enhancement of site and sewage system
Felixstowe Garrison Lane Car Park	Enhancement of site
Felixstowe Lighting	Cyclical replacement of footway lighting
Felixstowe Seafront Gardens Handrailing	Installation of handrailing
Felixstowe South - Public Realm and Martello Tower	Development of South Seafront area and Martello Café Felixstowe
Fishing Hut Felixstowe	Rebuilding of fishing hut next to Felixstowe Pier that burnt down in 2019
Footway Lighting Works - Northern (cyclical replacement)	Cyclical replacement of footway lighting

Deben Fields	Purchase and development of former school site
Lowestoft Beach Hut Block 2 to 5	Replacement of beach hut wooden frontage
Lowestoft Victoria Terrace	Works on Victoria Terrace Beach Huts structure
Lowestoft Car Park enhancement (BCMS)	Enhancement works to car park
Lowestoft Hamilton Road	Purchase of site for regeneration
Lowestoft Wilde Street	Purchase of site for regeneration
Newcombe Road Lowestoft	Redevelopment of site to provide start up units
Car Park Works	Planned preventative maintenance works
Orford Road Felixstowe Access Ramp	Replacement of disabled access ramp near new café site
Play Areas (District wide)	Upgrade and refurbishment of district wide play areas
Public Conveniences Programme	Upgrade and refurbishment of district wide public conveniences
Railway Building - Lowestoft	Purchase and development of building contained within the Railway site
Ravine Bridge	Structural works and refurbishment works to part owned bridge
Rotterdam Road Roof	Replacement section of Rotterdam Road Depot Roof
Seafront Gardens Beach Hut Development	Development of Seafront Gardens site for new beach huts
Southwold Caravan Site redevelopment	Refurbishment of existing caravan site
Southwold Enterprise Hub	Capital investment
Southwold Harbour Improvements	Improvements to site
Southwold Harbour - Visitor Moorings	Visitor moorings enhancement
Southwold South Pier	Enhancement to the Pier Structure
St Marys Church Woodbridge - Wall	Refurbishment of closed church yard wall
Operational Grounds Equipment	Replacement lawn tractors/mowers
Operational Vehicles/Equipment	Purchase of Vehicles for operational use
Wheelie Bins purchase	Purchase of bins
Barnards Way, Lowestoft	8300m2 of undeveloped ESC land. Develop site for small industrial units including Service delivery of ESC services
Council Offices Leiston	Refurbishment to the fabric of the building to meet H&S requirement and to ensure asset remains watertight
Woodbridge Model Boat Pond	Refurbishment of model boat pond boundary posts and water treatment system

ECONOMIC DEVELOPMENT & TRANSPORT	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Towns Fund - Cultural Quarter (Phase 1)	3,690	285	5,160	8,554	15,220	15,035	0	476	0	EG/IB
Towns Fund -Station Quarter (Former Post & Sorting Office Inc. Sculpture)	2,300	340	1,000	3,035	0	127	0	433	0	EG/IB
Towns Fund - Historic Quarter	715	438	710	3,098	5,930	3,236	0	0	0	EG
Towns Fund - Port Gateway Improvement Project	2,470	2,469	145	181	0	0	0	0	0	EG
Towns Fund - Seafront Vision Delivery	719	801	470	747	0	0	0	0	0	EG
UKSPF	369	485	1,197	1,529	1,599	0	0	0	0	EG
Partnership Scheme in Conservation Areas (PSiCA).	100	0	100	200	100	100	0	0	0	EG
LUF - Seafront (Phase 3 BH)	4,000	833	0	4,433	0	0	0	0	0	IB/EG

Total Capital Expenditure	14,363	5,651	8,782	21,777	22,849	18,498	0	909	0
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Financed By:-

Internal resources - Reserves	0	0	0	0	0	0	0	0	0
Internal resources - borrowing	3,600	1,712	2,250	2,660	8,750	9,814	0	689	0
Grants/contributions	10,763	3,939	6,532	19,117	14,099	8,684	0	220	0
	14,363	5,651	8,782	21,777	22,849	18,498	0	909	0

Project	Description
Towns Fund	Towns Fund Grant investment of £24.9m in projects to regenerate the town, driving economic growth and acting as a catalyst for future investment, rising to £35.9m with the addition of matched funding (subject to ESC business case)
UKSPF	UK Shared Prosperity and Rural England Prosperity Funds - grant funding will support communities and place, supporting local business and people and skills
Partnership Scheme in Conservation Areas (PSiCA).	Partnership Scheme in Conservation Areas - grant available for capital projects in conservation areas
LUF - Seafront (Phase 3 BH)	Government Levelling Up Fund to support the continued investment and regeneration of Lowestoft Seafront

COMMUNITY HEALTH (formerly Environmental Services & Port Health)	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Port Health	484	485	50	50	0	0	0	0	0	ER

Total Capital Expenditure	484	485	50	50	0	0	0	0	0
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Financed By:-

Internal resources - Reserves	484	485	50	50	0	0	0	0	0
Internal resources - borrowing	0	0	0	0	0	0	0	0	0
Grants/contributions	0	0	0	0	0	0	0	0	0
	484	485	50	50	0	0	0	0	0

Project	Description
Port Health	Capital expenditure for the function of the Port Health Service

RESOURCES & VALUE FOR MONEY (formerly Financial Services)	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Romany Lane (previously STTS)	0	400	0	315	0	0	0	0	0	IB

Total Capital Expenditure	0	400	0	315	0	0	0	0	0	
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Financed By:-

Internal resources - Reserves	0	0	0	0	0	0	0	0	0	
Internal resources - borrowing	0	400	0	315	0	0	0	0	0	
Grants/contributions	0	0	0	0	0	0	0	0	0	
	0	400	0	315	0	0	0	0	0	

Project	Description
Romany Lane (previously STTS)	Remedial and improvement works to the Romany Lane site

RESOURCES & VALUE FOR MONEY(formerly General Fund Housing)	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Disabled Facilities Grant	1,000	2,594	1,000	2,207	1,000	2,194	1,000	2,182	2,171	EG
Local Authority Housing Fund (LAHF)	2,690	0	0	0	0	0	0	0	0	EG

Total Capital Expenditure	3,690	2,594	1,000	2,207	1,000	2,194	1,000	2,182	2,171	
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Financed By:-

Internal resources - Reserves	0	0	0	0	0	0	0	0	0	
Internal resources - borrowing	0	0	0	0	0	0	0	0	0	
Grants/contributions	3,690	2,594	1,000	2,207	1,000	2,194	1,000	2,182	2,171	
	3,690	2,594	1,000	2,207	1,000	2,194	1,000	2,182	2,171	

Project	Description
Disabled Facilities Grant	HIA Disabled Facilities Grant works
Local Authority Housing Fund (LAHF)	Central Government General Fund Housing Scheme

RESOURCES & VALUE FOR MONEY - LONG TERM DEBTORS	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
LATCO - Loan funding	5,000	0	0	0	0	0	0	0	0	IB

Total Capital Expenditure	5,000	0	0	0	0	0	0	0	0	
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Financed By:-

Internal resources - Reserves	0	0	0	0	0	0	0	0	0	
Internal resources - borrowing	5,000	0	0	0	0	0	0	0	0	
Grants/contributions	0	0	0	0	0	0	0	0	0	
	5,000	0	0	0	0	0	0	0	0	

Project	Description
LATCO	Loan to the LATCO for investment purposes

PLANNING & COASTAL MANAGEMENT	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	Funding Type
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget	
Coast Protection - Minor Capital Works	175	275	175	240	175	175	175	175	175	IB
Navigation Markers	0	0	0	300	0	0	0	0	0	IB
North Denes Promenade	0	0	0	200	0	0	0	0	0	IB
Corton & North Corton Hybrid Scheme	7,000	0	7,000	0	0	0	0	0	0	EG
Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	4,000	5,470	0	0	0	0	0	0	0	EG
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate) *	10,809	11,017	29,574	29,574	36,000	36,000	85,710	85,710	0	EG
Southwold Harbour Fender	0	0	0	53	0	0	0	0	0	IB/EG
Southwold Harbour North Wall (Phase 1 & 2)	0	605	0	2,000	0	0	0	0	0	ER/IB
Resilient Coasts Project	9,100	0	0	0	0	0	0	0	0	EG

Total Capital Expenditure	31,084	17,367	36,749	32,367	36,175	36,175	85,885	85,885	175
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Financed By:-

Internal resources - Reserves	0	0	0	0	0	0	0	0	0
Internal resources - borrowing	175	880	175	2,793	175	175	175	175	175
Grants/contributions	30,909	16,487	36,574	29,574	36,000	36,000	85,710	85,710	0
	31,084	17,367	36,749	32,367	36,175	36,175	85,885	85,885	175

Project	Description
Coast Protection - Minor Capital Works	The Coastal Management Team carries out a comprehensive programme of inspections which highlight when repair and maintenance works need to be carried out. This ensures that the defences are functioning correctly, extends the life of the assets and protects the public from potential hazards.
Navigation Markers	Replacement Sea Navigation Markers
North Denes Promenade	Safety works to promenade surface
Corton & North Corton Hybrid Scheme	This item is for ESC contribution to privately funded works to part remove and part rebuild in rock, defences to the north of Corton Village that were abandoned after failure in line with 2010 Shoreline Management Plan policy, plus allow managed realignment to take place to north of village, creating a new beach
Lowestoft Flood Risk Management Project Phase 1 & 2	A major project to construct a permanent tidal wall which will be built around the harbour to protect Lowestoft from future tidal surges, with a tidal gate located near to the Bascule Bridge to prevent surge
Southwold Harbour Fender	Southwold Harbour fender remedial works following damage to the fender which was originally constructed in 1992 as set out in the 3rd November 2020 Cabinet report
Southwold Harbour North Wall Phase 1 & 2	Urgent works needed to the Southwold North seawall to ensure its stability and is not breached.
Resilient Coast Projects	Flood and Coastal Resilience Innovation Programme funded by the Environment Agency

	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28
	£000	£000	£000	£000	£000	£000	£000	£000	£000
	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	Original Budget	Revised Budget	New Budget
Total Capital Expenditure	113,111	46,734	86,259	76,232	83,054	85,289	88,415	115,997	4,776
Financed By:-									
Internal resources - Reserves	6,309	7,229	1,350	2,637	800	1,250	800	1,250	1,500
Internal resources - borrowing	35,630	16,485	29,863	22,697	31,155	37,161	905	26,635	1,105
Grants/contributions	71,172	23,020	55,046	50,898	51,099	46,878	86,710	88,112	2,171
	113,111	46,734	86,259	76,232	83,054	85,289	88,415	115,997	4,776

**General Fund Capital Programme 2023/24 to 2027/28 extract of budget increases greater than £0.50m
and budget decreases greater than £0.50m.**

ES/1855

2023/24 to 2027/28 - BUDGET INCREASES ABOVE £0.50M	Current Budget £000	Revised Budget 2023-24 to 2027-28 £000	Variance £000	Funding Type
Deben Fields (Former Deben High School) Felixstowe -Leisure Facility	2,350	3,350	1,000	IB
Disabled Facilities Grants	5,000	11,348	6,348	EG
Estates Management	2,493	3,400	907	IB
Felixstowe Sports Hub	135	750	615	IB
LUF - Seafront (Phase 3 BH)	4,600	5,266	666	IB/EG
Operational Vehicles/Equipment/Grounds Equipment/Assets	8,552	10,952	2,400	ER/CR/IB
Southwold Harbour North Wall Phase 2	462	2,605	2,143	IB
Totals	23,592	37,671	14,079	

2023/24 to 2027/28 - BUDGET DECREASES ABOVE £0.50M	Current Budget 2023-24 to 2027-28 £000	Revised Budget 2023-24 to 2027-28 £000	Variance £000	Funding Type
MHCLG Funding to Freeport East via ESC as Accountable Body - Harwich	7,000	0	-7,000	EG
MHCLG Funding to Freeport East via ESC as Accountable Body - Felixstowe	12,000	0	-12,000	EG
MHCLG Funding to Freeport East via ESC as Accountable Body - Gateway 14	6,000	0	-6,000	EG
Southwold Harbour South Pier	6,200	0	-6,200	EG
Barnards Way, Lowestoft	3,000	20	-2,980	IB
Local Authority Housing Fund (LAHF)	2,690	0	-2,690	EG
LATCO - Loan funding	5,000	0	-5,000	IB
Corton & North Corton Hybrid Scheme	7,000	0	-7,000	EG
Thorpeness (Externally Funded)	3,300	0	-3,300	EG
Resilient Coasts Project	9,004	0	-9,004	EG/IR
Totals	61,194	20	-61,174	

General Fund Capital Programme 2023/24 to 2027/28 New Projects

2023/24 to 2027/28 NEW PROJECTS	2023/24 £000 Original Budget	2023/24 £000 Revised Budget	2024/25 £000 Original Budget	2024/25 £000 Revised Budget	2025/26 £000 Original Budget	2025/26 £000 Revised Budget	2026/27 £000 Original Budget	2026/27 £000 Revised Budget	2027/28 £000 Original Budget	Funding Type
Lowestoft - Property Purchase Wilde Street	0	750	0	0	0	0	0	0	0	IB
Navigation Markers	0	0	0	300	0	0	0	0	0	IB
North Denes Promenade	0	0	0	200	0	0	0	0	0	IB
Wheelie Bin purchase	0	0	0	200	0	200	0	200	200	IB
Total Budgeted Expenditure	0	750	0	700	0	200	0	200	200	
Financed By:-										
Internal resources - Reserves	0	0	0	0	0	0	0	0	0	
Internal resources - borrowing	0	750	0	700	0	200	0	200	200	
Grants/contributions	0	0	0	0	0	0	0	0	0	
Total Financing	0	750	0	700	0	200	0	200	200	

General Fund Capital Programme 2023/24 to 2027/28
Extract of Externally Funded Projects

ES/1855

2023/24 to 2027/28 EXTERNALLY FUNDED PROJECTS	Total Budget 2023-24 to 2027-28 £000	External Funding £000	ESC Funding £000
Towns Fund - Cultural Quarter (Phase 1)	24,350	14,350	10,000
Towns Fund -Station Quarter (Former Post & Sorting Office)	3,935	2,935	1,000
Towns Fund - Historic Quarter	6,772	6,772	0
Towns Fund - Port Gateway Improvement Project	2,650	2,650	0
Towns Fund - Seafront Vision Delivery	1,548	1,548	0
UKSPF	2,014	2,014	0
Partnership Scheme in Conservation Areas (PSiCA).	300	300	0
LUF - Seafront (Phase 3 BH)	5,266	4,300	966
Disabled Facilities Grant	11,348	11,348	0
Lowestoft Flood Risk Management Project	167,771	167,771	0
Totals	225,954	213,988	11,966

