



**East Suffolk House, Riduna Park, Station  
Road, Melton, Woodbridge, 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 Geoff Lynch  
Councillor Mark Newton  
Councillor Keith Robinson  
Councillor Caroline Topping

Members are invited to a **Meeting of the Scrutiny Committee**  
to be held on **Thursday, 28 January 2021 at 6:30pm**

This meeting will be conducted remotely, pursuant to the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

The meeting will be facilitated using the Zoom video conferencing system and broadcast via the East Suffolk Council YouTube channel  
at [https://youtu.be/Oz3-HmpBf\\_A](https://youtu.be/Oz3-HmpBf_A)

An Agenda is set out below.

## **Part One – Open to the Public**

**Pages**

- |          |   |                |
|----------|---|----------------|
| <b>2</b> | <b>Declarations of Interest</b><br>Members and Officers are invited to make any declarations of Disclosable Pecuniary or Local Non-Pecuniary Interests that they may have in relation to items on the Agenda and are also reminded to make any declarations at any stage during the Meeting if it becomes apparent that this may be required when a particular item or issue is considered. |                |
| <b>3</b> | <b>Minutes</b><br>To confirm as a correct record the Minutes of the Extraordinary Meeting held on 26 November 2020  | <b>1 - 5</b>   |
| <b>4</b> | <b>Draft General Fund Budget and Council Tax Report 2021/22 ES/0653</b><br>Report of the Cabinet Member with responsibility for Resources   | <b>6 - 55</b>  |
| <b>5</b> | <b>Housing Revenue Account Budget Report 2021/22 ES/0654</b><br>Report of the Cabinet Member with responsibility for Housing and the Cabinet Member with responsibility for Resources   | <b>56 - 75</b> |
| <b>6</b> | <b>Update from the Scrutiny Committee's Task and Finish Group on Integrated Care ES/0655</b><br>To receive an update from the Scrutiny Committee's Task and Finish Group on Integrated Care   | <b>76 - 77</b> |
| <b>7</b> | <b>Scrutiny Committee's Forward Work Programme</b><br>To consider the Committee's Forward Work Programme  |                |

**Part Two – Exempt/Confidential**

There are no Exempt or Confidential items for this Agenda.

**Close**



Stephen Baker, Chief Executive

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Minutes of a Meeting of the **Scrutiny Committee** held remotely via Zoom on **Thursday 26 November 2020 at 6:30pm**

**Members of the Committee present:**

Councillor Edward Back, Councillor David Beavan, Councillor Stuart Bird, Councillor Judy Cloke, Councillor Linda Coulam, Councillor Mike Deacon, Councillor Louise Gooch, Councillor Tracey Green, Councillor Geoff Lynch, Councillor Mark Newton, Councillor Keith Robinson, Councillor Caroline Topping

**Other Members present:**

Councillor Peter Byatt, Councillor Tony Cooper, Councillor Janet Craig, Councillor Steve Gallant, Councillor Mary Rudd, Councillor Ed Thompson, Councillor Steve Wiles

**Officers present:** Katherine Abbott (Democratic Services Officer), Stephen Baker (Chief Executive), Sarah Davis (Democratic Services Officer), Phil Harris (Communications Manager), Nick Khan (Strategic Director), Mark Sims (Food and Safety Manager)

**Others present:** Peter Langford, Joint Emergency Planning Unit (JEPU)

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**1 Apologies for Absence and Substitutions**

Apologies for absence were received from Councillor Gee. Councillor Cooper acted as Substitute.

**2 Declarations of Interest**

There were no Declarations of Interest.

**3 Interim Review of the response, by East Suffolk Council, to the Covid-19 pandemic (2)**

The Scrutiny Committee received report **ES/0570** by the Leader of the Council and the Cabinet Member for Community Health, respectively. The report was the second of two reports requested by the Committee - the first having been received at the meeting on 15 October 2020 - provided information of communications, winter preparedness, emergency planning and Test and Trace. The report and its appendices summarised activity undertaken by the Council in response to the pandemic and noted that in many areas this had been a joint response with partners, volunteers and other agencies. The report was introduced by the Leader of the Council and the Cabinet Member for Community Health made some opening remarks in praise of the hard work of the teams within her portfolio.

Before inviting questions, the Chairman referred to paragraph 6.1 of the report which stated that the scoping report for this review had not included the financial impact of the pandemic and so those issues have not been included within the report. He explained the original and continued intention of the Scrutiny Committee had been to undertake a full review of the financial impact of the pandemic once it had subsided and that the two reports received to date were part of an interim review of the response to date.

Councillor Beavan, with reference to communications, expressed concern that perhaps people in areas where there were a number of infections were not being made aware of this and offered advice. He also referred to the local dashboard which indicated the number of tests undertaken within the district, by location, which, he said, differed from the figures on the Government website and queried the effectiveness of the technology. The Leader of the Council agreed that communication was important but of equal importance, he said, was the delivery of consistent messages, linked to those of other involved agencies, in order to minimise confusion. He added that these messages were delivered as part of an organised local system, or cell, which echoed messages. In addition, he said, statistics and numbers were quickly out of date. He suggested that a reasoned approach was needed and that the announcement of outbreaks, as defined by Public Health England and the Outbreak Board, was not the role of the Council or its communications team. The Communications Manager said that the communications cell was an effective means of two-way communication of local intelligence on issues related to the pandemic; it enabled communications to be targeted appropriately and to keep local communities up to date with local public health advice. In response to a request by Councillor Beavan that his points be referred on to Public Health, the Leader of the Council suggested that Councillor Beavan was best placed to raise these issues directly.

Councillor Beavan asked if it was possible to have an update on the vaccination programme. In summary, the Chief Executive said that a vaccination programme was being compiled and the logistics of its delivery fully explored. This was being led by the NHS, supported by Public Health England and local Councils; he added that the dates and specific requirements of the vaccination programme were awaited but he was confident that full and sufficient preparations had been made.

Councillor Gooch referred to the announcement of the local restriction tier system earlier that day and asked about the arrangements for neighbouring counties allocated to differing tiers. The Leader of the Council said the Government's advice was not to travel to a location with a different tier, but, if this was necessary it was required to abide by the requirements of the tier where you permanently resided. The Communications Manager added that, at the heart of the communications cell messaging approach, was consideration of each potential individual occurrence based on local intelligence and evidence. It was, he said, crucial to achieve the right balance that meant messages were sensible and moderate.

Councillor Gooch referred to the management of pools, gyms, health centres during the pandemic and suggested that, in the first lockdown this had perhaps been erratic and confused and asked if detail on how the operators' requirements for the use of showers and the application of regulations was being applied. It was agreed that this

would be provided outside of the meeting. The Leader of the Council said that he was confident that the district's leisure providers were fully compliant.

Councillor Coulam asked if mass testing was proposed for any area in the district. The Leader of the Council said this was proposed in those areas which had been put in tier three of the local restrictions system where, it was hoped, the greater benefit would be achieved.

Councillor Deacon asked which bodies were responsible for the policing of those who did not comply with the regulations and who would prosecute in such instances. The Cabinet Member with responsibility for Community Health said that the Council's Food & Safety team worked in conjunction with the police; she referred to an establishment in Pakefield. The Chief Executive added that the Council's Environmental Health officers worked with Trading Standards, as did the Food & Safety team, but stressed that the Council was not responsible for checking every property.

The Food and Safety Manager referred to information within the report that explained the Council's work with the Health & Safety Executive (HSE); he continued to refer to how details of premises considered to be of higher risk of non-compliance were provided to the HSE which contacted the premises and undertook checks to assess compliance through various means including the use of open questions to test awareness of the regulations etc. If a premises was considered to be non-compliant, the Food and Safety Team would undertake further visits to give advice, undertake further assessment and, in certain circumstances, take enforcement action.

Councillor Topping asked if the Council was confident in its preparedness for the requirements of testing. The Leader of the Council said that the Council would maintain its positive messages - i.e. face, hands, distance - and hope that local residents would continue to act responsibly to keep the R rate down. He added that, beyond that and until the Government issued further guidance, the Council was as prepared as it could be and prepared to undertake any further requirements. Councillor Topping was concerned that the R rate could spike and the impact this would have on the Council's staff who might be asked to respond. The Chief Executive said some of the Council's staff would be on standby, as usual over any holiday period, as part of the Council's normal emergency preparedness response.

Councillor Lynch praised the Council's communications to date and asked if these were shared with partner organisations. The Leader of the Council said he was confident ward members would cascade messages to their town and parish councils and would encourage that to continue. He was, he said, also confident that communications within the network of partner organisations was working well. The Communications Manager added that regular communications were sent direct to town and parish councils; he referred to two-way engagement led by specific requirements that ensured consistent messaging but, equally, allowed targeted messages to certain audiences too. It was noted that social media was a valuable tool in countering inaccurate messages.

The Chairman asked if the Council was confident its messages were also reaching the districts black, Asian, and minority ethnic residents. The Communications Manager referred to continuous liaison with the Council's communities team to facilitate links

with a variety of different groups and to ensure that, where appropriate, the right message for the audience was created.

Councillor Beavan referred to the written response to his written question on the Bernard Matthews factory and was pleased that testing of workers who were not symptomatic had now commenced. Councillor Beavan referred to a number of infections within his ward and raised a question about the efficacy of the test and trace local arrangements. The Food and Safety Manager stated that, in the scenario referred to by Councillor Beavan, there had been no failure in the system. It was agreed that a comprehensive response to the specifics of this be provided outside the meeting. The Chief Executive added that test and trace had been evolving throughout the pandemic and that local public health staff were achieving a success rate in excess of the national scheme. He emphasised that there was no one definitive approach. The Leader of the Council urged caution in referring to a small number of cases as an "outbreak".

Councillor Green wished to record her praise for the Council's communications throughout the pandemic which she considered to have been exemplary. Councillor Green asked about the variety of communications channels, including traditional news sources which were being used, for example for those without social media, and asked if these could be improved. The Leader of the Council endorsed the compliments of the communications team and agreed that Council needed to continue to consider access to positive messages by those who did not use social media. He referred to broadcasts on Radio Suffolk, links to national campaigns in local newspapers and to suggested all ward members might encourage town and parish councils to utilise their noticeboards and parish publications for disseminating Covid-related messages. The Communications Manager said he was very happy to provide ward members with advice on the best means of delivering communications, including bespoke messages if needed, and advised that he and the communications team was there to support ward members in that endeavour. The Strategic Director added that the Council's communities team was proactively contacting the clinically extremely vulnerable individually by telephone and had done so repeatedly.

Councillor Wiles asked what sort of reach the communications of the Council had and if lessons learnt from the first lockdown had been applied to the second lockdown. The Communications Manager said the key lessons were ensuring that information was disseminated swiftly whilst also being mindful of the need to have effective internal communications. In terms of the reach of the communications outside the Council, the Communications Manager said that analytics did not always make this easy to measure, but there was reliance on feedback, the number of followers on social media and this increasing etc. The most important aim, he said, was to ensure that information was heard by the right people first and that this was followed swiftly on social media; the aim was to add value and not noise. The Leader of the Council added that communications needed to be both reactive and proactive. The impact of Covid-fatigue and the reaction of people to messages was a real issue but the echoing of important "stick at it" messages was intended to be reassuring and supportive.

The Chairman asked for an approximate figure for the number of residents who had been identified as clinically extremely vulnerable in the district. The Strategic Director said there were approximately 13,000. Councillor Byatt asked if there were specific issues with communicating the Council's messages to those who were blind and/or

deaf. The Strategic Director said the communities team would be working hard to contact these residents and to provide them with additional information. The Leader of the Council said the various disability for a across the district were also providing assistance in this regard.

The Chairman referred to the multi-agency coordination arrangements for response and recovery provided as an appendix to the report and suggested this was very complicated for a fast-moving situation. The Chief Executive agreed that the arrangements in a complex environment with numerous stakeholders necessitated intricate coordination which helped to ensure coherent working. He added that it was important for each part of the team to understand its role; the Suffolk system had proved to be successful and was looked to by other counties as an example of good practice.

There being no further questions the Chairman moved to debate.

The Leader of the Council thanked the Scrutiny Committee for its work and the useful and interesting discussion of aspects of the pandemic and the impact. He welcomed Scrutiny's review of what had been done and its suggestions for what could be improved upon going forward, if within the powers of the Council to influence. The Leader of the Council said the communications team could look at appropriate media to cover the return of university students.

Councillor Beavan wished to remind all present that under the Council's Constitution the Committee could consider any matter affecting the district. The Chairman agreed but did stress that matters discussed needed to be within the Committee's jurisdiction.

There being no further matters raised for debate, the Chairman thanked the Cabinet Members and Officers for attending the meeting.

It was agreed that the Scrutiny Committee would meet informally to formulate its recommendations and that these be submitted to Cabinet for consideration.

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

The Scrutiny Committee received and reviewed its current forward work programme.

In addition, the Scrutiny Committee drafted and agreed its final recommendations following the review of Civil Parking Enforcement and Parking Management at the meeting held on 16 November 2020. These would be incorporated into a formal report to Cabinet in due course.

The Meeting concluded at 9:18pm

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Chairman





## SCRUTINY COMMITTEE

Thursday 28 January 2021

### DRAFT GENERAL FUND BUDGET AND COUNCIL TAX REPORT 2021/22

#### EXECUTIVE SUMMARY

1. The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. This ensures Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year:
2. The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan, over the medium term.
3. Sections 2 to 4 of the MTFS provide an update on the financial challenge 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.
4. The draft MTFS has been continually revised with updates including those resulting from budget monitoring forecasts and the Provisional Local Government Finance Settlement that was announced on 17 December 2020.
5. At the end of the 2021/22 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. Covid-19 has presented significant additional financial challenges to the Council and the outlook is very uncertain at this stage for both next year and the medium term. However, the Council's robust reserves position enables it to meet these challenges; develop its response to the pandemic and the objective of financial sustainability; and freeze its element of the council tax for 2021/22.

6. Cabinet is asked to consider and make recommendations to Council regarding the:
- proposed Budget for 2021/22, and to note the position with regard to future years;
  - assessment of reserve and balance movements;
  - proposed Band D Council Tax for East Suffolk Council of £171.27 for 2021/22, which is no increase on 2020/21.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	All wards in East Suffolk
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<b>Cabinet Member:</b>	Councillor Maurice Cook Cabinet Member with responsibility for Resources
<b>Supporting Officer:</b>	Brian Mew Chief Finance Officer and Section 151 Officer 01394 444571 <a href="mailto:Brian.Mew@eastsuffolk.gov.uk">Brian.Mew@eastsuffolk.gov.uk</a>  Lorraine Rogers Finance Manager and Deputy Section 151 Officer 01502 523667 <a href="mailto:lorraine.rogers@eastsuffolk.gov.uk">lorraine.rogers@eastsuffolk.gov.uk</a>

## 1 INTRODUCTION

1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. To ensure Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year these are:

- October/November – as a framework for initial detailed budget discussions for the forthcoming financial year;
- January – an update to include additional information received at a national level and corporate issues identified through service planning and the detailed budget build; and
- February – with the final Budget for the new financial year.

1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and can deliver the aspirations of the Council as set out in the Strategic Plan, over the medium term.

## 2 MEDIUM TERM FINANCIAL STRATEGY

2.1 The draft MTFS for this period is attached as **Appendix A** and represents a base position for the medium term. This incorporates the Draft General Fund Budget and Council Tax proposals for 2021/22, reflecting the detailed budget process. In the MTFS, the key uncertainties over this period relate to the continuing impacts of the Covid-19 pandemic and the proposed reforms to the Local Government finance system – Business Rates Retention and the Fair Funding Review. Both of these have now been deferred by a further year until 2022/23.

2.2 The MTFS includes a number of Appendices that form part of the Council's Budget, including the Council Tax Base, budget summary by Head of Service and a summary of Reserves and Balances.

2.3 The Business Rates NNDR1 return for 2021/22 has now been prepared, and Business Rates income has been updated in the Budget and MTFS. These estimates are still subject to final confirmation, and one estimate that may be revised is the estimated Pooling Benefit from the Suffolk Business Rates Pool. This is dependent on the NNDR1 returns being prepared by the Suffolk Councils and then collated by Suffolk County Council.

2.4 The table below outlines the updated MTFS Forecasts for 2020/21 to 2024/25. These indicate a balanced position for 2021/22 but underlying budget gaps from 2022/23 onwards. However, there is a high degree of uncertainty over this period.

MTFS Forecast - East Suffolk	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
February 2020	0	5,350	6,163	6,676	6,676
November 2020	2,028	3,362	4,840	5,424	5,203
January 2021	0	0	6,548	6,617	6,457

- 2.5 The proposed Capital Programme for 2020/21 to 2024/25 was considered by the Cabinet on 5 January 2021 and Council on 27 January 2021.
- 2.6 Attached as **Appendix B** is the Council's draft Efficiency Strategy for 2021/22. The Efficiency Strategy is produced annually for the period 2016/17 to 2021/22, and is approved by Full Council as part of approval of the Council's Budget. The Efficiency Strategy is produced to enable the Council to potentially take advantage of the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings. To date there has been no use of capital receipts to fund one-off revenue costs, and no use of this flexibility is currently proposed in respect of projects in 2021/22.

### **3 LOCAL COUNCIL TAX REDUCTION SCHEME (LCTRS); COUNCIL TAX DISCOUNTS AND PREMIUMS; COUNCIL TAX BASE AND LOCAL COUNCIL TAX SUPPORT GRANTS**

- 3.1 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 25 November 2020 approved retention of the current Local Council Tax Reduction Scheme for 2021/22 as 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 2021, 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:

- 100% premium on Long Term Empty properties, empty for more than two years, raising the Council Tax to 200% from 1 April 2019,
- 200% premium on Long Term Empty properties, empty for longer than five years, raising the Council Tax to 300% from 1 April 2020, and
- 300% premium on Long Term Empty properties, empty for longer than 10 years, raising the Council Tax to 400% from 1 April 2021.

- 3.4 At its meeting on 5 January 2021 Cabinet approved the Council Tax Base for council tax base for 2021/22 for the East Suffolk district as 87,339.43 Band D equivalent properties. Cabinet also approved Local Council Tax Support Grant allocations to town and parish councils, passing on £110,000 of the £370,000 funding in respect of this provided by the Government.

### **4 RISK ASSESSMENT AND REPORT OF THE CHIEF FINANCIAL OFFICER**

- 4.1 Part of the process of delivering a robust medium term strategy to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify

actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in **Appendix A1** of the MTFS.

- 4.2 Section 25 of the Local Government Act 2003 places a personal duty on an authority's Chief Financial Officer to make a report to Council about the robustness of the estimates made for the purposes of the council tax calculations and the adequacy of financial reserves and balances. The Act also requires the Council to have regard to the report before it makes its budget and council tax decisions.
- 4.3 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.
- 4.4 The Chief Finance Officer's report will be reported to Full Council when it considers the budget for 2021/22 on 24 February 2021. The report statement will clearly set out the budget assumptions used to arrive at the final recommendations.

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

- 5.1 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. The key focus of the Financial Sustainability theme is the development, monitoring and achievement of the savings and income increases required to ultimately close the Council's budget gap.

## **6 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 6.1 All Financial and Governance implications are contained within the MTFS documents.

## **7 OTHER KEY ISSUES**

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

## **8 CONSULTATION**

- 8.1 The Council has consulted extensively on the East Suffolk Strategic Plan including the Financial Sustainability theme. A short Budget Consultation survey focussing on future financial sustainability has been undertaken through the Council's website from 5 January to 22 January 2021, and links to this survey were also sent directly to town and parish councils and representative business organisations. A separate Appendix reporting on the findings of this survey will be added to this report when available.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 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. Consequently, no other options are appropriate in respect of this.

