



**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 17 December 2020 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/5SX0zDQxd8Y>

An Agenda is set out below.

1	Apologies for Absence and Substitutions	
2	Declarations of Interest 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.	
3	Minutes To confirm as a correct record the following Minutes:	
3a	Unconfirmed Minutes of the Meeting of the Scrutiny Committee held on 24 September 2020	1 - 5
3b	Unconfirmed Minutes of the Extraordinary Meeting of the Scrutiny Committee held on 15 October 2020	6 - 13
3c	Unconfirmed Minutes of the Extraordinary Meeting of the Scrutiny Committee held on 16 November 2020	14 - 21
4	Capital Programme 2021/22 to 2024/25 including revisions to 2020/21 ES/0605 Report of the Cabinet Member with responsibility for Resources	22 - 38
5	Draft Medium Term Financial Strategy 2021/22 to 2024/5 ES/0606 Report of the Cabinet Member with responsibility for Resources	39 - 75
6	Cabinet Member's update To receive an update on Councillor Cook's (Cabinet Member for Resources) portfolio and strategic priorities	
7	Update on progress by the Scrutiny Committee's Task and Finish Group ES/0607 First update report by the members of the Task and Finish Group	76 - 77
8	Scrutiny Committee's Forward Work Programme To consider the Committee's Forward Work Programme	

9 Exempt/Confidential Items (LGA)

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

Part Two – Exempt/Confidential

10 Unconfirmed Exempt Minutes of the Meeting of the Scrutiny Committee held on 24 September 2020

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

Close



Stephen Baker, Chief Executive

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Minutes of a Meeting of the **Scrutiny Committee** held in the Zoom, on **Thursday, 24 September 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 Andree Gee, Councillor Louise Gooch, Councillor Tracey Green, Councillor Mark Newton, Councillor Keith Robinson, Councillor Caroline Topping

Other Members present:

Councillor Stephen Burroughes, Councillor Peter Byatt, Councillor Maurice Cook, Councillor Richard Kerry

Officers present:

Katherine Abbott (Democratic Services Officer), Kerry Blair (Head of Operations), Sarah Davis (Democratic Services Officer), Cairistine Foster-Cannan (Head of Housing), Kathryn Hurlock (Asset Investment Manager), Andrew Jarvis (Strategic Director), Bridget Law (Programme Manager)

1 Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Geoff Lynch. Councillor Tony Cooper acted as Substitute.

2 Declarations of Interest

There were no Declarations of Interest.

3 Minutes

It was proposed by Councillor Back, seconded by Councillor Gooch and by majority vote

RESOLVED

That the Minutes of the Meeting held on 23 July 2020 be confirmed as a correct record and signed by the Chairman.

4 Appointments to Outside Bodies for 2020/21 (Scrutiny Functions)

The Scrutiny Committee received report **ES/0506** which sought consideration of the appointments to Outside Bodies with a scrutiny function for the remainder of the 2020/21 Municipal Year.

It was proposed by Councillor Deacon, seconded by Councillor Gooch, and by unanimous vote

RESOLVED

1. That Councillor Patience and Councillor Cloke be appointed by the Scrutiny Committee to those Outside Bodies with Scrutiny Functions, as outlined in Appendix A, for the remainder of the 2020/21 Municipal Year.
2. That Councillor Beavan and Councillor Cooper be appointed as designated Substitutes and to attend the Outside Bodies indicated at Appendix A in the event that the primary appointee was unavailable
3. That, unless otherwise stated, the Leader of the Council be authorised to appoint to any outstanding vacancies left unfilled by the Scrutiny Committee or that arise throughout the 2020/21 Municipal Year.

5 Cabinet Member's update

The Chairman welcomed Councillor Richard Kerry, Cabinet Member with responsibility for Housing, to the meeting and invited him to provide his update.

Councillor Kerry stated that the Housing Service was one of the largest services in the Council in terms of numbers of staff and size of budgets. It covered everything from the enforcement of housing standards in the private rented sector to the collection of rent from the Council's own tenants, assisting homeless households and rough sleepers, and building new, energy efficient Council homes. He said that, obviously, the Housing Service had undergone a period of momentous change with the current pandemic which has presented significant challenges. Councillor Kerry continued to identify the key priorities and challenges for the Service for the coming year.

The Private Sector Housing Team had left the county-wide home improvement agency in May and launched East Suffolk Independent Living. This was an agency that dealt with adaptations to residents' homes through Disabled Facilities Grants. Early work to pilot a better, more focussed service for customers was underway and already the benefits of the in-house service were becoming evident. The Council was sharing its learning and development with all the Suffolk Council partners as the former county-wide contract came to a close. Embedding East Suffolk Independent Living was a priority for the Housing Service to ensure an improved service was delivered to our community.

Councillor Kerry referred to the Digital Transformation of the Council's landlord service. He said that although this presented a challenge, it also provided a great opportunity to the Council to make efficiencies and improve service delivery to its tenants. The Housing Service embarked on the digital journey some time ago, but this year would see the transformational change.

The Scrutiny Committee was informed that progress to mobile working capability for the Housing Maintenance Team was on track; this would modernise and improve current working methods and the efficiency of the Team's workforce. Housing Services were also working on a tenant's portal app which was almost complete and would be launched in the autumn. This was a mobile ready app that any of the Council's tenants

could sign-up to and receive 24 hour access to their rent balance, the ability to make a payment, set up direct debits, report repairs and send messages. Further developments of the portal were planned to enable more functionality over the next couple of years as other technologies were brought online.

Councillor Kerry said the various housing strategies identified the need for the Council to build more new affordable homes. However, the need to build well and sustainably was the priority. The Housing Services was conscious of the Council's climate emergency declaration and was working with a specialist consultant team to develop Minimum Energy Efficiency Standards (MEES) for new build council homes. This would reduce the carbon impact on the environment as well as reducing energy costs for tenants.

Finally, Councillor Kerry referred to the Scrutiny Committee's request for a report on the Council's response to rough sleeping through the pandemic, and the potential impact on the Council when the Government's eviction moratorium ended, to be brought to its Extraordinary Meeting in mid-October. He said that addressing rough sleeping remained a high priority and certainly one of the biggest challenges. The Housing Needs Team had worked with the Ministry of Housing, Communities and Local Government to reprofile the rough sleeping grant funding received before the pandemic to ensure that costs for the rough sleeping Hub were fully covered,. In addition, three new fixed term posts dedicated to working with rough sleepers had been created and successfully recruited to. The Council had also submitted a bid to the Government's 'Next Steps Accommodation Programme' for further funding to support those rough sleepers housed as a result of the pandemic. The outcome of the bid was expected in the next few weeks. Councillor Kerry said that, collectively, this should bring real change to the level of rough sleeping in the district and directly impact on people's lives.

In conclusion, Councillor Kerry said the Housing Service was working to meet the needs of local residents in many other ways but he had selected these four as the most significant challenges and priorities to be addressed in the coming months.

The Chairman thanked Councillor Kerry for his informative update. The Chairman invited questions.

Councillor Beavan referred to the cessation of the Government's moratorium on evictions and asked about the anticipated impact of this on the Council. The Chairman reminded the Committee that a written report on this would be received at the Extraordinary Meeting on 15 October, however, he asked Councillor Kerry if he could respond briefly. Councillor Kerry replied that there had been additional demand for social housing during the pandemic and this was anticipated to increase. The Housing Needs Team would continue to work with anyone who contacted them to find suitable accommodation. Councillor Kerry wished to record his praise and thanks to the Housing Service teams for their first class work.

Councillor Topping asked how those tenants that might not wish to take up the offer of an app or portal would be contacted and able to communicate with the Council. Councillor Kerry said a telephone option would always remain available and that it was

appreciated that not all users would wish to use an app. It was however a useful tool for those that did wish to avail themselves of it.

Councillor Topping also referred to some incidences of ex-Council housing having been bought privately but now standing empty; she asked if it was possible to reacquire these bringing them back into use as social housing. Councillor Kerry replied that the Council did re-purchase ex-Council house stock on occasion. The Housing Service team made contact with the owners of empty houses to see if it might be available for purchase. The Chairman asked if this approach cheaper than building new houses; Councillor Kerry said it was cheaper and that right to buy receipts could be used.

Councillor Gooch referred to the demography of the county, in particular the ageing population, and asked if that related to the design of social housing. Councillor Kerry confirmed that families were offered assistance to down-size and that the Council could contribute to moving costs; this was publicised. Councillor Gooch also asked about the access of residents to private green space and asked if the Council was planning to build properties with this or, if not, was it possible to adopt this quickly. Councillor Kerry replied that this was, largely, down to the planning system and policies but, as legislation changed, this ambition would be incorporated.

Councillor Green asked if there were currently any persons placed into bed and breakfast accommodation while more suitable accommodation was identified. Councillor Green also asked how the Council dealt with people who had deliberately and consciously made themselves homeless. Lastly, Councillor Green asked about those constituents who wished to build their own homes to the same green energy standards as the Council. Councillor Kerry replied that there were no people in bed and breakfast accommodation and that the Council had used its own void properties instead. Councillor Kerry that dealing with people who had intentionally made themselves homeless was a challenge but, under legislation, there was no requirement on the Council to house people in these circumstances. Lastly, he said that those wishing to build their own homes would need to seek advice from the Planning department.

Councillor Deacon welcomed the building of Council housing and asked if new tenants would have the right to buy the property. Councillor Kerry confirmed that, within certain clauses, this would be possible. Councillor Deacon asked if the purchased housing stock would then be replaced. Councillor Kerry said that Right to Buy receipts would be used to replace sold stock. Councillor Deacon, with reference to permitted development legislation, asked if the Council might consider constructing additional stories on existing stock. Councillor Kerry said this was not under consideration at the moment.

The Chairman asked Councillor Kerry to indicate his greatest achievement, to date, in his Cabinet Member role. Councillor Kerry said that all achievements were a team effort and praised the teams within Housing Services for their commitment to helping people and getting the job done.

Councillor Gooch noted the carbon neutral green energy ambitions for new social housing stock and asked about the viability of retrospectively fitting this to existing stock. Councillor Kerry said the existing stock was being reviewed, some of it had

limited potential for retrospective fitting. Councillor Kerry said that, in early October, a virtual exercise would be held to explain the vision for carbon neutrality with providers, developer etc. and to ask them to tell the Council how they might be able to assist with meeting that ambition.

Councillor Green referred to a brownfield site in Felixstowe which had had a gasometer removed; she asked if this was a suitable site to obtain for social housing. Councillor Kerry said that there was the potential for the soil to be contaminated and that sometimes such sites were not financially viable for housing to be located on.

6 Scrutiny Committee's Forward Work Programme

The Scrutiny Committee received and reviewed its current Work Programme.

7 Exempt/Confidential Items

It was proposed by Councillor Bird, seconded by Councillor Deacon, and by unanimous vote

RESOLVED

That, under Section 100A(4) of the Local Government 1972 (as amended), the public be excluded from the Meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as defined in Paragraphs 1 and 3 of Part 1 of Schedule 12A of the Act.

8 Jubilee Terrace Beach Hut Development

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

9 Housing Development

- Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority.

The meeting concluded at 9:12 pm

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Chairman

Minutes of an Extraordinary Meeting of the **Scrutiny Committee** held remotely via Zoom on **Thursday 15 October 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 Andree Gee, Councillor Louise Gooch, Councillor Tracey Green, Councillor Geoff Lynch, Councillor Mark Newton, Councillor Caroline Topping

Other Members present:

Councillor Stephen Burroughes, Councillor Peter Byatt, Councillor Tony Cooper, Councillor Janet Craig, Councillor Richard Kerry, Councillor Mary Rudd, Councillor Letitia Smith, Councillor Ed Thompson, Councillor Steve Wiles

Officers present:

Katherine Abbott (Democratic Services Officer), Stephen Baker (Chief Executive), Karen Cook (Democratic Services Manager), Cairistine Foster-Cannan (Head of Housing), Anita Humphrey (Communities Manager), Andrew Jarvis (Strategic Director), Fern Lincoln (Housing Needs Service Manager), Matt Makin (Democratic Services Officer), Sue Meeken (Political Group Support Officer (Labour)), Nicole Rickard (Head of Communities), Paul Wood (Head of Economic and Regeneration)

Others present:

Christine Abraham (CEO Community Action Suffolk)

1 Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Keith Robinson. Councillor Colin Hedgley 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 (1)

The Committee received **ES/0531** by the Cabinet Members with responsibility for Community Health and Communities, Leisure and Tourism, respectively. Councillor

Rudd advised that the report highlighted the work that the Council had undertaken with a wide range of partners, including health partners. This included the partnership with Norfolk and Waveney CCG where referrals from their Covid Protect programme for people with long term conditions who needed help with food, medication or isolation had been received by the Council. The Connect for Health social prescribing providers in the Ipswich and East Suffolk CCG area took referrals from the Communities Team for more complex cases in need of additional support. In terms of tackling isolation and loneliness, which Councillor Rudd said was the number one priority for the East Suffolk Community Partnerships and a clear mental and physical health priority, the Council had initiated a befriending scheme in Lowestoft and piloted the innovative Grandpad programme to support those who were feeling isolated and were digitally disadvantaged. Councillor Smith advised that the first part of Appendix A of the report provided an overview of the Home But Not Alone community response in East Suffolk. Home But Not Alone (HBNA) was a Suffolk-wide initiative delivered in the District by the Council's Communities Team. The appendix outlined the level and location of demand for support during the eighteen and a half weeks that people were 'shielding' and the role that Home But Not Alone had played in supplementing the national support available to those who were 'shielding', including doorstep food deliveries. Councillor Smith added that HBNA had supported anyone in the District who was vulnerable, not just those who were 'shielding'. The appendix also considered the response by the eight Community Partnership areas, with a particular section on Lowestoft, which had 70% of the referrals. In conclusion, Councillor Smith said the report celebrated the work of community groups across East Suffolk and highlighted how this work had been enabled through the Council's Hardship Fund, which included contributions from all Councillors.

The Head of Communities advised that a request had been received from Councillor Gooch for information related to incidents and trends for domestic violence during the pandemic. In response, the Head of Communities said that although there had been an increase in reported Domestic Abuse Crimes of 24.9% on the three year average, there had not been the sustained spike that some had feared as lockdown measures were eased. She said that whilst the impact of Covid-19 could be a contributory factor in the escalation of abuse and risk, local specialist support had good capacity locally and was coping with demand. The Committee was advised that the Domestic Abuse Outreach Service delivered by Anglia Care Trust to medium risk victims had seen a 26% increase in referrals and the Independent Domestic Adviser Service for high risk victims had seen a 29% increase – demand for the services of both had peaked in July. A new 24/7 freephone Domestic Abuse Helpline had been launched in May and information about DA shared through pharmacies, HBNA call handlers, GP text messages, supermarkets, midwives and health visitors during the pandemic. There were 300 trained DA champions in Suffolk who had access to the most up to date information on services/trends and advice. The White Ribbon campaign in November would focus around libraries in Suffolk being safe spaces for victims to seek support.

The Housing Needs Manager added that a review of 2019 figures had shown that the Council's Housing Needs team 36 clients presenting as a result of Domestic Violence for the period from March 2019 – October 2019 compared to 48 cases for the same period in 2020. This was a slight increase in presentations of 13%. Currently, the Housing Needs Team had 20 active domestic violence related cases the team are working on and was actively engaged with support providers across the County to ensure the right

support and safeguarding measures and interventions were put in place at the different stages.

Before inviting questions from members of the Committee, the Chairman reminded the Councillors of the topics to be reviewed at the meeting on 26 November 2020 within part two of the report - these being winter preparedness, emergency planning, track and trace and communications. The Chairman asked that when posing their questions, members of the Committee try to avoid straying into those areas of discussion.

Councillor Topping referred to the £60 million to be made available across the police and local authorities for compliance and enforcement activities and that East Suffolk Council had been allocated £121,000 from that fund. Councillor Topping noted that the funding was ringfenced for compliance and enforcement activity but that there was flexibility on how it was used so long as it was for the purpose of controlling the spread of Covid-19. The Government had encouraged local authorities to consider using the funding to deploy marshals to support compliance and Councillor Topping asked what the Council intended to spend the funding on. The Chief Executive said the £121,000 was yet to be received and that early discussions suggested the use of marshals in an extensive, largely rural district would not be the most effective use of the money. Instead, the enhancement of current services through environmental health and the overall support to effect positive behavioural change were more likely. He added that the money had not yet been fully allocated but would be used creatively and to best effect to maximise its benefits including the reinforcement of safety and containment messages.

Councillor Back advised the Committee that he had previously volunteered to be a befriender of those who were 'shielding' and, unfortunately, had not been called upon to assist; he asked if this might have happened to other volunteers. Councillor Rudd replied that the Council had been contacted by a large number of volunteers but, if a community response group was already active and fully manned in an area, there had been a wish not to duplicate efforts but rather to fill gaps. Councillor Rudd said the previous scheme was being reviewed in order to improve it in case it were necessary to implement it again. Councillor Rudd apologised for Councillor Back not having been contacted.

Councillor Coulam referred to the table within the report which indicated the groups which had been received funding from the East Suffolk Hardship Fund and highlighted the £975 allocated to the Afghanistan and Central Asian Association. The Head of Communities advised that the Association had received funding to provide advice and support in particular languages to a specific group of people. The Association had since returned unspent funds.