HRA Capital Programme 2023/24 to 2027/28 Summary

ES/1855

SUMMARY - HRA PROGRAMME	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28	2023/24 to 2027/28
	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 Original Budget	£000 Revised Budget	£000 New Budget	£000 Revised Total
Asset Investment	11,515	4,185	10,976	7,890	5,140	10,190	5,140	5,490	4,990	32,745
Acquisition & Development	15,929	9,846	9,282	21,178	7,000	7,479	7,000	6,523	4,183	49,209
Total Capital Expenditure	27,444	14,031	20,258	29,068	12,140	17,669	12,140	12,013	9,173	81,954
Financed By:-										
Internal resources - capital receipt	9,893	3,345	660	5,344	4,710	2,244	3,810	3,024	2,948	16,905
Internal resources - Housing Revenue Account	3,155	1,803	2,087	10,278	0	2,967	3,400	1,795	1,235	18,078
Internal resources - reserves	12,953	7,588	17,211	9,890	6,430	10,498	4,930	5,290	4,790	38,056
Grants	1,443	1,295	300	3,556	1,000	1,960	0	1,904	200	8,915
Total Financing	27,444	14,031	20,258	29,068	12,140	17,669	12,140	12,013	9,173	81,954

HRA Capital Programme 2023/24 to 2027/28

ES/1855

ASSET INVESTMENT	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27	2027/28
	£000 Original	£000 Revised	£000 Original	£000 Revised	£000 Original	£000 Revised	£000 Original	£000 Revised	£000 Original
Bathrooms	200	200	200	100	200	100	200	150	150
Central Heating/Boilers	350	400	500	500	500	500	500	500	500
Consultancy Compliance requirements	480	1,158	0	1,170	0	750	0	750	250
Demolition	0	106	0	70	0	50	0	50	50
Disabled Works	180	70	180	180	180	180	180	180	180
Door entry & Warden Systems	100	348	0	0	0	0	0	0	0
Energy Efficiencies Work	100	100	500	100	500	100	500	100	100
Environmental Works	1	2	10	10	10	10	10	10	10
External Doors	10	50	20	250	20	250	20	250	250
Housing Redevelopment	2,357	0	0	2,100	1,000	0	1,000	0	0
Housing Repair Vans	0	112	500	200	210	200	210	200	200
Insulation	0	0	0	500	0	500	0	500	500
Kitchens - Programmed & Responsive	410	350	650	250	650	250	650	350	350
New accommodation Project	2,500	0	0	0	0	2,850	0	0	0
Reconversions	150	267	150	0	150	0	150	0	0
Re-Roofing	250	200	450	450	450	450	450	450	450
Retrofitting	2,400	0	2,700	500	1,000	500	1,000	500	500
Rewiring	300	250	250	250	250	250	250	250	250
Solar Panels	0	0	0	1,000	0	1,000	0	1,000	1,000
St Peters Court - Door replacement	276	484	0	0	0	0	0	0	0
St Peters Court - Fire Risk Compliance	378	75	0	0	0	0	0	0	0
St Peters Court - Internal Dec's	52	0	0	0	0	0	0	0	0
St Peters Court - Lift	600	3	0	0	0	0	0	0	0
St Peters Court - Remove Cladding & Change windows	140	0	4,846	0	0	0	0	0	0
St Peters Court - Shed area	50	0	0	0	0	0	0	0	0
St Peters Court - Sprinkler System	223	0	0	0	0	0	0	0	0
Windows & Facias	8	10	20	250	20	250	20	250	250
Total Budgeted Expenditure	11,515	4,185	10,976	7,890	5,140	10,190	5,140	5,490	4,990
Financed By :-									
Housing Capital Receipt	1,936	111	660	200	210	200	210	200	200
Housing Revenue Account	0	0	0	0	0	0	0	0	0
Housing Revenue Account Reserves	9,579	4,074	10,316	7,690	4,930	9,990	4,930	5,290	4,790
	11,515	4,185	10,976	7,890	5,140	10,190	5,140	5,490	4,990

Project	Description
Bathrooms	Replacement and improvements to bathrooms and layouts to the housing stock.
Central Heating/Boilers	A rolling programme has been established which provides replacement heating appliances, boilers and installation of full heating systems to the housing stock.
Demolition - Garage	Demolition of garages and construction of parking area
Disabled Works	These works provide disabled adaptations to the Council's housing stock to improve the living conditions of tenants, for example, the installation of flush floor showers, stairlifts etc.
Door Entry System - Park Road & The Hemplands	New door entry system
Energy Efficiency Works	Energy improvement works to properties, examples could be electrical improvements to blocks of flats to reduce energy consumption, more efficient heating systems, installation of over bath showers to reduce water usage etc.
Environmental Works	Works controlled by tenants for environmental improvements, examples could be additional estate parking, communal play improvements etc.
External Doors	A rolling programme provides replacement doors to the housing stock.
Housing Redevelopment	Redevelopment of identified sites for housing
Housing Repair Vans	Cyclical renewal of Housing vans
Insulation	Insulation improvement works including but not limited to loft and cavity wall top ups, virgin installs and associated works.
Kitchens - Programmed & Responsive	Replacement and improvements to kitchens and layouts to the housing stock.
New Accommodation Project	Fit for purpose accommodation for the Housing Team
Reconversions	example converting bedsits into 1 bed flats or adapting properties for specific needs of our tenants.
Re-Roofing	A rolling programme provides replacement roofs to the housing stock.
Retrofitting	This is unallocated budget specifically to contribute towards the energy efficiency of the HRA housing stock. As the stock condition surveys are completed, and works identified, this budget will be allocated to the specific requirements.
Rewiring	Rewiring to the housing stock.
Solar Panels	This is to investment in the instalment of new solar panels on appropriate housing stock to improve the energy efficiency of our tenants homes.
St Peters Court - Replacement Doors	Replacement door programme
St Peters Court - Fire Risk Compliance	Fire Assessment of the St Peters Court tower block
St Peters Court - Internal Dec's	Repair and renew internal services including redecoration
St Peters Court - Lift	Replacement of St Peters Court Lift

St Peters Court - Remove Cladding & Change windows	Removal of cladding and replacement of windows
St Peters Court - Shed area	Enhancement of shed area
St Peters Court - Sprinkler System	Installation of sprinkler system
Windows	A rolling programme provides replacement windows to the housing stock.

ACQUISITION AND DEVELOPMENT PROGRAMME	2023/24 £000 Original	2023/24 £000 Revised	2024/25 £000 Original	2024/25 £000 Revised	2025/26 £000 Original	2025/26 £000 Revised	2026/27 £000 Original	2026/27 £000 Revised	2027/28 £000 Original
New builds	15,929	8,568	9,282	21,178	7,000	7,479	7,000	6,523	4,183
Acquisitions	0	1,278	0	0	0	0	0	0	0
Total Budgeted Expenditure	15,929	9,846	9,282	21,178	7,000	7,479	7,000	6,523	4,183
Financed By :-									
Housing Capital Receipt	7,957	3,234	0	5,144	4,500	2,044	3,600	2,824	2,748
Housing Revenue Account	3,155	1,803	2,087	10,278	0	2,967	3,400	1,795	1,235
Housing Revenue Account Reserves	3,374	3,514	6,895	2,200	1,500	508	0	0	0
External Funding	1,443	1,295	300	3,556	1,000	1,960	0	1,904	200
	15,929	9,846	9,282	21,178	7,000	7,479	7,000	6,523	4,183

Project	Description
New builds	Provision of new housing
Acquisitions	Purchase of Housing stock

	2023/24 £000 Original	2023/24 £000 Revised	2024/25 £000 Original	2024/25 £000 Revised	2025/26 £000 Original	2025/26 £000 Revised	2026/27 £000 Original	2026/27 £000 Revised	2027/28 £000 Original
Programme Total	27,444	14,031	20,258	29,068	12,140	17,669	12,140	12,013	9,173

Committee	Full Council
Date	21/02/2024
Subject	Capital Strategy 2024/25 to 2027/28
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
Report Author(s)	Julian Sturman Specialist Accountant – Capital & Treasury Management julian.sturman@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
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Purpose/Summary

The Capital Strategy in Appendix A gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability.

Recommendation(s)

That Full Council:

1. Approves the Capital Strategy for 2024/25 to 2027/28

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. Through the capital programme which links to the capital strategy, all projects are intended to contribute to this commitment, ensuring where possible environment and energy efficient processes, materials and equipment are used.
Sustainable Housing	Through the capital programme which links to the capital strategy the Housing Revenue Account commits to support safe, suitable, and sustainable homes directly through the projects within the capital programme
Tackling Inequalities	Through the capital programme which links to the capital strategy the regeneration programme enabling business and charities providing direct services to residents of East Suffolk residents to locate in Council owned assets.
Thriving Economy	Through the capital programme which links to the capital strategy the economic development and regeneration activity enables residents of East Suffolk to benefit from and contribute to a thriving economy. Specifically, the Council is committed to delivering the Towns Fund Deal project including the regeneration of the Towns Seafront.
Our Foundations / governance of the organisation	<p>At the heart of the capital strategy is good financial management and governance which underpins the Councils spending commitments on projects funded by the Council.</p> <p>The financing of the capital programme and the Management of the Councils Treasury Management function feeds directly into the Councils Medium Term Financial Strategy (MTFS) which supports the delivery of the strategic direction of East Suffolk Council.</p> <p>The report forms an important element of good governance, ensuring financial sustainability and putting the Council's financial and physical assets to good use.</p>

	<p>The Capital Strategy for 2024/25 through to 2027/28 is considered at the following meetings.</p>
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- Audit & Governance Committee 8 January 2024
- Full Council 21 February 2024

Justification for recommendations

1. Background

1.1. The CIPFA Prudential code requires a Capital Strategy report to be produced and presented to the Audit & Governance Committee and Full Council in advance of the coming financial year.

2. Introduction

2.1. The Capital Strategy at Appendix A gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability.

3. Proposal

3.1. Section 2 of the Strategy outlines the draft Capital Programme 2024/25 to 2027/28 and the way in which it is to be financed. The overall planned expenditure is £410.97m (General Fund £329.03m and HRA £81.94m) over 2023/24 to 2027/28. The 2024/25 planned capital expenditure is £105.66m (General Fund £76.59m and HRA £29.07m).

3.2. Section 3 of the Strategy refers to the Asset Management Strategy, this highlights the treatment of asset disposals and the continuation of the prudent policy of not anticipating capital receipts before they are received.

3.3. Section 4 covers Treasury Management, including both borrowing and investments. Treasury Management is a well-established Council activity that operates within a tightly controlled framework.

3.4. Section 5 presents the Council's approach to Service Investments.

3.5. Section 6 explores the Council's other financial liabilities, both in terms of existing commitments (e.g., the Pension Fund deficit) and guarantees.

3.6. Section 7 explores the in-built revenue implications within the Capital Programme, its financing costs and evaluates its overall "prudence, affordability and sustainability".

3.7. Section 8 explains how the Strategy is underpinned by a systematic approach to obtaining and maintaining the necessary knowledge and skills required, to operate effectively, whilst (simultaneously) adequately protecting the Council's financial risk exposure and wider interests.

3.8. The Strategy concludes in Section 9 which includes an explicit statement by the Chief Finance Officer in accordance with the Prudential Code, providing assurance to Members that the Capital Strategy as a whole is affordable, and that risk has been identified and is being adequately managed.

4. Financial Implications

4.1. The Strategy compiles the management of the Council's capital budget plans and the impact on the council's cash flow transactions which in turn feeds directly into the Councils Medium Term Financial Strategy (MTFS).

5. **Legal Implications**
5.1. There are no legal implications for this report.
6. **Risk Implications**
6.1. Non-compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA's) Prudential Code.
7. **Options**
7.1. To comply with the CIPFA Prudential Code the report is required to be produced and presented to members, and consequently, no other options have been considered.
8. **Recommendations**
8.1. That Full Council approves the Capital Strategy 2023/24 to 2026/27.
9. **Reasons for Recommendations**
9.1. Approval of the Capital Strategy by Full Council is a requirement under the CIPFA Prudential Code.
10. **Conclusions/Next Steps**
10.1 Full Council approves the Capital Strategy.

Areas of consideration comments

Section 151 Officer comments:

The Capital Strategy report complies with the CIPFA Prudential Code, which requires the Council to produce a report which combines the Treasury Management Activity, the Capital Programme and the Asset Management aspirations of the Council in one report and present to Full Council annually.

Monitoring Officer comments:

The high level report combining the Capital Budget report and Treasury Management information contained within the separate reports 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. 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. The Treasury Management element complies with the Council's Constitution which requires the review and monitoring of the Council's Treasury Management policies and practices by the Council's Audit and Governance Committee with any recommendations being presented to Full Council. The report was reviewed by the Audit and Governance Committee on 8 January 2024.

Equality, Diversity and Inclusion/EQIA:

There are no direct implications arising from this report.

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 arising from this report.

Residents and Businesses consultation/consideration:

There are no direct implications arising from this report.

Appendices:

Appendix A | Capital Strategy 2024/25 to 2027/28

Background reference papers:

Date	Type	Available From
08/02/2024	Capital Programme 2023/24 to 2027/25 report to Cabinet	Democratic Services
08/01/2024	Treasury Management Strategy Statement & Treasury Management Investment Strategy Statement 2024/25 Report to the Audit & Governance Committee	Democratic Services

East Suffolk Council

ES/1856

Capital Strategy 2024/25 – 2027/28

1) Introduction

1.1 This Capital Strategy gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services in East Suffolk, along with an overview of how associated risk is managed and the implications for future financial sustainability. It has purposely been written in an accessible style to enhance understanding of what can be very technical areas.

2) Capital Expenditure and Financing

2.1 Expenditure

2.1.1 Capital expenditure occurs when the Council spends money on assets such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example individual assets costing below £10,000 are not capitalised and are charged to revenue in year.

