



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

# Scrutiny Committee

## **Members:**

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

Members are invited to a **Meeting of the Scrutiny Committee** to be held in the Deben Conference Room, East Suffolk House, on **Thursday, 20 January 2022 at 6.30pm**

This meeting is being held in person in order to comply with the Local Government Act 1972. In order to comply with East Suffolk Council's coronavirus arrangements and guidance, the number of people at this meeting will have to be restricted to only those whose attendance is reasonably necessary.

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If you do believe it is necessary for you to be in attendance we encourage you to notify Democratic Services, by email to [democraticservices@eastsuffolk.gov.uk](mailto:democraticservices@eastsuffolk.gov.uk),

of your intention to do so no later than 12 noon on the working day before the meeting so that the meeting can be managed in a COVID secure way and the Team can endeavour to accommodate you and advise of the necessary health and safety precautions.

However, we are not able to guarantee you a space/seat and you are advised that it may be that, regrettably, we are not able to admit you to the meeting room.

An Agenda is set out below.

## **Part One – Open to the Public**

	<b>Pages</b>
<b>1 Apologies for Absence and Substitutions</b>	
<b>2 Declarations of Interest</b> Members and Officers are invited to make any declarations of Disclosable Pecuniary or Local Non-Pecuniary Interests that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered.	
<b>3 Minutes</b> To confirm as a correct record the Minutes of the Meeting held on 16 December 2021.	<b>1 - 11</b>
<b>4 Capital Programme 2022/23 to 2025/26 ES/1019</b> Report of the Cabinet Member with responsibility for Resources	<b>12 - 35</b>
<b>5 Housing Revenue Account (HRA) Budget Report 2022/23 to 2025/26 ES/1021</b> Report of the Cabinet Member with responsibility for Resources and the Cabinet Member with responsibility for Housing	<b>36 - 60</b>
<b>6 General Fund Budget and Council Tax Report 2022-23 ES/1020</b> Report of the Cabinet Member with responsibility for Resources	<b>61 - 119</b>
<b>7 Scrutiny Committee's Forward Work Programme</b> To consider the Committee's Forward Work Programme	

## **Part Two – Exempt/Confidential**

**Pages**

There are no Exempt or Confidential items for this agenda.

**Close**



Stephen Baker, Chief Executive

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**Unconfirmed**



Minutes of a Meeting of the **Scrutiny Committee** held in the Conference Room, Riverside,  
on **Thursday, 16 December 2021 at 6.30pm**

**Members of the Committee present:**

Councillor Edward Back, Councillor David Beavan, Councillor Stuart Bird, Councillor Mike Deacon, Councillor Louise Gooch, Councillor Colin Hedgley, Councillor Geoff Lynch

**Other Members present:**

Councillor Peter Byatt, Councillor Maurice Cook, Councillor Tony Cooper, Councillor Tony Goldson

**Officers present:**

Sarah Davis (Democratic Services Officer), Brian Mew (Chief Finance Officer & Section 151 Officer), Lorraine Rogers (Deputy Chief Finance Officer) and Alli Stone (Democratic Services Officer).

**1 Apologies for Absence and Substitutions**

Apologies for absence were received from Councillors Cloke and Robinson and their substitutes were Councillors Cooper and Goldson respectively. Apologies for absence were also received from Councillors Coulam, Gee and Topping.

**2 Declarations of Interest**

Councillor Back declared a local non-pecuniary interest in items 4 and 5 on the grounds that he was the Assistant Cabinet Member for Resources and took no part in the discussion or voting thereon.

**3 Minutes**

**RESOLVED**

That the minutes of the meeting held on 21 October 2021 be approved as a correct record and signed by the Chairman

**4 Draft Medium Term Financial Strategy**

The Committee received the report of the Cabinet Member with responsibility for Resources which presented an updated Medium Term Financial Strategy (MTFS) as of November 2021. He explained that the MTFS provided a baseline forecast of income

and expenditure and looked at the overall financial climate, including public finances and the local government financial environment.

The Cabinet Member reported that on 27 October the Chancellor delivered the Autumn Budget and Spending Review 2021. The Spending Review which covered the next three years (2022/23 to 2024/25) was broadly positive for local government, with funding much better than expected. The increase was very much front loaded with growth in grant funding in 2022/23 and no further general increase in the following two years. The draft MTFS assumed another year of the Revenue Support Grant and the Rural Services Delivery Grant, which was an additional £590k for next year. However, there was less certainty for continuation of the Lower Tier Services Grant and a new allocation of New Homes Bonus, so for now, these were not included in the MTFS beyond the current year.

The Committee was informed that the central assumption on Business Rates was a continuation of the current regime for another year, with changes taking place in 2023/24. East Suffolk was in an advantageous position under the current system and deferral of the reforms constituted a financial benefit of over £3m to the Council in 2022/23.

It was reported that the Provisional Local Government Finance Settlement had been released earlier in the day, which would provide greater detail on Government funding and Business Rates, but there was a considerable amount of analysis of the Settlement to be undertaken.

The updated Council Tax base was an improved position, with growth at 1.93% compared to 1% forecast earlier in the year. This amounted to additional income of £288k for 2022/23. A cautious approach had been taken with forecasting tax base growth in future years, with prudent assumptions regarding Local Council Tax Reduction Scheme (LCTRS) reliefs and collection rates, and completion of development sites levelling off.

As of November, the draft MTFS reported an updated budget gap of £1m for 2022/23, a reduction of £4.4m from the February position. This was primarily due to deferral of reforms to the Business Rates system. Future years were showing a slight increase on the February budget gap of between £700k and £800k, giving rise to potential annual budget gaps of around £6m.

It was explained that there were key areas of the budget still to be finalised which could have a significant impact on the budget position including the revenue implications of the capital programme, establishment costs and partnerships.

The Cabinet Member concluded that the 2022/23 budget would be presented to Cabinet and Council on 1 and 23 February respectively, along with further updates to the MTFS.

The Chairman reported that Councillor Beavan had submitted a number of written questions to the Cabinet Member in advance of the meeting and, to ensure everyone had the same information, these were read out in full, together with the responses as follows:

**Page 3 tables - 2022/23 – Why do we expect an extra £2m of reduced income in 2022/23 which has had to be covered from reserves?**

*£2.370m of this is the collection fund deficit which is funded from the Business Rate Equalisation Reserve and makes up the bulk of the 'Use of Reserves' line of £2.7m.*

**Where does the other £3m expected extra income after the business rates bonanza for 2022/23 come from – Suffolk Pool benefits – RSG etc grants? How certain are they?**

*£3.115m Business Rates (one year delay effect). The remainder is:*

- *£1.829m Business Rates Pooling Benefit*
- *£0.143m Council Tax income*
- *£0.191m Council Tax Surplus*
- *£0.672m Government Grants – RSG, RSDG, HB Admin Grant*
- *£0.120m additional net income from the investment in Moor Business Park and the two Business Centres*

*Total £2.955m - We can be fairly certain on these, in particular once the settlement is confirmed.*

**We still have a £1m budget gap for 2022/23?**

*Budget is still a work in progress, and is particularly dependent on the Provisional settlement so not showing a balanced position at this time.*

**2.3 - What happens with our Treasury management if inflation goes up to 5% - how many of our investments will show a loss?**

*Inflation rate and interest rates are intrinsically linked, due to the fact that the Bank of England (generally) responds to higher inflation by tightening monetary policy and increasing interest rates. Consequently, investment returns should increase in a higher inflation and interest rate environment. The methodology behind the Council's investment strategy is to ensure a portfolio mix of instant access, and short and long term structured investments. Increases in interest rate will benefit instant access and short term deposits and will be reflected fairly rapidly in the portfolio due to a monthly rolling investment schedule. Due to their nature, the Council's longer term investments contained within the Multi Asset and Property Pooled Funds generally hold up well to market forces and early indications from fund managers reinforce this position.*

**How much are we making on the offices we bought at Lowestoft and Leiston. I see they returned some extra this year?**

*Net return on the two business centres (Lowestoft and Leiston) is £230k per annum and Moor Park is £120k. The additional £120k included in this report is net income that was too late to capture at the last budget round due to the timing of these acquisitions.*

**2.8 - Area of UNcertainty? Typo!?**

*Yes, typo, should be uncertainty.*

## **2.9 - Has provisional local govt settlement been released?**

*Now expected this afternoon.*

**Appendix A - Council tax increase £4.95 on Band D (max £5) will be increasing at the maximum level. Retrospectively it might have been better to spread this over two years last year?**

*Freezing council tax last year was a policy measure to provide a measure of support to households at a peak period of the economic impact of the pandemic. Phasing this over two years would only have been of marginal financial benefit to the council.*

## **4.32 - Is 525k income assumed from New Homes Bonus (NHB) in 2022/23? Does not year 8 of 548 become year nine next year? I don't understand the table**

*£525k NHB income in 2022/23 is the last legacy payment relating to a previous NHB allocation (year 9), similarly £548k (year 8) was the last legacy payment of that previous allocation. The £104k in 2021/22 is a one year only allocation with no legacy payments in subsequent years. At the moment, we are not currently anticipating a new allocation for 2022/23 in addition to the £525k legacy payment, although this will become clear in the Provisional settlement.*

## **5.17 – A pay rise of 2% assumed but will this be acceptable with 5% inflation? Have we assessed the risks of inflation and energy price increases sufficiently?**

*Local Government pay for 2021 is yet to be agreed. As of October 2021 the National Employers' full and final pay offer for 2021 was:*

- *With effect from 1 April 2021, an increase of 2.75 per cent on NJC pay point 1*
- *With effect from 1 April 2021, an increase of 1.75 per cent on all NJC pay points 2 and above*

*With almost all staff on SCP 2 or above, a budget assumption of 2% for pay inflation is in line with the current pay deal offer, and would allow for some increase above that.*

*We have assumed 10% on energy costs for next year and then returning to 2.5% thereafter. A 10% increase is approximately £55k for the General Fund. There is exposure via our partners. We are closely monitoring utility costs with our Leisure contracts and monitoring inflationary pressures with our Operations partner through the budget monitoring.*

## **6.6 - But reserves (from general reserves?) were used this year to balance the budget? Or does the positive balance revert to reserves?**

*Yes, £1.955m was budgeted to balance the current year from the In-Year Savings Reserve. Any positive balance on outturn this year will revert back to reserves, i.e. the In-Year Savings Reserve, as we will not be requiring as much.*

**6.10 - Reserves have halved because the earmarked reserves are being spent? Will they increase with new grants and projects? Will the general fund reserve be maintained at £6m?**

*The main reason for the use of reserves is the use of grants and external funding held for projects and specific initiatives, the Covid funding in particular, which held a balance of £15.7m at the start of the year. It is projected for the majority of this funding to be used by March 2022. Reserves could potential increase temporary if external funding for specific projects is received ahead of the need to spend. Grant funding is not recognised until it is realised or there is a high degree of certainty that it will be received. The current projection on reserves does not show any significant Council funds being added for projects. Presently the General Fund balance is to be maintained at £6m.*

**And lastly, why can we not borrow to build more homes for social rent in the HRA? According to the attached graphic from CIPFA, we are not very exposed to risk from borrowing for housing.**

*The Council's capital programme is in part financed through borrowing and subject to the overarching borrowing limits contained within the Council's prudential indicators. These limits cover both the General Fund and the HRA. The current capital programme maintains a borrowing position over the MTFS period just below this limit, so there is limited headroom for further borrowing, including on developing HRA properties. In addition to these limits, the other key factor in respect of borrowing is affordability, the ability of either the General Fund or the HRA to meet the revenue costs of borrowing, in the case of the HRA, primarily from rents as an income stream.*

The Chairman invited questions from the Committee and Councillor Lynch queried if there was a total figure for the amount the Council was investing in green projects such as changing the vehicle fleet, to enable Members to focus on how much was being spent on getting to net zero. The Chief Finance Officer responded that the Capital Programme, which would be considered by Cabinet and this Committee in January, was divided by theme so where the primary theme was the environment he agreed it would be possible to pull out key projects on the revenue side based on the theme to get a total figure.

Councillor Gooch requested a full breakdown on the Transformational Environmental Budget and Environment Challenge Climate Change Budget and also queried if there were any economies of scale with any further scope of provision of services for cyber systems such as pooling with other Local Authorities. The Chief Finance Officer stated that he would liaise with the Head of Digital and Programme Management regarding procurement arrangements and email his response to Democratic Services for distribution to Members.

Councillor Gooch also queried if the Council bought fuel in bulk and if reference in the response to Councillor Beavan's question to "exposure to our partners" meant that the Council was working in partnership with them. The Chief Finance Officer clarified that this meant the Council's leisure providers and Norse. The Deputy Chief Finance Officer added that the Council was working with Norse to monitor their budgets given the fuel



inflation and at the moment this was being managed within existing budgets. The Chairman repeated Councillor Gooch's earlier question regarding opportunities for buying in bulk and the Deputy Chief Finance Officer reported that this would need to be discussed with partners.

Councillor Deacon asked how it was proposed to close the shortfall of £1m and the Cabinet Member responded that it depended on the outcome of the local government settlement received and the indicators might be a help towards bridging the gap. He added that the Council had also received a letter from Michael Gove which needed to be analysed to understand the impact. The MTFS would be updated in January so it was too early to say at the moment but their statutory role was to present a balanced budget which they would do.

Councillor Goldson referred to the Council Tax surplus and asked what this was based on and the Chief Finance Officer stated that the Collection Fund had a surplus and a deficit which needed to be taken account of and this figure related to last year's surplus. Councillor Goldson also pointed out that the Ringo costs had increased but car parking income was down and he queried why Ringo still provided the service if it was costing more money. The Cabinet Member acknowledged that the main loss of income had been car parking, although he was not sure the figures reflected what it would be in a "normal" year, and suggested that the question of contract value should be directed to the Cabinet Member for Transport.

Councillor Beavan thanked the Cabinet Member for the responses to his earlier questions and queried how the prudential limits were calculated and what factors were taken into account. The Cabinet Member commented that it was helpful to have questions in advance and he would discuss the process for this with officers. The Chief Finance Officer stated that the prudential limits were in the Council's Treasury Management Strategy and were worked on a prescribed formula based on the maximum a Local Authority could have. He confirmed that £70m had been borrowed when the HRA had become self-financing which most authorities with council housing stock had done. He added that this figure counted towards the overall borrowing limit the Council had.

The Chairman referred to the collection deficit for business rates during Covid particularly for the retail and hospitality sector and queried why the Government compensation figure was higher than the costs for the Council. The Chief Finance Officer explained that the grant exceeded the deficit which could be spread over three years so in other words the grant was more than the Council needed for that particular year. He added that the Council Tax and Business Rates system worked a year in arrears and so the Council had to account for the deficit in the following year and the actual deficit the year after that, which meant that it was difficult to present and explain that in these reports. He agreed to produce more analysis in the table to try to explain this more fully in future reports. In relation to Council Tax base, the Chief Finance Officer explained that there had been a rapid recovery between now and the estimates this time last year when those estimates had been made. With regard to Business Rates, he added that the Council had been helped by large grants and reliefs to businesses from the Government.

The Chairman also referred to the projected Council Tax figure rise of 2% on a Band D property by 2025/26 and queried if this would be a sustainable situation for East Suffolk Council given the cumulative effect of a 2% rise on household budgets. The Cabinet Member responded that the Government set the referendum limits of 2% or £5 and East Suffolk had the choice within that and in terms of budgeting forward, a decision had been taken to have a balanced approach that it might be necessary to increase Council Tax. He added that a 2% increase in the Council Tax base from the Council's perspective would equate to £4.95 in our terms. He continued that the budget had included a potential increase of 2% last year but in the end the Council had chosen not to increase its portion of the Tax so it depended on the decision that was made. He explained that the rate of inflation impacted on sustainability e.g. it had been 1.9% during Covid, in July it was 4.9% and now was 5.1% and interest rates had just gone up to 0.25%. He concluded that the Council would be consistent going forwards in that this was our base point for budgeting purposes.

Councillor Gooch referred to the Green Homes Grants and queried if more direction was received from the Government on energy efficiency for homes on low income households if it was likely the Council would receive financial support. The Cabinet Member responded that the budget only included figures that were known today and did not include anything that might come forward such as funding for retrofitting.

The Chief Finance Officer referred to the earlier questions relating to Ringo and explained that the increase in their charge to the Council had been due to the very large increase in cashless payments due to the pandemic. He added that there might be some offsetting savings arising from less cash collections being made. He also referred to the graph on page 61 which grouped projects by strategic theme and agreed that this could be developed for future reports to give Members more detailed information.

On the proposition of Councillor Deacon, seconded by Councillor Lynch, it was

## **RESOLVED**

That, having reviewed and commented upon the MTFS, the Scrutiny Committee endorsed the recommendations from Cabinet as set out below:

1. Approve the draft Medium Term Financial Strategy attached as Appendix A.
2. Approve that Members and Officers develop proposals to set a balanced budget for 2022/23 and beyond.

## **5 Cabinet Member Update - Resources**

The Committee received an update from Councillor Cook, Cabinet Member with responsibility for Resources who reported firstly on the achievements relating to his Portfolio over the last year as follows:

- A balanced Budget had been achieved including a freeze on District Council Tax and additional contribution of £110k to Towns and Parishes to restrict their

precept rises. A number followed the Council's lead and did not increase their precept.

- From the beginning of the Covid pandemic the Council paid out £130m in a range of grants to businesses and in support of communities.
- To increase transparency to Members and the public by introducing taking the final Budget to Cabinet and Full Council and introducing Half Yearly Performance reports.
- Supporting the Council in meeting its targets to build houses.
- In Treasury Management, Councillor Cook explained that security and liquidity came before yield. Investment in Multi Asset Trusts had been increased by a further £5m to boost the Council's income from long-term reserves. He explained that, as reported to the Audit & Governance Committee on 20<sup>th</sup> September, Officers were in the process of establishing an ethical investment statement to be included in the Treasury Management Strategy. He added that Members should note, however, that this had now been superseded by the proposed Treasury Management Code update which would require an Environmental, Social and Governance (ESG) policy to be implemented in the 2023/24 Strategy.
- Increased the Council's commercial income from the purchase and letting of the Moor Park Industrial site and the NWES Office accommodation complexes.
- Provided the Business case and other preparatory work towards to formation of the LATCo to take over the Waste Management and Grounds Management function from Norse and other future, yet to be announced, projects.
- Provided a new investment strategy and financial framework to the newly formed Southwold Harbour Management Committee.
- Received the agreement of the Government to close the second homes Council Tax / Business Rates loophole.
- Provided additional funding for the Gull Wing Bridge project in Lowestoft.

It was noted that, in Councillor Cook's own Ward, he had facilitated the agreement by three Parish Councils for a new Solar Energy Farm to provide electricity for 16,5k homes, which would save 11k of carbon each year, provided an income to the Parishes and provided a significant business rate contribution of £0.5m per year in the coming years which would benefit residents across the whole District.

Councillor Cook concluded that all these and many more activities had been undertaken to comply with the Council's ethos of creating sound income streams which, ultimately, helped to relieve the pressure to increase Council Tax for the benefit of all residents of the District.

Councillor Cook then went on to outline his key deliverables in the portfolio over the next six months, some of which were business as usual, but still important:

- Establishing the lead authority and rating arrangements for Freeport East.
- Managing significant levels of external funding and supporting major projects, e.g. Freeport East, Towns Fund, North Felixstowe, Lowestoft Flood Barrier, etc.
- Reconciliation, accounting for, and advising on, Covid support measures.
- Anglia Revenues Partnership
  - Continuing to deliver Test and Trace Support payment
  - Implementing Local Council Tax Reduction Scheme changes
  - Implementing and delivering new business rate relief
- Developing new strategic plan.
- Delivering a balanced budget.
- Embedding and developing full compliance with the CIPFA Financial Management Code.
- Working towards long term financial sustainability through the Financial Sustainability theme of the Strategic Plan.
- Revising the Council's Financial Procedure rules.
- Updating Treasury Management Strategies.
- Delivering the Finance workstream to establish the new Local Authority Trading Company.

Councillor Cook also made specific reference to the following:

- To see more of the Council's capital projects such as the Jubilee Parade and Lowestoft Beach Huts projects come on stream and provide additional capital and revenue incomes.
- Begin to see real investment in the Southwold Harbour Management Committee to provide an improved customer offer and increase income.

Councillor Cook concluded that he wished to look forward and help close the budget gaps whilst improving the offer for residents.

The Chairman thanked Councillor Cook and invited questions from the Committee.

Councillor Lynch commented that, whilst it was clear investment was taking place in lots of different projects, the Council appeared to be careful about borrowing. Reference was made to the Council's Risk Strategy and the Cabinet Member clarified that all the projects in the budget were analysed by the Team before they were agreed by Cabinet. He agreed that there was a massive programme with many projects underway and on track but this had brought pressure on Senior Management and,

therefore, it was essential that the Council had the right Project Managers in place. He added that security and liquidity of money was so far ahead of yield even though it was vitally important to get a balanced budget.

Councillor Hedgley asked if there were any plans to extend the solar farm project to other areas of East Suffolk. Councillor Cook responded that the Council had a very ambitious environmental agenda to he would love to see the project expanded and help towards achieving a carbon neutral budget.

In response to a question from Councillor Gooch, Councillor Cook stated that he was not aware of any possible sites identified for on shore wind farm developments in the District.

Councillor Beavan referred to the fact that he had spoken to a company who was interested in investing in a prototype generator for Southwold Harbour and Councillor Cook suggested that he speak to Andy Jarvis, Strategic Director, or Kerry Blair, Head of Operations to progress this further.

Councillor Deacon sought clarification on the most problematic issue which had arisen during Covid from a financial point of view and Councillor Cook responded that it was the uncertainty it caused, particularly in relation to its effect on the retail and hospitality industry. He added that no-one had foreseen Omicron which had led many people to question their arrangements and only meet if it was essential which impacted on these industries.

The Chairman referred to the diversification of income sources and queried if Councillor Cook saw the LATCo mirroring the County Council's arrangements in that it delivered services in house as well as bidding to provide services for other public/private sector bodies. Councillor Cook acknowledged that there was some potential for this but caveated that progress needed to be cautious. He added that an advantage was to access funding and borrowing from external commercial sources rather than being restricted to prudential indicators which restricted the Council. Need to be very careful that we do not enter into areas where do not have the expertise to excel and this was why a high level management expert would be recruited to ensure that the operation would be run efficiently for the Council and Council Tax payers.

The Chairman thanked Councillor Cook and the Finance Team for their report and responses to the Committee's questions.

## **6 Scrutiny Committee Annual Report 2020/21**

The Chairman drew Members' attention to the Annual Report for the year 2020/21 which summarised the Committee's activities for that period. In the absence of any queries or comments, it was

### **RESOLVED**

That the Annual Report by the Chairman of the Committee be received.

## **7 Recommendations to Cabinet - Update**

The Committee received an update on the outcome of the Scrutiny Committee's recommendations for the following reviews which were considered by Cabinet at their meeting on 7 December 2021:

Waste Management - partially accepted

Housing Development - rejected

Empty Homes - accepted

Following Cabinet's view that it was not appropriate for them to send letters to external bodies but that the Scrutiny Committee could send letters direct, a discussion was held on whether the Scrutiny Committee should now send the three letters from the Waste Management review. Concern was expressed that the Committee needed to be mindful of whether it was likely such letters would have a positive outcome or even a response given the amount of Officer time required to write them. The point was made that, in this particular case, the Committee had held the review and decided at the time that it was appropriate for letters to be sent, albeit that Cabinet had now said they would not write the letters themselves. The Chairman reported that a letter of acknowledgement had been received from the University of Suffolk regarding the recent Dentistry review.

## **RESOLVED**

That the outcome of the recommendations to Cabinet in relation to the three reviews be noted and the following three lobbying letters be sent in relation to the Waste Management review to:

- The relevant Minister for a fully digitised and traceable waste management service.
- Highways England to seek a review of its current policy so that electronic anti-littering message signs can be displayed again on the overhead gantries on both carriageways of the A14 between Ipswich and Felixstowe.
- The Port of Felixstowe to seek improved and affordable facilities for drivers at the Port (to minimise littering in lay-bys and potential health hazards).

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

The Scrutiny Committee received and reviewed its current forward work programme and the Chairman reported that, with the agreement of Councillor Beavan, it had been agreed that the Covid review scheduled for February would not now include the grants process as the Head of Internal Audit would be providing a report on this in June 2022. Reference was made to the current vacant slot in the April meeting and it was agreed that this would be held for a possible topic currently being worked up by Councillor Deacon.

The meeting concluded at 8.15pm.

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Chairman



**SCRUTINY COMMITTEE**  
**Thursday, 20 January 2022**

<b>Subject</b>	Capital Programme 2022/23 to 2025/26
<b>Report by</b>	Councillor Maurice Cook, Cabinet Member with responsibility for Resources
<b>Supporting Officer</b>	Brian Mew Chief Finance Officer and Section 151 Officer <a href="mailto:Brian.mew@eastsuffolk.gov.uk">Brian.mew@eastsuffolk.gov.uk</a> 01394 444571

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

## Purpose and high-level overview

### **Purpose of Report:**

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 2021/22 to 2025/26.

### **Options:**

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.

### **Recommendation/s:**

That the Scrutiny Committee reviews and comments upon the Capital Programme and the Cabinet recommendations as set out below;

1. That the General Fund capital programme for 2021/22 to 2025/26 including revisions as shown in Appendix B be recommended for approval by Full Council.
2. That the Housing Revenue Account capital programme for 2021/22 to 2025/26 including revisions as shown in Appendix G be recommended for approval by Full Council.

## Corporate Impact Assessment

### **Governance:**

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

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

- East Suffolk Council Strategic Plan
- East Suffolk Council Medium Term Financial Strategy
- East Suffolk Council Treasury Management Strategy and Treasury Management Policy
- East Suffolk Council Capital Strategy
- Annual Governance Statement
- Financial Procedure Rules

### **Environmental:**

All projects in the Programme are intended to contribute to the Strategic Plan Priority of Caring for our environment.

### **Equalities and Diversity:**

No direct impact from this report, where subsequent individual business cases are presented Equality Impact Assessments are prepared.



**Financial:**

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). 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). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance.

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 £71.53 million between 2021/22 and 2025/26 which is due to capital projects being financed through borrowing. Statutory guidance is that debt should remain below the CFR.

The Council expects to comply with this in the medium term, but 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, although, as referred to in the Capital Strategy, significant receipts are currently expected in respect of the former SCDC Melton Hill offices and Jubilee Beach Huts in Lowestoft. The financing of the programme will be revised when these are received.

In addition, external funding is expected to be secured in respect of other major projects in the Programme, assisting the overall position and the ability of the Council to deliver on its Strategic Plan.

**Human Resources:**

No impacts directly arising from this report.

**ICT:**

No impacts directly arising from this report.

**Legal:**

No impacts directly arising from this report.

**Risk:**

No impact directly arising from this report.

**External Consultees:**

External consultation has been carried out 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.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
P01	Build the right environment for East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P02	Attract and stimulate inward investment	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P03	Maximise and grow the unique selling points of East Suffolk	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P04	Business partnerships	<input type="checkbox"/>	<input type="checkbox"/>
P05	Support and deliver infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T02</b>	<b>Enabling our Communities</b>		
P06	Community Partnerships	<input type="checkbox"/>	<input 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 checked="" type="checkbox"/>
P09	Community Pride	<input type="checkbox"/>	<input type="checkbox"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
P20	Lead by example	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P21	Minimise waste, reuse materials, increase recycling	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P22	Renewable energy	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P23	Protection, education, and influence	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>  The Capital Programme forms part of the Council's Budget and Policy Framework and outlines the Council's capital investment in the assets, services, and infrastructure of the district in accordance with the key priorities and objectives of the Strategic Plan.			

## Background and Justification for Recommendation

1	Background facts
1.1	<p>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.</p>
2	Current position
2.1	<p>Capital expenditure within the Council is split into two main components, the General Fund Capital Programme, and the Housing Revenue Account (HRA) Capital Programme.</p> <p>The capital programme has been compiled taking account of the following main principles, to:</p> <ul style="list-style-type: none"> <li>• maintain an affordable four-year rolling capital programme.</li> <li>• ensure capital resources are aligned with the Council's Strategic Plan,</li> <li>• maximise available resources by actively seeking external funding and disposal of surplus assets; and</li> <li>• not to anticipate receipts from disposals until they are realised</li> </ul>
2.2	<p>General Fund Capital Programme Summary</p> <p>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.</p> <p>Following the review and revisions to programme by project officers the revised capital programme has been reviewed by the Asset Management Group along with the Chief Finance Officer and is presented at:</p> <ul style="list-style-type: none"> <li>• Appendix A :- General Fund Capital Programme 2021/22 to 2025/26 Summary, shows a summary of the capital programme and planned financing.</li> <li>• Appendix B :- General Fund Capital Programme Revisions 2021/22 to 2025/26, shows budget revisions to previously approved projects</li> <li>• Appendix C:- General Fund Capital Programme 2021/22 to 2025/26 extract of budget increases greater than £1m and budget decreases greater than £0.10m.</li> <li>• Appendix D:- General Fund Capital Programme 2021/22 to 2025/26 New Projects, shows the new projects being recommended for approval and inclusion within the existing programme as shown in appendix B.</li> <li>• Appendix E:- General Fund Capital Programme 2021/22 to 2025/26 Extract of Externally Funded Projects, is an extract of the programme showing all projects which are subject to external grants/contributions.</li> </ul>

2.3	<p>The General Fund capital programme for 2021/22 through to 2025/26 has a total financing requirement of £262.05m which will be financed through both internal and external resources.</p> <p>The programme from 2021/22 to 2025/26 benefits from £161.11m (62%) of external grants and contributions, the use of £12.10m (5%) of reserves and internal/external borrowing of £87.64m (33%).</p> <p>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 with projects funded by borrowing these will require robust business cases to underpin the investment. Where any project is identified as having a significant borrowing requirement (over £10 million) the project business case should be presented to Council for approval prior to the borrowing being secured.</p> <p>Housing Revenue Account (HRA) Capital Programme Summary</p> <p>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.</p> <ul style="list-style-type: none"> <li>• Appendix F:- HRA Capital Programme 2021/22 to 2025/26 Summary shows a summary of the capital programme and planned financing.</li> <li>• Appendix G:- HRA Capital Programme 2021/22 to 2025/26, shows an update to the HRA capital budgets.</li> </ul> <p>The HRA capital programme for 2021/22 through to 2025/26 has a total budget requirement £77.79m which will be financed through both internal and external resources.</p> <p>The programme from 2021/22 to 2025/26 relies upon £3.53m (5%) of external grants and contributions, the use of £35.31m (45%) of capital reserves, direct revenue financing of £18.26m (23%) and £20.70m (27%) of capital receipt.</p>
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### 3 How to address current situation

3.1	<p>The General Fund and Housing Revenue Account capital programmes which were previously been approved by Full Council on 27 January 2021 have been updated to reflect the most current required budget and are fully detailed in the appendices to this report.</p> <p>New General Fund capital projects have been identified as part of the budget setting process and the required new capital budget request process review has been undertaken. These projects are shown in Appendix C.</p>
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4 Reason for recommendation	
4.1	The Council's constitution requires the CFO to prepare and present to Cabinet and Full Council the Council's capital programme for approval.