Councillor Beavan said his experience of the Tribe Volunteer app was that it had not worked. He stated that the Council needed to ensure such apps do work and he asked for an update on how this was being approached and also if there was the potential to have an ESC app. The Head of Communities replied at the start of the pandemic in the UK a lot of elements had been required quickly and the Tribe app had appeared to provide the solution the Collaborative Communities Board had sought in terms of volunteers. The Head of Communities agreed that in the analysis of how the app had performed it had been identified that it had had limited success and that work was in

hand to see how it might be adapted and improved. The Chief Executive Officer of Community Action Suffolk added that the extent of the positive response to the call for volunteers had been overwhelming; she said that had that not been the case the app would have been helpful. There were, she said, teething issues with its use. The Council's Chief Executive Officer said that national apps were not always under the control of local authorities or local bodies. He added that an ESC app had been considered but, currently, the work required to ensure it was finessed and sufficiently focussed to do the job meant it was not feasible.

Councillor Deacon said the early intervention of many community groups had been amazing and welcome. He said many of these groups were treated as charities and asked what arrangements were for independent groups to receive donations. The Cabinet Member for Communities, Leisure and Tourism said the communities team had encouraged such groups (who might wish to do so) constitute their membership and so formalise their status through the inclusion of DBS checks, safeguarding training, increased governance etc. The Chief Executive of Community Action Suffolk said the diversity of the community response had been immense and her organisation was aiding the informal groups to set up a more formal infrastructure, if they so wished.

Councillor Green referred to the trial of Grandpads; she asked if there were plans to roll out the pilot more widely in the district under the digital inclusion scheme. Councillor Green also asked if there was evidence the devices were being actively used. The Head of Communities said the Council had funded 25 Grandpads, the Ipswich and East Suffolk CCG in the south of the district had undertaken to fund a further 50 and a further 25 for the north of the district would be funded by the Community Partnership Board's funding. The use of the Grandpads was monitored through reports to show how much they were used and the categories accesses; a follow-up telephone survey of users was also planned. The users of the Grandpads were encouraged to use them to access GP appointments, online shopping, prescription ordering etc. Councillor Green asked if the two CCGs within the district worked together in sharing information with the Council and if they fed back to their equivalent of a scrutiny committee. The Head of Communities said that, clearly, the CCGs would work in different ways and with differing priorities, however they did work closely. Councillor Green, with reference to the information about domestic abuse provided earlier in the meeting, asked if it would be Council staff or library staff who would provide this help. The Head of Communities clarified that the library would be signposted as a safe space from within which victims could report issues or call for specialist services.

Councillor Topping stated that the Council's communities team had done brilliant work during the pandemic; she asked if there were sufficient staff and if the Council would be able to respond as well to a spike in infection rates. Councillor Topping also asked for more details on the Volunteer Passport Scheme and if the demise of Age UK Suffolk had resulted in an increase in enquiries to the Council. The Head of Communities advised that some Officers from other teams within the Council had helped the Communities Team and provided additional resource through temporary redeployment. The Committee was informed that the corporate management team had looked at resources which would be required in the event of another lockdown, particularly because of the additional responsibility for local authorities to distribute food; these discussions continued but the redeployment of some Council officers

would be used again. The Head of Communities said that the demise of Age UK Suffolk had had an impact on the Council; it was working with and seeking funding for 'chin wag' groups to support elderly residents. In addition, a bounce-back fund had been established to help other such voluntary and community organisations which were also struggling. The Chief Executive of Community Action Suffolk said that the volunteer passport scheme had been in use for several years; it enabled volunteers to be 'passed' between organisations as seamlessly as possible and to minimise duplication of effort. A pilot was being undertaken in east Suffolk to provide training in basic volunteering; this was fully accredited and included first aid, safeguarding, diversity etc. The volunteer passport also provided a pathway to employment for some people. (*Clerk's note: Information on the volunteer passport scheme was circulated to the Committee after the meeting*).

Councillor Gooch referred to Dame Louise Casey's statement, that day, on child poverty and hunger; she asked if the Council had sufficient resources in place to take responsibility for the distribution of food as this was additionally important as this was sometimes one of the contributing factors in incidences of domestic abuse. Councillor Gooch suggested that if the causes of domestic abuse were identified as food related, for example, would the Council be able to respond quickly with support. The Head of Communities said that, with Community Action Suffolk, a study of how well-equipped the Collaborative Communities Board was in terms of food provision and capacity to support people had been undertaken. Hunger was a huge issue and the Council, with partners, worked hard to try and identify those most vulnerable in order to try and support them. She added that there was a joined-up support service in place but the need that would be encountered in the coming months was not underestimated. The Head of Housing added that the Low Income Family Tracker (LIFT) software was being used to provide predictive analytics that proactively identified households likely to experience economic hardship and rent arrears in order that they could be assisted to apply for discretionary housing payments. The software did provide an opportunity to look at other indicators of deprivation and disadvantage within a corporate project to best support vulnerable residents.

The Chairman asked if the recent cessation of the eviction moratorium had resulted in an increase in clients asking the housing team for assistance, if there were indicative figures of the likely demand and if there were sufficient staff to manage the response. The Head of Housing said that a gradual rise over a longer period of time was anticipated because of the long process to be followed before eviction took place. Only certain cases were being prioritised to court and the first hearings were not scheduled until mid-November. The Housing Needs Manager said that approximately 70 clients had presented to the housing team having received a six-month notice of eviction; 17 of these had presented since the lifting of the moratorium. She added that there was sufficient resource to deal with the cases and that officers worked with people to resolve issues, where possible, and to support.

Councillor Gooch asked if there was an intention to provide school children with food parcels to take home, as had been done in Birmingham. The Head of Communities said that several alternative sources of healthy food were being explored such as community fridges, community pantries, community supermarkets etc. The Chief Executive of Community Action Suffolk said several organisations were looking at food waste generally, a good example of this in East Suffolk was the 'teapot project'. Work

was in hand to engage with food banks, some of which were schools, but not all had registered with the Trussle Trust yet. In addition, in partnership with churches, food parcels that provided ingredients rather than prepared food were being explored to help people to have healthier food and learn basic cooking and nutrition skills.

Councillor Hedgley asked if, during lockdown, accommodation had been found for all the district's rough sleepers. The Head of Housing advised that the number of rough sleepers had peaked at 38 during the lockdown; all had been housed in self-contained accommodation. Each person had been assessed by a housing needs officer and a personal housing plan devised to meet their needs, including any health matters, and solutions put in place. At the present time, 5 people remained in the accommodation provided; the remainder had moved on to more suitable accommodation as a permanent solution, including supported housing, education or training needs. In response to a question, the Head of Housing said that some of the rough sleepers had claimed benefits to sustain their permanent accommodation. There were some newly identified rough sleepers in the district and the housing needs team was working intensively to engage with them; some clients required intensive support and assistance. Councillor Hedgley asked if there were sufficient resources. The Head of Housing said that grant funding was available until the end of the financial year; it was anticipated that a new bid for further funding for one year would be possible. The team's core staff were funded until the end of the financial year.

Councillor Gee asked about the support available for arts and culture during the pandemic. The Head of Economic Development said the Council was working closely with the Marina Theatre to support them in developing ideas to generate revenue; the theatre had also applied for a £300,000 grant from the Art Council's Cultural Recovery Fund. More widely, East Suffolk Council had established an arts and culture forum which was examining the scale of the issues and how best to help venues through shared learning and, possibly, the lobbying of central government. Councillor Deacon asked about the Spa Pavilion in Felixstowe. The Head of Economic Development said that this theatre had a different governance structure which made applying for government funding more difficult. The theatre had approached East Suffolk Council around supporting different business models which would help it to remain viable and these discussions were ongoing. The Council was unable to provide direct funding support but had offered support and assistance where it could. Councillor Deacon asked about the Two Sisters Arts Centre in Trimley. The Head of Economic Development said he did not believe they had approached the Council for assistance but undertook to check and advise Councillor Deacon outside the meeting.

Councillor Gooch asked if the geography of the community volunteer groups had meant that "social engineering" had been necessary to ensure hamlets were included and any gaps in provision addressed. The Chief Executive of Community Action Suffolk said her organisation had worked closely with local authorities to map community groups and identify any gaps. She had been astounded that only 40 very tiny parishes had not been "covered" by an emergency response; these parishes had on the whole already aligned themselves with a neighbouring parish for mutual aid and so there had not been a need to socially engineer. The Committee was also advised that a survey had been undertaken to identify how community groups were managing and, more recently, if they remained in existence and able to step up again if the need arose. The

initial responses had been very positive. The Head of Communities said the Council would be contacting any groups which had not yet replied.

Councillor Bird said that the report indicated a deficiency of volunteers in Lowestoft and asked what actions were being taken or were proposed to try and address. The Head of Communities said that Lowestoft did not have as many community response groups; the Council had met with Lowestoft Town Council and representatives of Lowestoft Rising and was planning to work, with Community Action Suffolk, on a volunteering campaign focussed on Lowestoft in an effort to build some volunteer resilience.

Councillor Back referred to national media reports of bogus companies claiming grant funds; he asked if there had been incidences of this in east Suffolk. The Head of Economic Development said the Council's fraud team reviewed any applications that raised concerns and payment withheld.

Councillor Gooch asked if the Council had been asked to formally respond or provide feedback to Ministers or the Secretary of State on local experiences. The Chief Executive said he was not aware of such a request, however, collectively Leaders of Councils had written to express concerns and views.

Councillor Topping urged the Chief Executive to ensure there was sufficient staff resource to deal with any local surges in infection rates and that the well-being and safety of staff was fully considered. The Chief Executive said the second report to the Committee, in November, would include emergency planning and one of the Council's core duties was to respond to any emergency when it happened; he wished to reassure the Committee that it was within the ethos of all the Council's staff that they would get involved in emergency situations in order to allow a flexible approach. He also emphasised that the well-being of his staff was foremost at all times.

There being no matters raised for debate, the Chairman suggested that the provisional recommendations from the meeting be carried over to the second meeting in the review to be held on 26 November. This was agreed. It was also agreed that the Scrutiny Committee would meet, informally, to draft these recommendations

RESOLVED

1. That, having considered the contents of the first report, the Scrutiny Committee would, at its meeting on 26 November 2020, formulate appropriate recommendations to Cabinet from the two Extraordinary meetings in order that these be considered as part of the continuing response to the Covid 19 pandemic.

8.33pm There was a short adjournment for five minutes. The Meeting reconvened at 8.38pm.

4 Scrutiny Committee's Forward Work Programme

The Scrutiny Committee received and considered a draft scoping form submitted by Councillor Cloke on car parking enforcement. The scoping form was approved and an

extraordinary meeting of the Scrutiny Committee would be held on 26 November 2020 to undertake the review.

The Chairman advised that the various strategic financial reports scheduled to be received in December and January would not be available to the Committee in advance. This was because of the additional complexities due to the on-going pandemic.

The Chairman reminded the Committee of the topics for review currently scheduled on its work programme.

The meeting concluded at 8:50pm

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Chairman

Minutes of an Extraordinary Meeting of the **Scrutiny Committee** held via Zoom on **Monday 16 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 Mark Newton, Councillor Keith Robinson, Councillor Caroline Topping

Other Members present:

Councillor Norman Brooks, Councillor Peter Byatt, Councillor Tony Cooper, Councillor Janet Craig, Councillor Steve Gallant, Councillor Tony Goldson, Councillor James Mallinder, Councillor Keith Patience, Councillor David Ritchie, Councillor Craig Rivett, Councillor Ed Thompson, Councillor Steve Wiles, Councillor Kay Yule

Officers present:

Katherine Abbott (Democratic Services Officer), Lewis Boudville (Transport, Infrastructure & Parking Services Manager), Andrew Jarvis (Strategic Director), Matt Makin (Democratic Services Officer), Sue Meeken (Political Group Support Officer (Labour))

1 Apologies for Absence and Substitutions

Apologies for Absence were received from Councillor Gee and Councillor Lynch. Councillor Cooper acted as Substitute for Councillor Lynch.

2 Declarations of Interest

There were no Declarations of Interest.

3 Review of Parking Management and Civil Parking Enforcement

The Scrutiny Committee received report **ES/0566** by the Cabinet Member with responsibility for Transport. The Cabinet Member gave a brief introduction to the report and referred to the introduction of Civil Parking Enforcement and an on/off road parking management system earlier in the year. He wished to record his personal thanks to the Officers of the Council for their work which, he said, had achieved a phenomenal amount in a short period of time.

At the invitation of the Chairman, the Transport, Infrastructure and Parking Services Manager gave a brief presentation which outlined the problems which had been identified as needing to be resolved and the four objectives identified to achieve this - Standardise pricing and signage; increase the digital offer; introduce civil parking

enforcement; and, implement digital enforcement system. In addition, the Transport, Infrastructure and Parking Services Manager gave a brief demonstration of the digital permit system via the online portal.

The Chairman invited questions

Councillor Deacon, with reference to paragraph 2.1(iv) of the report, asked about the process that had been applied in the selection of the Taranto platform for the Penalty Charge Notice processing system. He asked why this platform had been considered superior to others on the market. In addition, and with regard to the demonstration of the digital permit application system, Councillor Deacon said it was important to remember that not all applicants were sufficiently IT literate to be able to use the system with ease. The Transport, Infrastructure and Parking Services Manager said that an Eastern Shires Purchasing Organisation (ESPO) framework had been utilised (*Clerk's note: ESPO is a public sector owned professional buying organisation, specialising in providing a wide range of goods and services to the public sector. It offers over 27,000 catalogue products, 120 frameworks and bespoke procurement services, all with free support and advice available*) and an open-invitation issued to all appropriate providers in the market to demonstrate their product. The demonstrations had been graded and scored and a decision taken based on key factors such as best technical solution, user-friendliness, operation and support facilities and overall integrity of the system. He stressed that the ease of use of the system by those with less IT knowledge had been considered in the process, but the system selected was typical of those in use for parking management. The Scrutiny Committee was informed that those who had no IT access or experienced difficulty accessing the system were able to telephone and seek assistance with their application.

Councillor Deacon referred to the significant increase in season ticket prices and asked how many formal complaints had been received as a result of that increase. Councillor Deacon also raised a query about a change to weekend parking at Oulton Broad which, he had been told, necessitated the purchase of an annual ticket to be able to park for whole weekends. The Transport, Infrastructure and Parking Services Manager replied that there had been very few formal complaints received. With reference to parking at Oulton Broad, he stated that weekend parking did not require the purchase of an annual ticket as a day ticket would suffice. However, if the user wished to park regularly at the site it might be that an annual ticket would offer a saving overall. Councillor Deacon said he was surprised few formal complaints had been received as he had received several from residents.

The Chairman asked how the standardisation in pricing had been arrived at. The Transport, Infrastructure and Parking Services Manager referred to the report which, he said, described how the pricing values had been arrived at and the reasons why this was felt to be necessary. He added that the prior ticket options had varied immensely with significant differences in pricing across the district; there had, he said, also been special arrangements at some locations and, therefore, rationalisation of the pricing structure had been sought to provide standardisation of charges across the district.

Councillor Gooch said she had tried to follow the process which had been demonstrated to the Committee, however, she had found it required registration, a password and email verification and queried if this was the case. The Transport,

Infrastructure and Parking Services Manager said that it was possible to apply as a guest on the portal.

Councillor Topping asked why an Equality Impact Assessment (EIA) had not been completed. She added that she had been informed one was not required. Councillor Topping questioned why, as part of an EIA, permit holders had not been asked for their comments on the proposed scheme. Councillor Topping provided examples of the impact which residents in her ward had experienced with the changes to residents' permits. The Transport, Infrastructure and Parking Services Manager referred to the EIA which had been completed and referenced at paragraph 8.4 of the report. The Transport, Infrastructure and Parking Services Manager said that the previous paper-based system of residents' permits had, at times, be subject to anecdotal evidence of misuse. The new system was more flexible as temporary permits were issued as required. He noted comments about limited residents parking in one location in Beccles and said that supply and demand would be reviewed. Councillor Topping also gave the example of an elderly resident who was unable to go online to book a permit and so had been advised to do so by telephone. The telephone service operated within the Council's opening hours, but calls to the permit scheme could be made between 8am and 8pm weekdays and so weekend visitors were unable to book a permit on the day. Councillor Topping also referred to carer's permits which could be used 20 days out of 30 and queried the effectiveness of this approach.

The Transport, Infrastructure and Parking Services Manager experienced technical issues. The meeting adjourned between 7.15pm and 7.18pm to enable him to re-join the meeting by telephone. The meeting reconvened at 7.18pm.

The Transport, Infrastructure and Parking Services Manager responded that visitors planning to visit at weekends meant residents could apply for a permit online or by telephone in advance. Similarly, at weekends, a resident who was unable to use the online portal could call the telephone line and leave a voicemail with all the relevant details; a permit could then be issued retrospectively. If a Penalty Charge Notice was issued but the request had been registered in a telephone message, the Notice would be cancelled and no fine would be payable.

Councillor Cloke referred to the increase in parking charges at the car park at Sizewell beach and suggested that this had been excessive. Councillor Cloke said that she understood the merit of a standardised approach but questioned why this had not been approached in a phased way rather than one large increase. The Transport, Infrastructure and Parking Services Manager replied that the Sizewell Beach annual ticket had been £25 and so any increase might perhaps be seen as unreasonable. He added that parking sessions for more than an hour were £1.20, therefore, drivers to date had paid the equivalent of twenty-one days and received the equivalent of free parking for the rest of the year. Sizewell Beach was not a location where all day parking was in high demand and a two-hour visit was more likely – therefore, the new £1 ticket would, he said, provide best value for parking sessions of this length. It would be cheaper than the £1.20 ticket a two-hour session had previously cost. The demand for annual tickets at Sizewell Beach was not significant, he said, when considered against the three million parking sessions typically seen each year. He added that drivers had the option to pay monthly for their parking sessions should they not wish to commit to the annual ticket fee in one transaction.