## 10 REASON FOR RECOMMENDATION

- 10.1 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 24 February 2021.

### RECOMMENDATIONS

That it be recommended that Cabinet and Council:

1. Approves the General Fund Revenue Budget as set out in this report and summarised in **Appendix A5** and notes the budget forecast for 2022/23 and beyond;
2. Approves the Reserves and Balances movements as presented in **Appendix A6**;
3. Approves that no further changes are made to Council Tax Discounts and Premiums for 2021/22;
4. Approves the Efficiency Strategy attached as **Appendix B**; and
5. Approve a Band D Council Tax for 2021/22 of £171.27.

### APPENDICES

<b>Appendix A</b>	Medium Term Financial Strategy
<b>Appendix A1</b>	MTFS Key Principles and Risk Analysis
<b>Appendix A2</b>	East Suffolk Council Tax Base 2021/22
<b>Appendix A3</b>	NHB Reserve 2020/21 – 2024/25
<b>Appendix A4</b>	MTFS Key Movements
<b>Appendix A5</b>	General Fund Revenue Budget Summary 2020/21 to 2024/25
<b>Appendix A6</b>	General Fund Reserves Summary 2020/21 to 2024/25
<b>Appendix A7</b>	Financial Implications of Covid-19 for 2020/21
<b>Appendix A8</b>	Budget Consultation Survey Feedback (to follow)
<b>Appendix B</b>	Efficiency Strategy

**BACKGROUND PAPERS**

Please note that copies of background papers have not been published on the Council's website [www.eastsuffolk.gov.uk](http://www.eastsuffolk.gov.uk) but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

<b>Date</b>	<b>Type</b>	<b>Available From</b>
December 2020	Equality Impact Assessment	Financial Services
December 2020	Provisional Local Government Finance Settlement 2021/22	Financial Services



**APPENDIX A**

**EAST SUFFOLK COUNCIL**

**MEDIUM TERM FINANCIAL STRATEGY  
2021/22 – 2024/25**

**JANUARY 2021**



# 1 INTRODUCTION

- 1.1 The **Medium Term Financial Strategy** (MTFS) sets the strategic financial direction for the Council and is regularly updated as it evolves and develops throughout the year to form the framework for the Council's financial planning. This ensures Members have a sound basis for planning and decision making, the MTFS is reviewed and updated at key points in the year:
- 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.
- 1.2 The purpose of the MTFS is to set out the key financial management principles, budget assumptions and service issues. It is then used as the framework for the detailed budget setting process to ensure that resources are managed effectively and are able to deliver the aspirations of the Council as set out in the Strategic Plan, over the medium term.
- 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, focussing on five key themes. The key focus of the Financial Sustainability theme will be the development, monitoring and achievement of the savings and income increases required to ultimately close the Council's budget gap.
- 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 to enable the Council to manage its affairs soundly, is to have regard to both external and internal risks, and to identify actions to mitigate those risks. MTFS key principles and a risk analysis together with mitigating actions are provided in **Appendix A1**.
- 1.7 Sections 2 to 4 provide an update on the financial challenge facing the Council, taking into account 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 11 March 2020 the Chancellor set out a £12 billion action plan in response to the economic impact of the coronavirus (Covid-19) outbreak. This included a set of measures to support public services, businesses and individuals. Since March 2020, the Government has introduced further economic support measures. It is estimated that this may cost the Government over £200 billion by the end of the financial year. Government borrowing is at historically high levels and the longer the current crisis continues, the cost to Government will rise. The budget deficit for 2020/21 is likely to reach levels last seen during World War II.
- 2.2 Amid the economic uncertainty caused by the Covid-19 pandemic, the Government cancelled the Autumn Budget and the Comprehensive Spending Review and concentrated on a one-year Spending Review announced on 25 November 2020.
- 2.3 Economic uncertainty in respect of the current crisis is having a significant effect on public sector finances in the short term, and the medium and longer term outlook is extremely difficult to predict. The outlook will depend on the strength of the economy to recover and how much permanent damage may have been done. The behavioural responses by consumers and businesses will play a major part in how quickly the economy can recover.

## **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.

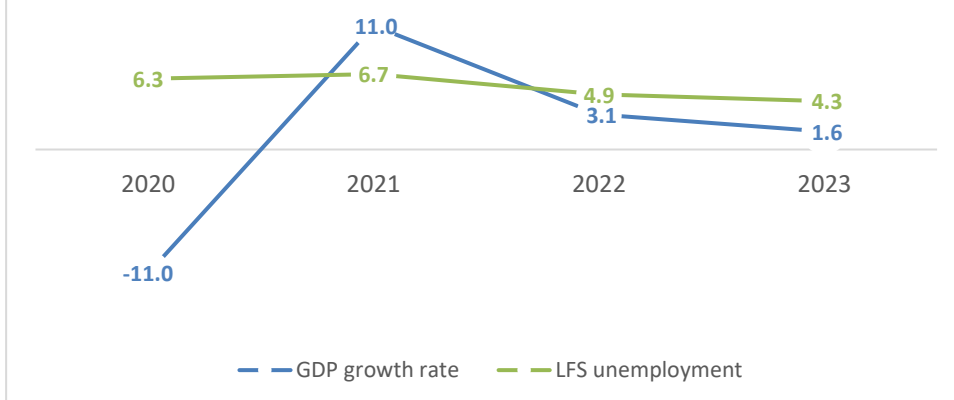
### **Gross Domestic Product (GDP)**

- 3.2 The Bank of England's overall forecast for growth in Gross Domestic Product as outlined in its November 2020 Monetary Policy Report, is shown in **Figure 1** below.

### **Unemployment**

- 3.3 The most recent unemployment figures from the Office for National Statistics (ONS), for the three months August to October 2020 was 4.9%, up from 4.8% on the three months to September. For the period January to March 2020, unemployment was at 4%. The latest forecasts by the Bank of England expects unemployment to peak at 7.75% in quarter two of 2021, **Figure 1** below show the Quarter 4 forecasts from the Bank of England.

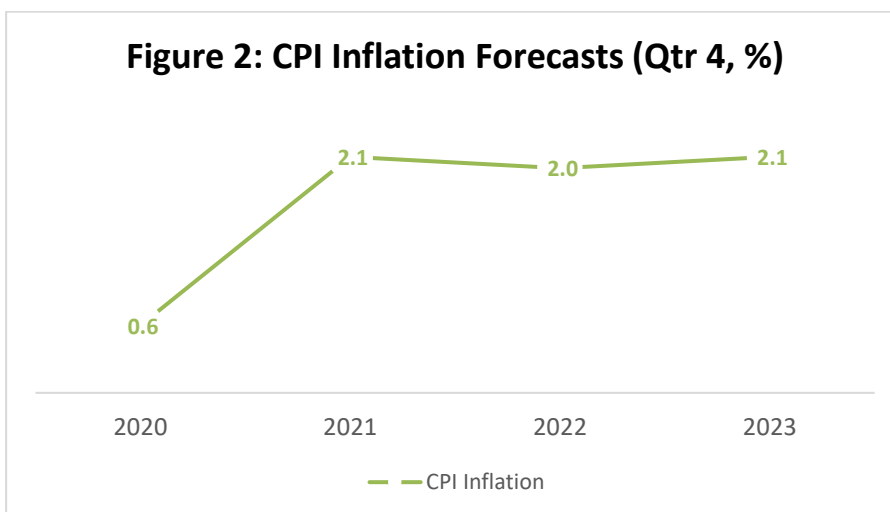
**Figure 1: GDP And Unemployment Forecasts (Qtr 4, %)**



### Consumer Pricing Index (CPI)

- 3.4 Inflation as measured by CPI, was 0.3% in November 2020, down from 0.7% in October 2020. September 2020 CPI (0.5%) is of importance as it is used as the basis for indexed increases in several areas in the local government finance system, including Business Rates. CPI remains well below the Bank of England's target rate of 2% and is expected to do so over the coming months before starting to rise sharply. Inflation is forecast to reach 2% in two years' time. The Bank of England's latest inflation forecast (Quarter 4) as at November 2020 is set out in **Figure 2** below.

**Figure 2: CPI Inflation Forecasts (Qtr 4, %)**



### Bank Interest Rate

- 3.5 At its 16 December 2020 meeting, the Bank of England Monetary Policy Committee (MPC) unanimously voted to maintain the bank rate at 0.1%. The MPC is projecting a reduction in bank rate to -0.1% during 2021.

## 4 LOCAL GOVERNMENT FINANCE

- 4.1 The introduction of the Local Business Rates Retention System in 2013/14, together with the Government's programme of fiscal consolidation since 2010, have combined to both reduce the level of funding available to the Council, and to shift the balance of funding significantly away from central to local sources.

- 4.2 The Final Local Government Finance Settlement 2019/20 announced on 29 January 2019 was the last year of the four-year settlement period that started in 2016/17. The Government issued a single year spending review for 2020/21 due to the uncertainties posed by the December 2019 General Election.
- 4.3 On 21 October 2020 the Government announced that it will be issuing a One-Year Local Government Financial Settlement for 2021/22, due to the combined uncertainties of Covid-19 and Brexit. The Provisional Local Government Finance Settlement was announced on 17 December 2020 and subsequent paragraphs in this section provide details of the funding measures affecting the Council. The focus of Government is on three areas:
- Providing departments with the certainty they need to tackle Covid-19 and deliver the Government's plan for jobs to support.
  - Giving public services enhanced support to fight Covid-19 alongside delivering frontline services.
  - Investing in infrastructure to deliver the Government's "ambitious plans to unite and level up the country, drive our economic recovery and build back better."

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

- 4.4 RSG has been substantially reduced in recent years. The MTFS previously assumed no RSG from 2021/22, but in the Provisional Local Government Finance Settlement for 2021/22, a roll forward of 2020/21 RSG was announced and the Council will receive £330,000 in 2021/22. It is not currently assumed that this funding will be replicated in 2022/23.
- 4.5 The Rural Services Delivery Grant (RSDG) is a Government grant recognising cost pressures associated with service delivery in rural sparse areas. As with RSG, RSDG has also been rolled forward and £260,000 will be received in 2021/22. It is also not currently assumed that this funding will be replicated in 2022/23.

#### **Lower Tier Services Grant**

- 4.6 A new Lower Tier Services Grant (LTSG) was announced in the Settlement, with the purpose of helping to minimise the range of increases in Core Spending Power (CSP) and ensuring that no authority receives a reduction in CSP. This grant is being funded by way of re-directing New Homes Bonus (NHB) returned surplus funding. Although it will be received by all councils that deliver lower-tier services, i.e. not county councils, it is very heavily weighted towards district councils. This is probably a short-term grant that will disappear when wider reforms of local government funding are introduced, presumably in 2022/23. The Council will receive £381k in LTSG in 2021/22. It is worth noting that as far as the Council is concerned, this grant amounts to considerably more than NHB returned surplus funding might have.

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

- 4.7 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.
- 4.8 To complement the changes to Business Rates, the Government announced a Fair Funding Review in February 2016, which will affect how funding is allocated and redistributed between local authorities. Implementation of this review has now been delayed until

2022/23. The Government is continuing to work with the Local Government Association (LGA) and local authority representatives to develop the new system.

- 4.9 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 a move to 100% local retention. This has now also been delayed to 2022/23.
- 4.10 The new system of 75% rate retention will consist of a 'reset', which will involve assigning a new baseline funding level and subsequent new tariff or top-up values. Reset of the system and the establishment of new funding formulae could result in East Suffolk losing the financial advantage that it has under the current system. As a result of the delay in implementing the Business Rate reforms, in 2021/22 the Council will benefit from another year under the current regime, which has a significant impact on the MTFS position for 2021/22 compared with previous forecasts. Based on 2020/21 estimates, this adjustment to the MTFS would have amounted to around £4.884 million, which was referenced in the report to Cabinet in July 2020 regarding the financial impact of Covid-19. However, since that report, there has been increasing concern about the impact of Covid-19 on the Business Rates base on the area. In the latest forecast for Business Rates income for 2021/22, referred to in more detail below, the estimated net benefit to the Council of this deferral compared to the previous MTFS is now around £3.767 million.
- 4.11 The position regarding rates income on Renewable energy projects when the system is reset is also currently unclear. The Council currently benefits from retaining 100% of the rates from all new renewable energy projects that have been developed since 2013/14. In the MTFS, it has been assumed that when the system is reset in 2022/23, the council will receive its normal 40% share of income from these existing properties and a new cycle of 100% retention will start for new projects from that point onwards. Consequently, the MTFS and the table in paragraph 4.17 shows only 40% of the current income from renewables, with no assumption of additional income from 2022/23 onwards as yet.

### **Business Rates**

- 4.12 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.
- 4.13 **Business Rates Collection Fund** - As a result of Covid-19, there is likely to be a larger than normal deficit on the 2020/21 Collection Fund for both Council Tax and Business Rates. 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."

- 4.14 The position on Business Rates has been greatly improved by the announcement in the Settlement of a **Tax Income Guarantee Scheme** to fund 75% of irrecoverable losses in Council Tax and Business Rates in 2020/21. This scheme will run in parallel to the requirement for billing authorities to spread the 2020/21 collection fund deficit over 3 years. Business rate losses will be measured by comparing the NNDR1 with the NNDR3 outturn. Compensation will be paid based on the reduction in non-domestic rating income, including the accounting adjustments for bad debts and refunds, which defines losses using a very broad definition. The precise details of this scheme will determine the amount of the collection fund deficit for 2020/21 and are not yet available. These figures will consequently need to be revised for the final Budget report to Full Council.
- 4.15 The Business Rates Collection Fund position is further complicated by the fact that in 2020/21, in response to the Covid-19 pandemic, around £32.5m of rate relief is being granted to retail, hospitality, and leisure businesses. For information, it is worth noting that where major retailers have offered to repay these reliefs, they are repaying HM Treasury directly, rather than via billing authorities. These reliefs are the primary reason for the currently estimated total Business Rate Collection Fund Deficit for 2020/21 of £36.726 million, with East Suffolk's 40% share equating to £14.690 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 2020/21, but the Collection Fund deficit impacts on the Council's own budget in 2021/22. The Council's share of additional Section 31 Grant in total is just under £12.4m which will be contributed to the Business Rates Equalisation Reserve in 2020/21, partly enabling the Council to meet its share of the deficit in 2021/22. This position is illustrated in the table below, including the implementation of the Regulations detailed in paragraph 4.13. Total Section 31 Grant in 2020/21 is now estimated to be £17.256m, compared with an original estimate of £4.861m. The effect of the Tax Income Guarantee Scheme referred to in paragraph 4.14 above will also need to be reflected in this table. These deficits will be entirely funded from the Business Rate Equalisation Reserve.

<b>East Suffolk Council – Business Rates Collection Fund Deficit</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Deficit for 2021/22</b>	0	13,587	552	552	0
<b>Tax Income Guarantee Scheme</b>	?	0	0	0	0
<b>Section 31 Grant contributed to Business Rates Equalisation Reserve</b>	12,396	0	0	0	0

- 4.16 **Suffolk Pool** – In October, all Suffolk councils agreed to continue a pooling arrangement for 2021/22, 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 2021/22 is dependent on all the NNDR1 returns being prepared by the Suffolk councils and then collated by Suffolk County Council (SCC) in January 2021. The continuation of Suffolk Business Rates Pool was notified by the Government in the Provisional Local Government Finance Settlement, with confirmation in the Final Local Government Finance Settlement likely in late January 2021. The current MTFS does not include any Pooling Benefit for the next financial year. An estimate for this element will be included in the final Budget for 2021/22, but given the uncertainty surrounding Business Rates income, a high degree of caution will need to be exercised regarding this income source for next year.
- 4.17 Business Rates income for 2021/22 is based on the NNDR1 return, and all Business Rates estimates included in the MTFS have been updated based on the first draft of this return. As detailed earlier in the report, the Business Rates system is now to be reformed from

2022/23, including a resetting of the Business Rates Baseline. Due to the uncertainty this reform will have on the income to the Council, the Council has taken a prudent approach with the estimates for future years. The income figures included for 2022/23 and beyond, are based on the current Business Rates system and only include estimates of Baseline income, which is approximately £7m, Section 31 Grant, and a proportion of the amount currently retained in respect of Renewables. The updated MTFS now includes the following estimates for Business Rates income and related Section 31 Grant. As referred to previously, the position on Business Rates for 2021/22 is extremely uncertain due to Covid-19 impacts. In the light of this, significant increases have been made in these figures to the provisions for both appeals and bad debts.

<b>Business Rates - Update Jan 2021</b>	<b>MTFS 2021/22 £'000</b>	<b>FORECAST 2021/22 £'000</b>	<b>FORECAST 2022/23 £'000</b>	<b>FORECAST 2023/24 £'000</b>	<b>FORECAST 2024/25 £'000</b>
<b>Business Rates Income</b>					
Business Rates Baseline	7,228	6,925	7,063	7,205	7,349
Business Rates Above Baseline	0	1,476	0	0	0
Business Rates Renewables	0	1,129	461	470	479
<b>Total Business Rates Income</b>	<b>7,228</b>	<b>9,530</b>	<b>7,524</b>	<b>7,675</b>	<b>7,828</b>
Share of Pooling Benefit with Suffolk Councils	0	0	0	0	0
Section 31 Grant	2,865	4,331	4,418	4,506	4,596
	<b>10,093</b>	<b>13,861</b>	<b>11,942</b>	<b>12,181</b>	<b>12,424</b>

## Council Tax

- 4.18 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. However, for 2021/22, Council Tax is also subject to more uncertainty than in previous years as a result of the economic impact of the Covid-19 pandemic. It is worth noting that in its assessment of the Core Spending Power of local authorities, the Government assumes that councils increase Council Tax at the maximum permitted levels. For Shire District Councils in two-tier areas, the referendum limit for 2021/22 is the higher of 2% or £5, the same as in the current year. Referendum limits will not apply to Town and Parish Councils in 2021/22.
- 4.19 **Council Tax Base** – The Council Tax Base for 2021/22 was approved by Cabinet on 5 January 2021. The economic impacts of the Covid-19 pandemic have affected the Council Tax Base estimate, which includes a higher forecast level of Local Council Tax Reduction Scheme (LCTRS) reliefs and a slightly reduced collection rate.
- 4.20 The tax base for the current year amounts to 87,888.87 Band D equivalents. In normal circumstances, the tax base would be expected to increase by around 1% per year. The tax base for 2021/22 amounts to 87,339.43 Band D equivalents, a reduction of 549.44, or around 0.63%. This equates to a reduction of around £94k in Council Tax income to the Council based on the current District Band D Council Tax of £171.27.
- 4.21 In the one-year Spending Review announced on 25 November 2020, £670m additional grant funding was announced to provide support to authorities in respect of the impact on Council Tax bases arising from increased LCTRS reliefs. This funding has subsequently been confirmed in the Provisional Local Government Finance Settlement. Major precepting authorities will receive a Local Council Tax Support Grant allocation proportionate to their share of the Council Tax bill in the district, based on the increase in the value of LCTRS reliefs in the year between the October 2019 CTB1 and October 2020 CTB1 returns, together with an allowance for forecast increases at a national level.