2.1.2 Further details on the Council’s capitalisation policy can be found in the 2022/23 Draft Statement of Accounts on page 40, note n:

- [ESC-Statement-of-Accounts-2022-23.pdf \(eastsuffolk.gov.uk\)](https://www.eastsuffolk.gov.uk/ES-Statement-of-Accounts-2022-23.pdf)

2.1.3 In 2024/25, East Suffolk Council is planning total capital expenditure of £105.30m (and a total of £410.97m from 2024/25 to 2027/28) as summarised in Table 1 below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure

	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget	2027/28 budget
	£000’s	£000’s	£000’s	£000’s	£000’s
General Fund Services	46,734	76,232	85,289	115,997	4,776
Council Housing (HRA)	14,031	29,068	17,669	12,013	9,173
TOTAL	60,765	105,300	102,958	128,010	13,949

2.1.4 The capital programme which has been revised through the Councils autumn budget setting process will be reviewed at the January meeting of the Scrutiny Committee. The General Fund and HRA summaries are shown below.

SUMMARY - GENERAL FUND PROGRAMME	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24 to 2027/28
	£000 Revised Budget	£000 Revised Budget	£000 Revised Budget	£000 Revised Budget	£000 New Budget	£000 Revised Total
MHCLG Grant Funding to Freeport East via ESC as Accountable Body	0	0	0	0	0	0
Communities, Leisure & Tourism	1,936	5,671	22,850	24,841	0	55,298
Corporate Services (formerly ICT - Digital & Programme Management)	796	887	250	250	500	2,683
Corporate Services (formerly Operations)	17,505	12,958	5,322	1,930	1,930	39,645
Economic Development & Transport	5,651	21,777	18,498	909	0	46,835
Community Health (formerly Environmental Services & Port Health)	485	50	0	0	0	535
Resources & Value for Money (Formerly Financial Services)	400	315	0	0	0	715
Resources & Value for Money (Formerly General Fund Housing)	2,594	2,207	2,194	2,182	2,171	11,348
Resources & Value for Money - Long Term Debtors	0	0	0	0	0	0
Planning & Coastal Management	17,367	32,367	36,175	85,885	175	171,969
Total Capital Expenditure	46,734	76,232	85,289	115,997	4,776	329,028
Financed By:-						
Internal resources - reserves	7,229	2,637	1,250	1,250	1,500	13,866
Internal resources - borrowing	16,485	22,697	37,161	26,635	1,105	104,083
Grants	23,020	50,898	46,878	88,112	2,171	211,079
Total Financing	46,734	76,232	85,289	115,997	4,776	329,028

SUMMARY - HRA PROGRAMME	2023/24	2024/25	2025/26	2026/27	2027/28	2023/24 to 2027/28
	£000 Revised Budget	£000 Revised Budget	£000 Revised Budget	£000 Revised Budget	£000 New Budget	£000 Revised Total
Asset Investment	4,185	7,890	10,190	5,490	4,990	32,745
Acquisition & Development	9,846	21,178	7,479	6,523	4,183	49,209
Total Capital Expenditure	14,031	29,068	17,669	12,013	9,173	81,954
Financed By:-						
Internal resources - capital receipt	3,345	5,344	2,244	3,024	2,948	16,905
Internal resources - Housing Revenue Account	1,803	10,278	2,967	1,795	1,235	18,078
Internal resources - reserves	7,588	9,890	10,498	5,290	4,790	38,056
Grants	1,295	3,556	1,960	1,904	200	8,915
Total Financing	14,031	29,068	17,669	12,013	9,173	81,954

2.1.5 The Housing Revenue Account (HRA) is a ring-fenced account which ensures that the Council's housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

2.1.6 Capital investments include loans and shares made for service purposes and property to be held primarily for financial return in line with the definition in the CIPFA Treasury Management Code.

2.2 Governance

2.2.1 The evaluation, prioritisation, and acceptance of capital schemes onto the Capital Programme is carried out in accordance with strict criteria that ensures that new schemes reflect Council priorities and can be delivered within available resources (e.g., due priority is given to schemes yielding savings and/or generating income as well as meeting a Council priority). Proposals are shaped by senior managers in consultation with councillors and considered at the Head of Service budget meetings (in October/November each year) which also includes the Strategic Director responsible for the service area, the Chief Finance Officer (CFO) and relevant members of the finance team. The Head of Housing budget meeting also considers the HRA capital programme.

2.2.2 The draft Capital Programme is then subjected to formal Scrutiny prior to setting the budget followed by Full Council approval.

2.3 Financing

- 2.3.1 All capital expenditure must be financed, either from external sources (Government grants and other contributions), the Council’s own resources (revenue, reserves, and capital receipts) or debt (borrowing and leasing). The planned financing of the above expenditure is presented in Table 2 below.

Table 2: Capital Financing

	2023/24 budget £000's	2024/25 budget £000's	2025/26 budget £000's	2026/27 budget £000's	2027/28 budget £000's
External resources (Grants/Contributions)	24,315	54,454	48,838	90,016	2,371
Revenue resources	19,965	28,149	16,959	11,359	10,473
Borrowing	16,485	22,697	37,161	26,635	1,105
TOTAL	60,765	105,300	102,958	128,010	13,949

- 2.3.2 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as “Minimum Revenue Provision” (MRP).

Table 3: Replacement of prior years’ Debt Finance

	2023/24 Actual £000's	2024/25 budget £000's	2025/26 budget £000's	2026/27 budget £000's	2027/28 budget £000's
Minimum Revenue Provision (MRP)	1,722	2,011	2,405	2,962	2,386

- 2.3.3 The Council’s annual MRP statement can be found at Annex A below.
- 2.3.4 The Council’s cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP. The CFR is expected to increase by £77.83m between 2023/24 and 2027/28 which is due to capital projects being financed through borrowing. Based on the above figures for expenditure and financing, the Council’s estimated CFR is presented in Table 4 below.

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement (CFR)

	2023/24 Actual £000's	2024/25 budget £000's	2025/26 budget £000's	2026/27 budget £000's	2027/28 budget £000's
General Fund services CFR	85,034	106,082	150,476	174,149	172,868
Council housing (HRA) CFR	59,440	59,440	49,440	49,440	49,440
TOTAL CFR	144,474	165,522	199,916	223,589	222,308

3) Asset Management

3.1 Asset Management Strategy

- 3.1.1 The Council recognises the importance of ensuring that capital assets continue to be of long-term use especially against a rapidly changing operational and technological backdrop. Enhancing the management of the Council’s existing asset base and

looking beyond the traditional medium-term financial planning horizon is a major priority. An updated Asset Management Strategy (AMS) was approved in July 2019, broken down into four key components:

- Administrative Improvements.
- Compliance and Sustainability.
- A strategic approach to assets; and
- Reducing expenditure and increasing income.

The AMS takes a longer-term view comprising:

- ‘Good’ information about existing assets.
- The optimal asset base for the efficient delivery of Council objectives.
- The gap between existing assets and optimal assets.
- Strategies for purchasing and constructing new assets, investment in existing assets, transferring of assets to other organisations and the disposal of surplus assets; and
- Plans for individual assets.

3.2 Asset Disposals

3.2.1 When a capital asset is no longer needed, it may be sold so that the proceeds - known as capital receipts - can be spent on new assets or to repay debt. Repayments of loans and investments also generate capital receipts. Table 5 below summarises the overall budget projections for capital receipts and loan repayments.

Table 5: Capital Receipts

	2023/24 Actual	2024/25 budget	2025/26 budget	2026/27 budget	2027/28 budget
	£000's	£000's	£000's	£000's	£000's
General Fund Asset sales	-5,599	0	0	0	0
HRA Asset Sales	-1,860	-7,055	-1,543	-616	-675
TOTAL	-7,459	-7,055	-1,543	-616	-675
General Fund Loans repaid	160	1,200	160	160	160
HRA Loans repaid	0	960	0	10,000	0
TOTAL	160	2,160	160	10,160	160

3.2.2 The Council operates a deliberately prudent policy of not assuming future capital receipts within its General Fund capital income projections.

4) Treasury Management

4.1 Introduction

4.1.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council’s spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by

borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.

- 4.1.2 Due to decisions taken in the past, the Council currently (28th November 2023) has borrowing of £65.49m at an average interest rate of 4.44% and £123.89m in treasury investments at an average consolidated rate of 4.88%.

4.2 Borrowing

- 4.2.1 The Council's main objective when borrowing is to achieve a low but certain cost of finance while retaining flexibility should plans change in the future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between short-term loans (currently available at around 5.69%) and long-term fixed rate loans where the future cost is likely to be higher than the current 5.49%.
- 4.2.2 Projected levels of the Council's total outstanding debt (which comprises borrowing, leases and transferred debt) are shown below in Table 6, compared with the Capital Financing Requirement (Table 4 above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	2023/24 budget £000's	2024/25 budget £000's	2025/26 budget £000's	2026/27 budget £000's	2027/28 budget £000's
Debt (incl. leases)	88,158	108,688	144,912	161,387	162,332
Capital Financing Requirement	144,474	165,522	199,916	223,589	222,308

- 4.2.3 Statutory guidance is that debt should remain below the Capital Financing Requirement, except in the short-term. As can be seen from Table 6, the Council expects to comply with this in the medium term.

Liability Benchmark

- 4.2.4 To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the minimum amount of borrowing required to keep investments at minimum liquidity level. This assumes that cash and investment balances are kept to a minimum level of £10 million at each year-end. The Liability Benchmark shows that based on the current capital plans there is no requirement to borrow in 2023/24, however based on the current budgets the Council will need to borrow in 2024/25 to 2027/28 due to the reduction in financial resources available.

Table 7: Borrowing and the Liability Benchmark

	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
Loans CFR	148.78	192.82	228.75	310.52	305.41
Less: Balance sheet resources	-176.80	-176.80	-176.80	-181.70	-181.70
Net loans requirement	-28.02	16.02	51.95	128.82	123.71
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
Liability benchmark	-18.02	26.02	61.95	138.82	133.71

Affordable Borrowing Limit

- 4.2.6 The Council is legally obliged to set an affordable borrowing limit (also termed the “Authorised Limit” for external debt) each year. In line with statutory guidance, a lower “Operational Boundary” is also sets as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised Limit and Operational Boundary for External Debt

	2023/24 limit	2024/25 limit	2025/26 limit	2026/27 limit	2027/28 limit
	£000's	£000's	£000's	£000's	£000's
Authorised limit – borrowing	168,380	168,380	168,380	168,380	168,380
Authorised limit – leases	6,620	6,620	6,620	6,620	6,620
Authorised limit – total external debt	175,000	175,000	175,000	175,000	175,000
Operational boundary – borrowing	166,380	166,380	166,380	166,380	166,380
Operational boundary – leases	6,620	6,620	6,620	6,620	6,620
Operational boundary – total external debt	173,000	173,000	173,000	173,000	173,000

- 4.2.7 Further details on borrowing are contained in the [Treasury Management Strategy](#)

4.3 Investments

- 4.3.1 Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

(Treasury Management) Investment Strategy

- 4.3.2 The Council’s [Investment Strategy](#) is to prioritise security and liquidity over yield; focussing on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with other local authorities or selected high-quality banks, to minimise the risk of loss.
- 4.3.3 Table 9 below summarises the Council’s current and forecast treasury investments.

Table 9: Treasury Management Investments

	2023/24 current	2024/25 forecast	2025/26 forecast	2026/27 forecast	2027/28 forecast
	£000's	£000's	£000's	£000's	£000's
Near-term investments	115,000	100,000	100,000	100,000	100,000
Longer-term investments	20,000	20,000	20,000	20,000	20,000

TOTAL	135,000	120,000	120,000	120,000	120,000
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4.4 Risk Management

4.4.1 The effective management and control of risk are prime objectives of the Authority's treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

4.5 Governance

4.5.1 Treasury management decisions are made daily and are therefore delegated to the CFO, who must act in line with the Treasury Management Strategy approved by the Council. Annual outturn reports on treasury management are also approved by the Council (following recommendation from Audit and Governance Committee), whereas mid-year updates are reported exclusively to the Audit and Governance Committee.

5) Investments for Service Purposes

5.1 As published in the Councils Draft Statement of Accounts 2022/23 at 31st March 2023, the Council held net investments as follows:

- Suffolk Coastal Norse Limited - the Council has held a 20% equity share since April 2009. The Council's share of Net Assets / (Liabilities) at 31st March 2023 was £2,169,000; and
- Waveney Norse Limited – the Council has held a 19.9% equity share since April 2008. The Council's share of Net Assets / (Liabilities) at 31st March 2023 was £600,000.

Governance

- 5.1.1 Decisions on service investments are made by the Council's Cabinet and require the support of a full business case.
- 5.1.2 The Council exercised its right not to renew the contract with Norse for the provision of operational services, with the contract ceasing on the 30th June 2023.
- 5.1.3 East Suffolk Services, a Local Authority Trading Company (LATCo) operate as an 'arms-length' commercial business, separate to the Council, following the conclusion of the Norse contract. The Council has made a loan provision of £1.8m to East Suffolk Services and holds 100 shares at £1 each.

6) Other Liabilities

6.1.1 Outstanding Commitments

6.1.2 The Councils draft 2022/23 Statement of Accounts does include any outstanding commitments.

6.2 Guarantees

- 6.2.1 The Council became “self-financing” in respect of its retained housing stock (in the former Waveney district) from April 2012. The self-financing regime applied to all authorities and replaced the former housing subsidy system whereby the Council made annual subsidy payments to the Government funded from its HRA. Its introduction entailed a one-off redistribution of ‘debt’ between local authorities, and locally this resulted in the Council taking on PWLB loans, which it is required to service (instead of making housing subsidy payments).
- 6.2.2 A 30-year Business Plan for the Council’s HRA was previously developed, which generated sufficient rental income each year to run an efficient and effective housing management service, whilst at the same time servicing the outstanding debt (which is scheduled for repayment in full by March 2042 i.e., within the 30-year period). However, if the HRA is unable to repay the outstanding debt at any point in the future, the Council (through its General Fund) is liable to repay any remaining balance. The remaining balance on HRA debt as at 31st March 2023 was £60.40 million. The HRA business plan is currently being re-refreshed to provide the most update position.

6.3 Governance

- 6.3.1 Decisions on incurring new discretionary liabilities are taken by Directors and Heads of Service in consultation with the CFO. For example, in accordance with the Financial Procedure Rules (Part 3 of the Constitution, Paragraph 2.1.25), credit arrangements – such as leasing agreements – cannot be entered into without the prior approval of the CFO.