Councillor Beavan asked about residents' parking and if exemptions were limited to certain areas. The Transport, Infrastructure and Parking Services Manager said that exemptions were considered on a street-by-street basis but that these had been implemented where residents' needs had not been fully considered previously. Councillor Beavan asked if the Council was able to assist carers who were not paid for the time they were parked and as the national pass for time limited parking bays during the pandemic was gradually phased out. The Transport, Infrastructure and Parking Services Manager said that possible schemes to manage parking would be considered in Framlingham, Lowestoft and Southwold first. Councillor Beavan urged every effort be made to avoid a gap between the end of one scheme and the start of a new one.

Councillor Coulam said that, previously, disabled users of car parks had been allowed a concession whereby two hours parking had been permitted for a one hour ticket. She explained that this had been to allow additional time in exiting vehicles, getting aids out, obtaining a ticket etc. Councillor Coulam said that the new charges did not allow and questioned if this might be discriminatory. The Transport, Infrastructure and Parking Services Manager replied that the blue badge scheme allowed a driver to park in more places and for more time than other drivers. This was because the scheme was there to help people who either had trouble getting about or had medical conditions that made having a car nearby vital. The exemptions provided by the blue badge were for on-street parking regulations. The criteria for exemptions, concessions and alternative methods had been applied in accordance with the Disabled Parking Accreditation (an initiative provided by Disability Motoring UK and managed by the British Parking Association) which was primarily aimed at improving parking for disabled people and reducing abuse of disabled spaces. He added that the Council would look at the possibility of discretionary disabled parking exemptions across its car parks. It was noted that the RingGo app would aid disabled drivers as it was possible to pay for parking from the car.

Councillor Topping referred to past delays in the implementation of the Traffic Regulation Order (TRO) and Off-Street Parking Places Order; these set out the provision for on-street parking restrictions, including residents' parking zones and permit schemes as well as stipulating the rules for permit holder schemes. The Transport, Infrastructure and Parking Services Manager said the Council was now administering permits in accordance with the provisions of the County Council's TRO; he stressed that the TRO had not been amended and that the change experienced by some was in the administration processes linked to the new permit management system. The delays in implementation of the new scheme had been the result of a delay in obtaining the statutory instrument and the initial transition period, moving forward, further delays were not anticipated.

The Chairman asked if there were sufficient staffing resources to undertake the administration of all the various aspects of parking management. The Cabinet Member with responsibility for Transport said the implementation of the new processes had been both technically demanding and labour intensive; unavoidable delays had been experienced with the obtaining of the statutory instrument and the impact of the pandemic. There had been initial teething issues during the transition but Officers had worked hard to resolve these. The Cabinet Member said that although there was a

phenomenal amount of work to be undertaken he had been advised that staffing levels were adequate. These remained under constant review and if more resource was considered necessary a case would be made to increase establishment. In response to a question from Councillor Topping, the Cabinet Member confirmed that no further delays were anticipated and responses required by SCC would be provided on time.

Councillor Topping referred to the four car parks in Halesworth and advised that residents had informed her they had been told they could only use one car park in any one day and could not return to any of the four car parks in the same day; she asked if that was accurate. The Transport, Infrastructure and Parking Services Manager said that people could return to the same or another car park in the same day as many times as they wished. However, the 30 minutes of free parking was a concession that was only available once a day.

Councillor Gooch said she had tried to load the RingGo app but it had failed to install and that this was possibly because it utilised significant storage space on a mobile telephone. Councillor Gooch said that if digital solutions were to be introduced they must be simple and easy to use. She added that the signage in car parks was not easy to read because of the size of the text, there was no indication on signs of the storage capacity of the app, there was no instruction to say that users could use coinage if they preferred and that, generally, the signage was more of a barrier to use than designed to make matters easier. Councillor Gooch asked that the signage be reviewed and improved and added that she was surprised there had not been complaints based on the digital infrastructure.

The Cabinet Member for Transport referred to the handling of coins as being expensive and having an impact on the environment and that, therefore, digital alternatives offered benefits. He confirmed that coins could still be used at the machines and that perhaps this could be made clearer.

Councillor Deacon asked if the pay machines were at a height which was accessible to someone in a wheelchair and also suggested that the signs were sited too high to be easily read if so seated. The Transport, Infrastructure and Parking Services Manager said that the main signage in car parks was being addressed but had not been set at a different height to the previous signs. He said that all the signs in the car parks had been replaced, but some of the information boards which utilised smaller text had been installed too high. All were being checked and lowered where necessary. He added that the manufacturer of the pay machines met disabled user requirements and some had included access ramps to the machine.

Councillor Beavan referred to the Council's online survey of parking schemes and asked if there was sufficient Officer resource to review the results, prioritise and facilitate said schemes. The Cabinet Member for Transport repeated that he had discussed staffing levels with senior Officers and added that back-office functions were being rationalised to create some additional capacity. Councillor Beavan asked when the schemes identified via the survey would be reviewed and prioritised. The Cabinet Member for Transport said no date for this had yet been set.

Councillor Cloke said she had tried to apply for a TRO on the website for a particular street within her ward on behalf of residents. This had proven to be problematic as it

required the entry of multiple addresses and, as she was not a resident in the street concerned, the system had not allowed the application. It was agreed that the Transport, Infrastructure and Parking Services Manager would contact Councillor Cloke, outside of the meeting, to resolve this problem.

The Transport, Infrastructure and Parking Services Manager, with reference to the earlier discussion of the Blue Badge Scheme, said that the Scheme already allowed parking on the street all day. The Scheme was not, however, an off-street or car park scheme.

Councillor Green said that overall parking in Felixstowe had been improved by the introduction of civil parking enforcement. She also said that she regularly used the RingGo app which she found to be very useful. Councillor Green said that she had previously sought a glossary of terms on this complex subject which she said would be helpful to Councillors and residents alike. The Cabinet Member for Transport welcomed Councillor Green's positive remarks on improved parking as a result of the introduction of CPE. With regard to a glossary of terms, he said he was working with Officers to produce this together with simple guides; he anticipated these being available shortly. The Transport, Infrastructure and Parking Services Manager added that infographics would also be available in the next few weeks and that the current information on the website, together with the requested glossary, would be revisited. He said that he was keen to ensure that information available elsewhere was not duplicated to avoid confusion but agreed to a review.

Councillor Patience asked how many pay machines were typically within a car park and if this varied significantly. The Chairman asked about the reliability rate of the pay machines, the average repair times when a machine would be out of order, etc. The Transport, Infrastructure and Parking Services Manager replied that the number of machines might be dependent on the geometry of the car park, the number of parking spaces, but generally there were one or two machines in a car park with the exception of Southwold which had seven. He added that in order to reduce the number of cash collections necessary, 96 of the pay machines had been upgraded - those which had not been upgraded were on the whole used less often. The upgraded machines would be monitored and the remaining machines brought up to the same standard in time, if required. He added that, at the moment, pay machines could accommodate cash payments particularly as the revised tariffs made this much simpler when using coins. The Committee was informed that the machines were deep cleaned and checked once per week; in addition, each time a Civil Parking Enforcement Officer patrolled s/he would check the machine too. If a machine was found to be faulty, no penalty fines would be served.

Councillor Yule said the introduction of Civil Parking Enforcement in Woodbridge had, generally, been well received and she congratulated the Council in that regard. However, she also had concerns about any impact on disabled users. Councillor Yule referred to one machine in Woodbridge which had been assumed to be out of order because the information on it had not been easy to understand, that disabled users had then tried to find an alternative machine to take coins and suggested this could have been more accessible with clearer signage and the aim to make car parks more accessible to disabled people. The Leader of the Council suggested that the earlier discussion of the Blue Badge Scheme had raised some issues and he wished to highlight

that disabled users were, perhaps, not the only group of people who might wish to have additional time - for example mothers with young children in push-chairs. Those who held Blue Badges could utilise the on-street parking concession which, he said, was not necessarily an option to other users such as the mother with children and pushchairs. He suggested that the issues needed to be kept in perspective. The Leader of the Council also said that it was right to encourage people to use the RingGo app for the environmental benefits it offered; there would always be some reluctance to any change but it was important to be clear the Council had no ulterior motive beyond trying to reduce carbon emissions. In conclusion, the Leader of the Council said that some 80% of the population owned and used a smart phone and so the use of an app should not be an issue. He also referred to the digital systems in place at the Dartford Crossing.

In response to a query, the Transport, Infrastructure and Parking Services Manager confirmed that four new electric vehicles were in use by Enforcement Officers.

In response to a further comment about the clarity of the messaging on the current signage, the Transport, Infrastructure and Parking Services Manager said the information board contained the legal wording associated with contravention laws. He added that the clear and important message was sited at the very top of the sign. In the event that a user's mobile telephone had no signal to enable use of the app, then coins could be used to purchase a ticket. He added that if there was no signal generally, the pay machines may not work either and so no fines would be served.

Councillor Wiles welcomed the proposed extension of additional car parking as supportive to the local economy and its recovery; he asked if there was a target date for this to happen. The Transport, Infrastructure and Parking Services Manager said it was hoped to do this in early December to allow for the 21 day notice period.

Councillor Deacon said that although issues had been highlighted during the discussion he was sure that these were resolvable.

There being no further questions or matters raised for debate, it was proposed by Councillor Bird and seconded by Councillor Deacon and by unanimous vote

RESOLVED

1. That the draft recommendations arising from the contents of the report and the questions raised in relation to it at the meeting be considered and agreed at the next Scrutiny Committee meeting on 26 November 2020

4 Scrutiny Committee's Forward Work Programme

The Scrutiny Committee received a draft remit for the establishment of a proposed Task and Finish Group on aspects of Integrated Care. In considering this draft remit, the Scrutiny Committee was referred to the protocol for Task and Finish Groups. At the request of the Chairman, the Clerk précised the protocol which had also been provided to the Committee in advance of the meeting.

The proposed remit was agreed and a Task and Finish Group established.

Councillor Deacon nominated Councillor Beavan to chair the Task and Finish Group; this was seconded by Councillor Topping. Councillor Robinson nominated Councillor Back to chair the Task and Finish Group; Councillor Back withdrew from the nomination.

It having been proposed and seconded, it was agreed by majority vote

RESOLVED:

1. That Councillor Beavan be chair of the Task and Finish Group which would also comprise Councillor Back, Councillor Green and Councillor Robinson.

- 2 In accordance with the protocol, written update reports from the Task and Finish Group would be received at the scheduled meetings of the Scrutiny Committee in December 2020 and January 2021. The final report, with draft recommendations, would be received at an Extraordinary meeting of the Scrutiny Committee to be arranged in February 2021.

The Meeting concluded at 9:45pm

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Chairman



SCRUTINY COMMITTEE

Thursday 17 December 2020

CAPITAL PROGRAMME FOR 2021/22 TO 2024/25 INCLUDING REVISIONS TO 2020/21

EXECUTIVE SUMMARY

1. This report sets out the Council's Capital Programme for the financial years 2021/22 to 2024/25 including revisions to 2020/21.
2. The report includes the main principles applied to set the programme and provides details of the expenditure and financing for 2020/21 and 2021/22 to 2024/25.
3. Total General Fund Capital investment for the period is anticipated to be £189.44m. In addition to the use of its internal resources and both internal and external borrowing, the Council will be benefiting from receiving £103.65m of external grants and contributions.
4. Total Housing Revenue Account capital investment for the period is anticipated to be £64.95m and benefiting from receiving £13.31m of external grants and contributions.
5. The Scrutiny Committee is asked to review the Capital Programme for 2021/22 to 2024/25 including revisions to 2020/21 and recommend its approval.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards across East Suffolk
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Cabinet Member:	Councillor Maurice Cook Cabinet Member with responsibility for Resources
Supporting Officer:	Brian Mew Interim Chief Finance Officer 01394 444571 brian.mew@eastssuffolk.gov.uk

1. INTRODUCTION

- 1.1 As part of the budget setting process, the Council is required to agree a programme of capital expenditure for the coming four years. The capital programme plays an important part in the delivery of the Council's Medium-Term Financial Strategy (MTFS), which in turn supports wider service delivery.
- 1.2 Capital expenditure within the Council is split into two main components, the General Fund Capital Programme, and the Housing Revenue Account (HRA) Capital Programme.
- 1.3 The capital programme recognises the spending pressures within the Finance Settlement for 2021/22 on the resources available. Therefore, the programme continues to only incorporate those projects that are either a statutory requirement or are essential to the Council's service delivery. The programme includes schemes where the Council has been successful in securing funding from external grants and contributions, and schemes where the Council is pro-actively working with external bodies to secure funding. For these schemes to go ahead it is important that the funding is secured.
- 1.4 The capital programme has been compiled taking account of the following main principles, to:
- maintain an **affordable** four-year rolling capital programme.
 - ensure capital resources are aligned with the Council's **Business Plan**,
 - maximise available resources by actively seeking **external funding** and **disposal of surplus assets**; and
 - not to anticipate **receipts** from disposals **until they are realised**.
- 1.5 The current economic climate also places further emphasis on ensuring that the levels of capital receipts are maximised through improved asset management and through the sale of surplus and underused assets. The Council has previously disposed of land and buildings surplus to its requirements, which have supported the overall financing of capital investment and at the same time reduced the demand on the revenue budget.
- 1.6 Capital Funding Sources - The capital investment proposals contained within this MTFS rely upon an overall funding envelope made up of several sources, including internal borrowing, capital receipts, and capital grant and revenue contributions.
- 1.7 Borrowing - The local Government Act 2003 gave local authorities the ability to borrow for capital expenditure provided that such borrowing was affordable, prudent, and sustainable over the medium term. The Council must complete a range of calculations (Prudential Indicators) as part of its annual budget setting process to evidence this. These make sure that the cost of paying for interest charges and repayment of principal by a minimum revenue payment (MRP) each year is considered when drafting the Budget and Medium-Term Financial Strategy. Over the course of this MTFS, prudential borrowing of £70.25m has been assumed for the General Fund Capital Programme, being £32.03m (internal borrowing) and £38.22m (external borrowing).
- 1.8 Following the change in borrowing rules from the PWLB where Councils can not borrow if their capital programmes contain projects for income generation. The Council will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments.
- 1.9 The Council's external borrowing limit is set at £155m with a General Fund limit of £67.74m and actual borrowing of £6.08m. The HRA borrowing limit is set at £87.26m with actual borrowing of £71.17m.

- 1.10 Capital Receipts - These are generated when a non-current asset is sold, and the receipt is more than £10k. Capital receipts can only be used to fund capital expenditure or repay borrowing. In determining the overall affordability of its capital programme, the Council has taken a prudent approach of not including anticipated capital receipts as a source of funding in the programme until such a time when the income is received and realised.
- 1.11 The programme set out in the report is affordable without the need to rely on future capital receipts, the extent and timing of which are unknown. Any receipts not used within the year are transferred into the Capital Receipts Reserve to be used for future capital investment financing.
- 1.12 Capital Grant - The Council receives additional grant funding for a variety of purposes and from a range of sources. These include the Ministry of Housing, Communities and Local Government (MHCLG) funding for Disabled Facility Grants and Environment Agency funding for Coastal Management projects.
- 1.13 Revenue Contributions - Although the Council can use its General Fund to pay for capital expenditure, as it has done in the past (formerly Suffolk Coastal DC and Waveney DC), the current financial constraints that are on the Revenue Budget means that this option is limited in the medium term.
- 1.14 General Fund Capital Reserves - Capital Short Life Asset Reserve – It is anticipated that this reserve will continue to fund assets with a life of less than 10 years, primarily being IT equipment and vehicles purchases.
- 1.15 HRA Right to Buy (RTB) Capital Receipts – The Right to Buy scheme helps eligible council tenants to buy their home with a discount of up to £84,200 (2020/21). The Council receives the sale proceeds of the Council House.
- 1.16 HRA Other Capital Receipts - These are generated when a fixed asset is sold, and the receipt is more than £10k. Capital receipts can only be used to fund capital expenditure.
- 1.17 HRA Contributions – Funding for capital expenditure on housing can be met from within the HRA. The future funding requirements will be informed by the revised 30-year HRA business plan.
- 1.18 HRA Capital Reserves – Although the HRA subsidy system has ceased to exist, transitional arrangements allow the Council to continue to place the Major Repairs Allowance, as detailed in the settlement determination, in the Major Repairs Reserve. This is exclusively available for use on HRA capital expenditure.

2 SUMMARY GENERAL FUND CAPITAL PROGRAMME

- 2.1 Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. The tables in Appendix A show the General Fund budgets for 2020/21 to 2024/25.
- 2.2 The capital programme for 2020/21 through to 2024/25 has a total budget requirement of £189.44m which will be financed through both internal and external resources.
- 2.3 The programme from 2020/21 to 2024/25 benefits from £103.65m (55%) of external grants and contributions, the use of £14.66m (7%) of reserves and internal/external borrowing of £70.25m (37%) and £0.88m (1%) of capital receipt reserves
- 2.4 In the event of external funding not being secured then those projects will look to secure other funding or will not be pursued.

3 SUMMARY HRA CAPITAL PROGRAMME

- 3.1 Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. The tables in Appendix B show the HRA capital budgets for 2020/21 to 2024/25.
- 3.2 The capital programme for 2020/21 through to 2024/25 has a total budget requirement £64.95m which will be financed through both internal and external resources.
- 3.3 The programme from 2020/21 to 2024/25 relies upon £13.31m (21%) of external grants and contributions, the use of £28.14m (43%) of capital reserves and direct revenue financing of £23.50m (36%).