- 4.22 The major precepting authorities will receive a total of £2.748m in grant relating to the East Suffolk area in 2021/22 as follows: Suffolk County Council £2.040m; Suffolk Police and Crime Commissioner £0.338m; and East Suffolk Council £0.370m. As a billing authority, the East Suffolk Council grant includes an element relating to the reduction in tax bases experienced at town and parish level. Based on the share of the overall average Council Tax bill, this element is estimated to amount to around £110k. The Cabinet meeting of 5 January 2021 approved a scheme for passing this element of funding on to town and parish councils for them to take into account when considering their own precept and Council Tax requirements.
- 4.23 **Council Tax Collection Fund Deficit** – In a similar situation to Business Rates, there is also likely to be a larger than normal deficit on the 2020/21 Council Tax Collection Fund primarily due to an increase in the level of Local Council Tax Reduction Scheme (LCTRS) reliefs and a higher provision for non-collection and the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 also apply enabling the spread of collection fund deficits arising in 2020/21 over the next three years.
- 4.24 As with Business Rates, the **Tax Income Guarantee Scheme** announced in the Settlement will fund 75% of irrecoverable losses in Council Tax and Business Rates in 2020/21. This scheme will run in parallel to the requirement for billing authorities to spread the 2020/21 collection fund deficit over 3 years. Council Tax losses will be calculated by comparing an authority's Council Tax requirement in 2020-21 with its share of the relevant billing authority's Net Collectable Debit. The guidance indicates a wider scope than had been expected and appears to avoid the difficulty of defining "irrecoverable" losses.
- 4.25 The current estimate for the Council Tax Collection Fund Deficit for 2021/22 is £1.262m, with East Suffolk's share equating to £170,000. 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 4.22 above, the estimated deficit relating to the current year has been partly spread into 2022/23 and 2023/24. The overall updated estimate for the Council's share of the Council Tax Deficit for 2021/22 is profiled over the MTFs as follows:

East Suffolk Council – Council Tax Collection Fund Deficit	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Deficit for 2021/22	0	106	32	32	0

- 4.26 **District Band D Council Tax 2021/22** – Mindful of the financial impact of the pandemic on residents, Cabinet on 1 December 2020 approved that Members and officers develop proposals to set a balanced budget for 2021/22 and beyond, including a recommended freeze on the district element of Council Tax in 2021/22 subject to further evaluation and analysis. An increase at the maximum level of £4.95 for 2021/22 would equate to a District Band D Council Tax for East Suffolk of £176.22 and generate approximately £432k of additional income. Whilst in normal circumstances it would probably be advisable for the Council to increase Council Tax up to the maximum level allowed without a referendum, the funding measures in the Settlement referred to above, specifically the Tax Income Guarantee Scheme and Local Council Tax Support Grant, provide financial support significantly mitigating the impact of not increasing the district tax element.
- 4.27 The table below sets out the estimated Council Tax income and current assumptions on Council Tax included in the MTFs, incorporating a freeze in 2021/22.



<b>Council Tax Income - MTFS</b>	<b>2020/21 £'000</b>	<b>Estimate 2021/22 £'000</b>	<b>Estimate 2022/23 £'000</b>	<b>Estimate 2023/24 £'000</b>	<b>Estimate 2024/25 £'000</b>
<b>Council Tax Income - Base</b>	(14,429)	(15,053)	(14,959)	(15,545)	(16,141)
<b>Growth / Reduction in Tax Base</b>	(189)	94	(150)	(155)	(161)
<b>Council Tax Increase</b>	(435)	0	(437)	(441)	(445)
<b>Total Council Tax Income</b>	<b>(15,053)</b>	<b>(14,959)</b>	<b>(15,545)</b>	<b>(16,141)</b>	<b>(16,748)</b>
<b>Council Tax Band D</b>	£171.27	£171.27	£176.22	£181.17	£186.12
<b>Council Tax Base</b>	87,888.87	87,339.43	88,212.82	89,094.95	89,985.90
<b>Growth in Tax Base</b>	1.31%	-0.63%	1.00%	1.00%	1.00%
<b>Council Tax Increase £</b>	4.95	0.00	4.95	4.95	4.95
<b>Council Tax Increase %</b>	2.98%	0.00%	2.89%	2.81%	2.73%

*Assumptions from 2021/22: Council Tax increases of 2% or £5, whichever is the higher.*

### **New Homes Bonus (NHB)**

- 4.28 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 the local authorities and communities where growth takes place. Over the past few years, NHB has become an extremely important source of incentivised income.
- 4.29 The funding settlement for 2020/21 was for one year only and included payment of NHB for one year instead of four years, i.e. no legacy payments. This has had a significant impact on NHB funding availability, as annual allocations generally tended to amount to over £500k per year. 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. Another one-year only round of NHB funding (year 11), has been announced in the Settlement, so the total payments of NHB to be received in 2021/22 will be two legacy payments in respect of years 8 and 9, and one payment in respect of year 11. 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%. However, the Covid-19 pandemic has clearly affected house completions this year, and the council's year 11 allocation is only £24k, as these forms indicate growth of only 0.42% over the past year. However, the premium of £350 per property given for new affordable homes increases the overall allocation for the year to just under £104k. The table below shows the position regarding new and legacy payments. Given the potential changes to this regime, no assumption has been made for any new NHB allocations from 2022/23 onwards.

<b>NHB</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Year 7</b>	(565)	0	0	0	0
<b>Year 8</b>	(548)	(548)	0	0	0
<b>Year 9</b>	(525)	(525)	(525)	0	0
<b>Year 10</b>	(665)	0	0	0	0
<b>Year 11</b>	0	(104)	0	0	0
<b>Forecast January 2021</b>	<b>(2,303)</b>	<b>(1,177)</b>	<b>(525)</b>	<b>0</b>	<b>0</b>

- 4.30 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.
- 4.31 **Appendix A3** outlines the current position on the NHB Reserve and proposed use of NHB funding for East Suffolk over the MTFS period. This is summarised in the table below.

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>Opening Balance</b>	(5,442)	(5,693)	(4,783)	(3,678)	(3,606)
<b>Add: Allocation Received</b>	(2,303)	(1,177)	(525)	0	0
<b>Less: Proposed Use</b>	2,052	2,087	1,630	72	73
<b>Closing balance</b>	(5,693)	(4,783)	(3,678)	(3,606)	(3,533)

## 5 MEDIUM TERM FINANCIAL POSITION

### MTFS Forecasts 2020/21 to 2024/25

- 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 2021/22.
  - Use of reserves.
- 5.2 The MTFS was last updated in February 2020. A summary analysis of the key movements as at January 2021 is shown in the following table. This table is supported by **Appendix A4 and A5**.

MTFS Updates - January 2021	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>Key Budget Movements:</b>					
Operational Requirements	242	490	1,238	1,120	1,915
Reduced Income	0	150	150	150	150
Additional Income	0	(57)	(107)	(107)	(107)
Partnership Review	(25)	(186)	(345)	(758)	(830)
COVID Impact	1,784	1,428	264	264	264
Replenish Reserve	0	200	0	0	0
<b>Funding:</b>					
Business Rates	0	(3,767)	(1,545)	(1,472)	(1,716)
Council Tax	0	790	730	744	105
Local Government Settlement Funding	0	(1,231)	0	0	0
Use of Reserves to Balance the Budget	(2,001)	(3,167)			
<b>Net Total of Updates</b>	<b>0</b>	<b>(5,350)</b>	<b>385</b>	<b>(59)</b>	<b>(219)</b>

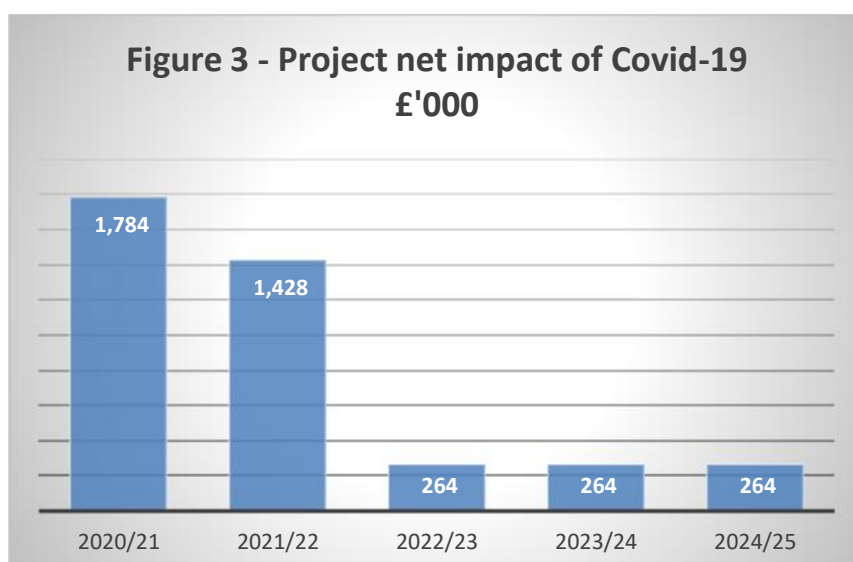
- 5.3 The summary MTFS position resulting from these movements as at January 2021 is shown in the table below.

MTFS Forecast - East Suffolk	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
February 2020	0	5,350	6,163	6,676	6,676
November 2020	2,028	3,362	4,840	5,424	5,203
January 2021	0	0	6,548	6,617	6,457

- 5.4 There are several key features in the latest MTFS position as at November 2020 notably the impact of Covid-19, further Government responses to this, and the delay in the Business Rate Retention and Fair Funding reforms until 2022/23. East Suffolk is in an advantageous position under the current Business Rates Retention system and deferral of the reforms will enable the council to benefit from another year of the current regime. This is estimated to constitute a financial benefit of over £3 million to the Council in 2021/22.
- 5.5 The period from 2021/22 onwards is extremely uncertain due to Covid-19 pressures. The Council finds itself with pressures and uncertainties of the medium term, and the underlying budget gap that needs to be addressed. It is important that the Council's policy towards its reserves and balances seeks to provide some contingency against these future pressures, and ensures the continuation of valuable programmes and initiatives, particularly those currently funded from NHB.

#### Budget Planning Assumptions

- 5.6 **Covid-19 impact estimate** – In July 2020 a report was taken to Cabinet to provide an update on the financial implications of Covid-19 and this report contains an update. The impact of Covid-19 is continually monitored and re-assessed as the situation changes. **Figure 3** below outlines the net impact of Covid-19 over the MTFS period.



- 5.7 The table below provides a financial impact summary of Covid-19 over the MTFS as at this time. There is much uncertainty as to the ongoing impact of Covid-19 into next financial year and beyond, for example the impact on income - fees and charges, Council Tax and Business Rates. The current external environment is subject to continual change, which adds greater complexity to developing medium term budget planning and assumptions.

Financial Impact of Covid-19 (as at January 2021)	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
<b>Additional Cost Pressures</b>	4,940	1,346	100	100	0
<b>Savings</b>	(310)	(100)	(100)	(100)	(100)
<b>Income Losses:</b>					
Sales, Fees & Charges	3,584	1,356	300	300	300
Other Income	1,306	812	64	64	64
<b>Funding:</b>	(7,736)	(1,986)	(100)	(100)	0
<b>Net Impact of Covid-19</b>	<b>1,784</b>	<b>1,428</b>	<b>264</b>	<b>264</b>	<b>264</b>

- 5.8 The Government introduced a local government income compensation scheme, whereby Councils can claim for eligible losses on fees and charges income due to Covid-19 for 2020/21. As part of the Local Government Settlement for 2021/22 this scheme has been extended to the end of the first quarter of 2021/22. Of the estimated loss on fees and charges income - £3.584 million, in the current year, it is estimated that the Council could be compensated in the region of £2.7 million.
- 5.9 Detailed information on the impact of Covid-19 for the current financial year is provided in **Appendix A7**. This covers the areas of cost and income pressures and the sources of funding received by the Council.
- 5.10 **Goods & Services** - The Council's financial strategy assumes that any inflationary pressures incurred on goods and services expenditure are contained within existing budgets, or through more efficient spending. This will be kept under review to ensure this planning assumption remains adequate. This does not impact on inflation for specific contracts where the budget planning assumptions reflect specific contract increases.
- 5.11 Contracts have been inflated based on the specified inflation indices within each individual contract. Additional negotiation has taken place with contractors to determine how these cost increases can be reduced where possible. This negotiation and retendering of contracts is part of the Council's strategy for cost reduction and will continue over the medium-term.
- 5.12 **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 2021/22 were considered by Cabinet on 5 January 2021.
- 5.13 **Public Sector Pay** - The opening MTFs position for East Suffolk had assumed a 2% pay award increase per annum for 2020/21 onwards. In August 2020, the local Government Services' Pay Agreement for 2020/21 was announced, 2.75%. This was effective from 1 April 2020. The updated MTFs, reflects the additional 0.75%, approximately £180,000 per annum from the current financial year. The updated MTFs continues to assume pay awards of 2% for 2022/23 onwards due to the pressures on public finances and the economic uncertainty over the medium term.
- 5.14 **Actuarial Valuation** - The latest triennial actuarial valuation of the assets and liabilities of the Suffolk County Pension Fund was completed on 31<sup>st</sup> March 2019. The employers pension contribution rate for 2020/21, 2021/22 and 2022/23 is 34%, 33% and 32% respectively. For 2020/21 onwards there will not be a deficit payment, and instead it is incorporated into the primary rate.

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

5.16 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>	2% 2021/22, 3% 2022/23, 4% 2023/24 onwards
<b>Fees &amp; Charges</b>	Inflation is applied where appropriate - 1.1% to 2.9%
<b>Staffing Costs</b>	2% per annum plus incremental progression from 2021/22
<b>In-Year Vacancy Allowance</b>	£300k per annum
<b>Investment Income</b>	0.10% Term Investments (average) 0.05% Call Account 4.37% Property Fund (as at October 2020) 4.32% Diversified Income Fund (as at October 2020)

5.17 **Other Pressures** – 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.

## 6 RESERVES AND BALANCES

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

- manage its cash flows economically and avoid temporary borrowing pending receipt of income due during the year;
- deal promptly and efficiently with emergencies if they occur, as this year;
- take previously unseen opportunities to secure benefits that may arise during the year;
- mitigate reliance on volatile sources of funding;
- set money aside for known events but where the timing or precise amount required is not yet certain; and
- 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 between £4 million and £6 million. As at 1 April 2020, the opening General Fund balance of East Suffolk stood at £6 million.
- 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. 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. However, with the unprecedented impact of Covid-19 and the financial uncertainty that it creates, Earmarked reserves have been used as a one-off resource to address the budget gaps for the current year and for 2021/22. For 2020/21 £2.001 million has been used from the In-Year Savings Reserves. For 2021/22 the In-Year savings Reserve and the Business Rate Equalisation Reserve have both been used to balance the budget - £2.269 million and £0.898 million respectively.
- 6.6 The current projected position on General Fund Reserves and Balances for East Suffolk is summarised in the following table. This summary includes use of reserves to address the updated budget gaps as detailed above. This summary is supported by **Appendix A6**.

Reserves	Actual April 2020 £'000	MTFS April 2021 £'000	MTFS April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000
<b>General Fund</b>	6,000	6,000	6,000	6,000	6,000	6,000
<b>Earmarked Reserves:</b>						
Business Rate Equalisation	5,881	24,175	9,416	8,824	8,117	8,082
Capital	8,701	5,703	2,171	438	105	172
Community Projects & Initiatives	6,783	6,983	5,721	4,406	4,134	3,973
Corporate - Contingency, Service Requirements	8,484	8,813	2,325	2,335	2,025	2,035
Housing & Homelessness	4,246	3,936	2,274	2,047	1,918	1,786
Port Health	5,181	4,987	4,819	4,740	4,721	4,628
Regeneration & Economic Development	5,853	3,720	2,151	2,005	2,210	2,486
Service Transformation	1,387	2,067	1,897	2,117	2,117	2,117
<b>Total Earmarked Reserves</b>	<b>46,516</b>	<b>60,384</b>	<b>30,774</b>	<b>26,912</b>	<b>25,347</b>	<b>25,279</b>

- 6.7 The opening balances above for 2020/21 are subject to conclusion of the external audit review for 2019/20.

## **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 2021/22 to 2024/25 was considered by both the Scrutiny Committee and the Cabinet before approval by Full Council on 27 January 2021. 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 2021/22 and medium-term financial planning, the current rolling Capital Programme is being updated to reflect existing projects and the latest capital investment plans for the period 2020/21 to 2024/25 are included.

### **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 2020/21 Capital Programme for the Council was considered by the Scrutiny Committee on 17 December 2020 and Cabinet on 5 January 2021 before approval by Full Council on 27 January 2021.



## 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 monthly by Heads of Service together with their portfolio holders, and integrated quarterly monitoring reports will be reported to Cabinet. In cases where significant financial and service performance deviates from that planned, action plans setting out corrective action will be drawn up by Heads of Service / Portfolio Holders and reported to Cabinet as appropriate;
- e) that the Council's Corporate Management Team will take appropriate steps to continue to maintain and improve the accuracy and quality of data that it uses throughout the Council thereby ensuring that budget and other decisions are taken on a sound basis; and
- f) the Council will seek to maximise external contributions towards revenue and capital spending for example through bidding for specific grants, attracting levered funding, participating in new funding streams and engaging in further strategic partnering opportunities where appropriate.

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

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

- a) set a balanced budget each year that will be constructed to reflect its objectives, priorities and commitments. In particular, the budget will influence and be influenced by the 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>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>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><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>Constantly monitor information and update risk appraisals and financial projections. Provide timely briefings and updates to Members/ key stakeholders to facilitate decision making. Adopt prudent budgeting approach not placing undue reliance on uncertain funding sources.</p>

Uncertainty surrounding the Government's change agenda including, Business Rates and welfare reform over the medium term.	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.	H	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.	L	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.
		35	

<p><b>People</b></p> <p>Loss of key skills, resources and expertise.</p>	<b>M</b>	<b>L</b>	Continue to invest in staff developments, service continuity measures. Monitor succession planning. Keep staff consulted and informed. Ensure employment terms and conditions are competitive and development needs identified through 'My Conversation' programme with staff are satisfied.
<p><b>Regulatory</b></p> <p>Changes of responsibility from Government can adversely impact on service priorities and objectives.</p>	<b>L</b>	<b>L</b>	Sound system of service and financial planning in place. Lobby as appropriate.
<p><b>Reputation</b></p> <p>Loss of reputation if unforeseen resource constraints result in unplanned service reductions.</p>	<b>L</b>	<b>H</b>	Identify and implement robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.