7) Revenue Implications

7.1 Financing Cost

- 7.1.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e., the amount funded from Council Tax, Business Rates, and general Government grants.

Table 10: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (General Fund)

	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget	2027/28 budget
	£000's	£000's	£000's	£000's	£000's
Financing Costs (£m)	1,923	2,212	2,606	3,163	2,587
Proportion of Net Revenue Stream	5.10%	11.06%	10.09%	12.42%	11.24%

Table 11: Prudential Indicator: Proportion of Financing Costs to Net Revenue Stream (HRA)

	2023/24 budget	2024/25 budget	2025/26 budget	2026/27 budget	2027/28 budget
	£000's	£000's	£000's	£000's	£000's
Financing Costs (£m)	4,281	6,001	4,016	3,560	3,300

Proportion of Net Revenue Stream	14.78%	23.07%	14.57%	13.00%	12.30%
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7.1.2 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for many (occasionally up to 50) years into the future.

7.2 “Prudence, Affordability and Sustainability”

7.2.1 The CFO is satisfied that the proposed Capital Programme (Section 2) is prudent, affordable, and sustainable based on the following:

Prudence

- Prudential indicators 10 and 11 presented above (Paragraph 8.1.1) are within expected and controllable parameters. Thus:
 - *Prudential Indicator 10 (General Fund) - Proportion of Financing Costs to Net Revenue Stream* – the growth in financing costs reflects the Council’s ambitions for capital investment in its strategic priorities over the medium-term.
 - *Prudential Indicator 11 (HRA) - Proportion of Financing Costs to Net Revenue Stream* – the indicator profile mirrors the HRA 30-Year Business Plan, which is a fully-costed strategy that will see all outstanding debt repaid by 2042/43.
- *Underlying Prudent Assumptions* – a prudent set of assumptions have been used in formulating the Capital Programme. This is illustrated in the approach to capital receipts whereby the proceeds are not assumed within projections until the associated sale is completed and the money received by the Council; and
- *Repairs and Maintenance* – the approach to asset maintenance is professionally guided with assets maintained in a condition commensurate with usage and expected life, addressing those items that could affect ongoing and future maintenance, in the most appropriate and cost-effective manner.

Affordability

- The estimated general fund ‘revenue consequences’ of the Capital Programme (£11.49 million over five years) have been included in the draft 2023/24 Budget and Medium-Term Financial Strategy (MTFS), extending to 2027/28; and
- The MTFS is underpinned by a Reserves Strategy, which includes contingency funds in the event that projections are not as expected (further supported by CFO report to Council under Section 25 of the Local Government Act 2003 on the robustness of estimates and the adequacy of financial reserves and balances).

Sustainability

- Capital schemes that are expected to deliver long-term revenue savings and regenerate the area are given due priority. For example, the Lowestoft Tidal Barrier (unlocking brownfield development sites and providing a boost to future income from Business Rates and Council Tax), the Towns Fund Project which will look to regenerate Lowestoft Town Centre and seek to attract external interest and investment in the Town.
- As explained in Section 3.1 above, the Asset Management Strategy represents an enhancement to the Council approach to asset planning through (especially) taking a longer-term view. This includes providing for future operational need,

balancing the requirement to achieve optimal performance, whilst taking account of technological change and managing the risk of obsolescence.

8) Knowledge and Skills

8.1 Officers

8.1.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Most notably:

- *Finance* - the Chief Finance Officer (CFO) is a qualified (CIPFA) accountant with many years of experience. The Council sponsors junior staff to study for relevant professional qualifications including AAT, CIPFA and ACCA. The Council also pays for (and ensures attendance on) training courses and conferences across all aspects of accounting, including (especially) Treasury Management to keep professional client status under “MIFID II” (the “Markets in Financial Instruments Directive”, incorporated into UK law in November 2017).
- *Property* –The Asset Management service comprises of, and performs the Estates Management, Building Services, Resorts, Capital Projects, and Development functions of the Council. Each function is headed by an appropriately qualified professional within their individual specialism (e.g., the Building Services team is led by a MRICS Building Surveyor). As with Finance, the Council is strongly committed to supporting both professional and wider staff development within its Asset Management function, with a number of staff on the pathway to becoming qualified RICS surveyors and with apprentice opportunities within the Asset Management team.

8.1.2 The Council also has a separate Housing team that is responsible for overseeing social housing developments within the district.

8.2 External Advisors

8.2.1 Where the Council does not have the relevant knowledge and skills required, judicious use is made of external advisers and consultants that are experts/specialists in their field. The Council currently employs Arlingclose Limited as Treasury Management advisers, and the Asset Management team will appoint property advisers (e.g., development managers, valuers etc.) to support their work where required. The approach is more cost effective than employing such staff directly and ensures that the Council has access to knowledge and skills commensurate with risk.

8.3 Councillors

8.3.1 Specifically with regard to Treasury Management, the Council acknowledges the importance of ensuring that members have appropriate capacity, skills, and information to effectively undertake their role. To this end, a training session was delivered on the 19th June 2023 by the Councils external Treasury Advisors, Arlingclose which all East Suffolk councillors were invited to.

9) CFO Statement on the Capital Strategy

9.1 Prudential Code

- 9.1.1 Paragraph 24 of the Prudential Code determines that....” the Chief Finance Officer should report explicitly on the affordability and risk associated with the Capital Strategy”.
- 9.1.2 Accordingly, it is the opinion of the CFO that the Capital Strategy as presented is affordable, and associated risks have been identified and are adequately managed.

9.2 Affordability

- 9.2.1 The Capital Strategy is affordable and there is a range of evidence to support this assertion, including:
- *Capital Programme* – the Programme as presented above (in Section 2.1) is supported by a robust and resilient MTFS extending through until 2027/28 that contains adequate revenue provision, including sufficient reserves in the event that plans and assumptions do not materialise as expected.
 - *Asset Management* – as presented above (in Section 3.1) the Asset Management Strategy is taking a strategic longer-term (i.e., beyond 2054/26) view of the Council’s asset base. A fundamental aim of the Strategy is to achieve the optimum balance between future operational need and affordability, which is reflected in its component parts including strategies for purchasing and constructing new assets, investment in existing assets, transferring of assets to other organisations and the disposal of surplus assets; and

9.3 Risk

- 9.3.1 The risk associated with the Capital Strategy has been identified and is being adequately managed. Evidence to support this assertion includes:
- *Treasury Management Strategy* – the Council is in the process of formally approving its Treasury Management Strategy for 2024/25 in accordance with CIPFA’s “Treasury Management in the Public Services: Code of Practice 2017”. That Strategy was developed by the Council’s (professionally qualified and experienced) Finance team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance.
 - *Investment Strategy* – the Council is also formally approving an Investment Strategy for 2024/25 in accordance with MHCLG’s “Statutory Guidance on Local Government Investments (3rd Edition) 2018”. As with the Treasury Management Strategy, the Investment Strategy was developed by the Finance team and informed by specialist advisors Arlingclose and other relevant and extant professional guidance; and
- 9.3.2 In addition, the CFO is satisfied that there are no major omissions – in terms of financial liabilities – from the Capital Programme in the medium-term.

9.4 Capital Strategy Updates

- 9.4.1 The Capital Strategy is a ‘living document’ and will be periodically – usually annually – updated to reflect changing local circumstances and other significant developments.

Annual Minimum Revenue Provision Strategy

1. Where the Council finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Council to have regard to the Ministry for Housing, Communities and Local Government's Guidance on Minimum Revenue Provision.
2. The broad aim of the Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.
3. The Guidance requires the Council to approve an Annual MRP Statement each year and recommends several options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.
4. For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity with an annual interest rate equal to the average relevant Public Works Loan Board rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years.
5. Capital expenditure incurred during 2024/25 will not be subject to a charge until 2025/26.

Committee	Full Council
Date	21/02/2024
Subject	Treasury Management Strategy Statement for 2024/25 & Treasury Management Investment Strategy for 2024/25
Cabinet Member	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
Report Author(s)	Julian Sturman Specialist Accountant – Capital & Treasury Management julian.sturman@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
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Purpose/Summary

This report sets out the Council's Treasury Management Strategy for 2024/25 and the Treasury Management Investment Strategy for 2024/25 and covers:

- the current treasury position.
- treasury indicators which limit the treasury risk and activities of the Council.
- prospects for interest rates.
- the borrowing strategy; and
- the investment strategy

Recommendation(s)

That Full Council:

1. Approves the Treasury Management Strategy for 2024/25 and the Treasury Management Investment Strategy for 2024/25.
2. Notes the 2022/23 Outturn report at Appendix C and the 2023/24 Mid Year report at Appendix D.

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. Ensuring the Councils cashflows are invested securely to support the Councils overall budget position in turn enable the commitment, ensuring where possible that environment and energy efficient processes, materials and equipment are used in the Councils spending plans.
Sustainable Housing	Ensuring the Councils cashflows are invested securely to support the commitments of both the General Fund and Housing Revenue Account specifically the commitment to sustainable housing.
Tackling Inequalities	Ensuring the Councils cashflows are sufficient to support the Councils budget position which provides a regeneration programme, enabling business and charities providing direct services to residents of East Suffolk to locate in Council owned assets.
Thriving Economy	Ensuring the Councils cashflows are sufficient to support the Councils budget position providing economic development and regeneration activity and in turn enabling residents of East Suffolk to benefit from and contribute to a thriving economy. Specifically, the Council is committed to delivering the Towns Fund Deal project including the regeneration of the Towns Seafront.
Our Foundations / governance of the organisation	At the heart of the Treasury strategies is good financial management and governance which underpins the Councils

	spending commitments within the Councils Medium Term Financial Strategy (MTFS).
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Justification for recommendations

1. Background

1.1. The CIPFA Prudential code requires a Treasury Management Strategy & Treasury Management Investment Strategy report to be produced and presented to the Audit & Governance Committee and Full Council in advance of the coming financial year.

2. Introduction

2.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has both an investment and borrowing portfolio and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

2.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

3. Proposal

3.1. The Treasury Management Strategy & Treasury Management Investment Strategy for 2024/25 set out in Appendix A and B covers:

- the current treasury position.
- treasury indicators which limit the treasury risk and activities of the Council.
- prospects for interest rates.
- the borrowing strategy; and
- the investment strategy.

3.2. To comply with the CIPFA Treasury Management Code the report is required to be produced and presented to members.

3.3. As a backdrop to the Councils forward position on Treasury Management the Councils Audit & Governance Committee has during this financial year received and reviewed the Treasury Management 2022/23 Outturn report at its meeting on the 10th July 2024 and the Treasury Management 2023/24 Mid-Year report at its meeting on the 11th September 2024. These reports provide detail on how the treasury function has performed in the previous financial year along with a half yearly update on the current financial year. These reports can be found in Appendix C and D.

4. Financial Implications

4.1. The Strategy compiles the management of the Council's capital budget plans and the impact on the council's cash flow transactions which in turn feeds directly into the Councils Medium Term Financial Strategy (MTFS).

5. **Legal Implications**
5.1. There are no legal implications for this report.
6. **Risk Implications**
6.1. Non-compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA's) Prudential Code.
7. **Options**
7.1. To comply with the CIPFA Prudential code the report is required to be produced and presented to members, and consequently, no other options have been considered.
8. **Recommendations**
8.1. That Full Council approves the Treasury Management Strategy Statement for 2024/25 & Treasury Management Investment Strategy for 2024/25.
8.2. That Full Council notes the 2022/23 Outturn report at Appendix C and the 2023/24 Mid-Year report at Appendix D.
9. **Reasons for Recommendations**
9.1. Approval of the Treasury Management Strategy Statement for 2024/25 & Treasury Management Investment Strategy for 2024/25 by Full Council is a requirement under the CIPFA Prudential Code.
10. **Conclusions/Next Steps**
10.1 Full Council approves the Treasury Management Strategy Statement for 2024/25 & Treasury Management Investment Strategy for 2024/25.

Areas of consideration comments

Section 151 Officer comments:

The report complies with the required CIPFA prudential code ensuring that the Treasury Management Strategy of the Council is presented to Full Council prior to the start of the coming financial year. Audit & Governance Committee was given the opportunity to scrutinise the report at its meeting on 8 January 2024.

Monitoring Officer comments:

This report complies with the Council's Constitution which requires the review and monitoring of the Council's Treasury Management policies and practices by the Council's Audit and Governance Committee with any recommendations being presented to Full Council. The report was reviewed by the Audit and Governance Committee on 8 January 2024.

Equality, Diversity and Inclusion/EQIA:

There are no direct implications arising from this report.

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:

There are no direct implications arising from this report.

Residents and Businesses consultation/consideration:

There are no direct implications arising from this report.

Appendices:

Appendix A	Treasury Management Strategy Statement 2024/25
Appendix B	Treasury Management Investment Strategy Statement 2024/25
Appendix C	Treasury Management 2022/23 Outturn and Quarter 1 report
Appendix D	Treasury Management 2023/24 Mid-Year report

Background reference papers:

Date	Type	Available From
08/02/2024	Capital Programme 2023/24 to 2027/25 report to Cabinet	Democratic Services
08/01/2024	Treasury Management Strategy Statement & Treasury Management Investment Strategy Statement 2024/25 Report to the Audit & Governance Committee	Democratic Services

Treasury Management Strategy Statement 2024/25

Introduction

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for income are considered in the Investment Strategy.

External Context

Economic background: The impact on the UK from higher interest rates and inflation, a weakening economic outlook, an uncertain political climate due to an upcoming general election, together with war in Ukraine and the Middle East, will be major influences on the Authority's treasury management strategy for 2024/25.

The Bank of England (BoE) increased Bank Rate to 5.25% in August 2023, before maintaining this level in September and then again in November. Members of the BoE's Monetary Policy Committee voted 6-3 in favour of keeping Bank Rate at 5.25%. The three dissenters wanted to increase rates by another 0.25%.

The November quarterly Monetary Policy Report (MPR) forecast a prolonged period of weak Gross Domestic Product (GDP) growth with the potential for a mild contraction due to ongoing weak economic activity. The outlook for CPI inflation was deemed to be highly uncertain, with near-term risks to CPI falling to the 2% target coming from potential energy price increases, strong domestic wage growth and persistence in price-setting.