## Appendices

Appendices:	
<b>Appendix A</b>	General Fund Capital Programme 2021/22 to 2025/26 Summary
<b>Appendix B</b>	General Fund Capital Programme Revisions 2021/22 to 2025/26
<b>Appendix C</b>	General Fund Capital Programme 2021/22 to 2025/26 extract of budget increases greater than £1m and budget decreases greater than £0.10m.
<b>Appendix D</b>	General Fund Capital Programme 2021/22 to 2025/26 New Projects
<b>Appendix E</b>	General Fund Capital Programme 2021/22 to 2025/26 Extract of Externally Funded Projects
<b>Appendix F</b>	HRA Capital Programme 2021/22 to 2025/26 Summary
<b>Appendix G</b>	HRA Capital Programme 2021/22 to 2025/26

Background reference papers:		
Date	Type	Available From
	None	

**General Fund Capital Programme 2021/22 to 2025/26 Summary**

<b>SUMMARY - GENERAL FUND PROGRAMME</b>	<b>2021/22 £000 Current Budget</b>	<b>2021/22 £000 Revised Budget</b>	<b>2022/23 £000 Revised Budget</b>	<b>2023/24 £000 Revised Budget</b>	<b>2024/25 £000 Revised Budget</b>	<b>2025/26 £000 Revised Budget</b>	<b>£000 Total</b>
<b>Capital Expenditure</b>							
Economic Development & Regeneration	1,456	956	4,943	11,409	10,289	9,259	36,856
Environmental Services & Port Health	150	400	406	50	50	50	956
Financial Services	3,873	100	400	0	0	0	500
ICT Services	804	327	527	450	250	250	1,804
Operations	17,750	9,765	21,477	33,925	31,075	505	96,747
Planning & Coastal Management	19,344	4,169	19,432	22,009	36,774	36,200	118,584
Housing Improvement	1,399	1,100	1,000	1,000	1,000	1,500	5,600
Long Term Debtors	10,000	0	1,000	0	0	0	1,000
<b>Total Capital Expenditure</b>	<b>54,776</b>	<b>16,817</b>	<b>49,185</b>	<b>68,843</b>	<b>79,438</b>	<b>47,764</b>	<b>262,047</b>
<b>Financed By:-</b>							
Borrowing	25,470	5,435	20,255	30,050	29,200	2,700	87,640
Capital Receipt	0	0	0	0	0	0	0
Contributions	0	400	300	0	0	0	700
Grants	21,413	5,357	24,210	37,218	49,363	44,259	160,407
Reserves	7,893	5,625	4,420	1,575	875	805	13,300
<b>Total Financing</b>	<b>54,776</b>	<b>16,817</b>	<b>49,185</b>	<b>68,843</b>	<b>79,438</b>	<b>47,764</b>	<b>262,047</b>

### General Fund Capital Programme Revisions 2021/22 to 2025/26

TYPE	Strategic Theme	ECONOMIC DEVELOPMENT & REGENERATION	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Revised Budget	Funding Type
Grant Assisted	Enabling our Communities	Ness Point Regeneration Project	280	280	0	0	0	0	0	0	0	EG/ER
Grant Assisted	Growing our Economy	Towns Fund - Delivery	0	0	0	143	0	149	0	149	149	EG
Grant Assisted/Match Funding	Growing our Economy	Towns Fund - Cultural Quarter (Phase 1)	0	0	800	600	1,800	6,000	12,100	8,640	9,110	EG/IB
Grant Assisted	Growing our Economy	Towns Fund -Station Quarter (Main Railway Building)	0	0	150	0	750	0	0	0	0	EG
Grant Assisted	Growing our Economy	Towns Fund -Station Quarter (Former Post & Sorting Office)	500	0	3,330	3,000	0	0	0	0	0	EG/IB
Grant Assisted	Growing our Economy	Towns Fund -Station Quarter (Public Realm)	0	0	500	0	500	830	0	0	0	EG
Grant Assisted	Growing our Economy	Towns Fund - Historic Quarter	0	0	700	1,000	2,600	2,210	0	0	0	EG
Grant Assisted	Growing our Economy	Towns Fund - Port Gateway Improvement Project	0	0	300	100	2,400	1,050	0	1,500	0	EG
Grant Assisted/ ESC Funding	Growing our Economy	Towns Fund - Seafront Vision Delivery	0	0	200	100	1,100	1,170	0	0	0	EG
Grant Assisted	Growing our Economy	Lowestoft Former Post & Sorting Office - Façade refurbishment	676	676	0	0	0	0	0	0	0	EG/ER
<b>Total Budgeted Expenditure</b>			<b>1,456</b>	<b>956</b>	<b>5,980</b>	<b>4,943</b>	<b>9,150</b>	<b>11,409</b>	<b>12,100</b>	<b>10,289</b>	<b>9,259</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
Internal Borrowing			0	0	0	1,000	0	3,000	0	4,500	2,500	
Capital Receipt			0	0	0	0	0	0	0	0	0	
Reserve			453	453	0	0	0	0	0	0	0	
			<b>453</b>	<b>453</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>4,500</b>	<b>2,500</b>	
<b>External Funding:</b>												
Grants			1,003	503	5,980	3,943	9,150	8,409	12,100	5,789	6,759	
Contributions			0	0	0	0	0	0	0	0	0	
Borrowing			0	0	0	0	0	0	0	0	0	
			<b>1,003</b>	<b>503</b>	<b>5,980</b>	<b>3,943</b>	<b>9,150</b>	<b>8,409</b>	<b>12,100</b>	<b>5,789</b>	<b>6,759</b>	
<b>Total Budgeted Financing</b>			<b>1,456</b>	<b>956</b>	<b>5,980</b>	<b>4,943</b>	<b>9,150</b>	<b>11,409</b>	<b>12,100</b>	<b>10,289</b>	<b>9,259</b>	

Project	Description
Ness Point Regeneration Project	The Lowestoft Ness Regeneration Scheme (East of England Park project) aims to create a visitor destination that celebrates the culture and heritage of its location.
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)
Lowestoft Former Post & Sorting Office - Façade refurbishment	Restoration of the façade of Lowestoft's former Post Office on London Road North.

**Funding Type Key:**

<b>CR</b> Capital Receipt	<b>EG</b> External Grant
<b>EB</b> External Borrowing	<b>ER</b> Earmarked Reserve
<b>EC</b> External Contribution	<b>IB</b> Internal Borrowing

TYPE	Strategic Theme	ENVIRONMENTAL SERVICES & PORT HEALTH	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
cyclical Replacement	Delivering Digital Transformation	Port Health	150	400	150	406	50	50	50	50	50	ER
<b>Total Budgeted Expenditure</b>			<b>150</b>	<b>400</b>	<b>150</b>	<b>406</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
Internal Borrowing			0	0	0	0	0	0	0	0	0	
Capital Receipt			0	0	0	0	0	0	0	0	0	
Reserve			150	400	150	406	50	50	50	50	50	
			<b>150</b>	<b>400</b>	<b>150</b>	<b>406</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	
<b>External Funding:</b>												
Grants			0	0	0	0	0	0	0	0	0	
Contributions			0	0	0	0	0	0	0	0	0	
Borrowing			0	0	0	0	0	0	0	0	0	
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Budgeted Financing</b>			<b>150</b>	<b>400</b>	<b>150</b>	<b>406</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	

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

TYPE	Strategic Theme	FINANCIAL SERVICES	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
Health & Safety	Enabling our Communities	House Purchase - Blackstock	23	0	0	0	0	0	0	0	0	ER
Income Generation	Maintaining Financial Sustainability	Commercial Investment	150	0	0	0	0	0	0	0	0	IB
Income Generation	Maintaining Financial Sustainability	Commercial Investment - Building/Land Acquisition	3,500	0	0	0	0	0	0	0	0	IB
Statutory	Enabling our Communities	Short Term Transit Site	200	100	300	400	0	0	0	0	0	ER
<b>Total Budgeted Expenditure</b>			<b>3,873</b>	<b>100</b>	<b>300</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
Internal Borrowing			3,650	0	0	0	0	0	0	0	0	
Capital Receipt			0	0	0	0	0	0	0	0	0	
Reserve			223	100	300	400	0	0	0	0	0	
			<b>3,873</b>	<b>100</b>	<b>300</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>External Funding:</b>												
Grants			0	0	0	0	0	0	0	0	0	
Contributions			0	0	0	0	0	0	0	0	0	
Borrowing			0	0	0	0	0	0	0	0	0	
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Budgeted Financing</b>			<b>3,873</b>	<b>100</b>	<b>300</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Project	Description
House Purchase - Blackstock	Purchase of investment property
Commercial Investment	Commercial Investment budget to facilitate project for commercial investment, subject to a business
Commercial Investment - Building/Land acquisition	Commercial Investment budget to be used for the purchase of properties/land subject to a business case
Short Term Transit Site	Evaluation of Short Term Transit Sites



TYPE	Strategic Theme	ICT SERVICES	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
cyclical Replacement	Delivering Digital Transformation	Corporate IT Requirements	627	327	50	350	450	450	250	250	250	ER
cyclical Replacement	Delivering Digital Transformation	Members Webcasting	177	0	0	177	0	0	0	0	0	ER
<b>Total Budgeted Expenditure</b>			<b>804</b>	<b>327</b>	<b>50</b>	<b>527</b>	<b>450</b>	<b>450</b>	<b>250</b>	<b>250</b>	<b>250</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
Internal Borrowing			0	0	0	0	0	0	0	0	0	0
Capital Receipt			0	0	0	0	0	0	0	0	0	0
Reserve			804	327	50	527	450	450	250	250	250	
			<b>804</b>	<b>327</b>	<b>50</b>	<b>527</b>	<b>450</b>	<b>450</b>	<b>250</b>	<b>250</b>	<b>250</b>	
<b>External Funding:</b>												
Grants			0	0	0	0	0	0	0	0	0	0
Contributions			0	0	0	0	0	0	0	0	0	0
Borrowing			0	0	0	0	0	0	0	0	0	0
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Budgeted Financing</b>			<b>804</b>	<b>327</b>	<b>50</b>	<b>527</b>	<b>450</b>	<b>450</b>	<b>250</b>	<b>250</b>	<b>250</b>	

Project	Description
Corporate IT Requirements	Corporate refresh of hardware and updating of current systems
Members Webcasting	Installation of webcasting facility for Council meetings

TYPE	Strategic Theme	OPERATIONS	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
Health & Safety	Maintaining Financial Sustainability	Aldeburgh Shelter	6	0	0	0	0	0	0	0	0	ER
cyclical Replacement	Maintaining Financial Sustainability	Bath Tap Chalets, Felixstowe	100	0	500	100	0	500	0	0	0	ER
cyclical Replacement	Caring for our Environment	Bawdsey Quay	57	0	0	0	0	0	0	0	0	ER
cyclical Replacement	Caring for our Environment	Brackenbury Beach Hut replacement Handrailing	88	88	0	0	0	0	0	0	0	ER
cyclical Replacement	Enabling our Communities	Bungay LC redevelopment	306	0	0	0	0	0	0	0	0	IB
cyclical Replacement	Caring for our Environment	Cemeteries	395	395	0	0	0	0	0	0	0	IB
Health & Safety	Caring for our Environment	Cliff House Chalets Felixstowe	10	10	0	0	0	0	0	0	0	ER
cyclical Replacement	Caring for our Environment	Cliff House, Felixstowe	250	0	750	250	0	750	0	0	0	IB/ER
cyclical Replacement	Maintaining Financial Sustainability	Clifflands car park, Felixstowe	100	100	0	0	0	0	0	0	0	ER
Income Generation	Enabling our Communities	Community Asset transfer fund	125	100	125	100	125	100	125	100	0	ER
Health & Safety	Enabling our Communities	Coronation Sports Ground	45	0	25	0	0	0	0	0	0	ER
cyclical Replacement	Enabling our Communities	East Point Pavilion	678	1,183	0	250	0	0	0	0	0	ER
cyclical Replacement	Maintaining Financial Sustainability	Estates Management	200	200	200	200	200	200	200	200	200	ER
cyclical Replacement	Caring for our Environment	Felixstowe Lighting	37	0	0	0	0	0	0	0	0	ER
Income Generation	Maintaining Financial Sustainability	Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre)	88	22	10,000	0	10,000	17,500	5,000	17,500	0	EB
Income Generation	Maintaining Financial Sustainability	Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre Land Purchase & Access Road)	0	0	0	1,500	0	4,500	0	3,000	0	EB
Income Generation	Maintaining Financial Sustainability	Felixstowe North - Garden Neighbourhood Regeneration Project (Infrastructure)	0	0	0	2,000	0	2,000	6,000	2,000	0	EB
Health & Safety	Maintaining Financial Sustainability	Felixstowe Seafront Gardens Handrailing	15	0	0	0	0	0	0	0	0	ER
cyclical Replacement	Maintaining Financial Sustainability	Felixstowe Sea Front Shelters	67	67	0	0	0	0	0	0	0	ER
cyclical Replacement	Growing our Economy	Felixstowe South - Public Realm and Martello Tower	583	250	0	1,500	0	2,000	0	2,000	0	IB
Health & Safety	Enabling our Communities	Felixstowe Sports Hub	197	197	0	0	0	0	0	0	0	ER
cyclical Replacement	Caring for our Environment	Fishing Hut Felixstowe	30	30	0	0	0	0	0	0	0	ER
Health & Safety	Caring for our Environment	Footway Lighting Works - Northern (cyclical replacement)	94	94	30	0	30	0	30	0	30	ER
Income Generation	Maintaining Financial Sustainability	Former Deben High School Felixstowe	3,200	850	2,350	2,350	0	0	0	0	0	IB
Health & Safety	Enabling our Communities	Leisure Centre Brackenbury	40	40	0	0	0	0	0	0	0	ER

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Health & Safety	Enabling our Communities	Leisure Centre Deben	36	36	0	0	0	0	0	0	0	ER
Health & Safety	Enabling our Communities	Leisure Centre Leiston	26	26	0	0	0	0	0	0	0	IB
Health & Safety	Enabling our Communities	Leisure Centre Lowestoft	0	166	0	0	0	0	0	0	0	IB
Health & Safety	Enabling our Communities	Leisure Centre Lowestoft (Roof)	770	770	0	1,200	0	0	0	0	0	IB/ER
Health & Safety	Growing our Economy	Lowestoft Beach Hut - demolition/wall stabilisation	260	155	0	0	0	0	0	0	0	ER
Health & Safety	Growing our Economy	Lowestoft Beach Hut -replacement Beach Huts phase 2	1,000	1,000	0	0	0	0	0	0	0	IB
Health & Safety	Growing our Economy	Lowestoft Beach Hut -replacement Beach Huts phase 3	500	0	100	500	0	100	0	0	0	IB
Health & Safety	Enabling our Communities	Lowestoft Boardwalk	48	48	0	0	0	0	0	0	0	ER
Income Generation	Maintaining Financial Sustainability	New Beach Hut Sites - Felixstowe (BV&AP)	939	6	750	0	250	0	0	0	0	IB
Income Generation	Maintaining Financial Sustainability	Newcombe Road Lowestoft	150	150	2,800	2,800	0	0	0	0	0	EB
Income Generation	Caring for our Environment	Northern Car Park Works	220	0	0	220	0	0	0	0	0	IB
Health & Safety	Maintaining Financial Sustainability	Orford Road Felixstowe Access Ramp	95	95	0	0	0	0	0	0	0	ER
Health & Safety	Enabling our Communities	Play Areas (District wide)	200	200	200	0	200	0	0	0	0	IB
Health & Safety	Caring for our Environment	Public Conveniences Programme	1,115	730	0	345	0	0	0	0	0	IB
Income Generation	Enabling our Communities	Railway Building - Lowestoft	1,500	0	0	1,500	0	0	0	0	0	EB
Health & Safety	Caring for our Environment	Ravine (Jubilee) Bridge	320	0	0	1,000	0	0	0	0	0	EC/IB
Income Generation	Growing our Economy	Royal Plain - Crazy Golf enhancement	200	200	0	0	0	0	0	0	0	IB
cyclical Replacement	Enabling our Communities	Royal Plain - Fountain enhancement	200	0	200	0	0	0	0	0	0	ER
Health & Safety	Maintaining Financial Sustainability	Rushmere St Andrew Church Wall	35	35	0	0	0	0	0	0	0	ER
Income Generation	Maintaining Financial Sustainability	Seafront Gardens Beach Hut Sites & Relocations	495	495	0	0	0	0	0	0	0	IB
Health & Safety	Maintaining Financial Sustainability	Southwold Caravan Site redevelopment	1,050	0	0	1,640	0	0	0	0	0	EB
cyclical Replacement	Caring for our Environment	Southwold Harbour - Pump out station	80	80	0	0	0	0	0	0	0	ER
Income Generation	Maintaining Financial Sustainability	Southwold Harbour - Visitor Moorings	200	0	250	450	0	0	0	0	0	ER
Health & Safety	Caring for our Environment	Southwold Harbour South Pier	50	50	150	150	6,000	6,000	6,000	6,000	0	EG
Income Generation	Maintaining Financial Sustainability	Southwold landing Stage	0	60	0	0	0	0	0	0	0	ER
Health & Safety	Caring for our Environment	St Marys Church Woodbridge - Wall	150	150	0	0	0	0	0	0	0	ER
cyclical Replacement	Caring for our Environment	Various pumping stations	300	300	0	0	0	0	0	0	0	ER

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cyclical Replacement	Governance	Operational Grounds Equipment	75	187	25	25	25	25	25	25	25	ER
cyclical Replacement	Governance	Operational Vehicles/Equipment	1,025	700	500	250	500	250	500	250	250	ER
<b>Total Budgeted Expenditure</b>			<b>17,750</b>	<b>9,265</b>	<b>18,955</b>	<b>18,330</b>	<b>17,330</b>	<b>33,925</b>	<b>17,880</b>	<b>31,075</b>	<b>505</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
Internal Borrowing			8,596	4,788	3,400	5,615	450	2,850	0	2,000	0	
Capital Receipt			0	0	0	0	0	0	0	0	0	
Reserve			5,813	3,535	2,605	2,825	880	1,075	880	575	505	
			<b>14,409</b>	<b>8,323</b>	<b>6,005</b>	<b>8,440</b>	<b>1,330</b>	<b>3,925</b>	<b>880</b>	<b>2,575</b>	<b>505</b>	
<b>External Funding:</b>												
Grants			728	770	150	150	6,000	6,000	6,000	6,000	0	
Contributions			0	0	0	300	0	0	0	0	0	
Borrowing			2,613	172	12,800	9,440	10,000	24,000	11,000	22,500	0	
			<b>3,341</b>	<b>942</b>	<b>12,950</b>	<b>9,890</b>	<b>16,000</b>	<b>30,000</b>	<b>17,000</b>	<b>28,500</b>	<b>0</b>	
<b>Total Budgeted Financing</b>			<b>17,750</b>	<b>9,265</b>	<b>18,955</b>	<b>18,330</b>	<b>17,330</b>	<b>33,925</b>	<b>17,880</b>	<b>31,075</b>	<b>505</b>	

Project	Description
Aldeburgh Shelter	Refurbishment of shelter. New roof required - end of life. Redecoration and replacement benches.
Bath Tap Chalets,	Structural works and refurbishment
Bawdsey Quay	Sewage system, clearance of car park and signage works
Brackenbury Beach Hut replacement Handrailing	Replacement safety railing along concrete terrace for beach huts.
Bungay LC redevelopment	Redevelopment of Leisure Centre
Cemeteries	£395k for purchase of land to extend cemetery provision across the district
Cliff House Chalets	Upgrade of internal and external staircases
Cliff House, Felixstowe	Development of site
Clifflands car park,	Car Park surface replacement
Community Asset transfer	Site investment to enable transfer of assets
Coronation Sports Ground	Demolition of small toilet block and upgrade of electric supply
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 Lighting	Cyclical replacement of footway lighting
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 Sea Front	Refurbishment of 6 sea front shelters in Felixstowe
Felixstowe South - Public Realm and Martello Tower	Development of South Seafront area and Martello Café Felixstowe
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.
Fishing Hut Felixstowe	Rebuilding of fishing hut next to Felixstowe Pier that burnt down in 2019
Footway Lighting Works - Northern (cyclical)	Cyclical replacement of footway lighting
Former Deben High School Felixstowe	Purchase and development of former school site
Leisure Centre Brackenbury	Planned preventative maintenance works required to ensure the immediate running of the facility.
Leisure Centre Deben	Planned preventative maintenance works required to ensure the immediate running of the facility.
Leisure Centre Leiston	Leiston is the second of the leisure redevelopment programme. The Leiston redevelopment will bring the 1970's sports centre and the 1980's swimming pool up to date providing a quality leisure provision that includes a 60 plus station gym, new changing rooms for both the swimming pool and separate for the sports centre and dance studios.
Leisure Centre Lowestoft	Refurbishment of Leisure Centre
Leisure Centre Lowestoft (Roof)	Refurbishment of Leisure Centre roof to enhance the life of the asset and to protect against water ingress
Lowestoft Beach Hut - demolition/wall stabilisation	Demolition of existing structures and stabilisation of the cliff wall

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Lowestoft Beach Hut - replacement Beach Huts phase 2	Installation of beach hut shelf and beach huts
Lowestoft Beach Hut - replacement Beach Huts phase 3	Extension of replacement of existing beach huts
Lowestoft Boardwalk	Seafront boardwalk to enable pedestrian wheeled access to the beach
Felixstowe (BV&AP)	Proposed investment in additional Beach Hut sites
Newcombe Road Lowestoft	Redevelopment of site to provide start up units
Northern 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	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
Royal Plain - Crazy Golf enhancement	Crazy Golf redevelopment to coincide with East Point Pavilion refurbishment
Royal Plain - Fountain enhancement	Fountain enhancement to coincide with East Point Pavilion refurbishment
Rushmere St Andrew Church	Refurbishment of closed church yard wall
Seafront Gardens Beach Hut Development	Development of Seafront Gardens site for new beach huts
Southwold Caravan Site redevelopment	Refurbishment of existing caravan site
Southwold Harbour - Pump out station	Enhancement of pump out station
Southwold Harbour - Visitor Moorings	Visitor moorings enhancement
Southwold Harbour South Pier	Enhancement of pier
Southwold Landing Stage	Purchase of landing stage
St Marys Church Woodbridge - Wall	Refurbishment of closed church yard wall
Various pumping stations	Replacement and enhancement of pumping stations
Operational Grounds Equipment	Replacement lawn tractors/mowers
Operational	Purchase of Vehicles for operational use
Wickham Market Churchyard Boundary Wall	Replacement of closed churchyard wall

TYPE	Strategic Theme	PLANNING & COASTAL MANAGEMENT	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
Grant Assisted	Caring for our Environment	Bawdsey East Lane	35	0	0	35	0	0	0	0	0	EG
Health & Safety	Caring for our Environment	Coast Protection - Minor Capital Works	611	75	200	200	200	200	200	200	200	IB
Health & Safety	Caring for our Environment	Corton & North Corton Hybrid Scheme	200	50	200	200	7,000	7,000	7,000	7,000	0	EG
Statutory	Caring for our Environment	Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	4,977	1,800	0	6,000	0	4,000	0	0	0	EG
Statutory	Caring for our Environment	Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	12,029	384	7,907	7,907	10,809	10,809	19,574	29,574	36,000	EG
Statutory	Caring for our Environment	Slaughden Coast/Estuary	35	0	0	0	0	0	35	0	0	EG
Statutory	Caring for our Environment	Southwold Harbour Fender	1,100	1,100	0	0	0	0	0	0	0	IB/EG
Statutory	Caring for our Environment	Thorpeness (Externally Funded)	200	50	3,300	3,300	0	0	0	0	0	EG
Health & Safety	Caring for our Environment	Thorpeness Emergency Works	0	690	0	0	0	0	0	0	0	EC/EG
Statutory	Caring for our Environment	Pakefield Coastal Resilience project	157	20	1,790	1,790	0	0	0	0	0	ER/EG
<b>Total Budgeted Expenditure</b>			<b>19,344</b>	<b>4,169</b>	<b>13,397</b>	<b>19,432</b>	<b>18,009</b>	<b>22,009</b>	<b>26,809</b>	<b>36,774</b>	<b>36,200</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
Internal Borrowing			611	475	200	200	200	200	200	200	200	
Capital Receipt			0	0	0	0	0	0	0	0	0	
Reserve			450	310	115	115	0	0	0	0	0	
			<b>1,061</b>	<b>785</b>	<b>315</b>	<b>315</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	
<b>External Funding:</b>												
Grants			18,283	2,984	13,082	19,117	17,809	21,809	26,609	36,574	36,000	
Contributions			0	400	0	0	0	0	0	0	0	
Borrowing			0	0	0	0	0	0	0	0	0	
			<b>18,283</b>	<b>3,384</b>	<b>13,082</b>	<b>19,117</b>	<b>17,809</b>	<b>21,809</b>	<b>26,609</b>	<b>36,574</b>	<b>36,000</b>	
<b>Total Budgeted Financing</b>			<b>19,344</b>	<b>4,169</b>	<b>13,397</b>	<b>19,432</b>	<b>18,009</b>	<b>22,009</b>	<b>26,809</b>	<b>36,774</b>	<b>36,200</b>	

Project	Description
Bawdsey East Lane SMP Review	Review of Coastal processes around East Lane and works required for retaining shingle around Holesley bay
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
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
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 water entering Lake Lothing. Including the interim measure of temporary flood barriers
Slaughden Coast/Estuary SMP Policy review	Innovative scheme South of Aldeburgh likely to be delivered by a consortium of public and private partners to provide 20 years of resilience to the town and the Alde & Ore Estuary, offering scope for
Southwold Harbour Fender	Southwold Harbour fender remedial works following damage to the fender which was originally
Thorpeness (Externally Funded)	Strengthen the soft bag defences installed here in 2010/12 that were damaged by unusually high erosion pressure in 2013.
Thorpeness Emergency Works	Installation of a 35-metre rock revetment to protect
Pakefield Coastal Resilience project	New accelerated project due to rapid increase of coastal erosion.

TYPE	Strategic Theme	GENERAL FUND - HOUSING IMPROVE	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
Grant Assisted	Enabling our Communities	Disabled Facilities Grant	1,399	1,100	1,500	1,000	1,500	1,000	1,500	1,000	1,500	EG
<b>Total Budgeted Expenditure</b>			<b>1,399</b>	<b>1,100</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
		Internal Borrowing	0	0	0	0	0	0	0	0	0	0
		Capital Receipt	0	0	0	0	0	0	0	0	0	0
		Reserve	0	0	0	0	0	0	0	0	0	0
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>External Funding:</b>												
		Grants	1,399	1,100	1,500	1,000	1,500	1,000	1,500	1,000	1,500	
		Contributions	0	0	0	0	0	0	0	0	0	0
		Borrowing	0	0	0	0	0	0	0	0	0	0
			<b>1,399</b>	<b>1,100</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	
<b>Total Budgeted Financing</b>			<b>1,399</b>	<b>1,100</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	<b>1,000</b>	<b>1,500</b>	

Project	Description
Disabled Facilities Grant	HIA Disabled Facilities Grant works

TYPE	Strategic Theme	GENERAL FUND - LONG TERM DEBTO	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
Governance	Maintaining Financial Sustainability	LATCO - Loan funding	10,000	0	0	1,000	0	0	0	0	0	IB
<b>Total Budgeted Expenditure</b>			<b>10,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
		Internal Borrowing	10,000	0	0	1,000	0	0	0	0	0	0
		Capital Receipt	0	0	0	0	0	0	0	0	0	0
		Reserve	0	0	0	0	0	0	0	0	0	0
			<b>10,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>External Funding:</b>												
		Grants	0	0	0	0	0	0	0	0	0	0
		Contributions	0	0	0	0	0	0	0	0	0	0
		Borrowing	0	0	0	0	0	0	0	0	0	0
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Budgeted Financing</b>			<b>10,000</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Project	Description
LATCO	Loan to the LATCO for investment purposes

TYPE	Strategic Theme	OPERATIONS	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
Income Generation	Financial Sustainability	Barnards Way, Lowestoft	0	500	0	3,000	0	0	0	0	0	ER/IB
Health & Safety	Financial Sustainability	Council Offices Leiston	0	0	0	67	0	0	0	0	0	ER
Health & Safety	Enabling our Communities	Felixstowe Beach Shower	0	0	0	10	0	0	0	0	0	ER
Income Generation	Enabling our Communities	Memorial Wall Felixstowe	0	0	0	45	0	0	0	0	0	ER
Health & Safety	Caring for our Environment	Woodbridge Model Boat Pond	0	0	0	25	0	0	0	0	0	ER
<b>Total Budgeted Expenditure</b>			<b>0</b>	<b>500</b>	<b>0</b>	<b>3,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Financed By:-</b>												
<b>Internal Funding:</b>												
		Internal Borrowing	0	0	0	3,000	0	0	0	0	0	0
		Capital Receipt	0	0	0	0	0	0	0	0	0	0
		Reserve	0	500	0	147	0	0	0	0	0	0
			<b>0</b>	<b>500</b>	<b>0</b>	<b>3,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>External Funding:</b>												
		Grants	0	0	0	0	0	0	0	0	0	0
		Contributions	0	0	0	0	0	0	0	0	0	0
		Borrowing	0	0	0	0	0	0	0	0	0	0
			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Budgeted Financing</b>			<b>0</b>	<b>500</b>	<b>0</b>	<b>3,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Project	Description
Barnards Way, Lowestoft	Development of site for small industrial units for service delivery
Council Offices Leiston	Replacement/enhancement to the external fabric of the building to meet Health & Safety requirements and to ensure the building remains watertight
Felixstowe Beach Shower	Installation of outside beach shower to facilitate beach swimming
Memorial Wall Felixstowe	Development of a memorial wall site to enable the purchasing and display of memorial plaques by the public
Woodbridge Model Boat Pond	Refurbishment of model boat pond boundary posts and water treatment system

2021/22 £000	2021/22 £000	2022/23 £000	2022/23 £000	2023/24 £000	2023/24 £000	2024/25 £000	2024/25 £000	2025/26 £000
Current Budget	Revised Budget	Current Budget	Revised Budget	Current Budget	Revised Budget	Current Budget	Revised Budget	Revised Budget

Capital Programme total	54,776	16,817	40,332	49,185	46,489	68,843	58,589	79,438	47,764
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## Appendix C

2021/22 to 2025/26 - BUDGET INCREASES ABOVE £1M	Current Budget £000	Revised Budget £000	Variance £000	Funding Type
Towns Fund - Cultural Quarter (Phase 1)	14,700	24,350	9,650	EG/IB
Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre, Land Purchase & Access Road)	31,088	50,022	18,934	EB
Felixstowe South - Public Realm and Martello Tower	583	5,750	5,167	ER
Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	4,977	11,800	6,823	EG
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	50,319	84,674	34,355	EG
<b>Totals</b>	<b>101,667</b>	<b>176,596</b>	<b>74,929</b>	

### Notes:

Towns Fund - Cultural Quarter (Phase 1) - Allocation of £10m of unsecured matched funding to facilitate further project and funding opportunities (subject to further ESC business case)

Felixstowe North - Garden Neighbourhood Regeneration Project - increase in budget due to land purchase, access road requirements and estimated design build costs for an environmentally friendly Leisure Centre

Felixstowe South - Public Realm and Martello Tower

Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial) - increase in budget due to tidal gate requirements with anticipated external funding to cover the increase

Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate) increase in budget due to tidal gate requirements with anticipated external funding to cover the increase

2021/22 to 2025/26 - BUDGET DECREASES ABOVE £100k	Current Budget £000	Revised Budget 2021-22 to 2025-26 £000	Variance £000	Funding Type
LATCO - Loan funding ( <i>revised as part of budget revision</i> )	10,000	1,000	-9,000	EB
Commercial Investment - Building/Land Acquisition ( <i>removed as part of CIPFA review</i> )	3,500	0	-3,500	IB
Operational Vehicles/Equipment ( <i>transfer from purchasing to leasing</i> )	2,775	1,700	-1,075	ER
New Beach Hut Sites - Felixstowe (BV&AP) ( <i>revised as part of budget revision</i> )	1,939	6	-1,933	IB
Play Areas (District wide) ( <i>revised as part of budget revision</i> )	600	200	-400	IB
Bungay LC redevelopment ( <i>revised as part of budget revision</i> )	306	0	-306	IB
Commercial Investment ( <i>removed as part of CIPFA review</i> )	150	0	-150	EG
<b>Totals</b>	<b>19,270</b>	<b>2,906</b>	<b>- 16,364</b>	

### General Fund Capital Programme 2021/22 to 2025/26 New Projects

Strategic Theme	OPERATIONS	2021/22 £000 Current Budget	2021/22 £000 Revised Budget	2022/23 £000 Current Budget	2022/23 £000 Revised Budget	2023/24 £000 Current Budget	2023/24 £000 Revised Budget	2024/25 £000 Current Budget	2024/25 £000 Revised Budget	2025/26 £000 Current Budget	Funding Type
Maintaining Financial Sustainability	Barnards Way, Lowestoft	0	500	0	3,000	0	0	0	0	0	ER/IB
Maintaining Financial Sustainability	Council Offices Leiston	0	0	0	67	0	0	0	0	0	ER
Enabling our Communities	Felixstowe Beach Shower	0	0	0	10	0	0	0	0	0	ER
Enabling our Communities	Memorial Wall Felixstowe	0	0	0	45	0	0	0	0	0	ER
Enabling our Communities	Woodbridge Model Boat Pond	0	0	0	25	0	0	0	0	0	ER
<b>Total Budgeted Expenditure</b>		<b>0</b>	<b>500</b>	<b>0</b>	<b>3,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Financed By:-</b>											
<b>Internal Funding:</b>											
Internal Borrowing		0	0	0	3,000	0	0	0	0	0	
Capital Receipt		0	0	0	0	0	0	0	0	0	
Reserve		0	500	0	147	0	0	0	0	0	
		<b>0</b>	<b>500</b>	<b>0</b>	<b>3,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>External Funding:</b>											
Grants		0	0	0	0	0	0	0	0	0	
Contributions		0	0	0	0	0	0	0	0	0	
Borrowing		0	0	0	0	0	0	0	0	0	
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Budgeted Financing</b>		<b>0</b>	<b>500</b>	<b>0</b>	<b>3,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Project	Description
Barnards Way, Lowestoft	Development of site for small industrial units for service delivery
Council Offices Leiston	Replacement/enhancement to the external fabric of the building to meet Health & Safety requirements and to ensure the building remains watertight
Felixstowe Beach Shower	Installation of outside beach shower to facilitate beach swimming
Memorial Wall Felixstowe	Development of a memorial wall site to enable the purchasing and display of memorial plaques by the public
Woodbridge Model Boat Pond	Refurbishment of model boat pond boundary posts and water treatment system

**General Fund Capital Programme 2021/22 to 2025/26 Extract of Externally Funded Projects**

<b>2021/22 to 2025/26 EXTERNALLY FUNDED PROJECTS</b>	<b>Total Budget £000</b>	<b>External Funding £000</b>	<b>ESC Funding £000</b>
Ness Point Regeneration Project	280	49	231
Towns Fund - Delivery	590	590	0
Towns Fund - Cultural Quarter (Phase 1)	24,350	14,350	10,000
Towns Fund -Station Quarter (Former Post & Sorting Office)	3,000	2,000	1,000
Towns Fund -Station Quarter (Public Realm)	830	830	0
Towns Fund - Historic Quarter	3,210	3,210	0
Towns Fund - Port Gateway Improvement Project	2,650	2,650	0
Towns Fund - Seafront Vision Delivery	1,270	1,270	0
Former Post & Sorting Office - Façade refurbishment	676	454	222
East Point Pavilion	1,433	720	713
Ravine Bridge	700	300	400
Southwold Harbour South Pier	12,200	12,200	0
Bawdsey East Lane	35	35	0
Corton & North Corton Hybrid Scheme	14,250	14,250	0
Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	11,800	11,800	0
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	84,674	84,674	0
Southwold Harbour Fender	1,100	700	400
Thorpeness Flood Defence	3,350	3,350	0
Thorpeness Emergency Works	690	400	290
Pakefield Coastal Resilience project	1,810	1,675	135
Disabled Facilities Grant	5,600	5,600	0
<b>Totals</b>	<b>174,498</b>	<b>161,107</b>	<b>13,391</b>

**HRA Capital Programme 2021/22 to 2025/26 Summary**

<b>SUMMARY -HRA CAPITAL PROGRAMME</b>	<b>2021/22 £000 Current Budget</b>	<b>2021/22 £000 Revised Budget</b>	<b>2022/23 £000 Revised Budget</b>	<b>2023/24 £000 Revised Budget</b>	<b>2024/25 £000 Revised Budget</b>	<b>2025/26 £000 Revised Budget</b>	<b>Total</b>
<b>Capital Expenditure</b>							
Housing Repairs	5,781	2,007	6,640	2,890	2,890	2,890	17,317
Housing Project Development	1,915	1,787	3,875	2,650	2,650	2,650	13,612
New Build Programme	15,016	3,042	14,128	13,693	8,000	8,000	46,863
<b>Total Capital Expenditure</b>	<b>22,712</b>	<b>6,836</b>	<b>24,643</b>	<b>19,233</b>	<b>13,540</b>	<b>13,540</b>	<b>77,792</b>
<b>Financed By:-</b>							
HRA DRF	5,369	2,237	5,923	3,748	3,175	3,175	18,258
Capital Receipt	5,329	1,438	6,292	8,065	2,450	2,450	20,695
Contributions	205	205	458	0	0	0	663
Grants	848	4	730	380	875	875	2,864
Reserves	10,961	2,952	11,240	7,040	7,040	7,040	35,312
<b>Total Financing</b>	<b>22,712</b>	<b>6,836</b>	<b>24,643</b>	<b>19,233</b>	<b>13,540</b>	<b>13,540</b>	<b>77,792</b>

**HRA Capital Programme 2021/22 to 2025/26**

<b>HOUSING REPAIRS</b>	<b>2021/22 £000 Original</b>	<b>2021/22 £000 Revised</b>	<b>2022/23 £000 Revised</b>	<b>2023/24 £000 Revised</b>	<b>2024/25 £000 Revised</b>	<b>2025/26 £000 Revised</b>
Bathrooms	60	150	100	100	100	100
Central Heating/Boilers	440	580	500	500	500	500
Demolition - Garages	0	40	0	0	0	0
Disabled Works	180	200	180	180	180	180
Door entry system & doors - Park Rd & The Hemplands	70	100	0	0	0	0
Energy Efficiencies Work	200	60	200	500	500	500
Environmental Works	5	5	10	10	10	10
External Doors	20	10	20	20	20	20
Heat Metering	100	0	100	0	0	0
Housing Repair Vans	330	0	550	210	210	210
Kitchens - Programmed & Responsive	500	300	650	650	650	650
Re-Roofing	450	250	450	450	450	450
Rewiring	230	250	250	250	250	250
St Peters Court - Fire Risk Assessment	0	40	50	0	0	0
St Peters Court - Internal Dec's	0	0	200	0	0	0
St Peters Court - Lift	125	0	300	0	0	0
St Peters Court - Open Reach	51	0	60	0	0	0
St Peters Court - Remove Cladding & Change windows	3,000	20	3,000	0	0	0
Windows	20	2	20	20	20	20
<b>Total Budgeted Expenditure</b>	<b>5,781</b>	<b>2,007</b>	<b>6,640</b>	<b>2,890</b>	<b>2,890</b>	<b>2,890</b>
<b>Financed By :-</b>						
Housing Revenue Account	0	0	0	0	0	0
Housing Revenue Account Reserves	5,781	2,007	6,640	2,890	2,890	2,890
	<b>5,781</b>	<b>2,007</b>	<b>6,640</b>	<b>2,890</b>	<b>2,890</b>	<b>2,890</b>

<b>Project</b>	<b>Description</b>
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
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
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
Environmental Works	Works controlled by tenants for environmental improvements, examples could be additional
External Doors	A rolling programme provides replacement doors to the housing stock.
Heat Metering	Works to be compliant with the Heat metering network regulations. Every communal system
Housing Repair Vans	Cyclical renewal of Housing vans
Kitchens - Programmed & Responsive	Replacement and improvements to kitchens and layouts to the housing stock.
Re-Roofing	A rolling programme provides replacement roofs to the housing stock.
Rewiring	Rewiring to the housing stock.
St Peters Court - Fire Assessment	Fire Assessment of the St Peters Court tower block
St Peters Court - Internal Dec's	Repair and renew internal services including redcoration
St Peters Court - Lift	Replacement of St Peters Court Lift
St Peters Court - Openreach	Removal of old telecommunications wiring (H&S)
St Peters Court - Remove Cladding & Change	Removal of cladding and replacement of windows
St Peters Court - Sprinkler System	Installation of sprinkler system
Windows	A rolling programme provides replacement windows to the housing stock.