Band D Equivalent Taxbase by Parish			
PARISH	20/21	21/22	Difference
Aldeburgh	1,883.62	1,870.40	-13.22
Alderton	174.22	176.58	2.36
Aldringham-Cum-Thorpe	575.43	575.22	-0.21
All Saints & St. Nicholas, St. Michael and St. Peter S E	102.49	102.45	-0.04
Badingham	224.14	230.16	6.02
Barnby	217.09	215.66	-1.43
Barsham and Shipmeadow	129.08	131.00	1.92
Bawdsey	188.02	193.25	5.23
Beccles	3,206.36	3,160.88	-45.48
Benacre	33.97	32.68	-1.29
Benhall & Sternfield	290.55	299.47	8.92
Blaxhall	112.44	109.38	-3.06
Blundeston and Flixton	456.35	454.71	-1.64
Blyford and Sotherton	71.01	70.50	-0.51
Blythburgh	191.21	192.52	1.31
Boulge	14.85	14.10	-0.75
Boyton	59.66	58.47	-1.19
Bramfield & Thorington	191.03	192.37	1.34
Brampton with Stoven	148.52	150.86	2.34
Brandeston	146.11	142.59	-3.52
Bredfield	147.28	146.41	-0.87
Brightwell, Foxhall & Purdis Farm	985.21	989.89	4.68
Bromeswell	154.82	155.32	0.50
Bruisyard	66.12	69.28	3.16
Bucklesham	200.74	198.39	-2.35
Bungay	1,631.58	1,613.60	-17.98
Burgh	79.37	79.56	0.19
Butley, Capel St Andrew & Wantisden	113.32	113.18	-0.14
Campsea Ashe	155.05	154.71	-0.34
Carlton Colville	2,657.67	2,609.02	-48.65
Charsfield	145.84	143.75	-2.09
Chediston, Linstead Magna & Linstead Parva	158.06	158.74	0.68
Chillesford	63.35	69.08	5.73
Clopton	145.80	144.55	-1.25
Cookley & Walpole	153.33	153.27	-0.06
Corton	567.16	567.40	0.24
Covehithe	10.84	12.87	2.03
Cransford	67.42	67.21	-0.21
Cratfield	148.76	144.37	-4.39
Cretingham, Hoo & Monewden	207.77	207.40	-0.37
Dallinghoo	84.77	83.38	-1.39



Darsham	181.67	191.85	10.18
Debach	32.01	32.14	0.13
Dennington	232.70	233.86	1.16
Dunwich	86.20	86.46	0.26
Earl Soham	202.46	201.29	-1.17
Easton	163.04	167.03	3.99
Eyke	154.63	152.13	-2.50
Felixstowe	8,474.25	8,488.90	14.65
Flixton, St. Cross S E & St. Margaret South Elmham	165.31	161.32	-3.99
Framlingham	1,492.68	1,566.80	74.12
Friston	211.74	213.88	2.14
Frostenden, Uggeshall and South Cove	164.76	168.42	3.66
Gisleham	248.05	245.02	-3.03
Great Bealings	132.25	132.40	0.15
Great Glemham	103.37	103.07	-0.30
Grundisburgh & Culpho	634.94	645.89	10.95
Hacheston	159.69	162.58	2.89
Halesworth	1,719.61	1,720.23	0.62
Hasketon	175.12	175.15	0.03
Hemley	25.33	25.71	0.38
Henstead with Hulver Street	139.22	137.33	-1.89
Heveningham	65.50	64.29	-1.21
Hollesley	475.97	483.35	7.38
Holton	308.32	304.80	-3.52
Homersfield	59.30	60.13	0.83
Huntingfield	78.65	76.53	-2.12
Iken	63.31	64.36	1.05
Kelsale-cum-Carlton	406.67	401.44	-5.23
Kesgrave	4,788.23	4,753.56	-34.67
Kessingland	1,427.93	1,392.31	-35.62
Kettleburgh	109.66	108.12	-1.54
Kirton & Falkenham	554.01	552.33	-1.68
Knodishall	315.05	313.61	-1.44
Leiston	1,777.07	1,724.87	-52.20
Letheringham	42.82	38.62	-4.20
Levington & Stratton Hall	125.62	121.51	-4.11
Little Bealings	213.74	209.67	-4.07
Little Glemham	67.14	67.32	0.18
Lound	117.41	115.83	-1.58
Lowestoft	12,682.12	12,371.87	-310.25
Marlesford	87.42	86.40	-1.02
Martlesham	2,296.38	2,296.33	-0.05
Melton	1,822.60	1,860.33	37.73
Mettingham	82.10	80.44	-1.66
Middleton	198.64	202.75	4.11
Mutford	185.31	185.20	-0.11
Nacton	344.26	352.54	8.28

Newbourne	107.22	108.55	1.33
North Cove	149.89	151.89	2.00
Orford & Gedgrave	394.25	398.71	4.46
Otley	288.92	290.45	1.53
Oulton	1,463.43	1,467.88	4.45
Oulton Broad	3,250.37	3,209.24	-41.13
Parham	120.08	119.31	-0.77
Peasenhall	232.77	236.66	3.89
Pettistree	87.15	88.10	0.95
Playford	112.89	111.18	-1.71
Ramsholt	12.77	12.53	-0.24
Redisham	52.13	51.74	-0.39
Rendham	129.57	128.77	-0.80
Rendlesham	939.42	931.93	-7.49
Reydon	1,192.36	1,178.84	-13.52
Ringsfield and Weston	221.44	219.60	-1.84
Rumburgh	119.50	120.46	0.96
Rushmere	33.07	33.17	0.10
Rushmere St Andrew	2,573.67	2,560.78	-12.89
Saxmundham	1,566.89	1,556.39	-10.50
Saxtead	126.06	127.44	1.38
Shadingfield, Sotterley, Willingham and Ellough	180.14	180.25	0.11
Shottisham	84.33	83.77	-0.56
Sibton	94.89	98.18	3.29
Snape	329.04	326.69	-2.35
Somerleyton, Ashby & Herringfleet	164.18	162.49	-1.69
Southwold	1,094.99	1,076.40	-18.59
Spexhall	85.38	84.16	-1.22
St. Andrew Ilketshall	110.89	113.28	2.39
St. James South Elmham	87.83	88.31	0.48
St. John Ilketshall	20.38	20.09	-0.29
St. Lawrence Ilketshall	61.77	59.18	-2.59
St. Margaret Ilketshall	69.38	71.45	2.07
Stratford St Andrew and Farnham	138.50	138.88	0.38
Sudbourne	184.58	182.46	-2.12
Sutton	142.39	143.97	1.58
Sutton Heath	327.25	358.26	31.01
Sweffling	96.45	97.32	0.87
Swilland & Witnesham	398.60	409.31	10.71
Theberton	152.35	148.92	-3.43
Trimley St Martin	731.42	736.40	4.98
Trimley St Mary	1,267.47	1,255.32	-12.15
Tuddenham St Martin	164.05	165.41	1.36
Tunstall	264.01	264.02	0.01
Ubbeston	42.45	42.97	0.52
Ufford	382.86	392.54	9.68
Walberswick	388.72	375.57	-13.15

Waldringfield	249.75	250.35	0.60
Wangford with Henham	249.08	252.05	2.97
Wenhaston with Mells Hamlet	417.09	402.76	-14.33
Westerfield	234.74	236.17	1.43
Westhall	130.45	132.27	1.82
Westleton	308.52	310.14	1.62
Wickham Market	818.13	806.71	-11.42
Wissett	123.66	121.03	-2.63
Woodbridge	3,149.75	3,100.12	-49.63
Worlingham	1,289.04	1,273.64	-15.40
Wrentham	382.53	375.17	-7.36
Yoxford	343.31	345.20	1.89
	87,888.87	87,339.43	-549.44

## NHB RESERVE SUMMARY 2020/21 TO 2024/25

NHB Reserve					
	2020/21	2021/22	2022/23	2023/24	2024/25
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
	£'000	£'000	£'000	£'000	£'000
<b>NHB Reserve Balance Brought Forward</b>	(5,441.67)	(5,692.87)	(4,781.97)	(3,677.47)	(3,605.47)
<b>NHB In-Year Funding</b>	(2,302.70)	(1,176.50)	(525.00)	0.00	0.00
<b>Total NHB Funding in Reserve</b>	<b>(7,744.37)</b>	<b>(6,869.37)</b>	<b>(5,306.97)</b>	<b>(3,677.47)</b>	<b>(3,605.47)</b>
<b>Application of NHB</b>					
<b><u>Enabling Communities Budget</u></b>					
55 Councillors * £7.5k	433.60	412.50	412.50	0.00	0.00
	<b>433.60</b>	<b>412.50</b>	<b>412.50</b>	<b>0.00</b>	<b>0.00</b>
<b><u>COVID-19 - Foodbank Grants</u></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Community Partnerships</u></b>					
8 Partnership * £25k each	269.20	200.00	200.00	0.00	0.00
<b><u>Resourcing &amp; Engagement</u></b>					
CP Manager	66.40	69.50	70.40	72.00	73.30
Communities Officer	40.70	20.00	20.00	0.00	0.00
Funding Officer	20.00	20.00	20.00	0.00	0.00
Venues for meetings	2.50	2.50	2.50	0.00	0.00
Contribution to Suffolk Association Local Councils	10.00	10.00	10.00	0.00	0.00
Contribution to Community Action Suffolk	10.00	10.00	10.00	0.00	0.00
	<b>418.80</b>	<b>332.00</b>	<b>332.90</b>	<b>72.00</b>	<b>73.30</b>
Strategic Community Partnerships - Allocated	210.80	0.00	0.00	0.00	0.00
Strategic Community Partnerships - Unallocated	209.20	300.00	300.00	0.00	0.00
	<b>420.00</b>	<b>300.00</b>	<b>300.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>COVID-19 - Hardship Fund/Social Isolation Grants</u></b>	<b>99.60</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Exemplar Grants</u></b>	<b>22.80</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>WIFI Implementation on Market Towns</u></b>	<b>59.70</b>	<b>139.30</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>ESP</u></b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Economic Development Towns Fund</u></b>	<b>29.50</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Lowestoft Full Fibre project</u></b>	<b>48.00</b>	<b>576.00</b>	<b>576.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>UCI World Masters Cycle Cross Championships</u></b>	<b>0.00</b>	<b>8.20</b>	<b>8.10</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Commitments Pre 2019/20</u></b>					
Tour of Britain - Womens Tour 2019 & 2020	75.00	54.00	0.00	0.00	0.00
Housing Enabling Support	16.20	0.00	0.00	0.00	0.00
Better Broadband Suffolk	0.00	0.00	0.00	0.00	0.00
Community Enabling (locality budget)	0.00	0.00	0.00	0.00	0.00
Economic Development Major Projects	0.00	0.00	0.00	0.00	0.00
Landguard	18.30	18.10	0.00	0.00	0.00
	<b>109.50</b>	<b>72.10</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b><u>Place Based initiatives</u></b>					
Felixstowe Forwards	106.10	83.50	0.00	0.00	0.00
Leiston Together	39.90	31.80	0.00	0.00	0.00
Lowestoft Rising	20.00	0.00	0.00	0.00	0.00
	<b>166.00</b>	<b>115.30</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total NHB Earmarked for Community Initiatives</b>	<b>1,807.50</b>	<b>1,955.40</b>	<b>1,629.50</b>	<b>72.00</b>	<b>73.30</b>
<b><u>Set Aside to Support the Budget</u></b>					
<i>To Support Transition of NHB use to East Suffolk</i>	244.00	132.00	0.00	0.00	0.00
<b>Total NHB use for the Year</b>	<b>2,051.50</b>	<b>2,087.40</b>	<b>1,629.50</b>	<b>72.00</b>	<b>73.30</b>
<b>NHB Reserve Balance Carried Forward</b>	<b>(5,694.87)</b>	<b>(4,781.97)</b>	<b>(3,677.47)</b>	<b>(3,605.47)</b>	<b>(3,532.17)</b>

## MTFS KEY MOVEMENTS FROM FEBRUARY 2020 TO 2021

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	
<b>Budget Gap - February 2020</b>	<b>0</b>	<b>5,350</b>	<b>6,163</b>	<b>6,676</b>	<b>6,676</b>	
<b><u>Operational Requirements</u></b>						<b><u>Additional Commentary</u></b>
Roll forward of staffing budget	0	0	0	0	360	Annual increments and pay award assumption
2020/21 pay award	180	180	180	180	180	2.75% pay award. 0.75% above original budget assumption
Melton Hill site	0	244	0	0	0	Business rates and site security costs
Minimum Revenue Provision	(280)	(164)	217	502	575	To reflect changes to the capital programme
Coastal management repairs & maintenance	0	55	55	55	55	Coastal frontages - rapid changes as the result of winter storms, surges and coastal change
Other net changes	342	175	786	383	745	
<b>Total of key movements for operational requirements</b>	<b>242</b>	<b>490</b>	<b>1,238</b>	<b>1,120</b>	<b>1,915</b>	
<b><u>Reduced Income</u></b>						
Investment income	0	150	150	150	150	Impact of a fall in interest rates
<b>Total of key movements for reduced income</b>	<b>0</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>	
<b><u>Additional Income</u></b>						
Commercial Investment (net position)	0	(57)	(107)	(107)	(107)	Recent business park acquisition
<b>Total of key movements for additional income</b>	<b>0</b>	<b>(57)</b>	<b>(107)</b>	<b>(107)</b>	<b>(107)</b>	
<b><u>Review of Leisure Partnership</u></b>	<b>(25)</b>	<b>(186)</b>	<b>(345)</b>	<b>(758)</b>	<b>(830)</b>	Net position
<b><u>Impact of Covid-19</u></b>						
Cost pressures	4,940	1,346	100	100	0	
Savings	(310)	(100)	(100)	(100)	(100)	
Income losses - sales, fees & charges	3,584	1,356	300	300	300	Includes car parking and development control income
Income losses - other income	1,306	812	64	64	64	Includes waste recycling credits, property rental income
Covid-19 funding received	(7,736)	(251)	(100)	(100)	0	
Covid-19 Government funding for 2021/22	0	(1,735)	0	0	0	2021/22 includes £400k of funding for SFC losses and £1.3m for emergency funding
<b>Total net impact of Covid-19</b>	<b>1,784</b>	<b>1,428</b>	<b>264</b>	<b>264</b>	<b>264</b>	
<b><u>Business Rates Income</u></b>						
Business rates income	0	(3,767)	(1,545)	(1,472)	(1,716)	2021/22 - Changes to the Business Rates system deferred to 2022/23
Business rates deficit for 2020/21	0	13,587	552	552	0	Deficit is spread over three years
Use of the Business Rate Equalisation reserve	0	(13,587)	(552)	(552)	0	To fund the deficit over three years
<b>Total business rate income movements</b>	<b>0</b>	<b>(3,767)</b>	<b>(1,545)</b>	<b>(1,472)</b>	<b>(1,716)</b>	
<b><u>Council Tax</u></b>						
Council tax income	0	0	0	0	(620)	Roll forward of budget
Council tax deficit	0	106	32	32	0	Deficit is spread over three years
Council tax income - tax base change	0	252	262	271	280	Reduction to tax base due to Covid-19
Council tax freeze	0	432	436	441	445	Council tax freeze in 2021/22
<b>Total council tax income movements</b>	<b>0</b>	<b>790</b>	<b>730</b>	<b>744</b>	<b>105</b>	
<b><u>Settlement Grant Funding - One Year Funding</u></b>						
Revenue Support Grant	0	(330)	0	0	0	One Year roll forward of the Local Government Funding Settlement into 2021/22
Rural Services Delivery Grant	0	(260)	0	0	0	One Year roll forward of the Local Government Funding Settlement into 2021/22
Lower Tier Services Grant	0	(381)	0	0	0	One off grant for 2021/22
Local Council Tax Support Grant	0	(370)	0	0	0	One off grant for 2021/22
Local Council Tax Support Grant-allocated to Town & Parish Councils	0	110	0	0	0	As per Council Tax Base 2021/22 Report to Cabinet (5 January 2021)
<b>Total of one-year settlement grant funding</b>	<b>0</b>	<b>(1,231)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b><u>Reserve Use</u></b>						
Transfer to Actuarial reserve	0	200	0	0	0	To replenish reserve
Use of In-Year Savings reserve to balance the budget	(2,001)	(2,269)	0	0	0	
Use of Business Rate Equalisation reserve to balance the budget	0	(898)	0	0	0	
<b>Total of key movements on reserves</b>	<b>(2,001)</b>	<b>(2,967)</b>	<b>0</b>	<b>42</b>	<b>0</b>	
<b>Budget Gap as at January 2021</b>	<b>0</b>	<b>0</b>	<b>6,548</b>	<b>6,617</b>	<b>6,457</b>	

## GENERAL FUND REVENUE BUDGET SUMMARY

	Original 2020/21	Revised 2020/21	MTFS 2021/22	MTFS 2022/23	MTFS 2023/24	MTFS 2024/25
Service Area	£	£	£	£	£	£
Senior and Corporate Management	2,582,000	2,697,900	2,671,400	2,599,400	2,648,100	2,690,300
Economic Development and Regeneration	1,777,100	3,238,100	2,931,100	2,287,000	1,622,500	1,451,700
Financial Services, Corporate Performance and Risk	636,500	2,190,900	422,500	440,700	468,000	495,200
Revenue and Benefits	2,322,000	2,460,400	2,435,200	2,587,500	2,694,800	2,776,700
ICT	2,595,700	2,893,600	3,109,500	2,740,300	2,737,700	2,778,900
Internal Audit & Corporate Investigations	501,200	484,000	559,400	534,200	549,400	563,800
Human Resources	654,800	797,100	755,700	771,500	768,600	783,300
Legal and Democratic Services	2,312,400	2,259,300	2,390,500	2,438,100	2,844,100	2,536,100
Planning and Coastal Management	2,659,500	2,584,700	3,350,000	3,393,400	3,558,300	3,694,400
Operational Management	115,800	114,800	118,900	121,600	124,000	126,500
Customer Services, Communications & Marketing	2,015,900	1,890,500	2,041,300	2,074,400	2,116,600	2,158,700
Operations	10,339,200	18,403,200	12,528,100	10,336,300	10,702,500	10,728,400
Community Development & Regeneration	1,963,500	2,145,400	2,112,900	1,986,600	1,046,300	933,000
Environmental Services and Port Health	682,600	801,100	1,188,100	1,088,300	1,139,800	1,248,600
Housing Services	2,892,800	1,661,600	2,946,300	1,547,300	1,491,300	1,533,000
<b>Net Cost of Service</b>	<b>34,051,000</b>	<b>44,622,600</b>	<b>39,560,900</b>	<b>34,946,600</b>	<b>34,512,000</b>	<b>34,498,600</b>
<b>Non-Cost of Service Expenditure Adjustments</b>						
Direct Revenue Financing (DRF)	1,928,000	5,726,900	5,114,200	2,880,000	1,380,000	980,000
Revenue provision for the repayment of debt (MRP)	1,100,000	820,500	1,196,500	1,627,300	1,942,000	2,014,500
Recharges to the Housing Revenue Account (HRA)	(1,376,700)	(1,336,700)	(1,414,400)	(1,438,900)	(1,476,700)	(1,506,600)
Bad Debt Provision	0	5,000	5,000	5,000	5,000	5,000
Other Accounting Adjustments	34,500	25,000	25,000	25,000	25,000	25,000
<b>Other Operating Expenditure</b>						
Town & Parish Precepts	6,380,900	6,380,900	6,380,900	6,380,900	6,380,900	6,380,900
Council Tax Support Grant to Town & Parish Councils	0	0	110,000	0	0	0
Additional Local Restrictions Grant	0	400,000	4,589,200	0	0	0
Levies	239,500	245,500	246,000	247,900	250,500	250,500
<b>Financing and Investment Income and Expenditure</b>						
Interest Payable	363,000	415,000	415,000	415,000	415,000	415,000
Interest Receivable	(800,000)	(800,000)	(650,000)	(650,000)	(650,000)	(650,000)
HRA Share of Interest Payable & Receivable	(104,100)	(61,200)	(84,800)	(43,900)	(40,600)	(300)
Investment Property Income & Expenditure	(139,000)	(171,400)	(120,400)	(120,400)	(120,300)	(120,300)
Other Financing Charges	450,200	450,200	430,300	409,100	386,300	386,300
<b>Non-Specific Grant Income</b>						
New Homes Bonus	(2,302,700)	(2,302,700)	(1,176,500)	(525,000)	0	0
S31 Grant	(4,860,600)	(17,256,300)	(4,331,000)	(4,418,000)	(4,506,000)	(4,596,000)
Capital Grants	(58,200)	(31,700)	(16,400)	(36,200)	(21,400)	(23,000)
Other Non-Specific Grants	0	(11,966,500)	(1,734,900)	0	0	0
<b>Net Budget Expenditure before Reserve Movements</b>	<b>34,905,800</b>	<b>25,165,100</b>	<b>48,544,600</b>	<b>39,704,400</b>	<b>38,481,700</b>	<b>38,059,600</b>
<b>Net Movements on Reserves</b>						
Revenue Earmarked Reserves	4,895,300	16,865,000	(26,077,600)	(2,127,700)	(1,233,600)	(133,400)
Capital Reserves	(769,000)	(2,998,000)	(3,532,000)	(1,733,000)	(333,000)	67,000
<b>Net Budget Expenditure After Reserve Movements</b>	<b>39,032,100</b>	<b>39,032,100</b>	<b>18,935,000</b>	<b>35,843,700</b>	<b>36,915,100</b>	<b>37,993,200</b>
<b>Financed By:</b>						
Council Tax Income (District Council)	(15,590,400)	(15,053,000)	(14,959,000)	(15,545,000)	(16,141,000)	(16,748,000)
Council Tax Income (Town & Parish Precepts)	(6,380,900)	(6,380,900)	(6,380,900)	(6,380,900)	(6,380,900)	(6,380,900)
Share of (Surplus)/Deficit on Collection Fund - Council Tax	0	(537,400)	106,000	32,000	32,000	0
Business Rates Income	(11,308,400)	(11,308,400)	(9,946,400)	(7,954,200)	(8,359,900)	(8,407,500)
Share of (Surplus)/Deficit on Collection Fund - Business Rates	(5,176,600)	(5,176,600)	13,587,000	552,000	552,000	0
Local Council Tax Support Grant	0	0	(370,000)	0	0	0
Lower Tier Services Grant	0	0	(381,400)	0	0	0
Revenue Support Grant	(327,700)	(327,700)	(330,000)	0	0	0
Rural Services Delivery Grant	(248,100)	(248,100)	(260,300)	0	0	0
<b>Total Financing</b>	<b>(39,032,100)</b>	<b>(39,032,100)</b>	<b>(18,935,000)</b>	<b>(29,296,100)</b>	<b>(30,297,800)</b>	<b>(31,536,400)</b>
<b>Budget Shortfall / (Surplus)</b>	<b>043</b>	<b>0</b>	<b>0</b>	<b>6,547,600</b>	<b>6,617,300</b>	<b>6,456,800</b>