Office for National Statistics (ONS) figures showed CPI inflation was 6.7% in September 2023, unchanged from the previous month but above the 6.6% expected. Core CPI inflation fell to 6.1% from 6.2%, in line with predictions. Looking ahead, using the interest rate path implied by financial markets the BoE expects CPI inflation to continue falling, declining to around 4% by the end of calendar 2023 but taking until early 2025 to reach the 2% target and then falling below target during the second half 2025 and into 2026.

Credit outlook: Credit Default Swap (CDS) prices were volatile during 2023, spiking in March on the back of banking sector contagion concerns following the major events of Silicon Valley Bank becoming insolvent and the takeover of Credit Suisse by UBS. After then falling back in Q2 of calendar 2023, in the second half of the year, higher interest rates and inflation, the ongoing war in Ukraine, and now the Middle East, have led to CDS prices increasing steadily.

On an annual basis, CDS price volatility has so far been lower in 2023 compared to 2022, but this year has seen more of a divergence in prices between ringfenced (retail) and non-ringfenced (investment) banking entities once again.

Moody's revised its outlook on the UK sovereign to stable from negative to reflect its view of restored political predictability following the volatility after the 2022 mini-budget. Moody's also affirmed the Aa3 rating in recognition of the UK's economic resilience and strong institutional framework.

Following its rating action on the UK sovereign, Moody's revised the outlook on five UK banks to stable from negative and then followed this by the same action on five rated local authorities. However, within the same update the long-term ratings of those five local authorities were downgraded.

There remain competing tensions in the banking sector, on one side from higher interest rates boosting net income and profitability against another of a weakening economic outlook and likely recessions that increase the possibility of a deterioration in the quality of banks' assets.

However, the institutions on our adviser Arlingclose's counterparty list remain well-capitalised and their counterparty advice on both recommended institutions and maximum duration remain under constant review and will continue to reflect economic conditions and the credit outlook.

Interest rate forecast (November 2023): Although UK inflation and wage growth remain elevated, the Authority's treasury management adviser Arlingclose forecasts that Bank Rate has peaked at 5.25%. The Bank of England's Monetary Policy Committee will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. Arlingclose sees rate cuts from Q3 2024 to a low of around 3% by early-mid 2026.

Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply. As ever, there will undoubtedly be short-term volatility due to economic and political uncertainty and events.

With uncertainty on future Bank Rate a prudent approach has been assumed for setting the investment income budget. New treasury investments will be made at an average rate of 3.15%, and that new long-term loans will be borrowed at an average rate of 5.35%.

Local Context

At the end of November 2023, the Council held £65.49m of borrowing and £123.55m of investments and is set out in further detail at Appendix B. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The Council expects to comply with this recommendation during 2024/25 and in the subsequent years.

Borrowing Strategy

The Council currently holds £65.49m of loans, a decrease of £160k on the previous year which is due to the principal repayment on one of current loans. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

Objectives: The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. The current strategy of internally borrowing the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years. Arlingclose will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2024/25 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pension funds and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs; ensure the delivery of the Capital Programme; and reduce over-reliance on one source of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. In addition, the Council may borrow short-term loans to cover unplanned cash flow shortages.

Sources of borrowing: The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board).
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below).
- any other bank or building society authorised to operate in the UK.
- any other UK public sector body.
- UK public and private sector pension funds (except local Pension Fund).
- capital market bond investors.
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues; and

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing.
- hire purchase.
- Private Finance Initiative; and
- sale and leaseback.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Council does not hold any LOBO's (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost.

Short-term and variable rate loans: These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Debt rescheduling: The PWLB allows Council's to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Liability benchmark: To compare the Council’s actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes the same forecasts shown in the Capital Programme for borrowing, but that cash and investment balances are kept to a minimum level of £10m at each year-end to maintain sufficient liquidity but minimise credit risk.

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Prudential Indicator: Liability benchmark

	2023/24	2024/25	2025/26	2026/27	2027/28
	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Loans CFR	148.03	192.07	228.00	309.77	304.66
Less: Balance sheet resources	-176.80	-176.80	-176.80	-181.70	-181.70
Net loans requirement	-28.77	15.27	51.20	128.07	122.96
Plus: Liquidity allowance	10.00	10.00	10.00	10.00	10.00
Liability benchmark	-18.77	25.27	61.20	138.07	132.96

Treasury Investment Strategy

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Council’s treasury investment balance has ranged between £97.89 million and £147.34 million.

Objectives: The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested. The Authority aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing.

Strategy: Given the increasing risk from short-term unsecured bank investments, the Council invest mainly in more secure and/or higher yielding asset classes and will continue to do so during 2024/25.

ESG policy: Environmental, social and governance (ESG) considerations are increasingly a factor in global investors’ decision making, but the framework for evaluating investment opportunities is still developing and therefore the Authority’s ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Authority will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

The Councils current banking partners are signatories to both UN Principles for Responsible Banking and the Net Zero Asset Managers Alliance.

Banks	UN Principles for Responsible Banking	Net Zero Banking Alliance
UK Banks		
Barclays Group	✓	✓
Lloyds Banking Group (including Bank of Scotland)	✓	✓

Business models: Under the new IFRS 9 standard, the accounting for certain investments depends on the Council’s “business model” for managing them. The Council aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

Approved counterparties: The Council may invest its surplus funds with any of the counterparty types in table 1 below, subject to the cash limits (per counterparty) and the time limits shown. These limits exclude any interest payments which will be paid to the Council periodically.

Table 1: Treasury investment counterparties and limits

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£25m	Unlimited
Secured investments *	25 years	£25 m	Unlimited
Banks (unsecured) *	13 months	£25 m	Unlimited
Building societies (unsecured) *	13 months	£15m	£15m
Registered providers (unsecured) *	5 years	£25m	£25m
Money market funds *	n/a	£20m	Unlimited
Strategic pooled funds	n/a	£20m	£50m
Real estate investment trusts	n/a	£10m	£25m
Other investments *	5 years	£5m	£10 m

*This table must be read in conjunction with the notes below.

Minimum credit rating: Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than [A-]. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £20m per counterparty as part of a diversified pool e.g., via a peer-to-peer platform.

Government: Loans to, and bonds and bills issued or guaranteed by, national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

Secured investments: Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

Banks and building societies (unsecured): Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Registered providers (unsecured): Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money market funds: Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic pooled funds: Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment trusts: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Other investments: This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in, and there is generally a lower risk of insolvency although they are not a zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment or to a maximum of £50,000 per company as part of a diversified pool in order to spread the risk widely.

Registered providers (unsecured): Loans and bonds issued by, guaranteed by, or secured on the assets of registered providers of social housing and registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government, and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity, and property funds offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real estate investment trusts (REIT): Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

Operational bank accounts: The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £20m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. Where an entity has its credit, rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects: The Authority is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be taken into account when making investment decisions.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause investment return to fall but will protect the principal sum invested.

Local Authorities Section 114 Notices

Local authorities are required by law to have a balanced budget, whilst this is not defined anywhere in law it would likely involve delivering a financial plan where expenditure will equal income over the short- and medium-term.

Within the Local Government Finance Act 1988, Section 114 (3) states that: "The chief finance officer of a relevant authority shall make a report under this section if it appears that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure".

In the event of a Section 114 notice being issued the Council (namely its Members) has 21 days to consider a response. The 114 notice prohibits all new expenditure, except for that relating to the safeguarding of vulnerable people and the provision of statutory services. So effectively during the three-week period spending and other financial activity is suspended placing the organisation in a period of financial uncertainty.

Whatever action is taken it is hoped that the Authority will be able to agree on a spending and savings programme, and that a balanced budget can be put forward. If it still cannot make the budget balance then the authority will be required to call in its external auditors, who must try again to find a way to set viable budget. At this point, central government will get more heavily involved.

Investment limits: In order that investment balances are not put at too higher risk the maximum that will be lent to any one organisation (other than the UK Government) will be £25 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries, and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 2: Additional Investment limits

	Cash limit
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£4m per country

Liquidity management: The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

The Council will spread its liquid cash over at least two providers (e.g., bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. The lower the score the lower the risk is.

	2023/24 Q2	Target
Portfolio average credit score	4.8	4

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	Target
Total cash available within 3 months	£30.00m

Interest rate exposures: This indicator is set to control the Council’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£150,000
Upper limit on one-year revenue impact of a 1% fall in interest rate	£150,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

Maturity structure of borrowing: This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower
Under 12 months	50%	0%
12 months and within 24 months	50%	0%
24 months and within 5 years	75%	0%
5 years and within 10 years	75%	0%
10 years and within 20 years	75%	0%
20 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal sums invested for periods longer than one year: The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2023/24	2024/25	2025/26	2026/27	2027/28
Limit on principal invested beyond year end	£25.0m	£25.0m	£25.0m	£25.0m	£25.0m

Operational Boundary for External Debt: The operational boundary is based on the Council’s estimate of most likely (i.e., prudent but not worst case) scenario for external debt. It links directly to the Council’s estimates of capital expenditure, the capital financing requirement, and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council’s debt.

Operational Boundary	2023/20 24Limit £m	2024/20 25Limit £m	2025/25 6 Limit £m	2026/27 Limit £m	2027/28 Limit £m
Borrowing	173.00	173.00	173.00	173.00	173.00
Total Debt	173.00	173.00	173.00	173.00	173.00

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2023/20 24Limit £m	2024/20 25Limit £m	2025/26 Limit £m	2026/27 Limit £m	2027/28 Limit £m
Borrowing	175.00	175.00	175.00	175.00	175.00
Total Debt	175.00	175.00	175.00	175.00	175.00

Related Matters

The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities’ use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

The Council will only use standalone financial derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating derivative exposures. An allowance for credit risk calculated using the methodology on Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account: On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Council's average interest rate on treasury investments excluding strategic pooled funds adjusted for credit risk if a net investment balance and at the Authority's average rate of borrowing if a net borrowing balance.

Markets in Financial Instruments Directive (MiFiD): The Council has opted up to professional client with its providers of financial services, including advisers, banks, brokers, and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Chief Finance Officer believes this to be the most appropriate status.

Financial Implications

The budget for investment income in 2024/25 is £3.15 million, based on an average investment portfolio of £100 million at an average interest rate of 3.15%. The budget for debt interest paid in 2024/25 is £2.39 million, based on an average debt portfolio of £65.49 million at an average interest rate of 3.25%. If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Where investment income exceeds budget, e.g., from higher risk investments including pooled funds, or debt interest paid falls below budget, e.g., from cheap short-term borrowing, then 50% of the revenue savings will be transferred to a treasury management reserve to cover the risk of capital losses or higher interest rates payable in future years.

Other Options Considered

The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Finance Officer, having consulted the Cabinet Member for Resources, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast November 2023

Underlying assumptions:

- UK inflation and wage growth remain elevated but, following a no-change MPC decision in November, Bank Rate appears to have peaked in this rate cycle. Near-term rate cuts are unlikely, although downside risks will increase as the UK economy likely slides into recession and inflation falls more quickly.
- The much-repeated message from the MPC is that monetary policy will remain tight as inflation is expected to moderate to target slowly. In the Bank's forecast, wage and services inflation, in particular, will keep CPI above the 2% target until 2026.
- The UK economy has so far been relatively resilient, but recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite. Global demand will remain soft, offering little assistance in offsetting weakening domestic demand. A recession remains a likely outcome.
- Employment demand is easing, although the tight labour market has resulted in higher nominal wage growth. Anecdotal evidence suggests slowing recruitment and pay growth, and we expect unemployment to rise further. As unemployment rises and interest rates remain high, consumer sentiment will deteriorate. Household spending will therefore be weak. Higher interest rates will also weigh on business investment and spending.
- Inflation will fall over the next 12 months. The path to the target will not be smooth, with higher energy prices and base effects interrupting the downtrend at times. The MPC's attention will remain on underlying inflation measures and wage data. We believe policy rates will remain at the peak for another 10 months, or until the MPC is comfortable the risk of further 'second-round' effects have diminished.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require significant policy loosening in the future to boost activity.
- Global bond yields will remain volatile, particularly with the focus on US economic data and its monetary and fiscal policy. Like the BoE, the Federal Reserve and other central banks see persistently high policy rates through 2023 and 2024 as key to dampening domestic inflationary pressure. Bond markets will need to absorb significant new supply, particularly from the US government.
- There is a heightened risk of geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in November. We believe this is the peak for Bank Rate.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by early mid 2026.
- The immediate risks around Bank Rate remain on the upside, but these diminish over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.

- Arlingclose expects long-term gilt yields to eventually fall from current levels (amid continued volatility) reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, due to quantitative tightening and significant bond supply.