HOUSING PROJECT DEVELOPMENT	2021/22 £000 Original	2021/22 £000 Revised	2022/23 £000 Revised	2023/24 £000 Revised	2024/25 £000 Revised	2025/26 £000 Revised
<b>Projects</b>						
New accommodation Project	0	0	0	0	0	0
Consultancy Compliance requirements	0	100	400	0	0	0
<b>Redevelopment Programme</b>						
Reconversions	185	150	260	150	150	150
Retrofitting	0	0	1,800	1,000	1,000	1,000
Expenditure on Housing Acquisitions	1,080	1,227	500	500	500	500
Expenditure on Housing Redevelopment	650	310	915	1,000	1,000	1,000
<b>Total Budgeted Expenditure</b>	<b>1,915</b>	<b>1,787</b>	<b>3,875</b>	<b>2,650</b>	<b>2,650</b>	<b>2,650</b>
<b>Financed By :-</b>						
Housing Revenue Account	1,421	1,117	1,049	300	300	300
Housing Revenue Account Reserves	434	666	2,766	2,350	2,350	2,350
External Funding	60	4	60	0	0	0
	<b>1,915</b>	<b>1,787</b>	<b>3,875</b>	<b>2,650</b>	<b>2,650</b>	<b>2,650</b>

Project	Description
New Office Accommodation	Provision for alternative depot office accommodation.
Consultancy Compliance requirements	Repairs & Maintenance Projects to be identified

NEW BUILD PROGRAMME	2021/22 £000 Original	2021/22 £000 Revised	2022/23 £000 Revised	2023/24 £000 Revised	2024/25 £000 Revised	2025/26 £000 Revised
New Builds	15,016	3,042	14,128	13,693	8,000	8,000
<b>Total Budgeted Expenditure</b>	<b>15,016</b>	<b>3,042</b>	<b>14,128</b>	<b>13,693</b>	<b>8,000</b>	<b>8,000</b>
<b>Financed By :-</b>						
Housing Revenue Account	3,947	1,120	4,814	3,448	2,875	2,875
Housing Revenue Account Reserves	7,891	1,717	8,126	9,865	4,250	4,250
External Funding	3,178	205	1,188	380	875	875
	<b>15,016</b>	<b>3,042</b>	<b>14,128</b>	<b>13,693</b>	<b>8,000</b>	<b>8,000</b>

Project	Description
New Builds	Provision of new housing

<b>Programme Total</b>	<b>22,712</b>	<b>6,836</b>	<b>24,643</b>	<b>19,233</b>	<b>13,540</b>	<b>13,540</b>
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**SCRUTINY COMMITTEE**  
**Thursday, 20 January 2022**

<b>Subject</b>	Housing Revenue Account (HRA) Budget Report 2022/23 to 2025/26
<b>Report by</b>	Maurice Cook, Cabinet Member with responsibility for Resources Richard Kerry, Cabinet Member with responsibility for Housing
<b>Supporting Officer</b>	Brian Mew Chief Finance Officer and Section 151 Officer <a href="mailto:Brian.mew@eastsuffolk.gov.uk">Brian.mew@eastsuffolk.gov.uk</a> 01394 444571  Amber Welham Finance Business Partner – Housing <a href="mailto:Amber.welham@eastsuffolk.gov.uk">Amber.welham@eastsuffolk.gov.uk</a> 01502 523662

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

## Purpose and high-level overview

### **Purpose of Report:**

This report provides an opportunity for Scrutiny Committee to submit any comments to Cabinet on the proposed 2022/23 to 2025/26 Housing Revenue Account (HRA) budget, including the revised position for 2021/22.

The report details how rents and service charges are determined, and the proposed increases/decreases for 2022/23 are set out for approval.

The report also notes changes in welfare and benefits and the impact of COVID, which have been considered when completing the budgets, and rents and service charges for 2022/23.

### **Options:**

#### **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.

#### **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 for the following reasons:

- 1) Under self-financing, the debt settlement figure that the Council can afford is based on a valuation of the Council's housing stock. This valuation is based on assumptions about income and need to spend over 30 years and that the council will follow the government's social rent policy. Therefore, the main disadvantage of setting rents lower than that permitted by the Rent Standard is the loss of revenue over the 30 years of the HRA business plan, the ability to service the debt and the adverse impact this will have on investment in the council's existing housing stock and the delivery of the housing development programme as currently planned. There is an expectation from government for the social housing sector to make the best use of their resources to provide the homes needed.
- 2) The HRA has the option to borrow additional funds for future projects, as the borrowing cap has been removed, but the affordability of taking any additional borrowing would need to be assessed. At this time there is no need to make use of any additional borrowing, but this situation could change if rental income streams are not maintained, or there are additional costs relating to decarbonisation or housing development programme.

In addition to this, 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 Minimum Revenue Provision (MRP). The CFR is expected to increase by £72 million between 2021/22 and 2025/26 which is due to capital projects potentially being financed through borrowing. Statutory guidance is that debt should remain below the CFR. The council expects to comply with this in the medium term, but 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, although the programme as presented does not pre-empt the realisation of capital receipts.

**Recommendation/s:**

That the Scrutiny Committee reviews and comments upon the Housing Revenue Account Budget Report and the Cabinet recommendations as set out below;

1. HRA budget for 2022/23, and the indicative figures for 2023/24 to 2025/26;
2. Revised outturn position for 2021/22 for noting;
3. Movements in HRA Reserves and Balances;
4. Proposed rent increase of up to 4.1% (September 2021 CPI + 1%) as per the Rent Standard 2020.
5. Service charges and associated fees for 2022/23;
6. Rent and Service Charges to be charged over a 50-week period unless being used for Temporary Accommodation when a 52-week period will be applied.
7. Changes affecting public and private sector housing and welfare to be noted;
8. Effects of COVID-19 to the HRA to be noted.

## Corporate Impact Assessment

**Governance:**

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

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

The HRA budget directly supports the Council's aim of maintaining financial sustainability. With balanced budgets, and the ability to pay off its current debt, it demonstrates its ability to be financially self-sufficient.

The following policies and strategies apply to the proposals of this report.

- East Suffolk Strategic Plan
- East Suffolk Medium Term Financial Strategy
- East Suffolk HRA Business Plan 2018-2048
- East Suffolk Treasury Management Strategy and Treasury Management Policy
- Annual Governance Statement
- Financial Management Code

**Environmental:**

Consideration has been given in the budget to progressing the Council's wider ambition to be Carbon Neutral by 2030. Budget has been added to assess the status of the HRA's current housing stock, and further budget has been added to both the HRA revenue budget and capital programme to cover the works that is yet to be determined to bring the stock to a carbon neutral or more environmentally friendly standard.

In addition to this, budget has been included to create an 'East Suffolk Design Guide'. The design guide is for HRA new build developments and will ensure all new properties will meet a standard that helps to address the climate emergency by providing more sustainable housing on a site-by-site basis.

**Equalities and Diversity:**

No direct impact from this report, where subsequent individual business cases are presented Equality Impact Assessments are prepared.

**Financial:**

A summary analysis of the budget movement is shown in **Table A**. This table is supported by **Appendix A1**, that gives a full breakdown of all budget changes between 2021/22 and 2025/26, with a brief explanation to the changes.

**Table A**

HRA MTFS Updates	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Additional Cost	1,983	2,633	1,899	1,759	2,016
Additional Income	-122	-57	-66	-33	-534
Reduced Income	273	124	81	71	67
Saving	-3,772	-614	-836	-2,377	-2,207
Use of Reserves	1,500	-	-1,000	-500	-
<b>Net Movement Each Year</b>	<b>(138)</b>	<b>2,086</b>	<b>78</b>	<b>(1,080)</b>	<b>(658)</b>
<b>Net Movement over the period 2021/22 to 2025/26</b>					<b>288</b>

The full HRA budget and relevant information can be seen in **Appendix A2**.

**Human Resources:**

The budget has been increased to cover staffing requirements of the HRA. **Table B** shows a breakdown of the movement in staffing budgets over the next four years.

12 new posts have been added to the budget. These posts will help to meet the growing demands of all service areas, including repairs and maintenance, tenant's services, housing compliance and data analysis.

In addition to these posts, budget has been included to permanently have 2 apprentices within the tenant's services team, and 5 apprentices within the repairs and maintenance team contributing towards the East Suffolk Apprenticeship Strategy 2018-22.

All other costs are unavoidable, such as the central government 1.25% increase in National Insurance from April 2022, regrading of posts in line with other local employers and costs relating to sickness, maternity and COVID pressures.

**Table B**

Breakdown of staffing movement	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
New posts/Additional Hours	232	580	607	606	622
Sickness/Maternity cover	23	21	0	0	0
Regrading of posts	11	27	32	37	43
Vacancies Savings	(131)	(64)	(110)	(115)	(115)
Budget adjustments	47	223	226	229	231
COVID Related costs	58	10	0	0	0
One off overtime	5	0	0	0	0
<b>Net Total Movement</b>	<b>245</b>	<b>797</b>	<b>755</b>	<b>757</b>	<b>781</b>

**ICT:**

No impacts directly arising from this report.

**Legal:**

No impact directly arising from this report.

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.

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.

**Risk:**

No impact directly arising from this report.

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.

The HRA budgets 2022/23 to 2025/26 (including the revised 2021/22 position) have been updated in the 30-year financial business plan, it shows the current requirements are financial sustainable, and no further borrowing is required at this point.

**External Consultees:**

The proposed increase in rent would normally be presented at the January Housing Benefit and Tenants Services Consultation Group. However, due to COVID-19 these meetings have been suspended. As an alternative method of communication, an article has been included in the February 2022 'Tenants Magazine'. If tenants have any issues, they will have the opportunity to contact their rent officer before any changes are implemented. Tenants will also be informed in writing of any changes to their rent and service charges one month before they take effect as normal.

## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
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"/>
<b>T02</b>	<b>Enabling our Communities</b>		
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"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
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 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"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P16	Lean and efficient streamlined services	<input type="checkbox"/>	<input type="checkbox"/>
P17	Effective use of data	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P18	Skills and training	<input type="checkbox"/>	<input type="checkbox"/>
P19	District-wide digital infrastructure	<input type="checkbox"/>	<input type="checkbox"/>
<b>T05</b>	<b>Caring for our Environment</b>		
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 checked="" type="checkbox"/>
P23	Protection, education and influence	<input type="checkbox"/>	<input type="checkbox"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>  Under the Self-Financing regime, the future resources and spend of the HRA are based on local decisions. The budget includes financing the capital programme and reserve balances as per the HRA financial business plan. Currently there is no requirement for any additional borrowing, demonstrating financial sustainability and supporting how ESC governs itself.			

## Background and Justification for Recommendation

1	Background facts
	<b>Self-Financing Arrangement</b>
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 the housing service delivery within this timeframe. It programmes in the years the council expects to pay back the current borrowing, 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 £153 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 2021, the total debt of the HRA was £71.17 million (£68 million from the self-financing settlement and £3.17 million pre-self-financing). In March 2022, a further £10.77 million will be repaid, reducing the debt to £60.4 million. 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.
	<b>Welfare Reform</b>
1.6	<b>Universal Credit (UC)</b> was first introduced 10 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.
1.7	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.
1.8	The benefit cap is £20,000 per annum (outside of Greater London). This may not affect new claimants immediately as they are given a 'grace period' of nine months

	if their previous income was higher than this, easing the transition for the claimant.
1.9	<b>Under-Occupation Charge</b> (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 and is set by central government. The cut is 14% for one spare room, or 25% for two or more spare rooms.
1.10	To help alleviate the pressure of this penalty, the Council's HRA offers the incentive of '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. The scheme was in place before welfare reform to encourage better use of the housing stock.
1.11	<b>The Right to Buy (RTB) Scheme</b> allows tenants to purchase their council house at a discounted rate. The maximum discount available is 70% or £84,600 (outside of Greater London) whichever is lower. This value is set by central government and increases each year in line with inflation.
1.12	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, which they could not before.
1.13	On average the HRA loses approximately 30 properties a year through RTB, and this is the assumption used within the 30-year business plan. However, numbers have been much lower during the COVID-19 pandemic, with only eleven RTB sales in 2020/21, and fifteen to 31.12.21 during 2021/22.
1.14	The implication of RTB sales is a reduction in dwelling rents received. The annual income lost through RTB is on average £100,000 per annum (year on year), adding to the importance of increasing the HRA housing stock. RTB sales are considered when setting the dwelling income budget.

## 2 Current position

	<b>Dwelling Rents and Service Charges</b>
2.1	<b>The 2020 Rent Standard</b> is the policy statement for rents on social housing and has been in effect from 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	The new rent policy permits the council to increase its rents for at least five years to 2024/25 by up to the Consumer Price Index (CPI) of the 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.
2.3	The new rent policy aims to strike a balance between the interests of existing

	social housing tenants who pay some or all their own rent, the need to build more homes, and the importance of ensuring that providers of social housing have sufficient income to manage and maintain their housing stock.
2.4	Following the four years of rent reduction, the new rent policy was welcomed. A five-year rent deal provides some stability to the council in terms of its rental income stream, enabling the council to plan for its housing development programme and decarbonisation of its housing stock.
2.5	<b>Rent Setting</b> is different dependant on the type of rent set. There are two types of rents used within the HRA. Social Rent and Affordable Rent.
2.6	<b>Social Rent</b> is described as all low-cost rental accommodation. Since 2001 social rents have been set based on a formula set by government. This new policy follows a similar process with the formula and rent setting guidance, set out in the Policy Statement. Annual updates to the formula calculations are published in November of the previous year.
2.7	Under the Rent Policy the initial rent may be set at a level no higher than formula rent, subject to 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%.
2.8	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, in consultation with tenants. As a result, the Policy Statement contains flexibility to set rents at up to 5% above the formula rent (10% for supported housing). However, it must be demonstrated that there is clear rationale for doing so which considers local circumstances and affordability. This flexibility can be applied to new developments.
2.9	The governments 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. 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.
2.10	<b>Affordable Rent</b> 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.
2.11	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.
2.12	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 could 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.
2.13	An additional benefit to this approach ensures a consistent and fair approach to all tenants.
2.14	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.
2.15	<b>Full Market Rent</b> 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.
2.16	<b>The Rent Period</b> 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'.
2.17	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.
2.18	<b>Garage Rents</b> 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 2022/23 Fees and Charges Report.
2.19	<b>Service Charges</b> 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. heating services and communal facilities in sheltered accommodation (Grouped Homes).
2.20	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.
2.21	<b>Arrears</b> 2020/21 had an increase on arrears from 2019/20. 2019/20 was the first year to



	<p>see an improvement on arrears since 2015/16 when UC was introduced. The improvement was the combined result of 2019/20 being a 53-week rent period, and tenants benefiting from an additional rent-free week (as advised by central government), boosting payments in the final week of the financial year.</p>
2.22	<p>In addition to this, the tenant's portal went live in February 2021, allowing tenants to have 24-hour digital access to their rent account. Further work is to be completed to enable the text messaging service, which is anticipated to go live early 2022, which will enable texting for automated balances or request contact from their Rent Officer. It will also offer paperless direct debits.</p>
2.23	<p>Predictive analytics software was implemented 2018/19 for current tenant arrears. This has been successful in reducing the number of cases rent officers look at each week, allowing them to get through their case load and contact the tenants whose accounts require action. Due to the success of the software, the former tenant model was introduced in 2019/20.</p>
2.24	<p>To reduce the risk of arrears, new tenants are now 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 2 January 2022, the HRA holds £987,058.52 in rent in advance.</p>
2.25	<p>The current arrears position as of the 2 January 2022 is slightly higher than the same week in the previous year. The arrears are currently at £1,156,968.81 compared to £1,107,681.33 for the same rent week in 2020/21. Although this is an increase, this is good considering the current economic factors that will be affecting tenants' ability to pay rent. Including the pandemic, increased utility bills, and increased living costs.</p>
2.26	<p>With additional training and implementation of digital support for tenants (in addition to personal support) and targeting arrears will help to improve the arrears position again in 2022/23.</p>
2.27	<p><b>Repairs and Maintenance</b></p> <p>The HRA repairs and maintenance (R &amp; 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 (MRR).</p>
2.28	<p>COVID has had an impact on the way the operatives work, increasing the time it takes to complete jobs. Operatives are required to clean and sanitise areas they are working in, including the tools they use. The void team have been restricted to how many operatives can work in one property at any one time, which has increased the void turnaround time. In addition to this, many staff have also had COVID and had to self-isolate, reducing staffing levels available.</p>
2.29	<p>Material supplies have sometimes been sporadic, however this has not impacted on work being completed. Pricing on some materials have increased considerably, some timbers have seen an increase of 50%. Due to these high fluctuations in material prices, suppliers are now looking for more flexibility within their contracts, having an effect on the procurement process.</p>
2.30	<p><b>Capital programme</b></p> <p>The HRA capital programme forms part of the council's 'Capital Programme Report 2022/23 to 2025/26'. The HRA capital programme consists of capital budgets for</p>

	housing repairs, project development such as decarbonisation and the housing development programme.
2.31	The HRA capital programme will be funded via the rental income it retains, the Major Repairs Reserve (MRR), Right-to-Buy (RTB) receipts, external funding and capital receipts held. Funding of the repairs and maintenance aspect of the capital programme is through the MRR. The 2022/23 HRA capital programme is partly funded by Direct Revenue Financing, which totals £5.863 million. This represents £1.049 million towards housing projects and redevelopment and £4.814 million on the housing development programme. This is higher than future years as it includes carry forward budget from 2021/22.
2.32	On 31 March 2021, the council's housing stock totalled 4,459 units. Between 31 March 2021 and 31 December 2021 there have been fifteen RTB sales. There have also been nineteen new properties added to the housing stock (ten new builds purchased on Nursery Close, six units at the St Peters Street HMO, and three RTB buy backs). Giving a net increase to the housing stock of four up to 2020/21 Q3.
2.33	<b>Special Services</b> are made up of revenue costs for Sheltered Schemes, Warden Services, redevelopment/decarbonisation, and the new build programme. As the redevelopment and new build programmes pick up pace, the associated revenue costs also increase. These costs include architect fees, consultant's fees, and staffing.

### 3 How to address current situation

	<b>Rents and service charges</b> <b>Rent Setting</b>
3.1	In accordance with the Rent Standard for 2020, rent increases for 2022/23 are proposed to be increased by up to 4.1%. This is the CPI for September 2021 of 3.1% plus 1%.
3.2	Although rents can be increased by up to 4.1%, this has been capped at the formula rent value for social rents, and the Local Housing Allowance (LHA) rate (inclusive of service charges) for affordable rents. Although the formula rent increased by 4.1% for 2022/23, the government has confirmed the LHA rate will be frozen for a second year. Therefore, tenants already charged the LHA rate will see no increase in their rents. This has contributed to the average increase being less than 4.1%.
3.3	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).
3.4	By applying the rent setting policy, the average weekly rent for the HRA as of the beginning of December for 2022/23 is £92.19 (£90.22 for 2021/22) and is based on a 50-week collection year. This is an average weekly increase of £1.97 or 2.18% from 2021/22 to 2022/23.
3.5	The average rent value will change week-to-week, depending on the number of voids and re-lets during a month. However, the change will not be much, and it is

	compared each year during December, giving a consistent approach.
3.6	The maximum tenants can receive in the housing allowance of UC or Housing Benefits is the LHA rate. All ESC HRA rents are set no higher than this value and is therefore eligible for benefits. This means that tenants who are in receipt of limited incomes will not be disadvantaged by the proposed rent increase.
3.7	Not increasing rents in line with the rent setting standard 2020 by 4.1% where applicable will 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, if rents are not utilised, the capital programme will likely be reduced.
3.8	<p>The HRA dwelling budgets for the period 2023/24 to 2025/26 are based on the Bank of England (BoE) CPI predictions plus 1%.</p> <ul style="list-style-type: none"> <li>• 2023/24 (BoE) CPI 2.5% plus 1%</li> <li>• 2024/25 (BoE) CPI 2% plus 1%</li> <li>• 2025/26 (BoE) CPI 1.9% plus 1%</li> </ul>
3.9	Although the same model has been used for 2025/26 rent increase, the current arrangement finishes in 2024/25, and there is no indication at this time as to how rent increases will be determined. From 2026/27 onwards, a more prudent approach has been taken on the 30-year business plan, applying a 2% increase each year.
3.10	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.
	<b>Service Charges</b>
3.11	The proposed service charges for 2022/23 are set out in <b>Appendix C</b> 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 does not make a profit on the service charges, these are purely to recover HRA costs.
3.12	Many of the service charges, outlined in <b>Appendix C</b> will not increase in 2022/23. This is due to contracts that run for more than one year for a fixed price, or new contracts have been tendered resulting in reduced costs.
3.13	Grouped Home service charges relate to services provided to sheltered schemes and communal utility costs. The proposed general service charge for grouped homes for 2022/23 is set at an average weekly charge of £14.57 based on a 50-week collection year. This is an increase of £0.41 compared to 2021/22.
3.14	The average heating charge is set to increase in 2022/23. The 2022/23 average Grouped Homes heating charge will be £13.35 based on a 50-week collection year. This is an average weekly increase of £0.20 compared to 2021/22.
3.15	The heating charges are based on the previous full year's costs, hence no real increase on charges. Any major increases relating to the current utility crisis will be addressed in the 2023/24 service charges.



	uptake of DHP grants, and to date 64% has been utilised in 2021/22. However, the reserve will remain, in case it is required for future years. If any funds are to be transferred, it would require approval by the Secretary of State.
3.24	<b>MMI Reserve</b> is the Municipal Mutual Insurance Reserve. This reserve covers any potential old insurance claims relating to when the council was covered by this insurer, and the new insurance providers will not cover such claims.
3.25	<b>Impairment/Revaluation Reserve</b> covers any unforeseen costs relating to revaluations of assets as part of the annual asset valuation.
3.26	<b>Acquisition and Development Reserve</b> is used to transfer potential underspends into, to later fund the new build and redevelopment capital programme. The reserve is planned to be utilised between 2021/22 and 2024/25.
3.27	<b>Major Repairs Reserve (MRR)</b> was set up following the introduction of the self-financing on 1 <sup>st</sup> April 2012 and to meet changes in Accounts and Audit Regulations from 2012/13, depreciation charged to the HRA is no longer in the movement on the HRA statement. Instead, the depreciation charged to the HRA is credited to the MRR. The MRR can be used to repay the principal elements of the HRA debt, as well as to finance capital expenditure on our existing dwelling stock. There are plans to use the MRR to part fund the capital programme in each year, whilst still increasing its balances to service future year's debt repayments. The balance as 31 March 2026 is projected to be a £5.281 million, after paying the first instalment of £10.766 million borrowing that is due in 2021/22. This is sufficient to contribute to future years capital programme and paying down the debt.

4 Reason/s for recommendation	
4.1	To bring together all relevant information to enable Members to review, consider and comment upon the Council's Housing Revenue Account budgets, the proposed rental rent increase, service and other charges and movements in reserves and balances, before making recommendations to Full Council on 23 February 2022.
4.2	To advise Members of the wider housing and welfare changes that will impact on future service delivery.

## Appendices

Appendices:	
<b>Appendix A1</b>	Budget changes to the financial period 2021/22 to 2025/26
<b>Appendix A2</b>	HRA 2022/23 to 2025/26 Budget – inclusive of revised 2021/22 position
<b>Appendix B</b>	Summary of Headings on chart of account
<b>Appendix C</b>	HRA Service and other charges
<b>Appendix D</b>	HRA Repairs and Maintenance Revenue Budget
<b>Appendix E</b>	HRA Balances and Reserve Summary
<b>Appendix F</b>	HRA Budget Key Assumptions

Background reference papers:		
Date	Type	Available From
November 2021	Budget Working papers	Financial Services
04/11/2021	Bank of England Monetary Policy Report November 2021	<a href="#">Monetary Policy Report - November 2021   Bank of England</a>
November 2021	Limit on annual rent increases 2022-23	<a href="#">Limit on annual rent increases 2021-22 (publishing.service.gov.uk)</a> (This does relate to 2022-23, please follow link)
Last updated 15/11/2021	Rent Standard 2020	<a href="#">Rent Standard and guidance - GOV.UK (www.gov.uk)</a>

## Budget changes to the financial period 2021/22 to 2025/26.

Table C

HRA Budget update	2021/ 22 £'000	2022/2 3 £'000	2023/2 4 £'000	2024/2 5 £'000	2025/2 6 £'000	Strategic Theme/Other Factors	Comments
<b><u>Additional Cost</u></b>							
Repairs and Maintenance staffing costs	305	575	582	570	580	Economic Impact	External pay inflation pressures and increased complexity of Council projects and initiatives.
Repairs and Maintenance service cost increase	1,407	1,146	964	826	914	Growing our Economy/Caring for our Environment	Increase Material costs, increased cost of services and ramping up of decarbonisation of housing stock.
Supervision and Management staffing costs	14	186	131	144	151	Economic Impact	External pay inflation pressures and increased complexity of Council projects and initiatives.
Digital Transformation Programme	31	29	32	32	32	Digital by Default	Increase in investment in analytical software and digital transformation programme.
Supervision and Management service cost increase	0	20	18	25	93	Economic Impact	Corporate recharges including insurance, central charges, and staff training.
Data Analysis Staffing	0	79	83	87	91	Government Policy	Growing government requirements for analytical data analysis.
Housing Development Staffing	0	8	8	9	11	Economic Impact	Unable to recruit to vacant post, adjust JD and budget to attract more candidates.
Non-Sheltered Staffing	6	14	14	14	14	Economic Impact	Increased staffing costs relating to non-sheltered schemes, funded by saving from sheltered schemes.
Consultancy costs	60	220	0	0	0	Growing our Economy	External consultancy costs relating to Decarbonisation of housing stock, ESC build guide and policy and strategy.
running of schemes (sheltered and non- sheltered)	0	0	42	31	51	Economic Impact	Increases in utilities, cleaning and general running costs associated with all schemes.
Rents, rates, and other charges	59	43	21	21	21	Enabling our communities	Increase on council tax and rates, increase due to redevelopment programme, and increased charges.
Provision for Bad Debt	101	9	4	0	0	Economic Impact	Provision based on current arrears, increased provision from 4.76% to 5% of budgeted income in each year.
Depreciation charge	0	0	0	0	58	Government Policy	2025/26 budget based on 2024/25, increase is an inflationary increase.
Direct Revenue Financing - source of finance for capital programme	0	304	0	0	0	Roll Forward of Budget	Roll forward of 2021/22 budget to 2022/23.
	<b>1,983</b>	<b>2,633</b>	<b>1,899</b>	<b>1,759</b>	<b>2,016</b>		
<b><u>Additional Income</u></b>							
Dwelling Rent income	0	0	-29	-1	-497	Government Policy	2025/26 base is 2024/25 budget. BOI predicted CPI + 1% (2.9%) added to this.
Contribution towards expenditure	-26	0	0	0	0	Government Policy	One off payment of repaid RTB discount.
Interest on cash balances	-96	-57	-37	-32	-37	Economic Impact	Increase in average interest received and increase in cash balances due to delays in the capital programme.
	<b>-122</b>	<b>-57</b>	<b>-66</b>	<b>-33</b>	<b>-534</b>		

<b>Reduced Income</b>							
Dwelling Rent income	192	35	0	0	0	Pandemic Impact	Income forecasted for 2021/22 will not be realised due to a delay in the development programme.
Garage Rent income	31	29	30	30	26	Caring for our Environment	Survey of garages led to some being decommissioned, and some sites being redeveloped for housing.
Other Rents	0	0	1	1	1	Economic Impact	Slight reduction in other rents and wayleaves.
Service charges and facilities income	3	28	18	8	11	Remaining Financially Sustainable	Service charges and facility income can only recover costs and not make a profit. The reduced income reflects the reduced cost in services provided.
Reimbursement of costs	47	32	32	32	29	Remaining Financially Sustainable	Reimbursement for DFG works reduced, as cost of service reduced.
	<b>273</b>	<b>124</b>	<b>81</b>	<b>71</b>	<b>67</b>		
<b>Savings</b>							
Supervision and Management service cost increase	-20	0	0	0	0	Pandemic Impact	Further savings due to homeworking and use of technology for remote meetings.
Housing Development Staffing	-25	0	0	0	0	Economic Impact	Unable to fill vacant post.
Strategy Staffing	-40	-40	-41	-41	-42	Remaining Financially Sustainable	Retirement - post no longer required. Savings used to fund new post.
Sheltered scheme staffing	-15	-23	-24	-24	-25	Remaining Financially Sustainable	Retirement - Work covered by existing staff. Saving used to fund new post.
Housing Development Programme	-100	-22	0	0	0	Pandemic Impact	Delays in the development programme due to the pandemic.
Depreciation charge	-430	-479	-296	-212	0	Government Policy	Depreciation is linked to the capital programme, delays in the programme has reduced depreciation cost.
Interest payable on HRA debt	-10	-50	-50	-50	-90	Economic Impact	Interest rate slightly decreased, and charge decreases as debt is repaid.
Direct Revenue Financing - source of finance for capital programme	-3,132	0	-425	-2,050	-2,050	Remaining Financially Sustainable	Delays in development programme in 2021/22 to 2022/23 and other sources of finance utilised in future years.
	<b>-3,772</b>	<b>-614</b>	<b>-836</b>	<b>-2,377</b>	<b>-2,207</b>		
<b>Use of Reserves</b>							
Debt repayment reserve	1,500	0	-1,000	-500	0	Use of Reserves	Use saving in 2021/22 to top up reserve, to minimise cost pressures in future years.
	<b>1,500</b>	<b>0</b>	<b>-1,000</b>	<b>-500</b>	<b>0</b>		
<b>Net Total Movements</b>	<b>-138</b>	<b>2,086</b>	<b>78</b>	<b>-1,080</b>	<b>-658</b>		
<b>Net Total Movements between 2021/22 and 2025/26</b>					<b>288</b>		

**5.1 Table C** 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. Careful budgeting and utilisation of all sources of finance, including capital receipts held has enabled the HRA to kick start its ambitious project to decarbonise its current housing stock, and future proof all new developments.