## GENERAL FUND EARMARKED RESERVES

East Suffolk Council

East Suffolk General Fund and Earmarked Reserves

		2020/21			2021/22			2022/23			2023/24			2024/25		
Revenue Balances:	Reserve Group	Opening Balance	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised
		01/04/20	Transfers In	Transfers Out	Closing Balance	Transfers In	Transfers Out	Closing Balance	Transfers In	Transfers Out	Closing Balance	Transfers In	Transfers Out	Closing Balance	Transfers In	Transfers Out
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund	General Fund	6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0	6,000	0	0
<b>General Fund Balance</b>		<b>6,000</b>	<b>0</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>	<b>6,000</b>	<b>0</b>	<b>0</b>
<b>Earmarked Reserves - Revenue:</b>																
Actuarial Contributions	Corporate - Contingency, Service Requirements	1,500	0	(1,500)	0	200	0	200	0	0	200	0	0	200	0	0
Air Quality	Corporate - Contingency, Service Requirements	86	0	(2)	84	0	0	84	0	0	84	0	0	84	0	0
Homes and Communities Agency (HCA) - Area Action Plan (AAP) land contamination grant	Housing & Homelessness	162	0	0	162	0	0	162	0	0	162	0	0	162	0	0
Additional Disabled Facilities Grant(DFG) funding (Non-Ringfenced)	Housing & Homelessness	29	0	(21)	8	0	(8)	0	0	0	0	0	0	0	0	0
Additional Restrictions Grant COVID-19	Corporate - Contingency, Service Requirements	0	4,589	0	4,589	0	(4,589)	0	0	0	0	0	0	0	0	0
Better Broadband	Community Projects & Initiatives	12	0	0	12	0	0	12	0	0	12	0	0	12	0	0
Budget Carry Forward Requests	Corporate - Contingency, Service Requirements	203	0	(203)	0	0	0	0	0	0	0	0	0	0	0	0
Building Control	Regeneration & Economic Development	516	0	(12)	503	0	(71)	432	0	(71)	361	0	(19)	343	0	(19)
Business Incentive	Regeneration & Economic Development	2	0	0	2	0	0	2	0	0	2	0	0	2	0	0
Business Plan Delivery	Service Transformation	250	0	0	250	0	0	250	0	0	250	0	0	250	0	0
Business Rate Equalisation	Business Rate Equalisation	5,881	18,309	(16)	24,175	0	(14,759)	9,416	0	(591)	8,824	0	(708)	8,117	0	(35)
Business Rates Pilot	Regeneration & Economic Development	2,673	0	(1,096)	1,577	0	(1,313)	264	0	(90)	174	0	0	174	0	0
Brexit	Corporate - Contingency, Service Requirements	55	150	(48)	157	0	0	157	0	0	157	0	0	157	0	0
Climate Change	Community Projects & Initiatives	73	0	0	73	0	0	73	0	0	73	0	0	73	0	0
Coastal Management	Regeneration & Economic Development	166	0	0	166	0	(51)	115	0	(53)	62	0	0	62	0	0
Communities	Community Projects & Initiatives	181	104	(30)	255	0	(64)	192	0	(24)	168	0	0	168	0	0
Community Health	Community Projects & Initiatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community Housing Fund	Housing & Homelessness	2,133	0	(51)	2,082	0	(1,290)	792	0	0	792	0	0	792	0	0
County Sports	Community Projects & Initiatives	865	60	(82)	844	128	(348)	623	131	(317)	437	129	(329)	237	249	(336)
Customer Services	Corporate - Contingency, Service Requirements	156	0	0	156	0	0	156	0	0	156	0	0	156	0	0
COVID-19 Response	Corporate - Contingency, Service Requirements	99	3,946	(3,894)	151	240	0	391	0	0	391	0	0	391	0	0
District Elections	Corporate - Contingency, Service Requirements	80	60	0	140	60	0	200	60	0	260	60	(320)	0	60	0
Domestic Violence Support Funding	Housing & Homelessness	146	0	(83)	63	0	(63)	0	0	0	0	0	0	0	0	0
Deployment of Flood Barrier	Corporate - Contingency, Service Requirements	88	0	0	88	0	0	88	0	0	88	0	0	88	0	0
East Suffolk Partnership	Community Projects & Initiatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Economic Development	Regeneration & Economic Development	656	0	(582)	73	0	(60)	13	0	0	13	0	0	13	0	0
Economic Regeneration	Regeneration & Economic Development	269	0	(257)	12	0	(10)	2	0	0	2	0	0	2	0	0
Empty Properties and Houses in disrepair	Housing & Homelessness	133	0	0	133	85	0	218	0	0	218	0	0	218	0	0
Enterprise Zone	Regeneration & Economic Development	640	386	(467)	559	417	(446)	530	430	(397)	564	579	(391)	752	580	(320)
Flood Prevention	Regeneration & Economic Development	6	0	(6)	0	0	0	0	0	0	0	0	0	0	0	0
Fuel Payments	Housing & Homelessness	1	0	0	1	0	0	1	0	0	1	0	0	1	0	0
Felixstowe Forwards	Community Projects & Initiatives	33	0	(32)	1	0	0	1	0	0	1	0	0	1	0	0
Great Places	Community Projects & Initiatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## GENERAL FUND EARMARKED RESERVES

## East Suffolk Council

## East Suffolk General Fund and Earmarked Reserves

East Suffolk General Fund and Earmarked Reserves		2020/21			2021/22			2022/23			2023/24			2024/25			
		Opening Balance 01/04/20	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	
			Transfers In	Transfers Out	Closing Balance 31/3/21	Transfers In	Transfers Out	Closing Balance 31/3/22	Transfers In	Transfers Out	Closing Balance 31/3/23	Transfers In	Transfers Out	Closing Balance 31/3/24	Transfers In	Transfers Out	Closing Balance 31/3/25
Growth Programme	Regeneration & Economic Development	140	0	(70)	70	0	(70)	0	0	0	0	0	0	0	0	0	0
Gypsy and Traveller Macerator	Housing & Homelessness	21	14	0	35	15	0	50	15	0	65	15	0	79	15	0	94
Gypsy and Traveller funding	Housing & Homelessness	4	18	0	22	0	(22)	0	0	0	0	0	0	0	0	0	0
Heritage Action Zone North	Regeneration & Economic Development	30	0	(24)	6	0	0	6	0	0	6	0	0	6	0	0	6
Housing Benefit (HB) Subsidy	Corporate - Contingency, Service Requirements	300	0	0	300	0	0	300	0	0	300	0	0	300	0	0	300
HCA Development Grant	Housing & Homelessness	75	0	0	75	0	0	75	0	0	75	0	0	75	0	0	75
Homelessness Prevention (Inc. Mortgage Rescue)	Housing & Homelessness	4	0	(2)	2	33	0	35	32	0	67	31	0	98	29	0	126
Housing Condition Survey and Improvements	Housing & Homelessness	91	0	(45)	46	0	(39)	7	0	0	7	0	0	7	0	0	7
Homelessness New Burdens	Housing & Homelessness	0	76	0	76	0	0	76	0	0	76	0	0	76	0	0	76
Homelessness- Rough Sleeper	Housing & Homelessness	25	116	(91)	50	0	(50)	0	0	0	0	0	0	0	0	0	0
Homelessness - Flexible Homelessness Grant	Housing & Homelessness	270	96	0	366	0	(66)	300	0	(67)	234	0	(68)	165	0	(70)	96
Homelessness Mortgage Rescue	Housing & Homelessness	24	0	(23)	1	0	0	1	0	0	1	0	0	1	0	0	1
Hoarding Support PSH	Housing & Homelessness	43	0	(25)	18	0	(16)	2	0	0	2	0	0	2	0	0	2
Individual Electoral Registration (IER)	Corporate - Contingency, Service Requirements	377	0	(50)	327	0	(50)	277	0	(50)	227	0	(50)	177	0	(50)	127
Indoor Leisure	Community Projects & Initiatives	50	0	0	50	0	0	50	0	0	50	0	0	50	0	0	50
Insurance	Corporate - Contingency, Service Requirements	166	0	0	166	0	0	166	0	0	166	0	0	166	0	0	166
In-Year Contingency	Corporate - Contingency, Service Requirements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
In-Year Savings	Corporate - Contingency, Service Requirements	4,919	0	(2,651)	2,269	0	(2,269)	(0)	0	0	(0)	0	0	(0)	0	0	(0)
Key Capital Programme	Corporate - Contingency, Service Requirements	182	0	0	182	0	0	182	0	0	182	0	0	182	0	0	182
Land Charges	Regeneration & Economic Development	150	0	0	150	0	0	150	0	0	150	0	0	150	0	0	150
Local Development Framework	Regeneration & Economic Development	5	0	0	5	0	0	5	0	0	5	0	0	5	0	0	5
Lowestoft Rising	Community Projects & Initiatives	100	0	(37)	64	0	(59)	5	0	0	5	0	0	5	0	0	5
Landguard	Community Projects & Initiatives	16	0	(7)	9	0	(9)	(0)	0	0	(0)	0	0	(0)	0	0	(0)
New Homes Bonus (NHB)	Community Projects & Initiatives	5,442	2,303	(2,079)	5,666	1,177	(2,087)	4,755	525	(1,630)	3,650	0	(72)	3,578	0	(73)	3,505
Planning Delivery	Regeneration & Economic Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning Policy	Regeneration & Economic Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning Training	Regeneration & Economic Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Private Sector Housing	Housing & Homelessness	54	11	0	65	0	0	65	0	0	65	0	0	65	0	0	65
RES - Planning	Regeneration & Economic Development	400	100	(106)	395	100	(65)	430	100	(65)	465	100	(65)	500	100	(65)	535
RES - Planning Legal	Regeneration & Economic Development	200	0	0	200	0	0	200	0	0	200	0	0	200	0	0	200
Renovation Grants	Housing & Homelessness	810	0	(200)	610	0	(200)	410	0	(200)	210	0	(105)	105	0	(105)	(0)
Rent Guarantee Scheme	Housing & Homelessness	15	0	0	15	0	0	15	0	0	15	0	0	15	0	0	15
Revenues & Benefits Administration	Corporate - Contingency, Service Requirements	243	0	(70)	173	0	(80)	93	0	0	93	0	0	93	0	0	93
Rural Coffee Caravan	Housing & Homelessness	2	0	0	2	0	0	2	0	0	2	0	0	2	0	0	2
Stepping Homes - West	Housing & Homelessness	47	0	0	47	0	0	47	0	0	47	0	0	47	0	0	47
SEAL	Housing & Homelessness	6	0	(1)	5	0	(1)	4	0	(1)	3	0	(1)	2	0	(1)	1
Stepping Home	Housing & Homelessness	14	20	0	34	0	(34)	(0)	0	0	(0)	0	0	(0)	0	0	(0)
RES - Somewhere safe to stay (RRP)	Housing & Homelessness	116	0	(116)	0	0	0	0	0	0	0	0	0	0	0	0	0



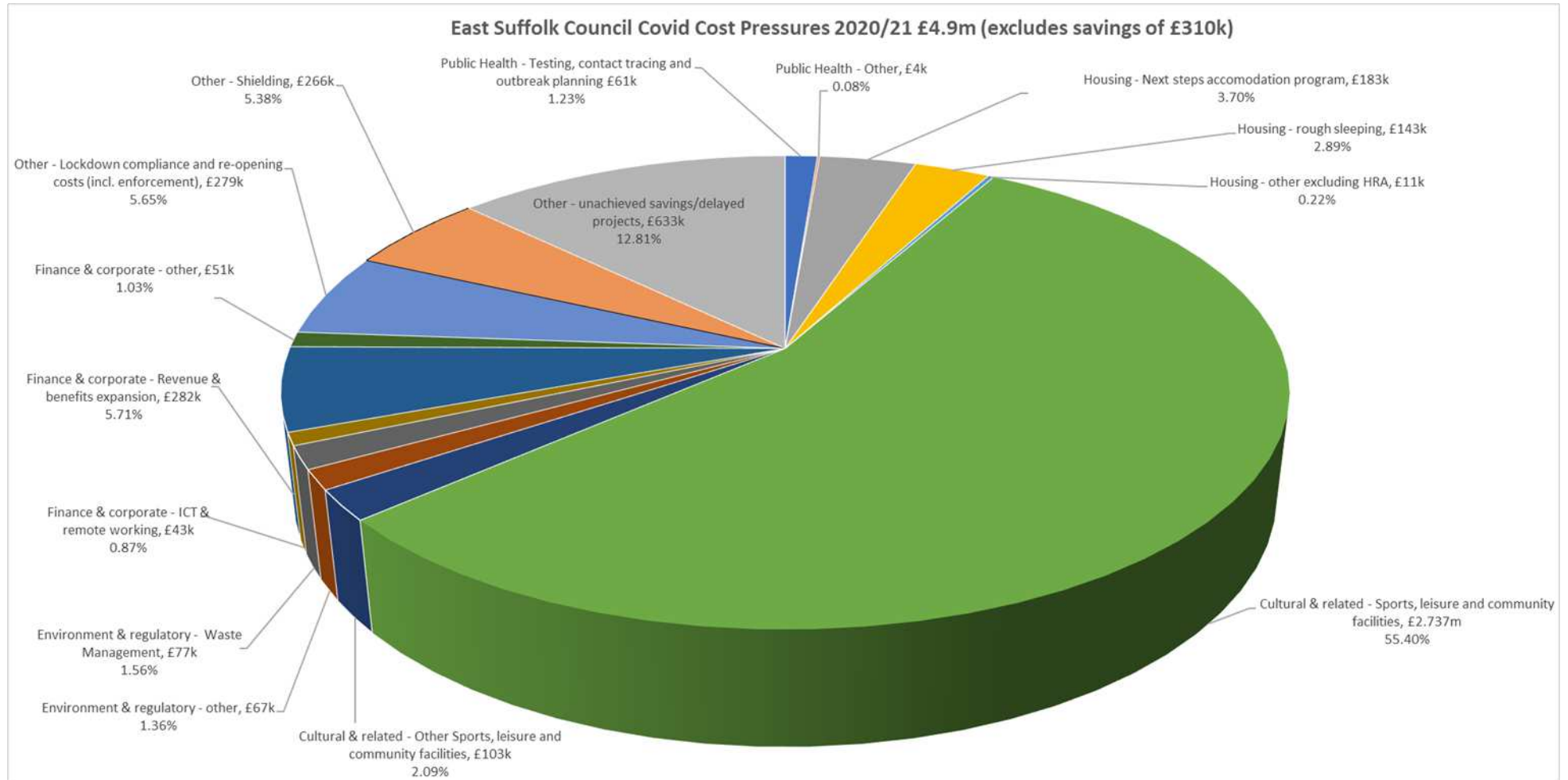
## GENERAL FUND EARMARKED RESERVES

## East Suffolk Council

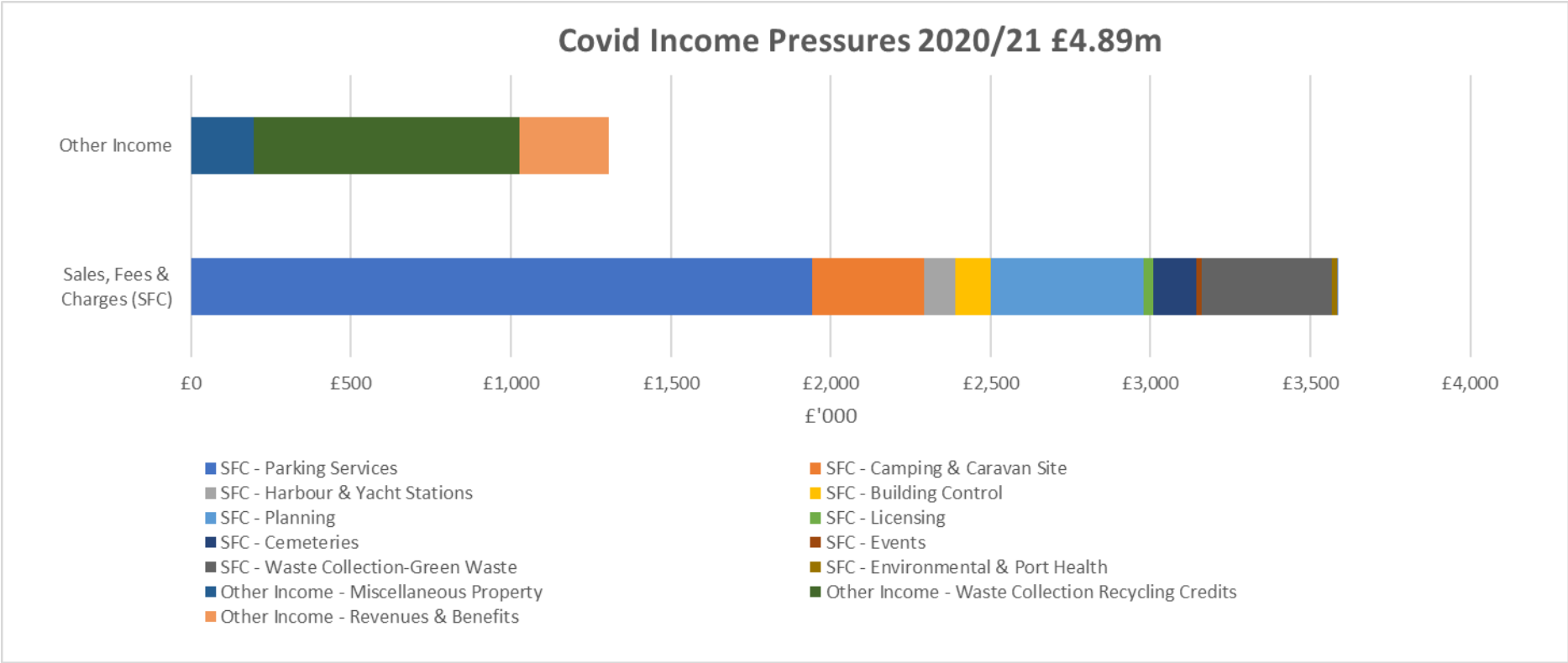
## East Suffolk General Fund and Earmarked Reserves