	Current	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.25	5.25	5.25	5.25	5.00	4.75	4.25	4.00	3.75	3.50	3.25	3.00	3.00
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1.00	1.00
Central Case	5.40	5.40	5.40	5.30	5.15	4.80	4.30	4.10	3.80	3.50	3.25	3.05	3.05
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.85	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	4.28	4.35	4.30	4.25	4.10	4.00	3.75	3.50	3.40	3.30	3.30	3.30	3.35
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
10yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.32	4.40	4.35	4.30	4.25	4.15	4.00	3.80	3.75	3.65	3.60	3.65	3.70
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
20yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.78	4.70	4.65	4.55	4.45	4.35	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
50yr gilt yield													
Upside risk	0.00	0.50	0.70	0.70	0.80	0.90	1.00	1.10	1.20	1.20	1.20	1.20	1.20
Central Case	4.38	4.30	4.25	4.20	4.15	4.15	4.10	4.10	4.10	4.10	4.10	4.10	4.10
Downside risk	0.00	-0.55	-0.75	-0.85	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

UK Infrastructure Bank Rate = Gilt yield + 0.40%

Annex B – Existing Investment & Debt Portfolio Position

	Nov-23 Actual Portfolio £m
External borrowing:	
Public Works Loan Board	65.49
Local authorities	0
Other loans	0
Total external borrowing	65.49
Other long-term liabilities:	
Leases	5.48
Total other long-term liabilities	
Total gross external debt	70.97
Treasury investments:	
The UK Government	15.00
Local Authorities	56.00
Other Government entities	
Secured investments	
Banks (unsecured)	23.00
Building societies (unsecured)	
Registered providers (unsecured)	
Money Market Funds	10.00
Strategic Pooled Funds	18.09
Real Estate investment trusts	
Other investments	1.8
Total treasury investments	123.89
Net debt	-52.92

Annex C – Summary of Existing Debt & Investment Portfolio Position as at November 2023

Debt Portfolio:

Type of Loan	Start Date	Maturity	Principal	Interest Rate	GF/HRA
Maturity Loans					
Fixed	30/11/1995	30/09/2024	2,000,000	8.375%	GF/HRA
Fixed	10/08/2007	31/03/2055	3,000,000	4.550%	GF/HRA
Fixed	28/03/2012	28/03/2039	10,000,000	3.470%	HRA
Fixed	28/03/2012	28/03/2036	10,000,000	3.420%	HRA
Fixed	28/03/2012	28/03/2027	10,000,000	3.010%	HRA
Fixed	28/03/2012	28/03/2041	10,000,000	3.490%	HRA
Fixed	28/03/2012	28/03/2032	10,000,000	3.300%	HRA
Fixed	28/03/2012	28/03/2042	8,000,000	3.500%	HRA
Equal Instalments of Principle (EIP)					
Fixed	15/05/2015	15/11/2035	2,480,000	3.69%	GF
Annuity					
Fixed	10/09/1968	26/08/2028	5,445.96	7.62%	GF/HRA
Total			65,485,446		

Investment Portfolio:

Counterparty	Type of investment	Principal Balance	Duration	Start Date	Effective Maturity	Interest Rate
Bank 1 (Lloyds)	Instant Access	18,000,000	Overnight	N/A	N/A	2.10%
Bank 2 (Barclays)	Instant Access	5,000,000	Overnight	N/A	N/A	3.50%
		23,000,000				
DMO (Central Government)	Fixed Term	5,000,000	123 days	17/08/2023	18/12/2023	5.41%
DMO (Central Government)	Fixed Term	5,000,000	91 days	06/09/2023	06/12/2023	5.35%
DMO (Central Government)	Fixed Term	5,000,000	30 days	01/11/2023	01/12/2023	5.18%
		15,000,000				
Eastleigh Borough Council	Fixed Term	3,000,000	9 months	16/05/2023	16/02/2024	4.60%
Cheshire East Council	Fixed Term	5,000,000	6 months	28/06/2023	04/01/2024	4.48%
North Lanarkshire Council	Fixed Term	5,000,000	8 months	20/07/2023	20/03/2024	4.60%
London Borough of Newham	Fixed Term	5,000,000	6 months	17/08/2023	19/02/2024	4.50%
Stockport Metropolitan Borough Cou	Fixed Term	5,000,000	6 months	28/07/2023	29/01/2024	5.35%
London Borough of Newham	Fixed Term	5,000,000	9 months	31/07/2023	30/04/2024	5.60%
Ashford Borough Council	Fixed Term	5,000,000	7 months	27/09/2023	29/04/2024	5.55%
Southampton City Council	Fixed Term	5,000,000	8 months	01/09/2023	09/05/2024	5.80%
Uttlesford District Council	Fixed Term	5,000,000	298 days	21/09/2023	15/07/2024	5.80%
Plymouth City Council	Fixed Term	5,000,000	9 months	10/11/2023	12/08/2024	5.55%
Uttlesford District Council	Fixed Term	4,000,000	8 months	13/11/2023	15/07/2024	5.60%
Epping Forest District Council	Fixed Term	2,000,000	78 days	15/11/2023	01/02/2024	5.50%
Epping Forest District Council	Fixed Term	2,000,000	3 months	15/11/2023	16/02/2024	5.50%
		56,000,000				
Money Market Fund (MMF) - (CCLA)	Instant Access	10,000,000	Overnight	N/A	N/A	5.25%
		10,000,000				
Pooled Property Fund 1 (CCLA)	Notice - Long Term	9,035,486	N/A	29/11/2017	N/A	3.91%
Pooled DIF 1 (CCLA)	Notice - Long Term	4,551,806	N/A	25/11/2019	N/A	3.91%
Pooled DIF 2 (NinetyOne)	Notice - Long Term	4,502,353	N/A	17/10/2019	N/A	2.60%
		18,089,645				
East Suffolk Services Ltd	Notice - Long Term	1,800,000	10 Years	02/03/2023	02/03/2033	7.35%
		1,800,000				
Total		123,889,645				

Investment Strategy Report 2024/25

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to regenerate and provide service delivery in the locality.

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

The Council typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £90 million and £130 million during the 2024/25 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2024/25 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council may lend money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows.

Category of borrower	31.3.2023 actual		2023/24		2024/25
	Balance owing £000	Loss allowance £000	Net figure in accounts £000	Approved Limit £000	Approved Limit £000
Subsidiaries	1,800	0	1,800	10,000	10,000
Suppliers	0	0	0	0	0
Local businesses	0	0	0	0	0
Local charities & Community Groups	0	0	0	0	0
Parish Councils	0	0	0	0	0
Housing associations	0	0	0	5,000	5,000
Residents	0	0	0	0	0
Employees	0	0	0	0	0
TOTAL	1,800	0	1,800	15,000	15,000

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Councils statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding service loans by presenting a full business detailing.

- Market assessment – evidencing an independent assessment of the market that the Council is/will be competing in, the nature and level of competition, how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements.
- External Advisor Assessment – All service loans will be subject to assessment by the Council’s External Treasury Advisor and a report will be included within the business case.
- Any external advice will be presented to the Audit & Governance Committee, Cabinet, and Council Committees as appropriate.
- Credit Ratings may be used to assess the risk appetite and will be subject to regular monthly review.
- Audit & Governance Committee and Cabinet approval will be required alongside CFO approval to provide future loans.

Annual Reporting:

- Reporting – As a minimum Service department will provide an annual report to the Audit & Governance Committee which will include an update on the investment, and an independent external review if appropriate.

Service Investments: Shares

Contribution: The Council may invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Category of company	31.3.2023 actual		2023/24		2024/25
	Amounts invested £000	Gains or losses £000	Approved Limit £000	Approved Limit £000	Approved Limit £000
Subsidiaries	0	0	5,000	5,000	5,000
Suppliers	0	0	0	0	0
Local businesses	0	0	0	0	0
TOTAL	0	0	5,000	5,000	5,000

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding shares by presenting a full business detailing.

- Market assessment – evidencing an independent assessment of the market that the Council is/will be competing in, the nature and level of competition, how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements.
- External Advisor Assessment – All service loans will be subject to assessment by the Council’s External Treasury Advisor and a report will be included within the business case.
- Any external advice will be presented to the Audit & Governance Committee, Cabinet, and Council Committees as appropriate.
- Credit Ratings may be used to assess the risk appetite and will be subject to regular monthly review.
- Audit & Governance Committee and Cabinet approval will be required alongside CFO approval for future purchase of service investment shares.

Annual reporting:

- Reporting – As a minimum Service department will provide an annual report to the Audit & Governance Committee which will include an update on the investment, and an independent external review if appropriate.

Liquidity: The maximum period for which funds may be prudently committed is for 5 years, after which subject to satisfactory review this may be renewed annually for a 1-year period.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Councils upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Regeneration/Service Investments: Property

Contribution: The Council invests in local property to facilitate regeneration and provide service delivery. The income from these investments will repay any borrowing used in the purchase and to provide a maintenance budget without putting further pressure on the Councils finances.

Table 1: Property held for investment purposes in £ millions.

Property	Actual	31.3.2023 Actual	
	Purchase cost £000	Gains or (losses) £000	Value in accounts £000
Investment Property – shop Lowestoft – Unit1	166	-6	160
Investment Property – shop Lowestoft	1,433	-1,148	285
Investment Property – shop Lowestoft	2,358	-1,543	815
Investment Property - Business Park Beccles	2,355	232	2,587
Investment Property - Business Centre Lowestoft	965	35	1,000
TOTAL	7,277	-2,430	4,847

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

The fair value of the Council’s investment property portfolio is no longer sufficient to provide security against loss. However, the Council fully expects the fair value to increase following significant works to the adjoining car park, with the fair value expected to increase to that nearing the original purchase price.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding property investments by assessing the viability of the cost of financing the

investment against the return on investment in terms of receivable income. Investments that are subject to short leases are unlikely to be considered due to the high risk of potential voids.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed; the Council ensures that borrowing is on an equal instalment basis and that revenue budgets cover the cost of the loan repayment.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

The Council does not have any current financial guarantees and all loans are through the Public Works Loan Board (PWLB).

Capacity, Skills, and Culture

Elected members and statutory officers: It is important that the members and officers involved in the Treasury Management function have appropriate capacity, skills, and information to enable them to take informed decisions on specific investments, to assess the risk and strategic objectives and to ensure that the Council's risk exposure is managed. Periodically the Council's external Treasury advisors, Arlingclose will hold member training sessions which will provide members with a raft of technical advice specifically designed for the Council's environment. Additionally, Officers have a wide range of information available to them from various sources such as the Chartered Institute of Public Finance and Accountancy (CIPFA), Arlingclose and Room 151. Officers will also attend a number of courses/seminars throughout the year and have periodical strategic meetings with the Council's treasury advisors.

Property Investment deals: Officers negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local Authorities operate and have access to a number of external bodies who can provide specific advice and direction.

Corporate governance: All of the Council's procedures provide a corporate governance arrangement that ensure accountability and for decision making on investment activities and ensure that the Council's Chief Finance Officer/Section 151 Officer is fully briefed on the Council's investment position at any one time.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council's total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 2: Total investment exposure in £millions

Total investment exposure	31.03.2023 Actual £000	2023/24 Forecast £000	2024/25 Forecast £000
Treasury management investments	112.89	100.00	100.00
TOTAL INVESTMENTS	112.89	100.00	100.00
Guarantees issued on loans	65.65	65.49	63.33
TOTAL EXPOSURE	-47.56	-34.51	-36.67

How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 3: Investments funded by borrowing in £millions.

Investments funded by borrowing	31.03.2023 Actual £000	31.03.2024 Forecast £000	31.03.2025 Forecast £000
Property Investments	2.64	2.48	2.32

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 4: Investment rate of return (net of all costs)

Investments net rate of return	2023/24 Forecast	2024/2025 Forecast	2025/2026 Forecast
Short & Long Term Treasury Management investments	5.15%	3.85%	3.85%
Long Term Treasury Management property investments	3.51%	2.50%	2.50%
Long Term Treasury Management multi asset investments	4.09%	3.10%	3.10%
Average	4.25%	3.15%	3.15%
Total	12.75%	9.45%	9.45%
Property Asset Investments	5.68%	5.00%	5.00%
Total	5.68%	5.00%	5.00%



AUDIT & GOVERNANCE COMMITTEE

Monday, 10 July 2023

Subject	TREASURY MANAGEMENT 2022/23 OUTTURN & 2023/24 QUARTER 1 REPORT
Report by	Councillor Vince Langdon-Morris Cabinet Member with Responsibility for Resources and Value for Money
Supporting Officer	Lorraine Rogers Acting Chief Finance Officer and Section 151 Officer lorraine.rogers@eastsoffolk.gov.uk Chris Bally Chief Executive Chris.bally@eastsoffolk.gov.uk

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

The Authority adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.

The Authority's treasury management strategy for 2023/24 was approved at a meeting on 25th January 2023. The Authority has previously borrowed and currently invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

Options:

To comply with the CIPFA Treasury Management code the report is required to be produced and presented to members, and consequently, no other options have been considered.

Recommendation/s:

1. That having commented on the 2022/23 Outturn Report incorporating the 2023/24 Quarter 1 Report on the Council's Treasury Management activity, the Audit and Governance Committee note its contents.
2. That the revised Treasury Management Investment Strategy in Appendix B be approved

Corporate Impact Assessment

Governance:

The report complies with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management code to provide information and scrutiny on the Councils Treasury Management function.

ESC policies and strategies that directly apply to the proposal:

East Suffolk Council Strategic Plan

Environmental:

No impacts.

Equalities and Diversity:

No impacts.

Financial:

Management of the Council's cash flows; banking; and capital market transactions.

Human Resources: No impacts.
ICT: No impacts.
Legal: No impacts.
Risk: Treasury Management in Local Government is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Council’s cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.” This Council has adopted the Code and complies with its requirements.

External Consultees:	None
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Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input 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 type="checkbox"/>
T04	Delivering Digital Transformation		

P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
How does this proposal support the priorities selected?			
The investment activity of the Treasury Management function supports the financial stability of the Council with any increase in return on investment providing additional income above budget to the general fund.			

Background and Justification for Recommendation

1 Background facts	
1.1	<p>The Treasury Management Policy Statement for 2022/23 requires an Outturn report on the Treasury Management function to be produced annually.</p> <p>The report reviews performance of the treasury management function including prudential indicators for 2022/2 and incorporates a quarter 1 review of 2023/24.</p> <p>2022/23 Summary:</p> <ul style="list-style-type: none"> • East Suffolk Council's short-term Investments totalled £73m, long term investments totalled £24.9m and liquidity investments totalled £15m as at 31st March 2023 • Total Investments as at 31st March 2023 was £112.9m • Interest received on investment balances during the year totalled £2.59m. • East Suffolk Council operated within its approved Prudential Indicator Limits for 2022/23. <p>2023/24 Summary to date:</p> <ul style="list-style-type: none"> • Total investments at 30th June 2023 totalled £118.56m. • These investments are summarised as Short-term Investments £68.00m, Long-term Investments £24.89m and Liquidity Investments £25.67m. • Interest received to 30th June 2023 totals £0.25m.

2 Current position

2.1 TREASURY MANAGEMENT OUTTURN 2022/23

2.2 BORROWING

During 2022/23 the Council did not enter any new external borrowing arrangements.

The Councils loan portfolio for 2022/23 can be seen in the table below and is summarised by £60.40m attributable to the HRA which includes £58m of Self-Financing loans taken out in 2011/12 and £5.25m of General Fund loans.

Loans as at 31 st March 2023	Principal £m	Rate Range %	Maturity Range (years)
PWLB Fixed Rate Maturity/Equal Instalments of Principal Loans	65.65	3.01 - 8.38	1.0- 40.0
Total	65.65	3.01 - 8.38	1.0 - 40.0

2.3 INVESTMENT ACTIVITY

The average cash balances held during the year was £149.02m with investment income received of £2.59m which exceeded the planned budget of £1.54m. This is mainly due to further short-term investments in the last quarter of 2022/23 benefiting from the continues upward trajectory in the Bank of England base rate combined with increased market competition during February and March.