## HRA 2022/23 to 2025/26 Budget – inclusive of revised 2021/22 position

**5.2 Table D** summarises the 2022/23 budget through to 2025/26, with a revised position for 2021/22. A brief description for each heading can be found in **Appendix B**.

**Table D**

HRA Budget	2021/22 Original £'000	2021/22 Revised £'000	2021/22 Movement £'000	2022/23 Budget £'000	2023/24 Budget £'000	2024/25 Budget £'000	2025/26 Budget £'000
<b>Income</b>							
Dwelling Rent	(19,496)	(19,302)	194	(19,926)	(20,502)	(21,043)	(21,540)
Non-Dwelling Rent	(185)	(153)	32	(160)	(164)	(168)	(172)
Service & Other Charges	(1,227)	(1,224)	3	(1,098)	(1,096)	(1,095)	(1,092)
Leaseholders Charges for Services	(10)	(12)	(2)	(10)	(10)	(10)	(10)
Contribution towards Expenditure	(33)	(59)	(26)	(33)	(33)	(33)	(33)
Reimbursement of Costs	(306)	(259)	47	(276)	(278)	(281)	(284)
Interest Income	(109)	(205)	(96)	(169)	(152)	(146)	(152)
<b>Total Income</b>	<b>(21,366)</b>	<b>(21,214)</b>	<b>152</b>	<b>(21,672)</b>	<b>(22,235)</b>	<b>(22,776)</b>	<b>(23,283)</b>
<b>10% of total income</b>	<b>(2,137)</b>	<b>(2,121)</b>	<b>15</b>	<b>(2,167)</b>	<b>(2,224)</b>	<b>(2,278)</b>	<b>(2,328)</b>
<b>Expenditure</b>							
Repairs & Maintenance	4,292	6,003	1,711	6,141	6,121	6,084	6,182
Supervision & Management	3,397	3,421	24	3,683	3,706	3,800	3,875
Special Services	2,190	2,076	(114)	2,440	2,327	2,345	2,372
Rents, Rates and other Charges	103	162	59	146	123	123	123
Movement in Bad Debt Provision	12	113	101	31	29	27	25
Contribution to CDC	95	95	-	95	95	95	95
Capital Charges	3,768	3,339	(429)	3,650	4,088	4,416	4,687
Interest Charges	2,194	2,184	(10)	2,106	2,106	2,066	2,026
Revenue Contribution to Capital	5,368	2,236	(3,132)	5,863	3,748	3,175	3,175
Transfer to Earmarked Reserves	500	2,000	1,500	-	-	-	500
<b>Total Expenditure</b>	<b>21,919</b>	<b>21,629</b>	<b>(290)</b>	<b>24,155</b>	<b>22,343</b>	<b>22,131</b>	<b>23,060</b>
<b>Movement in the HRA balance</b>	<b>553</b>	<b>415</b>	<b>(138)</b>	<b>2,483</b>	<b>108</b>	<b>(645)</b>	<b>(223)</b>
<b>HRA Balance carried forward</b>	<b>(5,467)</b>	<b>(5,605)</b>	<b>(138)</b>	<b>(3,122)</b>	<b>(3,014)</b>	<b>(3,659)</b>	<b>(3,882)</b>

**Highlights regarding 2021/22 revised position – Table D****Income**

**5.3** The decrease in dwelling rent is minor adjustment to such a large income stream. The movement is 0.99%. This will on the main part relate to income budgeted for on developments that have seen delays due to COVID.

**5.4** Reduction in non-dwelling rent relates to garage rent income. Some garages in poor disrepair have been considered for redevelopment for housing or demolished to provide additional parking.

**5.5** Increase in contribution to expenditure is a one-off income relating to a repayment of RTB discount. This is where an individual has sold their property which they purchased from the council through RTB less than five years ago, therefore, requiring them to repay part of the discount they originally received.

**5.6** Reimbursement of costs has reduced, but this directly links to the cost of providing a service. The cost of carrying out disabled facility adaptations for the private sector housing team was reduced, therefore this has no true impact to the HRA budget.

**5.7** The increase in interest income relates to the HRA holding higher cash balances than originally anticipated, due to delays in the capital programme. Also, the interest received is slightly higher than last year's prediction.

## **Expenditure**

**5.8** The largest movement is in the saving relating to delays in the housing development programme because of COVID. The saving on revenue contribution to capital, special services and capital charges are all linked to this. These savings have been reinvested in repairs and maintenance, and the debt repayment reserve.

**5.9** Increasing the payment into the debt repayment reserve in 2021/22 has reduced the pressure to budget for this reserve during 2022/23 to 2024/25 ensuring the HRA can continue with its programme of works, while still paying down the debt.

**5.10** The increased investment in repairs and maintenance is made up of increased staffing, increased material costs, and ensure budget availability to ramp up work to 'catch up' from COVID. In addition to this, in future years, as decarbonisation of the housing stock is in progress, budget will be available for this work. Although the cost of this work is not yet known, by adding budget in both the Capital programme, and revenue, it puts the HRA in a good position to get the work done without being held back by lack of funding/budget.

**5.11** The increase in bad debt provision reflects on the current position on arrears. Arrears have increased from last year slightly, from 4.76% of income to 5%. This is an incredibly good position to be in during the pandemic. 5% has been used for future year budgets, although the tenants services team continue to work hard to bring this down further.

**5.12** The increase on rents, rates and other charges are linked to council tax payments. Due to the increase in council tax charges with some properties being held for redevelopment and increases on void turnaround times due to COVID restrictions, this has impacted on the cost of these charges to the HRA.

## **2022/23 to 2025/26 Budgets**

**5.13** **Table D** demonstrates a healthy HRA working balance. The carry forward balance from 2021/22 was £6.020 million, more than double the requirement. Best practice is considered to have a minimum working balance that approximates to 10% of the total income received in one year. The balance is planned to be drawn down between 2021/22 and 2023/24, to make best use of the funds, but remaining well above the required 10% minimum.

**5.14** Key Assumptions used to assist in setting the HRA budgets can be seen in **Appendix F**.

### 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.
- **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 £850k.
- **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 2022/23.

	Average Weekly Charge 2021/22 £	Average Proposed Weekly Charge 2022/23 £	Average Weekly Increase/ (Decrease) £
<b><u>Grouped Homes Service Charges (average):</u></b>			
General Service Charge	14.16	14.57	0.41
Heating Charge	13.15	13.35	0.20
Communal Water Charge	2.95	2.51	-0.44
Support Charge	3.33	3.33	0.00
Laundry	3.90	3.75	-0.15

	Weekly Charge 2021/22 £	Proposed Weekly Charge 22/23 £	Weekly Increase/ (Decrease) £
<b><u>Caretaker:</u></b>			
St Peter's Court	6.65	6.80	0.15
Dukes Head Street	4.90	5.05	0.15
Chapel Court	3.60	3.65	0.05

<b><u>Servicing:</u></b>			
Electric Central Heating System (Wet Systems)	1.60	1.60	0.00
Solid Fuel Central Heating System	2.36	2.36	0.00
Gas Fire	0.50	0.50	0.00
Ecodan Central Heating System Air Source Heat Pump	2.30	2.30	0.00
Septic Tank Emptying/Servicing	5.34	5.34	0.00
Flue Maintenance	2.36	2.36	0.00
Grounds Maintenance (average) *	1.38	1.37	-0.01

\* Cost vary depending on size of land to maintain.

<b><u>Other:</u></b>			
Communal Area Cleaning Service (average) **	1.86	2.22	0.36

\*\* Cost vary depending on number and size of communal areas.

	Weekly Charge 2021/22 £	Proposed Weekly Charge 2022/23 £	Weekly Increase/ (Decrease) £
<b><u>Garage Rents:</u></b>			
Tenants	8.50	9.00	0.50
Non Tenants (net of VAT)	9.92	10.50	0.58 (12.60 inclusive of VAT)

## Appendix D

### HRA REPAIRS & MAINTENANCE REVENUE BUDGETS

	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26
	Approved Budget	Forecast Outturn	Budget	Budget	Budget	Budget
<b>Responsive Maintenance</b>	£	£	£	£	£	£
Supervision and Management (See note 1 below)	490,300	2,259,200	2,205,400	2,122,300	2,052,300	2,147,900
Jobbing Repairs	1,131,300	1,158,800	1,132,200	1,183,100	1,183,100	1,183,100
Loft Insulation	0	10,000	10,000	10,000	10,000	10,000
Tenant Allowances	40,000	30,000	40,000	40,000	40,000	40,000
Relet Repairs (Voids)	913,000	913,000	923,000	923,000	923,000	923,000
Asbestos - Removal (See Note 2 below)	80,000	50,000	80,000	80,000	80,000	80,000
Asbestos - Testing (See Note 2 below)	95,000	40,000	95,000	95,000	95,000	95,000
Legionella	6,000	6,000	6,000	6,000	6,000	6,000
Communal Areas	30,000	30,000	30,000	30,000	30,000	30,000
Solid Fuel and Heating Repairs	13,000	10,000	10,000	10,000	10,000	10,000
Electrical Testing & Repairs (See Note 3 below)	100,000	200,000	200,000	200,000	200,000	200,000
Emergency Lighting	7,000	10,000	10,000	10,000	10,000	10,000
External Decoration (See Note 2 below)	100,000	70,000	130,000	130,000	130,000	130,000
Roof and PVC Panelling Cleaning	25,000	15,000	25,000	25,000	25,000	25,000
Fire Fighting Equipment and Detection	5,000	5,000	5,000	5,000	5,000	5,000
Lifts	8,000	8,000	8,000	8,000	8,000	8,000
Disabled Adaptations (See note 4 below)	257,500	229,600	230,300	233,100	235,900	238,100
Door Porter and Security Systems (See Note 5 below)	0	2,000	0	0	0	0
Environmental Works	5,000	5,000	5,000	5,000	5,000	5,000
Drainage and Pumping Stations	8,900	9,900	9,900	9,900	9,900	9,900
Mutual Exchange	10,000	5,000	10,000	10,000	10,000	10,000
Rechargeable Works - Incl's Leaseholder Properties	40,000	30,000	40,000	40,000	40,000	40,000
Servicing Contracts & Repairs	477,000	477,000	486,000	496,000	526,000	526,000
<b>Total Responsive Maintenance</b>	<b>3,842,000</b>	<b>5,573,500</b>	<b>5,690,800</b>	<b>5,671,400</b>	<b>5,634,200</b>	<b>5,732,000</b>

<b>Planned Maintenance</b>	£	£	£	£	£	£
Chimneys	20,000	20,000	20,000	20,000	20,000	20,000
External Walls (See Note 2 below)	30,000	10,000	30,000	30,000	30,000	30,000
Paths / Hardstanding	250,000	250,000	250,000	250,000	250,000	250,000
Boundary / Retaining Walls	30,000	40,000	30,000	30,000	30,000	30,000
Outbuildings	40,000	30,000	40,000	40,000	40,000	40,000
Structural / Damp / Drainage / etc	80,000	80,000	80,000	80,000	80,000	80,000
<b>Total Planned Maintenance</b>	<b>450,000</b>	<b>430,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>

<b>Total HRA Housing Repairs</b>	<b>4,292,000</b>	<b>6,003,500</b>	<b>6,140,800</b>	<b>6,121,400</b>	<b>6,084,200</b>	<b>6,182,000</b>
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#### Notes:

Note 1 - Supervision and Management costs have increased. This budget covers unrecoverable cost, but also budget to cover works yet to be identified for decarbonisation.

Note 2 - The drop in expenditure in 2021/22 is directly linked to restrictions relating to COVID-19 and the delays on supply of materials.

Note 3 - Increased budget in line with planned programme of works.

Note 4 - The Housing team completes Disabled Adaption works for the Private Sector Housing team. Income is received for this work covering the costs.

Note 5 - Door Porter security system charges are now accounted for directly under the schemes they relate to, giving a true cost of each asset.

## Appendix E HRA BALANCE AND RESERVE SUMMARY

### HRA WORKING BALANCE

	Closing Balance 31/03/21	2021/22 Movements		Closing Balance 31/03/22	2022/23 Movements		Closing Balance 31/03/23	2023/24 Movements		Closing Balance 31/03/24	2024/25 Movements		Closing Balance 31/03/25	2025/26 Movements		Closing Balance 31/03/26
	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000
HRA Working Balance	-6,020	0	415	-5,605	0	2,483	-3,122	0	108	-3,014	-645	0	-3,659	-223	0	-3,882

10% Requirement

-2,111		-2,121		-2,167		-2,224		-2,278		-2,328
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### HRA EARMARKED RESERVES

	Closing Balance 31/03/21	2021/22 Movements		Closing Balance 31/03/22	2022/23 Movements		Closing Balance 31/03/23	2023/24 Movements		Closing Balance 31/03/24	2024/25 Movements		Closing Balance 31/03/25	2025/26 Movements		Closing Balance 31/03/26
	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000
Debt Repayment Reserve	-12,500	-2,000	0	-14,500	0	0	-14,500	0	0	-14,500	0	0	-14,500	-500	0	-15,000
HRA DHP top-up Reserve	-500	0	0	-500	0	0	-500	0	0	-500	0	0	-500	0	0	-500
MMI Reserve	-60	0	0	-60	0	0	-60	0	0	-60	0	0	-60	0	0	-60
Impairment/Revaluation Reserve	-256	0	0	-256	0	0	-256	0	0	-256	0	0	-256	0	0	-256
Acquisition & Development Reserve	-6,300	0	795	-5,505	0	2140	-3,365	0	2000	-1,365	0	1365	0	0	0	0
<b>Total HRA Earmarked Reserves</b>	<b>-19,616</b>	<b>-2,000</b>	<b>795</b>	<b>-20,821</b>	<b>0</b>	<b>2,140</b>	<b>-18,681</b>	<b>0</b>	<b>2,000</b>	<b>-16,681</b>	<b>0</b>	<b>1,365</b>	<b>-15,316</b>	<b>-500</b>	<b>0</b>	<b>-15,816</b>

### HRA CAPITAL RESERVE

	Closing Balance 31/03/21	2021/22 Movements		Closing Balance 31/03/22	2022/23 Movements		Closing Balance 31/03/23	2023/24 Movements		Closing Balance 31/03/24	2024/25 Movements		Closing Balance 31/03/25	2025/26 Movements		Closing Balance 31/03/26
	£'000	Transfers In	Transfers Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000	Transfer In	Transfer Out	£'000
HRA Major Repairs Reserve	-22,444	-3,289	12,923	-12,810	-3,609	9,100	-7,319	-4,052	5,040	-6,331	-4,380	5,040	-5,671	-4,650	5,040	-5,281

## HRA BUDGET KEY ASSUMPTIONS

The following key assumptions have been made in the budgets.

<b>Income</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Dwelling rents annual increase (see paragraph 3.8)	1.8%	3.5%	3.0%	2.9%
Allowance for voids - % of total rent roll	1.3%	1.3%	1.3%	1.3%
Garage rents annual increase *	5.9%	3.0%	3.0%	3.0%
Charges for services & facilities annual increase **	0.00%	0.00%	0.00%	0.00%
Write-off allowance	£100,000	£100,000	£100,000	£100,000
Number of dwellings lost through Right To Buys (RTB's)	30	30	30	30
Number of new dwellings added to the stock	30	50	50	50
Average interest rate on HRA balances	0.78%	0.78%	0.78%	0.78%
<b>Expenditure</b>				
Bad Debt Provision	5.00%	5.00%	5.00%	5.00%

\* Garage rent increases may seem high, but following extensive market research, it was determined ESC garage rents are particularly low.

\*\* As service charges are to recover costs, no increases have been assumed. New build properties are less likely to have service charges, compared to properties sold through RTB. Therefore there is a slight decrease in service charge budgets.



**SCRUTINY COMMITTEE**

**Thursday, 20 January 2022**

<b>Subject</b>	GENERAL FUND BUDGET AND COUNCIL TAX REPORT 2022-23
<b>Report by</b>	Councillor Maurice Cook Cabinet Member with responsibility for Resources
<b>Supporting Officer</b>	Brian Mew Chief Finance Officer & S151 Officer brian.mew@eastsuffolk.gov.uk 01394 444571

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



## Purpose and high-level overview

### Purpose of Report:

At the end of the 2022/23 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.

This report provides the Scrutiny Committee with an opportunity to review and make recommendations upon Cabinet recommendations for the proposed Budget and the Band D Council Tax for 2022/23. The recommendations will be considered by Cabinet at its meeting on 1 February 2022.

### Options:

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

### Recommendations:

That the Scrutiny Committee reviews and makes recommendations to Cabinet on the following Cabinet recommendations;

1. Approves the 2022/23 General Fund Revenue Budget as set out in this report and summarised in **Appendix A6** and notes the budget forecast for 2023/24 and beyond;
2. Approves the Reserves and Balances movements as presented in **Appendix A7**; and
3. Approves a proposed Band D Council Tax for East Suffolk Council of £176.22 for 2022/23, an increase of £4.95 or 2.89%.

## Corporate Impact Assessment

### Governance:

The MTFS is an essential element in achieving a balanced budget and a sustainable medium term position, whilst setting a balanced budget for the coming year is a statutory requirement. The 2022/23 budget will be considered by Full Council at its meeting on 23 February 2022.

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

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

**Environmental:**

There are no environmental impacts directly related to this report.

**Equalities and Diversity:**

This assessment will be complete on the finalisation of the budget for approval in February 2022 and the results taken into consideration.

**Financial:**

The MTFS was last updated in February 2021. A summary analysis of the updates as of January 2022 is shown in the following table. This table is supported by **Appendix A4**.

MTFS Updates	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Additional Cost	1,133	2,700	2,534	2,975	3,638
Additional Income	(6,693)	(7,563)	(2,116)	(1,886)	(2,670)
Reduced Income	140	2,582	283	283	283
Saving	(1,309)	(1,151)	(1,110)	(890)	(1,154)
Use of Reserves	6,729	(2,010)	(293)	0	0
<b>Net Total - January 2022</b>	<b>0</b>	<b>(5,442)</b>	<b>(702)</b>	<b>482</b>	<b>97</b>

As result of the above updates, the latest MTFS position shows a balanced position for the current year and 2022/23 , with a budget gap of £5m to £5.9m from 2023/24 and beyond – supported by **Appendix A6**.

MTFS Position	2021/22	2022/23	2023/24	2024/25	2025/26
MTFS February 2021 Budget Gap/(Surplus)	0	5,442	5,704	5,418	5,417
MTFS November 2021 Budget Gap/(Surplus)	(338)	1,014	6,401	6,229	6,163
MTFS January 2022 Budget Gap/(Surplus)	0	0	5,002	5,900	5,514

**Human Resources:**

There are no HR implications directly arising from this report.

**ICT:**

There are no ICT implications directly arising from this report.

**Legal:**

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 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 balance budget with regard to the advice of its Chief Finance Officer (Section 151).

**Risk:**

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

<b>External Consultees:</b>	A budget consultation has been included in the East Suffolk Council survey published in the October 2021 edition of the East Suffolk magazine and on the Council's website. The results from the Survey are provided in <b>Appendix B</b> and includes responses from residents and businesses.
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## Strategic Plan Priorities

Select the priorities of the <a href="#">Strategic Plan</a> which are supported by this proposal: (Select only one primary and as many secondary as appropriate)		Primary priority	Secondary priorities
<b>T01</b>	<b>Growing our Economy</b>		
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"/>
<b>T02</b>	<b>Enabling our Communities</b>		
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"/>
<b>T03</b>	<b>Maintaining Financial Sustainability</b>		
P10	Organisational design and streamlining services	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P11	Making best use of and investing in our assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P12	Being commercially astute	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P13	Optimising our financial investments and grant opportunities	<input type="checkbox"/>	<input checked="" type="checkbox"/>
P14	Review service delivery with partners	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>T04</b>	<b>Delivering Digital Transformation</b>		
P15	Digital by default	<input type="checkbox"/>	<input 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"/>
<b>T05</b>	<b>Caring for our Environment</b>		
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"/>
<b>XXX</b>	<b>Governance</b>		
XXX	How ESC governs itself as an authority	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>How does this proposal support the priorities selected?</b>			

By ensuring the robustness of the Medium-Term Financial Strategy and adequate reserves and balances the Council. The MTFS underpins and supports the delivery of the East Suffolk Strategic Plan.

## Background and Justification for Recommendation

1 Background facts	
1.1	The MTFS sets the strategic financial direction for the Council. It sets out the key financial management principles, budget assumptions and service issues.
1.2	<p>The MTFS provides a framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan. It provides a sound basis for planning and decision making, and is reviewed and updated at the following key points in the year:</p> <ul style="list-style-type: none"> <li>• November/December – as a framework for initial detailed budget discussions for the forthcoming financial year.</li> <li>• January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build.</li> <li>• February – with the final Budget for the new financial year.</li> </ul>
1.3	<p>The key underlying principles of the MTFS are:</p> <ul style="list-style-type: none"> <li>• securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;</li> <li>• setting modest increases in Council Tax when appropriate; and</li> <li>• delivering service efficiencies and generating additional income where there are opportunities to do so.</li> </ul>
1.4	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.
2 Current position	
2.1	<p><b>Economic Outlook</b></p> <p>The outlook for the economy continues to be affected by the evolving situation of the pandemic. It will also depend on how governments, households, businesses and financial markets response to those developments.</p>
2.2	As per the Labour Force Survey (LFS), the unemployment rate fell to 4.2% in the three months to October 2021 and a high degree of uncertainty remains about the near-term outlook for the labour market. The LFS unemployment rate is now expected to fall to around 4% in 2021 Quarter 4, compared to the MPC forecast of 4.5% in November 2021.
2.3	Twelve-month CPI inflation rose from 4.2% in October to 5.1% in November, the highest rate for 10 years. CPI is expected to remain around that level through the winter, accounted for by further increases in fuel, energy, core goods, and food price inflation. CPI is forecast to peak at around 7% in April 2022. This is one percent higher than expected in the MPC's November 2021 report. The upward pressure on CPI is expected to ease, as supply disruptions start to settle, and global demand rebalances. Despite the

	higher than previously forecast CPI for Spring 2022, the projection remains for CPI inflation to fall back in the second half of 2022, with CPI to be slightly above 2% in two years' time and just below by 2024.
2.4	At its 15 December 2021 meeting, the Bank of England Monetary Policy Committee voted 8-1 to increase the bank rate by 0.15 percentage points to 0.25% amid concerns over inflation. This is the first rise in three years.
2.5	<b>Local Government Finance</b> On 27 October 2021 the Chancellor delivered the Autumn Budget and Spending Review 2021 speech. The budget did not draw a line under Covid, but the Budget plans were focused on building a post-pandemic economy: stronger growth, public finances and employment.
2.6	The Spending Review 2021 which will cover the next three years (2022/23 to 2024/25) was broadly positive for local government, with funding much better than expected. Local government will receive an additional £4.8bn in grant funding over the next three years (£1.6bn in each year). The increase is very much front loaded with growth in grant funding in 2022/23 and no further general increases in the following two years.
2.7	Distribution of the additional funding was announced in the Provisional Local Government Finance which was announced on 16 December 2021. 2022/23 is a one-year settlement with no significant reset of the system or changes to funding formulae, maintaining ESC and the Suffolk pool's advantageous position on business rates for at least another year, with changes now possible in 2023/24.
2.8	Key points from the Settlement are shown below, with more detail provided in Section 4 of <b>Appendix A</b> : <ul style="list-style-type: none"> <li>• Core Spending Power for ESC (basically the assumed total of all income streams including council tax) increased by 6.8%.</li> <li>• Council Tax referendum limit for shire districts remains at 2% or £5, whichever is the greater.</li> <li>• Revenue Support Grant £0.339m (MTFS assumption £0.337m)</li> <li>• Rural Services Delivery Grant £0.260m (MTFS assumption £0.266m)</li> <li>• Lower Tier Services Grant £0.311m (LTSG is largely the product of other funding movements and could not necessarily be guaranteed)</li> <li>• 2022/23 Services Grant £0.477m (new one-off grant not assumed in MTFS)</li> <li>• New Homes Bonus (NHB) £0.525m legacy payment from earlier allocation round, plus £1.124m one-year allocation (only legacy payment assumed in MTFS).</li> </ul>
2.9	<b>Council Tax</b> For Shire District Councils in two-tier areas, the referendum limit for 2021/22 was the higher of 2% or £5 and this referendum limit has been confirmed for 2022/23 in the provisional settlement.
2.10	The increase in the tax base for East Suffolk is currently estimated to be 1,684.00 (1.93%) Band D equivalent properties, increasing the overall tax base for East Suffolk from 88,7339.43 to 89,023.43 for 2022/23. This equates to around £0.288m of additional Council Tax income to the Council based on the current District Band D Council Tax of £171.27.
2.11	<b>MTFS Position</b> The MTFS has been updated as of January 2022 and is shown below;

	<table><tr><th>MTFS Position</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th></tr><tr><td>MTFS February 2021 Budget Gap/(Surplus)</td><td>0</td><td>5,442</td><td>5,704</td><td>5,418</td><td>5,417</td></tr><tr><td>MTFS November 2021 Budget Gap/(Surplus)</td><td>(338)</td><td>1,014</td><td>6,401</td><td>6,229</td><td>6,163</td></tr><tr><td>MTFS January 2022 Budget Gap/(Surplus)</td><td>0</td><td>0</td><td>5,002</td><td>5,900</td><td>5,514</td></tr></table> <p>A summary of the General Fund Budget is provided in <b>Appendix A6</b>.</p>	MTFS Position	2021/22	2022/23	2023/24	2024/25	2025/26	MTFS February 2021 Budget Gap/(Surplus)	0	5,442	5,704	5,418	5,417	MTFS November 2021 Budget Gap/(Surplus)	(338)	1,014	6,401	6,229	6,163	MTFS January 2022 Budget Gap/(Surplus)	0	0	5,002	5,900	5,514																																																					
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2.12	<p><b>Reserves and Balances</b></p> <p>The total balance of General Fund Earmarked Reserves was £68m (excluding Port Health) as of 1 April 2021. However, it should be noted that of this balance, £15.7m relates to a Covid Specific Reserve which will be drawn down in the year for Covid related use. Earmarked Reserves are categorised into the following groups;</p> <ul style="list-style-type: none"><li>• <b>Grants/Funding Carried Forward</b> – this is external funding the Council has received for specific purposes and is drawn down from reserves when spend is incurred.</li><li>• <b>Planned Future Revenue Spending</b> – Council funding has been set aside for specific service areas and/or projects.</li><li>• <b>Planned Future Capital Spending</b> – this is revenue funding set aside to provide funding for the Capital Programme.</li><li>• <b>Risk Based</b> – Council funding has been set aside for unforeseen budget pressures and fluctuations in budget areas of volatility. This will include for example, pension capital costs, Business Rates income and Housing Benefit Subsidy.</li></ul>																																																																													
2.13	<p>There is a noticeable decline in reserve balances until 2023/24 and then levelling off for the remainder of the MTFS period, with total Earmarked Reserves standing at approximately £38m.</p> <table><tr><th></th><th>April 2021 £'000</th><th>MTFS April 2022 £'000</th><th>MTFS April 2023 £'000</th><th>MTFS April 2024 £'000</th><th>MTFS April 2025 £'000</th><th>MTFS April 2026 £'000</th></tr><tr><td><b>Reserves</b></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td><b>Unallocated Financial Reserves</b></td><td>6,000</td><td>6,000</td><td>6,000</td><td>6,000</td><td>6,000</td><td>6,000</td></tr><tr><td><b>Earmarked Reserves:</b></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Grants/Funding carried Forward</td><td>7,373</td><td>5,719</td><td>4,768</td><td>4,632</td><td>4,452</td><td>4,276</td></tr><tr><td>Planned Future Capital Spending</td><td>7,419</td><td>4,356</td><td>2,659</td><td>2,331</td><td>2,703</td><td>2,945</td></tr><tr><td>Planned Future Revenue Spending</td><td>22,206</td><td>15,190</td><td>12,829</td><td>12,079</td><td>11,987</td><td>11,912</td></tr><tr><td>Risk Based</td><td>14,653</td><td>17,138</td><td>16,624</td><td>16,157</td><td>16,122</td><td>16,087</td></tr><tr><td>COVID Reserve</td><td>15,732</td><td>6,906</td><td>3,515</td><td>2,727</td><td>2,727</td><td>2,727</td></tr><tr><td>Other</td><td>667</td><td>617</td><td>517</td><td>417</td><td>317</td><td>267</td></tr><tr><td><b>Total Earmarked Reserves</b></td><td><b>68,050</b></td><td><b>49,926</b></td><td><b>40,912</b></td><td><b>38,343</b></td><td><b>38,308</b></td><td><b>38,214</b></td></tr></table> <p><b>Appendix A7</b> provides a summary of all General Fund revenue reserves.</p>		April 2021 £'000	MTFS April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000	<b>Reserves</b>							<b>Unallocated Financial Reserves</b>	6,000	6,000	6,000	6,000	6,000	6,000	<b>Earmarked Reserves:</b>							Grants/Funding carried Forward	7,373	5,719	4,768	4,632	4,452	4,276	Planned Future Capital Spending	7,419	4,356	2,659	2,331	2,703	2,945	Planned Future Revenue Spending	22,206	15,190	12,829	12,079	11,987	11,912	Risk Based	14,653	17,138	16,624	16,157	16,122	16,087	COVID Reserve	15,732	6,906	3,515	2,727	2,727	2,727	Other	667	617	517	417	317	267	<b>Total Earmarked Reserves</b>	<b>68,050</b>	<b>49,926</b>	<b>40,912</b>	<b>38,343</b>	<b>38,308</b>	<b>38,214</b>
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2.14	The General Fund balance remains at £6m, with no planned use over the MTFS period.																																																																													

### 3 How to address current situation

#### 3.1 Local Council Tax Reduction Scheme (LCTRS); Council Tax Discounts and Premiums; Council Tax Base and Local Council Tax Support Grants

The consideration of an annual review and potential proposed changes to the LCTRS scheme is a statutory requirement under the Local Government Finance Act 2012 which brought in the provisions for localisation of council tax support in April 2013. Full Council

	on 26 January will consider some relatively minor proposed revisions to the current Local Council Tax Reduction Scheme for 2022/23, although 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%.
3.2	In addition to LCTRS, the Council has the discretion to set its own policy on Council Tax Discounts and Premiums. It is a statutory requirement for the Council to set and review annually its Discretionary Council Tax Discounts. It is recommended that no changes be made to the Council Tax discounts to be applied from 1 April 2022, which were approved by the Shadow Council at its meeting on 3 December 2018 (REP 9(SH)).
3.3	At its meeting on 28 February 2019, the East Suffolk Shadow Council approved Council Tax Long Term Empty Property Premiums as follows: <ul style="list-style-type: none"> <li>• 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019,</li> <li>• 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and</li> <li>• 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021.</li> </ul>
3.4	At its meeting on 7 December 2021 Cabinet approved the Council Tax Base for 2022/23 for the East Suffolk district as 89,023.43 Band D equivalent properties, <b>Appendix A2</b> .
3.5	<b>Risk Assessment and Report of The Chief Financial Officer</b> Part of the process of delivering a robust medium term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in <b>Appendix A1</b> of the MTFS.
3.6	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.
3.7	In relation to the statutory duty under the Act, the Chief Financial Officer considers that the estimates are robust; the General Fund Balance is within the guideline levels established as part of the MTFS; and the contributions to and use of earmarked reserves will assist the Council in meeting its financial challenges and developing its response to the pandemic and the objective of financial sustainability.
3.8	The Chief Finance Officer's report will be reported to Full Council when it considers the budget for 2022/23 on 23 February 2022. The report statement will clearly set out the budget assumptions used to arrive at the final recommendations.
3.9	<b>MTFS Position</b> The forecast budget gap primarily results from the probable changes to the local government finance system in 2023/24, together with notable increases from 2024/25 with pressure arising from establishment costs and capital charges associated with the Capital Programme. The level of this gap is subject to significant uncertainty due to the local government finance reforms, and this position is unlikely to become clearer until during the course of next year. However, it is likely that a combination of actions will be needed ensure a longer term sustainable position including a phased use of reserves,



	maximisation of income, and the achievement of savings. These will need to be worked up over the coming year, as it is increasingly likely that funding reforms will finally be implemented in 2023/24.
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#### 4 Reason/s for recommendation

4.1	To bring together all the relevant information to enable Members to review, consider and comment upon the Council's General Fund revenue budgets before making recommendations to Council on 23 February 2022.
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## Appendices

### Appendices:

<b>Appendix A</b>	Medium Term Financial Strategy (November 2021 update)
<b>Appendix A1</b>	MTFS Key Principles and Risk Analysis
<b>Appendix A2</b>	East Suffolk Council Tax Base 2022/23
<b>Appendix A3</b>	NHB Reserve Summary 2021/22 to 2025/26
<b>Appendix A4</b>	MTFS Key Movements
<b>Appendix A5</b>	MTFS Changes by Strategic Theme(ST)/Other Factors
<b>Appendix A6</b>	General Fund Revenue Budget Summary 2021/22 To 2025/26
<b>Appendix A7</b>	General Fund Reserve Summary 2021/22 to 2025/26
<b>Appendix A8</b>	Financial Provision to Support the Council's Green Agenda - Caring For Our Environment.
<b>Appendix B</b>	Residents Survey Results – Autumn 2021

### Background reference papers:

Date	Type	Available From
November 2021	Budget Working papers	Financial Services
04/11/2021	Bank of England Monetary Policy Report Nov-21	<a href="#">Monetary Policy Report - November 2021   Bank of England</a>
27/10/2021	Autumn Budget and Spending Review 2021	<a href="https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents">https://www.gov.uk/government/publications/autumn-budget-and-spending-review-2021-documents</a>
16/12/2021	Provisional local government finance settlement: England, 2022 to 2023	<a href="#">Provisional local government finance settlement: England, 2022 to 2023 - GOV.UK (www.gov.uk)</a>





**EAST SUFFOLK COUNCIL**

**MEDIUM TERM FINANCIAL STRATEGY**  
**2022/23 – 2025/26**

**JANUARY 2022**

## 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 vision of the East Suffolk Strategic Plan is to “deliver the highest quality of life possible for everyone who lives in, works in and visits East Suffolk”. The MTFS underpins the new plan and vision for East Suffolk, focusing on five key themes.
- Growing Our Economy
  - Enabling Our Communities
  - Remaining Financially Sustainable
  - Delivering Digital Transformation
  - Caring For Our Environment
- 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. As part of the implementation of the CIPFA Financial Management Code, the MTFS will also be developed to form the key component of the Long Term Financial Strategy (LTFS).
- 1.5 The key underlying principles of the MTFS are:
- securing a balanced budget with reduced reliance on the use of reserves and general balances to support its everyday spending;
  - setting modest increases in Council Tax when appropriate; and
  - delivering service efficiencies and generating additional income where there are opportunities to do so.
- 1.6 Part of the process of delivering a robust MTFS is to enable the Council to manage its affairs soundly, 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, taking into account the ongoing pandemic, economic factors, the local government finance environment, and the Council’s key funding streams. Sections 5 to 7 outline how the Council will respond to the challenges, as expressed in terms of its Budget and strategies towards reserves and capital.