East Suffolk General Fund and Earmarked Reserves		2020/21			2021/22			2022/23			2023/24			2024/25		
		Opening Balance 01/04/20	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised	Revised
			Transfers In	Transfers Out	Closing Balance 31/3/21	Transfers In	Transfers Out	Closing Balance 31/3/22	Transfers In	Transfers Out	Closing Balance 31/3/23	Transfers In	Transfers Out	Closing Balance 31/3/24	Transfers In	Transfers Out
RES - Supported Lettings (RRP)	Housing & Homelessness	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
S106 Interest	Corporate - Contingency, Service Requirements	30	0	0	30	0	0	30	0	0	30	0	0	30	0	0
Transformation - Digital	Service Transformation	0	700	(150)	550	0	(350)	200	0	0	200	0	0	200	0	0
Transformation - Environmental	Service Transformation	0	500	0	500	0	0	500	0	0	500	0	0	500	0	0
Transformation - Financial Sustainability	Service Transformation	0	1,477	(710)	767	220	(40)	947	220	0	1,167	0	0	1,167	0	0
Warmer Homes Healthy People	Housing & Homelessness	20	0	(7)	13	0	(7)	6	0	(6)	0	0	0	0	0	0
Warmer Homes Healthy People (WHHP) - RAD	Housing & Homelessness	1	3	0	4	0	0	4	0	0	4	0	0	4	0	0
Youth Leisure	Community Projects & Initiatives	10	0	0	10	0	0	10	0	0	10	0	0	10	0	0
Earmarked Reserves - Revenue sub-total		32,633	33,038	(15,979)	49,692	2,675	(28,585)	23,782	1,513	(3,562)	21,734	913	(2,128)	20,520	1,032	(1,073)
Earmarked Reserves - Port Health:																
Port Health	Port Health	5,181	209	(403)	4,987	42	(210)	4,819	131	(210)	4,740	90	(110)	4,721	17	(110)
Earmarked Reserves - Capital:					0											
					0											
Southwold Beach Front	Capital	175	0	(50)	125	0	(125)	(0)	0	0	(0)	0	0	(0)	0	0
Capital	Capital	7,950	605	(3,395)	5,160	39	(3,370)	1,829	379	(2,155)	53	379	(555)	(123)	379	(155)
Coastal Protection - Capital Works	Capital	176	0	(176)	(0)	0	0	(0)	0	0	(0)	0	0	(0)	0	0
Short Life Assets	Capital	400	618	(600)	418	618	(694)	342	618	(575)	385	618	(775)	228	618	(775)
Earmarked Reserves - Capital sub-total		8,701	1,223	(4,221)	5,703	657	(4,189)	2,171	997	(2,730)	438	997	(1,330)	105	997	(930)
Total Earmarked Reserves		46,515	34,470	(20,603)	60,382	3,374	(32,984)	30,773	2,641	(6,502)	26,912	2,001	(3,567)	25,345	2,046	(2,113)

# FINANCIAL IMPLICATIONS OF COVID-19 FOR 2020/21

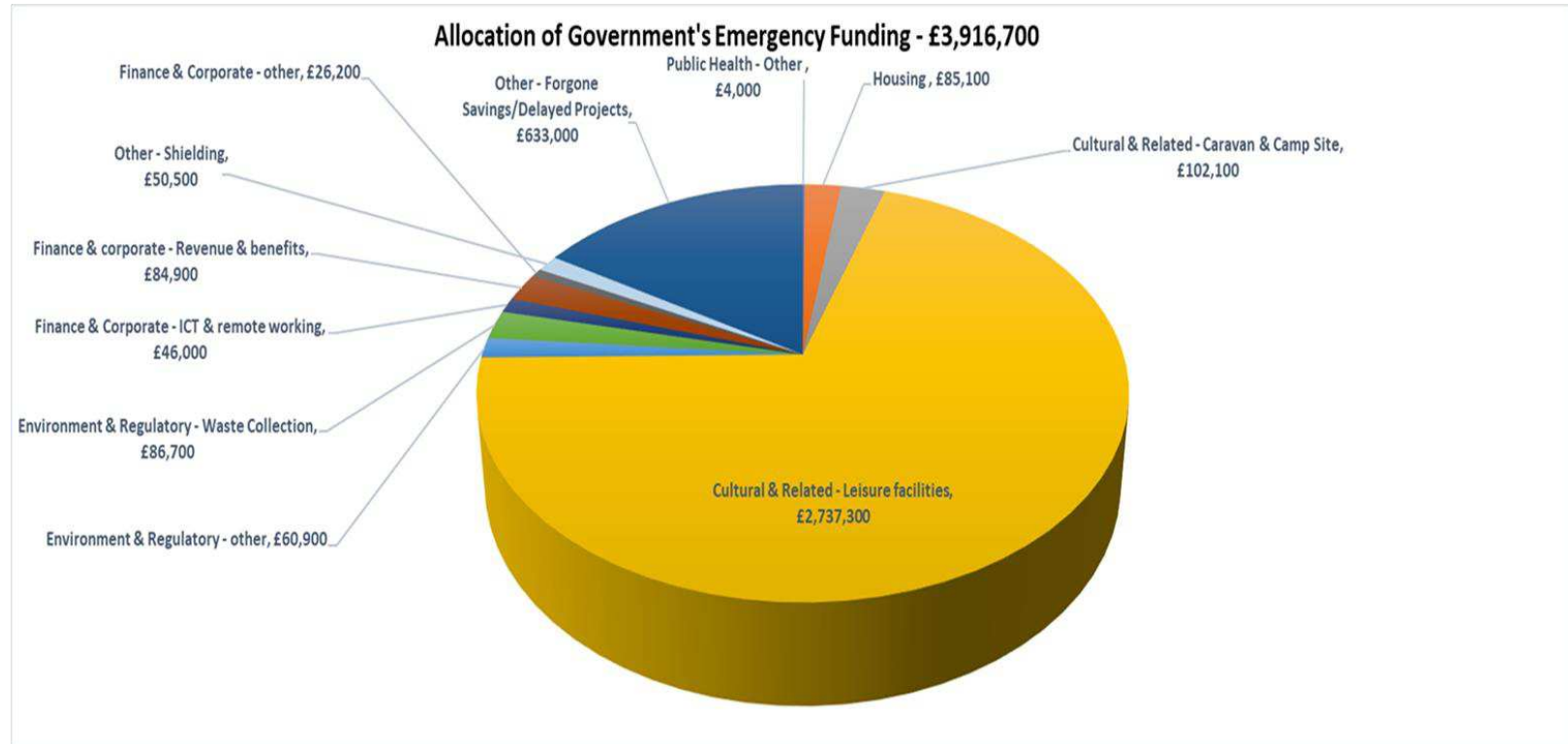


FINANCIAL IMPLICATIONS OF COVID-19 FOR 2020/21

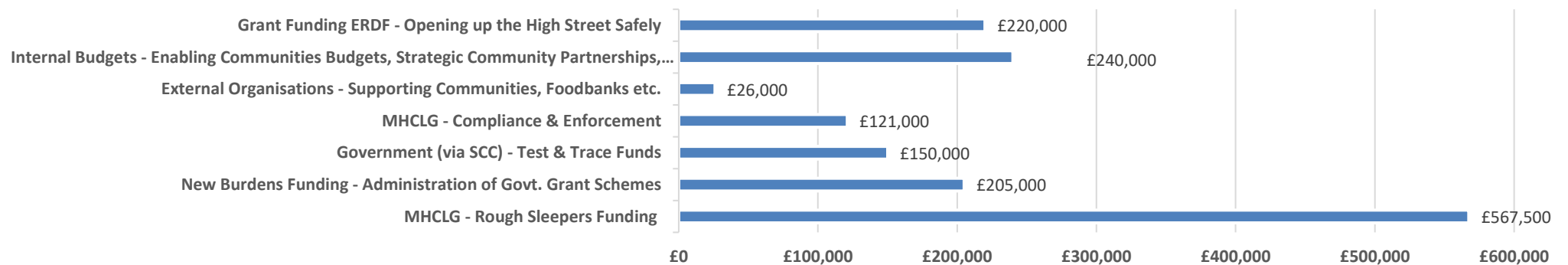


**Government compensation scheme for loss of income from Sales, Fees & Charges** – This is a scheme whereby the Council can claim compensate for eligible losses on income from Sales, Fees & Charges in 2021/22. The Council is estimating this to be in the region of £2.7 million.

### FINANCIAL IMPLICATIONS OF COVID-19 FOR 2020/21



### Additional Funding Received for Covid Cost Pressures, £1,529,500 (as at January 2021)



## EFFICIENCY STRATEGY 2016/17 TO 2021/22

### 1 BACKGROUND

- 1.1 The predecessor Councils' first Efficiency Strategies were produced in response to the Statutory Guidance on the Flexible Use of Capital Receipts issued by the Ministry of Housing, Communities and Local Government (MHCLG), formerly the Department for Communities and Local Government (DCLG).
- 1.2 The Guidance provides the flexibility to local authorities to use capital receipts to fund the revenue set up and implementation costs of projects designed to generate ongoing revenue savings.
- 1.3 This Strategy forms part of the delivery of the East Suffolk Strategic Plan and particularly supports the theme of Financial Sustainability.
- 1.4 The East Suffolk Strategic Plan focusses on the five key themes of:
  - Economic Growth
  - Enabling Communities
  - Financial Sustainability
  - Digital Transformation
  - The Environment
- 1.5 As the plan is developed, new projects will be identified to deliver on these key themes and included in an updated Efficiency Strategy if eligible.

### 2 OBJECTIVES

- 2.1 The Guidance enables authorities to use capital receipts to fund one-off revenue costs associated with projects intended to produce ongoing revenue savings. The Guidance does not enable ongoing revenue costs to be funded by this method. The Guidance originally applied to capital receipts and projects over the period 2016/17 to 2018/19, but in the 2018/19 Provisional Local Government Finance Settlement it was announced that:

*“Local government operates in a society that is constantly changing. To meet the challenges of the future, the Communities Secretary confirmed that the flexibility to use capital receipts to help meet the revenue costs of transformation will be extended for a further 3 years to April 2022”.*

- 2.2 The objectives of this Strategy are to:
  - Outline the methodology and criteria for projects that might be eligible for capital receipts funding.
  - Identify projects that are considered to be eligible and which may be funded by this method.
  - Report on the progress of projects approved in previous years.

### **3 METHODOLOGY**

- 3.1 The Efficiency Strategy is produced annually for the period 2016/17 to 2021/22, and is approved by Full Council as part of approval of the Council's Budget. If required, a revised Strategy is prepared during the course of the year to reflect significant changes to both the range and potential funding value of eligible projects. This is the sixth annual Efficiency Strategy prepared since the guidance was issued.
- 3.2 Key Financial Sustainability projects will be monitored by the Finance Theme Delivery Group.
- 3.3 To make use of this flexibility, capital receipts must arise in the period 2016/17 to 2021/22, and qualifying expenditure must take place in the same period. For example, a capital receipt realised in 2016/17 could finance a project in 2021/22, but not in 2022/23. Capital receipts realised before 2016/17 cannot be used.
- 3.4 If projects are identified in the Strategy, they can still be financed in whole or in part from other sources, e.g. revenue budgets. The Council is not obliged to fund these projects from capital receipts, and new capital receipts might not necessarily be available during the period of the Strategy. It is essential that eligible projects should identify alternative sources of funding to enable them to proceed, as capital receipts cannot necessarily be relied upon. In addition, the decision to use capital receipts to fund these projects needs to be taken in the context of the Council's overall capital financing requirements.
- 3.5 If appropriate, the Council will approve the budgeted funding of the projects in the strategy when approving the Capital Programme for the year, and will determine the actual financing when approving the Council's Capital Programme outturn and financing for the year.
- 3.6 There is no formal check by MHCLG on the eligibility of projects to be classified as qualifying expenditure, nor is the Strategy specifically reviewed by external audit.

### **4 ELIGIBLE PROJECTS AND USE OF CAPITAL RECEIPTS 2021/22**

- 4.1 The decision to use capital receipts to fund transformation projects needs to be taken in the context of the Council's overall capital financing requirements, and in the event all of these capital receipts will be required to fund the Council's Capital Programme. Consequently, no use of this flexibility is currently proposed in respect of projects in 2021/22. Funding of the one-off revenue costs of the identified projects will be made from other sources, e.g. existing revenue resources.
- 4.2 To date there has been no use of capital receipts to fund one-off revenue costs.

### **5 ELIGIBLE EFFICIENCY STRATEGY PROJECTS**

- 5.1 A brief summary of some projects identified from the East Suffolk Strategic Plan included in this Strategy as being eligible for capital receipts funding are summarised below, with a description of the project and project objectives. This list is not definitive and further potentially eligible projects could be identified during the course of the year

Strategic Plan Theme	Project/programme	Overview	Project detail/update
<b>Digital Transformation</b>	<b>Civil Parking Enforcement System (CPE)</b>	Implementation of a new Parking system to cover CPIE and all parking related processes such as parking permits, PCNs, appeals.	80% complete
<b>Digital Transformation: Lean and efficient streamlined services</b>	<b>Channel Shift Overall Programme</b>	Over-arching programme to oversee channel shift – the movement of traditional forms of contact and processes to digital means, free-up vital resources to assist those who cannot use digital channels or have more complex enquiries. This includes online services such as self-service portals, e-forms, payments and also other means of communication such as income/outgoing post – linking to the data workstream with the ambition to create a channel shift dashboard.	<p>Self-service/web continuous improvement project enhances the self-service ability of ESC's website and other ongoing improvements for usability and function.</p> <p>Customer services telephony review project – reviews how we structure the main incoming call menu, wording used, routing calls to specialists and generally the way in which the customer service call centre is using the telephony system.</p> <p>Investigation underway on merits of introducing other customer service communication tools such as webchat. Bin Collection lookup project looking at improvements to the bin collection/day finder look up on ESC's website. Mystery shopping project being reviewed.</p>
<b>Digital Transformation: Lean and efficient streamlined services</b>	<b>Orchard Tenants Self Service portal</b>	<p>Implement Orchard Digital Tenancy to move tenant rent accounts online and create a new digital channel for tenants to access their rent information. It also includes rolling out Orchard text messaging for rents creating a new digital channel for communications with Tenants.</p> <p>Phase 2 – Implement Orchard Digital Self Appointment Repairs. This will provide a new digital channel for tenants to report responsive repairs and move traffic away from telephone-based reporting.</p>	<p>Phase 1 – 75% complete</p> <p>Phase 2 – not yet started</p>

<b>Digital Transformation: District wide digital infrastructure</b>	<b>District wide digital infrastructure</b>	Digital infrastructure for the benefits of residents, businesses and visitors and actively support the deployment of fibre broadband infrastructure across the district	<p>Smart Towns Initiatives: Establishing smart towns across the district, beginning with a pilot in Framlingham and the rollout across other towns to attract economic and community benefit.</p> <p>Enabling Broadband Project and Suffolk Better Broadband. Just over 96% of all Suffolk properties can now access high speed broadband, work has started on Phase 3 which will increase this to 98% by September 2022.</p> <p>Suffolk Cloud Project – new network infrastructure project to provide fast, highly flexible network connections to over 300 public sector sites in Suffolk. This will enable the private sector and partners to consider adding connections that over time, will over a full-fibre service to business and provide a platform for Fibre to the Home (FTTH) initiatives, such as the Lowestoft full fibre rollout.</p>
<b>ENVIRONMENT</b>			
<b>Environment: Lead by example/protection, education and influence</b>	<b>East Suffolk Council Climate Emergency Plan</b>	Development and delivery of East Suffolk Council corporate climate emergency plan to enable the Council to work towards its aspiration of making its estates and operations carbon neutral by 2030	<p>Supporting development and delivery of Solar Together Suffolk Phase 3 through the Suffolk Climate Change Partnership, enabling householders to access affordable solar PV installations for their homes through a collective purchase scheme.</p> <p>Facilitating the Greenprint Forum enabling development and delivery of community environmental projects inspired by its members. Active and Sustainable Travel project. Plastic Action project.</p>
<b>Environment: Lead by Example</b>	<b>Housing</b>	The core projects that housing will be focussing on which will help to deliver our environmental goals (plans for new build,	a) Commitment to deliver the ESC Housing Development objective “Directly provide, facilitate and enable good quality affordable housing which



		<p>improvements to existing housing stock in terms of insulation and renewables, the Warm Homes project, enforcement of energy efficiency standards in the private rented sector.)</p>	<p>sustainably meets the current and future needs of local communities throughout East Suffolk.”</p> <p>b) Develop a Minimum Energy Efficiency Standard (MEES) for both new build and existing housing stock is being developed for consideration and adoption by Members.</p> <p>c) Roll out a longer-term upgrade and stock rationalisation programme for existing HRA stock following adoption of the Councils MEES.</p> <p>d) Procurement Project and Market Engagement to secure new delivery partners who specialise in Greener Housing Delivery.</p> <p>e) Pilot new build housing schemes to demonstrate how affordable housing can be delivered through a fabric first approach (Deben High School Site) seeking to lead by example</p> <p>f) Working with developers to encourage sustainable design both within their affordable and private housing delivery.</p> <p>g) Amendment to Renovation Grant policy to encourage greater installation of energy efficiency measures – subject to adoption by Cabinet in October.</p> <p>h) Joint Suffolk bid to be part of the Green Homes Fund - local Authority Delivery programme (outcome pending).</p> <p>i) Promotion of insulation, first time central heating, and other energy efficiency grants via Warm Homes.</p> <p>j) Enforcement of The Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 or MEES against Landlords.</p>
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			k) Ongoing improvement programme to enhance external amenity space for residents within existing developments. Project will result in creation of accessible and valuable outside space for promotion of health, wellbeing and biodiversity.
<b>Environment</b>	<b>Operations</b>	<p>The core projects contributing to the Environment Theme are:</p> <ul style="list-style-type: none"> <li>a) Fleet sustainability</li> <li>b) Grounds Maintenance Review</li> <li>c) Review Waste Strategy in line with RAWS</li> <li>d) Improvements to Sustainability of Assets</li> </ul>	<p>Work with the Suffolk Waste Partnership to develop and deliver collaborative projects including:</p> <ul style="list-style-type: none"> <li>• Food Savvy scheme to tackle food waste in the home.</li> <li>• Home Composting Subsidy scheme to provide affordable home composting systems to householders enabling them to deal with their compostable waste in the most environmentally sustainable way.</li> <li>f) Nature conservation area project implementing a sympathetic management strategy to selected verges and open spaces to create benefits for wildlife with a target to create a network of 100 conservation areas by 2021.</li> </ul> <p>This also includes sustainable management of cemeteries and our own buildings, particularly East Suffolk House where landscaping and installation of swift/bat boxes has taken place.</p>