4 KEY INVESTMENTS

4.1 Felixstowe North Regeneration – Garden Neighbourhood (Leisure Centre)

At East Suffolk Council's Cabinet meeting held on 3 September 2019, it was agreed that a new leisure centre for Felixstowe would be approved bringing a single destination facility to the town, which will service the community and attract people from further afield. The total budget for the project included within the programme is £25m due to be funded from borrowing.

4.2 Felixstowe North Regeneration – Garden Neighbourhood (Infrastructure)

Development of infrastructure including housing, a school and connectivity (walkways, cycleways etc) between areas and the existing town

4.3 Lowestoft Beach Hut Replacement

Cliff stabilisation works commenced in 2020 along with works to prepare for the replacement of approximately 50 beach huts. The programme contains both the wall stabilisation (£1.45m) and replacement beach huts (£1m) budgeted cost of £2.45m

4.4 Commercial Investment

The Council is constantly looking for opportunities to reduce its operational costs and or generate additional income. The Council has developed its Commercial Investment Strategy which is an important part of the Council's approach to delivering financial self-sufficiency. The Strategy sets out the detailed policies, processes, and governance arrangements within which the investment decisions will be made, implemented, managed and monitored. The Council has set aside Capital funds of £10m (£5m Commercial Investment and £5m land acquisition) to deliver the Council's Commercial Investment plans. In 2020/21 two projects have been identified with budget reallocations to the specific projects (£2.25m Moor Business Park and £1.5m NWES).

4.5 Flood Alleviation

Lowestoft Tidal Wall and Barrier - A major project to construct a permanent tidal wall which will be built around the harbour to protect Lowestoft from future tidal surges, with a tidal gate located near to the Bascule Bridge to prevent surge water entering Lake Lothing. The total budgeted cost of £68.3m has been included in the programme.

4.6 LATCO Loan

The Council's Investment Strategy permits service loans for which a return on investment is achieved which is usually around 6%. In 2021/22 the Council will be looking to make a maximum investment into the Council's LATCO of £10m for which a full business case will be submitted to Cabinet for approval. The loan will be held as a long-term debtor which will be repaid over time and investment income being received on an annual basis.

4.7 HRA Redevelopment/ New Build Programme

The Housing Revenue Account has several purchased properties that require redevelopment or modernisation to ensure that they are fit for purpose and provide the appropriate type of accommodation for the area. The development programme provides the financial resources to achieve this.

- 4.8 The development of housing provision within the North of the District is paramount to the Housing Revenue Account's business plan and an affordable programme of land purchase and development has been drawn up to deliver the Councils objective.

5 THE REVIEW PROCESS

- 5.1 Strategic Directors/Head of Service are required to regularly review service area capital provisions and provide updates where required. Acceleration of a capital project can be made where another project can be deferred in the current financial year and in consultation with the Chief Finance Officer.

6 REVENUE IMPLICATIONS

- 6.1 Capital projects have revenue implications, depending on the nature of the projects and how they are financed. The majority of the Council's general fund capital expenditure is financed by prudential borrowing and therefore incurs both an interest charge and a charge for repaying the debt known as the Minimum Revenue Provision (MRP).
- 6.2 For every £100k financed through borrowing there is a revenue cost of £7.5k every year over the life of the asset, which is usually 20 years.
- 6.3 The HRA is funded through direct revenue financing (DRF) and only attracts an interest charge on its loans acquired for the settlement of its share of the Government's Housing debt in 2011/12.
- 6.4 Both these costs must be funded from the Council's General Fund or HRA as appropriate. Consequently, the amount of capital works that can be undertaken are constrained by the ability of the revenue accounts to absorb these charges. The current and forecast charges are shown in the table below.

	2020/21	2021/22	2022/23	2023/24	2024/25
General Fund - Capital Charges	£000	£000	£000	£000	£000
Interest	530	530	530	530	530
Borrowing repayment provision (MRP)	820	1,196	1,627	1,941	2,014
Total	1,350	1,726	2,157	2,471	2,544
HRA - Capital Charges					
Interest	2,000	2,000	2,000	2,000	2,000

7 HOW DOES THIS RELATE TO EAST SUFFOLK STRATEGIC PLAN?

- 7.1 The Capital Programme feeds directly into the Council's MTFs which in turn is the mechanism by which the key Business Plan objective of Financial Self-Sufficiency will be delivered over the medium term. The Capital Programme also links directly to the Council's specific actions within the Business Plan and provides the capital financing for some of these actions.

8 REASON FOR RECOMMENDATION

- 8.1 Approval of the capital programme for 2020/21 to 2024/25 is required as part of the overall setting of the budget and MTFS.

RECOMMENDATION

That, having reviewed and commented upon the the Capital Programme for 2021/22 to 2024/25 and revisions to 2020/21, it be recommended for approval by Full Council.

APPENDICES

Appendix A	General Fund summary and detailed capital investment projects
Appendix B	Housing Revenue Account summary and detailed capital investment projects
Appendix C	Capital Programme External Funding Summary

BACKGROUND PAPERS - None

SUMMARY - GENERAL FUND PROGRAMME	2020/21 £000 Original Budget	2020/21 £000 Revised Budget	2021/22 £000 Original Budget	2022/23 £000 Original Budget	2023/24 £000 Original Budget	2024/25 £000 Original Budget	2020/21 to 2024/25
Capital Expenditure							
Economic Development & Regeneration	0	518	0	0	0	0	518
Environmental Services & Port Health	11	200	150	150	50	50	600
Financial Services, Corporate Performance & Risk Ma	5,000	7,400	200	300	0	0	7,900
ICT Services	400	785	50	50	450	250	1,585
Operations	19,889	9,166	14,244	17,330	17,580	17,880	76,200
Planning & Coastal Management	14,552	8,093	19,367	13,397	18,009	26,774	85,640
Housing Improvement	1,716	1,000	1,500	1,500	1,500	1,500	7,000
Long Term Debtors	0	0	10,000	0	0	0	10,000
Total Capital Expenditure	41,568	27,162	45,511	32,727	37,589	46,454	189,443
Financed By:-							
External:							
Grants	16,940	10,191	19,231	14,847	25,309	34,074	103,652
Contributions	0	0	0	0	0	0	-
Borrowing	1,000	0	3,415	13,800	10,000	11,000	38,215
Internal:							
General Fund Capital Receipts	0	785	100	0	0	0	885
Borrowing	21,422	11,269	18,266	1,200	900	400	32,035
Reserves	2,206	4,917	4,499	2,880	1,380	980	14,656
Total Financing	41,568	27,162	45,511	32,727	37,589	46,454	189,443

Detailed capital investment projects

Funding Type key:			
EB	External Borrowing	IB	Internal Borrowing
EC	External Contribution	ICR	Internal Capital Receipt
EG	External Grant	IR	Internal Reserve

ECONOMIC DEVELOPMENT & REGENERATION	2020/21 £000 Original Budget	2020/21 £000 Original + Carry Fwd. Budget	2020/21 £000 Revised Budget	2021/22 £000 Revised Budget	2022/23 £000 Revised Budget	2023/24 £000 Revised Budget	2024/25 £000 Revised Budget	New Project Added	Funding Type
Ness Point Regeneration Project	0	336	518	0	0	0	0		EG/ER
Total Budgeted Expenditure	0	336	518	0	0	0	0		
Financed By:-									
Internal Funding:									
Internal Borrowing	0	0	0	0	0	0	0		IB
Capital Receipt	0	0	0	0	0	0	0		ICR
Reserve	0	0	40	0	0	0	0		IR
	0	0	40	0	0	0	0		
External Funding:									
Grants	0	336	478	0	0	0	0		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	0	0	0	0	0	0	0		EB
	0	336	478	0	0	0	0		
Total Budgeted Financing	0	336	518	0	0	0	0		
Ness Point Regeneration Project									
The Lowestoft Ness Regeneration Scheme (East of England Park project) aims to create a visitor destination that celebrates the culture and heritage of its location.									

ENVIRONMENTAL SERVICES & PORT HEALTH	2020/21 £000	2020/21 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	New Project Added	Funding Type
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget		
Port Health IT System	11	11	200	150	150	50	50		IR
Total Budgeted Expenditure	11	11	200	150	150	50	50		
Financed By:-									
Internal Funding:									
Internal Borrowing	0	0	0	0	0	0	0		IB
Capital Receipt	0	0	0	0	0	0	0		ICR
Capital Reserve - Port Health	11	11	200	150	150	50	50		IR
	11	11	200	150	150	50	50		
External Funding:									
Grants	0	0	0	0	0	0	0		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	0	0	0	0	0	0	0		EB
	0	0	0	0	0	0	0		
Total Budgeted Financing	11	11	200	150	150	50	50		
Project									
Port Health IT System	Purchase of new server, upgrade switch environment and replace desktop/printer/tablet								

FINANCIAL SERVICES, CORPORATE PERFORMANCE & RISK MANAGEMENT	2020/21 £000	2020/21 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	New Project Added	Funding Type
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget		
House Purchase - Blackstock	0	24	0	0	0	0	0		IR
Commercial Investment	2,500	5,000	150	0	0	0	0	Subject to business case	IB
Commercial Investment - Moor Business Park	0	0	2,250	0	0	0	0		IB
Land Acquisition Leiston	0	300	0	0	0	0	0		IR
Land Acquisition	2,500	5,000	3,500	0	0	0	0	Subject to business case	IB
Land Acquisition - NWES	0	0	1,500	0	0	0	0		IB
Short Term Transit Site	0	0	0	200	300	0	0		IR
Total Budgeted Expenditure	5,000	10,324	7,400	200	300	0	0		
Internal Funding:									
Internal Borrowing	5,000	10,000	7,400	0	0	0	0		IB
Capital Receipt	0	0	0	0	0	0	0		ICR
Reserve	0	324	0	300	300	0	0		IR
	5,000	10,324	7,400	300	300	0	0		
External Funding:									
Grants	0	0	0	0	0	0	0		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	0	0	0	0	0	0	0		EB
	0	0	0	0	0	0	0		
Total Budgeted Financing	5,000	10,324	7,400	300	300	0	0		
Project									
House Purchase - Blackstock	Purchase of investment property								
Commercial Investment	Commercial Investment budget to be used for the purchase of properties/land subject to a business case								
Commercial Investment - Moor Business Park	Purchase of industrial unit site in Beccles								
Land Acquisition Leiston*	Purchase of investment property								
Land Acquisition - NWES	Purchase of 2 sites (Lowestoft & Leiston)								
Land Acquisition	Purchase of investment property								
Short Term Transit Site	Evaluation of Short Term Transit Sites								

ICT SERVICES	2020/21 £000	2020/21 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	New Project Added	Funding Type
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget		
Corporate IT Requirements	400	571	608	50	50	450	250		IR
Members Webcasting	0	177	177	0	0	0	0		IR
Riverside Conference Room TV's	0	25	0	0	0	0	0		IR
Total Budgeted Expenditure	400	773	785	50	50	450	250		
Financed By:-									
Internal Funding:									
Internal Borrowing	0	0	0	0	0	0	0		IB
Capital Receipt	0	0	785	0	0	0	0		ICR
Reserve	400	773	0	50	50	450	250		IR
	400	773	785	50	50	450	250		
External Funding:									
Grants	0	0	0	0	0	0	0		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	0	0	0	0	0	0	0		EB
	0	0	0	0	0	0	0		
Total Budgeted Financing	400	773	785	50	50	450	250		
Project									
Corporate IT Requirements	Desktop refresh - installation of new hardware								
Members Webcasting	Installation of webcasting facility for Council meetings								
Riverside Conference Room TV's	Installation of TV screens to conference rooms								

OPERATIONS	2020/21 £000	2020/21 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	New Project Added	Funding Type
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget		
Aldeburgh Shelter	0	0	6	0	0	0	0	New	IR
Bath Tap Chalets, Felixstowe	0	0	0	100	500	0	0	New	IR
Bawdsey Quay	0	57	57	0	0	0	0		IR
Brackenbury Beach Hut replacement Handrailing	0	88	88	0	0	0	0		IR
Bungay LC redevelopment	1,839	913	1,839	0	0	0	0		IB
Cemeteries	0	395	395	0	0	0	0		IB
Cliff House Chalets Felixstowe	0	0	0	10	0	0	0	New	IR
Cliff House, Felixstowe	0	0	0	250	750	0	0	New	IR
Clifflands car park, Felixstowe	0	0	0	100	0	0	0	New	IR
Community Asset transfer fund	0	0	0	125	125	125	125	New	IR
Coronation Sports Ground	0	0	0	45	0	0	0	New	IR
Dellwood Avenue Cricket Pavilion	0	15	0	0	0	0	0		IR
East Point Pavilion	1,500	1,500	750	0	0	0	0		CG
Estates Management	200	307	307	200	200	200	200		IB/IR
Felixstowe Lighting	0	95	95	0	0	0	0		IR
Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre)	10,000	10,761	50	50	10,000	10,000	5,000	Subject to business case	EB
Felixstowe North - Garden Neighbourhood Regeneration Project (Infrastructure)	0	0	0	0	0	0	6,000	Subject to business case	EB
Felixstowe Seafront Gardens Handrailing	0	0	0	15	0	0	0	New	IR
Felixstowe Sea Front Shelters	0	103	103	0	0	0	0		IR
Felixstowe South - seafront work and Martello Cafe	0	1,750	880	560	0	0	0		IR
Felixstowe Sports Hub	900	900	300	0	0	0	0		IR
Fishing Hut Felixstowe	0	0	0	30	0	0	0	New	IR
Footway Lighting Works - Northern (cyclical replacement)	30	64	64	30	30	30	30		IR
Former Deben High School Felixstowe	0	0	600	2,600	0	0	0	New	IB
Leisure Centre Brackenbury	20	40	20	20	0	0	0		IR
Leisure Centre Deben	20	26	26	20	0	0	0		IR
Leisure Centre Leiston	35	80	70	25	0	0	0		IB
Leisure Centre Lowestoft	0	0	820	0	0	0	0		IR
Lowestoft Beach Hut - demolition/wall stabilisation	2,500	2,453	1,453	0	0	0	0		IR
Lowestoft Beach Hut -replacement Beach Huts phase 2	0	0	0	1,000	0	0	0		IB
Lowestoft Beach Hut -replacement Beach Huts phase 3	0	0	0	500	100	0	0	New	IB
Lowestoft Boardwalk	0	0	50	0	0	0	0	New	IR
Lowestoft South Beach Public Conveniences/Changing Facilities	0	200	0	0	0	0	0		IB
Melton Riverside Car Park Lighting	0	40	0	0	0	0	0		IR
New Beach Hut Sites - Felixstowe	500	952	52	900	500	500	0		IB
Newcombe Road Lowestoft	0	0	0	150	2,800	0	0	New - Subject to business case	EB
Northern Car Park Works	220	220	220	0	0	0	0		IB
Orford Road Felixstowe Access Ramp	0	0	0	95	0	0	0	New	IR
Play Areas (District wide)	0	0	0	200	200	200	0	New	IB
Post Office London Road North Lowestoft Redevelopment	300	300	0	1,000	0	0	0		EB/IR
Public Conveniences Programme	0	150	251	1,050	0	0	0		IB
Public Conveniences review - Lowestoft	300	400	0	0	0	0	0		IB
Railway Building - Lowestoft	0	0	0	1,500	0	0	0	New - Subject to business case	EB
Ravine Bridge	0	0	0	320	0	0	0	New	IR
Royal Plain - Crazy Golf enhancement	0	0	0	200	0	0	0		IB
Royal Plain - Fountain enhancement	0	0	0	200	200	0	0		IR
Rushmere St Andrew Church Wall	0	0	0	35	0	0	0	New	IR
Seafront Gardens Beach Hut Development	0	495	5	490	0	0	0		IB
Southwold Caravan Site redevelopment	1,000	1,000	50	1,000	1,000	0	0	Subject to business case	IR/EB
Southwold Harbour - Pump out station	0	0	0	80	0	0	0	New	IR
Southwold Harbour - Visitor Moorings	0	0	0	200	250	0	0	New	IR
Southwold Harbour South Pier	0	0	0	50	150	6,000	6,000		EG
St Marys Church Woodbridge - Wall	0	0	0	150	0	0	0	New	IR
Various pumping stations	0	0	0	300	0	0	0	New	IR
Waveney Norse Grounds Equipment	25	50	50	25	25	25	25		IR
Waveney Norse Vehicles	500	669	550	619	500	500	500		IR
Wickham Market Churchyard Boundary Wall	0	-5	15	0	0	0	0		IR
Total Budgeted Expenditure	19,889	24,018	9,166	14,244	17,330	17,580	17,880		
Internal Funding:									
Internal Borrowing	15,594	17,321	3,789	7,165	1,000	700	200		IB
Capital Receipt	0	0	0	0	0	0	0		ICR
Reserve	1,795	4,197	4,627	3,614	2,380	880	680		IR
	17,389	21,518	8,416	10,779	3,380	1,580	880		
External Funding:									
Grants	1,500	1,500	750	50	150	6,000	6,000		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	1,000	1,000	0	3,415	13,800	10,000	11,000		EB
	2,500	2,500	750	3,465	13,950	16,000	17,000		
Total Budgeted Financing	19,889	24,018	9,166	14,244	17,330	17,580	17,880		