## **2 PUBLIC FINANCES**

- 2.1 On 27 October 2021 the Chancellor delivered the Autumn Budget and Spending Review 2021 speech. The budget did not draw a line under Covid, but the Budget plans were focused on building a post-pandemic economy: stronger growth, public finances and employment. The Chancellor said he will give people the support they need with the cost of living and levelling up.

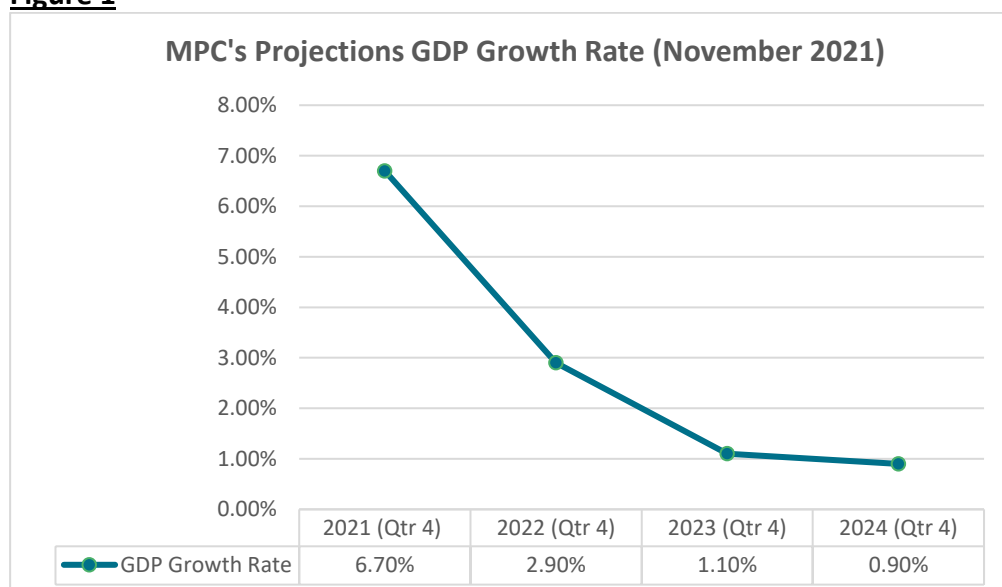
## **3 ECONOMIC INDICATORS**

- 3.1 The national economic background affects the costs the Council incurs, the funding it receives, and contributes to the demand for services as residents are affected by economic circumstances. The inflation rate impacts on the cost of services the Council purchases, as the Council delivers much of its service provision through contractual arrangements where inflationary pressures must be negotiated and managed. Specific contractual inflation has been incorporated into the Council's financial position, where appropriate, based on the actual contractual indices.
- 3.2 The outlook for the economy continues to be affected by the evolving situation of the pandemic. It will also depend on how government, households, businesses and financial markets respond to those developments.
- 3.3 The projections of the Monetary Policy Committee (MPC) are conditioned on the assumption that significant and widespread restrictions on UK and global economic activity are not reimposed, and that the effect of Covid on activity continues to wane over next year and beyond.
- 3.4 The latest projections of the MPC's are published in the Bank of England's November 2021 Monetary Policy Report. The next report is published on 3 February 2022 which will provide an update on economic projections since the emergence of the Omicron Covid variant.

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

- 3.5 Both global and UK GDP increased in 2021 Quarter 3, although at a slower pace than projected in August. Growth is somewhat restrained by disruption in supply chains. There has been a rapid global increase in demand for goods which has led to supply bottlenecks in certain sectors. There are also signs of weaker UK consumption demand. Whilst bottlenecks in supply will continue to restrain growth in the short term, global and UK GDP are expected to recover further from the effects of Covid. The UK is expected to get back to 2019 levels in Quarter 1 of 2022. However, UK growth is expected to slow as supply growth eases back towards pre-Covid rates.
- 3.6 Projections for growth in UK GDP as outlined in the MPC November 2021 Report, is shown in **Figure 1** below.

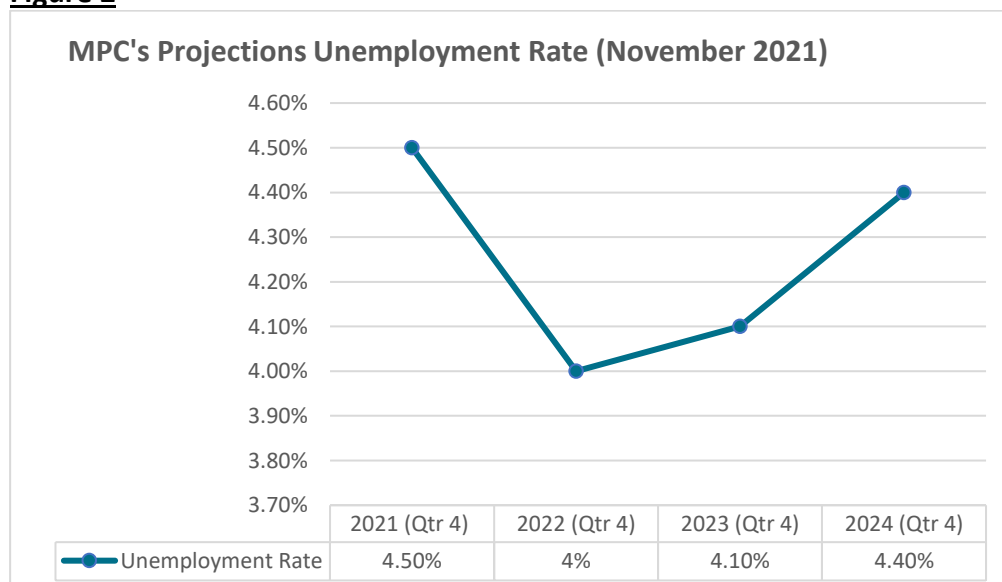
**Figure 1**



## Unemployment

- 3.7 The labour market recovery has continued, and the latest indicators suggest that the end of the furlough scheme may only lead to a slight increase in unemployment.
- 3.8 There are ongoing frictions in the labour market, with an increase in vacancies, recruitment pressures and higher wages, which are typical features of labour market recoveries. A sharp rise in indicators of recruitment difficulties, despite unemployment remaining above its pre-Covid levels, might suggest that there are frictions in matching available workers with job vacancies.
- 3.9 As per the Labour Force Survey (LFS), the unemployment rate fell to 4.2% in the three months to October 2021 (4.6% in the previous quarter) and a high degree of uncertainty remains about the near-term outlook for the labour market. The LFS unemployment rate is now expected to fall to around 4% in 2021 Quarter 4, compared to the MPC forecast of 4.5% in November.
- 3.10 **Figure 2** below shows the MPC Quarter 4 projections as of November 2021.

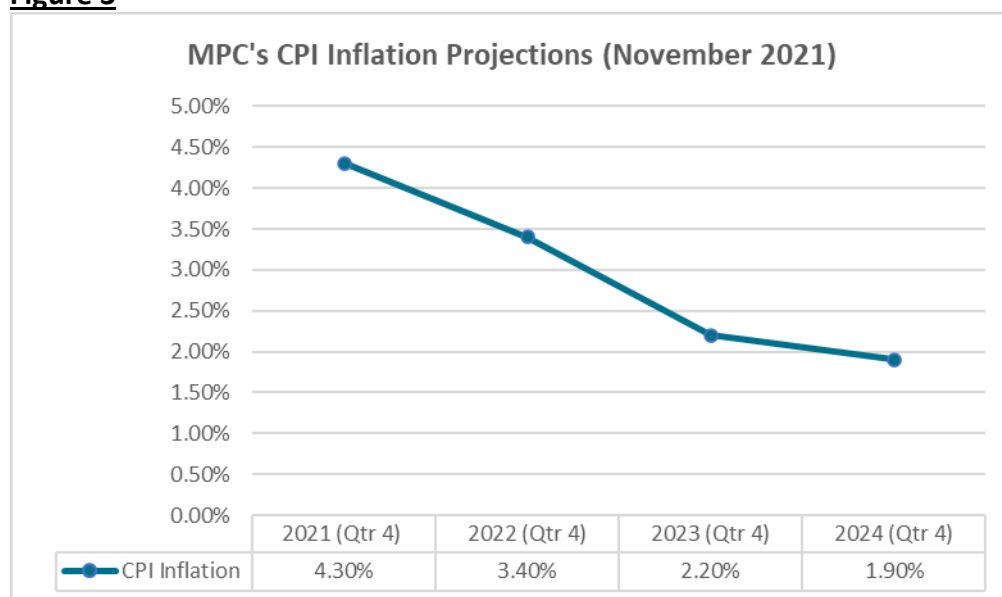
**Figure 2**



## Consumer Pricing Index (CPI)

- 3.11 Twelve-month CPI inflation rose from 4.2% in October to 5.1% in November, the highest rate for 10 years. CPI is expected to remain around that level through the winter, accounted for by further increases in fuel, energy, core goods, and food price inflation. CPI is forecast to peak at around 7% in April 2022. This is one percent higher than expected in the MPC's November report. The upward pressure on CPI is expected to ease, as supply disruptions start to settle, and global demand rebalances. Despite the higher than previously forecast CPI for Spring 2022, the projection remains for CPI inflation to fall back in the second half of 2022, with CPI to be slightly above 2% in two years' time and just below by 2024. The MPC's latest CPI inflation forecast (Quarter 4) is set out in **Figure 3** below.

**Figure 3**



## Bank Interest Rate

- 3.12 At its 15 December 2021 meeting, the Bank of England Monetary Policy Committee voted 8-1 to increase the bank rate by 0.15 percentage points to 0.25% amid concerns over inflation. This is the first rise in three years.

## 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 will cover the next three years (2022/23 to 2024/25) was broadly positive for local government, with funding much better than expected. Local government will receive an additional £4.8bn in grant funding over the next three years (£1.6bn in each year). The increase is very much front loaded with growth in grant funding in 2022/23 and no further general increases in the following two years. The rationale for this is to provide funding to local authorities to deal with the pressures they face now.
- 4.3 There are 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".

- 4.4 There was no announcement of new funding for local government for ongoing Covid pressures.
- 4.5 Distribution of the additional funding was announced in the Provisional Local Government Finance Settlement which was announced on 16 December 2021. 2022/23 is a one-year settlement with no significant reset of the system or changes to funding formulae, maintaining the Council's and the Suffolk Pool's advantageous position on business rates for at least another year, with changes now possible in 2023/24 – in line with the core MTFS assumption. The settlement was generally favourable to local government and the Council, particularly in respect of the announcement of a new round of NHB allocations and a one-off Services Grant for 2022/23. Key points from the Settlement are shown below, with more detail in subsequent paragraphs:

- Core Spending Power for ESC (basically the assumed total of all income streams including council tax) increased by 6.8%.
- Council Tax referendum limit for shire districts remains at 2% or £5, whichever is the greater.
- Revenue Support Grant £0.339m (MTFS assumption £0.337m)
- Rural Services Delivery Grant £0.260m (MTFS assumption £0.266m)
- Lower Tier Services Grant £0.311m (LTSG is largely the product of other funding movements and could not necessarily be guaranteed)
- 2022/23 Services Grant £0.477m (new one-off grant not assumed in MTFS)
- New Homes Bonus (NHB) £0.525m legacy payment from earlier allocation round, plus £1.124m one-year allocation (only legacy payment assumed in MTFS).

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

- 4.6 RSG has been substantially reduced in recent years. The Provisional Settlement included another year of RSG for 2022/23 with a slight increase on the current year allocation from £0.330m to £0.340m. The MTFS assumes an annual increase of this grant funding from 2023/24 of 2%.

<b>Revenue Support Grant</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
MTFS (February 2021)	(330)	(337)	(343)	(350)	(350)
MTFS (January 2022)	(330)	(340)	(346)	(353)	(360)
<b>Change to Budget</b>	<b>0</b>	<b>(3)</b>	<b>(3)</b>	<b>(3)</b>	<b>(10)</b>

- 4.7 The Rural Services Delivery Grant (RSDG) is a government grant recognising cost pressures associated with service delivery in rural sparse areas. As per the Provisional Settlement the current year grant is to be rolled forward for 2022/23 at £0.260m. The MTFS assumes an annual increase of this grant funding from 2023/24 of 2%.

<b>Rural Services Delivery Grant</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
MTFS (February 2021)	(260)	(266)	(270)	(276)	(276)
MTFS (January 2022)	(260)	(260)	(266)	(271)	(276)
<b>Change to Budget</b>	<b>0</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>0</b>

#### **Lower Tier Services Grant (LTSG)**

- 4.8 The Lower Tier Service Grant (LTSG) was referred to as a one-off grant in 2021/22 to support local authorities with the pressures of Covid. However, the Provisional Settlement indicates that this will continue into 2022/23 but at a reduced amount, £0.311m from

£0.389m. Continuation of the grant under this heading is unlikely from 2023/24 but this funding should continue in some form when the local government finance system is reformed. Consequently, it has been assumed in the MTFS that the grant will continue at the lower allocation from 2023/24 onwards.

Lower Tier Services Grant	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
MTFS (February 2021)	(381)	(389)	(397)	(405)	(405)
MTFS (January 2022)	(381)	(311)	(311)	(311)	(311)
<b>Change to Budget</b>	<b>0</b>	<b>78</b>	<b>86</b>	<b>94</b>	<b>94</b>

### Services Grant/Transition Funding

- 4.9 For 2022/23 the Provisional Settlement also included a new one-off Services Grant. The Council is due to receive £0.477m. The Government says that the new grant will provide funding to all tiers of local government in recognition of the vital services, including social care, delivered at every level of local government. It also includes funding for local government costs for the increase in Employer National Insurance Contributions (see paragraph 5.23).
- 4.10 The Government intends to work closely with local government on how to best use this funding from 2023/24 onwards. As with LTSG, although this funding would not appear under this name, it could be expected to figure in some form when the local government finance system is reformed. Consequently, it has also been assumed in the MTFS that grant funding at the 2022/23 level would be available from 2023/24 onwards. This funding has been shown in the MTFS as Services Grant / Transition Funding.

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

- 4.11 In its 2015 Spending Review, the Government announced proposals for Councils to retain all locally raised business rates by the end of the decade, and to end the distribution of core grant from central Government. In December 2017, the Government announced proposals for the proportion of business rates income to be retained by the local authority sector to be increased from the current 50% to 75% from April 2020, a development which does not require primary legislation, unlike the move to 100% local retention. Due to Covid-19, this was also delayed, and it has now been announced that this move to 75% retention has been abandoned.
- 4.12 The Government also announced a Fair Funding Review in February 2016, which will affect how funding is allocated and redistributed between local authorities. Implementation of this review was also delayed and is now likely to be implemented in 2023/24.
- 4.13 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 losing some of the financial advantage that it has under the current system. As a result of the delay in implementing Business Rate reforms, the Council has benefited from additional years under the current regime including 2022/23. As referred to above, 2022/23 is a roll forward year with no changes or reset of the system, with these changes, or equivalent measures, potentially taking place in 2023/24.

## Business Rates

- 4.14 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.
- 4.15 **Business Rates Collection Fund** - As a result of Covid-19, there will be a considerably larger-than-normal deficit on the 2021/22 Collection Fund for Business Rates as again changes to Retail and Nursery relief were announced after the NNDR1 was submitted in January 2021. These reliefs will be paid to precepting authorities in the form of additional Section 31 Grant in 2021/22. Local authorities will estimate the deficit in January 2022 and budget for it in 2022/23 budgets. In addition, it was announced in December that additional reliefs for businesses would be awarded in 2021/22 under the Covid Additional Restrictions Fund (CARF), which would again be funded by Section 31 Grant amounting to around £7.9m. These reliefs will further change the Collection Fund deficit figures, and these will be revised in the final Budget and MTFS considered by Council in February.
- 4.16 On 5 November 2020 the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament and came into force on 1 December 2020. The regulations implement the announcement made by the Secretary of State on 2 July 2020 that “the repayment of collection fund deficits arising in 2020/21, will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets for next year.” Therefore, the final third of that deficit is shown in 2023/24.
- 4.17 The Business Rates Collection Fund position is complicated by the fact that in 2021/22, in response to the Covid-19 pandemic, around £13.98m of rate relief is being granted to retail, hospitality, and leisure businesses together with nurseries. These reliefs are the primary reason for the currently estimated Business Rate Collection Fund Deficit for 2021/22 of £7.887 million, with East Suffolk’s share equating to £3.155 million. The remaining balance of the deficit is shared by Suffolk County Council and Central Government. The Government is funding these reliefs by Section 31 Grant, which is accounted for by the Council in 2021/22, but the Collection Fund deficit impacts on the Council’s own budget in 2022/23. Consequently, the Council’s share of this Section 31 Grant, just under £5.898m, will contribute to the Covid Reserve in 2021/22, enabling the Council to meet its share of the deficit in 2022/23. This position is illustrated in the table below, including the implementation of the Regulations detailed in paragraph 4.16 above. These deficits will be entirely funded from the Covid Reserve. In addition, the CARF and associated Section 31 Grant will further change the Collection Fund deficit figures.

Business Rates Collection Fund – Deficit/(Surplus)	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Deficit/(Surplus) 2021/22*	0	13,821	785	785	0
Deficit/(Surplus) 2022/23	0	0	2,370	0	0
<b>Total for Budget (January 2022)</b>	<b>0</b>	<b>13,821</b>	<b>3,155</b>	<b>785</b>	<b>0</b>

\*Refer to paragraph 4.16 above.



- 4.18 **Suffolk Pool** – In October all Suffolk councils agreed to continue a pooling arrangement for 2022/23, which would allow them to retain a larger proportion of their share of growth by reducing the overall levy rate for Suffolk to nil. The estimated Pooling benefit for 2022/23 is dependent on all of the NNDR1 returns being prepared by the Suffolk councils and then collated by Suffolk County Council in January 2022. The continuation of the Suffolk Business Rates Pool was notified by the Government in the Provisional Local Government Settlement, with confirmation in the Final Local Government Finance Settlement likely in late January 2022. The updated MTFS includes a Pooling Benefit estimate for 2022/23 of £1.829m, and this figure will be updated in the final budget report when all of the Suffolk NNDR1 returns have been collated. From 2023/24, the position as to whether Pooling will be a feature of changes to the local government finance system is unclear.
- 4.19 Business Rates income for 2022/23 is based on the NNDR1 return, and all Business Rates estimates included in the MTFS will be updated when this return is produced in January 2022. This will include the split between Section 31 Grant and actual rates income. It is noted that the scope of rate reliefs for retail properties will return to pre-Covid eligibility in 2022/23.
- 4.20 As referred to earlier, the Business Rates system may be subject to reform during the period of this Spending Review, potentially in 2023/24. The approach taken in the table below and the MTFS is to only include estimates of Baseline income and Section 31 Grant. This will be reviewed for the Budget and MTFS following preparation of the NNDR1 returns. A revision from the previous MTFS is a revised assumption 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, new Renewable hereditaments are coming online during the MTFS period.

Business Rates Income	Original 2021/22 £'000	Revised 2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000
Business Rates Income	(8,467)	(8,467)	(4,992)	(7,205)	(7,349)	(7,496)
Business Rates Renewables	(1,129)	(1,129)	(1,228)	(1,253)	(1,278)	(1,303)
<b>Total Business Rates Income</b>	<b>(9,596)</b>	<b>(9,596)</b>	<b>(6,220)</b>	<b>(8,458)</b>	<b>(8,627)</b>	<b>(8,799)</b>
Share of Pooling Benefit	(2,918)	(2,918)	(1,829)	0	0	0
Section 31 Grant	(4,338)	(10,218)	(8,844)	(4,466)	(4,555)	(4,647)
<b>Total Income Relating to Business Rates</b>	<b>(16,852)</b>	<b>(22,732)</b>	<b>(16,893)</b>	<b>(12,924)</b>	<b>(13,182)</b>	<b>(13,446)</b>
<b>Impact on the MTFS - January 2022</b>	<b>0</b>	<b>(5,880)</b>	<b>(4,944)</b>	<b>(737)</b>	<b>(750)</b>	<b>(1,014)</b>

## Council Tax

- 4.21 Council Tax is one of the Council's most important and stable income streams, funding approximately 50% of the net budget requirement of the Council. For Shire District Councils in two-tier areas, the referendum limit for 2021/22 was the higher of 2% or £5 and this referendum limit has been confirmed for 2022/23 in the Provisional Settlement.
- 4.22 **Council Tax Base** – The CTB1 Council Tax Base Return was submitted to Government on 13 October 2021.
- 4.23 The increase in the tax base for East Suffolk is currently estimated to be 1,684.00 (1.93%) Band D equivalent properties, increasing the overall tax base for East Suffolk from

87,339.43 to 89,023.43 for 2022/23. This equates to around £0.288m of additional Council Tax income to the Council based on the current District Band D Council Tax of £171.27.

- 4.24 The 2022/23 Council Tax Base at **Appendix A2** was approved by Cabinet on 7 December 2021.
- 4.25 **District Band D Council Tax 2022/23** – An increase of £4.95 for 2022/23 would equate to a District Band D Council Tax for East Suffolk of £176.22 and generate approximately £0.441m of additional income for East Suffolk. Total income from Council Tax would be £15.69m for 2022/23.
- 4.26 Based on the above information, the table below sets out the estimated Council Tax income and current assumptions for Council Tax included in the MTFS.

Council Tax Income	2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000	Estimate 2025/26 £'000
<b>Council Tax Income - Base</b>	(15,053)	(14,959)	(15,688)	(16,277)	(16,789)
<b>Growth in Tax Base</b>	94	(288)	(144)	(65)	(65)
<b>Council Tax Increase</b>	0	(441)	(445)	(447)	(448)
<b>Total Council Tax Income</b>	<b>(14,959)</b>	<b>(15,688)</b>	<b>(16,277)</b>	<b>(16,789)</b>	<b>(17,302)</b>
<b>Council Tax Band D</b>	£171.27	£176.22	£181.17	£186.12	£191.07
<b>Council Tax Base</b>	87,339.43	89,023.43	89,842.45	90,201.82	90,553.60
<b>Growth/Reduction(-) in Tax Base</b>	-0.63%	1.93%	0.92%	0.40%	0.39%
<b>Council Tax Increase £</b>	£0.00	£4.95	£4.95	£4.95	£4.95
<b>Council Tax Increase %</b>	0.00%	2.89%	2.81%	2.73%	2.66%

*Assumptions from 2022/23: Council Tax increases of 2% or £5, whichever is the higher.*

- 4.27 The February 2021 MTFS for 2022/23 had assumed growth to the tax base of 1%. The additional growth of 0.93% equates to approximately £0.138m of additional income. From 2023/24 a cautious approach has been taken to growth in the overall Tax Base and this is forecast to fall for the remainder of the MTFS period. This is based on a combination of development site completions levelling off, and prudent assumptions regarding LCTRS reliefs and collection rates.
- 4.28 **Council Tax Collection Fund** – As mentioned in 4.16, Regulations were implemented on 1 December 2020 that the repayment Collection Fund deficits arising in 2020/21, will be spread over three years rather than the usual period of a year.
- 4.29 The Council Tax Collection Fund Deficit for 2021/22 is £1.262m, with East Suffolk's share equating to £0.170m. The remaining balance of the deficit is shared by Suffolk County Council and the Police and Crime Commissioner for Suffolk. Following the implementation of the Regulations detailed in paragraph 4.16, the deficit relating to the current year has been partly spread into 2022/23 and 2023/24, £0.032m in each year.
- 4.30 The current estimate for the Council Tax Collection Fund for 2022/23 is a surplus of £1.724m, with East Suffolk's share equating to £0.223m. The remaining balance of the surplus is shared by Suffolk County Council and the Police and Crime Commissioner for Suffolk.
- 4.31 The Council's share of the Council Tax Deficit for 2021/22 and 2022/23 is profiled over the MTFS as follows;

Council Tax Collection Fund – Deficit/(Surplus)	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Deficit/(Surplus) 2021/22*	0	106	32	32	0
Deficit/(Surplus) 2022/23	0	0	(255)	0	0
<b>Total for Budget (January 2022)</b>	<b>0</b>	<b>0</b>	<b>(223)</b>	<b>0</b>	<b>0</b>

\*Refer to paragraph 4.28 above.

### New Homes Bonus (NHB)

- 4.32 The Government established the New Homes Bonus (NHB) in 2011 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 local authorities and communities where growth takes place. Over the past few years, NHB has become an extremely important source of incentivised income.
- 4.33 The funding settlement for 2021/22 was for one year only (£0.104m) and included payment of NHB for one year instead of four years, i.e. no legacy payments. There has been considerable uncertainty regarding NHB as the consultation on the future of NHB and potential alternative incentives for the provision of new housing has been postponed.
- 4.34 Another one-year only round of NHB funding (Year 12), has been announced in the Provisional Settlement. The total NHB to be received in 2022/23 will be one legacy payment remaining in respect of Year 9 and the new payment in respect of Year 12. Under the current system, NHB allocations are based on growth in the number of properties between this year and last year as shown on the Council Tax CTB1 forms, and an allocation is payable over a growth threshold of 0.4%. Despite the Covid-19 pandemic, there has been some growth in property numbers. The Council's position has been assisted by the number of long term empty properties brought back into use which to some extent, is inflated by a backlog from the previous year. The CTB forms indicate growth of 1.07% (1.03% above the growth threshold) over the past year and gives rise to an NHB allocation of £1.077m. In addition, the Council received a premium of £350 per property for new affordable homes, increasing the overall NHB allocation for Year 12 to £1.124m. This allocation will be transferred to the NHB Reserve.
- 4.35 The table below shows the position regarding new and legacy payments for NHB. Given the potential changes to this regime, no assumption has been made for any new NHB allocations from 2023/24 onwards.

NHB	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Year 7	0	0	0	0	0
Year 8	(548)	0	0	0	0
Year 9	(525)	(525)	0	0	0
Year 10	0	0	0	0	0
Year 11	(104)	0	0	0	0
Year 12	0	(1,124)	0	0	0
<b>Total</b>	<b>(1,177)</b>	<b>(1,649)</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 4.36 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.

4.37 **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	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Opening Balance	(6,064)	(4,772)	(4,764)	(4,669)	(4,573)
Add: Allocation Received	(1,177)	(1,649)	0	0	0
Less: Proposed Use	2,469	1,657	95	96	77
<b>Closing Balance (November 2021)</b>	<b>(4,772)</b>	<b>(4,764)</b>	<b>(4,669)</b>	<b>(4,573)</b>	<b>(4,496)</b>

## 5 MEDIUM TERM FINANCIAL POSITION

### MTFS Forecasts 2021/22 to 2025/26

5.1 The Finance team works with service areas to review their budget requirements and budget monitoring is an ongoing process between Finance, service areas, and the Corporate Management Team. This work leads to continual updating of the MTFS for the Council. Key areas of the budget review include;

- Establishment (staffing) costs.
- Partnerships.
- Revenue implications of investment projects and the capital programme.
- Business Rates and Council Tax income.
- Covid-19.
- Local Government Settlement for 2022/23.
- Use of reserves.

5.2 At the November 2021 Cabinet meeting, the Quarter Two Financial Performance Report was presented. The report highlighted items as having potential revenue budget implications for this financial year and over the MTFS period . These are set out below;

Budget Area to be Monitored	Areas Impact	Nature of Impact	Timing of Impact
NI increase 21/22 and introduction of the Health & Social Care Levy.	Council staffing costs and its Partners.	Estimated cost for the General Fund is £330k per annum from 2022/23. For the Operations Partnership (Norse) the financial impact is approximately £123k.	Impacts from 2022/23 onwards.
Partnership fee to be agreed for 2021/22 and the MTFS period.	Operations - partnership fee.	Increased partnership fee. Yet to be finalised.	Impacts 2021/22 and ongoing budgets.
Fuel price increase.	Operations and HRA - partnership fee.	Increased partnership fee. Yet to be finalised.	Impact in second half of 2021/22 and potentially into 2022/23.
Energy price increase.	Council properties and Partners.	Leisure facilities have seen a significant increase in utility costs which is expected to reduce in the latter part of 2021/22. This will continue to be closely monitoring through monthly reporting. Gas and electricity budgets for Council property have been increased by	Impact in second half of 2021/22 and potentially into 2022/23.

		10% from 2021/22 to 2022/23, this amounts to approximately £0.050m.	
National pay award for 2021/22 is not yet agreed.	Council staffing costs and its partners.	Current budget assumption is for a 2% increase for Council staffing costs, which is approximately £0.600m. The impact will therefore depend on whether the agreed pay award is more or less than this assumption.	Impact in 2021/22 and future years.
General inflation increased, material shortages.	Partnership – Operations and Council contracts.	The Council's financial strategy assumes that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending.	Impact from 2022.
Workforce pay pressure/grade inflation.	Council staffing costs and partnership costs.	Council staffing costs have increased over the MTFS by £1.6m to £2.6m per annum. See paragraphs 5.22 to 5.27.	Impact being seen in the current year.
Review of Essential Car User Allowance.	Council staffing costs.	Annual saving of £0.065m.	From January 2022.

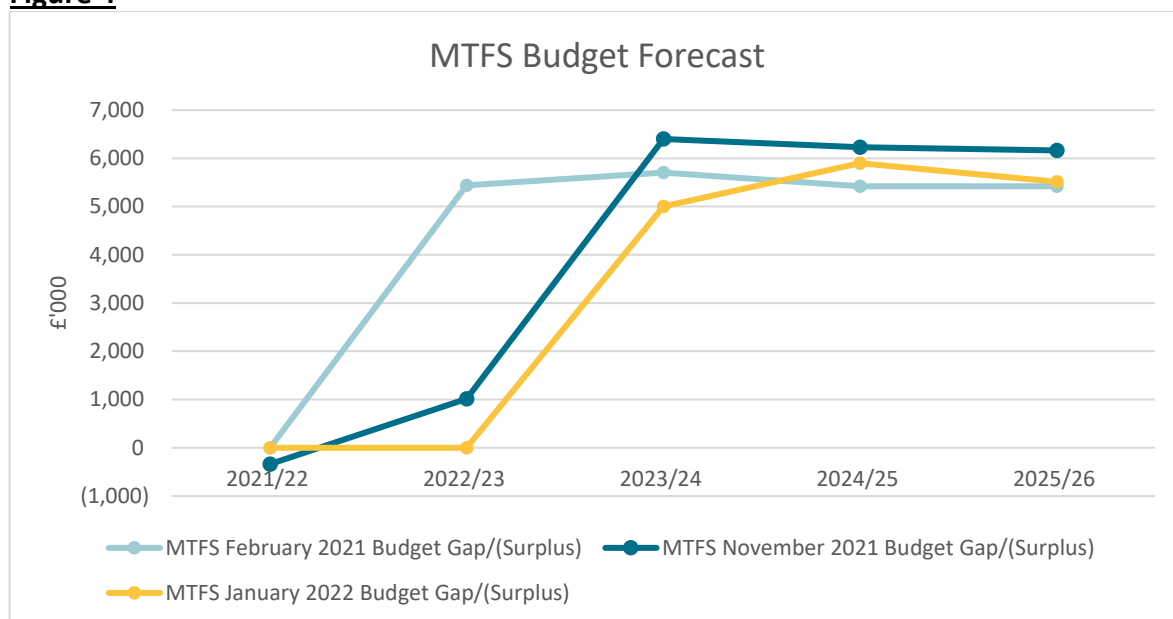
- 5.3 The MTFS was last updated in February 2021. A summary analysis of the key movements as of January 2022 is shown in the following table. This table is supported by **Appendix A4**.