	Balance at 1 st April 2022	Investment made	Investments repaid	Balance at 31 st March 2023
INVESTMENTS	£m	£m	£m	£m
Term Investments (liquidity & term <60 months)	107.50	250.30	-244.91	112.89

Details of the Councils investment balances at 31st March 2023 are shown in the table below.

Counterparty	Type of investment	Principal Balance	Duration	Start Date	Effective Maturity	Interest Rate
Bank 1	Instant Access	5,000,000	Overnight	N/A	N/A	2.15%
		5,000,000				
DMO	Fixed Term	5,000,000	6 Months (182 days)	02/12/2022	02/06/2023	3.400%
		5,000,000				
Local Authority - Peterborough C	Fixed Term	5,000,000	1 Year	14/04/2022	13/04/2023	1.20%
Local Authority - London Boroug	Fixed Term	5,000,000	1 Year	29/06/2022	28/06/2023	1.35%
Local Authority - London Boroug	Fixed Term	5,000,000	1 Year	27/07/2022	26/07/2023	1.60%
Local Authority - Darlington Borc	Fixed Term	5,000,000	364 days	01/09/2022	31/08/2023	2.30%
Local Authority - Cheltenham Bo	Fixed Term	3,000,000	6 months	13/10/2022	13/04/2023	3.00%
Local Authority - Suffolk County	Fixed Term	5,000,000	1 year	30/09/2022	29/09/2023	3.15%
Local Authority - Epping Forest D	Fixed Term	2,000,000	6 months	03/10/2022	14/04/2023	3.55%
Local Authority - Epping Forest D	Fixed Term	4,000,000	9 months	18/10/2022	18/07/2023	4.10%
Local Authority - London Boroug	Fixed Term	5,000,000	6 months	14/11/2022	15/05/2023	3.40%
Local Authority - Kirklees Council	Fixed Term	5,000,000	6 months	15/12/2022	15/06/2023	3.60%
Local Authority - North Lanarksh	Fixed Term	5,000,000	5 months	20/02/2023	20/07/2023	3.94%
Local Authority - West Berkshire	Fixed Term	2,000,000	6 months	23/02/2023	23/08/2023	3.95%
Local Authority - Fareham Borou	Fixed Term	5,000,000	6 months	23/02/2023	23/08/2023	3.96%
Local Authority - London Boroug	Fixed Term	5,000,000	6 months	15/03/2023	15/09/2023	4.40%
Local Authority - Harlow District	Fixed Term	2,000,000	114 days	08/03/2023	30/06/2023	4.30%
Local Authority - Blackpool Coun	Fixed Term	5,000,000	3 months	27/03/2023	27/06/2023	4.30%
		68,000,000				
Money Market Fund (MMF)	Instant Access	10,000,000	Overnight	N/A	N/A	3.35%
		10,000,000				
Pooled Property Fund 1	Notice - Long Term	9,035,485	N/A	29/11/2017	N/A	3.91%
Pooled DIF 1	Notice - Long Term	4,502,353	N/A	25/11/2019	N/A	3.91%
Pooled DIF 2	Notice - Long Term	4,551,806	N/A	17/10/2019	N/A	2.60%
		18,089,643				
Local Authority - Watford Council		5,000,000	2 Years	29/09/2021	29/09/2023	0.20%
East Suffolk Services Ltd		1,800,000	10 years	02/03/2023	02/03/2033	7.35%
		6,800,000				
		112,889,643				

Security of capital remained the Council's main investment objective. This was maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2022/23.

Investments during the year included call accounts, deposits with UK Banks and Building Societies and Local Authorities, CCLA and NinetyOne. During the year there were no investments placed with counterparties outside of the UK. Externally Managed Pooled Funds: £19.90m of investments are held in externally managed strategic pooled multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

2.4 COMPLIANCE WITH PRUDENTIAL INDICATORS

The Council complied with its Prudential Indicators for 2022/23, these were approved by Full Council on 26th January 2022. The Prudential Indicators for 2022/23 can be found at Appendix A.

3 How to address current situation

3.1 TREASURY MANAGEMENT QUARTER 1 REVIEW 2023/24

The East Suffolk Council Treasury Management Strategy Statement (TMSS) for 2023/24 was approved by Council on 25th January 2023.

3.2 DAILY CASH MANAGEMENT

The Council’s counterparty list (investment list) is continuously reviewed and updated taking into account published credit rating information, financial accounts, share prices, asset size, Government support and information from the Council’s Treasury Advisors, Arlingclose.

3.3 INVESTMENT PORTFOLIO 2023/24

The Council held £118.56m of investments at the 30th June 2023; the table below illustrates the maturity of investments over the forthcoming months and the average interest rate achieved on the investment.

	1st April 2023 £m	1st April Interest Rate %	30th June 2023 £m	30th June Interest Rate %
Call Accounts (Liquidity Funds)	18.77	3.40%	15.67	1.70%
Money Market Funds	10.00	3.35%	10.00	4.76%
Term Investments: upto 12 months	73.00	1.20% - 4.40%	68.00	1.60% - 4.60%
Term Investments: over 12 months	6.80	0.20% - 7.35%	6.80	0.20% - 7.35%
Property Investment Fund	9.04	4.49%	9.04	4.49%
Multi Asset Fund	9.75	3.36% - 3.82%	9.05	3.36% - 3.82%
Total	127.36		118.56	

3.4 COMPLIANCE

The Acting Chief Finance Officer reports that all treasury management activities undertaken during the first quarter of the financial year complied fully with the principles in the TM Code and the Authority’s approved Treasury Management Strategy.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

	2023/24 Quarter 1	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes/No
Borrowing	£65.57m	£153m	£155m	Yes

Compliance with specific investment limits is demonstrated in the table below.

	2023/24 Q1 Maximum	30.6.2023 Actual	2023/24 Limit per Counterparty	Complied Yes/No
Any single organisation, except the UK Government	£525m	£76m	£25m	Yes
Unsecured investments with building societies	£15m	£0	£15m	Yes
Money Market Funds	£20m	£10m	£20m	Yes
Strategic Pooled funds	£60m	£18.09m	£20m	Yes
Subsidiaries	£10m	£1.6m	£10m	Yes

The Council measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.6.2023	2023/24 Target	Complied Yes/No
Portfolio average credit score	4.8	4	Yes

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

	30.06.2023 £m	Impact of a +/- 1%	2023/24 Target £m	Complied Yes/No
sums subject to variable interest rates:				
Investments	15.00	-0.1/0.1	-0.15/0.15	Yes
Borrowing	0	0	-0.15/0.15	Yes

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

3.5	<p>REVISED TREASURY MANAGEMENT INVESTMENT STRATEGY</p> <p>Following a review of the Treasury Management Strategy for 2023/24 a revised strategy at appendix B includes a requirement for any loans to businesses, subsidiaries, charities, parish councils and housing associations be approved by the Chief Finance Officer/S151 Officer rather than the Audit & Governance Committee as previously adopted. Any new in year approvals will be reported back as part of the quarterly monitoring report to the Audit & Governance Committee. This refinement to the policy aligns the process with the Financial Procedure rules included within the Councils constitution.</p>	Price risk indicator Q1	2023/24
		Limit on principal invested beyond year end	£5.0m
		Actual principal invested beyond year end	£1.8m
		Complied	Yes

4 Reason/s for recommendation

4.1	The CIPFA Treasury Management code requires a report to be produced and noted by the Audit & Governance Committee of the Treasury Management outturn position for the previous financial year and a quarterly update on the current year.
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Appendices

Appendices:

Appendix A	Prudential Indicators Outturn position for 2022/23
Appendix B	Investment Strategy 2023/24

Background reference papers:

None

East Suffolk Council - Compliance with Prudential Indicators 2022/23

1 ESTIMATED AND ACTUAL CAPITAL EXPENDITURE

- 1.1 This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and in particular to consider the impact on the Council Tax and in the case of the HRA, housing rent levels.

	2022/23	2022/23	2022/23
	Estimated £m	In Year Forecast	Outturn £m
Capital Expenditure			
Non-HRA	43.15	39.94	25.11
HRA	24.64	6.64	3.74
Total Capital Expenditure	67.79	46.58	28.85

- 1.2 The £14.83m variance on non-HRA and the £2.9m HRA variance relates to programme delivery being deferred until 2023/24. These are reported as part of the Councils Outturn report for 2022/23.

2 ESTIMATED AND ACTUAL RATIO OF FINANCING COSTS TO NET REVENUE STREAM

- 2.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments. Any increase in the percentages requires an increased contribution from the revenue account to meet the borrowing cost. The variances are primarily related to how the expenditure has been financed, with both the non-HRA and HRA benefiting from increased external financing and Reserve financing.

	2022/23	2022/23
	Estimated %	Outturn %
Ratio of Financing Costs to Net Revenue Stream		
Non-HRA	8.30	1.61
HRA	16.84	14.74

3 CAPITAL FINANCING REQUIREMENT

- 3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium-term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

3.2 The Council met this requirement in 2022/23.

	2022/23	2022/23
	Estimated £m	Outturn £m
Capital Financing Requirement		
Non-HRA	70.44	69.31
HRA	60.40	60.40
Total	130.84	129.71

4 AFFORDABLE BORROWING LIMIT, AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

4.1 **Authorised Limit:** This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and provides headroom over and above for unusual cash movements. This limit was set at £175m for 2022/23, with the actual total borrowing being £65.65m.

4.2 **Operational Boundary:** This limit is set to reflect the Council's best view of the most likely prudent (i.e., not worst case) levels of borrowing activity and was set at £173m for 2022/23 with the actual borrowing amount being £65.65m.

4.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits.

5 UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

5.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e., fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	2022/23	2022/23
	Estimated %	Outturn %
Upper Limit for Fixed Rate Exposure	100	100
Upper Limit for Variable Rate Exposure	50	0

6 MATURITY STRUCTURE OF FIXED RATE BORROWING

6.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period and in particular in the course of the next ten years.

6.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

Maturity structure of fixed rate borrowing	Upper limit %	Lower limit %	Actual Borrowing as at 31 March 2023 £m	Percentage of total as at 31 March 2023 %
under 12 months	50	0	0	0
1 year and within 2 years	50	0	2.0	3
2 years and within 5 years	75	0	10.0	15
5 years and within 10 years	75	0	10.0	15
10 years and within 20 years	75	0	40.64	62
20 years and above	100	0	3.0	5

6.3 All borrowing has been taken in conjunction with advice from the Council's Treasury Management Advisors.

7 TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS

7.1 The Council has £9.35m invested in a long-term property fund, £9.05m invested in long-term multi asset income fund, £5m invested with local authorities and £1.8m with East Suffolk Services.

Investment Strategy Report 2023/24

Introduction

The Council invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as treasury management investments),
- to support local public services by lending to or buying shares in other organisations (service investments), and
- to regenerate and provide service delivery in the locality.

This investment strategy meets the requirements of statutory guidance issued by the government in January 2018 and focuses on the second and third of these categories.

Treasury Management Investments

The Council typically receives its income in cash (e.g., from taxes and grants) before it pays for its expenditure in cash (e.g., through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and Central Government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to fluctuate between £100 million and £130 million during the 2023/24 financial year.

Contribution: The contribution that these investments make to the objectives of the Council is to support effective treasury management activities.

Further details: Full details of the Council's policies and its plan for 2023/24 for treasury management investments are covered in a separate document, the treasury management strategy.

Service Investments: Loans

Contribution: The Council may lend money to its subsidiaries, its suppliers, local businesses, local charities, housing associations, local residents and its employees to support local public services and stimulate local economic growth.

Security: The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk and ensure that total exposure to service loans remains proportionate to the size of the Council, upper limits on the outstanding loans to each category of borrower have been set as follows.

Category of borrower	31.3.2023 actual			2023/24
	Balance owing £000	Loss allowance £000	Net figure in accounts £000	Approved Limit £000
Subsidiaries	1,800	0	1,800	10,000
Suppliers	0	0	0	0
Local businesses	0	0	0	10,000
Local charities & Community Groups	0	0	0	500
Parish Councils	0	0	0	500
Housing associations	0	0	0	5,000
Residents	0	0	0	0
Employees	0	0	0	0
TOTAL	1,800	0	1,800	26,000

Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Councils statement of accounts are shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding service loans by presenting a full business detailing.

- Market assessment – evidencing an independent assessment of the market that the Council is/will be competing in, the nature and level of competition, how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements.
- External Advisor Assessment – All service loans will be subject to assessment by the Council’s External Treasury Advisor and a report will be included within the business case.
- Credit Ratings may be used to assess the risk appetite and will be subject to regular monthly review.
- All loans require the approval of the Chief Finance Officer/S151 Officer.

Reporting:

- In year loans will be reported within the next available quarterly Treasury Management reporting to the Audit & Governance committee.

Service Investments: Shares

Contribution: The Council may invest in the shares of its subsidiaries, its suppliers, and local businesses to support local public services and stimulate local economic growth.

Security: One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Category of company	31.3.2023 actual			2023/24
	Amounts invested £000	Gains or losses £000	Value in accounts £000	Approved Limit £000
Subsidiaries	0	0	0	5,000
Suppliers	0	0	0	500
Local businesses	0	0	0	500
TOTAL	0	0	0	6,000

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding shares by presenting a full business detailing.

- Market assessment – evidencing an independent assessment of the market that the Council is/will be competing in, the nature and level of competition, how the market/customer needs will evolve over time, barriers to entry and exit and any ongoing investment requirements.
- External Advisor Assessment – All service investment shares will be subject to assessment by the Council’s External Treasury Advisor.
- Credit Ratings may be used to assess the risk appetite and will be subject to regular monthly review.
- All service investment shares require the approval of the Chief Finance Officer/S151 Officer.

Reporting:

- In year service investment shares will be reported within the next available quarterly Treasury Management reporting to the Audit & Governance committee.

Liquidity: The maximum period for which funds may be prudently committed is for 5 years, after which subject to satisfactory review this may be renewed annually for a 1-year period.

Non-specified Investments: Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government

guidance. The limits above on share investments are therefore also the Councils upper limits on non-specified investments. The Council has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

Regeneration/Service Investments: Property

Contribution: The Council invests in local property to facilitate regeneration and provide service delivery. The income from these investments will repay any borrowing used in the purchase and to provide a maintenance budget without putting further pressure on the Councils finances.