Project	
Aldeburgh Shelter	Refurbishment of shelter. New roof required - end of life. Redecoration and replacement benches.
Bath Tap Chalets, Felixstowe	Structural works and refurbishment
Bawdsey Quay	Sewage system, clearance of car park and signage works
Brackenbury Beach Hut replacement Handrailing	Replacement safety railing along concrete terrace for beach huts.
Bungay LC redevelopment	Redevelopment of Leisure Centre
Cemeteries	£395k for purchase of land to extend cemetery at Leiston. Burial capacity calculated for further 16 years only.
Cliff House Chalets Felixstowe	Upgrade of internal and external staircases
Cliff House, Felixstowe	Development of site
Clifflands car park, Felixstowe	Car Park surface replacement
Community Asset transfer fund	Site investment to enable transfer of assets
Coronation Sports Ground	Demolition of small toilet block and upgrade of electric supply
Dellwood Avenue Cricket Pavilion	Demolition of Pavilion
East Point Pavillion	Potential redevelopment opportunity through refurbishment and partial redevelopment
Estates Management	A planned preventative maintenance list of works required on Council owned properties throughout the district
Felixstowe Lighting	Cyclical replacement of footway lighting
Felixstowe North - Garden Neighbourhood Regeneration Project (Leisure Centre)	Provision of new leisure centre site
Felixstowe North - Garden Neighbourhood Regeneration Project (Infrastructure)	Provision of housing, school and cycle/walkways
Felixstowe Seafront Gardens Handrailing	Installation of handrailing
Felixstowe Sea Front Shelters	Refurbishment of 6 sea front shelters in Felixstowe
Felixstowe South - seafront work and Martello Cafe	Development of South Seafront area and Martello Café Felixstowe
Felixstowe Sports Hub	ESC is working with key sports clubs in Felixstowe including, football, cricket, rugby and hockey in order to provide separate
Fishing Hut Felixstowe	Rebuilding of fishing hut next to Felixstowe Pier that burnt down in 2019
Footway Lighting Works - Northern (cyclical replacement)	Cyclical replacement of footway lighting
Former Deben High School Felixstowe	Purchase and development of former school site
Leisure Centre Brackenbury	Planned preventative maintenance works required to ensure the immediate running of the facility.
Leisure Centre Deben	Planned preventative maintenance works required to ensure the immediate running of the facility.
Leisure Centre Leiston	Leiston is the second of the leisure redevelopment programme. The Leiston redevelopment will bring the 1970's sports
Leisure Centre Lowestoft	Internal works to Leisure Centre
Lowestoft Beach Hut - demolition/wall stabilisation	Demolition of existing structures and stabilisation of the cliff wall
Lowestoft Beach Hut -replacement Beach Huts phase 2	Installation of beach hut shelf and beach huts
Lowestoft Beach Hut -replacement Beach Huts phase 3	Extension of replacement of existing beach huts
Lowestoft Boardwalk	Installation of beach boardwalk
Lowestoft South Beach Public Conveniences/Changing	South Beach Lowestoft upgrade of public conveniences/changing facilities
Melton Riverside Car Park Lighting	Installation of lighting
New Beach Hut Sites	Proposed investment in additional Beach Hut sites
Newcombe Road Lowestoft	Redevelopment of site to provide start up units
Northern Car Park Works	Planned preventative maintenance works
Orford Road Felixstowe Access Ramp	Replacement of disabled access ramp near new café site
Play Areas (District wide)	Upgrade and refurbishment of district wide play areas
Post Office London Road North Lowestoft Redevelopment	Redevelopment of the purchased vacant Post Office site in London Road North.
Public Conveniences Programme	Upgrade and refurbishment of district wide public conveniences
Public Conveniences review - Lowestoft	Enhancement of Gordon Road Public Convenience and review of remaining Public Conveniences in Lowestoft
Railway Building - Lowestoft	Purchase and development of building contained within the Railway site
Ravine Bridge	Structural works and refurbishment works to part owned bridge
Royal Plain - Crazy Golf enhancement	Crazy Golf redevelopment to coincide with East Point Pavilion refurbishment
Royal Plain - Fountain enhancement	Fountain enhancement to coincide with East Point Pavilion refurbishment
Rushmere St Andrew Church Wall	Refurbishment of closed church yard wall
Seafront Gardens Beach Hut Development	Development of Seafront Gardens site for new beach huts
Southwold Caravan Site redevelopment	Refurbishment of existing caravan site
Southwold Harbour - Pump out station	Enhancement of pump out station
Southwold Harbour - Visitor Moorings	Visitor moorings enhancement
Southwold Harbour South Pier	Enhancement of pier
St Marys Church Woodbridge - Wall	Refurbishment of closed church yard wall
Various pumping stations	Replacement and enhancement of pumping stations
Waveney Norse Grounds Equipment	Replacement lawn tractors/mowers
Waveney Norse Vehicles	Purchase of Vehicles for use by Waveney Norse (contractual)
Wickham Market Churchyard Boundary Wall	Replacement of closed churchyard wall

PLANNING & COASTAL MANAGEMENT	2020/21 £000	2020/21 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	New Project Added	Funding Type
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget		
Bawdsey East Lane	10	35	35	0	0	0	0		EG
Coast Protection - Minor Capital Works	828	881	80	601	200	200	200		IB
Corton & North Corton Hybrid Scheme	250	400	100	100	200	7,000	7,000		EG
Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	9,472	11,873	6,873	5,000	0	0	0		EG
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	3,902	5,572	820	12,359	7,907	10,809	19,574		EG
Slaughden Coast/Estuary	20	35	35	0	0	0	0		EG
Southwold Harbour Fender	0	0	0	1,100	0	0	0	New	IB/EG/IR
Thorpeness (Externally Funded)	70	70	100	100	3,300	0	0		EG
Pakefield Coastal Resilience project	0	0	50	107	1,790	0	0	New	EG/IR
Total Budgeted Expenditure	14,552	18,866	8,093	19,367	13,397	18,009	26,774		
Internal Funding:									
Internal Borrowing	828	881	80	1,101	200	200	200		IB
Capital Receipt	0	0	0	100	0	0	0		ICR
Reserve	0	0	50	485	0	0	0		IR
	828	881	130	1,686	200	200	200		
External Funding:									
Grants	13,724	17,985	7,963	17,681	13,197	17,809	26,574		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	0	0	0	0	0	0	0		EB
	13,724	17,985	7,963	17,681	13,197	17,809	26,574		
Total Budgeted Financing	14,552	18,866	8,093	19,367	13,397	18,009	26,774		
Project									
Bawdsey East Lane SMP Review	Review of Coastal processes around East Lane and works required for retaining shingle around Holesley bay								
Coast Protection - Minor Capital Works	The Coastal Management Team carries out a comprehensive programme of inspections which highlight when repair and maintenance works need to be carried out. This ensures that the defences are functioning correctly, extends the life of the assets and protects the public from potential hazards.								
Corton & North Corton Hybrid Scheme	This item is for ESC contribution to privately funded works to part remove and part rebuild in rock, defences to the north of Corton Village that were abandoned after failure in line with 2010 Shoreline Management Plan policy, plus allow managed realignment to take place to north of village, creating a new beach								
Lowestoft Flood Risk Management Project Phase 1 & 2	A major project to construct a permanent tidal wall which will be built around the harbour to protect Lowestoft from future tidal surges, with a tidal gate located near to the Bascule Bridge to prevent surge water entering Lake Lothing. Including the interim measure of temporary flood barriers								
Slaughden Coast/Estuary SMP Policy review	Innovative scheme South of Aldeburgh likely to be delivered by a consortium of public and private partners to provide 20 years of resilience to the town and the Alde & Ore Estuary, offering scope for enhanced / new economic benefits and business opportunities.								
Southwold Harbour Fender	Southwold Harbour fender remedial works following damage to the fender which was originally constructed in 1992 as set out in the 3rd November 2020 Cabinet report								
Thorpeness (Externally Funded)	Strengthen the soft bag defences installed here in 2010/12 that were damaged by unusually high erosion pressure in 2013.								
Pakefield Coastal Resilience project	New accelerated project due to rapid increase of coastal erosion.								

GENERAL FUND HOUSING IMPROVEMENT	2020/21 £000	2020/21 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	New Project Added	Funding Type
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Original Budget	Original Budget	Original Budget	Original Budget		
Disabled Facilities Grant	1,716	2,810	1,000	1,500	1,500	1,500	1,500		EG
Total Budgeted Expenditure	1,716	2,810	1,000	1,500	1,500	1,500	1,500		
Financed By :-									
Internal Funding:									
Internal Borrowing	0	0	0	0	0	0	0		IB
Capital Receipt	0	0	0	0	0	0	0		ICR
Reserve	0	0	0	0	0	0	0		IR
	0	0	0	0	0	0	0		
External Funding:									
Grant	1,716	2,810	1,000	1,500	1,500	1,500	1,500		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	0	0	0	0	0	0	0		EB
	1,716	2,810	1,000	1,500	1,500	1,500	1,500		
Total Budgeted Financing	1,716	2,810	1,000	1,500	1,500	1,500	1,500		
Project									
HIA Disabled Facilities Grant works									

GENERAL FUND - LONG TERM DEBTORS	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	New Project Added	Funding Type
	£000	£000	£000	£000	£000	£000	£000		
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Original Budget	Original Budget	Original Budget	Original Budget		
LATCO - Loan funding	0	0	0	10,000	0	0	0		IB
Total Budgeted Expenditure	0	0	0	10,000	0	0	0		
Financed By :-									
Internal Funding:									
Internal Borrowing	0	0	0	10,000	0	0	0		IB
Capital Receipt	0	0	0	0	0	0	0		ICR
Reserve	0	0	0	0	0	0	0		IR
	0	0	0	10,000	0	0	0		
External Funding:									
Grant	0	0	0	0	0	0	0		EG
Contributions	0	0	0	0	0	0	0		EC
Borrowing	0	0	0	0	0	0	0		EB
	0	0	0	0	0	0	0		
Total Budgeted Financing	0	0	0	10,000	0	0	0		
Project									
LATCO	Loan to the LATCO for investment purposes								

	2020/21	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000	£000
	Original Budget	Original + Carry Fwd. Budget	Revised Budget	Original Budget	Original Budget	Original Budget	Original Budget
Total Capital Budget	41,568	57,138	27,162	45,511	32,727	37,589	46,454

SUMMARY – HOUSING PROGRAMME	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2020/21
	£000	£000	£000	£000	£000	£000	to
	Original	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Total
Capital Expenditure							
Housing Repairs	2,865	1,574	5,781	2,650	2,550	2,550	15,105
Housing Project Development	3,967	860	1,915	1,650	1,650	1,650	7,725
New Build Programme	6,535	2,100	15,016	9,012	7,993	8,000	42,121
Total Capital Expenditure	13,367	4,534	22,712	13,312	12,193	12,200	64,951
Financed By:-							
External							
Grant	909	661	3,238	3,500	2,880	3,028	13,307
Contributions	0	0	0	0	0	0	-
Internal:							
-HRA Direct Revenue Financing	6,111	1,653	7,868	5,559	3,798	4,622	23,500
-HRA Reserves	6,347	2,220	11,606	4,253	5,515	4,550	28,144
-HRA Capital Receipts	0	0	0	0	0	0	-
Total Financing	13,367	4,534	22,712	13,312	12,193	12,200	64,951
Cumulative Expenditure to be financed by Housing Revenue Account	6,111	1,653	9,521	15,080	18,878	23,500	

Funding Type Key:

IHRA	Internal Housing Revenue Account	EG	External Grant
IR	Internal Housing Reserve	EC	External Contribution
ICR	Internal Capital Receipt		

Detailed HRA capital investment projects

HOUSING REPAIRS	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000
	Original	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
Bathrooms	60	60	60	60	60	60
Central Heating/Boilers	570	570	440	500	500	500
Demolition - Garages	0	50	0	0	0	0
Disabled Works	220	130	180	180	180	180
Door entry system & doors - Park Rd & The Hemplands	80	30	70	0	0	0
Energy Efficiencies Work	200	10	200	200	200	200
Environmental Works	10	0	5	10	10	10
External Doors	20	20	20	20	20	20
Heat Metering	100	0	100	100	0	0
Housing Repair Vans	110	0	330	210	210	210
Kitchens - Programmed & Responsive	500	180	500	650	650	650
Re-Roofing	430	140	450	450	450	450
Rewiring	230	200	230	250	250	250
St Peters Court - Fire Risk Assessment	70	0	0	0	0	0
St Peters Court - Lift	250	125	125	0	0	0
St Peters Court - Open Reach	0	0	51	0	0	0
St Peters Court - Remove Cladding & Change windows	0	40	3,000	0	0	0
St Peters Court - sprinkler system- retention	0	14	0	0	0	0
Windows	15	5	20	20	20	20
Total Budgeted Expenditure	2,865	1,574	5,781	2,650	2,550	2,550
Financed By :-						
Housing Revenue Account	0	0	0	0	0	0
Housing Revenue Account Reserves	2,865	1,574	5,781	2,650	2,550	2,550
	2,865	1,574	5,781	2,650	2,550	2,550
Project						
Bathrooms	Replacement and improvements to bathrooms and layouts to the housing stock.					
Central Heating/Boilers	A rolling programme has been established which provides replacement heating appliances, boilers and installation					
Demolition - Garage	Demolition of garages and construction of parking area					
Disabled Works	These works provide disabled adaptations to the Council's housing stock to improve the living conditions of					
Door Entry System - Park Road & The Hemplands	New door entry system					
Energy Efficiency Works	Energy improvement works to properties, examples could be electrical improvements to blocks of flats to reduce					
Environmental Works	Works controlled by tenants for environmental improvements, examples could be additional estate parking,					
External Doors	A rolling programme provides replacement doors to the housing stock.					
Heat Metering	Works to be compliant with the Heat metering network regulations. Every communal system should have					
Housing Repair Vans	Cyclical renewal of Housing vans					
Kitchens	Replacement and improvements to kitchens and layouts to the housing stock.					
Re-Roofing	A rolling programme provides replacement roofs to the housing stock.					
Rewiring	Rewiring to the housing stock.					
St Peters Court - Fire Assessment	Fire Assessment of the St Peters Court tower block					
St Peters Court - Lift	Replacement of St Peters Court Lift					
St Peters Court - Openreach	Removal of old telecommunications wiring (H&S)					
St Peters Court - Remove Cladding & Change windows	Removal of cladding and upgrade to windows					
St Peters Court - Sprinkler System	Installation of sprinkler system					
Windows	A rolling programme provides replacement windows to the housing stock.					

HOUSING PROJECT DEVELOPMENT	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000
	Original	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
Projects - New accommodation Project	500	0	0	0	0	0
Redevelopment Programme -Reconversions	185	20	185	150	150	150
Redevelopment Programme - Expenditure on Housing Redevelopment	2,300	0	650	500	500	500
Redevelopment Programme - Expenditure on Housing Acquisitions	982	840	1,080	1,000	1,000	1,000
Total Budgeted Expenditure	3,967	860	1,915	1,650	1,650	1,650
Financed By :-						
Housing Revenue Account	2,392	517	1,421	350	350	350
Housing Revenue Account Reserves	1,575	162	434	1,300	1,300	1,300
External Funding	0	181	60	0	0	0
	3,967	860	1,915	1,650	1,650	1,650
Project						
New Office Accommodation	Provision for alternative depot office accommodation.					
Redevelopment Programme	Redevelopment programme for purchased accommodation					

NEW BUILD PROGRAMME	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000	£000
	Original	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
New Builds	6,535	2,100	15,016	9,012	7,993	8,000
Total Budgeted Expenditure	6,535	2,100	15,016	9,012	7,993	8,000
Financed By :-						
Housing Revenue Account	3,719	1,136	6,447	5,209	3,448	4,272
Housing Revenue Account Reserves	1,907	484	5,391	303	1,665	700
External Funding	909	480	3,178	3,500	2,880	3,028
	6,535	2,100	15,016	9,012	7,993	8,000
Project						
New Builds	Provision of new housing					

Capital Programme External Funding Summary

Capital Projects 2020/21 to 2024/25	Project Cost £000	External Grant/Contribution £000	Net cost to East Suffolk £000
General Fund			
Bawdsey East Lane	35	-35	0
Corton & North Corton Hybrid Scheme	14,400	-14,400	0
East Point Pavillion	750	-750	0
Lowestoft Flood Risk Management Project Phase 1 (Tidal Walls, Pluvial & Fluvial)	16,836	-16,836	0
Lowestoft Flood Risk Management Project Phase 2 (Tidal Gate)	51,469	-51,469	0
Ness Point Regeneration Project	518	-478	40
Orbit HIA Disabled Facilities Grant	7,000	-7,000	0
Pakefield Coastal Resilience project	1,947	-1,897	50
Slaughden Coast/Estuary	35	-35	0
Southwold Harbour & South Pier	12,200	-12,200	0
Thorpeness (Externally Funded)	3,500	-3,500	0
	108,690	-108,600	90
	Project Cost £000	External Grant/Contribution £000	Net cost to East Suffolk HRA £000
Housing Revenue Account			
Housing Project Development Programme	870	-241	629
New Build Programme	42,121	-13,066	29,055
	42,991	-13,307	29,684



SCRUTINY COMMITTEE

Thursday 17 December 2020

DRAFT MEDIUM TERM FINANCIAL STRATEGY 2021/2 TO 2024/5

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. At the end of the 2021/22 budget process, in February 2021, 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 should enable it to both meet these challenges and develop its response to both the pandemic and the goal of financial sustainability.
5. Cabinet considered this report on Tuesday 1 December 2020 and recommended to;
 - approve the draft Medium Term Financial Strategy attached as **Appendix A**.

- approve 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.
- approve that members and officers develop proposals to continue the support and response to the Covid-19 pandemic.

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

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. In the MTFS, the key uncertainties over this period relate to Covid-19 and the proposed reforms to the Local Government finance system – Business Rates Retention and the Fair Funding Review. Both have now been deferred by a further year until 2022/23.
- 2.2 The draft MTFS as set out in this report is an update as at November 2020.
- 2.3 **Appendix B** provides an update on the Spending Review announcement on 25 November 2020.