## SCRUTINY COMMITTEE

Thursday 28 January 2021

### HOUSING REVENUE ACCOUNT BUDGET REPORT 2021/22

#### EXECUTIVE SUMMARY

1. Under the Self-Financing regime, the future resources and spend of the Housing Revenue Account (HRA) are based on local decisions. This report outlines the HRA income and expenditure budgets for the financial years 2021/22 to 2024/25 and notes the forecast position for 2020/21. In addition to this, a summary of its reserves and balances is included. The HRA budgets are fully funded from existing HRA funds to meet the Council's HRA spending plans. This includes the capital investment programme and reserve balances as per the HRA financial business plan. Currently there is no requirement for any additional borrowing.
2. Since 1<sup>st</sup> April 2016, the Welfare Reform and Work Act 2016 has required social landlords to reduce their rents by 1% each year for four years ('the social rent reduction'). In October 2017, the Government announced that at the end of the four-year rent reduction, there would be a return to annual rent increases of up to the Consumer Price Index (CPI) plus 1% for at least five years. This would be implemented through the Rent Standard set by the Regulator of Social Housing rather than through legislation. On 26<sup>th</sup> February 2019, the Secretary of State for Housing, Communities and Local Government published a 'Direction to the Regulator' to set a Rent Standard that has applied since 1<sup>st</sup> April 2020. Alongside this Direction, the Government also issued a policy statement on rents for social housing (the Policy Statement) 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 of social housing, including local authorities. Details of the Policy Statement and Rent Standard from 2020 are provided in this report.
3. This report provides an opportunity for Scrutiny Committee to submit any comments to Cabinet on the proposed 2021/22 budget for the HRA. Committee is asked to consider and make recommendations to Cabinet and Full Council regarding the:
  - HRA budget for 2021/22, and the indicative figures for 2022/23 to 2024/25;
  - Revised outturn position for 2020/21 for noting;
  - Movements in HRA Reserves and Balances;
  - Average weekly rent for 2021/22 of £89.30 over a 50-week collection year (£88.65 2020/21), an average weekly increase of £0.65 or 0.74%;
  - Service charges and associated fees for 2021/22;
  - Changes affecting public and private sector housing and welfare to be noted;

- Effects of COVID-19 to the HRA to be noted.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	All Wards within the District
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<b>Cabinet Member:</b>	<p>Councillor Richard Kerry Cabinet Member with responsibility for Housing</p> <p>Councillor Maurice Cook Cabinet Member with responsibility for Resources</p>
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<b>Supporting Officers:</b>	<p>Brian Mew Chief Finance Officer and Section 151 Officer (01394) 444571 <a href="mailto:brian.mew@eastsuffolk.gov.uk">brian.mew@eastsuffolk.gov.uk</a></p> <p>Amber Welham Senior Accountant (01502) 523662 <a href="mailto:amber.welham@eastsuffolk.gov.uk">amber.welham@eastsuffolk.gov.uk</a></p>
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## **1 INTRODUCTION**

- 1.1 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 (i.e. all budgeted expenditure must be matched by income).
- 1.2 The Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016 made specific and significant provision for changes to the law affecting social housing providers with effect from April 2016. These changes included the statutory reduction of rents by 1% each year for four years, with 2019/20 being the final year of those reductions for the Council.
- 1.3 In February 2019, the Government set out a new policy statement for rents on social housing (the Policy Statement) effective from 1 April 2020. 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. Further detail on the 2020 Rent Standard is covered in Section 6 of this report.
- 1.4 The new rent policy permits the Council to increase its rents for at least five years by up to the Consumer Price Index (CPI) plus 1%. Since 2001, social rents have been set based on a formula set by the Government and the new policy follows a similar process with the formulas set out in the Policy Statement.
- 1.5 In 2011, affordable rents were introduced and set at up to 80% of the market rent (inclusive of service charges), and from April 2015 the Government allowed social landlords to charge a full market rent 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.

## **2 KEY ISSUES AND CONSIDERATIONS**

### **2020 Rent Standard**

- 2.1 As referred to in Section 1.3 above, the Government's new policy statement for rents on social housing have been in effect since 1 April 2020 and was implemented through the 2020 Rent Standard. 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.
- 2.2 The last significant change to rent setting was the 'social rent reduction' which came into effect in April 2016. This required social landlords to reduce their rents by 1% each year for four years. This reduction to rents had a significant impact on the HRA financial business plan. Whilst the impact was contained within the existing parameters of the HRA, it resulted in reduced funds available to invest in the new housing development and redevelopment programme.
- 2.3 Following the four years of rent reduction, the new rent policy is 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 for the delivery of additional social housing properties.

### **Right to Buy Scheme**

- 2.4 As of 6 April 2020, the maximum discount available to Right to Buys (RTB's) is 70% or £84,200 (£112,300 in London Boroughs), whichever is lower. This figure increases each year in line with inflation. 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. The receipts used can only fund up to 30% of any investment into new affordable housing and must be spent within three years of receiving them.
- 2.5 From April 2012 the number of properties sold through the RTB scheme has steadily increased. In 2012/13 only nine properties were sold through the scheme, compared to 28 in 2019/20. Future year estimates are thirty per annum and is built into the HRA financial business plan.
- 2.6 The implications 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 budgets.
- 2.7 2020/21 RTB sales have been reduced due to COVID-19. As of the 31 December 2020 only nine properties have been sold.

## **3 WELFARE REFORM**

- 3.1 The Welfare Reform Act 2012 introduced major changes to the way people receive housing benefit and other welfare benefits which present new risks to HRA income collection from tenants.

### **Universal Credit**

- 3.2 The Welfare Reform Act 2012 introduced Universal Credit (UC). It replaces most existing working-age benefits with a single payment made directly to the claimant. Under UC there is a limit to the total amount of benefit a household can claim. As a result of this change there is a high risk that income previously guaranteed to the HRA may now not be collected.
- 3.3 UC is a single payment for working age people who are looking for work or 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 has been rolled out across the country and was introduced in the District in March 2015. The introduction initially only applied to people who were single and who would have previously applied for jobseekers' allowance.
- 3.4 All postcodes within the East Suffolk area are covered by UC Full Service.
- 3.5 UC has given cause for concern with landlords nationally. Landlords, including local authorities who were once guaranteed income, must now rely on claimants to make payments. Measures (see section 3.13 and 3.14) are being implemented to monitor and improve the effects of UC.
- 3.6 From April 2018, claimants wait time was reduced from six weeks to five weeks. If they are already receiving housing benefits, they will continue to receive this for the first two weeks of

the claim process. This has helped reduce pressure on tenants and had a positive impact on rent arrears.

### **Under-Occupation Charge**

- 3.7 The criteria under the Welfare Reform Act mean that any working-age household deemed to be under-occupying their home receives a cut in their housing benefit or UC. The cut is a fixed percentage of the housing benefit-eligible rent. This is known colloquially as the 'Bedroom Tax'.
- 3.8 Government has set this at a 14% cut for one extra bedroom and a 25% cut for two or more extra bedrooms. In essence this means, for every £100 charged for rent, tenants will need to contribute £14 or £25 per week from their own resources.
- 3.9 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. During 2020/21 three 'cash for moving' have been processed to 31 December 2020, however, this could be low due to COVID-19. The scheme will be pushed more after the pandemic in 2021/22.

### **Rent Arrears**

- 3.10 In addition to the loss of rental income, there is growing concern regarding rent arrears. In 2015 the total Benefit Cap was reduced from £26,000 to £20,000 (outside of London). This combined with the roll out of Universal Credit, the under-occupancy charge, and other general factors relating to the economy (such as COVID-19), has increased the risk of rent not being collected.
- 3.11 2019/20 saw the first year since 2015/16 where the rent arrears position improved. The arrears reduced from £1,100,036.84 in 2018/19 to £972,662.22 in 2019/20, and prepayments increased from £574,331.71 in 2018/19 to £834,972.48 in 2019/20. Giving an overall net improvement of £388,015.39. This is a direct result of the measures implemented in section 3.12 and 3.13.
- 3.12 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 3 January 2021, the HRA holds £949,074.36 in rent in advance.
- 3.13 Predictive analytics software was implemented at the end of 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. With the current climate of full UC, it is nationally recognised that standing still in terms of arrears is the new upper quartile position, so to have achieved a reduction is an extremely positive step. Due to its positive impact, the former tenant arrears module was introduced at the end of 2019/20.
- 3.14 The tenant's portal and text messaging service will go live on the 1 February 2021. This will allow tenants to have 24-hour digital access to their rent account and will enable texting for

automated balances or request contact from their Rent Officer. It will also offer paperless direct debits.

- 3.15 The arrears position as of the 3 January 2021 is currently higher than the closing position for 2019/20, however, it is an improvement on the same period from the previous year. The arrears are currently at £1,107,681.33, compared to £1,238,591.09 for the same rent week in 2019/20.
- 3.16 The 2019/20 arrears position had the advantage of being a 53-week year. The last week of 2019/20 was an additional rent-free week (as advised by Government), which would have improved the position, as tenants had an additional week where no rent was required, yet arrears could have been reduced.
- 3.17 Taking all the above facts into account, it is very difficult to predict where the arrears will be at the end of 2020/21. A prudent approach on budget has been taken, however, the statistics are pointing to an improved position, or very little movement at worst. The situation will continue to be monitored closely to achieve the best results possible.
- 3.18 Landlords are restricted by the 'Coronavirus Act 2020' from serving eviction notices on tenants. Tenants continue to be protected until 21 February 2021 under the act, which could potentially be extended again depending on future Government announcements. From 29 August 2020 the minimum period of notice that can be given is six months unless one of the exceptions below applies.
- Rent being in arrears by at least six months
  - Anti-social behaviour
  - Domestic abuse
  - Obtaining the tenancy by fraud
  - Death of the tenant (housing association landlords only)
  - No right to rent due to immigration status (housing association landlords only). (MHCLG, 2020)

#### **4 SELF-FINANCING ARRANGEMENT**

- 4.1 The 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. It also means the future resources and spend of the HRA are now based on local decisions.
- 4.2 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.
- 4.3 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.
- 4.4 Self-financing must not jeopardise the Government's priority to bring borrowing under control. It gives Council landlords direct control over a very large rental income stream, so borrowing financed from this income must be affordable within national fiscal policies as well as locally. Therefore, a limit was placed on the total housing debt that each local authority



could support from its HRA. The Councils HRA limit or 'borrowing cap' was placed at £87.26 million.

- 4.5 On 3 October 2018, it was announced by central Government that the HRA borrowing cap was to be 'scrapped'. It was officially removed on 30 October 2018 by central Government issuing a determination revoking previous determinations that specified a local authority's limits on indebtedness. Nationally, the borrowing cap was tight in comparison to the value of the housing stocks local authorities hold, for example, the Council's HRA housing stock has a market value of £567 million as of 31 March 2020, compared to a borrowing cap of £87.26 million.
- 4.6 As of the 1 April 2020 the total debt for the Council's HRA was £71.17 million (£68 million from the self-financing settlement and £3.17 million pre-self-financing). In 2021/22, 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 currently fully funded from existing resources. Therefore, there is currently no need to make use of any additional borrowing.
- 4.7 Under self-financing, local authorities now have the opportunity with greater certainty to adopt a more strategic, long term approach to ensure that housing needs are met, that the housing stock is maintained, and where possible additional homes are provided. The Council has used this strategic approach to introduce the housing development and redevelopment programme.

## 5 HRA 2021/22 TO 2024/25 BUDGETS

- 5.1 The following table summarises the 2021/22 budget through to 2024/25. With a revised position for 2020/21. A brief description to each heading can be found in **Appendix A**.

	2020/21 Original £000	2020/21 Revised £000	2020/21 Movement £000	2021/22 Budget £000	2022/23 Budget £000	2023/24 Budget £000	2024/25 Budget £000
<b>Income</b>							
Dwelling Rent	(19,157)	(19,237)	(80)	(19,496)	(19,961)	(20,474)	(21,043)
Non-Dwelling Rent	(175)	(178)	(3)	(185)	(190)	(194)	(199)
Service & Other Charges	(1,239)	(1,265)	(26)	(1,227)	(1,126)	(1,114)	(1,103)
Leaseholders Charges for Services	(10)	(14)	(4)	(10)	(10)	(10)	(10)
Contribution towards Expenditure	(34)	(48)	(14)	(33)	(33)	(33)	(33)
Reimbursement of Costs	(285)	(341)	(56)	(306)	(308)	(310)	(313)
Interest Income	(106)	(133)	(27)	(109)	(112)	(115)	(115)
<b>Total Income</b>	<b>(21,006)</b>	<b>(21,216)</b>	<b>(210)</b>	<b>(21,366)</b>	<b>(21,740)</b>	<b>(22,250)</b>	<b>(22,816)</b>
<b>10% of total income</b>	<b>(2,101)</b>	<b>(2,122)</b>	<b>(21)</b>	<b>(2,137)</b>	<b>(2,174)</b>	<b>(2,225)</b>	<b>(2,282)</b>
<b>Expenditure</b>							
Repairs & Maintenance	4,318	4,889	571	4,292	4,420	4,576	4,689
Supervision & Management	3,456	3,123	(333)	3,397	3,448	3,525	3,599
Special Services	2,109	2,034	(75)	2,191	2,207	2,245	2,271
Rents, Rates and other Charges	102	141	39	102	102	102	102
Movement in Bad Debt Provision	37	254	217	12	22	24	27
Contribution to CDC	87	95	8	95	95	95	95
Capital Charges	3,539	3,495	(44)	3,768	4,128	4,384	4,628
Interest Charges	2,265	2,194	(71)	2,194	2,156	2,156	2,115
Revenue Contribution to Capital	5,410	1,743	(3,667)	5,368	5,559	4,173	5,225
Transfer to Earmarked Reserves	-	2,500	2,500	500	-	1,000	500
<b>Total Expenditure</b>	<b>21,323</b>	<b>20,468</b>	<b>(855)</b>	<b>21,919</b>	<b>22,137</b>	<b>22,280</b>	<b>23,251</b>
<b>Movement in the HRA balance</b>	<b>317</b>	<b>(748)</b>	<b>(1,065)</b>	<b>553</b>	<b>397</b>	<b>30</b>	<b>435</b>
<b>HRA Balance carried forward</b>	<b>(4,916)</b>	<b>(5,981)</b>	<b>(1,065)</b>	<b>(5,428)</b>	<b>(5,031)</b>	<b>(5,001)</b>	<b>(4,566)</b>

**Highlights Regarding 2020/21 Revised in table 5.1.**

## **Income**

- 5.2 2020/21 forecasted income (Dwelling Rents and Service Charges) has increased by 1% of total original income budget. Much of this relates to the reduced numbers of RTB sales in 2020/21.
- 5.3 Increase in contribution towards expenditure relates to reimbursement of RTB discount for a property sold within five years of purchasing. This is a rare occurrence and is not budgeted for year on year.
- 5.4 Increase in reimbursement of costs directly links to increases in repairs and maintenance expenditure.
- 5.5 Although interest rates reduced during 2020/21, the HRA balances are higher than anticipated, due to savings in 2019/20 and delays in the capital programme in 2020/21, resulting in an increase on interest income.

## **Expenditure**

- 5.6 There are some large movements on the expenditure. The increased revenue expenditure on repairs and maintenance net off against the increased income on reimbursement of costs and savings on revenue contribution to capital. These costs relate to unrecoverable salary costs of the operatives during the COVID-19 lockdown. During the initial lockdown, only void works and emergency repairs were carried out. Measures put in place to protect operatives such as reduced numbers of staff on site, no mixing of teams (small 'bubbles' created) all contributed to delays in progress of work during July to December 2020. With the current COVID-19 position (as January 2021), the team has reduced repairs services back to only carrying out void works and emergency repairs. Some operatives have been redeployed to the communities' team to help with deliveries to the District's most vulnerable people. Details of repairs and maintenance budgets can be seen in Section 7 and **Appendix C**.
- 5.7 There is currently no funding support for the HRA from central Government in relation to COVID-19 related expenditure or loss of income.
- 5.8 The savings on supervision and management are made up of a combination of things:
- Staff savings relating to leavers and vacancies;
  - COVID-19 related savings, such as travel expenses, mileage, conference fees, postage, and printing;
  - Legal fees due to no evictions during 2020/21; and
  - Most significantly, savings realised from bringing the management of Coppice Court back in house, removing the management fee for this building.
- 5.9 Savings on Special Services are related to delays in the new build programme due to COVID-19. These costs have been delayed to 2021/22.
- 5.10 The increase on rents, rates and other charges relate to void properties. This is due to holding a small number of properties empty in early 2020/21 to be used for people such as rough sleepers or key workers to self-isolate during the COVID-19 lockdown. Also, the void turn-around time has increased due to the limited number of operatives that can be on site at any one time.

- 5.11 The bad debt provision has been increased for 2020/21. This is a prudent approach being taken with the uncertainty of the full impact of COVID-19 on rent arrears. However, it is hoped this will not be required.
- 5.12 Capital Charges relates to depreciation which has reduced due to delays in the capital programme.
- 5.13 Interest rates have fallen due to COVID-19, resulting in a saving on loan interest.
- 5.14 Revenue contributions to capital have reduced significantly. This relates to the housing development and redevelopment programme and the repairs and maintenance programme (mentioned in section 5.6). This is all a direct link to COVID-19. Construction stopped during the first lockdown, which has had a knock-on effect on the programme. Many developments have been pushed back to 2021/22, due to material supplies and social distancing restrictions.
- 5.15 The savings from the reduced capital spend have been transferred into HRA reserves (see Section 9).

### **2021/22 to 2024/25 Budgets**

- 5.16 The table demonstrates a healthy HRA working balance. The carry forward balance from 2019/20 was £5.233 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 2024/25, to make best use of the funds, but remaining well above the required 10% minimum.

## **6 RENTS, SERVICES AND OTHER CHARGES**

### **Dwelling Rents**

- 6.1 In February 2019, the Government set out a new policy statement for social housing rents (the Policy Statement) which took effect from 1 April 2020. This replaced the legislative rent reduction of 1% until 31 March 2020 for the Council.
- 6.2 The Policy Statement was implemented through the 2020 Rent Standard of the Regulator of Social Housing. For the first time the Government has directed the Regulator to apply its Rent Standard to all social housing providers, including local authorities. From 1 April 2020 annual rent increases were permitted on both social and affordable rent of up to CPI (September of the previous year) plus 1% for at least five years to 2024/25. 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.
- 6.3 The Council works on a 50-week rent 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'.

### *Social Rent*

- 6.4 Social rent 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.
- 6.5 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%.

- 6.6 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.

#### *Affordable Rent*

- 6.7 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.
- 6.8 The rent for affordable rent housing (inclusive of service charges) must not exceed 80% of gross market rent, 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.
- 6.9 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.

#### *Dwelling Rent Budget for 2021/22 Onwards*

- 6.10 In accordance with the Rent Standard for 2020, rent increases for 2021/22 can be increased by up to 1.5%. This is the CPI for September 2020 of 0.5% plus 1%. This is less than originally anticipated, due to a drop in CPI because of COVID-19. By applying the rent setting policy as set out in sections 6.1 to 6.9 above, the average weekly rent for the HRA for 2021/22 is £89.30 (£88.65 for 2020/21) and is based on a 50-week collection year. This is an average weekly increase of £0.65 or 0.74% from 2020/21 to 2021/22. This increase is less than what was originally anticipated, and a direct result of COVID-19.
- 6.11 Although rents can be increased by up to 1.5%, this has been capped at the formula rent value for social rents, and the Local Housing Allowance (LHA) rate for affordable rents. Although the formula rent increased for 2021/22, the LHA rate was frozen. This has contributed to the average increase being 0.74% and not 1.5%. As stated in section 6.6, flexibility could have been applied to increase rents further, but the budget could be balanced without this, avoiding any unnecessary hardship on tenants during these difficult times.
- 6.12 The HRA financial business plan has used the Bank of England (BoE) CPI forecasts for the period 2022/23 to 2024/25 plus 1%. See below;
- 2022/23 (BoE) CPI 1.8% +1% = 2.8%
  - 2023/24 (BoE) CPI 2% +1% = 3%

- 2024/25 (BoE) CPI 2.5% +1% = 3.5%

- 6.13 A 2% increase has been applied from 2025/26 onwards. This prudent approach has been taken, as this will be the end of the five-year CPI +1% agreement and at this point there is no indication as to how Government will allow rents to be increased.
- 6.14 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.