MTFS Updates	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Additional Cost	1,133	2,700	2,534	2,975	3,638
Additional Income	(6,693)	(7,563)	(2,116)	(1,886)	(2,670)
Reduced Income	140	2,582	283	283	283
Savings	(1,309)	(1,151)	(1,110)	(890)	(1,154)
Use of Reserves	6,729	(2,010)	(293)	0	0
<b>Net Total - January 2022</b>	<b>0</b>	<b>(5,442)</b>	<b>(702)</b>	<b>482</b>	<b>97</b>

- 5.4 **Appendix A5** provides a visual analysis of the key updates across the MTFS period by Strategic Theme (ST) / Other Factors.
- 5.5 The original budget for the current year required £1.955m use of the In-Year Savings Reserve to balance the budget. However, following in-year updates to the budget this need has reduced to £0.893m as a result of additional savings and income.
- 5.6 As of February 2021, the budget gap reported for 2022/23 was £5.4m. The Council has been able to close this gap and achieve a balanced budget, predominately assisted by the deferral of the Business Rates system for at least one more year. East Suffolk is in an advantageous position under the current system and deferral of the reform by another year will enable the Council to benefit in the region of £3m in 2022/23. £0.313m use of the In-Year Savings Reserve is also earmarked to balance the budget for next year.
- 5.7 The updated MTFS position as of February 2021, November 2021 and January 2022 is shown in **Figure 4** below. The forecast budget gap primarily results from the probable changes to the local government finance system in 2023/24, together with notable increases from 2024/25 with pressure arising from establishment costs and capital charges associated with the Capital Programme. The level of this gap is subject to significant uncertainty due to the local government finance reforms, and this position is unlikely to

become clearer until during the course of next year. However, it is likely that a combination of actions will be needed ensure a longer term sustainable position including a phased use of reserves, maximisation of income, and the achievement of savings. These will need to be worked up over the coming year, as it is increasingly likely that funding reforms will finally be implemented in 2023/24.

**Figure 4**



MTFS Position	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
MTFS Feb 2021 Budget Gap/(Surplus)	0	5,442	5,705	5,418	5,418
MTFS Nov 2021 Budget Gap/(Surplus)	(338)	1,014	6,401	6,229	6,163
MTFS Jan 2022 Budget Gap/(Surplus)	0	0	5,002	5,900	5,514

### Budget Planning Assumptions

5.8 The Council's financial planning assumptions are summarised below:

Budget Area	Assumption
<b>Inflation</b>	
<i>Goods &amp; Services</i>	Met within existing budgets (exception is contract)
<i>Utilities</i>	10% 2022/23, 2.5% 2023/24 onwards
<b>Fees &amp; Charges</b>	Inflation is applied where appropriate - 2.9%
<b>Staffing Costs</b>	2% per annum plus incremental progression from 2021/22 2% per annum of staffing costs for vacancy allowance
<b>Investment Income</b>	0.22% Term Investments (average as of September 2021) 0.05% Call Account 3.91% Property Fund (as of October 2021) 2.60% Diversified Income Fund (as of September 2021)

### Covid Impact

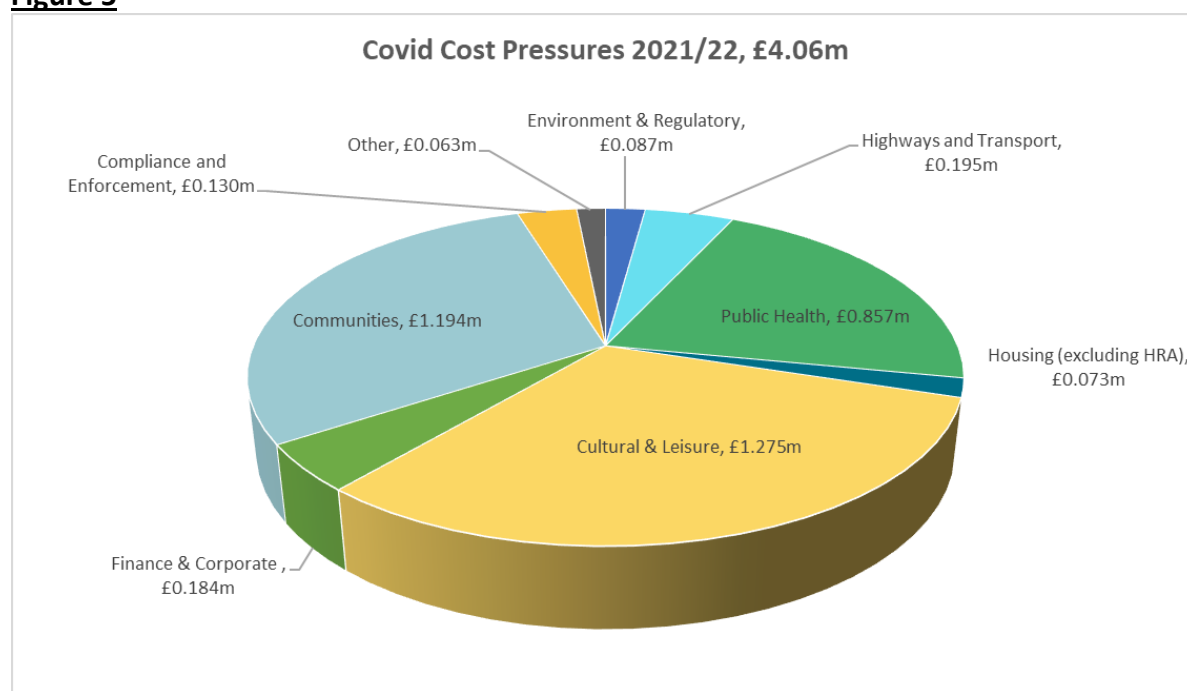
5.9 In the current financial year there continues to be financial implications due to Covid, with additional costs and lost income.

5.10 **Figure 5** below categorises known and estimated cost pressures for the current financial year. This currently totals £4.06m. There continues to be significant support to

communities, and this is funded externally, primarily by Suffolk County Council. This consists of funding brought forward from 2020/21 as well as additional funding received in the current year. Leisure remains an area of high Covid cost.

- 5.11 It is currently estimated that the net impact of Covid cost pressures (after funding) could be in the region of £0.250m less than budgeted. As the cost pressure is fully funded from various Covid funding streams this will not translate to a benefit to the General Fund bottom-line, but instead lead to more Covid core funding remaining at the end of the year. As mentioned earlier in the report, the Provisional Settlement did not announce any new Covid funding for local authorities.
- 5.12 For the MTFs no assumptions have been made for further cost pressures in 2022/23 and beyond.

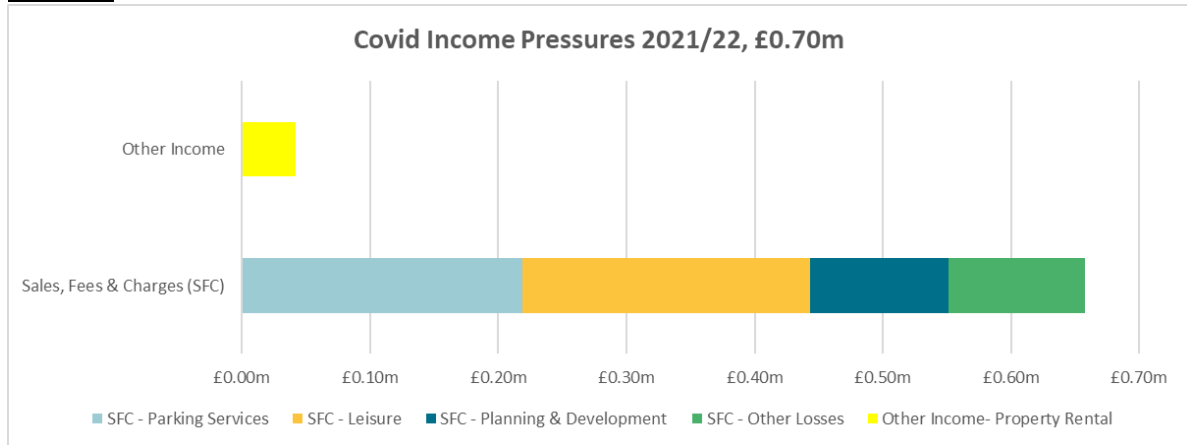
**Figure 5**



- 5.13 In the previous financial year, £0.293m was saved on staff/member travel costs – mileage claims, use of public transport and hire of vehicles and a permanent reduction of £0.100m was made to the budget. Current year forecasts indicate that the saving is likely to be in the region of £0.200m, a further £0.100m benefit to the General Fund.
- 5.14 **Figure 6** below categorises income pressures for the current financial year. This is presently estimated at £0.700m and below the budget provision of £1.3m. Car parking and leisure remain the areas most affected.
- 5.15 Losses on Sales, Fees and Charges (SFC) income accounts for 94% of the total income loss due to Covid. The Government's compensation scheme has continued only for the first quarter of 2021/22 and a claim has been submitted for £0.438m. There are no indications for this scheme continuing beyond this date.
- 5.16 For 2022/23 onwards, the MTFs has not been adjusted further for income losses due to Covid. Income areas such as Car Parking are assumed to return to pre-pandemic levels.



**Figure 6**



### **Goods & Services – Inflationary Pressures**

- 5.17 The Council's financial strategy assumes that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. As mentioned in Section 3, there is an expectation for inflation to rise to 5% in April 2022, driven by rising utility costs and global supply chain disruptions. The impact of this is most likely to be realised in the Capital Programme and the Council's Partners. This will be kept under review to ensure this planning assumption remains adequate. This does not impact on inflation for specific contracts where the budget planning assumptions reflect specific contract increases.
- 5.18 Contracts have been inflated based on the specified inflation indices within each individual contract. Additional negotiation has taken place with contractors to determine how these cost increases can be reduced where possible. This negotiation and retendering of contracts is part of the Council's strategy for cost reduction and will continue over the medium-term.

### **Fees and Charges**

- 5.19 Fees and Charges are based on the Council's agreed principles of increasing existing fees and charges on a market forces basis whilst having regard to the Council's policies and objectives. As a minimum, fees and charges should be increased by price inflation. The Council will also review opportunities to introduce new fees as appropriate. Proposed fees and charges for 2022/23 were approved by Cabinet on 4 January 2022.

### **Interest Payable and Receivable**

- 5.20 **Interest Payable** - The budget for debt interest over the MTFS period has been reduced by £0.815m over the MTFS as a consequence of planned maturity loan repayments during the final quarter of 2021/22. Where the capital programme requires future additional borrowing, the budget will be updated as and when projects are completed and actual borrowing is known.
- 5.21 **Interest Receivable** - The budget for investment income over the MTFS period is £0.650m and is based on an average investment portfolio of £110 million at an average interest rate of 0.59%. The economic backdrop of rising inflation and an unpredicted Bank of England increase in base rate from 0.10% to 0.25% in December 2021 provides a challenging budget scenario for short term investments. Fluctuations in market rates driven by the markets prediction of changes to the base rate combined with many Councils still holding Covid-19 grant balances providing surplus cash for investment in turn drives down achievable



investment rates which in turn reflects in a volatile investment market. The Council's Long Term externally managed pooled investment funds (Property & Multi Asset) have held up well through the ongoing pressures of Covid-19 with rates of return being maintained at around 4%. The Council has chosen a prudent basis for budgeting given the fluctuations and unpredictability over the coming months.

## Establishment Costs

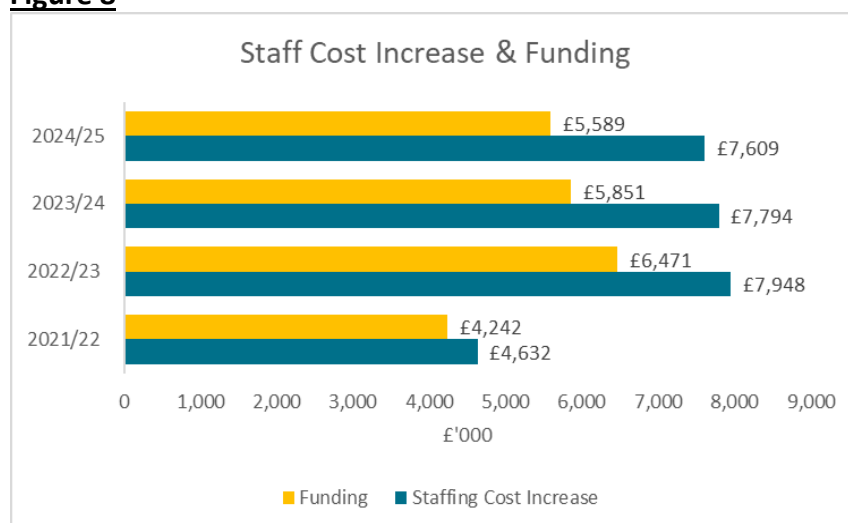
- 5.22 Establishment costs are the single largest revenue cost for the Council and represents 50% of its total direct expenditure. Total establishment costs of direct employers (basic pay plus on-costs for National Insurance and Employer Superannuation) is £37.2m. As **Figure 7** below illustrates, on-costs are 43% of basic pay and therefore increase the cost of each additional appointment significantly.

**Figure 7 - Budget data based on the MTFS mid-point 2023/24**

Direct Employee Costs	General Fund (excl. Port Health) £'000	Port Health £'000	General Fund Total (incl. Port Health) £'000	% of Basic Pay	
Basic	20,971	5,069	26,040		
NI	2,273	603	2,876	11%	43% of Basic Pay
Pension	6,609	1,677	8,286	32%	
<b>Total</b>	<b>29,853</b>	<b>7,349</b>	<b>37,202</b>		

- 5.23 The updating of the MTFS includes an increase in establishment costs above normal levels. This is a combination of the new Health and Social Care Levy from April 2022 (paragraph 5.26 below), pay/grade inflationary pressure and additional resourcing needs to deliver the ambitions of the Council's Strategic Plan. **Figure 8** below shows staffing costs to increase between £7.5m to £7.9m per annum, with £4m (50%) of this relating to Port Health. On average 75% of the increase has been met by funding, with the balance presenting growth to the General Fund. Funding is in the form of additional income/grants, cost savings and use of reserves. Additional external funding will continue to be sought for areas such as Coast Protection. Port Health is funded from Port Health income and its dedicated Reserve.

**Figure 8**



MTFS Position	2021/22	2022/23	2023/24	2024/25
Staffing Cost Increase	4,632	7,948	7,794	7,609
Funding	4,242	6,471	5,851	5,589
Increase not Funded	390	1,477	1,943	2,020

- 5.24 An annual vacancy allowance for staffing is included in the budget. This represents the natural turnover of staff, and the period of time posts remain unfilled during the recruitment process. Due to the staffing base increasing the vacancy allowance has been reviewed. Based on prior year outturns, the vacancy allowance averages 2% of the total staffing budget per annum. This is approximately £0.600m per annum from 2022/23, excluding Port Health. This is an increase of £0.300m on the original allowance and translates into a saving for the budget. This budget adjustment can be off-set against the increases in **Figure 8** above.
- 5.25 **Public Sector Pay** - The indication from the Spending Review is a “return to normal pay setting process” for public sector workers, with the government seeking “recommendations from Pay Review Bodies where applicable”. This is likely to place more pressure on local government budgets. The updated MTFS continues to assume pay awards of 2% per annum. A 1% pay award presents an increase of approximately £0.300m to the General Fund, excluding Port Health for which a 1% increase is approximately £0.070m. The pay award for the current year has not yet been agreed.
- 5.26 **National Insurance Contribution Increase** – Also referred to as the Health and Social Care Levy, the Government is increasing the Employer National Insurance Contribution by 1.25% from April 2022. In the Spending Review it was indicated that public sector bodies will receive compensation for any additional contributions paid and the Treasury has set aside £1.7bn to £1.8bn every year to pay compensation. As per the Provisional Settlement, the new one-off Services Grants for 2022/23 (paragraph 4.9 and 4.10) includes funding for local government for this increased cost. The MTFS assumes no additional funding at this time. The Employer National Insurance increase of 1.25% is £0.330m to the General Fund (excluding Port Health) and is included in the figures presented in **Figures 8 and 9** above.
- 5.27 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31 March 2019. The employers pension contribution rate for 2021/22 and 2022/23 is 33% and 32% respectively. There is no separate deficit payment, and instead it is incorporated into the primary rate - the employers contribution rate.

### **Green Agenda - Caring For Our Environment**

- 5.28 The Council has pledged to be Carbon Neutral by 2030 and the Council’s Strategic Plan includes the theme of ‘Caring For Our Environment’. To delivery on these ambitions and priorities of the Council, inevitable requires investment without necessarily generating savings or additional income. That being said, the use of technology for homeworking and remote Committee meetings over the last two years, has reduced the need for staff and Members to travel and resulted in a saving to the Council of £200k per annum. This new way of working will continue post Covid which will see some level of saving continuing.
- 5.29 **Appendix A8** includes details of budgets and reserves specifically provided to assist with the delivery of the Council’s Green Agenda.

### **Other Pressures**

- 5.30 In formulating its detailed spending plans, the Council has also taken account of past performance and the previous year’s outturn position.
- 5.31 Ranging from increased demand for services or changes in national policy, the Council’s MTFS is adjusted to reflect the financial implications of these changes.

## **Operations Partnership (Norse)**

- 5.32 The current MTFS does not take into consideration the implications of the contract with Norse coming to a natural end in July 2023. This will be considered during the budget process in 2022/23. The Partnership fee for the current year and the following two years is currently under review with no changes so far reflected in the MTFS.

## **6 RESERVES AND BALANCES**

- 6.1 In order to manage its financial affairs soundly, the Council needs to hold an appropriate level of reserves and balances. These allow the Council 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.

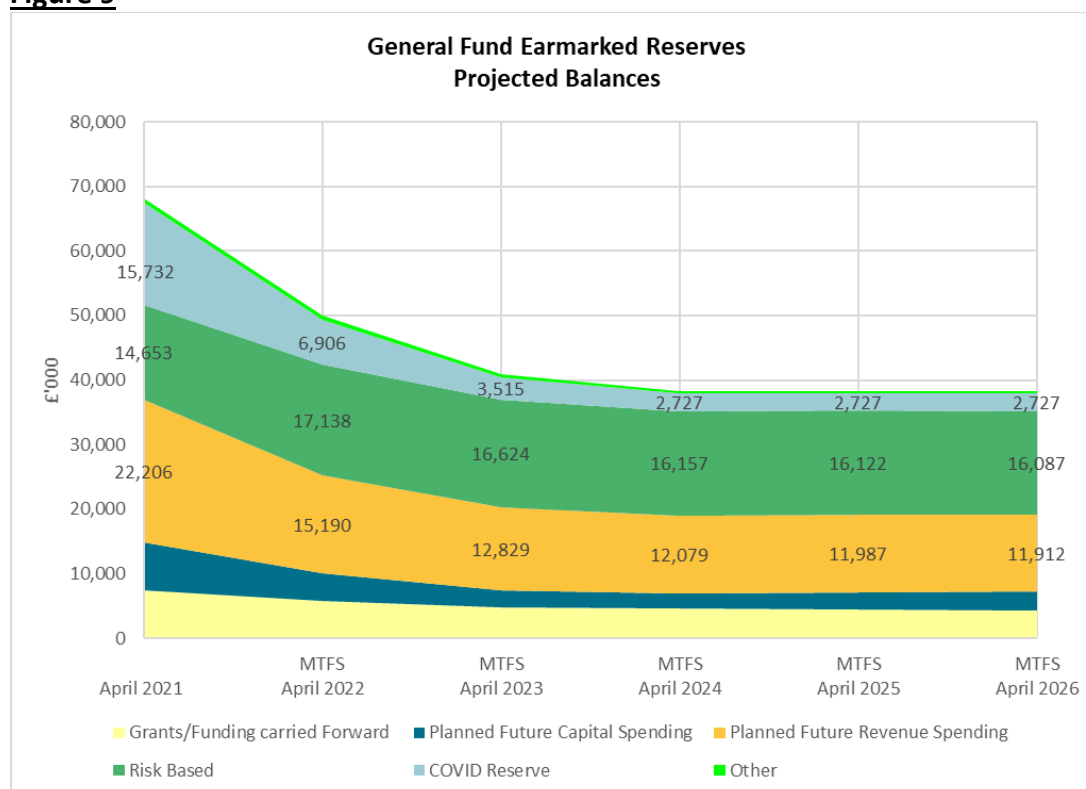
### **General Fund Balance and Earmarked Reserves**

- 6.4 The detailed budget process includes an assessment of risk, the adequacy of General Fund Reserves and a review of earmarked reserves. This review evaluates the need to create and/or change earmarked reserve levels and to also release reserves which are no longer required, thereby becoming a one-off resource for the Council. A risk assessment of the General Fund Balances informs the Chief Finance Officer's view of the adequacy of reserves to provide assurance to the budget. Having regard to the financial risks surrounding the budget planning process; the Council maintains the level of General Fund balances at around 3%-5% of its budgeted gross expenditure (in the region of £130 million for East Suffolk). This would equate to maintaining a General Fund balance for East Suffolk, in the region of £4m to £6m. As of 1 April 2021, the opening General Fund balance of East Suffolk stood at £6m.
- 6.5 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 use of the General Fund balance.

- 6.6 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.
- 6.7 The opening balances for 2021/22 are subject to conclusion of the external audit review for 2020/21.
- 6.8 The total balance of General Fund Earmarked Reserves was £68m (excluding Port Health) as of 1 April 2021. However, it should be noted that of this balance, £15.7m relates to a Covid Specific Reserve which will be drawn down in the year for Covid related use. 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. This will include for example, pension capital costs, Business Rates income and Housing Benefit Subsidy.
- 6.9 **Figure 9** below shows the current projections for the General Fund Earmarked Reserves over the MTFS, categorised as above. This summary includes use of the In-Year Savings Reserve to fund the budget gap in the current year and 2022/23 (paragraphs 5.5 and 5.6).

**Figure 9**



6.10 There is a noticeable decline in reserve balances until 2023/24 and then levelling off for the remainder of the MTFS period, with total Earmarked Reserves standing at approximately £38m. The current projected use of reserves over the next three years is attributable to the following;

- The majority of the Covid Reserve is expected to be used in this financial year. This includes £13.8m release of Section 31 Grant to fund the NDR Collection Fund deficit. This funding is in respect of Business Rates reliefs provided last year and in the current year in response to Covid. At the end of the current year, it is projected for £1.7m to be remaining of the core Covid funding. This will be carried forward into 2022/23 and will be reviewed during the course of next year. Any balance remaining will be transferred to an appropriate reserve.
- The Business Rate Equalisation Reserve is the main reserve within the Risk Based Reserves. This reserve is held to manage fluctuations in Business Rates income, due to the timing of accounting treatments. The balance on this reserve as of April 2021 was £13.4m. £2.9m is transferred to this reserve in the current year, which includes the Suffolk Public Sector Leaders (SPSL) share of the Pooling Benefit, estimated at £1.3m. The balance on this reserve is currently forecast to remain stable over the MTFS period at around £14.8m, and will provide an extremely important source of finance in meeting projected budget gaps.
- The Planned Revenue Spending Reserves contains some key individual reserves to highlight which are used to fund future budget gap pressures and projects and initiatives to support the delivery of the Strategic Plan. These are set out in the table below. With the exception of the New Homes Bonus Reserve, they all show balances declining with no further contributions to increase available funds.

Reserves	April 2021 £'000	MTFS April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000	MTFS April 2026 £'000
Better Broadband	507	7	7	7	7	7
Business Rates Pilot	2,194	1470	832	795	758	721
In-Year Savings	4,319	2,657	2,147	2,147	2,147	2,147
New Homes Bonus (NHB)	6,064	4,772	4,764	4,669	4,573	4,496
Transformation - Core	167	0	0	0	0	0
Transformation - Digital	658	209	156	122	142	162
Transformation - Environmental	500	500	500	500	500	500
Transformation - Financial Sustainability	1,892	1,650	639	406	406	406

6.11 A full list of earmarked reserves is included in **Appendix A7**.

## 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 2022/23 to 2025/26 was considered by the Audit & Governance Committee and Cabinet before approval by Full Council on 26 January 2022. 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. The current Asset Management Strategy was approved in July 2019, broken down into four key components:

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

7.3 For the purposes of setting the budget for 2022/23 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 2021/22 to 2025/26.

#### **Capital Programme**

7.4 The Capital Programme including both General Fund and HRA elements is subject to the scrutiny process and formally adopted by Full Council each year. 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 Senior Management Team.

- 7.8 The 2022/23 Capital Programme was considered by Cabinet at its meeting on 4 January 2022 and will be presented to Full Council on 26 January 2022.

## 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 sound.

**3 STRATEGY PRINCIPLES**

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

**General**

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

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



- c) that the Council's Corporate Management Team will review the budget proposals for reasonableness and adherence to corporate policies and objectives prior to the budget being submitted to Cabinet;
- d) the Council will monitor its revenue and capital budgets effectively. Monitoring will be undertaken 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 Management Team will take appropriate steps to continue to maintain and improve the accuracy and quality of data that it uses throughout the Council thereby ensuring that budget and other decisions are taken on a sound basis; and
- f) the Council will seek to maximise external contributions towards revenue and capital spending for example through bidding for specific grants, attracting levered funding, participating in new funding streams and engaging in further strategic partnering opportunities where appropriate.

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

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

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

**Capital**

- 3.3 When considering 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 Plan whilst recognising that other priorities may emerge that may require those plans to be amended and resources to be diverted
  - e) annually review and prioritise capital schemes in accordance with Council objectives having regard to:
    - 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:
- each year maintain the level of General Fund balances at around 3% - 5% of its budgeted gross expenditure. This would lead the Council to maintain a General Fund balance in a range of around £4 million to £6 million.
  - have regard to the financial risks surrounding the budget planning process, including those associated with the structural deficit, inflationary pressures, interest rates, partnerships, the treatment of savings, new burdens and demand led expenditure.
  - review its earmarked reserves, which have been established to meet known or predicted liabilities, to ensure that the level of those reserves are still appropriate; and
  - return reserve balances no longer required to the General Fund as appropriate.

**Treasury Management and Investment**

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

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

## **4 OTHER CONSIDERATIONS**

4.1 The Council's spending will have regard to:

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

RISKS	PROBABILITY HIGH (H) MEDIUM (M) LOW (L)	IMPACT HIGH (H) MEDIUM (M) LOW (L)	MITIGATING ACTIONS
<p><b>Strategic Risks</b></p> <p>The absence of a robust Medium Term Financial Strategy could adversely affect the Council's budget and resource planning and projections.</p> <p>Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.</p> <p>Local Government funding is under continuous pressure and review. Failure to respond to these funding pressures may adversely impact on the Council's ability to service delivery.</p> <p>Budget pressures arising from housing, economic, social and other demographic changes.</p>	<p><b>L</b></p> <p><b>M</b></p> <p><b>H</b></p> <p><b>H</b></p>	<p><b>H</b></p> <p><b>H</b></p> <p><b>H</b></p> <p><b>H</b></p>	<p>Continually monitor and refine the strategy in line with changing influences. Update Corporate Management Team and Cabinet.</p> <p>Continuously engage with key stakeholders and take advantage of existing consultation methodologies. Continue to monitor and more closely align service levels to demand and need.</p> <p>Take advantage of the Council's growth opportunities to reduce dependency on government funding. Align service delivery to funding levels, improve exist strategy to minimise risk.</p> <p>Take advantage of technological advancements to understand and reduce unit costs, monitor demand for services and proactively manage resourcing requirements, invest in schemes to promote skills and developments.</p>
<p><b>Financial</b></p> <p>Uncertain medium term sustainability of incentivised income areas subject to Government policy, economic factors, and revaluation e.g. Brexit, business rates and New Homes Bonus.</p>	<p><b>H</b></p>	<p><b>H</b></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.
Costs arising from the triennial review of the Local Government Pension Scheme.	M	M	Review and monitor information from Government and actuaries. Update forecasts as necessary.
Interest rate exposure on investments and borrowing.	H	M	Review cash flows, ensuring the Council has a flexible and forward looking Treasury management policy.
<b>Information</b>			
The Council itself has no influence over the outcome of some of the other bigger assumptions such as formula grant, national pay awards, interest rates, inflation and statutory fees and charges.	H	M	Key assumptions made are regularly reviewed from a variety of sources. Forecasts are updated as necessary.
<b>Operational</b>			
The Council has entered into strategic partnerships and contracts and is therefore susceptible to economic, social and demographic changes	H	H	Effective negotiation, sound governance arrangements and reviews 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	H	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><b>People</b></p> <p>Loss of key skills, resources and expertise.</p> <p><b>Regulatory</b></p> <p>Changes of responsibility from Government can adversely impact on service priorities and objectives.</p> <p><b>Reputation</b></p> <p>Loss of reputation if unforeseen resource constraints result in unplanned service reductions.</p>	<p><b>H</b></p> <p><b>L</b></p> <p><b>L</b></p>	<p><b>M</b></p> <p><b>L</b></p> <p><b>H</b></p>	<p>Continue to invest in staff developments, service continuity measures. Monitor succession planning. Keep staff consulted and informed. Ensure employment terms and conditions are competitive and development needs identified through 'My Conversation' programme with staff are satisfied.</p> <p>Sound system of service and financial planning in place. Lobby as appropriate.</p> <p>Identify and implement robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.</p>

## EAST SUFFOLK COUNCIL TAX BASE 2022/23

PARISH	2021/22	2022/23	Difference
Aldeburgh	1,870.40	1,880.77	10.37
Alderton	176.58	181.34	4.76
Aldringham-Cum-Thorpe	575.22	595.58	20.36
All Saints & St. Nicholas, St. Michael and St. Peter S E	102.45	101.13	-1.32
Badingham	230.16	227.98	-2.18
Barnby	215.66	217.87	2.21
Barsham and Shipmeadow	131.00	134.17	3.17
Bawdsey	193.25	196.37	3.12
Beccles	3,160.88	3,241.87	80.99
Benacre	32.68	32.36	-0.32
Benhall & Sternfield	299.47	306.75	7.28
Blaxhall	109.38	110.29	0.91
Blundeston and Flixton	454.71	466.25	11.54
Blyford and Sotherton	70.50	71.37	0.87
Blythburgh	192.52	193.81	1.29
Boulge	14.10	14.14	0.04
Boyton	58.47	60.45	1.98
Bramfield & Thorington	192.37	192.76	0.39
Brampton with Stoven	150.86	150.65	-0.21
Brandeston	142.59	142.24	-0.35
Bredfield	146.41	147.53	1.12
Brightwell, Foxhall & Purdis Farm	989.89	998.25	8.36
Bromeswell	155.32	154.41	-0.91
Bruisyard	69.28	70.92	1.64
Bucklesham	198.39	203.25	4.86
Bungay	1,613.60	1,643.44	29.84
Burgh	79.56	78.81	-0.75
Butley, Capel St Andrew & Wantisden	113.18	114.77	1.59
Campsea Ashe	154.71	156.10	1.39
Carlton Colville	2,609.02	2,664.87	55.85
Charsfield	143.75	148.83	5.08
Chediston, Linstead Magna & Linstead Parva	158.74	156.02	-2.72
Chillesford	69.08	70.86	1.78
Clopton	144.55	138.64	-5.91
Cookley & Walpole	153.27	152.70	-0.57
Corton	567.40	582.91	15.51
Covehithe	12.87	12.93	0.06
Cransford	67.21	67.01	-0.20
Cratfield	144.37	149.71	5.34
Cretingham, Hoo & Monewden	207.40	209.59	2.19