3 HOW DOES THIS RELATE TO THE EAST SUFFOLK STRATEGIC PLAN?

- 3.1 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 will be the development, monitoring and achievement of the savings and income increases required to ultimately close the Council's budget gap.

4 FINANCIAL AND GOVERNANCE IMPLICATIONS

- 4.1 All Financial and Governance implications are contained within the MTFS document, **Appendix A**.

5 OTHER KEY ISSUES

- 5.1 An Equality Impact Assessment is not applicable at this stage of the draft MTFS. The purpose of this report is to provide Members with an update on the MTFS as at November 2020. This assessment will be complete on the finalisation of the budget for approval in February 2021 and the results taken into consideration.

6 CONSULTATION

- 6.1 The Council will consult on its strategy and detailed financial plans for the coming year with staff, partners, key stakeholders, and Town and Parish Councils. The Capital Programme will also be considered at this meeting.

7 OTHER OPTIONS CONSIDERED

- 7.1 The consideration of the MTFS by members at an early stage of the budget process is essential, especially in order to commence actions to achieve a balanced budget and sustainable medium-term position. This report also updates the Cabinet on the financial impact and response to the current pandemic.
- 7.2 Consequently, no other options were considered to be appropriate in respect of this.

8 REASON FOR RECOMMENDATION

- 8.1 To approve an updated draft MTFS, taking account of new and revised risks in order that the Council will be able to set a balanced budget that delivers its priorities for the period under review 2020/21 (revision of the current year budget) to 2024/25.

RECOMMENDATIONS

That the Scrutiny Committee, having received and reviewed the report, its appendices and the recommendations from Cabinet (as set out below) makes comment

1. approve the draft Medium Term Financial Strategy attached as **Appendix A**.
2. approve that members and officers develop proposals to set a balanced budget for 2021/22 and beyond, including a recommended freeze on the district element of Council Tax in 2021/22 subject to further evaluation and analysis.
3. approve that members and officers develop proposals to continue the support and response to the Covid-19 pandemic.

APPENDICES

Appendix A	Medium Term Financial Strategy (November 2020 update)
Appendix A1	MTFS Key Principles and Risk Analysis
Appendix A2	NHB Reserve Summary 2020/21 to 2024/25
Appendix A3	MTFS Key Movements February to November 2020
Appendix A4	Financial Impact of Covid-19
Appendix B	Spending Review Update - 25 November 2020

BACKGROUND PAPERS

Please note that copies of background papers have not been published on the Council's website 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
November 2020	Various Government funding packages to support the impact and response to Covid-19	Lorraine.rogers@eastsuffolk.gov.uk
November 2020	Budget Working papers	Lorraine.rogers@eastsuffolk.gov.uk



EAST SUFFOLK COUNCIL

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

NOVEMBER 2020

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 has cancelled the Autumn Budget and the Comprehensive Spending Review and will concentrate on a one-year Spending Review that is scheduled to be 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.

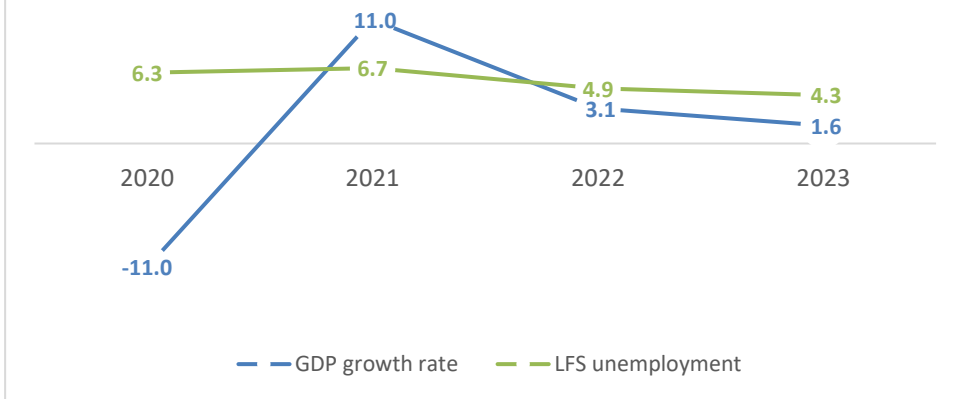
Gross Domestic Product (GDP)

- 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 July to September 2020 was 4.8%, up from 4.5% on the three months to August. 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.

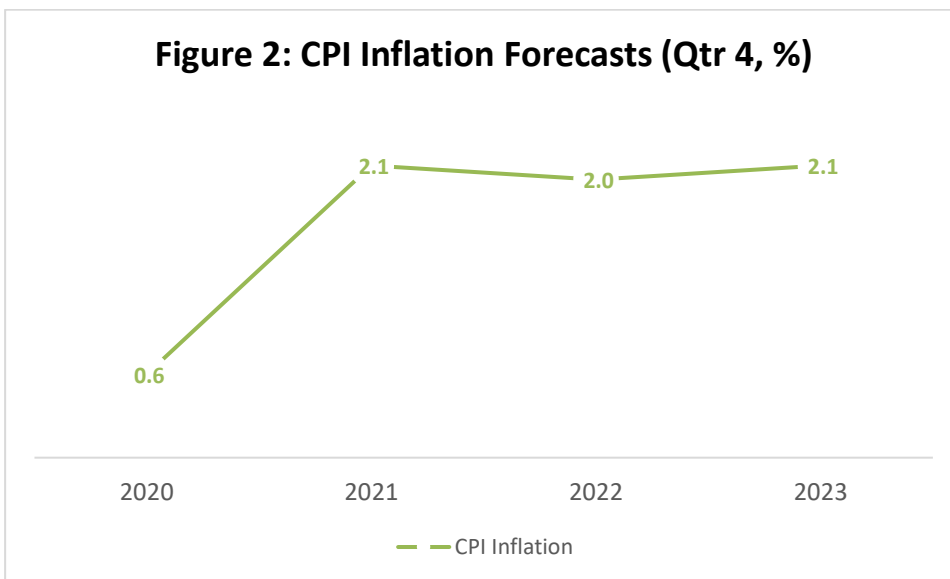
**Figure 1: GDP And Unemployment Forecasts
(Qtr 4, %)**



Consumer Pricing Index (CPI)

- 3.4 Inflation as measured by CPI, was 0.5% in September 2020, up from 0.2% in August 2020. September CPI 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 4 November 2020 meeting, the Bank of England Monetary Policy Committee (MPC) unanimously voted to maintain the bank rate at 0.1%. The Bank of England MPC's new projections for activity and inflation assume an orderly transition to a deep free trade agreement between the United Kingdom and the European Union. 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 funding announcement is expected from the end of November 2020. 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 current MTFS assumes no RSG from 2021/22 and to date there have been no indications that RSG will be received for 2021/22. However, it is possible that if the Local Government Finance Settlement for 2021/22, likely to be announced in mid-December, is essentially a roll forward of the 2020/21, then this funding could be replicated next year.

Revenue Support Grant (RSG)	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
East Suffolk	(328)	0	0	0	0

- 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, it is currently assumed in the MTFS that RSDG will not be received from 2021/22. £248,000 has been received in 2020/21, as part of the one-year funding settlement for the current financial year.

Business Rates – Business Rates Retention and Fair Funding Review

- 4.6 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. Originally, this was planned to begin in 2019/20 but has been subject to delay. Due to Covid-19, this has now been delayed by a further year to 2022/23.
- 4.7 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 also 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.

- 4.8 In December 2017, the Government announced proposals for the proportion of business rates income to be retained by the local authority sector to be increased from the current 50% to 75% from April 2020, a development which does not require primary legislation, unlike the move to 100% local retention. As referred to above, this has now been delayed to April 2022.
- 4.9 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 has now been reduced to £3.302 million.

Business Rates

- 4.10 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.
- 4.11 **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. Local authorities will estimate the deficit in December 2020/January 2021 and budget for it in 2021 budgets. This has raised concerns that spending on local services will be significantly curtailed and the financial viability of local authorities put at risk in 2021/22.
- 4.12 On 5 November 2020 the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament and are due to come 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."
- 4.13 The Business Rates Collection Fund position is heavily complicated by the fact that in 2021/20, in response to the Covid-19 pandemic, around £32.5m of rate relief is being granted to retail, hospitality, and leisure businesses. These reliefs are the primary reason for the currently estimated Business Rate Collection Fund Deficit for 2021/22 of £34.83 million, with East Suffolk's share equating to £14.981 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. Consequently, the Council's share of this Section 31 Grant, just under £12.5m, 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 4.12 above. These deficits will be entirely funded from the Business Rate Equalisation Reserve.

East Suffolk Council – Business Rates Collection Fund Deficit	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Deficit for 2021/22	0	13,753	614	614	0
Section 31 Grant contributed to Business Rates Equalisation Reserve	12,496	0	0	0	0

- 4.14 **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 of 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 will not be notified by the Government until the Provisional Local Government 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, and given the uncertainty surrounding business rates income, a high degree of caution will need to be exercised regarding this income source for next year.
- 4.15 Business Rates income for 2021/22 is based on the NNDR1 return, and all Business Rates estimates included in the MTFS will be updated when this return is produced in January 2021. 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 2022/21 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, these will be reviewed for the Budget and MTFS following the Provisional Finance Settlement and preparation of the NNDR1 returns.

	MTFS 2021/22 £'000	FORECAST 2021/22 £'000	FORECAST 2022/23 £'000	FORECAST 2023/24 £'000	FORECAST 2024/25 £'000
Business Rates Income					
Business Rates Baseline	7,228	6,973	7,112	7,255	7,400
Business Rates Above Baseline	0	213	0	0	0
Business Rates Renewables	0	1,319	538	549	560
Total Business Rates Income	7,228	8,505	7,651	7,804	7,960
Share of Pooling Benefit with Suffolk Councils	0	0	0	0	0
Section 31 Grant	2,865	4,890	4,988	5,088	5,189
	10,093	13,395	12,639	12,892	13,149
MTFS Adjustment due to Deferral of BRR changes		3,302			

Council Tax

- 4.16 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 2020/21 was the higher of 2% or £5. Referendum limits did not apply to Town and Parish Councils in 2020/21. Details of referendum limits for 2021/22 are expected to be confirmed as part of the 2021/22 funding settlement announcement.
- 4.17 **Council Tax Base** – The CTB1 Council Tax Base Return was submitted to Government on 8 October 2020. There is considerable uncertainty at the present time regarding the Council Tax base for next year. This principally concerns the following issues:
- Level and timing of Local Council Tax Reduction Scheme (LCTRS) Reliefs
 - Collection rates / Bad Debt Provisions
 - Government Support to Precepting Authorities
 - Government Support to taxpayers, e.g. continuation of Hardship Fund
- 4.18 The current tax base estimate represents a cautious approach to these issues. The reduction in the tax base for East Suffolk is currently estimated to be 1,683.48 (1.92%) Band D equivalent properties, reducing the overall tax base for East Suffolk from 87,888.87 to 86,205.39 for 2021/22. This equates to around £288,300 of reduction in Council Tax income to the Council based on the current District Band D Council Tax of £171.27. The original MTFS for 2021/22 has assumed growth to the tax base of 1%, which equated to £151,000 of additional income. The overall impact to the MTFS is a loss of approximately £440,000 per annum on original projections for tax base growth. As with business rates, the Council Tax base will be reviewed following the Provisional Local Government Finance Settlement in December, and in the light of the latest available information on reliefs and collection. The Council Tax Base will be reported for approval to either the Cabinet meeting of 5 January 2021 or the Full Council meeting of 27 January 2021.
- 4.19 **District Band D Council Tax 2021/22** – An increase of £4.95 for 2021/22 would equate to a District Band D Council Tax for East Suffolk of £176.22 and generate approximately

£427,000 of additional income for East Suffolk. Total income from Council Tax would be £15.191m for 2021/22.

- 4.20 Based on the above data, the table below sets out the estimated Council Tax income and current assumptions on Council Tax as included in the current update of the MTFS.

Council Tax Income - 3% Increase Current MTFS	2020/21 £'000	Estimate 2021/22 £'000	Estimate 2022/23 £'000	Estimate 2023/24 £'000	Estimate 2024/25 £'000
Council Tax Income Base	(14,429)	(15,053)	(15,191)	(15,774)	(16,367)
(Growth)/Reduction in Tax Base	(189)	288	(152)	(158)	(164)
Council Tax Increase	(435)	(427)	(431)	(435)	(440)
Total Council Tax Income	(15,053)	(15,191)	(15,774)	(16,367)	(16,970)
Council Tax Band D	£171.27	£176.22	£181.17	£186.12	£191.07
Council Tax Base	87,888.87	86,205.39	87,067.44	87,938.12	88,817.50
Growth/Reduction(-) in Tax Base	1.31%	-1.92%	1.00%	1.00%	1.00%
Council Tax Increase £	4.95	4.95	4.95	4.95	4.95
Council Tax Increase %	2.98%	2.89%	2.81%	2.73%	2.66%

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

- 4.21 **Council Tax 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. Local authorities will estimate the deficit in December 2020/January 2021 and budget for it in 2021 budgets. This has raised concerns that spending on local services will be significantly curtailed and the financial viability of local authorities put at risk in 2021/22.
- 4.22 On 5 November 2020, the Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 were laid before Parliament and are due to come 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.”
- 4.23 The current estimate for the Council Tax Collection Fund Deficit for 2021/22 is £1.213m, with East Suffolk’s share equating to £163,000. 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	104	29	29	0

- 4.24 The Collection Fund is monitored closely throughout the financial year and the Collection Fund position will be confirmed in January 2021.

New Homes Bonus (NHB)

- 4.25 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.
- 4.26 For the current financial year, the NHB allocation included a national baseline for housing growth set at 0.4% of Council Tax base growth (weighted by band). The purpose of the baseline is to remove “deadweight” growth that would occur normally without active delivery by councils – councils will only receive NHB for new properties above this level.
- 4.27 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 significant impact on NHB funding availability, as current annual allocations amount to over £500k per year. In 2019/20 the Government announced there would be further consultation on NHB proposals prior to implementation. However, to date there has been no further information released. The current MTFS therefore assumes no new NHB allocations for 2021/22 and beyond, but this position is expected to be clarified in the Provisional Local Government Finance Settlement. The table below shows the legacy payments remaining of the current financial year and the previous three years.

NHB	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Year 7	(565)	0	0	0	0
Year 8	(548)	(548)	0	0	0
Year 9	(525)	(525)	(525)	0	0
Year 10	(665)	0	0	0	0
Forecast November 2020	(2,303)	(1,073)	(525)	0	0

- 4.28 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.
- 4.29 **Appendix A2** 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
Opening Balance	(5,441)	(5,161)	(4,264)	(3,688)	(3,624)
Add: Allocation Received	(2,303)	(1,073)	(525)	0	0
Less: Proposed Use	2,583	1,970	1,101	64	64
Closing balance	(5,161)	(4,264)	(3,688)	(3,624)	(3,560)

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. As at November 2020, key areas of the budget that are yet to be finalised include;

- Establishment (staffing) costs.
- Partnerships.
- Revenue implications of investment projects.
- Revenue implications of the capital programme.
- Business rates income.
- Council Tax income
- Further updates in relation to Covid-19.
- Announcement of the 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 November 2020 is shown in the following table. This table is supported by **Appendix A3**. As noted in paragraph 5.1 above, there is continual updating of the MTFS and there are key areas of the budget still to be finalised which are not included in this update.

MTFS Updates - November 2020	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Key Budget Movements:					
Operational Requirements	383	509	683	696	761
Additional Income	(162)	(24)	(24)	(24)	(24)
Operational Savings	(31)	(361)	(361)	(361)	(361)
Covid-19 Impact	1,838	1,190	621	621	592
Funding:					
Business Rates	0	(3,302)	(2,242)	(2,184)	(2,441)
Net Total of Updates	2,028	(1,988)	(1,323)	(1,252)	(1,473)

5.3 The summary MTFS position resulting from these movements as at November 2020 is shown in the table below.

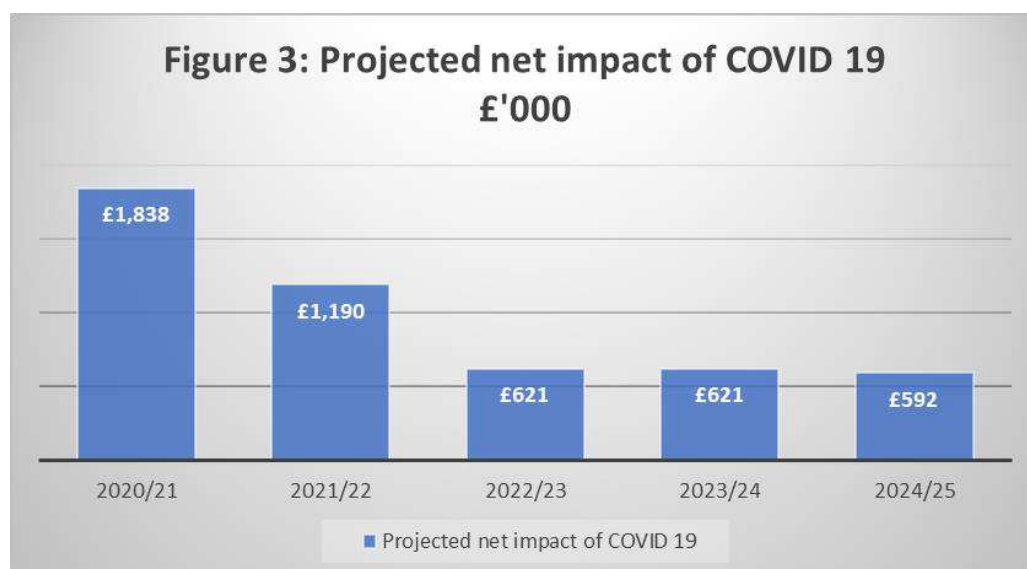
MTFS Forecast - East Suffolk	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
February 2020	0	5,350	6,163	6,676	6,676
November 2020	2,028	3,362	4,840	5,424	5,203

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. As shown in **Appendix A3**, this is estimated to constitute a financial benefit of £3.302 million to the Council in 2021/22.