### **Service Charges**

- 6.15 Service charges are those charges payable by tenants to reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities, e.g. heating services and communal facilities in sheltered accommodation (Grouped Homes).
- 6.16 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.
- 6.17 The proposed service charges for 2021/22 are set out in **Appendix 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.
- 6.18 Many of the service charges, outlined in **Appendix B** will not increase in 2021/22. 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.
- 6.19 Grouped Home service charges relate to services provided to sheltered schemes and communal utility costs. The proposed general service charge for grouped homes for 2021/22 is set at an average weekly charge of £13.26 based on a 50-week collection year. This is an increase of £0.41 compared to 2020/21. This is following a £1.02 saving the year before.
- 6.20 The average heating charge is set to decrease in 2021/22. The 2021/22 average Grouped Homes heating charge is £13.59 based on a 50-week collection year. This is an average weekly decrease of £1.26 compared to 2020/21.

### **Other Charges**

- 6.21 Garage rents are also set out in **Appendix B**. Garage rents are also collected on a 50-week collection period. For 2021/22 tenant's weekly garage rent is proposed to increase from £8.00 to £8.50, an increase of £0.50 on the 2020/21 charge. The proposed increased for non-tenant weekly garage rent is £11.90 from £11.50 (inclusive of VAT), an increase of £0.50 on the 2020/21 charge.
- 6.22 The increases are a reflection from extensive market research in the District.
- 6.23 Garage rents have been considered for approval by Cabinet as part of the 2021/22 Fees and Charges Report.

## **7 REPAIRS AND MAINTENANCE**

- 7.1 The HRA repairs and maintenance (R & M) programme is split between capital and revenue. Revenue costs are to be funded from the revenue income derived from rents, whilst capital will be funded from the Major Repairs Reserve (MRR).
- 7.2 The repairs and maintenance revenue budget for 2021/22 has been set at £4.292 million, compared to a revised forecast of £4.889 million in the 2020/21 budget. An analysis of the R & M revenue budget is set out in **Appendix C**. The revised forecast for 2020/21 has a large increase that nets off against savings on the capital programme. It relates to operatives down time during the initial COVID-19 lockdown, and the current lockdown (January 2021).
- 7.3 The amounts included in the repairs and maintenance revenue budget are deemed sufficient to allow the Council to carry out all necessary major works and to maintain the decent homes standard in all its properties.

### **HRA Capital Programme**

- 7.4 The HRA capital programme forms part of the Council's overall capital programme, which was presented to Cabinet on the 5 January 2021 and Full Council on the 27 January 2021. The HRA capital programme consists of capital budgets for housing repairs, project development and the housing development programme.
- 7.5 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. Details of the MRR are set out in section 9.3. Funding of the repairs and maintenance aspect of the capital programme is through the MRR. The 2021/22 HRA capital programme is partly funded by Direct Revenue Financing, which totals £5.368 million. This represents £1.421 million towards housing projects and redevelopment and £3.947 million on the housing development programme.
- 7.6 The Private Sector Housing Team continues to work hard, improving some of the most vulnerable stock in the District and ensuring that Disabled Facilities Grants are delivered to those who need such works to enable them to stay in their own home. These funds are provided by central Government with the HRA paying the cost of such works for its own council properties.

## **8 SPECIAL SERVICES**

- 8.1 Special Services are made up of revenue costs for Sheltered Schemes, Warden Services, redevelopment, 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.

## **9 HRA BALANCES AND RESERVES**

- 9.1 The HRA has five Reserves as well as the HRA revenue working balance (see section 5.16 for details on the revenue working balance). **Appendix D** shows the movement and balances of these reserves for the budget period 2020/21 to 2024/25.
- 9.2 Taking the Welfare Reform Act 2012 into account, the Council established an HRA Discretionary Housing Payments (DHP) 'top up' Reserve in 2012/13 with a fund of £500,000, recognising the unexpected and exceptional difficulties tenants may face arising from these changes. This reserve is to 'top up' the DHP's made by the Council by the value used by HRA

tenants, only if the total payments made were to exceed the value of the DHP grant received by the Council. To date, this has not been required. With increased Department for Work and Pensions (DWP) grant in recent years, it is unlikely to be required in 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.

- 9.3 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 Major Repairs Reserve (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 2025 is projected to be a healthy £11.433 million, after paying the first instalment of £10.766 million borrowing that is due in 2021/22.
- 9.4 The viability of the self-financing regime depends ultimately on the Council acting prudently and in doing so, setting sufficient sums aside to meet its future liabilities. The transfer of funds to the Debt Repayment Reserve gives the Council flexibility around its future decisions for repaying the debt. The balance as 31 March 2025 is forecasted to be £14 million. This is planned to pay the second substantial borrowing instalment of £10 million in 2026/27. Future debt repayment instalments will be funded by both the Debt Repayment Reserve and the MRR.
- 9.5 On 31 March 2020, the Council's housing stock totalled 4,453 units. Between 31 March 2020 and 31 December 2020 there have been nine RTB sales. There have also been nine new properties added to the housing stock (three rented units in Melton, and six shared ownership in Brampton). Giving a nil net movement up to 2020/21 Q3.

## **10 HOW DOES THIS RELATE TO EAST SUFFOLK STRATEGIC PLAN?**

- 10.1 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.
- 10.2 In addition to demonstrating maintaining financial sustainability, the budget provides the finances to contribute to other themes within the East Suffolk Strategic Plan priorities, including Growing our Economy – ensuring we have the right mix of housing, and Enabling our Communities – enabling housing needs in the District.

## **11 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 11.1 The HRA self-financing regime transferred the financial risk to the Council. The HRA manages this risk through prudent budgeting, careful financial management and adoption of a rolling 30-year financial business plan. The financial sustainability of the budget is managed by ensuring adequate funds are set aside to repay the debt and appropriate levels of working balances are available for any unforeseen costs. It also gives the HRA the opportunities to meet its business objectives whilst creating efficiencies and savings, giving added value for money.
- 11.2 The HRA budgets 2020/21 to 2024/25 have been updated in the 30-year financial business plan, it shows the current requirements are financially sustainable, and no further borrowing is required at this point.

## **12 OTHER KEY ISSUES**

- 12.1 This report has been prepared having considered the results of an Equality Impact Assessment, and no issues have been identified. The proposed increase in rent will be eligible for Housing Benefit or Universal Credit. This means that tenants who are in receipt of limited incomes will not be disadvantaged.
- 12.2 The self-financing regime and the use of the 30-year financial business plan provides, long-term certainty over the Council's future investment decisions.

## **13 CONSULTATION**

- 13.1 The proposed average weekly rent increase of £0.65 or 0.74% 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 2021 '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.

## **14 OTHER OPTIONS CONSIDERED**

- 14.1 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.

## **15 REASONS FOR RECOMMENDATIONS**

- 15.1 To bring together all relevant information to enable Members to review, consider and comment upon the Council's Housing Revenue Account budgets, the average weekly housing rent, service and other charges and movements in reserves and balances, before making recommendations to Full Council on 24 February 2021.
- 15.2 To advise Members of the wider housing and welfare changes that will impact on future service delivery.



## RECOMMENDATIONS

That it be recommended to Cabinet and Full Council that it:

1. Approve the Housing Revenue Account Budget for 2021/22, and the indicative figures for 2022/23 to 2024/25;
2. Note the revised outturn position for 2020/21;
3. Approve the movements in Reserves and Balances as presented in **Appendix D**;
4. Approve the average weekly rent for 2021/22 of £89.30 over a 50-week collection year, an average weekly increase of £0.65 or 0.74%;
5. Effects of COVID-19 on the service in 2020/21 to be noted;
6. Approve the Service Charges and associated fees for 2021/22, **Appendix B**; and
7. Note the changes affecting public and private sector housing and welfare.

## APPENDICES

<b>Appendix A</b>	Summary of Headings on HRA Chart of Accounts
<b>Appendix B</b>	HRA Service and Other Charges
<b>Appendix C</b>	HRA Repairs and Maintenance Revenue Budgets
<b>Appendix D</b>	HRA Balance and Reserve Summary
<b>Appendix E</b>	HRA Budget Key Assumptions

## BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website [www.eastsuffolk.gov.uk](http://www.eastsuffolk.gov.uk) but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
January 2021	Equality Impact Assessment	Financial Services Team
31 <sup>st</sup> October 2019	Regulator of Social Housing - Rent Standard April 2020	<a href="https://www.gov.uk/government/consultations/consultation-on-a-new-rent-standard-from-2020">https://www.gov.uk/government/consultations/consultation-on-a-new-rent-standard-from-2020</a>

**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.
- **Leaseholders 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 and new development 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 £661k.
- **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 2021/22.

	Average Weekly Charge 2020/21 £	Average Proposed Weekly Charge 2021/22 £	Average Weekly Increase/ (Decrease) £
<b><u>Grouped Homes Service Charges:</u></b>			
General Service Charge	12.85	13.26	0.41
Heating Charge	14.85	13.59	-1.26
Communal Water Charge	2.93	2.95	0.02
Support Charge	3.33	3.33	0.00
Laundry	3.90	3.90	0.00
	Weekly Charge 2020/21 £	Proposed Weekly Charge 21/22 £	Weekly Increase/ (Decrease) £
<b><u>Caretaker:</u></b>			
St Peter's Court	6.15	6.65	0.50
Dukes Head Street	4.55	4.90	0.35
Chapel Court	3.35	3.60	0.25
<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	5.45	0.11
Flue Maintenance	2.36	2.36	0.00
Grounds Maintenance	1.38	1.38	0.00
<b><u>Other:</u></b>			
Communal Area Cleaning Service	0.54	0.54	0.00
	Weekly Charge 2020/21 £	Proposed Weekly Charge 2021/22 £	Weekly Increase/ (Decrease) £
<b><u>Garage Rents:</u></b>			
Tenants	8.00	8.50	0.50
Non Tenants (net of VAT)	9.50	9.92	0.42 (11.90 inclusive of VAT)

## HRA REPAIRS &amp; MAINTENANCE REVENUE BUDGETS

	2020/21 Approved Budget	2020/21 Forecast Outturn	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget
<b>Responsive Maintenance</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Jobbing Repairs (See note 1 below)	1,552,100	3,035,500	1,621,600	1,698,500	1,841,900	1,922,300
Mutual Exchange	10,000	8,000	10,000	10,000	10,000	10,000
Tenant Allowances	50,000	30,000	40,000	40,000	40,000	40,000
Disabled Adaptations (See note 2 below)	190,000	285,800	257,500	259,300	261,800	264,300
Environmental Works	5,000	0	5,000	5,000	5,000	5,000
Fire Fighting Equipment and Detection	18,000	3,000	5,000	5,000	5,000	5,000
Door Porter and Security Systems (See Note 3 below)	0	4,000	0	0	0	0
Solid Fuel and Heating Repairs	13,000	13,000	13,000	13,000	13,000	13,000
Emergency Lighting	7,000	2,000	7,000	7,000	7,000	7,000
Drainage and Pumping Stations	8,900	8,900	8,900	8,900	8,900	8,900
Rechargeable Works - Incl's Leaseholder Properties	40,000	40,000	40,000	40,000	40,000	40,000
Relet Repairs (Voids) (See Note 4 below)	904,000	472,000	913,000	923,000	923,000	923,000
Lifts	8,000	5,000	8,000	8,000	8,000	8,000
Roof and PVC Panelling Cleaning	37,000	20,000	25,000	25,000	25,000	25,000
External Decoration (See Note 4 below)	120,000	50,000	100,000	130,000	130,000	130,000
Servicing Contracts & Repairs	486,500	471,000	477,000	486,000	496,000	526,000
Asbestos - Removal (See Note 4 below)	80,000	20,000	80,000	80,000	80,000	80,000
Asbestos - Testing (See Note 4 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
Electrical Testing & Repairs (See Note 4 below)	200,000	80,000	100,000	100,000	100,000	100,000
Communal Areas	58,000	20,000	30,000	30,000	30,000	30,000
<b>Total Responsive Maintenance</b>	<b>3,888,500</b>	<b>4,614,200</b>	<b>3,842,000</b>	<b>3,969,700</b>	<b>4,125,600</b>	<b>4,238,500</b>
<b>Planned Maintenance</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Chimneys (See Note 4 below)	30,000	10,000	20,000	20,000	20,000	20,000
External Walls (See Note 4 below)	25,000	5,000	30,000	30,000	30,000	30,000
Paths / Hardstanding (See note 4 below)	235,000	100,000	250,000	250,000	250,000	250,000
Boundary / Retaining Walls (See note 4 below)	25,000	10,000	30,000	30,000	30,000	30,000
Outbuildings (See note 4 below)	35,000	20,000	40,000	40,000	40,000	40,000
Structural / Damp / Drainage / etc (See note 5 below)	80,000	130,000	80,000	80,000	80,000	80,000
<b>Total Planned Maintenance</b>	<b>430,000</b>	<b>275,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>
<b>Total HRA Housing Repairs</b>	<b>4,318,500</b>	<b>4,889,200</b>	<b>4,292,000</b>	<b>4,419,700</b>	<b>4,575,600</b>	<b>4,688,500</b>

**Notes:**

Note 1 - The increase to 2020/21 forecast for jobbing repairs relates to the down time of operatives during the lockdown, that can not be recharged to specific capital or revenue works.

Note 2 - The Housing team completes Disabled Adaption works for the Private Sector Housing team. Income is received for this work covering the increase in costs.

Note 3 - From 2021/22 Door Porter security system charges are now accounted for directly under the schemes they relate to, giving a true cost of each asset.

Note 4 - The drop in expenditure in 2020/21 is directly linked to restrictions relating to COVID-19.

Note 5 - 2 large jobs identified in 2020/21.

## HRA BALANCE AND RESERVE SUMMARY

HRA WORKING BALANCE

	Closing Balance 31/03/20 £'000	2020/21 Movements		Closing Balance 31/03/21 £'000	2021/22 Movements		Closing Balance 31/03/22 £'000	2022/23 Movements		Closing Balance 31/03/23 £'000	2023/24 Movements		Closing Balance 31/03/24 £'000	2024/25 Movements		Closing Balance 31/03/25 £'000
		In	Out		In	Out		In	Out		In	Out		In	Out	
HRA Working Balance	-5,232	-795	0	-6,027	0	553	-5,474	0	397	-5,077	0	30	-5,047	0	435	-4,612
10% Requirement	-2,065			-2,122			-2,137			-2,174			-2,225			-2,282

HRA EARMARKED RESERVES

	Closing Balance 31/03/20 £'000	2020/21 Movements		Closing Balance 31/03/21 £'000	2021/22 Movements		Closing Balance 31/03/22 £'000	2022/23 Movements		Closing Balance 31/03/23 £'000	2023/24 Movements		Closing Balance 31/03/24 £'000	2024/25 Movements		Closing Balance 31/03/25 £'000
		In	Out		In	Out		In	Out		In	Out		In	Out	
Debt Repayment Reserve	-11,000	-1,000	0	-12,000	-500	0	-12,500	0	0	-12,500	-1,000	0	-13,500	-500	0	-14,000
HRA DHP topup 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	-4,500	(1,500)	-	-6,000	0	4,995	-1,005	0	0	-1,005	0	0	-1,005	0	0	-1,005
<b>Total HRA Earmarked Reserves</b>	<b>-16,316</b>	<b>-2,500</b>	<b>0</b>	<b>-18,816</b>	<b>-500</b>	<b>4,995</b>	<b>-14,321</b>	<b>0</b>	<b>0</b>	<b>-14,321</b>	<b>-1,000</b>	<b>0</b>	<b>-15,321</b>	<b>-500</b>	<b>0</b>	<b>-15,821</b>

HRA CAPITAL RESERVE

	Closing Balance 31/03/20 £'000	2020/21 Movements		Closing Balance 31/03/21 £'000	2021/22 Movements		Closing Balance 31/03/22 £'000	2022/23 Movements		Closing Balance 31/03/23 £'000	2023/24 Movements		Closing Balance 31/03/24 £'000	2024/25 Movements		Closing Balance 31/03/25 £'000
		In	Out		In	Out		In	Out		In	Out		In	Out	
HRA Major Repairs Reserve	-20,803	-3,446	1,594	-22,655	-3,719	16,732	-9,642	-4,079	3,800	-9,921	-4,334	3,700	-10,555	-4,578	3,700	-11,433

## HRA BUDGET KEY ASSUMPTIONS

The following key assumptions have been made in the budgets.

<b>Income</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Dwelling rents annual increase (see paragraph 6.12)	0.7%	2.8%	3.0%	3.5%
Allowance for voids - % of total rent roll	1.3%	1.3%	1.3%	1.3%
Garage rents annual increase *	5.3%	5.0%	5.0%	5.0%
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	0.61%	0.61%	0.61%	0.61%
<b>Expenditure</b>				
Bad Debt Provision	4.76%	4.76%	4.76%	4.76%

\* Garage rent increases may seem high, but following extensive market research, it was determined ESC garage rents are particularly low. 5% increase is a gradual increase, year on year, based on the low rents currently charged.

\*\* 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 28 January 2021

### UPDATE FROM THE SCRUTINY COMMITTEE'S TASK AND FINISH GROUP ON INTEGRATED CARE

#### EXECUTIVE SUMMARY

1. This is the second written update provided by the members of the Scrutiny Committee's Task and Finish Group looking at Integrated Care.
2. A remit for this Task and Finish Group was agreed by the Scrutiny Committee at its meeting held on 16 November 2020.
3. The Task and Finish Group was established in accordance with the Council's Constitution and the Protocol for Task and Finish Groups.
4. The recommendations to Scrutiny Committee from the Task and Finish Group will be received at its meeting in February 2020.

Is the report Open or Exempt?	Open
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<b>Wards Affected:</b>	All
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<b>Report of the members of the Task and Finish Group</b>	Councillor Edward Back, Councillor David Beavan, Councillor Tracey Green and Councillor Keith Robinson
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1. The second meeting of the Task and Finish Group on Integrated Care (inter-agency co-ordination of social care) was held remotely on Wednesday 6 January 2021.

## 2. **Safeguarding and Family Focus**

At the meeting on 6 January, Councillor Jepson provided an update on the small Suffolk Family Focus Team that operates within the Communities Team at East Suffolk. Together with Head of Service Nicole Rickard they are seeking to establish what funding options are available not just within East Suffolk but with our strategic partners to secure the longevity of this valuable service. The national programme has always been subject to periodic review.

Tracey Green explained that within the geographical area of ESC had five Social Care /Early Help teams; SCC had the legislative powers. These teams were based in Felixstowe, Saxmundham and three teams at Riverside – Lowestoft. An early help team would provide low level social care support – this request for support was generated by a CAF – Common Assessment Framework. Most of these are brokered by schools but not exclusively. For more significant support a Social Work Assessment was provided. Consideration to be given to a potential recommendation to ensure these teams are made aware of the various funding streams and support being offered by ESC.

Cllr Back pointed out that some voluntary sector organisations like the NSPCC were struggling to find new and younger volunteers.

## 3. **Signposting**

Cllr Beavan agreed to ask Communities for an update on the Suffolk Link service.

Cllr Robinson advised that customer services collect basic data to distribute to other departments as an example of the Council's good practice. Cllr Beavan to check that this still happened.

Cllr Green questioned whether the Council's website was user- friendly. Cllr Beavan mentioned that Citizens' Advice Bureaux and the Access Community Trust were already funded by the NHS to triage and signpost requests for help. He had asked IT to comment on the use of Microsoft Teams to form *ad hoc* MASH-like teams. Cllr Green to ask the Council's Housing team about its multi-agency work.

4. The next meeting of the Task and Finish Group would be held remotely on 25 January 2021 and its final report would be submitted to the Scrutiny Committee at its meeting on 25 February 2021.