## EAST SUFFOLK COUNCIL TAX BASE 2022/23

PARISH	2021/22	2022/23	Difference
Dallinghoo	83.38	82.79	-0.59
Darsham	191.85	200.99	9.14
Debach	32.14	32.89	0.75
Dennington	233.86	235.11	1.25
Dunwich	86.46	86.56	0.10
Earl Soham	201.29	202.53	1.24
Easton	167.03	177.12	10.09
Eyke	152.13	152.94	0.81
Felixstowe	8,488.90	8,645.91	157.01
Flixton, St. Cross S E & St. Margaret South Elmham	161.32	165.75	4.43
Framlingham	1,566.80	1,618.57	51.77
Friston	213.88	210.80	-3.08
Frostenden, Uggeshall and South Cove	168.42	170.56	2.14
Gisleham	245.02	248.63	3.61
Great Bealings	132.40	132.98	0.58
Great Glemham	103.07	100.06	-3.01
Grundisburgh & Culpho	645.89	645.74	-0.15
Hacheston	162.58	166.03	3.45
Halesworth	1,720.23	1,752.20	31.97
Hasketon	175.15	183.82	8.67
Hemley	25.71	25.57	-0.14
Henstead with Hulver Street	137.33	136.95	-0.38
Heveningham	64.29	63.23	-1.06
Hollesley	483.35	494.63	11.28
Holton	304.80	310.84	6.04
Homersfield	60.13	58.64	-1.49
Huntingfield	76.53	75.36	-1.17
Iken	64.36	62.83	-1.53
Kelsale-cum-Carlton	401.44	404.66	3.22
Kesgrave	4,753.56	4,809.30	55.74
Kessingland	1,392.31	1,441.05	48.74
Kettleburgh	108.12	106.24	-1.88
Kirton & Falkenham	552.33	555.62	3.29
Knodishall	313.61	313.92	0.31
Leiston	1,724.87	1,820.58	95.71
Letheringham	38.62	41.42	2.80
Levington & Stratton Hall	121.51	123.38	1.87
Little Bealings	209.67	213.78	4.11
Little Glemham	67.32	67.15	-0.17
Lound	115.83	116.56	0.73
Lowestoft	12,371.87	12,733.88	362.01
Marlesford	86.40	89.65	3.25
Martlesham	2,296.33	2,296.65	0.32
Melton	1,860.33	1,905.05	44.72
Mettingham	80.44	83.26	2.82
Middleton	202.75	206.24	3.49



## EAST SUFFOLK COUNCIL TAX BASE 2022/23

PARISH	2021/22	2022/23	Difference
Mutford	185.20	186.52	1.32
Nacton	352.54	343.95	-8.59
Newbourne	108.55	110.64	2.09
North Cove	151.89	151.14	-0.75
Orford & Gedgrave	398.71	396.15	-2.56
Otley	290.45	310.55	20.10
Oulton	1,467.88	1,549.90	82.02
Oulton Broad	3,209.24	3,270.87	61.63
Parham	119.31	120.59	1.28
Peasenhall	236.66	240.52	3.86
Pettistree	88.10	88.60	0.50
Playford	111.18	111.33	0.15
Ramsholt	12.53	12.22	-0.31
Redisham	51.74	53.35	1.61
Rendham	128.77	127.96	-0.81
Rendlesham	931.93	931.19	-0.74
Reydon	1,178.84	1,194.23	15.39
Ringsfield and Weston	219.60	220.36	0.76
Rumburgh	120.46	118.80	-1.66
Rushmere	33.17	32.68	-0.49
Rushmere St Andrew	2,560.78	2,579.54	18.76
Saxmundham	1,556.39	1,586.60	30.21
Saxtead	127.44	127.13	-0.31
Shadingfield, Sotterley, Willingham and Ellough	180.25	185.49	5.24
Shottisham	83.77	84.00	0.23
Sibton	98.18	97.02	-1.16
Snape	326.69	328.19	1.50
Somerleyton, Ashby & Herringfleet	162.49	166.95	4.46
Southwold	1,076.40	1,082.31	5.91
Spexhall	84.16	86.15	1.99
St. Andrew Ilketshall	113.28	114.71	1.43
St. James South Elmham	88.31	87.25	-1.06
St. John Ilketshall	20.09	20.25	0.16
St. Lawrence Ilketshall	59.18	60.24	1.06
St. Margaret Ilketshall	71.45	71.55	0.10
Stratford St Andrew and Farnham	138.88	139.87	0.99
Sudbourne	182.46	186.67	4.21
Sutton	143.97	147.22	3.25
Sutton Heath	358.26	367.03	8.77
Sweffling	97.32	95.45	-1.87
Swilland & Witnesham	409.31	421.28	11.97
Theberton	148.92	150.49	1.57
Trimley St Martin	736.40	744.63	8.23
Trimley St Mary	1,255.32	1,272.73	17.41
Tuddenham St Martin	165.41	162.29	-3.12
Tunstall	264.02	259.85	-4.17

## EAST SUFFOLK COUNCIL TAX BASE 2022/23

PARISH	2021/22	2022/23	Difference
Ubbeston	42.97	43.39	0.42
Ufford	392.54	403.37	10.83
Walberswick	375.57	372.62	-2.95
Waldringfield	250.35	256.72	6.37
Wangford with Henham	252.05	257.31	5.26
Wenhaston with Mells Hamlet	402.76	419.07	16.31
Westerfield	236.17	236.87	0.70
Westhall	132.27	131.28	-0.99
Westleton	310.14	309.76	-0.38
Wickham Market	806.71	825.34	18.63
Wissett	121.03	124.25	3.22
Woodbridge	3,100.12	3,226.36	126.24
Worlingham	1,273.64	1,286.19	12.55
Wrentham	375.17	377.07	1.90
Yoxford	345.20	349.27	4.07
<b>East Suffolk Council - Total</b>	<b>87,339.43</b>	<b>89,023.43</b>	<b>1,684.00</b>

## NHB RESERVE SUMMARY 2021/22 TO 2025/26

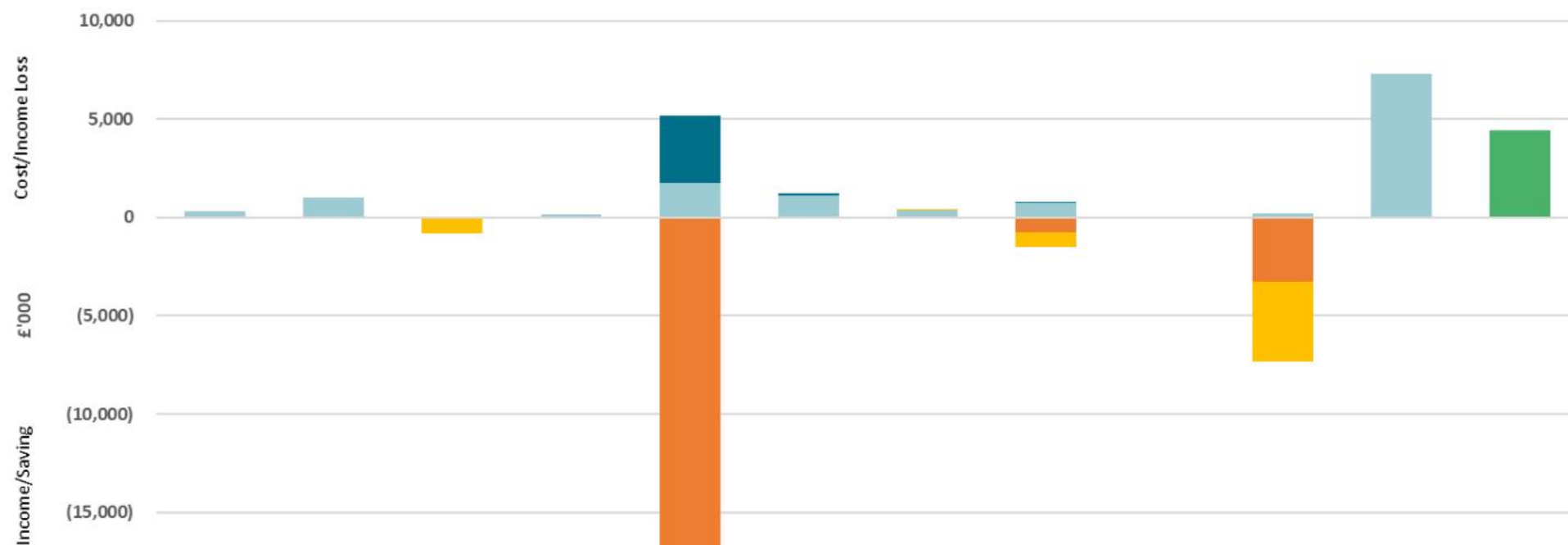
NHB Reserve					
	2021/22	2022/23	2023/24	2024/25	2025/26
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
	£'000	£'000	£'000	£'000	£'000
<b>NHB Reserve Balance Brought Forward</b>	(6,064)	(4,772)	(4,764)	(4,669)	(4,573)
<b>NHB In-Year Funding</b>	(1,177)	(1,649)	0	0	0
<b>Total NHB Funding in Reserve</b>	<b>(7,241)</b>	<b>(6,421)</b>	<b>(4,764)</b>	<b>(4,669)</b>	<b>(4,573)</b>
Application of NHB					
<b><u>Enabling Communities Budget</u></b>					
55 Councillors * £7.5k	453	420	0	0	0
	<b>453</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Community Partnerships</u></b>					
8 Partnership * £25k each	235	200	0	0	0
<b><u>Resourcing &amp; Engagement</u></b>					
CP Manager	71	73	75	76	77
Communities Officer	20	20	0	0	0
Funding Officer	23	17	0	0	0
Venues for meetings	3	3	0	0	0
Contribution to Suffolk Association Local Councils	10	10	0	0	0
Contribution to Community Action Suffolk	10	10	0	0	0
	<b>372</b>	<b>333</b>	<b>75</b>	<b>76</b>	<b>77</b>
Strategic Community Partnerships - Allocated	272	0	0	0	0
Strategic Community Partnerships - Unallocated	148	300	0	0	0
	<b>420</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>COVID-19 - Hardship Fund/Social Isolation Grants</u></b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Exemplar Grants</u></b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>WIFI Implementation on Market Towns</u></b>	<b>180</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Economic Development Towns Fund</u></b>	<b>22</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Lowestoft Full Fibre project</u></b>	<b>624</b>	<b>576</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>UCI World Masters Cycle Cross Championships</u></b>	<b>8</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Commitments Pre 2019/20</u></b>					
Tour of Britain - Womens Tour 2019 & 2020	0	0	0	0	0
Landguard	18	0	0	0	0
	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Place Based initiatives</u></b>					
Felixstowe Forwards	84	0	0	0	0
Leiston Together	42	0	0	0	0
Lowestoft Rising	15	20	20	20	0
	<b>141</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>0</b>
Total NHB Earmarked for Community Initiatives	<b>2,247</b>	<b>1,657</b>	<b>95</b>	<b>96</b>	<b>77</b>
Set Aside to Support the Budget					
To Support Transition of NHB use to East Suffolk	<b>222</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total NHB use for the Year</b>	<b>2,469</b>	<b>1,657</b>	<b>95</b>	<b>96</b>	<b>77</b>
<b>NHB Reserve Balance Carried Forward</b>	<b>(4,772)</b>	<b>(4,764)</b>	<b>(4,669)</b>	<b>(4,573)</b>	<b>(4,496)</b>

# MTFS KEY MOVEMENTS

# APPENDIX A4

MTFS Update	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	Total over MTFS period £'000	Strategic Theme/Other Factors	Comments
<b>Additional Cost</b>								
Beach hut project (Felixstowe) revenue costs of capital project	126	0	0	0	0	126	Growing our Economy	Project costs that can not be capitalised.
Planned preventative maintenance	(87)	466	(65)	(65)	(65)	184	Remaining Financially Sustainable	An assessment has been carried out of all assets. This is a catch up programme in 22/23.
Guntton beach survey and site investigation regarding	45	0	0	0	0	45	Public Health & Safety	Works is necessary due to increased exposure of oil deposits on Guntton Beach. To be funded from reserves.
Felixstowe North leisure centre revenue costs of capital project	95	0	0	0	0	95	Growing our Economy	Project costs that can not be capitalised.
Review of place-based initiatives	111	185	185	0	0	481	Growing our Economy	Separate Cabinet Report in July 2021, fully funded from reserves - approved.
Fleet decarbonisation, move to Hydrotreated Vegetable Oil (HVO) fuel	13	174	174	174	174	709	Caring for our Environment	Separate Cabinet Report in September 2021 - approved.
First Light festival 2022	0	86	0	0	0	86	Growing our Economy	Separate Cabinet Report in September 2021 - approved.
Extension of East Suffolk Youth Employment Service	57	115	57	0	0	229	Growing our Economy	Separate Cabinet Report in September 2021, fully funded from reserves - approved.
Funding for disability information, advice and support services in East Suffolk	13	13	13	13	13	65	Enabling our Communities	Separate Cabinet Report in October 2021 - approved.
Funding for rural youth provision	0	51	51	0	0	102	Enabling our Communities	Separate Cabinet Report in November 2021, fully funded from reserves - approved.
Ringo charges	141	146	149	151	151	738	Pandemic Impact	Increased use of the service during the pandemic and expected to continue.
Business Rates roll forward of budget	0	0	0	0	36	36	Government Policy	Roll forward of 2024/25 budget to 2025/26.
Business Rates	89	70	72	81	83	395	Government Policy	Primarily annual increase allowance of 3%
Environmental challenge/climate change	0	72	75	78	81	306	Caring for our Environment	Investing in resources to deliver this work.
Cultural development programme	0	100	0	0	0	100	Growing our Economy	Separate Cabinet Report in September 2021, fully funded from reserves - approved.
Payment relating to 2020/21	131	0	0	0	0	131	Other	Missed accrual from 2020/21.
Investment/interest income	96	57	37	32	37	259	Other	Adjustment to the HRA share due to increased HRA balances.
Health & Social Care Levy	0	323	326	326	330	1,305	Government Policy	New levy (1.25% increase) from April 2022.
Establishment costs	390	1,154	1,617	1,694	2,187	7,042	Resourcing Impact	Net increase in staffing costs, i.e. after funding has been accounted for.
ICT software and broadband costs	50	50	50	50	50	250	Resourcing Impact	Allowance for increased staffing.
Capital charges	(137)	(362)	(207)	441	561	296	Capital Charges	To reflect the updated Capital Programme.
	<b>1,133</b>	<b>2,700</b>	<b>2,534</b>	<b>2,975</b>	<b>3,638</b>	<b>12,980</b>		
<b>Additional Income</b>								
Support recharges to Port Health	(193)	(193)	(193)	(57)	(57)	(693)	Remaining Financially Sustainable	Increased Support Recharge to Port Health.
Investment in Moor Business Park and the Leiston and Riverside Business Centres	(230)	(230)	(230)	(230)	(230)	(1,150)	Remaining Financially Sustainable	Additional net income not captured at the last MTFS update.
Housing Benefit administration grants	(86)	(82)	(79)	(61)	(61)	(369)	Government Policy	A revision to forecasts for grants due to the Council based on DWP data.
Bulky waste income	(50)	(50)	(50)	(50)	(50)	(250)	Pandemic Impact	Increase in demand for the bulky waste service.
East Point Pavilion	0	55	(31)	(36)	(43)	(55)	Growing our Economy	Project to bring the East Point Pavilion back into use - approved.
Business Rates Suffolk Pooling Benefit	0	(1,829)	0	0	0	(1,829)	Government Policy	Assumed a continuation of current regime for next year but a baseline reset from 2023/24.
Business Rates Income, including Section 31 Grant	(5,880)	(3,115)	(736)	(750)	(1,014)	(11,495)	Government Policy	Assumed a continuation of current regime for next year but a baseline reset from 2023/24.
Council Tax Collection Fund (surplus)/deficit	0	(191)	0	0	0	(191)	Remaining Financially Sustainable	The growth in the tax base has been better than originally forecast.
Council Tax income	0	(143)	(136)	(41)	(554)	(874)	Remaining Financially Sustainable	The growth in the tax base has been better than originally forecast.
New Burdens funding for Covid Business Grant administration	(154)	0	0	0	0	(154)	Government Policy	Funding for the administrative cost of the Covid Restart and Additional Restrictions Grants.
Planning application income	(100)	(100)	(100)	(100)	(100)	(500)	Pandemic Impact	Planning application activity has not been affected to the extend as original forecast.
Government Services Grant 2022/23 and Transition Funding	0	(477)	(477)	(477)	(477)	(1,908)	Government Policy	New one-off Government grant in 2022/23 and assumed transition funding thereafter.
NHB - Additional one off payment to be received in 2022/23	0	(1,124)	0	0	0	(1,124)	Government Policy	One Year allocation, transferred to the NHB Reserve in 2022/23.
Green waste subscription income	0	(84)	(84)	(84)	(84)	(336)	Remaining Financially Sustainable	Increase green waste subscription charge by £2 in 22/23 (42,000 subscriptions).
	<b>(6,693)</b>	<b>(7,563)</b>	<b>(2,116)</b>	<b>(1,886)</b>	<b>(2,670)</b>	<b>(20,928)</b>		
<b>Reduced Income</b>								
Jubilee Terrace beach hut project	86	0	0	0	0	86	Growing our Economy	Income forecasted for 2021/22 will not be realised due to a delayed start with the project.
Rental income	54	0	0	0	0	54	Pandemic Impact	Temporary reduction due to the impact of Covid.
Land Charges income, except for Con29 income	0	212	283	283	283	1,061	Government Policy	The income is due to transfer is to HM Land Registry in 2023 but the Council will continue to be responsible for the administration. Partial funding from reserves until 2024/25.
Business Rates Collection Fund (surplus)/deficit	0	2,370	0	0	0	2,370	Government Policy	To be funded from the Business Rate Equalisation Reserve.
	<b>140</b>	<b>2,582</b>	<b>283</b>	<b>283</b>	<b>283</b>	<b>3,571</b>		
<b>Savings</b>								
Staff & Member travel costs	(100)	(50)	(50)	(50)	(50)	(300)	Pandemic Impact	Further savings due to homeworking and use of technology for remote meetings.
Leisure centres management fee	(430)	0	0	0	0	(430)	Pandemic Impact	The return of customers to the leisure centres has been much better than expected.
Review of Staff Essential Car User (ECU) Allowance	(15)	(62)	(62)	(62)	(62)	(263)	Remaining Financially Sustainable	Review of the ECU allowance across the Council.
Corporate contingency budget	(151)	(190)	(190)	(190)	(190)	(911)	Remaining Financially Sustainable	Contingency provision provided by Reserves.
Staffing vacancy allowance	(248)	(297)	(299)	(300)	(304)	(1,448)	Remaining Financially Sustainable	2% of total staffing cost. Increase reflects overall increase in staffing costs.
Operations partnership	(13)	(174)	(174)	(174)	(174)	(709)	Remaining Financially Sustainable	To manage additional costs of fleet decarbonisation within existing budgets.
Leisure activities	(150)	(150)	(150)	(150)	(150)	(750)	Remaining Financially Sustainable	Budget for play areas transferred to Operations Partner (previously managed by leisure provider (North only).
PWLB loan interest	(15)	(95)	(179)	(263)	(263)	(815)	Economic Impact	Planned maturity loan repayments during the final quarter of 2021/22.
Other variances	(187)	(133)	(6)	299	39	12	Other	Total of other net changes to the budgets.
	<b>(1,309)</b>	<b>(1,151)</b>	<b>(1,110)</b>	<b>(890)</b>	<b>(1,154)</b>	<b>(5,614)</b>		
<b>Use of Reserves</b>								
Use of reserves	5,667	(1,697)	(293)	0	0	3,677	Use of Reserves	Agreed use of reserves to fund specific cost pressures identified above.
Use of reserves to balance the budget	1,062	(313)	0	0	0	749	Use of Reserves	Use of the In-Year Savings Reserve.
	<b>6,729</b>	<b>(2,010)</b>	<b>(293)</b>	<b>0</b>	<b>0</b>	<b>4,426</b>		
<b>Net Total of MTFS Updates - January 2022</b>	<b>0</b>	<b>(5,442)</b>	<b>(702)</b>	<b>482</b>	<b>97</b>			

**MTFS Changes by Strategic Theme (ST)/Other Factors  
2021/22 to 2025/26**



	Capital Charges	Caring for our Environment (ST)	Economic Impact	Enabling our Communities (ST)	Government Policy	Growing our Economy (ST)	Other	Pandemic Impact	Public Health & Safety	Remaining Financially Sustainable (ST)	Resourcing Impact	Use of Reserves
Use of Reserves												4,426
Saving			(815)				12	(730)		(4,081)		
Reduced Income					3,431	86		54				
Additional Income					(16,879)	(55)		(750)		(3,244)		
Additional Cost	296	1,015		167	1,736	1,117	390	738	45	184	7,292	

## GENERAL FUND REVENUE BUDGET SUMMARY 2021/22 TO 2025/26

	Original 2021/22	Revised 2021/22	MTFS 2022/23	MTFS 2023/24	MTFS 2024/25	MTFS 2025/26
Service Area	£	£	£	£	£	£
Senior and Corporate Management	2,671,400	2,613,600	2,666,900	2,720,900	2,763,000	2,804,700
Economic Development and Regeneration	2,931,100	5,170,000	3,351,000	2,206,500	1,940,700	1,943,500
Financial Services and Other Financial Transactions	1,182,100	792,500	656,500	687,800	722,400	745,000
Revenue and Benefits	2,435,200	2,854,700	2,372,000	2,545,600	2,703,200	2,781,100
Digital and Programme Management	3,109,500	3,276,500	2,977,100	2,994,900	3,036,300	3,076,000
Internal Audit Services	559,400	536,700	543,400	542,900	558,900	572,600
Human Resources	755,700	771,500	864,100	804,300	740,800	687,500
Legal and Democratic Services	2,390,500	2,071,700	2,312,000	2,709,300	2,397,700	2,441,600
Planning and Coastal Management	3,350,000	3,740,200	4,411,800	4,619,900	4,852,500	4,864,200
Customer Experience Strategic Management	2,041,300	2,158,200	2,361,900	2,435,100	2,510,300	2,584,100
Operations	11,583,000	11,902,200	10,792,800	9,823,300	9,659,100	9,754,300
Communities	2,112,900	3,606,800	2,630,700	1,076,400	1,083,700	1,080,100
Environmental Services and Port Health	1,188,100	2,619,400	1,499,300	(1,611,700)	(1,327,500)	(1,007,300)
Housing Services	2,946,300	1,773,200	2,389,200	1,746,700	1,776,900	1,798,400
<b>Net Cost of Service</b>	<b>39,256,500</b>	<b>43,887,200</b>	<b>39,828,700</b>	<b>33,301,900</b>	<b>33,418,000</b>	<b>34,125,800</b>
<b>Non-Cost of Service Expenditure Adjustments</b>						
Direct Revenue Financing (DRF)	5,114,200	5,037,000	3,020,000	1,375,000	675,000	805,000
Revenue provision for the repayment of debt (MRP)	1,196,500	1,060,000	1,265,000	1,735,000	2,455,000	2,575,000
Recharges to the Housing Revenue Account (HRA)	(1,424,000)	(1,494,600)	(1,364,400)	(1,397,800)	(1,423,900)	(1,438,400)
Bad Debt Provision	5,000	(17,900)	5,000	5,000	5,000	5,000
Other Accounting Adjustments	25,000	25,000	25,000	25,000	25,000	25,000
<b>Other Operating Expenditure</b>						
Town & Parish Precepts	6,397,600	6,397,600	6,397,600	6,397,600	6,397,600	6,397,600
Council Tax Support Grant to Town & Parish Councils	110,000	110,000	0	0	0	0
Additional Local Restrictions Grant	4,589,200	0	0	0	0	0
Levies	246,000	246,000	247,900	250,500	250,500	250,500
<b>Financing and Investment Income and Expenditure</b>						
Interest Payable	415,000	400,000	320,000	236,000	152,000	152,000
Interest Receivable	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)	(650,000)
HRA Share of Interest Payable & Receivable	(84,800)	11,400	12,700	(4,000)	30,400	75,900
Investment Property Income & Expenditure	(120,400)	(180,200)	(181,500)	(181,500)	(181,500)	(181,500)
Other Financing Charges	430,300	430,300	409,100	386,300	386,300	386,300
<b>Non-Specific Grant Income</b>						
New Homes Bonus	(1,176,500)	(1,176,500)	(1,648,700)	0	0	0
S31 Grant	(4,338,200)	(10,218,000)	(8,844,000)	(4,466,000)	(4,555,000)	(4,647,000)
Capital Grants	(16,400)	(24,900)	(6,400)	0	0	0
Other Non-Specific Grants	(1,734,900)	(1,734,900)	0	0	0	0
<b>Net Budget Expenditure before Reserve Movements</b>	<b>48,240,100</b>	<b>42,107,500</b>	<b>38,836,000</b>	<b>37,013,000</b>	<b>36,984,400</b>	<b>37,881,200</b>
<b>Net Movements on Reserves</b>						
Use of Reserves for Services/Projects/Corporate	(7,364,700)	(7,597,000)	(4,434,700)	1,311,200	2,259,700	1,804,500
Use of Covid-19 Reserve	(11,233,400)	(8,825,600)	(3,391,000)	(788,200)	0	0
Use of Reserves for Collection Fund Deficits	(2,347,600)	0	0	0	0	0
Use of Reserves to Balance the Budget	(1,954,900)	(893,200)	(312,600)	0	0	0
Capital Reserves	(3,532,000)	(3,063,000)	(1,617,000)	(328,000)	372,000	242,000
<b>Net Budget Expenditure After Reserve Movements</b>	<b>21,807,500</b>	<b>21,728,700</b>	<b>29,080,700</b>	<b>37,208,000</b>	<b>39,616,100</b>	<b>39,927,700</b>
<b>Financed By:</b>						
Council Tax Income (District Council)	(14,959,000)	(14,959,000)	(15,688,000)	(16,277,000)	(16,789,000)	(17,302,000)
Council Tax Income (Town & Parish Precepts)	(6,397,600)	(6,397,600)	(6,397,600)	(6,397,600)	(6,397,600)	(6,397,600)
Share of (Surplus)/Deficit on Collection Fund - Council Tax	106,000	106,000	(223,000)	32,000	0	0
Business Rates Income	(12,514,500)	(12,514,500)	(8,049,000)	(8,458,000)	(8,627,000)	(8,799,000)
Business Rates Income (EZ)	(521,700)	(443,400)	(490,300)	(490,300)	(490,300)	(490,300)
Share of (Surplus)/Deficit on Collection Fund - Business Rates	13,821,000	13,821,000	3,155,000	785,000	0	0
Local Council Tax Support Grant	(370,000)	(370,000)	0	0	0	0
Lower Tier Services Grant	(381,400)	(381,400)	(310,600)	(310,600)	(310,600)	(310,600)
Revenue Support Grant	(330,000)	(329,500)	(339,500)	(346,300)	(353,200)	(360,300)
Rural Services Delivery Grant	(260,300)	(260,300)	(260,300)	(265,500)	(270,800)	(276,200)
Services Grant/Transition Funding	0	0	(477,400)	(477,400)	(477,400)	(477,400)
<b>Total Financing</b>	<b>(21,807,500)</b>	<b>(21,728,700)</b>	<b>(29,080,700)</b>	<b>(32,205,700)</b>	<b>(33,715,900)</b>	<b>(34,413,400)</b>
<b>Budget Shortfall / (Surplus)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,002,300</b>	<b>5,900,200</b>	<b>5,514,300</b>

## GENERAL FUND RESERVE SUMMARY 2021/22 TO 2025/26

		2021/22				2022/23			2023/24			2024/25			2025/26		
		Actual	Revised	Revised	Budgeted	Revised	Revised	Budgeted	Revised	Revised	Budgeted	Revised	Revised	Budgeted	Revised	Revised	Budgeted
		Closing Balance 31/03/21 £'000	Transfers In £'000	Transfers Out £'000	Closing Balance 31/3/22 £'000	Transfers In £'000	Transfers Out £'000	Closing Balance 31/3/23 £'000	Transfers In £'000	Transfers Out £'000	Closing Balance 31/3/24 £'000	Transfers In £'000	Transfers Out £'000	Closing Balance 31/3/25 £'000	Transfers In £'000	Transfers Out £'000	Closing Balance 31/3/26 £'000
General Fund	Reserve Group	Unallocated Financial Reserves															
General Fund Balance		6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0	6,000
Earmarked Reserves - Revenue:																	
Actuarial Contributions		0	200	0	200	0	0	200	0	0	200	0	0	200	0	0	200
Air Quality		84	0	0	84	0	0	84	0	0	84	0	0	84	0	0	84
Homes and Communities Agency (HCA) - Area Action		162	0	0	162	0	0	162	0	0	162	0	0	162	0	0	162
Additional Disabled Facilities Grant(DFG) funding		12	0	(8)	4	0	0	4	0	0	4	0	0	4	0	0	4
Better Broadband		507	0	(500)	7	0	0	7	0	0	7	0	0	7	0	0	7
Budget Carry Forward Requests		198	31	(199)	30	0	0	30	0	0	30	0	0	30	0	0	30
Building Control		516	0	(71)	445	0	(71)	374	0	(19)	355	0	(19)	336	0	(19)	317
Business Incentive		2	0	0	2	0	0	2	0	0	2	0	0	2	0	0	2
Business Plan Delivery		250	0	(250)	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Rate Equalisation		13,388	2,918	(466)	15,840	0	(514)	15,326	0	(467)	14,859	0	(35)	14,824	0	(35)	14,789
Business Rates Pilot		2,194	0	(724)	1,470	0	(638)	832	0	(37)	795	0	(37)	758	0	(37)	721
Brexit		144	0	0	144	0	0	144	0	0	144	0	0	144	0	0	144
Climate Change		73	0	(51)	22	0	(11)	11	0	0	11	0	0	11	0	0	11
Coastal Management		309	0	(51)	258	0	(53)	205	0	(55)	150	0	0	150	0	0	150
Communities		3,155	10	(1,106)	2,059	0	(251)	1,808	0	0	1,808	0	0	1,808	0	0	1,808
Community Housing Fund		2,080	0	(393)	1,687	0	(373)	1,314	0	0	1,314	0	0	1,314	0	0	1,314
Active Suffolk		789	18	(180)	627	14	(121)	520	22	(156)	386	3	(192)	197	3	(207)	(7)
Customer Services		246	0	0	246	0	0	246	0	0	246	0	0	246	0	0	246
COVID-19 Response		15,732	7,266	(16,092)	6,906	0	(3,391)	3,515	0	(788)	2,727	0	0	2,727	0	0	2,727
Contractual Liability		500	0	(87)	413	0	0	413	0	0	413	0	0	413	0	0	413
District Elections		140	60	0	200	60	0	260	60	(320)	0	60	0	60	60	0	120
Domestic Violence Support Funding		62	142	0	204	0	(139)	65	0	(41)	24	0	(24)	0	0	0	0
Deployment of Flood Barrier		88	0	0	88	0	0	88	0	0	88	0	0	88	0	0	88
Economic Development		1,122	0	(1,093)	29	0	0	29	0	0	29	0	0	29	0	0	29
Economic Regeneration		181	0	(141)	40	0	(40)	0	0	0	0	0	0	0	0	0	0
Empty Properties and Houses in disrepair		135	110	0	245	0	0	245	0	0	245	0	0	245	0	0	245
Enterprise Zone		547	355	(437)	465	392	(397)	460	392	(330)	522	392	(332)	582	392	(334)	640
Environmental Protection		151	0	(151)	0	0	0	0	0	0	0	0	0	0	0	0	0
Flood Prevention		6	0	0	6	0	0	6	0	0	6	0	0	6	0	0	6
Fuel Payments		1	0	0	1	0	0	1	0	0	1	0	0	1	0	0	1
Felixstowe Forwards		31	0	(31)	0	0	0	0	0	0	0	0	0	0	0	0	0
Growth Programme		69	0	(69)	0	0	0	0	0	0	0	0	0	0	0	0	0