5.5 The period from 2021/22 onwards is extremely uncertain due to Covid-19 pressures and the uncertainty around various funding streams. 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 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 cost 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.
- 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 only. Of the estimated loss on fees and charges income - £4.638 million, in the current year, it is estimated that the Council can be compensated in the region of £3 million.

Financial Impact of Covid-19 (as at November 2020)	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Additional Cost Pressures	4,770	0	0	0	0
Savings	(310)	0	0	0	0
Income Losses:					
Sales, Fees & Charges	4,638	396	2	2	2
Council Tax Income	0	544	469	469	440
Other Income	1,062	250	150	150	150
Funding:					
External	(8,082)	0	0	0	0
Internal	(240)	0	0	0	0
Net Impact of Covid-19	1,838	1,190	621	621	592

- 5.9 Detailed information on the impact of Covid-19 for the current financial year is provided in **Appendix A4**. 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 will be 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 31st 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
Inflation	
<i>Goods & Services</i>	Met within existing budgets (exception is contract)
<i>Utilities</i>	2% 2021/22, 3% 2022/23, 4% 2023/24 onwards
Fees & Charges	Inflation is applied where appropriate - 1.1% to 2.9%
Staffing Costs	2% per annum plus incremental progression from 2021/22
In-Year Vacancy Allowance	£300k per annum
Investment Income	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 will be adjusted to reflect the financial implications of these

changes. The budget monitoring work is ongoing with the Finance Team working with service areas to review their budget requirements. This work will continue to update the MTFS over the coming weeks.

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:
- a) manage its cash flows economically and avoid temporary borrowing pending receipt of income due during the year;
 - b) deal promptly and efficiently with emergencies if they occur, as this year;
 - c) take previously unseen opportunities to secure benefits that may arise during the year;
 - d) mitigate reliance on volatile sources of funding;
 - e) set money aside for known events but where the timing or precise amount required is not yet certain; and
 - f) accumulate monies to meet costs that it would be unreasonable for taxpayers to meet in a single year.
- 6.2 In addition to the General Fund Balance, the Council keeps a number of earmarked reserves on the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans or potential liabilities.
- 6.3 The Council has continued to develop its prudent financial management arrangements, through the development of earmarked reserves to mitigate potential future risks. As issues arise, the potential requirement for an earmarked reserve is considered. New earmarked reserves are formally considered as part of the detailed budget process, to ensure that risks identified are adequately mitigated, and throughout the annual budget monitoring process as risks arise or become clearer.

General Fund Balance and Earmarked Reserves

- 6.4 The detailed budget process includes an assessment of risk, the adequacy of General Fund Reserves and a review of earmarked reserves. This review evaluates the need to create and/or change earmarked reserve levels and to also release reserves which are no longer required, thereby becoming a one-off resource for the Council. A risk assessment of the General Fund Balances informs the Chief Finance Officer's view of the adequacy of reserves to provide assurance to the budget. Having regard to the financial risks surrounding the budget planning process; the Council maintains the level of General Fund balances at around 3%-5% of its budgeted gross expenditure (in the region of £130 million for East Suffolk). This would equate to maintaining a General Fund balance for East Suffolk, in the region of 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. The current update of the MTFS does not include any use of the General Fund balance. However, with the impact of Covid-19, there may be a requirement to consider use of this Fund in order to balance the budget in future years. This area will be kept under review.

- 6.6 One of the key underpinning financial principles of the MTFS is to not use the Council's Reserves (and other one-off resources) as a primary method to balance the ongoing pressures in the budget. Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks. With the unprecedented impact of Covid-19 and the financial uncertainty that it creates, the use of Earmarked reserves as a one-off resource to address the on-going budget pressures may become a necessity.
- 6.7 The current projected position on General Fund Reserves and Balances for East Suffolk is summarised in the following table. This summary does not include use of reserves to address the updated budget gaps as presented in **Appendix A3**, but the April 2021 position does include use of the In-Year Savings reserve to address the impact of Covid-19 in the current year, currently estimated at £1.838 million.
- 6.8 The opening balances for 2020/21 are subject to conclusion of the external audit review for 2019/20.

	Actual April 2020 £'000	Projected April 2021 £'000	MTFS April 2022 £'000	MTFS April 2023 £'000	MTFS April 2024 £'000	MTFS April 2025 £'000
Reserves						
General Fund	6,000	5,982	5,982	5,982	5,982	5,982
Earmarked Reserves:						
Business Rate Equalisation	6,296	24,593	10,858	10,156	9,352	9,352
Capital	8,701	5,703	2,116	683	350	417
Community Projects & Initiatives	6,783	6,264	5,044	4,468	4,404	4,340
Corporate - Contingency, Service Requirements	8,484	3,823	3,753	3,763	3,533	3,303
Housing & Homelessness	4,246	2,719	1,800	1,581	1,439	1,297
Port Health	5,181	5,277	5,359	5,386	5,475	5,565
Regeneration & Economic Development	5,853	4,632	4,438	4,454	4,470	4,487
Service Transformation	1,387	2,067	1,897	2,117	2,117	2,117
Total Earmarked Reserves	46,930	55,079	35,264	32,609	31,141	30,877

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 will be considered by both the Scrutiny Committee and the Cabinet before approval by Full Council in 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 and Cabinet at their respective meetings on 16 December 2019 and 7 January 2020, with Council approval on 22 January 2020.

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 **Efficiency 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>Strategic Risks</p> <p>The absence of a robust Medium Term Financial Strategy could adversely affect the Council's budget and resource planning and projections.</p> <p>Failure to understand changing community needs and customer expectations can result in the Council providing levels of service which are not appropriately aligned to the needs of communities and customers.</p> <p>Local Government funding is under continuous pressure and review. Failure to respond to these funding pressures may adversely impact on the Council's ability to service delivery.</p> <p>Budget pressures arising from housing, economic, social and other demographic changes.</p> <p>Financial</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>L</p> <p>M</p> <p>H</p> <p>H</p> <p>H</p>	<p>H</p> <p>H</p> <p>H</p> <p>H</p> <p>H</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.
Information			
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.
Operational			
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.
		65	

<p>People</p> <p>Loss of key skills, resources and expertise.</p>	M	L	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>Regulatory</p> <p>Changes of responsibility from Government can adversely impact on service priorities and objectives.</p>	L	L	Sound system of service and financial planning in place. Lobby as appropriate.
<p>Reputation</p> <p>Loss of reputation if unforeseen resource constraints result in unplanned service reductions.</p>	L	H	Identify and implement robust solutions in response to changes. Consult widely. Seek to achieve a prudent level of balances and reserves.

NHB RESERVE SUMMARY 2020/21 TO 2024/25

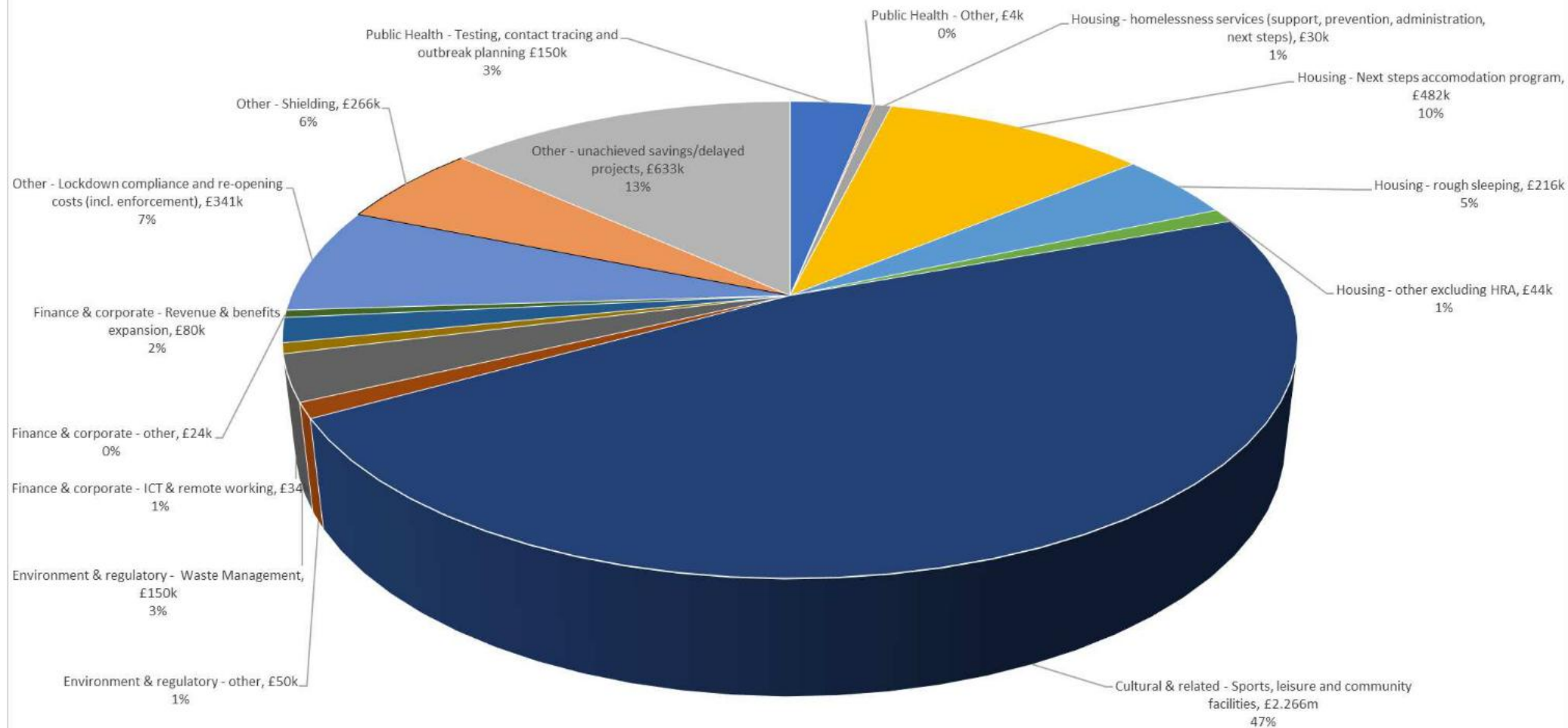
NHB Reserve					
	2020/21	2021/22	2022/23	2023/24	2024/25
	Revised Budget	Revised Budget	Revised Budget	Revised Budget	Revised Budget
	£'000	£'000	£'000	£'000	£'000
NHB Reserve Balance Brought Forward	(5,441.23)	(5,160.63)	(4,263.93)	(3,687.53)	(3,623.83)
NHB In-Year Funding	(2,302.70)	(1,073.00)	(525.00)	0.00	0.00
Total NHB Funding in Reserve	(7,743.93)	(6,233.63)	(4,788.93)	(3,687.53)	(3,623.83)
Application of NHB					
<u>Enabling Communities Budget</u>					
55 Councillors * £7.5k	433.60	412.50	412.50	0.00	0.00
	433.60	412.50	412.50	0.00	0.00
<u>COVID-19 - Foodbank Grants</u>	0.00	0.00	0.00	0.00	0.00
<u>Community Partnerships</u>					
8 Partnership * £25k each	275.00	200.00	200.00	0.00	0.00
<u>Resourcing & Engagement</u>					
CP Manager	60.80	61.70	62.40	63.70	63.70
Communities Officer	20.00	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
	398.30	324.20	324.90	63.70	63.70
Strategic Community Partnerships - Allocated	160.80	0.00	0.00	0.00	0.00
Strategic Community Partnerships - Unallocated	284.20	300.00	300.00	0.00	0.00
	445.00	300.00	300.00	0.00	0.00
<u>COVID-19 - Hardship Fund/Social Isolation Grants</u>	99.60	0.00	0.00	0.00	0.00
<u>Exemplar Grants</u>	22.80	0.00	0.00	0.00	0.00
<u>WIFI Implementation on Market Towns</u>	59.70	139.30	0.00	0.00	0.00
<u>ESP</u>	0.00	0.00	0.00	0.00	0.00
<u>Economic Development Towns Fund</u>	29.50	0.00	0.00	0.00	0.00
<u>Lowestoft Full Fibre project</u>	568.00	576.00	56.00	0.00	0.00
<u>UCI World Masters Cycle Cross Championships</u>	0.10	8.20	8.00	0.00	0.00
<u>Commitments Pre 2019/20</u>					
Tour of Britain - Womens Tour 2019 & 2020	75.00	27.00	0.00	0.00	0.00
Housing Enabling Support	11.10	0.00	0.00	0.00	0.00
Landguard	17.90	18.20	0.00	0.00	0.00
	104.00	45.20	0.00	0.00	0.00
<u>Place Based initiatives</u>					
Felixstowe Forwards	119.00	0.00	0.00	0.00	0.00
Leiston Together	39.70	32.30	0.00	0.00	0.00
Lowestoft Rising	20.00	0.00	0.00	0.00	0.00
	178.70	32.30	0.00	0.00	0.00
Total NHB Earmarked for Community Initiatives	2,339.30	1,837.70	1,101.40	63.70	63.70
<u>Set Aside to Support the Budget</u>					
<i>To Support Transition of NHB use to East Suffolk</i>	244.00	132.00	0.00	0.00	
Total NHB use for the Year	2,583.30	1,969.70	1,101.40	63.70	63.70
67					
NHB Reserve Balance Carried Forward	(5,160.63)	(4,263.93)	(3,687.53)	(3,623.83)	(3,560.13)

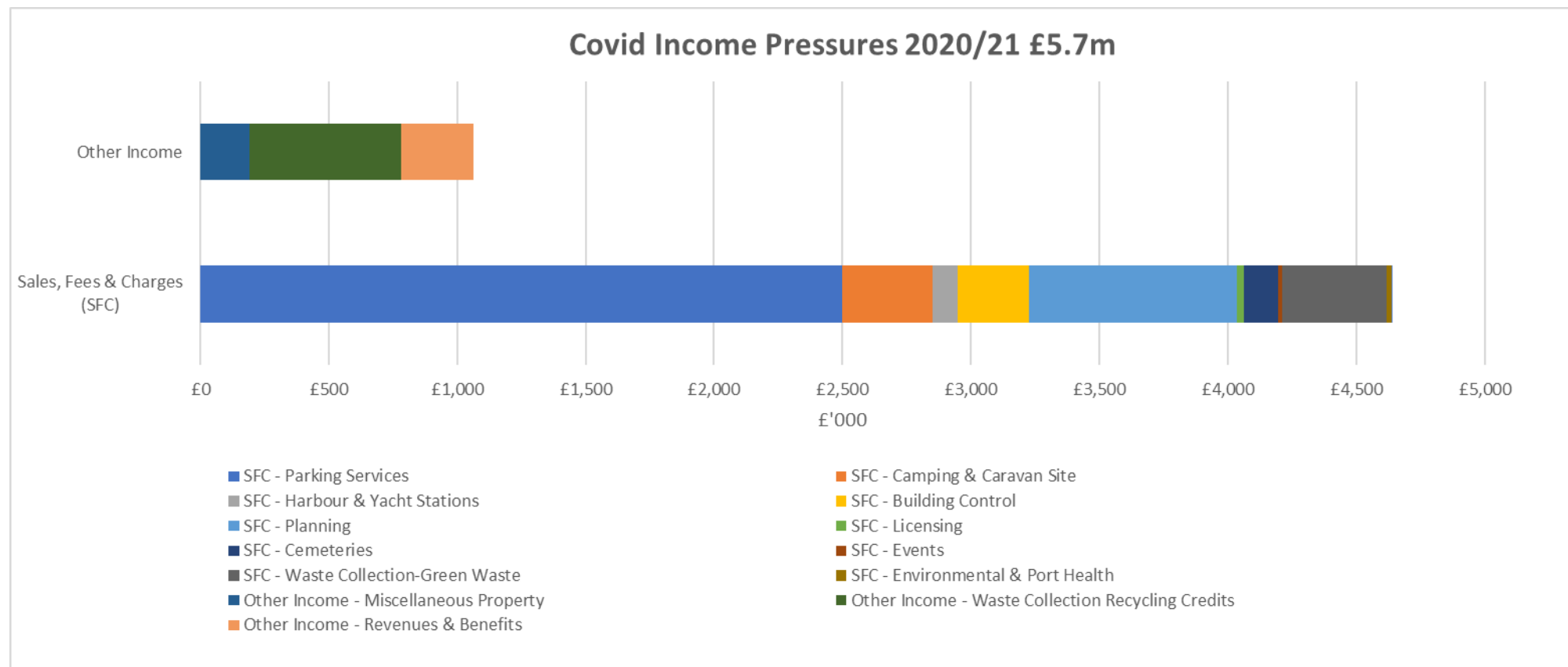
MTFS KEY MOVEMENTS FROM FEBRUARY TO NOVEMBER 2020