Table 1: Property held for investment purposes in £ millions.

Property	Actual	31.3.2023 Actual	
	Purchase cost £000	Gains or (losses) £000	Value in accounts £000
Investment Property – shop Lowestoft	166	34	200
Investment Property – shop Lowestoft	1,433	-1,113	320
Investment Property – shop Lowestoft	2,358	-1,438	920
Investment Property - Business Park Beccles	2,355	194	2,549
Investment Property - Business Centre Lowestoft	965	335	1,300
TOTAL	7,277	-1,988	5,289

Security: In accordance with government guidance, the Council considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

The fair value of the Council’s investment property portfolio is no longer sufficient to provide security against loss. However, the Council fully expects the fair value to increase following significant works to the adjoining car park, with the fair value expected to increase to that nearing the original purchase price.

Risk assessment: The Council assesses the risk of loss before entering into and whilst holding property investments by assessing the viability of the cost of financing the investment against the return on investment in terms of receivable income. Investments that are subject to short leases are unlikely to be considered due to the high risk of potential voids.

Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice and can take a considerable period to sell in certain market

conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed; the Council ensures that borrowing is on an equal instalment basis and that revenue budgets cover the cost of the loan repayment.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Council and are included here for completeness.

The Council does not have any current financial guarantees and all loans are through the Public Works Loan Board (PWLB).

Capacity, Skills, and Culture

Elected members and statutory officers: It is important that the members and officers involved in the Treasury Management function have appropriate capacity, skills, and information to enable them to take informed decisions on specific investments, to assess the risk and strategic objectives and to ensure that the Council’s risk exposure is managed. Periodically the Council’s external Treasury advisors, Arlingclose will hold member training sessions which will provide members with a raft of technical advice specifically designed for the Council’s environment. Additionally, Officers have a wide range of information available to them from various sources such as the Chartered Institute of Public Finance and Accountancy (CIPFA), Arlingclose and Room 151. Officers will also attend a number of courses/seminars throughout the year and have periodical strategic meetings with the Council’s treasury advisors.

Property Investment deals: Officers negotiating commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local Authorities operate and have access to a number of external bodies who can provide specific advice and direction.

Corporate governance: All of the Council’s procedures provide a corporate governance arrangement that ensure accountability and for decision making on investment activities and ensure that the Council’s Chief Finance Officer/Section 151 Officer is fully briefed on the Council’s investment position at any one time.

Investment Indicators

The Council has set the following quantitative indicators to allow elected members and the public to assess the Council’s total risk exposure as a result of its investment decisions.

Total risk exposure: The first indicator shows the Council’s total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn down and guarantees the Council has issued over third-party loans.

Table 2: Total investment exposure in £millions

	31.03.2023 Actual £000	31.03.2024 Forecast £000	31.03.2025 Forecast £000
Total investment exposure			
Treasury management investments	112.90	120.00	120.00
TOTAL INVESTMENTS	112.90	120.00	120.00
Guarantees issued on loans	65.65	65.49	65.33

TOTAL EXPOSURE	-47.25	-54.10	-54.67
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How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure.

Table 3: Investments funded by borrowing in £millions.

Investments funded by borrowing	31.03.2023 Actual £000	31.03.2024 Forecast £000	31.03.2025 Forecast £000
Property Investments	2.64	2.48	2.32

Rate of return received: This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Table 4: Investment rate of return (net of all costs)

Investments net rate of return	2022/23 Actual	2023/2024 Forecast
Short & Long Term Treasury Management investments	2.29%	2.50%
Long Term Treasury Management property investments	4.49%	3.50%
Long Term Treasury Management multi asset investments	3.59%	2.70%
Property Asset Investments	10.91%	8.00%
ALL INVESTMENTS	21.28%	16.70%



AUDIT & GOVERNANCE COMMITTEE

Monday, 11 September 2023

Subject	Treasury Management 2023/24 Quarter 2 Report (Mid Year)
Report by	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
Supporting Officer	Lorraine Rogers Acting Chief Finance Officer and Section 151 Officer lorraine.rogers@east Suffolk.gov.uk
Director	Chris Bally Chief Executive chris.bally@east Suffolk.gov.uk

Is the report Open or Exempt?	OPEN
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Category of Exempt Information and reason why it is NOT in the public interest to disclose the exempt information.	Not applicable
Wards Affected:	All Wards

Purpose and high-level overview

Purpose of Report:

The Treasury Management Policy Statement for 2023/24 requires mid-year report on the Treasury Management function to be produced. The report reviews performance of the treasury management function for the first half of 2023/24.

Options:

To comply with the CIPFA Treasury Management code the report is required to be produced and presented to members, and consequently, no other options have been considered.

Recommendation/s:

That the quarter 2 (Mid Year) report on the Council's Treasury Management activity for 2023/24 be noted.

Corporate Impact Assessment

Governance:

The report complies with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management code to provide information and scrutiny on the Council's Treasury Management function.

ESC policies and strategies that directly apply to the proposal:

East Suffolk Council Strategic Plan

Environmental:

No impacts.

Equalities and Diversity:

No impacts.

Financial:

Management of the Council's cash flows; banking; and capital market transactions.

Human Resources:

No impacts.

ICT:

No impacts.

Legal:

No impacts.

Risk:

Treasury Management in Local Government is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services and in this context is the “management of the Council’s cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.” This Council has adopted the Code and complies with its requirements.

External Consultees: None

Strategic Plan Priorities

Select the priorities of the Strategic Plan which are supported by this proposal: <i>(Select only one primary and as many secondary as appropriate)</i>		Primary priority	Secondary priorities
T01	Growing our Economy		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T02	Enabling our Communities		
P06	Community Partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P07	Taking positive action on what matters most	<input type="checkbox"/>	<input type="checkbox"/>
P08	Maximising health, well-being, and safety in our District	<input type="checkbox"/>	<input type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
T03	Maintaining Financial Sustainability		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input 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 type="checkbox"/>
T04	Delivering Digital Transformation		
P15	Digital by default	<input type="checkbox"/>	<input type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
T05	Caring for our Environment		
P20	Lead by example	<input type="checkbox"/>	<input type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input type="checkbox"/>

P23	Protection, education, and influence	<input type="checkbox"/>	<input type="checkbox"/>
XXX	Governance		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<p>How does this proposal support the priorities selected?</p> <p>The investment activity of the Treasury Management function supports the financial stability of the Council with any increase in return on investment providing additional income above budget to the general fund.</p>			

Background and Justification for Recommendation

1 Background facts	
1.1	The UK economy continued to be more resilient than anticipated, growing 0.2% in the second quarter compared to expectations for 0%. The Monetary Policy Committee (MPC) mentioned resilience alongside persistent inflation as an upside risk in their August commentary, this adds to the view that Bank Rate will increase further.
1.2	The underlying picture is more difficult to discern as a stronger June was driven by more working days compared to May (Coronation Bank Holiday) and warm weather, whilst ongoing industrial action likely had a negative impact.
1.3	CPI inflation rose by 6.8% year-on-year in July 2023. Although this reading was slightly above expectations, CPI has fallen to a 17-month low, as the effects of the lower utility price cap become apparent.
1.4	Concerns over the path of core inflation remain well-founded as the stronger-than-expected rebound in services price inflation in July's figures (+7.4% vs Bank of England's estimate +7.3%) together with continuing robust wage growth remains consistent with the view that a further 25 basis point rise in Bank Rate is coming.

2 Current position	
2.1	TREASURY MANAGEMENT QUARTER 2 (Mid year) 2023/24
2.2	<p>DAILY CASH MANAGEMENT</p> <p>The report reviews performance of the treasury management function for the first half of 2023/24.</p> <p>2023/24 Quarter 2 Summary:</p> <ul style="list-style-type: none"> • Total investments at 31st August 2023 totalled £123.32m • These investments are summarised as Short-term Investments £68m, Long-term Investments £24.89m and Liquidity Investments £30.43m. • Interest on Investments to 31st August totalled £914k.

The Council's counterparty list (investment list) is continuously reviewed and updated taking into account published credit rating information, financial accounts, share prices, asset size, Government support and information from the Council's Treasury Advisors, Arlingclose.

2.3 INVESTMENT PORTFOLIO 2023/24

CIPFA revised TM Code defines treasury management investments as 'those which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances which need to be invested until the cash is required for use in the course of business'.

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During this year, the Councils investment balances ranged between £100.4m and £134.4 million due to timing differences between income and expenditure. The investment position is shown in table below.

	1st April 2023 £m	1st April Interest Rate %	31st August 2023 £m	31st August 2023 Interest Rate %
Call Accounts (Liquidity Funds)	18.77	3.40%	20.43	2.00%
Money Market Funds	10.00	3.35%	10.00	5.10%
Term Investments: upto 12 months	73.00	1.20% - 4.40%	68.00	1.60% - 5.60%
Term Investments: over 12 months	6.80	0.20% - 7.35%	6.80	0.20% - 7.35%
Property Investment Fund	9.04	4.49%	9.04	4.49%
Multi Asset Fund	9.75	3.36% - 3.82%	9.05	3.36% - 3.82%
Total	127.36		123.32	

Inter Local Authority investments have increased in yield during the first half of 2023/24 as a consequence of the Bank of England base rate increases and market competition.

The table below details the local authority and Central Government investments to 31st August 2023.

DMO Investments - Short Term

	<u>Amount</u>	<u>Duration</u>	<u>Start Date</u>	<u>End Date</u>	<u>Rate</u>
DMO	5,000,000	31 days	01/08/2023	01/09/2023	5.12%
DMO	5,000,000	4 months	17/08/2023	18/12/2023	5.41%
DMO	5,000,000	2 weeks	23/08/2023	06/09/2023	5.13%

15,000,000

Local Authority Investments - Short Term

	<u>Amount</u>	<u>Duration</u>	<u>Start Date</u>	<u>End Date</u>	<u>Rate</u>
Suffolk County Council	5,000,000	1 year	30/09/2022	29/09/2023	3.15%
London Borough of Southwark	5,000,000	6 months	15/03/2023	15/09/2023	4.40%
Central Bedfordshire Council	5,000,000	6 months	21/04/2023	23/10/2023	4.20%
Kirklees Council	5,000,000	6 months	15/05/2023	15/11/2023	4.25%
Blackpool Council	5,000,000	3 months	27/06/2023	27/09/2023	4.30%
Eastleigh Borough Council	3,000,000	9 months	16/05/2023	16/02/2024	4.60%
Cheshire East Council	5,000,000	6 months	28/06/2023	04/01/2024	4.48%
North Lanarkshire Council	5,000,000	8 months	20/07/2023	20/03/2024	4.60%
Stockport Metropolitan Borough Co	5,000,000	6 months	28/07/2023	29/01/2024	5.35%
London Borough of Newham	5,000,000	9 months	31/07/2023	30/04/2024	5.60%
London Borough of Newham	5,000,000	6 months	17/08/2023	19/02/2024	4.50%

53,000,000

Local Authority Investments - Long Term

Watford Borough Council	5,000,000	2 Years	29/09/2021	29/09/2023	0.20%
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5,000,000

The interest on investments to the 31st August totals £914k against a budget of £700k (to 31st August). The forecast is that the current year budget of £1.68m will be exceeded as a direct result of the increase in investment rates since budget setting.

2.4 **BORROWING**

PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council therefore avoids this activity in order to retain its access to PWLB loans.

As outlined in the treasury strategy, the Councils chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Councils long-term plans change being a secondary objective. The Councils borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

Over the April-August period, short-term rates rose by 1.08% to 6.08% and long-term rates rose by 0.98% to 5.53% (based on a 20 year loan).

No new additional borrowing was taken out during the period to the 31st August 2023. In line with the current loan portfolio repayment terms an £80k repayment was made during in May 2023 and £383.16 in August 2023.

	31st March 2023 Principal £m	Repayments during Q1 & Q2 £m	31 st August 2023 Principal £m
PWLB Fixed Rate Maturity/EIP Loans	65.65	-0.08	65.57

2.5

COMPLIANCE

The Chief Finance Officer reports that all treasury management activities undertaken during the quarter complied fully with the principles in the TM Code and the Councils approved Treasury Management Strategy.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in the table below.

	2023/24 Quarter 2	2023/24 Operational Boundary	2023/24 Authorised Limit	Complied? Yes/No
Borrowing	£65.57m	£173m	£175m	Yes

Compliance with specific investment limits is demonstrated in the table below.

	2023/24 Q2 Maximum	31.08.2023 Actual	2023/24 Limit per Counterparty	Complied Yes/No
Any single organisation, except the UK Government	£525m	£64.8m	£25m	Yes
Unsecured investments with building societies	£15m	£0	£15m	Yes
Money Market Funds	£20m	£10m	£20m	Yes
Strategic Pooled funds	£60m	£20.57m	£20m	Yes
Real Estate Investment Trusts	£0	£0	£10m	Yes

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.08.2023	2023/24 Target	Complied Yes/No
Portfolio average credit score	4.8	4	Yes

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31.08.2023 £m	2023/24 Target £m	Complied Yes/No
sums subject to variable interest rates:			
Total cash available within 3 months	60.00	30.00	Yes

Interest Rate Exposures: This indicator is set to control the Councils exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest rate risk indicator	31.08.2023 Actual	2023/24 Target	Complied Yes/No
Upper limit on one year revenue impact of a 1% <u>rise</u> in interest rates	£-91.4k	£150k	Yes
Upper limit on one year revenue impact of a 1% <u>fall</u> in interest rates	0	£150k	Yes

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Councils exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Price risk indicator Q2	2023/24	2024/25	2025/26	2026/27
Limit on term investment principal invested beyond year end	£5.0m	£5.0m	£5.0m	£5.0m
Actual term investment principal invested beyond year end	£0	£0	£0	£0
Complied	Yes	Yes	Yes	Yes

3 How to address current situation

- 3.1 The Council continues to operate its Treasury Management function within the key principles of security, liquidity, and yield.
- 3.2 The Council will explore other opportunities in Treasury Management investments in line with the Treasury Management Code and any new borrowing requirements will be evaluated against the most appropriate method of borrowing ensuring that cost of borrowing is kept to a minimum.

4 Reason/s for recommendation

- 4.1 The updated CIPFA Treasury Management code requires a Mid Year report to be produced on the Treasury Management function and noted by Committee.

Appendices

Appendices:
None

Background reference papers:
None