## GENERAL FUND RESERVE SUMMARY 2021/22 TO 2025/26

		2021/22				2022/23				2023/24				2024/25				2025/26			
		Actual	Revised	Revised	Budgeted		Revised	Revised	Budgeted		Revised	Revised	Budgeted		Revised	Revised	Budgeted		Revised	Revised	Budgeted
		Closing	Transfers	Transfers	Closing		Transfers	Transfers	Closing		Transfers	Transfers	Closing		Transfers	Transfers	Closing		Transfers	Transfers	Closing
		Balance	In	Out	Balance		In	Out	Balance		In	Out	Balance		In	Out	Balance		In	Out	Balance
		31/03/21			31/3/22				31/3/23				31/3/24				31/3/25				31/3/26
Earmarked Reserves - Revenue:	Reserve Group																				
Green Homes Funding	Grants/Funding carried forward	18	0	(18)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gypsy and Traveller Macerator	Grants/Funding carried forward	30	15	0	45	15	0	0	60	15	0	0	75	15	0	0	90	15	0	0	105
Gypsy and Traveller funding	Grants/Funding carried forward	24	0	(24)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Heritage Action Zone North	Grants/Funding carried forward	29	6	(22)	13	0	(6)	7	7	0	0	0	7	0	0	0	7	0	0	0	7
Housing Benefit (HB) Subsidy	Risk Based	300	0	0	300	0	0	0	300	0	0	0	300	0	0	0	300	0	0	0	300
HCA Development Grant	Grants/Funding carried forward	75	0	0	75	0	0	0	75	0	0	0	75	0	0	0	75	0	0	0	75
Homelessness Prevention (Inc. Mortgage Rescue)	Grants/Funding carried forward	0	74	0	74	11	0	0	85	4	0	0	89	0	(3)	0	86	0	(10)	0	76
Housing Condition Survey and Improvements	Planned Future Revenue Spending	45	0	(45)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Homelessness New Burdens	Grants/Funding carried forward	73	73	(73)	73	0	0	0	73	0	0	0	73	0	0	0	73	0	0	0	73
Homelessness- Rough Sleeper	Grants/Funding carried forward	126	0	(113)	13	0	(12)	1	1	0	0	0	1	0	0	0	1	0	0	0	1
Homelessness - Flexible Homelessness Grant	Grants/Funding carried forward	365	365	(365)	365	0	0	0	365	0	0	0	365	0	0	0	365	0	0	0	365
Homelessness Mortgage Rescue	Planned Future Revenue Spending	8	0	(2)	6	0	0	0	6	0	0	0	6	0	0	0	6	0	0	0	6
Hoarding Support PSH	Planned Future Revenue Spending	31	0	(10)	21	0	(21)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RES - NEW Homelessness Prevention	Planned Future Revenue Spending	0	178	0	178	0	0	0	178	0	0	0	178	0	0	0	178	0	0	0	178
Individual Electoral Registration (IER)	Other	517	0	(50)	467	0	(50)	417	417	0	(50)	367	367	0	(50)	317	317	0	(50)	267	267
Indoor Leisure	Planned Future Revenue Spending	50	0	0	50	0	0	0	50	0	0	0	50	0	0	0	50	0	0	0	50
Insurance	Risk Based	171	0	0	171	0	0	0	171	0	0	0	171	0	0	0	171	0	0	0	171
In-Year Savings	Planned Future Revenue Spending	4,319	0	(1,651)	2,668	0	(313)	2,355	2,355	0	0	0	2,355	0	0	0	2,355	0	0	0	2,355
Key Capital Programme	Planned Future Capital Spending	182	0	0	182	0	(80)	102	102	0	0	0	102	0	0	0	102	0	0	0	102
Land Charges	Other	150	0	0	150	0	(50)	100	100	0	(50)	50	50	0	(50)	0	0	0	0	0	0
Local Development Framework	Planned Future Revenue Spending	5	0	0	5	0	0	5	5	0	0	0	5	0	0	0	5	0	0	0	5
Lowestoft Rising	Grants/Funding carried forward	57	18	(15)	60	0	(30)	30	30	0	(6)	24	24	0	(3)	21	21	0	0	0	21
Landguard	Grants/Funding carried forward	18	0	(10)	8	0	0	8	8	27	0	35	35	25	0	60	60	24	0	0	84
New Homes Bonus (NHB)	Planned Future Revenue Spending	6,064	1,177	(2,469)	4,772	1,649	(1,657)	4,764	4,764	0	(95)	4,669	4,669	0	(96)	4,573	4,573	0	(77)	0	4,496
RES - Modular ramps - DFG	Grants/Funding carried forward	0	3	0	3	2	0	5	5	0	0	5	5	0	0	5	5	0	0	0	5
Next Steps Accommodation Programme (NSAP)	Grants/Funding carried forward	36	0	(14)	22	0	0	22	22	0	0	0	22	0	0	0	22	0	0	0	22
Private Sector Housing	Planned Future Revenue Spending	73	41	0	114	0	(32)	82	82	0	(9)	73	73	0	(10)	63	63	0	(10)	0	53
RES - Planning	Planned Future Revenue Spending	400	100	(65)	435	100	(65)	470	470	100	(65)	505	505	100	(65)	540	540	100	(65)	0	575
RES - Planning Legal	Planned Future Revenue Spending	400	0	0	400	0	0	400	400	0	0	400	400	0	0	400	400	0	0	0	400
Renovation Grants	Planned Future Revenue Spending	743	0	(200)	543	0	(200)	343	343	0	(105)	238	238	0	(105)	133	133	0	(105)	0	28
Rent Guarantee Scheme	Risk Based	15	0	0	15	0	0	15	15	0	0	15	15	0	0	15	15	0	0	0	15



## GENERAL FUND RESERVE SUMMARY 2021/22 TO 2025/26

		2021/22				2022/23			2023/24			2024/25			2025/26		
		Actual Closing Balance 31/03/21	Revised Transfers In	Revised Transfers Out	Budgeted Closing Balance 31/3/22	Revised Transfers In	Revised Transfers Out	Budgeted Closing Balance 31/3/23	Revised Transfers In	Revised Transfers Out	Budgeted Closing Balance 31/3/24	Revised Transfers In	Revised Transfers Out	Budgeted Closing Balance 31/3/25	Revised Transfers In	Revised Transfers Out	Budgeted Closing Balance 31/3/26
<b>Earmarked Reserves - Revenue:</b>	<b>Reserve Group</b>																
Revenues & Benefits Administration	Risk Based	243	0	(80)	163	0	0	163	0	0	163	0	0	163	0	0	163
Rural Coffee Caravan	Grants/Funding carried forward	6	0	0	6	0	0	6	0	0	6	0	0	6	0	0	6
SEAL	Grants/Funding carried forward	8	0	(1)	7	0	(1)	6	0	(1)	5	0	(1)	4	0	(1)	3
Stepping Home	Grants/Funding carried forward	15	5	0	20	0	(20)	0	0	0	0	0	0	0	0	0	0
S106 Interest	Risk Based	30	0	0	30	0	0	30	0	0	30	0	0	30	0	0	30
Transformation - Digital	Planned Future Revenue Spending	658	50	(499)	209	20	(73)	156	20	(54)	122	20	0	142	20	0	162
Transformation - Environmental	Planned Future Revenue Spending	500	0	0	500	0	0	500	0	0	500	0	0	500	0	0	500
Transformation - Financial Sustainability	Planned Future Revenue Spending	1,892	587	(829)	1,650	265	(1,276)	639	45	(278)	406	0	0	406	0	0	406
Transformation - Core	Planned Future Revenue Spending	167	0	(167)	0	0	0	0	0	0	0	0	0	0	0	0	0
Warmer Homes Healthy People	Grants/Funding carried forward	9	0	0	9	0	(9)	0	0	0	0	0	0	0	0	0	0
Warmer Homes Health People COVID pressures	Grants/Funding carried forward	72	0	(41)	31	0	(31)	0	0	0	0	0	0	0	0	0	0
Warmer Homes Healthy People (WHHP) - RAD	Grants/Funding carried forward	5	0	0	5	0	0	5	0	0	5	0	0	5	0	0	5
Youth Leisure	Planned Future Revenue Spending	10	0	0	10	0	0	10	0	0	10	0	0	10	0	0	10
<b>Earmarked Reserves - Revenue sub-total</b>		<b>60,813</b>	<b>13,802</b>	<b>(28,863)</b>	<b>45,752</b>	<b>2,528</b>	<b>(9,925)</b>	<b>38,355</b>	<b>685</b>	<b>(2,926)</b>	<b>36,114</b>	<b>615</b>	<b>(1,022)</b>	<b>35,707</b>	<b>614</b>	<b>(950)</b>	<b>35,371</b>
<b>Earmarked Reserves - Port Health:</b>																	
Port Health	Port Health - Planned Future Revenue	5,596	19	(2,273)	3,342	605	(1,346)	2,601	3,038	(273)	5,366	2,936	(271)	8,031	2,454	(314)	10,171
<b>Earmarked Reserves - Capital:</b>																	
Southwold Beach Front	Planned Future Capital Spending	175	0	0	175	0	0	175	0	0	175	0	0	175	0	0	175
Capital	Planned Future Capital Spending	6,012	739	(3,774)	2,977	379	(1,697)	1,659	379	(600)	1,438	379	(100)	1,717	379	(230)	1,866
Coastal Protection - Capital Works	Planned Future Capital Spending	176	0	(20)	156	0	(115)	41	0	0	41	0	0	41	0	0	41
Short Life Assets	Planned Future Capital Spending	874	618	(626)	866	618	(802)	682	618	(725)	575	618	(525)	668	618	(525)	761
		0															
<b>Earmarked Reserves - Capital sub-total</b>		<b>7,237</b>	<b>1,357</b>	<b>(4,420)</b>	<b>4,174</b>	<b>997</b>	<b>(2,614)</b>	<b>2,557</b>	<b>997</b>	<b>(1,325)</b>	<b>2,229</b>	<b>997</b>	<b>(625)</b>	<b>2,601</b>	<b>997</b>	<b>(755)</b>	<b>2,843</b>
<b>Total Earmarked Reserves</b>		<b>73,646</b>	<b>15,178</b>	<b>(35,556)</b>	<b>53,268</b>	<b>4,130</b>	<b>(13,885)</b>	<b>43,513</b>	<b>4,720</b>	<b>(4,524)</b>	<b>43,709</b>	<b>4,548</b>	<b>(1,918)</b>	<b>46,339</b>	<b>4,065</b>	<b>(2,019)</b>	<b>48,385</b>

## FINANCIAL PROVISION TO SUPPORT THE COUNCIL'S GREEN AGENDA – CARING FOR OUR ENVIRONMENT

**General Fund Revenue Budgets**

Budget Area	Budget 2021/22 £'000	Budget 2022/23 £'000	Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000	Comments
Environmental challenge/climate change resourcing	0	72	75	78	81	New budget provision for investing in resources to help coordinate and support the delivery of the Council's environmental and climate change commitment.
Fleet decarbonisation, move to Hydrotreated Vegetable Oil (HVO) fuel	13	174	174	174	174	New budget provision for investing in alternative fuel. Currently to be managed within existing Operations budget. Migration of a significant element of the Council's diesel fleet from fossil-fuel derived diesel to HVO.
Green Print	3	3	3	3	3	Annual contribution to the Green Print Forum.
Green Print – Nature Small Grants Scheme	10	10	0	0	0	Funded from the Climate change Reserve.
Green Print – Sustainable Travel	40	0	0	0	0	Project related to quiet lanes funded from the Climate Change Reserve.
Green Print – Plastic Action	0	1	0	0	0	Funded from the Climate Change Reserve (balance of £8k remaining related to Plastic Action).
Local Air Quality Management (LAQM)	25	25	25	25	25	Budget for Air Quality Management works.
ESH Green Space Maintenance	10	10	10	10	10	New Budget. Environmentally friendly planting for bees/wildlife corridors.
Design & Conservation Team Resourcing	123	133	138	144	147	Design and conservation Team – (one existing post and one new post) which look at the environmental impact of planning applications.
<b>Total</b>	<b>224</b>	<b>428</b>	<b>425</b>	<b>434</b>	<b>440</b>	

## FINANCIAL PROVISION TO SUPPORT THE COUNCIL'S GREEN AGENDA – CARING FOR OUR ENVIRONMENT

**Reserves**

Reserve Name	Balance 31 March 2021 £'000	Balance 31 March 2022 £'000	Balance 31 March 2023 £'000	Balance 31 March 2024 £'000	Balance 31 March 2025 £'000	Balance 31 March 2026 £'000	Purpose of Reserve
Transformation Reserve – Environmental Theme	500	500	500	500	500	500	£0.500m has been set aside in the Transformation Reserve to support Initiatives under the 'Caring For Our Environment' Strategic theme. There is currently no committed use of this funding.
Air Quality Reserve	84	84	84	84	84	84	Funds held for large scale projects that may require Air Quality works to be carried out.
Climate Change	73	22	12	12	12	12	£0.012m balance remaining to be committed against climate change related projects.

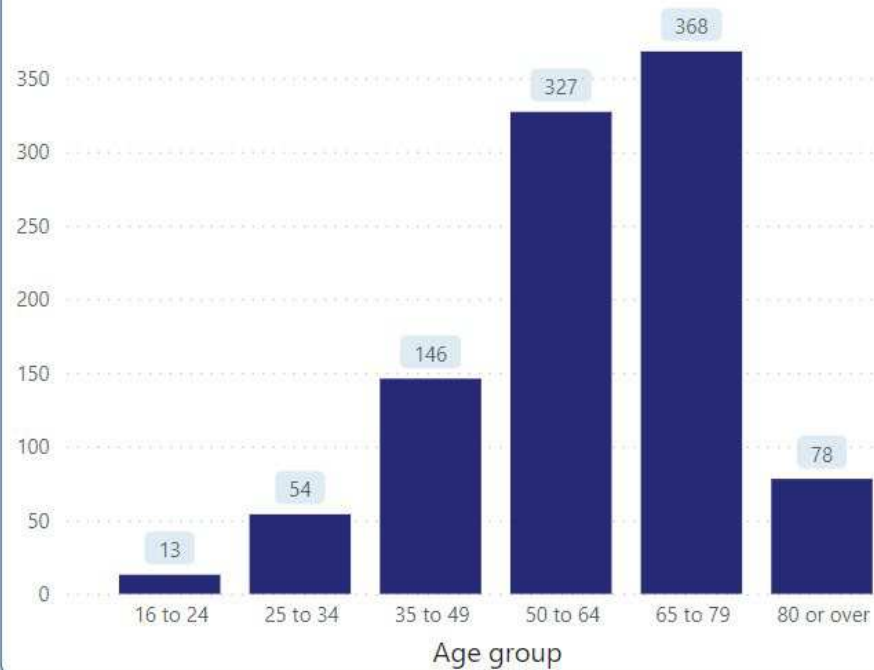
## RESIDENTS SURVEY RESULTS – AUTUMN 2021

# Residents Survey Results - Autumn 2021

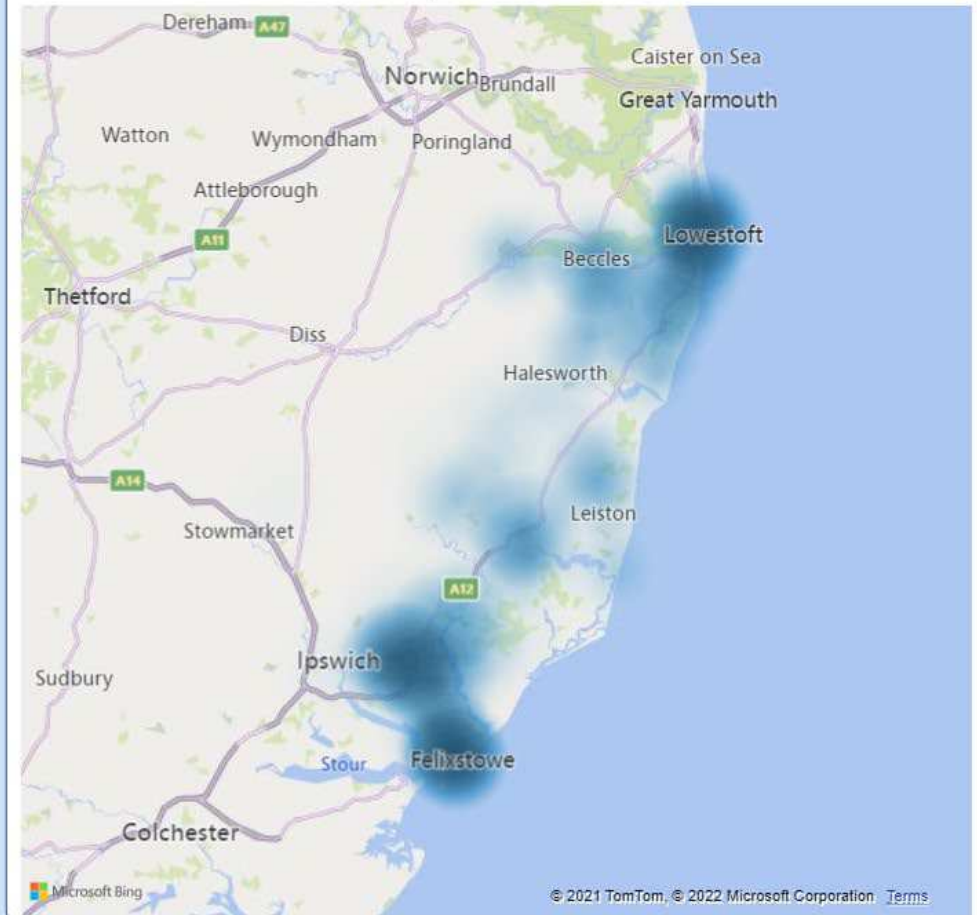
## 1156

Count of respondents

Age of the respondents



Where respondents come from

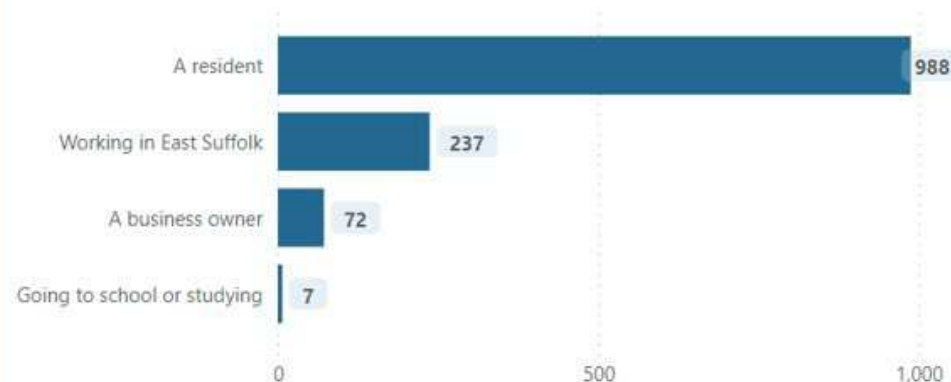


## RESIDENTS SURVEY RESULTS – AUTUMN 2021

# Type of people who responded to the survey

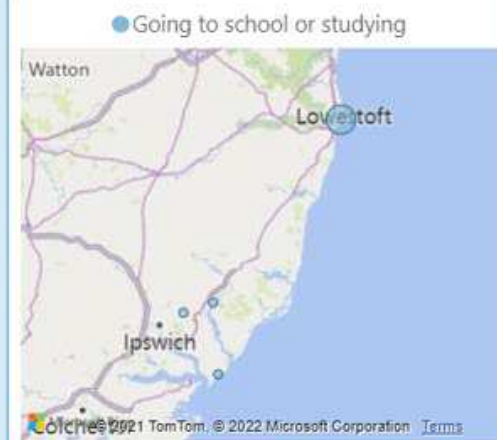
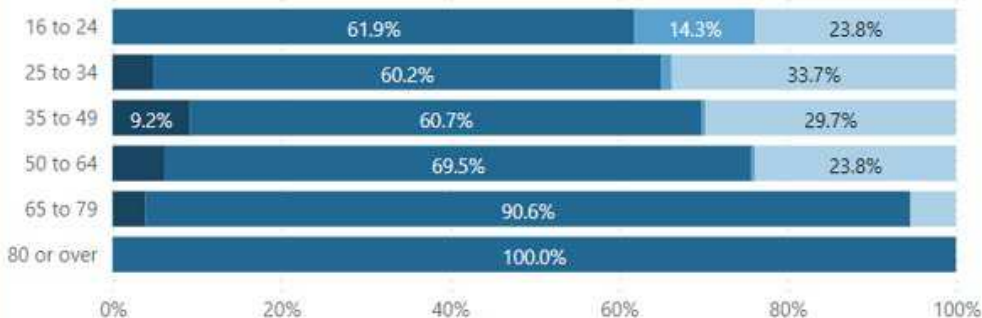
I am... (Tick all that apply)

I am...(Tick all that apply)



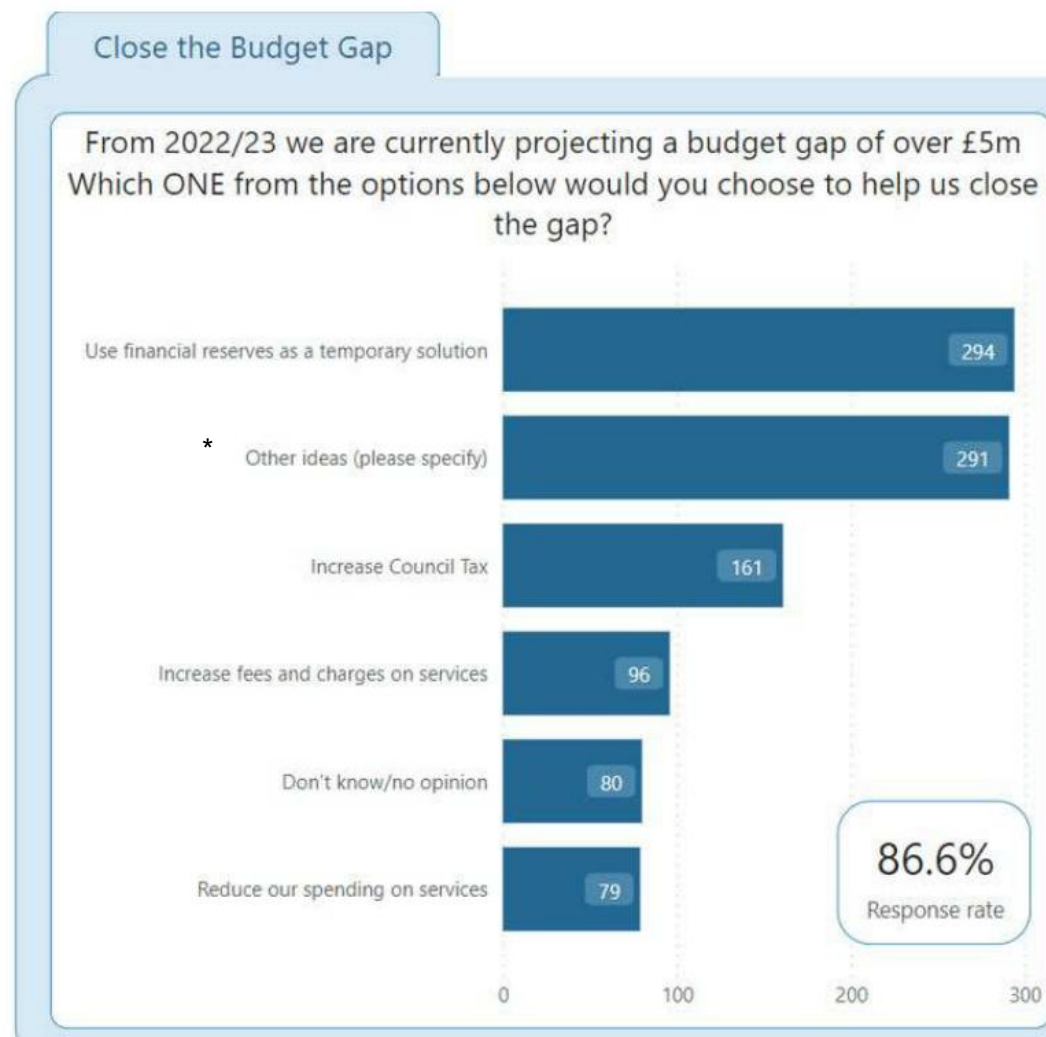
I am...(Tick all that apply)

● A business owner ● A resident ● Going to school or studying ● Working in East Suffolk



## RESIDENTS SURVEY RESULTS – AUTUMN 2021

## How residents think East Suffolk should operate

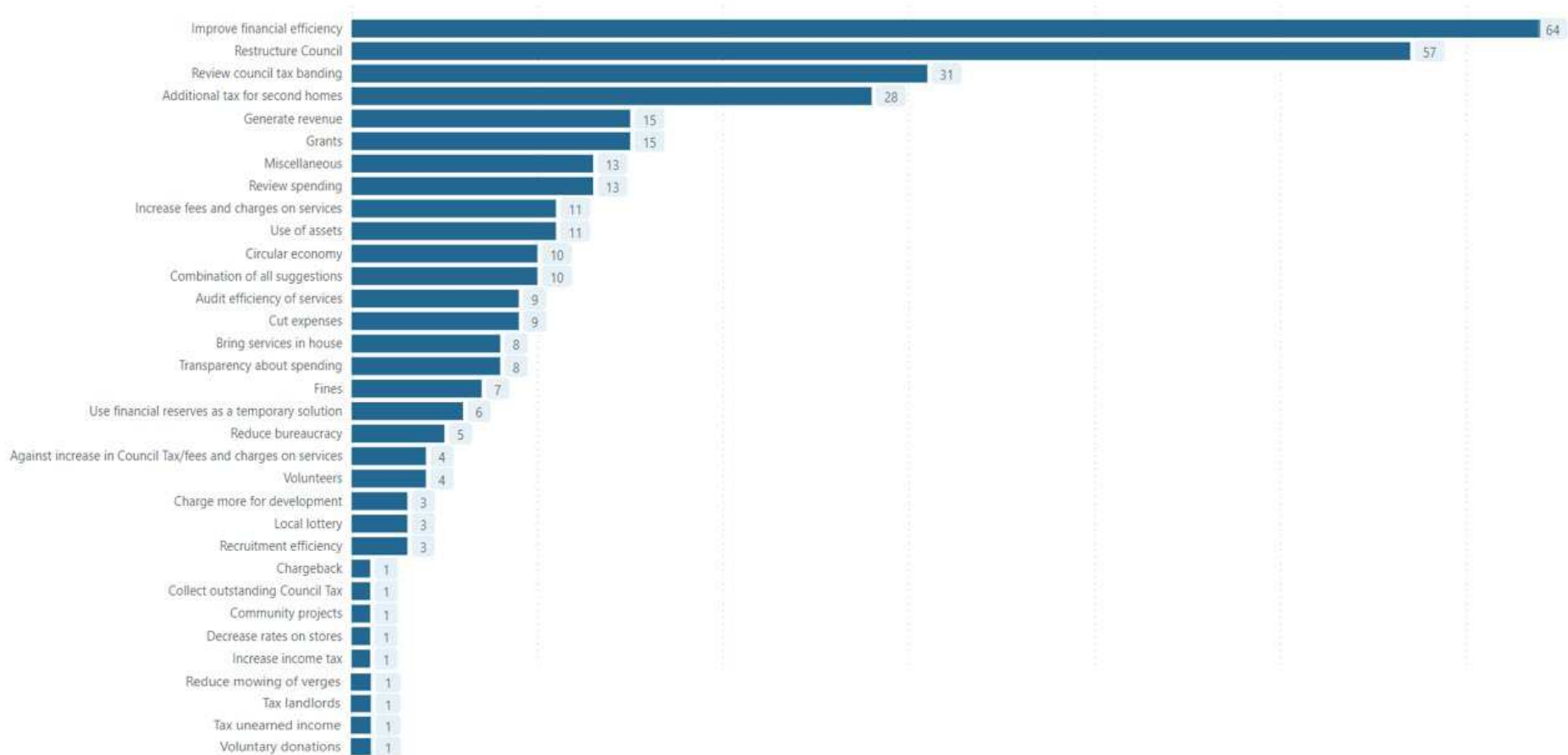


\*Responses to 'Other ideas(please specify)' are detailed on the next page

## RESIDENTS SURVEY RESULTS – AUTUMN 2021

## How residents think East Suffolk should operate

### Other ideas for budget gap



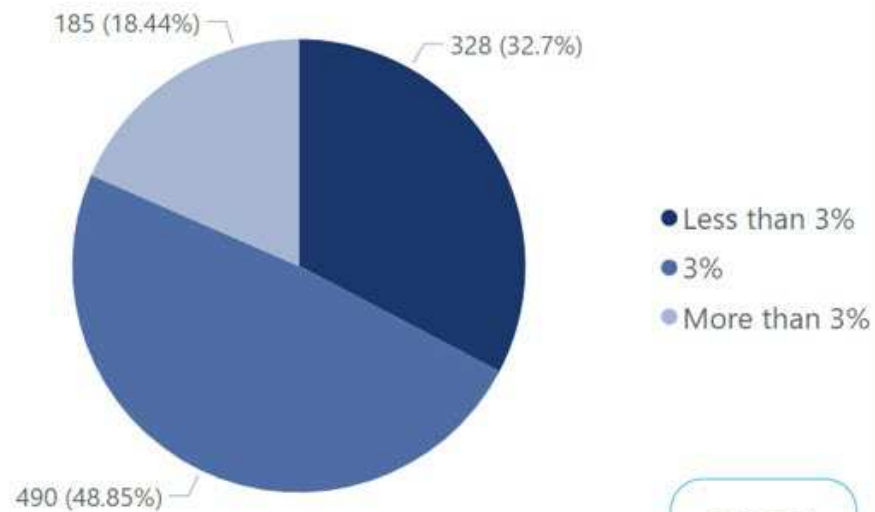


## RESIDENTS SURVEY RESULTS – AUTUMN 2021

**How residents think East Suffolk should operate**

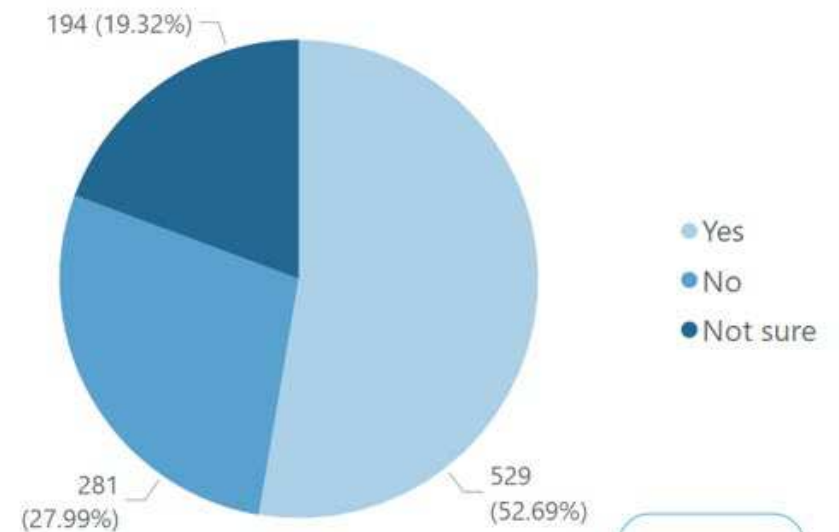
## Council Tax and Carbon Neutral 2030

We are allowed to increase our portion of Council Tax by just under 3% without requiring a referendum. To help fund crucial services, what level of increase would you consider to be fair?

**86.8%**

Response rate

We have pledged to become Carbon Neutral by 2030. Do you support additional spending to achieve this pledge?

**86.9%**

Response rate

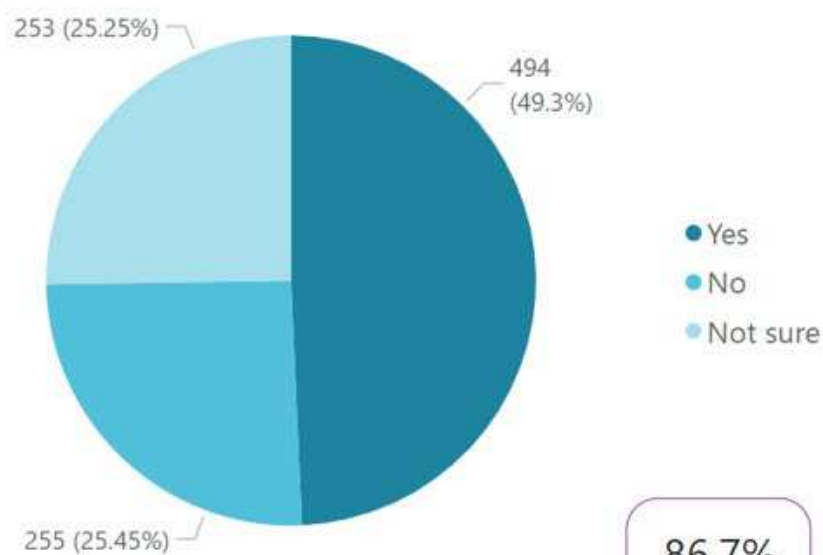


## RESIDENTS SURVEY RESULTS – AUTUMN 2021

## How residents think East Suffolk should operate

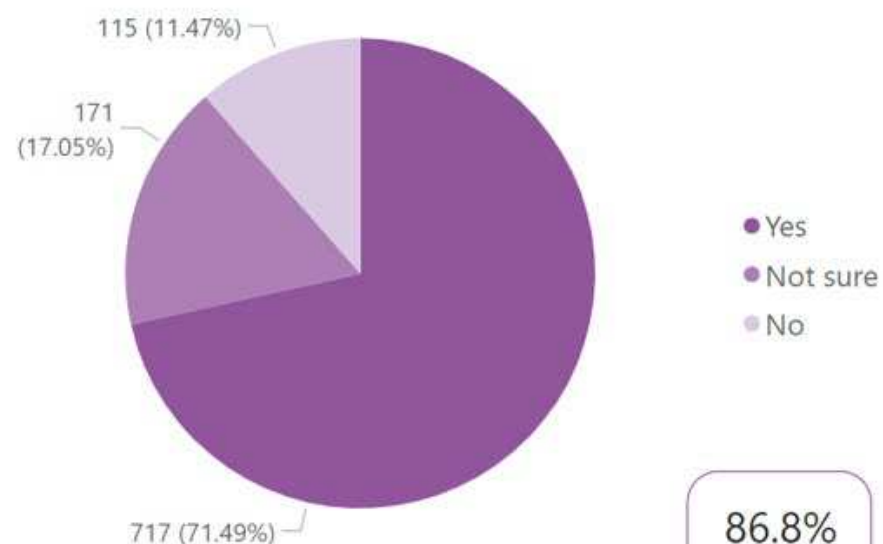
### Investing in land and buildings

Do you agree with the principle of us investing in land and buildings in the district to generate income for the council?

**86.7%**

Response rate

Do you agree with the principle of us transferring viable land and buildings to local communities for them to run, use and maintain for their own local benefit?

**86.8%**

Response rate

## RESIDENTS SURVEY RESULTS – AUTUMN 2021

## How residents think East Suffolk should operate

What should the Council spend money on?

From the following broad themes which should we spend money on? (Please rank your answers - 1 being the most important and 4 the least)

Priority	1	2	3	4	Total
Caring for our environment	371	246	240	115	<b>972</b>
Delivering digital transformation	54	99	174	609	<b>936</b>
Growing and supporting our economy	257	234	308	136	<b>935</b>
Supporting and enabling our communities	300	366	209	71	<b>946</b>
<b>Total</b>	<b>982</b>	<b>945</b>	<b>931</b>	<b>931</b>	<b>3789</b>

From the following broad themes which should we spend money on? (Please rank your answers - 1 being the most important and 4 the least) (Percentage of column total)

Priority	1	2	3	4
Caring for our environment	37.78%	26.03%	25.78%	12.35%
Delivering digital transformation	5.50%	10.48%	18.69%	65.41%
Growing and supporting our economy	26.17%	24.76%	33.08%	14.61%
Supporting and enabling our communities	30.55%	38.73%	22.45%	7.63%