	2020/21 £'000	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000	
Budget Gap - February 2020	0	5,350	6,163	6,676	6,676	
<u>Non-Covid MTFS Updates - Service Areas</u>						
Operational Requirements						Additional Commentary
Bungay Leisure Centre refurbishment	105	0	0	0	0	0 Revenue costs of capital project.
Water Lane Leisure Centre refurbishment	115	0	0	0	0	0 Revenue costs of capital project.
Maintenance grants to Bungay Town Council re transfer of assets	43	29	21	14	7	7 As per March 2020 Cabinet paper.
Melton Hill site	0	244	0	0	0	0 Business rates and site security costs.
2020/21 pay award	180	180	180	180	180	180 2.75% pay award was 0.75% above original budget assumption.
Minimum Revenue Provision (capital programme)	(280)	(164)	262	502	574	574 To reflect changes to the capital programme.
Transfer to Transformation Reserve	220	220	220	0	0	0 To replenish reserve following leisure partnership review.
	383	509	683	696	761	
Additional Income						
Southwold Beach huts income	(24)	(24)	(24)	(24)	(24)	(24) 2020/21 rents were agreed in this financial year.
Miscellaneous land rent Backdated rents (2016-2019)	(138)	0	0	0	0	0 Arising from rent reviews exercise.
	(162)	(24)	(24)	(24)	(24)	
Savings						
Disable Facilities Grant service now in-house	(31)	(36)	(36)	(36)	(36)	(36) Fee previously paid to external provider.
Review of leisure partnership	0	(325)	(325)	(325)	(325)	(325) Estimated net cost.
	(31)	(361)	(361)	(361)	(361)	
Service Area - Net Budget Changes (Non-Covid)	190	124	298	311	376	
<u>Impact of Covid on the MTFS</u>						
Additional cost pressures	4,770	0	0	0	0	
Savings	(310)	0	0	0	0	
Income Losses	5,700	1,190	621	621	592	
Covid funding received	(8,322)	0	0	0	0	
Covid - Net Impact	1,838	1,190	621	621	592	2020/21 impact to be funded from the In-Year Savings Reserve.
Business Rates Income	0	(3,302)	(2,242)	(2,184)	(2,441)	2021/22 - Deferral of changes to the Business Rates system until 2022/23.
Budget Gap as at November 2020*	2,028	3,362	4,840	5,424	5,203	

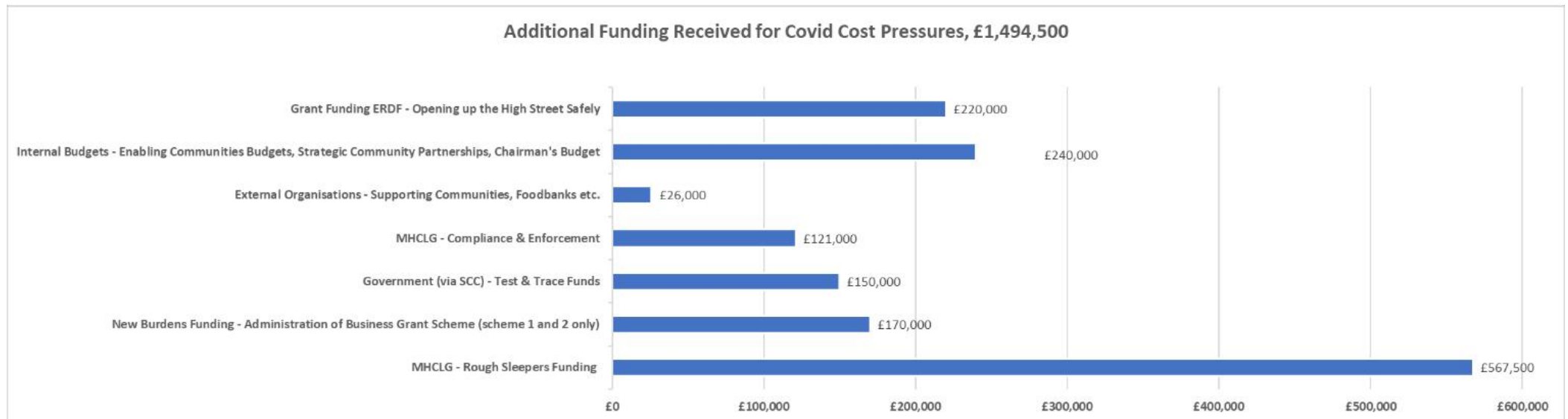
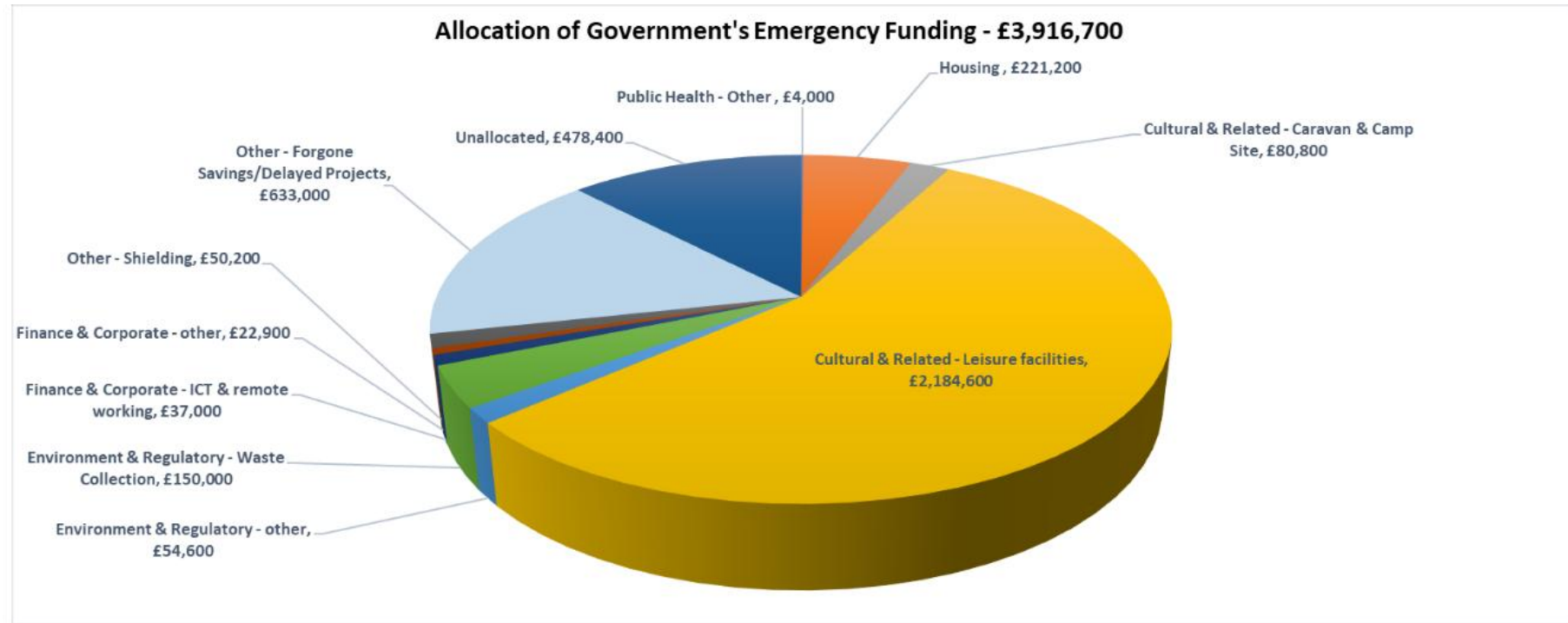
* 2020/21 - £1,838m can be used from the In-Year Savings Reserve to Fund the impact of Covid in this year.

East Suffolk Council Covid Cost Pressures 2020/21 £4.8m (excludes savings of £310k)





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 £3 million.





MEDIUM TERM FINANCIAL STRATEGY 2021/22–2024/25 – SPENDING REVIEW UPDATE

1 INTRODUCTION

- 1.1** The Chancellor of the Exchequer, Rishi Sunak, announced the one-year Spending Review 2020 on Wednesday 25 November 2020. The Spending Review contains a large number of measures in response to the financial impacts of the Covid-19 pandemic that relate to local government. The purpose of this Supplementary Appendix is to provide an update on some of these developments and their potential impact on the Council. At this stage, details are limited in some areas and all of these measures will be outlined in more detail in further guidance and the Provisional Local Government Finance Settlement, which is now expected to be announced in the week commencing 14 December 2020.

2 COVID-19 FUNDING

2.1 Covid-19 Support Funding

Covid-19 support funding in respect of local authority expenditure pressures has been extended to cover quarter 1 of 2021/22. Nationally, £1.55bn has been allocated to fund this. Allocation methodology is still being considered and MHCLG are considering targeting and prioritisation. It is difficult to predict at this stage what the allocation to the Council might be, as previous tranches have prioritised different service areas and tiers of local government.

2.2 Sales, Fees, and Charges Lost Income Reimbursement Scheme

This scheme involves a 5% deductible rate, whereby councils will pay the first 5% of all lost planned sales, fees and charges income, with the government compensating them for 75p in every pound of loss thereafter. The purpose of the 5% deductible is to account for an acceptable level of volatility, whilst shielding authorities from the bulk of losses.

In 2020/21, it is currently estimated that the Council will receive around £3.033m in compensation under this scheme. The scheme is now being extended into the first quarter of 2021/22. At present, the key unknown regarding the scheme is what the baseline figures will be that income loss will be compared against – for the current year it was 2020/21 budgets. MHCLG will issue further guidance.

2.3 Leisure Centres

The Department for Culture, Media, and Sport (DCMS) has been continuing to develop a compensation scheme in respect of local authority leisure centres which are operated by third parties, and £100m has been allocated nationally for this. It is anticipated that there

will not be formula-based allocations under this scheme and that there will be a bidding process in December.

2.4 Homelessness and Rough Sleeping

Nationally, additional funding of £254m has been announced to reduce homelessness and rough sleeping, although £103m of this had been previously announced earlier this year in respect of accommodation and substance misuse support.

2.5 Regeneration of Towns and Communities

The government is supporting the regeneration of towns and communities by targeting further investment including the following:

- A new Levelling Up Fund worth £4 billion for England. This will invest in local infrastructure that has a visible impact on people and their communities and will support economic recovery. This new cross-departmental Fund for England will invest in a broad range of high value local projects up to £20 million, or more by exception, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less government investment in recent years. The Spending Review makes available up to £600 million in 2021-22. The government will publish a prospectus for the fund and launch the first round of competitions in the New Year.
- Supporting the long-term regeneration of 167 towns across England to increase jobs, deliver growth and improve living standards through the Towns Fund.
- Supporting places, such as former industrial areas, deprived towns and coastal communities, by setting out what the UK Shared Prosperity Fund (UKSPF) will invest in and how it will be targeted.
- Delivering 10 Freeports across the UK – at least one in each of England, Scotland, Wales and Northern Ireland – to bring jobs, investment and prosperity to some of the most deprived communities. The programme aims to establish Freeports as national hubs for global trade and investment across the UK, promote regeneration and job creation and create hotbeds for innovation

3 COUNCIL TAX AND BUSINESS RATES

3.1 Collection Fund Deficits

Detailed proposals for changing the accounting treatment of the 2020/21 collection fund deficits have been previously confirmed in Regulations, and Collection Fund deficits will be spread over the next three years, as already reflected in the draft MTFS.

3.2 Tax Income Guarantee Scheme

The Tax Income Guarantee Scheme will fund 75% of unrecoverable losses in both business rates and council tax. The Treasury has estimated that the cost of the scheme will be £762m (£255m in each of the next 3 years) which is substantially lower than 75% of the £3.1bn tax-income losses that have been reported in the returns to MHCLG reported in 2020/21. MHCLG are working on this and there will be some guidance issued on how to assess 'irrecoverable' losses. MHCLG are hoping to use existing data collections, and it is hoped that Guidance will be issued before the Provisional Settlement. Defining unrecoverable tax might be difficult, but authorities should be able to budget on the basis that 75% of unrecoverable losses will ultimately be funded. This measure could have implications for the calculation of

the council tax base for 2021/22 as it could influence the amount that needs to be provided for bad debts in the tax base.

3.3 Council Tax Support

£670m additional grant funding has been announced to help councils in respect of council tax support. It is possible that this will provide support to authorities in respect of the impact on council tax bases arising from increased Local Council Tax Reduction Scheme (LCTRS) reliefs. It is understood that further details will be announced and consulted on in the Provisional Settlement.

3.4 Council Tax Referendum Limits

In 2021/22, local authorities will be given greater council tax flexibility. The core referendum threshold will remain at 2% (with district councils able to increase by the higher of £5 or 2%). Police and crime commissioners will be able to increase their precept by £15. Social care authorities will be able to apply a further 3% increase (5% in total). Details of how the council tax principles will be applied will be set out in the Provisional Settlement.

3.5 Business Rates and Business Rates Reliefs

As previously reported, there will no reset of the Business Rates Retention system and implementation of the Fair Funding Review in 2021/2.

The small business rate multiplier is usually indexed using the September Consumer Price Index (CPI), which was 0.55% in September 2020. However, the Government has announced in SR 2020 that it will freeze the multiplier in 2021/22, and local authorities will be compensated by way of Section 31 grants.

There was no announcement in SR 2020 about the Expanded Retail Discount supporting retail, hospitality and leisure businesses, although tables in the Spending Review documents confirm that there is no funding for continuing the expanded discount into 2021/22. This does raise concerns about the collection of business rates in 2021/22 as these reliefs have been a significant support in 2020/21, amounting to around an additional £30.7m in ESC. However, a decision about reliefs will be taken in the New Year to respond to the “evolving challenges presented by COVID-19”

4 OTHER DEVELOPMENTS

4.1 New Homes Bonus (NHB)

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. There will now be a one-year only round of NHB funding (year 11), 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 current estimates suggest that, using this methodology, the council’s year 11 allocation could be as low as around £25k, as these forms indicate growth of only 0.42% over the past year. More detail on NHB allocations will be available as part of the Provisional Local Government Finance Settlement, including whether the 0.4% threshold will be maintained

for the year 11 allocation. The MTFS does not assume any new NHB allocations in 2021/22 in addition to the residual legacy payments.

4.2 Revenue Support Grant (RSG) and Rural Services Delivery Grant (RSDG)

The 2020/21 Local Funding Settlement will now effectively roll forward into 2021/22 which means that Council can expect RSG and RSDG of around £330k and £250k respectively. These grants are not currently allowed for in the draft MTFS.

4.3 Public Sector Pay

The Public Sector pay freeze announced by the Chancellor does not apply directly to local authorities, as the Government has no formal role in the decisions around annual local government pay increases which are developed through negotiations between the LGA and the relevant trade unions. The LGA's calculations around the affordability of pay increases take full account of the financial settlement given overall to local government but this is not the only factor involved. The draft MTFS continues to assume pay awards of 2% for 2021/22 onwards.

4.4 Digital Connectivity and Local Government Cyber Security

Over £260 million has been announced for transformative digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Diversification and Testbeds and Trials Programmes, and £1.2 billion has been announced to subsidise the rollout of gigabit-capable broadband, as part of the Government's £5 billion commitment to support rollout to the hardest to reach areas of the UK. The underlying core settlement for local authorities in 2021/22 also includes providing £16 million to support modernisation of local authorities' cyber security systems

4.5 Flooding and Coastal Erosion

A doubling of flood and coastal investment across England investing £5.2 billion over six years has been announced, including a £200 million six-year flood and coastal erosion resilience innovation programme which will support over 25 local areas to take forward wider innovative actions that improve their resilience to flooding and coastal erosion, and up to £155 million to accelerate 22 shovel-ready flood defence schemes announced earlier this year.

5 CONCLUSION

There is a considerable amount of detail outstanding regarding the announcements in the Spending Review, which it is expected will be clarified over the coming weeks, and in the Provisional Local Government Finance Settlement. Overall, the measures in the Review are very welcome developments to local authorities and address, at least in part, a range of the expenditure and income impacts on the Council for the remainder of 2020/21 and 2021/22.



SCRUTINY COMMITTEE

Thursday 17 December 2020

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

EXECUTIVE SUMMARY

This is the first written update provided by the members of the Scrutiny Committee's Task and Finish Group looking at Integrated Care.

A remit for this Task and Finish Group was agreed by the Scrutiny Committee at its meeting held on 16 November 2020.

The Task and Finish Group was established in accordance with the Council's Constitution and the Protocol for Task and Finish Groups.

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
Wards Affected:	All
Report of the members of the Task and Finish Group	Councillor Back, Councillor Beavan, Councillor Green and Councillor Robinson

1. The first meeting of the Task and Finish Group on Integrated Care (inter-agency co-ordination of social care) was held remotely on Monday 30 November 2020.
2. The Council's Communities Manager attended and talked about the Family Intervention Officers, two part-timers, in the south of the district, who added value to the SCCs work on the most vulnerable families. These felt isolated especially when working with the one child, one plan policy. They accessed SCCs liquid logic via the housing team. There was a good relationship between housing and communities. Nicole Ricard, the Council's Head of Communities was the link with the Clinical Commissioning Groups.
3. After the meeting, the Communities Manager reported progress with help for her Officers' feelings of isolation.
4. Councillor Green spoke of the need to explore the referral of safeguarding issues to SCC from this Council's housing and communities' teams and suggested a "meet the MASH" for ESC teams. Communities should have access to liquid logic through housing. Councillor Green to make a recommendation for the next meeting.
5. Councillor Robinson questioned whether the Family Intervention Officers would be funded in the future. He said it was working well in the north of the District without them. He raised problems with primary care and their methods of communication. He would explore possible solutions to barriers to communication with the medical profession.
6. Councillor Back referred to problems with communication between ESC and the NSPCCs Childline. Councillor Green said the early help teams had someone who could assist with this but the problem was the NSPCC was reliant on volunteers. It was agreed that issues with volunteers was beyond the Task and Finish Group's remit.
7. All members of the Task and Finish Group were asked to submit their reviews of its remit for consideration.
8. The next meeting of the Task and Finish Group would be held remotely on Wednesday 9 December and a further written update would be submitted to the Scrutiny Committee in January.